

Kambi Group plc

Q2 Report 2023

Financial summary

- Revenue amounted to €42.9 (Q2 2022: 34.7) million for the second quarter of 2023 and €86.9 (H1 2022: 71.5) million for the first half of 2023
- Operating profit (EBIT) for the second quarter of 2023 was €3.7 (4.9) million, at a margin of 8.6% (14.1%), and €8.2 (12.2) million, at a margin of 9.4% (17.1%) for the first half of 2023
- EBITA (acq)* for the second quarter of 2023 was €5.0 (5.2) million, at a margin of 11.7% (15.1%), and €10.8 (12.9) million, at a margin of 12.4% (18.1%), for the first half of 2023
- Cash flow (excluding working capital and M&A) amounted to €0.1 (0.1) million for the second quarter of 2023 and €3.4 (5.6) million for the first half of 2023
- Earnings per share for the second quarter of 2023 were €0.083 (0.109) and €0.190 (0.286) for the first half of 2023

Second quarter financial breakdown

| €m | Q2 2023 | Q2 2022 | Change % | Jan-Jun 2023 | Jan-Jun 2022 | Change % | Jan – Dec 2022 |
|---|------------|------------|-------------|-----------------|-----------------|----------|-------------------|
| Revenue | 42.9 | 34.7 | 24% | 86.9 | 71.5 | 22% | 166.0 |
| EBITDA | 12.9 | 11.6 | 11% | 25.7 | 25.4 | 1% | 63.4 |
| EBITA (acq) | 5.0 | 5.2 | -4% | 10.8 | 12.9 | -16% | 37.6 |
| EBITA (acq) margin | 11.7% | 15.1% | | 12.4% | 18.1% | | 22.7% |
| Operating profit (EBIT) | 3.7 | 4.9 | -25% | 8.2 | 12.2 | -33% | 34.8 |
| Operating (EBIT) margin | 8.6% | 14.1% | | 9.4% | 17.1% | | 20.9% |
| Profit after tax | 2.5 | 3.3 | -24% | 5.8 | 8.8 | -34% | 26.5 |
| Cash flow (excluding working capital and M&A) | 0.1 | 0.1 | 65% | 3.4 | 5.6 | -40% | 25.2 |
| Net cash | 57.1 | 74.2 | | 57.1 | 74.2 | | 53.3 |
| Earnings per share | €0.083 | €0.109 | -24% | €0.190 | €0.286 | -34% | €0.861 |
| Fully diluted earnings per share | €0.083 | €0.108 | -23% | €0.189 | €0.284 | -33% | €0.856 |

*EBITA (acq) = Earnings before interest, taxation and amortisation on acquired intangible assets

Key Q2 highlights

- Revenue growth of 24% year-on-year driven by an operator trading margin of 9.9% and the addition of Shape Games
- Entered into exclusive global sportsbook partnership agreement with Bally's Corporation, replacing the global operator's proprietary sports betting technology
- Significant progress in incubation of cutting-edge AI pricing division which will deliver the next evolution of sports trading to the wider industry
- Signed contract extensions with key partners BetPlay, LeoVegas and Paf
- Repaid the €7.5 million convertible bond previously held by Kindred Group and repurchased 381,476 shares for a total of €7.2 million

CEO comment



“The second quarter of the year was another encouraging period for Kambi as we made significant strategic progress towards executing our long-term growth strategy, including a tier-one partner signing, key partner renewals and the continued development of our AI trading capability.

During the quarter we delivered strong revenue growth of 24% year-on-year, driven by new customers, the addition of Shape Games and a high operator trading margin. Operator turnover growth of 4% was not as strong as revenue, impacted by rising foreign exchange headwinds, the dampening effect of a high trading margin and PENN Entertainment’s year-on-year decline in US market share. Excluding the impact of foreign exchange movements, EBITA (acq) increased by €2.8 million year-on-year.

From a commercial perspective, we were delighted to welcome Bally’s Corporation to the Kambi network in Q2. As we further solidify our market leadership position, this partner win is a major milestone for the business and comes on the back of our flexible product strategy. As one of the world’s leading gaming operators, Bally’s commands strong brand recognition, a large customer database and expansive global footprint that has the potential to open up significant opportunities for Kambi in both the US and beyond.

Bally’s decision to replace its proprietary sportsbook with Kambi Complete underlines the current pressures facing many in-house sports betting operations. Indeed, demand for our Complete sportsbook service remains high, further evidenced by our sales pipeline and the Q2 renewals of key partners BetPlay, LeoVegas Group and Paf.

Kambi’s offering is only getting stronger as we pioneer next generation betting entertainment, highlighted by the success of our award-winning AI-powered trading. Recognising the powerful benefits this unique method of pricing delivers for our partners, we also see an exciting future for this service as a module, powering odds for those outside of the Kambi network. In Q2, we made significant progress in incubating the unit with a view to it operating as a distinct division in the future, similar to Abios and Shape Games. We are confident our AI-driven pricing is uniquely positioned to meet the growing demand for trading services.

In summary, I am pleased with the strategic progress made in Q2 and believe Kambi is in a fantastic position moving forward. Having repaid the convertible bond held by Kindred during the quarter, we are in complete control over our strategic direction as we continue to execute our ambitious long-term strategy that I am confident will deliver value for both partners and shareholders.”

