

Kambi Group plc

Q3 Report 2023

“The landmark signings of Svenska Spel and LiveScore Group are Kambi’s most significant partner agreements with existing sports betting revenue in our history and represent a major step forward towards our long-term strategic goals.”

Kristian Nylén, Kambi CEO and Co-founder

Financial summary

- Revenue amounted to €42.1 (Q3 2022: 36.7) million for the third quarter of 2023 and €129.0 (2022: 108.2) million for the period January to September of 2023. Revenue includes certain non-recurring items as explained on page 10.
- Operating profit (EBIT) for the third quarter of 2023 was €4.6 (3.9) million, at a margin of 11.0% (10.6%), and €12.8 (16.1) million, at a margin of 9.9% (14.9%) for the period January to September of 2023
- EBITA (acq)* for the third quarter of 2023 was €6.0 (4.2) million, at a margin of 14.1% (11.5%), and €16.7 (17.1) million, at a margin of 13.0% (15.8%), for the period January to September of 2023
- Cash flow (excluding working capital and M&A) amounted to €6.1 (1.8) million for the third quarter of 2023 and €9.5 (7.3) million for the period January to September of 2023
- Earnings per share for the third quarter of 2023 were €0.117 (0.084) and €0.306 (0.370) for the period January to September of 2023

Third quarter financial breakdown

€m	Q3 2023	Q3 2022	Change %	Jan-Sept 2023	Jan-Sept 2022	Change %	Jan – Dec 2022
Revenue	42.1	36.7	15%	129.0	108.2	19%	166.0
EBITDA	13.9	10.7	30%	39.6	36.1	10%	63.4
EBITA (acq)*	6.0	4.2	42%	16.7	17.1	-2%	37.6
EBITA (acq)* margin	14.1%	11.5%		13.0%	15.8%		22.7%
Operating profit (EBIT)	4.6	3.9	19%	12.8	16.1	-20%	34.8
Operating (EBIT) margin	11.0%	10.6%		9.9%	14.9%		20.9%
Profit after tax	3.5	2.6	37%	9.4	11.4	-17%	26.5
Cash flow (excluding working capital and M&A)	6.1	1.8	244%	9.5	7.3	29%	25.2
Net cash	62.4	38.1		62.4	38.1		53.3
Earnings per share	€0.117	€0.084	39%	€0.306	€0.370	-17%	€0.861
Fully diluted earnings per share	€0.116	€0.084	39%	€0.305	€0.367	-17%	€0.856

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

Key highlights

- Underlying turnover growth of 9% when excluding the impact from Penn Entertainment's (Penn) online migration
- Revenue growth of 15% year-on-year, boosted by certain non-recurring fees in relation to Penn and Shape Games. Please see further details on page 10.
- Signed contract extensions with long-standing partners ATG and Rank Group which will continue to leverage Kambi's Complete sportsbook
- Entered into a long-term sportsbook platform and front end agreement with the leading Swedish operator Svenska Spel, benefiting from its established customer base and revenue streams
- Signed a long-term sportsbook partnership with sports media and betting operator LiveScore Group to power its established LiveScore Bet and Virgin Bet brands, with a meaningful revenue impact expected from second half 2024

CEO comment



"The landmark signings of Svenska Spel and LiveScore Group are Kambi's most significant partner agreements with existing sports betting revenue in our history and represent a major step forward towards our long-term strategic goals. As well as being fantastic agreements in their own right, these partnerships reflect the wider demand we see for our Complete sportsbook service, with them coming shortly after the signing of Bally's Corporation, along with seven other partner signings during the year.

This demand is, in part, due to the enhanced differentiation capabilities we have built over the years. Both LiveScore Group and Svenska Spel are established operators with strong brands, large customer bases and meaningful existing revenue, therefore it was crucial for them to be able to offer their sportsbook their way, aligned with their brand and packaged specifically for their customers. It's also worth highlighting the operators' commitment to and belief in the outsourced sportsbook model, laying the foundation for long and successful partnerships.

LiveScore Group's media product is the go-to live streaming and scores app for more than 50 million monthly users across the world. The operator is leveraging this popular platform to further engage users with exciting sports betting opportunities in various markets, with its LiveScore Bet and Virgin Bet brands among the fastest growing in the UK. LiveScore Group will soon complement its media-led acquisition channel with Kambi's Complete sportsbook platform, better equipping the company to retain players and expand into additional markets. LiveScore Group has ambitious growth plans and we look forward to being part of this exciting journey.

