

Kambi Group plc

Q3 Report 2020

Financial summary

- Revenue amounted to €28.1 (Q3 2019: 23.0) million for the third quarter of 2020, an increase of 22%, and €70.8 (65.6) million for the period January to September
- Operating profit (EBIT) for the third quarter of 2020 was €6.5 (3.4) million, at a margin of 23.3% (14.9%), and €10.0 (8.6) million for the period January to September, at a margin of 14.2% (13.0%)
- Profit after tax amounted to €5.1 (2.3) million for the third quarter of 2020 and €6.8 (5.8) million for the period January to September
- Earnings per share for the third quarter of 2020 were €0.164 (0.075) and €0.220 (0.193) for the period January to September
- Cash flow from operating and investing activities (excluding working capital movements) amounted to €6.9 (2.6) million for the third quarter of 2020 and €8.2 (4.2) million for the period January to September

Third quarter financial breakdown

€m	Q3 2020	Q3 2019	Change %	Jan – Sep 2020	Jan – Sep 2019	Change %	Jan – Dec 2019
Revenue	28.1	23.0	+22%	70.8	65.6	+8%	92.3
Operating profit	6.5	3.4	+92%	10.0 ^[1]	8.6	+17%	14.7
Operating margin	23.3%	14.9%		14.2%	13.0%		16.0%
Profit after tax	5.1	2.3	+122%	6.8 ^[2]	5.8	+16%	10.4
Cash flow ^[3]	6.9	2.6		8.2	4.2		8.6
Net cash	38.5	34.2		38.5	34.2		37.7
Earnings per share	€0.164	€0.075	+119%	€0.220	€0.193	+14%	€0.345

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

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

^[3] Cash flow from operating and investing activities excluding movements in working capital

Key highlights

- Posted record quarterly performance with revenue up 22% year-on-year and operator turnover rising 62%, driven by the resumption of sports culminating in a busy September calendar
- Expanded partner network through the signing of major US operator Churchill Downs Incorporated and its BetAmerica sports betting brand
- Signed a long-term extension with LeoVegas Group, cementing the partnership and extending the agreement to cover additional brands
- Continued to deliver for partners with 17 launches throughout the quarter, including the online launch of Penn National Gaming's Barstool Sportsbook in Pennsylvania

CEO comment



“The difference between Q2 and Q3 couldn’t have been starker and underlines the ability of the business to quickly and efficiently respond not only to the lockdown situation, but also ensuring resources were in place for when sports returned. It’s reassuring for our partners to experience the capability and inherent flexibility Kambi has to adapt and thrive under testing conditions and we are confident in our ability to handle any potential future impacts that may arise from the virus. It’s also been reassuring to see that, despite some heightened local restrictions, there’s been no impact on high-level sports.

Momentum gained late in Q2 carried through to Q3, with Kambi posting record quarterly revenue of €28.1m. Operator turnover was also up significantly to an all-time high, rising 62% year-on-year. The gradual return of sports drove greater volumes throughout the period, particularly during September, which produced 43% of the operator turnover for the quarter. This positive trend has continued into the start of Q4.

During the quarter, we were able to complete two important pieces of business. Firstly, we signed a new partner in Churchill Downs Incorporated (CDI), a large US multi-state company and operator of the BetAmerica sportsbook brand. We are already live on-property with BetAmerica in two states and will launch online in the near future. CDI has already enjoyed digital success with its TwinSpires horserace wagering business and has the ambition to turn BetAmerica into a similar success story.

Secondly, the extension of our partnership with the LeoVegas Group. The agreement will see Kambi continue to provide our services to the LeoVegas Sport brand and carry on what has been an exciting journey so far. In addition, we will also provide our sportsbook to additional brands within the Group.

It was also another busy quarter in terms of launches, culminating in the much-anticipated launch of Penn National Gaming’s (PNG) proprietary Barstool Sportsbook app in Pennsylvania in mid-September, which has delivered promising early performance numbers. The app, 100% of which was developed in-house by PNG, is just the latest example of what’s possible when using Kambi’s empowering technology.

As we near the end of 2020, the cautious optimism of earlier in the year has been replaced with growing confidence, as we finish the year in great shape. Looking ahead, having successfully come through our toughest challenge, more exciting opportunities await us.”

Q3 Highlights

Trading update

Kambi's Q3 2020 revenues were €28.1m, a 90% increase on Q2 2020 and a 22% increase on the same period in 2019. Operator turnover was up 158% sequentially and 62% year-on-year, as the resumption of high-level sports continued throughout the quarter. Operator trading margin for the period was 7.2%.

The recovery seen in Q2 2020 continued into Q3, with each month delivering greater operator turnover than the preceding month, culminating in an all-time high in September, which produced 43% of the operator turnover generated in the quarter.

The majority of Kambi's operator turnover growth came from its US partners, boosted by the resumption of all major sports and the launch of partners in additional states, most notably Illinois, which opened its online market in late Q2.

With the pandemic-related extension of European club competitions, including the Champions League and Europa League, into July and August, soccer was the largest driver of operator turnover during the quarter.

