

Kambi Group plc

Q4 Report 2021

Financial summary

- Revenue amounted to €34.9 (Q4 2020: 46.9) million for the fourth quarter of 2021, a decrease of 26%, and €162.4 (2020: 117.7) million for the period January to December, an increase of 38%
- Operating profit (EBIT) for the fourth quarter of 2021 was €7.1 (22.2) million, at a margin of 20.2% (47.3%), and €57.0 (32.2) million, at a margin of 35.1% (27.4%) for the period January to December 2021
- Profit after tax amounted to €6.1 (17.3) million for the fourth quarter of 2021 and €46.4 (24.1) million for the period January to December 2021
- Earnings per share for the fourth quarter of 2021 were €0.198 (0.558) and €1.501 (0.781) for the period January to December 2021
- Cash flow from operating and investing activities (excluding working capital movements and acquisitions) amounted to €4.8 (20.5) million for the fourth quarter of 2021 and €44.6 (28.7) million for the period January to December 2021
- The 2022 AGM will be held on 17 May 2022. The Board proposes that no dividend is paid out.

Fourth quarter financial breakdown

€m	Q4 2021	Q4 2020	Change %	Jan-Dec 2021	Jan-Dec 2020	Change %
Revenue	34.9	46.9	-26%	162.4	117.7	38%
Operating profit	7.1	22.2	-68%	57.0	32.2 ^[1]	77%
Operating margin	20.2%	47.3%		35.1%	27.4%	
Profit after tax	6.1	17.3	-65%	46.4	24.1 ^[2]	93%
Cash flow ^[3]	4.8	20.5		44.6	28.7	
Net cash	72.3	53.5		72.3	53.5	
Earnings per share	€0.198	€0.558	-65%	€1.501	€0.781	92%
Fully diluted earnings per share	€0.196	€0.541	-64%	€1.473	€0.763	93%

^[1] Operating result excludes items affecting comparability recorded in Q1 2020 (bad debt expense of €0.6m)

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

^[3] Cash flow from operating and investing activities excluding movements in working capital and acquisitions

Key highlights

- Robust financial performance driven by market expansion and strong underlying network growth. When adjusting for the migration of 888 and DraftKings, and the impact from regulation in the Netherlands, operator turnover was up 38%
- Received a mobile platform licence in New York, the most populous US state to regulate online sports betting thus far, and subsequently went live in Q1 2022
- Expanded US partner network with the signings of omni-channel operator Affinity Interactive and tribal operators Desert Diamond Casinos and Saginaw Chippewa Gaming Enterprises
- Completed 38 launches, including three additional US states - Connecticut, Louisiana and Maryland - and with new partners in Australia, the Bahamas and the Netherlands
- Following close of quarter, extended long-term partnership with Kindred Group until 2026 and have ability to repay convertible bond held by Kindred

CEO comment



“The momentum we built in Q3 continued into Q4, helping us finish the year in fine fashion. This positivity has continued into the new year, most notably having recently extended our partnership with Kindred Group, which now runs for the next five years up until the end of 2026, providing us with additional financial strength. Separately, we also have the ability to repay the convertible bond held by Kindred, which when paid at a time of our discretion will provide us with complete freedom to make the right strategic decisions for Kambi’s future, which

has never looked brighter.

Looking back at Q4, growth from the Americas continued to be a key driver of our performance. The Americas region was responsible for 58% of operator GGR and is set to increase further with additional markets to regulate and go live this year across Canada, the US, and South America.

One of the key quarterly highlights was the receipt of our licence in New York State, which since launching a few weeks ago has quickly grown to become the largest market in the country. Not only did Kambi secure one of the few licences on offer in New York, the bid we led as a primary applicant also achieved the highest score from the regulator following a competitive application process. Such an achievement is a real testament to Kambi’s reputation in the US and the quality, integrity, and reliability of our sports betting technology.

We signed three new partners in the US during Q4, including a multi-state partnership with US omnichannel operator Affinity Interactive, which operates casinos in three states and the Daily Racing Form, an iconic horse racing news brand. We followed these signings up after the quarter with a multi-state deal with MaximBet and a partnership in Canada with NorthStar Gaming, which is partnered with Torstar Corporation, one of the country’s largest news organisations.

In addition to North America, we made significant progress in Argentina, going live in both Buenos Aires City and Buenos Aires Province, while we also launched new partners in Australia and the Bahamas. Furthermore, in Europe we launched BetCity and JVH in the re-regulated Netherlands market and have been buoyed by the early performance. We are excited by prospects in the Netherlands, particularly once additional partners are awarded their licence in the coming months.

In summary, Q4 concluded a transformative year for Kambi and as we move into 2022, I am confident the business has never been better positioned for the future. The prospect of further regulation and additional partner signings across the globe is positive and we are firmly established as the go-to provider for the global sports betting market. I look forward to building on our successes this year and beyond to the benefit of both our partners and shareholders alike.”

Q4 Highlights

Trading update

In Q4, the Kambi Operator Turnover Index during amounted to 758, down 23% year-on-year but up 32% sequentially, with Kambi revenue of €34.9 million and a sportsbook margin of 7.8% despite a below average October which consistently produced player-friendly results. When excluding DraftKings from the comparative data, operator turnover was up 19% year-on-year and 42% higher compared to Q3 2021, due to a busy sporting calendar and strong trading volumes from the most popular sports on the network, including basketball, American football and soccer.

