



Q4 Report 2014 (unaudited)

Summary

- Revenue amounted to €9.3 (6.1) million for the fourth quarter of 2014, an increase of 52%, and €36.0 (21.1) million for the full year 2014, an increase of 70%
- Operating profit (EBIT) for the fourth quarter of 2014 was €0.6 (-9.3) million, with a margin of 6% (-152%), and €2.2 (-19.9) million for the full year 2014, with a margin of 6% (-94%)
- Profit after Tax amounted to €0.2 (-8.6) million for the fourth quarter of 2014 and €1.0 (-18.7) million for the full year 2014
- Earnings per share for the fourth quarter of 2014 were €0.008 (-0.430) and €0.037 (-0.937) for the full year 2014
- Cash flow from operating and investing activities (excluding working capital) amounted to €0.7 (-0.8) million for the fourth quarter of 2014 and €2.8 (-6.3) million for the full year 2014

Significant events during Q4

- Napoleon Games extended its contract with Kambi
- Kambi ratified as Associate Member of CIBELAE, the Latin American Corporation of State Lottery and Betting

"The fourth quarter showed further evidence of the success of our business model. Kambi was profitable and cash flow positive, despite challenging results in some sporting events, which led to a slightly lower than average margin, of 7%, generated for our operators. This illustrates the solid base for the company's future. The new year has started on a positive note and the continuous efforts to build our pipeline of targets give us reassurance for future growth potential", says Kristian Nylén, CEO of Kambi.

You are invited to participate in a report presentation today 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, registration needed. (Please note that the audiocast is not supported by the Safari web browser). Questions can be asked on the telephone conference or sent via the audiocast link.

Numbers for participation in the telephone conference:

SE: +46 856642691 UK: +44 44 2034281409 US: + 18557532236 ES: +34 911 140 089 Pin: 197079#

Link to the audiocast: <http://media.fronto.com/cloud/kambi/150211/>





Fourth quarter financial breakdown

Summary

	Q4 2014 EURm	Q4 2013 EURm	Jan - Dec 2014 EURm	Jan - Dec 2013 ³ EURm
Revenue	9.3	6.1	36.0	21.1
Operating result	0.6	-9.3	2.2	-19.9
Operating margin	6%	-152%	6%	-94%
Result after tax	0.2	-8.6	1.0	-18.7
Cash flow ¹	0.7	-0.8	2.8	-6.3
Net cash ²	16.0	-8.9	16.0	-8.9
	EUR	EUR	EUR	EUR
Earnings per share	0.008	-0.430	0.037	-0.937

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

³ Full year 2013 has been re-stated to reflect the final statutory accounts adjustments

Q4 Highlights

In Q4 we were very pleased to see Napoleon Games extending its contract with Kambi, committing long term. The positive trend with our customers extending their contracts is continuing. This gives us confidence that the service we are providing is valuable for our customers.

During the quarter Kambi was ratified as a member of CIBELAE, the Latin American Corporation of State Lottery and Betting. This is the third membership gained with a state lottery association in 2014 and supports the effort to acquire customers and gain insight in Latin America.

Q4's level of activity saw its usual strong seasonal pattern with the UEFA Champions League and the major domestic football leagues in full force. As mentioned in the Q3 report, December is a slightly slower month due to lack of tennis and a winter break in many football leagues and thus has some effect on the activity of the fourth quarter. However, an all-time high turnover for our operators was achieved during the quarter.





Events after Q4

In February, Kambi was awarded 'Sportsbook Supplier of the Year' by Gaming Intelligence magazine.

Gaming Intelligence commented that Kambi's "level of efficiency is almost unheard of in this industry" and that "its sales prowess has been backed up by technical excellence". The result has been that "both 888 and 32Red have seen sports revenues soar" since starting with the Kambi service.

Kambi initiatives

Real time analytics

Kambi has developed and implemented the means to measure several metrics which are used to identify and measure particular trading patterns. These metrics are central to our customer intelligence and risk management but more importantly, they give the opportunity to create a great user experience for the end users.

During the quarter Kambi has taken this a step further. With 'Precogs', an analytical engine, a set of algorithms processes betting data in real time, whereas previously, reports were generated every hour. The 'Precogs' tool makes this analysis much more efficient, limiting the impact of unfavourable trading patterns.

For the future we believe real time analytics will have a crucial impact on the user experience and we envision using it in multiple areas outside risk management. One example where this technology can be used is personalisation. Real time data analytics, coupled with utilising data with a network approach, give Kambi a competitive edge. By using this tool, we can give our customers more efficient and accurate risk management and customer intelligence. This will improve our service and help our customers achieve optimal margins and maximise turnover.

