

Q1 Report 2016 (unaudited)

Summary

- Revenue amounted to €13.3 (10.0) million for the first quarter of 2016, an increase of 33%
- Operating profit (EBIT) for the first quarter of 2016 was €2.0 (0.8) million, with a margin of 15% (8%)
- Profit after Tax amounted to €1.8 (0.6) million for the first quarter of 2016
- Earnings per share for the first quarter of 2016 were €0.059 (0.020)
- Cash flow from operating and investing activities (excluding working capital) amounted to €1.4 (1.0) million for the first quarter of 2016

Significant events

- Substantial operator turnover growth of 50%
- Contracts signed with 3 new operators: LeoVegas, Rank Group and Mr Green
- The HTML5 client is now available to all our operators to customise their Sportsbooks
- The upgraded Italian service is live with 3 operators

"I am very happy that Kambi is building on its momentum with another quarter of excellent results.

2016 has started at a strong pace with an increase in operator turnover of 50% compared to the same period last year. We are very pleased with the traction and market share gains we continue to see from our operators as we service them with a highly competitive and cost-efficient Sportsbook.

We are delighted that we signed a new operator in April – the award winning online gaming company, Mr Green. We look forward to working with Mr Green, complementing its casino product with our premium Sportsbook. This signing, along with LeoVegas and Rank Group which we announced during the quarter, adds to our portfolio of high-calibre operators. All three of our newly signed operators are represented in the 2015 eGR power 50 list.

The new HTML5 client is being rolled out to all our operators, empowering them to create a unique player experience, which drives performance and market share.

The upgraded Italian service, which is now launched with three of our operators, gives us further confidence for strong development and performance in this market.

Kambi is well positioned to build on the success of our operators in a year with a strong sporting calendar." says Kristian Nylén, CEO of Kambi.

First quarter financial breakdown (unaudited)

Summary

	Q1 2016 €m	Q1 2015 €m	Jan - Dec 2015 €m
Revenue	13.3	10.0	47.7
Operating result	2.0	0.8	7.4
Operating margin	15%	8%	16%
Result after tax	1.8	0.6	6.2
Cash flow ¹	1.4	1.0	6.2
Net cash ²	21.7	16.9	20.3
	€	€	€
Earnings per share	0.059	0.020	0.208

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

The turnover of our operators increased by 50% compared to the same period last year. This demonstrates the quality of our service as we continue to support the rapid growth of our operators. This underpinned a growth of 33% in Kambi's revenue.

As we mentioned in the Q4 report, Kambi signed two new operators during Q1: LeoVegas and Rank Group, two high-profile customers both represented in the 2015 eGR Power 50.

Our operators have shown great success in growing their businesses with the Kambi Sportsbook. As a result, certain operators have reached levels where different commission rates apply. This, along with a below average operator margin, affected our revenue this quarter.

The HTML5 client is now fully available to all our operators in all channels. It is a service based on data and user experience, which is designed and engineered for innovation and differentiation, giving the operators the power to customise their respective Sportsbooks.

Three of our operators are now live in the Italian market. We are actively working on rolling out more sports and to deepen the content in the existing sports and events. As Kambi is a managed solution, the operators themselves do not need to adapt to or finance ongoing changes to the regulation and compliance requirements, as it is part of the value we offer with our service.

Spanish operator Premier Apuestas has mutually agreed with Kambi to terminate its contract during Q2 2016. The financial impact for Kambi is limited.

Events after Q1

In April, Kambi signed a contract to provide its Sportsbook services to the online casino company, Mr Green. This deal allows Mr Green to enter the sports betting market. This will complement its current casino offering with a premium quality Sportsbook. Mr Green was ranked number 29 in the 2015 eGR Power 50.

Kambi initiatives

The HTML5 client – Providing Operator Empowerment and Outstanding User Experience

During Q1, we began rolling out the new HTML5 client. With the new client, all operators have access to a strong platform that empowers them to provide a top of the range user experience to all players.

