



Q1 Report 2015 (unaudited)

Summary

- Revenue amounted to €10.0 (7.7) million for the first quarter of 2015, an increase of 29%
- Operating profit (EBIT) for the first quarter of 2015 was €0.8 (-0.1) million, with a margin of 8% (-1%)
- Profit after Tax amounted to €0.6 (-0.3) million for the first quarter of 2015
- Earnings per share for the first quarter of 2015 were €0.020 (-0.017)
- Cash flow from operating and investing activities (excluding working capital) amounted to €1.0 (0.0) million for the first quarter of 2015

Significant events during Q1

- Major increase in operator turnover, up 47% from Q1 2014
- Upgrade of the service for the Italian market
- Long-term extension of Paf's contract

“The first quarter showed a significant increase in our operators’ turnover, up 47% compared to the same period last year. This demonstrates very strong growth, which clearly shows the strength of our service. For Kambi, this resulted in a 29% increase in revenue, partly explained by lower than average margins. We are positive about regulatory changes in the Italian market and the opportunities they give us, as we prepare the launch of a premium offering compliant with the new regulation. We continue to strengthen our sales team and are in a number of ongoing discussions with potential customers.”, says Kristian Nylén, CEO of Kambi.

You are invited to participate in a report presentation at 10:45 CET held by CEO Kristian Nylén and CFO David Kenyon. The presentation will be held in English via a telephone conference and can also be accessed via an audiocast using the link below.

Questions can be asked on the telephone conference or sent via the audiocast link.

Numbers for participation in the telephone conference:

SE: +46 8 566 426 98 UK: +44 20 3428 1419 US: +1 855 831 59 44

Link to the audiocast:

<http://media.fronto.com/cloud/kambi/150429/>





First quarter financial breakdown

	Q1 2015	Q1 2014	Jan - Dec 2014
	€m	€m	€m
Revenue	10.0	7.7	36.0
Operating result	0.8	-0.1	2.2
Operating margin	8%	-1%	6%
Result after tax	0.6	-0.3	1.0
Cash flow ¹	1.0	0.0	2.8
Net cash ²	16.9	-7.6	16.0
	€	€	€
Earnings per share	0.020	-0.017	0.037

¹ Cash flow from operating and investing activities excluding movements in working capital

² Total cash at period end, less convertible bond and borrowings from related party

Q1 Highlights

Operator turnover was very strong during the quarter, increasing by 19% compared to Q4 2014 and 47% compared to Q1 2014. A contributory factor is a significant increase in the number of live events offered. This indicates that the investments made in developing the service have been well received by the end users.

Overall, business from operators in the UK has increased and become a much more important part of Kambi's revenues. Accordingly, events such as the Cheltenham Festival (horse racing), which is a key event in the UK sporting calendar, have become more significant. This event boosted operator turnover in the quarter; however, many favourites were winners, which negatively impacted the operators' margins.

Kambi's first B2B customer, Paf, has committed further to Kambi by extending its contract long-term.





Kambi initiatives

Kambi is developing its service for the Italian market. We are looking to launch with some existing customers during this year, while also providing Unibet with a significantly upgraded service. The Company has recently hired an Italian sales representative to grasp the growth opportunities as the market becomes more attractive due to regulatory changes. The new regulations allow a broader offering of events at lower gaming tax rates, which benefits both operators and Kambi.

Events after Q1

In April, Kambi received its full UK licence, allowing its operators to continue offering their service to UK residents.

Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the first quarter of 2015, revenue was €10.0 (7.7) million. The increase of 29% year-on-year demonstrates Kambi's continued growth, underpinned by the success of existing operators and the acquisition of new customers. Kambi charges its operators a monthly fee, based on a number of variables, including fixed fees, commission based on operators' profits generated and the number of live events offered.

Operator trading analysis

In the interest of commercial sensitivity, Kambi presents the sports betting turnover of its customers as an index, called The Kambi Turnover Index, with the first quarter of 2014 indexed at 100. The graph below shows the index since Q1 2013, and also illustrates the operators' quarterly betting margin.





Overall the quarter was very strong, mainly driven by a strong increase in operator turnover. The index for the first quarter of 2015 increased by 47% to 147 compared with for the first quarter of 2014. The Q1 operator betting margin of 7.1% was below the long-term average. This margin can fluctuate in the short-term due to the outcome of certain events.

