

Kambi Group plc

Q3 Report 2022

Financial summary

- Revenue amounted to €36.7 (Q3 2021: 41.6) million for the third quarter of 2022 and €108.2 (2021: 127.5) million for the period January to September of 2022
- Operating profit (EBIT) for the third quarter of 2022 was €3.9 (14.7) million, at a margin of 10.6% (35.4%), and €16.1 (50.0) million, at a margin of 14.9% (39.2%) for the period January to September of 2022
- Earnings per share for the third quarter of 2022 were €0.084 (0.384) and €0.370 (1.302) for the period January to September of 2022
- Cash flow (excluding working capital and M&A) amounted to €1.8 (11.9) million for the third quarter of 2022 and €7.3 (39.8) million for the period January and September of 2022

Third quarter financial breakdown

€m	Q3 2022	Q3 2021	Change %	Jan – Sep 2022	Jan - Sep 2021	Change %	Jan-Dec 2021
Revenue	36.7	41.6	-12%	108.2	127.5	-15%	162.4
EBITDA	10.7	20.4	-47%	36.1	65.8	-45%	79.2
Operating profit	3.9	14.7	-74%	16.1	50.0	-68%	57.0
Operating margin	10.6%	35.4%		14.9%	39.2%		35.1%
Profit after tax	2.6	11.9	-78%	11.4	40.3	-72%	46.4
Cash flow (excluding working capital and M&A)	1.8	11.9		7.3	39.8		44.6
Net cash	38.1	77.4		38.1	77.4		72.3
Earnings per share	0.084	€0.384	-78%	€0.370	€1.302	-72%	€1.501
Fully diluted earnings per share	0.084	€0.377	-78%	€0.367	€1.273	-71%	€1.473

Key Q3 highlights

- Operator turnover increased by 12%, driven by new partner signings and market launches
- Expanded the partner network in the Americas with four new signings of ilani, Mohegan, Oaklawn Racing Casino Resort and Ondiss
- Acquired front end specialist Shape Games, a profitable and fast-growing business that will provide Kambi with market-leading native front end technology

Highlights after Q3

- Partnered with Great Canadian Entertainment, a leading on-property gaming and entertainment company owned by an affiliate of Apollo Global Management
- Signed agreement with PENN Entertainment that provides for ongoing revenue share payments during the transition period and \$27.5 million in early termination and transition fees

CEO comment



“The third quarter is always the most challenging for the sports betting industry given the quiet sporting calendar and this year was no exception. It was also a quarter marked by growing global economic uncertainty and higher cost of living, trends which show little sign of subsiding any time soon. Despite this, Kambi proved its resilience once more and I am pleased to report another busy quarter for the business with operator turnover growth of 12%.

Kambi also saw great commercial momentum during the quarter with the signings of ilani, Mohegan, Oaklawn and Ondiss, and with the recent signing of Great Canadian Entertainment, one of Canada’s largest on-property gaming companies, Kambi’s partner network was significantly strengthened. Owned by Apollo Global Management, which holds a number of gaming assets, Great Canadian has the potential to become a major player in the Canadian sportsbook market and its selection of Kambi underlines our position as the partner of choice in the Americas.

Our UX capability was also enhanced during the quarter with our acquisition of front end specialists Shape Games. This is a landmark deal for Kambi for many reasons. Crucially, it gives us the fully-fledged, native front end capability at a time when the front end experience is a more vital part of the sports betting value chain than ever before. Having worked closely with Shape Games on various projects in recent years, I have seen first-hand the strength of their technology and the level of expertise they possess, and I am pleased to welcome such a profitable and rapidly growing business to the Kambi Group. The acquisition will not only complement our turnkey solution but it also aligns with our modularisation strategy with the front end module set to be sold as a standalone service outside of the existing network, thereby increasing our total addressable market.