Svenska Spel is one of the most prominent brands in Sweden and represents a major partner win for Kambi. Svenska Spel has faced increased competition since the 2019 re-regulation of the Swedish market and plans to address this by transitioning to Kambi's leading sportsbook. The operator will also be utilising the front-end expertise of Kambi Group's Shape Games to enable greater product differentiation, making this an even more significant partnership for Kambi.

Although these signings won't deliver revenue straight away, we do expect to see a meaningful revenue impact from H2 2024. Meanwhile, Kambi's financial performance in Q3 2023 was robust with a 15% year-on-year revenue rise, which included certain non-recurring revenues from Penn and Shape Games. Operator turnover was up 9% when adjusting for the online migration of Penn.

As discussed in Q2, we are moving forward with the incubation of our innovative AI-powered trading unit, which from today will be known as 'Tzeract'. Tzeract is already powering much of our pre-match

soccer pricing and in the coming months will expand to offer live soccer and tennis. The impact Tzeract is having on our pricing and product is tremendous and we believe we can unlock even greater value by offering Tzeract as a standalone module, similar to Abios and Shape Games and in line with our long-term strategy. With a test customer in place, ongoing discussions with a range of other operators and having already earned multiple industry accolades, I believe Tzeract has an exciting future.

Overall, I am pleased with the progress we are making with our long-term plan, across commercial and product. As I have said before, the road to our 2027 goals won't be linear and the partner signings announced in recent weeks will only be reflected in the numbers from the second half of next year. The long-term picture looks bright and we remain confident in our ability to deliver on our aims and cement Kambi's position as the number one sportsbook supplier in the world."

Recent updates

Landmark partner signings

Since the close of Q3, Kambi has agreed two significant strategic partnerships with Svenska Spel and LiveScore Group, both set to bring meaningful existing revenue. In early October, Kambi entered into a long-term agreement with Svenska Spel to provide its Complete sportsbook to one of Sweden's leading operators, online and in retail. This partnership was established after a competitive selection process, with Kambi chosen for its market-leading product and ability to deliver a range of operator empowerment tools that will enable Svenska Spel's Oddset brand to differentiate itself in the Swedish market. The collaboration will also involve Kambi Group subsidiary Shape Games developing the front end of Svenska Spel's sportsbook, enabling the operator to offer a unique user experience. The agreement is expected to have a meaningful financial impact from H2 2024.

In late October, Kambi also signed a long-term agreement to provide its Complete sportsbook platform to LiveScore Group, a leading sports media and online sports betting operator. LiveScore Group operates two prominent and fast-growing online sportsbooks, LiveScore Bet and Virgin Bet. These sportsbook brands form part of an integrated sports media and betting ecosystem alongside its real-time sports data and streaming service LiveScore - a service which has amassed more than 50 million monthly users.

LiveScore Group's strategy is focused on deep integrations between its award-winning media and betting assets to convert, retain and reactivate users by delivering a seamless customer experience. The partnership will see Kambi power the operator's sportsbook brands globally and should begin to be rolled out across multiple markets from Q1 2024. The partnership is expected to contribute meaningful revenue for Kambi starting H2 2024, growing in line with LiveScore Group's roll-out into current and future markets. LiveScore Group has the potential to quickly become one of the largest operators on the Kambi network to date.

Q3 highlights

Trading update

In Q3, Kambi's Operator Turnover Index was 602, compared to 640 in Q3 2022, following the migration of Penn's online business in July. When stripping out Penn's online contribution, turnover was up 9% across the global network and up 21% in the Americas. Operator trading margin in Q3 was 8.8%, compared to 9.5% in the same period last year.

Soccer was the highest turnover sport of the quarter, driven by the return of the European domestic leagues mid-way through the quarter and the Champions League in September. Trading margin normalised somewhat compared to Q2 2023, with player-friendly results seen in high profile leagues such as the English Premier League and the Spanish La Liga. It is worth noting that Q3 2022 saw a busier fixture schedule than this year as domestic leagues condensed their seasons to make room for the World Cup.

Tennis, driven by the majority of the Wimbledon Tennis Championships and entirety of the US Open, contributed the second largest sum of operator turnover, while baseball was third, helped by a full calendar of MLB games and the continued uptake in the baseball Bet Builder product, which was added at the start of the season in Q2.

