Emerging Stronger

Kambi annual report and accounts 2020

Kambi

Kambi is the industry's leading, independent provider of premium sports betting and technology services. Through its data-driven sportsbook core and flexible technology, Kambi not only provides a market-leading sportsbook experience, but acts as an incubator for operator innovation and differentiation.

Coupled with its range of empowerment tools, enabling operators to control crucial player-facing elements, Kambi has built an impressive track record of springboarding visionary sportsbooks to success across the globe.

Kambi is fully compliant in regulated markets and is listed on the Nasdaq First North Growth Market under the symbol "KAMBI". The Company's Certified Advisor is Redeye AB.

Kambi annual report and accounts 2020

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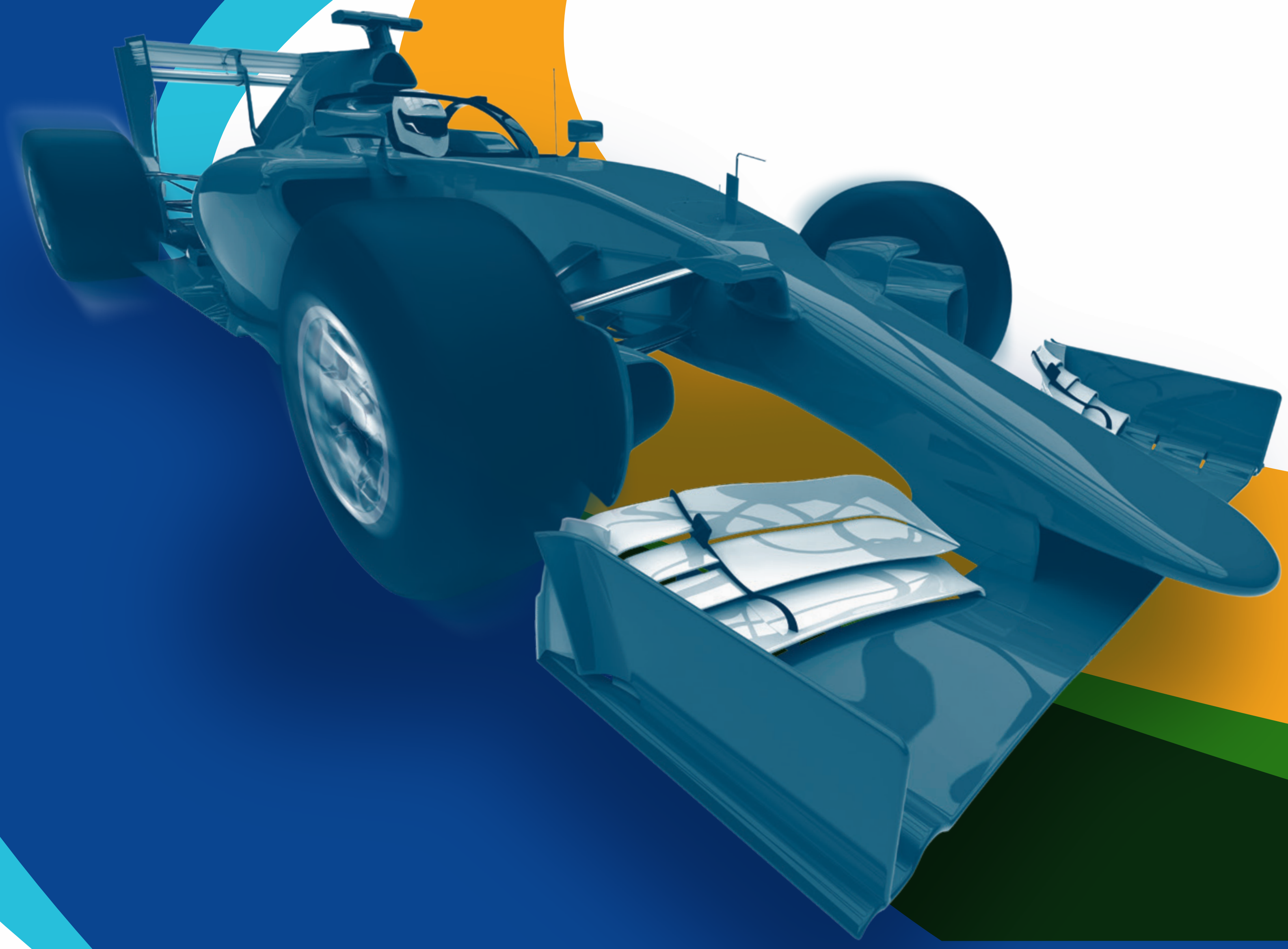
Strategic Report

Providing the engine for partner success



Kambi at a glance

The global betting and gaming industry's trusted sportsbook partner

Kambi is the leading independent provider of premium sports betting technology and services to the regulated global betting and gaming industry.

The trusted partner to more than 30 operators on six continents, Kambi has a track record of proven excellence in online and on-property sportsbook provision, providing operators with the high-performance technology and regulatory certainty required to out-compete the market. Offering meaningful scope for differentiation combined with a scalable tech-stack and unmatched sports coverage, the Kambi sportsbook's capability to optimise operator margin alongside boosting acquisition and retention drives partner growth.

Kambi's services encompass a broad offering, from scalable technology and odds-compiling through to customer intelligence and risk management, built on and delivered through a sophisticated, in-house developed software platform. Kambi harnesses the extensive real-time data generated across our network to continually enhance our algorithmic trading models, leveraging this analysis to deliver actionable insights from which all our partners can benefit.

Expertise in matters of compliance has been a defining factor in Kambi's rise to become the industry's preeminent sportsbook option for visionary operators. With more jurisdictions regulating, and the complexity and variation in those regulations rising, operators need technology with the flexibility to adapt, under the direction of a team with the strength and dexterity to most effectively put that versatility into practice. Kambi's outsourced sportsbook model, which offers unparalleled adaptability while reducing costs – limiting an operator's exposure to external uncertainties such as a global pandemic – is only becoming more attractive as regulated markets expand.

With offices in seven global locations, including London, Malta, Philadelphia and Stockholm, Kambi employs a growing team of more than 850 highly skilled employees with a passion for sports and technology. The depth of quality and expertise that runs through every facet of Kambi's global team provides the company with the strength of resources needed to help our partners achieve the best results and thrive in what is an increasingly competitive marketplace.

A cornerstone of Kambi's success has been its long history of risk management and ongoing commitment to the highest levels of corporate probity and sporting integrity. As a member of the International Betting Integrity Association and ISO 27001 and eCOGRA certified, Kambi operates in an ethical manner, ensuring it only conducts business in markets where gambling isn't prohibited and employing sophisticated risk processes to detect signs of sports manipulation at the earliest of stages. Our 24/7 sportsbook control team ensures all matters concerning sports integrity are handled proactively and swiftly, protecting our partners, their customers and the sports we love.

Kambi Group plc is listed on First North Growth Market at Nasdaq Stockholm under the symbol 'KAMBI'.

Kambi provides partners with the high-performance technology and regulatory certainty to outperform the market

Introduction

Emerging stronger

The events of 2020 served as a reminder we reach the best outcomes when working together. Trusted partnerships and close collaborations lead to a more diverse blend of insight, skills and knowledge, combining to solve the most difficult of challenges.

Kambi is the trusted partner to some of the world's leading operators. As always, and particularly during the past 12 months, Kambi works closely with partners to find innovative solutions to changing landscapes. Kambi's global footprint provides a continued, high-level service, even during a period of significant disruption, while its revenue-share model ensures partners' overheads are reduced during a time of limited sports events.

Reflecting on 2020, Kambi and its partners have emerged stronger, beginning the new year with growing optimism and building momentum. Although global uncertainty persists, Kambi's network of visionary partners can operate with confidence, in the knowledge that the safety net of Kambi's service and commercial model provides much-needed flexibility while minimising risk.

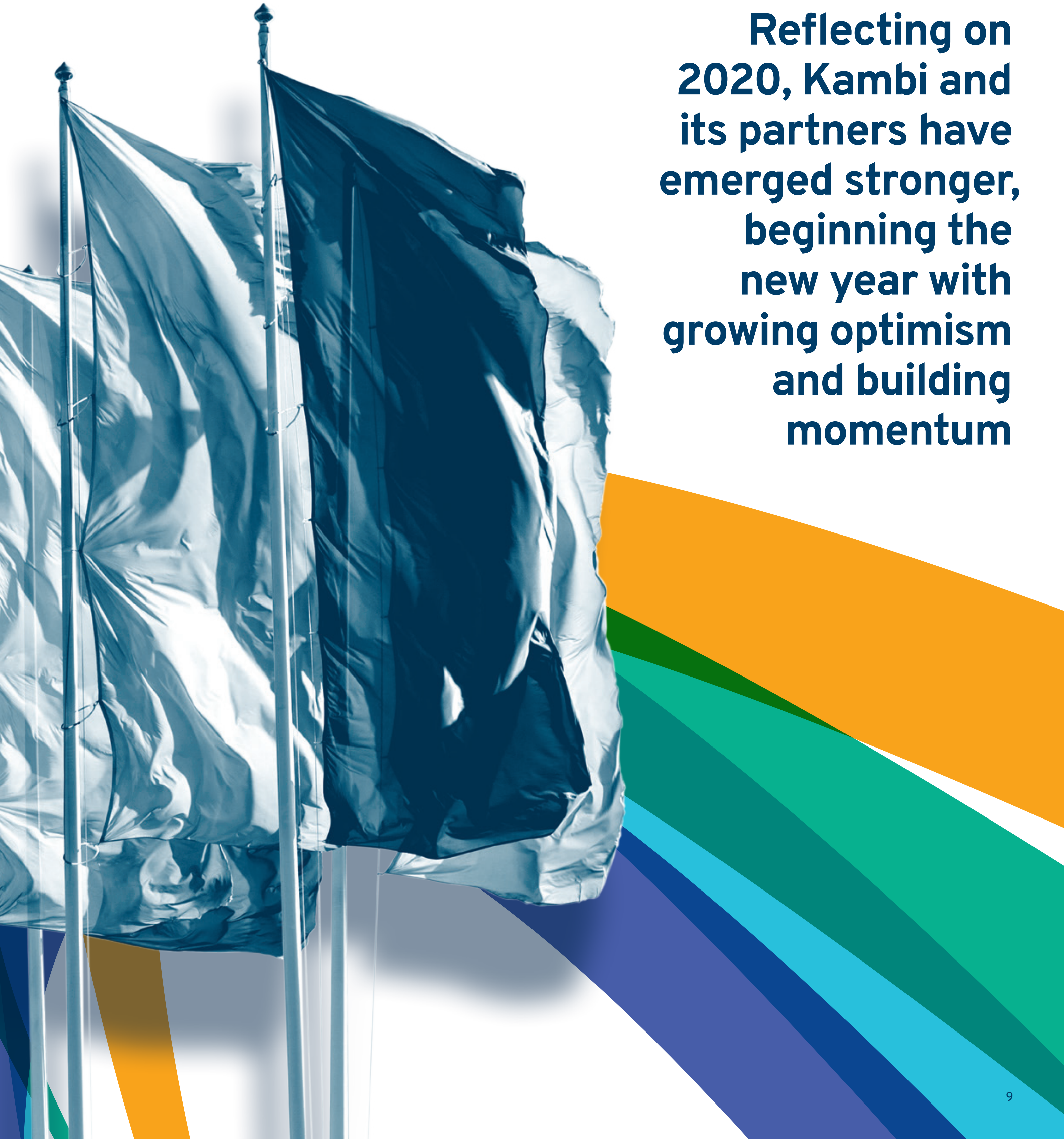
Despite the challenges faced, Kambi made significant strides forward in 2020. It was a year in which Kambi demonstrated its scalable model, with growth in revenue far outstripping costs, to deliver its strongest financial performance yet, a remarkable achievement in the circumstances. Impacts of the pandemic included a near complete suspension of sports, with the latter part of Q1 and the majority of Q2 only offering a minimal sporting calendar.

Kambi rose to this challenge, showing strong management and dexterity to protect employees, partners and investors, leading to a record second half of the year. This recovery also illustrates the success of our partners, with Kambi only able to succeed when our partners succeed. Furthermore, it shows the strength of the Kambi business, proving its ability to withstand such seismic shocks and record increasingly healthy operating margins.

The commercial success of Kambi and its partners in 2020, combined with continuous product improvements, expansion into new markets, new partner signings and multiple industry awards, has strengthened the appeal of the Kambi model. Kambi's flexible technology not only ensures a scalable and compliant service, but provides a blank canvas on which our partners can build bespoke and proprietary products tailored to their target audiences.

When taken as whole, 2020 was a year in which Kambi strengthened its position in the market and, moreover, demonstrated the commercial success its business model is able to generate, illustrating its scalability, and emerging from the year in a stronger position than it entered.

Reflecting on 2020, Kambi and its partners have emerged stronger, beginning the new year with growing optimism and building momentum



Chairman and CEO statements

Chairman's statement
Lars Stugemo

Summarising a year as remarkable as 2020 is no easy task. It really was a year like no other, one consumed and defined by the impact of a global pandemic which turned the whole world upside down and left few aspects of our lives untouched. My deepest sympathies are with those unfortunate enough to have been negatively affected – I have little doubt the ramifications of the pandemic will be felt for many months and years to come.

Like many leisure industries, sports betting was not immune to the effects of coronavirus. There were unprecedented levels of disruption to the sporting calendar with countless high-profile fixtures, leagues, and tournaments either cancelled or postponed, from Euro 2020, to the global tennis tour, to key US sports. However, Kambi was able to adapt quickly and the way it executed its strategy during H1 was truly remarkable. Thankfully, by the late summer months, most major sports and leagues had returned, with a silver lining of some postponed events rescheduled for 2021, providing us with an expected bumper year of sport.

What's clear is that the pandemic has changed the world rapidly and permanently in terms of how we travel, socialise, meet, and work. And with temporary retail closures forcing a change in consumer behavioural habits, the drive for digitalisation has quickly gained pace compared with 12 months ago as we've seen a dramatic consumer shift towards online channels.

Underlining this expedited transition from offline to online, a McKinsey Global Survey of executives last year found that companies had fast-tracked the digitisation of their customer/supply chain interactions and internal operations by three to four years, while the share of digital or digitally enabled products in their portfolios had accelerated by seven years. So, there should be little doubt that COVID-19, like many crises before it, has been and will be a major catalyst for change.

As a predominantly online business, Kambi and its partners are in a great position to benefit from this change. Kambi was born digital and its legacy has been in the online sports betting business for more than 20 years, over which time the product has been continuously developed and improved with the end user in mind. While an even distribution of new online players would be a positive, those with a market-leading sportsbook should be set for greater gains.

One other potential gear shift as a result of the pandemic could be in how companies view their share of fixed costs. Following the global financial crisis of 2008-09, companies that deployed sustainable cost reduction programs and introduced more variable costs significantly outperformed the competition. While it's still too early to say with any certainty how things will pan out in the coming years, it's clear Kambi's partners benefited even more than normal during those difficult months of 2020, largely due to not having to contend with the material fixed costs an in-house sportsbook operation demands.

There's no escaping the fact that the disruption of last spring brought some difficulties, however, Kambi's astute leadership and sound financial management meant we were in a strong position to navigate those choppy waters, a position which enabled us to take a long-term view of the situation, rather than make any knee-jerk reactions. That said, had someone suggested to me a year ago that 2020 would end up being a record financial year for Kambi, I would certainly have paused for thought. I must, therefore, commend all Kambi partners and employees who adapted and excelled under such challenging circumstances.

In short, Kambi's position as the industry's trusted sportsbook partner has only been strengthened by the events of 2020. Despite temporary shutdowns to top-tier sports, Kambi was able to emerge in fine shape with a strengthened balance sheet, demonstrating our robustness and capability to adapt to any situation. I believe we're extremely well positioned to push forward and capitalise on the ongoing changes in market conditions and continue our success over the months and years ahead.

Lars Stugemo
Chairman

A view from the CEO
Kristian Nylén

The COVID-19 pandemic brought unprecedented challenges for people all over the world, representing the most testing environment many industries have faced in a generation. The impact on sports betting was pronounced, but it was another year in which Kambi showed its calibre, demonstrating an ability to consistently deliver and drive growth for partners.

The resilience displayed by our staff and business model in answering the questions posed to the business by the pandemic has been particularly encouraging. The series of suspensions to the sporting calendar saw large segments of the Kambi offering significantly curtailed. However, Kambi's extensive heritage as a global sports betting supplier means that we have long had a broad offering across all sports in all corners of the globe, and we were able to effectively re-deploy our trading expertise to maintain a consistently deep and high-quality offer across traditionally more niche sports.

Despite the disruptions of the year, 2020 saw Kambi record its most impressive financial performance to date, posting revenue growth of 28% and an increase in operator turnover of 38%. Our revenue growth in the second half of the year highlights the underlying health of the business, showing our ability to respond successfully not only to the lockdown situation, but also ensure resources were in place as major sports returned. We were also able to demonstrate the scalability of our business model, with the large growth in revenue far exceeding the modest increase in costs. I can say with confidence that the business is in a great place to deliver further growth for our partners.

More than a decade after we laid out our ambition to build a sportsbook capable of leading the market through expertise not just in technology but in compliance, Kambi has held true to that vision. Our consistent track record of excellence in regulatory matters means that operators and regulators across the globe know that Kambi is a partner they can trust.

Kambi's continued expansion as more jurisdictions put sports betting frameworks into place illustrates this capability. The growth of the US market is a core driver for the business and remains a significant area of focus for commercial expansion. State-by-state regulatory efforts continue to gather pace, with increasing emphasis being placed on mobile and online in addition to on-property wagering. Our record of delivery in the US speaks for itself. We are now live in 14 states, having achieved market firsts with our partners in 10. We have a diverse group of partners with ambitious plans to capitalise on the ongoing spread of regulation, and we look forward to helping them to make the most of the opportunities this affords.

We also made large strides in Europe throughout 2020. Extending our contract with long-term partner LeoVegas was a significant milestone that expanded our relationship to cover all the sports betting brands within the wider LeoVegas Group. In addition, we also signed new partnership agreements with the Belgian National Lottery and JVH gaming & entertainment in the Netherlands. With a close eye on promising developments in Latin America and Canada, 2021 is another year in which Kambi has the potential to significantly grow our global reach.

Further to this, more operators than ever are harnessing the differentiation capabilities offered by the Kambi sportsbook. The 2020 launch of Penn National Gaming's proprietary Barstool Sportsbook app provided a clear indication of the scope for differentiation afforded by our powerful suite of open APIs. Our price differentiation tool gives our partners the levers they need to control their competitiveness in the market and can even be used by operators to offer adjusted odds in different jurisdictions, granting our multi-regional partners even greater control over their strategy.

Our commitment to commercial expansion through new partnerships remains as strong as ever, signing with four new partners in 2020, with further additions already made in 2021. The coming 12 months offer a rich sporting calendar, and although obvious caveats apply, the overall outlook is a positive one.

As I look back on a year unlike any in living memory, and the world transitions to a "new normal", I am proud to be able to say that the business is in fantastic shape, having passed its toughest of tests. Kambi is the established sportsbook of choice for operators with the ambition to achieve market leadership. Scalability coupled with technological and regulatory expertise have been central to our business model since the company was founded, and our focus on these areas has been vindicated by the strides we have made in 2020 and the position of real strength we occupy. I am excited by the prospect of building on this progress throughout 2021 and in turn delivering shareholder value.

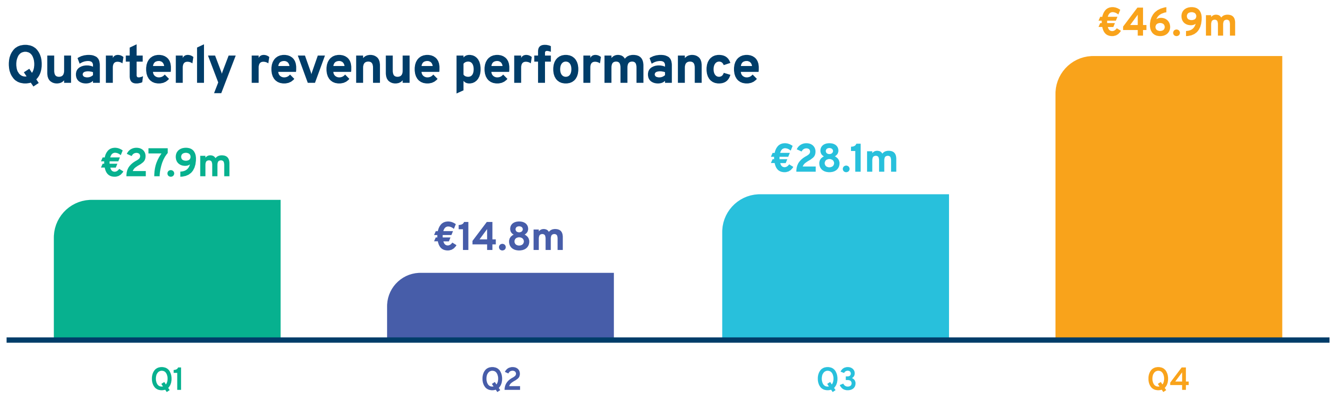
Kristian Nylén
CEO

Overview and highlights

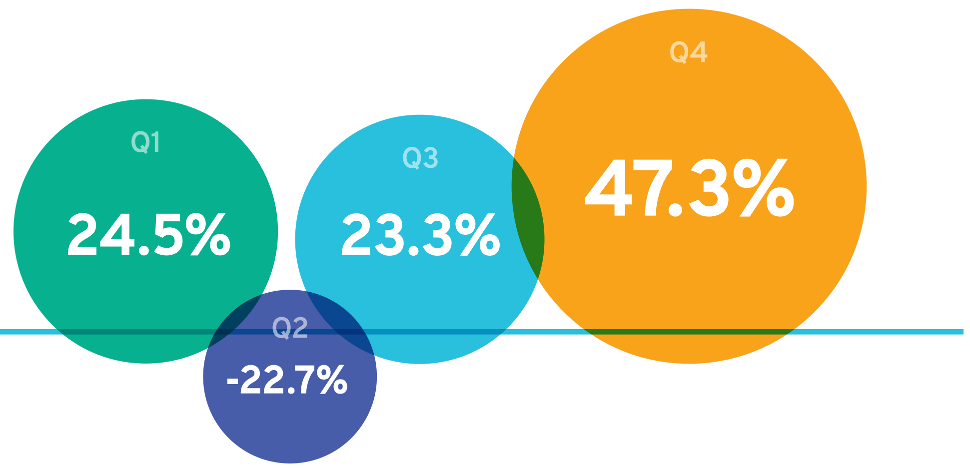
2020 in numbers

Kambi revenue: up 28% to €117.7m

Quarterly revenue performance



Quarterly operating margin



30+ partners across six continents

4 new partner signings in 2020

GAMING & ENTERTAINMENT GROUP

national lottery MUCH MORE THAN JUST GAMES

FOUR WINDS CASINOS

CHURCHILL DOWNS INCORPORATED

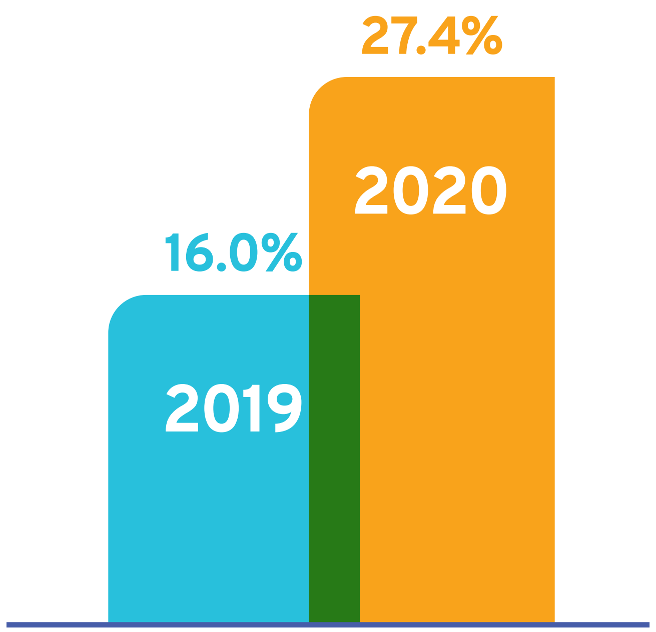
50 online and on-property partner launches

3 million+ number of active online player accounts

US 14

Active in 14 US states with 5 added in 2020

Annual operating margin



40% Active players: increased 40%
(Dec 2019 versus Dec 2020)

27% Bets placed: increased 27%
(year-on-year)

Monthly transactions:
530,000,000

Industry awards:

GGB Gaming Technology Awards Winner

EGR B2B AWARDS 2020 Winner Kambi Sports betting supplier

EGR B2B AWARDS 2020 Winner Kambi Sportsbook platform supplier

Strategic review

Redefining sportsbook creation

In 2009, Kambi co-founders Kristian Nylén and Anders Ström could see the sports betting sector was changing. Having enjoyed success in Europe on the B2C side of the industry, it was becoming increasingly apparent that the barriers to entry were rising. Not only was there considerable change taking place in the consumption and delivery of sports betting, primarily through the expansion of in-play and mobile betting, but regulation was beginning to be introduced on a country-by-country level, replacing the dot.com model which had to this point simplified compliance requirements.

