

Kambi Group plc

Q1 Report 2020

Financial summary

- Revenue amounted to €27.9 (Q1 2019: 21.0) million for the first quarter of 2020, an increase of 33%
- Operating profit (EBIT) for the first quarter of 2020 was €6.8 (2.6) million, with a margin of 24.5% (12.4%)
- Profit after Tax amounted to €4.8 (2.0) million for the first quarter of 2020
- Earnings per share for the first quarter of 2020 were €0.156 (0.066)
- Cash flow from operating and investing activities (excluding working capital movements) amounted to €4.1 (1.1) million for the first quarter of 2020

First quarter financial breakdown

€m	Q1 2020	Q1 2019	Change %	Jan - Dec 2019
Revenue	27.9	21.0	+32.8%	92.3
Operating result ¹	6.8	2.6	+162.2%	14.7
Operating margin	24.5%	12.4%		16.0%
Result after tax ²	4.8	2.0	+140.7%	10.4
Cash flow ³	4.1	1.1		8.6
Net cash	39.0	33.5		37.7
Earnings per share	€0.156	€0.066	+136.4%	€0.345

¹ Operating result before items affecting comparability in Q1 2020 (bad debt expense of €0.6m)

² Result after tax includes items affecting comparability in Q1 2020 (bad debt expense of €0.6m)

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

Key highlights

- Strong financial performance with 33% year-on-year rise in Q1 revenue and 27% year-on-year increase in Q1 operator turnover, despite reduced sports schedule from 12 March 2020
- Average daily operator turnover to 12 March 2020 up 47% on the comparative period in Q1 2019 and up 7% on the comparative period in Q4 2019
- Multiple partner launches, including taking the first legal sports bets in the US states of Illinois and Michigan, further demonstrating Kambi's regulatory and operational excellence

CEO comment



“The coronavirus pandemic is having a major impact on people’s lives and livelihoods and represents a global challenge of the like we have never faced before. Industries of all kinds have been affected and interrupted, with our own sports betting industry no exception.

The sports calendar has been stripped bare across the world, with major leagues and events being cancelled or postponed, quite rightly, until safety can be guaranteed. And while I have no doubt sports will return, the current situation has understandably led to a reduction in our revenues, although our teams have done a wonderful job to stem the flow and ensure our partners have a good product to sell. In the final weeks of Q1 and early Q2, we have been running at approximately 25-30% of previous levels in Q1, despite our increasingly material retail business being all but closed.

Despite the much lighter sporting calendar during the latter weeks of the first quarter, Kambi posted strong growth numbers. Operator turnover for the period was up 27% while our revenue increased by a third to €27.9m. EBIT was €6.8m, and we ended Q1 with a cash balance of €46.3m, a sum which will help us withstand the worst-case scenario: an extended period without major sports.

It’s worth highlighting the momentum we had built before the pandemic began to make its presence felt on the sporting calendar. Up to and including 12 March, Kambi’s average daily operator turnover in Q1 was up 47% on the respective period in Q1 2019, and on track to eclipse our record operator turnover of the previous quarter, with it ahead 7% on the comparative period in Q4 2019, despite fewer American football fixtures due to the season’s end.

Furthermore, on 9 and 11 March we processed the first legal bets in the states of Illinois and Michigan respectively. This continued our fantastic performance of getting partners to market quickly with a high quality and compliant sports betting service. To illustrate, Kambi is now active in 10 US states, achieving market firsts on eight occasions. In addition, we recently received our licence for the state of Colorado, where we expect to go live soon.

As announced earlier this month, we introduced a major cost saving programme, to which our staff have readily adapted. I must thank our people for the resilience they have shown during this difficult period. I feel proud of their commitment to our partners to deliver a quality service under the circumstances.

We owe it to our all our employees, partners and investors to ensure we are in the strongest position possible to pick up where we left off when sports do resume, and we enter what promises to be a prolonged period of busy sporting action. I’m confident the cost saving measures we’ve introduced in recent weeks, our strong balance sheet, and the flexibility we have retained to be back running at 100% capacity almost immediately, will ensure we are able to do so, alongside our fantastic partners.

So even though our momentum has been slowed by the unfortunate events of recent months, the decisions we have taken see us well placed to move through the gears as soon as the virus is under control and major sports return. There are positive signs some leagues and tours may resume before or during the summer, albeit behind closed doors, and when they do, we’ll be ready.”

