

Kambi Group plc
Annual report and financial statements
for the year ended 31 December 2020

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Kambi Group plc

General information

Registration

Kambi Group plc is registered in Malta as a public limited liability company under the Companies Act (Cap. 386) with registration number C 49768.

Directors

Lars Patrick Herman Clase
Cecilia de Leeuw
Johanna Marlene Forsell
Bengt Anders Stefan Strom
Lars Erik Stugemo

Registered office

Level 3, Quantum House,
Abate Rigord Street,
Ta' Xbiex, XBX 1120,
Malta

Auditors

Mazars Malta
32, Sovereign Building,
Zaghfran Road,
Attard, ATD 9012

Kambi Group plc

Statement of directors' responsibilities

The directors are required by the Companies Act, 1995 to prepare financial statements, which give a true and fair view of the state of affairs of the Company at the end of each financial period and of the profit or loss for that period. In preparing the financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1995. The directors are also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Company are being properly safeguarded and that fraud and other irregularities will be prevented or detected.

Kambi Group plc

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

	Notes	2020 EUR	2019 EUR
Administrative expenses	6	(1,253,119)	(898,314)
Interest income		3	30
Investment income	5	225,000	14,270,338
Finance costs	6	(273,089)	(271,020)
Unrealised exchange difference		(280,723)	(29,317)
Operating profit/(loss)		(1,581,928)	13,071,717
Impairment of associates	10	-	(494,347)
Profit/(loss) before tax		(1,581,928)	12,577,370
Income tax expense	7	-	(278,572)
Profit/(loss) for the year		(1,581,928)	12,298,798
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(expense) for the year		(1,581,928)	12,298,798

The notes on pages 7 to 22 are an integral part of these financial statements.

Kambi Group plc

Statement of financial position as at 31 December 2020

	Notes	2020 EUR	2019 EUR
ASSETS			
Non-current assets			
Investments in subsidiaries	9	35,769,725	35,608,726
Investment in associate	10	-	-
Right of use asset	11	164,128	102,312
Amounts receivable from related party	12	7,500,000	7,500,000
		43,433,853	43,211,038
Current assets			
Trade and other receivables	12	24,234,809	15,020,186
Tax recoverable		-	1,060,200
Cash and cash equivalents	17	12,986,930	22,071,456
		37,221,739	38,151,842
Total assets		80,655,592	81,362,880
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	92,864	91,567
Share premium		58,236,994	57,639,998
Other reserves	16	205,443	205,443
Retained earnings		14,200,834	15,782,762
		72,736,135	73,719,770
Non-current liabilities			
Other financial liabilities	14	7,345,220	7,297,131
Lease liability	18	28,653	-
		7,373,873	7,297,131
Current liabilities			
Trade and other payables	13	545,584	345,979
Total equity and liabilities		80,655,592	81,362,880

The notes on pages 7 to 22 are an integral part of these financial statements.

These financial statements were approved by the board, authorised for issue on 11 March 2021 and signed by:



Marlene Forsell
Director



Lars Patrick Clase
Director

Kambi Group plc

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

	Share capital EUR	Retained earnings EUR	Other reserves EUR	Share premium EUR	Total EUR
Balance at 1 January 2019	90,541	3,454,647	234,760	53,809,870	57,589,818
<i>Changes in equity for 2019</i>					
Issue of share capital	1,026	-	-	3,830,128	3,831,154
Total of comprehensive income for the year	-	12,298,798	-	-	12,298,798
Transfer to exchange reserve	-	29,317	(29,317)	-	-
Balance at 31 December 2019	91,567	15,782,762	205,443	57,639,998	73,719,770
<i>Changes in equity for 2020</i>					
Issue of share capital	1,297	-	-	596,996	598,293
Total of comprehensive income for the year	-	(1,581,928)	-	-	(1,581,928)
Transfer to exchange reserve	-	-	-	-	-
Balance at 31 December 2020	92,864	14,200,834	205,443	58,236,994	72,736,135

The notes on pages 7 to 22 are an integral part of these financial statements.