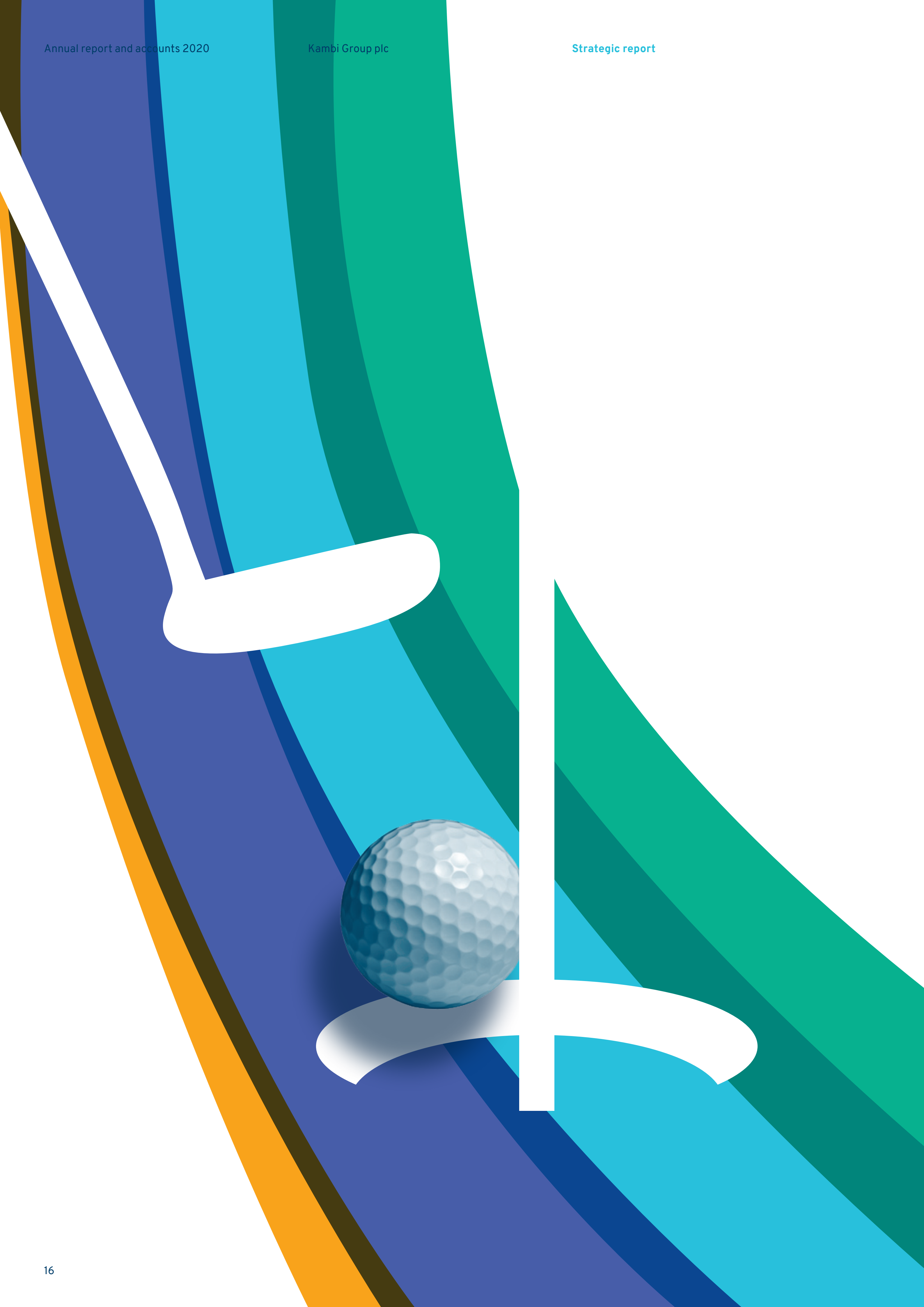
In short, the sports betting industry was beginning to mature and, as witnessed in many other industries, there could be no guarantees the business model that had generated so much success during these times would also be the most effective in the years to come. In anticipation of these more testing business conditions, including the establishment of a complex patchwork of regulation from jurisdiction to jurisdiction, Nylén and Ström created Kambi, with the aim of redefining sportsbook creation by providing operators the means to offer a compliant, scalable and high-quality sportsbook product at a fraction of the cost.

In the decade since, the Kambi model has enjoyed great success, with Kambi partnering with visionary operators across the world to create a global network that gets stronger with every new partner added. The pooling of resources and data across the network are the unique ingredients with which Kambi can continually develop and iterate its sportsbook, perfecting its product and service to deliver the leading sportsbook on the market. Therefore, the more Kambi grows, the stronger it gets. Kambi is focused on continuously delivering inch-by-inch product gains, resulting in the marginal improvements that in combination are the difference between a good sportsbook and an excellent sportsbook.

It is this aggregated network data that sets Kambi apart from both B2B and B2C competition. The insight gathered from the activity of millions of players around the world is fed back into the evolvement of Kambi's product and services. For example, data points taken from a bet placed with one partner can impact the probability and subsequently benefit partners operating in different parts of the world. This means Kambi's partners are stronger together, gaining from the volume of network data that any single operator struggles to match.

Furthermore, not only does the partner network benefit through the addition of new partners, but Kambi's scalable business model means that new additions to the network come at minimal additional cost. With the large majority of Kambi's costs fixed, it creates the scalability which enables a greater flow of revenues through to the bottom line along with increased capacity to invest in product development. This scalability was proven in 2020, as Kambi delivered increased operating leverage, particularly in the latter part of the year following the return of sports.

On top of its technology and network intelligence, Kambi has carefully created a platform that acts as a blank canvas, providing partners with the ability to create experiences unique to them and true to their brand. Kambi partners are increasingly building proprietary technology on the open Kambi platform, complementing Kambi's high-performance sportsbook engine with bespoke functions and features that utilise the Kambi APIs to create desired differentiation. When coupled with Kambi's price differentiation tool, enabling operators to adjust odds and margin within certain parameters, no two Kambi partners need look or feel the same. Indeed, many Kambi partners compete successfully against one another in the same markets, leveraging the flexibility of the sportsbook to appeal to different player segments.



Compliance as a competitive advantage

Kambi's network also provides significant advantages in the area of regulation and compliance, a core focus for Kambi, and a vital piece of the puzzle for partners. Each additional piece of regulation that's built into Kambi's technology and sportsbook offering benefits the rest of the network. As an example, a new partner signing with Kambi can, from day one, take advantage of Kambi's compliant and licensed status in regulated jurisdictions across the globe, creating additional revenue-generating opportunities and enhancing speed to market. And as regulations continue to evolve, the Kambi service adjusts to provide a compliant yet competitive offering at all times.

In addition, current partners can quickly scale up their business by leveraging Kambi's technology to expand internationally. A recent trend has seen B2C operators, hamstrung by inflexible technology, either decline international expansion opportunities due to an inability to comply or outsource the technology they require to expand. Kambi's partners are in the advantageous position of being able to view Kambi's vast global footprint and expand as they wish, when they desire.

Kambi's extensive global network is also a powerful contributor to its efforts to lead the fight against match fixing. With the ability to detect suspicious betting patterns ahead of the event in question taking place, Kambi has become a key member of the International Betting Integrity Association, raising alerts and escalating any potential issues at the earliest possible opportunity. Kambi's prominence and effectiveness in this area not only form a key pillar of its sustainability strategy (see pages 38-45) but protect sports, operators and end users from exposure to, and effects of, manipulation.

Kambi's partners are in the advantageous position of being able to view Kambi's vast global footprint and expand as they wish, when they desire

Global sports betting market

Sports betting the dominant vertical

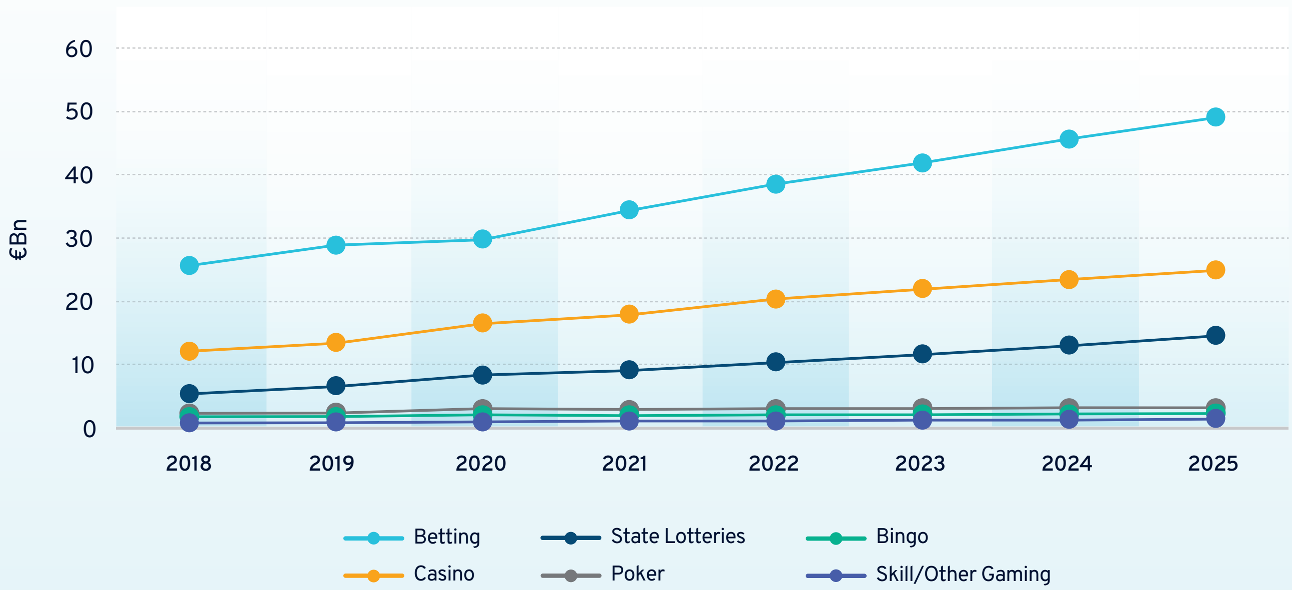
The global appeal of sports betting is indisputable. With hundreds of millions all over the world placing wagers, it is a hugely popular pastime through which bettors can engage with their favourite sports.

The limitations placed on elite-level sport over the last 12 months naturally had an impact on market growth, but the swift revival in engagement as major leagues and tournaments returned pointed to the underlying health of an industry that is thriving with the ongoing spread of regulation. The rise in technological interconnectivity, coupled with the expansion of regulated markets, is providing sports betting with the foundations upon which to capture the imaginations of an ever-growing player base.

Data and intelligence firm H2 Gambling Capital (H2GC) valued the global sports betting market at €55.2bn in 2020. Although this represents a fall on the figure for 2019, this decrease should be viewed as an impact of the aforementioned curtailment of global sport brought about by the COVID-19 pandemic, and not an indication of the potential of the sector. Illustrating this, H2GC projects the sector will rebound to €67.7bn in 2021 and grow to be worth an annual €89.7bn by 2025, representing a compound annual growth rate (CAGR) of 10.2% from 2020.

The same firm estimates that sports betting alone (separated from horse racing) will grow from €30.3bn to €58.6bn between 2020 and 2025 – a CAGR of 14.1%. This is the highest CAGR of any betting and gaming vertical, underlining the prudence of Kambi's singular focus on its status as the world's trusted sports betting partner. The graph below, denoting global online gross gambling revenue by product vertical, further highlights that sports betting is where the greatest opportunity exists, and where a leading B2B provider of Kambi's

Global online GGR by product vertical



Source: H2 Gambling Capital

extensive capabilities can most efficiently drive bottom line enhancements for our partners.

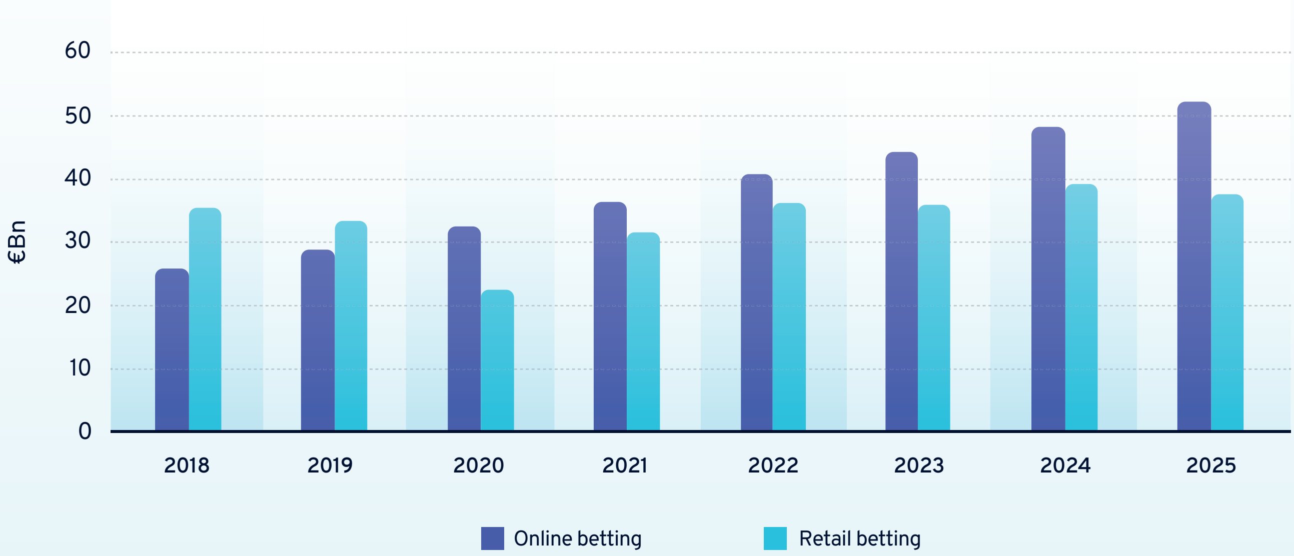
Kambi continued to expand its commercial presence in key target markets throughout 2020 and into 2021. Our December 2020 partnership with JVH gaming and entertainment group was a clear vindication of our strategy to capitalise on the uptake of regulatory frameworks in new markets by partnering with high-potential local operators – with the Netherlands anticipated to regulate online sports betting in H2 2021.

Looking to the US, Kambi is now live in 14 US states having most recently launched with our partners Rush Street Interactive and DraftKings in Virginia and Churchill Downs in Arkansas. We took the significant step of powering the launch of Penn National Gaming's Barstool Sportsbook online in Pennsylvania in September 2020. The Barstool brand has immense reach throughout the US, with more than 66m monthly visitors to Barstool Sports' products and content. Penn National has ambitious plans to capitalise on the ongoing rollout of regulation across the US, and Kambi's technology and expertise will be a core component in facilitating growth for all of our partners as the US market expands. For an in-depth look at the US market, turn to pages 20-25.

In Europe, Kambi continued to support its partners with multiple launches, in markets including the UK, Spain and Estonia.

For Kambi, the online channel is the dominant GGR driver, however, across the world, retail will remain a significant channel for years to come, albeit with online growing at a faster rate. The year 2020 was something of an outlier, with the pandemic having a negative impact on retail, with many properties forced to temporarily close. Despite the pandemic effects, the retail GGR Kambi partners generated continued to grow in 2020, in fact it almost doubled year-on-year. Despite this retail growth, the channel shrunk as a percentage of overall Kambi partner GGR due to growth in the online channel.

Global sports betting GGR market size by channel



Source: H2 Gambling Capital
Please note this incorporates sports betting and horse racing

US sports betting

A market-leading position for Kambi

Since taking the first legal online sports wager in the US post-PASPA, Kambi has established itself as America's sportsbook partner of choice due to our award-winning technology, scalability and successful record of powering market-first launches across the country. And 2020 was certainly no different in this regard.

Kambi is currently live and generating revenue in 14 states, and launched 11 online and 28 on-property sportsbooks throughout 2020 – which amounts to a launch every 9-10 days. We were able to continue our expansion despite the unique challenges of the global pandemic and its impact on the bricks-and-mortar gambling sector, working closely with our partners to complete remote launches without the need to be present at the property.

We added several new US partners to Kambi's powerful global network in 2020, including the Pokagon Band of Potawatomi's Four Winds Casinos – a US tribal operator with three locations in Michigan and one location in Indiana. In August, we also signed a multi-year agreement with Churchill Downs Incorporated (CDI) – a major partner win for Kambi after CDI switched from an alternative technology provider due to our proven excellence in sportsbook provision. Later in the year we also supported the launch of Penn National Gaming's Barstool-branded online sportsbook in Pennsylvania, a partnership notable for leveraging Kambi's differentiation capabilities and APIs to build a proprietary product.

Sports betting is currently live in 21 US states, with Illinois, Michigan, Colorado and Tennessee among those to go live in 2020 and where we maintained our strong track record of being first to market. In total, the US sports wagering sector was estimated to be worth nearly $1.5bn in annual gross revenue last year compared to $920.6m the previous year, despite the lighter sporting calendar as a result of the pandemic. Meanwhile, gambling intelligence firm VIXIO GamblingCompliance predicts the market will be worth $7.9bn to $10.8bn in total annual gross gaming revenue by 2025 (US market totals do not include horse racing which is regulated separately to sports betting).

Kambi is currently live in 14 states, and in 2020 launched 11 online and 28 on-property sportsbooks

Annual report and accounts 2020 Kambi Group plc Strategic report

The US is just getting started

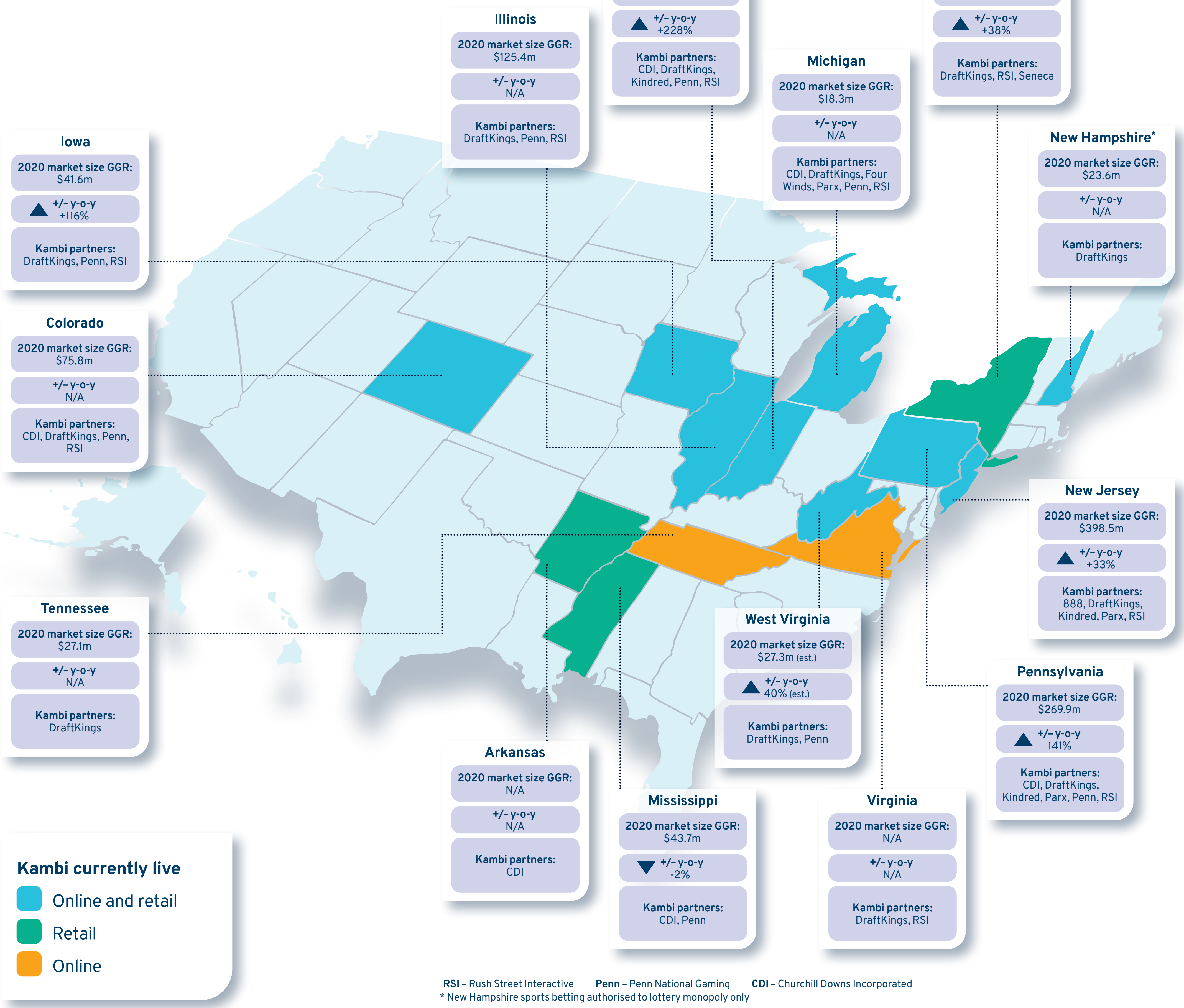
Where we are today

The US sports betting market continues to demonstrate strong growth and was a key part of Kambi's success story last year. However, as market estimates show, the US really is just getting started and state-by-state regulation looks set to make good progress once again in 2021 with legislation to permit sports wagering currently pending in numerous states. The economic impact caused by the pandemic may also accelerate regulation in states where there is a desire for additional tax revenue, as is the case in New York, with the Governor recently backing the legalisation of online sports betting in an effort to boost state tax receipts.