Q1 Highlights

Trading update

Kambi Q1 revenues were €27.9m, up 33% year-on-year, buoyed by a 27% rise in operator turnover and an operator trading margin of 9.3%. This strong growth comes despite trading during the final 19 days of the quarter, approximately 20% of the period, being severely impacted by the Covid-19 outbreak and the subsequent postponement of sports events.

Growth was driven by a strong soccer performance, which not only delivered the largest operator turnover of any sport, but also recorded a high operator trading margin, particularly among English and Spanish leagues. The return of the Champions League also provided favourable trading results, principally the low-scoring Atletico Madrid vs. Liverpool and Lyon vs. Juventus matches.

Operator turnover growth was also considerable in basketball and American football. As previously reported, turnover for the Super Bowl was more than three times that of the 2018 soccer World Cup final, making it Kambi's largest turnover event of all time. In addition, operator turnover for the conference final between the Green Bay Packers and San Francisco 49ers made it the fourth largest event of all time.

This strong trading performance meant that for the period up to and including 12 March, average daily operator turnover was up 47% on the same period in Q1 2019 and 7% ahead of Q4 2019. Had trading continued on this trajectory for the remainder of the month the Kambi operator turnover index for Q1 would have been approaching 600.

Partner launches

Kambi reached several US-related milestones during the quarter as it continued to cement its position as the industry's most trusted sports betting partner. In Q1, not only did Kambi launch in three new states to make it 10 in total, but it also surpassed 30 on-property launches since its US retail debut in Q4 2018, at an average of more than five per quarter. In addition, there are now well in excess of 500 Kambi kiosks in operation in the US, which combine to drive the majority of turnover at on-property sportsbooks. The three new US states added to Kambi's live list in Q1 were Mississippi, Illinois and Michigan. In the case of both Illinois and Michigan, Kambi ensured its partners were ready and able to take the states' first legal sports bets. Kambi also made further online and/or retail launches in West Virginia, Pennsylvania and Iowa.

Security operations

Kambi employs a multi-layered cybersecurity operation, which is continuously and vigorously tested both internally by Kambi and externally by a third-party. The potential implications of the recent increase in remote working have changed our threat level and for that reason, coupled with recent industry events, we have been performing a full review of our security posture. Kambi's security operations team continues to work at full capacity during this time to ensure the continuation of our service for our partners.

Commercial update

As per a press release published 12 March, Kambi placed a temporary suspension on its sports betting service to National Lottery AD, after the Bulgarian operator voluntarily handed back its operating licence to the local gaming regulator. As the temporary suspension is anticipated to become permanent, and in accordance with IFRS 9, Kambi has taken a bad debt expense of €0.6 million in Q1 2020, being recognised as an expense within items affecting comparability in the Group's income statement.

Events after Q1

Commercial update

As announced yesterday, 23 April, the business combination between DraftKings and SBTech received shareholder approval. As previously communicated, Kambi remains well-positioned for long-term growth and will continue to serve DraftKings as per the terms of its contract with the technology and services that has enabled the operator to take a leading position in multiple US states.

On 1 April, Kambi partner 888 Holdings completed the migration of its Sweden-based players from the Kambi sportsbook platform to its proprietary sportsbook. The migration of 888's Swedish business will have a negligible impact on Kambi's 2020 revenues.

Coronavirus mid-to-long-term impacts

The sports betting industry is currently affected by a reduction in sports events and therefore a reduced revenue stream during this period. For those with the capability to not only withstand this challenging period but do so without diminishing their growth prospects, the reward will eventually be a busy and extended period of sports, as leagues and governing bodies attempt to play out the remainder of their respective seasons in a condensed timeframe. Kambi has been careful to ensure it has retained the ability and skills to be able to handle such a large volume of sports played simultaneously for a lengthy period. Kambi also sees the potential for an expediting of online sport betting regulation in jurisdictions that have so far refrained from online regulation.

Kambi believes the current challenging period of fewer sports will serve as a reminder of the benefits of outsourcing. The costs associated with running, maintaining and continuously developing a high-quality sportsbook, one with the capability to comply with the growing number of complex regulations, continue to rise and are only sustainable for the few companies that possess sufficient scale. Due to its revenue share model, Kambi's operators benefit from reduced costs during periods of quieter sporting action.

The sports betting industry in which Kambi participates has previously shown resilience during times of wider economic strain. While Kambi does not believe the sports betting industry is recession-proof, there is evidence to suggest the industry will suffer to a far less degree than others, pending the return of sporting action.

