EXCELLENCE FROM EXPERIENCE

Kambi Group plc annual report and accounts 2021

Kambi

Kambi

Kambi is the industry's leading, independent provider of premium sports betting technology and 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 a range of empowerment tools, enabling operators to control crucial player-facing elements, as well as its powerful network of 40 partners generating unique and valuable data-driven insights, Kambi has built an unparalleled track record of springboarding visionary sportsbooks to success in licensed markets across the globe.

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

Legal disclaimer

Kambi does not provide forecasts. While certain statements made within this report are forward-looking the actual outcomes may be materially different. Even though Kambi believes any expectations expressed within this report are reasonable, no guarantee can be given that any such expectations will prove correct.

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STRATEGIC REPORT

Building from a position of strength

Kambi at a glance

Trusted to provide visionary sportsbooks with technology to outcompete the market

Kambi is the global betting and gaming industry's leading provider of sportsbook technology and services, offering decades of experience and expertise to 40 operators across six continents.

The pre-eminent supplier of technology and services to visionary sportsbooks, Kambi provides its data-led, high-performance sports betting platform to market-leading operators all over the globe. Kambi's experience, expertise and award-winning technology has seen it become the go-to sportsbook provider for operators including ATG, BetPlay, Kindred Group, LeoVegas and Rush Street Interactive.

Kambi's flexible and high-performance sportsbook and 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.

The Kambi partner network is central to the value that Kambi delivers. As this network continues to grow, so too do the benefits it offers to partners, anchored in the company's ability to leverage real-time network data from a global player base to create network advantages which increase as each new partner is added and existing partners grow. The vast volume of data leads to a more accurate understanding of player behavioural trends and is a key reason why Kambi can continually iterate the sportsbook, creating an ever-more frictionless and intuitive user experience.

Kambi's open platform also acts as an incubator for operator innovation, with powerful differentiation capabilities across key areas such as front end, marketing, and odds. The platform's open APIs empower operators with the capability to build a user interface that is unique to them and their players, alongside the option to select Kambi's off-the-shelf front-end or create a bespoke blend of the two.

Underpinning Kambi's position as the global regulated gambling industry's sportsbook partner of choice is the business' exemplary track record in compliance. With the number of regulated markets growing, and the intricacies of doing business across markets intensifying, the need for operators to have access to technology which can quickly pivot to meet any local requirements and adapt to changes in legislation is more pronounced than ever before. Kambi's outsourced sportsbook model offers partners this versatility, providing all-important regulatory certainty while reducing fixed costs and an operator's exposure to external uncertainties.

This excellence in compliance goes hand-in-hand with Kambi's dedication to the highest standards of corporate probity and sporting integrity. Kambi's 24/7 sportsbook control team ensures any matters concerning sports integrity are handled proactively and swiftly, protecting Kambi's partners, their players, and the sports themselves.

Kambi's global team is made up of more than 1,000 talented employees, bringing together experts in the fields of sports, esports and technology. The Kambi team is spread across seven countries: Australia, Malta, Philippines, Romania, Sweden, the UK, and the US. The depth of resources which Kambi brings to the table is supported by its team of experts and their dedication to helping Kambi's partners succeed.

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

70+

partner launches in 2021

Introduction

We know what it takes

In an industry as competitive and fast-moving as sports betting, knowhow and experience are pivotal to success. In Kambi, operators gain access to vast experience, knowledge, and insight, making Kambi a valuable business partner.

Building a high-performance sportsbook is no mean feat. It requires substantial time, investment, and expertise to create, maintain and continually improve the product. Crafted over more than 20 years by sports bettors, Kambi leverages its experience, enabling the company to be one step ahead of the game and remain the leading supplier to sports betting operators across the globe.

Kambi's co-founders had a clear view of where the sports betting market was headed when creating Kambi, with the proliferation of mobile, live betting and regulation creating ever higher barriers to entry for operators. Against this backdrop, Kambi saw an opportunity to innovate by building a compliant, scalable, and premium sports betting solution that could quickly adapt as the industry matured.

Today, the regulation of sports betting continues apace, bringing with it new complexities for operators that require the flexibility and technology to adapt to new requirements across multiple jurisdictions. As such, Kambi's platform is constantly evolving to meet the challenges of tomorrow, whether it's managing increasingly complex regulatory frameworks, modularising its platform to provide a relevant service to all, or providing operators with the differentiation tools required to out-compete the market.

With the outsourcing model envisioned by Kambi's founders a proven success, the company's award-winning and highly scalable platform is now trusted by 40 operators across the world. Kambi is recognised as the leading sportsbook provider to the global regulated market, with its laser focus on the sports betting vertical fundamental to building trust and creating an unrivalled core product that is impossible to replicate.

By utilising Kambi's data-led and high-performance platform and services, partners across the world have the tools required to deliver long-term success. With Kambi having signed eight partners in 2021, more operators than ever are realising the benefits of Kambi's experience and powerful network, with more than 70 online and on-property launches completed during the period. This included several market-firsts in the US where Kambi has now launched in a total of 18 states since 2018.

With the global sports betting market continuing to evolve, Kambi has shown time and again that it knows what it takes to succeed and will continue to be an integral part of the best sports betting experiences long into the future.

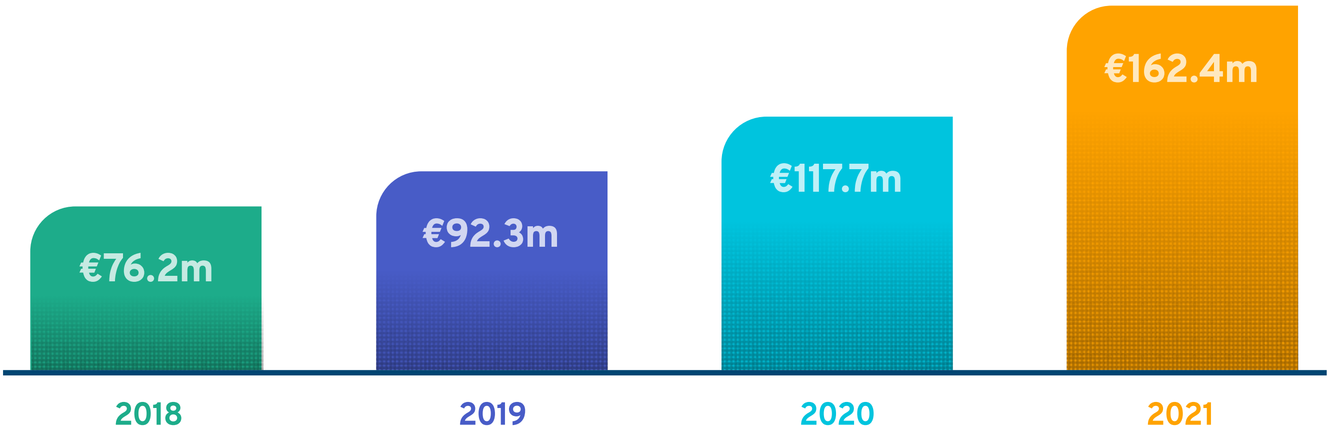
we know what it takes

Overview and highlights

2021 in numbers

Kambi revenue: up 38% to €162.4m

Annual revenue performance



6 US states launched in 2021

40%

Operator turnover increase

40 partners across six continents

Overview and highlights

2021 in numbers

70+ online and on-property partner launches

Approx. 1,000 employees across seven countries

Launched in 18 states since repeal of PASPA

8 new partner signings completed

AFFINITY Interactive

Island Luck

BETCITY

Olimpo.bet

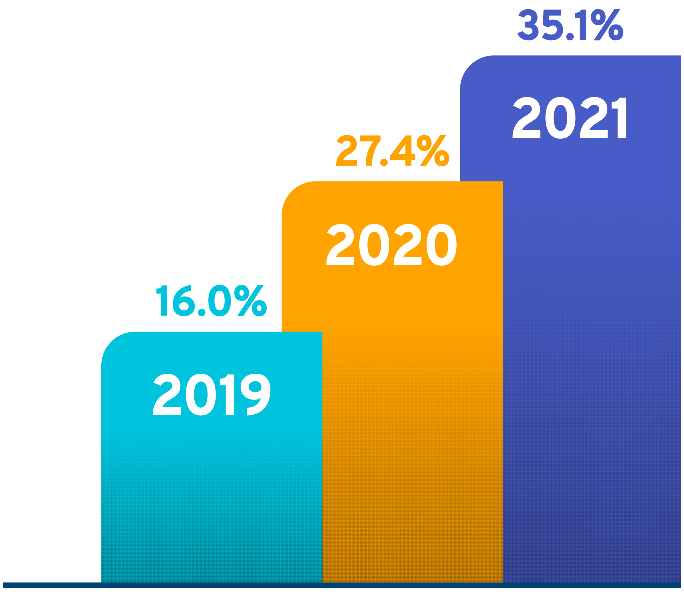
Casino Magic Hotel & Casino

Racing and Wagering Western Australia

Desert Diamond Casinos

Soaring Eagle Casino & Resort

Annual operating margin



EGR Power 50 Rankings

10 Kambi partners recognised in the prestigious EGR Power 50 rankings

Overview and highlights

2021 in numbers

Named the world's leading B2B sportsbook

Kambi won multiple industry awards in 2021, including:

3x EGR B2B Awards

2x VIXIO Global Regulatory Awards

2x Global Gaming Awards

1x Gaming Intelligence Awards

Chair’s statement

Lars Stugemo

With the harmful impacts of the pandemic thankfully appearing to be on the wane, it was my great hope to write this piece with the world around us in a much more positive place than previously. However, the tragic scenes currently being witnessed in Ukraine, along with the unnecessary suffering of so many innocent people, leave me reflecting once again on how precious life is. My thoughts are with Ukraine and all innocent people at this terrible time, and it’s my sincere hope that this war comes to an end soon.

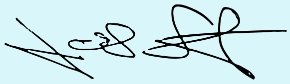
Although we’ve entered the COVID-19 endgame, the pandemic continues to have a profound influence on our everyday lives, such as the global shift to home or hybrid working. Perhaps even more relevant to Kambi has been the acceleration of digitalisation, as people increasingly turn to digital products, services and experiences. For example, regulators previously hesitant to regulate online sports betting are increasingly turning to the leisure activity, in large part due to operator demand, i.e. land-based casinos in the US wanting to introduce or expand their digital offerings to diversify their predominantly retail business and provide their customers with the excitement that online sports betting provides.

This increase in the regulation of sports betting is something we see the world over and is set to continue over the coming years, with great potential in countries such as Canada and Brazil in the near term and Japan and India in the mid-long term. When considering Kambi’s current focus regions, the combined operator gross gaming revenue in regulated markets is expected to grow significantly over the next five years. This steep growth trajectory presents an exciting opportunity and one Kambi is in prime position to capitalise on.

Considerable potential growth, coupled with ongoing digitalisation, will only lead to further innovation in this exciting industry. Kambi and its people have been at the forefront of sports betting for more than two decades – sports betting is in our DNA, which gives us a deep understanding of what players want. After all, we are players ourselves. This ability to innovate and excite sports fans was illustrated again this year as we continued to develop our market-leading Bet Builder product, giving players the ability to create their own off-menu bets by combining outcomes not just in a single game as is increasingly common, but across multiple games and sports to a level of combinability never seen before.

The commercial impact of this innovative Bet Builder product contributed to what was another year of excellence for Kambi and our partners, providing them with a key competitive edge in a very competitive market. Players are increasingly demanding more control over how and what they bet on, and Kambi’s passion, expertise and technology will ensure we continue to provide players with the sports betting experiences they desire.

When reflecting on the year, I feel proud to see just how far Kambi has come since spinning out of what is now the Kindred Group back in 2010. Kambi is a true leader in its field, powered by unique technology and a strong and experienced team. Yet as the global regulated market grows, I feel we’ve only just scratched the surface of what’s possible. Following the recent announcement regarding the Kindred Group – that Kambi now has the option to repay the convertible bond held by Kindred since the spin-off, while separately extending what continues to be an extremely successful partnership – I have even greater conviction in my belief that, with our destiny in our own hands, the Kambi growth story has only just begun.



Lars Stugemo
Chair

A view from the CEO

Kristian Nylén

As I reflect on 2021, I feel proud to conclude it was our best year to date, one in which we delivered a record financial performance while also continuing to deliver the sports betting experiences which make a real difference to both our partners and their players. It was a year in which we strengthened our position as the world's leading sportsbook provider, not least by signing eight new partners, while also making significant strides towards future-proofing the business to ensure we are ready for the opportunities of tomorrow.

Integral to Kambi's long-term strategy are our four strategic pillars, which I presented at our 2021 Capital Markets Day in June. We believe these pillars, which focus on technology, differentiation, power of the network and scalability, are the basis of our future success and key to delivering significant value for our stakeholders moving forward. The pillars drive excellence across the sportsbook and have been integral to creating a robust and increasingly diverse business.

Kambi is a business that's grown so much. We're stronger than we've ever been as demonstrated by our performance. Revenue was up 38% year-on-year to an all-time high of €162.4 million with operator turnover up 40%. The scalability of the business model was apparent with an operating margin of 35%, even as we continued to invest in both product and our staff, whilst completing more than 70 launches across the globe. Furthermore, 77% growth in operating profit significantly strengthened the company's net cash position, which now stands at €72.3 million and leaves Kambi in a strong position to expedite its growth plans where needed.

It's important to note that these fantastic numbers were delivered in the face of some tough challenges. If not for the loss of revenue from 888 and DraftKings, along with the temporary impact of the Netherlands' licensing process on some of our partners, the year would have been greater still. In business, obstacles will always present themselves, but I believe we have built a company with the scale and diversification to overcome challenges, as illustrated this past year.

Our high-performance sportsbook continued to deliver for our growing network of global partners, enabling each one to provide a leading sportsbook experience to their players at a fraction of the cost of their B2C competitors. Our partners also benefitted from new product enhancements such as our leading combinability feature, Bet Builder, which has gained real traction since we added US sports during the year. Bet Builder provides an unmatched level of bet combinability only possible due to the technical work carried out years ago. This capability provides our partners with a key competitive edge in an area of the product that's become a prime focus for players across the world.

Although Kambi has built a market-leading position we cannot, and will not, stand still. We continue to build for the future, as highlighted by our acquisition of leading esports content, products, and services provider, Abios. The ongoing regulation of esports makes it an exciting sub-vertical within the wider sports betting market, with the esports wagering market projected to double in size by 2025 as markets in the Americas, Europe and beyond continue regulate. With Abios' proprietary technology and esports expertise, coupled with Kambi's trading and in-play modelling knowhow, we will soon be in a position to provide operators, both inside and outside of the Kambi network, a leading esports betting product.

The selling of a product outside of the partner network neatly brings me on to modularisation, another area which will contribute to our future success. As mentioned, Kambi is the clear leader in sportsbook provision, with a turnkey offering that provides a high level of differentiation capability. Our sportsbook and model has without doubt been proven and while we will continue to focus on and improve this service, we are ready to broaden our horizons by addressing an even larger part of the market. We've always known this would be a step we would take and, now we have the leading sportsbook in place, we know there is an eager market for a more bespoke Kambi service, one we are keen to explore.

In summary, the business is in great shape and the global opportunities ahead are exciting. I'm proud of our achievements in 2021, driven by the hard work of our employees who care passionately about delivering for our partners. As ever, we remain committed to delivering the world's leading sportsbook and services in a localised way, and having recently extended our relationship with long-term partner Kindred, while also gaining full control of our future with the ability to pay back the convertible bond, we've never been in a better position to do so.

Kristian Nylén
CEO

Kambi investment case

The leading B2B technology provider in a rapidly growing market

Exceptional growth potential

The global sports betting market continues to show attractive long-term growth opportunities, with industry research firm H2 Gambling Capital projecting the global regulated betting market will reach €676 billion in turnover and generate €93 billion in gross win within the next three years. With the prospect of further regulation across the globe, Kambi's track record of launching across multiple jurisdictions and its expertise in compliance leaves it well placed to capitalise on this growth. Kambi estimates its potential global total addressable market (TAM) to be between €44 billion and €63 billion operator GGR by 2026. See the Sports betting market section on page 21 for further information on Kambi's estimated TAM.

Estimated global TAM of €44bn-€63bn operator GGR by 2026

Superior technology and knowhow

As the regulated global sports betting market continues to expand, the high-cost implications of operating a sportsbook at scale in such a complex regulated environment further highlights the strengths of Kambi's high-performance technology. Kambi has spent more than a decade focused exclusively on the sports betting vertical, building a market-leading and data-led product that delivers a superior user experience and provides partners with the freedom to differentiate through a range of empowerment tools and additional modularised services. This superior technology and knowhow is illustrated by the addition of eight new partners in 2021, bringing the total Kambi network to 40 partners.

Kambi's platform won eight new partners during 2021

Highly scalable and resilient business model

Kambi's outsourced business model has demonstrated its resilience and is built to be operationally efficient to deliver growth in operating margin as revenue increases. With each new partner, as well as additional launches and new markets, Kambi can increase its revenue and growth while remaining cost-efficient, allowing Kambi to invest back into the product to the benefit of its partners. This model ensures that Kambi maintains strong and growing cash flows and delivers increasing shareholder value the greater its global reach becomes.

70+ partner launches completed in 2021

Strategic overview

Offering excellence to all

For more than a decade, Kambi has provided the high-performance technology and service excellence operators require to offer first-class sports betting experiences in regulated environments. With Kambi currently partnered with 40 operators around the world, it is also further modularising its platform and services for those operators adopting a more hybrid approach to their technology.

Kambi has consistently been ahead of the sports betting curve, bringing to life its vision of sports betting technology, one that delivers operators significant advantages of scale and powerful network externalities which are exclusive to the Kambi partner network. Underpinning this success has been Kambi's ability to consistently deliver market-leading sports betting products, experiences and features which are built by bettors to drive high player engagement and retention-driving satisfaction.

