

# Kambi Group plc

Q1 Report 2021

## Financial summary

- Revenue amounted to €43.2 (Q1 2020: 27.9) million for the first quarter of 2021, an increase of 55%
- Operating profit (EBIT) for the first quarter of 2021 was €18.7 (6.8) million, an increase of 173%, at a margin of 43.2% (24.5%)
- Profit after tax amounted to €15.1 (4.8) million for the first quarter of 2021
- Earnings per share for the first quarter of 2021 were €0.487 (0.156)
- Cash flow from operating and investing activities (excluding working capital movements) amounted to €16.5 (4.1) million for the first quarter of 2021

## First quarter financial breakdown

€m	Q1 2021	Q1 2020	Change %	Jan – Dec 2020
Revenue	43.2	27.9	55%	117.7
Operating profit	18.7	6.8 <sup>[1]</sup>	173%	32.2 <sup>[1]</sup>
Operating margin	43.2%	24.5%		27.4%
Profit after tax	15.1	4.8 <sup>[2]</sup>	216%	24.1 <sup>[2]</sup>
Cash flow <sup>[3]</sup>	16.5	4.1		28.7
Net cash	70.7	39.0		53.5
Earnings per share	€0.487	€0.156	212%	€0.781
Fully diluted earnings per share	€0.475	€0.154	208%	€0.763

<sup>[1]</sup> Operating profit excludes items affecting comparability recorded in Q1 2020 (bad debt expense of €0.6m)

<sup>[2]</sup> Profit after tax includes items affecting comparability recorded in Q1 2020 (bad debt expense of €0.6m)

<sup>[3]</sup> Cash flow from operating and investing activities excluding movements in working capital

## Key highlights

- Operator turnover index exceeded 1,000 mark for first time, equating to a x10 growth since Kambi's first quarter post-listing in 2014
- Strong revenue growth of 55% year-on-year at an operator trading margin of 8.5%
- Continued US expansion with launches across a number of jurisdictions including Michigan, Illinois, Virginia and Arkansas – the latter became the 14<sup>th</sup> state in which Kambi provides regulated sports betting
- Strengthened global network through new partnerships with Racing & Wagering Western Australia and Casino Magic, extended partnership with Napoleon Sports & Casino

**CEO comment**

*"I'm pleased to report the exceptional performance we produced during the latter part of last year has continued into 2021, with significant growth across a range of KPIs including operator turnover, revenue and operating margin. We also continued our impressive commercial momentum with new partner signings and extensions in key target markets. The operator turnover index surpassed 1,000 for the first time after a record quarter which saw operator turnover more than double year-on-year, with the caveat of the final fortnight of Q1 2020 impacted by COVID-19. This strong performance was driven by a busy sporting calendar, including the end of the NFL season and the March Madness college basketball tournament, and more than compensated for the planned migration of a large proportion of 888's business off the Kambi sportsbook in January.*

*Revenue growth was also exceptionally strong at 55%, with operator trading margin of 8.5% for the quarter. The business was once again able to demonstrate its scalability with an operating margin of 43%, which was particularly pleasing to see in a quarter played out in an environment more reflective of the pre-pandemic landscape, as we transition back to something more akin to normality.*

*From a commercial perspective, and as detailed in our previous report, we signed new partnerships with Racing & Wagering Western Australia (RWWA) and Casino Magic. Within weeks of signing with Casino Magic, our sportsbook was live in Neuquén, Argentina, strengthening our position in the promising South American market, while we continue to work with RWWA on the transition of its existing business to Kambi from its current provider. In addition to signing two new partners, it was great to strengthen our partnership with Napoleon Sports & Casino, and we look forward to building further on this long-term relationship in the years to come.*

*As ever, the quarter saw Kambi continue to support the expansion of partners across the globe, averaging a partner launch every week throughout the reporting period. In addition to the launch of Casino Magic, we supported US-facing partners in states including Michigan, Virginia, Illinois and Arkansas, with the latter becoming the 14<sup>th</sup> state in which Kambi is live and generating revenue. Although I've said it before, it's worth repeating our market-leading excellence and reliability in the areas of integrations and launches, often working closely with regulators to ensure our partners are first or among the first to go live.*

*Regulation in the US continues to move at pace, with progress seen in a variety of states in recent weeks and months, perhaps most notably in New York, where the state has committed to adding online sports betting to its existing retail market. As the first company to process a regulated sports bet in New York, we're of course monitoring the developing situation there closely and look forward to the publication of further details concerning the licensing framework in due course.*

*In the meantime, our teams are busy preparing for what will be a special summer of sports, with major events such as the delayed Euro 2020, Copa America and Olympic Games, as well as the return of annual summer tournaments including Wimbledon and The Open. In addition, this year should see a full MLB season played out, with a high volume of games to be played throughout the summer months. As always, our partners will have a first class offering across all sports and competitions, and as sports fans we have a lot to look forward to."*

## Q1 Highlights

### Trading update

Operator turnover in Q1 2021 was up by 109% year-on-year, albeit the final two weeks of Q1 2020 saw the early impacts of the pandemic on the sporting calendar. The Kambi operator turnover index exceeded 1,000 for the first time, with 1,056 now the new high watermark and an operator trading margin of 8.5% contributing to revenue growth of 55%.