We continue to make great strides towards executing our modularisation strategy and can reveal that our award-winning Bet Builder, which recently launched for NBA, the final major US team sport to be added to the product, has been identified as the first standalone module we’ll go to market with. Unlike our key competitors, Kambi’s Bet Builder was created as part of the core sportsbook, thereby benefitting from our expertise in areas such as competitive pricing, unique user experience and risk management, creating a compelling product for operators to integrate.

Our future is looking promising, operating from a strong position as we enter an economic recession which, while it will no doubt present challenges, may prove positive for B2B businesses such as Kambi in the long term. When also taking into consideration the recent start of the US basketball season and a World Cup still to come, we look forward to ending 2022 on a high before embarking on an exciting 2023.”

Q3 highlights

Trading update

In Q3, the Kambi Operator Turnover Index was 640, up 12% year-on-year, rising to 20% when excluding the impact of DraftKings from Q3 2021 and was boosted by a strong USD. Operator trading margin was 9.5% leading to Kambi revenue of €36.7 million.

With a quiet sporting calendar, the seasonality impact is felt greatest in Q3, particularly in the absence of a major men's summer soccer tournament. To illustrate, the US calendar is particularly light during the early part of Q3 with no NBA and an NFL season which commenced in September. Baseball was the dominant sport in the US and the second most popular sport across the global network. Soccer was the only sport to generate more operator turnover than baseball, boosted by the slightly earlier start to many European domestic leagues.

The return of the American football season saw operator turnover rise in September, increasing approximately 25% from the previous month. Kambi's Bet Builder product was further improved for the start of the new American football season, with additional markets offered for combination. Bet Builder take-up during the first three weeks of the NFL season improved year-on-year, with the percentage of pre-game Bet Builder bets rising from 18% of total bets to 26% and the percentage of players placing at least one Bet Builder bet rising from 38% to 45%. The total number of NFL Bet Builder bets placed during September was up by more than two-thirds on last year.

Commercial updates

Kambi acquires front end specialist Shape Games

In September, Kambi acquired Shape Games, the iGaming industry's leading front end specialists, strengthening Kambi's turnkey sportsbook proposition and providing Shape Games with the ability to expedite its growth. Headquartered in Copenhagen, Denmark, Shape Games is focused on driving customer engagement and retention through the delivery of its customisable, fully native front end technology to leading operators in regulated markets. With a focus on the dominant mobile channel, Shape Games' proprietary technology enables operators to offer bespoke user experiences and package sports betting and gaming products in unique fashion.

Shape Games is a fast-growing and profitable business that will contribute to Kambi's top and bottom line. In 2021, Shape Games generated revenue of €7.6 million at an EBITDA of €2.8 million, with 2022 forecast to approximately double year-on-year following several major partner wins. Shape Games' growing roster of partners includes Danske Spil and Norsk Tipping, as well as Kambi partners BetWarrior and JACK Entertainment, with each operator leveraging Shape Games' technology to offer highly differentiated user experiences. The initial cash consideration was €38.5 million and included a performance related earnout of up to €39.6 million, also to be paid in cash.

The addition of Shape Games marks another important step in Kambi's strategy, as it extends Kambi's excellence within the sports betting value chain and enables the delivery of a native front end through either turnkey or modularised packages, thereby expanding its addressable market. As such, Shape Games will continue to provide its services on a standalone basis to all operators, but a closer technical and commercial integration with Kambi will enable an enhanced service to be offered to Kambi's current and future partners, as well as the potential for Kambi to sell into Shape Games' partners.

New partner signings

Kambi signed a total of four new partnership agreements during Q3, as it continued to strengthen and diversify its partner network. In the US, Kambi partnered with Oaklawn Racing Casino Resort in Arkansas to provide its online and on-property sportsbook solution, having previously supplied retail services to Oaklawn indirectly via a partnership with Churchill Downs. Kambi also continued to build its tribal gaming partnerships through the addition of Washington state casino operator ilani which saw Washington become the 19th state in which the Kambi sportsbook is available.