Michigan (online) and Virginia both went live in early 2021, with Massachusetts and Ohio among key states best positioned to next regulate sports wagering later this year. In Louisiana, Maryland and South Dakota, voters in each state approved sports betting legislation via referendums in November 2020, while Indian tribes in several states could also launch sportsbooks this year under tribal-state gaming compacts.

Crucially, the three most populous states – California, Texas and Florida – have all yet to permit legal sports wagering and each have sports betting bills pending, albeit with varied possibilities of any immediate legislative movement. In New York, which is the fourth most populous state, only upstate casinos can currently operate on-property sportsbooks, which include Kambi partners Seneca and Rush Street Interactive, yet politicians are currently debating bills to permit online wagering in the state. This would either be via a state-controlled monopoly operator or a multi-license operator-based model.

Online wagering is certain to be a major growth driver of the US sports betting market in the future with the channel accounting for 90% of annual gross gaming revenue of $398.5m in New Jersey, which has a population of 8.9 million. For context, Texas and New York have a population of 29.8 million and 19.3 million respectively and are both considering launching online betting. Kambi is well positioned to capitalise on the growth of mobile betting based on our track-record of innovation, compliance and having powered more online launches than any other sportsbook partner since the repeal of PASPA in 2018.



RSI – Rush Street Interactive **Penn** – Penn National Gaming **CDI** – Churchill Downs Incorporated
* New Hampshire sports betting authorised to lottery monopoly only

The US opportunity

US sports betting – regulatory outlook*

California

California has had many stop-starts due to competing interests, but when regulated will become one of the biggest sports betting markets in the world with a population of 40 million and more professional sports teams than any other state. A referendum is increasingly likely to occur in 2021 or 2022 after a coalition of tribal operators secured more than 1.4 million signatures in December 2020 in support of a ballot to legalise sports betting.

Connecticut

Connecticut looks set to introduce a regulated sports wagering framework later this year after its Governor came to an agreement with the state's two tribes. The agreement limits market participants to the two tribes and the Connecticut Lottery, with both online and retail sports betting to be permitted.

Maryland

Sports betting was legalised in the state in 2020 after a referendum in November saw a majority of Maryland residents vote in its favour. Legal sports wagering is expected to go live this year once legislation has been passed and signed by the Governor, and is expected to include mobile betting based on a previous bill passed by the Senate in 2020.

Massachusetts

Massachusetts, the most populous state in New England, is most likely to regulate in 2021, having come close to doing so in 2020. The state Governor's fiscal 2022 budget plan contains legislation to permit sports betting and expects to accrue $35m in tax revenue. At the time of writing, 14 bills had been filed to regulate sports betting, underlining the political will in the state.

New York

Sports betting is currently limited to a handful of upstate casinos, but the state Governor announced legislation in early 2021 to authorise mobile sports wagering. The Governor said New York had the potential to create the "largest sports wagering market" in the US, although he is in favour of creating a monopoly model. Alternative bills to allow for additional online skins, including two per land-based casino, were later filed in both chambers of the state legislature.

Ohio

Ohio is among the states most likely to regulate sports betting in 2021 with legislative progress expected to be made during the spring. The state is the seventh most-populous in the country at 11.7m. Penn National Gaming and Rush Street Interactive have announced a 20-year market access partnership deal for states in which sports betting could legalise in 2021, including Ohio.

Texas

With a population of over 29 million, Texas is undoubtedly one of the biggest prizes available in US sports betting. Two bills were filed in February that would allow the 11 major pro sports teams in Texas to obtain their own licences or choose a "sports team designee" to operate state-wide mobile and retail sports betting.

* These outlooks are based on Kambi's assessment of the regulatory progress in these states at the time of writing


BETRIVERS
SPORTSBOOK


19:06 1ST HALF
UMass
LaSalle
36
35
19:55 2ND HALF
NCAA
BARSTOOL
SPORTSBOOK
USD
VS.
San Diego
Cal Poly
6:00ET

Annual report and accounts 2020 Kambi Group plc Strategic report

Latin American promise

Building on early success in the region

Latin America

With a population of approximately 650m, almost twice the size of the United States, Latin America is a region that holds much potential for the sports betting industry, particularly due to the ongoing expansion of sports betting legislation in the area. Kambi's pedigree as a leading supplier in Latin America is underpinned by the position of market leadership it holds in the Colombian market.

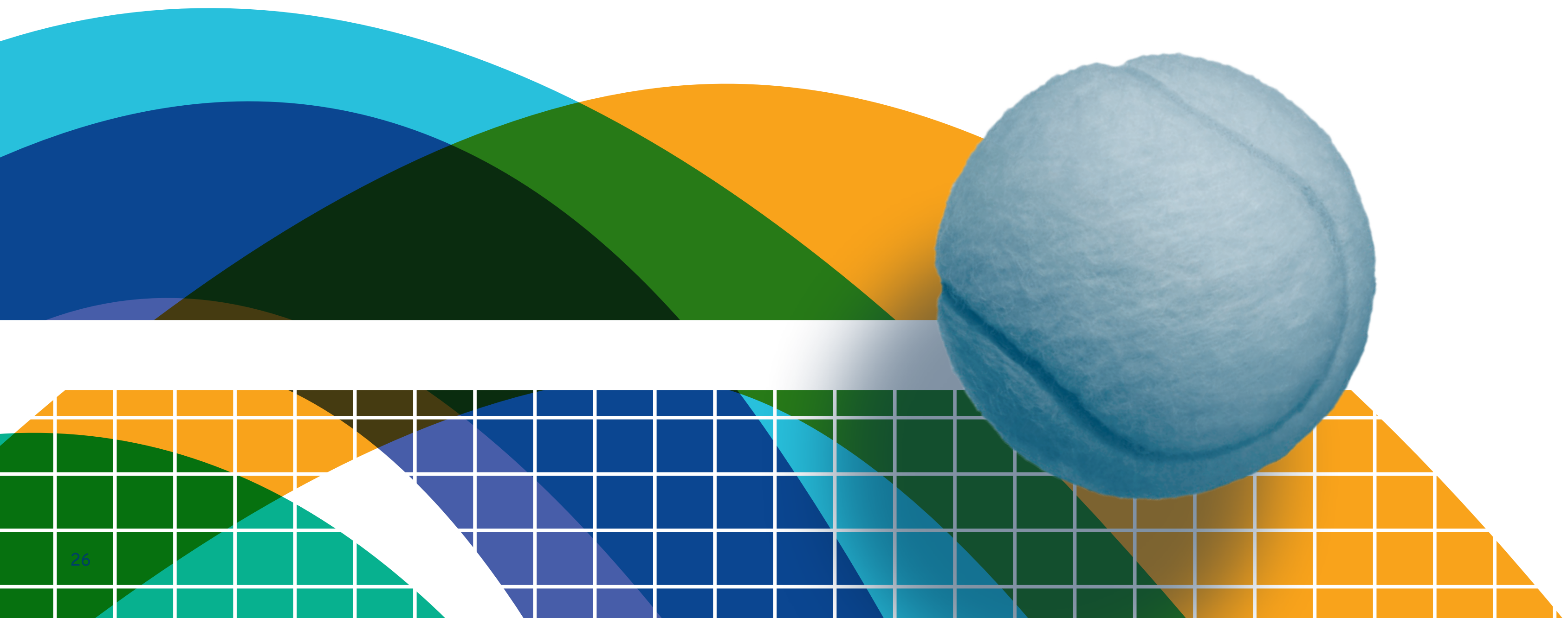
In 2017, Colombia became one of the first countries in the region to offer regulated online sports betting, with Kambi and its partners since taking a leading position in the market. Kambi provides its technology and services to Corredor Empresarial brand BetPlay, and RushBet through its partnership with Rush Street Interactive. The country is proving to be a benchmark for how sensible regulation can unlock market potential in Latin America. For Kambi, the crucial factor in any market is to have the right partners, along with a strong localised product, and the results of our partners illustrate our success in this area.

Kambi has laid down a marker in Colombia, where we have been able to illustrate our strengths in terms of both quality of product and compliance, putting the business in a uniquely strong position to build on the promising signs we are seeing for regulation across Latin America.

Regulatory progress is being made in Brazil, the largest country in Latin America, where online and land-based sports betting has been regulated but is not yet operational, with specific regulations forthcoming. There are indications a formal regime may be enacted in 2021, a move which would open a regulated market with the potential to be one of the largest in the world. As the regulated market takes shape, Kambi has confidence it is well positioned to take advantage of the opportunities this affords.

Kambi began 2021 by announcing a multi-year partnership with Argentinian operator Casino Magic, a deal that saw Kambi launch an online sportsbook in Neuquén province by March. Argentina is in the process of regulating sports betting on a province-by-province basis. This fragmented approach favours Kambi's business model, with few sportsbooks boasting the ability to meet divergent regulatory requirements as rapidly and precisely as Kambi. Provinces including Mendoza and the City of Buenos Aires are in the process of implementing licensing infrastructure. With an overall population of approximately 45 million, a fully regulated Argentine market is rich with opportunity for the sports betting industry.

In addition, Mexico also offers regulated sports betting while other major countries include Peru, which has a population of c.30m and a draft sports betting framework in development, and Chile, which currently operates a monopoly model.



Canada and Europe

Canada

Regulation of single-game sports wagering in Canada looks imminent after the federal government backed a bill which would repeal a country-wide ban on the activity.

Canadian provinces and territories are currently only permitted to allow parlay wagering, but the progressing bill would usher in single-game wagering on a province-by-province basis, in a similar fashion to how state-by-state regulation has been introduced in the United States in recent years.

National trade organisation the Canadian Gaming Association estimates that approximately C$14.5bn is wagered on sports in Canada annually, with just C$500m of that figure bet on regulated parlays, underlining the potential that is there to bring offshore activity into a licensed and regulated environment.

Furthermore, a recently published report by Deloitte projected that in the first year of full legalisation, the regulated Canadian sports betting market would be worth C$7.5bn in turnover.

The same report forecast a potential rise to C$28bn within five years, representing a compound annual growth rate of 123% and illustrating the extensive growth opportunities that regulation could unlock.

The appetite for regulated sports betting is evident across the country. Ontario is the most populous of Canada's 10 provinces, home to more than 14m people, which would make it the fifth largest province or state in North America. Ontario is also expected to be the first to launch a fully regulated market, potentially by the end of 2021.

Projected regulated Canadian wagering market, turnover

Source: New stakes in the game | The timing is right for Canada to expand sports betting - Deloitte

Europe

Europe's new and existing regulated markets continue to be a core area of focus for Kambi. A number of European markets have re-regulated or are in the process of enacting new frameworks. Each have their own individual complexities for a sportsbook to manage – by way of example, barring sports betting on fixtures that contain a majority of under 18 participants, as is the case in Sweden.

Kambi is a provider that never views regulation, and the intricacies thereof, as anything other than something to be embraced. Having spent more than a decade successfully managing the re-regulation of Europe, Kambi, more than any of its sportsbook counterparts, has underlined its ability to efficiently pivot its technology to meet any requirements while consistently delivering the highest levels of sportsbook performance. Kambi is the sports betting partner to some of Europe's most significant operators, including ATG, Kindred Group, and LeoVegas, trusted to combine unmatched standards of delivery and an unblemished compliance record.

The Netherlands is on the cusp of implementing a full regulatory framework for sports betting, with the Dutch Remote Gambling Act set to come into force on 1 April 2021, paving the way for the market to open six months later on 1 October. As a nation with a rich sporting heritage, Kambi anticipates that the Netherlands will flourish as a regulated sports betting market. A number of top local and international operators are primed to invest in the market – Kambi having already signed with major local casino operator JVH gaming and entertainment group – while Kambi is already partnered with the online market leader in Kindred Group's Unibet brand.

Further to this, Europe's most populous country, Germany, is moving towards the full regulation of its online gambling market. Agreed in January 2020, the Interstate Treaty on Gambling is lined up to take effect from 1 July 2021.

The relative maturity of sports betting in European markets should by no means suggest a reduction in its potential to drive growth for forward-thinking companies with the right blend of expertise across compliance and technology – as indicated by the chart below. Research from H2GC indicates that online betting GGR in Europe will amount to €20.3bn by 2025, with retail betting staying relatively flat at €10.2bn.

European betting market size GGR

Source: H2 Gambling Capital
Please note, this incorporates sports betting and horse racing, regulated and unregulated

Kambi partners

Springboarding growth across the globe

Kambi now supplies its award-winning sports betting technology to more than 30 operators on six continents. Our commercial team continued to build on the foundations of our established global presence with four major customer signings in 2020, further expanding our reach in regulated jurisdictions in North America and Europe with several multi-year partnerships.

Our US footprint continues to grow. We are now live in 14 states, having achieved market firsts with our partners in 10, and signed with major multi-state operator Churchill Downs in 2020, alongside a long-term partnership with major Midwest entertainment brand and tribal gaming operator Four Winds Casinos.

We also made significant strides in Europe, signing with Belgium's Loterie Nationale, a World Lotteries Association and European Lotteries accredited state-run lottery, and closed the year by sealing a partnership with JVH gaming and entertainment group, the largest private casino operator in The Netherlands – paving the way for a launch in the Dutch online market on the passage of enabling legislation, anticipated for H2 2021.

Kambi's commercial expansion in 2020 was reinforced as we extended our relationships with a number of our existing partners. We put pen to paper on an expanded agreement with long-term Kambi client LeoVegas which will not only see Kambi continue to power the brand's flagship LeoVegas sportsbook, but also the operator's entire stable of sports betting brands.

European markets are a core focus for Kambi, and the flexibility and regulatory assurance offered by our technology was underlined by a series of new launches in markets including the UK, Spain and Estonia.

Dedication to partner success

Kambi's commitment to partner success underpins our revenue share business model. Kambi succeeds when our partners succeed, and the company's driving purpose is to enable our partners to get the most out of the abundant possibilities our technology unlocks, providing a premium service through which they can out-compete the market.

Every single Kambi operator has the focus of a dedicated partner success manager, providing ongoing insight, analysing data and helping to refine and growth strategies and optimise revenue.

We have made important additions in terms of talent and experience to our partner success team throughout 2020, in particular bringing in significant customer service and technical expertise in our Philadelphia office to most effectively support our considerable and growing array of US partners. Our partner success managers contribute significantly to maximising Kambi's value proposition, providing the foundations upon which all operators on the Kambi network can realise their potential through sports betting.

New partners in 2020

New partners in 2020

Four Winds Casinos

The year 2020 saw the Pokagon Band of Potawatomi's Four Winds Casinos become the third major tribal gaming operation to sign with Kambi, entering into a multi-year partnership which now sees Kambi provide its technology and services on-property and online. Consistently ranked as one of the top gaming and entertainment brands in the Midwest, Four Winds Casinos has three locations in Michigan and one in Indiana, with its flagship New Buffalo property dedicating approximately 125,000 square feet to its first class gaming floor. The Kambi sportsbook was live in the three Michigan properties within two weeks of the partnership being agreed, with plans for Indiana to follow.

Churchill Downs

America's preeminent racing, online wagering and entertainment company selected Kambi to replace its incumbent sports betting supplier in August 2020, agreeing a multi-year partnership through which Kambi will power sports betting for the TwinSpires brand. The Kambi sportsbook complements TwinSpires existing racing wagering product, one of the largest and most recognisable online horse racing wagering platforms in the US with a large customer database. Churchill Downs boasts extensive US market access, and Kambi is already live online in Michigan and Tennessee, as well as in retail across a number of states.

Loterie Nationale

Loterie Nationale (the Belgian National Lottery), a World Lotteries Association and European Lotteries accredited state-run lottery, signed a long-term agreement with Kambi in October 2020. The partnership made Kambi the trusted sports betting technology and services partner to the operator's established 'Scooore' sportsbook brand, which was founded in 2012 and operates online and in more than 300 retail locations across Belgium. Kambi was selected from a competitive public tender process thanks to the strength of its core product and proven history of delivery across both online and high-volume, terminal-based retail environments, alongside its record of commitment to the highest levels of sports betting integrity.

JVH gaming and entertainment group

Kambi entered into a multi-year partnership with The Netherlands' largest private casino operator in December 2020. The deal paves the way for a launch in the Dutch online market on the passage of enabling legislation and corresponding regulatory approvals, anticipated for H2 2021. The foremost casino operator in The Netherlands, JVH group currently welcomes well over four million guest visits every year across more than 80 properties under brands including Jack's Casino and Flash Casinos.

New partners so far in 2021

Racing & Wagering Western Australia

Racing and Wagering Western Australia (RWWA) is 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. Like ATG and Churchill Downs before it, Kambi sees great potential in the crossover of RWWA's racing bettors to a high-quality sportsbook and looks forward to working with the company to upgrade its current online and retail offer.

Casino Magic

Kambi expanded its footprint in Latin America in January 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 operates in the Neuquén province of Argentina, where sports betting has already been regulated. The Casino Magic sportsbook went live on 1 March.

Our Business Model

Creating value for our customers

Kambi offers a fully managed sports betting service, that works with real time sports data providers, on a robust technical platform. Our expert traders utilise proprietary tools to compile odds, working alongside our risk management department to provide a highly competitive sports betting offer, whilst mitigating risk.

Kambi provides operators with the freedom to customise their user interface, enabling them to deliver in conjunction with specific marketing campaigns and provide a unique experience to end users.

Kambi's large network enables us to see player activity across the entire network, monitored by our sportsbook control team and a real-time alerts system, to notify our customers of any suspicious activity which often leads to interception before any manipulation, match-fixing or corruption takes place.

Kambi's goal is to provide sports betting experiences that go beyond any other. We power market leading brands across the world, using cutting edge technology supported by highly skilled expertise. Our user interface has been designed to deliver a seamless omni-channel experience, which drives acquisition and boosts retention.

The fully scalable sportsbook

Kambi has an impressive record of providing a superior sportsbook service, effective in generating significant growth in revenue and market share for both us and our operators. The scalability of our business model is key to this success – with little need to add extra resources for new operators, as the number of users is independent of our service. The scalability in the business model enabled Kambi's customers achieving market firsts in multiple jurisdictions.

Creating and sustaining our state-of-the-art sportsbook requires continual investment in people and technology. Through our investment programme, we enable operators to cost-efficiently offer end users a premium sportsbook, that delivers a first-rate experience across mobile, online and retail.

Our business model provides strong operating leverage in a revenue-sharing model, driving Kambi's earnings growth and margin expansion.

This model incentivises Kambi to provide odds that maximise our operators' Gross Gaming Revenue (GGR) – creating a natural alignment of

interests. We also allow our operators the flexibility to adjust pre-match odds, up to a set level, for certain events, enabling them to differentiate and optimise their marketing campaigns.

The Kambi Turnover Index

Kambi aims to achieve optimal margin, to maximise turnover growth and boost the financial performance of our customers – both in the short and long term. We manage this by leveraging our sophisticated risk management tools.

The turnover and margins of our operators vary from quarter to quarter and are impacted by the outcome of sporting events. 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.

Operator turnover at constant exchange rates increased by 42% in 2020 which can largely be attributed to the significant growth in the Americas market and the US expansion into five new US states as well as growth in Kambi's historical core market Europe and the Rest of the World (please see definitions on page 36).

Our business model provides strong operating leverage in a revenue-sharing model, driving Kambi's earnings growth and margin expansion

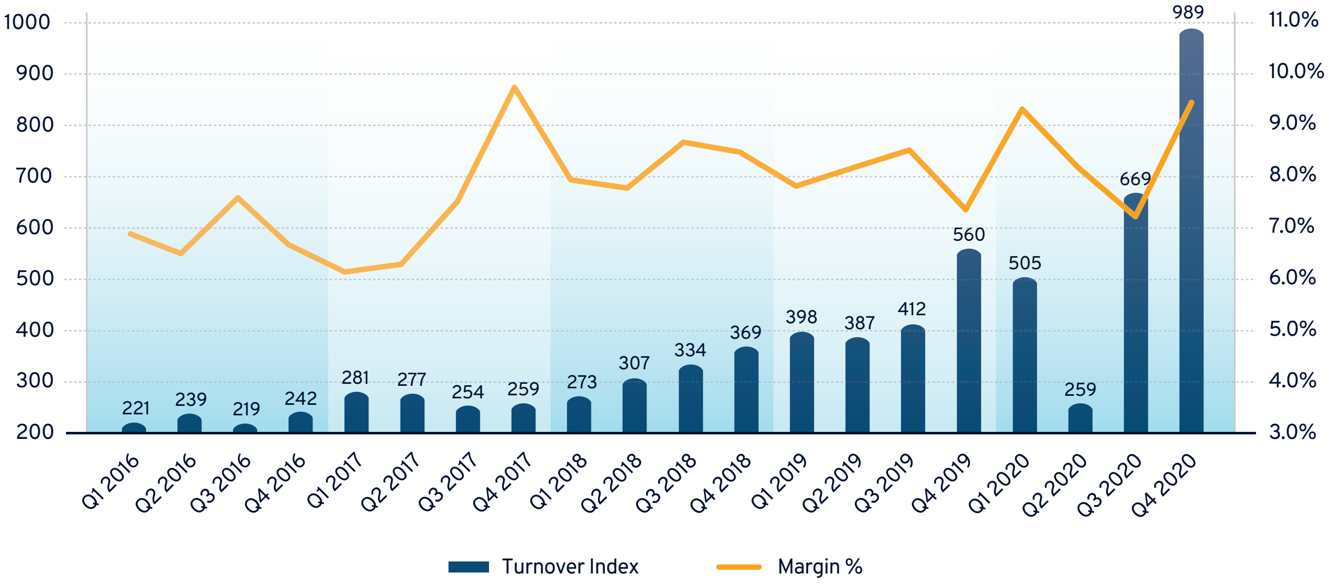
Operator trading margin

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%. 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.