The record operator turnover performance was primarily driven by college basketball, with the quarter featuring the bulk of the high-profile March Madness college basketball tournament. In Q1, college basketball was the number one contributor to operator turnover, approximately equal to that of the NFL and NBA combined. While the final stages of March Madness were played in April, thereby after the end of the reporting period, the entire tournament generated more turnover than the 2018 World Cup, with the final ranking ahead of any other single soccer game.

NBA was the second largest contributor of turnover in Q1, while the culmination of the professional and college American football seasons came in at third. Although its overall impact was limited due to the fewer number of games at season's end, eight NFL play-off games played during Q1 rank inside the top 10 of Kambi's highest ever turnover games across all sports and leagues, underlining the impact of the NFL and the quality of Kambi's American football product.

### Commercial agreements

As detailed in its Q4 2020 report, Kambi signed a long-term agreement in January to become the sports betting partner of Racing and Wagering Western Australia (RWVA). As part of the agreement, Kambi's technology will power and upgrade the fixed-odds sports product of RWVA's online brand TABtouch, as well as its network of more than 320 retail agencies.

Later in January, Kambi signed a multi-year agreement with leading Argentinian operator Casino Magic, complementing the brand's online casino offering and further strengthening Kambi's footprint in the fast-growing Latin American region. Kambi also signed a multi-year extension to its contract with Napoleon Sports & Casino in Q1, building on a partnership dating back to 2012, and one which has seen Napoleon become one of Belgium's leading operators.

In mid-January, 888 completed the migration of its UK and dot.com players, representing the majority of the 888 business, from the Kambi platform.

In March, Kambi's partnership with Grupo Televisa in Mexico came to an end which will have a negligible financial impact on Kambi's future revenues.

In Q1, Kambi partner LeoVegas Group announced the acquisition of well-known Swedish sports betting brand Expekt. Expekt will join LeoVegas' stable of sports betting brands, which either use or are set to migrate to the Kambi sportsbook following an extension of the partnership between LeoVegas and Kambi last year.

### Partner launches

In Q1, Kambi partner Casino Magic debuted its online sportsbook in the Argentinian province of Neuquén on 1 March, a little more than four weeks after contract completion. The launch in Neuquén enhances Kambi's position in the developing the Latin American region, where Kambi sees great growth potential over the coming years.

In the US, Kambi supported the simultaneous online launch of four partners – Churchill Downs Incorporated (CDI), DraftKings, Penn National Gaming (PNG) and Rush Street Interactive (RSI) – in

Michigan within seconds of the market going live and in the process took the first regulated online sports wager in the state. Later in the quarter, Kambi partner Four Winds Casinos also launched online in Michigan, while CDI launched online in Tennessee.

Kambi is now live and generating revenue in 14 US states, with Q1 having also produced online launches with RSI and DraftKings in Virginia and a retail launch with CDI in Arkansas. Furthermore, Kambi supported the launch of PNG's proprietary Barstool Sportsbook app in Illinois in March. As commented in the Q4 report, in January Kambi also supported CDI with retail launches in Indiana and Pennsylvania.

## **Events after Q1**

### **Partner launches**

Kambi partner CDI completed a trio of online launches during April with Colorado, Indiana and Pennsylvania, extending the partnership to seven states. Earlier in April, Kambi also supported the launch of Casumo's sportsbook in Spain, expanding Casumo's European footprint with the partnership already live in countries including the UK and Sweden.

### **Partner updates**

In line with contract terms and a migration phase agreed last year, Kambi is no longer supporting DraftKings' online sportsbook in New Hampshire and DraftKings' retail sportsbook in Colorado. As per contract terms, this migration will have no financial impact on Kambi for the duration of the agreement, which runs until 30 September 2021.

### **Sporting calendar**

This year's sporting calendar promises to offer sportsbook operators and their players the most exciting and diverse menu of top-level sport we have seen in many years. Should circumstances allow, the summer months will not only see last year's postponed tournaments take place, but also the return of those cancelled due to pandemic impacts. For example, the MLB season will feature a full slate of games – more than 160 games per team compared to just 60 games each last season. In tennis, the French Open returns to Q2 while Wimbledon is back following its cancellation last year. In soccer, not only will the Euro 2020 tournament be played, but the Copa America will also take place. Furthermore, in September, golf's Ryder Cup will be contested, having been postponed due to the pandemic when originally scheduled for last year. When also factoring in major events such as the Olympic Games, the NHL finals and the NBA finals, Kambi expects a summer of sport like no other.

