

# Kambi Group plc

Q4 Report 2020

## Financial summary

- Revenue amounted to €46.9 (Q4 2019: 26.7) million for the fourth quarter of 2020 and €117.7 (92.3) million for the period January to December 2020
- Operating profit (EBIT) for the fourth quarter of 2020 was €22.2 (6.2) million, at a margin of 47.3% (23.1%), and €32.2 (14.7) million for the period January to December, at a margin of 27.4% (16.0%)
- Profit after tax amounted to €17.3 (4.6) million for the fourth quarter of 2020 and €24.1 (10.4) million for the period January to December 2020
- Earnings per share for the fourth quarter of 2020 were €0.558 (0.152) and €0.781 (0.345) for the period January to December 2020
- Cash flow from operating and investing activities (excluding working capital movements) amounted to €20.5 (4.4) million for the fourth quarter of 2020 and €28.7 (8.6) million for the period January to December 2020
- The 2021 AGM will be held on 11 May. The Board proposes that no dividend is paid out.

## Fourth quarter financial breakdown

€m	Q4 2020	Q4 2019	Change %	Jan – Dec 2020	Jan – Dec 2019	Change %
Revenue	46.9	26.7	76%	117.7	92.3	28%
Operating profit	22.2	6.2	260%	32.2 <sup>[1]</sup>	14.7	119%
Operating margin	47.3%	23.1%		27.4%	16.0%	
Profit after tax	17.3	4.6	275%	24.1 <sup>[2]</sup>	10.4	130%
Cash flow <sup>[3]</sup>	20.5	4.4		28.7	8.6	
Net cash	53.5	37.7		53.5	37.7	
Earnings per share	€0.558	€0.152	267%	€0.781	€0.345	126%

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

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

<sup>[3]</sup> Cash flow from operating and investing activities excluding movements in working capital

## **Key highlights**

- Posted record quarterly performance with revenue up 76% year-on-year and operator turnover rising 77%, driven by a busy sporting calendar, exceptional operator trading margin and growth in new markets
- Demonstrated scalability of the business model with operating margin of 47% compared with 23% in the corresponding quarter of 2019, and further strengthening of the net cash balance
- During the quarter, Kambi supported Rush Street Interactive and DraftKings with online launches into the US states of Iowa and Tennessee respectively
- Kambi agreed two new partnership agreements, signing with the Belgian National Lottery and JVH Gaming and Entertainment in the Netherlands

## CEO comment



*“As we reflect on what has been exceptionally challenging 12 months, it’s particularly pleasing to complete the year with a record Q4 performance and annual revenues up by 28%. At the start of 2020, full year revenue of €117.7m would have been deemed a great success, so to have delivered such a performance, in spite of the sporting calendar being severely impacted for the best part of four months, speaks volumes for the business we have created, our talented people and the upward trajectory we are on.*”

*Kambi finished the year in fine fashion, with year-on-year Q4 revenue up by 76% to €46.9m and operator turnover rising 77% at an operator trading margin of 9.4%. The Kambi Operator Turnover Index came in at 989 which was a clear all-time high, while our business model illustrated the scalability it possesses with an operating margin of 47%.*

*The US continues to be a success story, with Q4 delivering expansion into Tennessee’s online market and three on-property launches across Michigan and Mississippi. Our US-facing partners are increasingly leveraging Kambi’s differentiation capabilities in areas including risk, pricing and front-end, to forge unique paths in their respective markets. With major states such as Texas and New York now looking closely at online sports betting, it’s clear Kambi’s US journey is in its early stages.*

*Our strong growth means Kambi is now operating at a scale like never before, which in turn allows the Kambi sportsbook and service to continuously evolve. The powerful partner network we have created, with fantastic partners from around the globe, produces ever increasing amounts of unique data, from which we can draw valuable insights to help us improve and continue to offer a high-performance sportsbook.*

*Over the past few months, and despite restrictions on travel, we have successfully grown the global network with four new partners. While the November signing of the Belgium National Lottery was addressed in our Q3 report, we closed out the year with the addition of JVH Gaming and Entertainment in December. JVH is the largest private casino group in the Netherlands, a country we expect to introduce a new regulatory framework later this year.*

*In recent weeks, we have signed partnership agreements with Racing and Wagering Western Australia and Argentinian casino operator Casino Magic and we look forward to launching with all our new partners in the coming months. While there is understandably great attention given to the promise of the US market, this quartet of partnerships, spread across three continents, underlines the exciting opportunities that lie in other corners of the world and cements Kambi’s position as the global market leader.*

*In summary, it’s been a year that’s shown that when working together, we can find the right responses to the toughest of challenges. The Kambi model is based on partnership, on sharing, on working together with our partners to ensure they have the best chance of success. The model was undoubtedly stress-tested in 2020 but it passed with flying colours, leaving me more excited than ever about Kambi’s future.”*

## **Q4 Highlights**

### **Trading update**

Operator turnover was up by 77% year-on-year at a high margin of 9.4%, driven by double digit margins in the two highest turnover sports on the network: American football and soccer. Strong operator turnover growth was witnessed in both Europe and the Americas, Kambi's two key markets, buoyed by busy sporting calendars.