The HTML5 client provides the operators with the flexibility and freedom they need in order to be innovative and to differentiate. This enables transformation of Kambi's service into the operators' own proposition to their players and drives financial performance.

One of the features enabled in the HTML5 client is Live Visualisation. This is a graphic illustration of live information during events that enables end users to follow a match where no broadcast is accessible. It enables the operators to provide the end users with an involved and informed experience. This is expected to generate increased player usage and higher retention.

Recent market developments

NYX Gaming Group recently announced the acquisition of OpenBet – a provider of sports betting and gaming technology solutions. We believe this transaction will work as a catalyst for operators to re-evaluate their strategic position within sports betting.

At Kambi, we have taken a new approach to servicing the sports betting industry. Our view is that demand is shifting towards managed services based on a business model which creates great synergies. Technology has to be scalable to allow the operators to stay competitive. Additionally, centralising tasks such as risk management also allows for positive network effects.

The trends, which Kambi observes in the market, are that global operators need to continue expansion into re-regulated markets, grasp opportunities in data and personalisation as well as continue to innovate and differentiate to stay relevant in a tougher competitive environment. Kambi sees an opportunity with large operators who want to have a service that enables them to offer unique content to their players and at the same time have the benefit of the scalable managed sportsbook service model. Kambi believes that suppliers need to empower operators to focus on what they know best, namely attracting and retaining players and offering them a unique and differentiated experience.

To meet this opportunity Kambi's strategy is to combine the benefits of a managed service model with customised development, which we refer to as collaborative sourcing. Collaborative sourcing combines the best elements of turnkey and in-house, giving operators the advantages of cost saving and time to market while empowering them to innovate and differentiate on top of the Kambi sportsbook platform, either with their own resources or third parties. This model allows for more efficiency and more innovation. Kambi already sees examples of operators in this network offering unique and differentiating experiences built on the Kambi platform.

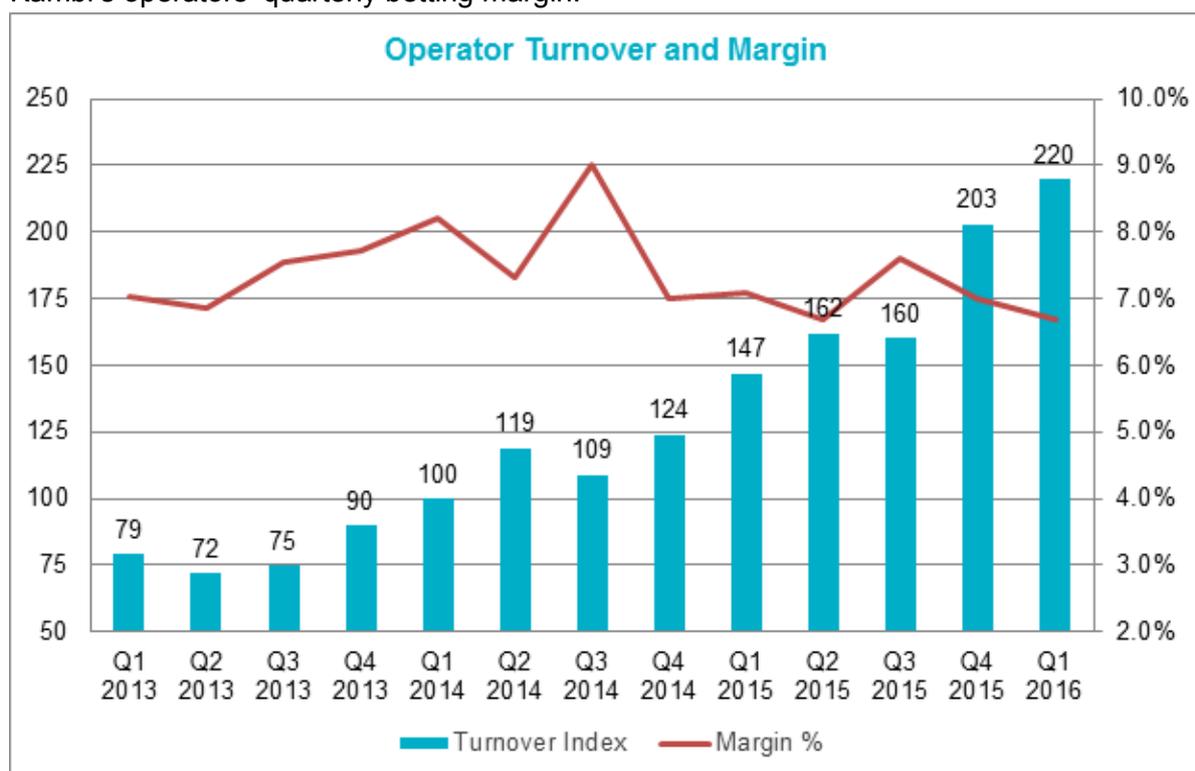
Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the first quarter of 2016, revenue was €13.3 (10.0) million. Kambi charges its operators a monthly fee, based on a number of variables, including fixed fees, the number of live events offered and a commission based on operators' profits generated. Operator contracts include certain tiers for commission rates that can vary on the higher levels of their sports betting profits in the contractual year.