## Regulatory update

Below, we provide the most relevant regulatory updates on markets which may have an impact on our operations.

### United States

A mobile sports betting framework in **New York** has been agreed after the governor signed the state's 2022 budget bill into law, although there remains uncertainty regarding the details of the proposed state-run model. Under the plan, the New York State Gaming Commission (NYSGC) will begin a RFP process no later than July 2021 to select at least two 'platform providers' to conduct online sports betting, who will need to combine to offer at least four skins for state-wide mobile betting. Kambi awaits further clarity on the framework and the criteria with which the NYSGC will make its selections.

In **Florida**, the legislature is scheduled to meet on 17 May 2021 in a special session to consider a landmark compact agreed recently between the state and the Seminole Tribe that includes online sports betting.

In **Ohio**, a bill which aims to regulate sports betting has been filed following the conclusion of a series of public hearings on sports wagering. Lawmakers are keen to ensure sports wagering legislation is included in the state budget, which is due at the end of June 2021.

**Connecticut** has reached an agreement with the state's two federally-recognised gaming tribes to offer online and retail sports betting and casino gaming. Under the plan, each tribe would have one online skin to offer sports wagering, with a third online skin in the market to be operated by the Connecticut Lottery.

A bill legalising state-wide online and retail sports betting in **Arizona** has been signed by the governor that will allow for as many as 20 online operators, with ten licenses apiece split between Indian tribes and professional sports teams.

In **Maryland**, lawmakers have passed a bill to regulate retail and online sports wagering in the state. The next stage of the process will include signature from the state governor followed by the development of the sports betting rules. The market is expected to go live in H2 2021.

Following the legalisation of sports betting in **Louisiana** in November, lawmakers are now focused on passing enabling legislation in relation to 55 of the 64 parishes which approved the ballot. For sports wagering to launch within the next year, lawmakers will need to come to a consensus on a framework and taxation measure before the legislative session ends in mid-June.

**South Dakota** became the first US state to authorise sports betting in 2021, which will officially come into effect on 1 July. The bill restricts sports wagering to casinos in the town of Deadwood and serves to implement a state-wide voter referendum that was approved in November 2020. Tribal casinos are also eligible to offer sports wagering.

A bill creating an online-only sports betting market in the state of **Wyoming** has been signed by its governor. The bill will authorise the Wyoming Gaming Commission to issue a minimum of five online-only licences to sportsbook operators that are already licensed in at least three other US markets. A target launch date of 1 September 2021 was agreed in a recent committee hearing.

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

State	Population (m)	Online skins	Retail properties	Kambi-powered operators
Arkansas	3.0	0	1	CDI
Colorado	5.8	3	2	RSI, Penn, DraftKings, CDI
Illinois	12.7	3	5	RSI, Penn, DraftKings
Indiana	6.7	4	4	RSI, Penn, Kindred, DraftKings, CDI
Iowa	3.2	2	4	RSI, Penn, DraftKings
Michigan	10.0	5	7	RSI, Penn, Parx, Four Winds, DraftKings, CDI
Mississippi	3.0	n/a	7	Penn, CDI
New Hampshire	1.4	0	2	DraftKings
New Jersey	8.9	4	2	RSI, Parx, Kindred, DraftKings, 888
New York	19.5	n/a	5	Seneca, RSI, DraftKings
Pennsylvania	12.8	7	9	RSI, Penn, Parx, Kindred, DraftKings, CDI
Tennessee	6.8	2	n/a	DraftKings, CDI
Virginia	8.5	2	n/a	RSI, DraftKings
West Virginia	1.8	1	1	Penn, DraftKings

### Rest of the world

In **Canada**, a bill seeking to repeal the ban on single-game sports betting was adopted by the House of Commons and now moves to the Senate for final ratification. If successfully passed, it would give Canadian provinces the ability to regulate single-game wagering and create new licensing frameworks.

In **Brazil**, regulations from both federal and state levels are expected in due course. Several states have started the legislative process to create their own lotteries, which will enable them to launch sports betting. Meanwhile, the few states that already have lotteries may issue tenders covering sports betting in the coming months. At the federal level, regulations are still under development and the market is not expected to go live until H1 2022.

In **Argentina**, Buenos Aires City has approved regulations for online sports betting, with a potential market go-live date of Q2 2021. Meanwhile, Buenos Aires Province has begun awarding licences to those operators who made their shortlist last year. Buenos Aires is one of several Argentine provinces to be regulating or have regulated sports betting, such as Neuquén Province, home to Kambi partner Casino Magic.

In **Peru**, the impacts of the pandemic have slowed legislative progress and efforts to legalise sports betting. However, with the recent reopening of casinos, as well as a newly proposed gambling bill, the topic of sports betting is firmly back on the legislator's agenda.