This strong growth in operator turnover was achieved despite various headwinds, including the impact of the regulatory situation in the Netherlands which has left several Kambi partners awaiting licence approval. However, both BetCity.nl and JVH gaming & entertainment went live with a Kambi-powered sportsbook during the quarter and licence applications from other partners are underway and expected to progress in 2022.

The NFL and college football were both in full swing during the quarter and saw significant turnover growth, with American football benefitting from Kambi's market-leading Bet Builder product which accounted for approximately a quarter of all pre-match bets. Basketball turnover, meanwhile, more than doubled year-on-year in the quarter.

Commercial updates

Kambi signed three new partners in Q4. In November, Kambi agreed to partnerships with two regional tribal gaming operators in the US, Desert Diamond Casinos & Entertainment and Saginaw Chippewa Gaming Enterprises, which are leading tribal operators in Arizona and Michigan, respectively. The long-term agreements strengthen Kambi's relationship with the vast tribal gaming community and will see the two operators integrate Kambi's sportsbook platform online and on-property, with Desert Diamond Casinos & Entertainment already live.

In late December, Kambi signed an agreement with Affinity Interactive to power the omni-channel operator's DRF sports betting offering, which went live online on 24 January 2022 in Iowa and will launch in additional states throughout 2022 and beyond. In addition to regional casinos in Nevada, Missouri and Iowa, Affinity Interactive's companies also include the iconic Daily Racing Form, a leading provider of premium data and authoritative editorial coverage for a large customer database of horse racing enthusiasts that its DRF sportsbook will seek to leverage.

Partner launches

In Q4, Kambi completed a total of 15 online and 23 retail launches worldwide, the large bulk of which were in the US, averaging a launch every two to three days. In the US, Kambi has now launched in 18 states since the repeal of PASPA after adding three more states - Connecticut, Louisiana and Maryland - during the quarter. As detailed in its Q3 report, Kambi supported online and on-property launches in Connecticut during Q4 with Rush Street Interactive, which previously won a competitive tender to partner with the Connecticut Lottery. Kambi also supported Rush Street Interactive's online launch in Arizona during the quarter.

Elsewhere in the US, Kambi partner Penn National Gaming also completed launches with its Barstool Sportsbook in Iowa, Louisiana, Maryland, Pennsylvania and West Virginia, while Churchill Downs Incorporated completed launches in New Jersey and Maryland. Other US launches during the quarter included Four Winds with its sportsbook at South Bend Casino in Indiana, as well as on-property launches in Arizona with Kindred and Desert Diamond Casinos.

Outside of the US, Kambi expanded its presence across the Americas after launching with Island Luck in the Bahamas and BetWarrior in Argentina, in turn becoming the first sportsbook provider to go live in both Buenos Aires City and Buenos Aires Province.

Kambi also launched online and in retail with Racing and Wagering Western Australia via the operator's TABtouch-branded sportsbook. In Europe, Kambi launched with BetCity.nl on day one of the recently regulated Dutch market going live, as well as with JVH gaming & entertainment's online sportsbook later in the quarter. Kambi also supported long-term partner Paf with the launches of two brands in Sweden.

Kambi partnered with industry power players

In December, industry B2B publisher EGR Global released its prestigious Power 50 rankings – an annual rundown of the world's most powerful operators. Compiled in collaboration with BDO, the Power 50 revealed that Kambi's sportsbook technology is an integral part of one in five of the world's most influential online gambling operators.

Full-year summary and 2022 outlook

2021 proved to be another successful 12 months for Kambi and the company is well positioned for the year ahead. From a financial perspective, revenue of €162.4 million was up 38% year-on-year, with an operating margin of 35%, illustrating the scalability inherent in the business. Furthermore, 77% growth in operating profit further strengthened the company's net cash position, which now stands at €72.3 million, providing the company with the financial capability to expedite growth through potential complementary acquisitions.

On M&A, Kambi completed its acquisition of leading esports data, content and odds provider Abios in August, enabling Kambi to offer a first-class esports product and capitalise on the opportunities presented by the fast-growing vertical. Kambi will soon begin to feel the benefits of its acquisition of Abios, which was in line with Kambi's longer-term strategy to further modularise its platform, enabling Kambi to supply the Abios esports product to operators both inside and outside the Kambi network.

The year also saw Kambi cement its position as the sportsbook partner of choice as it significantly extended its global network, signing eight partners across the Americas, Europe and Australia. These new partners are either already market leaders or have the potential to become leaders in their respective markets. More than 60 online and on-property launches were also completed in 2021, including several market-firsts in the US where Kambi has now launched in a total of 18 states since the repeal of PASPA in 2018. Furthermore, more exciting opportunities remain.

Looking forward, Kambi's compliance expertise and strong track record of market-firsts, as well as the promise of additional regulatory progress in the Americas, will see Kambi continue its global expansion in 2022. The Canadian province of Ontario is expected to go live in April, while ongoing regulatory developments in populous US states like California mean Kambi has only scratched the surface of the potential in North America. In Europe, meanwhile, additional Kambi partners are expected to enter the Netherlands shortly, while the sales pipeline remains strong elsewhere on the continent.