Kambi's heritage in sports betting has enriched it with the experience to deliver the high-performance sportsbook operators require to win market share and build successful businesses. Time and again, Kambi has proven its ability to not only lead when it comes to business-to-business competitors, but in ensuring its partners have the excellence of product to compete with the largest business-to-consumer operators in the world.

These products and experiences are wrapped in the tools operators demand to modify, change, and adapt the sportsbook to meet their strategic requirements. Empowering operators to differentiate to express their respective brands and target their customer segments is essential to delivering the scalable business model Kambi has demonstrated for many years. Kambi continues to invest in these differentiation tools so operators can continue to push the boundaries of what's possible when leveraging the Kambi sportsbook platform.

Such is the quality and flexibility of its turnkey sportsbook, Kambi has developed a commanding position in the B2B market, becoming the end-to-end sportsbook provider trusted by operators in competitive and highly regulated markets. This clear market leadership has placed Kambi in an extremely advantageous position, powering the strong growth seen over recent years. A consequence of this dynamic, with modest competition to Kambi, has been for a select number of operators to attempt to develop elements of the sportsbook themselves, adding to those already operating proprietary sportsbook technology to varying degrees.

Adapting for the future

While Kambi is the go-to provider of a full-service sportsbook and continues to enjoy great success with this offering, it has so far not aimed its services at operators which have opted to pursue a more hybrid approach to their technology. Having identified this blended technology set-up as a target market many years ago, Kambi is now ready to increase the pace of its development work to further open its platform and modularise its service. This will enable hybrid operators, which make up a majority of the market, to select the distinct, high quality products and services Kambi offers, while still providing the value-driving turnkey service to the many that need it, a service which will remain Kambi's key revenue driver.

Moreover, the global sports betting market continues to increase rapidly, driven by the growth in regulation in jurisdictions across the world. It's not hyperbole to suggest the sports betting opportunity has never been greater. There can be no doubt the increase in regulated sports betting, coupled with the exciting prospect of regulation in many more countries, states and provinces in the years to come, has attracted the attention of an even greater selection of businesses for the first time, keen to leverage the capabilities and assets they have built in other sectors.

This trend is particularly apparent in the fast-growing North American market, where major corporations have identified regulated sports betting as one of the fastest growing leisure activities in the country and one which can be aligned with their established business segments. The market entry of these established companies has the potential to challenge the status quo and contest current market leaders, with their prospects emboldened by already significant budgets, large customer databases and high brand recognition.

This wider spectrum of operator profiles, eager to offer a sportsbook tailored to their established brand and customer segment, is a reason why Kambi continues to develop its differentiation and operator empowerment tools. While Kambi's full turnkey sportsbook will appeal to part of this emerging group of corporations exploring their sportsbook options, for Kambi to maximise the opportunity these large organisations present, the ability to present a highly modularised offering will be a powerful asset.

In short, the growth and regulation of sports betting is redefining the sportsbook technology challenge. In opening up its platform and technology, Kambi will enable a far wider segment of the market to benefit from its experience, expertise and high-quality technology and services it offers, thereby generating new revenue streams and strengthening its position as the key enabler to visionary sportsbooks around the world for many years to come.

Kambi is ready to further open its platform and modularise its service, enabling operators to select the distinct, high-quality products and services Kambi offers.

Product overview

Continuously raising the bar

Kambi is a cutting-edge technology company delivering a market-leading sportsbook and service which enable operators to engage and excite players to build market-leading positions.

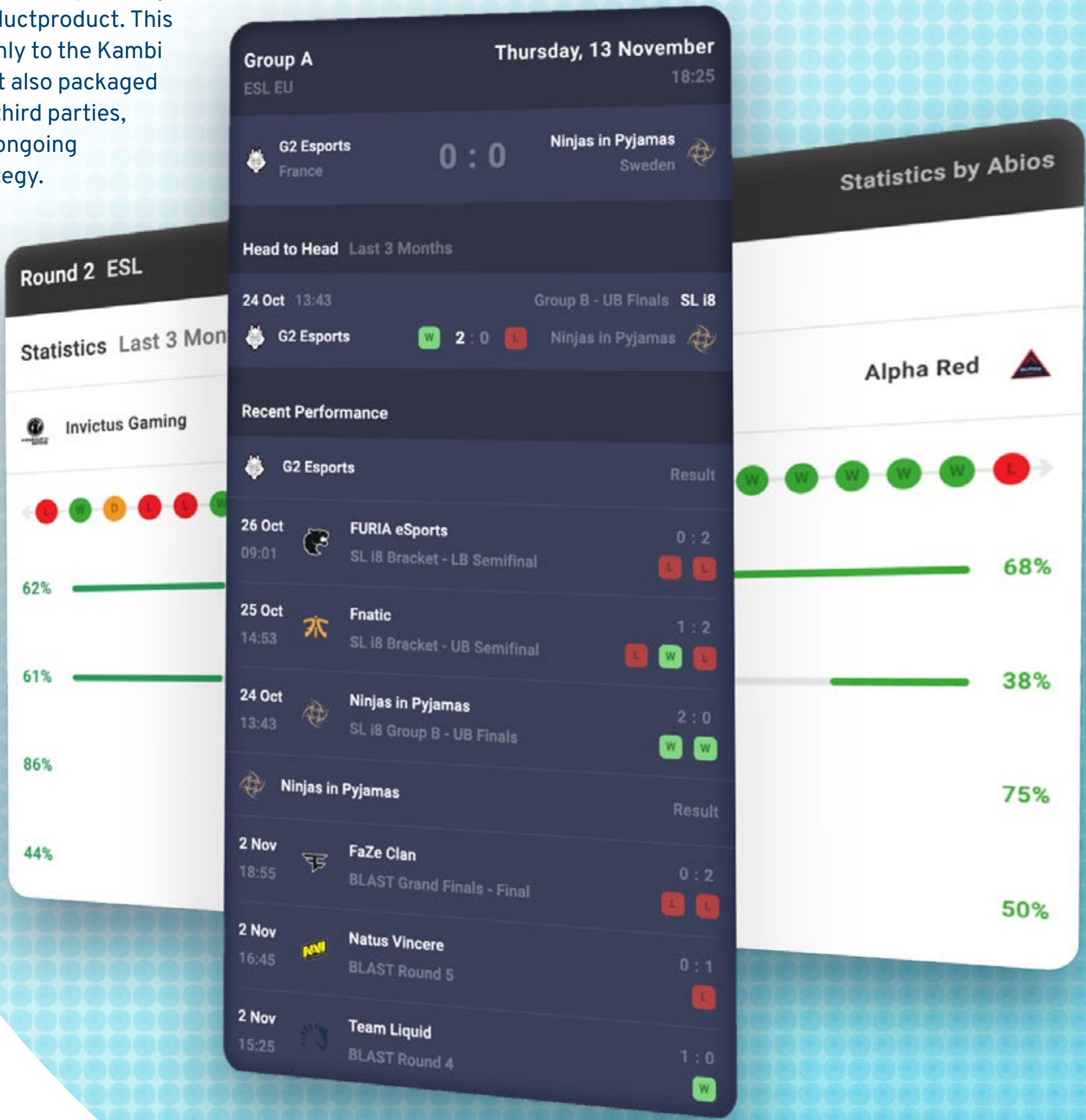
Often underestimated in the market today is what it takes to not only build and maintain a sportsbook, but to keep iterating and improving the user experience offered through it. One of the key benefits of the Kambi network is that it enables the powerful combination of data and resources to invest in product in a way that ensures partners remain at the forefront of what is a fast-paced and evolving industry.

How and where Kambi focuses on product development is a continuous balance. On the one hand, Kambi monitors the immediate market to ensure its sportsbook offers its partners everything they need to compete today. For example, are bet offers relevant enough? Is uptime high enough? Do the differentiation tools offered to partners provide sufficient flexibility? While on the other hand, Kambi must plan for the long term by continuously pushing the boundaries and preparing a platform and product for the future. For instance, by increasing system scalability, in developing AI capability, and through continuing to open up the platform.

Last year was no different in this regard as the Kambi sportsbook continued to benefit from the resources required to ensure the sportsbook is leading today and well placed to raise the bar tomorrow. On the following pages, Kambi details some of the areas where investment and development provided palpable impacts on the sportsbook and benefits for partners last year, as well as some of the forward-thinking initiatives that will future-proof the sportsbook and its performance for many years to come.

Acquisition of leading esports provider, Abios

As part of Kambi's continual push to improve and broaden its offering for players, Kambi acquired Abios, the leading provider of esports data, odds and visualisation services. Esports is one of the fastest growing categories in sports betting and the acquisition transforms Kambi into a leading player in the market. While Kambi partners are able to leverage the services Abios offers today, the full benefit of the Abios acquisition has yet to be felt, with work ongoing to combine Abios' esports expertise with Kambi's trading experience to provide a truly leading esports betting productproduct. This will be offered not only to the Kambi partner network, but also packaged separately to other third parties, in line with Kambi's ongoing modularisation strategy.

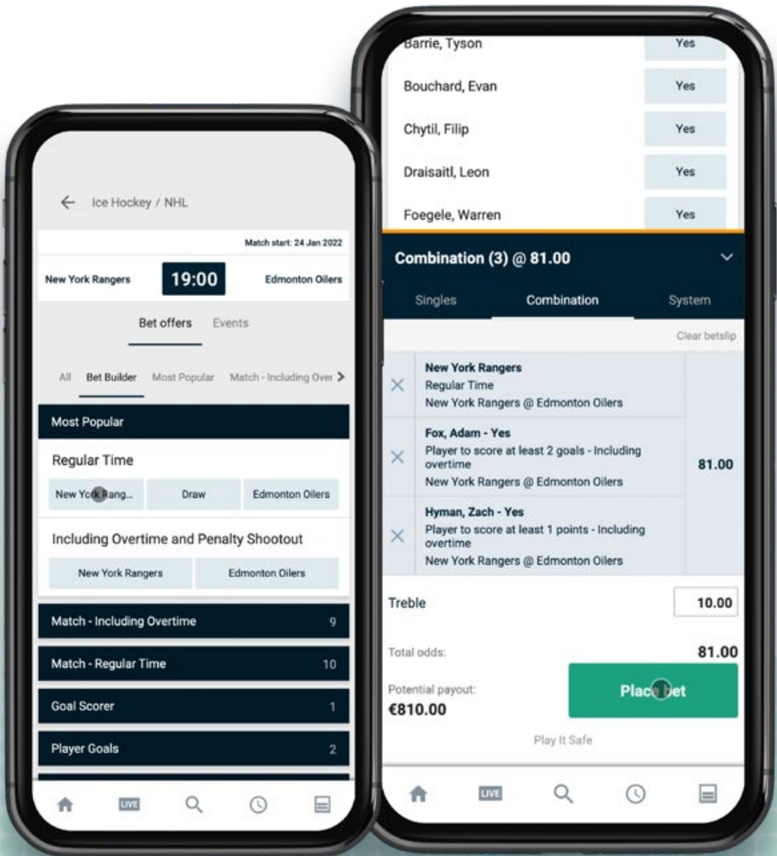


In-event combinations (Bet Builder)

One of the major long-term trends in sports betting has been for players to demand increasingly more control over their experience. A key area in this regard has been in-event combinations, i.e. placing accumulator bets on outcomes within the same game, thereby giving players the opportunity to create bets ‘off menu’. Kambi has been developing its platform, algorithms and risk processes for many years to offer a seamless, instantaneous and fully integrated ‘Bet Builder’ combination product, which started with soccer in 2019, and has since taken this one step further than the market by providing capability to combine combination bets across leagues and sports for the first time. For example, Soccer team X to win, Player Y to score the first goal and Soccer team Z to have most corners, can be combined into a single bet with the option to add additional selections from other matches and sports too. Last year, Kambi expanded this offering to American football, both professional and collegiate, and led the way not only in the flexibility of the product, which enabled players to combine outcomes from the same game and across multiple games, but also in the consistency and accuracy of odds, as well as the smooth user experience. This unique capability gave Kambi’s partners a clear competitive edge in the market. The product has been a success, with 45% of NFL bettors placing a Bet Builder bet during the recent season, with these bets generating significantly higher margin returns than single bets. Earlier this year, Bet Builder was launched for ice hockey and baseball, again with market-leading offerings, with basketball to come soon. Kambi anticipates Bet Builder will have a palpable impact on its US sports betting operator trading margin as it continues to gain traction with players.

In-play user experience advancements

Kambi is continuously focused on making improvements to its product, no matter how big or small, to deliver an ever more enjoyable, friction-free and exciting user experience. An area of focus this past year has been the NFL in-play experience and how Kambi can take the lead in what is the key sport in the US market. Across the industry, the main drivers of in-play player frustration are live bet delays (which are essential to protect from those with faster feeds and courtsiding), suspension times and bet rejections, as these can impact when players are able to place their desired bets. In each of these areas Kambi was able to make further improvements to what had been achieved previously, to such an extent that Kambi’s internal product scorecard highlights Kambi’s leading position among the main competitors in the market. For example, the percentage of NFL in-play bet rejections were halved compared to the previous year, assisted by a reduction in live bet delays to a low single-digit figure in seconds. These overall in-play improvements can be partly attributed to the introduction of a more sophisticated in-play American football trading model in 2020, which continues to bear fruit as traders gradually gain more familiarity and an improved ability to extract the capability it offers.



Improvements to technical scalability and reliability

Sports betting is a unique industry in that it operates 24 hours a day, seven days a week, with no days off. Operators rightly demand a technology stack that can be relied upon every minute of every day, particularly when volumes peak, as they do in line with the sporting calendar and event start times. Kambi has a proud track record of stability, providing partners with the confidence they need to operate and win market share. Last year, Kambi took learnings from previous experiences to create an even more secure and reliable system, and will continue to invest in these areas moving forward. Thorough work has been carried out to not only de-risk every area of the sportsbook technology stack but to also ensure it is able to process far higher loads, at greater speed and at greater scale for many years to come. Specifically, Kambi has been able to leverage its extensive knowledge of the evolving sports betting market to identify and remove potential bottlenecks within its global infrastructure and reduce any latencies involved to ensure our partners are able to take the right bets at the right time and provide their players with a market-leading service.

Kambi operates across 40+ jurdictions all over the world

Automated offering compliance

Running a global sportsbook across more than 40 jurisdictions comes with many challenges, but perhaps none as acute as the bespoke tailoring of the sportsbook offering to each jurisdiction. For example, with each US state having its own unique offering template, requiring the filtering out of local college events or specific proposition wagers, Kambi, like other suppliers and operators, was in a position where hundreds of vital compliance decisions were required daily. The same is also true in Europe, where certain countries demand operators block bets being placed on minors and lower tier events. As well as carrying additional risk, this manual work was inherently unscalable, so the automation of these processes was key to delivering various benefits. Firstly, security, with automated, data-driven decisions far more secure than manual work. Secondly, increasing scalability, with the previous manual approach requiring extra resources with every jurisdiction added. Thirdly, offering breadth and speed to market, with automated decisions allowing for the instant publication of the maximum compliant offering in each jurisdiction without manual review. The tools developed have delivered all of this and more and have clearly given Kambi unique technology. The new offering filtering engine not only provides instant compliance in existing jurisdictions, but a market leading product in new markets. For example, the Under 18 participant filtering that was built for the regulation of the Swedish market subsequently allowed for a day one launch in Illinois with a more compliant and broad offering than competing sportsbooks without the technology or manpower to facilitate such granular filtering. Similarly, the ability to restrict specific markets within a league that was built for US states enabled smooth launches in the Netherlands and Germany. The tooling has been built with technical scalability in mind, enabling operational teams to add new rules on the go without additional development work. This initiative has placed Kambi at the forefront of regulatory technology not only for the present, but for many years to come.

Sport betting market

Below is Kambi's projected total addressable market (TAM) in 2021 by operator gross gaming revenue and how it could grow by 2026, based on external sources (VIXIO GamblingCompliance and H2 Gambling Capital) and Kambi's own internal estimates.

USA	
2021	€3.7bn
2026	€15bn – €20bn*

Europe	
2021	€13.2bn
2026	€18bn – €26bn*

Rest of Americas	
2021	€0.6bn
2026	€4bn – €7bn*

Asia	
2021	€1.6bn
2026	€7bn – €10bn*

Potential global TAM in 2026 €44bn – €63bn*

*These estimates are not financial forecasts or to be treated as guidance to future performance.

US
The land of opportunity

The US and its state-led markets will remain a key growth driver for Kambi for many years to come. Kambi is currently live in 17 US states and in 2021 powered the launch of over 50 retail and online sportsbooks.

With Kambi's ongoing expansion into the US, time and time again it has proven it has the expertise and experience to deliver market-leading technology and services to partners at pace, scale and in a compliant manner. The US makes up the large majority of Kambi's Americas operator GGR, which in 2021 grew by two-thirds, Kambi's fastest growing geographical region.

During the year, Kambi added several operators to its powerful network, including a partnership with Desert Diamond Casinos and Entertainment in November, which has three brick and mortar casinos in Arizona as well as a newly developed mobile sports betting app. That same month, Kambi entered a partnership with the Saginaw Chippewa Gaming Enterprises, a leading tribal operator in the state of Michigan. In December, Kambi also signed a multi-year agreement with Affinity Interactive (AI), an omni-channel gaming industry leader and owner of the iconic Daily Racing Forum. AI is currently live with its Kambi-powered sportsbook in Iowa with plans to launch in additional states throughout 2022 and beyond.