Kambi's relationship with Mohegan was further strengthened with a new agreement to power the operator's two retail sportsbooks in Ontario, Canada, adding to Mohegan's recent online sportsbook launch with Kambi in the province. Meanwhile, in Latin America, Kambi made great strides to increase its footprint in Argentina, with an agreement that will increase its reach from three provinces to 10. The deal with platform provider Ondiss covers the provision of its sportsbook to at least three brands, including BetWarrior, Casino Magic and Casino Club. Among the new provinces is Córdoba, the second-most populous in Argentina, as well as several provinces where the regulatory framework provides the local operator with exclusivity to offer sports betting.

Partner launches

In Q3, Kambi completed 10 partner launches including the relaunch of Kindred's online sportsbook in the Netherlands. In North America, MaximBet made its debut with a Kambi-powered online sportsbook in Indiana while additional online launches completed during the quarter included Oaklawn Racing Casino Resort in Arkansas, Rush Street Interactive in Maryland and Mohegan in the Canadian province of Ontario. PENN Entertainment also went live across both online and retail in Kansas, while Kindred's Unibet retail sportsbook in Arizona. In Latin America, Kambi supported the launch of Olimpo.bet in Ecuador.

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

- *Bet Builder as a standalone module*

In line with its long-term strategy, Kambi has been modularising its platform and services to deliver standalone offerings to the market. Due to the quality of its full sportsbook, the modules Kambi takes to market will have a distinct advantage over that of its competitors. For example, Kambi is preparing to provide its Bet Builder as a module, enabling operators to offer the award-winning product through a straightforward integration. Unlike existing products on the market, Kambi's Bet Builder has been built as part of a full sportsbook, rather than in silo as a bespoke offering. The important benefits of the Kambi approach means its Bet Builder module will be delivered to partners in full compliance with local regulations, while also benefitting from Kambi offering significantly better UX, risk management and prices to the end-users, all of which are significantly enhanced by the data insights generated by Kambi's global network. The upcoming offer of Bet Builder, as well as additional modules, will enable Kambi to expand its total addressable market and build relationships with operators that take a hybrid approach to sports betting technology.

Events after Q3

Commercial updates

In October, Kambi signed a multi-year sportsbook partnership with Great Canadian Entertainment which is owned by Apollo Funds, an affiliate of Apollo Global Management which owns numerous gaming entities. The operator is one of the largest gaming and entertainment companies in Canada and Kambi will provide its retail sportsbook solution to 10 of the operator's casinos in Ontario. As a market leader in Canada, the company has the potential to become a major player in the Canadian market and its selection of Kambi as their sportsbook platform provider underlines Kambi's position as the supplier of choice to operators in North America.

In addition, Kambi and PENN Entertainment reached an agreement that provides for ongoing revenue share payments during the transition period as well as early termination and transition fees. PENN plans to effect its online sportsbook migration in Q3 2023 while retail, which includes 25 properties, is expected to begin in 2024. The parties have also agreed to cooperate on additional US state launches for the Barstool Sportsbook during the transition period. The agreement provides for ongoing revenue

share payment related to online and retail sports betting services for the duration of the provision of each respective service. Kambi has also received a one-time fee of \$12.5 million for early termination in Q4 2022, and will receive \$15 million for transition services, payable in instalments through the transition period.

G2E exhibition

In October, Kambi attended the G2E exhibition in Las Vegas, the largest gaming show in North America. The exhibition attracted a vast number of B2C and B2B companies in the industry and provided an opportunity for Kambi to meet with current and prospective partners, regulators, investors and analysts, as well as a chance to survey the competition. The show served to underline Kambi's position as the leading sportsbook brand in the Americas and provided further evidence to support Kambi's long-term product strategy.

At G2E, Kambi was recognised as the number one sportsbook supplier in the Americas after winning Sportsbook Supplier of the Year at the Global Gaming Awards Las Vegas. The Global Gaming Awards are judged by a panel of more than 100 industry executives and independently adjudicated by KPMG.