Kambi is widely recognised as the go-to sportsbook provider and is focused on maximising these many opportunities that lay ahead, not least by building on its strong foundations and continuing to optimise its product and strategy to remain ahead of market competitors. Kambi's full-service sportsbook platform

is in high demand, while the modularisation of its technology and services will provide additional opportunities to work with top-tier operators seeking a more hybrid approach. The global sports betting market is also becoming increasingly attractive to a wider variety of companies seeking to enter the space for the first time. Kambi is well placed to capitalise on such opportunities and continues to have a strong sales pipeline of diverse prospects.

North America product review

Kambi is proud to offer a market-leading North American sports betting product that delivers for both partners and their customers alike. In the US in particular, NFL is key and Kambi's NFL product has been ahead of the pack in many key areas, not least Bet Builder, Kambi's in-event and multi-event combinability product.

Unlike most competitor versions, which have been bolted on to the main sportsbook, Kambi's Bet Builder has been integrated into the core sportsbook product. This enables Kambi to add more markets, leagues, and sports, while also providing a unified experience through a superior UX, consistent odds, lower margins, faster pay outs, and the ability to generate odds on request in a split second. The market reaction to Bet Builder has been significant, generating approximately 25% of pre-match NFL bets during the regular season, rising to a third of pre-match bets in the post-season.

As the American football season comes to a close, it's been identified that the Kambi Bet Builder also provided greater coverage than competitors, with its NFL and college offerings enabling greater combinability, both with markets in-game and with selections from other games and sports. In fact, Kambi's rare ability to allow players to combine their selections across more than one game or sport was key to its partners' success, with 40% of regular season Bet Builder bets featuring more than one game, with this rising to 45% during the play-offs.

While competitors have been playing catch-up, Kambi continues to raise the Bet Builder bar and recently extended the product to ice hockey, including coverage of the NHL and top Swedish leagues, once again providing its partners with an offering competitors can't match. Later this year, Kambi will be expanding Bet Builder capability across the MLB and NBA in time for their respective season starts. Another key area within US sports betting is in-play. Kambi has for decades focused on improving the core quality of in-play, continuously lowering live delays and bet rejection rates, while striving to keep markets open and available to cash out for as long as possible. This has given Kambi's in-play product the edge versus the large B2C operators in the US market, particularly in the competitive area of live player props and instant markets on all the key North American sports and leagues. Looking ahead, Kambi is working towards the introduction of even more player props as well as in-play Bet Builder as it seeks to offer its partners and their players the most exciting sportsbook product available.

Key strategic pillars

Basis for future success

Kambi has four key strategy pillars that will provide the basis for its future success. Each quarter, Kambi will provide updates on those pillars in which pertinent progress has been made.

Technically advanced core platform to enable growth – delivering regulatory, financial and technical security and stability

Kambi's high-quality sportsbook technology and services continue to drive considerable growth for operators that recognise the additional value delivered by Kambi's end-to-end delivery. While this complete service continues to be in great demand, there is also an exciting opportunity for Kambi to provide a more flexible service to those who prefer to take a more hybrid approach to technology.

As communicated at Kambi's Capital Markets Day last June, Kambi is in the process of modularising its service to enable a wider selection of operators to benefit from the regulatory, financial and technical security and stability it offers from all or part of its sportsbook. By doing so, Kambi will create new revenue streams as well as strengthen its ability to retain current partners. In addition, by decoupling its services from the platform, Kambi will create even greater operational efficiencies, enabling it to increase the pace at which it can deliver the cutting-edge sports betting products which have been the driving force of Kambi and its partners' success over many years.

Highly scalable business model – signing and launching new partners in a uniquely cost-efficient manner

In Q4, Kambi had one of its busiest quarters to date with regards to partner launches, powering dozens of sportsbook launches across four continents while also preparing to go live in New York on day one following the end of the quarter. This averaged a launch every two to three days, highlighting Kambi's growing global reach and the ever-increasing scalability of its business model which enables the company to grow revenue while remaining cost-efficient. During the quarter, Kambi and partner Racing and Wagering Western Australia (RWWA) began the roll-out of the operator's new sportsbook across its retail network, which comprises a network of more than 320 retail agencies.

Events after Q4

Kindred commercial relationship extension

On 8 February 2022, Kambi and Kindred announced an extension to its long-term partnership which will see Kambi remain an integral part of Kindred's sportsbook until the end of 2026. Additionally, Kambi now has the ability to repay the €7.5 million convertible bond first issued to a wholly owned subsidiary of Kindred in 2014 having met certain financial criteria set out in the bond agreement. Repayment of the bond is at Kambi's discretion and would ensure Kambi has complete control of its strategic direction. The partnership also provides Kambi with a minimum revenue guarantee of €55 million for the additional three-year period.

Commercial updates

In January, Kambi announced a multi-year sportsbook partnership with MaximBet, a sports betting brand owned and operated by Carousel Group and in partnership with the renowned media brand Maxim. MaximBet, which is live with its proprietary technology in Colorado, is set to launch with Kambi

in at least five additional US states - Indiana, Iowa, New Jersey, Ohio and Pennsylvania – and also expects to transition to Kambi in Colorado and launch in Canada in 2022, along with a series of other US states to be announced soon.