Regulatory update

United States

The state-by-state regulation of sports betting in the US continued in Q1 with several states either passing bills to regulate or making progress towards regulation.

The first **Colorado** sports betting licenses and permanent sports betting rules have been finalised by Colorado's Limited Gaming Control Commission. Kambi has successfully obtained its permit and the Colorado market could potentially go live from 1 May 2020.

Washington became the 21st state to legalise betting on sports when its governor signed legislation to authorise sports wagers in tribal casinos only. There is no current plan to introduce online sports betting in Washington in the immediate future.

Following the recent passing of a sports betting bill, final regulations have been published in **Tennessee** with licensing applications to become available imminently. Unfortunately, regulations include a mandate for a minimum 10% hold, which Kambi believes will reduce market potential.

In the state of **Massachusetts**, a bill proposing to legalise sports betting has been advanced. The bill seeks to authorise sports betting for three casinos and up to five online operators with a tax rate of 10% and 12% of revenue respectively. The deadline for the legislature to pass the bill is July 31.

With the regular legislative session nearing an accelerated end due to coronavirus, the **Maryland** House of Representatives passed legislation that would allow voters to permit sports betting at the polls this November. Operators would be taxed 20% of revenue.

In **Virginia**, a sports betting bill has been passed that could allow up to 18 online operators into the market. The bill, which will tax operators 15% of revenue, will now be considered by the state governor.

In **New York State**, the governor has once again excluded the possibility for online sports betting from his annual budget. Despite pressure from legislators, it is now unlikely online sports betting will be on the agenda until 2021.

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

State	Population (m)	Online skins	Retail properties	Kambi-powered operators
Illinois	12.7	n/a	2	RSI*, Penn**
Indiana	6.7	2	3	RSI, DraftKings, Penn
Iowa	3.2	1	4	Penn, DraftKings
Michigan	10.0	n/a	1	Penn
Mississippi	3.0	n/a	5	Penn
New Hampshire	1.4	1	n/a	DraftKings
New Jersey	8.9	4	1	RSI, Kindred, DraftKings, 888
New York	19.5	n/a	5	RSI, Seneca, DraftKings
Pennsylvania	12.8	5	9	RSI, Parx, Kindred, DraftKings, Penn
West Virginia	1.8	1	1	Penn, DraftKings

* RSI = Rush Street Interactive

** Penn = Penn National Gaming

Rest of the world

The city of **Buenos Aires** has approved regulations for online gambling, with a potential market go-live date of Q4 2020. An unlimited number of operating licenses will be available, although operators must have total sales revenue over ARS\$100m and have been in business for at least two years.

The launch of regulated sports betting in **Brazil** has been pushed back to 2021 as the country prioritises its handling of the coronavirus pandemic. Although the activity itself is approved by law, sportsbooks cannot launch in Brazil until its official sports betting rules have been approved.

Germany's long-running efforts to introduce a new federal gambling treaty face further opposition and delay after an administrative court recently ruled the licensing process lacked transparency and consequently suspended the licence procurement process until further notice.

In **Sweden**, it has been proposed operators implement a bonus and deposit cap, limiting bonuses to SEK 100 (€9) per week and deposits to SEK 5,000 (€460) per week. The government has recommended the restrictions come into force on 1 June pending an open consultation until 7 May.

Kambi initiatives

Coronavirus business continuity

As a global business, with eight offices in seven countries across the world, Kambi has an inherent ability to cope with events that may impact the operations of one or more office, ensuring business continuity. Kambi has already successfully dealt with temporary offices closures due to the pandemic, effectively ensuring skills coverage with no service disruption by leveraging employees in other locations. Furthermore, to protect staff and to comply with various local guidelines, Kambi has efficiently transferred much of its workforce to remote working, with negligible to no impact on its operations.

In preparation for the reduced sporting calendar, Kambi conducted additional trader training aimed at educating traders on alternative sports and leagues where increased demand was identified. This has resulted in Kambi having the agility to react quickly to an evolving sporting calendar and manage any potential localised staffing challenges as a result of the virus.

As per its cost saving programme, announced 9 April, Kambi has been careful to ensure the business has retained the ability to instantly gear up as and when sports do return to action. Key to Kambi's business continuation plan has been to not only to ensure it can offer a service throughout the coronavirus period, but to retain the skills and experience it will require to meet the demands of what will be a busy sporting schedule in the months ahead.