A key highlight for the US sports betting industry in 2021 was the regulation of mobile sports betting in the state of New York. Kambi secured one of the few licenses on offer from the regulator, with the bid it led as a primary applicant achieving the highest score following a competitive application process. Since launching at the beginning of 2022, New York has become the largest market in the country and Kambi has been live since day since day one of the market opening with its partner Rush Street Interactive.

Still in its infancy

The US sports betting market followed up a strong year of growth in 2020 with an even better year in 2021, generating $4.3 billion in revenue in 2021, according to regulatory filings, to surpass the total revenue of 2020 by 179%.

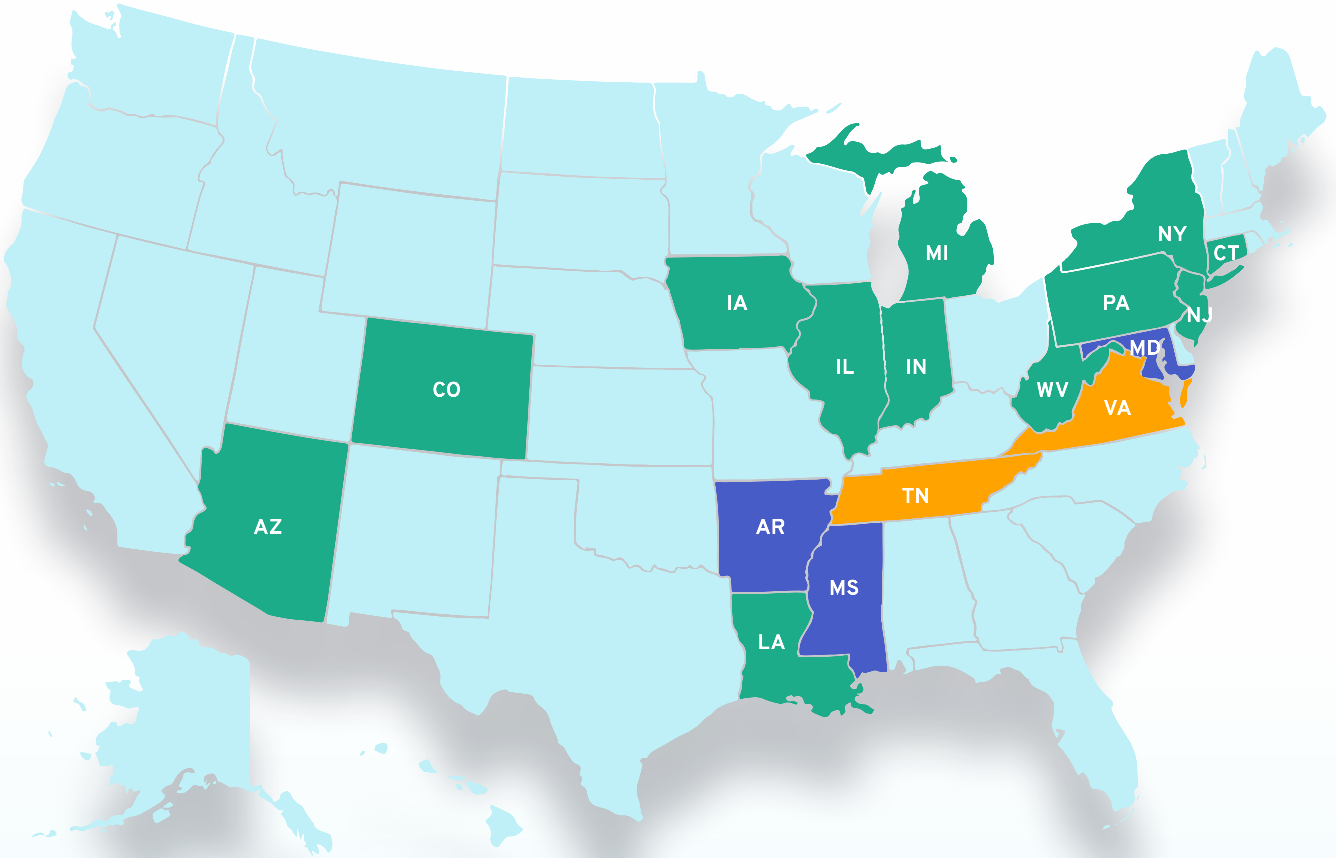
Nearly a dozen more states embraced sports betting in 2021 with regulated sports betting with an open licensing regime now live in more than 20 states, and all eyes now turn to the remaining states left to legalise sports betting. States including California, Georgia, Kansas, Massachusetts and Oklahoma have an active or pre-filed legislation in 2022. Meanwhile, Ohio, which is expected to become one of the largest markets in the US, has passed legislation to allow online and retail sports betting and is expected to launch in the coming 12 months.

Developments in three of the most populated states – California, Texas, and Florida – are still being closely monitored heading into 2022. In California, four separate proposals have been made, but only one is qualified so far to be on the ballot in the November elections, giving voters a chance to change the sports betting landscape. If passed, sports betting would be restricted to in-person wagering at tribal casinos, but as the largest tribal gaming state in the US that would still provide plenty of opportunity. Depending on these developments, Kambi is well positioned to capitalise on both mobile and retail sports betting based on its track-record of compliance and platform provision to some of the country's largest operators.

US footprint

Kambi currently live

Online and retail Retail Online



	Arizona	Arkansas	Colorado	Connecticut	Illinois	Indiana	Iowa	Louisiana
Partners	5	1	3	1	2	5	4	2
Market open	Sept 2021	July 2019	May 2020	Oct 2021	March 2020	Sept 2019	Aug 2019	Oct 2021
2021 market size	$161.1m	$8.5m	$250.1m	$30.9m	$524.8m	$309.1m	$113.9m	$10.1m

	Maryland	Michigan	Mississippi	New Jersey	New York	Pennsylvania	Tennessee	Virginia	West Virginia
Partners	2	5	2	5	2	5	2	3	1
Market open	Dec 2021	March 2020	Aug 2018	June 2018	July 2019	Nov 2018	Nov 2020	Jan 2021	Aug 2018
2021 market size	$3.2m	$319.1m	$65.9m	$813.5m	$23.3m	$505.5m	$239.8m	$285.9m	$48.1m

Source: VIXIO GamblingCompliance (all figures are gross revenue)

Potential regulatory progress in 2022

California

It is an important year for sports betting in California, as the November 2022 ballot could see as many as four initiatives in play. At present, the only one that is cleared for the ballot is a tribal initiative that would allow for retail-only wagering at tribal casinos and horse tracks. However, this alone would provide an exciting opportunity as the state is home to 82 tribal casinos.

Georgia

The decision to legalise sports betting in Georgia could go to the voters in 2022. There is plenty of support to legalise sports betting from lawmakers, voters, and the state's professional sports teams. If lawmakers decide to move forward and it passes a vote in November, the state lottery would award online operator licences.

Massachusetts

Following another failed attempt to legalise sports betting in 2021, there is more optimism a bill could be passed in Massachusetts in 2022. Massachusetts is now surrounded by four other states which allow some form of sports betting following Connecticut's legalisation and New York's mobile expansion last year, so there is now extra incentive to regulate sports betting and keep revenue within the state.

Ohio

Online and retail legislation in Ohio has already been passed but now all eyes are on when the market will go live. A target 'go live by' date has been set at 1 January 2023, although there is hope the first legal bets could be placed this year. Ohio is home to more than 11 million people and has professional sports teams across all major sports and leagues.

Oklahoma

Oklahoma is the second-largest tribal gaming state in the United States, and a recent bill was introduced to pave the way for tribes to offer sports betting at their retail spaces. If legislation does pass and tribes agree with the compact, they will receive exclusivity to offer sports betting.

Tribal gaming promise

Tribal casinos are an integral part of the overall gaming landscape in the United States. Over the last several decades since the passage of the Indian Gaming Regulatory Act of 1988, tribal gaming has grown into a substantial revenue-making part of the industry and remains a significant area of focus for Kambi.

According to the National Indian Gaming Association, there were 515 tribal casinos operating in 29 US states as of the end of 2021, compared to 466 commercial casinos (casinos, riverboat casinos and racinos) operating in 25 states. In recent years, tribal casinos have generated close to 45% of all gaming revenue in the United States, with that number set to increase in the future and predictions that tribal gaming revenue could surpass commercial gaming revenue within the next decade.

Kambi already has a proven track record of providing excellent sports betting services to tribal gaming operators, including Seneca Gaming in New York and Four Winds Casinos in Michigan, and the company made further inroads in the tribal gaming space in 2021 following agreements with Desert Diamond Casinos and Entertainment and Saginaw Chippewa Gaming Enterprises.

Kambi takes a consultative approach, which provides tribal operators with the know-how to effectively navigate the complexities of offering sports betting including market analysis, operational guidance, and hands-on legal assistance to navigate the regulatory review process. As a provider that can offer solutions for both B2B and B2C, Kambi can help tribes through the process, offering insights and advice through the extensive data we've collected for more than 10 years. Ultimately, the decision is up to the tribes on what kind of approach they want to take, but Kambi's experience has provided us the unique opportunity to learn from tribes, the pain-points they've experienced, and effectively guide them through those decision-making steps.

Desert Diamond Casinos and Entertainment

DESERT DIAMOND CASINOS

As the largest tribal operator in Arizona, Desert Diamond Casinos and the Tohono O'odham Nation were granted a licence from the Arizona Department of Gaming in August of 2021 to offer sports wagering in the state. Through a multi-channel agreement, Kambi began offering its full suite of high-performance sports betting technology to Desert Diamond in Q4 at the company's three on-property locations in West Valley, Sahuarita, and Tucson, Arizona. Additionally, Kambi provides its online sportsbook technology under the launch of the newly created entity, Desert Diamond Mobile.

Saginaw Chippewa Gaming Enterprises

SOARING EAGLE CASINO & RESORT

Kambi also signed a multi-channel agreement with Saginaw Chippewa Gaming Enterprises in Q4 2021, joining Four Winds Casinos as its second tribal operator in the state of Michigan. With proven experience operating in the state, Kambi was able to seamlessly integrate its award-winning sportsbook platform for on-property rollouts at two of the most popular casinos in Michigan, Soaring Eagle Casino & Resort and Saganing Eagles Landing Casino & Hotel. Kambi will also assist in the launch of Saginaw Chippewa's online sports betting platform, with plans to launch imminently.

Opportunities ahead

Growth in the tribal gaming industry provides an attractive opportunity for Kambi, as tribal-operated casinos continue to turn their attention towards launching their own sportsbooks, both in retail and online spaces. Kambi has shown its ability to work directly with tribes to help them launch self-branded sportsbooks, or indirectly through Kambi partners, who leverage the Kambi technology to launch with tribes using the brand of the partner. This gives Kambi two routes with which to maximise the opportunity provided by the large tribal gaming community.

Looking towards 2022 and beyond, Kambi will continue to keep a close eye on developments on sports betting legislation from state to state. Two of the largest states by tribal gaming gross gaming revenue, California and Oklahoma, have pre-filed legislation that will be included on their respective ballot in November 2022. Combined, these states account for a total of 100 gaming tribes and 217 tribal casinos.

Rest of Americas

A strong position for long-term growth

Canada

Canada has long been viewed as a market of great promise for Kambi, with this promise becoming closer to being realised last year following the federal government's decision to legalise single-game sports wagering in the country. Like the United States, regulated sports betting is now permitted on a province-by-province basis, with each of Canada's 10 provinces in a position to regulate sports betting as they deem fit.

Sports betting in Canada was previously restricted to parlays – betting on and correctly predicting the outcome of at least two or more games to win – through provincial lotteries, which means Canadians are already well acquainted with a form of sports betting. According to the national trade organisation, the Canadian Gaming Association, of which Kambi is a proud member, approximately C$500m (€350m) was bet on regulated parlays annually.

Ontario is widely regarded as the jewel in the crown of regulated Canadian sports betting. With the market expected to launch imminently, Ontario has a population of approximately 15 million people and has the potential to become one of the biggest jurisdictions in North America based on its size alone. The province is also home to an array of professional and amateur sports with three CFL teams, two NHL teams, and one team in each of the MLB, NBA and MLS.

With a strong track record of regulatory compliance, a tailored proposition towards localised markets and a leading product, including in the key sport of ice hockey, Kambi believes it is in a good position to capitalise on the opportunities of regulated sports betting in Canada. At its 2021 Capital Markets Day, Kambi highlighted a €2.1 billion operator GGR opportunity in Canada.

Since the end of 2021, Kambi announced a multi-year partnership with NorthStar Gaming, a made-in-Ontario online betting brand and sportsbook that is partnered with TorStar Corporation, which publishes the Toronto Star. Furthermore, in March Kambi obtained regulatory approval to launch in Ontario upon its opening in April.

Latin America

With the ongoing expansion of regulated sports betting across the region, Latin America remains an attractive market with significant long-term potential for Kambi. Kambi has already established itself as the leading B2B sportsbook provider in the region, not least through its strong position in Colombia, which became one of the first countries in the region to offer regulated online sports betting in 2017. Kambi currently powers two market leaders in Colombia: BetPlay and RushBet.

In 2021, Kambi further extended its presence across the region, including Argentina which is currently in the process of regulating sports betting on a province-by-province basis. With an overall population of approximately 45 million, Argentina has the potential to become one of the largest sports betting markets across the Americas, with Kambi estimating a €1bn operator GGR potential as outlined during its Capital Markets Day.

During the 12-month period, Kambi partnered and went live online with Casino Magic in the country's Neuquén province, and later in the year launched with BetWarrior in Argentina, in turn becoming the first sportsbook provider to go live in both Buenos Aires City and Buenos Aires Province. Furthermore, Kambi also partnered with NG Gaming, part of one of Latin America's largest corporate groups, to support the launch of its Olimpo.bet brand in Peru and across additional markets in the region.

Regulatory progress continues to be made across Latin America, including in Brazil which, when operational, would be among the top five largest regulated markets in the world. It is widely expected that significant regulatory movement will occur soon with the Brazilian government currently in the process of implementing a law to regulate online fixed-odds sports betting. With an eye on regulatory developments across Latin America, Kambi has proven that it is the provider that operators and regulators alike can trust to deliver a first-class service that puts players and compliance first.

Europe

Driving continued growth

In 2021, Kambi reinforced its leading position in Europe, a market where its addressable market could double in size over the next five years.

Having signed a multi-year agreement with the Belgian National Lottery in 2020, Kambi powered the relaunch of its sportsbook in 2021 ahead of the UEFA European Championship. This partnership with the World Lottery Association member boasts considerable forward momentum and potential, with the operator comprising of online and retail across hundreds of store locations.

Furthermore, the opening of the newly regulated market in the Netherlands, with the full implementation of the country's Online Gambling Act on the first of October was a landmark moment for the industry in Europe. Kambi went live on day one with BetEnt, providing our technology to the operator's BetCity.nl brand. This launch was swiftly followed by the launch of the Kambi-powered Jacks.nl sportsbook in partnership with JVH gaming and entertainment, the leading private casino operator in the Netherlands which manages more than 80 properties throughout the country. These partnerships furnish Kambi with the ability to capitalise on the market's potential, which will only increase in 2022 as additional Kambi partners progress with their licence applications to enter the market.

The Casumo sportsbook broke new ground by going live in Spain, while Kambi's relationship with LeoVegas Group was further strengthened by the launch of its Expekt brand in Sweden and Finland. Paf, one of Kambi's longest standing partners also leveraged the Kambi sportsbook in rolling out recently acquired brands.

As the leading provider of sports betting technology to the world's regulated markets, we never view the introduction of robust frameworks or legislative change as anything other than something to be welcomed. Efficiently pivoting our technology to meet any and all local requirements at speed and with absolute precision is a key string to Kambi's bow, and continuing to leverage this in Europe is fundamental to the business's commercial ambitions.

Asia

Kambi currently has limited operations in Asia, with NagaCorp in Cambodia its single partner in the region. Due to a lack of sports betting regulation, much of Asia is currently out of scope for Kambi, however, there are signs countries such as India and Japan will, over the next five year period, move towards regulatory frameworks similar to those adopted elsewhere in the world. With Kambi generating minimal revenue in Asia at present, regulation of markets on the Asian continent would provide attractive mid-to-long-term opportunities.

Kambi partners

Building trusted partnerships

The year 2021 saw Kambi continue to expand its global reach through a series of potential-rich, long-term partnerships with forward-thinking brands.

Kambi's commercial team signed with eight operators in 2021, bringing the total number of Kambi partners to 40. The Kambi network continues to go from strength to strength with new partners in regulated territories all over the globe, underlining the appeal of Kambi's high-performance sports betting technology and ability to serve the needs of any regulated jurisdiction.

The year began with a landmark partnership with Racing and Wagering Western Australia (RWWA). Founded in 1961, it is the state-run, self-funded racing authority for Western Australia, and this collaboration paved the way for Kambi to launch online and retail sports betting with RWWA in the territory in 2021.

The ongoing expansion of Kambi's reach in the US continued apace in 2021. A multi-state agreement with US operator Affinity Interactive, owner of the iconic Daily Racing Form (DRF) media brand, saw Kambi roll out sports betting under the DRF brand. Two tribal partners also joined the Kambi network, with Desert Diamond Casinos and Saginaw Chippewa Gaming Enterprises selecting Kambi to power their sports betting ambitions.

Capitalising on Kambi's wider commercial momentum in the Americas was a priority throughout 2021 and will continue to be over the years to come. Island Luck, the market leader in the Bahamas, partnered with Kambi to upgrade its sports betting offering. In Argentina, Kambi rolled out sports betting online in partnership with Casino Magic in Neuquén province, while NG Gaming is leveraging the Kambi sportsbook through its Olimpo.bet brand, initially targeting the regulated market in Peru.