In February, Kambi also announced a long-term Canadian sports betting partnership with NorthStar Gaming, with plans to launch first in Ontario when the regulated market opens in April. A made-in-Ontario online betting brand and sportsbook, NorthStar Gaming has an omnichannel advertising and marketing services arrangement with Torstar Corporation, owner of one of Canada's most popular daily news brands, the Toronto Star, and over 80 additional online publications.

Partner launches

On 8 January, Kambi launched with partner Rush Street Interactive on day one of New York State going live with mobile sports betting having received a 10-year Mobile Sports Wagering Platform licence in Q4. The Kambi-powered sportsbook was one of only four to receive approval from the NYS Gaming Commission to commence operations upon first day of the market opening.

Elsewhere in the US, Affinity Interactive went live with its new Kambi-powered DRF online sportsbook in Iowa on 24 January, less than a month after signing, while Kambi also supported an online sportsbook launch for Desert Diamond Casinos in Arizona and a retail launch for Parx in Malvern, Pennsylvania. Furthermore, on 28 January Kambi launched with partners Penn National Gaming and Rush Street Interactive on day one of Louisiana's online sports betting market opening.

Below, Kambi details all launches during and after the quarter:

Partner	Territory	Online	Retail	Number of properties
Affinity	Iowa	✓		
Bet City	Netherlands	✓		
BetWarrior	Argentina, Buenos Aires City	✓		
	Argentina, Buenos Aires Province	✓		
CDI	New Jersey	✓		
	Maryland		✓	1
Desert Diamond	Arizona	✓	✓	3
Four Winds	Indiana		✓	1
Island Luck	Bahamas	✓		
JVH	Netherlands	✓		
Kindred	Arizona		✓	1
Paf	Sweden	✓		
Parx	Pennsylvania		✓	
PNG	Louisiana	✓	✓	5
	Iowa	✓		
	West Virginia	✓		
	Maryland		✓	1
	Pennsylvania		✓	1
RSI	Arizona	✓		
	Connecticut	✓	✓	9
	New York	✓		
	Louisiana	✓		
RWWA	Australia	✓	✓	700 terminals

Regulatory update

Below, we provide the most relevant regulatory updates on markets which may have an impact on our operations and total addressable market.

United States

In **California**, as many as four options could be on the ballot as part of a referendum on sports betting to occur later this year (8 November 2022). The only confirmed initiative currently on the ballot would allow retail-only sports wagering with Indian tribes or qualified sportsbook operators partnering with tribal casinos to offer online wagering in the state. The three other measures would allow for statewide mobile gaming and are either pending collection of voter signatures or being reviewed by the attorney general's office.

Ohio has passed legislation to regulate mobile and retail sports betting, which is expected to go live in H2 2022 but no later than 1 January 2023. Ohio is the seventh most populous US state with a population of nearly 12 million people and is expected to be among the largest sports betting states at maturity.

In **Georgia**, major progress was made toward legalising mobile sports betting in 2021, with lawmakers reaching a consensus that sports wagering would require a constitutional referendum and passing a bill to permit at least a half-dozen online operators under the authority of the state lottery. Further discussions will be during the legislative session running ahead of a potential referendum on 8 November 2022.

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

State	Affinity	CDI	Desert Diamond	Four Winds	Kindred	Parx	PNG	RSI	Seneca
Arizona		✓	✓		✓		✓	✓	
Arkansas		✓							
Colorado		✓					✓	✓	
Connecticut								✓	
Illinois							✓	✓	
Indiana		✓		✓	✓		✓	✓	
Iowa	✓				✓		✓	✓	
Louisiana							✓	✓	
Maryland		✓					✓		
Michigan		✓		✓		✓	✓	✓	
Mississippi		✓					✓		
New Jersey		✓			✓	✓	✓	✓	
New York								✓	✓
Pennsylvania		✓			✓	✓	✓	✓	
Tennessee		✓					✓		
Virginia					✓		✓	✓	
West Virginia							✓		

✓ = Retail and Online

✓ = Retail

✓ = Online

Americas (non-US)

In **Canada**, Ontario province has taken active steps to open its market to private operators following the legalisation of single-event sports wagering on a province-by-province basis in Canada last year. It has now been confirmed that the Ontario market, which is expected to be the largest market in Canada, will launch on 4 April 2022.

In **Brazil**, the process of regulating sports betting at a federal level appears to be edging closer, and in recent interviews, the federal government department responsible for the regulations stated that they are working to issue regulations in Q1 2022 to avoid being stalled by the national elections in October 2022.

Europe

In **Sweden**, the government published proposals that aim to improve customer protection and deliver a long-term sustainable gaming market. The proposals include measures for the licensure of gambling software companies, banning the promotion of illegal gambling, and requiring gambling operators to provide more information to allow officials to track trends. Currently, the details of the measures are unclear, but according to the ministry, the proposals will go to the Law Council for review and will mostly be in place by 1 January 2023.

Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the fourth quarter of 2021, revenue was €34.9 (Q4 2020: 46.9) million. Revenue for the full year of 2021 was €162.4 (2020: 117.7) million, an increase of 38%. Since the regulation of the Netherlands' market, 93% (85%) of revenue in Q4 was derived from locally regulated markets.