Cost saving initiatives

The Company has made use of the following cost saving initiatives, amongst others, in order to ensure it is operating as efficiently as possible during this current period:

- UK government furloughing scheme allowing the Company to maintain approximately 25% of UK employees who are currently unable to work, with the government supporting salary costs
- Swedish government scheme whereby most staff are working 60% hours with a Swedish government salary subsidy. This will have the additional impact of reducing capitalised development expenditure as the Swedish office comprises the majority of the Group's IT developers.
- Reduction in IT consultancy usage thereby a significant reduction in consultancy costs and capitalised expenditure of consultants
- Reduction in the pass through costs for live events data due to reduced activity
- Reduction in various other areas including travel, marketing and a staff recruitment freeze across all locations

Financial review

Revenue

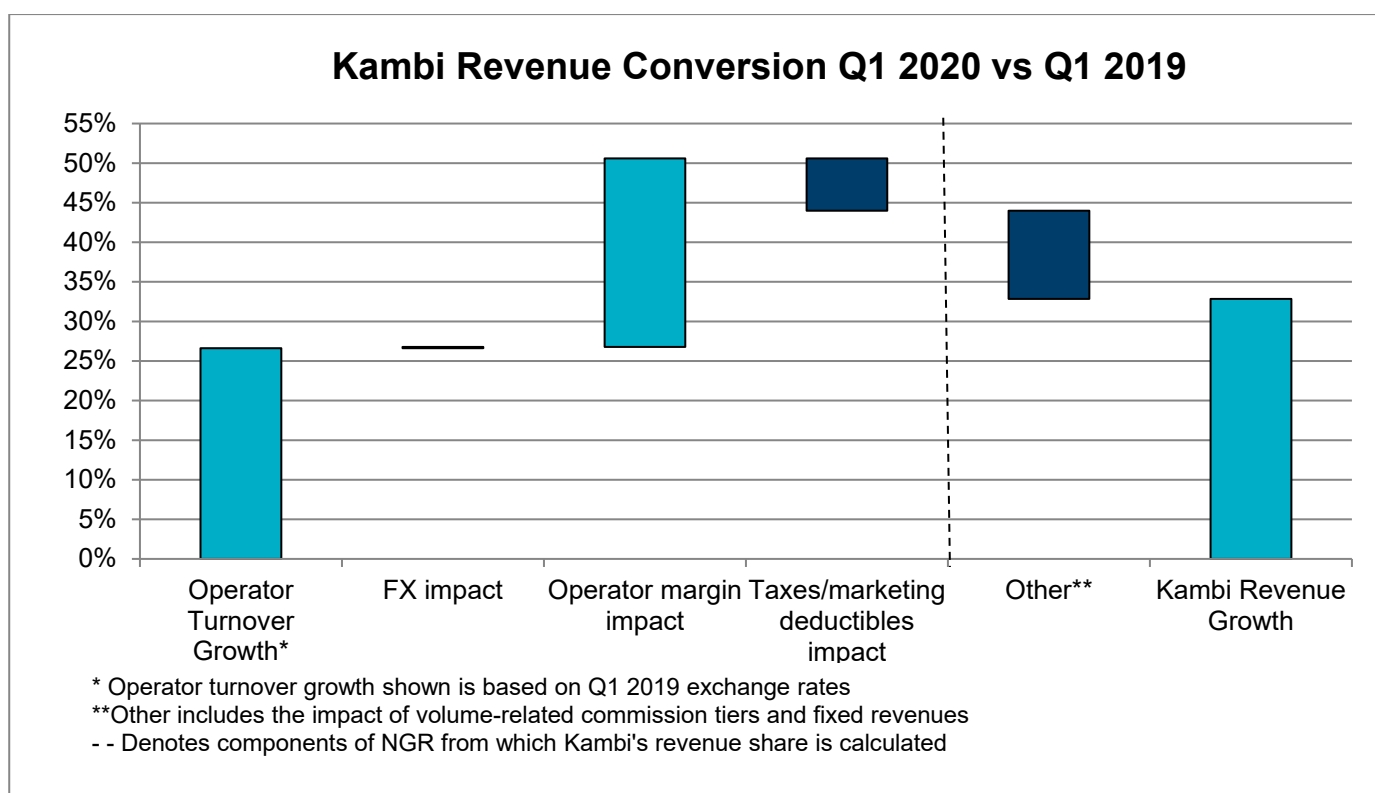
Revenue represents fees received for sports betting services rendered to Kambi’s operators. In the first quarter of 2020, revenue was €27.9 (21.0) million. Revenue derived from locally regulated markets in Q1 was 79% (71%).

