

**Kambi**



# REDEFINING WHAT'S POSSIBLE

Kambi Group plc annual report and accounts 2022

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“In 2022, we made fantastic progress across the company and I believe the best is yet to come as we redefine what’s possible and build towards our long-term goals.”

**Kristian Nylén**  
CEO and Co-founder

Read the full CEO's view on page 13

## 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, 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.

# Kambi's strategic principles

## Purpose

Bring the thrill to every sporting moment

## Vision

The pioneer of next generation betting entertainment that players demand and operators can't compete without

## Company values



**BETTER**

We have relentlessly high standards. We rise to the occasion and never settle. We know that to win we need to get better every single day.



**FASTER**

Speed in business matters. We are brave and take calculated risks. We understand that great is not always the same as perfect.



**TOGETHER**

We can achieve great things together with an atmosphere based on talent, respect, trust, and joy.

## Core sustainability values

Sports integrity

Cyber security

People, diversity, business ethics

Energy and CO2

To learn more about Kambi's sustainability strategy please see pages 32-39

# OVERVIEW

A winning formula



# Kambi Group at a glance

## The world's undisputed number one sports betting supplier

**Kambi Group is the industry's leading, independent provider of premium turnkey and standalone sports betting technology and services.**

Kambi's core sportsbook encompasses a broad offering, from scalable technology and odds-compiling through to customer intelligence and risk management, built on and delivered through a market-leading, sports betting platform. Through its recent acquisitions, Kambi Group offers unmatched native app capabilities powered by front end specialists Shape Games, and is also a global leader in the provision of esports data and odds with Abios.

Founded in 2010, Kambi has spent more than a decade focused exclusively on the sports betting vertical, building a cutting-edge and

data-led turnkey sportsbook that delivers a superior user experience and provides partners with the freedom to differentiate. Today, its services not only include an award-winning end-to-end sportsbook but also an increasingly open platform and a range of standalone sports betting services which enable operators to engage and excite players to build market-leading positions.

Kambi Group plc 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.



**Founded in 2010**

By CEO Kristian Nylén and Board member Anders Ström



Listed on Nasdaq First North Growth Market since 2014



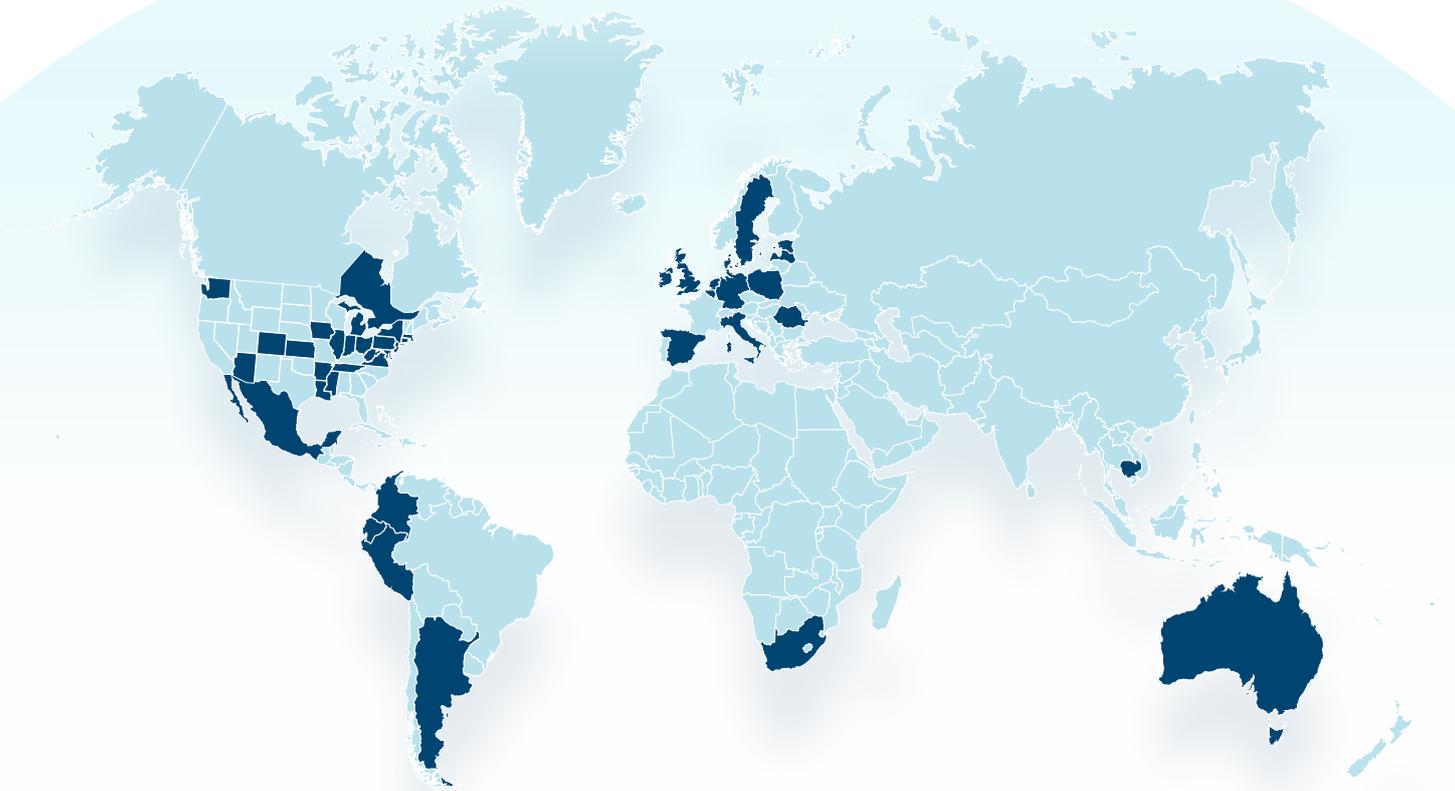
Processes **c.1bn odds changes** per month and **approx. 1bn bets** per year

A portfolio of leading brands and products

# Kambi



# A truly global business



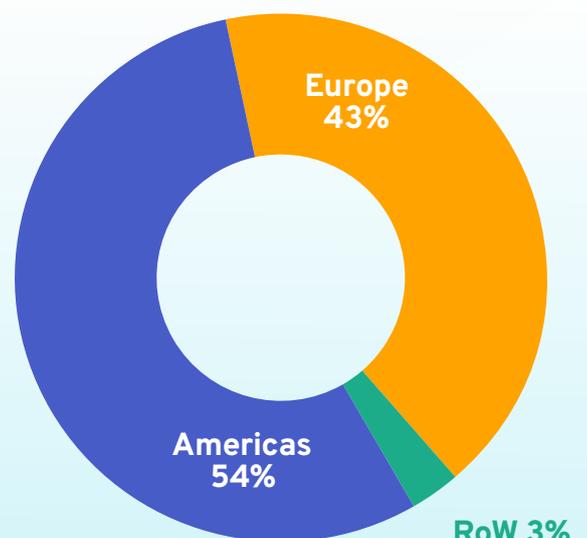
**40+** Online and retail partners

Live in more than **50 regulated markets** across six continents

**94%** of revenue is derived from locally regulated markets

**1,000+** talented employees based in eight countries

2022 operator GGR by region



# 2022 highlights

A landmark year for Kambi

## Kambi Group 2022 financial summary

Revenue:  
€166.0m

EBIT:  
€34.8m

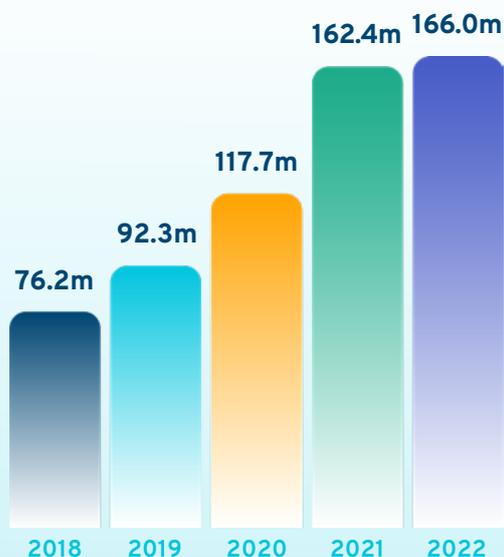
Net cash:  
€53.3m

Earnings per share:  
€0.861

## Kambi network extended with new partner signings



## 2018-2022 Kambi Group revenue (€)



Extended partnerships with  
**Kindred Group** and **betPARX**



Acquired native front end  
specialists **Shape Games**



# 2022 highlights

A landmark year for Kambi

Powered more than 60 online and retail launches in key markets including Argentina, New York, and Ontario



## Bet Builder

became Kambi's first modular service

Launched pioneering **3rd Gen trading** ahead of 2022 World Cup



**12** Kambi Group partners included on the prestigious EGR Power 50 list



# 2022 highlights

A landmark year for Kambi

Market leadership recognised in winning nine industry awards



## Highlights after 2022

### Partner extensions



### Partner signings



### Launches

#### Day one launches

in Massachusetts and Ohio



## 2027 financial targets

and strategic vision presented at Capital Markets Day

See pages 14-15 for more on Kambi's 2027 targets

2027 Targets

2-3x Revenue

€150m+ EBIT

# Investment case

## Five reasons to invest in Kambi Group



### Number one sports betting supplier

Kambi is the world leading B2B sportsbook provider with a proven track record of delivering sports betting excellence that few can compete with.



### Scalable and profitable business model

Kambi's track record of profitability demonstrates how its business model is built to be operationally and cost efficient to deliver growth in operating margin as revenue increases, ensuring it maintains a strong cash flow and balance sheet.



### Leader in a fast-growing regulated industry

Kambi has both the market-leading technology and industry knowhow to deliver in what remains a fast-growing market, with the proliferation of regulation across the globe presenting exciting opportunities for the business.



### Redefining sports betting experiences

Kambi is pioneering next-generation betting entertainment through the development of AI-driven, third generation trading capable of delivering an exciting and limitless sportsbook experience.



### Evolving product strategy to increase TAM

The provision of high-quality standalone services and an open platform will significantly expand Kambi's addressable market, with a product portfolio that will appeal to all operators regardless of their strategy or where they are in their lifecycle.

# STRATEGIC REPORT

A new frontier of  
sports betting



# Chair's statement

Lars Stugemo



**To bring the thrill to every sporting moment has been Kambi's core purpose from day one. It's a mission that inspires everyone at Kambi to go above and beyond, day in and day out, creating those little moments of added excitement for the player that live long in the memory.**

The 2022 World Cup exemplified just how unique sport is in its capacity to entertain people from all walks of life, culminating in what was one of the greatest finals of all time. From the beauty of an underdog story to the nail-biting tension of a penalty shootout, there really is nothing comparable to watching the drama of sport unfold and the viewing experience for those fans who can't be there in the flesh has arguably never been better. Far greater live TV coverage, live streaming from tech giants like Amazon, Apple and Disney and the rise of on-demand content have ensured consumers never miss out on the action.

Sports betting further enhances the excitement sport brings to fans. It is, after all, a form of entertainment enjoyed responsibly by hundreds of millions of people around the world who seek new ways to watch and engage with their favourite sports, teams or players for that extra bit of exhilaration. Kambi has long been the market leader in creating such memorable experiences for bettors by consistently innovating and iterating our product to ensure we bring that thrill.

Digitalisation has only made consumer demand for a high-quality sports betting experience more clear-cut. We are living in an information-rich age where data is king, providing an unprecedented level of insights into consumer behavioural trends that is impossible to be managed and processed by humans. In turn, this is opening the door to new technological advancements such as machine learning and artificial intelligence which, from a Kambi perspective, has been a key area of focus for the business in recent years but really came to the fore in 2022.

In general, we have seen players increasingly seeking greater control over their sports betting experiences, gravitating towards combinability products like Bet Builder. Consumers want the power to create their own stories within a game and place a wager on that rather

than be restricted to those presented to them by the sportsbook. Our job as industry leaders is to facilitate this limitless sportsbook experience by removing the barriers to what is possible, giving players the option to bet on anything, at any time and in any place and thus creating new entertainment opportunities where the only remaining barrier is the player's imagination.

Those companies that successfully enable such experiences will win out in the long term and Kambi is in a strong position to deliver after the progress it made in several key areas during a busy 2022. Among these was the launch of AI-driven, third-gen algorithmic trading capability, which gives Kambi a significant competitive advantage moving forward and will be difficult for other companies to replicate. We also acquired native front end technology leaders Shape Games which, in combination with third-gen trading, will enable Kambi to unlock the possibilities that this increasingly limitless offering enables us to explore through the delivery of a seamless user experience for players.

Looking back on the progress we made in 2022, I feel nothing but excitement and optimism for what Kambi has the potential to achieve as leaders in a growing market. We are now in full control of our destiny following the agreement we signed with Kindred last year and we go into 2023 and beyond full of confidence for the future. As industry innovators with a track record of success, we have never been better placed to redefine the sportsbook product of tomorrow.

A handwritten signature in black ink, appearing to read 'Lars Stugemo'.

**Lars Stugemo**  
Chair

# A view from the CEO

Kristian Nylén



**Kambi's success in 2022 was testament to the growth of our current partners as well as the great appetite that continues to exist for the complete Kambi sportsbook. Across the year, Kambi signed nine new partners, extended with both Kindred Group and betPARX, made a leap forward in our front end expertise through the acquisition of Shape Games and launched our AI-powered, third generation trading capability during what was a highly successful World Cup.**

We also made significant progress with our long-term strategy, which is largely to become more open and flexible, both from a technology and commercial standpoint, in turn increasing our addressable market. I believe there continues to be a great market out there for the full turnkey sportsbook, particularly with more markets regulating sports betting. However, there is also a large market for more bespoke services, whether that be an open platform where operators can integrate third-party services or incorporate some of their own trading, or standalone services that we can offer to companies which operate on their own tech stack, such as our Bet Builder, our esports product with Abios or our front end services via Shape Games.

From a technology point of view, much of the heavy lifting required to offer this wider range of services is complete and we've seen great interest from the market in these services. I also expect this interest to rise as operators increasingly seek to offer a fantastic product at optimal cost. While it's clear we have seen a trend, particularly in the US, for larger operators to in-source their tech stack, it's also true that more and more operators are outsourcing elements that they either can't do to a high level themselves, or it makes little financial sense for them to do so. Coupled with a sharpened focus on profitability throughout the industry, I believe Kambi is well positioned to become the go-to supplier for operators embarking on this journey.

Of course, it is also important to note that we will only succeed with this strategy if we have a great set of products to sell. Thankfully, we set out from the enviable position of being the world's leading complete sportsbook provider, and as we continue to modularise our sportsbook we are in turn creating more focus areas where the respective teams can work more independently than ever before, spurring innovation and enabling a faster pace of delivery. The work we are undertaking on our pioneering third generation trading capability is a perfect example of this, where we have a team of experts ranging from sports modelling to artificial intelligence to data science, building the trading platform of the future.

The terms 'ground-breaking' and 'game-changer' are often overused in this industry, however, both terms would be apt to describe this burgeoning trading

capability. Powered by fully automated algorithmic trading, our third-generation capability means we are leading the industry towards human-assisted machine trading rather than the machine-assisted human trading which we, and the rest of the market, adopted many years ago. For instance, during the World Cup, every one of the 64 games were priced up without the intervention of traders, with 500+ markets available to bet within just 90 seconds, a process which would otherwise take four to five hours.

Having passed its World Cup test with flying colours, we have already rolled out third generation trading across all top European Leagues, as well as the Champions League, with the benefits clear to see. Not only does third-gen trading drive greater efficiencies, but it also enables the creation of far more combinable markets, with those markets available to the player sooner and for longer, especially as we roll this out for live betting later in the year. In short, this pioneering third-gen trading capability enables us to deliver a more exciting and empowering product to the consumer at lower cost, which will become even more apparent as it's implemented across top sports in the coming years. As we progress on this journey, and as players increasingly gravitate towards markets that humans simply can't deliver to scale, it will become clear to others that second generation trading is no longer enough and the work required to catch up to what we have built will be significant, with no guarantee of success.

So, in summary, 2022 was an important year for Kambi, with fantastic progress made across the company. We strengthened our product in a variety of areas and the many opportunities we have ahead of us via both our complete service and our new open and flexible products are extremely promising. The year 2023 has already started in positive fashion, not least the extension we signed with Rush Street Interactive, and I believe the best is yet to come as we redefine what's possible and build towards our long-term goals.



