



## Q3 Report 2014 (unaudited)

### Summary

- Revenue amounted to EUR 9.5 (5.6) million for the third quarter of 2014, an increase of 68% and EUR 26.7 (15.0) million for the period January to September 2014, an increase of 78%
- Operating profit (EBIT) for the third quarter of 2014 was EUR 0.9 (-3.2) million, with a margin of 10% (-56%), and EUR 1.6 (-10.5) million for the period January to September 2014, with a margin of 6% (-70%)
- Profit after Tax amounted to EUR 0.7 (-3.0) million for the third quarter of 2014 and EUR 0.7 (-10.1) million for the period January to September 2014
- Earnings per share for the third quarter of 2014 were EUR 0.023 (-0.152) and EUR 0.030 (-0.507) for the period January to September 2014
- Cash flow from operating and investing activities (excluding working capital) amounted to EUR 1.2 (-1.0) million for the third quarter of 2014 and EUR 2.2 (-5.4) million for the period January to September 2014

### “Profitability and solid growth continues in Q3”

“The quarter has seen continued solid revenues with an increase of 68% compared to the same period last year, increased profitability and strong cash flow. We are very pleased with our customers’ performance. This reflects the advantage our outstanding product gives them. By using Kambi’s service, our operators are able to offer the player a unique user experience with high entertainment value. Our drive is to remain the best Sportsbook provider for our 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 850556481 UK: +44 2031940554 US: + 18552692607  
Link to the audiocast:  
<http://media.fronto.com/cloud/kambi/141029/>





## Significant events during Q3

- › The football World Cup's 10 final matches played in July
- › 888sport launched its Sportsbook in Spain in mid-August
- › Luckia extended its contract with Kambi
- › Kambi accepted as an Associate Member of the World Lottery Association
- › Mazars appointed as group auditor

## Third quarter financial breakdown (unaudited)

### Summary

*This table and the contents of this announcement are unaudited*

	Q3 2014 EURm	Q3 2013 EURm	Jan - Sep 2014 EURm	Jan - Sep 2013 EURm	Full Year 2013 <sup>3</sup> EURm
Revenue	9.5	5.6	26.7	15.0	21.3
Operating result	0.9	-3.2	1.6	-10.5	-19.7
Operating margin	10%	-56%	6%	-70%	-93%
Result after tax	0.7	-3.0	0.7	-10.1	-18.7
Cash flow <sup>1</sup>	1.2	-1.0	2.2	-5.4	-6.2
Net cash <sup>2</sup>	14.1	-8.7	14.1	-8.7	-8.9
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Earnings per share	0.023	-0.152	0.030	-0.507	-0.935

<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 and borrowings from related party

<sup>3</sup> Full year 2013 has been re-stated since Q2 2014 to reflect the final statutory accounts adjustments





## Q3 Highlights

The World Cup continued to be a strong revenue driver during the first part of July, when the final 10 matches were played, representing 7% of total operator turnover in the quarter with favourable results.

Our customers have continued to deliver a strong and consistent performance during the period and they are outperforming sector growth. We have seen a clear improvement in our customers' performance after moving to the Kambi service. One example is 888 Holdings plc, who showed in its 2014 half year report, that 888sport has increased sports betting revenues for the first 6 months of 2014 by 102% year-on-year after it re-launched its offer powered by Kambi.

In August, 888sport launched its Sportsbook in Spain, a market where it already holds a market leading position in casino and poker.

Following its listing in June, Kambi applied for membership of the large lottery associations and in Q2 we reported acceptance into the European Lottery Association. In Q3 we are pleased to also announce membership of the World Lottery Association. As part of these organisations, Kambi will be able to benefit from their network and generate new business leads.

## Kambi initiatives

### South America

As previously stated, Kambi's core focus is Europe. However, during the third quarter, we have taken a first step to broaden our sales focus outside Europe by adding sales representation in South America. Kambi has followed the South American market closely during the last two years and as many jurisdictions are coming closer to a re-regulation, this is the right time to add resources closer to the market.





### Instant betting

The demand for faster betting options in Livebetting is increasing. Kambi recognised at an early stage the changes in trends and we have been driving development in this area. For example, for several years we have been doing point-by-point betting in tennis. During the football World Cup, we offered betting on the next throw-in, which proved to be a success and contributed to a significant part of the overall turnover.

Instant betting creates a competitive advantage for our existing customers and strengthens our value proposition towards new prospects. It demands highly advanced systems and manual input. This gives Kambi a strong edge due to its investment in staff and technology. Instant betting is already rolled out on a trial basis on several sports.

