

## 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

### Record quarterly revenue and operating margin

- Very strong operator turnover driving Kambi's result
- Kambi's highest quarterly revenue and operating margin to date
- New contracts signed with gaming operators LeoVegas and Rank
- Roll-out of new user interface commences

*"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 the Kambi Sportsbook can offer their players.*

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

*During the period leading up to this report, we started the roll-out of our new HTML5 client, giving the operators increased flexibility and innovation in the user interface. We are aiming to transition all our operators before Euro 2016 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 <sup>1</sup>	2.8	0.7	6.2	2.9
Net cash <sup>2</sup>	20.3	16.0	20.3	16.0
	€	€	€	€
Earnings per share	0.099	0.008	0.208	0.037

<sup>1</sup> Cash flow from operating and investing activities excluding movements in working capital

<sup>2</sup> Total cash at period end less convertible bond

### Q4 Highlights

The revenue, operating profit, operating margin, cash flow and EPS were the best in Kambi's history. The continued growth of the operating margin demonstrates the scalability of our business model.

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

The roll-out of the new HTML5 client has commenced and has been implemented by two of Kambi's operators. This gives the operators a lot of freedom to be innovative by personalising and differentiating 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.*)

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## 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. This allows both operators to enter the sports betting market.

Kambi's premium sports betting service complements LeoVegas' existing mobile casino offering. LeoVegas has, in a short period of time, developed a strong brand and won several awards.

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](http://www.grosvenorcasinos.com). This will enhance Rank's product offering to its existing online players with a premium quality sports betting experience.

## Market development

Digitalisation is affecting everyone and everything. The use of smart mobile devices is driving the market of fast entertainment. With improved connectivity and faster, more secure access, the end user is demanding more sophisticated entertainment. Successful products are quick to engage and allow players to access a world of excitement and entertainment, anywhere, anytime. More and more people are constantly connected and more companies are seeking to get their attention. Smartphone users look at their phones around 150-200 times per day, which illustrates how mobile devices have completely transformed our lives.

The sports betting market has benefitted from this trend and, during the last few years, it has seen significant growth in live betting, faster data feeds, increased turnover in online and in particular mobile betting, more operators and more suppliers. The cost of development and regulation is constantly increasing. These trends play into the hands of Kambi. Kambi is leading the sports betting outsourcing market with its fully managed service; we have the track record, the tools and the personnel to drive the innovation and user experience for our operators and their players. We believe in producing a premium service and we have seen proof of its success in the increased revenue with our operators.

The above trends were clear at this year's major gaming exhibition – the 'ICE Totally Gaming' tradeshow – where Kambi was one of the exhibitors. A few years ago, Kambi was one of the few B2B sports betting suppliers at the show and the only one with a fully managed Sportsbook. During the last couple of years there has been a significant increase in the number of sports betting suppliers exhibiting at ICE. This illustrates the changing landscape of the whole sports betting industry as the market continues to grow and evolve.

Our main takeaway from this year's show is that there is a clear step-change towards outsourced B2B sports betting services, with a growing awareness and interest from buyers, ie the operators. The strong growth in online sports betting and the demand from the players for entertainment value, together with increased costs for the operators, have left operators needing to defend margins and market share. This contributed to an outsourcing trend which accelerated in 2015. There have been some outsourcing deals

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made in the last few months, including our own recent customer signings. Kambi is well positioned to be one of the leaders in this field. We were in the market early, we understand what the operators and players want and how to manage risk and data.

This is positive news for Kambi as we see the sports betting market following the same outsourcing trend which can be seen in virtually any industry at some point. Together with improved technology, the operators will be able to innovate within their Sportsbooks by personalising and differentiating their offerings with an outsourced model, so they can focus solely on the marketing of their brands.