Lawmakers in **Chile** have signaled their intent to regulate online sports betting with a bill expected to be filed in the coming months. Officials have stated a desire to protect consumers through new

legislation and the wish to generate additional tax revenues as the key drivers behind the anticipated bill.

Officials in **Germany** continue setting in motion procedures that could lead to the new gambling regime taking effect on 1 July 2021. The gambling treaty has now been cleared by 13 German states, meaning the regulation will be able to take effect as planned.

In the **Netherlands**, the Dutch Remote Gambling Act came into force in conjunction with the commencement of the online licensing process on 1 April 2021. Operators who wish to be among those first to market on 1 October 2021 should have submitted an application by 15 April 2021.



## **Kambi initiatives**

### **Operational excellence**

Kambi's position as the industry's trusted sports betting partner has been built upon its consistent demonstration of excellence and market leadership. One specific area in which this is clearly visible is in Kambi's ability to integrate and launch new partners online and in retail quickly and with regulatory certainty.

While competitors may take many months or even years to make good on their promise of launching their customers, Kambi has shown time again its capability in ensuring partners are live and generating revenue as soon as possible, often in a matter of weeks. This competence was once again displayed in Q1 with the launch of Casino Magic on 1 March, having only completed contracts on 29 January.

This speed and efficiency have enabled Kambi and its partners to record numerous market-first launches, most frequently in the United States where we have seen the greatest expansion of regulation in recent years. For example, Kambi not only processed the first regulated mobile wager in the United States post-PASPA, but also took the first legal bets in multiple states including New York, New Jersey, Illinois and Colorado.

This success is no coincidence and is steeped both in Kambi's flexible product and technology, which enable the Kambi sportsbook to quickly adapt to a wide range of local regulatory requirements, as well as its strong corporate governance, which removes any potential hurdles to gaining necessary permits and licences. With regulatory and compliance matters swiftly addressed, Kambi's integrations and launch teams are able to put into action their refined processes, which now also include remote launches – retail launches completed off-site – developed during the height of the travel restriction period last year.

Coupled with speed, Kambi continues to demonstrate its ability to undertake launches at an unparalleled scale. In Q1 2021, Kambi completed 14 partner launches, adding to the 50 launches completed throughout 2020. When taking those 15 months together, Kambi has averaged a launch every single week, and continues to have a busy roadmap of launches as new partners join, current partners expand, and new markets regulate. Kambi's excellence in this area is a key factor in why it not only views regulation as an opportunity, but also a competitive advantage.

## Financial review

### Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the first quarter of 2021, revenue was €43.2 (Q1 2020: 27.9) million. Revenue derived from locally regulated markets in Q1 was 87% (79%).

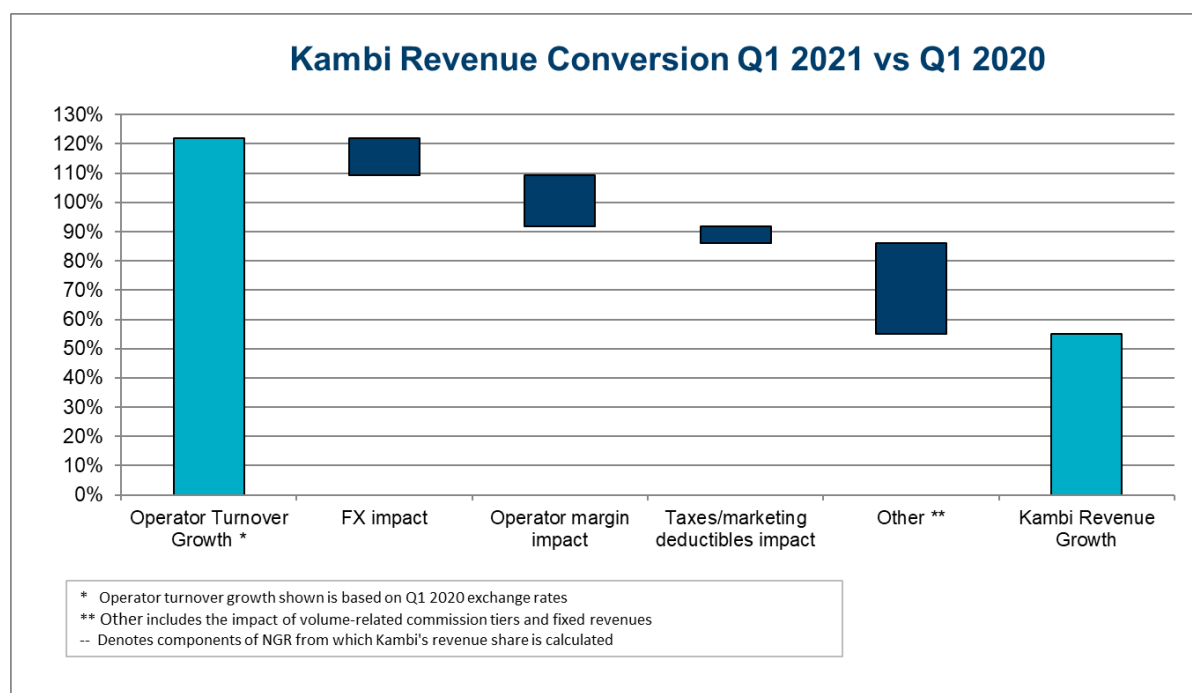
Operator turnover at constant exchange rates grew by 122% and the operator trading margin was 8.5% (9.3%). There was a negative impact on Kambi's revenue due to significant movement of USD against EUR compared to Q1 2020. The operator turnover growth including the FX impact was 109%, whilst noting that the final two weeks of Q1 2020 saw the early impacts of the pandemic on the sporting calendar.