**Kristian Nylén**  
CEO

# Strategic overview

## Kambi's path to €150+ million 2027 EBIT target

**Since it was founded in 2010, Kambi has focused exclusively on establishing itself as the world's leading, independent B2B sportsbook provider and platform of choice for operators seeking to fully outsource their sports betting technology.**

**Having led the market for more than a decade with its full turnkey product, and seeking to bring the thrill to every sporting moment, Kambi is now evolving its service to open up its platform and create a portfolio of modularised products that will significantly increase its addressable market in the coming years.**

As the undisputed B2B sportsbook market leader, demand for Kambi's full turnkey service has never been greater with nine partner signings completed during 2022 – more than in any year of its history. It is Kambi's belief that most operators in regulated markets will continue to require a high-performance full turnkey solution, and the company's focus remains on pushing the boundaries of its complete sportsbook.

In recent years, flexibility has been central to Kambi's product strategy, empowering partners with extensive differentiation capabilities to stand out in a competitive market. By offering control over crucial player-facing elements, such as front end and pricing, as well as a suite of open APIs to enable partners to build their own IP on top of Kambi technology, Kambi has been on a journey towards giving operators increasingly more control in key areas of the sportsbook.

At the same time, sports betting itself is changing. Players are seeking a product that will enable them to bet on

anything, at any time and in any place, where the only barrier is the player's imagination. This demand for more complex offers has been driving Kambi's development journey towards a limitless sportsbook, outpacing both its B2B and B2C competitors that are struggling to meet player needs. With the acquisition of Shape Games and the launch of Kambi's third generation trading capability, Kambi believes it is in a strong position to lead the market and capitalise on the opportunities the limitless sportsbook presents. See pages 17-19 for more information on Kambi's product leadership in this area.

### Summary of financial targets

The Board of Directors of Kambi decided on 19 January 2023 to adopt long-term financial targets in line with Kambi’s strategic vision. The 2027 financial targets are:

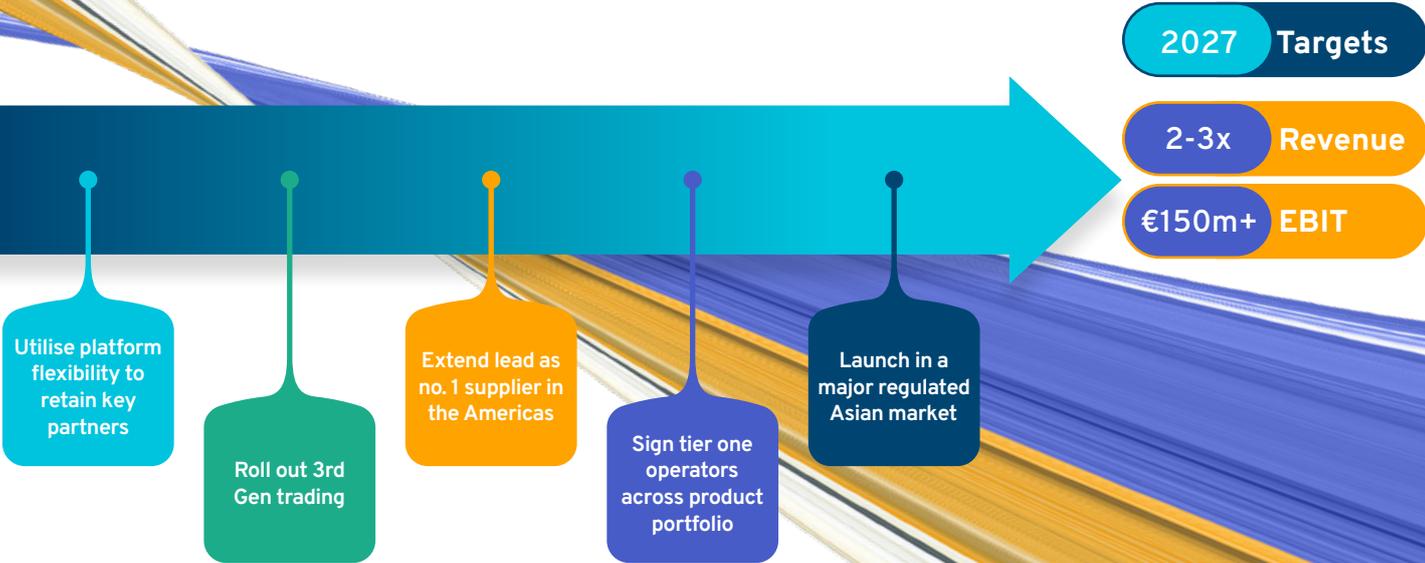
1. Revenue of 2-3x FY2022 levels (i.e. approximately €330 - 500 million)
2. EBIT in excess of €150 million

These financial targets are based on five key growth drivers:

- Utilise platform flexibility to retain key partners
- Roll out third generation trading
- Extend lead as number one supplier in the Americas
- Sign tier one operators across product portfolio
- Launch in a major regulated Asian market

Furthermore, the financial targets were adopted on the basis of various assumptions including the regulation of sports betting in certain key markets. In addition, Kambi estimated a potential increase in its global addressable market to approximately €50 billion GGR by 2027.

In conjunction with the financial targets, please note the full disclaimer on page 2.



## A product portfolio that appeals to all

As the market evolves, so must Kambi. While the long-term trend has been for operators to adopt outsourced solutions, recent years have seen top tier operators, particularly in the US, seeking to insource the core technology stack. However, not a single operator today owns the entirety of their sportsbook in-house and all outsource to some degree – be that, for example, the bet platform, pricing feeds or a bet builder.

Kambi believes there will be a renewed trend towards greater outsourcing as the industry matures and, as the next logical step on its journey towards ever greater flexibility, Kambi is ready to service the entire market by expanding its portfolio of market-leading products. As such, Kambi is opening its platform to enable the integration of content into the Kambi sportsbook through trading and UX interfaces, while Kambi has also modularised its technology to offer standalone services.

Together, this will deliver a new level of flexibility to its service and provide all operators with a relevant offering regardless of their strategy or where they are in their lifecycle. This new flexibility is brought to market through a choice of three product bundles: Kambi Complete, Kambi Flex and Kambi Select.

Kambi Complete is the full, award-winning turnkey sportsbook service Kambi has successfully delivered for more than 10 years and remains in high demand from those operators seeking a complete and quality outsourced

sportsbook solution. Kambi Flex incorporates Kambi's open platform with the capability for operators to mix and match Kambi and third-party services, enabling partners to differentiate and leverage their own USPs as they require. Kambi Select has been created to appeal to those operators taking a vertically integrated approach but which still seek to outsource specific products and services they are unable to provide to the necessary standard and levels of efficiency in-house.

What each modular service has in common is that they exist as part of the core Kambi sportsbook with all the advantages that brings, whereas most B2B competitors do not have the full sportsbook view and have built bespoke products with an outside-in approach. Kambi's modularised services, on the other hand, have the advantage of Kambi's years of experience building a complete market-leading sportsbook with all the benefits of its powerful global network, delivering an edge in key areas such as compliance, speed to market and overall quality of offering.

In short, by offering a product portfolio that appeals to all, Kambi can support operators throughout their sportsbook lifecycle and they no longer face a binary choice with regards to the full outsourcing of their sportsbook. Kambi is now ready to deliver flexibility at a scale not previously seen and pioneer the next generation betting entertainment that players demand and operators can't compete without.

## Kambi's expanded product portfolio

The graphic consists of three rounded rectangular boxes arranged horizontally. Each box has a colored border and a matching colored banner at the top containing the product name. Below the banner is a short paragraph describing the product's benefits.

- Kambi Complete**: Lead the market with the world's most trusted, revenue-driving, **full turnkey** sportsbook
- Kambi Flex**: Build on Kambi's open platform with a **mix and match** of Kambi and third-party products
- Kambi Select**: Enhance your sportsbook with our selection of high-quality **modular services**

# Product leadership

## Creating thrilling sports betting experiences

**Player behaviours and expectations are changing. Players increasingly want to have more control over how and what they are betting on and it's up to the industry to evolve and satisfy this demand. The development of cash out in the 2000s is a prime example of operators handing more control to the player, enabling them to take a cash value against their open bet using real-time probabilities. More recently, making it possible for players to combine outcomes in a single event and across events has emerged as the key sports betting battleground, one in which Kambi has taken a commanding position with its award-winning Bet Builder product.**

Kambi believes the next phase of evolution will be for players to create their own unique bets not dissimilar to ordering off menu at a restaurant. This is a significant step change to the traditional method of operators presenting players with a list of selections they can bet on, instead enabling players to design their own bets, where anything is possible. Players will expect to combine all bet offers, not just the current number that trading teams are confident they can price and trade. Successfully providing this player freedom will also require the removal of friction points, such as market suspensions or rejected bets in-play, not to mention a seismic shift in the packaging of the product. Operators will have to rethink what a fantastic user experience looks like, ensuring players can fully explore the opportunities a limitless sportsbook offers in a smooth and intuitive fashion.

**90 secs**

the time it took  
Kambi's 3rd Gen  
trading capability to  
price 500+ markets  
at 2022 World Cup

### 3rd Gen trading

Underpinning the limitless sportsbook is the ability to give players an unlimited number of betting options, essentially enabling the player to bet on what they like, when they like. To be able to offer such scope in betting options the way pricing and trading is largely conducted today needs to change, moving from a machine assisted human approach to a human assisted machine approach, or what we call third generation trading. For the past few years, Kambi has been developing the machine learning and

algorithmic trading capabilities required to handle and process the high volume of data, both sports data and Kambi's unique network data. Being able to do this in an entirely automated manner enables Kambi to fully unlock the potential of data and create unlimited bet offers instantly. This third-generation trading will not only provide a limitless offer, but also remove other friction points such as availability and bet limits. Currently available across top soccer competitions, third-gen trading will be expanding into other data-rich leagues and sports over the coming years.

**27%**

percentage of  
pre-match bets that  
were Bet Builders  
during 2022  
World Cup

### Bet Builder

Bet Builder - a product which gives players the opportunity to combine individual selections within the sportsbook in a single betslip - has been a revolutionary development in the sports betting value chain and it is now common for one in every four pre-match bets to be a Bet Builder. In general, players are increasingly seeking greater freedom and control over their sports betting experience, as demonstrated by the vast expansion in bet combinability, and Kambi has consistently delivered

one of the industry's leading Bet Builder products since it was launched in 2019. Today, Bet Builder is live for soccer, American football, hockey, baseball and basketball, and in 2022 it won the award for Innovation in Sports Betting Software at the EGR B2B Awards due to its lead in key areas such as paybacks and multi-game capability. It was also identified as the first modular service Kambi will go to market with and key improvements in recent months, including the addition of live and cash out, have only strengthened Kambi's Bet Builder product further.

## Front end

Acquired in Q3 2022, Shape Games represented the missing piece in Kambi's front end capability, namely the native technology increasingly sought by operators to provide a leading in-app experience. When combined with the front end expertise and technology Kambi has developed in web and retail, Kambi, together with Shape Games, now offers the industry's most sophisticated front end clients across all channels.

As well as providing the high-quality front end experiences players demand today, Kambi and Shape Games can drive innovation through the powerful combination of technology and experience, crucially leveraging the vast player behaviour data Kambi's partner network holds. In addition, Kambi's path to the limitless sportsbook will only succeed should the endless betting possibilities be presented to the player in an intuitive way. Therefore, the added capability of Shape Games will enable Kambi to reimagine how a sportsbook is packaged and presented to players.

The addition of Shape Games not only significantly strengthens Kambi's ability to attract new partners, but it also opens the door to valuable cross-sell opportunities between both Kambi's and Shape Games' existing clientele. As an example, Kambi partner BetCity recently signed Shape Games to provide a bespoke front end to aid its growth in the Netherlands. Shape Games will also continue to grow outside of the Kambi network.

### Shape Games customers include:

BetWarrior

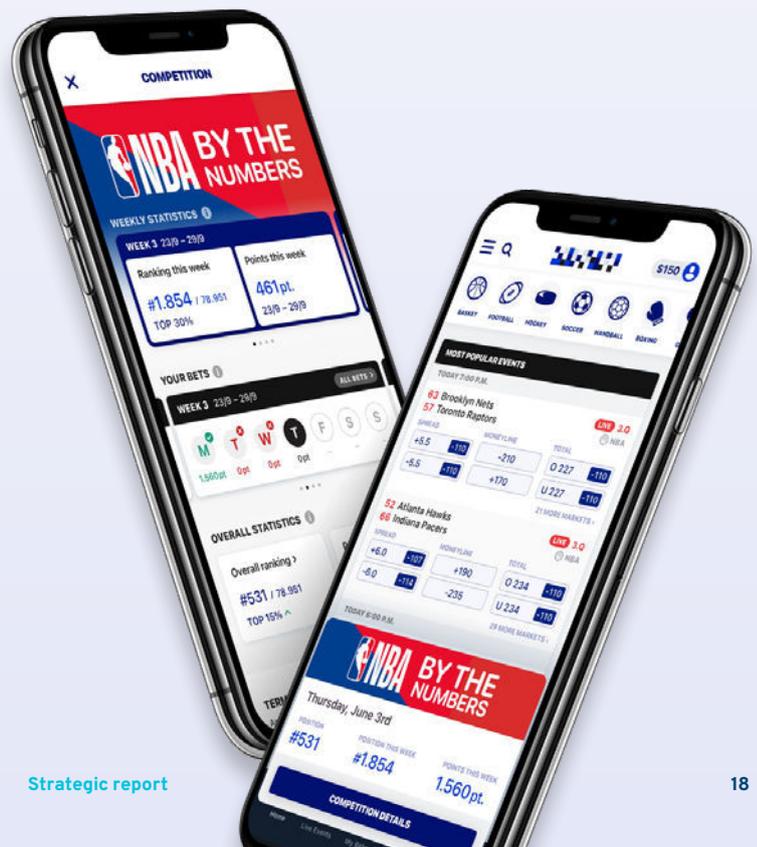
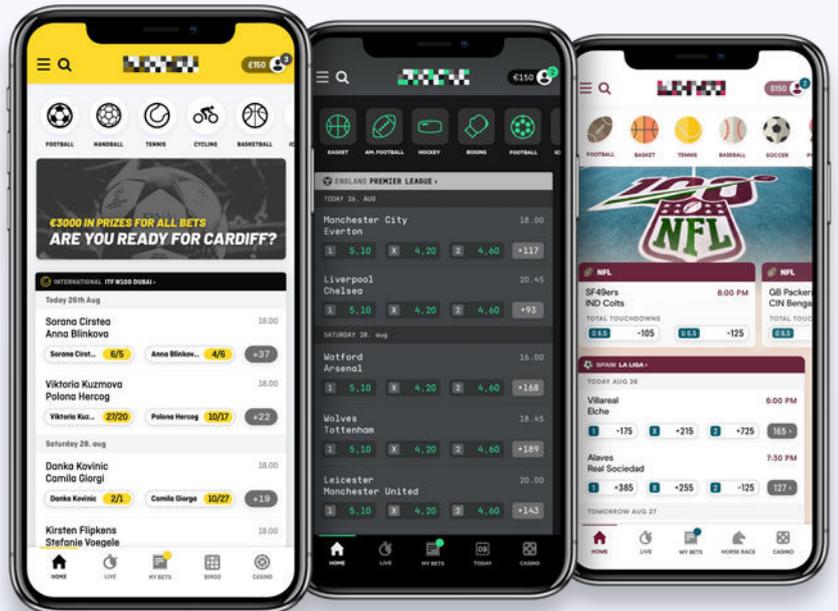
Danske Spil

JACK Entertainment

Norsk Tipping



**SHAPE GAMES**  
with Kambi



## Esports

The esports betting market grew exponentially during the Covid-19 pandemic when most traditional sports tournaments were either cancelled or postponed, but this rise in popularity shows no sign of abating. In 2021, Kambi acquired global esports specialists Abios to enable Kambi to capitalise on the emerging opportunities this exciting vertical presents and develop an esports betting proposition for a new generation of players that is unrivalled in the wider market.

Abios has been successfully integrated into the Kambi Group, leveraging the scale of the business from a legal and regulatory perspective while also maintaining a high degree of autonomy to develop and commercialise its products. Key milestones during 2022 include building automated probability modelling for top-level games and securing the official real-time data contracts needed for live odds, with Abios set to deliver its odds product on both the Kambi platform and to partners outside the platform during H1 2023.

Kambi believes there is significant growth potential in esports, particularly as regulated markets continue to add esports into their frameworks. To illustrate this potential, esports is now regulated to some degree in approximately half of all US states where sports betting is legal, while it is also anticipated esports could become a top three sport in Brazil, should it be part of the pending regulation as expected.