Q2 highlights

Trading update

In Q2, the Kambi Turnover Index reached 683, an increase of 4% on the same period last year driven by growth from new and existing partners and launches in additional US states. Operator trading margin was a higher than average 9.9%, a level at which it slows turnover growth. In addition to a high operator trading margin, Q2 turnover growth was also adversely impacted by the continued loss of market share for PENN Entertainment (Penn) and foreign exchange movements, while the macroeconomic picture in Europe may also be a factor. Operator turnover at constant exchange rates increased by 7%.

Soccer was the largest revenue driving sport of the quarter, benefiting from a pre-match product now predominantly driven by Kambi's AI capability and the later finish to domestic leagues following the World Cup. The Champions League final between Manchester City and Inter Milan was the top turnover event of the quarter, with its low-scoring outcome also seeing it gross more than any other event during the period. With the culmination of March Madness and the NBA season taking place in Q2, basketball was second in terms of turnover across the network, with Kambi partners and their players having access to Kambi's recently expanded and improved product, particularly in terms of combinability. The March Madness Championship game between the UConn Huskies and the San Diego State Aztecs was the second biggest turnover event of the quarter, highlighting the strength of college basketball in the US. Baseball and tennis followed closely behind as the third and fourth largest turnover driving sports of the quarter, despite the latter being impacted by the later start of Wimbledon, which this year commenced in Q3.

Public records continue to exhibit a steady decline in Penn's market share across many US states, with some states almost halving over a period of 12 months. Ahead of the transition of its online sportsbook from Kambi to its proprietary platform, which took place 10-11 July, Penn's online sportsbook did not keep pace with competitors after it decided not to adopt certain product improvements made to the Kambi sportsbook. The company also communicated a reduction in marketing spend during this period.

Commercial updates

Partner agreements

In May, Kambi signed a landmark sportsbook partnership with Bally's Corporation, in line with Kambi's ambition to sign tier one operators and extend its lead as the number one provider in the Americas. The global partnership will see Kambi's Complete sportsbook solution replace the operator's in-house sports betting technology across both online and retail, with plans to roll out its Kambi-powered sportsbook in at least seven US states by the end of the year and across various other markets in the future. Kambi's flexible and open product strategy, which provides operators with the prospect of taking control over elements of the sportsbook, was key in the signing of Bally's. In offering Bally's an option based on certain prerequisites to acquire elements of its source code, alongside the provision of its modularised services, Kambi has demonstrated the strategic and product flexibility it is able to provide partners.

Later in the quarter, Kambi also announced an on-property partnership with WarHorse Gaming to launch the first sportsbook in the US state of Nebraska, continuing Kambi's strong record of powering market-firsts across the Americas.

Furthermore, Kambi signed contract extensions with key partners to its Complete sportsbook service during the quarter, including BetPlay owner Corredor Empresarial S.A. which is the market leader in Colombia and plans to expand across Latin America. In May, Kambi also agreed an online sportsbook extension with long-term partner Paf, followed by a multi-year extension in June to its online sportsbook

partnership with LeoVegas Group, the second renewal agreed since first signing with the online gaming operator in 2016.

For a full list of partner signings and extensions during the quarter, see page 23.

Partner launches

Kambi completed five partner launches during Q2, including a debut launch with Bally's Corporation at the operator's Shreveport Casino & Hotel property in Louisiana in late June. In addition, Kambi expanded into two new markets in the quarter via an on-property launch with new partner WarHorse Gaming in Nebraska and an online launch with BetWarrior, featuring a Shape Games front end, in the Argentinian province of Mendoza. Finally, Kambi also powered an on-property launch for Kindred in Washington and an online launch for LeoVegas' expekt brand in Denmark.

For a full list of partner launches during the quarter, see page 23.

Other updates

AI pricing to become standalone module

In Q2, Kambi initiated the process of transitioning its AI-driven pricing unit into a standalone division, where it will operate as a module within the Kambi Group's wider product portfolio, alongside front end specialists Shape Games and esports experts Abios. In doing so, Kambi's AI pricing division will serve Kambi and its partners with a state of the art trading service as well as serving operators looking for a more modularised service in line with Kambi's long-term strategy.

Kambi's fully automated AI trading capability has been in development since 2019, when Kambi envisioned the breakthroughs seen in the field of AI today. Taking a long-term approach, this AI trading capability has been developed independently of the Kambi sportsbook, enabling it to create a platform that will push sportsbook product boundaries by fully leveraging the increasing amounts of rich sports data. Kambi's fully automated trading is in advance of what can be seen elsewhere in the market today and will soon become the required standard for operators wishing to compete. Recent industry M&A has highlighted a growing demand for innovative trading products and the valuations placed on such bespoke trading companies serve to underline the potential value to be realised by Kambi's unique AI capability as it continues to be rolled out among Kambi's network of existing partners as well as new potential partners.

Industry recognition

In June, Kambi underlined its market leadership by winning two awards at the EGR B2B Awards 2023, including Innovation in Sports Betting Software for its pioneering AI-driven trading capability. This marks the second consecutive year Kambi has won in this category, while Kambi also retained the Sports Betting Supplier award, which it has held for several years.

Repayment of convertible bond

In May, Kambi repaid the full €7.5 million convertible bond previously held by Kindred Group. The convertible bond was established as part of Kambi's spin-off from Kindred in 2014 and having satisfied certain financial performance criteria, Kambi last year announced it had secured the right to repay the bond at a time of its own discretion.

The repayment of the convertible bond has no impact on the partnership between Kambi and Kindred, which was renewed in 2022 and runs until the end of 2026.