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' Gross Gaming Revenue (GGR) less deductible costs, such as certain capped marketing incentives and tax (i.e. NGR, as shown in the graph below).

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. As can be seen from the 'other' category in the below chart, this effect was particularly marked in Q1 2021 as the comparison is to higher commission rates charged during Q1 2020, as a result of the reduced sporting calendar.

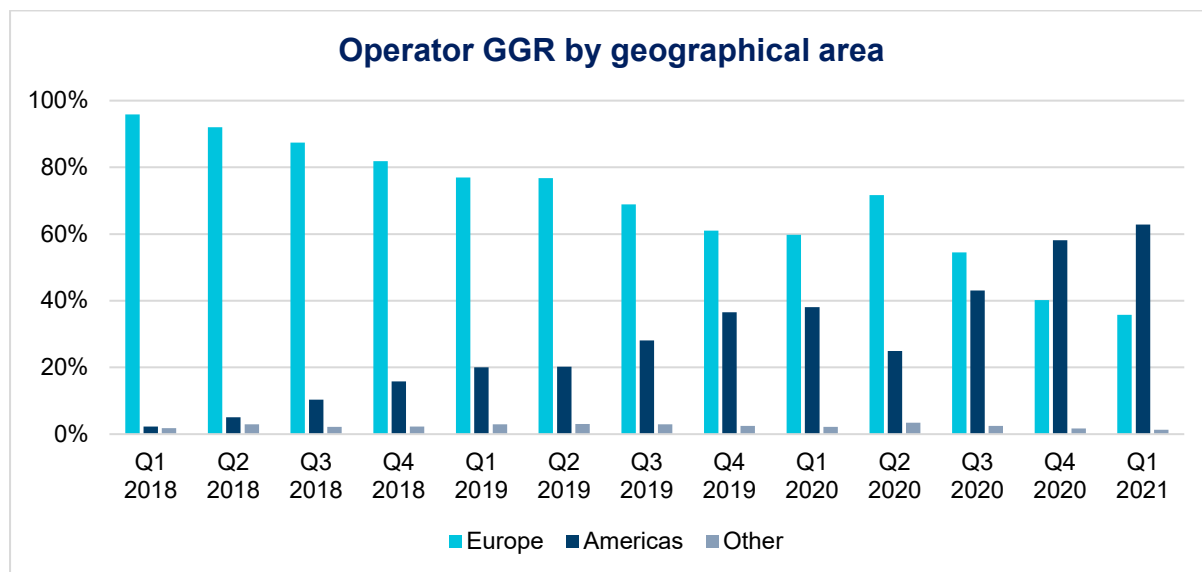
The net effect of the above factors was a €15.3 million increase in quarterly revenue year-on-year.

The graph below demonstrates how the change in operator turnover ultimately results in Kambi's revenue change:



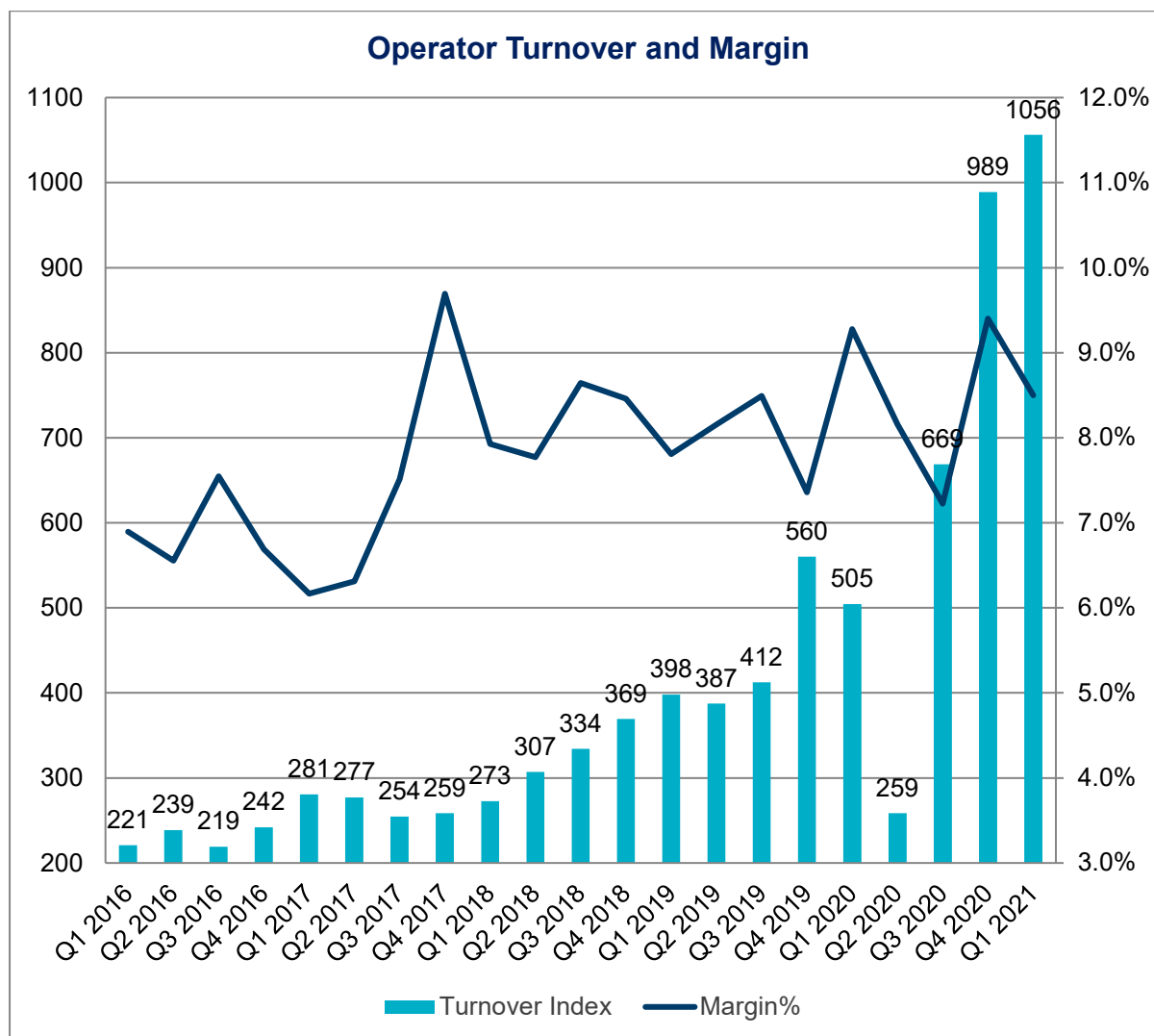
**Geographical revenue analysis**

Kambi derives its revenue from numerous markets globally, which can be split into three areas of focus for the company: Europe, Kambi’s historical core market; the Americas, the largest market for Kambi in Q1 2021; and the Rest of the World, being those other opportunities that may arise outside of Kambi’s two main focal areas. Americas has increased to 63% (38%) of the total operator GGR for the quarter, continuing the trend seen previously due to the growth in both existing and new US states.



## Operator trading analysis

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. The graph below shows the index since Q1 2016 and also illustrates Kambi's operators' quarterly trading margin.



Operator turnover for the first quarter of 2021 was 1056, an increase of 109% compared with 505 for the first quarter of 2020. The substantial growth was driven by continued momentum in all markets and the expansion into more US states.

As can be seen in the graph above, the operator turnover levels in Q1 and, in particular, Q2 2020 were adversely impacted by the reduced sporting calendar as a result of COVID-19.

### Operator trading margin

The operator trading margin for the quarter was 8.5% (Q1 2020: 9.3%).

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 7.0 – 8.5%. The operator trading margin for the past 12 month period has been 8.5%.

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 updated quarterly and when updated, previously stated expectations should be considered obsolete.

### 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. However, as Kambi has both revenues and costs in the same currencies, this creates, to some extent, a natural hedge which partly mitigates the impact these fluctuations may have.

### Cost development

Kambi's cost development is driven by our continued commitment to building a market-leading Sportsbook. Our scalable business model requires strategic investments to deliver on future growth, which impacts both operating expenses and capitalised costs, in:

- Improving the existing offering for all our operators, including player experience, automation, differentiation and risk management
- Channel expansion, primarily development of the retail product
- Market expansion, including into the Americas
- New customer integrations

### Capitalised development costs

In the first quarter of 2021, development expenditure of €4.5 (4.7) million was capitalised. These capitalised development costs are amortised over three years, starting in the year the costs are incurred. The amortisation charge this quarter was €3.6 (2.9) million.

### Operating expenses

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

Operating expenses for the first quarter of 2021 were €24.5 (21.1) million.