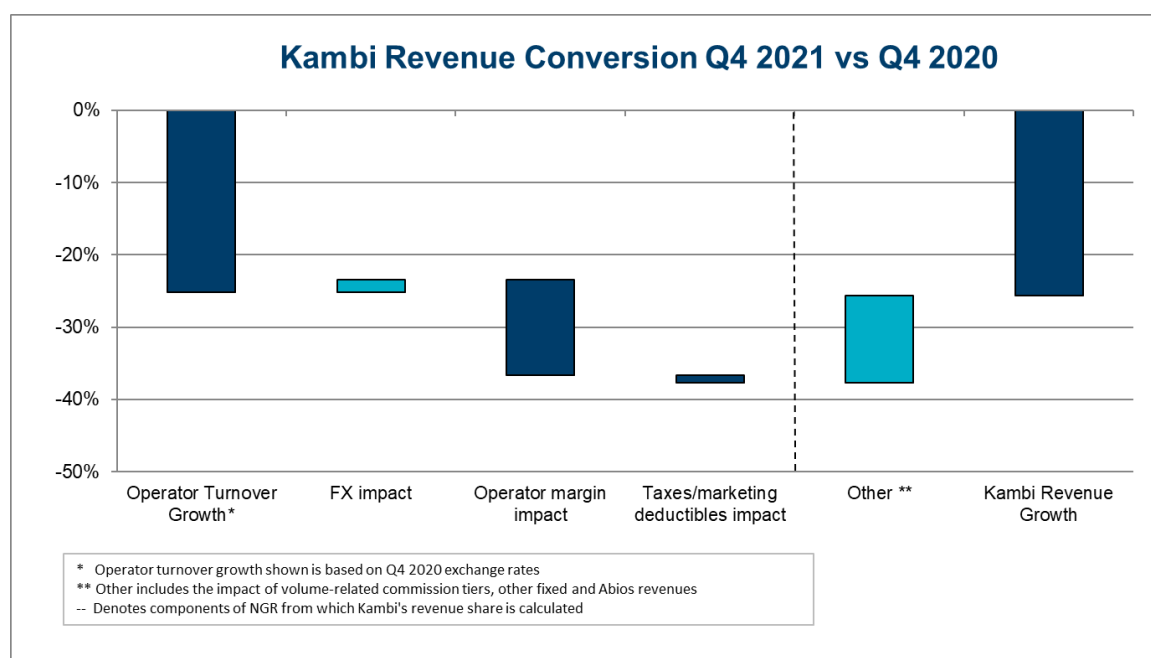
Operator turnover decreased by 25% year-on-year at constant exchange rates, however, when removing DraftKings from the comparative period, operator turnover increased by 19% during the same period.

Operator trading margin for Q4 was 7.8% (9.4%). The operator trading margin for the full year of 2021 was 8.7% (8.6%).

Kambi charges its operators a fee based on a number of variables including fixed fees, the number of live events offered and commission based on a revenue share of operators' Gross Gaming Revenue (GGR) less deductible costs, such as certain capped marketing incentives and tax (i.e. NGR, as shown in the graph below).

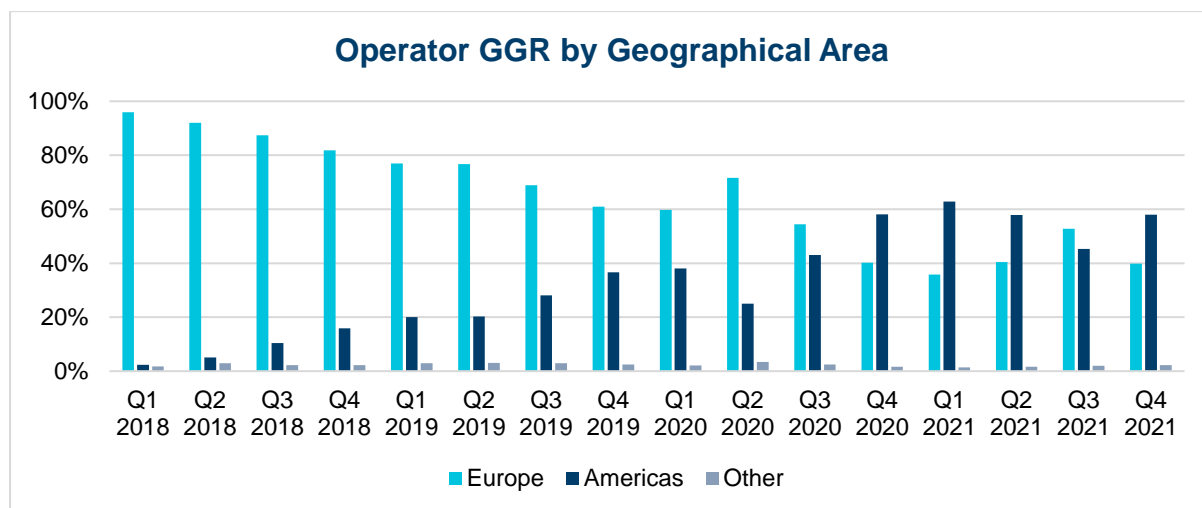
To promote and support growth, some of the customer contracts include tiers with lower commission rates on the higher levels of their sports betting revenues. As a result of the lower turnover, a full quarter of Abios revenues and other fixed revenues, the 'other' category in the below chart shows an increase.