American football turnover increased by 220%, spurred by growth in recently entered US states, enabling it to overtake soccer for the first time as Kambi's leading turnover generator across a quarter. Soccer once again performed strongly, posting a turnover increase of 50%, buoyed by significant growth in the top leagues of England, Spain and Italy, as well as the Champions League.

The top five turnover events of Q4 were large enough to comprise five of the top six events of 2020. All but one of these events were American football games.

With most sports now back and operating something close to a normal schedule, US college sports and the global tennis tour remain impacted. Even in cases where tennis tournaments continue, the transportation of players remains problematic and therefore resulted in a slight turnover decline for tennis during the period. In relation to college sports, turnover continues to grow despite the lighter sports schedule, even in the more mature US states such as New Jersey. It is difficult to predict with a high degree of confidence what growth may have looked like with a full schedule of games.

### **New commercial agreements**

Kambi signed two new partnerships in Q4. As detailed in Kambi's Q3 2020 report in November, Kambi has partnered with the Belgian National Lottery (BNL). Integration is well underway and on track to be able to support an online and retail launch during the second half of H1. BNL operates the Scoore sportsbook online and in more than 300 retail stores across Belgium.

Shortly before the turn of the year, Kambi signed a partnership agreement with JVH Gaming and Entertainment, the largest private casino group in the Netherlands. With the launch of regulated sports betting in the Netherlands expected towards the latter part of 2021, JVH has partnered with Kambi to offer a leading online sportsbook experience to its new and existing customers.

### **Partner launches**

In Q4, Kambi supported partners with three online and three on-property launches. In the US, Kambi extended its on-property footprint with the launch of a Parx Casino sportsbook at Gun Lake Casino in Michigan and two retail books with Churchill Downs Incorporated (CDI) at its Riverwalk Casino and Harlow's Casino properties in Mississippi. In the online space, Kambi supported the launch of Rush Street Interactive's (RSI) BetRivers sportsbook in Iowa as well as the launch of DraftKings on day one of the new legal online market going live in Tennessee. In Europe, Kambi also assisted long-term partner Paf with the launch of its second brand in the regulated Estonian market.

## **Full year summary**

The majority of 2020 was extremely positive for Kambi, with a strong start to the year interrupted only by the effects of the pandemic. Having been on track to be a record quarter, Q1 suffered from a severely disrupted sporting calendar for the final weeks. Kambi's strong financial position enabled the company to operate throughout the heavily impacted period, which continued deep into Q2, with confidence, leveraging its global position to provide an attractive product and service to its partners during a time with minimal sports. Kambi also continued its US expansion in H1, adding market-first launches in Michigan, Illinois and Colorado to its growing American footprint.

In Q3, the majority of key sports and leagues returned, with operator turnover growing month-on-month to its highest ever level in September. In July, Kambi signed a new partner in Four Winds Casinos, a US tribal operator in Michigan and Indiana. A partnership with Churchill Downs Incorporated soon followed, a partner win which saw the operator transition from an alternative technology provider, further strengthening Kambi's position as the industry's trusted sportsbook partner. The quarter also saw Kambi support the launch of Penn National Gaming's Barstool-branded online sportsbook in Pennsylvania.

Having regained momentum in Q3, Kambi ended the year in strong fashion, posting record revenue and operator turnover. A further two new partners were added to the network in the shape of the Belgian National Lottery, a top tier lottery operator, and JVH Gaming and Entertainment, the largest private casino company in the Netherlands.

Despite the challenges faced, the year brought both new partnership signings and launches for Kambi and underlined its scalable business model with increased operating leverage. Furthermore, Kambi demonstrated its ability to secure the best service for partners during challenging times, while at the same time offering the variable cost structure which provided partners with the added flexibility to manage the impacts of the pandemic on their businesses.

## Events after Q4

### Commercial update

Kambi continued its commercial momentum with two new partnership agreements in January. The first was signed with Racing and Wagering Western Australia (RWVA), the state-run racing authority for Western Australia, responsible for a network of more than 320 retail agencies and TABtouch, its online sports betting brand. As was the case with its partnerships with ATG in Sweden and CDI in the US, Kambi sees great potential in the crossover of racing bettors to a high-quality sportsbook and looks forward to working with RWVA to upgrade its current online and retail offer.

More recently, Kambi expanded its footprint in Latin America through a partnership with leading Argentinian casino brand Casino Magic. Argentina is currently in the process of regulating sports betting on a province-by-province basis. Casino Magic is in the Neuquén province, where the partnership will soon launch an online sportsbook. The agreement also includes the scope to expand into the retail channel.