The operator turnover growth in Q1 2020 was 27% (46%) and the operator trading margin was 9.3% (7.8%).

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 less deductible costs, such as free bets and tax (i.e. Net Gaming Revenue, 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 Q1 due to lower effective commission rates in Q1 2020 than in Q1 2019.

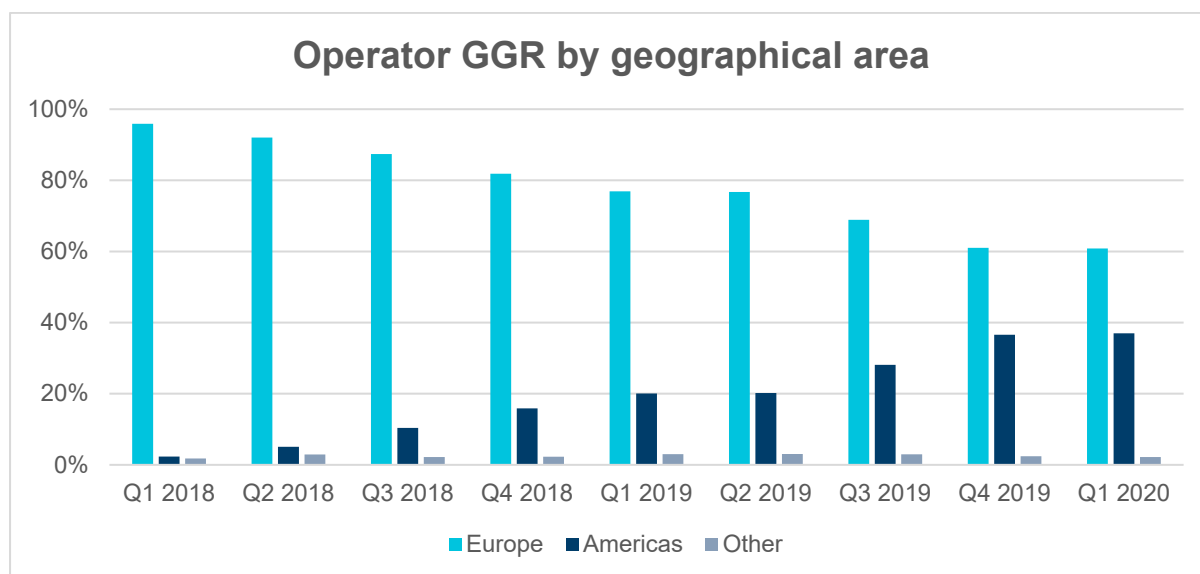
The net effect of the above factors was a €6.9 million increase in quarterly revenue year-on-year.