Share buybacks

From 4 May to 30 May 2022, Kambi completed its second share buyback programme. Kambi repurchased a total of 381,476 shares at a volume-weighted average price of 213.64 SEK per share, for a total of €7.2 million including transaction fees.

Kambi already held 523,500 of its own shares from the 2021 share repurchase programme. At 30 June 2023, Kambi's holding of its own shares amounted to 904,976 and the total number of issued shares in Kambi was 31,278,297.

Summary of financial targets

In January 2023, Kambi adopted long-term financial targets in line with its strategic vision. The 2027 financial targets are:

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

These financial targets are based on five key growth drivers:

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

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

In conjunction with the financial targets, please note the full disclaimer on page 12 in this report.

Growth driver updates

Each quarter Kambi will provide relevant updates on the growth drivers listed above.

Utilise platform flexibility to retain key partners

Kambi continues to secure its revenue for the longer term and in Q2 signed partnership extensions with strategically important partners including BetPlay owner Corredor Empresarial and the now MGM-owned LeoVegas. When also taking the Q1 agreement with Rush Street Interactive into account, as well as a number of other extensions during the first half of the year, Kambi has extended partnerships with some of its most strategically important partners over a period of six months.

Roll out AI-powered pricing

Kambi is in the process of incubating its AI-powered pricing division for it to operate on a standalone basis as the industry's only AI-driven pricing service, with the aim of creating additional value for the Kambi Group and its shareholders. As industry demand for trading services grows, Kambi's third generation trading has benefitted the Kambi network and led to a dramatic improvement in product

breadth, including a 50%+ increase in offering size and a 75%+ increase in the Bet Builder offering. Over the coming months, this cutting-edge trading capability will be rolled out to further leagues and begin to price in-play soccer, shortly followed by the addition of a second sport.

Extend lead as number one supplier in the Americas

Kambi expanded its reach in the Americas in Q2 with launches in the Argentinian province of Mendoza and the US state of Nebraska. When coupled with the Q2 signings of Bally's and Warhorse, as well as the July signing of Brazil-focused Eyas Gaming, Kambi continues to build out a strong position in the Americas.

Sign tier one operators across product portfolio

In Q2, Kambi completed the signing of Bally's Corporation, one of the largest casino groups in the US and with a large international digital gaming business. The agreement sees Kambi become Bally's exclusive global sportsbook provider, with Bally's currently operating in the Americas, Europe and Asia. The partnership is already live on-property in Louisiana and Mississippi, with multiple online and retail US state launches to come throughout H2 with intentions of an international roll-out in the future.

Events after Q2

Partner agreements

In July, Kambi signed a long-term agreement to power Brazil-facing Lance! Betting with its Complete sportsbook. Lance! Betting is a partnership between Eyas Gaming, a new venture backed by industry conglomerate Gauselmann Group, and leading football media site 'Lance!' which has more than 15 million monthly active users in Brazil. Eyas Gaming's partnership with Kambi, which went live in Brazil on 24 July, affords scope to launch sports betting operations in further jurisdictions in the future.

Partner launches

After quarter end, Kambi completed a retail launch with Bally's Corporation at their Hard Rock Hotel & Casino Biloxi in Mississippi. Outside of the United States, Kambi powered the launch of BetWarrior's Casino Buenos Aires brand in Buenos Aires City, Argentina. Furthermore, Abios launched in the UK with its first odds feed partner, Dragoni.

Commercial updates

Between 10-11 July, Penn migrated its online sportsbook off the Kambi platform in all states, and as such Kambi ceased to receive revenue share payments from Penn's online business from this date. Kambi will continue to receive revenue from Penn's retail business for the duration of the provision of this service. Penn plans to migrate its retail sportsbooks in 2024. Additionally, Kambi will recognise \$15 million (€13.8 million) for transition services from Q3 2023 through to Q3 2024, received in instalments.

Regulatory update

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

Americas

Brazil (population: 217 million)

In July, Brazil's president signed a provisional measure to initiate the regulation and licensing of sports betting in the country. Despite the provisional measure having immediate effect, Brazil's congress has 120 days from 24 July to convert the provisional measure into law.

Kentucky (population: 5 million)

In July, sports betting regulations were approved by the Kentucky Horse Racing Commission which has publicly stated its ambition to launch in-person sports betting on 7 September for an NFL season kick-off followed by an online launch by the end of the month.

North Carolina (population: 11 million)

Online sports betting in North Carolina was legalised in June 2023, opening the pathway for a potential launch in early 2024.

Peru (population: 34 million)