Despite just three full weeks of NFL games, American football was the fourth highest turnover sport. In the close season, Kambi further developed its award-winning Bet Builder product to offer a greater

array of pre-game and in-play options. American football continues to be a key sport for Kambi, highlighted by the fact that all top 10 highest turnover events of the quarter were NFL games.

Commercial updates

Partner agreements

Kambi completed two partner signings in Q3, including an agreement with Eyas Gaming to power the operator's Lance! Betting brand in Brazil. During the quarter, Kambi also partnered with Prairie Band Casino & Resort in a multi-year deal to power the launch of the first tribal sportsbook in the US state of Kansas.

In September, Kambi signed a multi-year extension to its successful sportsbook partnership with ATG that will see Kambi's Complete sportsbook continue to power one of Sweden's leading sports betting operators across both online and retail. Adding to Kambi's contract extension with Rank Group in Q3, ATG is the seventh partnership renewal Kambi has signed this year having recently secured extensions for its Complete product with key partners Corredor Empresarial S.A., LeoVegas, Paf, Rush Street Interactive and Sun International.

In addition, Kambi Group subsidiary Abios agreed a partnership with Nigerian sports betting brand Oyawin to provide its comprehensive esports solution, including odds, statistics and data visualisations, to one of the country's leading regulated sportsbooks.

For a full list of partner signings and extensions during the quarter, see page 25.

Partner launches

Kambi completed 24 partner launches during Q3, including eight in the US for new partner Bally's Corporation in the states of Arizona, Colorado, Mississippi, New Jersey, Ohio and Virginia. In September, Kambi also powered Churchill Downs Incorporated's launch across seven on-property locations on day one of regulated sports betting in Kentucky to continue Kambi's strong record of market-first partner launches. Elsewhere in the US, Kambi completed an online launch and two retail launches with betPARX in Maryland.

Outside of the US, Kambi continued to extend its reach in Latin America with the launch of Eyas Gaming's Lance! Betting brand in Brazil and further launches for BetWarrior in Argentina, while also going live in the UK with the betMGM brand in partnership with LeoVegas Group.

In addition, Kambi partner BetCity went live in August with its new Shape Games-powered native mobile app which became one of the most downloaded apps in the Netherlands App Store upon launch.

For a full list of partner launches during the quarter, see page 26.

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 14 in this report.

Growth driver initiatives

AI-powered trading becomes Tzeract

In recent quarters, Kambi has detailed the remarkable impact of its AI-powered trading division and stated its intention to realise its full potential both within Kambi's Complete and Flex platform products and also outside of the partner network as a Select service. However, as sports betting enters a new phase in its evolution, AI-powered trading is only part of the story.

Over the past two decades, the industry has witnessed the rise of in-play betting, the widespread adoption of cash out, and, more recently, the sharp growth of Bet Builder. As user behaviour shifts towards end user curated markets, sportsbooks are finding it increasingly challenging to keep pace while tethered to the traditional monolithic bet offer platform.

Tzeract, the new brand name for Kambi's standalone AI-powered trading division, is the solution to those operators seeking to remain at the forefront of such a rapidly changing market - setting a new standard for bet creation with a complete overhaul of the conventional, static bet offer list model that restricts operator innovation. With a test customer already in production, Tzeract's new and pioneering bet domain will leverage the power of data, AI and ground-breaking technology to usher in the next dimension of sports betting by providing limitless opportunities for operators to innovate and build bespoke products.

Tzeract is a proven and trusted solution, having already processed approximately 300 million bets across the Kambi partner network and will be key to differentiating Kambi's Complete and Flex products from competitors as it expands beyond soccer into other sports. Having won Innovation in Sports Betting Software at the EGR B2B Awards in June and Best Sports Betting Product at the recent Global

Gaming Business Gaming Technology Awards, Kambi is excited to offer Tzeract as a Select and modular product ahead of plans for a full commercial launch in Q1 2024.

Other events after Q3

Partner agreements

Since quarter end, Kambi agreed a long-term online sportsbook partnership with 711, a fast-growing online casino operator in the Netherlands which will leverage Kambi's Complete sportsbook to launch its debut sportsbook in the regulated Dutch market.

Furthermore, Shape Games partnered with Kambi-powered SunBet to implement the South African operator's native app front end and create a tailored user experience for its players. The agreement with SunBet, which has been a Kambi partner since 2017, further demonstrates the cross-sell opportunity between Kambi and Shape Games and follows a similar partnership between Shape Games and BetCity earlier this year.