Important steps were also taken to bolster Kambi's market-leading position in Europe. BetEnt chose Kambi to support its launch in the newly-regulated Netherlands market under the BetCity.nl brand, while Kambi secured a multi-year extension with long-term partner Napoleon Sports & Casino in the Belgian market.

Signed 8 new partners in 2021

New partners in 2021

Affinity Interactive

Kambi ended 2021 by signing a multi-state agreement to power the sports betting ambitions of Affinity Interactive across its retail, digital and online channels. Affinity Interactive boasts extensive online and mobile presence, including the iconic Daily Racing Form, a leading provider of premium data and authoritative editorial coverage to horse racing and sports enthusiasts in North America. Initially launching in Iowa in January 2022, the partnership will see Kambi power its DRF Sportsbook brand across multiple US states.

BetCity.nl

Kambi entered into a multi-year partnership with Dutch operator BetEnt in September 2021, powering the launch of its BetCity.nl brand with the opening of the newly regulated Netherlands market on 1 October. A brand backed by a management team and underlying shareholders with years of experience in the land-based casino sector, BetEnt selected Kambi to underpin its sports-first strategy thanks to its expansive sports betting offer, alongside Kambi's exemplary record in the fields of compliance and sports integrity.

Casino Magic

Kambi continued to grow its position in Latin America through a partnership with leading Argentinian casino brand Casino Magic. Argentina is regulating sports betting on a province-by-province basis, and the Kambi-powered Casino Magic sportsbook launched online in Neuquén province in March 2021, complementing the operator's existing online casino offering.

Desert Diamond Casinos

Desert Diamond Casinos, an enterprise of Tohono O'odham Nation, is the largest tribal operator in Arizona, with properties in West Valley, Sahuarita and Tucson. Having signed a long-term partnership with Kambi to launch sports betting in November 2021, all three casinos were live with on-property sportsbooks, complete with Kambi kiosks and benefiting from Kambi's Bring Your Own Device technology, just weeks after the partnership was signed. Desert Diamond's Kambi-powered online offering was also rolled out in January 2022.

Island Luck

Founded in 2009, Island Luck is the largest operator in the Bahamas, offering online sports betting, casino and lottery to Bahamians across the islands. Leveraging Kambi's sports betting technology and services to upgrade its sportsbook, Island Luck launched its new sports betting offering with Kambi in December 2021 to offer a best-in-class online betting experience to its customers in a country of nearly 400,000 people.

NG Gaming

Kambi agreed an exclusive multi-year partnership with the Latin American corporate group in June 2021. Kambi is providing its sportsbook technology to support private equity firm NG Gaming's Latin American ambitions for the Olimpo.bet brand, which is initially targeting the growing Peruvian regulated market and was launched ahead of the 2021 Copa América.

New partners in 2021

Racing and Wagering Western Australia

The leading Australian operator signed a long-term partnership with Kambi in 2021, leveraging Kambi's technology to upgrade its sportsbook offering across its more than 300 retail agencies and established online brand TABtouch – complementing Racing and Wagering Western Australia (RWWA)'s existing racing wagering product. Established in 2003, RWWA is the state-run, self-funded racing authority for Western Australia, responsible for the operations of the state's Totalisator Agency Board (TAB).

Saginaw Chippewa Gaming Enterprises

Saginaw Chippewa Gaming Enterprises joined the Kambi network in November 2021. One of the leading tribal operators in the US state of Michigan, Saginaw Chippewa Gaming Enterprises entered into a multi-channel agreement to roll out sports betting at two of the Great Lake State's most popular gaming destinations - Soaring Eagle Casino & Resort and Saganing Eagles Landing Casino & Hotel – in addition to launching an online sportsbook.

New partners so far in 2022

MaximBet

Kambi entered into an exclusive multi-year agreement with MaximBet in January 2022. Owned and operated by Carousel Group and live on in-house technology in Colorado, MaximBet will integrate Kambi's sports betting platform into its existing technology stack to accelerate the scaling up of the brand in Colorado and throughout North America. In partnership with Kambi, MaximBet is set to go live in Indiana, Iowa, New Jersey, Ohio and Pennsylvania, with plans to launch in further US states and Canada in 2022.

NorthStar Gaming

In February, Kambi announced a long-term partnership with NorthStar Gaming to provide its high-performance online sportsbook to the Canadian operator, starting with Ontario's regulated online gaming and sports betting market. NorthStar Gaming is as a made-in-Ontario online betting brand that is partnered with TorStar Corporation, owner of one of Canada's most popular daily news brands, the Toronto Star, and over 80 additional online publications.

Our business model

Creating value for our partners

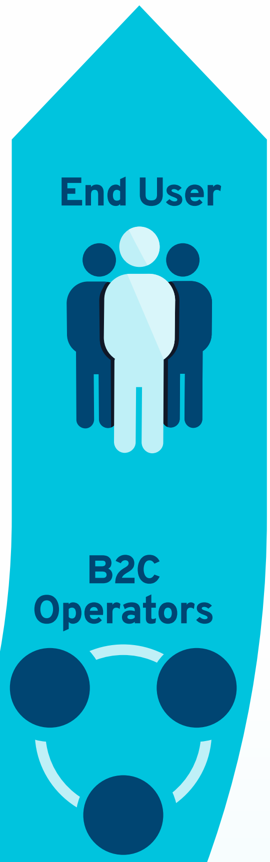
Kambi offers a fully managed sports betting service, that works with real time sports data providers, on a robust technical platform. Our expert traders utilise proprietary tools to compile odds, working alongside our risk management department to provide a highly competitive sports betting offer, whilst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

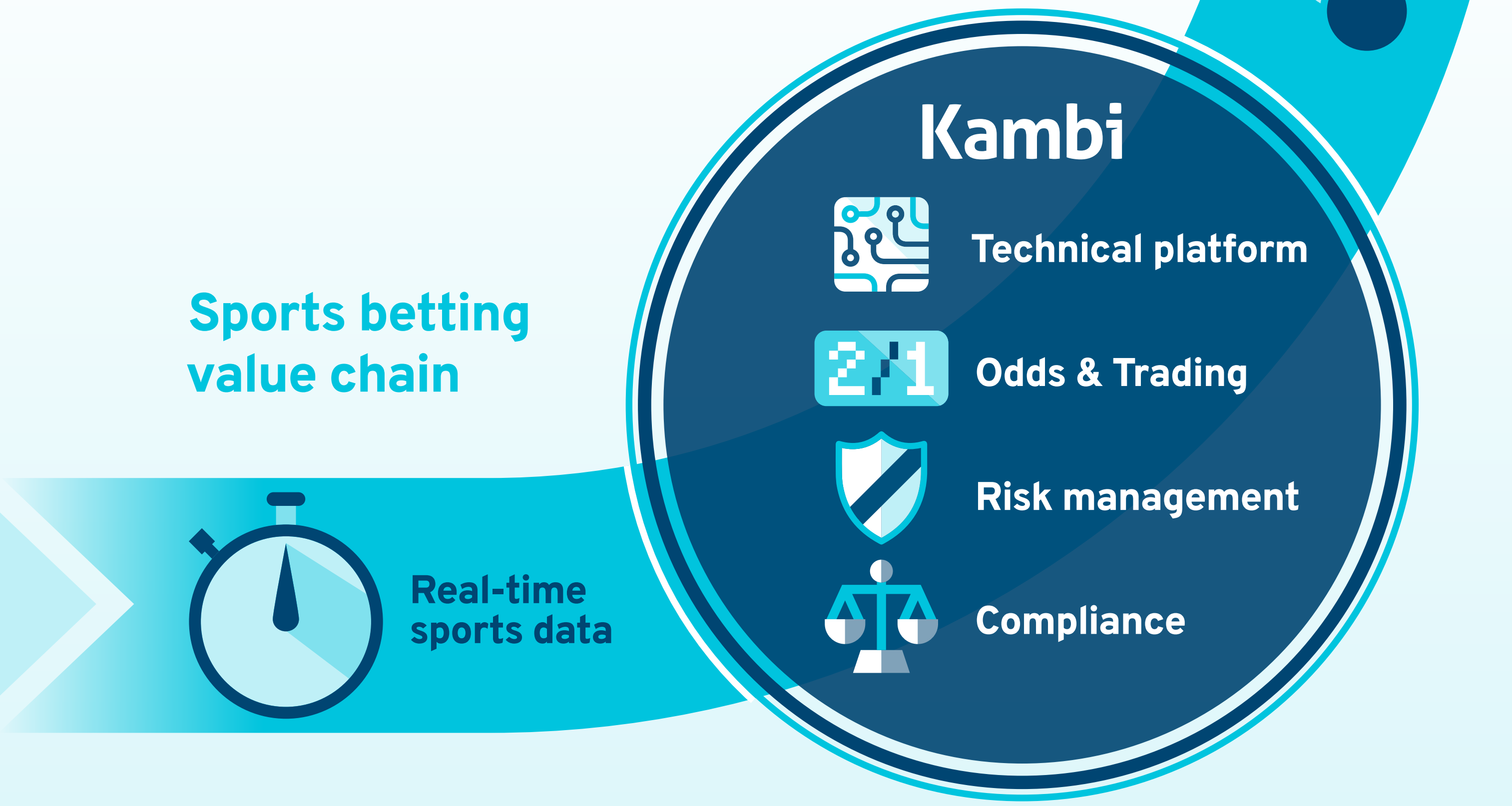
Kambi's goal is to provide sports betting experiences that go beyond any other. We power market leading brands across the world, using cutting edge technology supported by highly skilled expertise. Our user interface has been designed to deliver a seamless omnichannel experience, which drives acquisition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

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.

Sports betting value chain





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 provide our operator partners with a powerful price differentiation tool, enabling them to adjust pre-match odds and take greater control over their competitiveness in the market.

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. Please refer to the graph on page 33 for historical operator turnover index and trading margin.

Operator turnover at constant exchange rates increased by 40% in 2021 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 35).

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 8.0 – 9.0%. The operator trading margin for 2021 was 8.7%.

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.

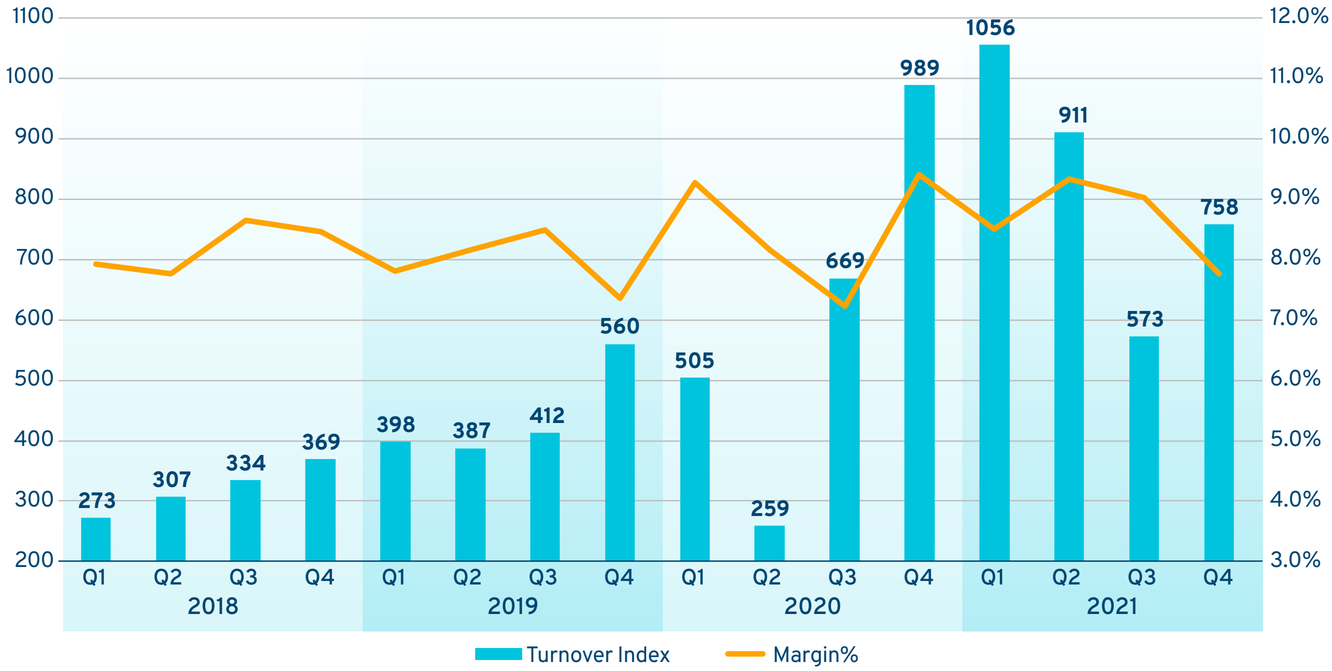
Operator turnover index and trading margin

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 below, the operator turnover levels in Q3 and Q4 were adversely impacted by the migration of DraftKings off the Kambi platform.

Operator turnover index and trading margin



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' 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 36% in 2021. As illustrated in the Kambi Turnover Index, the operator trading margin can fluctuate. Multiplying the margin by the turnover generates the GGR. The 2021 operator trading margin was 8.7%, compared to 8.6% in 2020. As a result of this higher margin, combined with a number of other factors, operator GGR increased by 36% year-on-year. As part of Kambi's revenue model, we share certain costs with our operators.

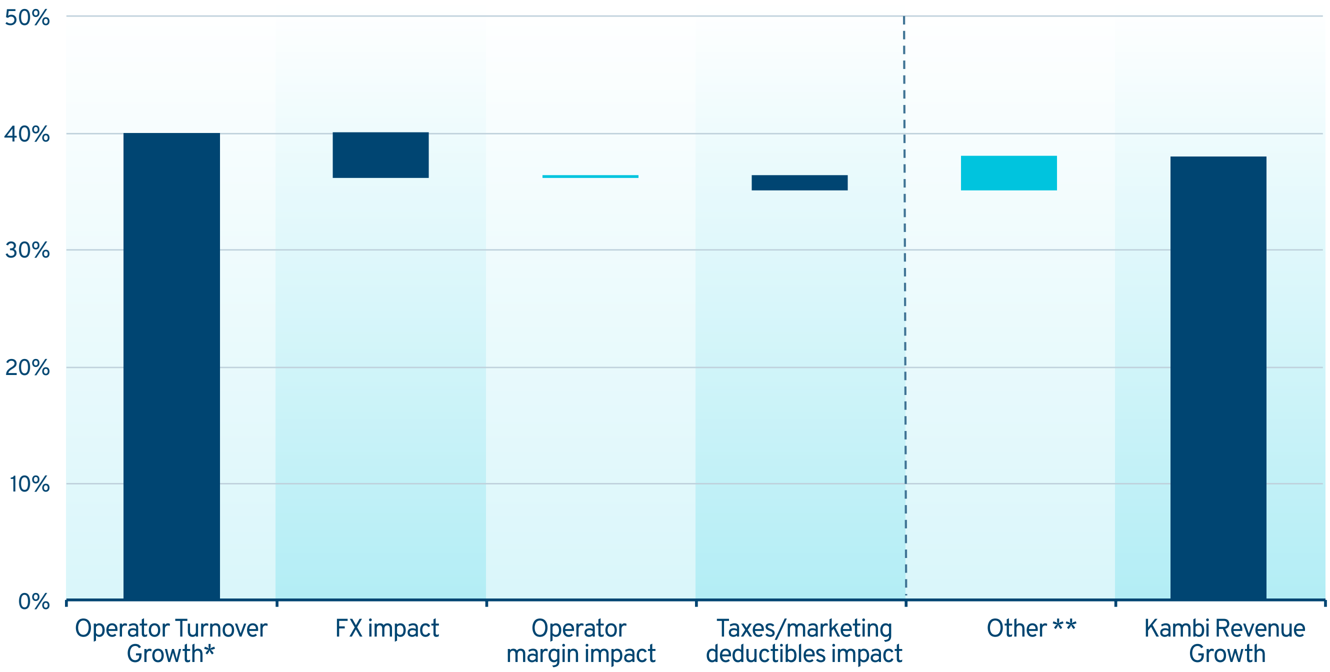
These include:

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

ii. Tax: 86% (2020: 81%) of our operators' GGR was subject to betting duties incurred in locally regulated markets. Revenue incurred in locally regulated markets increased due to the re-regulation of the Netherlands market.

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 35%. 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. As per contract terms, any sports betting revenue generated by DraftKings prior to 30 September 2021, either via Kambi or following a migration away from Kambi, was subject to the same level of revenue share payments and is reflected within the 'other' category in the below chart. Furthermore, some parts of Kambi's revenues are fixed and not linked to the growth in operators' businesses. Overall, Kambi's revenues grew by 38% year-on-year.