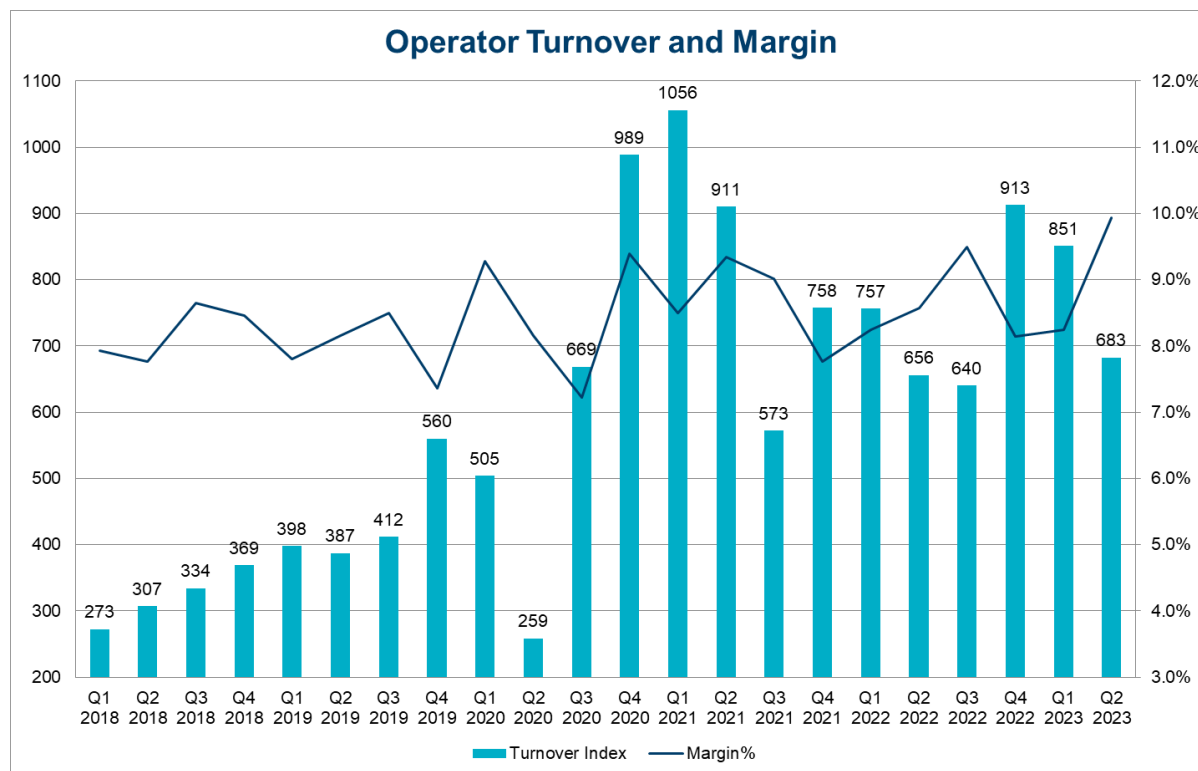
After nearly a year since Peru's new online gambling bill was approved, recent amendments kicked off a 120-day window for companies currently operating in the market to obtain a licence to officially operate in Peru for the first time. Final regulations are expected in early August.

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.



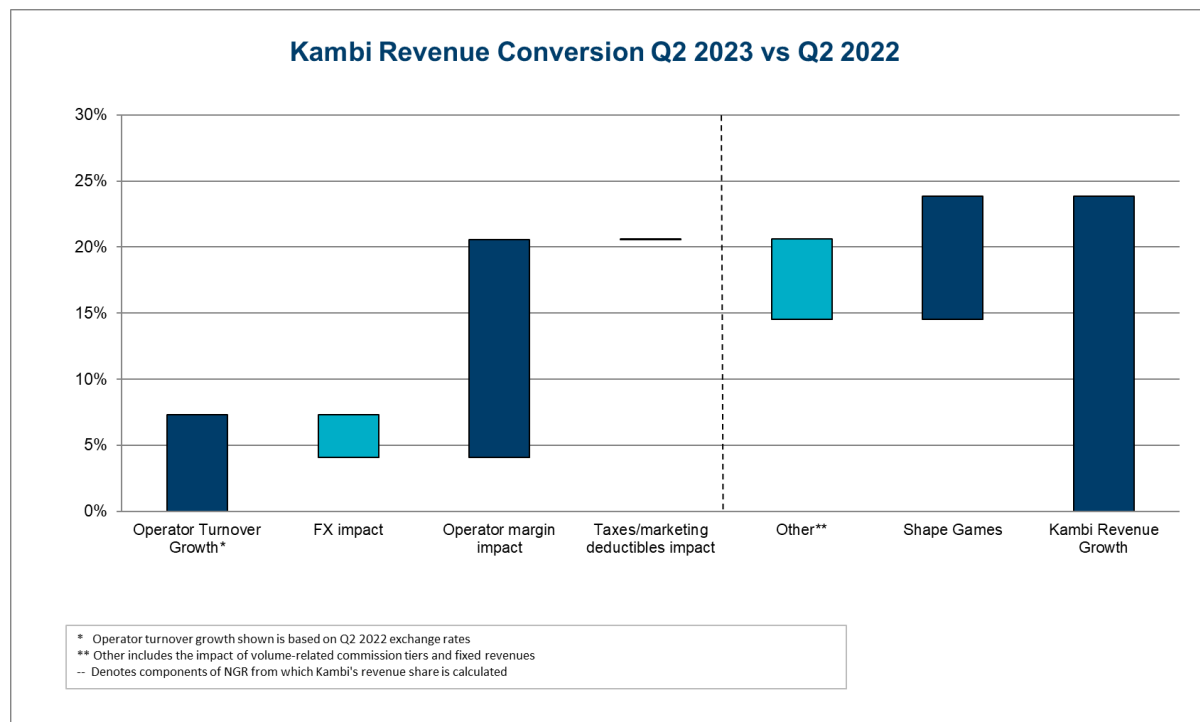
Operator turnover for the second quarter of 2023 was 683, an increase of 4% versus Q2 2022, driven by growth from new and existing partners and launches in more US states. However, growth was offset by Penn's declining market share across multiple states and unfavourable foreign exchange movements, primarily the weakening of USD, SEK and COP against the Euro. Operator turnover at constant exchange rates increased by 7%. The operator trading margin for Q2 was 9.9% (8.6%) impacted by favourable basketball and soccer results, particularly in the Champions League and various major European domestic leagues.

