

Q4 Report 2015 (unaudited)

Summary

- Revenue amounted to €14.2 (9.3) million for the fourth quarter of 2015, an increase of 53%, and €47.7 (36.0) million for the full year 2015, an increase of 32%
- Operating profit (EBIT) for the fourth quarter of 2015 was €3.3 (0.6) million, with a margin of 23% (6%), and €7.4 (2.2) million for the full year 2015, with a margin of 16% (6%)
- Profit after Tax amounted to €2.9 (0.2) million for the fourth quarter of 2015, and €6.2 (1.0) million for the full year 2015
- Earnings per share for the fourth quarter of 2015 were €0.099 (0.008) and €0.208 (0.037) for the full year 2015
- Cash flow from operating and investing activities (excluding working capital) amounted to €2.8 (0.7) million for the fourth quarter of 2015 and €6.2 (2.9) million for the full year 2015

Exceptionally strong growth and operating margin

- Very strong levels of operator turnover
- Kambi's highest quarterly revenue and operating margins to date
- Signed contracts with gaming operators LeoVegas and Rank
- Live with the HTML5 client with 2 operators

"Kambi's organic growth accelerated in the fourth quarter and led to the strongest quarter to date. This is continued proof of the quality of Kambi's services, the success of our operators and the entertainment value our customers can offer their players.

In January, Kambi signed contracts with two gaming operator, LeoVegas and Rank. We are very excited to add two renowned brands to our customer list and we see great potential for both Kambi and the operators. Both operators are expected to go live before the start of the European Championships in June and we look forward to following their success.

During the period leading up to this report, two of our operators, Luckia and Paf, have switched to our new HTML5 client. We hope to have all our customers making the transition before the European Championships and we expect to add some new exciting features before the tournament." says Kristian Nylén, CEO of Kambi.

Fourth quarter financial breakdown (unaudited)

Summary

	Q4 2015 €m	Q4 2014 €m	Jan - Dec 2015 €m	Jan - Dec 2014 €m
Revenue	14.2	9.3	47.7	36.0
Operating result	3.3	0.6	7.4	2.2
Operating margin	23%	6%	16%	6%
Result after tax	2.9	0.2	6.2	1.0
Cash flow ¹	2.8	0.7	6.2	2.9
Net cash ²	20.3	16.0	20.3	16.0
	€	€	€	€
Earnings per share	0.099	0.008	0.208	0.037

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

² Total cash at period end less convertible bond

Q4 Highlights

The revenue, operating profit, operating margin and cash flow were the best in Kambi's history.

The operator turnover was extremely strong and increased by 64% compared to the fourth quarter in 2014; allied with a decent operator margin, this generated the excellent results for Kambi.

The new HTML5 client has been developed during the last two and a half years and has now been implemented by two of Kambi's customers. This gives the operators a lot of freedom to personalise and differentiate their Sportsbook product. Their players will have the same leading experience across all channels – mobile, tablet, web and retail. *(for more details, see the Q2 report 2015.)*

Events after Q4

In January, Kambi signed agreements to deliver its managed Sportsbook to LeoVegas Gaming Ltd, a mobile focused gaming group, and The Rank Group plc, a UK based gaming business.

Kambi's premium sports betting service complements LeoVegas' existing mobile casino offering. LeoVegas has, in a short period of time, experienced huge success and won several awards in its aim of becoming the number one operator in mobile gaming entertainment.

The Rank Group plc is a well-established FTSE 250 listed company. The Kambi Sportsbook will be provided to its Grosvenor Casino brand at www.grosvenorcasinos.com. This will enhance Rank's product offering to its 1.7 million existing online players with a premium quality sports betting experience.

Market development - ICE

Lorem ipsum...

