

Kambi Group plc

Q4 Report 2022

Financial summary

- Revenue amounted to €57.8 (Q4 2021: 34.9) million for the fourth quarter of 2022, including a €12.6 million termination fee from PENN Entertainment, and €166.0 (2021: 162.4) million for the period January to December of 2022
- Operating profit (EBIT) for the fourth quarter of 2022 was €18.7 (7.1) million, at a margin of 32.3% (20.2%), and €34.8 (57.0) million, at a margin of 20.9% (35.1%) for the period January to December of 2022
- Revenue and operating profit (EBIT) excluding the termination fee from PENN Entertainment were €45.2 and €6.0 million respectively for the fourth quarter of 2022, and €153.4 and €22.2 million for the period January to December of 2022
- Earnings per share for the fourth quarter of 2022 were €0.491 (0.198) and €0.861 (1.501) for the period January to December of 2022
- Cash flow (excluding working capital and M&A) amounted to €17.9 (4.8) million for the fourth quarter of 2022 and €25.2 (44.6) million for the period January and December of 2022
- The 2023 AGM will be held on 11 May 2023. The Board proposes that no dividend is paid out.
- The Board of Directors decided on 19 January 2023 to adopt long-term financial targets in line with Kambi's strategic vision

Fourth quarter financial breakdown

€m	Q4 2022	Q4 2021	Change %	Jan – Dec 2022	Jan - Dec 2021	Change %
Revenue	57.8	34.9	66%	166.0	162.4	2%
EBITDA	27.3	13.4	104%	63.4	79.2	-20%
Operating profit	18.7	7.1	164%	34.8	57.0	-39%
Operating margin	32.3%	20.2%		20.9%	35.1%	
Profit after tax	15.1	6.1	148%	26.5	46.4	-43%
Cash flow (excluding working capital and M&A)	17.9	4.8		25.2	44.6	
Net cash	53.3	72.3		53.3	72.3	
Earnings per share	€0.491	€0.198	148%	€0.861	€1.501	-43%
Fully diluted earnings per share	€0.489	€0.196	149%	€0.856	€1.473	-42%

Key Q4 highlights

- Operator turnover growth of 20% year-on-year and 43% sequentially, driven by return of busy US sporting calendar and market expansion
- Revenue increased 30%, excluding the termination fee, on back of strong operational performance
- Successful soccer World Cup that saw strong platform stability and a leading offering for partners, powered by newly developed algorithmic trading capability

- New partnership agreement with Rei do Pitaco, the number one fantasy sports operator in Brazil, which will leverage brand and database to transition to sports betting

Highlights after Q4

- Agreed extension to successful partnership with Rush Street Interactive, one of the leading operators in the Americas
- Extended footprint in North America with day one market launches in Massachusetts and Ohio which have a combined population of nearly 20 million
- Continued commercial momentum with the signings of Miami Valley Gaming in Ohio and del Lago Resort & Casino in New York, as well as the renewal of Sun International in South Africa

CEO comment



“The year finished with a flourish with the business delivering across several key areas, providing the perfect springboard into 2023. Operator turnover continues to rise with Q4 turnover up 20% year-on-year and 43% sequentially, buoyed by a busy US sporting calendar.

The soccer World Cup was also an important event for us during the period. Overall, player engagement was excellent with the World Cup final the highest turnover for a soccer game in Kambi’s history. However, the trade-off was a significant reduction in domestic soccer fixtures as top leagues took a mid-season break. A key World Cup highlight was the strength of our product, driven by our third-gen algorithmic trading capability, which we discussed in depth at our recent Capital Markets Day.

This new method of trading automation has been in development for a few years, with the World Cup providing us with the perfect opportunity to stress-test it at scale and we couldn’t have been happier with its performance. Powering our entire pre-match offering, this proprietary capability leverages the full power of data to deliver an even greater product, with more betting opportunities presented to the player in a quick and cost-efficient way. Since the World Cup, we have fully automated the pre-match pricing to deliver a World Cup standard product across many of the top domestic leagues and will continue the roll out across the year to realise more of its benefits, including the automation of in-play pricing.

Just days after the World Cup final, we signed a partnership agreement with Rei do Pitaco, the largest fantasy sports operator in Brazil. I have high hopes for this partnership, having seen the impact fantasy sports databases can have when transitioned to regulated sports betting. The agreement also strengthens our position in Latin America, where we have already taken the leadership position in Colombia and continue to expand in Argentina, adding a further four provinces during the quarter.

Looking back on the full year, it was one where Kambi was able to make significant strategic progress, whether it was securing partnership extensions with Kindred and Parx, the numerous new partners we signed, the leap forward in our UX capability through the acquisition of Shape Games, the continued modularisation of our service to increase our addressable market or the development of our algorithmic trading capability.

All these achievements and more saw us enter 2023 in a fantastic position, one which was quickly strengthened by the extended partnership agreement with Rush Street Interactive in January. The global economic outlook might be uncertain, but we have a proven, robust business, one which is ready to meet any challenges that lie ahead. With a clear focus on the updated strategy we detailed at our Capital Markets Day, we are ready to build towards the financial targets we’ve set ourselves for the coming years.”