### Partner launches

In January, Kambi made its online debut in Michigan when the state opened its digital doors for the first time. Highlighting its operational excellence and scalability, Kambi supported the simultaneous launch of four partners within seconds of the market opening, taking the historic first legal online sports bet in Michigan. The partners were Churchill Downs Incorporated (CDI), DraftKings, Penn National Gaming and RSI. CDI recently decided to leverage the strength of its racing-led TwinSpires brand for its sportsbook in partnership with Kambi, in a gradual switch from the BetAmerica brand it has been using with an alternative supplier. In addition, Kambi also enabled the launch of both DraftKings and RSI in the recently regulated Virginia online market, marking the 13<sup>th</sup> US state in which Kambi is now live and supporting our partners with real-money wagering.

In retail, Kambi also supported the launch of two new on-property sportsbooks with CDI, one at its Rising Star Casino in Indiana and another at Presque Isle Downs in Pennsylvania. Both launches marked a migration away from an alternative supplier to Kambi and bring the number of CDI's properties to have launched with Kambi to six, despite having only partnered in Q3 2020.

### Partner updates

As previously communicated, in mid-January, 888 completed the migration of its players based in the UK and dot.com markets, which has historically generated over half of the operator's sports betting revenue, to its proprietary sportsbook.

## 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 continues to make good progress following the impact of the pandemic and several states are advancing towards regulation during the 2021 sessions.

In **New York**, the state Governor has embraced the regulation of sports betting in 2021, making it part of his 2021 Executive Budget priorities. The Governor revealed his preference for a monopoly model for sports betting to maximise state revenue. However, an alternative bill was presented by members of the two houses rejecting the monopoly and proposing a model in which each casino would receive two online skins to use in partnership with online operators.

A new sports betting bill has been filed in **Texas**, which would allow for state-wide mobile sports betting with a 6.25% tax on gross gaming revenue and a ban on betting on local college teams. The bill caps the number of available licenses at five and appears to legalise online sports wagering only. Texas has the potential to be one of the largest sports betting markets in the US.

**Connecticut** lawmakers backed a new bill at the beginning of January 2021 that would allow the state's two tribes to run sports betting. The bill would authorise the Mashantucket Pequot Tribe and Kambi's partner the Mohegan Tribe of Indians to offer online sports betting and retail betting on tribal land.

In **Maryland**, having approved the ballot to authorise sports wagering in November 2020, lawmakers returned to a new session in mid-January 2021 to reintroduce the bills considered last year. Legislation must be passed in 2021 and signed by the Governor before sports betting can launch.

Following the legalisation of sports betting in **Louisiana** in November, lawmakers will return when the session begins in mid-April 2021 to pass enabling legislation in relation to 55 of the 64 parishes which approved the ballot. It is understood that sports betting is likely to launch during the year.

In **Iowa**, the initial period of on-premise registration of online accounts elapsed at the turn of the year, meaning players can now sign up for sports betting accounts remotely from anywhere within state borders. The change is expected to have a positive impact on the size of the market, which up until this point had been limited due to the in-person sign-up requirement.

Meanwhile, a bill has been filed in **Oregon** which seeks to open up the market, currently based on the lottery monopoly model, to a wider number of operators. As well as providing competition to the Oregon Lottery sportsbook, the bill also aims to repeal the state's ban on betting on college sports.



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	4	RSI, Penn, Kindred, DraftKings, CDI
Iowa	3.2	2	4	RSI, Penn, DraftKings
Michigan	10.0	4	7	RSI, Penn, Parx, Four Winds, DraftKings, CDI
Mississippi	3.0	n/a	7	Penn, CDI
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	9	RSI, Penn, Parx, Kindred, DraftKings, CDI
Tennessee	6.8	1	n/a	DraftKings
Virginia	8.5	2	n/a	RSI, DraftKings
West Virginia	1.8	1	1	Penn, DraftKings

### Rest of the world

In **Argentina**, Buenos Aires City has approved regulations for online sports betting, with a potential market go live date of Q1 2021. Meanwhile, Buenos Aires Province has begun awarding licences to those operators who made the shortlist last year. Several Argentine Provinces are following Buenos Aires in regulating sports betting, including the Neuquén Province, home to Kambi partner Casino Magic.

In **Brazil**, a government official has communicated that the final online and land-based sports betting rules should be ready for release by July 2021. However, the issue of licences will require more time therefore the market is not expected to go live until H1 2022.

Lawmakers in **Chile** have signalled their intent to regulate online sports betting with a bill expected to be filed in Q1 2021. Officials have stated a desire to protect consumers through new legislation and the wish to generate additional tax revenues as the key drivers behind the anticipated bill.

In **Germany**, officials continue setting in motion procedures that could lead to the new gambling regime taking effect on 1 July 2021. Some states are already beginning to implement the treaty from October 2020 under the transitional regime in which operators will be permitted to offer online sports betting on the basis that they adopt the requirements planned for summer 2021.