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.

Maryland, USA (population: 6 million)

Kambi is already live with on-property sports betting at multiple locations in Maryland which is now reviewing online sports wagering licence applications. The deadline for applications was 21 October and the state regulator has said it intends to announce successful applicants imminently with a view to launching regulated mobile sports betting by the end of 2022.

Massachusetts, USA (population: 7 million)

The Massachusetts Governor signed the sports betting bill into law in August 2022. However, the state gambling regulator remains in ongoing discussions over a launch timeline that has yet to be approved but could see retail go live ahead of next year's Super Bowl with online to follow at a later date. Massachusetts, home to major sporting franchises including the Boston Celtics, Boston Red Sox and New England Patriots, will allow for up to 15 online sports betting operators to receive two online skins.

Brazil (population: 215 million)

Latin America remains a market of great potential for Kambi and in September the Brazil government prepared a regulatory decree to legalise online sports betting which must be signed by the soon-to-be elected president before entering into effect.

Peru (population: 34 million)

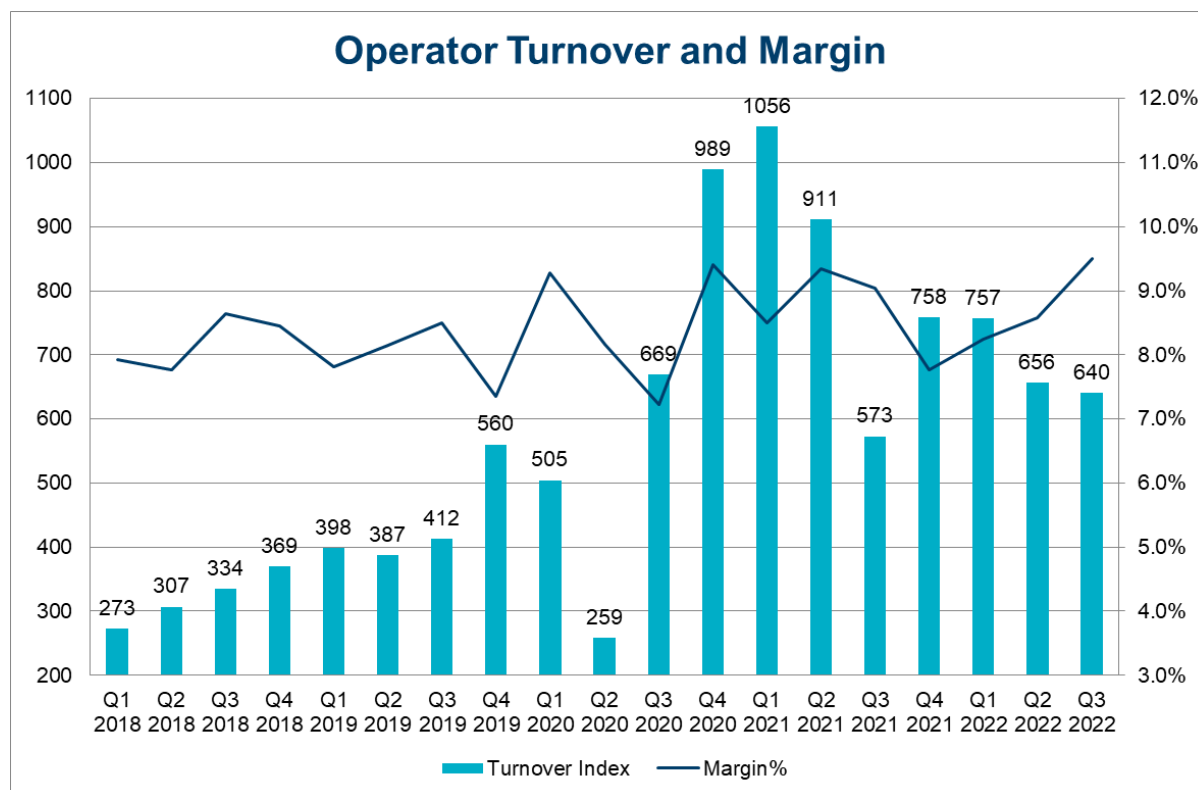
In August, the President of Peru signed into law a bill to regulate online sports betting that enables the government to issue licences for both online and retail sports betting with regulations expected to be announced by the end of the year.