Operator trading margin for the previous 12 month period was 8.8%. The operator trading margin can fluctuate from quarter to quarter, mainly due to the outcome of sporting events with the highest betting volumes and value. Based on the current commercial and market outlook, Kambi expects the operator trading margin for the coming 12 month period to be in the range of 8.0 – 9.0%.

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

Due to the variance in actual sporting results, there can be deviation from the 12 month expectation without prompting a change in the outlook. The operator trading margin expectations are estimated on a forward-looking rolling 12 month basis and are shared to explain short-term variations in betting patterns and therefore revenues. They are reviewed quarterly and when updated, previously stated expectations should be considered obsolete.

The graph below demonstrates how the change in operator turnover ultimately results in Kambi's revenue change, with the impact of Shape Games revenue shown separately.



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 above).

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. Due to different levels of operator activity within Kambi's customer composition, the 'other' category in the chart above shows a decrease.

In the second quarter of 2023, revenue was €42.9 (34.7) million. 94% (93%) of sportsbook revenue was derived from locally regulated markets.

Geographical analysis

In Q2 2023, during which period total GGR grew 21% compared to Q2 2022, Americas contributed 53% (54%), Europe 44% (43%) and Rest of the World 3% (3%) of the total operator GGR, evidencing Kambi's healthy geographical diversification.

Total expenses

Total expenses for the second quarter of 2023 were €39.2 (29.8) million and €78.7 (59.3) million for the first half of 2023. Q2 2023 includes additional recurring expenses of €4.0 million, being €2.9 (nil) million of Shape Games operating expenses and €1.1 (nil) million of amortisation on acquired Shape Games intangible assets, as well as foreign exchange losses of €0.7 million (2.3 million gain) on settlements and revaluations of cash and other balance sheet items.

Excluding foreign exchange movements, total expenses are expected to be in the range of €38.5 – 41.5 million in Q3 2023 and €155.0 – 165.0 million for the full year 2023. These include amortisation on acquired intangible assets of €1.3 million and €5.3 million respectively.

EBITA (acq)

EBITA (acq) for the second quarter of 2023 was €5.0 (5.2) million, at a margin of 11.7% (15.1%). EBITA (acq) is a new metric, first reported in Q1 2023, used for measurement that excludes the amortisation on acquired intangibles from the Operating profit (EBIT) to show the underlying performance of the company excluding non-cash acquisition-related entries.

Whilst revenue has increased by €8.2 million from Q2 2022 to Q2 2023, EBITA (acq) has decreased by €0.2 million. This is predominantly due to recurring additional operating expenses of €2.9 million in relation to Shape Games and the non-recurring impact of a €3.0 million swing in foreign exchange gains/losses recorded in the P&L. Excluding these foreign exchange movements, EBITA (acq) increased year-on-year from €3.0 million to €5.7 million.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the second quarter of 2023 was €1.0 (1.2) million, including €0.3 (0.4) million of withholding tax. The tax expense for the first half year 2023 was €2.1 (2.8) million.

Tax payments in the second quarter were €5.0 (4.6) million and €7.4 (6.4) million during the first half of the year, meaning the consolidated tax position of the group is in a net recoverable position of €3.4 (€6.9 payable) million at 30 June 2023.

Financial position and cash flow

The net cash position at 30 June 2023 was €57.1 (74.2) million.

Cash flow (excluding working capital movements and M&A) amounted to €0.1 (0.1) million for the second quarter of 2023 and €3.4 (5.6) million for the first half year 2023, impacted by the timing of tax payments.

The net change in cash was a decrease of €10.3 (2.6 increase) million for the quarter and a decrease of €2.7 (3.1 increase) million for the first half year 2023, due to share buybacks (€7.2 million) and the bond repayment (€7.5 million) completed in the quarter.

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

| | |
|------------------|----------------|
| 1 November 2023 | Q3 2023 report |
| 21 February 2024 | Q4 2023 report |

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About Kambi

Kambi is a provider of premium sports betting services to licensed B2C gaming operators. Our services encompass a broad offering from front-end user interface through to odds compiling, customer intelligence and risk management, built on an in-house developed software platform. Kambi's 40-plus customers include ATG, Bally's Corporation, Corredor Empresarial, Kindred Group, LeoVegas, Mohegan Gaming & Entertainment and Rush Street Interactive. Kambi employs more than 1,000 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 July 2023 at 07:45 CEST by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT
 € '000