The government in the **Netherlands** has submitted an amended version of its Remote Gambling Act and secondary regulations implementing the regime to the European Commission for review and approval. Draft versions of the legislation have been released; however, a final decision is still awaited.

The licensing application process is now expected to commence in April 2021, with the market expected to go live on 1 October 2021.

In **Canada**, hopes for the legalisation of single-event sports wagering received a huge boost in November when the re-introduction of legislation was backed by the federal government. Currently, the provinces and territories are only permitted to allow parlay wagering through “lottery schemes”. The new bill is expected to pass into law in H1 2021. It will then be up to the provinces to create their own regulatory and licensed market. The provincial government of Ontario has already signalled its plans to move forward with replacing its existing state-run online gambling monopoly with a competitive market.

## **Kambi initiatives**

### **Harnessing the power of the network**

Kambi has experienced substantial growth in recent years, highlighted by the record quarterly performance in Q4. This quarter saw a year-on-year operator turnover increase of 77% and more than three million unique online accounts active across the Kambi network. As the Kambi network continues to grow, so too does the value it offers its partners. The success Kambi delivers is anchored in its ability to leverage its network data from a global player base, creating network advantages that increase as each new partner is added and existing partners grow.

In short, the Kambi network is greater than the sum of its parts. Every player interaction or bet benefits each of Kambi’s partners, whether they took the informative bet themselves or not. For example, a greater volume of data will lead to a more accurate understanding of player behavioural habits, aiding Kambi in providing a more frictionless and intuitive user experience. Furthermore, a higher volume of bets creates additional data points which enables faster price discovery, thereby protecting our partners’ margins through the provision of more accurate prices at earlier points in the odds lifecycle. Kambi’s models for odds generation, player categorisation and risk management have been stress-tested, iterated and improved using this ever-growing data set. Sports betting is a data-driven enterprise, the more data you have the better you are able to analyse and optimise your product.

These advantages, as well as others, become more apparent with each new partner signed or jurisdiction entered. When a new partner joins the Kambi network, not only does that partner immediately benefit from a sportsbook built using increasingly rich data, but the entire network benefits from the additional data created by the joining partner. It is this model which has provided the basis of our partners’ sportsbook success and one which Kambi continues to develop and, where possible, automate using artificial intelligence and machine learning techniques to deliver even greater advantages in the future.

## Financial review

### Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the fourth quarter of 2020, revenue was €46.9 (Q4 2019: 26.7) million. Revenue derived from locally regulated markets in Q4 was 85% (78%). Revenue for the full year of 2020 was €117.7 (92.3) million.

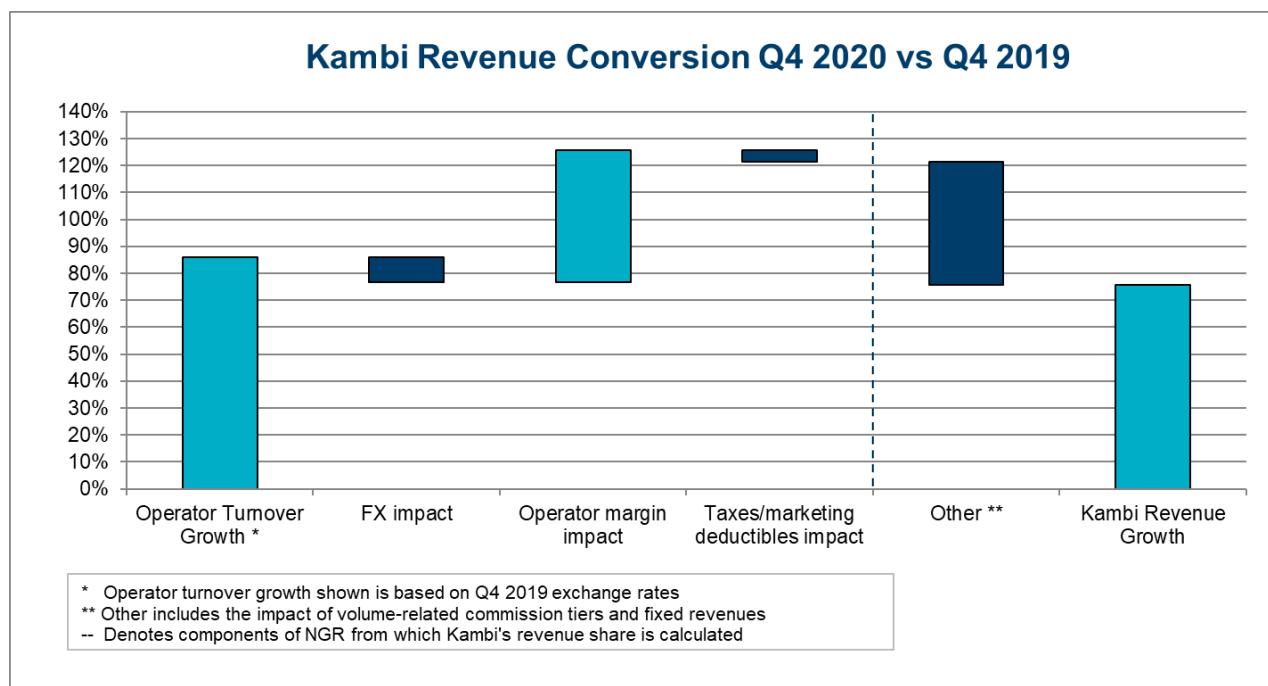
Operator turnover at constant exchange rates grew by 86% and the operator trading margin was 9.4% (7.4%) in Q4. There was a negative impact on Kambi's revenue due to significant movement of USD against EUR compared to Q4 2019. The operator turnover growth including the FX impact was 77%.