Summary of financial targets

The Board of Directors of Kambi decided on 19 January 2023 to adopt long-term financial targets in line with Kambi's strategic vision. The 2027 financial targets are:

- 1) Revenue of 2-3x FY2022 levels (i.e. approximately €330 - 500 million)
- 2) EBIT in excess of €150 million

These financial targets are based on five key growth drivers:

- Utilise platform flexibility to retain key partners
- Roll out third generation trading
- Extend lead as number one supplier in the Americas
- Sign tier one operators across product portfolio
- Launch in a major regulated Asian market

Furthermore, the financial targets were adopted on the basis of various assumptions including the regulation of sports betting in certain key markets. In addition, Kambi estimated a potential increase in its global addressable market to approximately €50 billion GGR by 2027.

In conjunction with the financial targets, please note the full disclaimer one page 13 in this report.

Q4 highlights

Trading update

In Q4, the Kambi Operator Turnover Index reached 913, an increase of 20% year-on-year and 43% sequentially, with an operator trading margin of 8.1%. The busy US sporting calendar was a key driver of growth, particularly when coupled with Kambi's continued US expansion, with states such as Kansas, Maryland online and New York online not active during the comparative period in 2021.

The World Cup played a major role in soccer recording year-on-year turnover growth, despite the reduced number of domestic fixtures in November and December. Nine of the top 10 sports events by turnover in Q4 were World Cup fixtures, with the final setting a new turnover record for a single soccer fixture.

Commercial updates

Partner agreements

In December, Kambi signed a partnership deal with Brazil's largest soccer fantasy sports company Rei do Pitaco (RDP), Kambi's number one target in the country. RDP's mobile app has received more than 14 million downloads since launching fantasy sports in 2019 and is preparing to make the transition to sports betting upon its expected regulation.

Kambi also signed partnership agreements with Great Canadian Entertainment in Ontario, owned by Apollo Global Management, and LMG Gaming in Puerto Rico, owned by Liberman Media Group, during the early stages of Q4.

Kambi also signed an agreement with PENN Entertainment, which provides for ongoing revenue share payments during the transition period and \$27.5 million in early termination and transition fees, of which the termination fee of \$12.5 million was recognised in Q4.

Partner launches

In the US, Kambi supported three partner launches in Maryland, including the retail launch of betPARX, followed by PENN Entertainment and Rush Street Interactive on day one of the state's online market going live. In addition, Kambi entered Washington State for the first time when launching on-property with ilani, one of the state's largest entertainment destinations.

In Canada, Kambi launched across 10 properties with Great Canadian Entertainment in Ontario, while also launching at two properties with Mohegan in the same province. Meanwhile, Kambi's expansion in Argentina continued after launching in four provinces (La Pampa, Misiones, Santa Cruz and Rio Negro) with Casino Club, as part of a deal with platform provider Ondiss. The launches mean Kambi is now operating across six Argentinian provinces, along with Buenos Aires City.

Full year summary and future industry trends

2022 was a landmark year for Kambi, one in which it not only showcased its financial strength once more but also developed its exciting business strategy to further expand the company's total addressable market.

In financial terms, positive momentum from previous years continued into 2022 with all-time-high revenue of €166 million, up 2% year-on-year despite tough 2021 comparatives, the impact of several headwinds and growing global economic uncertainty. Financial performance was largely driven by the extension of its global network during the year, powering more than 60 online and on-property launches in key markets including Argentina, New York, Maryland and Ontario, as well as the completion of a record nine new partner signings.

Among these signings were Great Canadian Entertainment, one of Canada's premier on-property gaming companies, and Rei do Pitaco, the number one daily fantasy sports operator in Brazil, which has the potential to become one of the largest regulated markets in the world. Partnership extensions were also agreed with key partners Kindred and betPARX, with Rush Street Interactive signing shortly after year end. This all underlines the fact Kambi's global network has never been stronger nor its complete sportsbook product in greater demand.

Kambi's complete sportsbook solution was significantly enhanced in two key areas in 2022: UX and trading. From a UX perspective, Kambi acquired award-winning front end technology specialists Shape Games in September to enable the delivery of native technology to enhance Kambi's front end capability. In terms of pricing and trading, Kambi launched its algorithmic trading capability during Q4 in time for the soccer World Cup, enabling Kambi to provide a leading product while also delivering greater efficiencies for the business.

Looking ahead, end users increasingly want greater control over their sportsbook experience, seeking an unlimited number of betting opportunities that only third-generation trading and a UX that removes any friction points are capable of delivering. Kambi is in a strong position to push the product boundaries of sports betting even further with Shape Games and algorithmic trading, both of which are key to Kambi's long-term strategy to expand its offering through standalone services and the opening up of its platform.