Customers

Kambi continues its efforts to secure new strategic partnerships, with the main focus on Europe. For 2015, the aim is to broaden the customer base in one or more of the following strategic areas: state lotteries, operators with an existing in-house Sportsbook operation and South America. As we have previously communicated, Kambi has a selective approach in the search for new customers. This course of action is supported by the current customer base that is thriving, continuing to gain market share and at the same time being fantastic





reference cases for Kambi. The pipeline of targets built over the past years gives us great confidence for the future.

Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the fourth quarter of 2014, revenue was €9.3 (6.1) million. For the full year 2014, revenue was €36.0 (21.1) million. The increase of 70% 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.





An all-time high for operator turnover was achieved in the fourth quarter. Kambi believes that growth in operator turnover is a stronger indicator of performance than margin, which can fluctuate in the short-term due to the outcome of certain events. The turnover index for the fourth quarter of 2014 increased by 38% to 124 compared with 90 for the fourth quarter of 2013. However, revenues in the fourth quarter of 2014 were impacted by the reduced betting margin of 7%, which was below the 24 month average of 7.6%.

Operating expenses

Operating expenses are a combination of activity-related costs and fixed costs; the main expense is salaries. This cost is likely to increase as we add to the number of staff, in order to expand the number of live events offered, improve the IT development capacity and expand the sales reach. Other significant costs include office costs, live information feeds, consultant costs and amortisation.

Operating expenses for the fourth quarter of 2014 were €8.7 (7.6) million and €33.2 (28.4) million for the full year 2014.

Operating profit

Operating profit for the fourth quarter of 2014 was €0.6 (-9.3) million, with a margin of 6% (-152%), and €2.2 (-19.9) million for the full year 2014, with a margin of 6% (-94%). The result in the fourth quarter 2013 was impacted by a one-off acceleration of the amortisation of certain intangible assets, amounting to €7.9 million.

Capitalised development costs

In the fourth quarter of 2014, development expenditure of €1.2 (1.2) million has been capitalised, bringing the total for the full year 2014 to €4.7 (5.1) million. These capitalised development costs are amortised over 3 years, starting in the year the costs are incurred.

Profit/Loss before tax

Profit/Loss before tax for the fourth quarter of 2014 was €0.5 (-9.5) million. Profit/Loss before tax for the full year 2014 was €1.9 (-20.2) million.

Taxation

The tax expense for the fourth quarter of 2014 was €0.2 (-0.9) million. The tax expense for the full year 2014 was €0.9 (-1.5) million. The increase in tax charge reflects the Group's improved profitability.





Profit/Loss after tax

Profit/Loss after tax for the fourth quarter of 2014 was €0.2 (-8.6) million. Profit/Loss after tax for the full year 2014 was €1.0 (-18.7) million.

Financial position and cash flow

The net cash position at 31 December 2014 was €16.0 million.

Cash flow from operating and investing activities (excluding working capital) amounted to €0.7 (-0.8) million for the fourth quarter of 2014 and €2.8 (-6.3) million for the full year of 2014.

Trade and other receivables at 31 December 2014 were €7.3 million, of which €6 million represents 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.

During Q4 2014, a reclassification of €0.4 million was effected between the convertible bond and other reserves, to comply with IFRS standards.

Dividend

The Board of Directors will propose to the shareholders that no dividend relating to 2014 be paid.

Personnel

Kambi had 364 (319) employees equivalent to 341.5 (302.4) full time employees at 31 December 2014, 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 € and all the numbers in brackets refer to the equivalent period in the previous year.





Financial calendar

Q1 report	29 April 2015
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". 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 2014	Q4 2013	Jan - Dec 2014	Jan - Dec 2013 ¹
Revenue	9,307	6,134	36,017	21,147
Gross profit	9,307	6,134	36,017	21,147
Operating expenses	-8,730	-7,597	-33,228	-28,415
Underlying profit/(loss) before items affecting comparability:	577	-1,463	2,789	-7,268
Amortisation of acquired intangible assets	-	-7,870	-	-12,610
Transaction costs	-	-	-575	-
Profit/(loss) from operations	577	-9,333	2,214	-19,878
Investment income	15	2	15	2
Finance costs	-113	-134	-315	-372
Profit/(loss) before tax	479	-9,465	1,914	-20,248
Income tax	-245	868	-947	1,532
Profit/(loss) after tax	234	-8,597	967	-18,716

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000

	Q4 2014	Q4 2013	Jan - Dec 2014	Jan - Dec 2013 ¹
Profit/(loss) after tax for the period	234	-8,597	967	-18,716
Other comprehensive income:				
Currency translation adjustments taken to equity	-322	80	-64	-117
Actuarial loss on employee defined benefit scheme	-13	-	-13	-
Comprehensive income for the period	-101	-8,517	889	-18,833

¹ Full year 2013 has been re-stated to reflect the final statutory accounts adjustments