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 can be seen from the 'other' category in the below chart, this effect was particularly marked in Q4 2020 as a result of the exceptional operator GGR growth during the quarter, resulting in certain thresholds being achieved by Kambi's major operators and lower effective commission rates correspondingly.

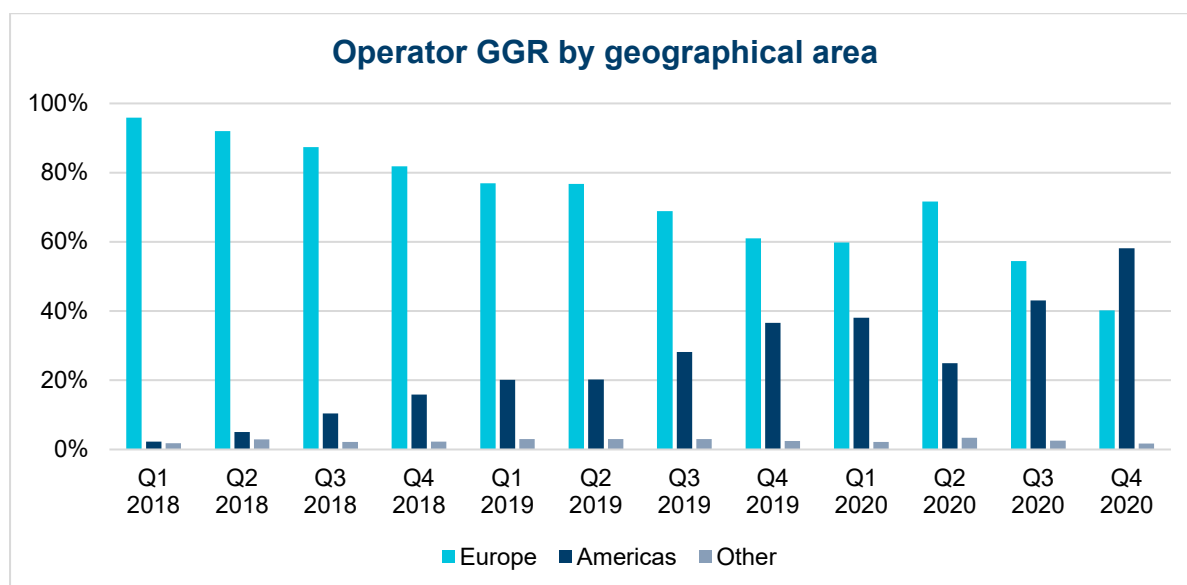
The net effect of the above factors was a €20.2 million increase in quarterly revenue year-on-year.