As 2022 demonstrated, Kambi has never been in greater demand but there is also a wider industry trend towards tier one operators outsourcing elements of their sportsbook due to several internal and external factors putting pressure on their in-house operations. With a powerful combination of both the world's leading complete sportsbook and a portfolio of modularised services that will create a premium offering for all operators regardless of their strategy, Kambi is well placed for the future in what remains a growing global sports betting market.

World Cup and algorithmic trading

As highlighted in the trading update, the World Cup was a major event in Q4, helping soccer grow year-on-year and more than replacing the revenue that would otherwise have been generated by the rescheduled domestic league fixtures. The tournament concluded with a record-breaking final, with the clash between France and Argentina the highest soccer turnover game in Kambi's history and Kambi providing its partners a high-quality and uninterrupted service.

Supporting this high player engagement was the strengthened product and service Kambi provided to its partners, including an expanded Bet Builder and player specials. These product enhancements were driven by Kambi's newly developed algorithmic trading capability, which enables the automated pricing of markets by leveraging its unique network data along with the increasingly rich sports data that is available, the combination of which makes it difficult to copy. Such are the significant size of these data sets that they are impossible to be managed and processed by humans, therefore Kambi has developed fully automated algorithms to fully realise the growing potential of data.

This new capability brings various benefits including the ability to more accurately price markets at greater speed, the removal of barriers to price and trade any possible outcome, greater bet offer combinability and the ability to keep markets open for longer. In short, Kambi believes players are trending towards the types of betting products that are increasingly complex for humans to deliver and that its algorithmic trading capability will significantly enhance the player experience to the extent players will be able to bet on what they like, when they like.

Having enjoyed great success with this automated trading during the World Cup, this third-generation method of pricing has since been applied to various top domestic leagues including the Premier League, Serie A, La Liga, Bundesliga and Eredivisie, along with the Champions League. Additional leagues as well as in-play will be rolled out throughout the year with additional sports to follow across the coming years. Kambi believes this capability sets it apart from its competitors and, when combined with the significant efficiency benefits it brings, will be a key driver towards its long-term targets.

Events after Q4

Capital Markets Day

On 19 January, Kambi held its Capital Markets Day where it announced its new long-term financial targets, as detailed above, and strategic vision. The video recording and presentation can be found [here](#).

Commercial updates

In January, Kambi announced an agreement to extend its sports betting technology partnership with Rush Street Interactive (RSI), one of the leading betting and gaming operators in the Americas. The

new agreement, in line with Kambi's growth driver to retain key partners, is an extension to a multi-year agreement first signed in 2018 that has seen Kambi support RSI's sports betting expansion across the United States, as well as Canada, Colombia and Mexico.

Kambi further strengthened its position as the number one supplier in the Americas following on-property sportsbook partnerships with Miami Valley Gaming and Racing in Ohio and with del Lago Resort & Casino in New York. Both operators have since launched their Kambi-powered retail sportsbooks.

Furthermore, Kambi agreed an extension to its multi-channel sportsbook partnership with Sun International, one of Africa's leading gaming, hospitality and entertainment groups.

As revealed at Kambi's Capital Markets Day, Shape Games, part of the Kambi Group, signed a multi-year partnership with Kambi partner BetCity that will see the leading Dutch operator leverage Shape Games' award-winning native front-end technology for the development of iOS and Android sports betting applications. Kambi continues to see great opportunities to leverage Shape Games for cross-sell into the Kambi network as well as attracting new partners.

Partner launches

Kambi has completed 16 online and retail partner launches since the end of Q4, expanding Kambi's US presence following the launch of regulated sports betting in Ohio and Massachusetts, which have a combined population of nearly 20 million. Ohio went live with regulated sports betting on 1 January and Kambi powered nine online and on-property launches for betJACK, PENN Entertainment and RSI on day one of the market opening, shortly followed by Miami Valley Gaming on-property and betPARX online. Massachusetts retail sports betting launched on 31 January with PENN's Barstool Sportsbook going live at Plainridge Park Casino the same day. Furthermore, betPARX launched its fourth on-property sportsbook in Pennsylvania, RSI's Rivers Casino went live with retail sports betting in Virginia and RSI also launched its ninth retail location in Connecticut. On 17 February, CDI launched its retail sportsbook at del Lago Resort & Casino in New York.

Regulatory update

Below, we provide the most relevant regulatory updates on markets which may have a significant impact on our operations and total addressable market.

Americas

Massachusetts (population: 7 million)

In October 2022, the Massachusetts Gaming Commission passed a motion to enable retail sports betting and launched 31 January. The official launch date for online sports betting is expected to be 10 March 2023.

New York (population: 20 million)

New York Senator Joseph Addabbo Jr introduced a bill that would expand the number of mobile sports betting operators in the state while potentially lowering the nation's highest gaming tax rate. The bill would increase the number of operators from nine to no fewer than 14 by 31 January 2024 and to no fewer than 16 by 31 January 2025. The bill further proposes that as the number of operators increase, New York's 51% tax rate on gross gaming revenue should decrease.