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



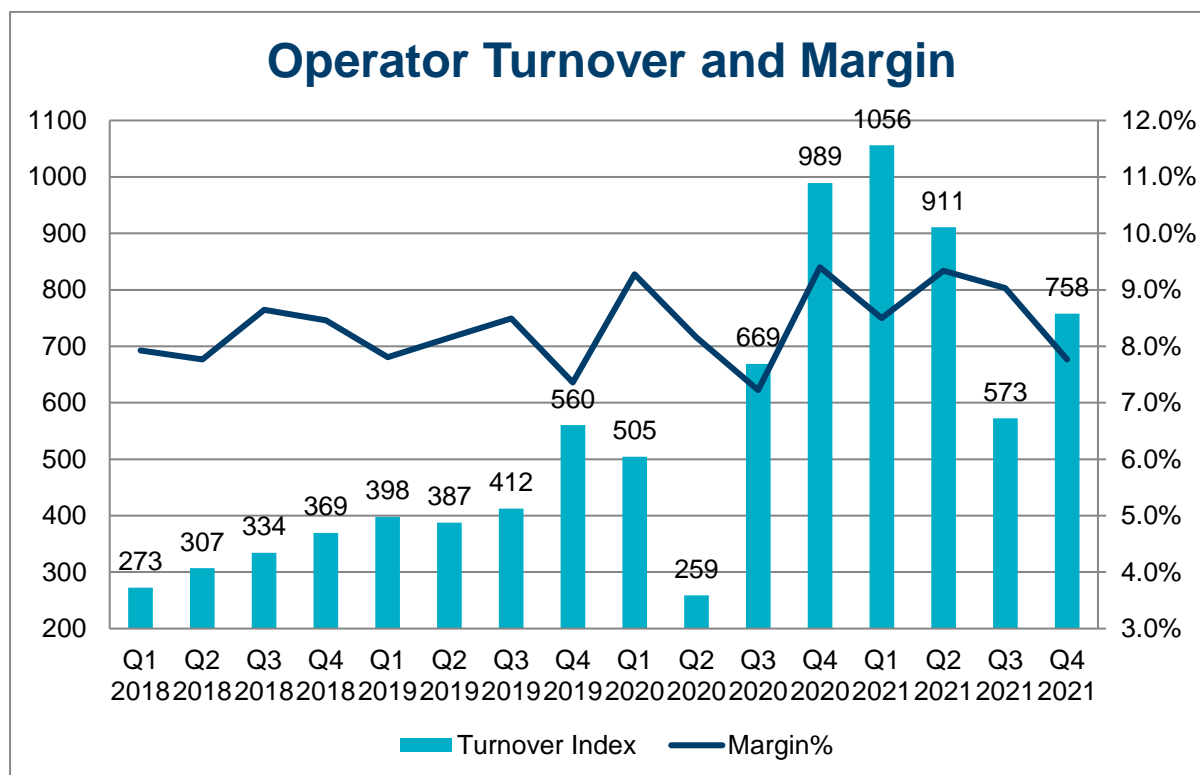
Geographical GGR analysis

Kambi’s operators’ GGR derives from numerous markets globally, which can be split into three areas of focus for the company: Europe, Kambi’s historical core market; the Americas; and the Rest of the World, being those other opportunities that may arise outside of Kambi’s two main focal areas. Americas contributed 58% (58%) aligned with a strong US sporting calendar and additional launches and markets in the US, while Europe contributed to 40% (40%) of total operator GGR in Q4.



Operator trading analysis

In the interest of commercial sensitivity and instead of disclosing actual turnover figures, Kambi presents its customers' sports betting turnover as an index called The Kambi Turnover Index, with the first quarter of 2014 indexed at 100. The graph below shows the index since Q1 2018 and also illustrates Kambi's operators' quarterly trading margin.



Operator turnover for the fourth quarter of 2021 was 758, a decrease of 23% versus Q4 2020. However, removing DraftKings from the comparative quarter, operator turnover increased by 19% due to a busy sporting calendar and several new launches including three new US states and with new partners in Australia, the Bahamas and the Netherlands. As a reference point, operator turnover growth increased by 35% compared to Q4 2019, which illustrates the rapid growth and further evidencing Kambi's strong market position through launches into many more territories and channels, and an increased operator portfolio.

Operator trading margin

The operator trading margin for the quarter was 7.8% (Q4 2020: 9.4%), despite unfavourable sporting results in October. The operator trading margin for the past 12 month period has been 8.7%.

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 turnover is affected by short-term variations in operator trading margins; over time there is likely to be a negative correlation i.e. a higher operator trading margin results in lower turnover.

Due to the variance in actual sporting results, there can be deviation from the 12 month expectation without prompting a change in the outlook. The operator trading margin expectations are estimated on a forward-looking rolling 12 month basis and are shared to explain short-term variations in betting patterns and therefore revenues. They are updated quarterly and when updated, previously stated expectations should be considered obsolete.

Currency effects

Kambi's principal currency is the Euro, which is also the reporting currency, but has both costs and revenues in certain other currencies, such as SEK, GBP and USD which can be subject to short-term fluctuations. However, as Kambi has both revenues and costs in the same currencies, this creates, to some extent, a natural hedge which partly mitigates the impact these fluctuations may have.