Total operating expenses in Q2 2021 are expected to be in the range of €25.5 – 26.5 million, of which approximately €1.0 million relates to variable social security costs in relation to the share option programmes. Total operating expenses for 2021 are still expected to be in the range of €100.0 – 105.0 million.

### **Operating profit**

Operating profit for the first quarter of 2021 was €18.7 (6.8) million, with a margin of 43.2% (24.5%).

### **Profit before tax**

Profit before tax for the first quarter of 2021 was €18.5 (6.1) million.

### **Taxation**

The tax expense comprises corporation tax and withholding tax. The tax expense for the first quarter of 2021 was €3.5 (1.3) million.

### **Profit after tax**

Profit after tax for the first quarter of 2021 was €15.1 (4.8) million.

### **Financial position and cash flow**

The net cash position at 31 March 2021 was €70.7 (39.0) million.

Cash flow from operating and investing activities (excluding working capital) amounted to €16.5 (4.1) million for the first quarter of 2021.

Net cash flow was an increase of €17.1 (1.8) million for the quarter due to continued strong cash receipts in Q1 2021, with the resulting cash balance at the end of Q1 2021 amounting to €78.1 (46.3) million. As a result, trade and other receivables have decreased by €2.0 million to €34.7 (25.3) million at Q1 2021.

### **Personnel**

Kambi had 903 (863) employees equivalent to 890 (851) full time employees at 31 March 2021, across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the UK, and the United States.

## 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 Chairman of the Board.

The members for the 2021 Annual General Meeting are:

- Anders Ström, Verolda Investment Ltd (Chairman)
- Lars Stugemo, Chairman 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](mailto: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 (€) and all the numbers in brackets refer to the equivalent period in the previous year.

## Financial calendar

11 May 2021	2021 AGM
23 July 2021	Q2 2021 report
27 October 2021	Q3 2021 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 30-plus customers include 888 Holdings, ATG, Churchill Downs Incorporated, DraftKings, Kindred Group, LeoVegas, Penn National Gaming and Rush Street Interactive. Kambi employs more than 900 staff across offices in Malta (headquarters), Australia, 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.

Redeye AB, [Certifiedadviser@redeye.se](mailto:Certifiedadviser@redeye.se), +46 (0)8 121 576 90.

## 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.



Malta, 28 April 2021

Q1 Report 2021 (unaudited)

**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, 28 April 2021 at 07:45 CEST by CEO Kristian Nylén.

**CONSOLIDATED INCOME STATEMENT**

€ '000

	Q1 2021	Q1 2020	Jan - Dec 2020
<b>Revenue</b>	<b>43,215</b>	<b>27,888</b>	<b>117,685</b>
Staff costs	-12,816	-10,449	-43,063
Amortisation	-3,598	-2,858	-12,375
Data supplier costs	-3,362	-2,681	-10,803
Other operating expenses	-4,751	-5,065	-19,215
<b>Total operating expenses</b>	<b>-24,527</b>	<b>-21,053</b>	<b>-85,456</b>
<b>Profit from operations</b>	<b>18,688</b>	<b>6,835</b>	<b>32,229</b>
<i>Operating margin</i>	43.2%	24.5%	27.4%
Investment income	1	4	38
Finance costs	-148	-167	-652
<b>Profit before items affecting comparability</b>	<b>18,541</b>	<b>6,672</b>	<b>31,615</b>
Items affecting comparability <sup>1</sup>	-	-590	-590
<b>Profit before tax</b>	<b>18,541</b>	<b>6,082</b>	<b>31,025</b>
Income tax	-3,462	-1,317	-6,969
<b>Profit after tax</b>	<b>15,079</b>	<b>4,765</b>	<b>24,056</b>

<sup>1</sup> 2020: Bad debt expense in relation to National Lottery AD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

€ '000

	Q1 2021	Q1 2020	Jan - Dec 2020
<b>Profit after tax for the period</b>	<b>15,079</b>	<b>4,765</b>	<b>24,056</b>
Other comprehensive income:			
Currency translation adjustments taken to equity	600	-1,188	-955
Actuarial gain/(loss) on employee defined benefits	-	-	-58
<b>Comprehensive income for the period</b>	<b>15,679</b>	<b>3,577</b>	<b>23,043</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**€ '000**

