

Kambi Group plc

Q2 Report 2022

Financial summary

- Revenue amounted to €34.7 (Q2 2021: 42.8) million for the second quarter of 2022 and €71.5 (H1 2021: 86.0) million for the first half of 2022
- Operating profit (EBIT) for the second quarter of 2022 was €4.9 (16.6) million, at a margin of 14.1% (38.8%), and €12.2 (35.3) million, at a margin of 17.1% (41.0%) for the first half of 2022
- Earnings per share for the second quarter of 2022 were €0.109 (0.432) and €0.286 (0.919) for the first half of 2022
- Cash flow amounted to €0.1 (11.4) million for the second quarter of 2022 and €5.6 (28.0) million for the first half of 2022

Second quarter financial breakdown

€m	Q2 2022	Q2 2021	Change %	Jan – Jun 2022	Jan - Jun 2021	Change %	Jan-Dec 2021
Revenue	34.7	42.8	-19%	71.5	86.0	-17%	162.4
EBITDA	11.6	21.8	-47%	25.4	45.4	-44%	79.2
Operating profit	4.9	16.6	-70%	12.2	35.3	-65%	57.0
Operating margin	14.1%	38.8%		17.1%	41.0%		35.1%
Profit after tax	3.3	13.4	-75%	8.8	28.4	-69%	46.4
Cash flow	0.1	11.4		5.6	28.0		44.6
Net cash	74.2	84.5		74.2	84.5		72.3
Earnings per share	€0.109	€0.432	-75%	€0.286	€0.919	-69%	€1.501
Fully diluted earnings per share	€0.108	€0.422	-74%	€0.284	€0.897	-68%	€1.473

Key highlights

- Operator turnover increased by 16%, when adjusting for the migration of DraftKings, leading to revenue of €34.7 million
- Strong financial performance against demanding 2021 comparatives, with numerous headwinds including the Netherlands impact, the seasonality effect of the quiet sporting calendar and the DraftKings migration
- Expanded partner network following an online agreement with Mohegan Gaming & Entertainment and its Fallsview Casino brand in Ontario, Canada
- Signed an extended deal with Greenwood Gaming and Entertainment, which owns US multi-state operator betPARX
- Continued expansion across North America including going live on day one in Canada and launches in the United States and Mexico
- Completed phase one of pricing separation from platform, key to enabling the provision of modularised trading services while delivering greater differentiation capabilities

CEO comment



"In Q2, Kambi delivered another positive quarter with underlying growth remaining healthy and operator turnover up 16% when adjusting for the migration of DraftKings. This performance was achieved despite a quieter than usual sporting calendar, particularly with the soccer World Cup taking place later in the year, outside its usual Q2 starting slot. We also signed a partnership with Mohegan Gaming & Entertainment, launched in Canada and Mexico, and announced an extension to our contract with US multi-state operator betPARX,

all while making significant strategic progress.

Behind the scenes we have been working tirelessly on executing on our product strategy. Kambi's Bet Builder offering is a good example of what we can achieve in this regard having taken a leading position in bet combinability, now a must-have for any high-quality sportsbook. As such, I was delighted to see our Bet Builder product receive the recognition it deserves during Q2 when it won the Innovation in Sports Betting Software award at the EGR B2B Awards, along with Kambi being recognised as the best B2B sportsbook provider once more.

However, we have only scratched the surface of what is possible and our product roadmap looks exciting as we continue to raise the bar in sports technology provision. Integral to our product and wider company strategy is our commitment to opening up our platform and modularising our service, enabling Kambi to increase its total addressable market. Not only will this enable us to develop new and exciting products at greater speed, therefore ensuring Kambi's turnkey offering remains at the cutting edge, but it will also create additional revenue streams as we make available market-leading modules as a standalone service to operators outside of the network.

In Q2, we hit an important milestone on this modularisation journey. As we communicated in the previous quarter, we have been focused on separating pricing functionality from our core platform and in recent weeks we were pleased to soft launch our first standalone pricing functionality for a limited number of low-tier soccer leagues. This functionality leverages Kambi's recently developed Trading Gateway, serving the Kambi platform as well as potentially operators outside the Kambi network, and presents partners with an opportunity to take even more control of their offering should they wish.