As a result of the pandemic, various sports and leagues are running altered schedules, which is having, and will continue to have, an impact on operator turnover. For example, the delay to the NBA season saw games unusually being played in Q3, positively impacting operator turnover. However, the next NBA season is not expected to begin until January, much later than its normal October start date, which will lead to an absence of games in Q4.

Despite some national lockdowns related to the pandemic, so far there has been no impact on high-level sports, which have learned to operate under heightened restrictions.

New commercial agreements

In August, Kambi announced an agreement with Churchill Downs Incorporated (CDI), a US-based racing, online wagering and gaming entertainment company. In 2018, CDI launched its sports betting brand BetAmerica through an alternative supplier but is now in the process of switching its technology and services to Kambi for the long-term.

We believe the BetAmerica brand has great potential, not only due to the market access CDI has in the US, but also the attractive opportunity to leverage its large existing database of horse racing bettors that utilise its dedicated racing platform, TwinSpires. As Kambi has illustrated through its successful partnership with ATG, there is a notable crossover between racing bettors and sports bettors, a relationship we see benefiting BetAmerica. Kambi is already live on-property with BetAmerica in Colorado and Michigan, with further properties to follow in Q4 and beyond. The online launch of BetAmerica on the Kambi platform is anticipated to take place before the turn of the year.

The third quarter also saw Kambi sign a partnership extension with the LeoVegas Group, further strengthening the relationship between the two parties. Not only does the contract ensure the long-term provision of the Kambi sportsbook to the operator's flagship LeoVegas brand, it also saw the Group decide to migrate a number of its other brands to the Kambi sportsbook platform from alternative providers.

Partner launches

Kambi supported its US-facing partners with a total of 14 on-property launches and three online launches during the third quarter. The three online launches saw Unibet launch in Indiana in late July, DraftKings go live in Illinois in early August and Penn National Gaming (PNG) debut its Barstool Sportsbook app in Pennsylvania in mid-September. PNG recently published early performance numbers for the online Barstool Sportsbook, with the product quickly gaining a top three position in the competitive Pennsylvanian online sports betting market. PNG has publicly stated its ambition to obtain a top three position in every state it enters, and Kambi looks forward to supporting the growth of the Barstool Sportsbook across the US over the coming quarters and beyond.

The 14 US on-property launches were spread across New Jersey, Michigan, Colorado, Illinois and New Hampshire involving CDI, DraftKings, Four Winds Casinos, Parx Casino, PNG and Rush Street Interactive (RSI). Since entering the US, Kambi has been able to illustrate its on-property expertise on a greater scale than before. The Kambi kiosk has been a key element of our product suite, quickly finding favour with sports bettors on the casino floor. Since the re-opening of casinos following lockdown, Kambi has seen an increase in the usage of these kiosks, with approximately 80% of on-property bets now being placed through them.

Meanwhile, in the UK, Kambi supported the relaunch of two brands following the recent partnership extension with the LeoVegas Group. BetUK and 21.co.uk both transitioned to the Kambi sportsbook platform having previously used alternative technology suppliers.

Events after Q3

Commercial update

In October, Kambi signed an agreement with the Belgian National Lottery. Kambi will provide its technology and services to the Belgian National Lottery for the relaunch of its Scoore sports betting brand, both online and in more than 300 retail locations across Belgium. Kambi was selected following a thorough tender process and is delighted to be partnering with this member of the respected industry bodies, the World Lottery Association and the European Lotteries.

Partner launches

Last week, Tennessee became the 12th US state in which Kambi is live and generating revenue. Continuing our exceptional record, Kambi went live on day one of the market opening with DraftKings. Due to there being no casinos in the state, Tennessee is a mobile-only market offering unlimited licences.

Kambi partner RSI launched sports betting online in Iowa, the sixth state in which its BetRivers brand is now offering its online sportsbook. When including retail, the Kambi-RSI partnership extends to eight states.

In October, a free-to-play version of the Kambi Sportsbook has been launched in Ohio with our partner JACK Entertainment. With a regulated real-money market still pending, JACK will offer the free-to-play version to its existing casino customers and as a method to attract sports fans in anticipation of a full

offering next year. Kambi also operates a free-to-play sportsbook in Connecticut through its partner Mohegan Sun.

Regulatory update

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

United States

The state-by-state regulation of sports betting in the US is once again making good progress following the initial impact of the pandemic in H1 2020 and several states are advancing towards regulation in H2 2020 and into next year.

A mobile sports betting bill is being debated in **New York State**, which aims to extend the current retail-only framework. It is currently suggested that each of the state's seven land-based casinos would receive one mobile licence.

Having passed sports betting legislation earlier in the year, in September the **Virginia** Lottery published the regulatory framework which will govern the market. Applications for operator licences opened in October and the market is expected to go live in Q1 2021.

After launching numerous operators into **Michigan's** on-property sportsbook market, Kambi is now preparing to support its partners' digital launches as the opening of the online market nears. The finalisation of Michigan's online sports betting rules has been delayed due to the US election, but we expect this to be completed and the market to begin in late Q4 2020.