### Abios customers include:

LeoVegas

Microsoft

Pinnacle

Unibet



# Sports betting market

## Leader in a fast-growing regulated industry

The global sports betting market continues to evolve and grow rapidly, driven by the ongoing expansion of locally regulated markets which was a key driver in the creation of Kambi.

Operators across the globe know that Kambi is a partner they can trust to successfully navigate these regulatory complexities, benefitting from a powerful combination of Kambi’s outsourced business model, which offers unparalleled adaptability while reducing costs, alongside its flexible technology and ability to pivot this technology to meet any local requirements.

Today, Kambi is live in more than 50 jurisdictions across six continents and derives c.95% of its revenue from regulated markets, with the Americas now Kambi’s largest region in terms of operator gross gaming revenue.

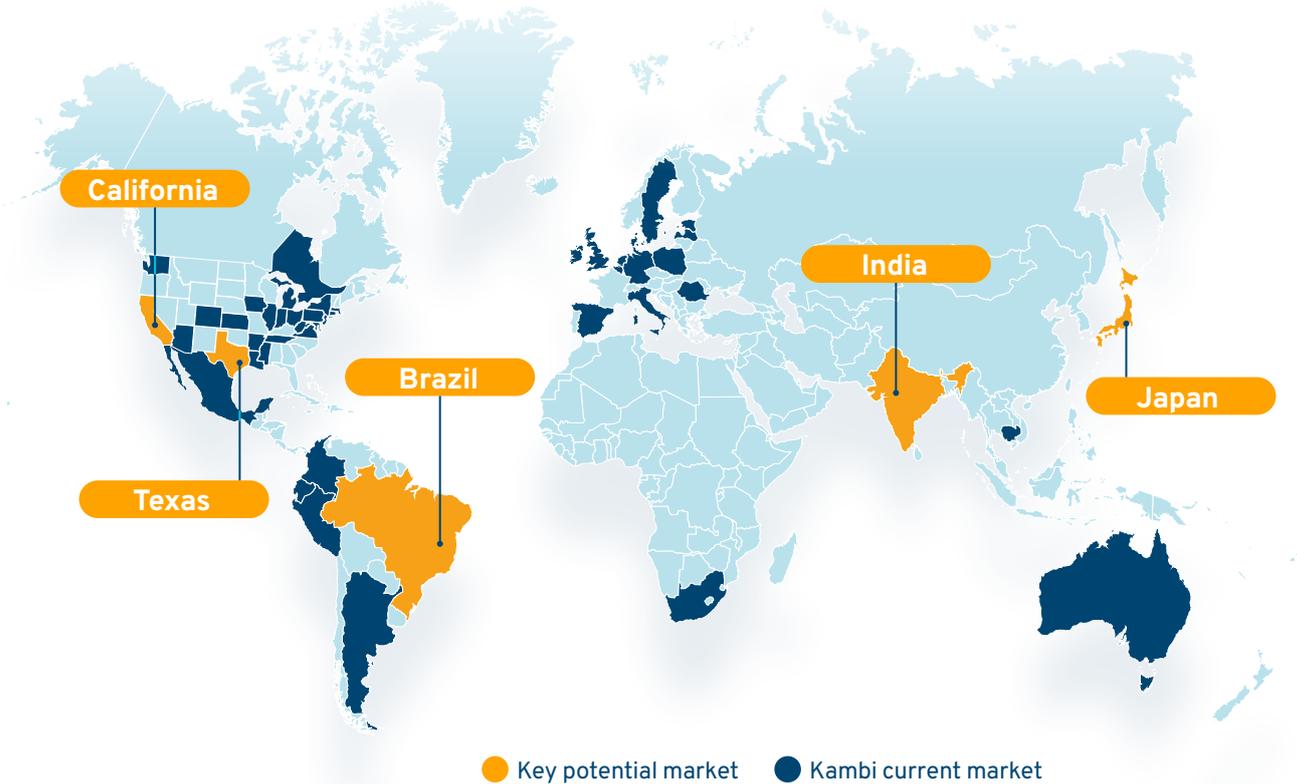
However, using a mix of external and internal estimates, Kambi believes its

total addressable market (TAM) could expand significantly in the coming years, rising from €11 billion gross gaming revenue in 2022 to €50 billion in 2027 through the addition of modularised services and the continuation of sports betting regulation in major markets. An increased TAM creates greater revenue opportunity for Kambi, please see pages 28-31 for information on Kambi’s business model and revenue conversion.

There is significant potential for regulation in key territories within the next few years which could materially grow Kambi’s addressable market, including California and Texas in the US, as well as in Brazil, India and Japan.

Kambi’s total addressable market is increasing rapidly

2027 TAM: €50 billion



Kambi's target regions for growth are: the Americas, Europe and Regulated Asia.

## The Americas – 2027 TAM: €23bn

### US and Canada

The North American sports betting landscape witnessed another milestone year in 2022. In the United States, several new states launched sports betting in some capacity including Kansas, New York (online) and Washington, as well as Massachusetts and Ohio in early 2023. Of the now 32 states - plus Washington DC - where sports betting is live, Kambi is operational in 21 states and in 2022 powered the launch of a combined 33 retail and online sportsbooks – averaging more than one launch every two weeks. With Kambi's ongoing expansion into the US, time and 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 will continue to be a key growth driver for Kambi for the next several years.

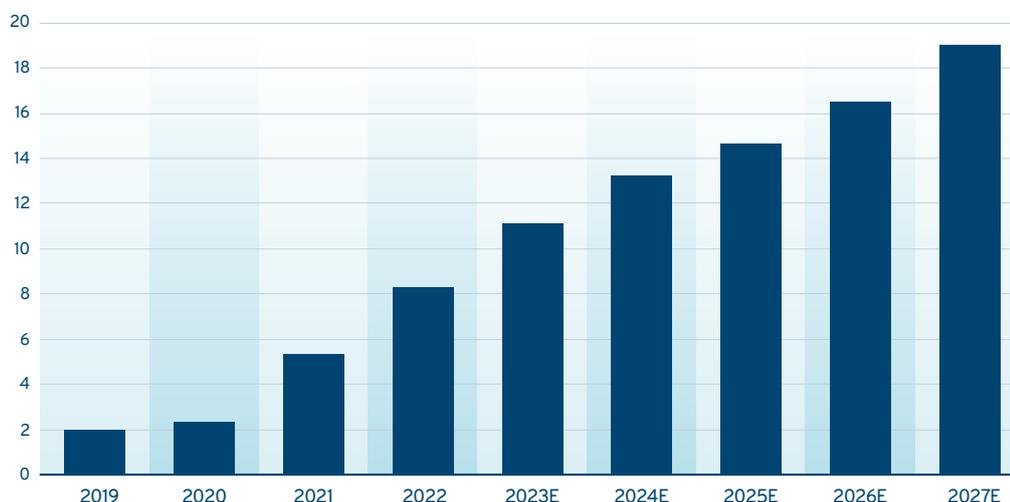
Throughout the year, Kambi added two new operators to its US partner network with Oaklawn Racing Casino Resort in Arkansas, one of the premier thoroughbred tracks and casinos in the US, and ilani in Washington state, a partnership that includes tribal gaming giant Mohegan Gaming & Entertainment. Kambi powers on-property sportsbook operations for each, as well as mobile operations for Oaklawn under the Oaklawn Sports brand. In addition to new partner signings, Kambi also extended its partnerships with betPARX, as well as Rush Street Interactive in the first week of 2023.

A key highlight in the North American sports betting industry in 2022 was the launch of online sports betting in the state of New York, which quickly became the United States' largest sports betting market. Bettors in the Empire State wagered more than \$16 billion in mobile sports betting in the market's first year of operation and Kambi has been live since day one of the marketing opening in January 2022 with its partner Rush Street Interactive.

Another key milestone was the regulation of sports betting in Canada, which saw Ontario as the first province to go live with legal single-game wagering. Kambi is a proud member of the Canadian Gaming Association and has been operational in the province since day one. Since market launch, Kambi has signed several new partners in Canada, and supported them in 18 online and retail launches throughout 2022.

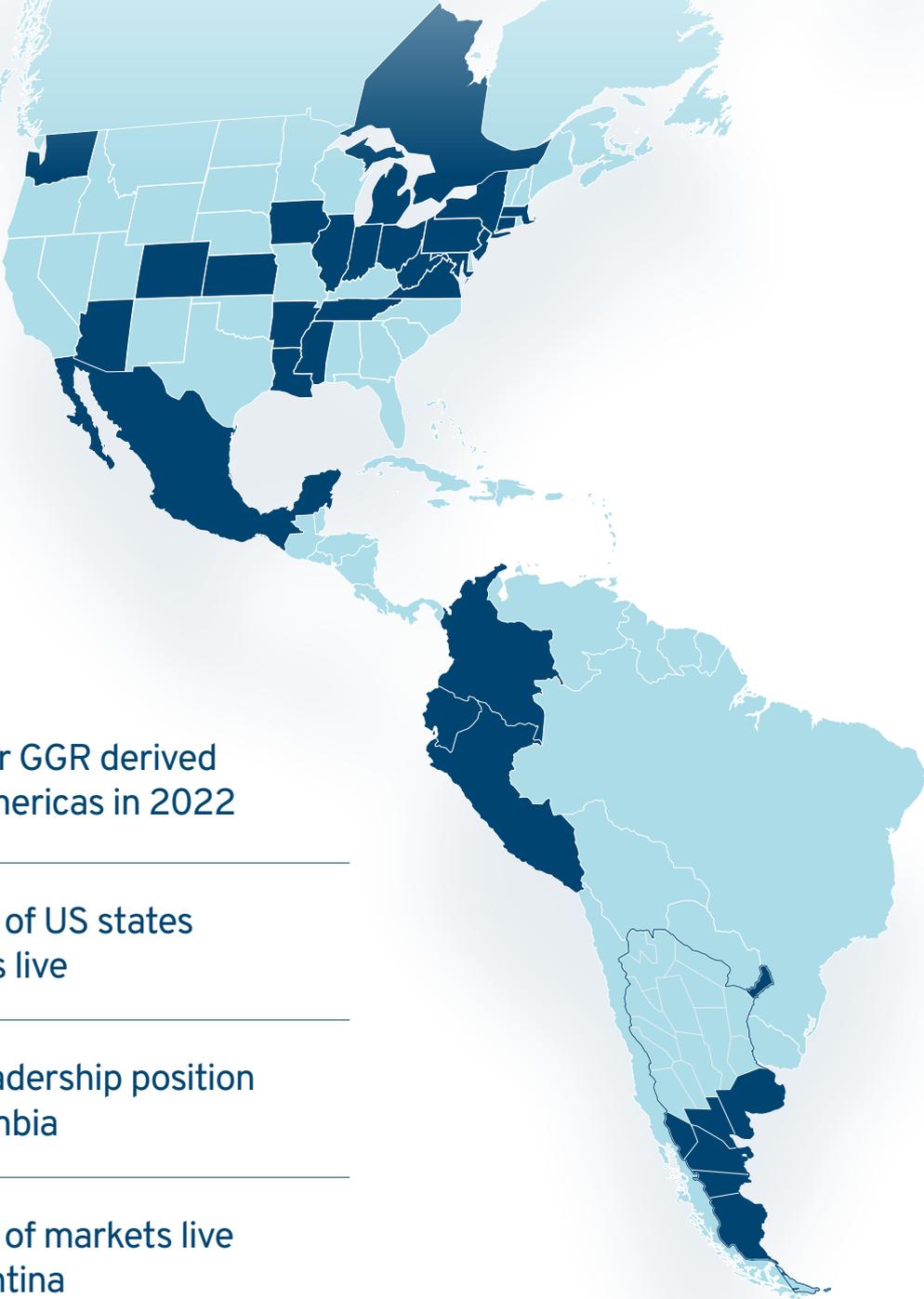
At the start of 2022, Kambi announced a multi-year partnership with NorthStar Gaming, a made-in-Ontario online betting brand and sportsbook that is partnered with TorStar Corporation, which publishes the Toronto Star newspaper. Later in the year, a mobile sportsbook agreement was signed with Mohegan Gaming & Entertainment to support Fallsview Casino's online mobile sportsbook under the brand PlayFallsview. That partnership was further extended when Kambi signed a deal to support on-property sports betting to Mohegan's Fallsview Casino Resort and Casino Niagara properties. Finally, in October, an on-property sportsbook partnership was formed with one of the largest gaming and entertainment companies in Canada, Great Canadian Entertainment. Kambi now provides its retail sportsbook solutions to 10 of its properties throughout the province.

## Sports betting GGR market size forecasts - US and Canada (€bn)



Source: H2 Gambling Capital. Data excludes horseracing

# Kambi's Americas footprint



**54%** operator GGR derived from Americas in 2022

**21** number of US states Kambi is live

**1st** clear leadership position in Colombia

**8** number of markets live in Argentina

## Latin America

Latin America remains an important area of focus for Kambi and as more countries across the region regulate, it will only become an even more attractive market given its significant long-term potential. Kambi is established as the sportsbook provider of choice in Latin America, a region with a population of approximately 650 million people, almost twice the size of the United States.

Kambi's market leadership is underpinned by its strong position in Colombia where it currently powers the two market leaders, BetPlay and RushBet, with the latter brand having also expanded into Mexico in 2022.

In the last year, Kambi made further inroads in the Latin American market, headlined by its most recent partnership in December with Rei do Pitaco, Brazil's leading daily fantasy sports operator. With a focus on soccer, Rei do Pitaco's mobile app has received more than 14 million downloads since going live in 2019. This multi-year partnership will enable Rei do Pitaco to leverage Kambi's sports betting technology once regulation passes.

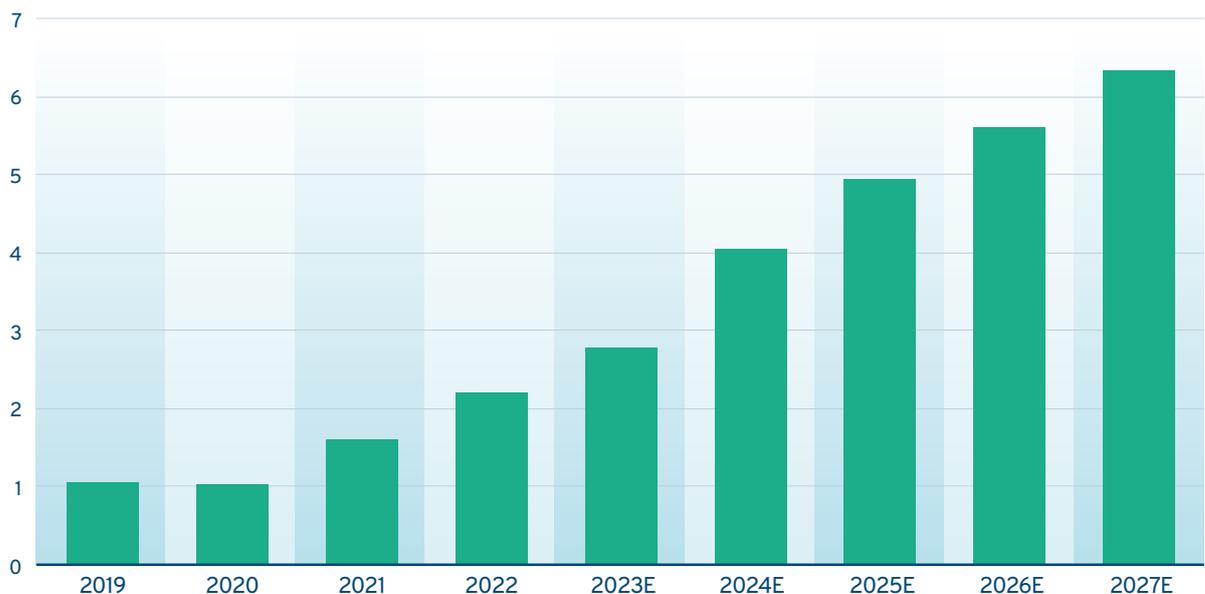
With a population of more than 200 million people, Brazil has the potential to become one of the world's biggest regulated

sports betting markets and it is widely expected that legislation could be enacted in 2023. Current legislative proposals suggest B2C operators will be required to have a physical presence in the country which could favour locally established operators such as Rei do Pitaco.