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 September, the lower house of Congress in Brazil approved a bill to regulate sports betting which will now be sent to the Senate for approval. Due to an urgency clause attached to the legislation, the Senate must vote on the bill before 11 November 2023. Brazil's Ministry of Finance recently released the initial sports betting regulation which enables a fast-tracked application process for prospective operators if they formally register their interest within a 30-day window.

North Carolina, United States (population: 11 million)

In October, the North Carolina Lottery Commission's Sports Betting Committee held its inaugural meeting and swiftly approved the initial draft regulations governing mobile sports wagering. They remain on schedule to launch mobile betting in the state by June 2024, as required by statute.

Peru (population: 34 million)

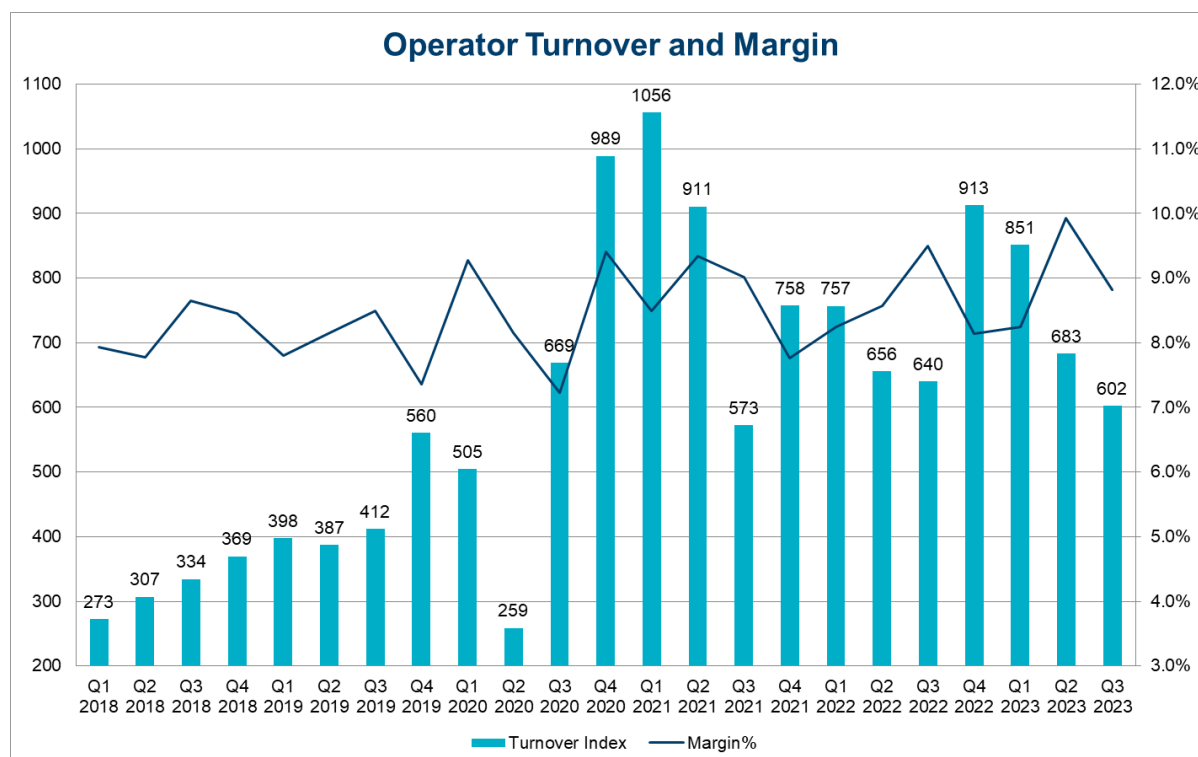
In October, the Peru government announced regulations for the implementation and regulation of online gaming and sports betting. This marks the beginning of a 150-day countdown until the market is officially regulated. These regulations cover technological standards, advertising restrictions and responsible gambling provisions. Peru plans to issue licenses in Q2 2024, with no set limit on the number of licences available.

Financial review

Kambi Turnover Index, Operator Trading Margin and Revenue

Definitions of financial terms and performance measures are presented on page 20.