Ohio remains on track to pass a sports betting bill before the end of the year, despite the recent US election having caused some delay to its passage. If the bill is progressed successfully, the market could go live in H1 2021.

Connecticut could be on course to pass a bill that gives the two local tribes, including Kambi's partner Mohegan Sun, exclusivity to offer sports betting. The legislative session reopens in January 2021.

Despite being part of a bill that passed the House in July, sports betting in **Massachusetts** has stalled once more having failed to find favour in the Senate in September. Sports betting is now unlikely to be considered again until lawmakers begin the next legislative session in January 2021.

Earlier this week, voters in **Maryland**, **Louisiana**, and **South Dakota** each voted to introduce regulated sports betting into their states. Following these votes, more than half of US states have now passed sports betting regulation bills.

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

State	Population (m)	Online skins	Retail properties	Kambi-powered operators
Colorado	5.8	2	3	RSI, Penn, DraftKings, CDI
Illinois	12.7	2	5	RSI, Penn, DraftKings
Indiana	6.7	3	3	RSI, Penn, Kindred, DraftKings
Iowa	3.2	2	4	RSI, Penn, DraftKings
Michigan	10.0	n/a	7	RSI, Penn, Parx, Four Winds, CDI
Mississippi	3.0	n/a	5	Penn
New Hampshire	1.4	1	2	DraftKings
New Jersey	8.9	4	2	RSI, Parx, Kindred, DraftKings, 888
New York	19.5	n/a	5	Seneca, RSI, DraftKings
Pennsylvania	12.8	6	8	RSI, Penn, Parx, Kindred, DraftKings
Tennessee	6.8	1	n/a	DraftKings
West Virginia	1.8	1	1	Penn, DraftKings

Rest of the world

In **Argentina**, Buenos Aires City has approved regulations for online gambling, with a potential market go live date of Q1 2021. An unlimited number of operating licences will be available, although operators must have been in business for at least two years. After a period of delay, Buenos Aires Province will soon start awarding licences to those operators who made the shortlist earlier in the year. Several Argentine Provinces are following Buenos Aires in regulating online gambling.

In **Brazil**, officials are still preparing to establish a licencing process for online and retail sports betting. Due to ongoing delays resulting from the requirement for a further consultation to deal with the appropriate regulatory structure and licencing terms, the launch of regulated sports betting in Brazil is unlikely to happen until 2021.

In **Germany**, officials continue to move forward with procedures that could lead to a new gambling regime taking effect on 1 July 2021, with states already beginning to implement the treaty from 15 October 2020.

The government in the **Netherlands** has submitted an amended version of its Remote Gambling Act for the European Commission's review and approval, with the aim of going live in July 2021. However, recent parliamentary discussions have indicated that the start of the licence application process will be delayed until March 2021.

In **Sweden**, the Swedish Gaming Authority (SGA) published new regulations and general advice on limitations and prohibitions against certain betting types in order to prevent match-fixing. The restrictions enter in force on 1 January 2021 and will be applicable to all sports played in Sweden.

Kambi initiatives

Sports integrity leadership

One area where Kambi has consistently excelled and shown industry leadership has been our approach to sports integrity and the proactive steps we take to keep the sports we love free from manipulation. Protecting sports integrity is ingrained in the day-to-day running of the business and is a key feature of our sustainability strategy. For example, over the years Kambi has forged strong relationships with regulators and sports governing bodies, and last year became the first sports betting supplier to become a member of the International Betting Integrity Association (IBIA), a global integrity monitoring system.

Due to the postponement of many sports across Q2 and Q3, Kambi, as well as other companies in the industry, faced a unique challenge. In a relatively short space of time, lower tier events became a core part of a sportsbook's offering, with Kambi rapidly developing its product to maintain a market leading position. As part of this shift, Kambi revisited its internal risk processes to ensure we continued to have complete confidence in the integrity of lower tier events offered. A revised methodical validation approach was implemented, where tournaments, games and players were reviewed thoroughly and senior Kambi stakeholders consulted before offering an event.

As has always been the case, if any cause for concern is identified, Kambi does not offer related betting opportunities, while our proprietary early warning system enables us to withdraw events and escalate as soon as suspicious betting activity is detected. This does not mean suspicious events have integrity issues, but for Kambi and our partners, adopting a cautious approach is beneficial for all.

Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the third quarter of 2020, revenue was €28.1 (Q3 2019: 23.0) million. Revenue derived from locally regulated markets in Q3 was 80% (73%). Revenue for the first three quarters of 2020 was €70.8 (65.6) million.