Kambi also signed a partnership with player account management platform Ondiss to exclusively power a group of operators in Argentina which include BetWarrior, Casino Magic, and Casino Club brands as well as a potential for additional operators under Ondiss' network throughout Argentina. Kambi is currently live in eight Argentinian jurisdictions: Buenos Aires City, Buenos Aires Province, Neuquen, La Pampa, Misiones, Santa Cruz, Rio Negro and Chubut.

In November, Kambi signed a sports betting agreement with Puerto Rican operator LMG Gaming, owned by Liberman Media Group, which leverages the Teleonce television network to market its sportsbook under the brand ApuestaPR. In addition to online sports wagering, ApuestaPR plans to offer retail sportsbook solutions through a large network of retail across Puerto Rico.

## Sports betting GGR market size forecasts - Latin America (£bn)



Source: H2 Gambling Capital. Data includes Mexico

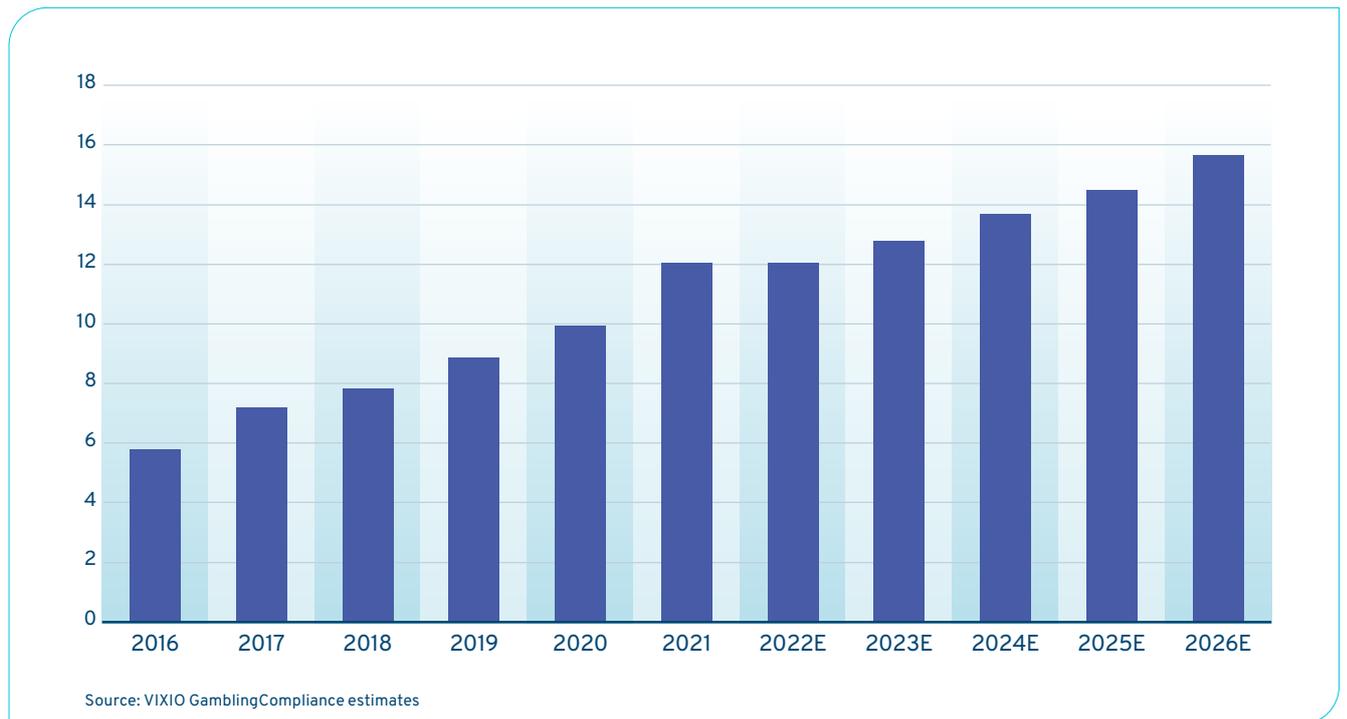
### Europe – 2027 TAM: €19bn

Europe remains the world’s most mature online sports betting region and while its growth has slowed in recent years compared to some emerging sports betting markets, latest VIXIO market projections show there remains significant headroom for growth. Operators across the continent are feeling the pressure of new regulations and mounting compliance requirements, which, for example, have led to numerous B2C market exits in the regulated UK market. From a Kambi perspective, the company’s technology is well placed to capitalise on this opportunity as operators seek a cost-efficient and compliant solution with the standard of product capable of competing with some of the biggest sports betting brands in the market.

### Asia – 2027 TAM: €8bn

Kambi’s presence in Asia is currently limited to Cambodia where it has a retail partnership with NagaCorp - a leading hotel, casino and entertainment complex in the capital city of Phnom Penh. While there is little immediate prospect of sports betting regulation in Asia, there are encouraging signs that regulation could become a realistic prospect within the next few years, with Japan and India among those countries with the most realistic prospects of adopting regulatory frameworks. If either country was to regulate within the next five years, it would have a significant positive impact on Kambi’s TAM and its ability to meet its 2027 financial targets.

### Regulated online sports betting GGR market size forecasts - Europe (€bn)



# Kambi partner network

## Powering industry leaders across the globe

**The company underlined its status as the technology provider of choice for the sports betting industry's market leaders and ambitious scale-ups in 2022, augmenting a more than 40-strong partner network through a series of partnerships with compelling commercial potential while renewing agreements with key partners BetPARX and Kindred Group.**

Kambi's growing global network of operators is greater than the sum of its parts and is central to the value that it delivers partners. As this network continues to grow, so too do the benefits it offers to partners, with Kambi uniquely positioned to pool resources and data across the network to continually develop and iterate its sportsbook to be the pioneer of next generation betting entertainment that players demand and operators can't compete without.

The strength of Kambi's position in Latin America was furthered by agreements with Ondiss and Rei do Pitaco focused on sports betting in Argentina and Brazil respectively. Meanwhile, the regulation of single event sports wagering in Canada's most populous province, Ontario, signified a major opportunity for sportsbooks. Alongside launching with several existing partners, Kambi signed agreements in 2022 with multiple

operators looking to capitalise on sports betting's potential in the country, including Great Canadian Entertainment, Mohegan Gaming & Entertainment and NorthStar Gaming.

It was another year in which Kambi underlined its value as the leading sports betting partner to US operators, penning a multi-year partnership with ilani – a joint partnership of the Cowlitz Tribe and Salishan-Mohegan - in Washington state and Oaklawn Racing Casino Resort in Arkansas. Furthermore, Kambi also partnered in 2022 with MaximBet whose parent company has since ceased trading.

Kambi has continued the strengthening of its network in 2023 with the signings of del Lago Resort & Casino, Miami Valley Gaming and Potawatomi Casinos & Hotels, as well as agreement partnership extensions with Rush Street Interactive and Sun International.

## New partners signed in 2022



### Great Canadian Entertainment

One of the largest gaming and entertainment companies in Canada, operating dozens of gaming, entertainment and hospitality destinations across the country, Great Canadian Entertainment selected Kambi to power the launch of sports betting across ten of the operator's casinos in Ontario, including the recently opened Pickering Casino Resort. Great Canadian will benefit from a high-performance retail sportsbook solution that includes state-of-the-art betting kiosks with fully configurable digital signage functionality.



### ilani

Kambi put pen to paper on a partnership with ilani in 2022, agreeing a long-term deal with the tribal operator to provide on-property sports betting services at what is one of Washington state's largest casino properties. With more 100,000 total square feet of gaming space and situated in close proximity to Portland, the largest city in Oregon, ilani has carved out a strong brand presence and large customer base. The operator is delivered through a partnership between the Cowlitz Tribe and Salishan-Mohegan.



### LMG Gaming

Kambi agreed a long-term partnership with LMG Gaming (LMGG) – owned by Puerto Rican media company Liberman Media Group (LMG) – to power LMGG’s ApuestaPR sports betting brand. Alongside a best-in-breed online offering, ApuestaPR will also leverage Kambi’s capabilities to deliver on-property sports betting experiences through a large network of retail outlets. LMG will utilise the reach of its Teleonce television network in promoting the brand throughout Puerto Rico.



### Mohegan Gaming & Entertainment

Kambi sealed an online sports betting partnership for the Ontario regulated market with Mohegan Gaming & Entertainment, with Mohegan leveraging the Kambi sportsbook to go live with its PlayFallsview sportsbook brand. The partnership was later extended to also encompass on-property sports betting, with Kambi rolling out its land-based sports wagering solutions, including 36 kiosks, at Mohegan’s prestigious Fallsview Casino Resort and Casino Niagara in Ontario.



### NorthStar Gaming

Canada-facing NorthStar Gaming and Kambi entered into an exclusive multi-year agreement in 2022, launching the NorthStar Bets brand in Ontario’s regulated online market. NorthStar benefits from a landmark omnichannel advertising and marketing services arrangement with Torstar Corporation, a Canadian media company publishing multiple media brands including the Toronto Star.



### Oaklawn Racing Casino Resort

Having provided its retail sportsbook to the operator since 2021 via a partnership with Churchill Downs, Kambi contracted directly with Oaklawn Casino Resort in 2022. The deal sees Kambi power Oaklawn’s on-property sportsbook at the Oaklawn Racing Casino Resort in Arkansas. Alongside this, Kambi supported the launch of its online sportsbook operations under the ‘Oaklawn Sports’ brand.



### Ondiss

Kambi grew its footprint in Latin America through a long-term deal with the Ondiss platform. The partnership enables Kambi to provide its market-leading sportsbook to at least three operators on an exclusive basis in Argentina, these operators being BetWarrior, Casino Magic and Casino Club, with the potential to include other operators which are part of Ondiss’ network throughout the country. The multi-channel agreement extended Kambi’s access from three to a potential total of ten Argentinian provinces.



### Rei do Pitaco

Brazil’s leading daily fantasy sports operator, Rei do Pitaco (RDP), joined the Kambi network in 2022. A hugely recognisable mobile-led brand in Brazil with more than 14 million app downloads, RDP has received significant venture capital investment and is well placed to capitalise on the regulation of the Brazilian market which is expected to progress in 2023.

## New partners signed so far in 2023



### Del Lago Resort & Casino

In February, Kambi signed a multi-year agreement to provide its on-property sportsbook solution to del Lago Resort & Casino in Waterloo, New York, that is owned and operated by Churchill Downs Incorporated. The casino went live with Kambi's retail sportsbook the same month, February 2023.



### Miami Valley Gaming

Earlier in the year, Kambi and Miami Valley Gaming partnered to bring land-based sports betting to Miami Valley Gaming's racino in the state of Ohio, situated between Cincinnati and Dayton. A joint venture between Churchill Downs and Delaware North, Miami Valley Gaming will benefit from Kambi's state-of-the-art sports betting kiosks, Bring Your Own Device technology and powerful Bet Builder functionality.



### Potawatomi

In March, Kambi signed a multi-channel sportsbook partnership with Potawatomi Casinos & Hotels, a multi-property operator with locations in Milwaukee and Carter, Wisconsin. Potawatomi Casinos & Hotels is owned and operated by the Forest County Potawatomi Community and attracts millions of visitors annually.

# Our business model

## Creating value for our partners

Kambi continues to offer a fully managed sports betting service but, as explained on pages 14-19, is now expanding into the provision of an open platform and various standalone services, which will significantly increase its addressable market. Kambi works with real-time data providers, utilising proprietary tools to compile odds and manage risk, all on a sophisticated technical platform.

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 pool of partners enables us to view 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. 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 optimise 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 30 for the historical operator turnover index and trading margin.

Operator turnover at constant exchange rates decreased by 14% in 2022 which can largely be attributed to the loss of DraftKings as a partner, though offset somewhat by growth in the Americas market as well as Kambi’s historical core market Europe and the Rest of the World.

## 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 2022 was 8.6%.

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

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

The 12 month expectation range is updated quarterly and when updated, previously stated expectations should be considered obsolete.

## Operator turnover index and trading margin

The Kambi Turnover Index on p.30 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 2018. 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.

## 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 on page 31 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.

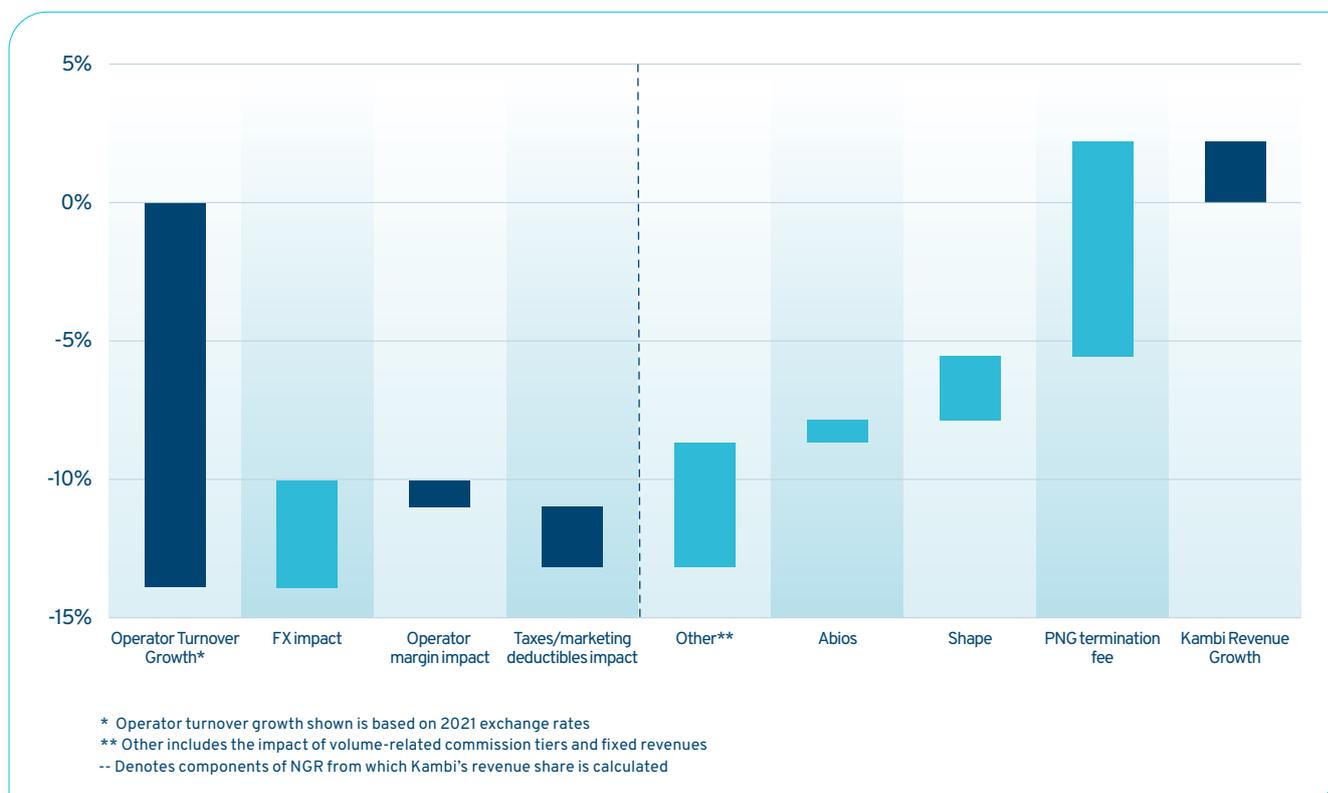
Including the impact of FX movements on the translation of these amounts, operator turnover declined by 10% in 2022 due to the loss of a major customer in DraftKings. Excluding DraftKings, operator turnover increased 20% in 2022. As illustrated in the Kambi Turnover Index above, the operator trading margin can fluctuate. Multiplying the margin by the turnover generates the GGR. The 2022 operator trading margin was 8.6%, compared to 8.7% in 2021. As a result of lower turnover, combined with a number of other factors, operator GGR decreased by 11% year-on-year. Excluding DraftKings, operator GGR increased 15% 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: 94% (2021: 86%) of our operators' GGR was subject to betting duties incurred in locally regulated markets. Revenue incurred in locally regulated markets increased due to regulation in various states in the US and the re-regulation of the Netherlands.

During the year the impact (or full year effect) of certain other gaming related taxes, and additional deductions for player incentives, resulted in a decrease of operators' NGR by 13%. Excluding DraftKings, operators' NGR increased by 9%. 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. Furthermore, some parts of Kambi's revenues are fixed and not linked to the growth in operators' businesses. Overall, Kambi's revenues grew by 2% year-on-year. This increase in revenue is due to the extension of Kambi's global network during the year, powering more than 60 online and on-property launches in key markets including Argentina, New York, Maryland and Ontario, as well as the completion of a record nine new partner signings. In addition, Kambi received early termination fees from PENN Entertainment and revenue from Abios and Shape Games.