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



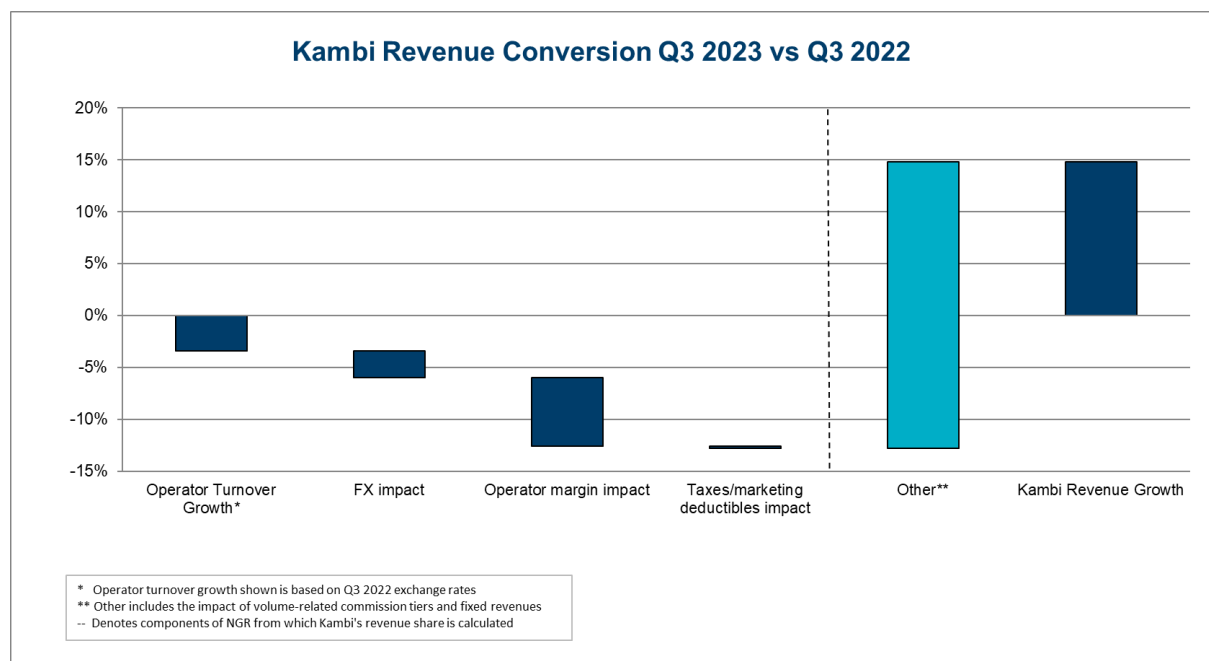
Operator turnover for the third quarter of 2023 was 602, a decrease of 6% versus Q3 2022, as a result of the migration of Penn's online business in July and a lighter sporting calendar compared to Q3 2022, as well as foreign exchange rate movements. Operator turnover increased month-on-month through Q3, with September generating more than 40% of the total turnover. The operator trading margin for Q3 was 8.8% (9.5%).

Operator trading margin for the previous 12 month period was 8.7%. 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:



Operator turnover at constant exchange rates decreased by 3.4% and was negatively impacted by foreign exchange rate movements.

Operator trading margin was down from 9.5% to 8.8% and, after adjusting for taxes and marketing deductibles, resulted in a Net Gaming Revenue (NGR) decrease of 12.8%.

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 revenue. Due to different levels of operator activity within Kambi's customer composition, the 'Other' category in the chart above shows an increase. The 'Other' category also includes fixed revenue of €3.4 million from Penn for transition services, as previously communicated.

Revenue from Shape Games is now combined into the 'Other' category, as it has been more than a year since the acquisition. Included within this is additional revenue of €2.0 million compared to Q3 2022, relating to two additional months of contribution, and a non-recurring licence fee of €2.6 million.

In the third quarter of 2023, revenue was €42.1 (36.7) million. 94% (93%) of sportsbook revenue was derived from locally regulated markets.

Geographical analysis

In Q3 2023, Americas contributed 50% (53%), Europe 47% (43%) and Rest of the World 3% (4%) of the total operator GGR, evidencing Kambi's healthy geographical diversification.

Total expenses

Total expenses for the third quarter of 2023 were €37.5 (32.8) million and €116.2 (92.1) million for the first three quarters of 2023. This was below the guidance issued in the previous quarterly report due to contract renegotiations resulting in reduced data supplier costs and certain staff-related costs being lower than anticipated.