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.



The operator turnover for the first quarter of 2016 continued at a strong pace with an increase of 50% to 220, compared with 147 for the first quarter of 2015. This continues the step change in operator turnover growth seen in Q4 2015. The margin fell to 6.7% compared to 7.0% in Q4 2015. This was mainly due to unfavourable outcomes in certain sporting events such as the Champions League.

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 2016 were €11.3 (9.1) million.

As part of our planned expansion, we will open a significantly larger office in Bucharest later in the year to grow our trading and IT development functions. We also recently signed a contract to relocate office in London, with effect from Q2 2016.

Operating profit

Operating profit for the first quarter of 2016 was €2.0 (0.8) million, with a margin of 15% (8%).

Capitalised development costs

In the first quarter of 2016, development expenditure of €1.9 (1.2) million was capitalised. These capitalised development costs are amortised over 3 years, starting in the year the costs are incurred. The amortisation charge this quarter was €1.3 (1.3) million.

Profit before tax

Profit before tax for the first quarter of 2016 was €1.9 (0.8) million.

Taxation

The tax expense for the first quarter of 2016 was €0.1 (0.2) million.

Kambi has in place share option schemes which enable it to claim a deduction against UK corporation tax for the full amount of the financial gain made by UK employees who exercise their options. Based on the likely option vesting patterns and the share price at the balance sheet date, a deduction of €0.2m is made against the Q1 tax charge. If these factors remain similar for the rest of the year, an equivalent level of deduction can be expected in each quarter for 2016. There is a cost in operating expenses for employer's National Insurance, also driven by these share option gains.

Profit after tax

Profit after tax for the first quarter of 2016 was €1.8 (0.6) million.

Financial position and cash flow

The net cash position at 31 March 2016 was €21.7 (16.9) million.

Cash flow from operating and investing activities (excluding working capital) amounted to €1.4 (1.0) million for the first quarter of 2016. Trade and other receivables at 31 March 2016 were €10.3 (7.9) 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 467 (380) employees equivalent to 441 (353.5) full time employees at 31 March 2016, 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

18 May 2016	AGM in Stockholm
27 July 2016	Q2 report
2 November 2016	Q3 report
8 February 2017	Q4 report

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About Kambi

Kambi Group plc is a B2B supplier of 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 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 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

	Q1 2016	Q1 2015	Jan - Dec 2015
Revenue	13,272	9,971	47,687
Gross profit	13,272	9,971	47,687
Operating expenses	-11,319	-9,134	-40,291
Profit from operations	1,953	837	7,396
Investment income	5	2	32
Finance costs	-78	-77	-325
Profit before tax	1,880	762	7,103
Income tax	-115	-171	-906
Profit after tax	1,765	591	6,197