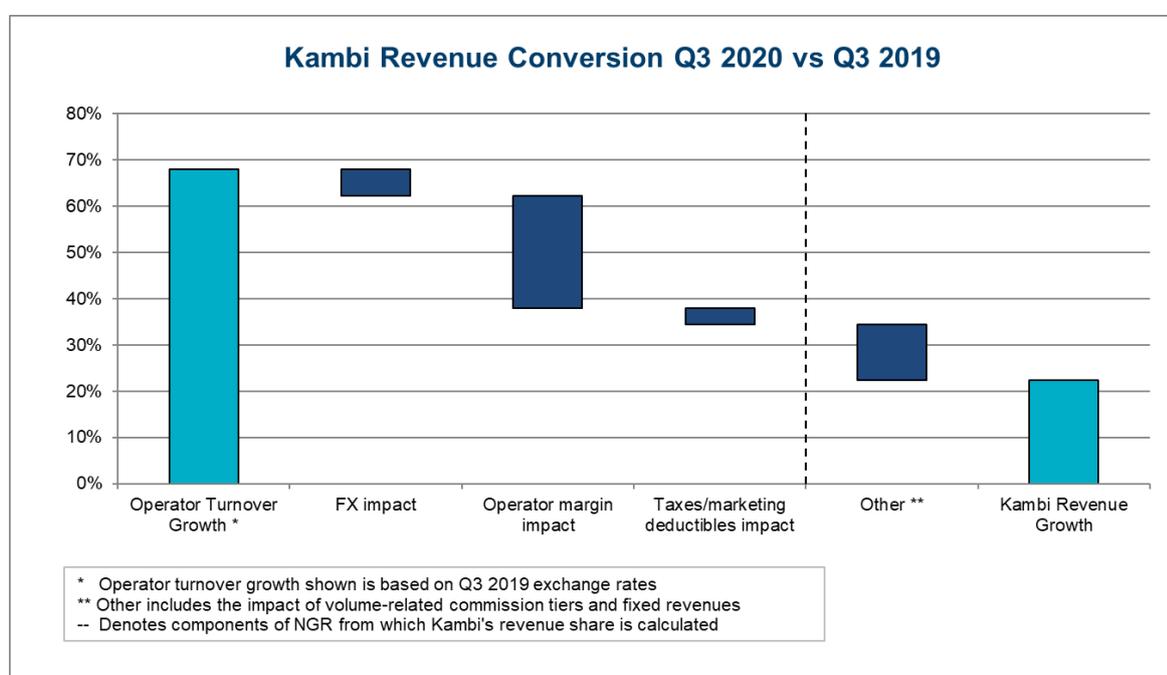
Operator turnover at constant exchange rates grew by 68% and the operator trading margin was 7.2% (8.5%) in Q3. There was a negative impact on Kambi's revenue due to significant movement of USD against EUR compared to Q3 2019. The operator turnover growth including the FX impact was 62%.

Kambi charges its operators a fee based on a number of variables including fixed fees, the number of live events offered and commission based on a revenue share of operators' Gross Gaming Revenue (GGR) less deductible costs, such as certain capped marketing incentives and tax (i.e. NGR, as shown in the graph below).

To promote and support growth, some of the customer contracts include tiers with lower commission rates on the higher levels of their sports betting revenues. As a direct consequence, the 'other' category in the below chart shows a decrease in Q3 due to lower effective commission rates in Q3 2020 than in Q3 2019.

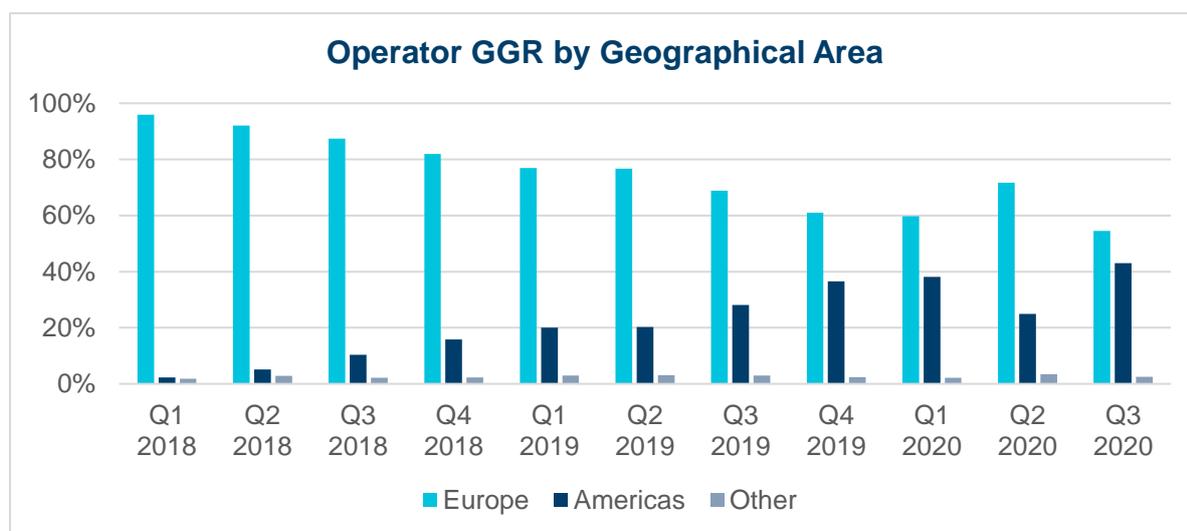
The net effect of the above factors was a €5.1 million increase in quarterly revenue year-on-year.