Financial review

Kambi Turnover Index, Operator Trading Margin and Revenue

Definitions of financial terms and performance measures are presented on page 18.

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



Operator turnover for the third quarter of 2022 was 640, an increase of 12% versus Q3 2021. However, removing DraftKings from the comparative quarter, operator turnover increased by 20%. This was due to strong growth from US partners, launches in several new US states including Arizona, Connecticut, and Louisiana, several partner launches in Ontario in Canada as well as growth from existing partners and new partners since Q3 2021.

Operator turnover at constant exchange rates increased by 5% and the operator trading margin for Q3 was 9.5% (9.0%). The operator trading margin for the previous 12 month period was 8.5%.

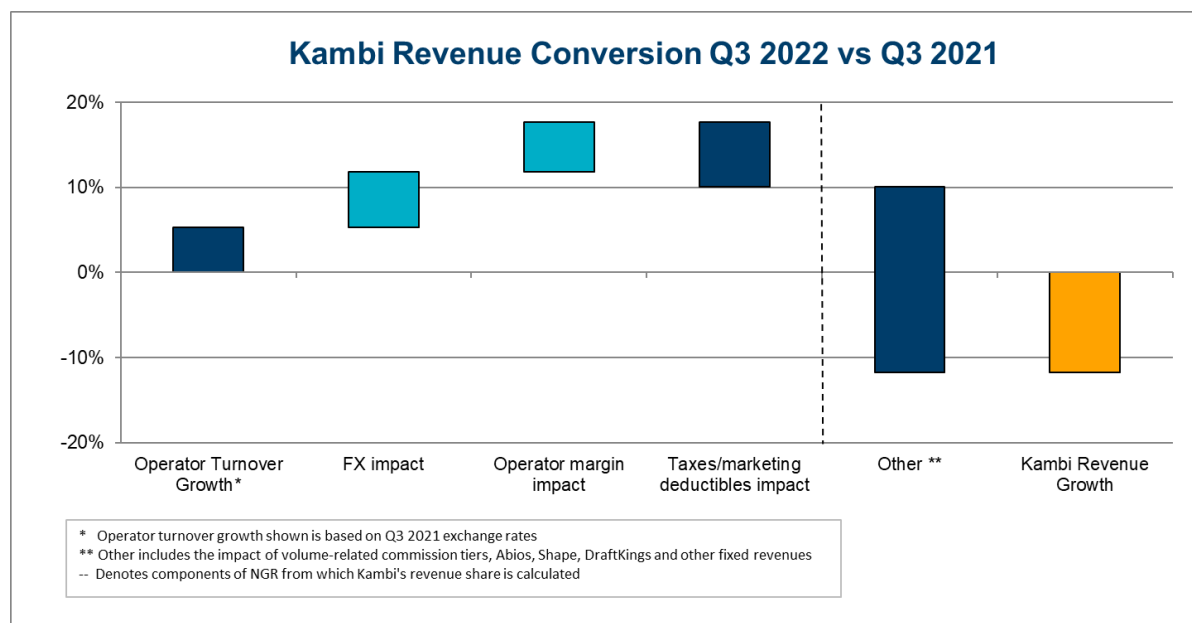
The operator trading margin can fluctuate from quarter to quarter, mainly due to the outcome of sporting events with the highest betting volumes and value. Based on the current commercial and market outlook, Kambi expects the operator trading margin for the coming 12 month period to be in the range of 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 Q3 2021. The ‘other’ category shows a significant decrease as a result of DraftKings migration-related revenues received in Q3 2021, which corresponded to approximately 30% of the revenue in the quarter. This was partially offset by other revenues in Q3 2022 including from Abios and Shape Games, the latter of which contributed approximately €1.0 million since acquisition.