## Kambi Revenue Conversion 2022 vs 2021



## Geographical revenue analysis

Kambi derives its revenue from numerous markets globally, which cover more than 50 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 in 2022; 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, Kambi's reliance upon the European market has decreased substantially over time.

## Capital allocation strategy

Kambi has a robust balance sheet with the only external debt being a convertible bond of €7.5 million, which it has the ability to repay. This prudent financial strategy allows the company to invest in future growth opportunities while maintaining a healthy financial position.

To ensure the long-term success of the company, Kambi's capital allocation policy is to prioritise a strong balance sheet and deploy its capital wisely for maximum value creation. Kambi's capital allocation priorities are to invest in the core business and target selective M&A opportunities that complement the existing business, whilst also having the opportunity to carry out share buybacks to return capital to shareholders.

# SUSTAINABILITY REPORT

Delivering growth in a  
responsible way



# Building on strong foundations

## Kambi CEO Kristian Nylén



From the moment Kambi was conceptualised more than a decade ago, we knew that our ambition to lead the industry with a sportsbook capable of outcompeting even the leading B2C brands would be reinforced by a dedication to operating in a fair and inclusive manner. Sustainability has been in our DNA from the very start.

Our pledge to putting sporting integrity, security and our people at the heart of how we operate has been crucial in helping us to build an effective business proposition, and efficiently deliver the thrill of sports betting to our partners' customers in regulated markets across the globe.

Our guiding focus is to deliver sustainable growth for our partners, and we have long recognised the importance of integrity in guaranteeing that we can deliver this. Our rigorous approach to maintaining the highest standards of corporate governance and reporting – which has seen Kambi's ESG classification by ratings agency MSCI upgraded to an A – is a crucial component in ensuring the trust of all stakeholders in our ability to provide consistent and viable growth.

Since its inception, Kambi has conducted its operations with a singular focus on regulated markets, deriving 94% of revenue in 2022 from territories with local regulatory frameworks in place. With technology that can swiftly pivot to meet any local requirements, Kambi raises the bar for compliance in an industry where others can seek to merely clear it. Now active in more than 50 regulated jurisdictions, we champion the spread of regulation, maintaining close and active relationships with local regulators, and operate in a responsible manner.

Kambi's focus areas reflect our commitment to dedicating our efforts where they can have the greatest impact. Firstly, and critical to the company's sustainability strategy, is always playing our part in upholding the integrity of global sport. Protecting sport from manipulation is vital not only for the ongoing health of global sporting competition, but also for the foundations of the betting industry. The future of the sports betting is rooted in the trust consumers must have in sporting events, and we are immensely proud of the role we play in the detection of sports manipulation worldwide.

Harnessing vast amounts of sporting data and the experience of our 24/7 sportsbook control team, Kambi was the first member of the International Betting Integrity Association to flag suspicious events offered on more than 75% of occasions in 2022, and every member of our global team is dedicated to protecting the games we love for the betterment of our partners and their customers.

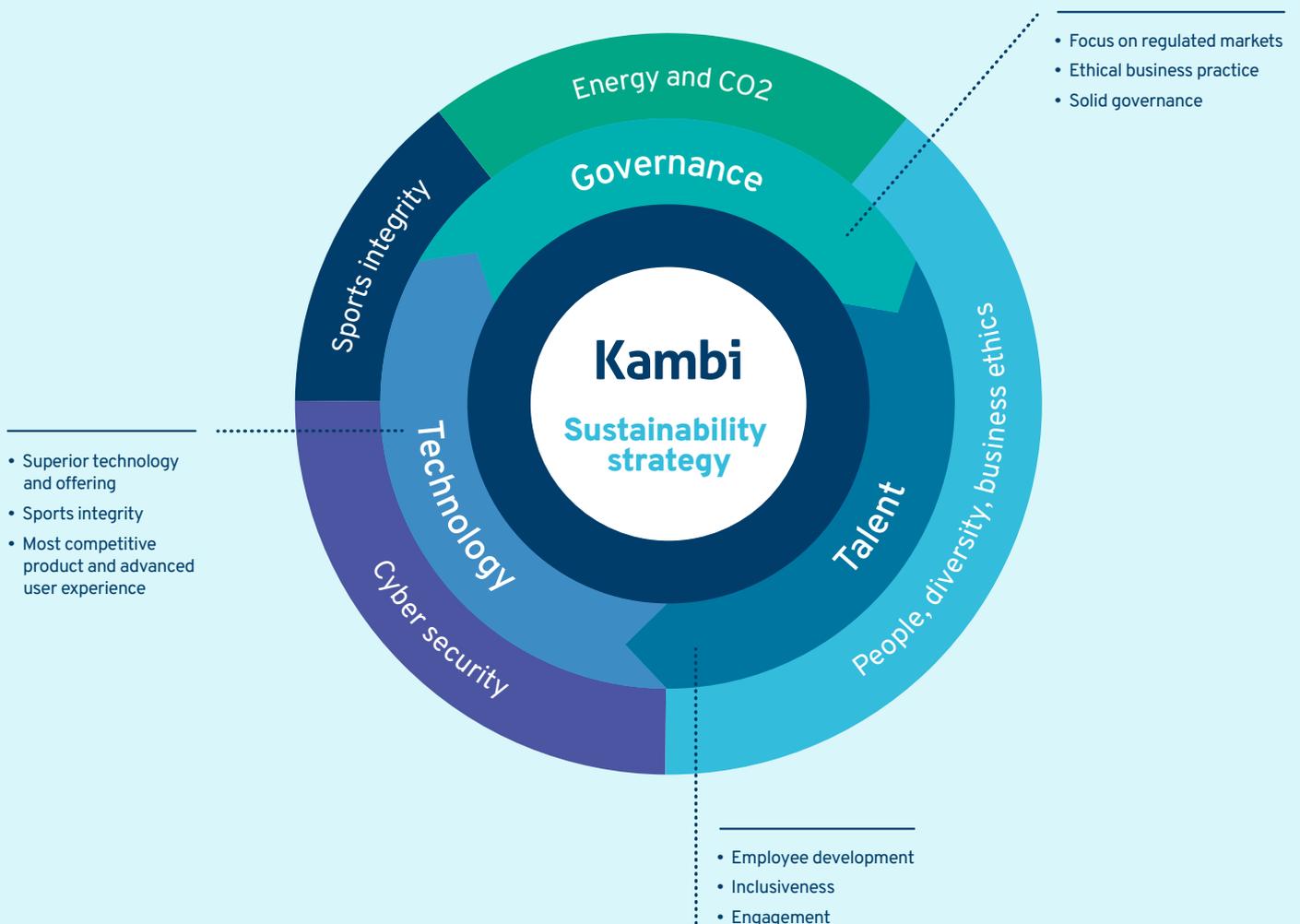
As a technology company, information security and the mitigation of cyber-related risks is of paramount importance. We strive to continually improve the robustness of our procedures by holding our systems to strict standards - alongside securing the preparedness of our teams to overcome these challenges through ongoing training - because we know that as these new threats emerge and evolve so to must our readiness to meet them. In the sports betting industry, all businesses can potentially be the target of attacks, and our ability to successfully repel these underlines the stability and fortitude of our systems, and we are always iterating and developing these processes in order to maintain a state of constant readiness.

Furthermore, providing an environment in which our more than 1,000 employees can excel has been and will continue to be fundamental to Kambi's success. Kambi is a talent-led organisation, and we have a responsibility and track record for fostering a rewarding workplace in which that talent can thrive. We grew our diversity and inclusion (D&I) strategy in 2022, building on the success of our inaugural D&I day in 2021, and continued to evolve Kambi's internal e-learning platform to help give our employees the best opportunities to develop their abilities. A company works best when its employees can bring their whole selves to the table, and it is our commitment to building a welcoming and rewarding culture which underpins our ability to attract and retain the best talent.

At Kambi, we have built an organisation founded on sustainability and doing business in the right way. We operate with integrity across all areas of the business, developing inclusive and responsible solutions to every challenge we face and building a workplace in which all employees can grow their talent and share their experiences. In putting compliance, sporting integrity, cyber security and our people at the heart of our business we can be certain that Kambi remains the sports betting partner operators across the industry can trust to grow their businesses in a sustainable way.

## 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

As a technology company, maintaining the very highest standards in our technical processes and infrastructure is the cornerstone upon which Kambi is able to deliver success for our partners.

Kambi aims to offer the industry's most advanced, reliable and competitive product, providing our partners in regulated markets all over the globe with a secure and deep product offering alongside a safe, fair and exciting experience for end users.

### Safeguarding through sustainable governance

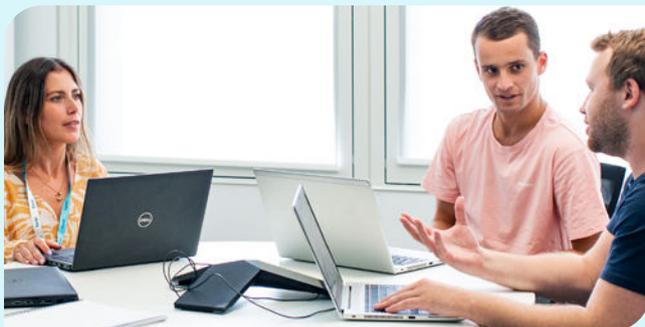
With a demonstrated history of focusing on regulated markets and swiftly attaining licences, Kambi maintains active relationships with regulators all over the globe and is committed to upholding the highest standards of corporate probity. Strong governance suffuses each and every element of Kambi's operations, and underpins our contributions to building a stronger, fairer and more sustainable industry.

Kambi also plays a crucial role in protecting the integrity of global sport, one which is powered a 24/7 sportsbook control team and ongoing collaboration with industry bodies including the International Betting Integrity Association, of which Kambi was the first sports betting technology supplier to attain associate membership.

### Talent

In the more than a decade since Kambi was founded we have always sought to create a welcoming environment in which our employees can feel respected and reach their potential.

We strive to provide an inclusive workplace in our offices around the world where talent, independent of background and demographic, can develop and thrive, offering a platform upon which all members of the Kambi team can bring their ideas and experiences to the table. Fostering a culture in which employees can be challenged, supported and inspired is a vital component in helping us to achieve our ambitions as the industry's foremost provider of sportsbook technology.



# Reporting areas

## Sports integrity

Trust in the integrity of global sport is the foundation upon which a sustainable and successful regulated betting industry can be built. Any incidents which impair the faith sports bettors place in the probity of sporting events have the potential to render lasting damage on the ability of regulated sportsbooks to deliver enjoyable experiences for customers alongside secure and sustainable commercial growth.

Kambi plays a significant role in the detection of sporting manipulation worldwide, with longstanding integrity processes executed 24 hours a day, 365 days a year by a dedicated sportsbook control team based throughout Kambi's offices. This team carried out an average of more than two betting irregularity investigations every day in 2022.

The important leadership role Kambi plays in this field is underlined by our membership of several supranational industry integrity bodies. Kambi was the first sports betting technology provider to attain membership of the International Betting Integrity Association (IBIA), having supported the body for many years through our partners. Of events offered by Kambi in 2022, Kambi was the first IBIA member to flag suspicious events on more than 75% of occasions, representing an increase on the equivalent figure for 2021 and underlining the strength of Kambi's monitoring and detection processes.

Kambi controls and maintains a fully proprietary integrity database with more than ten years' worth of competitor data, facilitating our efficiency in making swift and logical decisions and helping to uphold the extensive layer of protection against match fixing which we are able to provide to our partners.

This leadership role is underpinned by incorporating the values of sporting integrity throughout the business. To this end, the sportsbook control department developed and launched extensive e-learning content in 2022 to educate the wider Kambi Group on how it conducts its operations, and the significant role said operations play in the business' ongoing success. Key to this was in-house developed education material on the identification of match-fixing, how Kambi investigates suspected cases and the processes involved in relaying this information to external bodies such as the IBIA and the Esports Integrity Commission.

## People, diversity and business ethics

Kambi may be a technology-driven business, but it is the people that build, maintain and deliver that technology for our partners and their end users that enable the business to maintain its leadership position. Our business has increased to a headcount of more 1,000, and we strive to provide this global team with the foundations upon which to build and grow their talent and expertise.

2022 was a year in which Kambi continued to build on the diversity and inclusion (D&I) strategy established in 2021. The strategy is built on four pillars, those pillars being Awareness, Hiring, Policy Development and Mobility. Taking each of these in turn, Kambi has enacted a series of learning and development initiatives in order to build awareness of D&I throughout the business in 2022. The cornerstone of this campaign was the annual Diversity and Inclusion Day, an all-day event encompassing each and every Kambi office across the globe to inspire and inform employees about diversity in all senses, including but not limited to gender, disability, race, sexual orientation, belief, or age. We were joined by the Baroness Tanni Grey-Thompson, Barjis Chohan and Nigel Owens, each of whom shared their unique and inspirational stories on resilience in the face of adversity.

Kambi always seeks to hire the best people for any given position, regardless of gender, ethnicity or background, and ensuring a fair and equitable hiring process is vitally important to attracting top talent. There are several initiatives, including an active review of our hiring processes, to ensure fairness continues to be embedded throughout. Unconscious bias training for interviewers and ensuring representative hiring panels are among these ongoing actions.

Additionally, during our yearly salary review we incorporate gender pay audits and reporting to ensure our salaries are benchmarked equally across all genders. There are several other audits to existing policies to ensure fairness and inclusivity.

The final pillar of our D&I strategy, mobility, is centred on ensuring Kambi provides employees with meaningful opportunities for development and career advancement. This is exemplified in the figure for internal hiring in 2022, which stands at 16%.

## Cyber security

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 manage the security of assets, such as intellectual property, employee details and information entrusted by third parties.

A crucial factor in Kambi's progression is the company's ability to mitigate against cyber-related risks. The trust that our partners can place in Kambi's commitment to information security is a vital cog underpinning the company's commercial growth, and we are dedicated to continually refining and upgrading our approach and tactics to defend against any new and evolving threats.

Kambi takes a proactive approach to ensuring this is maintained, actively monitoring all of our systems in the usual course of business in order to identify any breaches or areas requiring improvement at the earliest of stages. We are also partnered with a number of industry leaders in the information security space to ensure our readiness to repel any threats. We do not stand still when it comes to investment in new partnerships and processes that can enhance these preventative measures, continuously building our capabilities around the detection and remediation of cyber vulnerabilities.

Kambi undertook the implementation of zero-trust methodology in 2021 and continued this work throughout 2022. Zero-trust architecture relates to the strategic approach to cyber security which eliminates implicit trust and requires continuous validation at every stage of a digital interaction. Boosting the layers of authentication required by Kambi's systems and leveraging network segmentation, all users, devices and applications connected to the Kambi network are authenticated and monitored before they are able to access any internal data and information. This is true regardless of whether said user or device is physically present in a Kambi office or being used remotely.

When it comes to protecting the data of our partner's end-users, Kambi adopts a 'privacy by design' approach. 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 at any point of a bet placement or transaction process, ensuring that their data rights are always strongly protected.

The year 2022 also saw the security operations team continue the development of its programmes for employee training – helping to establish Kambi's dedication to cyber security across the entire company. Multiple courses devoted to raising security awareness and establishing best

practice are available through Kambi's intranet learning platform – with completion rates of above 90% – and new courses are routinely launched.

## Energy and CO2

Climate change poses unprecedented challenges for society, and we know that we must do our utmost to address these. The preservation of the environment is a responsibility we all share, and we are cognisant of the need to find new ways to ensure it is protected.

Our core aim here is to achieve the continuous improvement of our environmental performance, building our business in an environmentally sound and sustainable manner. Kambi largely conducts our business in the digital arena. The products and services we provide produce a relatively low environmental burden – thereby also limiting the environmental impact from sports betting of partners on the Kambi network – and it is from a low base that we strive to further limit our impact.

In 2022 we increased local recycling and waste-reduction initiatives, and we employ robust environmental management practices to ensure these are constantly factored into our decision making.

In order to most effectively manage this and chart our ESG journey, we have enhanced our environmental reporting through a partnership with ClimatePartner, allowing us to more efficiently input and analyse our environmental data, collating and centralising this data across Kambi's offices to provide an ever more accurate picture of how we develop our approach and refine our sustainability initiatives.