Texas (population: 30 million)

In February, legislators in Texas filed two bills to legalise and regulate online sports betting that, if approved, would enable sportsbooks to obtain market access via the state's professional sports franchises. The regulation of sports betting would require an amendment to the state's constitution by obtaining a two thirds majority in both the Senate and the House, as well as a simple majority of voters at the polls on 7 November 2023.

Europe

Hungary (population: 10 million)

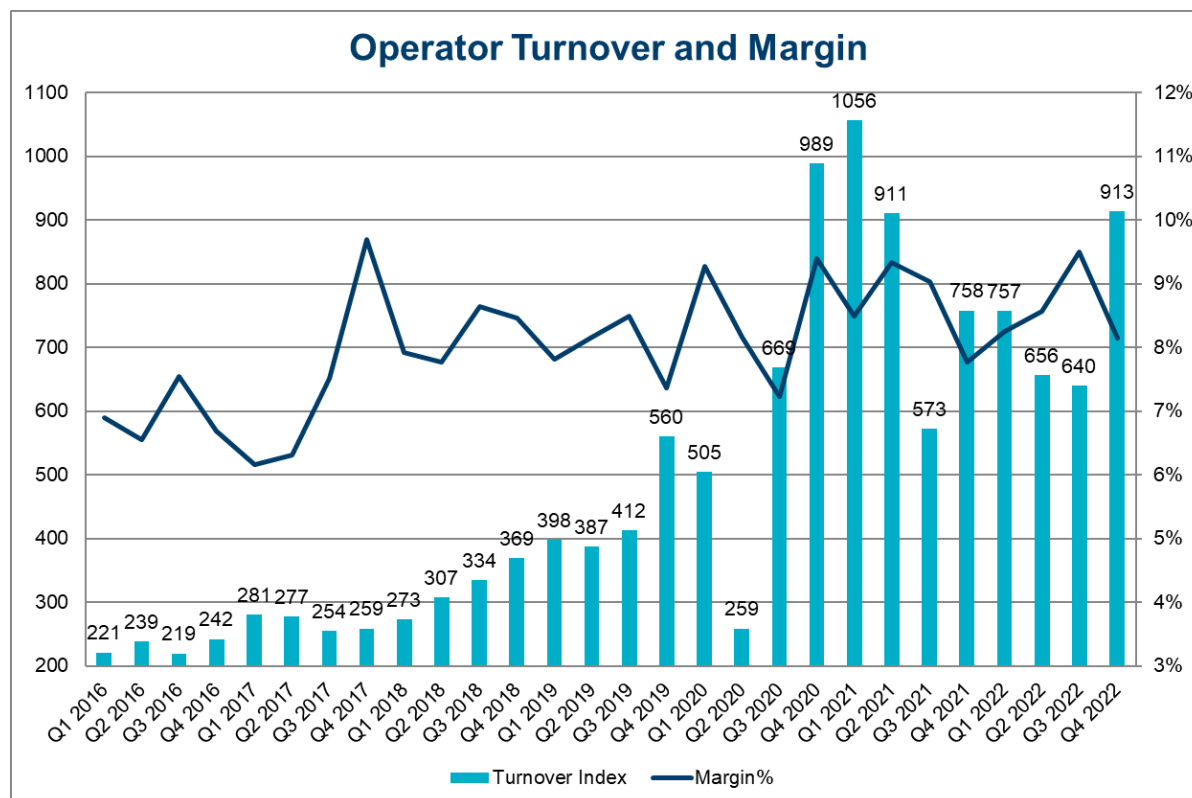
Legislative amendments were made at the start of 2023 which liberalised the Hungarian online betting market and the country's gambling regulator has now launched an updated online betting licensing guide for those seeking to apply for a remote betting licence.

Financial review

Kambi Turnover Index, Operator Trading Margin and Revenue

Definitions of financial terms and performance measures are presented on page 19.

The graph below shows the Kambi Turnover Index since Q1 2018 and also illustrates Kambi's operators' quarterly trading margin.



Operator turnover for the fourth quarter of 2022 was 913, an increase of 20% versus Q4 2021. This was due to turnover growth from new states in Maryland online, New York online, Kansas and Washington, as well as underlying growth from Kambi's existing network. Q4 saw a strong sporting calendar including the World Cup and a full quarter of major US sports.

Operator turnover at constant exchange rates increased by 17% and the operator trading margin for Q4 was 8.1% (7.8%). The operator trading margin for the previous 12 month period was 8.6%.