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



In the third quarter of 2022, revenue was €36.7 (Q3 2021: 41.6) million and €108.2 (Q3 2021: 127.5) million for the first three quarters of 2022. In Q3, 93% (81%) of revenue was derived from locally regulated markets.

Geographical analysis

In Q3 2022, during which period total GGR grew 17% compared to Q3 2021, Americas contributed 53% (45%), Europe 43% (53%) and Rest of the World 4% (2%) of the total operator GGR, evidencing Kambi’s healthy geographical diversification.

Operating expenses

Operating expenses for the third quarter of 2022 were €32.8 (26.9) million, including €0.8 million from Shape Games post acquisition, and €92.1 (77.6) million for the first three quarters of 2022. Recorded within other operating expenses in Q3 2022 were €0.8 million of foreign exchange gains, the largest of which is from unrealised gains generated from the revaluation of USD currency held by the Group.

When including a full quarter of Shape expenses and associated acquisition amortisation costs totalling approximately €4.5 – 5.5 million, total operating expenses are expected to be in the range of €38.5 – 40.5 million in Q4 2022. From 2023, Kambi intends to slow down its underlying rate of cost growth with more detailed information to follow.

Including the impacts of foreign exchange gains year to date of €3.5 million and including all Shape related expenses since acquisition, total operating expenses are therefore expected to be in the range of €130.6 – 132.6 million for the full year 2022.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the third quarter of 2022 was €0.9 (2.6) million, including €0.3 (0.2) million of withholding tax. The tax expense for the first three quarters of 2022 was €3.7 (9.1) million.

Financial position and cash flow

The net cash position at 30 September 2022 was €38.1 (77.4) million.

Cash flow (excluding working capital movements and M&A) amounted to €1.8 (11.9) million for the third quarter of 2022, and €7.3 (39.8) million for the first three quarters of 2022, impacted by lower profitability, the timing of tax payments and continued additional software development costs.

The net decrease in cash was €35.9 (7.0) million for the quarter and €32.8 (23.9 increase) million for the first three quarters of 2022, as a result of the Shape Games acquisition.

Post quarter end, €11.9 million (\$12.5 million) has been received from PENN in relation to early termination fees and will be recognised as revenue in full during Q4 2022.

Purchase price allocation and accounting

The preliminary acquisition accounting of Shape Games under IFRS 3 is still in progress and the entries made within Q3 are indicative only. The acquisition accounting is expected to be finalised during Q4 2022.

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, 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.

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

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, 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 26 October 2022 at 07:45 CEST by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT

€ '000

	Q3 2022	Q3 2021	Jan - Sep 2022	Jan - Sep 2021	Jan - Dec 2021
Revenue	36,664	41,555	108,190	127,534	162,418
Staff costs	-14,867	-13,139	-43,125	-39,112	-50,215
Data supplier costs	-4,577	-3,516	-13,002	-9,974	-13,523
Other operating expenses	-6,515	-4,514	-15,959	-12,640	-19,482
Operating expenses	-25,959	-21,169	-72,086	-61,726	-83,220
EBITDA	10,705	20,386	36,104	65,808	79,198 ¹
<i>EBITDA margin</i>	29.2%	49.1%	33.4%	51.6%	48.8%
Amortisation on capitalised development costs	-4,845	-3,954	-13,951	-11,339	-15,544
Amortisation on acquired intangibles	-333	-	-999	-	-443
Depreciation	-1,653	-1,729	-5,033	-4,485	-6,168
Total expenses	-32,790	-26,852	-92,069	-77,550	-105,375
Operating profit	3,874	14,703	16,121	49,984	57,043
<i>Operating margin</i>	10.6%	35.4%	14.9%	39.2%	35.1%
Investment income	20	3	37	5	9
Finance costs	-388	-260	-1,071	-590	-887
Profit before tax	3,506	14,446	15,087	49,399	56,165
Income tax	-920	-2,556	-3,734	-9,063	-9,734
Profit after tax	2,586	11,890	11,353	40,336	46,431