This is an exciting time for Kambi. The product journey we are on today along with our healthy balance sheet and positive underlying financial performance means we are on a strong footing for the future. We were delighted to see Kindred relaunch in the Netherlands recently and with more product launches, partner signings and a World Cup to come, I look forward to an even greater second half of the year."

Q2 Highlights

Trading update

The Kambi Operator Turnover Index amounted to 656 in Q2, with underlying growth illustrated by a 16% increase on the corresponding figure last year when adjusting for the migration of DraftKings. This underlying growth comes despite a relatively quiet sporting calendar in Q2, particularly in June, which last year saw the majority of the men's Euros soccer tournament played out. Operator trading margin in Q2 2022 was 8.6%, compared to 9.3% in Q2 2021, contributing to revenue of €34.7 million.

Kambi's award-winning Bet Builder product again delivered strong turnover figures while its new 'Ace in Game' betting offer for top-tier tennis, launched ahead of the French Open in May, proved to be a popular option for live players and is uniquely available to Kambi partners.

Commercial updates

In May, Kambi signed a partnership with Mohegan Gaming & Entertainment as part of a multi-year deal which will see Kambi power the mobile sportsbook of the operator's Fallsview Casino brand in Ontario, Canada. Operated by MGE, Fallsview Casino is the largest gaming resort facility in Canada, and one of the most recognisable gaming brands in the country.

Later in the quarter, Kambi also announced it had agreed an extension to its sportsbook contract with Greenwood Gaming and Entertainment, which is the owner and operator of betPARX and Pennsylvania's largest casino gaming complex, Parx Casino. The new agreement is an extension to a multi-year sportsbook agreement first signed in November 2018 and will see Kambi continue to provide its sportsbook platform and services as the operator expands into further US states.

In addition, during Q2 it was announced that Kambi partner BetCity.nl is to be acquired by Entain in a deal that is expected to be completed during H2 2022. The acquisition will have no impact on Kambi's long-term contract with BetCity.nl which was signed in September 2021 and has seen the operator become one of the market leaders in the Netherlands.

Partner launches

In Q2, Kambi completed 19 online and retail launches including going live on day one of the Ontario market opening with partners Kindred, LeoVegas and Rush Street Interactive (RSI), followed by the launch of NorthStar Gaming later in the quarter. Elsewhere in North America, Kambi also supported retail launches for Kindred and Churchill Downs in Arizona and Louisiana respectively and the online launches of Soaring Eagle in Michigan and RSI in West Virginia. At the end of June, RSI also went live online in Mexico with its RushBet brand as part of a long-term partnership with media conglomerate Grupo Multimedios.

Industry recognition

In June, Kambi was named Sportsbook Platform Supplier of the Year at the EGR B2B Awards 2022 which are among the most prestigious in the industry and judged by experienced industry professionals. In addition, Kambi also won Sports Betting Supplier for the third consecutive year as well as the Innovation in Sports Betting Software category for its market-leading Bet Builder product.

Strategic developments

Kambi has four key strategic pillars that provide the basis for its future success.

- Technically advanced core platform to enable growth
- Differentiation and empowerment
- Power of the network
- Highly scalable business model

Below are updates where notable progress has been made in the quarter.

Differentiation and empowerment - Enabling a broad range of partners to take control where it matters most and express their respective brands

A crucial element of Kambi's modularisation strategy is the separation of its pricing functionality from the core sportsbook platform. This separation brings a variety of benefits, including an ability to package and deliver prices to operators both inside and outside of the network, greater development agility to further enhance the turnkey sportsbook, and a further opening up of the platform to third parties, offering operators even greater control and differentiation opportunities.

In Q2, Kambi completed the first stage of this separation journey through the establishment of standalone pricing functionality, i.e. separate to the sportsbook platform, using existing models, people, and other required resources. This functionality, which has been successfully trialled in lower-tier soccer leagues, leverages Kambi's recently developed Trading Gateway interface to interact with the core sportsbook, as well as functions such as risk management and regulatory compliance. The Trading Gateway interface can also potentially be used by third parties, thereby providing Kambi partners with the opportunity to control odds to an even greater degree than currently, either through their own in-house trading capability or the integration of third party services. Kambi believes offering operators greater control over pricing will drive broader operator appeal, particularly among those that wish to trade one or more sports in-house.