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



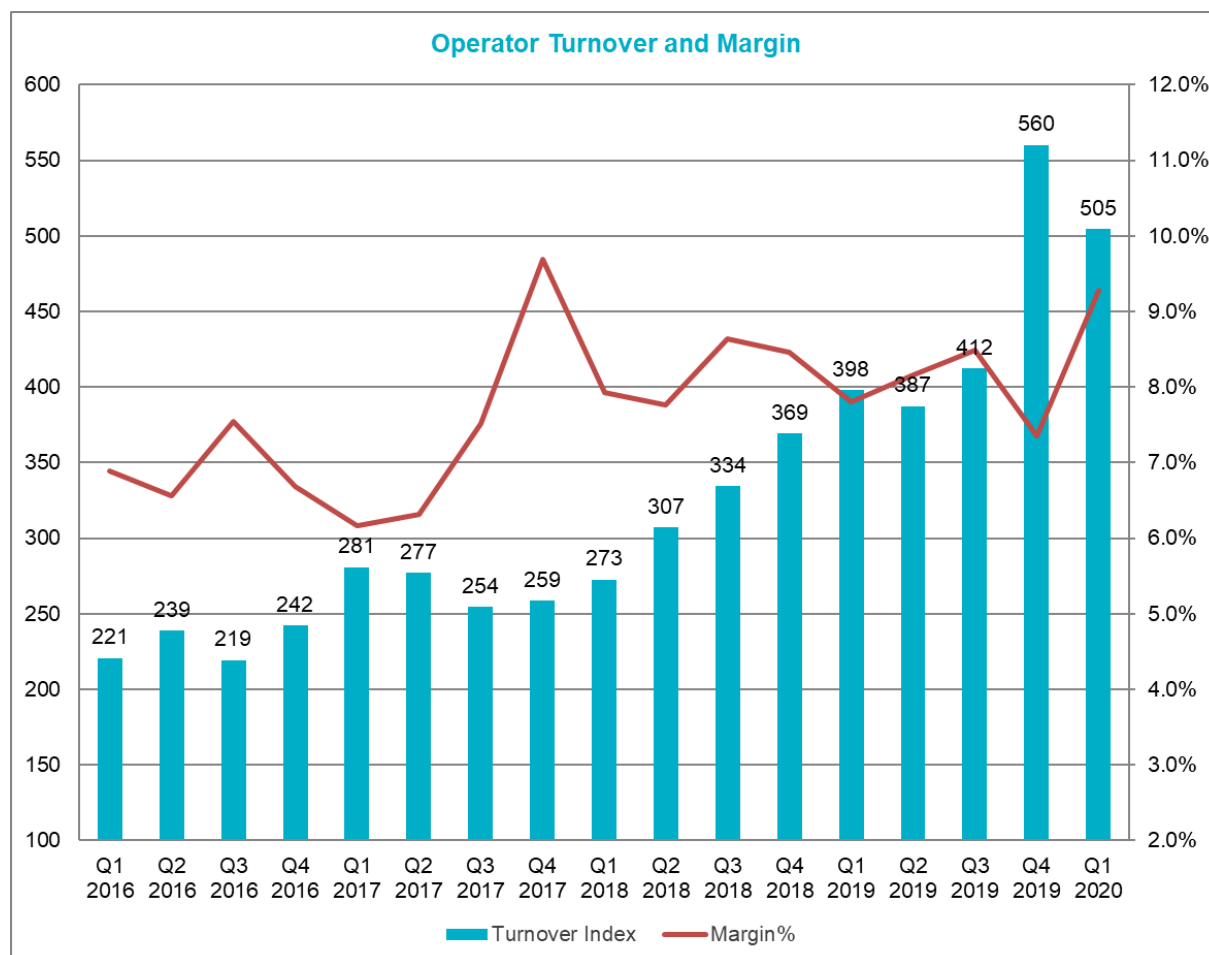
Geographical revenue analysis

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, however, with the emergence of the US market, alongside the success of Kambi’s Central and South American operators, it can be seen from the below graph that Kambi’s reliance upon the European market has decreased substantially year on year to 61% (77%), with the Americas comprising 37% (20%) for the first quarter of 2020. This demonstrates the continued trend towards diversification of Kambi’s product and customer portfolio.



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 first quarter of 2020 was 505, an increase of 27% compared with 398 for the first quarter of 2019. This growth was driven by expansion into US states regulated since the comparative period Q1 2019 and strong sporting calendar, including the Super Bowl, which again set a Kambi turnover record for a single sport event, with over double the turnover compared to the prior year. The decrease from prior quarter can be attributed to the aforementioned impact of the coronavirus globally, significantly impacting operator turnover from 13 March 2020.

Up to and including 12 March 2020, Kambi's average daily operator turnover was up 47% on the respective period in Q1 2019 and 7% compared to the comparative period in Q4 2019. If this trajectory had remained for the full quarter, the estimated Q1 Turnover index would have been approaching 600, another record quarter in terms of Operator Turnover.

Operator Turnover for the final 19 days of Q1 was approximately 25-30% compared to the weeks previous, due to the loss of most sports and the large majority of Kambi's retail business. This number increases to 40% for our online European partners, with US operators feeling the greatest impact. Much of this turnover was generated by traditionally less popular sports such as eSports and table tennis,

which saw a significant increase. The popularity of table tennis had such an effect that it contributed approximately a third of all turnover from mid-March onwards.

Operator trading margin

The operator trading margin for the quarter was 9.3% (Q1 2019: 7.8%), driven by favourable results in soccer, particularly the English and Spanish domestic leagues and Champions League. 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 8.3%.

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 cause 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. There was no significant net impact to Kambi of currency movements during the quarter.

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 first quarter of 2020, development expenditure of €4.7 (3.5) million was capitalised. These capitalised development costs are amortised over three years, starting in the year the costs are incurred. The amortisation charge this quarter was €2.9 (2.2) 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 first quarter of 2020 were €21.1 (18.4) million. Total operating expenses are anticipated to decrease during Q2 2020 by 20 - 25% compared to Q1 2020, as the business continues to realise the below-detailed cost saving measures taken in the light of the current coronavirus pandemic.