Operator turnover index and trading margin



The Kambi Turnover Index illustrates the operators' quarterly turnover and betting margin.

The Kambi Turnover Index, with the first quarter of 2014 indexed at 100, is shown on the left-hand axis and shows the index since Q1 2016. The operator trading margin is shown on the right-hand axis. The level of operator turnover is a stronger indicator of performance than margin, which can fluctuate in the short-term due to the outcome of certain events.

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.

The Kambi revenue model

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). The most significant portion of Kambi's revenue comes from the revenue-share element, which enables us to grow and be aligned with our customers.

The graph below shows how the growth in operator turnover, ultimately drives our own revenue growth.

While Kambi's reporting currency is the Euro, our operators' turnover originates in the currency of their end users. Including the impact of FX movements on the translation of these amounts, operator turnover grew by 38% in 2020. As illustrated in the Kambi Turnover Index, the operator trading margin can fluctuate. Multiplying the margin by the turnover generates the GGR. The 2020 operator trading margin was 8.6%, compared to 8.0% in 2019. As a result of this higher margin, combined with a number of other factors, operator GGR increased by 51% year-on-year. As part of Kambi's revenue model, we share certain costs with our operators.

These include:

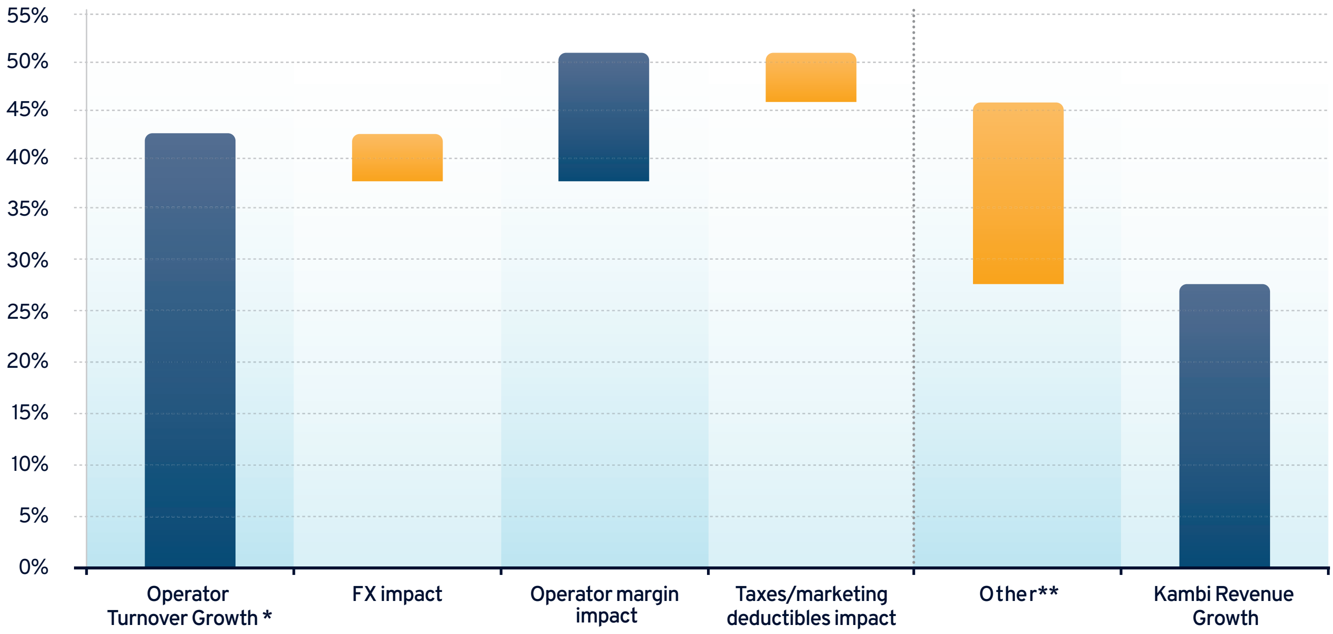
i) Marketing deductibles: certain capped costs for player incentives linked to sports betting, such as free bets.

ii) Tax: 81% (2019: 74%) of our operators' GGR was subject to betting duties incurred in locally regulated markets.

During the year the impact (or full year effect) of certain other gaming related taxes, and additional deductions for player incentives, resulted in increased growth of operators' NGR by 46%.

Kambi's commission is based on a percentage of the operators' NGR. To promote and support growth, some customer contracts include tiers with lower commission rates applied to higher levels of sports betting revenues. The tiered commission levels run on a yearly basis. The development in the business of many of our operators and the significant operator GGR growth during the year, resulted in a lower effective commission rate in 2020 than in 2019. Furthermore, some parts of Kambi's revenues are fixed and not linked to the growth in operators' businesses. Overall, Kambi's revenues grew by 28% year-on-year.

Operator turnover & Kambi revenue growth: 2020 vs. 2019



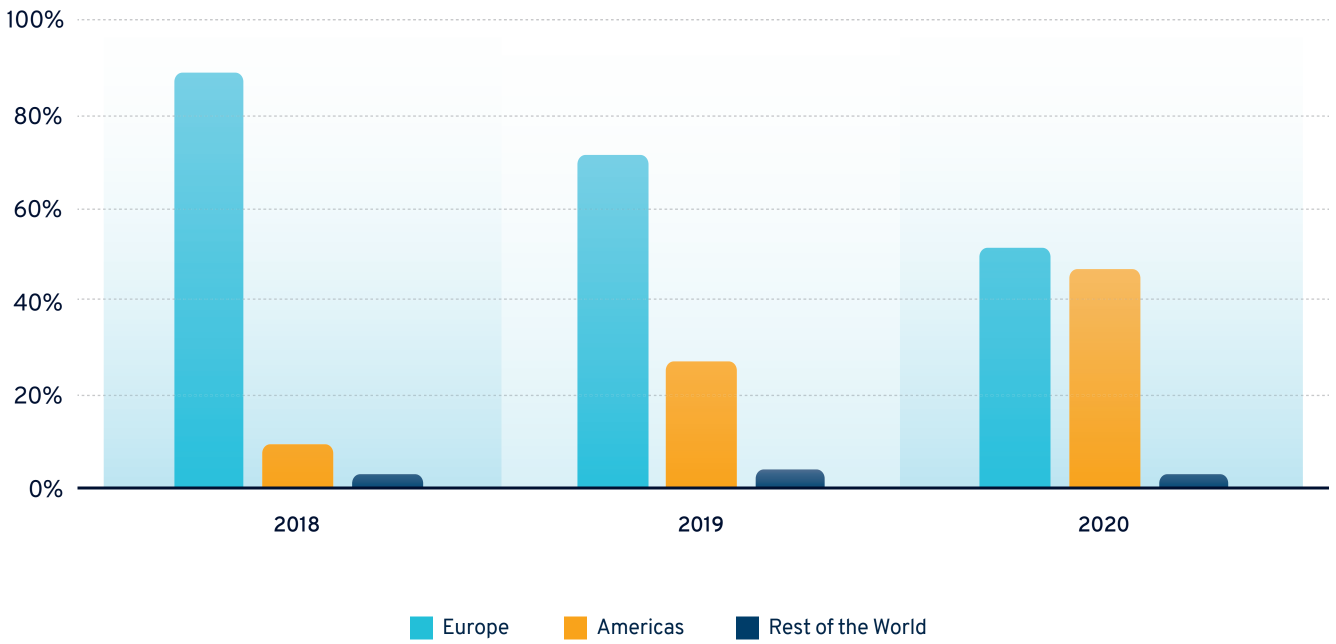
* Operator turnover growth shown is based on 2019 exchange rates
** Other includes the impact of volume-related commission tiers and fixed revenues
-- Denotes components of NGR from which Kambi's revenue share is calculated

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 by the end of 2020; 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 51% (70%), with the Americas comprising 47% (27%) and Rest of the World to 2% (3%) of the total GGR. Kambi's GGR in Europe continues to grow, although at a slower rate than the Americas due to Europe being a more mature and regulated market. The substantial increase in Americas was largely attributed to the continuing growth in both existing and new US states during the year.

Operator GGR mix by geographical area




Kambi
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Kambi
nio SPORTS
Springboard
visionary sports
OMG MOMENTS
Deloitte

Sustainability Report

Strong corporate governance unlocks future growth

Sustainability Report
Anchoring strategy in sustainability

This report covers activities in the 2020 calendar year and numbers presented are for the year ending 31 December 2020.

Kristian Nylén – Delivering growth through sustainability

"The year 2020 will long be remembered as a testing year. In order to combat the effects of the pandemic, countries from right across the globe have come together in aid of a common cause. The impact has also been felt by businesses, some of which have been greatly exposed to the impacts, with sports-related businesses particularly exposed. We're proud to have worked closely with our partners to help protect their businesses and employees by providing the technology and support to enable a fast return to growth.

Despite the adversity faced last year, Kambi remained true to its guiding principles. Since our formation in 2010, Kambi's business strategy has been anchored in the values of integrity, fairness and equal opportunities. Our success over the past decade has been based on a core set of beliefs, set out in this section, which have enabled us to develop and deliver sustainable growth both for Kambi and our growing number of partners around the world. In 2020, Kambi continued to build and develop these key areas.

Industry leadership has been one of the hallmarks of Kambi's achievements. From the outset, the company has operated with a laser focus on regulated markets, enhancing economies through the growth of our partners and our global offices. In 2020, 81% of Kambi's revenues were derived from regulated/regulating and taxed markets, up from 74% the previous year, and we continue to work closely with regulators and lawmakers to ensure their jurisdictions can benefit from the economic growth the industry drives.

Key to sustainability is unwavering trust in the integrity of sports. Kambi was the first sports betting supplier to attain membership of the International Betting Integrity Association (IBIA), having previously been an associate member. Our global team of experts blend technological expertise with a passion for sports, which drives our efforts to protect sport from harm. To this end, Kambi has invested in building the industry's foremost 24/7 Sportsbook Control division, which proactively works to highlight and mitigate any potential risks relating to fraudulent sports betting activity, which protects sports, our partners and their players. To underline this, in 2020, Kambi was first to flag more than half of all cases that the IBIA investigated for suspicious betting activity while also carefully managing its offer to reduce the risk of manipulation.

Trust is also fostered with strong security, and Kambi's software has been eCOGRA certified and is continually monitored to the highest of standards in ensuring the fairness of our systems. Furthermore, Kambi was first among its peers to become ISO 27001 certified, an internationally recognised certification which underlines our best-practice approach in managing our information security by addressing people and processes as well as technology.

Our product and services, delivered by more than 850 highly skilled employees based in eight offices around the world, are environmentally friendly, predominantly digital, and therefore extremely low on energy consumption and harmful emissions. In this report, we share a number of examples of how we are working to reduce our impact on the environment while underscoring our position as a company that places sustainability right at the core of its operations."

Sustainability governance

The governance and oversight of Kambi's sustainability strategy sits with the Kambi Board. The Board monitors and reviews Kambi's progress towards its sustainability goals on an annual basis. Kambi's executive management team is responsible for the ultimate formation of Kambi's sustainability strategy, with the coordination of the plan delivered by Kambi's Senior Vice President Investor Relations. At an operational level, the specific sustainability activities are implemented and recorded by business owners across the company, ensuring the functions with the ability to influence sustainability-related behaviours are given the opportunity to do so.

Kambi's core beliefs and aims:

Technology

To offer the industry's most advanced, reliable and competitive product, providing a secure sportsbook for our partners and a safe, fair and exciting experience for end users

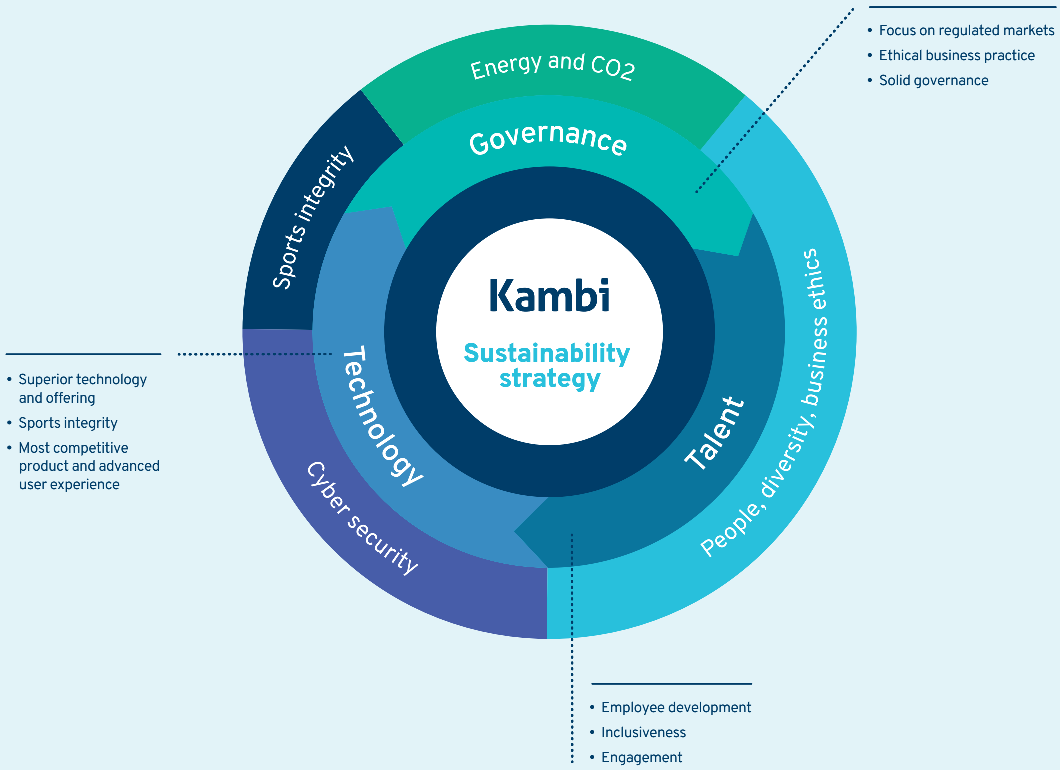
Governance

Revenue to be predominantly derived from regulated markets, avoiding markets where sports betting is not permitted and working closely with regulators based on the highest ethical standards and governance

Talent

To provide an inclusive environment in our offices around the world where talent, independent of background and demographic, can develop and thrive

Connected to these aims are four reporting areas within Kambi's business, through which Kambi can demonstrate how sustainability practices are embedded into the business and the outcomes of these measures. On the following pages we detail the key 2020 activities across the four business areas. These four reporting areas are: cyber security, sports integrity, people, diversity, business ethics, and energy and CO2.



Cyber security

Kambi holds an exemplary record in maintaining cyber security but understands the need for an ongoing raising of standards to continue to protect against an evolving threat. Among other measures, this involves enhancing our data framework to further improve data management processes and strengthening data security practices across the business.

In 2020, Kambi continued to focus on these aforementioned areas with one key enabler being employee education and awareness. Kambi successfully implemented new and robust processes to ensure complete security awareness training, therefore minimising the risk of potential cyber breaches due to human error or negligence. As part of this, Kambi rolled out a mandatory group-wide security awareness training programme.

In holding itself up to the highest standards, Kambi is ISO 27001 and WLA-SCS certified. Both require the certificate holder to continually maintain stringent security management processes, consistently adopting the latest measures to most effectively manage the security of assets, such as intellectual property, employee details and information entrusted by third parties. In 2020, Kambi successfully maintained its ISO 27001 and WLA-SCS certification through the required evolvement and demonstration of its security practices.

In combination with prevention measures, Kambi also invests in the detection and remediation of cyber vulnerabilities. Last year, Kambi significantly increased its endpoint detection and response capability through third-party vulnerability scanning, is rated Grade A by Qualys SSL Labs for its security and passed all its regulatory audits.

Sports integrity

The sports betting industry is built on a foundation of trust – consumers must have full faith in the integrity of sporting events, and those competing, if they are to place a wager on them. A breakdown in trust would have a negative impact on the long-term sustainability of the sports betting industry. As such, one of Kambi's primary objectives is to help protect sports from manipulation.

Kambi plays a prominent role in the detection of sports manipulation worldwide, building close working relationships with sports governing bodies to proactively identify and report instances of fixing and collusion. Kambi's sports integrity strategy is led by its Sportsbook Control team, a 24/7 operation responsible for Kambi's activity in this area,

improving collaboration with operators and suppliers globally, as well as building awareness internally. Kambi believes making the sportsbook as hostile as possible to manipulation will significantly reduce the risk of criminal activity. One method of doing this is to continuously review the betting markets made available to bet on. Last year, Kambi established an internal and cross-functional Offering Council to ensure Kambi leadership gives clear operational guidance regarding the integrity and suitability of our offering.

The Offering Council was introduced in the initial stages of the pandemic when the vast majority of high-profile sport was suspended, leaving operators faced with significant commercial pressures to offer as many of the remaining, often niche, events still being played. In order to offer a market leading product whilst also abiding by its long-standing commitment to sports integrity, Kambi performed enhanced due diligence on all new events offered during this period. Before offering any new tournament, a detailed integrity analysis was used to inform the risk management and offering decisions which were made by the Council, with ongoing reviews in place if any of the decisions should be rolled back. Threat from manipulated sports events remained low, but Kambi was careful to offer the right scope of bet offers to maintain a competitive offering at minimal risk. The additional measures and processes introduced during this period remain in place today.

In late 2019, Kambi became the first sports betting supplier to become a full member of the International Betting Integrity Association, a global integrity network, underlining Kambi's forward-thinking and proactive approach to sports integrity. As such, 2020 was the first full year in which Kambi was able to provide support to IBIA investigations into potential instances of manipulation, where it was able to play a leading role. Across the year, Kambi was the first to report instances of suspicious events in more than half of all cases flagged to IBIA that were then investigated, subsequently adjusting its offering to protect the sport, its partners and their players.

People, diversity and business ethics

While the success of the Kambi sportsbook requires high-performance technology, it is Kambi's talented staff that builds and operates that technology. It is for this reason we think of ourselves as a human technology company. To continue to be successful, Kambi must be able to attract and retain the brightest minds, enabling people to reach their full potential within a healthy, fair and equitable workplace.

The pandemic situation saw our global team quickly adapt to new ways of working, with many of our employees transitioning to remote working conditions. The HR teams across Kambi's eight locations worked closely to create content designed to support the transition to working from home, with regular updates across subjects including wellbeing, resilience and productivity. These transitions were managed successfully and minimised the disruption to our business, contributing to 84% of those surveyed in 2020 considering Kambi as a great place to work and an employee attrition rate of 9.7% (data from professional network platform LinkedIn places the average attrition rate in the technology sector at 13.2%).

Championing personal development

In 2020, Kambi continued to put in place measures to enable employees to reach their full potential. This included the implementation of a new e-learning service, ensuring that even during a period of disruption, with many people working remotely, the ability to continue learning and development remained present. Further to this, a new performance management programme was adopted, aimed at supporting ongoing performance and development discussions between managers and their reports. This included goal setting, regular performance check-ins and a new end-of-year review process to complement ongoing 360-degree feedback.

Kambi recognises that investing in people is central to the prospects of the business. To this end, Kambi formed a partnership with LinkedIn Learning in 2020, which provides access to more than 8,000 courses on a wide range of topics including personal development, IT skills and team leadership. Kambi also signed a partnership with Sportsbook Training Services for eLearning videos and materials covering the foundations of odds compiling and trading – ensuring that those new to our trading team are given the best possible start to life at Kambi.

Furthermore, Kambi worked throughout the year to ensure that this potential was given the right platform and leveraged effectively, with no friction points affecting internal mobility. Illustrating this, 20% of roles made available were filled by internal applicants. Kambi also aims to provide an inclusive environment for all, and in 2020 began developing a diversity and inclusion strategy, ensuring people of all genders and backgrounds have equal opportunity to progress. At the end of 2020, 25% of Kambi's executive management team and 40% of the Board were female. In addition to gender, Kambi promotes a fair working environment and works to eliminate all forms of discrimination, promoting human rights within our organisation.

As part of the education process, and to ensure Kambi continues to keep pace with regulatory requirements across the globe, Kambi also installed a series of processes throughout the year to enhance the appreciation for compliance across all parts of the organisation. These measures included conducting company-wide GDPR training, embedding core compliance into our new employee onboarding process and introducing mandatory health and safety training modules to local onboarding processes.

Kambi is also committed to providing an ethical environment for all employees. Kambi's Gift and Hospitality Policy assists employees' decisions related to the offer, acceptance or giving of gifts and hospitality. Kambi has specific guidance and procedures in place to ensure that no employee acts in any way that is inconsistent with Kambi's objectives or with the integrity of the business by accepting a gift in circumstances where it could influence, or be seen to influence, that employee's business actions or decisions.

Energy and CO2

The industry in which Kambi operates requires minimal consumer resource, with the product produced by Kambi predominantly in virtual online form rather than physical. From that base, we also look to reduce our carbon footprint in as many ways as possible. As a digital company, our environmental impact is primarily in energy usage and business-related travel.

Kambi continuously works to lessen its footprint, including reducing the level of CO2 per employee and distance flown per employee. While Kambi has introduced measures and actions to make progress with these targets, such as investment in enhanced virtual meeting technology and a review of home working, the impact of the pandemic throughout the majority of 2020 make any comparisons largely ineffective, with significant reductions seen in both examples. Kambi will continue to monitor and report on its progress.