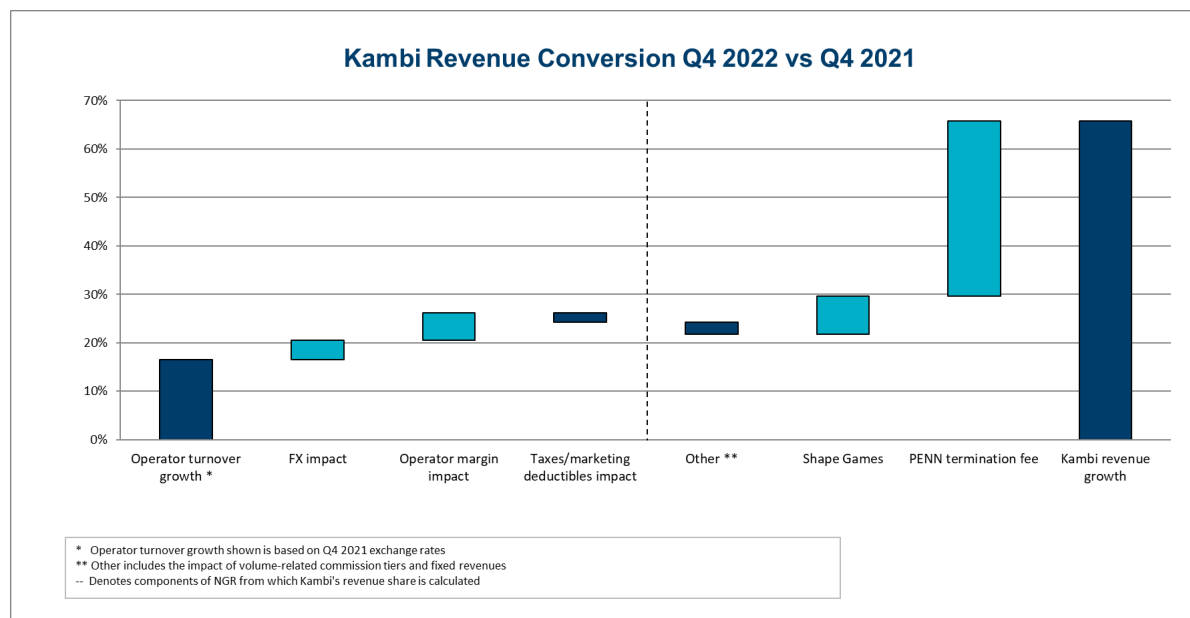
The operator trading margin can fluctuate from quarter to quarter, mainly due to the outcome of sporting events with the highest betting volumes and value. Based on the current commercial and market outlook, Kambi expects the operator trading margin for the coming 12 month period to be in the range of 8.0 – 9.0%.

The operator turnover is affected by short-term variations in operator trading margins; over time there is likely to be a negative correlation i.e. a higher operator trading margin results in lower turnover.

Due to the variance in actual sporting results, there can be deviation from the 12 month expectation without prompting a change in the outlook. The operator trading margin expectations are estimated on a forward-looking rolling 12 month basis and are shared to explain short-term variations in betting

patterns and therefore revenues. They are reviewed quarterly and when updated, previously stated expectations should be considered obsolete.

The graph below demonstrates how the change in operator turnover ultimately results in Kambi's revenue change. There was a positive impact on Kambi's revenue due to significant movement of USD against EUR compared to Q4 2021. The impact of termination fees recorded in Q4 2022 and the first full quarter of Shape Games revenue are shown separately.



In the fourth quarter of 2022, revenue was €57.8 (34.9) million and €166.0 (162.4) million for the 12 month period of 2022. In Q4, 95% (93%) of revenue was derived from locally regulated markets.

Geographical analysis

In Q4 2022, during which period total GGR grew 26% compared to Q4 2021, Americas contributed 55% (58%), Europe 42% (40%) and Rest of the World 3% (2%) of the total operator GGR, evidencing Kambi's healthy geographical diversification.

Total expenses

Total expenses for the fourth quarter of 2022 were €39.2 (27.8) million, incorporating the first full quarter of Shape Games related expenses of €3.6 million which includes €1.5 million of amortisation on acquired intangible assets, and €131.2 (105.4) million for the full year of 2022. Recorded within other operating expenses in Q4 2022 were €2.5 million of foreign exchange losses, the largest of which is from unrealised losses generated from the revaluation of USD currency held by the Group.

Excluding foreign exchange movements, total expenses are expected to be in the range of €39.0 – 42.0 million in Q1 2023 and €155.0 – 175.0 million for the full year 2023. This includes an increase related to a full year of Shape Games costs in the range of €12.0 – €15.0 million, including amortisation on acquired intangibles, but represents a significant slowdown on the growth in the rest of the cost base.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the fourth quarter of 2022 was €3.4 (0.7) million, including €0.5 (0.3) million of withholding tax. The tax expense for the full year of 2022 was €7.1 (9.7) million.

Financial position and cash flow

The net cash position at 31 December 2022 was €53.3 (72.3) million.

Cash flow (excluding working capital movements and M&A) amounted to €17.9 (4.8) million for the fourth quarter of 2022, and €25.2 (44.6) million for the full year of 2022, boosted by termination fees received in Q4 2022.

The net change in cash was an increase of €15.2 (5.5 decrease) million for the quarter; the decrease of €17.6 (18.5 increase) million for the full year of 2022 reflects the cash outflow of €36.4m in relation to the acquisition of Shape Games, with €1.0 million paid in Q4 2022 related to the timing of payments due under the acquisition agreement.