This pricing separation development marks a major milestone in Kambi's wider modularisation strategy, and the standalone pricing functionality will continue to be progressed across all soccer with other high priority sports to follow.

Events after Q2

Partner launches

In early July, Kindred relaunched in the Netherlands market with its Unibet-branded sportsbook having received its licence from the Netherlands Gambling Authority. Kambi previously communicated the initial negative financial impact of re-regulation in the Netherlands as a number of partners applied for licences, however, this impact is now expected to be significantly reduced as partners re-enter the market.

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.

California, United States (population: 39 million)

California remains one of the most attractive opportunities in the global sports betting market with a population that is not only the highest in the US but also larger than most European countries. Sports betting legislation can only be introduced in California via public vote. Two propositions have made it onto the 2022 ballot, which is to be held in November: one which would exclusively allow sports betting in Indian-owned retail environments and another which would permit commercial operators to offer retail and mobile sports betting. Should either proposition gain sufficient public support, regulated sports betting could be available in California as soon as 2023.

Ohio, United States (population: 12 million)

Online and retail legislation in Ohio had previously passed in December 2021 but now has an official launch date of 1 January 2023. Ohio is another state of significant size where Kambi has the potential to partner with multiple operators. Kambi recently submitted its licence application and has a multi-channel sportsbook partnership with local entertainment brand JACK Entertainment, which is currently live in Ohio with a free-to-play sports betting product.

Brazil (population: 215 million)

It was recently confirmed that no moves to initiate regulation will be made before the election in October 2022. However, given that the original implementing statute requires market launch by December 2022, there is hope that any incoming regulation will try to launch as close to this date as possible. Once launched, Brazil will be among the top five largest regulated markets in the world and Kambi's ongoing expansion across the region, as well as a strong soccer product, leaves it well positioned to enter the market.

Peru (population: 34 million)

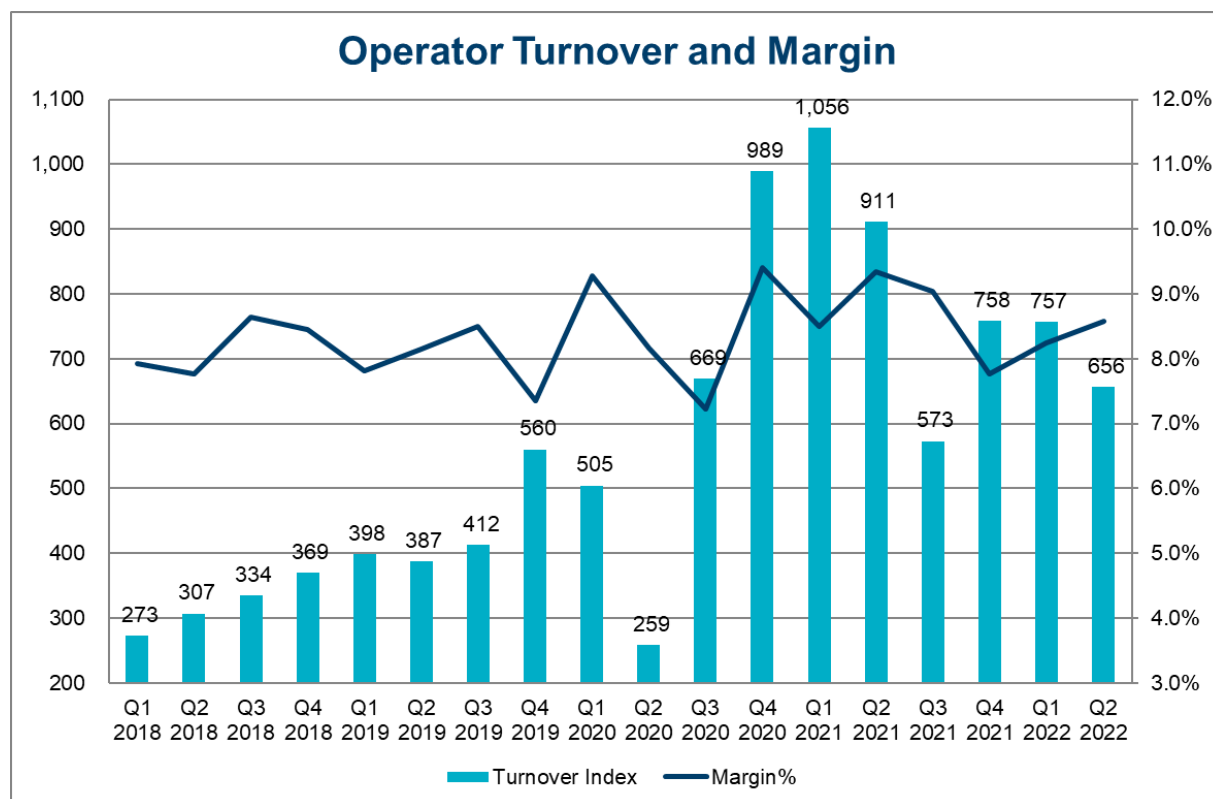
Latin America continues to hold great promise for Kambi and in July 2022, Peru's Congress approved a bill to legalise online gaming and sports betting. It is anticipated that regulated online gaming and sports betting will launch as soon as 2023 once implementing regulations are finalised.