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



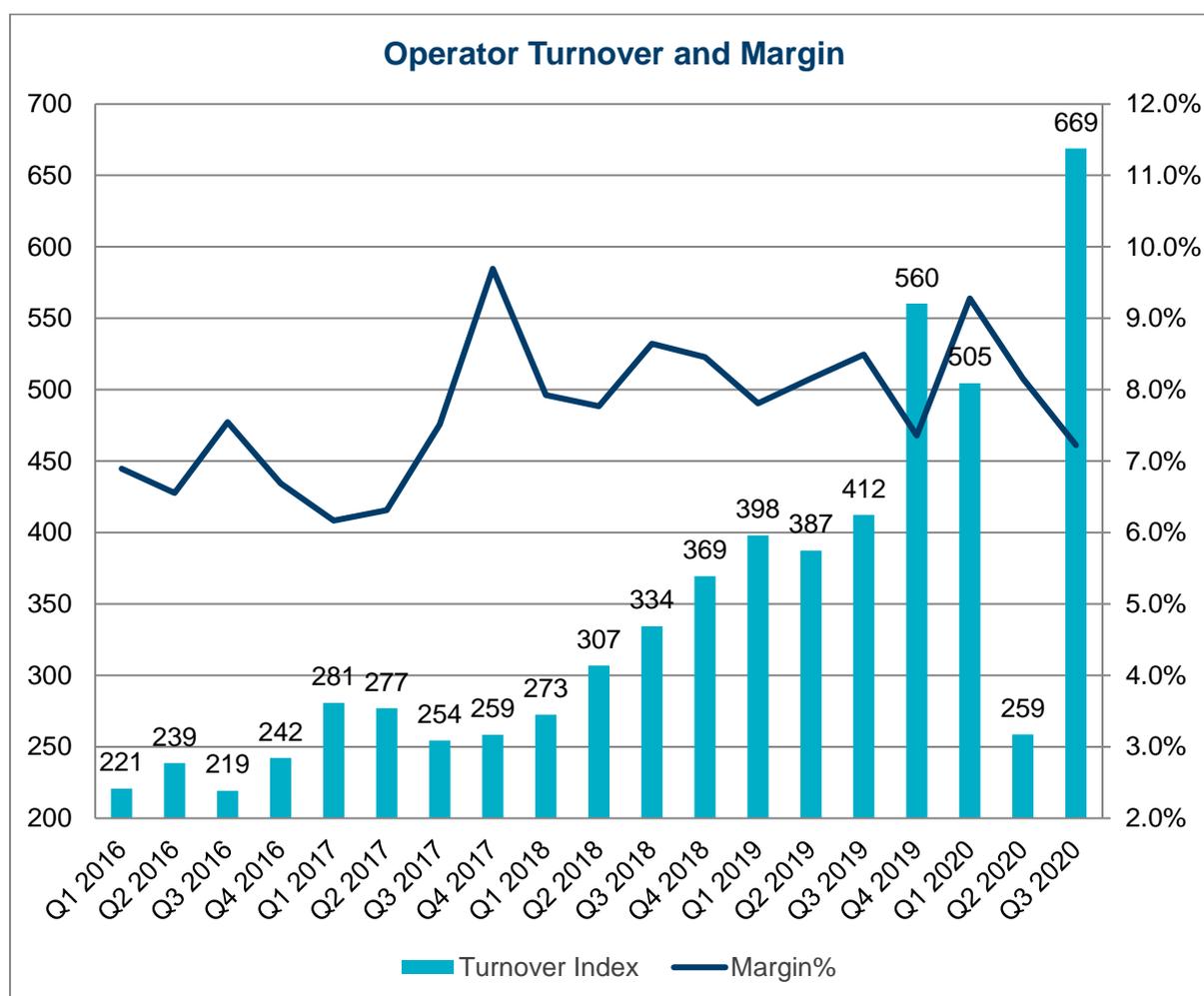
Geographical revenue analysis

Kambi derives its revenue from numerous markets globally, which can be split into three areas of focus for the company: Europe, Kambi’s historical core market; the Americas (being North, Central and South America), an emerging market for Kambi; and the Rest of the World, being those other opportunities that may arise outside of Kambi’s two main focal areas. Kambi’s revenues have historically been dependent upon the European market, but since 2018 this dependency has gradually declined with increasing contributions from the emerging US market, alongside the success of Kambi’s Central and South American operators. In comparison to Q3 2019, Americas has increased to 43% (28%), continuing the trend seen prior to Q2 2020, which was severely impacted by retail closures and the reduced US sporting calendar.