### Market seasonality

The sports betting market is very seasonal and dependent on the event calendar. July and August are typically, together with June, the slowest months of the year. However, the summer period gets a massive boost every second year due to the World Cup or the European Championships in football.

October to April is traditionally the strongest period, with all major European football leagues and other popular sports such as tennis, basketball and ice hockey in full season. Due to tennis having a break in December, together with some football leagues taking a Christmas break, December is typically a bit slower.

### Integrity in sports

Integrity in sports is a sensitive area which has been highlighted in the media recently. Match fixing is a serious problem which poses a major risk to the industry. If the public cannot trust the game is fair, they lose the reason to bet.

Kambi is well positioned to support operators, regulators and sports federations with its long industry experience and advanced risk management tools. Kambi also has a dedicated team working closely with partners such as FIFA EWS and ESSA in the fight against any suspicious or illegal activity.

By using our in-house developed tailor made tools, Kambi works both proactively and retrospectively with its partners.





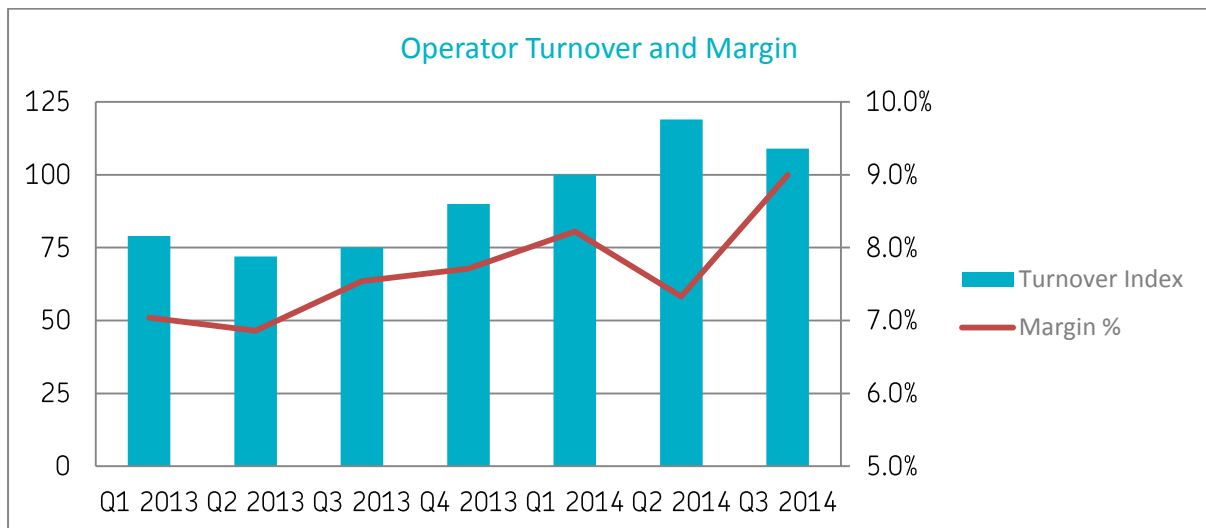
## Financial review

### Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the third quarter of 2014, revenue was EUR 9.5 (5.6) million. For the period January to September 2014, revenue was EUR 26.7 (15.0) million. The increase of 78% 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 third quarter of 2014 increased by 47% to 109 compared with 74 for the third quarter of 2013. The Q3 operator betting margin of 9.0% was well above the 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 third quarter of 2014 were EUR 8.6 (7.2) million and EUR 24.5 (20.8) million for the period January to September 2014.

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, as well as salary increases in line with the market.

## Operating profit

Operating profit for the third quarter of 2014 was EUR 0.9 (-3.2) million, with a margin of 10% (-56%), and EUR 1.6 (-10.5) million for the period January to September 2014, with a margin of 6% (-70%).

## Capitalised development costs

In the third quarter of 2014, development expenditure of EUR 1.0 (1.0) million has been capitalised, bringing the total for the period from January to September 2014 to EUR 3.5 (3.8) 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 third quarter of 2014 was EUR 0.9 (-3.3) million. Profit/Loss before tax for the period from January to September 2014 was EUR 1.4 (-10.8) million.

## Taxation

The tax expense for the third quarter of 2014 was EUR 0.2 (-0.2) million. The tax expense for the period from January to September 2014 was EUR 0.7 (-0.7) million. The increase in tax charge reflects the Group's improved profitability.





## Profit/Loss after tax

Profit/Loss after tax for the third quarter of 2014 was EUR 0.7 (-3.0) million. Profit/Loss after tax for the period from January to September 2014 was EUR 0.7 (-10.1) million.