In 2022 energy intensity was reduced in both per employee and per unit of revenue terms. A total of 508 kWh of electricity were used per employee, a decrease on the figure of 872 kWh in 2021, while energy intensity per unit of revenue fell to 3391 kWh/€m from the 2021 figure, 4908 kWh/€m.

## Direct economic value distributed and generated

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 value retained by Kambi accounts for the difference between the figures for value generated and value distributed. This value is then applied to the development of our technology and service to partners. 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.

	2022 €000	2021 €000
<b>Economic value generated</b>		
Revenue generated	166,006	162,418
<b>Direct economic value distributed</b>		
Employee wages and benefits	57,593	50,215
Payments to government (corporate and withholding taxes)	7,132	9,734
Payments to providers of capital	1,191	878
Operating costs	73,639	55,160
<b>Total direct economic value distributed</b>	<b>139,555</b>	<b>115,987</b>
<b>Economic value retained</b>	<b>26,451</b>	<b>46,431</b>

Not included within the calculation of economic value generated and retained, no share buybacks were completed during 2022 (2021: €12,000,000)

## 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 to 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 provide equal opportunities 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.

# CORPORATE GOVERNANCE

Foundation for success



# Share performance

The closing price on the first trading day of the year, 3 January 2022, was SEK 257.60. The closing price on the last trading day of the year, 30 December 2022, was SEK 189.75 with a market capitalisation of €524.7 million.

The highest closing price during the year was SEK 269.00 on 11 February. The lowest closing price during 2022 was SEK 152.05 on 19 October. The average daily volume traded during 2022 was 150,627 shares and the average closing share price was SEK 192.20.

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](http://www.kambi.com).

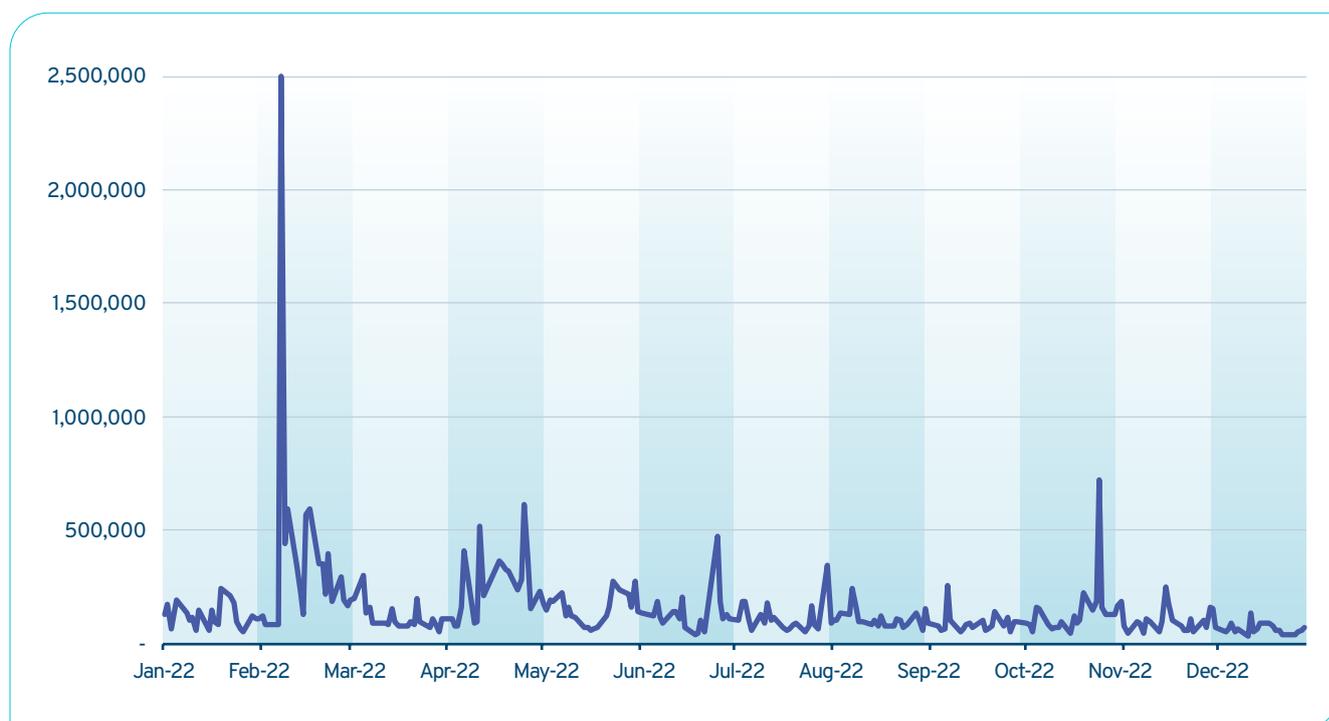
## Share price development 2022

Closing price (SEK)



## Shares traded 2022

Total volume (thousands)



## Shareholders on 31 December 2022

Shareholder	Number of shares	% of total
Veralda Investment Ltd	6,078,188	19.4%
Keel Capital	1,975,329	6.3%
Avanza Pension	1,371,461	4.4%
Andra AP-fonden	1,161,553	3.7%
Nordnet Pensionsförsäkring	764,091	2.4%
Total 5 largest shareholders	11,350,622	36.2%
Total other shareholders	19,927,675	63.8%
<b>Total</b>	<b>31,278,297</b>	<b>100%</b>

# 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 and how we mitigate such risks.**

## **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 36.

## **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.

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 30 March 2023.

## Lars Stugemo, Chair

**Member of the Remuneration Committee, Member of the Nomination 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 Camfil AB, Creades AB, Lime Technologies AB and Lumera AB

**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 sports information company Trav-och Sporttjänsten in 1993. He was founder of Kindred Group plc in 1997, where he held various positions including Chief Executive Officer and 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 previously 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. as an analyst at Ernst & Young.

**Other assignments:** Member of the Board of Addsecure AB, Index Pharmaceuticals AB, Lime Technologies AB, Nobia AB and Scandinavian Tobacco Group AS

**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 C-RAD as CEO in December 2022, Cecilia was most recently with TietoEvry as Vice President, Head of Industry Telecom and Consumer since 2018. Before this, Cecilia was with Ericsson AB where she held various senior leadership positions, including VP of 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:** Member of the Board of Net Insight AB

**Holdings in Kambi Group plc:**  
1,400 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.

**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 52,484 options

## **David Carter**

### **Chief Legal Officer**

**Born:** 1979

**Nationality:** British

**Employed:** 2022

**Education:** LLB from the University of Exeter

Achieving his LLB and LPC from the University of Exeter, David qualified at international law firm Olswang (now CMS Nabarro Olswang LLP) and was a member of the Media, Communications and Technology team from 2001 to 2010. Having headed up the legal team at Endemol Sport until 2012, he then joined iGaming operator Gamesys (now part of Bally's Corporation) where he served as General Counsel until the end of 2020, advising on all material corporate and commercial transactions worldwide. Now Chief Legal Officer at Kambi, David leads the legal and regulatory function.

**Holdings in Kambi Group plc:**  
15,000 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 2022, the Board held 12 meetings, where four meetings were held in connection to the quarterly reports and eight were regular meetings spread evenly throughout the year.

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 (2021: €52,500) per director. The Chair of the Board receives an additional fee of €52,500 (2021: €52,500) and each member of the Remuneration and Audit Committee receives €7,000 (2021: €7,000) per annum.

Directors' remuneration	Fees/salary €000	Other €000	2022 €000	2021 €000
Anders Ström	53	5	58	61
Lars Stugemo	112	14	126	114
Patrick Clase	60	3	63	62
Marlene Forsell	60	3	63	62
Cecilia de Leeuw	60	2	62	59
	345	27	372	358
Kristian Nylén (CEO)	1,089	189	1,278	972
Executive Management remuneration	1,612	307	1,919	1,222
	3,046	523	3,569	2,552

CEO remuneration comprises €751,000 in fixed annual salary and €338,000 in performance-related bonus. For CEO and Executive 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.47 - 48

Additionally, an extra remuneration of €2,000 (2021: €1,100) is payable to each director per application handled in the US, and a fee, at the rate of €2,100 (2021: €2,100) 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 overseeing 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

A Nomination Committee is appointed each year by the major shareholders in accordance with the instruction for the Nomination Committee adopted by the Annual General Meeting of shareholders (AGM).

The main responsibility of the Nomination Committee is to propose Board members for election at the AGM. The Nomination Committee, which is independent from the Board, 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 AGM. The Nomination Committee also prepares proposals regarding Chairman of the Meeting, Board remuneration, fees to the auditor and election of auditor, and, if necessary, proposal for changes in the instruction to the Nomination Committee. In its evaluation of the Board, the Committee holds individual interviews with the Board members.

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 Nomination 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 2023 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, Anders Ström 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 above.

## 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 12 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 2022.

## 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 57. The profit after tax was €26.5 (€46.4) million. The Board does not propose a dividend.

## Going concern

As required by Listing Rule 5.62 issued by the Listing Authority, upon due consideration of the Company's state of affairs, capital adequacy and solvency, and Statement of directors' responsibilities, the directors present their report on the affairs of the Group – together with the audited consolidated financial statements and auditor's report, for the year ended 31 December 2022. 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 7 to 9 of this annual report. 2022 saw revenue growth of 2% for the year ending 31 December 2022. Nine new customer contracts were signed: MaximBet, NorthStar Gaming Inc., Mohegan Gaming & Entertainment, Ondiss platform, Oaklawn Racing Casino Resort, ilani, Great Canadian Entertainment, LMG Gaming and Rei do Pitaco. The Group extended its contractual agreement with two customers: Kindred Group plc and betParx. During the year, Kambi and PENN Entertainment reached an agreement on PENN's migration to its proprietary sportsbook platform. As part of the agreement, Kambi received a one-time fee of US\$12.5m for early termination and will receive US\$15m for transition services through the transition period.

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

	FY 2022
Operating (EBIT) margin	20.9%
EBITDA (€m)	63.4
EBITDA margin	38.2%
Employees at period end	1,114
Earnings per share (€)	0.861
Fully diluted earnings per share (€)	0.856

## 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 43–44 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

## Statement of directors' responsibilities

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

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

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

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

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

## Disclosure of information to the auditor

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

## Independent auditor

The auditor, Mazars, has indicated its willingness to continue in office and a resolution for its reappointment will be proposed on behalf of the Board at the Annual General Meeting on 11 May 2023.

# FINANCIAL REPORT

Powering ahead



# Financial review

## Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. Kambi charges 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 2022 increased to €166.0 (2021: €162.4) million. The increase of 2% year-on-year demonstrates Kambi's resilience and strong customer base, despite the loss of DraftKings during the previous year.

## Administrative expenses

Administrative expenses for 2022 were €132.6 (2021: €106.7) million. Excluding depreciation and amortisation, ongoing administrative expenses were €104.0 (2021: €84.5) million, of which €57.6 (2021: €50.2) 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 72 provides more analysis of operating costs.

## EBITDA and operating profit

Earnings before interest, tax and depreciation and amortisation (EBITDA) for the full year 2022 were €63.4 (2021: €79.2) million. Profit from operations for the full year 2022 was €34.8 (2021: €57.0) million.

## Profit after tax

Profit after tax for the full year 2022 was €26.5 (2021: €46.4) million.

## Development and acquisition costs of intangible assets

In the full year 2022, development expenditure of €25.5 (2021: €20.1) million was capitalised. The key elements of capitalised development costs during 2022 were sportsbook enhancement, US product development, market expansion, evolution of our retail channel, esports related product and front end development.

## Balance sheet

Kambi's strong balance sheet reflects the Group's continued growth during the year, including the impact of the acquisition of Shape Games. Certain non-current assets of the Group relate to Goodwill, acquired Intangible assets (such as customer contracts, databases, 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 82), contingent consideration and trade and other payables (see note 22 on page 82).

## Cash flow

The net cash outflow (including the effect of foreign exchange rate differences) for 2022 was €19.0 (2021: €18.8 inflow) million, decreasing the total cash balance at the end of 2022 to €60.7 (2021: €79.7) million. This includes significant cash outflows of €36.4 million related to the Shape Games acquisition.

Kambi Group plc

Annual report and consolidated  
financial statements for the year  
ended 31 December 2022

**Kambi**

**Kambi**

# Financial statements

## Statement of consolidated profit or loss and other comprehensive income for the year ended 31 December 2022

	Note	2022 €000	2021 €000
<b>Revenue</b>	<b>6</b>	<b>166,006</b>	162,418
Administrative expenses	7	(132,591)	(106,650)
Other operating items	8	1,359	1,275
Finance costs	9	(1,288)	(887)
Investment income	10	97	9
<b>Profit before items affecting comparability</b>		<b>33,583</b>	56,165
Items affecting comparability		-	-
<b>Profit before tax</b>	<b>11</b>	<b>33,583</b>	56,165
Income tax expense	14	(7,132)	(9,734)
<b>Profit for the year</b>		<b>26,451</b>	46,431
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation adjustments	29	(2,746)	1,174
		(2,746)	1,174
<b>Items that may not be reclassified subsequently to profit or loss</b>			
Actuarial gain/(loss) on defined benefit scheme	24	161	11
<b>Other comprehensive income/(expense) for the year</b>		<b>(2,585)</b>	1,185
<b>Total comprehensive income for the year</b>		<b>23,866</b>	47,616
<b>Earnings per share</b>	<b>30</b>		
<b>Basic</b>		<b>0.861</b>	1.501
<b>Diluted</b>		<b>0.856</b>	1.473

The notes on pages 61 to 97 form an integral part of these consolidated financial statements.

## Statement of consolidated financial position as at 31 December 2022

	Note	2022 €000	2021 €000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	16	118,467	50,244
Plant and equipment	17	18,505	23,418
Deferred tax assets	25	6,247	9,443
		143,219	83,105
<b>Current assets</b>			
Trade and other receivables	20	38,968	34,097
Cash and cash equivalents	21	60,701	79,657
		99,669	113,754
<b>Total assets</b>		<b>242,888</b>	<b>196,859</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	26	93	93
Share premium	26	62,046	59,464
Other equity & reserves	28	5,434	4,608
Currency translation reserve	29	(4,929)	(2,183)
Treasury shares	26	(12,000)	(12,000)
Retained earnings		112,743	85,395
		163,387	135,377
<b>Non-current liabilities</b>			
Lease liabilities	31	9,992	13,656
Other financial liabilities	23	7,447	7,395
Contingent consideration	19	12,234	3,852
Deferred tax liabilities	25	7,791	1,328
Other liabilities	24	293	389
		37,757	26,620
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	22	22,582	16,722
Current tax liabilities		2,652	10,455
Contingent consideration	19	13,267	3,967
Lease liabilities	31	3,243	3,718
		41,744	34,862
<b>Total equity and liabilities</b>		<b>242,888</b>	<b>196,859</b>

These consolidated financial statements were approved by the board of directors, authorised for issue on 6 March 2023 and signed on its behalf by:



Marlene Forsell, Director



Patrick Clase, Director

The notes on pages 61 to 97 form an integral part of these consolidated financial statements.

## Statement of changes in equity for the year ended 31 December 2022

	Share capital €000	Share premium €000	Other reserves €000	Foreign currency reserve €000	Treasury shares €000	Retained earnings €000	Total €000
Balance at 1 January 2021	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
Changes in equity for 2022	-	-	-	-	-	-	-
Value of employee share options	-	-	2,054	-	-	-	2,054
Tax on share options	-	-	(492)	-	-	-	(492)
Proceeds from issue of shares	-	2,582	-	-	-	-	2,582
Fully exercised share options	-	-	(897)	-	-	897	-
Total comprehensive income for the year	-	-	161	(2,746)	-	26,451	23,866
<b>Balance at 31 December 2022</b>	<b>93</b>	<b>62,046</b>	<b>5,434</b>	<b>(4,929)</b>	<b>(12,000)</b>	<b>112,743</b>	<b>163,387</b>

The notes on pages 61 to 97 form an integral part of these consolidated financial statements.