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Statement of cash flows for the year ended 31 December 2020

	Notes	2020 EUR	2019 EUR
Cash flows from operating activities			
(Loss)/profit before taxation		(1,581,928)	12,577,370
Investment income		(225,000)	(225,000)
Dividend income		-	(14,045,341)
Share of loss in associate		-	494,347
Depreciation of right of use asset		102,312	-
Finance costs		273,089	271,020
Movement in working capital:			
Movement in trade and other receivables		(77)	19,441
Movement in trade and other payables		(64,130)	127,235
Cash outflows from operations		(1,495,734)	(780,928)
Investment income received		225,000	225,000
Dividend income received		-	14,045,338
Finance cost		(273,089)	(271,020)
Tax received/(paid)		1,060,200	(278,572)
<i>Net cash generated from/(used in) operating activities</i>		(483,623)	12,939,818
Cash flows from financing activities			
Issue of share capital		598,293	3,831,154
Movement in related party balances		(9,199,196)	(6,264,276)
<i>Net cash (used in)/generated from financing activities</i>		(8,600,903)	(2,433,122)
Cash flows from investing activities			
Payment for leased property		-	(102,312)
<i>Net cash used in investing activities</i>		-	(102,312)
Net movement in cash and cash equivalents		(9,084,526)	10,404,384
Cash and cash equivalents at the beginning of the year		22,071,456	11,667,072
Cash and cash equivalents at the end of the year	17	12,986,930	22,071,456

The notes on pages 7 to 22 are an integral part of these financial statements.

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

1 Principal accounting policies

These financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting standards, as adopted by the EU. The significant accounting policies adopted are set out below.

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

2 Significant accounting policies

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Investments in subsidiaries

A subsidiary is an entity that is controlled by the company. The company controls an investee when the company 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.

Investments in subsidiaries, are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses.

(ii) Investments in associate

Associates are those entities in which the company 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.

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

2 Significant accounting policies (continued)

(iii) Trade receivables

Trade receivables are classified with 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.

Receivables are tested for impairment annually and when there is objective evidence that the company will not be able to collect all amounts due in accordance with the original terms, an allowance is recognised in profit or loss. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted at the original effective interest rate.

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The company 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 company 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 company expects to receive). Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(iv) Trade payables

Trade payables are classified with 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.

(v) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

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

2 Significant accounting policies (continued)

Revenue recognition

Revenue 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 and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

(i) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

Taxation

Current and deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly to equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity as appropriate.

The charge for current tax is based on the taxable result for the year. The taxable result for the year 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 years. It is calculated using tax rates that have been enacted or substantively enacted by the financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

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

2 Significant accounting policies (continued)

Leases

At the inception of a contract, the company 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 company uses the definition of a lease in IFRS 16.

The company 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 company's incremental borrowing rate. Generally, the company 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 company 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 company's estimate of the amount expected to be payable under a residual value guarantee, or if the company 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.

Currency translation

The financial statements of the company are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are

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

2 Significant accounting policies (continued)

Currency translation (continued)

not retranslated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Related parties

Related parties are defined as related if one party empowers another party to exercise the control or significant influence over the other party in making financial and operating decisions.

Related parties to the company are defined as shareholders, employees, members of the management board, their close relatives and companies that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the company except if it is impossible for one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and demand deposits.

3 Judgments in applying accounting policies and key sources of estimation uncertainty

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.

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.

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

3 Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 20.

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 company 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.

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

4 Changes in accounting policies and disclosures

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

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

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

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

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

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

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

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

5 Investment income

	2020 EUR	2019 EUR
Divided income	-	14,045,338
Interest received	225,000	225,000
	225,000	14,270,338

6 Administrative expenses and finance costs

	2020 EUR	2019 EUR
The profit before tax is stated after charging;		
Audit fee	34,292	43,190
Bank charges	70,131	33,776
Depreciation on leased asset	102,312	92,619
Directors' fees	330,330	323,638
Directors consultancy fees	-	11,335
Social security costs	247,201	-
Finance costs	273,089	271,020
Investment relations	15,407	17,232
Professional fees	393,075	293,872
Water and electricity	20,661	30,955
Other administrative expenses	39,710	51,697
	1,526,208	1,169,334

7 Income tax expense

On taxable profit/(loss) subject to income tax: -

	2020 EUR	2019 EUR
Current tax expense (at 35%)	-	(1,792,186)
Current tax expense (at 15%)	-	(4)
Deferred tax charge/(credit)	-	-
Malta tax refundable on intra-group dividend income	-	1,536,160
Unrelieved foreign tax	-	(22,542)
Tax charge for the year	-	(278,572)

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

7 Income tax expense (continued)

Tax applying the statutory domestic income tax rate and the tax charge for the year are reconciled as follows:

	2020 EUR	2019 EUR
Profit/(loss) before tax	(1,581,928)	12,577,370
Tax at the applicable rate of 35%	553,675	(4,402,080)
<i>Tax effect of:</i>		
Income tax at 15%	-	6
Non-allowable expenses/income not subject to tax	(553,765)	(513,800)
Dividend income exempt from Malta tax	-	3,123,684
Malta tax refundable on intra-group dividend income	-	1,536,160
Unrelieved foreign tax paid on intra-group dividend income	-	(22,542)
Tax charge for the year	-	(278,572)