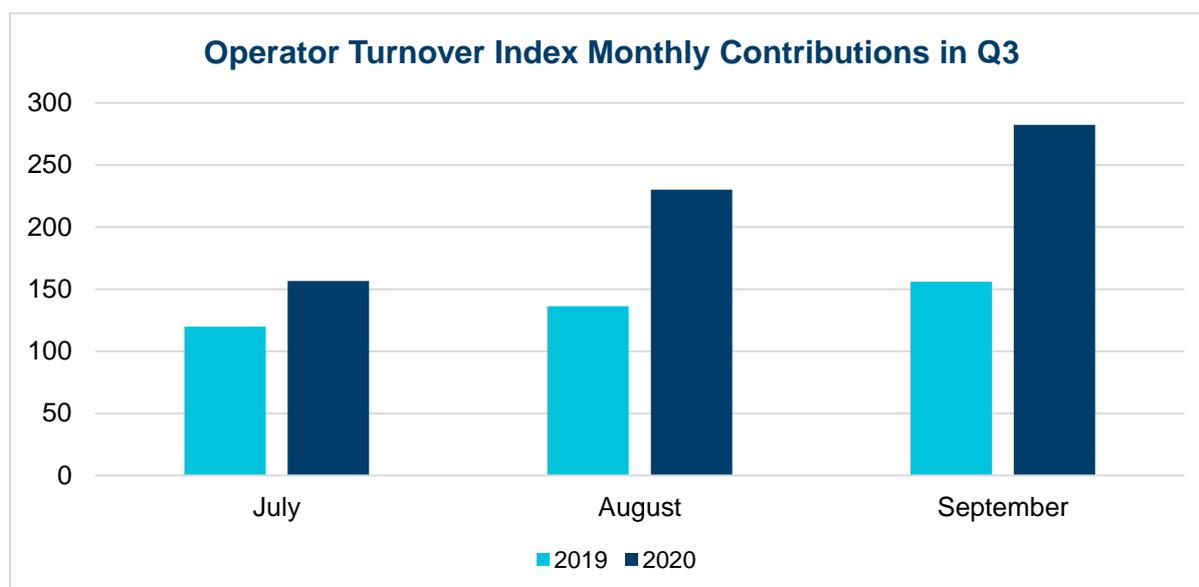


Operator trading analysis

In the interest of commercial sensitivity and instead of disclosing actual turnover figures, Kambi presents its customers' sports betting turnover as an index called The Kambi Turnover Index, with the first quarter of 2014 indexed at 100. The graph below shows the index since Q1 2016 and also illustrates Kambi's operators' quarterly trading margin.



Operator turnover for the third quarter of 2020 was 669, an increase of 62% compared with 412 for the third quarter of 2019. The substantial growth was driven by expansion into more US states, new customer signings and the strong sporting calendar with additional soccer, tennis, golf, NBA and NHL events. The momentum is further demonstrated by the fact that 43% of operator turnover for the quarter was generated during the month of September, compared to 34% in August and 23% in July, as illustrated by the graph below which breaks down the Kambi Turnover Index by month.



Operator trading margin

The operator trading margin for the quarter was 7.2% (8.5%), with the impact of player-friendly results in the NFL broadly balanced out by operator-friendly results in soccer. 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, with increased US exposure at a slightly lower margin, Kambi expects the operator trading margin for the coming 12 month period to be in the range of 7.0 – 8.0%. The operator trading margin for the past 12 month period has been 7.9%.

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

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

Currency effects

Kambi's principal currency is the Euro, which is also the reporting currency, but has both costs and revenues in certain other currencies, such as SEK, GBP and USD which can be subject to short-term fluctuations. However, as Kambi has both revenues and costs in the same currencies, this creates, to some extent, a natural hedge which partly mitigates the impact these fluctuations may have.

Cost development

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

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

Capitalised development costs

In the third quarter of 2020, development expenditure of €3.6 (3.4) million was capitalised with €11.8 (10.8) million capitalised in the first three quarter of 2020. These capitalised development costs are amortised over three years, starting in the year the costs are incurred. The amortisation charge this quarter was €3.2 (2.5) million, and for the first three quarters of 2020 was €9.1 (7.1) million.

Operating expenses

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

Operating expenses for the third quarter of 2020 were €21.5 (19.6) million, and €60.7 (57.0) million for the first three quarters of 2020. Operating expenses increased by €3.4 million compared to Q2 2020 as operations return to pre-COVID-19 levels.

Total operating expenses are anticipated to increase during Q4 2020 by 5 – 8% in comparison to Q3 2020 due to a full quarter of regular operations with additional licensing costs and data supplier costs associated with the full complement of sporting fixtures in Q4.

Operating profit

Operating profit for the third quarter of 2020 was €6.5 (3.4) million, with a margin of 23.3% (14.9%), and €10.0 (8.6) million for the first three quarters of 2020, with a margin of 14.2% (13.0%).

Profit before tax

Profit before tax for the third quarter of 2020 was €6.4 (3.3) million. Profit before tax for the first three quarters of 2020 was €9.0 (8.1) million.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the third quarter of 2020 was €1.3 (1.0) million. The tax expense for the first three quarters of 2020 was €2.2 (2.3) million.

Profit after tax

Profit after tax for the third quarter of 2020 was €5.1 (2.3) million. Profit after tax for the first three quarters of 2020 was €6.8 (5.8) million.