Operating expenses

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

Operating expenses for the first quarter of 2015 were €9.1 (7.8) million.

A large proportion of operating expenses is salaries. The increase in salaries can be attributed to the planned increase in staff, which is expected to continue as part of the ongoing growth of the company. This forms part of the continued investment in expanding the number of live events offered and the technological development of the Kambi service.

Operating profit

Operating profit for the first quarter of 2015 was €0.8 (-0.1) million, with a margin of 8% (-1%).





Capitalised development costs

In the first quarter of 2015, development expenditure of €1.2 (1.3) million was capitalised. These capitalised development costs are amortised over 3 years, starting in the year the costs are incurred. The capitalised expenditure for the quarter was broadly in line with the amortisation.

Profit/Loss before tax

Profit/Loss before tax for the first quarter of 2015 was €0.8 (-0.2) million.

Taxation

The tax expense for the first quarter of 2015 was €0.2 (0.1) million. The increase in tax charge reflects the Group's improved profitability.

Profit/Loss after tax

Profit/Loss after tax for the first quarter of 2015 was €0.6 (-0.3) million.

Financial position and cash flow

The net cash position at 31 March 2015 was €16.9 million.

Cash flow from operating and investing activities (excluding working capital) amounted to €1.0 (0.0) million for the first quarter of 2015.

Trade and other receivables at 31 March 2015 were €7.9 million, of which trade receivables represented €6.1 million. This includes 2 months of invoices to most of Kambi's operators, due to the timing of the issue of invoices at the end of each calendar month.

Impact of foreign exchange rate movements

Many end user transactions are in Euro, and are also invoiced and reported in Euro. The net impact on Kambi's Q1 revenues of movements in other currencies was not material.

Kambi's most significant non-Euro operating expenditure is in SEK and GBP. The impact on the operating expenditure of foreign exchange movements was offset by holding amounts on term deposit in these currencies.





Personnel

Kambi had 380 (331) employees equivalent to 353.5 (312.9) full time employees at 31 March 2015, across offices in Malta, London, Manila and Stockholm.

Financial information

The financial information has been presented in accordance with International Financial Reporting Standards as adopted by the European Union. All numbers in this report are unaudited.

All numbers in this report are shown in Euro (€) and all the numbers in brackets refer to the equivalent period in the previous year.

AGM 2015

Kambi's AGM will be held on Tuesday 19 May, 2015 at 17.00 CET at the Phoenician Suite, The Westin Dragonara Resort, Dragonara Road, St. Julian's STJ3143, Malta. For details on the AGM including the Proxy form, please visit the AGM section on the company website: www.kambigroupplc.com

Financial calendar

AGM - 19 May 2015 in Malta
Q2 report - 5 August 2015
Q3 report – 4 November 2015
Q4 report – 10 February 2016





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About Kambi

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 operators. Kambi's product encompasses a broad offering from front end through to odds compiling and risk management. The company's current coverage includes more than 110,000 live betting events and 250,000 pre-match events per year covering 65 different sports from all over the world. Kambi utilizes a best of breed security approach, with guiding principles from ISO 27001. Kambi Sports Solutions is eCOGRA certified. Kambi Group plc is listed on First North at Nasdaq Stockholm under the symbol "KAMBI".

Legal disclaimer

Kambi does not give any forecasts. Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuation in exchange rates, interest rates and political risks.

Publication

The information in this interim report follows the required rules for companies trading on First North at Nasdaq Stockholm. This market is not a "regulated market" as defined in EU legislation.



**CONSOLIDATED INCOME STATEMENT**

€ '000

	Q1 2015	Q1 2014	Jan - Dec 2014
Revenue	9,971	7,748	36,017
Gross profit	9,971	7,748	36,017
Operating expenses	-9,134	-7,849	-33,228
Underlying profit/(loss) before items affecting comparability:	837	-101	2,789
Transaction costs	-	-	-575
Profit/(loss) from operations	837	-101	2,214
Investment income	2	-	15
Finance costs	-77	-126	-315
Profit/(loss) before tax	762	-227	1,914
Income tax	-171	-105	-947
Profit/(loss) after tax	591	-332	967