Should the current situation regarding cost saving initiatives implemented and the lack of sporting events continue for the remainder of the calendar year, full year costs would be expected to decrease 5 – 10% year on year. This assumes the applicable government support and other saving initiatives can continue to be realised throughout the rest of the year.

Once the sporting calendar resumes and restrictions are lifted, the business will be able to ramp up instantly to ensure that a full offering is available from day one, with associated costs.

Operating profit

Operating profit for the first quarter of 2020 was €6.8 (2.6) million, with a margin of 24.5% (12.4%).

Items affecting comparability – bad debt expense

On 12 March 2020, Kambi announced that a temporary suspension has been placed on its sports betting service to National Lottery AD, after the Bulgarian operator voluntarily handed back its operating licence to the local gaming regulator. As the temporary suspension is anticipated to become permanent, and in accordance with IFRS 9, Kambi has taken a bad debt expense of €0.6 million in Q1 2020, being recognised as an expense within items affecting comparability in the Group's income statement.

Profit before tax

Profit before tax for the first quarter of 2020 was €6.1 (2.5) million.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the first quarter of 2020 was €1.3 (0.5) million.

Profit after tax

Profit after tax for the first quarter of 2020 was €4.8 (2.0) million.

Financial position and cash flow

The net cash position at 31 March 2020 was €39.0 (33.5) million.

Cash flow from operating and investing activities (excluding working capital) amounted to €4.1 (1.1) million for the first quarter of 2020.

Cash conversion from operating activities in Q1 2020 was impacted significantly by both the increase in trade debtors due to the particularly strong February revenues and decreasing payables due to the payment of certain one-off annual costs. In early April, we have seen strong levels of cash receipts, which will ultimately be reflected in the Q2 2020 cash balance. In addition, capitalised development

expenditure is expected to decrease by approximately €1.0-1.5 million in Q2 based on the reduced Swedish working hours, further strengthening Kambi's cash position.

Personnel

Kambi had 863 (738) employees equivalent to 851 (732) full time employees at 31 March 2020, across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the UK, and the United States.

Nomination Committee

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 ultimately approves 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.

At the AGM on 16 May 2019, it was decided that the Nomination Committee for the AGM 2020 shall consist of not less than four and not more than five members, of which one shall be the Chairman of the Board of Directors.

The members of the Nomination Committee for the 2020 AGM 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

13 May 2020	AGM
24 July 2020	Q2 2020 report
6 November 2020	Q3 2020 report
10 February 2021	Q4 2020 report

Contacts

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About Kambi

Kambi is a provider of premium sports betting services to licensed B2C gaming operators. Kambi Group plc is listed on First North Growth Market at Nasdaq Stockholm. 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, DraftKings, Greenwood Gaming & Entertainment, Kindred Group, LeoVegas, Mohegan Gaming & Entertainment, Penn National Gaming, Rank Group and Rush Street Interactive. Kambi employs more than 850 staff across offices in Malta (headquarters), Australia, Romania, the UK, Philippines, Sweden, Australia 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, 24 April 2020 at 07:45 CET by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT

€ '000

	Q1 2020	Q1 2019	Jan - Dec 2019
Revenue	27,888	20,993	92,294
Staff costs	-10,449	-8,280	-37,555
Amortisation	-2,858	-2,216	-9,796
Data supplier costs	-2,681	-1,961	-8,213
Other operating expenses	-5,065	-5,929	-22,004
Total operating expenses	-21,053	-18,386	-77,568
Profit from operations	6,835	2,607	14,726
<i>Operating margin</i>	<i>24.5%</i>	<i>12.4%</i>	<i>16.0%</i>
Investment income	4	11	35
Finance costs	-167	-157	-636
Profit before items affecting comparability	6,672	2,461	14,125
Items affecting comparability ¹	-590	-	-494
Profit before tax	6,082	2,461	13,631
Income tax	-1,317	-481	-3,182
Profit after tax	4,765	1,980	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

	Q4 2019	Q4 2018	Jan - Dec 2019
Profit after tax for the period	4,765	1,980	10,449
Other comprehensive income:			
Currency translation adjustments taken to equity	-1,188	-90	-578
Actuarial loss on employee defined benefit scheme	-	-	-43
Comprehensive income for the period	3,577	1,890	9,828