Cost development

Kambi's cost development is driven by our continued commitment to building a market-leading Sportsbook. Our scalable business model requires strategic investments to deliver on future growth, which impacts both operating expenses and capitalised costs, in:

- Product development
- Channel enhancements
- Market expansion
- New customer integrations
- Software transformation

Capitalised development costs

In the fourth quarter of 2021, development expenditure of €6.0 (4.7) million was capitalised with €20.1 (16.5) million capitalised for the full year of 2021. These capitalised development costs are amortised over three years, starting in the year the costs are incurred. The amortisation charge this quarter was €4.6 (3.3) million and for the full year of 2021 was €16.0 (12.4) million, including amortisation on acquired Intangible assets.

Operating expenses

Operating expenses are a combination of activity-related costs and fixed costs; the main expenses are salaries, office costs, data supplier costs, consultant costs and amortisation.

Operating expenses for the fourth quarter of 2021 were €27.8 (24.7) million, and €105.4 (85.5) million for the full year of 2021.

Total operating expenses are expected to be in the range of €29.5 – 31.0 million in Q1 2022 and €125.0 – 135.0 million for the full year 2022, as our product offering continues to evolve and includes €3.0 – 4.0 million of Abios related costs, of which €1.5 million relates to amortisation on acquired Intangible assets.

Operating profit

Operating profit for the fourth quarter of 2021 was €7.1 (22.2) million, with a margin of 20.2% (47.3%), and €57.0 (32.2) million for the full year of 2021, with a margin of 35.1% (27.4%).

Profit before tax

Profit before tax for the fourth quarter of 2021 was €6.8 (22.1) million. Profit before tax for the full year of 2021 was €56.2 (31.0) million.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the fourth quarter of 2021 was €0.7 (4.8) million. The tax expense for the full year of 2021 was €9.7 (7.0) million, at an effective tax rate of 17%.

Profit after tax

Profit after tax for the fourth quarter of 2021 was €6.1 (17.3) million. Profit after tax for the full year of 2021 was €46.4 (24.1) million.

Financial position and cash flow

The net cash position at 31 December 2021 was €72.3 (53.5) million.

Cash flow from operating and investing activities (excluding working capital and acquisitions) amounted to €4.8 (20.5) million for the fourth quarter of 2021 and €44.6 (28.7) million for the full year of 2021.

Net cash flow was a decrease of €5.5 (€14.6 increase) million for the quarter, as a result of the share buyback programme.

Share buybacks

From 27 October to 10 November 2021, Kambi 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, for a total of €12.0 million including transaction fees.

Personnel

Kambi had 1,006 (878) employees equivalent to 992 (866) full time employees at 31 December 2021, across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the UK, and the United States. This includes staff taken on in Q3 2021 following the acquisition of Abios.

Financial information

The financial information has been presented in accordance with International Financial Reporting Standards as adopted by the European Union. All numbers in this report are unaudited. All numbers in this report are shown in Euro (€) and all the numbers in brackets refer to the equivalent period in the previous year.

Financial calendar

27 April 2022	Q1 2022 report
17 May 2022	2022 AGM
27 July 2022	Q2 2022 report
26 October 2022	Q3 2022 report

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About Kambi

Kambi is a provider of premium sports betting services to licensed B2C gaming operators. Our services encompass a broad offering from front-end user interface through to odds compiling, customer intelligence and risk management, built on an in-house developed software platform. Kambi's 30-plus customers include ATG, Churchill Downs Incorporated, Kindred Group, LeoVegas, Penn National Gaming and Rush Street Interactive. Kambi employs more than 1,000 staff across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the UK and the United States.

Kambi utilises a best of breed security approach and is ISO 27001 and eCOGRA certified. Kambi Group plc is listed on First North Growth Market at Nasdaq Stockholm under the symbol "KAMBI". The Company's Certified Advisor is Redeye AB.

Redeye AB, Certifiedadviser@redeye.se, +46 (0)8 121 576 90.

Legal disclaimer

Kambi does not give any forecasts. Certain statements in this report are forward-looking and the actual outcomes may be materially different. Even though management believes any expectations expressed are deemed reasonable, no guarantee can be given that such expectations will prove correct and even if such expectations remain, quarterly fluctuations are common. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuation in exchange rates, interest rates and political risks.

Publication

The information in this report is such that Kambi Group plc is required to disclose under the EU Directive of Market Abuse Regulation and rules for companies listed on the First North Growth Market at Nasdaq Stockholm.

The information in this report was sent for publication on Friday 11 February 2022 at 07:45 CET by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT

€ '000

	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020
Revenue	34,884	46,925	162,418	117,685
Staff costs	-11,103	-13,771	-50,215	-43,063
Amortisation	-4,648	-3,257	-15,987	-12,375
Data supplier costs	-3,549	-3,128	-13,523	-10,803
Other operating expenses	-8,525	-4,573	-25,650	-19,215
Total operating expenses	-27,825	-24,729	-105,375	-85,456
Profit from operations	7,059	22,196	57,043	32,229
<i>Operating margin</i>	<i>20.2%</i>	<i>47.3%</i>	<i>35.1%</i>	<i>27.4%</i>
Investment income	4	31	9	38
Finance costs	-297	-170	-887	-652
Profit before items affecting comparability	6,766	22,057	56,165	31,615
Items affecting comparability ¹	-	-	-	-590
Profit before tax	6,766	22,057	56,165	31,025
Income tax	-671	-4,783	-9,734	-6,969
Profit after tax	6,095	17,274	46,431	24,056

¹ 2020: Bad debt expense in relation to National Lottery AD
**CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME**