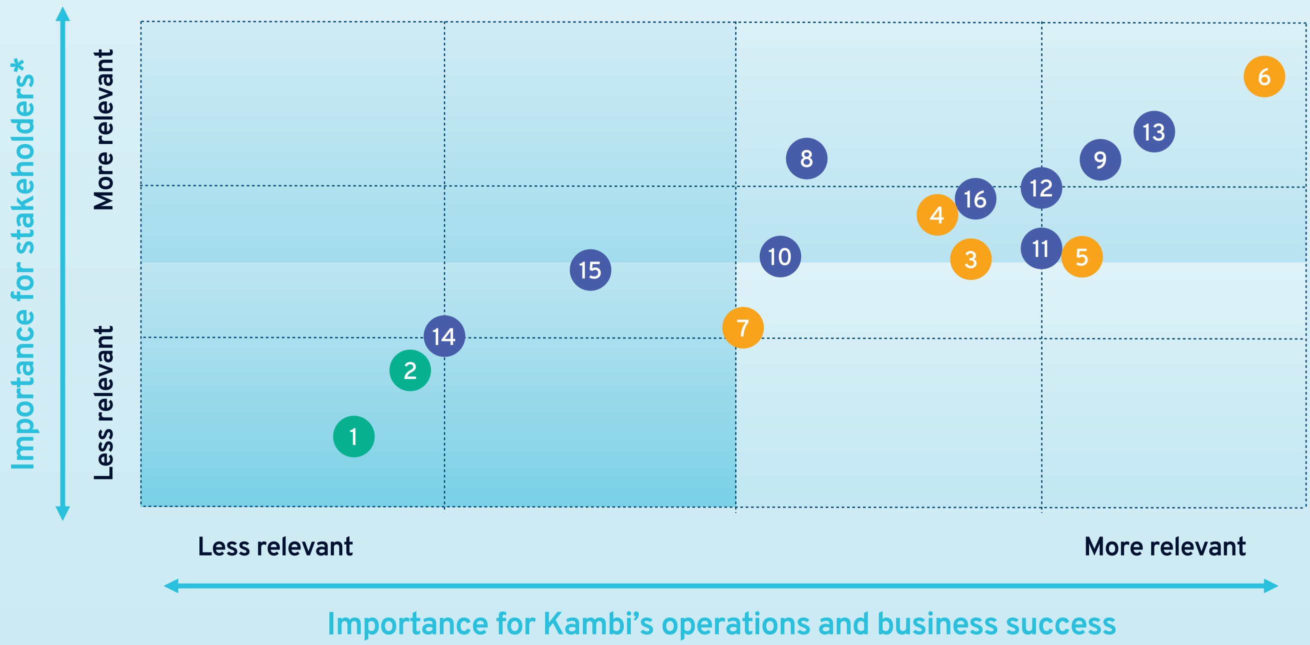
Our most material SDGs

The UN Sustainable Development Goals (SDGs) are a collection of 17 global goals that form a blueprint to achieve a better and more sustainable future by 2030. The goals are interconnected, and within each goal there are several targets and topics. Kambi focuses its efforts on the goals where it knows it can have the greatest impact. Based on the materiality assessment, Kambi has identified four priority SDGs that it can contribute most to. More information on SDGs can be found at sdgs.un.org/goals.

- 4. Quality education
- 8. Decent work and economic growth
- 10. Reduced inequalities
- 16. Peace, justice and strong institutions

Material aspects analysis

In 2020, Kambi conducted a material aspect analysis, to gauge how its stakeholders (employees, management, analysts, investors) rank the various business areas related to sustainability. For clarity, the ranking relates to the relevancy to Kambi's business and is not intended to imply certain areas are in general more important to sustainability than others. For example, as a predominantly online business, Kambi's CO2 emissions are relatively low and therefore Kambi is able to have greater impact in other areas.



Environmental aspects
1. Energy usage
2. CO2 emissions

Social aspects
3. Good and safe jobs
4. Diversity
5. Employee development
6. Sports integrity
7. Social initiatives

Governance aspects
8. Consumer protection
9. Cyber security
10. Fair tax
11. Product innovation
12. Corporate Governance
13. Ethical business practices
14. Responsible sourcing
15. Industry association participation
16. Regulated revenues

*Based on findings from conversations with investors, analysts and Kambi's management and staff

Corporate Governance

Strong corporate governance unlocks future growth

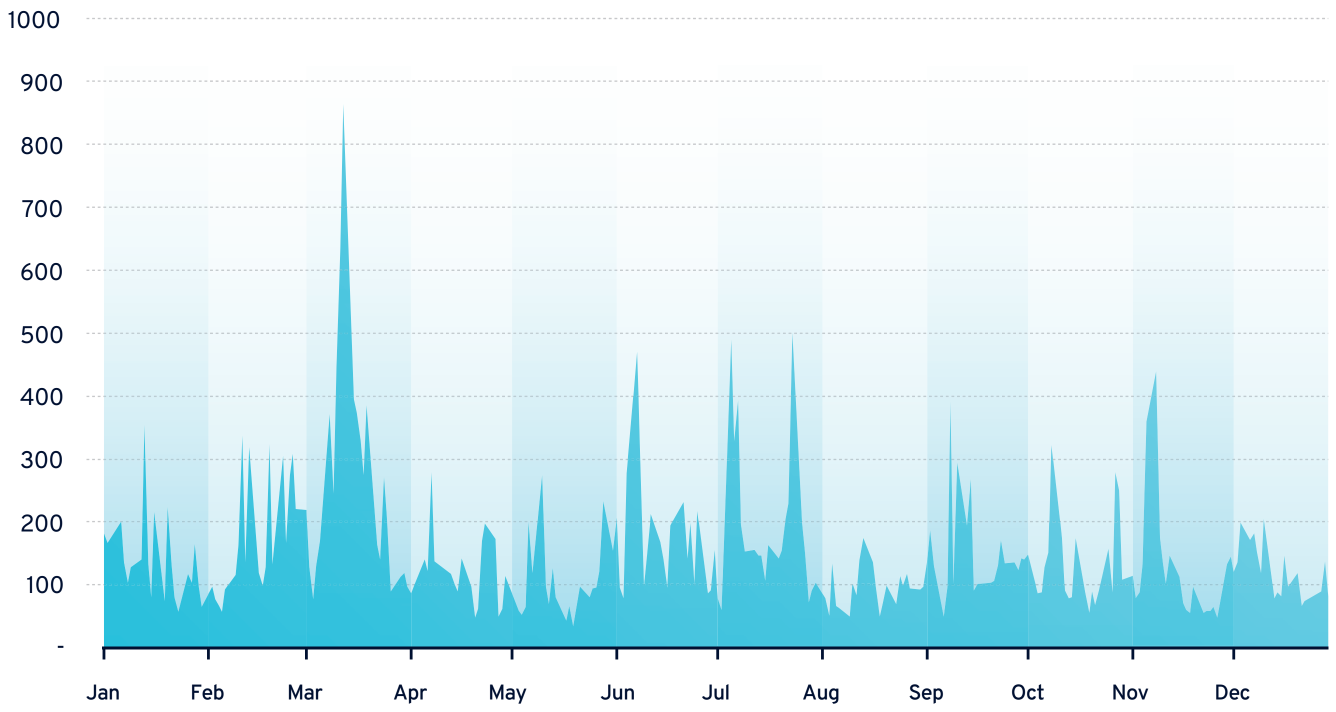
Share performance

The closing price on the first trading day of the year, 2 January 2020, was SEK 135.80. The closing price on the last trading day of the year, 30 December 2020, was SEK 388.00 with a market capitalisation of €1.2 billion.

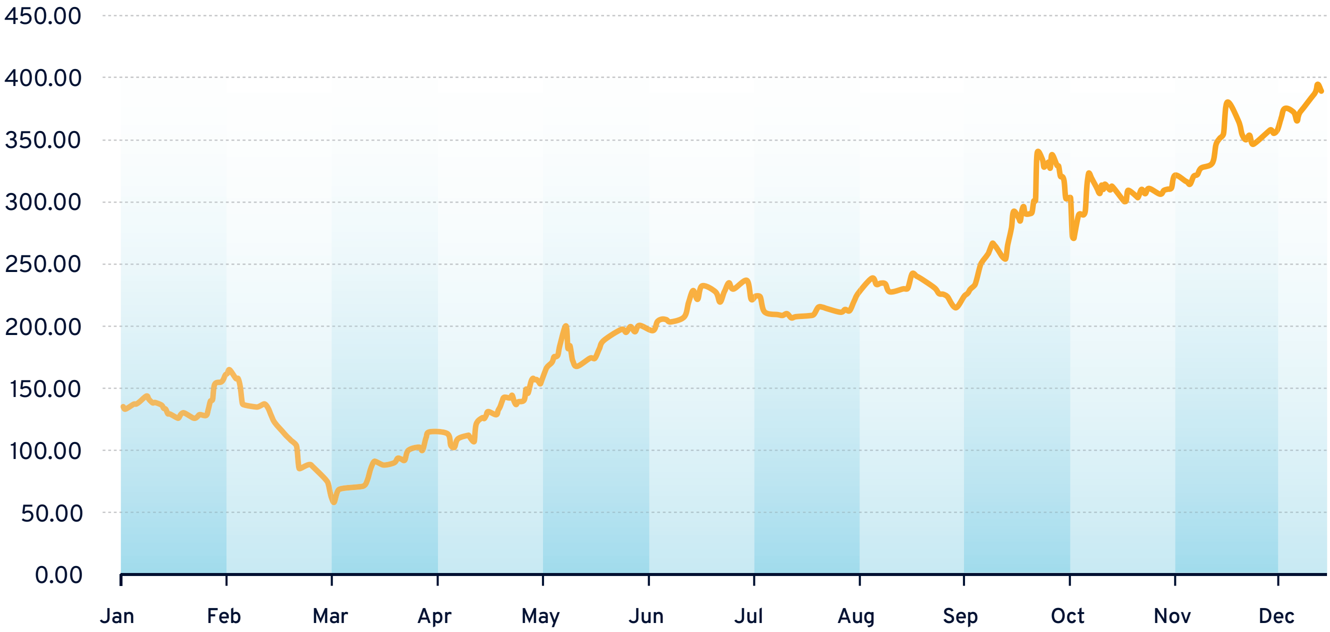
The highest closing price during the year was SEK 393.40, on 29 December. The lowest closing price during 2020 was SEK 59.00 on 19 March. The average daily volume traded during 2020 was 152,873 shares and the average closing share price was SEK 209.72. Kambi Group plc is listed on First North Growth Market at Nasdaq Stockholm with the ticker code 'KAMBI' and ISIN code: MT0000780107. For information on analysts covering the Kambi stock, please see the company website www.kambi.com.

Shares traded 2020

Total volume (thousands)



Share price development 2020
Closing price



Shareholders on 31 December 2020

Shareholder	Number of shares	% of total
Veralda Investment Ltd	6,103,564	19.7%
Fidelity Investments (FMR)	2,878,769	9.3%
Keel Capital	1,664,565	5.4%
Second Swedish National Pension Fund	1,042,817	3.4%
Norges Bank	1,021,016	3.3%
Total 5 largest shareholders	12,710,731	41.1%
Total other shareholders	18,243,966	58.9%
Total	**30,954,697**	**100%**

Risk factors

Set out here are some of the business and industry-related risk factors, we have identified as having potential consequences for Kambi's future development. These are not arranged in order of importance, or potential economic impact.

Regulatory and political environment

The Group's core business is strictly regulated by law in the markets where Kambi and our clients operate. Accordingly, political decisions, court rulings or changes in laws in the countries where Kambi or our operators have licences or commercial interests could have a material adverse effect on our business and operations. Regulatory changes can also have a positive impact, such as enabling us to access a market that becomes regulated or re-regulated.

Risks related to IT

Kambi's business depends on our IT systems. System failures and other events that affect operations could have a material adverse effect on our business and results. We mitigate this risk by using continuous monitoring to detect any problems as early as possible. All critical servers are duplicated, so that if one server fails, another will immediately take over. We carry out detailed analysis following any downtime to ensure that the underlying reason for the outage is understood and rectified.

Match fixing

Match fixing is defined as 'the manipulation of an event where the participants seek to fix the outcome for financial gain'. Kambi has internal systems and alerts in place to highlight any indications of match fixing and so reduce the financial impact of this risk. We also collaborate with industry watchdogs and regulators. If match fixing were to lead to changes in regulatory environments, this could have an impact on the results of operators and therefore our own financial performance.

Sport-specific intellectual property

In certain jurisdictions, regulators have begun to impose charges on licence holders for the right to offer odds, access data and use trademarks on certain sports. Any future changes in these charges could impact Kambi's financial position.

Dependency on key operators

A significant proportion of Kambi's revenue is currently generated from a few large operators, although this risk continues to decrease as our customer portfolio expands. The loss of business with any, or some of these, could have an adverse effect on our business.

Underlying performance of operators

Kambi's financial performance depends on the underlying performance of our operators. This is a result of our business model, in which we receive a percentage-based commission on the operators' net gaming revenue. A decline in our operators' financial performance could have a material effect on our own financial position. Operator trading margins can vary significantly from one period to the next, depending on the outcome of sporting events.

Competition and price pressure

Kambi's growth depends on our ability to develop and sell competitive products and services. As the market matures, increased competition and price pressures may materialise. Our ambition is to continue striving to offer the best B2B sportsbook in the market and to build further on our customer portfolio, with successful and loyal operators.

Foreign currency risk

Two forms of foreign exchange risks exist: transaction risks and translation risks. When our operators handle transactions in a currency other than the Euro the invoice is issued in, currency movements can have an impact on our revenues. Transaction risks occur in conjunction with purchases and sales of products and services that are made in currencies other than the local currency of the company involved. Translation risks occurs when the income statements and balance sheets of foreign subsidiaries are converted into Euros. Changes in the valuation of Euros, in relation to other currencies, can therefore have positive and negative effects on the Group's profit and financial position. To some degree, we manage currency risk by holding funds on short-term deposit, in the currencies of our principal cash outflows.

Tax risks

Kambi conducts its business in accordance with its interpretation and understanding of the applicable tax laws and treaties, case law, and the requirements of relevant tax authorities in the countries where we operate. Changes to regulatory, legislative and fiscal regimes in key markets could have an adverse effect on our results due to the added cost of gaming-related taxes, which we share with operators. In managing our taxation affairs, including estimating the amounts of taxation due, we rely on the exercise of judgment concerning our understanding of and compliance with those laws, assisted by professional advice.

Risk related to convertible bond

In 2014, Kambi Group plc issued a €7.5 million convertible bond to a wholly owned subsidiary of Kindred Group plc. This agreement was extended in July 2018, until December 2023. According to the terms of the convertible bond, the Company is obliged to procure that certain events listed in the agreement do not take place, unless with the prior consent of the lender. In case of a conversion, Kindred Group plc would obtain a controlling influence over Kambi, consequently having the power to control the outcome of most matters to be decided by vote at a shareholders' meeting.

Risk related to natural events

Kambi relies on the constant availability of its staff and offices to ensure the provision of its service to partners can continue without disruption, as well as a largely unaffected sporting calendar. Therefore, Kambi can be exposed to short-term risk related to natural events outside of its control. For example, a natural disaster which may impact Kambi offices and staff, or a global epidemic which may cause office closures and/or postponement or cancellation of sporting events. Kambi is a pure sportsbook provider which means its revenues are linked to sports events – fewer events mean fewer revenue generating opportunities. Kambi has in place mitigation protocols to minimize any direct impact such events may have on its operations, such as the establishment of disaster recovery sites and the ability for staff to work from home.

Board of directors

The Company's Board of Directors consists of five members, including the Chairman of the Board. Holdings in Kambi Group plc include personal holdings, family holdings and holdings through companies in which Directors have an interest, and are as at 17 March 2021

Lars Stugemo, Chairman

Member of the Remuneration Committee

Born: 1961

Education: MSc. in Electronics Engineering from KTH

Nationality: Swedish

Board member since: 2014 (incorporation)

Lars is co-founder of HiQ International, an IT and management consultancy firm founded in 1995, where he served as the CEO and President until its recent divestment. Lars currently sits on the board of air filter manufacturer Camfil AB and has been a member of IVA (Kungliga vetenskapsakademien) and VI since 2013.

Holdings in Kambi Group plc: 30,130 shares

Independent of the company and the company management as defined by the Swedish Code of Corporate Governance: Yes

Independent of major shareholders in the company as defined by the Swedish Code of Corporate Governance: Yes

Anders Ström

Chairman of the Nomination Committee, Member of the Remuneration Committee

Born: 1970

Education: Studies in Mathematics, Statistics and Economics at Karlstad University

Nationality: Swedish

Board member since: 2014 (incorporation)

Anders is founder of the sports-information company Trav-och Sporttjänsten in 1993. He was founder of Kindred Group plc in 1997, where he held various positions including Chief Executive Officer and Chairman of the Board. Anders was co-founder of Kambi Sports Solutions in 2010, Chairman of the Advisory Board of Kambi until May 2014 and then a Board member since Kambi's listing in 2014. He is also a director of Veralda AB.

Holdings in Kambi Group plc: 5,428,564 shares

Independent of the company and the company management as defined by the Swedish Code of Corporate Governance: Yes

Independent of major shareholders in the company as defined by the Swedish Code of Corporate Governance: No

Patrick Clase

Member of the Audit Committee

Born: 1968

Education: BSc. in Economics from Lund University and a CEFA from the Stockholm School of Economics

Nationality: Swedish

Board member since: 2014 (incorporation)

Patrick is Chief Investment Officer and a director of Veralda AB. Highly experienced in the financial markets, Patrick has worked, among other positions, as a Financial Analyst with ABG Sundal Collier and with Alfred Berg.

Holdings in Kambi Group plc: 37,619 shares

Independent of the company and the company management as defined by the Swedish Code of Corporate Governance: Yes

Independent of major shareholders in the company as defined by the Swedish Code of Corporate Governance: No

Marlene Forsell

Chairman of the Audit Committee

Born: 1976

Education: MSc. in Business Administration and Economics from Stockholm School of Economics

Nationality: Swedish

Board member since: 2018

Marlene recently served as Chief Financial Officer of Swedish Match, a global fast-moving consumer goods company within tobacco. Prior to becoming CFO, Marlene held various positions at Swedish Match, having previously worked as an analyst at Ernst & Young.

Holdings in Kambi Group plc: 1,700 shares

Independent of the company and the company management as defined by the Swedish Code of Corporate Governance: Yes

Independent of major shareholders in the company as defined by the Swedish Code of Corporate Governance: Yes

Cecilia de Leeuw

Chairman of the Remuneration Committee

Born: 1968

Education: MSc. in Industrial Engineering and Management from Institute of Technology in Linköping

Nationality: Swedish

Board member since: 2019

Cecilia is currently Vice President Sales and Head of Telecom Services at Tieto Sweden AB. Before joining Tieto in 2018, Cecilia was with Ericsson AB where she held various senior leadership positions since 1995, most recently as VP Sales in Canada for Ericsson North America. Cecilia has vast experience from complex system sales and global product management, including postings in Asia and North America.

Holdings in Kambi Group plc: 500

Independent: Yes

Independent of the company and the company management as defined by the Swedish Code of Corporate Governance: Yes

Independent of major shareholders in the company as defined by the Swedish Code of Corporate Governance: Yes

Executive Management

Kristian Nylén

Chief Executive Officer

Born: 1970

Nationality: Swedish

Employed: 2010

Education: BSc. in Business Administration, Mathematics and Statistics from the University of Karlstad

Kristian joined Unibet in 2000 and within three years had assumed responsibility for Unibet's entire sportsbook operation and joined the Group's management team. Kristian became CEO of Kambi upon its formation in 2010, and leads on all commercial aspects of the business.

Holdings in Kambi Group plc:
720,000 shares and 80,000 options

David Kenyon

Chief Financial Officer

Born: 1975

Nationality: British

Employed: 2010

Education: MA. in Modern Languages from Oxford University

Having qualified at KPMG, David joined Unibet in 2002 as Group Financial Controller, working on Unibet's NASDAQ OMX Stockholm listing. He then spent two years at the Capital Pub Company as CFO, where he floated the company on AIM, before moving back to Unibet in 2008. David has been CFO of Kambi, leading the financial and corporate functions, since its formation.

Holdings in Kambi Group plc:
42,830 shares and 60,000 options

Erik Lögdberg

Chief Operating Officer

Born: 1979

Nationality: Swedish

Employed: 2010

Education: MSc. Electrical Engineering from the Royal Institute of Technology (KTH)

Erik joined Unibet in 2005, quickly becoming head of live betting, with responsibilities including operations and product development. This period coincided with the growth in live betting and the formation of Kambi. Erik is now deputy CEO and leads on product and operational matters.

Holdings in Kambi Group plc:
47,229 shares and 60,000 options

Cecilia Wachtmeister

EVP Business & Group Functions

Born: 1966

Nationality: Swedish

Employed: 2019

Education: MSc. in Industrial Engineering and Management from the Institute of Technology in Linköping, Sweden

Cecilia joined the Kambi executive management team in 2019, where she took on responsibility for the Group's Commercial, Marketing Communications, Strategy and Human Resources functions. Cecilia previously spent more than 20 years at Ericsson, during which time she held various senior and international positions in the company, gaining vast experience of long sales cycles in B2B.

Holdings in Kambi Group plc:
10,000 shares and 87,484 options

Corporate governance report

Kambi Group plc is listed on First North Growth Market at Nasdaq Stockholm and is not required to follow all of the provisions of the Swedish Corporate Governance Code (the Code). The Board, however, recognises the importance and value of good corporate governance practice and accordingly, has selected those procedures and committees of the Code that it considers relevant and appropriate to the Group, given our size and structure. Each of the committees meets regularly.

The Board

The Board has five directors including the Chairman. The Board meets regularly to consider strategy, performance and the framework of internal controls.

The Board of Directors comprises a mix of the necessary skills, knowledge and experience required to provide leadership, control and oversight of the management of the Group and to contribute to the development and implementation of strategy. In particular, the Board combines a group of directors with diverse backgrounds within entertainment, sports betting, technology and B2B industries, the financial markets and other related sectors. This versatility of skills provides the Board with the resources and expertise to drive the continuing development of the Group and advance its commercial objectives.

In addition to being on the Board of Kambi, Anders Ström is also Chairman of the Board of Directors in Kindred Group plc. To avoid any potential conflict of interest, Anders is not present at, nor does he participate in, any decision-making process which relates directly to the contract between Kambi and Kindred Group plc. Anders will not seek re-election as Non-Executive Chairman in Kindred Group plc at the 2021 AGM.

In 2020, the Board held ten meetings, where four meetings were held in connection to the quarterly reports and six were regular meetings spread evenly throughout the year. Due to the current situation and the ongoing COVID-19 pandemic, a majority of the

Directors' remuneration	Fees/salary €000	Other €000	2020 €000	2019 €000
Anders Ström	**57**	**10**	**67**	57
Lars Stugemo	**107**	**15**	**122**	107
Patrick Clase	**57**	**9**	**66**	57
Cecilia Wachtmeister	**-**	**-**	**-**	19
Marlene Forsell	**57**	**9**	**66**	54
Cecilia de Leeuw	**54**	**3**	**57**	31
	332	**46**	**378**	325
Kristian Nylén (CEO)	**886**	**1,933**	**2,819**	891
Executive Management remuneration	**1,098**	**2,084**	**3,182**	2,723
	2,316	**4,063**	**6,379**	3,939

The basic salary per annum is €50,000 (2019: €50,000) per director. The Chairman of the Board receives an additional fee of €50,000 (2019: €50,000) and each member of the Remuneration and Audit Committee receives €6,500 (2019: €6,500) per annum. For management, other includes remuneration for share based payments.

meetings were held virtually. The regular Board meetings are prepared jointly by the Chairman of the Board and the CEO of the company. At every regular Board meeting an update is given on the business and financial situation.