| | Q2 2023 | Q2 2022 | Jan - Jun 2023 | Jan - Jun 2022 | Jan - Dec 2022 |
|---|----------------|----------------|-------------------|-------------------|-------------------|
| Revenue | 42,890 | 34,671 | 86,926 | 71,526 | 166,006 |
| Staff costs | -15,396 | -14,396 | -32,326 | -28,258 | -57,593 |
| Data supplier costs | -4,583 | -4,354 | -9,449 | -8,425 | -17,672 |
| Other operating expenses | -9,298 | -6,541 | -18,207 | -12,430 | -28,687 |
| Exchange gains/(losses) | -727 | 2,250 | -1,251 | 2,986 | 1,358 |
| Operating expenses | -30,004 | -23,041 | -61,233 | -46,127 | -102,594 |
| EBITDA | 12,886 | 11,630 | 25,693 | 25,399 | 63,412 |
| <i>EBITDA margin</i> | <i>30.0%</i> | <i>33.5%</i> | <i>29.6%</i> | <i>35.5%</i> | <i>38.2%</i> |
| Amortisation on capitalised development costs | -6,246 | -4,675 | -11,672 | -9,106 | -19,123 |
| Depreciation | -1,626 | -1,720 | -3,233 | -3,380 | -6,683 |
| EBITA (acq) | 5,014 | 5,235 | 10,788 | 12,913 | 37,606 |
| <i>EBITA (acq) margin</i> | <i>11.7%</i> | <i>15.1%</i> | <i>12.4%</i> | <i>18.1%</i> | <i>22.7%</i> |
| Amortisation on acquired intangibles | -1,332 | -333 | -2,577 | -666 | -2,832 |
| Total expenses | -39,208 | -29,769 | -78,715 | -59,279 | -131,232 |
| Operating profit | 3,682 | 4,902 | 8,211 | 12,247 | 34,774 |
| <i>Operating margin</i> | <i>8.6%</i> | <i>14.1%</i> | <i>9.4%</i> | <i>17.1%</i> | <i>20.9%</i> |
| Investment income | 249 | 13 | 285 | 17 | 97 |
| Finance costs | -345 | -397 | -535 | -683 | -1,288 |
| Profit before Tax | 3,586 | 4,518 | 7,961 | 11,581 | 33,583 |
| Income tax | -1,038 | -1,178 | -2,135 | -2,814 | -7,132 |
| Profit after tax | 2,548 | 3,340 | 5,826 | 8,767 | 26,451 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 € '000

| | Q2 2023 | Q2 2022 | Jan - Dec 2023 | Jan - Dec 2022 | Jan - Dec 2022 |
|--|--------------|--------------|-------------------|-------------------|-------------------|
| Profit after tax for the period | 2,548 | 3,340 | 5,826 | 8,767 | 26,451 |
| Other comprehensive income: | | | | | |
| Currency translation adjustments taken to equity | 47 | -991 | -144 | -1,247 | -2,746 |
| Actuarial gain/(loss) on employee defined benefits | - | - | - | - | 161 |
| Comprehensive income for the period | 2,595 | 2,349 | 5,682 | 7,520 | 23,866 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
€ '000

| | 30 Jun 2023 | 30 Jun 2022 | 31 Dec 2022 |
|---------------------------------------|------------------------|------------------------|------------------------|
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Intangible assets | 118,189 | 53,462 | 118,467 |
| Property, plant and equipment | 17,708 | 21,218 | 18,505 |
| Deferred tax assets | 6,224 | 9,409 | 6,247 |
| | 142,121 | 84,089 | 143,219 |
| <i>Current assets</i> | | | |
| Trade and other receivables | 30,694 | 35,735 | 38,968 |
| Tax receivables | 3,353 | - | - |
| Cash and cash equivalents | 57,074 | 81,607 | 60,701 |
| | 91,121 | 117,342 | 99,669 |
| Total assets | 233,242 | 201,431 | 242,888 |
| EQUITY AND LIABILITIES | | | |
| <i>Capital and reserves</i> | | | |
| Share capital | 93 | 93 | 93 |
| Share premium | 62,046 | 62,042 | 62,046 |
| Other reserves | 6,452 | 5,786 | 5,434 |
| Currency translation reserve | -5,073 | -3,427 | -4,929 |
| Shares repurchased | -19,178 | -12,000 | -12,000 |
| Retained earnings | 118,569 | 94,163 | 112,743 |
| Total equity | 162,909 | 146,657 | 163,387 |
| <i>Non-current liabilities</i> | | | |
| Lease liabilities | 9,107 | 12,153 | 9,992 |
| Convertible bond | - | 7,420 | 7,447 |
| Contingent consideration | 12,234 | 3,852 | 12,234 |
| Deferred tax liabilities | 7,499 | 1,190 | 7,791 |
| Other liabilities | 320 | 429 | 293 |
| | 29,160 | 25,044 | 37,757 |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 25,047 | 15,647 | 22,582 |
| Tax liabilities | - | 6,941 | 2,652 |
| Lease liabilities | 2,955 | 3,175 | 3,243 |
| Contingent consideration | 13,171 | 3,967 | 13,267 |
| | 41,173 | 29,730 | 41,744 |
| Total liabilities | 70,333 | 54,774 | 79,501 |
| Total equity and liabilities | 233,242 | 201,431 | 242,888 |