Financial position and cash flow

The net cash position at 30 September 2020 was €38.5 (34.2) million.

Cash flow from operating and investing activities (excluding working capital) amounted to €6.9 (2.6) million for the third quarter of 2020, and €8.2 (4.2) million for the first three quarters of 2020. Net cash flow was a decrease of €0.4 (1.0 increase) million for the quarter, with the resulting cash balance at the end of Q3 2020 amounting to €45.9 (41.5) million.

Personnel

Kambi had 860 (834) employees equivalent to 850 (821) full time employees at 30 September 2020, across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the UK, and the United States.

Nomination Committee

The Nomination Committee has been updated to reflect Kambi's largest shareholders.

The Nomination Committee is responsible for reviewing the size, structure and composition of the Board, succession planning, the appointment of replacement and/or additional directors, and for making the appropriate recommendations to the Board. The Committee also prepares proposals regarding Board remuneration and fees to the auditor. The members of the Nomination Committee shall represent all shareholders and be appointed by the three or four largest shareholders as at 30 September each year having expressed their willingness to participate in the Committee. Kambi's Nomination Committee shall consist of not less than four, and not more than five members, of which one shall be the Chairman of the Board.

The members for the 2021 Annual General Meeting are:

- Anders Ström, Veralda Investment Ltd (Chairman)
- Lars Stugemo, Chairman of the Board of Kambi Group plc
- Mathias Svensson, Keel Capital
- Jonas Eixmann, The Second Swedish National Pension Fund

Shareholders who would like to make proposals to the Nomination Committee may do so via e-mail to: nomination.committee@kambi.com.

Financial information

The financial information has been presented in accordance with International Financial Reporting Standards as adopted by the European Union. All numbers in this report are unaudited. All numbers in this report are shown in Euro (€) and all the numbers in brackets refer to the equivalent period in the previous year.

Financial calendar

10 February 2021	Q4 2020 report
28 April 2021	Q1 2021 report
28 July 2021	Q2 2021 report
27 October 2021	Q3 2021 report

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About Kambi

Kambi is a provider of premium sports betting services to licensed B2C gaming operators. Our services encompass a broad offering from front-end user interface through to odds compiling, customer intelligence and risk management, built on an in-house developed software platform. Kambi's 20-plus customers include 888 Holdings, ATG, Churchill Downs Incorporated, DraftKings, Kindred Group, LeoVegas, Penn National Gaming and Rush Street Interactive. Kambi employs more than 850 staff across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the UK and the United States.

Kambi utilises a best of breed security approach and is ISO 27001 and eCOGRA certified. Kambi Group plc is listed on First North Growth Market at Nasdaq Stockholm under the symbol "KAMBI". The Company's Certified Advisor is Redeye AB.

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

Legal disclaimer

Kambi does not give any forecasts. Certain statements in this report are forward-looking and the actual outcomes may be materially different. Even though management believes any expectations expressed are deemed reasonable, no guarantee can be given that such expectations will prove correct and even if such expectations remain, quarterly fluctuations are common. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuation in exchange rates, interest rates and political risks.

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 Friday, 6 November 2020 at 07:45 CET by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT
€ '000

	Q3 2020	Q3 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Revenue	28,098	22,970	70,760	65,574	92,294
Staff costs	-10,231	-10,154	-29,292	-27,073	-37,555
Amortisation	-3,211	-2,513	-9,118	-7,091	-9,796
Data supplier costs	-3,013	-1,903	-7,675	-5,735	-8,213
Other operating expenses	-5,094	-4,987	-14,642	-17,121	-22,004
Total operating expenses	-21,549	-19,557	-60,727	-57,020	-77,568
Profit from operations	6,549	3,413	10,033	8,554	14,726
<i>Operating margin</i>	23.3%	14.9%	14.2%	13.0%	16.0%
Investment income	1	11	7	30	35
Finance costs	-156	-150	-482	-456	-636
Profit before items affecting comparability	6,394	3,274	9,558	8,128	14,125
Items affecting comparability ¹	-	-	-590	-	-494
Profit before tax	6,394	3,274	8,968	8,128	13,631
Income tax	-1,335	-991	-2,186	-2,285	-3,182
Profit after tax	5,059	2,283	6,782	5,843	10,449

¹ 2020: Bad debt expense in relation to National Lottery AD (2019: Impairment of Kambi's investment in Midia Holding Limited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
€ '000

	Q3 2020	Q3 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Profit after tax for the period	5,059	2,283	6,782	5,843	10,449
Other comprehensive income:					
Currency translation adjustments taken to equity	-228	-45	-1,229	-794	-578
Actuarial gain/(loss) on employee defined benefits	-	-	-	-	-43
Comprehensive income for the period	4,831	2,238	5,553	5,049	9,828