Members of the executive management take part in the Board meetings in order to report on matters within their specific areas when relevant and necessary. The CEO provides a monthly report to the Board. This report comprises updates on regulations, operations and financial development.

All members of the Board of Directors are elected at the AGM and their remuneration is recommended by the Nomination Committee, conditional upon approval at the AGM. The basic salary per annum is €50,000 (2019: €50,000) per director. The Chairman of the Board receives an additional fee of €50,000 (2019: €50,000) and each member of the Remuneration and Audit Committee receives €6,500 (2019: €6,500) per annum.

Additionally, an extra remuneration of €1,000 is payable to each director per application handled in the US, and a fee, at the rate of €2,000 per day spent in the US in conjunction with on-ground handling of the applications, is paid to any director as required.

The Audit Committee

The Audit Committee is responsible for ensuring that the financial performance of the Group is accurately reported and monitored. In addition, it reviews the reports from the auditors relating to the accounts and internal control systems. It meets at least twice a year with the auditors. The Audit Committee is comprised of Marlene Forsell and Patrick Clase and is chaired by Marlene Forsell.

The 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 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 AGM are: Anders Ström – Veralda Investment Ltd, Lars Stugemo – Chairman of the Board, Mathias Svensson – Keel Capital, and Jonas Eixmann – The Second Swedish National Pension Fund. The Committee is chaired by Anders Ström.

The Remuneration Committee

The Remuneration Committee reviews the performance of the senior managers and sets and reviews the scale and structure of their remuneration, the basis of their remuneration and the terms of their service agreements, with due regard to the interests of shareholders. The Remuneration Committee is comprised of Anders Ström, Cecilia de Leeuw and Lars Stugemo and is chaired by Cecilia de Leeuw. Details of the remuneration of the Board of Directors and senior executives are set out here to the left.

Kambi Remuneration policy and report

The policy of the Board is to attract, retain, and motivate the best managers, by rewarding them with competitive compensation packages linked to the Group's financial and strategic objectives. The compensation packages need to be fair and reasonable in comparison with companies of a similar size, industry, and international scope. Remuneration for the CEO and executive management team are dependent on a combination of personal and company-related performance targets which are reviewed annually.

The components of remuneration for executive managers comprise base salary, benefits, performance-related salary, and long-term incentives. The key performance conditions for long-term incentives are EPS growth or EBIT growth and continued employment. The variable remuneration is in proportion to the executive's responsibilities and authority. It is also subject to an upper limit and based on fulfilment of targets aligned with the shareholders' long-term interests. Where appropriate, the variable element is based on quantitative and qualitative targets. The variable element of remuneration for the CEO and other members of the executive management are maximum 50% of the fixed salary cost, depending on the attainment of personal and company performance targets. These targets include quantitative financial data such as EBIT targets and customer signings as well as qualitative targets such as personal performance.

The CEO and the executive management are entitled to the same benefits as other local employees. Termination and severance pay in the case of the CEO, there is a reciprocal period of notice of 12 months. In the case of other members of the executive management, there is a mutual period of notice of six months.

Issues concerning remuneration of the executive management are handled by the CEO. Decisions on remuneration of the CEO are taken by the Board of Directors. The members of the Remuneration Committee have no personal interest in the outcome of their decisions and give due regard to the interests of shareholders and to the continuing financial and commercial health of the business.

Directors' report

Statement of directors' responsibilities

The directors present their report on the affairs of the Group, together with the audited consolidated financial statements and auditor's report, for the year ended 31 December 2020.

Principal activities

Kambi Group plc is a B2B supplier of fully managed sports betting services, on an in-house developed software platform, providing premium turnkey sports betting services to B2C gaming operators.

Results and dividends

The consolidated income statement is set out on page 64. The profit after tax was €24.1 (€10.4) million. The Board does not propose a dividend.

Going concern

As required by Listing Rule 5.62 issued by the Listing Authority, upon due consideration of the Company's state of affairs, capital adequacy and solvency, and Statement of directors' responsibilities, the directors present their report on the affairs of the Group – together with the audited consolidated financial statements and auditor's report, for the year ended 31 December 2020. The directors confirm the Company's ability to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis.

Performance review

The directors have conducted a detailed review of the Group's performance during the year, the highlights of which are disclosed on pages 12 and 13 of this annual report. Despite the disruptions of the year including a period of a significantly reduced sporting calendar, 2020 saw Kambi record excellent financial performance, posting revenue growth of 28% for the year ending 31 December 2020. Four new customer contracts were signed: Churchill Downs, Four Winds, BNL and JVH. The Group renewed or extended its contractual agreements with three customers: Betplay, LeoVegas and DraftKings Inc., to mutually support and cooperate on DraftKings' migration to proprietary technology*.

The directors have also conducted a review of the Group's Key Financial and Non-financial Performance Indicators, detailed here as follows:

	FY 2020
Operating (EBIT) margin	27.4%
EBITDA (€m)	49.7
EBITDA margin	42.2%
Equity/assets ratio	71.8%
Employees at period end	878
Earnings per share (€)	0.781
Fully diluted earnings per share (€)	0.763

* In 2019, DraftKings and 888 announced plans to migrate to own technology.

Financial and non-financial risk management

The directors have undertaken a thorough review of both the financial and non-financial risks faced by the Group, and details thereof can be found on pages 50 - 51 of this annual report.

Future developments

The Company intends to continue its investment in people and technology, to develop our Sportsbook service.

Directors

The following have served as directors during the year under review:

- Lars Stugemo (Chairman)
- Anders Ström
- Patrick Clase
- Marlene Forsell
- Cecilia de Leeuw

Lars Stugemo, Anders Ström, Patrick Clase, Marlene Forsell and Cecilia de Leeuw will seek re-election at the forthcoming AGM.

Statement of directors' responsibilities

The directors are required by the Maltese Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, which give a true and fair view of the state of affairs of the Group at the end of each financial year, and of the profit or loss of the Group for the year then ended.

In preparing the financial statements, the directors are required to: select suitable accounting policies and apply them consistently, make judgments and estimates that are reasonable, and prepare the financial statements on a going concern basis – unless it is inappropriate to presume that the Group will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time, the financial position of the Group – and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386).

This responsibility includes designing, implementing and maintaining such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

At the date of making this report, the directors confirm the following: As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report, of which the independent auditor is unaware, and each director has taken all steps that he / she ought to have taken as a director in order to make him / her-self aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Independent auditor

The auditor, Mazars, has indicated its willingness to continue in office and a resolution for its reappointment will be proposed on behalf of the Board at the Annual General Meeting on 11 May 2021.

Financial Report

Driving forward at pace

Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. Kambi charge our operators a monthly fee, based on a number of variables, including fixed fees, commission based on the profits generated for operators and the number of live events offered.

Total revenue in 2020 increased to €117.7 (2019: €92.3) million. The increase of 28% year-on-year demonstrates Kambi's continued growth, despite a significant period of the year involving a lack of sporting events as a result of the COVID-19 pandemic.

Administrative expenses

Administrative expenses for 2020 were €85.0 (2019: €77.6) million. Excluding depreciation and amortisation, ongoing administrative expenses were €67.5 (2019: €63.4) million, of which €43.1 (2019: €39.0) million were salaries and associated costs. The increase in salaries can be attributed to an increase in share option-related expenses, along with increased staff costs, as the company realises the full annual cost of those employees joining the company during 2019.

Note 7 in the financial statements on page 78 provides more analysis of operating costs.

EBITDA and operating profit

Earnings before interest, tax and depreciation and amortisation (EBITDA) for the full year 2020 were €49.7 (2019: €29.1) million. Profit from operations for the full year 2020 was €32.2 (2019: €14.7) million, demonstrating the strength of Kambi's scalable business model

Profit after tax

Profit after tax for the full year 2020 was €24.1 (2019: €10.4) million.

Development and acquisition costs of intangible assets

In the full year 2020, development expenditure of €16.5 (2019: €14.9) million was capitalised. The key elements of capitalised development costs during 2020 were sportsbook enhancement, US product development, market expansion and evolution of our retail channel.

Balance sheet

Kambi's strong balance sheet reflects the Group's growth during the year.

Certain non-current assets of the Group relate to capitalised IT development costs. Other non-current assets include computer software, computer hardware, fixtures and fittings and deferred tax. The non-cash current assets on the balance sheet relate to trade receivables, other receivables and prepayments.

Significant liabilities on the balance sheet include the convertible bond (see note 23 on page 86) and trade and other payables (see note 22 on page 86).

Cash flow

The net cash inflow for 2020 was €15.8 (2019: €6.6) million, increasing the total cash balance at the end of 2020 to €60.8 (2019: €45.0) million.

Kambi's strong balance sheet reflects the Group's growth during the year

Financial statements

Statement of consolidated profit or loss and other comprehensive income for the year ended 31 December 2020

	Note	2020 €000	2019 €000
Revenue	**6**	**117,685**	92,294
Administrative expenses	7	**(84,956)**	(77,680)
Other operating expenses	8	**(500)**	112
Finance costs	9	**(652)**	(636)
Investment income	10	**38**	35
Profit before items affecting comparability		**31,615**	14,125
Items affecting comparability			
Impairment of trade receivables	20	**(590)**	-
Impairment of equity-accounted associate	19	**-**	(494)
Profit before tax	**11**	**31,025**	13,631
Income tax expense	14	**(6,969)**	(3,182)
Profit for the year		**24,056**	10,449
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments	29	**(955)**	(578)
		(955)	(578)
Items that may not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit scheme	24	**(58)**	(43)
		(58)	(43)
Other comprehensive income/(expense) for the year		**(1,013)**	(621)
Total comprehensive income for the year		**23,043**	9,828
Earnings per share	**30**		
Basic		**0.781**	0.345
Diluted		**0.763**	0.339

The notes on pages 68 - 101 form an integral part of these consolidated financial statements.

Statement of consolidated financial position as at 31 December 2020

	Note	2020 €000	2019 €000
ASSETS			
Non-current assets			
Intangible assets	16	**22,425**	18,458
Plant and equipment	17	**10,181**	11,661
Investment in associate	19	**-**	-
Deferred tax assets	25	**6,500**	3,321
		39,106	33,440
Current assets			
Trade and other receivables	20	**36,632**	21,994
Cash and cash equivalents	21	**60,826**	44,988
		97,458	66,982
Total assets		**136,564**	100,422
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	26	**92**	91
Share premium	26	**58,237**	57,640
Other equity & reserves	28	**5,950**	3,377
Currency translation reserve	29	**(3,357)**	(2,402)
Accumulated profits		**37,093**	13,037
		98,015	71,743
Non-current liabilities			
Other financial liabilities	23	**7,345**	7,297
Deferred tax liabilities	25	**1,219**	280
Other liabilities	24	**330**	225
Lease liabilities	32	**3,537**	5,011
		12,431	12,813
Creditors: Amounts falling due within one year			
Trade and other payables	22	**16,453**	11,076
Current tax liabilities		**7,339**	2,071
Lease liabilities	32	**2,326**	2,719
		26,118	15,866
Total equity and liabilities		**136,564**	100,422

These consolidated financial statements were approved by the board of directors, authorised for issue on 11 March 2021 and signed on its behalf by:

Marlene Forsell, Director

Patrick Clase, Director

The notes on pages 68 - 101 form an integral part of these consolidated financial statements.

Statement of changes in equity for the year ended 31 December 2020

	Share Capital €000	Share premium €000	Other reserves €000	Foreign currency reserve €000	Accumulated profits €000	Total €000
Balance at 1 January 2019	90	53,810	3,496	(1,824)	2,198	57,770
Changes in equity for 2019						
Value of employee share options	-	-	647	-	-	647
Tax on share options	-	-	(333)	-	-	(333)
Proceeds from issue of shares	1	3,830	-	-	-	3,831
Fully exercised share options	-	-	(390)	-	390	-
Total comprehensive income for the year	-	-	(43)	(578)	10,449	9,828
Balance at 31 December 2019	91	57,640	3,377	(2,402)	13,037	71,743
Changes in equity for 2020						
Value of employee share options	-	-	1,372	-	-	1,372
Tax on share options	-	-	1,259	-	-	1,259
Proceeds from issue of shares	1	597	-	-	-	598
Total comprehensive income for the year	-	-	(58)	(955)	24,056	23,043
Balance at 31 December 2020	**92**	**58,237**	**5,950**	**(3,357)**	**37,093**	**98,015**

The notes on pages 68 - 101 form an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2020

	Note	2020 €000	2019 €000
Cash flows from operating activities			
Profit before taxation		**31,025**	13,631
Depreciation	17	**5,079**	4,534
Amortisation	16	**12,375**	9,796
Finance costs	9	**652**	636
Investment income	10	**(38)**	(35)
Impairment of equity-accounted associate	19	**-**	494
Share based payment expense	27	**1,372**	647
Movement in working capital:			
Decrease/(increase) in trade and other receivables		**(14,638)**	(3,665)
Increase/(decrease) in trade and other payables		**5,377**	1,148
Increase/(decrease) in other liabilities		**105**	91
Cash generated from operations		**41,309**	27,277
Investment income received		**38**	35
Tax paid		**(2,759)**	(3,727)
Net cash generated from operating activities		***38,588***	23,585
Cash flows from investing activities			
Purchase of tangible fixed assets	17	**(2,575)**	(2,508)
Development costs of intangible assets	16	**(16,459)**	(14,889)
Net cash used in investing activities		***(19,034)***	(17,397)
Cash flows from financing activities			
Proceeds from issuing new shares		**197**	3,831
Interest paid		**(389)**	(340)
Payments of lease liabilities		**(2,989)**	(2,731)
Net cash generated from/(used in) financing activities		***(3,181)***	760
Net increase in cash and cash equivalents		**16,373**	6,948
Cash and cash equivalents at the beginning of the year		**44,988**	38,350
Effect of foreign exchange rate changes		**(535)**	(310)
Cash and cash equivalents at the end of the year	21	**60,826**	44,988

The notes on pages 68 - 101 form an integral part of these consolidated financial statements.

Notes to the financial statements for the year ended 31 December 2020

1. General Information

Kambi Group plc is the Group's ultimate parent company and is incorporated and domiciled in Malta. Its registered office and principal place of business is 3rd Floor, 75, Quantum House, Abate Rigord Street, Ta' Xbiex, XBX1120 Malta. The principal activity of Kambi Group plc and its subsidiaries (the Group) is the provision of managed sports betting services.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

The accounting policies adopted are consistent with those of the previous financial period except as noted below. The adoption of the following standards effective from 1 January 2020 did not have a material impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective for periods beginning on 1 January 2020

Up to the date of the financial position, certain new relevant standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which the Group has not yet adopted. None of these standards are expected to have a material impact on the Group's financial position and performance.

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union

Management are assessing the impact that the adoption of the following Financial Reporting Standards will have in the financial statements of the Company in the period of initial application:

- IFRS 17 - Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- Amendments to
    - IFRS 3 Business Combinations;
    - IAS 16 Property, Plant and Equipment;
    - IAS 37 Provisions, Contingent Liabilities and Contingent Assets
    - Annual Improvements 2018-2020
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

3. Basis of preparation & consolidation

The Group financial statements consolidate those of the parent company and of all its subsidiaries as at 31 December 2020.

These financial statements have been prepared on the historical cost basis subject to modification where appropriate by the revaluation of financial assets and liabilities at fair value through profit or loss and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. All references to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. The individual parent financial statements have been prepared separately.

Historical cost is generally considered to be the fair value of consideration paid in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group has prepared financial statements which comply with IFRS applicable for periods ending on 31 December 2020, together with the comparative period data as at and for the year ended 31 December 2019, as described in the accounting policies. The significant accounting policies set out below have been consistently applied to all periods presented unless noted otherwise in Note 1 and have been applied consistently by the Group's entities.

The directors believe that the Group will continue with its forecast growth and therefore the financial statements have been prepared on a going concern basis. The year ending 31 December 2020 saw the Group impacted by the global spread of COVID-19, primarily due to cancellations and postponements of sporting events. Since the return of sporting events, the Group has seen no long term detrimental impacts to the business and the forecast growth.

The consolidated financial statements comprise the financial statements of the Group and the entities it controls (its subsidiaries) as at 31 December 2020. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group is considered to have power over an entity when it has existing rights that give it the current ability to direct the relevant activities of the investee. For the Group to have power over an entity, it must have the practical ability to exercise those rights. The entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control identified above. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Consolidation of a subsidiary begins when the entity obtains control over the subsidiary and ceases when it loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date the company ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full in the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases, less any accumulated impairment charges.

4. Significant accounting policies

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases that are in effect at 31 December 2020, as summarised below. These were used throughout all periods presented, except where stated otherwise.

Plant and equipment

The Group does not own property and its tangible non-current assets in the form of plant and equipment are classified into the following classes: office equipment, fixtures & fittings, computer hardware, and leasehold improvements.

Items of plant and equipment are classified into separate classes and initially measured at cost, including any costs directly attributable to bringing the assets to the location and in the condition necessary for these to be capable of being employed in the manner intended by the Group's management. Subsequently they are stated at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance is recognised as an expense when incurred.

Items of plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method. The estimated useful lives for the current and comparative period are as follows:

Leasehold improvements:	5 years
Fixtures & fittings:	5 years
Office equipment:	5 years
Computer hardware:	3 years

Depreciation methods, useful lives and material residual values are reviewed at each reporting date with the effect of any change in estimate accounted for prospectively.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost, less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life on a systematic basis. Amortisation is charged to profit or loss on a straight-line basis so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The estimated useful lives by class are as follows:

Computer software:	3 years
Development costs:	3 years
Brands:	3 years

The amortisation method applied, the useful lives and material residual values are reviewed at each reporting date with the effect of any change in estimate accounted for prospectively.

(i) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and install the specific software.

In determining the classification of an asset that incorporates both intangible and tangible elements, judgment is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified under property, plant and equipment as computer hardware and accounted for in accordance with the Group's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset.

(ii) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development of a sportsbook product is recognised only if all the following can be demonstrated by the Group:

- the technical feasibility of completing, and the intention to complete, the product so that it will be available for use or sale
- the probability that the product will generate future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the product, and
- the ability to measure reliably the expenditure attributable to the product during its development.

(iii) Brands

Brands are capitalised on the basis of the costs incurred in relation to their development.

Derecognition of intangible assets: an intangible asset is derecognised upon disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised as the proceeds received, net of direct issue costs. Repurchase of the entity's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the entity's own equity instruments.

Debt and equity instruments issued by the group are classified as either other financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

Financial assets

On initial recognition, a financial asset is classified as measured at either amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on the business model in which a financial asset is managed and its contractual cash flow characteristics

The Group's financial assets relate to trade receivables and cash at bank. These assets are subsequently measured at AC using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Trade receivables which do not have a significant financing component are initially measured at their transaction price and are subsequently stated at their nominal value less any loss allowance for expected credit losses

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows of the financial assets, and either substantially all the risks and rewards of ownership have been transferred or substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities

Financial liabilities in relation to Trade and other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material.

Financial liabilities classified as 'other financial liabilities' include borrowings subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, is cancelled or expires.

The component parts of compound instruments (the convertible bond) issued by the entity are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

At the date of issue, the fair value of the financial liability component is estimated using the prevailing market interest rate for similar risk non-convertible instruments. The amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised in which case the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at the maturity date of the convertible bond, the balance recognised in equity will be transferred to other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Changes in the fair value of the equity component are not recognised. Redemptions or refinancings of the equity component are recognised as changes in equity whereas gains or losses associated with redemptions or refinancings of the liability component are recognised in profit or loss.

(i) Trade receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business and are recognised when originated. Trade receivables are classified as current assets and are stated at their nominal value unless the effect of discounting is material, in which case trade receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

The Group applies the simplified approach for trade receivables and contract assets that do not contain a significant financing component. The Group's trade receivables are of a short-term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component..

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Where the Group does not have reasonable and supportable information that is available without undue cost or effort to measure Lifetime ECLs on an individual instrument basis and in order to ensure that Lifetime ECLs are recognised before an asset becomes credit-impaired or an actual default occurs, Lifetime ECLs on the remaining financial assets are measured on a collective basis. In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the Lifetime ECLs are estimated using a provision matrix based on actual credit loss experience over past years, which is adjusted to reflect current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(ii) Trade payables

Trade payables are classified as current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

(iii) Shares issued by the Group

Ordinary shares issued by the Group are classified as equity instruments. Costs relating to an equity issue are offset against equity, as a deduction from the issue proceeds.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer arises from the provision of services (performance obligations) and is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax, rebates and discounts, where applicable.

(i) Provision of services

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group and the Company recognise such revenue when (or as) they satisfy a performance obligation by transferring control of a promised good or service to the customer.

Finance income and finance costs

Interest income and expense is recognised on an accruals basis by reference to the principal outstanding and by using the effective interest method when it is probable that the economic benefits will flow to or from the Group and the amount of income or expense can be measured reliably.

Taxation

Income tax expense comprises current and deferred tax and is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currency translation

The financial statements of the Group are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the Group operates. Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are re-translated to the presentation currency at the exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in currencies other than the Euro that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement and on the re-translation of monetary items are recognised in profit or loss.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euro using exchange rates at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a foreign currency translation reserve in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents comprise cash at bank, including deposits accessible on demand.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are recognised at their present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are not recognised for future operating losses.

Items affecting comparability

The Group defines items affecting comparability as those items which, by their size or nature in relation to the Group, should be separately disclosed in order to give a full understanding of the Group's underlying financial performance, and aid comparability of the Group's results between periods.

Leases

At the inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal period that the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets within Plant and equipment and lease liabilities within current and Non-current liabilities and Creditors: amounts falling due within one year accordingly in the Statement of consolidated financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases less than 12 months or leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In the Statement of Cash Flows, the Group classifies cash payments for the principal portion of the lease liability within financing activities and the cash payments for the interest portion of the lease liability within operating activities.

Share based payments

Share based payment arrangements in which the Group receives goods or services as consideration for equity instruments are accounted for as equity settled share based payment transactions by recognising in profit or loss the fair value of the awards with a corresponding increase in equity within other reserves.