	<b>31 Mar 2021</b>	<b>31 Mar 2020</b>	<b>31 Dec 2020</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	23,361	20,340	22,425
Property, plant and equipment	9,737	11,697	10,181
Deferred tax assets	6,599	3,255	6,500
	<b>39,697</b>	<b>35,292</b>	<b>39,106</b>
<b>Current assets</b>			
Trade and other receivables	34,662	25,278	36,632
Cash and cash equivalents	78,056	46,269	60,826
	<b>112,718</b>	<b>71,547</b>	<b>97,458</b>
<b>Total assets</b>	<b>152,415</b>	<b>106,839</b>	<b>136,564</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	92	92	92
Share premium	58,423	58,050	58,237
Other reserves	6,236	3,663	5,950
Currency translation reserve	-2,757	-3,590	-3,357
Retained earnings	52,172	17,804	37,093
<b>Total equity</b>	<b>114,166</b>	<b>76,019</b>	<b>98,015</b>
<b>Non-current liabilities</b>			
Convertible bond	7,358	7,309	7,345
Lease liabilities	3,465	4,952	3,537
Other liabilities	360	242	330
Deferred tax liabilities	1,220	279	1,219
	<b>12,403</b>	<b>12,782</b>	<b>12,431</b>
<b>Current liabilities</b>			
Trade and other payables	15,316	12,740	16,453
Lease liabilities	2,128	2,872	2,326
Tax liabilities	8,402	2,426	7,339
	<b>25,846</b>	<b>18,038</b>	<b>26,118</b>
<b>Total liabilities</b>	<b>38,249</b>	<b>30,820</b>	<b>38,549</b>
<b>Total equity and liabilities</b>	<b>152,415</b>	<b>106,839</b>	<b>136,564</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

€ '000

	Q1 2021	Q1 2020	Jan - Dec 2020
<b>OPERATING ACTIVITIES</b>			
Profit from operations	18,688	6,835	32,229
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	1,348	1,202	5,079
Amortisation of intangible assets	3,598	2,858	12,375
Bad debt expense	-	-590	-590
Share-based payment	286	289	1,372
<b>Operating cash flows before movements in working capital</b>	<b>23,920</b>	<b>10,594</b>	<b>50,465</b>
(Increase)/decrease in trade and other receivables	1,970	-3,283	-14,638
(Decrease)/increase in trade and other payables	-1,137	1,482	5,377
(Decrease)/increase in other liabilities	31	18	105
<b>Cash flows from operating activities</b>	<b>24,784</b>	<b>8,811</b>	<b>41,309</b>
Income taxes paid net of tax refunded	-2,428	-965	-2,759
Interest income received	1	4	38
<b>Net cash generated from operating activities</b>	<b>22,357</b>	<b>7,850</b>	<b>38,588</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	-410	-810	-2,575
Development and acquisition costs of intangible assets	-4,534	-4,740	-16,459
<b>Net cash used in investing activities</b>	<b>-4,944</b>	<b>-5,550</b>	<b>-19,034</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of new shares	610	11	197
Payment of lease liabilities	-884	-490	-2,989
Interest paid	-39	-44	-389
<b>Net cash generated/(used in) financing activities</b>	<b>-313</b>	<b>-523</b>	<b>-3,181</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,100</b>	<b>1,777</b>	<b>16,373</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>60,826</b>	<b>44,988</b>	<b>44,988</b>
<b>Effect of foreign exchange differences</b>	<b>130</b>	<b>-496</b>	<b>-535</b>
<b>Cash and cash equivalents at end of period</b>	<b>78,056</b>	<b>46,269</b>	<b>60,826</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

€ '000

	Q1 2021	Q1 2020	Jan - Dec 2020
<b>Opening balance at beginning of period</b>	98,015	71,743	71,743
<b><i>Comprehensive income</i></b>			
Profit for the period	15,079	4,765	24,056
<i>Other comprehensive income:</i>			
Translation adjustment	600	-1,188	-955
Actuarial gain/(loss) on employee defined benefits	-	-	-58
	<b>15,679</b>	<b>3,577</b>	<b>23,043</b>
<b><i>Transactions with owners</i></b>			
Share options - value of employee services	286	289	1,372
Other	186	410	598
Tax on share options	-	-	1,259
	<b>472</b>	<b>699</b>	<b>3,229</b>
<b>Closing balance at end of period</b>	<b>114,166</b>	<b>76,019</b>	<b>98,015</b>

**KEY RATIOS**

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

	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Jan - Dec 2020</b>
Operator turnover <sup>1</sup> as index of Q1 2014	1,056	505	n/a
Operating (EBIT) <sup>2</sup> margin, %	43.2%	24.5%	27.4%
EBITDA <sup>2</sup> (€m)	23.6	10.9	49.7
EBITDA <sup>2</sup> margin, %	54.7%	39.1%	42.2%
Equity/assets ratio, %	74.9%	71.2%	71.8%
Employees at period end	903	863	878
Earnings per share (€)	0.487	0.156	0.781
Fully diluted earnings per share (€)	0.475	0.154	0.763
Number of shares at period end	30,975,697	30,829,697	30,954,697
Fully diluted number of shares at period end	32,107,681	31,190,541	32,070,681
Average number of shares	30,961,697	30,624,697	30,815,376
Average number of fully diluted shares	31,768,040	30,985,541	31,510,893

<sup>1</sup> Operator turnover is defined as total stakes placed with operators by end users

<sup>2</sup> Excluding items affecting comparability (2020: 590k bad debt expense)