Q3 2023 includes additional recurring expenses compared to Q3 2022 of €3.3 million, comprising €2.2 million of Shape Games operating expenses from an additional two months of operations (Q3 2023: €3.0 vs Q3 2022: €0.8 million) and €1.1 (nil) million of amortisation on acquired Shape Games intangible assets. Foreign exchange losses in Q3 2023 were €0.4 million (0.8 million gain) on settlements and revaluations of cash and other balance sheet items.

Total expenses are expected to be in the range of €38.0 – 41.0 million in Q4 2023 (excluding foreign exchange movements) and €152.6 – 155.6 million for the full year 2023. This includes amortisation on acquired intangible assets of €1.3 million and €5.3 million respectively.

EBITA (acq)

EBITA (acq) for the third quarter of 2023 was €6.0 (4.2) million, at a margin of 14.1% (11.5%). EBITA (acq) is a metric 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.

EBITA (acq) has increased by €1.7 million from Q3 2022 to Q3 2023 primarily due to an increase in revenue of €5.4 million. This has been offset by additional operating expenses including €2.2 million in relation to Shape Games and the non-recurring impact of a €1.3 million swing in foreign exchange gains/losses recorded in the P&L. Excluding foreign exchange movements, EBITA (acq) increased year-on-year from €3.3 million to €6.3 million.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the third quarter of 2023 was €1.1 (0.9) million, including €0.3 (0.3) million of withholding tax. The tax expense for the first three quarters of 2023 was €3.2 (3.7) million. The consolidated tax position of the group is a net recoverable position of €3.5 (€4.8 payable) million at 30 September 2023.

Financial position and cash flow

The net cash position at 30 September 2023 was €62.4 (38.1) million.

Cash flow (excluding working capital movements and M&A) amounted to €6.1 (1.8) million for the third quarter of 2023 and €9.5 (7.3) million for the first three quarters of 2023, impacted by the timing of receipt of Penn transition revenues and tax payments.

The net change in cash was an increase of €4.7 (35.9 decrease) million for the quarter. For the first three quarters of 2023, the net change in cash was an increase of €2.0 (32.8 decrease) million including share buybacks (€7.2 million) and the bond repayment (€7.5 million) completed earlier in the year.

Nomination Committee

A Nomination Committee is appointed each year by the major shareholders in accordance with the instruction for the Nomination Committee adopted by the Annual General Meeting of shareholders (AGM).

The main responsibility of the Nomination Committee is to propose Board members for election at the AGM. The Nomination Committee, which is independent from the Board, 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 AGM. The Nomination Committee also prepares proposals regarding Chair of the Meeting, Board remuneration, fees to the auditor and election of auditor, and, if necessary, proposal for changes in the instruction to the Nomination Committee. In its evaluation of the Board, the Committee holds individual interviews with the Board members.

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 Nomination 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 2024 Annual General Meeting are:

- Anders Ström, Verolda Investment Ltd (Chair of the Nomination Committee)
- Bile Daar, Keel Capital
- Jonas Eixmann, The Second Swedish National Pension Fund
- Lars Stugemo, Chair of the Kambi Group plc Board of Directors

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

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, Rush Street Interactive and Svenska Spel. 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 1 November 2023 at 07:45 CET by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT
 € '000

	Q3 2023	Q3 2022	Jan - Sep 2023	Jan - Sep 2022	Jan - Dec 2022
Revenue	42,090	36,664	129,016	108,190	166,006
Staff costs	-14,377	-14,867	-46,703	-43,125	-57,593
Data supplier costs	-3,897	-4,577	-13,346	-13,002	-17,672
Other operating expenses	-9,526	-7,410	-27,733	-19,840	-28,687
Exchange gains/(losses)	-373	895	-1,624	3,881	1,358
Operating expenses	-28,173	-25,959	-89,406	-72,086	-102,594
EBITDA	13,917	10,705	39,610	36,104	63,412
<i>EBITDA margin</i>	<i>33.1%</i>	<i>29.2%</i>	<i>30.7%</i>	<i>33.4%</i>	<i>38.2%</i>
Amortisation on capitalised development costs	-6,216	-4,845	-17,888	-13,951	-19,123
Depreciation	-1,746	-1,653	-4,979	-5,033	-6,683
EBITA (acq)	5,955	4,207	16,743	17,120	37,606
<i>EBITA (acq) margin</i>	<i>14.1%</i>	<i>11.5%</i>	<i>13.0%</i>	<i>15.8%</i>	<i>22.7%</i>
Amortisation on acquired intangibles	-1,332	-333	-3,909	-999	-2,832
Total expenses	-37,467	-32,790	-116,182	-92,069	-131,232
Operating profit	4,623	3,874	12,834	16,121	34,774
<i>Operating margin</i>	<i>11.0%</i>	<i>10.6%</i>	<i>9.9%</i>	<i>14.9%</i>	<i>20.9%</i>
Investment income	37	20	322	37	97
Finance costs	-65	-388	-600	-1,071	-1,288
Profit before Tax	4,595	3,506	12,556	15,087	33,583
Income tax	-1,050	-920	-3,185	-3,734	-7,132
Profit after tax	3,545	2,586	9,371	11,353	26,451