Operator turnover & Kambi revenue growth: 2021 vs. 2020



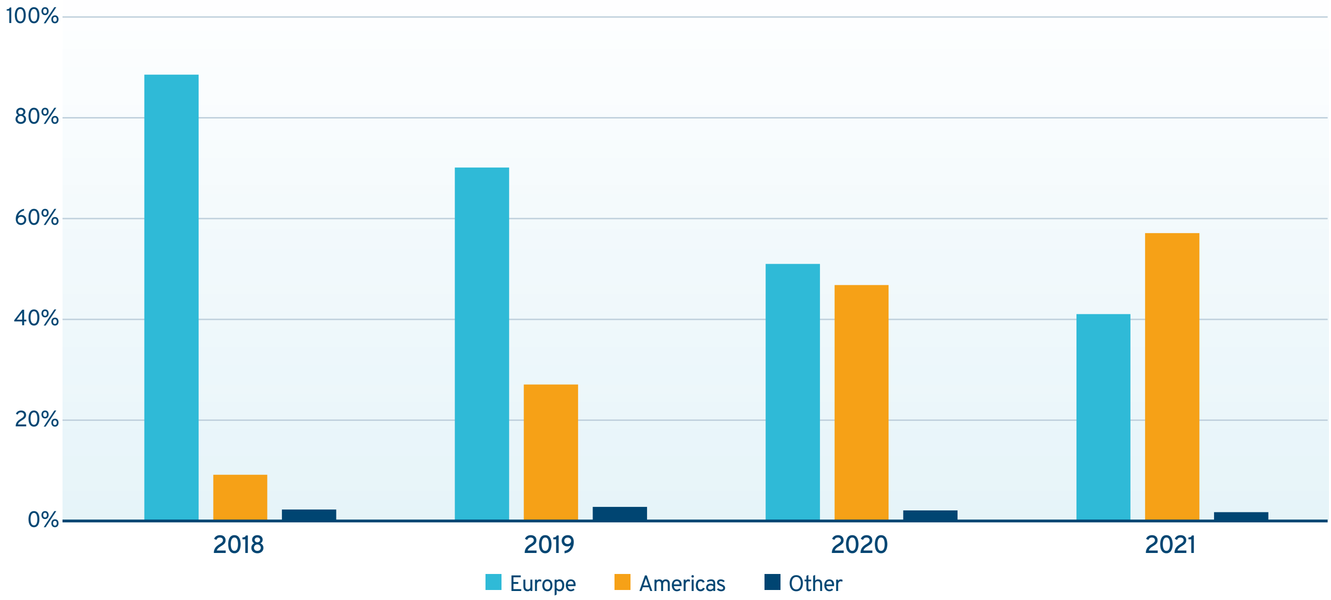
* Operator turnover growth shown is based on 2020 exchange rates
** Other includes the impact of volume-related commission tiers and fixed revenues
-- Denotes components of NGR from which Kambi's revenue share is calculated

Geographical revenue analysis

Kambi derives its revenue from numerous markets globally, which cover more than 40 jurisdictions and 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 2021; 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 41% (51%), with the Americas comprising 57% (47%) and Rest of the World to 2% (2%) 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



SUSTAINABILITY REPORT

Operating in a fair and sustainable way

Sustainability report

Raising the bar for long-term sustainability

Kambi CEO Kristian Nylén

A word for Ukraine

As I come to write this statement, it is inescapable that the world we live in today is different to the one of just a few months ago. The events unfolding in Ukraine are nothing short of tragic, and Kambi has been actively supporting relief efforts, raising funds, and promoting the many local charity efforts which have been taking place throughout our offices.

At a global level, we have been working closely with partners to block activity on events taking place in Russia and Belarus until further notice. Of course, it is for our partners to decide how they prefer to respond to this crisis, and where events have been retained, Kambi is currently donating its share of any profits to UNHCR (the UN Refugee Agency) to support the ongoing humanitarian efforts in Ukraine.

Our employees in neighbouring Romania have been preparing kits for refugee shelters, containing much needed supplies, and will continue to do so in the weeks to come. I am grateful to them for the hands-on help they are providing at this moment of need.

Kambi is a business made up of people from all over the world, coming together to work side-by-side. The importance we must place on the values of cooperation, collaboration and unity has never been more pronounced, and our thoughts and support are with all who have been affected.

How sustainability is at the heart of Kambi's business

Since Kambi was founded, our business strategy has been anchored in the values of integrity, fairness and equal opportunities. We knew then, as we know now, that operating in an ethical manner across the business would be vital in enabling us to realise our vision of becoming the world's leading, trusted provider of sports betting technology.

From day one we have operated our business in what we consider as being a fair and responsible way, by upholding our core beliefs and adopting an approach that places long-term sustainable practices over and above short-term financial considerations. We continued to develop and evolve our commitment to these principles throughout 2021, honing our ability to deliver sustained and sustainable growth as a business and for our growing network of partners in regulated markets across the globe.

Central to these beliefs is fostering a supportive and rewarding environment in which our people from across the world can progress and excel. The success of our sportsbook requires high-performance technology, but it is our talented staff who power this performance, they are our foundation, and we are building a culture at Kambi where discussions and ideas are not only encouraged but are essential. Only in an environment where everyone can be confident to contribute, where diverse views and opinions lead to intelligent conversations and optimal outcomes, can people thrive and Kambi succeed.

Kambi is at the forefront of its industry and aims to set the standard for others to follow, raising the bar for long-term sustainability and best practice. This is illustrated by our dedication to regulation and compliance. We beat the drum for the establishment of regulated markets and are active in approximately 40 regulated jurisdictions around the world, with that number steadily growing. We work closely with regulators to help build a sustainable marketplace and framework so that players can enjoy the thrill and excitement of sports betting in a safe and responsible way, with protections they'd only receive through licensed operators, and not through unregulated market participants.

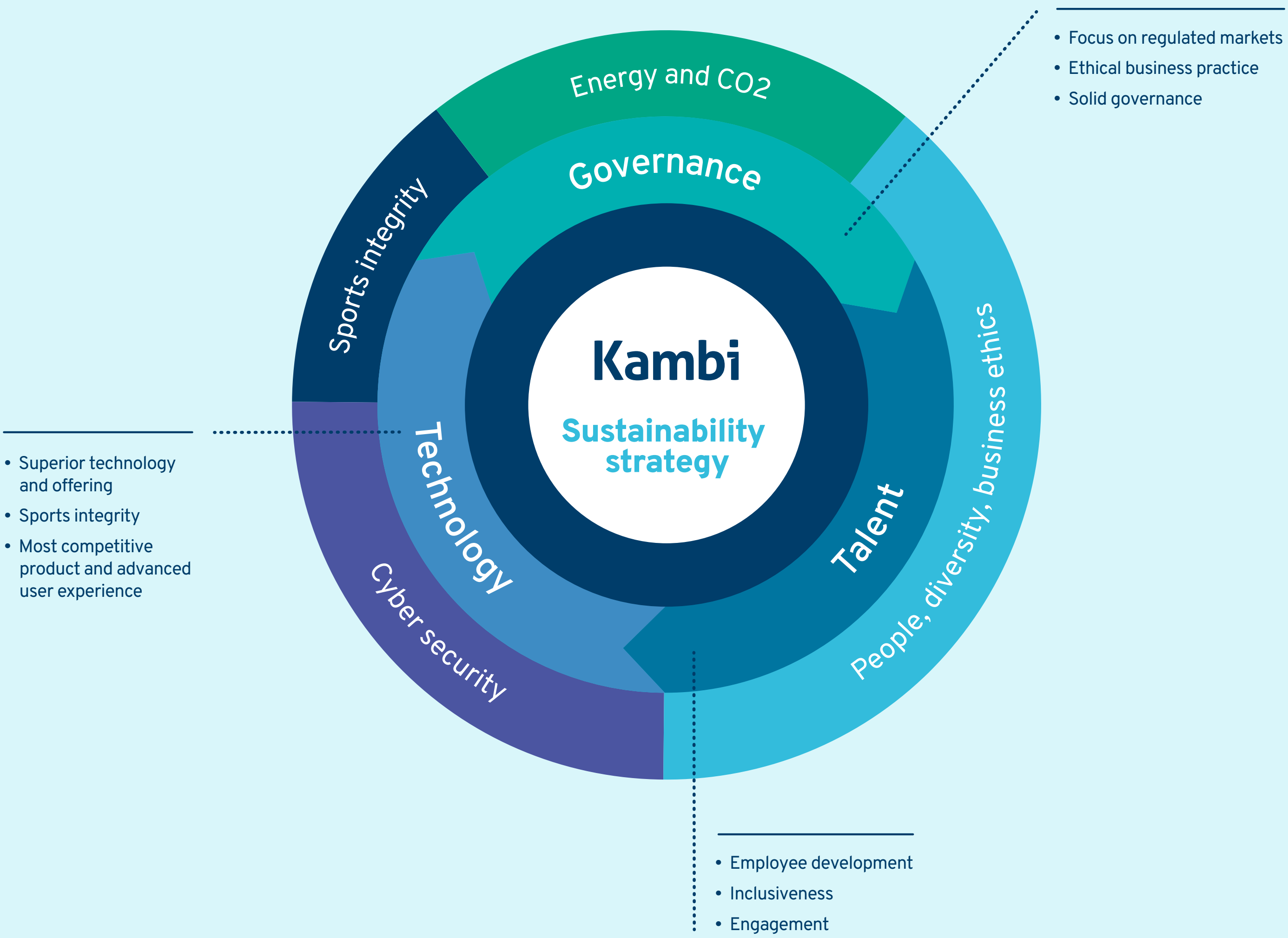
Our support of regulation also provides us with the platform to protect the sports we love. Scratch beneath the surface and you'll find Kambi is a company full of sports fans who are passionate about safeguarding the integrity of sports. This passion has positioned Kambi at the forefront of sports integrity. We collaborate regularly and closely with regulators, sports governing bodies, and other stakeholders to safeguard the values of fair sporting competition, deter corruption, and to deliver protections to consumers, our partners, their players, and the industry at large.

In parallel to this, we realise we have a responsibility to the next generations to identify and limit areas where our operations may have a detrimental impact on the environment. Being predominantly digital, and with the acceleration in digitalisation Kambi's products and services create growth and opportunities with an extremely low impact in relation to resource consumption and harmful emissions. We rightly strive to do more to further reduce our carbon footprint from this already low base.

In short, Kambi's core beliefs continue to guide us to work in an ethical way across all areas of our business, from nurturing the talent of those from all backgrounds, to building a secure and regulatory compliant sportsbook that provides safe, fair and exciting experiences for end users across the world. We're proud of this approach and it is a reason why Kambi is the industry's trusted sports betting partner.

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.

Kambi is first and foremost a technology company, and therefore the quality and security of our technology is the basis upon which our success is built. Not only is Kambi's technology provably safe, but it is also compliant with various and thorough regulations across the world and is placed under continuous scrutiny to ensure high standards are met.

For Kambi to maintain its position as the sports betting industry's leading technology supplier, our partners need to be able to have full confidence in our technology, and our ability to provide a dependable and safe backend upon which their players can engage with their sportsbook and their brand. The secure and reliable technology Kambi provides to its partners enables their end users to enjoy entertaining experiences with all the protections expected in an increasingly regulated market.

Safeguarding through sustainable governance

Kambi works closely with regulators based on the highest ethical standards and to promote industry best practice, alongside the leading role we play in protecting the integrity of sports.

Collaboration throughout the sports and betting industries is a key pillar in preventing sporting manipulation. Kambi was the first sports betting technology supplier to attain associate membership of the International Betting Integrity Association, and our robust, sophisticated sportsbook control and compliance functions consistently deliver the expertise required to successfully protect our partners' customers from wagering on potentially manipulated events.

Strong governance underpins Kambi's operations and is a crucial cornerstone of Kambi's contributions to building a more sustainable industry. Operating in a fair and compliant manner should be a bare minimum for all participants, and therefore it's vital that Kambi puts additional efforts into safeguarding the industry, sports, partners and consumers alike.

Kambi's history of focusing on regulated jurisdictions and swiftly attaining licences – working closely with regulators to deliver a safe and fair market for all – as well as our commitment to keeping corruption out of sports and sports betting, is one which we continue to build.

Talent

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

At Kambi, we place our people, their talent and their wellbeing at the heart of everything we do. We endeavour to create a place of work where people can learn and thrive to be the best they can be. A place that both challenges and protects. That inspires and supports. All while ensuring an inclusive environment where people from all backgrounds can bring their ideas and experiences to the table, delivering fulfilling careers and enabling Kambi to become far greater than the sum of its parts.

Kambi's commitment to advancing diversity and inclusion is intrinsic to the strength of our business. Open discussion, taking in different perspectives, cultures and experiences offers a vital boost to our ability to progress, innovate and grow.

We also provide our global team with wide-ranging opportunities to grow their talent through dedicated learning and development programmes, which help to ensure that Kambi can attract, develop and retain the very best people.

Reporting areas

Cyber security

As a technology company, information security and mitigating cyber-related risks is critically important to Kambi and the long-term health of our business.

Taking the all-important proactive steps to ensure that we are protecting ourselves, our technology and our partners is a core priority. Regulators and partners alike need to have complete confidence in Kambi's cyber security practices and our resilience to cyber-related threats if we are to be successful in providing our best-in-class sports betting services. As these threats expand, we need to take the relevant and necessary action in order to develop our protections, rapidly recognise any vulnerabilities and ultimately stay one step ahead.

Kambi has an excellent record when it comes to maintaining cyber security, and successfully passed all regulatory audits in 2021, but we understand 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 improve data management processes and strengthening data security practices across the business.

Further to this, we have implemented 'red team' methodology to continually establish our ability to combat cyber-attacks. Imitating real-world attacks, these processes help to test and maintain Kambi's readiness to recognise and repel threats.

Driving the ongoing implementation of zero-trust architecture across our systems has also been a focus area in 2021 and will continue to be throughout 2022. This enhances the protection of Kambi's data by requiring that all users, devices and applications which are connected to our network are continually authenticated and monitored before they are able to access internal data and information, regardless of whether they are in a Kambi office or working remotely.

Kambi does not have a direct relationship with our partners' end users, and 'privacy by design' is central to how we support our partners in their conducting of transactions. While Kambi is a processor and controller of certain end user data, we ensure this data is pseudo-anonymous such that we cannot directly identify said end user, ensuring that their data rights are strongly protected.

Also central to our track record is our focus on company-wide training and education, extending beyond security operations teams to achieve educational coverage and a broad knowledge base across the entire business. We have put robust and sophisticated processes in place to ensure complete security awareness training throughout the business, with a view to minimising the risk of potential cyber breaches due to human error or negligence.

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. Furthermore, in combination with these preventative measures, we also commit ongoing investment to processes for the detection and remediation of cyber vulnerabilities.

Sports integrity

The sports betting industry's foundations are built in the trust that consumers need to have in the integrity of sporting events, and those competing, if they are to place a wager on them. Any breakdown in trust would have significant implications for the long-term sustainability of the sports betting industry, and protecting sports from manipulation is therefore of paramount importance.

Kambi plays a prominent role in the detection of sports manipulation worldwide, building close working relationships with operators, regulators and 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 as we work to detect the signs of sports manipulation at the earliest of stages. Kambi knows its responsibility is to make the sportsbook as hostile as possible to the threat of betting-related corruption.

Our sportsbook control function combined with our cross-functional Offering Council, which helps to ensure that Kambi leadership gives clear operational guidance regarding the integrity and suitability of our offering, are supported by an extensive integrity database which is generated and maintained in-house – containing over a decade's worth of integrity data which we utilise to protect our partners against match fixing. Dedication to safeguarding the integrity of sport is writ large throughout the business, underlined in 2021 by the launch of a standalone and differentiated integrity training programme for all employees and guaranteeing all members of the Kambi team receive relevant education.

Having become the first sports betting technology supplier to become a full member of the International Betting Integrity Association (IBIA) in 2019, Kambi was the first to flag suspicious events to the IBIA on 59% of occasions in 2021 – underlining the speed and accuracy of our integrity protocols by comparison to the market. Kambi's suspicious event blocking levels, defined as the percentage of events that Kambi chose to not offer at all and were later confirmed by external integrity bodies as suspicious after a full investigation, stood at 59% for the full year 2021. This further illustrates the efficacy of Kambi's rigorous approach to sportsbook control. If Kambi cannot guarantee the integrity of a particular event we do not offer it, and this guiding principle underpins our approach to protecting sport from manipulation.

The company is relied upon and works collaboratively with stakeholders across the industry to enhance global sports integrity efforts. By way of example, Kambi assisted the IBIA's expansion into the US – which was completed at the beginning of 2022 – and participated in key regulator-led match fixing task forces, initially focusing on the UK, Sweden and Malta. Alongside this, Kambi worked closely with the IOC to provide direct monitoring services to the Tokyo Olympic Games.

This commitment to upholding the integrity of sport was recognised in 2021 at the VIXIO Global Regulatory Awards, where Kambi was awarded victory in the category 'Outstanding Commitment to Sports Betting Integrity' – a clear demonstration of the vital role Kambi plays in this field.

People, diversity and business ethics

Investing in Kambi's people is vital to maintaining our position as the world's leading provider of sports betting services. Although the success of the Kambi sportsbook requires high performance technology, it is Kambi's talented people who make it all possible, building and operating the technology to the highest of standards.

With more than 1,000 employees across seven global locations, we champion personal development and strive to provide every Kambi employee with a platform upon which they can realise their full potential. Fostering a supportive, stimulating and rewarding work environment built on the values of personal growth, inclusion and teamwork is vital for Kambi to lead the way and overcome any challenges we face. It is only in the continued growth of our people that Kambi can remain the partner the global betting and gaming industry can trust.

A total of 87% of employees surveyed in 2021 considered Kambi to be a 'great place to work', an increase on the figure of 84% for the same survey in 2020. We know that our entire global team must have confidence that we are all pulling in the same direction and committed to achieving our aims, with 88% saying they can see how their work contributes to the goals of Kambi. The company supports these employees with the offer of an extensive, location-driven benefits scheme to all, tailoring these packages to meet local requirements.

Moreover, as government restrictions on guidance and homeworking have gradually been lifted, Kambi has worked to develop suitable hybrid working models for a number of its offices. 89% of employees agreed that Kambi was adapting well to changes in work conditions, while 91% aligned with the statement 'my manager genuinely cares about my wellbeing'. In 2021, Kambi's employee attrition rate was 16.5%.

Through collaboration, teamwork and a shared curiosity for what we do, our people develop and learn quickly on the job, but they are also supported by an extensive internal e-learning platform which gives the team access to thousands of online courses. We have teamed up with LinkedIn Learning, providing access to a wide range of topics including personal development, technology skills, management, and leadership. We also partner 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.