€ '000

	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020
Profit after tax for the period	6,095	17,274	46,431	24,056
Other comprehensive income:				
Currency translation adjustments taken to equity	663	274	1,174	-955
Actuarial gain/(loss) on employee defined benefits	11	-58	11	-58
Comprehensive income for the period	6,769	17,490	47,616	23,043

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
€ '000

	31 Dec 2021	31 Dec 2020
ASSETS		
<i>Non-current assets</i>		
Intangible assets	50,244	22,425
Property, plant and equipment	23,418	10,181
Deferred tax assets	9,443	6,500
	83,105	39,106
<i>Current assets</i>		
Trade and other receivables	34,097	36,632
Cash and cash equivalents	79,657	60,826
	113,754	97,458
Total assets	196,859	136,564
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	93	92
Share premium	59,464	58,237
Other reserves	4,608	5,950
Currency translation reserve	-2,183	-3,357
Shares repurchased	-12,000	-
Retained earnings	85,395	37,093
Total equity	135,377	98,015
<i>Non-current liabilities</i>		
Lease liabilities	13,656	3,537
Convertible bond	7,395	7,345
Contingent consideration	3,852	-
Deferred tax liabilities	1,328	1,219
Other liabilities	389	330
	26,620	12,431
<i>Current liabilities</i>		
Trade and other payables	16,722	16,453
Tax liabilities	10,455	7,339
Lease liabilities	3,718	2,326
Contingent consideration	3,967	-
	34,862	26,118
Total liabilities	61,482	38,549
Total equity and liabilities	196,859	136,564

CONSOLIDATED STATEMENT OF CASH FLOWS

€ '000

	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020
OPERATING ACTIVITIES				
Profit from operations	7,059	22,196	57,043	32,229
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	1,683	1,325	6,168	5,079
Amortisation of intangible assets	4,648	3,257	15,987	12,375
Bad debt expense	-	-	-	-590
Share-based payment	489	242	1,637	1,372
Operating cash flows before movements in working capital	13,879	27,020	80,835	50,465
(Increase)/decrease in trade and other receivables	3,431	-9,088	2,535	-14,638
(Decrease)/increase in trade and other payables	-965	3,825	269	5,377
(Decrease)/increase in other liabilities	7	65	59	105
Cash flows from operating activities	16,352	21,822	83,698	41,309
Income taxes paid net of tax refunded	-2,064	-1,464	-11,379	-2,759
Interest income received	8	32	9	38
Net cash generated from operating activities	14,296	20,390	72,328	38,588
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	-1,101	-416	-4,816	-2,575
Development costs of intangible assets	-5,950	-4,651	-20,056	-16,459
Acquisition of subsidiary, net of cash acquired	-	-	-14,751	-
Net cash used in investing activities	-7,051	-5,067	-39,623	-19,034
FINANCING ACTIVITIES				
Proceeds from issue of new shares	74	23	1,651	197
Shares repurchased	-12,000	-	-12,000	-
Payment of lease liabilities	-667	-724	-3,645	-2,989
Interest paid	-102	-48	-254	-389
Net cash generated/(used in) financing activities	-12,695	-749	-14,248	-3,181
Net increase/(decrease) in cash and cash equivalents	-5,450	14,574	18,457	16,373
Cash and cash equivalents at beginning of period	84,814	45,852	60,826	44,988
Effect of foreign exchange differences	293	400	374	-535
Cash and cash equivalents at end of period	79,657	60,826	79,657	60,826

**CONSOLIDATED STATEMENT OF CHANGES
 IN EQUITY**

€ '000

	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020
Opening balance at beginning of period	141,164	79,001	98,015	71,743
<i>Comprehensive income</i>				
Profit for the period	6,095	17,274	46,431	24,056
<i>Other comprehensive income:</i>				
Translation adjustment	663	274	1,174	-955
Actuarial gain/(loss) on employee defined benefits	11	-58	11	-58
	6,769	17,490	47,616	23,043
<i>Transactions with owners</i>				
Share options - value of employee services	489	242	1,637	1,372
Other	74	23	1,228	598
Shares repurchased	-12,000	-	-12,000	-
Tax on share options	-1,119	1,259	-1,119	1,259
	-12,556	1,524	-10,254	3,229
Closing balance at end of period	135,377	98,015	135,377	98,015

KEY RATIOS

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

	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020
Operator turnover ¹ as index of Q1 2014	758	989	n/a	n/a
Operating (EBIT) ² margin, %	20.2%	47.3%	35.1%	27.4%
EBITDA ² (€m)	13.4	26.8	79.2	49.7
EBITDA ² margin, %	38.4%	57.1%	48.8%	42.2%
Equity/assets ratio, %	68.8%	71.8%	68.8%	71.8%
Employees at period end	1,006	878	1,006	878
Earnings per share (€)	0.198	0.558	1.501	0.781
Fully diluted earnings per share (€)	0.196	0.541	1.473	0.763
Number of shares at period end	30,541,297	30,954,697	30,541,297	30,954,697
Fully diluted number of shares at period end	31,738,781	32,070,681	31,738,781	32,070,681
Average number of shares	30,771,922	30,953,371	30,924,214	30,815,376
Average number of fully diluted shares	31,141,408	31,951,619	31,525,018	31,510,893

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

² Excluding items affecting comparability (2020: 590k bad debt expense)