## Consolidated cash flow statement for the year ended 31 December 2022

	Note	2022 €000	2021 €000
<b>Cash flows from operating activities</b>			
Profit before taxation		33,583	56,165
Depreciation	17	6,683	6,168
Amortisation	16	21,955	15,987
Finance costs	9	1,288	887
Investment income	10	(97)	(9)
Share-based payment expense	27	2,054	1,637
Movement in working capital:			
Decrease/(increase) in trade and other receivables		(645)	2,535
Increase/(decrease) in trade and other payables		(3,897)	269
Increase/(decrease) in other liabilities		(96)	59
Cash generated from operations		60,828	83,698
Investment income received		97	9
Tax paid		(11,922)	(11,379)
Net cash generated from operating activities		49,003	72,328
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	17	(2,898)	(4,816)
Development costs of intangible assets	16	(25,524)	(20,056)
Acquisition of subsidiary, net of cash acquired	19	(36,363)	(14,751)
Net cash used in investing activities		(64,785)	(39,623)
<b>Cash flows from financing activities</b>			
Proceeds from issuing new shares		2,582	1,651
Interest paid		(615)	(254)
Payments of lease liabilities		(3,831)	(3,645)
Shares repurchased	26	-	(12,000)
Net cash generated from/(used in) financing activities		(1,864)	(14,248)
<b>Net increase in cash and cash equivalents</b>		<b>(17,646)</b>	<b>18,457</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>79,657</b>	<b>60,826</b>
<b>Effect of foreign exchange rate changes</b>		<b>(1,310)</b>	<b>374</b>
<b>Cash and cash equivalents at the end of the year</b>	21	<b>60,701</b>	<b>79,657</b>

The notes on pages 61 to 97 form an integral part of these consolidated financial statements.

# Notes to the financial statements for the year ended 31 December 2022

## 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 Avenue 77 Complex, Triq In Negozju, Zone 3, Central Business District, Birkirkara CBD 3010, 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 2022 did not have any impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Annual improvements to IFRS Standards 2018-2020

### Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective for periods beginning on 1 January 2022

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. The following standards are not expected to have a material impact on the Group's financial position and performance:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective on 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective on 1 January 2023)
- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) (effective on 1 January 2023) and
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021) (effective date 1 January 2023)

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective on 1 January 2023)

### 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 (issued on 23 January 2020), Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-Current Liabilities with Covenants (issued on 31 October 2020)
- Amendments to IFRS 16 Leases: Lease liability in a sale and leaseback (issued on 22 September 2022)

## 3. Basis of preparation & consolidation

The Group financial statements consolidate those of the parent company and of all its subsidiaries as at 31 December 2022.

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 2022, together with the comparative period data as at and for the year ended 31 December 2021, 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 2022. 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 as summarised below.

### 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. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition.

#### **(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). The Groups non-financial assets include, but are not limited to, goodwill on acquisitions and intangible assets. Goodwill and 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 there may be an impairment. 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.

Non-financial assets other than goodwill that suffer an impairment 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 in 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 cash generating units containing goodwill and 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. The recoverable amount of the assets has been determined based on an estimate of future cash flows applying a discount rate of 11.5% (2021: 17.9%).

A similar approach is taken to reviewing the goodwill for impairment whereby management reviews the goodwill for impairment on an annual basis (or more frequently if there are indicators that the value of goodwill may be impaired) by comparing the carrying value of the cash generating units with their recoverable amounts. As the Group's goodwill balance consists of only goodwill from business combinations, the impairment review is based on an expected future cash flows and the estimated terminal value and compared to the current carrying value. Certain parts of this calculation such as the risk adjusted discount rate and the growth rate are subjective in nature.

### 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 jurisdiction of the

Option holder. 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. The scheme includes the Kambi Group plc Share Option Plan 2021 that was introduced in July 2021. 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:

	2022 €000	2021 €000
Revenue from contracts with customers for sports betting services	160,287	161,752
Subscription revenue from eSports	1,963	666
Platform revenue	3,756	-
	<b>166,006</b>	162,418

The Group currently operates through three different revenue streams, the primary being the provision of managed sports betting services. The two secondary revenue streams are as a result of the acquisition of both Abios Gaming AB, which generates revenue through eSports subscriptions, and Shape Games AS (see note 19), which generates revenue through front end based development platforms.

In October 2022, Kambi reached an agreement with PENN Entertainment, Inc. ('PENN') over the planned migration of PENN's online and retail sportsbooks from Kambi to PENN's proprietary technology. PENN plans to effect the online sportsbook migration in Q3 2023 with the retail sportsbook transition expected in 2024. The agreement provides for ongoing revenue share payments related to online and retail sports betting services for the duration of the provision of each respective service. Kambi received one-time fees of €12,607,000 (\$12,500,000) for early termination which was received during the year and fully recognised within revenue from the above contracts during 2022. Kambi will also receive \$15,000,000 for transition services, payable in instalments through the transition period, and to be recognised over the transition period in future years.

### 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), 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:

	2022 €000	2021 €000
Revenue from external customers		
Europe	65,016	77,952
Americas	95,997	81,074
Rest of World	4,993	3,392
	<b>166,006</b>	162,418

### Information about major customers

Group revenue includes €88.2m (2021: €96.0m) of sales that cumulatively amount to 53% (2021: 59%) of total Group revenue arising from sales to the Group's three largest customers during 2022 (2021: three largest customers).

## 7. Expenses by nature

	2022 €000	2021 €000
<b>Administrative expenses</b>		
Marketing costs	1,590	989
Fees payable to statutory auditor	200	163
Staff costs (note 13)	57,593	50,215
Facilities costs	15,794	11,308
Depreciation of plant, equipment and right-of-use assets	6,683	6,168
Amortisation of intangible assets	21,955	15,987
Travel costs	1,846	750
Consultants	8,623	7,200
Third party information suppliers	17,672	13,523
Other	635	347
	132,591	106,650

## 8. Other operating expenses

	2022 €000	2021 €000
Foreign currency (gain)	(1,359)	(1,275)

## 9. Finance costs

	2022 €000	2021 €000
Interest on convertible bond	277	275
Interest on lease liabilities	457	342
Other interest	554	270
	1,288	887

## 10. Investment income

	2022 €000	2021 €000
Interest income	97	9

## 11. Profit before tax

	2022 €000	2021 €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	200	163

There were no fees paid to the statutory auditor for non-audit work during 2022 and 2021.

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	2022 €000	2021 €000
Anders Ström	53	5	58	61
Lars Stugemo	112	14	126	114
Patrick Clase	60	3	63	62
Marlene Forsell	60	3	63	62
Cecilia de Leeuw	60	2	62	59
	345	27	372	358
Kristian Nylén (CEO)	1,089	189	1,278	972
Management remuneration	1,612	307	1,919	1,222
	3,046	523	3,569	2,552

The remuneration of the Directors and executive management is also disclosed in the Annual Report. Management remuneration consists of payments to four other executives (2021: three). For management, other includes remuneration for share-based payments.

## 13. Staff costs and employee information

	2022 €000	2021 €000
Wages and salaries	41,652	38,332
Social security costs	6,170	5,058
Pension & retirement costs	4,507	3,732
Other employee related costs	3,210	1,456
Share-based payments (note 27)	2,054	1,637
	57,593	50,215

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

	2022 Number	2021 Number
Operations	473	458
IT	376	352
Other	195	132
	1,044	942

## 14. Income tax expense

On taxable profit subject to income tax at 35%:

	2022 €000	2021 €000
Current tax (expense)/credit	(3,802)	(14,787)
Deferred tax (expense)/credit (note 25)	(3,330)	5,053
	<b>(7,132)</b>	(9,734)

Income tax in Malta is calculated at a basic rate of 35% (2021: 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:

	2022 €000	2021 €000
Profit/(loss) before tax	33,583	56,165
Tax (charge)/credit at the applicable rate of 35%	(11,754)	(19,658)
<b>Tax effect of:</b>		
Items of income/expenditure not taxable/deductible	(967)	(212)
Prior year (under) provision/over provision of tax	52	(30)
Overseas tax rates	3,693	5,630
Deferred tax recognised on unremitted earnings (i)	2,997	4,097
Income tax recoverable	-	731
Other (ii)	(1,153)	(292)
Tax (charge)/credit for the year	<b>(7,132)</b>	(9,734)

(i) The deferred tax recognised on undistributed profits includes the Malta tax that shall be recoverable upon distribution of unremitted earnings.

(ii) Included in 'Other' is an amount of €1,174,000 (2021: nil) which represents unrelieved tax incurred by the entities of the Group. The residual offsetting items included in 'Other' have not been separately disclosed on the basis that, individually, they are not material.

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

	2022 €000	2021 €000
<b>Current tax credit in relation to:</b>		
Share-based payments	-	-
<b>Deferred tax (charge)/credit in relation to:</b>		
Share-based payments	(492)	(1,119)
<b>Total income tax (charge)/credit recognised directly in equity</b>	<b>(492)</b>	(1,119)

## 15. Dividends

There were no dividends paid during 2022 (2021: nil).

## 16. Intangible fixed assets

	Goodwill €000	Computer software €000	Development costs €000	Customer Contracts €000	Databases €000	Brands €000	Total €000
<b>Cost</b>							
At 1 January 2021	-	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
Additions	-	906	24,618	-	-	-	25,524
Arising on business combination	38,400	-	4,623	20,636	-	996	64,655
Released on disposal	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Foreign currency translation	-	179	477	-	-	-	656
<b>At 31 December 2022</b>	<b>56,151</b>	<b>2,355</b>	<b>130,602</b>	<b>23,967</b>	<b>1,623</b>	<b>1,058</b>	<b>215,756</b>
<b>Accumulated amortisation</b>							
At 1 January 2021	-	(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)
Provision for the year	-	(149)	(19,303)	(2,166)	-	(337)	(21,955)
Released on disposal	-	-	-	-	-	-	-
Foreign currency translation	-	(162)	(495)	-	-	-	(657)
<b>At 31 December 2022</b>	<b>-</b>	<b>(707)</b>	<b>(93,745)</b>	<b>(2,388)</b>	<b>(108)</b>	<b>(341)</b>	<b>(97,289)</b>
<b>Carrying amount</b>							
<b>At 31 December 2022</b>	<b>56,151</b>	<b>1,648</b>	<b>36,857</b>	<b>21,579</b>	<b>1,515</b>	<b>717</b>	<b>118,467</b>
At 31 December 2021	17,751	874	26,937	3,109	1,515	58	50,244

The amortisation charge for the year of €21,955,000 (2021: €15,987,000) has been included in administrative expenses.

Goodwill, some brands and domains arising on business combinations, together with any separately acquired brands or domains are reviewed for impairment annually, or more frequently if events require. The Group's reported goodwill, customer contracts, databases and acquired brands derive from the acquisition of Abios Gaming AB in 2021 and Shape Games AS in 2022. Abios and Shape Games are treated as separate cash generating units.

Management performed an impairment test in conjunction with the 2022 annual accounts on the carrying amount and recoverability of the enterprise value of Abios. This test showed that the recoverable amount significantly exceeded the carry value, and that no impairment requirement for goodwill and other intangible assets acquired with indefinite useful lives existed.

As the Shape Games acquisition occurred towards the end of 2022, there have been no indicators to management that there is any impairment of the goodwill or acquired assets.

## 17. Plant and equipment

	Office Equipment €000	Fixtures & Fittings €000	Computer Hardware €000	Leasehold Improvements €000	Right-of-use asset €000	Total €000
<b>Cost</b>						
At 1 January 2021	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
Additions	409	67	1,940	345	137	2,898
Released on disposal	(2)	-	(43)	-	(7)	(52)
Arising on business combination	125	8	-	-	-	133
Foreign currency translation	(82)	4	(696)	(178)	(1,270)	(2,222)
<b>At 31 December 2022</b>	<b>2,195</b>	<b>855</b>	<b>15,210</b>	<b>3,531</b>	<b>20,814</b>	<b>42,605</b>
<b>Depreciation and impairment</b>						
At 1 January 2021	(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)
Provisions for the year	(308)	(86)	(2,507)	(332)	(3,450)	(6,683)
Released on disposal	2	-	43	-	7	52
Arising on business combination	(114)	(2)	-	-	-	(116)
Foreign currency translation	37	14	506	111	409	1,077
<b>At 31 December 2022</b>	<b>(1,212)</b>	<b>(686)</b>	<b>(11,840)</b>	<b>(2,577)</b>	<b>(7,785)</b>	<b>(24,100)</b>
<b>Carrying amount</b>						
<b>At 31 December 2022</b>	<b>983</b>	<b>169</b>	<b>3,370</b>	<b>954</b>	<b>13,029</b>	<b>18,505</b>
At 31 December 2021	916	164	4,127	1,008	17,203	23,418

## 18. Group information

### Subsidiaries and other related undertakings

The subsidiaries and other related undertakings of the Group at 31 December 2022 are shown below:

Subsidiaries and other related undertakings	Country of incorporation	Description of shares held	Percentage of shares held at 31/12/22 %	Percentage of shares held at 31/12/21 %
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	100
Kambi Argentina SAS	Argentina	Ordinary shares	100	-
Shape Games A/S	Denmark	Ordinary shares	100	-
Shape Games SL	Spain	Ordinary shares	100	-
SIA Shape Games Riga	Latvia	Ordinary shares	100	-
Cyan Limited	Isle of Man	Ordinary shares	100	-

## 19. Business Combinations

On 7 September 2022, the Group acquired 100% of the shares and voting rights in Shape Games AS ('Shape Games'), a Danish based front end development specialist provider for an initial consideration of cash, with potential additional earnout capacity up to €39,600,000 to be paid out based on specific EBITDA targets.

The Shape Games numbers have been consolidated into the Group from 1 September 2022.

For the 4 months ended 31 December 2022, Shape Games contributed revenue of €3,756,000 and profit of €507,000 to the Group's results. If the acquisition had occurred on 1 January 2022, it is estimated the consolidated revenue would have been €11,000,000 and the consolidated profit for the year would have been €1,500,000.

The consideration transferred comprised of €39,582,000 equivalent cash consideration (€36,363,000 per the Cashflow as Acquisition of subsidiary, net of cash acquired as actual cash consideration transferred net of cash acquired due to timing of payments due under the purchase agreement) and €18,230,000 being the fair value of contingent consideration at the acquisition date, which is presented as €5,996,000 within current liabilities and €12,234,000 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:

	<b>2022</b>
	<b>€000</b>
Intangible assets	26,255
Other non-current assets	268
Trade and other receivables	4,187
Cash and cash equivalents	617
Trade and other payables	(5,899)
Deferred tax liabilities	(4,759)
Tax liabilities	(1,257)
<b>Total identifiable net assets acquired</b>	<b>19,412</b>
<b>Goodwill</b>	<b>38,400</b>
<b>Consideration transferred</b>	<b>57,812</b>

The goodwill is attributable to unique front end technology and access to customer databases via the acquired business. It will not be deductible for tax purposes.

### Year ended 31 December 2021

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 now presented as €7,271,000 within current liabilities at the

reporting date and adjusted for foreign exchange rates. 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)
<b>Total identifiable net assets acquired</b>	<b>5,896</b>
<b>Goodwill</b>	<b>17,751</b>
<b>Consideration transferred</b>	<b>23,647</b>

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.

	2022 €000	2021 €000
<b>Abios</b>		
Current	7,271	3,967
Non-current	-	3,852
<b>Total Abios</b>	<b>7,271</b>	<b>7,819</b>
<b>Shape Games</b>		
Current	5,996	-
Non-current	12,234	-
<b>Total Shape Games</b>	<b>18,230</b>	<b>-</b>
Current Contingent Consideration	13,267	3,967
Non-current Contingent Consideration	12,234	3,852

Abios Contingent Consideration has been revalued using updated foreign exchange rates as the contingent consideration is due in SEK.

## 20. Trade and other receivables

	2022 €000	2021 €000
Trade receivables	23,040	6,108
Prepayments and accrued income	11,252	23,975
Deposits	1,283	1,186
Other taxation	2,612	2,196
Other receivables	781	632
	<b>38,968</b>	<b>34,097</b>

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.

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

	Total €000	Neither past due nor impaired €000	<30 days €000	31-60 days €000	61-90 days €000	91-120 days €000	121+ days €000
2022	23,040	17,643	5,271	91	3	17	15
2021	6,108	5,735	306	9	9	9	40

## 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:

	2022 €000	2021 €000
Cash at bank	60,701	79,657
Cash and cash equivalents in the statement of cash flows	<b>60,701</b>	<b>79,657</b>

Included in the Cash and cash equivalents is a balance held on portfolio of €4,485,000 (2021: Nil). The balance is considered to be highly liquid with proceeds being made available within 5 working days. As this balance can be converted to cash within 90 days, the amount has been included as Cash and cash equivalents.