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



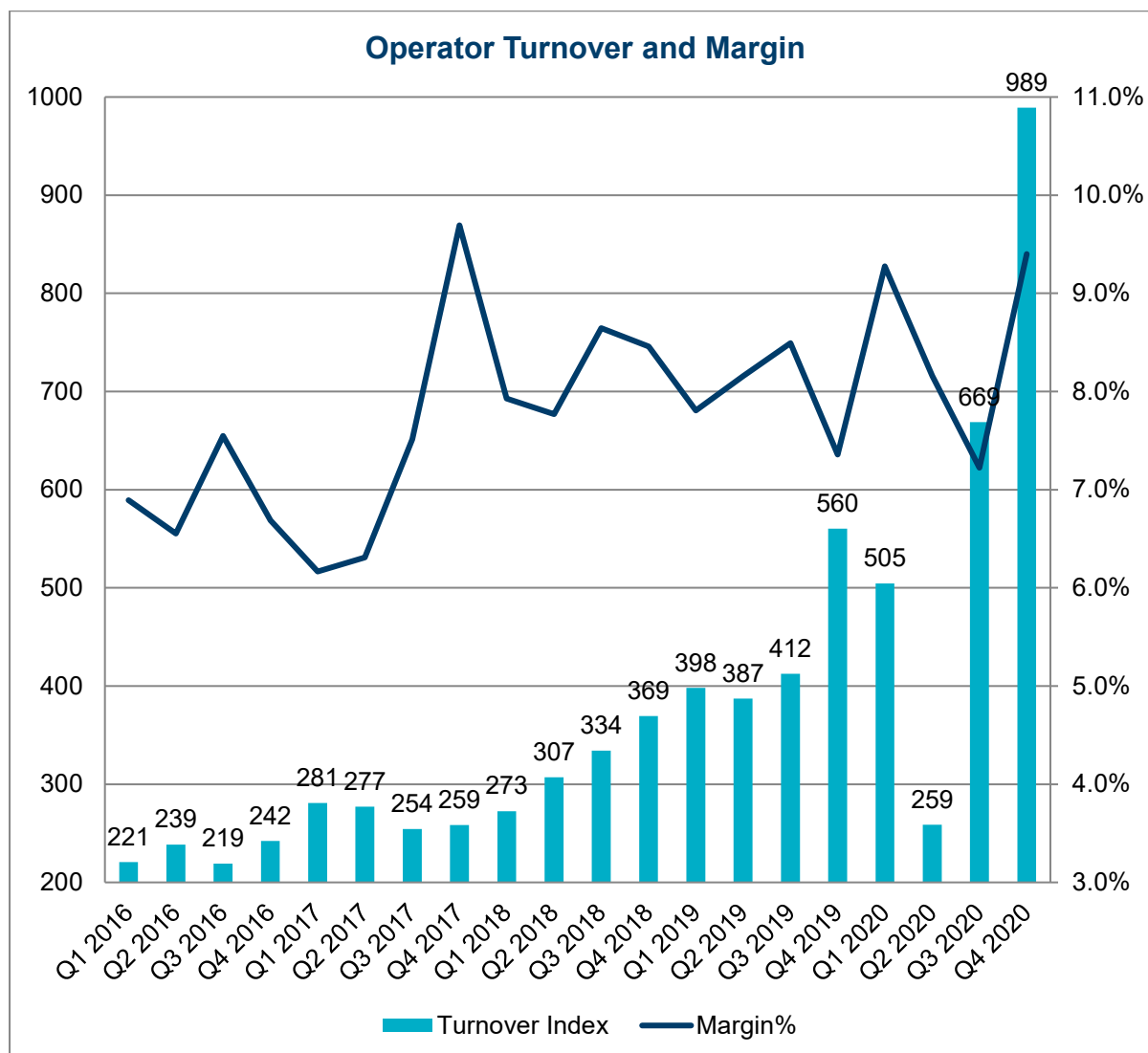
**Geographical revenue analysis**

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, the largest market for Kambi in Q4 2020; and the Rest of the World, being those other opportunities that may arise outside of Kambi’s two main focal areas. Americas has increased to 58% (37%) of the total operator GGR for the quarter, continuing the trend seen previously due to the growth in both existing and new US states. Europe remains a key market with growth of 51% in operator GGR in comparison to Q4 2019.



## 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 2017 and also illustrates Kambi's operators' quarterly trading margin.



Operator turnover for the fourth quarter of 2020 was 989, an increase of 77% compared with 560 for the fourth quarter of 2019. The substantial growth was driven by continued momentum in all markets, expansion into more US states, new partner signings and strong growth, particularly in American football, soccer and basketball.

As can be seen in the graph above, the operator turnover levels in Q1 and, in particular, Q2 2020 were adversely impacted by the reduced sporting calendar as a result of COVID-19.

### Operator trading margin

The operator trading margin for the quarter was 9.4% (7.4%), due to an extended run of favourable sporting results, across multiple sports, but especially American football and European soccer leagues. 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 7.0 – 8.5%. This represents a slightly higher expected range than the previous guidance of 7.0 – 8.0% and is driven by increased popularity for higher margin products. The operator trading margin for the past 12 month period has been 8.6%.

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 Americas
- New customer integrations

### Capitalised development costs

In the third quarter of 2020, development expenditure of €4.7 (4.1) million was capitalised with €16.5 (14.9) million capitalised for the full year 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 €3.3 (2.7) million, and for the full year of 2020 was €12.4 (9.8) 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 fourth quarter of 2020 were €24.7 (20.5) million, and €85.5 (77.6) million for the full year of 2020. Operating expenses were higher than the guidance previously provided due to

additional social security costs in relation to the share options programmes, as these are directly driven by movements in the share price.

Total operating expenses in Q1 2021 are expected to be in the range of €23.5 - 24.5 million, of which approximately €1.0 million relates to variable social security costs in relation to the share option programmes.

Total operating expenses for 2021 are expected to be in the range of €100.0 - 105.0 million.

### Operating profit

Operating profit for the fourth quarter of 2020 was €22.2 (6.2) million, with a margin of 47.3% (23.1%), and €32.2 (14.7) million for the full year of 2020, with a margin of 27.4% (16.0%). This demonstrates Kambi's highly scalable business model, whereby costs are not directly impacted by an increase in revenue. Therefore, the growth in Q4 revenue resulted in a significant increase in operating profit and margin.

### Profit before tax

Profit before tax for the fourth quarter of 2020 was €22.1 (5.5) million. Profit before tax for the full year of 2020 was €31.0 (13.6) million.

### Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the fourth quarter of 2020 was €4.8 (0.9) million. The tax expense for the full year of 2020 was €7.0 (3.2) million.

### Profit after tax

Profit after tax for the fourth quarter of 2020 was €17.3 (4.6) million. Profit after tax for the full year of 2020 was €24.1 (10.4) million.

### Financial position and cash flow

The net cash position at 31 December 2020 was €53.5 (37.7) million.

Cash flow from operating and investing activities (excluding working capital) amounted to €20.5 (4.4) million for the fourth quarter of 2020, and €28.7 (8.6) million for the full year of 2020.

Net cash flow was an increase of €14.6 (3.6) million for the quarter and €16.4 (6.9) million for the full year of 2020 due to strong cash receipts in Q4 2020, with the resulting cash balance at the end of Q4 2020 amounting to €60.8 (45.0) million. Trade and other receivables have increased by €14.6 million from Q4 2019 to €36.6 (22.0) million at Q4 2020. This is a result of the record revenues in Q4 2020 and includes two months' worth of invoices to Kambi's operators.

### Personnel

Kambi had 878 (865) employees equivalent to 866 (854) full time employees at 31 December 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, Verolda 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](mailto: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

28 April 2021	Q1 2021 report
11 May 2021	2021 AGM
23 July 2021	Q2 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 30-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](mailto: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.

Malta, 10 February 2021

Q4 Report 2020 (unaudited)

**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, 10 February 2021 at 07:45 CET by CEO Kristian Nylén.

**CONSOLIDATED INCOME STATEMENT**

€ '000

	Q4 2020	Q4 2019	Jan-Dec 2020	Jan - Dec 2019
<b>Revenue</b>	<b>46,925</b>	<b>26,720</b>	<b>117,685</b>	<b>92,294</b>
Staff costs	-13,771	-10,482	-43,063	-37,555
Amortisation	-3,257	-2,705	-12,375	-9,796
Data supplier costs	-3,128	-2,478	-10,803	-8,213
Other operating expenses	-4,573	-4,883	-19,215	-22,004
<b>Total operating expenses</b>	<b>-24,729</b>	<b>-20,548</b>	<b>-85,456</b>	<b>-77,568</b>
<b>Profit from operations</b>	<b>22,196</b>	<b>6,172</b>	<b>32,229</b>	<b>14,726</b>
<i>Operating margin</i>	47.3%	23.1%	27.4%	16.0%
Investment income	31	5	38	35
Finance costs	-170	-180	-652	-636
<b>Profit before items affecting comparability</b>	<b>22,057</b>	<b>5,997</b>	<b>31,615</b>	<b>14,125</b>
Items affecting comparability <sup>1</sup>	-	-494	-590	-494
<b>Profit before tax</b>	<b>22,057</b>	<b>5,503</b>	<b>31,025</b>	<b>13,631</b>
Income tax	-4,783	-897	-6,969	-3,182
<b>Profit after tax</b>	<b>17,274</b>	<b>4,606</b>	<b>24,056</b>	<b>10,449</b>

<sup>1</sup> 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

	Q4 2020	Q4 2019	Jan - Dec 2020	Jan - Dec 2019
<b>Profit after tax for the period</b>	<b>17,274</b>	<b>4,606</b>	<b>24,056</b>	<b>10,449</b>
Other comprehensive income:				
Currency translation adjustments taken to equity	274	216	-955	-578
Actuarial gain/(loss) on employee defined benefits	-58	-43	-58	-43
<b>Comprehensive income for the period</b>	<b>17,490</b>	<b>4,779</b>	<b>23,043</b>	<b>9,828</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

€ '000

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>ASSETS</b>		
<b><i>Non-current assets</i></b>		
Intangible assets	22,425	18,458
Property, plant and equipment	10,181	11,661
Deferred tax assets	6,500	3,321
	<b>39,106</b>	<b>33,440</b>
<b><i>Current assets</i></b>		
Trade and other receivables	36,632	21,994
Cash and cash equivalents	60,826	44,988
	<b>97,458</b>	<b>66,982</b>
<b>Total assets</b>	<b>136,564</b>	<b>100,422</b>
<b>EQUITY AND LIABILITIES</b>		
<b><i>Capital and reserves</i></b>		
Share capital	92	91
Share premium	58,237	57,640
Other reserves	5,950	3,377
Currency translation reserve	-3,357	-2,402
Retained earnings	37,093	13,037
<b>Total equity</b>	<b>98,015</b>	<b>71,743</b>
<b><i>Non-current liabilities</i></b>		
Convertible bond	7,345	7,297
Lease liabilities	3,537	5,011
Other liabilities	330	225
Deferred tax liabilities	1,219	280
	<b>12,431</b>	<b>12,813</b>
<b><i>Current liabilities</i></b>		
Trade and other payables	16,453	11,076
Lease liabilities	2,326	2,719
Tax liabilities	7,339	2,071
	<b>26,118</b>	<b>15,866</b>
<b>Total liabilities</b>	<b>38,549</b>	<b>28,679</b>
<b>Total equity and liabilities</b>	<b>136,564</b>	<b>100,422</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