CONSOLIDATED STATEMENT OF CASH FLOWS
€ '000

| | Q2 | Q2 | Jan - Jun | Jan - Jun | Jan - Dec |
|---|----------------|---------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| OPERATING ACTIVITIES | | | | | |
| Profit from operations | 3,682 | 4,902 | 8,211 | 12,247 | 34,774 |
| <i>Adjustments for:</i> | | | | | |
| Depreciation of property, plant and equipment | 1,626 | 1,720 | 3,233 | 3,380 | 6,683 |
| Amortisation of intangible assets | 7,578 | 5,008 | 14,249 | 9,772 | 21,955 |
| Share-based payment | 508 | 589 | 1,018 | 1,178 | 2,054 |
| Operating cash flows before movements in working capital | 13,394 | 12,219 | 26,711 | 26,577 | 65,466 |
| (Increase)/decrease in trade and other receivables | 1,997 | 2,689 | 8,273 | -1,637 | -645 |
| (Decrease)/increase in trade and other payables | 3,906 | -1,415 | 3,709 | -1,075 | -3,897 |
| (Decrease)/increase in other liabilities | 10 | 20 | 27 | 39 | -96 |
| Cash flows from operating activities | 19,307 | 13,513 | 38,720 | 23,904 | 60,828 |
| Income taxes paid net of tax refunded | -4,997 | -4,646 | -7,405 | -6,394 | -11,922 |
| Interest income received | 249 | 13 | 285 | 17 | 97 |
| Net cash generated from operating activities | 14,559 | 8,880 | 31,600 | 17,527 | 49,003 |
| INVESTING ACTIVITIES | | | | | |
| Purchases of property, plant and equipment | -1,808 | -962 | -2,267 | -1,644 | -2,898 |
| Development costs of intangible assets | -6,726 | -6,556 | -13,971 | -12,991 | -25,524 |
| Acquisition of subsidiary, net of cash acquired | -1,244 | - | -1,244 | - | -36,363 |
| Payment of deferred contingent consideration | - | - | -96 | - | - |
| Net cash used in investing activities | -9,778 | -7,518 | -17,578 | -14,635 | -64,785 |
| FINANCING ACTIVITIES | | | | | |
| Proceeds from issue of new shares | - | 2,582 | - | 2,582 | 2,582 |
| Shares repurchased | -7,178 | - | -7,178 | - | - |
| Repayment of convertible bond | -7,500 | - | -7,500 | - | - |
| Payment of lease liabilities | -173 | -987 | -1,700 | -1,954 | -3,831 |
| Interest paid | -263 | -348 | -314 | -437 | -615 |
| Net cash generated/(used in) financing activities | -15,114 | 1,247 | -16,692 | 191 | -1,864 |
| Net increase/(decrease) in cash and cash equivalents | -10,333 | 2,609 | -2,670 | 3,083 | -17,646 |
| Cash and cash equivalents at beginning of period | 68,663 | 79,774 | 60,701 | 79,657 | 79,657 |
| Effect of foreign exchange rate differences | -1,256 | -776 | -957 | -1,133 | -1,310 |
| Cash and cash equivalents at end of period | 57,074 | 81,607 | 57,074 | 81,607 | 60,701 |

**CONSOLIDATED STATEMENT OF CHANGES IN
 EQUITY**
 € '000

| | Q2 2023 | Q2 2022 | Jan - Jun 2023 | Jan - Jun 2022 | Jan - Dec 2022 |
|--|--------------------|--------------------|---------------------------|---------------------------|---------------------------|
| Opening balance at beginning of period | 166,984 | 143,719 | 163,387 | 135,377 | 135,377 |
| Comprehensive income | | | | | |
| Profit for the period | 2,548 | 3,340 | 5,826 | 8,767 | 26,451 |
| <i>Other comprehensive income:</i> | | | | | |
| Translation adjustment | 47 | -991 | -144 | -1,247 | -2,746 |
| Actuarial gain/(loss) on employee defined benefits | - | - | - | - | 161 |
| | 2,595 | 2,349 | 5,682 | 7,520 | 23,866 |
| Transactions with owners | | | | | |
| Share options - value of employee services | 508 | 589 | 1,018 | 1,178 | 2,054 |
| Other | - | - | - | 2,582 | 2,582 |
| Shares repurchased | -7,178 | - | -7,178 | - | - |
| Tax on share options | - | - | - | - | -492 |
| | -6,670 | 589 | -6,160 | 3,760 | 4,144 |
| Closing balance at end of period | 162,909 | 146,657 | 162,909 | 146,657 | 163,387 |

KEY METRICS

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

| | Q2 2023 | Q2 2022 | Jan-Jun 2023 | Jan-Jun 2022 | Jan - Dec 2022 |
|--|--------------------|--------------------|-------------------------|-------------------------|---------------------------|
| EBITDA (€m) | 12.9 | 11.6 | 25.7 | 25.4 | 63.4 |
| EBITA (acq) (€m) | 5.0 | 5.2 | 10.8 | 12.9 | 37.6 |
| EBITA (acq) margin | 11.7% | 15.1% | 12.4% | 18.1% | 22.7% |
| Operating profit (EBIT) (€m) | 3.7 | 4.9 | 8.2 | 12.2 | 34.8 |
| Operating margin | 8.6% | 14.1% | 9.4% | 17.1% | 20.9% |
| Net cash (€m) | 57.1 | 74.2 | 57.1 | 74.2 | 53.3 |
| Employees at period end ¹ | 1,087 | 1,042 | 1,087 | 1,042 | 1,114 |
| FTE Employees at period end ¹ | 1,072 | 1,031 | 1,072 | 1,031 | 1,105 |
| Earnings per share (€) | 0.083 | 0.109 | 0.190 | 0.286 | 0.861 |
| Fully diluted earnings per share (€) | 0.083 | 0.108 | 0.189 | 0.284 | 0.856 |
| Number of shares outstanding at period end | 30,373,321 | 30,754,797 | 30,373,321 | 30,754,797 | 30,754,797 |
| Fully diluted number of shares at period end | 31,245,305 | 31,757,781 | 31,245,305 | 31,757,781 | 31,630,781 |
| Average number of shares | 30,624,844 | 30,754,797 | 30,689,098 | 30,656,350 | 30,706,114 |
| Average number of fully diluted shares | 30,788,601 | 30,933,119 | 30,849,932 | 30,917,766 | 30,896,281 |

¹ Includes 87 Shape Games employees (FTE - 76)

Definitions

Cash flow (excluding working capital and M&A)

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

Customer/partner

B2C operator to whom Kambi provides services

Earnings per share, fully diluted

Profit after tax adjusted for any effects of dilutive potential ordinary shares divided by the fully diluted weighted average number of ordinary shares for the period