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
€ '000

	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets	20,340	14,651	18,458
Investment in associate	-	494	-
Property, plant and equipment	11,697	12,307	11,661
Deferred tax assets	3,255	3,669	3,321
	35,292	31,121	33,440
Current assets			
Trade and other receivables	25,278	18,319	21,994
Cash and cash equivalents	46,269	40,766	44,988
	71,547	59,085	66,982
Total assets	106,839	90,206	100,422
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	92	90	91
Share premium	58,050	54,821	57,640
Other reserves	3,663	3,623	3,377
Currency translation reserve	-3,590	-1,914	-2,402
Retained earnings	17,804	4,178	13,037
Total equity	76,019	60,798	71,743
Non-current liabilities			
Convertible bond	7,309	7,263	7,297
Lease liabilities	4,952	6,607	5,011
Other liabilities	242	141	225
Deferred tax liabilities	279	84	280
	12,782	14,095	12,813
Current liabilities			
Trade and other payables	12,740	10,426	11,076
Lease liabilities	2,872	2,218	2,719
Tax liabilities	2,426	2,669	2,071
	18,038	15,313	15,866
Total liabilities	30,820	29,408	28,679
Total equity and liabilities	106,839	90,206	100,422

CONSOLIDATED STATEMENT OF CASH FLOWS
€ '000

	Q1 2020	Q1 2019	Jan - Dec 2019
OPERATING ACTIVITIES			
Profit from operations	6,835	2,607	14,726
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	1,202	1,072	4,534
Amortisation of intangible assets	2,858	2,216	9,796
Bad debt expense	-590	-	-
Share-based payment	289	127	647
Operating cash flows before movements in working capital	10,594	6,022	29,703
(Increase)/decrease in trade and other receivables	-3,283	-45	-3,665
(Decrease)/increase in trade and other payables	1,482	1,153	1,148
(Decrease)/increase in other liabilities	18	7	91
Cash flows from operating activities	8,811	7,137	27,277
Income taxes paid net of tax refunded	-965	-694	-3,727
Interest income received	4	11	35
Net cash generated from operating activities	7,850	6,454	23,585
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	-810	-714	-2,508
Development and acquisition costs of intangible assets	-4,740	-3,514	-14,889
Net cash used in investing activities	-5,550	-4,228	-17,397
FINANCING ACTIVITIES			
Proceeds from issue of new shares	11	1,012	3,831
Payment of lease liabilities	-490	-625	-2,731
Interest paid	-44	-31	-340
Net cash generated/(used in) financing activities	-523	356	760
Net increase in cash and cash equivalents	1,777	2,582	6,948
Cash and cash equivalents at beginning of period	44,988	38,350	38,350
Effect of foreign exchange differences	-496	-166	-310
Cash and cash equivalents at end of period	46,269	40,766	44,988

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000

	Q1 2020	Q1 2019	Jan - Dec 2019
Opening balance at beginning of period	71,743	57,770	57,770
<i>Comprehensive income</i>			
Profit for the period	4,765	1,980	10,449
<i>Other comprehensive income:</i>			
Translation adjustment	-1,188	-90	-578
Actuarial loss on employee defined benefits	-	-	-43
	3,577	1,890	9,828
<i>Transactions with owners</i>			
Share options - value of employee services	289	127	647
Other	410	1,011	3,831
Tax on share options	-	-	-333
	699	1,138	4,145
Closing balance at end of period	76,019	60,798	71,743

KEY RATIOS

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

	Q1 2020	Q1 2019	Jan - Dec 2019
Operator turnover ¹ as index of Q1 2014	505	398	n/a
Operating (EBIT) ² margin, %	24.5%	12.4%	16.0%
EBITDA ² (€m)	10.9	5.9	29.1
EBITDA ² margin, %	39.1%	28.1%	31.5%
Equity/assets ratio, %	71.2%	67.4%	71.4%
Employees at period end	863	738	865
Earnings per share (€)	0.156	0.066	0.345
Fully diluted earnings per share (€)	0.154	0.064	0.339
Number of shares at period end	30,829,697	30,268,197	30,522,197
Fully diluted number of shares at period end	31,190,541	30,945,713	31,054,553
Average number of shares	30,624,697	30,209,530	30,291,711
Average number of fully diluted shares	30,985,541	30,910,767	30,823,711

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

²Before items affecting comparability (2020: bad debt expense, 2019: Impairment of Kambi's investment in Mida Holding Limited)