8 Key management personnel compensation

	2020 EUR	2019 EUR
Directors' fees	330,330	323,638

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

	2020 Number	2019 Number
Administration	5	5

9 Investments in subsidiaries

	Shares in group undertakings EUR
Cost	
At 1 January 2019	35,608,726
Additions	-
At 1 January 2020	35,608,726
Additions	160,999
At 31 December 2020	35,769,725
At 31 December 2019	35,608,726

Kambi Group plc

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

9 Investments in subsidiaries (continued)

The principal financial assets held as at 31 December 2020 are shown below:

Company	Country of Incorporation	Principal activities	Percentage of shares held
Kambi Malta Limited	Malta	B2B gaming service provider	100%
Kambi Services Limited	United Kingdom	Administration services and business support	100%
Kambi Sweden AB	Sweden	IT development, maintenance and operational support	100%
Kambi Philippines Inc.	Philippines	Business support and back office operations	100%
Kambi Spain plc	Malta	B2B gaming service provider	100%
Global Technology & Sports Limited	Malta	Development, acquisition, holding, licensing and exploitation of intellectual property	100%
Kambi Sports Solution (Alderney) Limited	Alderney	B2B gaming service provider , business support and back office operations	100%
Sports Information Services Limited	Malta	B2B gaming service provider	100%
Sports Analytics Services srl	Romania	Business support and back office operations	100%
Kambi Australia Pty Ltd	Australia	Business support and back office operations	100%
Kambi USA Inc	USA	Business support and back office operations	100%
Kambi SIS USA Inc	USA	Business support and back office operations	100%
Kambi Sports Espana	Spain	B2B gaming service provider, business support and back office operations	100%

Global Technology & Sports Limited's effective place of management and registration with fiscal authorities as an overseas company in Malta was effective on 23 July 2019 and registered as continuing in Malta effective 24 September 2020. There were no changes in percentage holdings when compared to 2019, other than the investments in Kambi SIS USA Inc and Kambi Sports Espana.

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

10 Investment in associate

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

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

	2020	2019
	EUR	EUR
Carrying amount of interest in associate	-	-
Share of:		
- Profit/(loss) from continuing operations	-	-
- Impairment	-	(494,347)

11 Right of use asset

	2020	2019
	EUR	EUR
Cost		
At 1 January	194,931	-
Additions	164,128	194,931
At 31 December	359,059	194,931
Depreciation		
At 1 January	92,619	-
Charge for the year	102,312	92,619
At 31 December	194,931	92,619
Carrying amount		
At 31 December	164,128	102,312

Kambi Group plc

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

12 Trade and other receivables

	2020 EUR	2019 EUR
Amounts receivable from subsidiaries	31,711,047	22,496,502
Other debtors	21,980	21,903
Prepayments and accrued income	1,781	1,781
	31,734,808	22,520,186
Less: Amount expected to be settled within 12 months	(24,234,808)	(15,020,186)
Amount expected to be settled after 12 months	7,500,000	7,500,000

The amounts receivable from subsidiaries are unsecured, interest free and expected to be realised in the normal course of the business.

13 Current liabilities

	2020 EUR	2019 EUR
Accrued interest	137,250	137,250
Accrued expenses	166,099	101,970
Lease liability	242,235	106,759
	545,584	345,979

14 Other financial liabilities

	2020 EUR	2019 EUR
Convertible bond	7,345,220	7,297,131
Less amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	7,345,220	7,297,131

Convertible bond

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

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

15 Share capital

	2020 EUR	2019 EUR
Authorised share capital		
750,000,000 Ordinary 'A' shares of €0.003 each	2,250,000	2,250,000
250,000,000 Ordinary 'B' shares of € 0.003 each	750,000	750,000
Issued and fully paid up		
30,954,697 (30,522,197) Ordinary 'B' shares of €0.003 each	92,864	91,567
Share premium		
Share premium reserve	58,236,994	57,639,998

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.

16 Other reserves

The other reserve of the company comprises all foreign currency differences arising from the translation of foreign cash, payables and receivables and the equity impact of the convertible loan renegotiation. This reserve is non-distributable.

17 Cash and cash equivalents

Analysis of the balance of cash and cash equivalents as shown in the statement of cash flows:

	2020 EUR	2019 EUR
Cash at bank and in hand	12,986,930	22,071,456

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

18 Leases

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

	2020 EUR	2019 EUR
Lease liabilities		
Within one year	242,235	106,759
Between one and five years	28,653	-
	<hr/> 270,888 <hr/>	<hr/> 106,759 <hr/>

19 Financial instruments

Fair values of financial assets and financial liabilities

At 31 December 2020 and 31 December 2019 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities. The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amounts.