Financial review

Kambi Turnover Index, Operator Trading Margin and Revenue

Definitions of financial terms and performance measures are presented on page 15.

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



Operator turnover for the second quarter of 2022 was 656, a decrease of 28% versus Q2 2021. However, removing DraftKings from the comparative quarter, operator turnover increased by 16% due to strong growth from US partners, launches in several new US states including Arizona, Connecticut, Louisiana several partner launches in Ontario in Canada as well as growth from existing partners and new partners since Q2 2021.

Operator turnover at constant exchange rates decreased by 32% and the operator trading margin for Q2 was 8.6% (9.3%). The operator trading margin for the previous 12 month period was 8.4%.

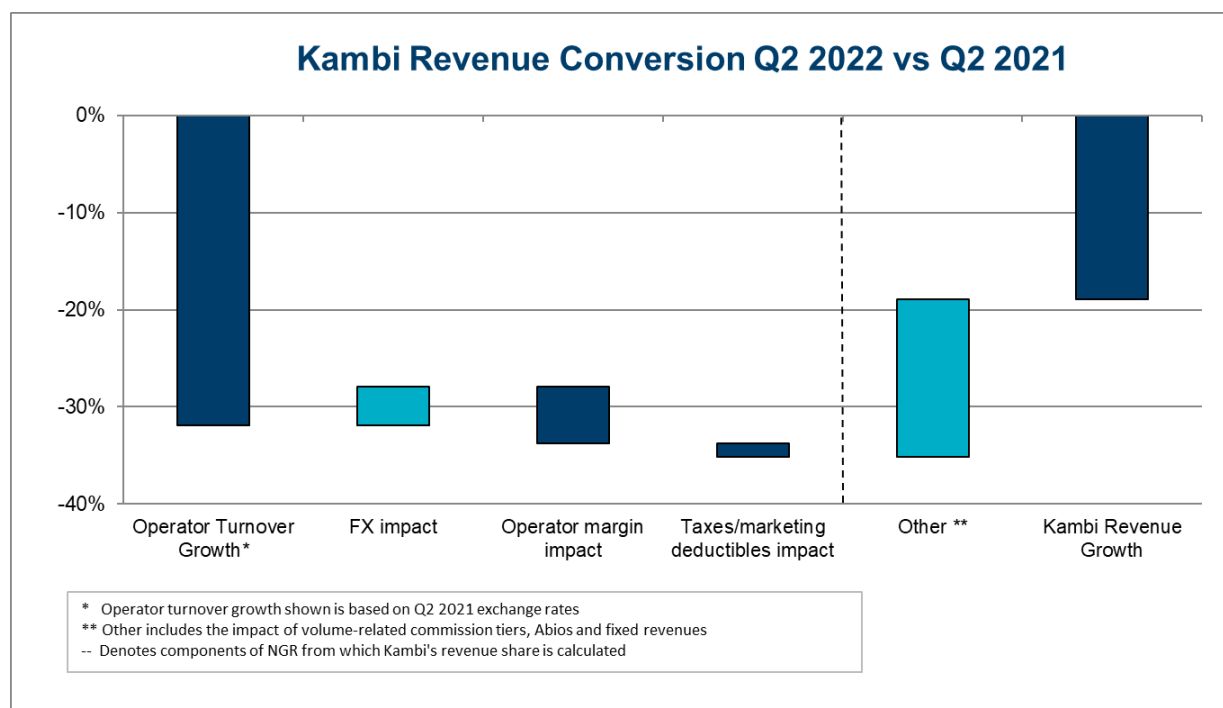
The operator trading margin can fluctuate from quarter to quarter, mainly due to the outcome of sporting events with the highest betting volumes and value. Based on the current commercial and market outlook, Kambi expects the operator trading margin for the coming 12 month period to be in the range of 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 updated quarterly and when updated, previously stated expectations should be considered obsolete.