EBIT

Earnings before interest and taxation, equates to operating profit

EBITA (acq)

Earnings before interest, taxation and amortisation on acquired intangible assets

EBITDA

Earnings before interest, taxation, depreciation and amortisation on both acquired intangible assets and capitalised development costs

Gross Gaming Revenue

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

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

Net cash

Total cash less debt at period end

Net Gaming Revenue

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

Malta, 26 July 2023

Q2 Report 2023 (unaudited)

Operator trading margin

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

Operator turnover

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

Commercial explanations

Bet Builder

A product which gives bettors the opportunity to combine individual selections in the same game with a single betslip

Complete, Flex and Select

Complete, Flex and Select is Kambi's portfolio of market-leading sports betting products. Complete is Kambi's full turnkey sportsbook, Flex allows partners to build on Kambi's open platform with a mix and match of Kambi and third-party products, and Select is Kambi's offering of standalone modular sports betting services.

Cost development

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

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

Currency effects

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

Operating expenses

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

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.

Second and third-generation trading

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

Overview of US partners

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

✓ = Retail and online ✓ = Retail ✓ = Online

| State | Affinity | Bally's | CDI | Desert Diamond | Four Winds | JACK | Kindred | ilani |
|---------------|----------|---------|-----|----------------|------------|------|---------|-------|
| Arizona | | | ✓ | ✓ | | | ✓ | |
| Arkansas | | | ✓ | | | | | |
| Colorado | | | | | | | | |
| Connecticut | | | | | | | | |
| Illinois | | | | | | | | |
| Indiana | | | | | ✓ | | ✓ | |
| Iowa | ✓ | | | | | | | |
| Kansas | | | | | | | | |
| Louisiana | | ✓ | ✓ | | | | | |
| Maryland | | | ✓ | | | | | |
| Massachusetts | | | | | | | | |
| Michigan | | | ✓ | | ✓ | | | |
| Mississippi | | ✓ | | | | | | |
| Nebraska | | | | | | | | |
| New Jersey | | | | | | | ✓ | |
| New York | | | ✓ | | | | | |
| Ohio | | | | | | ✓ | | |
| Pennsylvania | | | ✓ | | | | ✓ | |
| Tennessee | | | | | | | | |
| Virginia | | | | | | | ✓ | |
| Washington | | | | | | | ✓ | ✓ |
| West Virginia | | | | | | | | |
| Wisconsin | | | | | | | | |

| State | Miami Valley | War-Horse | Oaklawn | Parx | PENN | Pota-watomi | RSI | Seneca | Soaring Eagle |
|---------------|--------------|-----------|---------|------|------|-------------|-----|--------|---------------|
| Arizona | | | | | | | ✓ | | |
| Arkansas | | | ✓ | | | | | | |
| Colorado | | | | | ✓ | | ✓ | | |
| Connecticut | | | | | | | ✓ | | |
| Illinois | | | | | ✓ | | ✓ | | |
| Indiana | | | | | ✓ | | ✓ | | |
| Iowa | | | | | ✓ | | ✓ | | |
| Kansas | | | | | ✓ | | | | |
| Louisiana | | | | | ✓ | | ✓ | | |
| Maryland | | | | ✓ | ✓ | | ✓ | | |
| Massachusetts | | | | | ✓ | | | | |
| Michigan | | | | ✓ | ✓ | | ✓ | | ✓ |
| Mississippi | | | | | ✓ | | | | |
| Nebraska | | ✓ | | | | | | | |
| New Jersey | | | | ✓ | | | ✓ | | |
| New York | | | | | | | ✓ | ✓ | |
| Ohio | ✓ | | | ✓ | ✓ | | ✓ | | |
| Pennsylvania | | | | ✓ | ✓ | | ✓ | | |
| Tennessee | | | | | | | | | |
| Virginia | | | | | | | ✓ | | |
| Washington | | | | | | | | | |
| West Virginia | | | | | ✓ | | ✓ | | |
| Wisconsin | | | | | | ✓ | | | |

Partner signings and extensions

Below, Kambi details all partner signings and extensions completed during and after the quarter across the Kambi Group:

| Kambi Group company | Partner | Territory | Contract type | Channel |
|---------------------|---------------------------|------------------|---------------|-------------------|
| Kambi | Bally's Corporation | Global | New | Online and retail |
| Kambi | Corredor Empresarial S.A. | Latin America | Extension | Online and retail |
| Kambi | Eyas Gaming | Brazil | New | Online |
| Kambi | LeoVegas | Europe & Ontario | Extension | Online |
| Kambi | Paf | Europe | Extension | Online |
| Kambi | WarHorse Gaming | Nebraska, US | New | Retail |
| Shape Games | LMG Gaming | Puerto Rico | New | Online |

Partner launches

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

| Kambi Group company | Partner | Territory | Online | Retail | Number of properties |
|---------------------|------------|------------------------------|--------|--------|----------------------|
| Abios | Dragoni | UK | ✓ | | |
| Kambi | Bally's | Louisiana, US | | ✓ | 1 |
| | | Mississippi, US | | ✓ | 1 |
| Kambi | BetWarrior | Mendoza, Argentina | ✓ | | |
| | | Buenos Aires City, Argentina | ✓ | | |
| Kambi | Eyas | Brazil | ✓ | | |
| Kambi | Kindred | Washington, US | | ✓ | 1 |
| Kambi | LeoVegas | Denmark | ✓ | | |
| Kambi | WarHorse | Nebraska, US | | ✓ | 1 |