Alongside this, 2021 saw Kambi roll out a development programme for current and aspiring managers, forging a more complete progression for the business' leadership and bolstering its ability to achieve long-term sustainability. This was coupled with the development of Kambi's formal internships and apprenticeships programme in Sweden and the USA, bolstering the company's provision of a clear and engaging pathway for talented individuals at the beginning of their careers.

The company's robust education processes extend into comprehensive anti-money laundering and GDPR training programmes delivered to all employees, helping to embed best practice and core compliance concepts across Kambi's entire workforce – providing the solid foundational knowledge necessary for all employees across the business.

Kambi also launched its new diversity and inclusion (D&I) strategy in 2021. Providing a workplace in which the values of inclusion and togetherness are foundational principles is a priority for Kambi. As the company has grown it has become ever more diverse geographically, alongside in who we are as people, and having these diverse teams and perspectives is central to what makes us great. A total of 90% of Kambi employees said they felt respected at work, with the same percentage agreeing they felt they could be their authentic selves at work, but we know that we can always do more to make Kambi a place where everyone feels they can share their backgrounds and freely exchange experiences.

As part of our aim to build awareness of D&I through global learning initiatives, enhancing recognition of the benefits that a variety of backgrounds and unique experiences bring to the business every day, we held our inaugural D&I Day in October 2021. This featured a number of sessions and activities including a panel chat with the Kambi team discussing what D&I means to them, as well as a former World and European relay champion as guest speaker.

Contribution to society

Working with charities and fundraising play a big role in Kambi's desire to make a difference and improve well-being, and our offices around the world are engaged with a number of local charitable organisations. For example, Kambi's Bucharest office has worked closely on a number of initiatives with local orphanages in 2021 while Kambi's legal team in London took part in a fundraising walk to provide pro bono legal services to those who need them most.

Kambi has also dedicated support to relief efforts for Ukraine in 2022. Where our partners have not selected to remove events in Russia and Belarus, all profits Kambi makes from those events are until further notice being donated to the UN Refugee Agency, with local fundraising efforts also taking place across Kambi's offices.

Energy and CO2

At Kambi, we recognise that we all have a responsibility to proactively identify and work to lessen areas where our operations have an impact on the environment, and the importance of promoting conservation, collaboration and long-term sustainability cannot be overstated.

Protecting the natural world requires broad, collective action, and we are committed to doing our part for the advancement of a fairer and greener future.

Our products and services are environmentally friendly, predominantly digital, and therefore relatively low when it comes to energy consumption and harmful emissions. Furthermore, all of Kambi's offices are accredited to the highest available environmental standards, such as BREEAM/LEED, including Kambi's new location in Stockholm.

It is from this low base that we endeavour to reduce our carbon footprint in as many ways as possible, and we are continually working to decrease the size of our footprint. CO2 emissions per employee were reduced year-on-year in 2021, as were the intensity of these emissions per unit of revenue. Distance flown per employee also decreased over the 12-month period.

One of the key elements of this in the previous year has been Kambi's continued investment in solutions which reduce the need for travel. We are moving to substitute business travel with video conferencing where possible and are continuing to build on the success of our system for remotely launching with our on-property partners, an important evolution in the delivery of our services which enables us to roll out our sportsbook with land-based partners, without the need for a single member of Kambi staff to be present.

We are also investing in employee education programmes, for example via our engagement with World Earth Day in 2021. Established more than 50 years ago, World Earth Day seeks to raise awareness and support for environmental protection, and has grown to the point where more than a billion people are now mobilized each year to try and influence the change we need to protect the earth from the harmful effects of climate change. Kambi launched a tree planting initiative in each of its offices to mark the occasion, with employees from Bucharest to Sydney getting involved.

Direct economic value generated and distributed

Direct economic value generated and distributed is a widely recognised metric that indicates the wealth that we create through our operations and the subsequent allocation of our revenue by stakeholder group. Throughout our operational activity we create value for a wide variety of stakeholders including employees, suppliers, government authorities local communities and investors.

The difference between value created and distributed is the economic value retained by Kambi, which goes towards further developing our business. We are committed to increasing the value generated and distributed to our stakeholders, as well as to maintaining a high level of transparency and integrity when it comes to information disclosure.

	2021 €000	2020 €000
Economic value generated		
Revenue generated	162,418	117,685
Direct economic value distributed		
Employee wages and benefits	(43,797)	(34,299)
Employer social security related to employee wages and benefits	(6,418)	(8,764)
Payments to government (corporate and withholding taxes)	(9,734)	(6,969)
Payments to providers of capital	(878)	(617)
Operating costs	(55,160)	(42,980)
Total direct economic value distributed	**(115,987)**	**(93,629)**
Economic value retained	**46,431**	**24,056**

Not included within the calculation of economic value generated and retained, €12,000,000 of share buybacks were completed during 2021 (2020: nil)

UN sustainability goals

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 carried out an in-depth materiality assessment in order to inform our sustainability strategy, defining how we can most effectively support these goals and carefully mapping out specific areas where our efforts can contribute the most raising standards for sustainability.

Championing the highest standards of social responsibility is integral to our continued success, and the four goals below are those where Kambi can have the greatest impact on delivering solutions to the challenges we face.

1. **Quality education** is key to ensure a sustainable society and workplace. Kambi not only aims to provide its employees with the learning opportunities they need to be the best they can be, but also use these skills to help those less fortunate in local communities.

2. **Decent work and economic growth.** Everyone should have access to decent work and through its global offices, Kambi has been able to provide more than 1,000 jobs across locations including Malta, Bucharest, Philadelphia and Manila. Kambi will continue to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

3. **Reduced inequalities.** At Kambi, we know that the most successful companies prioritise equality in every aspect of how they conduct their business. This is a cornerstone of building a better and more inclusive society, and we are dedicated to upholding equality of opportunity irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. Kambi adopts this approach across the world, aiming to reduce inequality in all countries in which it operates.

4. **Peace, justice and strong institutions.** Kambi is a leader in its field in its efforts to reduce corruption and ensure a fair and safe product for its partners and their end users. Kambi provides anti-bribery and sports integrity training for its employees and collaborates with peers, regulators and sporting bodies to minimise criminal activity.

Kambi is dedicated to doing our part in advancing these essential objectives for the betterment of our planet and society. To read more about these goals, please visit the official UN resource: sdgs.un.org/goals.

CORPORATE GOVERNANCE

Foundation for success

Share performance

The closing price on the first trading day of the year, 4 January 2021, was SEK 395.00. The closing price on the last trading day of the year, 30 December 2021, was SEK 258.20 with a market capitalisation of €768.1 million.

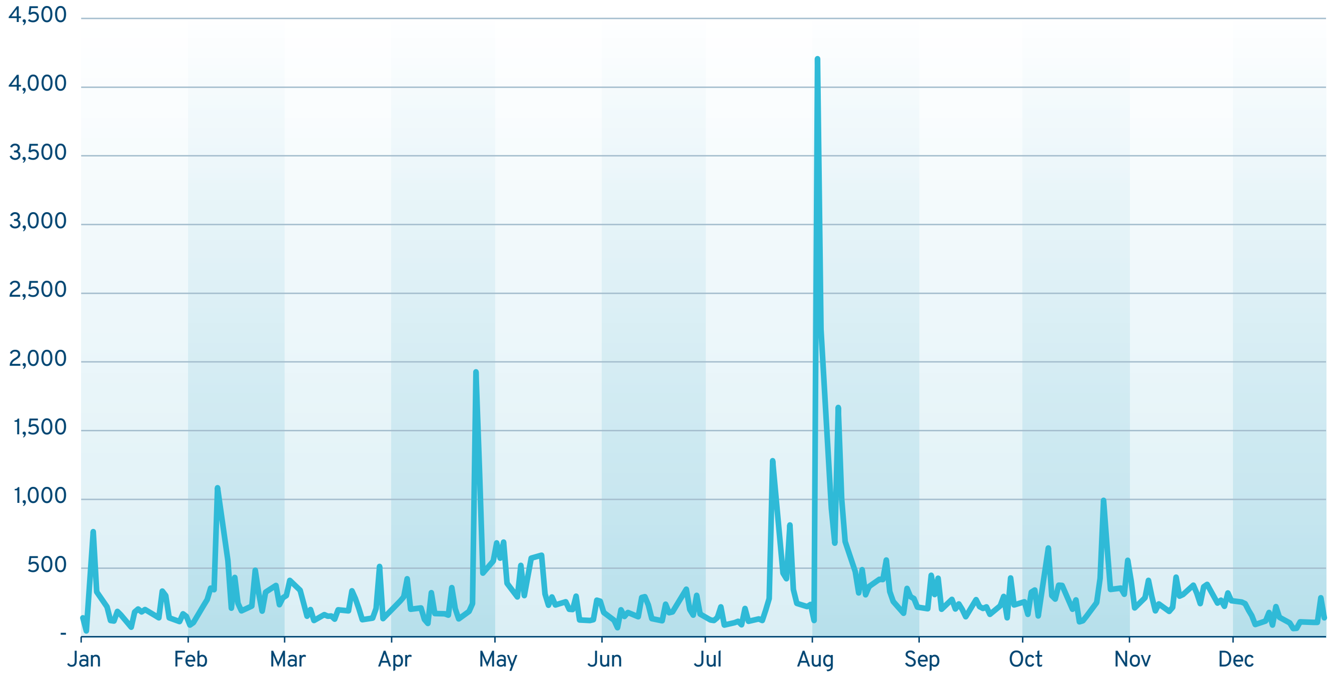
The highest closing price during the year was SEK 534.50 on 8 April. The lowest closing price during 2021 was SEK 186.00 on 11 October. The average daily volume traded during 2021 was 314,358 shares and the average closing share price was SEK 355.62.

From 27 October to 10 November 2021, Kambi Group plc completed a EUR 12 million buyback programme. 523,500 shares were repurchased at a volume weighted average price of SEK 227.77 per share.

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.

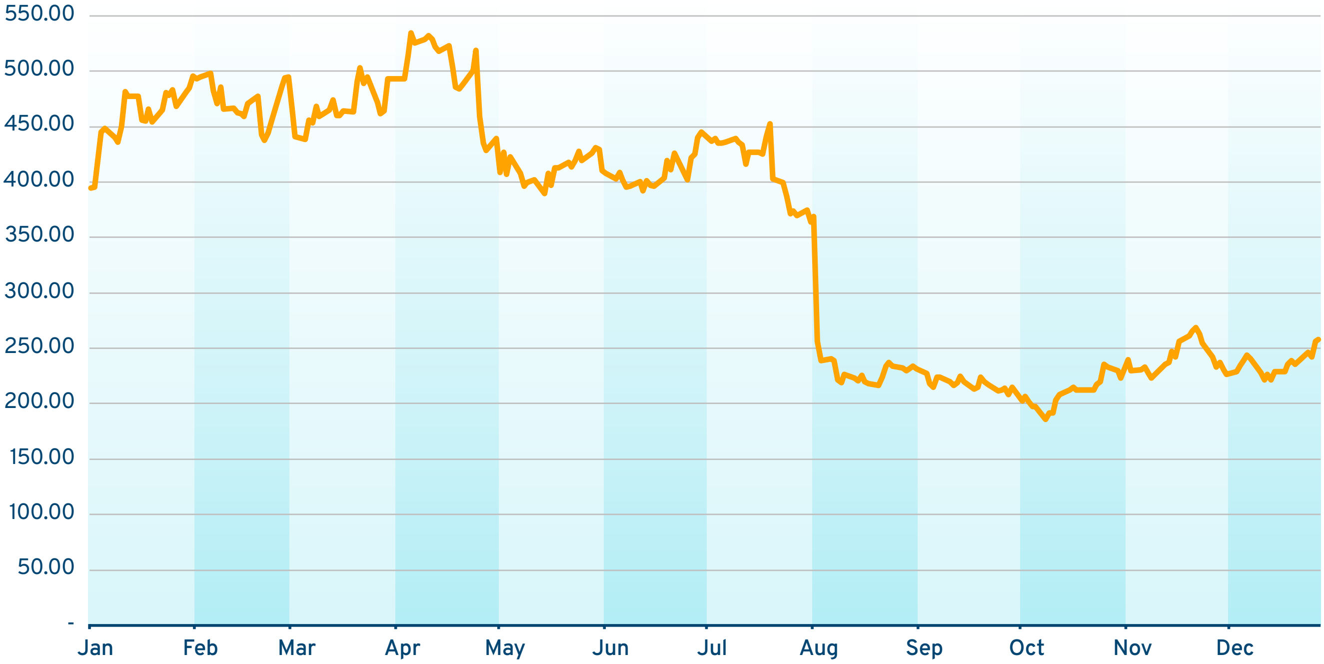
Shares traded 2021

Total volume (thousands)



Share price development 2021

Closing price (SEK)



Shareholders on 31 December 2021

Shareholder	Number of shares	% of total
Veralda Investment Ltd	6,078,188	19.6%
Avanza Pension	1,510,993	4.9%
Keel Capital	1,420,413	4.6%
Second Swedish National Pension Fund	1,042,817	3.4%
Nordnet Pension Insurance	925,647	3.0%
Total 5 largest shareholders	10,978,058	35.3%
Total other shareholders	20,086,739	64.7%
Total	**31,064,797**	**100%**

Risk factors

Set out here are some of the most significant business and industry risk factors we have identified as having potential consequences for Kambi's future development.

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. Kambi continuously monitors the global political environment and responds to changes as necessary.

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. These risks are reduced through our extensive product compliance procedures and processes, as described on page 41.

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 which we continually monitor and review our exposure to.

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 however, our expanding operator base diversifies the risk of loss of any one operator over time.

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 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 political and 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 political and 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 Chair 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 2022.

Lars Stugemo, Chair

Member of the Remuneration Committee

Born: 1961

Education: MSc. in Electronics Engineering from KTH

Nationality: Swedish

Board member since: 2014 (incorporation)

Experience: Lars was a 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 has been a member of the Swedish Royal Academy of Engineering Sciences since 2013.

Other assignments: Member of the Board of Lime Technologies, Camfil AB, Lumera AB and Swedish Automobile Federation

Holdings in Kambi Group plc: 34,485 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

Chair 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)

Experience: Anders is founder of the sportsinformation 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 Chair of the Board. Anders was co-founder of Kambi Sports Solutions in 2010, Chair of the Advisory Board of Kambi until May 2014 and then a Board member since Kambi's listing in 2014.

Other assignments: Director of Veralda (FL) AG and Veralda Investment Limited

Holdings in Kambi Group plc: 6,078,188 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)

Experience: Highly experienced in the financial markets, Patrick has worked, among other positions, as a financial analyst with ABG Sundal Collier and with Alfred Berg.

Other assignments: Chief Investment Officer and a Director of Veralda (FL) AG

Holdings in Kambi Group plc: 52,000 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

Chair of the Audit Committee

Born: 1976

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

Nationality: Swedish

Board member since: 2018

Experience: 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.

Other assignments: Member of the Board of STG AS, Nobia AB, Lime Technologies AB, Addsecure AB and Index Pharmaceuticals AB

Holdings in Kambi Group plc: 3,450 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

Chair 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

Experience: Before joining Tietoevry 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.

Other assignments: Vice President, Head of Industry Telecom and Consumer at Tietoevry

Holdings in Kambi Group plc: 1,100 shares

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:
742,500 shares and 77,500 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:
49,676 shares and 52,500 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:
53,259 shares and 52,500 options

Cecilia Wachtmeister

Chief Commercial Officer

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 102,484 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 Chair. 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 2021, the Board held twelve meetings, where four meetings were held in connection to the quarterly reports and eight were regular meetings spread evenly throughout the year. Due to ongoing COVID-19 travel restrictions, a majority of the meetings were held virtually. The regular Board meetings are prepared jointly by the Chair 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 €52,500 (2020: €50,000) per director. The Chair of the Board receives an additional fee of €52,500 (2020: €50,000) and each member of the Remuneration and Audit Committee receives €7,000 (2020: €6,500) per annum.

Directors' remuneration	Fees/salary €000	Other €000	2021 €000	2020 €000
Anders Ström	**54**	**7**	**61**	67
Lars Stugemo	**110**	**4**	**114**	122
Patrick Clase	**58**	**4**	**62**	66
Marlene Forsell	**58**	**4**	**62**	66
Cecilia de Leeuw	**58**	**1**	**59**	57
	338	**20**	**358**	378
Kristian Nylén (CEO)	**972**	**-**	**972**	2,819
Executive Management remuneration	**1,222**	**-**	**1,222**	3,182
	2,532	**20**	**2,552**	6,379

CEO remuneration comprises €667 000 in fixed annual salary and €305 000 in performance related bonus. Other includes remuneration for share based payments, of which there were no share options exercised during 2021 by CEO or executive management. Since the start of 2021, the Executive Management team is now defined as only those employees listed on p.52 & 53

Additionally, an extra remuneration of €1,100 (2020: €1,000) is payable to each director per application handled in the US, and a fee, at the rate of €2,100 (2020: €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 Chair of the Board. The members for the 2022 AGM are: Anders Ström – Veralda Investment Ltd, Lars Stugemo – Chair 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 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 and subject to approval by the Board.

The components of remuneration for executive managers comprise base salary, pension, benefits, performance-related salary and long-term incentives. The long-term incentives usually take the form of share option schemes. The key performance conditions for long-term incentives are EPS growth or EBIT growth and are dependent upon continued employment during the vesting period.

The short-term incentives are in proportion to the executive's responsibilities and authority and take the form of annual bonuses, usually paid in cash. The incentives are 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 a maximum of 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 agreed each year in advance.

The CEO and the executive management are entitled to the same benefits as other local employees in accordance with market practice and may be eligible to benefits such as life insurance, health insurance and travel allowance.