There was a positive impact on Kambi's revenue due to significant movement of USD against EUR compared to Q2 2021. The 'other' category shows an increase due to fixed revenues and higher average commission rates versus Q2 2021, as a result of lower activity levels within Kambi's customer composition.

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



In the second quarter of 2022, revenue was €34.7 (Q2 2021: 42.8) million and €71.5 (H1 2021: 86.0) million for the first half of 2022. 93% (84%) of revenue in Q2 was derived from locally regulated markets.

Geographical analysis

In Q2 2022, Americas contributed 54% (58%), Europe 43% (40%) and Rest of the World 3% (2%) of the total operator GGR, evidencing Kambi's healthy geographical diversification.

Operating expenses

Operating expenses for the second quarter of 2022 were €29.8 (26.2) million, and €59.3 (50.7) million for the first half of 2022. Recorded within other operating expenses in Q2 2022 were €2.2 million of foreign exchange gains, the largest of which is from unrealised gains generated from the revaluation of USD currency held by the Group. Excluding the impact of foreign exchange, total operating expenses are expected to be in the range of €32.5 – 34.0 million in Q3 2022 and €128.0 – 133.0 million for the full year 2022.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the second quarter of 2022 was €1.2 (3.0) million, including €0.4 (0.4) million of withholding tax. The tax expense for the first half year 2022 was €2.8 (6.5) million.

Financial position and cash flow

The net cash position at 30 June 2022 was €74.2 (84.5) million.

Cash flow amounted to €0.1 (11.4) million for the second quarter of 2022, and €5.6 (28.0) million for the first half year 2022, impacted by lower profitability, the timing of tax payments and continued additional software development costs.

Net increase in cash was €2.6 (13.8) million for the quarter and €3.1 (30.9) million for the first half year 2022.

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

26 October 2022	Q3 2022 report
22 February 2023	Q4 2022 report
26 April 2023	Q1 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, Churchill Downs Incorporated, Kindred Group, LeoVegas, Penn National Gaming and Rush Street Interactive. Kambi employs more than 1,000 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.

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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 27 July 2022 at 07:45 CEST by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT
 € '000

	Q2 2022	Q2 2021	Jan - Jun 2022	Jan - Jun 2021	Jan - Dec 2021
Revenue	34,671	42,764	71,526	85,979	162,418
Staff costs	-14,396	-13,157	-28,258	-25,973	-50,215
Data supplier costs	-4,354	-3,098	-8,425	-6,460	-13,523
Other operating expenses	-4,291	-4,721	-9,444	-8,124	-19,482
Operating expenses	-23,041	-20,976	-46,127	-40,557	-83,220
EBITDA	11,630	21,788	25,399	45,422	79,198
<i>EBITDA margin</i>	<i>33.5%</i>	<i>50.9%</i>	<i>35.5%</i>	<i>52.8%</i>	<i>48.8%</i>
Amortisation on capitalised development costs	-4,675	-3,787	-9,106	-7,385	-15,544
Amortisation on acquired intangibles	-333	-	-666	-	-443
Depreciation	-1,720	-1,408	-3,380	-2,756	-6,168
Total expenses	-29,769	-26,171	-59,279	-50,698	-105,375
Operating profit	4,902	16,593	12,247	35,281	57,043
<i>Operating margin</i>	<i>14.1%</i>	<i>38.8%</i>	<i>17.1%</i>	<i>41.0%</i>	<i>35.1%</i>
Investment income	13	1	17	2	9
Finance costs	-397	-182	-683	-330	-887
Profit before tax	4,518	16,412	11,581	34,953	56,165
Income tax	-1,178	-3,045	-2,814	-6,507	-9,734
Profit after tax	3,340	13,367	8,767	28,446	46,431