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

€ '000

	31 Dec 2014	31 Dec 2013 ¹
ASSETS		
<i>Non-current assets</i>		
Intangible assets	7,143	7,797
Property, plant and equipment	1,752	2,011
Deferred tax assets	424	500
	9,319	10,308
<i>Current assets</i>		
Trade and other receivables	7,313	5,153
Cash and cash equivalents	23,155	3,008
	30,468	8,161
Total assets	39,787	18,469
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	89	20
Share premium	53,273	29,779
Other reserves	606	181
Currency translation reserve	-179	-115
Retained earnings	-27,631	-28,598
Total equity	26,158	1,267
<i>Non-current liabilities</i>		
Convertible bond	7,149	-
Other liabilities	20	-
Deferred tax liabilities	124	-
	7,293	-
<i>Current liabilities</i>		
Borrowings from related party	-	11,919
Trade and other payables	5,771	5,103
Deferred revenue	-	-
Tax liabilities	565	180
	6,336	17,202
Total liabilities	13,629	17,202
Total equity and liabilities	39,787	18,469

¹ Full year 2013 has been re-stated to reflect the final statutory accounts adjustments

**CONSOLIDATED STATEMENT OF CASH FLOWS**

€ '000

	Q4 2014	Q4 2013	Jan - Dec 2014	Jan - Dec 2013 ¹
OPERATING ACTIVITIES				
Profit from operations	577	-9,333	2,214	-19,878
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	228	272	1,059	1,031
Amortisation of intangible assets	1,316	9,254	5,310	17,925
Share-based payment	8	6	39	40
Operating cash flows before movements in working capital	2,129	199	8,622	-882
(Increase)/decrease in trade and other receivables	1,236	513	-2,160	-362
(Decrease)/increase in trade and other payables	-246	263	440	-943
(Decrease)/increase in other liabilities	7	-	7	-
(Decrease)/increase in deferred revenue	-112	-	-	-
Cash flows from operating activities	3,014	975	6,909	-2,187
Income taxes paid net of tax refunded	-208	436	-360	738
Net cash used in operating activities	2,806	1,411	6,549	-1,449
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	-44	-276	-764	-1,079
Development and acquisition costs of intangible assets	-1,189	-1,208	-4,656	-5,057
Net cash used in investing activities	-1,233	-1,484	-5,420	-6,136
FINANCING ACTIVITIES				
Proceeds (repaid)/from borrowings - related party	-	1,250	-11,919	9,534
Interest paid	-	-132	-126	-370
Proceeds from issue of convertible bond	-	-	7,500	-
Proceeds from issue of new shares	-	-	23,563	-
Net cash generated from financing activities	-	1,118	19,018	9,164
Net increase in cash and cash equivalents	1,573	1,045	20,147	1,579
Cash and cash equivalents at beginning of period	21,582	1,963	3,008	1,429
Cash and cash equivalents at end of period	23,155	3,008	23,155	3,008

¹ Full year 2013 has been re-stated to reflect the final statutory accounts adjustments



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

€ '000

	Q4 2014	Q4 2013	Jan - Dec 2014	Jan - Dec 2013 ¹
Opening balance at beginning of period	25,853	9,778	1,267	20,060
<i>Comprehensive income</i>				
Profit/(loss) for the period	234	-8,597	967	-18,716
<i>Other comprehensive income:</i>				
Translation adjustment	-322	80	-64	-117
Actuarial loss on employee defined benefits	-13	0	-13	0
	-101	-8,517	890	-18,833
<i>Transactions with owners</i>				
Share options - value of employee services	7	6	39	40
Convertible bond	399	-	399	-
Proceeds from shares issued	-	-	23,563	-
	406	6	24,001	40
Closing balance at end of period	26,158	1,267	26,158	1,267

¹ Full year 2013 has been re-stated to reflect the final statutory accounts adjustments

**KEY RATIOS**

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

	Q4 2014	Q4 2013	Jan - Dec 2014	Jan - Dec 2013 ¹
Operator turnover as index of Q1 2014	124	90	n/a	n/a
Operating (EBIT) margin, %	6%	-152%	6%	-94%
EBITDA (€ m)	2.1	0.2	8.6	-0.9
EBITDA margin, %	23%	3%	24%	-4%
Equity/assets ratio, %	66%	7%	66%	7%
Employees at period end	364	319	364	319
Earnings per share (€)	0.008	-0.430	0.037	-0.937
Fully diluted earnings per share (€)	0.008	-0.430	0.037	-0.937
Number of shares at period end	29,741,197	19,974,500	29,741,197	19,974,500
Fully diluted number of shares at period end	30,519,385	19,991,082	30,519,385	19,991,082
Average number of shares	29,741,197	19,974,500	26,015,841	19,974,500
Average number of fully diluted shares	30,503,403	19,977,564	26,491,918	19,975,272

¹ Full year 2013 has been re-stated to reflect the final statutory accounts adjustments