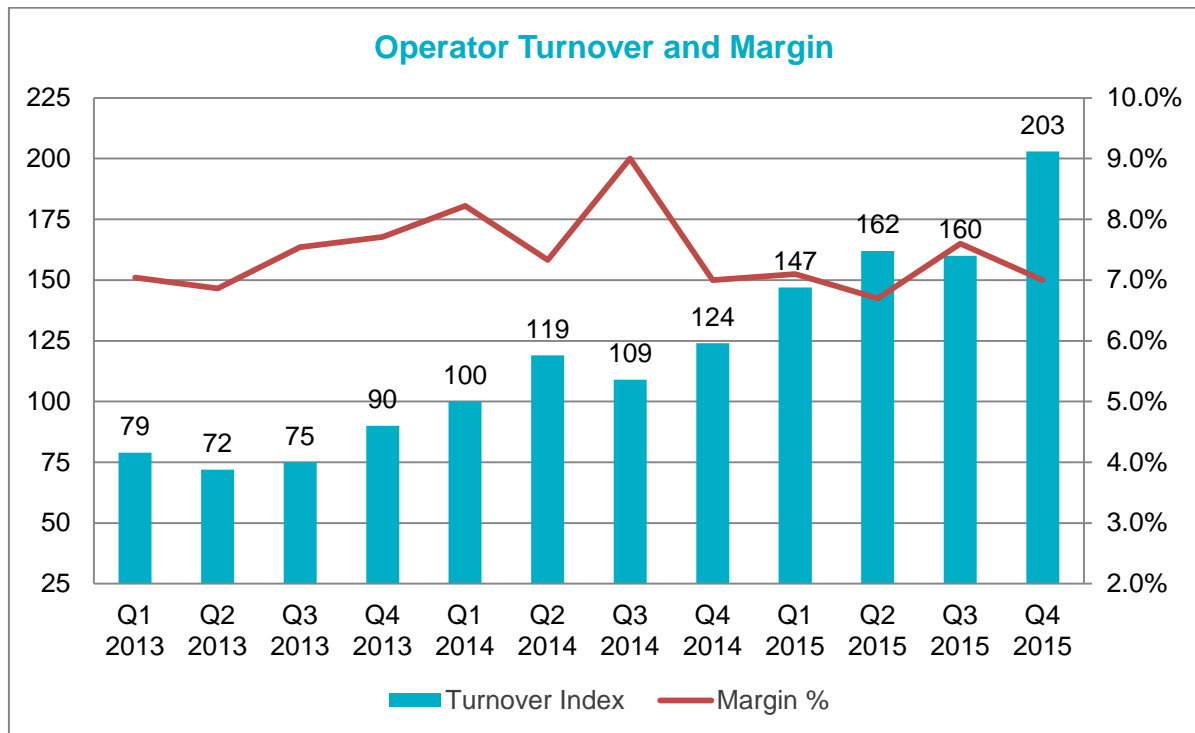
Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the fourth quarter of 2015, revenue was €14.2 (9.3) million. For the full year 2015, revenue was €47.7 (36.0) million. 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 its customers' sports betting turnover as an index, called The Kambi Turnover Index, with the first quarter of 2014 indexed at 100. The graph below shows the index since Q1 2013 and also illustrates Kambi's operators' quarterly betting margin.



Overall the quarter was very strong, mainly driven by the growth in operator turnover. The turnover index for the fourth quarter of 2015 increased by 64% to 203 compared with 124 for the fourth quarter of 2014. The operator margin was 7.0%, just below the long-term average of 7.4%.

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 fourth quarter of 2015 were €10.9 (8.7) million and €40.3 (33.2) million for the full year 2015. A large proportion of operating expenses is salaries. The increase in salaries can be attributed to the planned increase in full time staff, as part of the continued development of the Kambi product (in particular to support the significant increase in the number of live events offered to the customers), as well as salary increases in line with the market.

Operating profit

Operating profit for the fourth quarter of 2015 was €3.3 (0.6) million, with a margin of 23% (6%), and €7.4 (2.2) million for the full year 2015 with a margin of 16% (6%). The significant increase in the operating margin clearly demonstrates the scalability of our business model.

Capitalised development costs

In the fourth quarter of 2015, development expenditure of €1.8 (1.2) million was capitalised, bringing the total for the full year 2015 to €6.1 (4.7) million. These capitalised development costs are amortised over 3 years, starting in the year the costs are incurred.

Profit before tax

Profit before tax for the fourth quarter of 2015 was €3.2 (0.5) million. Profit before tax for the full year 2015 was €7.1 (1.9) million.

Taxation

The tax expense for the fourth quarter of 2015 was €0.3 (0.2) million. The tax expense for the full year 2015 was €0.9 (0.9) million.

Profit after tax

Profit after tax for the fourth quarter of 2015 was €2.9 (0.2) million. Profit after tax for the full year 2015 was €6.2 (1.0) million.

Financial position and cash flow

The net cash position at 31 December 2015 was €20.3 (16.0) million.

Cash flow from operating and investing activities (excluding working capital) amounted to €2.8 (0.7) million for the fourth quarter of 2015 and €6.2 (2.9) million for the full year 2015. Trade and other receivables at 31 December 2015 were €10.4 (7.3) 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.

Personnel

Kambi had 441 (364) employees equivalent to 416.1 (341.5) full time employees at 31 December 2015, across offices in Malta, Bucharest, 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.

Financial calendar

Q1 report	27 April 2016
AGM	18 May 2016 in Stockholm at 10.00 CET
Q2 report	27 July 2016
Q3 report	2 November 2016
Q4 report	8 February 2017

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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 services encompass a broad offering from front end through to odds compiling and risk management. The company's current coverage includes more than 165,000 live betting events and 300,000 pre-match events per year covering 65 different sports from all over the world. Kambi utilises 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". Kambi's certified Advisor is Redeye AB.