The total amount to be expensed is measured by reference to the fair value at the grant date of the options granted, taking into account market performance conditions and the impact of any non-vesting conditions, and excluding the impact of any service or vesting conditions. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period of the options, which is usually three years. At each balance sheet date, the estimate of the number of options expected to vest is revised with the impact recognised in the statement of consolidated profit or loss and other comprehensive income and a corresponding adjustment to equity within other reserves.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, an impairment test is carried out and the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Assets that have an indefinite useful life and are therefore not subject to amortisation or depreciation and intangible assets not yet available for use are tested annually for impairment and whenever there is an indication that the asset may be impaired. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, intangible assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account.

Post-employment benefits

The Group contributes towards the pension contribution plans in accordance with local legislation where required. The only obligation of the Group is to make the required contributions. Costs related to such contributions are expensed in the period in which they are incurred.

The Group also provides for certain additional post employment retirement benefits to employees in the Philippines. The cost of providing benefits under a defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. This cost is recognised in profit or loss and includes the service cost (including current service cost, past service cost and gains/losses on curtailments and settlements), net interest expense or income on the defined benefit liability or asset and re-measurement which comprises actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest). The net defined benefit liability or asset includes actuarial gains and losses which are recognised in other comprehensive income in the period in which they arise.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises service costs and net interest expense or income in the net defined benefit obligation under Administrative Expenses in the Consolidated statement of profit or loss and other comprehensive income.

Grants

Government grants are recognised when there is reasonable assurance that all the conditions attaching to them are complied with and the grants will be received. Government grants relating to income are recognised in profit or loss over the period necessary to match them with the related costs which they are intended to compensate on a systematic basis. Such grants are deducted in reporting the related expense.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of every reporting period.

5. Use of judgements and estimates

The amounts recognised in the financial statements are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of financial statements. The judgments made by management in applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements, together with information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed herein.

Deferred taxation

The recognition of deferred tax assets is based upon whether taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. The amounts recognised in the consolidated financial statements are derived from the management's best estimation and judgment of the above.

Convertible bond

The recognition of the liability component of the convertible bond requires an assessment of a discount rate which is assessed using the interest rate of an equivalent risk instrument that was not convertible. Management has estimated this rate based on current economic conditions and historical experience with similar instruments that the Group has previously had in place.

Recoverability of internally generated intangible assets

IFRS requires management to undertake an annual test for impairment of internally generated intangible assets to determine if the carrying amount of any asset may not be recoverable. Impairment testing is an area involving management's assessment that technological and economic feasibilities are achieved. In determining the amounts to be capitalised and for any impairment assessment, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Since the return of professional sporting events in 2020, the Group has continued to operate successfully and generating strong business results, accordingly long term growth forecasts have not been materially impacted by the outbreak of COVID-19 during 2020. The recoverable amount of the assets has been determined based on an estimate of future cash flows applying a discount rate of 12.2% (2019: 15.7%).

Useful lives of plant and equipment

The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed throughout the year for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life. If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset is reduced.

Share options

Upon exercise of the share options disclosed in Note 27, the Group will have a liability to pay the employer's social security on any gains. The amounts recognised in the consolidated financial statements are derived from the management's best estimation of the likely option vesting patterns and are based on the share price at the balance sheet date.

The Kambi Group Executive Share Option Plan (ESOP) was introduced in December 2013. Under the scheme, options are exercisable over a seven year period, starting at the third anniversary of the date of grant and expiring at the tenth anniversary of the date of grant, and are subject to the optionholders remaining in continued employment with the Group.

The Kambi Group plc Share Option Plan 2015 was introduced in December 2015, the Kambi Group plc Share Option Plan 2018 in June 2018, the Kambi Group plc Share Option Plan 2019 in July 2019 and the Kambi Group plc Share Option Plan 2020 in April 2020, with a fixed exercise price equal to 110 per cent of the average share value, based on the average market value of a Kambi share on the First North Exchange, for the 10 business days before the options are granted. The options will be exercisable over a one year period, starting at the third anniversary of the date of grant and expiring at the fourth anniversary of the date of grant. Options are exercisable only to the extent that certain performance conditions in relation to EPS growth have been satisfied and are subject to the optionholders remaining in continued employment with the Group.

Based on the above, an estimation of the employer's social security liability at each balance sheet date has been made and accounted for accordingly. The estimation is updated regularly according to various factors including attainment of the performance conditions, the number of options outstanding and the latest share price.

Post-employment benefit obligations

The cost of the defined benefit retirement plan in the Philippines is dependent on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date and remeasurement gains and losses arising from such reviews are recognised in other comprehensive income.

Leases

When assessing whether a contract is, or contains, a lease, management assesses whether the contract involves use, or right to direct use, of an identified asset or the rights to obtain substantially all of the economic benefits from the use of the asset. Management makes this assessment taking into consideration the substance of the terms of the lease and historical experience with similar contractual arrangements. The only right-of-use assets and lease liabilities that the Group recognises are in relation to office premises.

The recognition of the liability component of each lease requires an assessment of a discount rate which is assessed using the lessee's incremental borrowing rate. Management has estimated this rate based on current economic conditions and historical experience.

Where a lease includes the option for the Group to extend the lease term, the Group makes a judgement as to whether it is reasonably certain that the option will be taken. When doing this management consider the length of time remaining before the option is exercisable, current trading, future trading forecasts and planned future capital investment. These assumptions are reviewed at each reporting period.

6. Revenue and segmental information

Revenue represents the amount receivable for services rendered during the year, net of any discounts and indirect taxes, as follows:

	2020 €000	2019 €000
Revenue from contracts with customers	**117,685**	92,294

The Group operates solely through one revenue stream, being the provision of managed sports betting services and this is not divided into operational segments for the Chief Decision Makers' review.

Geographical information

The Group operates across multiple geographical locations; however, primarily its revenue is derived from external customers in three geographical areas of focus: Europe, Kambi's historical core market; the Americas (North, Central and South America), an emerging market for Kambi, and the Rest of the World. The Group does not analyse non-current assets by location. Revenue from external customers by geographical region is detailed below:

Revenue from external customers	2020 €000	2019 €000
Europe	**74,651**	71,487
Americas	**41,047**	18,227
Rest of World	**1,987**	2,580
	117,685	92,294

Information about major customers

Group revenue includes €74.8m (2019: €53.4m) of sales that cumulatively amount to 64% (2019: 58%) of total Group revenue arising from sales to the Group's three largest customers (2019: two largest customers).

7. Expenses by nature

Administrative expenses	2020 €000	2019 €000
Marketing costs	**771**	1,261
Fees payable to statutory auditor	**146**	150
Staff costs (note 13)	**43,063**	38,989
Facilities costs	**6,576**	6,169
Depreciation of plant, equipment and right-of-use assets	**5,079**	4,534
Amortisation of intangible assets	**12,375**	9,796
Travel costs	**838**	2,405
Consultants	**4,869**	5,704
Third party information suppliers	**10,803**	8,213
Other	**436**	459
	84,956	77,680

8. Other operating expenses

	2020 €000	2019 €000
Foreign currency (gain)/loss	**500**	(112)

9. Finance costs

	2020 €000	2019 €000
Interest on convertible bond	**273**	271
Other interest	**379**	365
	652	636

10. Investment income

	2020 €000	2019 €000
Interest income	**38**	35

11. Profit before tax

	2020 €000	2019 €000
The profit before tax is after charging: Total remuneration payable to the Group's auditors for the audit of the Group's financial statements	**146**	150

There were no fees paid to the statutory auditor for non-audit work during 2020 and 2019.

12. Key management personnel compensation

Directors' remuneration	Fees/salary €000	Other €000	2020 €000	2019 €000
Anders Ström	57	10	67	57
Lars Stugemo	107	15	122	107
Patrick Clase	57	9	66	57
Cecilia Wachtmeister	-	-	-	19
Marlene Forsell	57	9	66	54
Cecilia de Leeuw	54	3	57	31
	332	46	378	325
Kristian Nylén (CEO)	886	1,933	2,819	891
Management remuneration	2,763	2,084	4,847	2,723
	3,981	4,063	8,044	3,939

The remuneration of the Directors and executive management is also disclosed on page 56. Management remuneration consists of payments to 13 executives (2019: 11). For management, other includes remuneration for share based payments.

13. Staff costs and employee information

	2020 €000	2019 €000
Wages and salaries	29,505	29,327
Social security costs	7,820	4,644
Pension & retirement costs	2,789	2,423
Other employee related costs	1,577	1,948
Share based payments (note 27)	1,372	647
	43,063	38,989

The average number of persons employed during the year was made up as follows:

	2020 Number	2019 Number
Operations	439	407
IT	290	221
Other	143	155
	872	783

14. Income tax expense

On taxable profit subject to income tax at 35%: -

	2020 €000	2019 €000
Current tax (expense)/credit	**(8,775)**	(3,044)
Deferred tax (expense)/credit (note 25)	**1,806**	(138)
	(6,969)	(3,182)

Income tax in Malta is calculated at a basic rate of 35% (2019: 35%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax (expense)/credit for the year can be reconciled to the profit per the income statement as follows:

	2020 €000	2019 €000
Profit/(loss) before tax	**31,025**	13,631
Tax (charge)/credit at the applicable rate of 35%	**(10,859)**	(4,771)
Tax effect of:		
Items of income/expenditure not taxable/deductible	**(363)**	(481)
Prior year (under) provision/over provision of tax	**101**	194
Overseas tax rates	**2,771**	1,437
Deferred tax recognised on unremitted earnings	**2,028**	(172)
Income tax recoverable	**-**	1,536
Other	**(647)**	(925)
Tax (charge)/credit for the year	**(6,969)**	(3,182)

The income tax (charged)/credited directly to equity during the year is as follows:

	2020 €000	2019 €000
Current tax credit in relation to:		
Share based payments	**756**	64
Deferred tax (charge)/credit in relation to:		
Share-based payments	**503**	(397)
Total income tax (charge)/credit recognised directly in equity	**1,259**	(333)

15. Dividends

There were no dividends paid during 2020 (2019: nil).

16. Intangible fixed assets

	Computer software €000	Development costs €000	Brands €000	Total €000
Cost				
At 1 January 2019	827	56,622	19,094	76,543
Additions	50	14,839	-	14,889
Released on disposal	-	-	-	-
Reclassification	-	-	-	-
Foreign currency translation	26	9	-	35
At 31 December 2019	903	71,470	19,094	91,467
Additions	118	16,341	-	16,459
Released on disposal	-	-	-	-
Reclassification	-	-	-	-
Foreign currency translation	(144)	-	-	(144)
At 31 December 2020	**877**	**87,811**	**19,094**	**107,782**
Accumulated amortisation				
At 1 January 2019	(703)	(43,393)	(19,094)	(63,190)
Provision for the year	(69)	(9,727)	-	(9,796)
Released on disposal	-	-	-	-
Foreign currency translation	(19)	(4)	-	(23)
At 31 December 2019	(791)	(53,124)	(19,094)	(73,009)
Provision for the year	(59)	(12,316)	-	(12,375)
Released on reclassification	-	-	-	-
Foreign currency translation	30	(3)	-	27
At 31 December 2020	**(820)**	**(65,443)**	**(19,094)**	**(85,357)**
Carrying amount				
At 31 December 2020	**57**	**22,368**	**-**	**22,425**
At 31 December 2019	112	18,346	-	18,458

The amortisation charge for the year of €12,375,000 (2019: €9,796,000) has been included in administrative expenses.

17. Plant and equipment

	Office Equipment €000	Fixtures & Fittings €000	Computer Hardware €000	Leasehold Improvements €000	Right-of-use asset €000	Total €000
Cost						
At 1 January 2019	967	588	7,687	3,036	-	12,278
Additions	81	181	2,209	37	9,565	12,073
Released on disposal	(3)	(1)	(58)	-	-	(62)
Foreign currency translation	4	39	85	124	141	393
At 31 December 2019	1,049	807	9,923	3,197	9,706	24,682
Additions	121	63	2,102	289	966	3,541
Released on disposal	(110)	-	(785)	-	(195)	(1,090)
Foreign currency translation	15	(43)	95	(97)	(1)	(31)
At 31 December 2020	**1,075**	**827**	**11,335**	**3,389**	**10,476**	**27,102**
Depreciation and impairment						
At 1 January 2019	(632)	(421)	(5,473)	(1,834)	-	(8,360)
Provisions for the year	(148)	(82)	(1,506)	(433)	(2,365)	(4,534)
Released on disposal	-	-	58	-	-	58
Foreign currency translation	15	(16)	(71)	(76)	(37)	(185)
At 31 December 2019	(765)	(519)	(6,992)	(2,343)	(2,402)	(13,021)
Provisions for the year	(124)	(112)	(1,904)	(442)	(2,497)	(5,079)
Released on disposal	110	-	785	-	195	1,090
Foreign currency translation	(7)	23	186	84	(197)	89
At 31 December 2020	**(786)**	**(608)**	**(7,925)**	**(2,701)**	**(4,901)**	**(16,921)**
Carrying amount						
At 31 December 2020	**289**	**219**	**3,410**	**688**	**5,575**	**10,181**
At 31 December 2019	284	288	2,931	854	7,304	11,661

18. Group information

Subsidiaries and other related undertakings

The subsidiaries and other related undertakings of the Group at 31 December 2020 are shown below:

Subsidiaries and other related undertakings	Country of incorporation	Description of shares held	Percentage of shares held at 31/12/20 %	Percentage of shares held at 31/12/19 %
Kambi Malta Limited	Malta	Ordinary shares	100	100
Kambi Spain plc	Malta	Ordinary shares	100	100
Sports Information Services Limited	Malta	Ordinary shares	100	100
Midia Holding Limited	Malta	Ordinary shares	-	25.1
Kambi Services Limited	UK	Ordinary shares	100	100
Kambi Sweden AB	Sweden	Ordinary shares	100	100
Global Technology & Sports Limited	Malta	Ordinary shares	100	100
Kambi Philippines Inc.	Philippines	Ordinary shares	100	100
Kambi Sports Solutions (Alderney) Limited	Alderney	Ordinary shares	100	100
Kambi Australia Pty Ltd	Australia	Ordinary shares	100	100
Sports Analytics Services srl	Romania	Ordinary shares	100	100
Kambi USA Inc.	USA	Ordinary shares	100	100
Kambi SIS USA Inc.	USA	Ordinary shares	100	-
Kambi Sports Espana	Spain	Ordinary shares	100	-

Global Technology & Sports Limited's effective place of management and registration with fiscal authorities as an overseas company in Malta was effective on 23 July 2019 and registered as continuing in Malta effective 24 September 2020.

19. Investment in associate

In December 2020, the group disposed of its 25.1% holding in Midia Holding Limited for nil proceeds, having fully impaired the investment in the year ending 31 December 2019.

The carrying amount and share of profit/(loss) is analysed below:

	2020 €000	2019 €000
Carrying amount of interests in associates	-	-
Share of:		
- Profit/(loss) from continuing operations	-	-
- Impairment	-	(494)

20. Trade and other receivables

	2020 €000	2019 €000
Trade receivables	**9,955**	7,168
Prepayments and accrued income	**22,606**	12,425
Deposits	**1,116**	1,139
Other taxation	**1,248**	1,035
Receivables from other related parties	**1,341**	-
Other receivables	**366**	227
	36,632	21,994

Trade receivables are generally on terms of 30 days. As at 31 December 2020, there were €590,000 of one-off impairment charges (2019: nil) made against the carrying amount of trade and other receivables, after services were suspended to a customer that voluntarily handed back its operating licence to the local gaming regulator. During the year, an assessment for any further impairment was made based on expected credit losses and no other credit losses were recognised.

The terms and conditions of amounts receivable from other related parties are disclosed in note 31.

As at 31 December, the ageing of trade receivables is as follows:

	Total €000	Neither past due nor impaired €000	Past due but not impaired <30 days €000	Past due but not impaired 31-60 days €000	Past due but not impaired 61-90 days €000	Past due but not impaired 91-120 days €000	Past due but not impaired 121+ days €000
2020	9,955	7,074	2,668	-	-	211	2
2019	7,168	6,360	782	26	-	-	-

21. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	2020 €000	2019 €000
Cash at bank	**60,826**	44,988
Cash and cash equivalents in the statement of cash flows	**60,826**	44,988

22. Trade and other payables

	2020 €000	2019 €000
Trade creditors	1,973	343
Other taxes and social security	1,521	1,377
Other payables	21	246
Other accruals	12,938	9,110
	16,453	11,076

The credit period for trade creditors is generally no more than 30 days.

23. Other financial liabilities

	2020	2019
Convertible bond	**7,345**	7,297
Less amount due for settlement within 12 months	**-**	-
Amount due for settlement after 12 months	**7,345**	7,297

Convertible bond

A convertible bond of €7,500,000 was issued by Kambi Group plc to a wholly owned subsidiary of Kindred Group plc on 23 May 2014, repayable on 1 January 2019. During 2018, the convertible bond terms were renegotiated with a new repayment date of 1 January 2024. The amount shown above has been discounted over 3.59 years (2019: 4.59 years) using an interest rate of 3.7 % (2019: 3.7%) which is the interest rate of an equivalent risk instrument that was not convertible. The rate used is based on the EURIBOR 5 year swap rate + 3.5% which is based on similar instruments that the Group has previously had in place. The difference between the actual amount of the bond and the value above is classified within other reserves. At the date of renegotiation, the amount previously recognised within other reserves was recycled to retained earnings. The actual rate of interest on the convertible bond is 3%. In the event of conversion, the number of shares to be issued would be determined by Kambi's average share price in the period preceding conversion. At the end of 31 December 2020, the number of shares that could be issued on conversion would have been 201,453 shares (2019: 531,128 shares).

24. Other liabilities

Net employee defined benefit liabilities	2020 €000	2019 €000
Philippines post-employment retirement plan	**330**	225
Total	**330**	225

The Group provides for certain post-employment retirement benefits to employees in the Philippines. This plan is governed by the employment laws of the Philippines, which require retirement benefits to be provided. The level of benefits provided depends on the member's length of service and salary at retirement age and is determined by an amount equivalent to one half of a month's salary for every year of service, with six months or more of service considered as one year.

The Group has used the actuary Institutional Synergy, Inc. based in the Philippines to determine the current liability. The fee paid to the actuary for these services in 2020 was €1,000 (2019: €1,000).

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the plan:

Net benefit expense (recognised in profit or loss)	2020 €000	2019 €000
Current service cost	**35**	40
Past service cost	**-**	-
Interest cost on benefit obligation	**12**	10
	47	50

Movement in the present value of the obligation (PVO)	2020 €000	2019 €000
PVO at beginning of year	**225**	134
Current service cost	**35**	38
Interest cost	**12**	10
Actuarial loss due to:		
Experience adjustments	**16**	22
Changes in financial assumptions	**(12)**	11
Changes in demographic assumptions	**62**	9
Past service cost	**-**	-
Movement in exchange rate	**(8)**	1
PVO at end of year	**330**	225

The principal assumptions used in determining retirement benefit obligations for the Group's plans are shown below:

Actuarial assumptions	2020	2019
Discount rate	**4.39%**	5.22%
Salary increase rate	**5.00%**	5.00%
Mortality rate	**2017 PCIM**	2017 PCIM
Turnover rate	**Scale**	Scale
Employees profile		
Number of plan members	**250**	248
Total annual compensation €000	**2,173**	2,021
Average annual compensation €000	**9**	8
Average attained age	**29.17**	28.26
Average years of service	**4.27**	3.43
Average expected future service years	**13.00**	11.00

A quantitative sensitivity analysis for significant assumptions as at 31 December 2020 is as shown below:

Discount rate	Present Value	Present Value
1% increase	**272**	174
Actual	**344**	220
1% decrease	**439**	281

Salary increase rate	Present Value	Present Value
1% increase	**439**	282
Actual	**344**	220
1% decrease	**271**	172

The following payments are expected contributions to the defined benefit plan in future years:

	2020 €000	2019 €000
Less than one year	**-**	-
More than one year to five years	**-**	-
More than five years to 10 years	**-**	-
More than 10 years to 15 years	**3**	-
More than 15 years to 20 years	**384**	309
More than 20 years	**5,465**	4,851

The average duration of the defined benefit obligation at the end of the reporting period is 27.91 years (2019: 28.21 years). The entire obligation relates to active plan members.

25. Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2019: 35%). The following are the deferred tax assets and liabilities (prior to offset) recognised by the Group and movements thereon during the current and prior reporting period:

	2018 €000	Movement for year €000	2019 €000	Movement for year €000	2020 €000
Unremitted Earnings	1,652	(175)	1,477	**1,992**	**3,469**
Tangible fixed assets	104	19	123	**34**	**157**
Intangible assets	-	(133)	(133)	**(49)**	**(182)**
Unrealised exchange differences	11	43	54	**(144)**	**(90)**
Tax losses	-	100	100	**(42)**	**58**
Other	1,736	(316)	1,420	**449**	**1,869**
	3,503	(462)	3,041	**2,240**	**5,281**

Certain deferred tax assets and liabilities may have been offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movement for the year is reconciled as follows:

	2020 €000	2019 €000
(Charge)/Credit to income for the year	**1,806**	(138)
(Charge)/Credit directly to equity	**503**	(397)
Foreign currency translation	**(69)**	73
	2,240	(462)

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 €000	2019 €000
Deferred tax assets	**6,500**	3,321
Deferred tax liabilities	**(1,219)**	(280)
	5,281	3,041

26. Share Capital and Share Premium

	2020 €000	2019 €000
Authorised		
750,000,000 Ordinary 'A' shares of €0.003 each	**2,250**	2,250
250,000,000 Ordinary 'B' shares of €0.003 each	**750**	750
Issued and fully paid up		
30,954,697 Ordinary 'B' shares (30,522,197 Ordinary 'B') of €0.003 each	**92**	91
Share premium		
Share premium reserve	**58,237**	57,640

Ordinary "A" shares and Ordinary "B" shares carry rights to dividends. One Ordinary "B" share entitles the holder to one vote at shareholders' meetings of the Company. Each Ordinary "A" share that might be issued upon conversion of the convertible bond would entitle the holder to a higher number of votes than Ordinary "B" shares, calculated according to a formula set out in the terms and conditions of the bond and in the Company's articles of association.

27. Share based payments

The Group operates a share based payment scheme as set out within this note. The total charge for the year relating to employee share based payment schemes was €1,372,000 (2019: €647,000) all of which related to equity-settled share based payment transactions.

The information provided below relates to the share option scheme operated by Kambi Group plc, for the benefit of employees of the Group.

Kambi Group Executive Share Options Plan

The Kambi Group Executive Share Option Plan (ESOP) was introduced in December 2013. Under the scheme, the Board can grant options over shares in the Group entities to employees of any entity within the Kambi Group.