€ '000

	Q4 2020	Q4 2019	Jan - Dec 2020	Jan - Dec 2019
<b>OPERATING ACTIVITIES</b>				
Profit from operations	22,196	6,172	32,229	14,726
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	1,325	1,214	5,079	4,534
Amortisation of intangible assets	3,257	2,705	12,375	9,796
Bad debt expense	-	-	-590	-
Share-based payment	242	143	1,372	647
<b>Operating cash flows before movements in working capital</b>	<b>27,020</b>	<b>10,234</b>	<b>50,465</b>	<b>29,703</b>
(Increase)/decrease in trade and other receivables	-9,088	-2,311	-14,638	-3,665
(Decrease)/increase in trade and other payables	3,825	18	5,377	1,148
(Decrease)/increase in other liabilities	65	69	105	91
<b>Cash flows from operating activities</b>	<b>21,822</b>	<b>8,010</b>	<b>41,309</b>	<b>27,277</b>
Income taxes paid net of tax refunded	-1,464	-1,650	-2,759	-3,727
Interest income received	32	5	38	35
<b>Net cash generated from operating activities</b>	<b>20,390</b>	<b>6,365</b>	<b>38,588</b>	<b>23,585</b>
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment	-416	-52	-2,575	-2,508
Development and acquisition costs of intangible assets	-4,651	-4,091	-16,459	-14,889
<b>Net cash used in investing activities</b>	<b>-5,067</b>	<b>-4,143</b>	<b>-19,034</b>	<b>-17,397</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issue of new shares	23	2,264	197	3,831
Payment of lease liabilities	-724	-818	-2,989	-2,731
Interest paid	-48	-41	-389	-340
<b>Net cash generated/(used in) financing activities</b>	<b>-749</b>	<b>1,405</b>	<b>-3,181</b>	<b>760</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,574</b>	<b>3,627</b>	<b>16,373</b>	<b>6,948</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>45,852</b>	<b>41,474</b>	<b>44,988</b>	<b>38,350</b>
<b>Effect of foreign exchange differences</b>	<b>400</b>	<b>-113</b>	<b>-535</b>	<b>-310</b>
<b>Cash and cash equivalents at end of period</b>	<b>60,826</b>	<b>44,988</b>	<b>60,826</b>	<b>44,988</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

€ '000

	Q4 2020	Q4 2019	Jan - Dec 2020	Jan - Dec 2019
<b>Opening balance at beginning of period</b>	79,001	64,890	71,743	57,770
<b>Comprehensive income</b>				
Profit for the period	17,274	4,606	24,056	10,449
<i>Other comprehensive income:</i>				
Translation adjustment	274	216	-955	-578
Actuarial gain/(loss) on employee defined benefits	-58	-43	-58	-43
	<b>17,490</b>	<b>4,779</b>	<b>23,043</b>	<b>9,828</b>
<b>Transactions with owners</b>				
Share options - value of employee services	242	143	1,372	647
Other	23	2,264	598	3,831
Tax on share options	1,259	-333	1,259	-333
	<b>1,524</b>	<b>2,074</b>	<b>3,229</b>	<b>4,145</b>
<b>Closing balance at end of period</b>	<b>98,015</b>	<b>71,743</b>	<b>98,015</b>	<b>71,743</b>

**KEY RATIOS**

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

	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>Jan - Dec 2020</b>	<b>Jan - Dec<sup>1</sup> 2019</b>
Operator turnover <sup>1</sup> as index of Q1 2014	989	560	n/a	n/a
Operating (EBIT) <sup>2</sup> margin, %	47.3%	23.1%	27.4%	16.0%
EBITDA <sup>2</sup> (€m)	26.8	10.1	49.7	29.1
EBITDA <sup>2</sup> margin, %	57.1%	37.8%	42.2%	31.5%
Equity/assets ratio, %	71.8%	71.4%	71.8%	71.4%
Employees at period end	878	865	878	865
Earnings per share (€)	0.558	0.152	0.781	0.345
Fully diluted earnings per share (€)	0.541	0.148	0.763	0.339
Number of shares at period end	30,954,697	30,522,197	30,954,697	30,522,197
Fully diluted number of shares at period end	32,070,681	31,054,553	32,070,681	31,054,553
Average number of shares	30,953,371	30,388,925	30,815,376	30,291,711
Average number of fully diluted shares	31,951,619	31,018,964	31,510,893	30,823,711

<sup>1</sup> Operator turnover is defined as total stakes placed with operators by end users

<sup>2</sup> Excluding items affecting comparability (2020: 590k bad debt expense, 2019: 494k impairment of Kambi's investment in Midia Holding Limited)