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 € '000

	Q3 2023	Q3 2022	Jan - Sept 2023	Jan - Sept 2022	Jan - Dec 2022
Profit after tax for the period	3,545	2,586	9,371	11,353	26,451
Other comprehensive income:					
Currency translation adjustments taken to equity	883	-499	739	-1,746	-2,746
Actuarial gain/(loss) on employee defined benefits	-	-	-	-	161
Comprehensive income for the period	4,428	2,087	10,110	9,607	23,866

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ '000

	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	116,577	122,303	118,467
Property, plant and equipment	18,322	20,049	18,505
Deferred tax assets	6,238	9,377	6,247
	141,137	151,729	143,219
Current assets			
Trade and other receivables	29,656	40,383	38,968
Tax receivables	3,466	-	-
Cash and cash equivalents	62,417	45,566	60,701
	95,539	85,949	99,669
Total assets	236,676	237,678	242,888
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	93	93	93
Share premium	62,046	62,046	62,046
Other reserves	6,883	6,330	5,434
Currency translation reserve	-4,190	-3,929	-4,929
Shares repurchased	-19,178	-12,000	-12,000
Retained earnings	122,114	96,748	112,743
Total equity	167,768	149,288	163,387
Non-current liabilities			
Lease liabilities	9,297	11,313	9,992
Convertible bond	-	7,434	7,447
Contingent consideration	12,234	32,916	12,234
Deferred tax liabilities	7,362	6,596	7,791
Other liabilities	336	445	293
	29,229	58,704	37,757
Current liabilities			
Trade and other payables	23,404	17,431	22,582
Tax liabilities	-	5,276	2,652
Lease liabilities	3,104	3,012	3,243
Contingent consideration	13,171	3,967	13,267
	39,679	29,686	41,744
Total liabilities	68,908	88,390	79,501
Total equity and liabilities	236,676	237,678	242,888

CONSOLIDATED STATEMENT OF CASH FLOWS
€ '000

	Q3	Q3	Jan - Sep	Jan - Sep	Jan - Dec
	2023	2022	2023	2022	2022
OPERATING ACTIVITIES					
Profit from operations	4,623	3,874	12,834	16,121	34,774
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	1,746	1,653	4,979	5,033	6,683
Amortisation of intangible assets	7,548	5,178	21,797	14,950	21,955
Share-based payment	431	544	1,449	1,722	2,054
Operating cash flows before movements in working capital	14,348	11,249	41,059	37,826	65,466
(Increase)/decrease in trade and other receivables	1,038	-2,155	9,311	-3,793	-645
(Decrease)/increase in trade and other payables	-1,641	955	2,068	-120	-3,897
(Decrease)/increase in other liabilities	16	17	43	56	-96
Cash flows from operating activities	13,761	10,066	52,481	33,969	60,828
Income taxes paid net of tax refunded	-1,252	-3,427	-8,657	-9,821	-11,922
Interest income received	37	20	322	37	97
Net cash generated from operating activities	12,546	6,659	44,146	24,185	49,003
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	-1,060	-628	-3,327	-2,272	-2,898
Development costs of intangible assets	-5,937	-5,430	-19,908	-18,421	-25,524
Acquisition of subsidiary, net of cash acquired	-	-35,304	-1,244	-35,304	-36,363
Payment of deferred contingent consideration	-	-	-96	-	-
Net cash used in investing activities	-6,997	-41,362	-24,575	-55,997	-64,785
FINANCING ACTIVITIES					
Proceeds from issue of new shares	-	-	-	2,582	2,582
Shares repurchased	-	-	-7,178	-	-
Repayment of convertible bond	-	-	-7,500	-	-
Payment of lease liabilities	-856	-1,080	-2,556	-3,034	-3,831
Interest paid	-39	-106	-353	-543	-615
Net cash generated/(used in) financing activities	-895	-1,186	-17,587	-995	-1,864
Net increase/(decrease) in cash and cash equivalents	4,654	-35,889	1,984	-32,807	-17,646
Cash and cash equivalents at beginning of period	57,074	81,607	60,701	79,657	79,657
Effect of foreign exchange rate differences	689	-152	-268	-1,284	-1,310
Cash and cash equivalents at end of period	62,417	45,566	62,417	45,566	60,701