Options are granted with a fixed exercise price equal to 130 per cent of the average share value, based on an external valuation. Awards under the scheme are generally made to employees at a senior level. Options will be exercisable in accordance with a vesting schedule set at the date of grant and will expire not later than the tenth anniversary of the date of grant. The performance conditions in relation to this plan have been satisfied and therefore the options are exercisable.

Grants made under the ESOP are valued using the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows. The exercise price of the options was set in GBP as this was the functional currency of Kindred Group plc, which was the owner of the Group at the date of grant.

Grant date	14 Dec 2013
Exercise price GBP	1.23
Number of employees	53
Shares under option	961,000
Vesting period (years)	3
Expected volatility %	21
Option life (years)	10
Expected life (years)	3.50
Risk-free rate %	1.23
Expected dividends expressed as dividend yield %	0
Fair value per option GBP	0.08

The expected volatility is based on the standard deviation of Kindred Group's share price over a year, prior to the grant date. During 2013, Kambi Group plc was not publicly traded and therefore Kindred Group's share price was used to calculate the expected volatility. The risk-free rates of return applied to the ESOP grant is the approximate implicit risk-free interest rate for the options' term to maturity, based on the three-year maturity rate offered by Riksbanken at the date of each grant.

Share Option Schemes approved at 2015 Annual General Meeting

Kambi Group plc Share Option Plan 2018

The Kambi Group plc Share Option Plan 2018 was introduced in June 2018. Under the scheme, the Board can grant options over shares in the Group to employees of any entity within the Kambi Group.

Options are granted with a fixed exercise price equal to 110 per cent of the average share value, based on the average market value of a Kambi share on the First North Exchange, for the 10 business days before the options are granted. Awards under the scheme are generally made to employees at a senior level. Options will normally be exercisable in accordance with a vesting schedule set at the date of grant and will expire not later than the fourth anniversary of the date of grant. Options are exercisable only to the extent that certain performance conditions in relation to EPS growth have been satisfied and are subject to continued employment.

Grants made under this plan are valued using the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	**5 June 2018**
Exercise price SEK	125
Number of employees	55
Shares under option	452,500
Vesting period (years)	3
Expected volatility %	45.00
Option life (years)	4
Expected life (years)	3.50
Risk-free rate %	-0.3%
Expected dividends expressed as dividend yield %	0
Fair value per option EUR	5.26

The future volatility assumption is an average of the Company's share price performance over the 48 months immediately preceding grant. This reflects the Company's own performance since its IPO in June 2014.

Kambi Group plc Share Option Plan 2019

The Kambi Group plc Share Option Plan 2019 was introduced in July 2019. Under the scheme, the Board can grant options over shares in the Group to employees of any entity within the Kambi Group.

Options are granted with a fixed exercise price equal to 110 per cent of the average share value, based on the average market value of a Kambi share on the First North Exchange, for the 10 business days before the options are granted. Awards under the scheme are generally made to employees at a senior level. Options will normally be exercisable in accordance with a vesting schedule set at the date of grant and will expire not later than the fourth anniversary of the date of grant. Options are exercisable only to the extent that certain performance conditions in relation to EPS growth have been satisfied and are subject to continued employment.

Grants made under this plan are valued using the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	**3 July 2019**
Exercise price SEK	192.16
Number of employees	47
Shares under option	403,000
Vesting period (years)	3
Expected volatility %	46%
Option life (years)	4
Expected life (years)	3.50
Risk-free rate %	-0.55%
Expected dividends expressed as dividend yield %	0
Fair value per option EUR	3.94

The future volatility assumption is an average of the Company's share price performance over the 48 months immediately preceding grant. This reflects the Company's own performance since its IPO in June 2014.

Kambi Group plc Share Option Plan 2020

The Kambi Group plc Share Option Plan 2020 was introduced in April 2020. Under the scheme, the Board can grant options over shares in the Group to employees of any entity within the Kambi Group.

Options are granted with a fixed exercise price equal to 110 per cent of the average share value, based on the average market value of a Kambi share on the First North Exchange, for the 10 business days before the options are granted. Awards under the scheme are generally made to employees at a senior level. Options will normally be exercisable in accordance with a vesting schedule set at the date of grant and will expire not later than the fourth anniversary of the date of grant. Options are exercisable only to the extent that certain performance conditions in relation to EPS growth have been satisfied and are subject to continued employment.

Grants made under this plan are valued using the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	**27 April 2020**
Exercise price SEK	121.38
Number of employees	62
Shares under option	418,484
Vesting period (years)	3
Expected volatility %	47%
Option life (years)	4
Expected life (years)	3.50
Risk-free rate %	-0.29%
Expected dividends expressed as dividend yield %	0
Fair value per option EUR	3.95

The future volatility assumption is an average of the Company's share price performance over the 48 months immediately preceding grant. This reflects the Company's own performance since its IPO in June 2014.

A reconciliation of option movements over the year to 31 December 2020 is shown below:

Kambi Group Executive Share Option Plan

	2020		2019	
	Number	Weighted average exercise price GBP	Number	Weighted average exercise price GBP
Outstanding at 1 January	**483,000**	**1.23**	491,000	1.23
Exercised	**(432,500)**	**1.23**	(8,000)	1.23
Granted	**-**	**-**	-	-
Lapsed	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Outstanding at 31 December	**50,500**	**1.23**	483,000	1.23

Kambi Group plc Share Option Plan 2018

	2020		2019	
	Number	Weighted average exercise price SEK	Number	Weighted average exercise price SEK
Outstanding at 1 January	**407,500**	**125**	437,500	125
Exercised	**-**	**-**	-	-
Granted	**-**	**-**	-	-
Lapsed	**-**	**-**	-	-
Forfeited	**(45,000)**	**125**	(30,000)	125
Outstanding at 31 December	**362,500**	**125**	407,500	125

Kambi Group plc Share Option Plan 2019

	2020		2019	
	Number	Weighted average exercise price SEK	Number	Weighted average exercise price SEK
Outstanding at 1 January	**385,500**	**192.16**	-	-
Exercised	**-**	**-**	-	-
Granted	**-**	**-**	403,000	192.16
Lapsed	**-**	**-**	-	-
Forfeited	**(49,000)**	**192.16**	(17,500)	192.16
Outstanding at 31 December	**336,500**	**192.16**	385,500	192.16

Kambi Group plc Share Option Plan 2020

	2020	
	Number	Weighted average exercise price SEK
Outstanding at 1 January	-	-
Exercised	-	-
Granted	**418,484**	**121.38**
Lapsed	-	-
Forfeited	**(12,000)**	**121.38**
Outstanding at 31 December	**406,484**	**121.38**

The weighted average remaining contractual life at 31 December 2020 was 3 years (2019: 4 years) for the Kambi Group Executive Share Option Plan, 2 years (2019: 3 years) for the Kambi Group plc Share Option Plan 2018, 3 years (2019: 4 years) for Kambi Group plc Share Option Plan 2019 and 4 years for the Kambi Group plc Share Option Plan 2020.

Dilution effects: During 2020, 106,000 (2019: 47,500) options over shares were forfeited during the year due to employees leaving the Group. If all options are fully exercised, the nominal share capital of the Group will increase by a total maximum of €3,468 (2019: €3,828) by the issue of a total maximum of 1,155,984 ordinary shares (2019: 1,276,000) corresponding to 3.7% (2019: 4.2%) of the nominal share capital of the Group.

28. Other equity and reserves

	Share based payment reserve €000	Defined benefits €000	Convertible shares €000	Capital contribution €000	Total €000
At 1 January 2019	**3,233**	**(66)**	**270**	**59**	**3,496**
Share based payments expense for the year	647	-	-	-	647
Tax on share based payments	(333)	-	-	-	(333)
Actuarial gain/(loss) for the year	-	(43)	-	-	(43)
Fully exercised share option schemes	(390)	-	-	-	(390)
At 31 December 2019	**3,157**	**(109)**	**270**	**59**	**3,377**
Share based payments expense for the year	1,372	-	-	-	**1,372**
Tax on share based payments	1,259	-	-	-	**1,259**
Actuarial gain/(loss) for the year	-	(58)	-	-	**(58)**
At 31 December 2020	**5,788**	**(167)**	**270**	**59**	**5,950**

Share based payments

The share based payment reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration package.

Defined benefits

The defined benefits reserve is used to recognise any actuarial gain/(loss) from the employee defined benefits scheme in place.

Convertible shares

The convertible share reserve covers the equity component of the issued convertible bond. The liability component is reflected in other financial liabilities.

Capital contribution

The capital contribution is unsecured and interest-free and is repayable exclusively at the option of the Group.

29. Foreign currency translation reserve

	2020 €000	2019 €000
Opening balance	**(2,402)**	(1,824)
Movement for the year	**(955)**	(578)
Closing balance	**(3,357)**	(2,402)

The translation reserve of the Group comprises all foreign currency differences arising from the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency. This amount is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. This reserve is non-distributable.

30. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all outstanding share options. The following reflects the income and share data used in the basic and diluted EPS computations:

	2020 €000	2019 €000
Profit attributable to ordinary equity holders	**24,056**	10,449
Profit attributable to ordinary equity holders adjusted for the effect of dilution	**24,056**	10,449

	2020 '000	2019 '000
Weighted average number of ordinary shares for basic EPS	**30,815**	30,292
Effects of dilution from:		
Share options	**696**	532
Weighted average number of ordinary shares adjusted for the effect of dilution	**31,511**	30,824

Earnings per share	**€**	€
Basic	**0.781**	0.345
Diluted	**0.763**	0.339

The convertible bond has been excluded from the earnings per share calculation as it is considered antidilutive. If the convertible bond was included in the calculation, profit attributable to ordinary equity holders on dilution would increase by €273,000 (2019: €271,000) and the weighted average number of ordinary shares on dilution would increase by 215,227 shares (2019: 531,197 shares).

31. Related party disclosures

For details of Directors' and Key Management Remuneration, please refer to note 12.

On 12 March 2020, Kambi Services Limited issued a loan of approximately €1.3 million to Kambi Group plc CEO Kristian Nylén in order to pay the option price and associated income tax in relation to his exercise of share options in Kambi Group plc. The repayment period was three years, with the loan subject to a fixed annual interest rate of 3.00 per cent and a lock-in commitment. The loan was repaid in full on 14 January 2021.

The Group had no other transactions with related parties for the year ended 31 December 2020 apart from Directors' and Key Management Remuneration.

32. Leases

Included within finance costs for the year to 31 December 2020, €195,000 (2019: €220,000) was recognised in relation to interest on lease liabilities under IFRS 16.

At 31 December 2020, the Group the following maturity analysis of cashflows on an undiscounted basis

	2020 €000	2019 €000
Within one year	**1,790**	2,801
Between one and five years	**4,243**	4,766
Over five years	**329**	1,190
	6,362	8,757

Lease liabilities included at 31 December included in the Consolidated statement of financial position:

	2020 €000	2019 €000
Creditors: Amounts falling due within one year	**2,326**	2,719
Non-current liabilities	**3,537**	5,011
	5,863	7,730

33. Capital commitments

There were no capital commitments at 31 December 2020 or 31 December 2019.

34. Contingent assets

There were no contingent assets at 31 December 2020 or 31 December 2019.

35. Contingent liabilities

There were no contingent liabilities at 31 December 2020 or 31 December 2019.

36. Financial risk management

Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including unfavourable outcomes on the events where it offers odds, foreign exchange and interest rate risks), credit risk and liquidity risk. The Group's overall risk management approach, covering risk exposures for all Group undertakings, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The exposures to risk and the way risks arise, together with objectives, policies and processes for managing and measuring these risks, are disclosed in more detail below. The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

(a) Market risk

Unfavourable outcomes on the events where the Group offers odds: The Group has adopted specific risk management policies that control the maximum risk level for each sport or event on which the Group offers odds. The results of the most popular teams in major football leagues comprise the predominant market risk. Through diversification, which is a key element of the Group's business, the risk is spread across a large number of events and sports. The Kambi Compliance Officer is responsible for day-to-day monitoring of market risk. It is also their responsibility to advise the odds compilers and risk managers on appropriate levels for certain events. The Kambi Compliance Officer assesses risk levels for individual events as well as from a longer term perspective. The Group continuously monitors its risk limits for each operator and end user.

Foreign exchange: The Group undertakes transactions denominated in foreign currencies and is also exposed to foreign exchange risk from recognised assets and liabilities in foreign currency. Currency risk is managed by means of holding funds on short-term deposit in the currencies of the Group's principal cash outflows. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31/12/20 €000	31/12/19 €000	**31/12/20 €000**	31/12/19 €000
GBP	**14,680**	11,903	**12,311**	21,403
SEK	**6,278**	4,095	**23,247**	9,821
PHP	**1,138**	1,204	**1,611**	706
RON	**885**	1,200	**1,122**	1,097
AUD	**279**	418	**493**	636
USD	**536**	507	**22,348**	8,375

Foreign currency sensitivity analysis: The Group is mainly exposed to the currencies of GBP, SEK and USD. The following table details the Group's sensitivity to a 2% increase and decrease in the EUR against the relevant foreign currencies. A 2% shock is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

The sensitivity analysis includes external cash flows as well as cash flows within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the EUR strengthens by 2% against the relevant currency. For a 2% weakening of the EUR against the relevant currency, there would be a comparable negative impact on profit or equity.

	GBP Impact		SEK Impact		USD Impact	
	€m					
	2020	2019	**2020**	2019	**2020**	2019
Profit or loss	**0.1**	0.2	**0.3**	0.1	**0.4**	0.1
Equity	**0.1**	0.2	**0.3**	0.1	**0.4**	-

The exposure is mainly attributable to the net outstanding value in GBP, SEK and USD receivables, payables and cash of the Group at the end of the reporting period

Interest rate: The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has managed this risk through the negotiation of a fixed interest rate on the convertible bond and has no other borrowings.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Receivables

The Group applies the IFRS 9 simplified approach to measurement expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped on the geographical location and the days past due. The expected loss rates are based on the corresponding historical credit losses experienced in the past. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Cash at bank

The Group principally banks with local and European financial institutions with high-quality standing or rating.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group monitors and manages its risk to a shortage of funds by maintaining sufficient cash and short-term deposits and by monitoring the availability of raising funds to meet commitments associated with financial instruments, and by maintaining adequate banking facilities.

The following tables detail the Group's remaining contractual maturity of its non-derivative financial liabilities and non-derivative financial assets. The tables are based on the undiscounted cash flows and in the case of financial liabilities on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate (%)	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years	Total	Carrying Amount
Financial assets 31 December 2020				**€000**				
Cash & cash equivalents	**0.1%**	**60,826**	**-**	**-**	**-**	**-**	**60,826**	**60,826**
31 December 2019								
Cash & cash equivalents	0.1%	44,988	-	-	-	-	44,988	44,988
Financial liabilities 31 December 2020								
Convertible bond	**3.0%**	**-**	**-**	**-**	**7,500**	**-**	**7,500**	**7,345**
31 December 2019								
Convertible bond	3.0%	-	-	-	-	7,500	7,500	7,297

Capital management

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern; and
- to maximise the return to stakeholders through optimising the debt to equity balance.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group is not subject to any externally imposed capital requirements.

The capital structure of the Group consists of debt, cash and cash equivalents and items presented within equity in the consolidated statement of financial position. The Group's directors manage the capital structure and makes adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis and has remained unchanged from the prior year. Based on recommendations of the directors, the Group balances its overall capital structure through the payments of dividends, new share issues, the issue of new debt or the redemption of existing debt.

The Group's policy in managing capital has remained unchanged from the prior year.

The gearing ratio at the end of the reporting period was as follows:

	2020 €000	2019 €000
Debt	**(7,345)**	(7,297)
Cash and cash equivalents	**60,826**	44,988
Net cash	**53,481**	37,691
Equity	**98,015**	71,743
Net cash to equity %	**55%**	53%

Fair values of financial instruments

The fair values of cash and short-term deposits, trade & other receivables, trade & other payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Amount 2020 €000	Fair Value 2020 €000	Carrying Amount 2019 €000	Fair Value 2019 €000
Financial liabilities				
Convertible bond	**7,345**	**7,500**	7,297	7,500

The fair values of the Group's convertible bond are determined by using the Discounted Cash Flow method using a discount rate that reflects the revised borrowing rate as at the end of the reporting period.

Independent auditor's report

To the Shareholders of Kambi Group plc

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Kambi Group plc (the Group), set out on pages 64 - 101, which comprise the statement of consolidated financial position as at 31 December 2020, and the statement of consolidated profit or loss and other comprehensive income, statement of changes in equity and consolidated cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit, we have remained independent of the Group and have not provided any of the non-audit services prohibited by article 18A (1) of the Accountancy Profession Act (Cap. 281).

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risk of material misstatement that we identified. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Laws and Regulations

Key audit matter

Given that the group is operating in a number of different jurisdictions and due to the ever increasing complexities and continuous development in laws and regulations this area was considered as an area of emphasis during the audit

How our audit addressed the key audit matter

We assessed how management monitors legal and regulatory developments and their assessment of the potential impact on the business. We reviewed the Group's procedures in place and where relevant, external legal and regulatory advice sought by the Group. We also reviewed the internal communication process between key management on regulatory issues and inquired with management on how regulatory issues are addressed. We acknowledge that this is an area which also involves a degree of management judgement.

Intangible assets

Key audit matter

One of the main assets of the Group, relates to intangible assets consisting of computer software, brands and development costs which amounts to €22,425,000 as per note 16 to the financial statements. Due to the significance of the balance, the intangible assets are reviewed in order to identify whether there is an impairment trigger in accordance with IAS 36 Impairment of Assets. One must also note that the group monitors these assets and carries out periodic impairment testing on such assets. The impairment test was significant to our audit because the assessment process is complex, involves judgement and is based on assumptions that are affected by expected future market or economic conditions.

How our audit addressed the key audit matter

We have performed the following tests so as to address the above mentioned risk:

- We have critically tested the forecasts adopted by the Group and evaluated the assumptions and methodologies used by the Group in preparing these forecasts. Particular emphasis was placed in reviewing the forecasted revenue growth and profit margins
- We have performed sensitivity analysis on the forecasts to ensure that the overall value was still in excess of the book value.
- We have reviewed correspondence and minutes where impairment charges were considered.

The group's disclosures on the significant judgement surrounding the impairment testing are found in note 5 to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, chairman's statement, chief executive officer review, strategic review and sustainability report. Our opinion on the financial statements does not cover this information, including the directors' report and we do not and will not express any form of audit conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Companies Act (Cap. 386) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Report on the statement of compliance with the Principles of Good Corporate Governance

The First North Listing Rules require that the Annual Report is prepared in accordance with the laws of the home country. The Malta Financial Services Authority, which is the regulator of Kambi Group plc, require that a company quoted on a regulated exchange provides a statement of compliance with the Principles of Good Corporate Governance. These Listing Rules issued by the Malta Finance Services Authority in its capacity as the listing authority require the directors to prepare and include in their annual report a Corporate Governance Statement providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Corporate Governance Statement prepared by the directors. We read the Corporate Governance report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the annual report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the annual report.

We are not required to, and we do not, consider whether the board's statements on internal control included in the Corporate Governance Statement cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate Governance Statement set out on pages 56 to 57 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Financial Listing Authority.

.Other matters on which we are required to report by exception

Under the Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.

Use of the audit report

This report is made solely to the Group's members as a body in accordance with the requirements of the Companies Act (Cap 386). Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the full extent permitted by law we do not accept responsibility to any one other than the Group and the Group's members as a body for our audit work, for this report or for the opinions we have formed.

Appointment

We were appointed as auditors of the Group following its listing in 2014 by the directors of the Group. Our appointment has been reviewed annually by shareholder resolution representing a total period of uninterrupted engagement of seven years.

This copy of the audit report has been signed by

Paul Giglio (Partner)

for and on behalf of
Mazars Malta

Certified Public Accountants
Attard

11 March 2021

AGM and company information

Shareholders in Kambi Group plc are invited to participate in the AGM on 11 May 2021 at 11:00 CET at Kambi, Wallingatan 2, 4tr, 111 60 Stockholm, Sweden.

Rights to participate

Holders of Kambi Group plc who wish to attend the AGM must be entered on the Company's register of members by Friday 23 April 2021.

In order to be entitled to participate in the proceedings at the AGM, shareholders who have their shares registered with a nominee account, must ensure their shares are temporarily registered in their own name latest by Friday 23 April 2021.

Financial calendar

28 April 2021	Q1 2021 Report
11 May 2021	AGM
23 July 2021	Q2 2021 Report

Company information

Registered office	Level 3, Quantum House Abate Rigord Street Ta' Xbiex XBX1120, Malta
Company registration number	C 49768
Certified advisor	Redeye AB, Stockholm
Company secretary	Sarah Grima and Joseph Ghio
Auditors	Mazars Malta, Sovereign Building Zaghfran Road 32, Attard ATD 9012, Malta
Corporate website	kambi.com

Glossary

A

Average number of employees
Average number of employees based on headcount at each month end

B

B2B
Business-to-Business

B2C
Business-to-Consumer

C

Cash flow per share
Net increase/(decrease) in cash and cash equivalents, divided by the number of ordinary shares at the balance sheet date

Customer
B2C operator to whom Kambi provides services

E

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

EBIT
Earnings before interest and taxation, equates to operating profit

EBIT margin
EBIT as a percentage of revenue

EBITDA
Operating profit before depreciation and amortisation charges

End user
A player that places bets with an operator

Equity/assets ratio
Total shareholders' equity as a percentage of total assets

Equity per share
Total shareholders' equity divided by the number of ordinary shares at the balance sheet date

G

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

GRL
Government Regulated Lottery

H

Handle
The term used in the US for turnover

I

iBetting
Online betting including mobile

Instant betting
An instant bet is a bet that typically has a lifetime of around one minute

L

Live betting
Odds set and played during an event

N

Net cash
Total cash less debt at period end

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

O

On-property
An American term for retail establishment.

Operating margin
Operating profit as a percentage of revenue

Operator
A B2C gambling operator

Operator Turnover and Margin Index
This index shows Kambi's operators' turnover and margin based on the total stakes and payouts of their players

P

Pre-match odds
Odds set and played on prior to the start of the event

R

Return on total assets
Profit after tax as a percentage of average total assets

Revenue
Income from Kambi's operators based on fixed and variable elements

S

Sportsbook
A platform where bets are placed and accepted on sporting and other events

T

Turnover
The total amount staked/wagered

U

UX
User Experience

W

Weighted average number of shares
Calculated as the weighted average number of ordinary shares outstanding during the year

Weighted average number of shares, fully diluted
Calculated as the weighted average number of ordinary shares outstanding and potentially outstanding (i.e. including the effect of exercising all share options) during the year

kambi.com

Kambi Group plc
Level 3
Quantum House
Abate Rigord Street
Ta' Xbiex XBX1120
Malta

Kambi