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

	Q4 2015	Q4 2014	Jan - Dec 2015	Jan - Dec 2014
Revenue	14,197	9,307	47,687	36,017
Gross profit	14,197	9,307	47,687	36,017
Operating expenses	-10,877	-8,730	-40,291	-33,228
Underlying profit/(loss) before items affecting comparability:	3,320	577	7,396	2,789
Transaction costs	-	-	-	-575
Profit/(loss) from operations	3,320	577	7,396	2,214
Investment income	6	15	32	15
Finance costs	-93	-113	-325	-315
Profit/(loss) before tax	3,233	479	7,103	1,914
Income tax	-289	-245	-906	-947
Profit/(loss) after tax	2,944	234	6,197	967

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000

	Q4 2015	Q4 2014	Jan - Dec 2015	Jan - Dec 2014
Profit/(loss) after tax for the period	2,944	234	6,197	967
Other comprehensive income:				
Currency translation adjustments taken to equity	60	-322	16	-64
Actuarial loss on employee defined benefit scheme	-20	-13	-20	-13
Comprehensive income for the period	2,984	-101	6,193	890

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000

	31 Dec 2015	31 Dec 2014
ASSETS		
<i>Non-current assets</i>		
Intangible assets	8,098	7,143
Property, plant and equipment	1,536	1,752
Deferred tax assets	1,617	424
	11,251	9,319
<i>Current assets</i>		
Trade and other receivables	10,423	7,313
Cash and cash equivalents	27,481	23,155
	37,904	30,468
Total assets	49,155	39,787
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	89	89
Share premium	53,273	53,273
Other reserves	625	606
Currency translation reserve	-163	-179
Retained earnings	-21,434	-27,631
Total equity	32,390	26,158
<i>Non-current liabilities</i>		
Convertible bond	7,231	7,149
Other liabilities	50	20
Deferred tax liabilities	315	124
	7,596	7,293
<i>Current liabilities</i>		
Trade and other payables	7,261	5,771
Tax liabilities	1,908	565
	9,169	6,336
Total liabilities	16,765	13,629
Total equity and liabilities	49,155	39,787

CONSOLIDATED STATEMENT OF CASH FLOWS

€'000

	Q4 2015	Q4 2014	Jan - Dec 2015	Jan - Dec 2014
OPERATING ACTIVITIES				
Profit from operations	3,320	577	7,396	2,214
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	262	228	995	1,059
Amortisation of intangible assets	1,305	1,316	5,187	5,310
Share-based payment	13	8	39	39
Operating cash flows before movements in working capital	4,900	2,129	13,617	8,622
(Increase)/decrease in trade and other receivables	-471	1,236	-3,110	-2,160
(Decrease)/increase in trade and other payables	1,130	-261	1,448	425
(Decrease)/increase in other liabilities	-30	7	9	7
(Decrease)/increase in deferred revenue	-189	-112	-	-
Cash flows from operating activities	5,340	2,999	11,964	6,894
Income taxes paid net of tax refunded	-164	-208	-585	-360
Interest Income received	32	15	32	15
Net cash used in operating activities	5,208	2,806	11,411	6,549
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	-147	-44	-718	-764
Development and acquisition costs of intangible assets	-1,822	-1,189	-6,142	-4,656
Net cash used in investing activities	-1,969	-1,233	-6,860	-5,420
FINANCING ACTIVITIES				
Proceeds (repaid)/from borrowings - related party	-	-	-	-11,919
Interest paid	-	-	-225	-126
Proceeds from issue of convertible bond	-	-	-	7,500
Proceeds from issue of new shares	-	-	-	23,563
Net cash generated from financing activities	-	-	-225	19,018
Net increase in cash and cash equivalents	3,239	1,573	4,326	20,147
Cash and cash equivalents at beginning of period	24,242	21,582	23,155	3,008
Cash and cash equivalents at end of period	27,481	23,155	27,481	23,155

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€'000

	Q4 2015	Q4 2014	Jan - Dec 2015	Jan - Dec 2014
Opening balance at beginning of period	29,393	25,853	26,158	1,267
<i>Comprehensive income</i>				
Profit/(loss) for the period	2,944	234	6,197	967
<i>Other comprehensive income:</i>				
Translation adjustment	60	-322	16	-64
Actuarial loss on employee defined benefits	-20	-13	-20	-13
	2,984	-101	6,193	890
<i>Transactions with owners</i>				
Share options - value of employee services	13	7	39	39
Convertible bond	-	399	-	399
Proceeds from shares issued	-	-	-	23,563
	13	406	39	24,001
Closing balance at end of period	32,390	26,158	32,390	26,158

KEY RATIOS

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

	Q4 2015	Q4 2014	Jan - Dec 2015	Jan - Dec 2014
Operator turnover as index of Q1 2014	203	124	n/a	n/a
Operating (EBIT) margin, %	23%	6%	16%	6%
EBITDA (€m)	4.9	2.1	13.6	8.6
EBITDA margin, %	34%	23%	28%	24%
Equity/assets ratio, %	66%	66%	66%	66%
Employees at period end	441	364	441	364
Earnings per share (€)	0.099	0.008	0.208	0.037
Fully diluted earnings per share (€)	0.097	0.008	0.203	0.037
Number of shares at period end	29,741,197	29,741,197	29,741,197	29,741,197
Fully diluted number of shares at period end	30,588,034	30,519,385	30,588,034	30,519,385
Average number of shares	29,741,197	29,741,197	29,741,197	26,015,841
Average number of fully diluted shares	30,505,615	30,503,403	30,481,403	26,491,918