Of the fees related to the PENN Entertainment migration, the termination fee of €12.6 million and €5.0 million of the fees related to transition services were received in Q4 2022, the latter to be recognised over the period of the migration.

Purchase price allocation and accounting

The preliminary acquisition accounting of Shape Games under IFRS 3 was adjusted during Q4 2022 and resulted in the recognition of specific identifiable intangible assets (comprising customer contracts, brands, databases and software development) of €26.3 million, which will be amortised over 3 to 5 years, goodwill of €38.4 million, deferred tax liabilities of €4.8 million and contingent consideration of €18.2 million in relation to earnouts of up to €39.6 million based on product development milestones and the future revenue performance of Shape Games.

The cash outflow from the initial consideration, net of cash acquired, was €36.4 million.

Nomination Committee

The Nomination Committee has been updated to reflect Kambi's largest shareholders.

The Nomination Committee is responsible for reviewing the size, structure and composition of the Board, succession planning, the appointment of replacement and/or additional directors, and for making the appropriate recommendations to the Board. The Committee also prepares proposals regarding Board remuneration and fees to the auditor. The members of the Nomination Committee shall represent all shareholders and be appointed by the three or four largest shareholders as at 30 September each year having expressed their willingness to participate in the Committee. Kambi's Nomination Committee shall consist of not less than four, and not more than five members, of which one shall be the Chair of the Board.

The members for the 2023 Annual General Meeting are:

- Anders Ström, Veralda Investment Ltd (Chair)
- Lars Stugemo, Chair of the Board of Kambi Group plc
- Mathias Svensson, Keel Capital
- Jonas Eixmann, The Second Swedish National Pension Fund

Shareholders who would like to make proposals to the Nomination Committee may do so via e-mail to: nomination.committee@kambi.com.

Financial information

The financial information has been presented in accordance with International Financial Reporting Standards as adopted by the European Union. All numbers in this report are unaudited. All numbers in this report are shown in Euro (€) unless otherwise stated and all the numbers in brackets refer to the equivalent period in the previous year.

Financial calendar

30 March 2023	2022 Annual Report and Accounts
26 April 2023	Q1 2023 report
11 May 2023	2023 Annual General Meeting
26 July 2023	Q2 2023 report
1 November 2023	Q3 2023 report
21 February 2024	Q4 2023 report

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About Kambi

Kambi is a provider of premium sports betting services to licensed B2C gaming operators. Our services encompass a broad offering from front-end user interface through to odds compiling, customer intelligence and risk management, built on an in-house developed software platform. Kambi's 40-plus customers include ATG, Corredor Empresarial, Kindred Group, LeoVegas, Mohegan Gaming & Entertainment and Rush Street Interactive. Kambi employs more than 1,100 staff across offices in Malta (headquarters), Australia, Denmark, Philippines, Romania, Sweden, the UK and the United States.

Kambi utilises a best of breed security approach and is ISO 27001 and eCOGRA certified. Kambi Group plc is listed on First North Growth Market at Nasdaq Stockholm under the symbol "KAMBI". The Company's Certified Advisor is Redeye AB.

Legal disclaimer

Kambi does not give any forecasts. Certain statements in this report are forward-looking and the actual outcomes may be materially different. Even though management believes any expectations expressed are deemed reasonable, no guarantee can be given that such expectations will prove correct and even if such expectations remain, quarterly fluctuations are common. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuation in exchange rates, interest rates and political risks.

Publication

The information in this report is such that Kambi Group plc is required to disclose under the EU Directive of Market Abuse Regulation and rules for companies listed on the First North Growth Market at Nasdaq Stockholm.

The information in this report was sent for publication on Wednesday 22 February 2023 at 07:45 CET by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT

€ '000

	Q4 2022	Q4 2021	Jan - Dec 2022	Jan - Dec 2021
Revenue	57,816	34,884	166,006	162,418
<i>of which termination fee</i>	<i>12,607</i>	<i>-</i>	<i>12,607</i>	<i>-</i>
Staff costs	-14,468	-11,103	-57,593	-50,215
Data supplier costs	-4,670	-3,549	-17,672	-13,523
Other operating expenses	-11,370	-6,842	-27,329	-19,482
Operating expenses	-30,508	-21,494	-102,594	-83,220
EBITDA	27,308	13,390	63,412	79,198 ¹
<i>EBITDA margin</i>	<i>47.2%</i>	<i>38.4%</i>	<i>38.2%</i>	<i>48.8%</i>
Amortisation on capitalised development costs	-5,172	-4,205	-19,123	-15,544
Amortisation on acquired intangibles	-1,833	-443	-2,832	-443
Depreciation	-1,650	-1,683	-6,683	-6,168
Total expenses	-39,163	-27,825	-131,232	-105,375
Operating profit	18,653	7,059	34,774	57,043
<i>Operating margin</i>	<i>32.3%</i>	<i>20.2%</i>	<i>20.9%</i>	<i>35.1%</i>
Investment income	60	4	97	9
Finance costs	-217	-297	-1,288	-887
Profit before tax	18,496	6,766	33,583	56,165
Income tax	-3,398	-671	-7,132	-9,734
Profit after tax	15,098	6,095	26,451	46,431