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000

	Q3 2022	Q3 2021	Jan - Sept 2022	Jan - Sept 2021	Jan - Dec 2021
Profit after tax for the period	2,586	11,890	11,353	40,336	46,431
Other comprehensive income:					
Currency translation adjustments taken to equity	-499	27	-1,746	511	1,174
Actuarial gain/(loss) on employee defined benefits	-	-	-	-	11
Comprehensive income for the period	2,087	11,917	9,607	40,847	47,616

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ '000

	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
<i>Non-current assets</i>			
Intangible assets	122,303	48,942	50,244
Property, plant and equipment	20,049	23,921	23,418
Deferred tax assets	9,377	6,579	9,443
	151,729	79,442	83,105
<i>Current assets</i>			
Trade and other receivables	40,383	37,808	34,097
Cash and cash equivalents	45,566	84,814	79,657
	85,949	122,622	113,754
Total assets	237,678	202,064	196,859
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	93	93	93
Share premium	62,046	59,390	59,464
Other reserves	6,330	7,098	4,608
Currency translation reserve	-3,929	-2,846	-2,183
Shares repurchased	-12,000	-	-12,000
Retained earnings	96,748	77,429	85,395
Total equity	149,288	141,164	135,377
<i>Non-current liabilities</i>			
Lease liabilities	11,313	14,011	13,656
Convertible bond	7,434	7,389	7,395
Contingent consideration	32,916	-	3,852
Deferred tax liabilities	6,596	2,456	1,328
Other liabilities	445	4,233	389
	58,704	28,089	26,620
<i>Current liabilities</i>			
Trade and other payables	17,431	21,876	16,722
Tax liabilities	5,276	7,030	10,455
Lease liabilities	3,012	3,905	3,718
Contingent consideration	3,967	-	3,967
	29,686	32,811	34,862
Total liabilities	88,390	60,900	61,482
Total equity and liabilities	237,678	202,064	196,859

CONSOLIDATED STATEMENT OF CASH FLOWS

€ '000

	Q3 2022	Q3 2021	Jan - Sep 2022	Jan - Sep 2021	Jan - Dec 2021
OPERATING ACTIVITIES					
Profit from operations	3,874	14,703	16,121	49,984	57,043
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	1,653	1,729	5,033	4,485	6,168
Amortisation of intangible assets	5,178	3,954	14,950	11,339	15,987
Share-based payment	544	595	1,722	1,148	1,637
Operating cash flows before movements in working capital	11,249	20,981	37,826	66,956	80,835
(Increase)/decrease in trade and other receivables	-2,155	-3,915	-3,793	-896	2,535
(Decrease)/increase in trade and other payables	955	-169	-120	1,234	269
(Decrease)/increase in other liabilities	17	11	56	52	59
Cash flows from operating activities	10,066	16,908	33,969	67,346	83,698
Income taxes paid net of tax refunded	-3,427	-2,217	-9,821	-9,315	-11,379
Interest income received	20	-	37	5	9
Net cash generated from operating activities	6,659	14,691	24,185	58,036	72,328
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	-628	-2,338	-2,272	-3,715	-4,816
Development costs of intangible assets	-5,430	-4,575	-18,421	-14,106	-20,056
Acquisition of subsidiary, net of cash acquired	-35,304	-14,751	-35,304	-14,751	-14,751
Net cash used in investing activities	-41,362	-21,664	-55,997	-32,572	-39,623
FINANCING ACTIVITIES					
Proceeds from issue of new shares	-	968	2,582	1,577	1,651
Shares repurchased	-	-	-	-	-12,000
Payment of lease liabilities	-1,080	-963	-3,034	-2,978	-3,645
Interest paid	-106	-65	-543	-152	-254
Net cash generated/(used in) financing activities	-1,186	-60	-995	-1,553	-14,248
Net increase/(decrease) in cash and cash equivalents	-35,889	-7,033	-32,807	23,911	18,457
Cash and cash equivalents at beginning of period	81,607	91,923	79,657	60,826	60,826
Effect of foreign exchange rate differences	-152	-76	-1,284	77	374
Cash and cash equivalents at end of period	45,566	84,814	45,566	84,814	79,657