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. There is no additional contractual severance payment to the CEO in case the company decides to terminate the employment contract.

Executive management may participate in their local group pension plan and are competitive in regards to total compensation and market practice in the applicable country of the executives' residence or employment. The CEO has decided to opt out of the company pension scheme. Upon termination of employment a non-compete clause may restrict the CEO or other members of the executive management from competing in competitive business for a period of six to twelve months.

The Board has the possibility, under applicable law, to in whole or in part reclaim variable remuneration paid on incorrect grounds. The Board may, under exceptional circumstances, cancel or limit payments of variable payment provided such actions are deemed reasonable.

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 2021.

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 61. The profit after tax was €46.4 (€24.1) 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 2021. 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 9 to 11 of this annual report. 2021 saw Kambi record excellent financial performance, posting revenue growth of 38% for the year ending 31 December 2021. Eight new customer contracts were signed: Racing & Wagering Western, Casino Magic, NG Gaming, Island Luck, BetEnt, Affinity Interactive, Saginaw Chippewa Gaming Enterprises, and Desert Diamond Partners. The Group extended its contractual agreement with one customer: Napoleon Sports & Casino. During the year, DraftKings migrated away from the Kambi platform. In addition, Penn National Gaming communicated it will migrate to its own in-house technology in due course.

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

	FY 2021
Operating (EBIT) margin	35.1%
EBITDA (€m)	79.2
EBITDA margin	48.8%
Equity/assets ratio	68.8%
Employees at period end	1,006
Earnings per share (€)	1.501
Fully diluted earnings per share (€)	1.473

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 48–49 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 (Chair)
- 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 17 May 2022.

FINANCIAL REPORT

Powering ahead

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 2021 increased to €162.4 (2020: €117.7) million. The increase of 38% year-on-year demonstrates Kambi's resilience and strong customer base, despite the loss of DraftKings during the period.

Administrative expenses

Administrative expenses for 2021 were €106.7 (2020: €85.0) million. Excluding depreciation and amortisation, ongoing administrative expenses were €84.5 (2020: €67.5) million, of which €50.2 (2020: €43.1) million were salaries and associated costs. The increase in salaries can be attributed to the increased headcount and increase in share option-related expenses. Note 7 in the financial statements on page 75 provides more analysis of operating costs.

EBITDA and operating profit

Earnings before interest, tax and depreciation and amortisation (EBITDA) for the full year 2021 were €79.2 (2020: €49.7) million. Profit from operations for the full year 2021 was €57.0 (2020: €32.2) million, demonstrating the strength of Kambi's scalable business model.

Profit after tax

Profit after tax for the full year 2021 was €46.4 (2020: €24.1) million.

Development and acquisition costs of intangible assets

In the full year 2021, development expenditure of €20.1 (2020: €16.5) million was capitalised. The key elements of capitalised development costs during 2021 were sportsbook enhancement, US product development, market expansion, evolution of our retail channel and esports related product development.

Balance sheet

Kambi's strong balance sheet reflects the Group's continued growth during the year, including the impact of the acquisition of Abios. Certain non-current assets of the Group relate to Goodwill, acquired Intangible assets (such as customer contracts, databases, brands and computer software) and capitalised IT development costs. Other non-current assets include, computer hardware, office related assets (equipment, leasehold improvements, right-of-use assets) 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 84), contingent consideration and trade and other payables (see note 22 on page 84).

Cash flow

The net cash inflow for 2021 was €18.8 (2020: €15.8) million, increasing the total cash balance at the end of 2021 to €79.7 (2020: €60.8) million, even after significant cash outflows of €14.8m related to the Abios acquisition and €12.0m on share buybacks.


Kambi

Financial statements

Statement of consolidated profit or loss and other comprehensive income for the year ended 31 December 2021

	Note	2021 €000	2020 €000
Revenue	**6**	**162,418**	117,685
Administrative expenses	7	**(106,650)**	(84,956)
Other operating expenses	8	**1,275**	(500)
Finance costs	9	**(887)**	(652)
Investment income	10	**9**	38
Profit before items affecting comparability		**56,165**	31,615
Items affecting comparability			
Impairment of specific trade receivables	20	**-**	(590)
Profit before tax	**11**	**56,165**	31,025
Income tax expense	14	**(9,734)**	(6,969)
Profit for the year		**46,431**	24,056
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments	29	**1,174**	(955)
		1,174	(955)
Items that may not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit scheme	24	**11**	(58)
		11	(58)
Other comprehensive income/(expense) for the year		**1,185**	(1,013)
Total comprehensive income for the year		**47,616**	23,043
Earnings per share	**30**		
Basic		**1.501**	0.781
Diluted		**1.473**	0.763

The notes on pages 65 to 100 form an integral part of these consolidated financial statements.

Statement of consolidated financial position as at 31 December 2021

	Note	2021 €000	2020 €000
ASSETS			
Non-current assets			
Intangible assets	16	**50,244**	22,425
Plant and equipment	17	**23,418**	10,181
Deferred tax assets	25	**9,443**	6,500
		83,105	39,106
Current assets			
Trade and other receivables	20	**34,097**	36,632
Cash and cash equivalents	21	**79,657**	60,826
		113,754	97,458
Total assets		**196,859**	136,564
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	26	**93**	92
Share premium	26	**59,464**	58,237
Other equity & reserves	28	**4,608**	5,950
Currency translation reserve	29	**(2,183)**	(3,357)
Treasury shares	26	**(12,000)**	-
Accumulated profits		**85,395**	37,093
		135,377	98,015
Non-current liabilities			
Lease liabilities	32	**13,656**	3,537
Other financial liabilities	23	**7,395**	7,345
Contingent consideration	19	**3,852**	-
Deferred tax liabilities	25	**1,328**	1,219
Other liabilities	24	**389**	330
		26,620	12,431
Creditors: Amounts falling due within one year			
Trade and other payables	22	**16,722**	16,453
Current tax liabilities		**10,455**	7,339
Contingent consideration	19	**3,967**	-
Lease liabilities	32	**3,718**	2,326
		34,862	26,118
Total equity and liabilities		**196,859**	136,564

These consolidated financial statements were approved by the board of directors, authorised for issue on 11 March 2022 and signed on its behalf by:

Marlene Forsell, Director

Patrick Clase, Director

The notes on pages 65 to 100 form an integral part of these consolidated financial statements.

Statement of changes in equity for the year ended 31 December 2021

	Share Capital €000	Share premium €000	Other reserves €000	Foreign currency reserve €000	Treasury shares €000	Accumulated profits €000	Total €000
Balance at 1 January 2020	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
Fully exercised share options	-	-	-	-	-	-	-
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
Changes in equity for 2021	-	-	-	-	-	-	-
Value of employee share options	-	-	1,637	-	-	-	1,637
Tax on share options	-	-	(1,119)	-	-	-	(1,119)
Proceeds from issue of shares	1	1,227	-	-	-	-	1,228
Fully exercised share options	-	-	(1,871)	-	-	1,871	-
Shares repurchased	-	-	-	-	(12,000)	-	(12,000)
Total comprehensive income for the year	-	-	11	1,174	-	46,431	47,616
Balance at 31 December 2021	**93**	**59,464**	**4,608**	**(2,183)**	**(12,000)**	**85,395**	**135,377**

The notes on pages 65 to 100 form an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2021

	Note	2021 €000	2020 €000
Cash flows from operating activities			
Profit before taxation		**56,165**	31,025
Depreciation	17	**6,168**	5,079
Amortisation	16	**15,987**	12,375
Finance costs	9	**887**	652
Investment income	10	**(9)**	(38)
Share based payment expense	27	**1,637**	1,372
Movement in working capital:			
Decrease/(increase) in trade and other receivables		**2,535**	(14,638)
Increase/(decrease) in trade and other payables		**269**	5,377
Increase/(decrease) in other liabilities		**59**	105
Cash generated from operations		**83,698**	41,309
Investment income received		**9**	38
Tax paid		**(11,379)**	(2,759)
Net cash generated from operating activities		***72,328***	38,588
Cash flows from investing activities			
Purchase of tangible fixed assets	17	**(4,816)**	(2,575)
Development costs of intangible assets	16	**(20,056)**	(16,459)
Acquisition of subsidiary, net of cash acquired	19	**(14,751)**	-
Net cash used in investing activities		***(39,623)***	(19,034)
Cash flows from financing activities			
Proceeds from issuing new shares		**1,651**	197
Interest paid		**(254)**	(389)
Payments of lease liabilities		**(3,645)**	(2,989)
Shares repurchased	26	**(12,000)**	-
Net cash generated from/(used in) financing activities		***(14,248)***	(3,181)
Net increase in cash and cash equivalents		**18,457**	16,373
Cash and cash equivalents at the beginning of the year		**60,826**	44,988
Effect of foreign exchange rate changes		**374**	(535)
Cash and cash equivalents at the end of the year	21	**79,657**	60,826

The notes on pages 65 to 100 form an integral part of these consolidated financial statements.

Notes to the financial statements for the year ended 31 December 2021

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 2021 did not have any impact on the Group's consolidated financial statements:

- Interest Rate Benchmark Reform – Phase 2 (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 2021

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:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)

3. Basis of preparation & consolidation

The Group financial statements consolidate those of the parent company and of all its subsidiaries as at 31 December 2021.

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 2021, together with the comparative period data as at and for the year ended 31 December 2020, 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 consolidated financial statements comprise the financial statements of the Group and the entities it controls (its subsidiaries) as at 31 December 2021. 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 2021, 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
Customer relationships:	5 years
Databases:	5 years

The amortisation method applied, the useful lives and material residual values are reviewed at each reporting date.

(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.

(iv) Customer contracts

Customer contracts and relationships of acquired subsidiaries are valued based on their expected future economic benefits (using discounted cash flow projections) and brought to account as intangible assets. The acquired customer bases are amortised on a straight-line basis in line with the expected economic benefits to be derived.

(v) Databases

Databases of acquired subsidiaries are valued based on their expected future economic benefits (using discounted cash flow projections) and brought to account as intangible assets. These are amortised on a straight line basis in line with the expected economic benefits to be derived.

(vi) Goodwill

Goodwill arises on the acquisition of businesses. Goodwill represents the difference between the cost of acquisition and the Group's interest in the fair value of the identifiable assets and liabilities acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

The Group measures goodwill as the fair value of the consideration transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Adjustments to the fair values can be made within 12 months of the acquisition date and are taken as adjustments to goodwill.

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If, based on management's judgement, such an asset is identified, then it is valued by discounting the probable future cash flows expected to be generated by the asset, over the estimated life of the asset. Where there is uncertainty over the amount of economic benefit and the useful life, this is factored into the calculation.

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) Contingent consideration

Any contingent consideration payable arising on business combinations is recognised at fair value at the acquisition date with subsequent changes recognised in profit or loss. Contingent consideration is remeasured at each reporting date.

(iv) 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.

(v) Shares repurchased by the Group

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

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 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 goodwill and 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 or 2021. The recoverable amount of the assets has been determined based on an estimate of future cash flows applying a discount rate of 17.9% (2020: 12.2%).

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, depending on the jurisdisction of the optionholder. 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.

The Kambi Group plc Share Option Plan 2020 was approved at the Extraordinary General Meeting on 3 July 2020. Under the scheme options are granted with an exercise price equal to 110-125 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. Awards will be subject to performance conditions related to key financial targets as set by the Board and are subject to optionholders remaining in continued employment with the Group before the share options can be exercised.

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.

Contingent consideration

When the Group acquires a business, the total consideration may consist of an amount paid on completion plus further amounts payable on agreed post-completion dates. These further amounts are contingent on the acquired business meeting agreed performance targets. At the date of acquisition and at subsequent reporting periods, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due. Management's best estimate of and judgement are used to determine the latest available performance against the targets.

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:

	2021 €000	2020 €000
Revenue from contracts with customers for sports betting services	**161,752**	117,685
Subscription revenue from eSports	**666**	-
	162,418	117,685

The Group operates through one primary revenue stream, being the provision of managed sports betting services and this is not divided into operational segments for the Chief Decision Makers' review. Since the acquisition of Abios Gaming AB (see Note 19), additional revenue is generated from subscription services provided in relation to data, widgets and odds for eSports.

Geographical information

The Group operates across multiple geographical locations; however, 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	2021 €000	2020 €000
Europe	**77,952**	74,651
Americas	**81,074**	41,047
Rest of World	**3,392**	1,987
	162,418	117,685

Information about major customers

Group revenue includes €96.0m (2020: €74.8m) of sales that cumulatively amount to 59% (2020: 64%) of total Group revenue arising from sales to the Group's three largest customers during 2021 (2020: three largest customers).

7. Expenses by nature

Administrative expenses	2021 €000	2020 €000
Marketing costs	**989**	771
Fees payable to statutory auditor	**163**	146
Staff costs (note 13)	**50,215**	43,063
Facilities costs	**11,308**	6,576
Depreciation of plant, equipment and right-of-use assets	**6,168**	5,079
Amortisation of intangible assets	**15,987**	12,375
Travel costs	**750**	838
Consultants	**7,200**	4,869
Third party information suppliers	**13,523**	10,803
Other	**347**	436
	106,650	84,956

8. Other operating expenses

	2021 €000	2020 €000
Foreign currency (gain)/loss	**(1,275)**	500

9. Finance costs

	2021 €000	2020 €000
Interest on convertible bond	**275**	273
Interest on lease liabilities	**342**	195
Other interest	**270**	184
	887	652

10. Investment income

	2021 €000	2020 €000
Interest income	**9**	38

11. Profit before tax

	2021 €000	2020 €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	**163**	146

There were no fees paid to the statutory auditor for non-audit work during 2021 and 2020.
The annual statutory audit fee includes fees for the local statutory audit of some of the Group's subsidiaries.

12. Key management personnel compensation

Directors' remuneration	Fees/salary €000	Other €000	2021 €000	2020 €000
Anders Ström	**54**	**7**	**61**	67
Lars Stugemo	**110**	**4**	**114**	122
Patrick Clase	**58**	**4**	**62**	66
Marlene Forsell	**58**	**4**	**62**	66
Cecilia de Leeuw	**58**	**1**	**59**	57
	338	**20**	**358**	378
Kristian Nylén (CEO)	**972**	**-**	**972**	2,819
Management remuneration	**1,222**	**-**	**1,222**	4,847
	2,532	**20**	**2,552**	8,044

The remuneration of the Directors and Executive Management is also disclosed on page 54. Management remuneration consists of payments to 3 other executives (2020: 13). For management, other includes remuneration for share based payments. Since the start of 2021, the Executive Management team is now defined as only those employees listed on p.52 & 53.

13. Staff costs and employee information

	2021 €000	2020 €000
Wages and salaries	**38,332**	29,505
Social security costs	**5,058**	7,820
Pension & retirement costs	**3,732**	2,789
Other employee related costs	**1,456**	1,577
Share based payments (note 27)	**1,637**	1,372
	50,215	43,063

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

	2021 Number	2020 Number
Operations	**458**	439
IT	**352**	290
Other	**132**	143
	942	872

14. Income tax expense

On taxable profit subject to income tax at 35%:

	2021 €000	2020 €000
Current tax (expense)/credit	**(14,787)**	(8,775)
Deferred tax (expense)/credit (note 25)	**5,053**	1,806
	(9,734)	(6,969)

Income tax in Malta is calculated at a basic rate of 35% (2020: 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:

	2021 €000	2020 €000
Profit/(loss) before tax	**56,165**	31,025
Tax (charge)/credit at the applicable rate of 35%	**(19,658)**	(10,859)
Tax effect of:		
Items of income/expenditure not taxable/deductible	**(212)**	(363)
Prior year (under) provision/over provision of tax	**(30)**	101
Overseas tax rates	**5,630**	2,771
Deferred tax recognised on unremitted earnings	**4,097**	2,028
Income tax recoverable	**731**	-
Other	**(292)**	(647)
Tax (charge)/credit for the year	**(9,734)**	(6,969)

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

	2021 €000	2020 €000
Current tax credit in relation to:		
Share based payments	**-**	756
Deferred tax (charge)/credit in relation to:		
Share-based payments	**(1,119)**	503
Total income tax (charge)/credit recognised directly in equity	**(1,119)**	1,259

15. Dividends

There were no dividends paid during 2021 (2020: nil).