20 Financial risk management

The exposures to risk and the way risks arise, together with the company's 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.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist principally of receivables and cash at bank. The company's receivables include loan receivables from subsidiaries. The company monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall liquidity management. The company assesses the quality of these related parties taking into account financial position, performance and other factors. The company takes cognisance of the related party relationship with these entities and management does not expect any significant losses from non performance or default. The long term loans receivable from subsidiary are catergorised as Stage 1 for IFRS 9 purposes in view of the factors highlighted above. The expected credit loss allowances on such loans and receivables are based on the 12 month probability of default, capturing 12 month expected losses and hence are considered insignificant.

For the amounts due from subsidiaries expected to be realised within one year, expected credit losses are based on the assumption that repayment of the balance is demanded at the reporting date. Accordingly the expected credit loss allowance attributable to such balances is insignificant.

Kambi Group plc

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

20 Financial risk management (continued)

Credit risk (continued)

Cash at bank is placed with reliable financial institutions. At 31 December 2020 cash at bank is placed with reliable financial institutions as follows:

Bank	Rating agency	Rating
Skandinaviska Enskilda Banken AB	Fitch	A+

Liquidity risk

The company monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments associated with financial instruments and by maintaining adequate banking facilities.

Capital risk management

The company's objectives when managing capital are:

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

The primary objective of the company'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 capital structure of the company consists of debt, which does not include borrowings or includes, cash and cash equivalents and items presented within equity in the statement of financial position. The company's directors manage the company's capital structure and makes adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Kambi Group plc

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

21 Related parties

	2020		%	2019		%
	Related party activity EUR	Total activity EUR		Related party activity EUR	Total activity EUR	
Investment <i>Related party transactions with:</i>						
Subsidiary	225,000	225,000	100	225,000	225,000	100
Administrative expenses: <i>Related party transactions with:</i>						
Key management personnel of the company	330,330	1,253,119	26	323,638	898,317	36

“Other related parties” consist of related parties other than the parent, entities with joint control or significant influence over the company, subsidiaries, associates, joint ventures in which the company is a venturer and key management personnel of the company or its parent.

Significant amounts receivable at year-end together with their terms and conditions are disclosed in the note 12 to the accounts.

22 Statutory information

Kambi Group plc is a limited liability company and is incorporated in Malta. Kambi Group plc, with its registered offices at Level 3, Quantum House, Abate Rigord Street, Ta' Xbiex, Malta, which is quoted on First North in NASDAQ, Stockholm. Kambi Group plc prepares consolidated financial statements which can be found on www.kambi.com

Independent auditors' report

To the members of Kambi Group plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kambi Group plc (the company) set out on pages 3 to 22, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 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. 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. The key audit matters relate solely to the subsidiaries of the group and are included in the group audit report.

Other Information

The directors are responsible for the other information. The other information comprises the General Information. Our opinion on the financial statements does not cover this information, and we do not express any form of assurance 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditors' report (continued)

To the members of Kambi Group plc

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 the International Financial Reporting Standards 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 Company'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.

Auditors' 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 auditors' 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.

Independent auditors' report (continued)

To the members of Kambi Group plc

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' 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.

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

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.

Independent auditors' report (continued)

To the members of Kambi Group plc

Appointment

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



This copy of the audit report has been signed by
Paul Giglio (Partner) for and on behalf of

Mazars Malta
Certified Public Accountants
Attard
Malta

11 March 2021

**The schedules on the pages that follow do not form part of the
financial statements**

**Income statement
for the year ended 31 December 2020**

	2020	2019
	EUR	EUR
Administrative expenses	(1,253,119)	(898,314)
Interest income	3	30
Investment income	225,000	14,270,338
Finance costs	(273,089)	(271,020)
Unrealised exchange differences	(280,723)	(29,317)
Operating profit/(loss)	(1,581,928)	13,071,717
Impairment/share of loss in associate	-	(494,347)
Profit/(loss) for the year	(1,581,928)	12,577,370

**Administrative expenses
for the year ended 31 December 2020**

	2020	2019
	EUR	EUR
Administrative expenses		
Audit fee	34,292	43,190
Bank charges	70,131	33,776
Depreciation on leased property	102,312	92,619
Directors' consultancy fee	-	11,335
Directors' fees	330,330	323,638
Social security costs	247,201	-
General expenses	33,693	43,351
Investor relations	15,407	17,232
Loss/(gain) on exchange	(31,244)	7,665
License and permits	10,196	10,125
Professional fees	393,075	293,872
Registration fee	42,594	9,730
Travel expenses	5,132	11,781
	<hr/>	<hr/>
	1,253,119	898,314