## 22. Trade and other payables

	2022 €000	2021 €000
Trade creditors	2,196	6,488
Other taxes and social security	2,923	1,050
Other payables	67	32
Other accruals	10,651	3,419
Data supplier accruals	3,619	1,815
Employment related accruals	3,126	3,918
	<b>22,582</b>	16,722

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

## 23. Other financial liabilities

	2022 €000	2021 €000
Convertible bond	7,447	7,395
Less amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	7,447	7,395

### 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. On 8 February 2022, it was noted that Kambi's strong financial performance has seen it meet specific conditions required to prepay, at its own discretion, the convertible bond. It is management's intention to only repay at the repayment date and therefore it is disclosed as non-current liability at 31 December 2022.

The amount shown above has been discounted over 1.59 years (2021: 2.59 years) using an interest rate of 3.7% (2021: 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 2022, the number of shares that could be issued on conversion would have been 464,553 shares (2021: 328,006 shares).

## 24. Other liabilities

Net employee defined benefit liabilities	2022 €000	2021 €000
Philippines post-employment retirement plan	293	389
Total	293	389

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 E. M. Zalamea Actuarial Services, Inc. based in the Philippines to determine the current liability. The fee paid to the actuary for these services in 2022 was €1,000 (2021: €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)	2022 €000	2021 €000
Current service cost	55	55
Interest cost on benefit obligation	10	15
	65	70

Movement in the present value of the obligation (PVO)	2022 €000	2021 €000
PVO at beginning of year	389	330
Current service cost	55	55
Interest cost	10	15
Actuarial (gain)/loss due to:		
Experience adjustments	19	41
Changes in demographic assumptions	(186)	(59)
Movement in exchange rate	6	7
PVO at end of year	293	389

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

Actuarial assumptions	2022	2021
Discount rate	7.22%	5.01%
Salary increase rate	5.00%	5.00%
Mortality rate	2017 PCIM	2017 PCIM
Turnover rate	Scale	Scale
<b>Employees profile</b>		
Number of plan members	305	278
Total annual compensation €000	2,801	2,376
Average annual compensation €000	9	9
Average attained age	30.00	29.60
Average years of service	4.50	4.50
Average expected future service years	13.00	13.00

A quantitative sensitivity analysis for significant assumptions as at 31 December 2022 is as shown below:

Discount rate	Present Value	Present Value
1% increase	246	307
Actual	293	389
1% decrease	376	486
Salary increase rate	Present Value	
1% increase	377	485
Actual	293	389
1% decrease	244	307

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

	2022 €000	2021 €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	-	-
More than 15 years to 20 years	808	407
More than 20 years	6,927	6,447

The average duration of the defined benefit obligation at the end of the reporting period is 30.0 years (2021: 30.4 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% (2021: 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:

	2020 €000	Movement for year €000	2021 €000	Movement for year €000	2022 €000
Unremitted earnings	3,469	4,095	7,564	(3,656)	3,908
Tangible fixed assets	157	127	284	45	329
Intangible assets	(182)	(1,356)	(1,538)	(4,179)	(5,717)
Unrealised exchange differences	(90)	92	2	52	54
Tax losses	58	384	442	51	493
Other	1,869	(508)	1,361	(1,972)	(611)
	5,281	2,834	8,115	(9,659)	(1,544)

The 'Intangible assets' movement for the year 2022 includes a deferred tax liability of €4,759,000 (2021: €1,235,000) recognised on the fair value of Intangible assets acquired through a business combination.

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:

	2022 €000	2021 €000
(Charge)/Credit to income for the year	(3,330)	5,053
(Charge)/Credit directly to equity	(492)	(1,119)
Movement in relation to business combination	(5,766)	(1,235)
Foreign currency translation	(71)	135
	(9,659)	2,834

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

	2022 €000	2021 €000
Deferred tax assets	6,247	9,443
Deferred tax liabilities	(7,791)	(1,328)
	(1,544)	8,115

## 26. Share Capital and Share Premium

	2022 €000	2021 €000
<b>Authorised</b>		
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
<b>Issued and fully paid up</b>		
31,278,297 Ordinary 'B' shares (31,064,797 Ordinary 'B') of €0.003 each	93	93
<b>Share premium</b>		
Share premium reserve	62,046	59,464

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 30 June 2022 Extraordinary General Meeting ('EGM'), shareholders granted the Group the authority to repurchase up to 3,106,450 Ordinary 'B' shares. The authority expires on the date of the 2023 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 2022, the Group held 523,500 (2021: 523,500) of the Group's shares.

Treasury shares are not entitled to dividend or voting rights whilst held by the Group.

## 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 €2,054,000 (2021: €1,637,000) 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 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. The performance condition in relation to this plan, based on the EPS target for the 12 months to 31 December 2021, were satisfied in excess of 190% 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. Options are exercisable 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 2022 is shown below:

#### Kambi Group Executive Share Option Plan

	2022		2021	
	Number	Weighted average exercise price GBP	Number	Weighted average exercise price GBP
Outstanding at 1 January	40,500	1.23	50,500	1.23
Exercised	-	-	(10,000)	1.23
Granted	-	-	-	-
Lapsed	-	-	-	-
Forfeited	-	-	-	-
<b>Outstanding at 31 December</b>	<b>40,500</b>	<b>1.23</b>	<b>40,500</b>	<b>1.23</b>

#### Kambi Group plc Share Option Plan 2018

	2022		2021	
	Number	Weighted average exercise price SEK	Number	Weighted average exercise price SEK
Outstanding at 1 January	259,500	125	362,500	125
Exercised	(213,500)	125	(100,000)	125
Granted	-	-	-	-
Lapsed	(46,000)	125	-	-
Forfeited	-	-	(3,000)	125
<b>Outstanding at 31 December</b>	<b>-</b>	<b>-</b>	<b>259,500</b>	<b>125</b>

#### Kambi Group plc Share Option Plan 2019

	2022		2021	
	Number	Weighted average exercise price SEK	Number	Weighted average exercise price SEK
Outstanding at 1 January	274,000	192.16	336,500	192.16
Exercised	-	-	-	-
Granted	-	-	-	-
Lapsed	-	-	-	-
Forfeited	(22,000)	192.16	(62,500)	192.16
<b>Outstanding at 31 December</b>	<b>252,000</b>	<b>192.16</b>	<b>274,000</b>	<b>192.16</b>

### Kambi Group plc Share Option Plan 2020

	2022		2021	
	Number	Weighted average exercise price SEK	Number	Weighted average exercise price SEK
Outstanding at 1 January	352,484	121.38	406,484	121.38
Exercised	-	-	-	-
Granted	-	-	-	-
Lapsed	-	-	-	-
Forfeited	(47,500)	121.38	(54,000)	121.38
<b>Outstanding at 31 December</b>	<b>304,984</b>	<b>121.38</b>	<b>352,484</b>	<b>121.38</b>

### Kambi Group plc Share Option Plan 2021

	2022		2021	
	Number	Weighted average exercise price SEK	Number	Weighted average exercise price SEK
Outstanding at 1 January	296,000	445.47	-	-
Exercised	-	-	-	-
Granted	-	-	308,500	445.47
Lapsed	-	-	-	-
Forfeited	(17,500)	445.47	(12,500)	445.47
<b>Outstanding at 31 December</b>	<b>278,500</b>	<b>445.47</b>	<b>296,000</b>	<b>445.47</b>

The weighted average remaining contractual life at 31 December 2022 was 1 year (2021: 2 years) for the Kambi Group Executive Share Option Plan, 1 year (2021: 2 years) for Kambi Group plc Share Option Plan 2019, 2 years (2021: 3 years) for the Kambi Group plc Share Option Plan 2020 and 3 years for Kambi Group plc Share Option Plan 2021 (2021: 4 years).

**Dilution effects:** During 2022, 87,000 (2021: 132,000) options over shares were forfeited during the year due to employees leaving the Group. 46,000 (2021: nil) options lapsed during the year. If all options are fully exercised, the nominal share capital of the Group will increase by a total maximum of €2,628 (2021: €3,667) by the issue of a total maximum of 875,984 ordinary shares (2021: 1,222,484) corresponding to 2.8% (2021: 3.9%) 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
<b>At 1 January 2021</b>	<b>5,788</b>	<b>(167)</b>	<b>270</b>	<b>59</b>	<b>5,950</b>
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)
<b>At 31 December 2021</b>	<b>4,435</b>	<b>(156)</b>	<b>270</b>	<b>59</b>	<b>4,608</b>
Share-based payments expense for the year	2,054	-	-	-	2,054
Tax on share-based payments	(492)	-	-	-	(492)
Actuarial gain/(loss) for the year	-	161	-	-	161
Fully exercised share option schemes	(897)	-	-	-	(897)
<b>At 31 December 2022</b>	<b>5,100</b>	<b>5</b>	<b>270</b>	<b>59</b>	<b>5,434</b>

### 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

	2022 €000	2021 €000
Opening balance	(2,183)	(3,357)
Movement for the year	(2,746)	1,174
Closing balance	(4,929)	(2,183)

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:

	2022 €000	2021 €000
Profit attributable to ordinary equity holders	26,451	46,431
Profit attributable to ordinary equity holders adjusted for the effect of dilution	26,451	46,431
	2022 '000	2021 '000
Weighted average number of ordinary shares for basic EPS	30,706	30,924
Effects of dilution from:		
Share options	190	601
Weighted average number of ordinary shares adjusted for the effect of dilution	30,896	31,525
	€	€
Earnings per share		
<b>Basic</b>	<b>0.861</b>	1.501
<b>Diluted</b>	<b>0.856</b>	1.473

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 €277,000 (2021: €275,000) and the weighted average number of ordinary shares on dilution would increase by 464,553 shares (2021: 328,006 shares).

### 31. Leases

Included within finance costs for the year to 31 December 2022, €457,000 (2021: €342,000) was recognised in relation to interest on lease liabilities under IFRS 16.

At 31 December 2022, the Group the following maturity analysis of cashflows on an undiscounted basis:

	2022 €000	2021 €000
Within one year	3,162	3,814
Between one and five years	10,231	12,477
Over five years	275	1,793
	<b>13,668</b>	<b>18,084</b>

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

	2022 €000	2021 €000
Creditors: Amounts falling due within one year	3,243	3,718
Non-current liabilities	9,992	13,656
	<b>13,235</b>	<b>17,374</b>

### 32. Capital commitments

There were no capital commitments at 31 December 2022 or 31 December 2021.

### 33. Contingent assets

There were no contingent assets at 31 December 2022 or 31 December 2021.

### 34. Contingent liabilities

There were no contingent liabilities at 31 December 2022 or 31 December 2021.

## 35. 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	
	31/12/22 €000	31/12/21 €000	31/12/22 €000	31/12/21 €000
GBP	5,984	6,025	8,823	10,555
SEK	11,934	18,209	23,834	34,213
PHP	2,309	3,033	3,442	3,230
RON	386	693	1,109	1,126
AUD	383	418	596	613
USD	750	750	23,943	29,704
DKK	5,940	-	4,414	-

**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	
	2022	2021	2022	2021	2022	2021
	€m					
Profit or loss	0.1	0.1	0.2	0.1	0.5	0.6
Equity	0.1	0.1	0.2	0.1	0.5	0.6

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
<b>Financial assets</b>								
<b>31 December 2022</b>								
<b>€000</b>								
Cash & cash equivalents	0.0%	60,701	-	-	-	-	60,701	60,701
<b>31 December 2021</b>								
Cash & cash equivalents	0.0%	79,657	-	-	-	-	79,657	79,657
<b>Financial liabilities</b>								
<b>31 December 2022</b>								
Convertible bond	3.0%	-	-	-	7,500	-	7,500	7,447
<b>31 December 2021</b>								
Convertible bond	3.0%	-	-	-	7,500	-	7,500	7,395

### 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:

	<b>2022</b> <b>€000</b>	2021 €000
Debt	<b>(7,447)</b>	(7,395)
Cash and cash equivalents	<b>60,701</b>	79,657
Net cash	<b>53,254</b>	72,262
Equity	<b>163,387</b>	136,550
Net cash to equity %	<b>33%</b>	53%

### Fair values of financial instruments

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

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

	<b>Carrying Amount 2022 €000</b>	<b>Fair Value 2022 €000</b>	Carrying Amount 2021 €000	Fair Value 2021 €000
<b>Financial liabilities</b>				
Convertible bond	<b>7,447</b>	<b>7,500</b>	7,395	7,500

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

# Independent auditor's report

## To the 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 57 to 97, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Group as at 31 December 2022, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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

##### Risk description

The group operates in a number of different jurisdictions and is subject to a number of regulations. As a result of the ever increasing complexities and continuous development in such laws and regulations this area was considered as an area of emphasis during the audit.

##### How the scope of our audit responded to the risk

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

##### Risk description

One of the main assets of the Group, relates to intangible assets consisting of computer software, brands and development costs which amounts to €62,316,000 as per note 16 to the consolidated 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 the scope of our audit responded to the risk

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 consolidated financial statements.

## Goodwill impairment

### Risk description

IAS 36 'Impairment of Assets' requires that Goodwill is subject to an impairment review at least annually, or more frequently when there is evidence of a trigger event. IAS 36 also requires a number of specific disclosures in respect of the impairment assessment.

The Group has goodwill of €56,151,000. When performing the annual impairment review of goodwill as at 31 December 2022, management determined that the goodwill was fully recoverable.

Such impairment assessments involve a significant degree of estimation, in particular with respect to the cash flow forecasts.

### How the scope of our audit responded to the risk

We obtained the annual impairment assessment performed by management. A key component of our work was to consider the budgets and cash flow forecasts prepared by management, as outlined below. This was supplemented by specific procedures on the key assumptions used.

We agreed the 2023 cash flow forecasts in the impairment models to the latest Board approved budgets. For the remaining periods covered by the models we evaluated the assumptions (including growth rates, EBITDA margins and discount rates) in the forecasts and considered the evidence available to determine whether the forecasts were reasonable and supportable. We determined that the application of the key assumptions was considered to be reasonable.

We performed a sensitivity analysis on the level of cash flows, the risk adjusted discount rate, growth rate and margin used in the impairment assessments.

We assessed the appropriateness of the disclosures as required by IAS 36 in respect of the goodwill and considered these to be reasonable. Refer to note 16 (Intangible assets).

## Other Information

The directors are responsible for the other information. The other information comprises the directors' report, chairman's statement, chief executive officer review, strategic review, and sustainability report. Our opinion on the consolidated financial statements does not cover this information, including the directors' report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Maltese 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 consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the directors' report has been prepared in accordance with the Maltese 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 consolidated financial statements that give a true and fair view in accordance with EU IFRS's, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the

disclosures, and whether the consolidated 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.

## 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 Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated 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 Group's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate Governance Statement set out on pages 49 to 51 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

## Adequacy of explanations received and accounting records

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

- We have not received all the information and explanations we require for 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 consolidated 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 anyone 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 nine 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,  
Malta

6 March 2023

# AGM and company information

**Shareholders in Kambi Group plc are invited to participate in the Annual General Meeting on Thursday 11 May 2023 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 Wednesday 19 April 2023. 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 Wednesday 19 April 2023.

## **Financial calendar**

26 April 2023	Q1 2023 report
11 May 2023	2023 Annual General Meeting
26 July 2023	Q2 2023 report
1 November 2023	Q3 2023 report
21 February 2024	Q4 2023 report

## **Company information**

Registered office	Avenue 77, A4, Triq in-Negozju, Zone 3, Central Business District, Birkirkara, CBD 3010, Malta
Company registration number	C 49768
Certified advisor	Redeye AB, Stockholm
Company secretary	Sarah Grima and Joseph Ghio
Auditors	The Watercourse, Level 2 Mdina Road Zone 2, Central Business District Birkirkara, CBD 2010, 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

**Bet builder**  
A product which gives bettors the opportunity to combine individual selections in the same game within a single betslip

## C

**Cash flow (excluding working capital and M&A)**  
Cash flow from operating and investing activities excluding movements in working capital and acquisitions

**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/partner**  
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

## K

**The Kambi Turnover Index**  
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

## M

**Modularisation**  
The technical separation of the complete sportsbook into individual sports betting products enabling the provision of standalone services to B2C operators

## 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 trading margin**  
The operator trading margin is the GGR as a percentage of operator turnover

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

## Operator turnover and margin index

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

## 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 (excluding the player account management platform) where bets are placed and accepted on sporting and other events

## T

**Third generation trading**  
While second generation trading is odds compiling and

trading by humans with the assistance of algorithmic models, the third-generation trading capability developed in-house by Kambi is odds compiling and trading by algorithmic models with the assistance of humans

## Turnkey

An end-to-end sportsbook solution

## Turnover

The total amount staked/wagered

## U

**User experience (UX)**  
How players interact and experience products and services

## 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**

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Birkirkara, CBD 3010, Malta

**Kambi**