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000

	Q4 2022	Q4 2021	Jan - Dec 2022	Jan - Sept 2021
Profit after tax for the period	15,098	6,095	26,451	46,431
Other comprehensive income:				
Currency translation adjustments taken to equity	-1,000	663	-2,746	1,174
Actuarial gain/(loss) on employee defined benefits	161	11	161	11
Comprehensive income for the period	14,259	6,769	23,866	47,616

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
€ '000

	31 Dec 2022	31 Dec 2021
ASSETS		
<i>Non-current assets</i>		
Intangible assets	118,467	50,244
Property, plant and equipment	18,505	23,418
Deferred tax assets	6,247	9,443
	143,219	83,105
<i>Current assets</i>		
Trade and other receivables	38,968	34,097
Cash and cash equivalents	60,701	79,657
	99,669	113,754
Total assets	242,888	196,859
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	93	93
Share premium	62,046	59,464
Other reserves	5,434	4,608
Currency translation reserve	-4,929	-2,183
Shares repurchased	-12,000	-12,000
Retained earnings	112,743	85,395
Total equity	163,387	135,377
<i>Non-current liabilities</i>		
Lease liabilities	9,992	13,656
Convertible bond	7,447	7,395
Contingent consideration	12,234	3,852
Deferred tax liabilities	7,791	1,328
Other liabilities	293	389
	37,757	26,620
<i>Current liabilities</i>		
Trade and other payables	22,582	16,722
Tax liabilities	2,652	10,455
Lease liabilities	3,243	3,718
Contingent consideration	13,267	3,967
	41,744	34,862
Total liabilities	79,501	61,482
Total equity and liabilities	242,888	196,859

CONSOLIDATED STATEMENT OF CASH FLOWS

€ '000

	Q4 2022	Q4 2021	Jan - Dec 2022	Jan - Dec 2021
OPERATING ACTIVITIES				
Profit from operations	18,653	7,059	34,774	57,043
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	1,650	1,683	6,683	6,168
Amortisation of intangible assets	7,005	4,648	21,955	15,987
Share-based payment	332	489	2,054	1,637
Operating cash flows before movements in working capital	27,640	13,879	65,466	80,835
(Increase)/decrease in trade and other receivables	3,148	3,431	-645	2,535
(Decrease)/increase in trade and other payables	-3,777	-965	-3,897	269
(Decrease)/increase in other liabilities	-152	7	-96	59
Cash flows from operating activities	26,859	16,352	60,828	83,698
Income taxes paid net of tax refunded	-2,101	-2,064	-11,922	-11,379
Interest income received	60	8	97	9
Net cash generated from operating activities	24,818	14,296	49,003	72,328
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	-626	-1,101	-2,898	-4,816
Development costs of intangible assets	-7,103	-5,950	-25,524	-20,056
Acquisition of subsidiary, net of cash acquired	-1,059	-	-36,363	-14,751
Net cash used in investing activities	-8,788	-7,051	-64,785	-39,623
FINANCING ACTIVITIES				
Proceeds from issue of new shares	-	74	2,582	1,651
Shares repurchased	-	-12,000	-	-12,000
Payment of lease liabilities	-797	-667	-3,831	-3,645
Interest paid	-72	-102	-615	-254
Net cash generated/(used in) financing activities	-869	-12,695	-1,864	-14,248
Net increase/(decrease) in cash and cash equivalents	15,161	-5,450	-17,646	18,457
Cash and cash equivalents at beginning of period	45,566	84,814	79,657	60,826
Effect of foreign exchange rate differences	-26	293	-1,310	374
Cash and cash equivalents at end of period	60,701	79,657	60,701	79,657

**CONSOLIDATED STATEMENT OF CHANGES
 IN EQUITY**

€ '000

	Q4 2022	Q4 Jan - Dec 2021	Jan - Dec 2022	Jan - Dec 2021
Opening balance at beginning of period	149,288	141,164	135,377	98,015
<i>Comprehensive income</i>				
Profit for the period	15,098	6,095	26,451	46,431
<i>Other comprehensive income:</i>				
Translation adjustment	-1,000	663	-2,746	1,174
Actuarial gain/(loss) on employee defined benefits	161	11	161	11
	14,259	6,769	23,866	47,616
<i>Transactions with owners</i>				
Share options - value of employee services	332	489	2,054	1,637
Other	-	74	2,582	1,228
Shares repurchased	-	-12,000	-	-12,000
Tax on share options	-492	-1,119	-492	-1,119
	-160	-12,556	4,144	-10,254
Closing balance at end of period	163,387	135,377	163,387	135,377

KEY METRICS

This table is for information only and does not form part of the condensed financial statements