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000

	Q1 2015	Q1 2014	Jan - Dec 2014
Profit/(loss) after tax for the period	591	-332	967
Other comprehensive income:			
Currency translation adjustments taken to equity	81	-79	-64
Actuarial loss on employee defined benefit scheme	-	-	-13
Comprehensive income for the period	672	-411	890



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

€ '000

	31 Mar 2015	31 Mar 2014	31 Dec 2014
ASSETS			
<i>Non-current assets</i>			
Intangible assets	6,995	7,819	7,143
Property, plant and equipment	1,705	1,872	1,752
Deferred tax assets	584	465	424
	9,284	10,156	9,319
<i>Current assets</i>			
Trade and other receivables	7,911	4,615	7,313
Cash and cash equivalents	24,061	2,092	23,155
	31,972	6,707	30,468
Total assets	41,256	16,863	39,787
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	89	20	89
Share premium	53,273	29,779	53,273
Other reserves	615	205	606
Currency translation reserve	-98	-227	-179
Retained earnings	-27,040	-28,898	-27,631
Total equity	26,839	879	26,158
<i>Non-current liabilities</i>			
Convertible bond	7,169	-	7,149
Other liabilities	36	-	20
Deferred tax liabilities	124	136	124
	7,329	136	7,293
<i>Current liabilities</i>			
Borrowings from related party	-	9,688	-
Trade and other payables	6,282	5,943	5,771
Tax liabilities	806	217	565
	7,088	15,848	6,336
Total liabilities	14,417	15,984	13,629
Total equity and liabilities	41,256	16,863	39,787



**CONSOLIDATED STATEMENT OF CASH FLOWS**

€ '000

	Q1 2015	Q1 2014	Jan - Dec 2014
OPERATING ACTIVITIES			
Profit from operations	837	-101	2,214
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	242	275	1,059
Amortisation of intangible assets	1,297	1,272	5,310
Share-based payment	9	23	39
Operating cash flows before movements in working capital	2,385	1,469	8,622
(Increase)/decrease in trade and other receivables	-599	629	-2,160
(Decrease)/increase in trade and other payables	536	841	440
(Decrease)/increase in other liabilities	17	-	7
Cash flows from operating activities	2,339	2,939	6,909
Income taxes paid net of tax refunded	-89	-65	-360
Net cash used in operating activities	2,250	2,874	6,549
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	-194	-140	-764
Development and acquisition costs of intangible assets	-1,150	-1,293	-4,656
Net cash used in investing activities	-1,344	-1,433	-5,420
FINANCING ACTIVITIES			
Proceeds (repaid)/from borrowings - related party	-	-2,231	-11,919
Interest paid	-	-126	-126
Proceeds from issue of convertible bond	-	-	7,500
Proceeds from issue of new shares	-	-	23,563
Net cash generated from financing activities	-	-2,357	19,018
Net increase in cash and cash equivalents	906	-916	20,147
Cash and cash equivalents at beginning of period	23,155	3,008	3,008
Cash and cash equivalents at end of period	24,061	2,092	23,155



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

€ '000

	Q1 2015	Q1 2014	Jan - Dec 2014
Opening balance at beginning of period	26,158	1,267	1,267
<i>Comprehensive income</i>			
Profit/(loss) for the period	591	-332	967
<i>Other comprehensive income:</i>			
Translation adjustment	81	-79	-64
Actuarial loss on employee defined benefits	-	-	-13
	672	-411	890
<i>Transactions with owners</i>			
Share options - value of employee services	9	23	39
Convertible bond	-	-	399
Proceeds from shares issued	-	-	23,563
	9	23	24,001
Closing balance at end of period	26,839	879	26,158



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

	Q1 2015	Q1 2014	Jan - Dec 2014
Operator turnover as index of Q1 2014	147	100	n/a
Operating (EBIT) margin, %	8%	-1%	6%
EBITDA (€m)	2.4	1.4	8.6
EBITDA margin, %	24%	19%	24%
Equity/assets ratio, %	65%	5%	66%
Employees at period end	380	331	364
Earnings per share (€)	0.020	-0.017	0.037
Fully diluted earnings per share (€)	0.019	-0.017	0.037
Number of shares at period end	29,741,197	19,974,500	29,741,197
Fully diluted number of shares at period end	30,492,186	19,991,082	30,519,385
Average number of shares	29,741,197	19,974,500	26,015,841
Average number of fully diluted shares	30,496,830	19,991,082	26,491,918