## Financial position and cash flow

The net cash position at 30 September 2014 was EUR 14.1 million.

Cash flow from operating and investing activities (excluding working capital) amounted to EUR 1.2 (-1.0) million for the third quarter of 2014 and EUR 2.2 (-5.4) million for the first three quarters of 2014.

Trade and other receivables at 30 September 2014 were EUR 8.7 million, of which trade receivables represented EUR 6.5 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. The trade receivables figure fell during the quarter due to the timing of the football World Cup.

## Personnel

Kambi had 361 (308) employees equivalent to 337 (291) full time employees at 30 September 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 EUR and all the numbers in brackets refer to the equivalent period in the previous year.





## Nomination Committee

A Nomination Committee has been appointed. The members of the Nomination Committee shall represent all shareholders and be appointed by the three largest shareholders.

The members of the Nomination Committee are:

- Lars Stugemo, Chairman of the Board of Kambi Group plc
- Anders Ström, Anders Ström Core Holdings Ltd
- Johan Ståhl, Lannebo Fonder
- Jimmy Bengtsson, Skandia Investment Management

## Financial calendar

Q4 report - 11 February 2015

AGM - 19 May 2015 in Malta

## Contacts

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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**  
**EUR '000**

	Unaudited Q3 2014	Unaudited Q3 2013	Unaudited Jan - Sep 2014	Unaudited Jan - Sep 2013	Unaudited Full Year 2013 <sup>1</sup>
Revenue	9,493	5,635	26,710	15,013	21,274
Gross profit	9,493	5,635	26,710	15,013	21,274
Operating expenses	-8,566	-7,222	-24,498	-20,818	-28,503
<b>Underlying profit/(loss) before items affecting comparability:</b>	<b>927</b>	<b>-1,587</b>	<b>2,212</b>	<b>-5,805</b>	<b>-7,229</b>
Amortisation of acquired intangible assets	-	-1,577	-	-4,740	-12,508
Transaction costs	-	-	-575	-	-
<b>Profit/(loss) from operations</b>	<b>927</b>	<b>-3,164</b>	<b>1,637</b>	<b>-10,545</b>	<b>-19,737</b>
Finance costs	-56	-113	-202	-238	-369
<b>Profit/(loss) before tax</b>	<b>871</b>	<b>-3,277</b>	<b>1,435</b>	<b>-10,783</b>	<b>-20,106</b>
Income tax	-173	236	-701	663	1,437
<b>Profit/(loss) after tax</b>	<b>698</b>	<b>-3,041</b>	<b>734</b>	<b>-10,120</b>	<b>-18,669</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**EUR '000**

	Unaudited Q3 2014	Unaudited Q3 2013	Unaudited Jan - Sep 2014	Unaudited Jan - Sep 2013	Unaudited Full Year 2013
<b>Profit/(loss) after tax for the period</b>	<b>698</b>	<b>-3,041</b>	<b>734</b>	<b>-10,120</b>	<b>-18,669</b>
Other comprehensive income:					
Currency translation adjustments taken to equity	143	-80	258	-197	-226
<b>Comprehensive income for the period</b>	<b>841</b>	<b>-3,121</b>	<b>992</b>	<b>-10,317</b>	<b>-18,895</b>

<sup>1</sup> Full year 2013 has been re-stated since Q2 2014 to reflect the final statutory accounts adjustments



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**EUR '000**

	Unaudited 30 Sep 2014	Unaudited 30 Sep 2013	Unaudited 31 Dec 2013 <sup>1</sup>
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	7,270	15,852	7,797
Property, plant and equipment	1,900	2,077	2,011
Deferred tax assets	383	123	500
	<b>9,553</b>	<b>18,052</b>	<b>10,308</b>
<i>Current assets</i>			
Trade and other receivables	8,680	5,529	5,284
Tax receivables	-	54	-
Cash and cash equivalents	21,582	1,962	3,008
	<b>30,262</b>	<b>7,545</b>	<b>8,292</b>
<b>Total assets</b>	<b>39,815</b>	<b>25,597</b>	<b>18,600</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Capital and reserves</i>			
Share capital	49	20	20
Share premium	53,313	29,779	29,779
Other reserves	213	173	182
Currency translation reserve	-83	-311	-341
Retained earnings	-27,627	-19,813	-28,361
<b>Total equity</b>	<b>25,865</b>	<b>9,848</b>	<b>1,279</b>
<i>Non-current liabilities</i>			
Convertible bond	7,500	-	-
Deferred tax liabilities	199	208	-
	<b>7,699</b>	<b>208</b>	<b>-</b>
<i>Current liabilities</i>			
Borrowings from related party	-	10,658	11,919
Trade and other payables	5,729	4,883	5,224
Deferred revenue	112	-	-
Tax liabilities	410	-	178
	<b>6,251</b>	<b>15,541</b>	<b>17,321</b>
<b>Total liabilities</b>	<b>13,950</b>	<b>15,749</b>	<b>17,321</b>
<b>Total equity and liabilities</b>	<b>39,815</b>	<b>25,597</b>	<b>18,600</b>