**CONSOLIDATED STATEMENT OF CHANGES
 IN EQUITY**

€ '000

	Q3 2022	Q3 Jan - Sep 2021	Q3 Jan - Sep 2022	Jan - Sep 2021	Jan - Dec 2021
Opening balance at beginning of period	146,657	127,684	135,377	98,015	98,015
Comprehensive income					
Profit for the period	2,586	11,890	11,353	40,336	46,431
<i>Other comprehensive income:</i>					
Translation adjustment	-499	27	-1,746	511	1,174
Actuarial gain/(loss) on employee defined benefits	-	-	-	-	11
	2,087	11,917	9,607	40,847	47,616
Transactions with owners					
Share options - value of employee services	544	595	1,722	1,148	1,637
Other	-	968	2,582	1,154	1,228
Shares repurchased	-	-	-	-	-12,000
Tax on share options	-	-	-	-	-1,119
	544	1,563	4,304	2,302	-10,254
Closing balance at end of period	149,288	141,164	149,288	141,164	135,377

KEY METRICS

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

	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Jan - Dec 2021
Operating profit (EBIT) (€m)	3.9	14.7	16.1	50.0	57.0
Operating margin	10.6%	35.4%	14.9%	39.2%	35.1%
Net cash (€m)	38.1	77.4	38.1	77.4	72.3
Employees at period end ¹	1,112	988	1,112	988	1,006
FTE Employees at period end ¹	1,101	974	1,101	974	992
Earnings per share (€)	0.084	0.384	0.370	1.302	1.501
Fully diluted earnings per share (€)	0.084	0.377	0.367	1.273	1.473
Number of shares outstanding at period end	30,754,797	31,058,797	30,754,797	31,058,797	30,541,297
Fully diluted number of shares at period end	31,812,930	32,299,781	31,812,930	32,299,781	31,738,781
Average number of shares	30,754,797	30,989,246	30,689,648	30,975,725	30,924,214
Average number of fully diluted shares	30,907,857	31,539,036	30,904,476	31,675,986	31,525,018

¹ Includes 70 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, 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	ilani	Maxim	Oaklawn	Parx	PNG	RSI	Seneca	Soaring Eagle
Arizona		✓	✓		✓					✓	✓		
Arkansas		✓						✓					
Colorado										✓	✓		
Connecticut											✓		
Illinois										✓	✓		
Indiana				✓	✓		✓			✓	✓		
Iowa	✓				✓					✓	✓		
Kansas										✓			
Louisiana		✓								✓	✓		
Maryland		✓								✓	✓		
Michigan		✓		✓					✓	✓	✓		✓
Mississippi		✓								✓			
New Jersey					✓				✓	✓	✓		
New York											✓	✓	
Pennsylvania		✓			✓				✓	✓	✓		
Tennessee										✓			
Virginia					✓					✓	✓		
Washington						✓							
West Virginia										✓	✓		

- ✓ = Retail and Online
- ✓ = Retail
- ✓ = Online

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

Partner	Territory	Online	Retail	Number of properties
ilani	Washington		✓	1
Kindred	Arizona		✓	1
	Netherlands	✓		
MaximBet	Indiana	✓		
Mohegan Digital	Ontario	✓		
Nexus	Ecuador	✓		
Oaklawn	Arkansas	✓		
PNG	Kansas	✓	✓	1
Rank	Spain	✓		
RSI	Maryland		✓	1