16. Intangible fixed assets

	Goodwill €000	Computer software €000	Development costs €000	Customer Contracts €000	Databases €000	Brands €000	Total €000
Cost							
At 1 January 2020	-	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
Additions	-	-	20,056	-	-	-	20,056
Arising on business combination	17,751	981	-	3,331	1,623	62	23,748
Released on disposal	-	(430)	(6,986)	-	-	(19,094)	(26,510)
Reclassification	-	-	-	-	-	-	-
Foreign currency translation	-	(158)	3	-	-	-	(155)
At 31 December 2021	**17,751**	**1,270**	**100,884**	**3,331**	**1,623**	**62**	**124,921**
Accumulated amortisation							
At 1 January 2020	-	(791)	(53,124)	-	-	(19,094)	(73,009)
Provision for the year	-	(59)	(12,316)	-	-	-	(12,375)
Released on disposal	-	-	-	-	-	-	-
Foreign currency translation	-	30	(3)	-	-	-	27
At 31 December 2020	-	(820)	(65,443)	-	-	(19,094)	(85,357)
Provision for the year	-	(54)	(15,599)	(222)	(108)	(4)	(15,987)
Released on disposal	-	430	6,986	-	-	19,094	26,510
Foreign currency translation	-	48	109	-	-	-	157
At 31 December 2021	**-**	**(396)**	**(73,947)**	**(222)**	**(108)**	**(4)**	**(74,677)**
Carrying amount							
At 31 December 2021	**17,751**	**874**	**26,937**	**3,109**	**1,515**	**58**	**50,244**
At 31 December 2020	-	57	22,368	-	-	-	22,425

The amortisation charge for the year of €15,987,000 (2020: €12,375,000) 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 2020	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
Additions	823	136	3,050	807	14,689	19,505
Released on disposal	(84)	(127)	(359)	(857)	(3,245)	(4,672)
Foreign currency translation	(69)	(60)	(17)	25	34	(87)
At 31 December 2021	**1,745**	**776**	**14,009**	**3,364**	**21,954**	**41,848**
Depreciation and impairment						
At 1 January 2020	(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)
Provisions for the year	(176)	(99)	(2,340)	(396)	(3,157)	(6,168)
Released on disposal	84	127	359	857	3,245	4,672
Foreign currency translation	49	(32)	24	(116)	62	(13)
At 31 December 2021	**(829)**	**(612)**	**(9,882)**	**(2,356)**	**(4,751)**	**(18,430)**
Carrying amount						
At 31 December 2021	**916**	**164**	**4,127**	**1,008**	**17,203**	**23,418**
At 31 December 2020	289	219	3,410	688	5,575	10,181

18. Group information

Subsidiaries and other related undertakings

The subsidiaries and other related undertakings of the Group at 31 December 2021 are shown below:

Subsidiaries and other related undertakings	Country of incorporation	Description of shares held	Percentage of shares held at 31/12/21 %	Percentage of shares held at 31/12/20 %
Kambi Malta Limited	Malta	Ordinary shares	100	100
Kambi Sportsbook plc (formerly Kambi Spain plc)	Malta	Ordinary shares	100	100
Sports Information Services Limited	Malta	Ordinary shares	100	100
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	100
Kambi Sports Espana	Spain	Ordinary shares	100	100
Abios Gaming AB	Sweden	Ordinary shares	100	-

19. Business Combinations

On 24 August 2021, the Group acquired 100% of the shares and voting rights in Abios Gaming AB ('Abios'), a leading global B2B provider of esports products and services. The agreement consisted of an initial consideration of cash, with up to SEK 120 million to be paid in earnouts related to product development and the future revenue performance of Abios.

For the 4 months ended 31 December 2021, Abios contributed revenue of €666,000 and profit of €121,000 to the Group's results. If the acquisition had occurred on 1 January 2021, it is estimated the consolidated revenue would have been €2,000,000 and the consolidated profit for the year would have been €363,000.

The consideration transferred comprised of €15,828,000 cash consideration and €7,819,000 being the fair value of contingent consideration at the acquisition date, which is presented as €3,967,000 within current liabilities and €3,852,000 within non-current liabilities at the reporting date. There was no change in the fair value of contingent consideration between the acquisition and reporting date.

The Group incurred immaterial acquisition-related costs, which have been included in 'administrative expenses' in the statement of profit or loss.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition, including fair value adjustments, and the Goodwill arising:

	2021 €000
Intangible assets	**5,997**
Trade and other receivables	**280**
Cash and cash equivalents	**1,078**
Trade and other payables	**(224)**
Deferred tax liabilities	**(1,235)**
Total identifiable net assets acquired	**5,896**
Goodwill	**17,751**
Consideration transferred	**23,647**

The goodwill is attributable to unique technology and access to the esports market via the acquired business. It will not be deductible for tax purposes.

20. Trade and other receivables

	2021 €000	2020 €000
Trade receivables	**6,108**	9,955
Prepayments and accrued income	**23,975**	22,606
Deposits	**1,186**	1,116
Other taxation	**2,196**	1,248
Receivables from other related parties	**-**	1,341
Other receivables	**632**	366
	34,097	36,632

Trade receivables are generally on terms of 30 days. During the year, an assessment for any further impairment was made based on expected credit losses.

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
2021	6,108	5,735	306	9	9	9	40
2020	9,955	7,074	2,668	-	-	211	2

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:

	2021 €000	2020 €000
Cash at bank	**79,657**	60,826
Cash and cash equivalents in the statement of cash flows	**79,657**	60,826

22. Trade and other payables

	2021 €000	2020 €000
Trade creditors	6,488	1,973
Other taxes and social security	1,050	1,521
Other payables	32	21
Other accruals	9,152	12,938
	16,722	16,453

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

23. Other financial liabilities

	2021 €000	2020 €000
Convertible bond	**7,395**	7,345
Less amount due for settlement within 12 months	**-**	-
Amount due for settlement after 12 months	**7,395**	7,345

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 2.59 years (2020: 3.59 years) using an interest rate of 3.7 % (2020: 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 2021, the number of shares that could be issued on conversion would have been 328,006 shares (2020: 201,453 shares).

24. Other liabilities

Net employee defined benefit liabilities	2021 €000	2020 €000
Philippines post-employment retirement plan	**389**	330
Total	**389**	330

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 2021 was €1,000 (2020: €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)	2021 €000	2020 €000
Current service cost	**55**	35
Past service cost	**-**	-
Interest cost on benefit obligation	**15**	12
	70	47

Movement in the present value of the obligation (PVO)	2021 €000	2020 €000
PVO at beginning of year	**330**	225
Current service cost	**55**	35
Interest cost	**15**	12
Actuarial loss due to:		
Experience adjustments	**41**	16
Changes in financial assumptions	**-**	(12)
Changes in demographic assumptions	**(59)**	62
Past service cost	**-**	-
Movement in exchange rate	**7**	(8)
PVO at end of year	**389**	330

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

Actuarial assumptions	2021	2020
Discount rate	**5.01%**	4.39%
Salary increase rate	**5.00%**	5.00%
Mortality rate	**2017 PCIM**	2017 PCIM
Turnover rate	**Scale**	Scale
Employees profile		
Number of plan members	**278**	250
Total annual compensation €000	**2,376**	2,173
Average annual compensation €000	**9**	9
Average attained age	**29.60**	29.17
Average years of service	**4.50**	4.27
Average expected future service years	**13.00**	13.00

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 is as shown below:

Discount rate	Present Value	Present Value
1% increase	**307**	272
Actual	**389**	344
1% decrease	**486**	439

Salary increase rate	Present Value	
1% increase	**485**	439
Actual	**389**	344
1% decrease	**307**	271

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

	2021 €000	2020 €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	**407**	384
More than 20 years	**6,447**	5,465

The average duration of the defined benefit obligation at the end of the reporting period is 30.4 years (2020: 27.91 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% (2020: 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:

	2019 €000	Movement for year €000	2020 €000	**Movement for year €000**	**2021 €000**
Unremitted Earnings	1,477	1,992	3,469	**4,095**	**7,564**
Tangible fixed assets	123	34	157	**127**	**284**
Intangible assets	(133)	(49)	(182)	**(1,356)**	**(1,538)**
Unrealised exchange differences	54	(144)	(90)	**92**	**2**
Tax losses	100	(42)	58	**384**	**442**
Other	1,420	449	1,869	**(508)**	**1,361**
	3,041	2,240	5,281	**2,834**	**8,115**

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:

	2021 €000	2020 €000
(Charge)/Credit to income for the year	**5,053**	1,806
(Charge)/Credit directly to equity	**(1,119)**	503
Movement in relation to business combination	**(1,235)**	-
Foreign currency translation	**135**	(69)
	2,834	2,240

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

	2021 €000	2020 €000
Deferred tax assets	**9,443**	6,500
Deferred tax liabilities	**(1,328)**	(1,219)
	8,115	5,281

26. Share Capital and Share Premium

	2021 €000	2020 €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		
31,064,797 Ordinary 'B' shares (30,954,697 Ordinary 'B') of €0.003 each	**93**	92
Share premium		
Share premium reserve	**59,464**	58,237

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.

At the 23 June 2021 Extraordinary General Meeting ('EGM'), shareholders granted the Group the authority to repurchase up to 3,097,750 Ordinary 'B' shares. The authority expires on the date of the 2022 Annual General Meeting ('AGM').

From 27 October to 10 November 2021, the Group completed its inaugural share buyback programme. The Group repurchased a total of 523,500 shares at a volume-weighted average price of 227.77 SEK per share. There was no reduction in paid up capital. At 31 December 2021, the Group held 523,500 of the Group's shares.

Treasury shares are not entitled to dividend or voting rights whilst held by the Group. At 31 December 2021, the Group held 523,500 of its own shares.

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 €1,637,000 (2020: €1,372,000) 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. The performance condition in relation to this plan, based on EPS target for the 12 months to 31 December 2021, have been satisfied in excess of 110% of the target and therefore the options vested in full and are exercisable until not later than the fourth anniversary of the date of grant.

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 60 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 72 months immediately preceding grant. This reflects the Company's own performance since its IPO in June 2014.

Kambi Group plc Share Option Plan 2021

The Kambi Group plc Share Option Plan 2021 was introduced in July 2021. Under the scheme, the Board can grant options over shares in the Group to employees of any entity within the Kambi Group.

Options were granted during 2021 with an exercise price equal to 110 per cent of the average share value, within the approved range of 110 to 125 per cent, 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 EBIT have been satisfied and are subject to continued employment. Awards will be subject to performance conditions and vest in tranches – one third each year within the 3-year vesting period

Year granted	2021
Weighted average exercise price SEK	445.47
Number of employees	45
Shares under option	308,500
Vesting period (years)	3
Expected volatility %	53.2-56.42%
Option life (years)	4
Expected life (years)	3.50
Risk-free rate %	(0.01) – (0.16)%
Expected dividends expressed as dividend yield %	0
Fair value per option EUR	10.25-15.47

A reconciliation of option movements over the year to 31 December 2021 is shown below:

Kambi Group Executive Share Option Plan

	2021		2020	
	Number	**Weighted average exercise price GBP**	Number	Weighted average exercise price GBP
Outstanding at 1 January	**50,500**	**1.23**	483,000	1.23
Exercised	**(10,000)**	**1.23**	(432,500)	1.23
Granted	**-**	**-**	-	-
Lapsed	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Outstanding at 31 December	**40,500**	**1.23**	50,500	1.23

Kambi Group plc Share Option Plan 2018

	2021		2020	
	Number	**Weighted average exercise price SEK**	Number	Weighted average exercise price SEK
Outstanding at 1 January	**362,500**	**125**	407,500	125
Exercised	**(100,000)**	**125**	-	-
Granted	**-**	**-**	-	-
Lapsed	**-**	**-**	-	-
Forfeited	**(3,000)**	**125**	(45,000)	125
Outstanding at 31 December	**259,500**	**125**	362,500	125

Kambi Group plc Share Option Plan 2019

	2021		2020	
	Number	**Weighted average exercise price SEK**	Number	Weighted average exercise price SEK
Outstanding at 1 January	**336,500**	**192.16**	385,500	192.16
Exercised	**-**	**-**	-	-
Granted	**-**	**-**	-	-
Lapsed	**-**	**-**	-	-
Forfeited	**(62,500)**	**192.16**	(49,000)	192.16
Outstanding at 31 December	**274,000**	**192.16**	336,500	192.16

Kambi Group plc Share Option Plan 2020

	2021		2020	
	Number	Weighted average exercise price SEK	Number	Weighted average exercise price SEK
Outstanding at 1 January	**406,484**	**121.38**	-	-
Exercised	-	-	-	-
Granted	-	-	418,484	121.38
Lapsed	-	-	-	-
Forfeited	**(54,000)**	**121.38**	(12,000)	121.38
Outstanding at 31 December	**352,484**	**121.38**	406,484	121.38

Kambi Group plc Share Option Plan 2021

	2021	
	Number	Weighted average exercise price SEK
Outstanding at 1 January	-	-
Exercised	-	-
Granted	**308,500**	**445.47**
Lapsed	-	-
Forfeited	**(12,500)**	**445.47**
Outstanding at 31 December	**296,000**	**445.47**

The weighted average remaining contractual life at 31 December 2021 was 2 years (2020: 3 years) for the Kambi Group Executive Share Option Plan, 1 years (2020: 2 years) for the Kambi Group plc Share Option Plan 2018, 2 years (2020: 3 years) for Kambi Group plc Share Option Plan 2019, 3 years (2020: 4 years) for the Kambi Group plc Share Option Plan 2020 and 4 years for Kambi Group plc Share Option Plan 2021.

Dilution effects: During 2021, 132,000 (2020: 106,000) 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 €3,667 (2020: €3,468) by the issue of a total maximum of 1,222,484 ordinary shares (2020: 1,155,984) corresponding to 3.9% (2020: 3.7%) of the nominal share capital of the Group.

28. Other reserves

	Share based payment reserve €000	Defined benefits €000	Convertible shares €000	Capital contribution €000	Total €000
At 1 January 2020	**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)
Fully exercised share option schemes	-	-	-	-	-
At 31 December 2020	**5,788**	**(167)**	**270**	**59**	**5,950**
Share based payments expense for the year	1,637	-	-	-	**1,637**
Tax on share based payments	(1,119)	-	-	-	**(1,119)**
Actuarial gain/(loss) for the year	-	11	-	-	**11**
Fully Exercised share option schemes	**(1,871)**	-	-	-	**(1,871)**
At 31 December 2021	**4,435**	**(156)**	**270**	**59**	**4,608**

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

	2021 €000	2020 €000
Opening balance	**(3,357)**	(2,402)
Movement for the year	**1,174**	(955)
Closing balance	**(2,183)**	(3,357)

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, including the impact of treasury shares on the calculation.

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 that are dilutive at the reporting date. The following reflects the income and share data used in the basic and diluted EPS computations:

	2021 €000	2020 €000
Profit attributable to ordinary equity holders	**46,431**	24,056
Profit attributable to ordinary equity holders adjusted for the effect of dilution	**46,431**	24,056

	2021 '000	2020 '000
Weighted average number of ordinary shares for basic EPS	**30,924**	30,815
Effects of dilution from:		
Share options	**601**	696
Weighted average number of ordinary shares adjusted for the effect of dilution	**31,525**	31,511

	€	€
Earnings per share		
Basic	**1.501**	0.781
Diluted	**1.473**	0.763

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 €275,000 (2020: €273,000) and the weighted average number of ordinary shares on dilution would increase by 328,006 shares (2020: 215,227 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 2021 apart from Directors' and Key Management Remuneration.

32. Leases

Included within finance costs for the year to 31 December 2021, €342,000 (2020: €195,000) was recognised in relation to interest on lease liabilities under IFRS 16.

At 31 December 2021, the Group the following maturity analysis of cashflows on an undiscounted basis:

	2021 €000	2020 €000
Within one year	**3,814**	1,790
Between one and five years	**12,477**	4,243
Over five years	**1,793**	329
	18,084	6,362

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

	2021 €000	2020 €000
Creditors: Amounts falling due within one year	**3,718**	2,326
Non-current liabilities	**13,656**	3,537
	17,374	5,863

33. Capital commitments

There were no capital commitments at 31 December 2021 or 31 December 2020.

34. Contingent assets

There were no contingent assets at 31 December 2021 or 31 December 2020

35. Contingent liabilities

There were no contingent liabilities at 31 December 2021 or 31 December 2020.

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	
	31/12/21 €000	31/12/20 €000	**31/12/21 €000**	31/12/20 €000
GBP	**6,025**	14,680	**10,555**	12,311
SEK	**18,209**	6,278	**34,213**	23,247
PHP	**3,033**	1,138	**3,230**	1,611
RON	**693**	885	**1,126**	1,122
AUD	**418**	279	**613**	493
USD	**750**	536	**29,704**	22,348

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					
	2021	2020	**2021**	2020	**2021**	2020
Profit or loss	**0.1**	0.1	**0.1**	0.3	**0.6**	0.4
Equity	**0.1**	0.1	**0.1**	0.3	**0.6**	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 2021**				**€000**				
Cash & cash equivalents	**0.0%**	**79,657**	**-**	**-**	**-**	**-**	**79,567**	**79,567**
31 December 2020								
Cash & cash equivalents	0.1%	60,826	-	-	-	-	60,826	60,826
Financial liabilities **31 December 2021**								
Convertible bond	**3.0%**	**7,500**	**-**	**-**	**7,500**	**-**	**7,500**	**7,395**
31 December 2020								
Convertible bond	3.0%	-	-	-	7,500	-	7,500	7,345

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:

	2021 €000	2020 €000
Debt	**(7,395)**	(7,345)
Cash and cash equivalents	**79,657**	60,826
Net cash	**72,262**	53,481
Equity	**136,550**	98,015
Net cash to equity %	**53%**	55%

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 2021 €000	Fair Value 2021 €000	Carrying Amount 2020 €000	Fair Value 2020 €000
Financial liabilities				
Convertible bond	**7,395**	**7,500**	7,345	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.

37. Post balance sheet event

On 8 February 2022, Kambi Group plc and Kindred Group plc agreed a three-year extension to their sportsbook partnership after signing a new agreement up to the end of 2026. In addition to the contract, Kambi's strong financial performance has seen it meet specific conditions required to prepay, at its own discretion, the convertible bond previously issued to a wholly owned subsidiary of Kindred.

Independent auditor's report

To the Members 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 65 to 100, which comprise the statement of consolidated financial position as at 31 December 2021, 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 2021 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 €32,493,000 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, Chair'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 54 to 55 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 eight years.

This copy of the audit report has been signed by

Paul Giglio (Partner)

for and on behalf of
Mazars Malta

Certified Public Accountants
Birkirkara

11 March 2022

AGM and company information

Shareholders in Kambi Group plc are invited to participate in the Annual General Meeting on 17 May 2022 at 11:00 CEST at Kambi, Hälsingegatan 38, 113 43 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 Monday 25 April 2022. 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 Monday 25 April 2022.

Financial calendar

27 April 2022	Q1 2022 Report
17 May 2022	AGM
27 July 2022	Q2 2022 Report
26 October 2022	Q3 2022 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
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Quantum House
Abate Rigord Street
Ta' Xbiex XBX1120
Malta