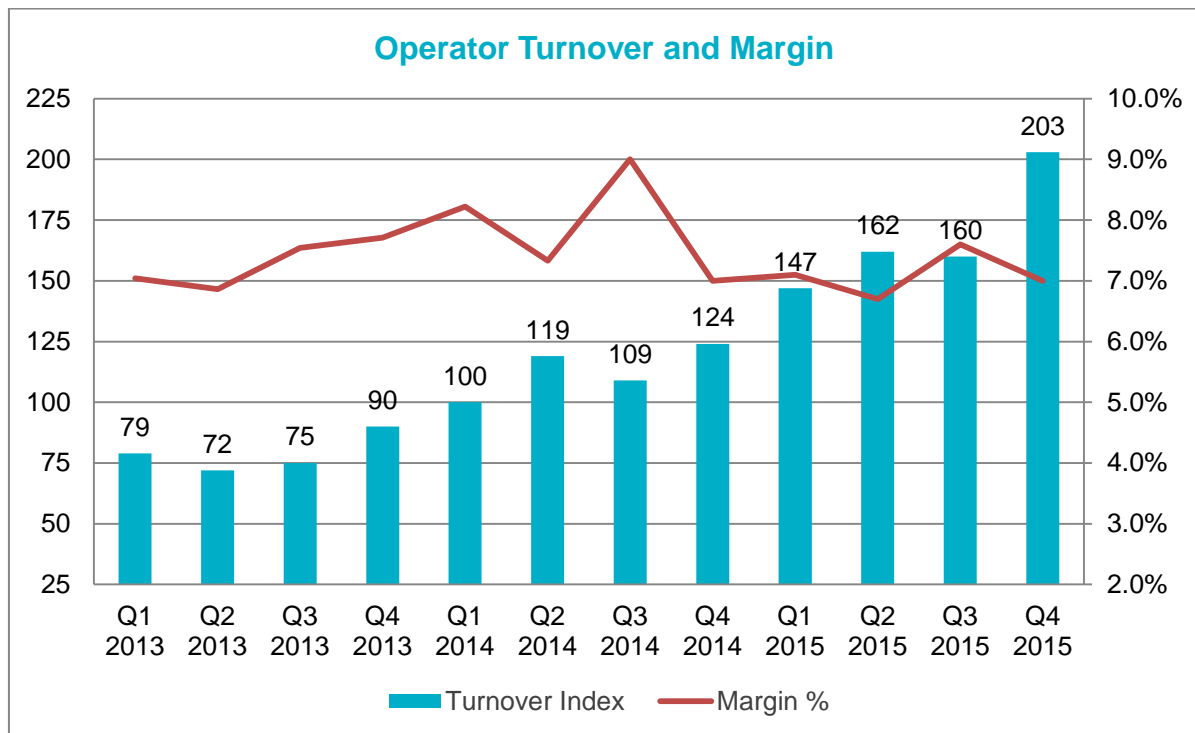
## Financial review

### 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%, in line with the long-term average.

## 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.

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## 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. The total amortisation charge recognised for the quarter was €1.3 (1.3) million, and €5.2 (5.3) million for the full year.

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ '000

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

€ '000

	Q4 2015	Q4 2014	Jan - Dec 2015	Jan - Dec 2014
<b>OPERATING ACTIVITIES</b>				
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
<b>Operating cash flows before movements in working capital</b>	<b>4,900</b>	<b>2,129</b>	<b>13,617</b>	<b>8,622</b>
(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	-	-
<b>Cash flows from operating activities</b>	<b>5,340</b>	<b>2,999</b>	<b>11,964</b>	<b>6,894</b>
Income taxes paid net of tax refunded	-164	-208	-585	-360
Interest Income received	32	15	32	15
<b>Net cash used in operating activities</b>	<b>5,208</b>	<b>2,806</b>	<b>11,411</b>	<b>6,549</b>
<b>INVESTING ACTIVITIES</b>				
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
<b>Net cash used in investing activities</b>	<b>-1,969</b>	<b>-1,233</b>	<b>-6,860</b>	<b>-5,420</b>
<b>FINANCING ACTIVITIES</b>				
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
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>-</b>	<b>-225</b>	<b>19,018</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,239</b>	<b>1,573</b>	<b>4,326</b>	<b>20,147</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>24,242</b>	<b>21,582</b>	<b>23,155</b>	<b>3,008</b>
<b>Cash and cash equivalents at end of period</b>	<b>27,481</b>	<b>23,155</b>	<b>27,481</b>	<b>23,155</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000

	Q4 2015	Q4 2014	Jan - Dec 2015	Jan - Dec 2014
<b>Opening balance at beginning of period</b>	29,393	25,853	26,158	1,267
<b>Comprehensive income</b>				
Profit 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
	<b>2,983</b>	<b>-101</b>	<b>6,193</b>	<b>890</b>
<b>Transactions with owners</b>				
Share options - value of employee services	13	7	39	39
Convertible bond	-	399	-	399
Proceeds from shares issued	-	-	-	23,563
	<b>13</b>	<b>406</b>	<b>39</b>	<b>24,001</b>
<b>Closing balance at end of period</b>	<b>32,389</b>	<b>26,158</b>	<b>32,390</b>	<b>26,158</b>

## 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