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ '000

	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets	21,148	17,059	18,458
Investment in associate	-	494	-
Property, plant and equipment	10,521	11,632	11,661
Deferred tax assets	3,226	3,612	3,321
	34,895	32,797	33,440
Current assets			
Trade and other receivables	27,544	19,683	21,994
Cash and cash equivalents	45,852	41,474	44,988
	73,396	61,157	66,982
Total assets	108,291	93,954	100,422
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	92	90	91
Share premium	58,214	55,377	57,640
Other reserves	4,507	4,000	3,377
Currency translation reserve	-3,631	-2,618	-2,402
Retained earnings	19,819	8,041	13,037
Total equity	79,001	64,890	71,743
Non-current liabilities			
Convertible bond	7,332	7,286	7,297
Lease liabilities	3,743	5,631	5,011
Other liabilities	265	156	225
Deferred tax liabilities	278	93	280
	11,618	13,166	12,813
Current liabilities			
Trade and other payables	12,842	11,033	11,076
Lease liabilities	2,548	2,301	2,719
Tax liabilities	2,282	2,564	2,071
	17,672	15,898	15,866
Total liabilities	29,290	29,064	28,679
Total equity and liabilities	108,291	93,954	100,422

CONSOLIDATED STATEMENT OF CASH FLOWS
€ '000

	Q3 2020	Q3 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
OPERATING ACTIVITIES					
Profit from operations	6,549	3,413	10,033	8,554	14,726
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	1,287	1,153	3,754	3,320	4,534
Amortisation of intangible assets	3,211	2,513	9,118	7,091	9,796
Bad debt expense	-	-	-590	-	-
Share-based payment	447	252	1,130	504	647
Operating cash flows before movements in working capital	11,494	7,331	23,445	19,469	29,703
(Increase)/decrease in trade and other receivables	-8,344	-1,853	-5,550	-1,354	-3,665
(Decrease)/increase in trade and other payables	2,087	290	1,552	1,130	1,148
(Decrease)/increase in other liabilities	9	9	40	22	91
Cash flows from operating activities	5,246	5,777	19,487	19,267	27,277
Income taxes paid net of tax refunded	-55	-194	-1,295	-2,077	-3,727
Interest income received	-	11	6	30	35
Net cash generated from operating activities	5,191	5,594	18,198	17,220	23,585
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	-943	-1,113	-2,159	-2,455	-2,508
Development and acquisition costs of intangible assets	-3,624	-3,422	-11,808	-10,798	-14,889
Net cash used in investing activities	-4,567	-4,535	-13,967	-13,253	-17,397
FINANCING ACTIVITIES					
Proceeds from issue of new shares	163	556	174	1,567	3,831
Payment of lease liabilities	-1,191	-618	-2,265	-1,913	-2,731
Interest paid	-33	-21	-341	-299	-340
Net cash generated/(used in) financing activities	-1,061	-83	-2,432	-645	760
Net increase/(decrease) in cash and cash equivalents	-437	976	1,799	3,322	6,948
Cash and cash equivalents at beginning of period	46,442	40,354	44,988	38,350	38,350
Effect of foreign exchange differences	-153	144	-935	-198	-310
Cash and cash equivalents at end of period	45,852	41,474	45,852	41,474	44,988

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

	Q3 2020	Q3 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Opening balance at beginning of period	73,558	61,844	71,743	57,770	57,770
Comprehensive income					
Profit for the period	5,059	2,283	6,782	5,843	10,449
<i>Other comprehensive income:</i>					
Translation adjustment	-228	-45	-1,229	-794	-578
Actuarial gain/(loss) on employee defined benefits	-	-	-	-	-43
	4,831	2,238	5,553	5,049	9,828
Transactions with owners					
Share options - value of employee services	447	252	1,130	504	647
Other	165	556	575	1,567	3,831
Tax on share options	-	-	-	-	-333
	612	808	1,705	2,071	4,145
Closing balance at end of period	79,001	64,890	79,001	64,890	71,743

KEY RATIOS

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

	Q3 2020	Q3 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Operator turnover ¹ as index of Q1 2014	669	412	n/a	n/a	n/a
Operating (EBIT) ² margin, %	23.3%	14.9%	14.2%	13.0%	16.0%
EBITDA ² (€m)	11.0	7.1	22.9	19.0	29.1
EBITDA ² margin, %	39.3%	30.8%	32.4%	28.9%	31.5%
Equity/assets ratio, %	73.0%	69.1%	73.0%	69.1%	71.4%
Employees at period end	860	834	860	602	865
Earnings per share (€)	0.164	0.075	0.220	0.193	0.345
Fully diluted earnings per share (€)	0.160	0.074	0.217	0.189	0.339
Number of shares at period end	30,952,697	30,321,197	30,952,697	30,321,197	30,522,197
Fully diluted number of shares at period end	31,075,181	30,983,374	31,075,181	30,983,374	31,054,553
Average number of shares	30,849,751	30,297,512	30,768,873	30,258,829	30,291,711
Average number of fully diluted shares	31,586,557	30,965,369	31,314,813	30,929,597	30,823,711

¹Operator turnover is defined as total stakes placed with operators by end users

²Excluding items affecting comparability (2020YTD: 590k bad debt expense, 2019: 494k Impairment of Kambi's investment in Midia Holding Limited)