<sup>1</sup> Full year 2013 has been re-stated since Q2 2014 to reflect the final statutory accounts adjustments



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**EUR '000**

	Unaudited Q3 2014	Unaudited Q3 2013	Unaudited Jan - Sep 2014	Unaudited Jan - Sep 2013	Unaudited Full Year 2013 <sup>1</sup>
<b>OPERATING ACTIVITIES</b>					
Profit from operations	927	-3,164	1,637	-10,545	-19,737
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	269	266	831	759	1,032
Amortisation of intangible assets	1,383	2,872	3,994	8,671	17,829
Share-based payment	6	15	31	34	43
<b>Operating cash flows before movements in working capital</b>	<b>2,585</b>	<b>-11</b>	<b>6,493</b>	<b>-1,081</b>	<b>-833</b>
(Increase)/decrease in trade and other receivables	1,867	-1,256	-3,396	-875	-627
(Decrease)/increase in trade and other payables	104	151	686	-1,208	-740
(Decrease)/increase in deferred revenue	-106	-	112	-	-
<b>Cash flows from operating activities</b>	<b>4,450</b>	<b>-1,116</b>	<b>3,895</b>	<b>-3,164</b>	<b>-2,200</b>
Income taxes paid net of tax refunded	-46	118	-152	303	711
<b>Net cash used in operating activities</b>	<b>4,404</b>	<b>-998</b>	<b>3,743</b>	<b>-2,861</b>	<b>-1,489</b>
<b>INVESTING ACTIVITIES</b>					
Purchases of property, plant and equipment	-382	-175	-720	-803	-1,039
Development and acquisition costs of intangible assets	-965	-967	-3,467	-3,849	-5,069
<b>Net cash used in investing activities</b>	<b>-1,347</b>	<b>-1,142</b>	<b>-4,187</b>	<b>-4,652</b>	<b>-6,108</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds (repaid)/from borrowings - related party	-	2,460	-11,919	8,284	9,545
Interest paid	-	-113	-126	-238	-369
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>2,347</b>	<b>19,018</b>	<b>8,046</b>	<b>9,176</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,057</b>	<b>207</b>	<b>18,574</b>	<b>533</b>	<b>1,579</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,525</b>	<b>1,755</b>	<b>3,008</b>	<b>1,429</b>	<b>1,429</b>
<b>Cash and cash equivalents at end of period</b>	<b>21,582</b>	<b>1,962</b>	<b>21,582</b>	<b>1,962</b>	<b>3,008</b>

<sup>1</sup> Full year 2013 has been re-stated since Q2 2014 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*

	Unaudited Q3 2014	Unaudited Q3 2013	Unaudited Jan - Sep 2014	Unaudited Jan - Sep 2013	Unaudited Full Year 2013 <sup>1</sup>
Operator turnover as index of Q1 2014	109	74	n/a	n/a	n/a
Operating (EBIT) margin, %	10%	-56%	6%	-70%	-93%
EBITDA (EUR m)	2.6	-0.0	6.5	-1.1	-0.9
EBITDA margin, %	27%	0%	24%	-7%	-4%
Equity/assets ratio, %	65%	38%	65%	38%	7%
Employees at period end	361	308	361	308	319
Earnings per share (EUR)	0.023	-0.152	0.030	-0.507	-0.935
Fully diluted earnings per share (EUR)	0.023	-0.152	0.029	-0.507	-0.935
Number of shares at period end	29,741,197	19,974,500	29,741,197	19,974,500	19,974,500
Fully diluted number of shares at period end	30,445,791	19,974,500	30,445,791	19,974,500	19,991,082
Average number of shares	29,741,197	19,974,500	24,750,408	19,974,500	19,974,500
Average number of fully diluted shares	30,419,415	19,974,500	25,130,060	19,974,500	19,975,272

<sup>1</sup> Full year 2013 has been re-stated since Q2 2014 to reflect the final statutory accounts adjustments