	Q4 2022	Q4 2021	Jan-Dec 2022	Jan-Dec 2021
EBITDA (€m)	27.3	13.4	63.4	79.2
Operating profit (EBIT) (€m)	18.7	7.1	34.8	57.0
Operating margin	32.3%	20.2%	20.9%	35.1%
Net cash (€m)	53.3	72.3	53.3	72.3
Employees at period end ¹	1,114	1,006	1,114	1,006
FTE Employees at period end ¹	1,105	992	1,105	992
Earnings per share (€)	0.491	0.198	0.861	1.501
Fully diluted earnings per share (€)	0.489	0.196	0.856	1.473
Number of shares outstanding at period end	30,754,797	31,058,797	30,754,797	30,541,297
Fully diluted number of shares at period end	31,630,781	32,299,781	31,630,781	31,738,781
Average number of shares	30,754,797	30,989,246	30,706,114	30,924,214
Average number of fully diluted shares	30,898,933	31,539,036	30,896,281	31,525,018

¹Includes 71 Shape employees (FTE)

Definitions

Kambi Turnover Index

In the interest of commercial sensitivity and instead of disclosing actual turnover figures, Kambi presents its customers' sports betting turnover as an index called The Kambi Turnover Index, with the first quarter of 2014 indexed at 100.

Operator turnover

Operator turnover is defined as total real money stakes placed with operators by end users.

Operator trading margin

The operator trading margin is the GGR as a percentage of Operator turnover.

Gross Gaming Revenue

Gross Gaming Revenue (GGR) is the amount wagered minus the winnings returned to the players.

Net Gaming Revenue

Net Gaming Revenue (NGR) is GGR less deductible costs such as gaming tax.

EBITDA

Earnings before interest, taxation, depreciation & amortisation.

Cash flow (excluding working capital and M&A)

Cash flow from operating and investing activities excluding movements in working capital and acquisitions.

Commercial explanations

Revenue

Kambi charges its operators a fee based on a number of variables including fixed fees, the number of live events offered and commission based on a revenue share of operators' GGR less deductible costs, such as certain capped marketing incentives and tax (i.e. NGR).

To promote and support growth, some of the customer contracts include tiers with lower commission rates on the higher levels of their sports betting revenues.

Currency effects

Kambi's principal currency is the Euro, which is also the reporting currency, but has both costs and revenues in certain other currencies, such as SEK, GBP and USD which can be subject to short-term fluctuations.

Operating expenses

Operating expenses are a combination of activity-related costs and fixed costs; the main expenses are salaries, office costs, data supplier costs, and consultant costs.

Cost development

As detailed during the 2023 Capital Markets Day, Kambi's long-term cost strategy includes a potential slowdown in underlying cost growth as significant cost efficiencies and synergies are realised whilst retaining a scalable business model. Core elements of the cost development include:

- Focused turnkey reinvestments
- Depreciation & amortisation increase
- Additional costs from new modules
- Additional costs from algorithmic trading
- Significant savings and synergies across these areas

Second and third-generation trading

Second generation trading is odds compiling and trading by humans with the assistance of algorithmic models, while the third-generation trading capability developed in-house by Kambi is odds compiling and trading by algorithmic models with the assistance of humans.

Overview of US partners

Below, Kambi details the US states in which it is live and generating revenue:

✓ = Retail and online ✓ = Retail ✓ = Online

State	Affinity	CDI	Desert Diamond	Four Winds	JACK	Kindred	ilani	Miami Valley	Oaklawn	Parx	PENN	RSI	Seneca	Soaring Eagle
Arizona		✓	✓			✓					✓	✓		
Arkansas		✓							✓					
Colorado											✓	✓		
Connecticut												✓		
Illinois											✓	✓		
Indiana				✓		✓					✓	✓		
Iowa	✓										✓	✓		
Kansas											✓			
Louisiana		✓									✓	✓		
Maryland		✓								✓	✓	✓		
Massachusetts											✓			
Michigan		✓		✓						✓	✓	✓		✓
Mississippi											✓			
New Jersey						✓				✓	✓	✓		
New York		✓										✓	✓	
Ohio					✓			✓		✓	✓	✓		
Pennsylvania		✓				✓				✓	✓	✓		
Tennessee											✓			
Virginia						✓					✓	✓		
Washington							✓							
West Virginia											✓	✓		

Below, Kambi details all launches during and after the quarter:

Partner	Territory	Online	Retail	Number of properties
Casino Club	Argentina	✓		
CDI	New York		✓	1
Great Canadian	Ontario		✓	10
ilani	Washington		✓	1
JACK	Ohio	✓	✓	2
Miami Valley	Ohio		✓	1
Mohegan	Ontario		✓	2
Parx	Maryland		✓	1
	Ohio	✓		
	Pennsylvania		✓	1
PENN	Ohio	✓	✓	4
	Maryland	✓		
	Massachusetts		✓	1
RSI	Connecticut		✓	1
	Maryland	✓		
	Ohio	✓		
	Virginia		✓	1