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 € '000

	Q2 2022	Q2 2021	Jan - Jun 2022	Jan - Jun 2021	Jan - Dec 2021
Profit after tax for the period	3,340	13,367	8,767	28,446	46,431
Other comprehensive income:					
Currency translation adjustments taken to equity	-991	-116	-1,247	484	1,174
Actuarial gain/(loss) on employee defined benefits	-	-	-	-	11
Comprehensive income for the period	2,349	13,251	7,520	28,930	47,616

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
€ '000

	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
<i>Non-current assets</i>			
Intangible assets	53,462	24,569	50,244
Property, plant and equipment	21,218	20,635	23,418
Deferred tax assets	9,409	6,586	9,443
	84,089	51,790	83,105
<i>Current assets</i>			
Trade and other receivables	35,735	33,613	34,097
Cash and cash equivalents	81,607	91,919	79,657
	117,342	125,532	113,754
Total assets	201,431	177,322	196,859
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	93	92	93
Share premium	62,042	58,423	59,464
Other reserves	5,786	6,503	4,608
Currency translation reserve	-3,427	-2,873	-2,183
Shares repurchased	-12,000	-	-12,000
Retained earnings	94,163	65,539	85,395
Total equity	146,657	127,684	135,377
<i>Non-current liabilities</i>			
Lease liabilities	12,153	12,415	13,656
Convertible bond	7,420	7,376	7,395
Contingent consideration	3,852	-	3,852
Deferred tax liabilities	1,190	1,220	1,328
Other liabilities	429	371	389
	25,044	21,382	26,620
<i>Current liabilities</i>			
Trade and other payables	15,647	17,856	16,722
Tax liabilities	6,941	6,698	10,455
Lease liabilities	3,175	3,702	3,718
Contingent consideration	3,967	-	3,967
	29,730	28,256	34,862
Total liabilities	54,774	49,638	61,482
Total equity and liabilities	201,431	177,322	196,859

CONSOLIDATED STATEMENT OF CASH FLOWS

€ '000

	Q2 2022	Q2 2021	Jan - Jun 2022	Jan - Jun 2021	Jan - Dec 2021
OPERATING ACTIVITIES					
Profit from operations	4,902	16,593	12,247	35,281	57,043
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	1,720	1,408	3,380	2,756	6,168
Amortisation of intangible assets	5,008	3,787	9,772	7,385	15,987
Share-based payment	589	267	1,178	553	1,637
Operating cash flows before movements in working capital	12,219	22,055	26,577	45,975	80,835
(Increase)/decrease in trade and other receivables	2,689	1,049	-1,637	3,019	2,535
(Decrease)/increase in trade and other payables	-1,415	2,540	-1,075	1,403	269
(Decrease)/increase in other liabilities	20	10	39	41	59
Cash flows from operating activities	13,513	25,654	23,904	50,438	83,698
Income taxes paid net of tax refunded	-4,646	-4,670	-6,394	-7,098	-11,379
Interest income received	13	-	17	1	9
Net cash generated from operating activities	8,880	20,984	17,527	43,341	72,328
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	-962	-967	-1,644	-1,377	-4,816
Development costs of intangible assets	-6,556	-4,997	-12,991	-9,531	-20,056
Acquisition of subsidiary, net of cash acquired	-	-	-	-	-14,751
Net cash used in investing activities	-7,518	-5,964	-14,635	-10,908	-39,623
FINANCING ACTIVITIES					
Proceeds from issue of new shares	2,582	-	2,582	610	1,651
Shares repurchased	-	-	-	-	-12,000
Payment of lease liabilities	-987	-1,131	-1,954	-2,015	-3,645
Interest paid	-348	-48	-437	-87	-254
Net cash generated/(used in) financing activities	1,247	-1,179	191	-1,492	-14,248
Net increase/(decrease) in cash and cash equivalents	2,609	13,841	3,083	30,941	18,457
Cash and cash equivalents at beginning of period	79,774	78,056	79,657	60,826	60,826
Effect of foreign exchange rate differences	-776	22	-1,133	152	374
Cash and cash equivalents at end of period	81,607	91,919	81,607	91,919	79,657

**CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY**

€ '000

	Q2 2022	Q2 2021	Jan - Jun 2022	Jan - Jun 2021	Jan - Dec 2021
Opening balance at beginning of period	143,719	114,166	135,377	98,015	98,015
Comprehensive income					
Profit for the period	3,340	13,367	8,767	28,446	46,431
<i>Other comprehensive income:</i>					
Translation adjustment	-991	-116	-1,247	484	1,174
Actuarial gain/(loss) on employee defined benefits	-	-	-	-	11
	2,349	13,251	7,520	28,930	47,616
Transactions with owners					
Share options - value of employee services	589	267	1,178	553	1,637
Other	-	-	2,582	186	1,228
Shares repurchased	-	-	-	-	-12,000
Tax on share options	-	-	-	-	-1,119
	589	267	3,760	739	-10,254
Closing balance at end of period	146,657	127,684	146,657	127,684	135,377

KEY METRICS

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

	Q2 2022	Q2 2021	Jan-Jun 2022	Jan - Jun 2021	Jan - Dec 2021
Operating profit (EBIT) (€m)	4.9	16.6	12.2	35.3	57.0
Operating margin	14.1%	38.8%	17.1%	41.0%	35.1%
Net cash (€m)	74.2	84.5	74.2	84.5	72.3
Employees at period end	1,042	930	1,042	930	1,006
FTE employees at period end	1,031	916	1,031	916	992
Earnings per share (€)	0.109	0.432	0.286	0.919	1.501
Fully diluted earnings per share (€)	0.108	0.422	0.284	0.897	1.473
Number of shares outstanding at period end	30,754,797	30,975,697	30,754,797	30,975,697	30,541,297
Fully diluted number of shares at period end	31,757,781	32,016,181	31,757,781	32,016,181	31,738,781
Average number of shares	30,754,797	30,975,697	30,656,350	30,968,814	30,924,214
Average number of fully diluted shares	30,933,119	31,690,770	30,917,766	31,729,152	31,525,018

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

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

Commercial explanations

Trading Gateway

Interface to the Kambi sportsbook platform which enables Kambi's standalone pricing functionality and third parties to publish content on the platform.

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, consultant costs and amortisation.

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:

- Product development
- Channel enhancements
- Market expansion
- New customer integrations
- Software transformation

Overview of US partners

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

State	Affinity	CDI	Desert Diamond	Four Winds	Kindred	Parx	PNG	RSI	Seneca	Soaring Eagle
Arizona		✓	✓		✓		✓	✓		
Arkansas		✓								
Colorado							✓	✓		
Connecticut								✓		
Illinois							✓	✓		
Indiana				✓	✓		✓	✓		
Iowa	✓				✓		✓	✓		
Louisiana		✓					✓	✓		
Maryland		✓					✓			
Michigan		✓		✓		✓	✓	✓		✓
Mississippi		✓					✓			
New Jersey					✓	✓	✓	✓		
New York								✓	✓	
Pennsylvania		✓			✓	✓	✓	✓		
Tennessee							✓			
Virginia					✓		✓	✓		
West Virginia							✓	✓		

✓ = Retail and Online

✓ = Retail

✓ = Online

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

Partner	Territory	Online	Retail	Number of properties
CDI	Louisiana		✓	1
Kindred	Arizona		✓	9
	Netherlands	✓		
	Ontario	✓		
LeoVegas	Ontario	✓		
NorthStar Gaming	Ontario	✓		
Paf	Estonia	✓		
Rank	Spain	✓		
RSI	Mexico	✓		
	Ontario	✓		
	West Virginia	✓		
Soaring Eagle	Michigan	✓		