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000

	Q3 2023	Q3 2022	Jan - Sep 2023	Jan - Sep 2022	Jan - Dec 2022
Opening balance at beginning of period	162,909	146,657	163,387	135,377	135,377
Comprehensive income					
Profit for the period	3,545	2,586	9,371	11,353	26,451
<i>Other comprehensive income:</i>					
Translation adjustment	883	-499	739	-1,746	-2,746
Actuarial gain/(loss) on employee defined benefits	-	-	-	-	161
	4,428	2,087	10,110	9,607	23,866
Transactions with owners					
Share options - value of employee services	431	544	1,449	1,722	2,054
Other	-	-	-	2,582	2,582
Shares repurchased	-	-	-7,178	-	-
Tax on share options	-	-	-	-	-492
	431	544	-5,729	4,304	4,144
Closing balance at end of period	167,768	149,288	167,768	149,288	163,387

KEY METRICS

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

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Jan - Dec 2022
EBITDA (€m)	13.9	10.7	39.6	36.1	63.4
EBITA (acq) (€m)	6.0	4.2	16.7	17.1	37.6
EBITA (acq) margin	14.1%	11.5%	13.0%	15.8%	22.7%
Operating profit (EBIT) (€m)	4.6	3.9	12.8	16.1	34.8
Operating margin	11.0%	10.6%	9.9%	14.9%	20.9%
Net cash (€m)	62.4	38.1	62.4	38.1	53.3
Employees at period end ¹	1,095	1,112	1,095	1,112	1,114
FTE Employees at period end ¹	1,082	1,101	1,082	1,101	1,105
Earnings per share (€)	0.117	0.084	0.306	0.370	0.861
Fully diluted earnings per share (€)	0.116	0.084	0.305	0.367	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	30,726,305	31,812,930	30,726,305	31,812,930	31,630,781
Average number of shares	30,373,321	30,754,797	30,582,291	30,689,648	30,706,114
Average number of fully diluted shares	30,518,853	30,907,857	30,737,271	30,904,476	30,896,281

¹ Includes 91 Shape Games employees (FTE - 81)

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

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		✓	✓	✓			✓	
Colorado		✓						
Indiana					✓		✓	
Iowa	✓							
Kentucky			✓					
Louisiana		✓	✓					
Maryland			✓					
Michigan					✓			
Mississippi		✓	✓					
New Jersey		✓					✓	
New York			✓					
Ohio		✓				✓		
Pennsylvania			✓				✓	
Virginia		✓					✓	
Washington							✓	✓

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				✓	✓		✓		
Virginia							✓		
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
Abios	Oyawin	Nigeria	New	Online
Kambi	711	Netherlands	New	Online
Kambi	ATG	Sweden	Extension	Retail & Online
Kambi	Eyas Gaming	Brazil	New	Online
Kambi	LiveScore	Global	New	Online
Kambi	Prairie Band Casino & Resort	Kansas, US	New	Retail
Kambi	Rank Group	Europe	Extension	Online
Kambi	Svenska Spel	Sweden	New	Retail & Online
Shape Games	BetCity	Netherlands	New	Online
	SunBet	South Africa	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	Oyawin	Nigeria	✓		
Kambi	ApuestaPR	Puerto Rico		✓	1
Kambi	Bally's Corporation	Arizona, US	✓		
		Colorado, US	✓	✓	1
		Mississippi, US		✓	2
		New Jersey, US		✓	1
		Ohio, US	✓		
		Virginia, US	✓		
Kambi	BetWarrior	Buenos Aires City, Argentina	✓		
Kambi	Casumo	Ontario	✓		
Kambi	CDI	Kentucky, US		✓	7
Kambi	Eyas Gaming	Brazil	✓		
Kambi	LeoVegas	Netherlands	✓		
		UK	✓		
Kambi	Parx	Maryland, US	✓	✓	2
Kambi	Tecno Acción	Salta, Argentina		✓	1
Shape Games	BetCity	Netherlands	✓		