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000

	Q1 2016	Q1 2015	Jan - Dec 2015
Profit after tax for the period	1,765	591	6,197
Other comprehensive income:			
Currency translation adjustments taken to equity	-277	81	16
Actuarial loss on employee defined benefit scheme	-	-	-20
Comprehensive income for the period	1,488	672	6,193

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ '000

	31 Mar 2016	31 Mar 2015	31 Dec 2015
ASSETS			
<i>Non-current assets</i>			
Intangible assets	8,676	6,995	8,098
Property, plant and equipment	1,401	1,705	1,536
Deferred tax assets	1,877	584	1,617
	11,954	9,284	11,251
<i>Current assets</i>			
Trade and other receivables	10,254	7,911	10,423
Cash and cash equivalents	28,928	24,061	27,481
	39,182	31,972	37,904
Total assets	51,136	41,256	49,155
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	89	89	89
Share premium	53,273	53,273	53,273
Other reserves	714	615	625
Currency translation reserve	-440	-98	-163
Retained earnings	-19,669	-27,040	-21,434
Total equity	33,967	26,839	32,390
<i>Non-current liabilities</i>			
Convertible bond	7,252	7,169	7,231
Other liabilities	50	36	50
Deferred tax liabilities	350	124	315
	7,652	7,329	7,596
<i>Current liabilities</i>			
Trade and other payables	6,877	6,282	7,261
Deferred revenue	593	-	-
Tax liabilities	2,047	806	1,908
	9,517	7,088	9,169
Total liabilities	17,169	14,417	16,765
Total equity and liabilities	51,136	41,256	49,155

CONSOLIDATED STATEMENT OF CASH FLOWS

€ '000

	Q1 2016	Q1 2015	Jan - Dec 2015
OPERATING ACTIVITIES			
Profit from operations	1,953	837	7,396
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	246	242	995
Amortisation of intangible assets	1,340	1,297	5,187
Share-based payment	88	9	39
Operating cash flows before movements in working capital	3,627	2,385	13,617
(Increase)/decrease in trade and other receivables	169	-599	-3,110
(Decrease)/increase in trade and other payables	-718	536	1,448
(Decrease)/increase in other liabilities	1	17	9
(Decrease)/increase in deferred revenue	593	-	-
Cash flows from operating activities	3,672	2,339	11,964
Income taxes paid net of tax refunded	-200	-89	-585
Interest Income received	5	-	32
Net cash used in operating activities	3,477	2,250	11,411
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	-111	-194	-718
Development and acquisition costs of intangible assets	-1,919	-1,150	-6,142
Net cash used in investing activities	-2,030	-1,344	-6,860
FINANCING ACTIVITIES			
Interest paid	-	-	-225
Net cash generated from financing activities	-	-	-225
Net increase in cash and cash equivalents	1,447	906	4,326
Cash and cash equivalents at beginning of period	27,481	23,155	23,155
Cash and cash equivalents at end of period	28,928	24,061	27,481

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000

	Q1 2016	Q1 2015	Jan - Dec 2015
Opening balance at beginning of period	32,390	26,158	26,158
<i>Comprehensive income</i>			
Profit for the period	1,765	591	6,197
<i>Other comprehensive income:</i>			
Translation adjustment	-277	81	16
Actuarial loss on employee defined benefits	-	-	-20
	1,488	672	6,193
<i>Transactions with owners</i>			
Share options - value of employee services	88	9	39
	88	9	39
Closing balance at end of period	33,966	26,839	32,390

KEY RATIOS

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

	Q1 2016	Q1 2015	Jan - Dec 2015
Operator turnover as index of Q1 2014	220	147	n/a
Operating (EBIT) margin, %	15%	8%	16%
EBITDA (€ m)	3.5	2.4	13.6
EBITDA margin, %	27%	24%	28%
Equity/assets ratio, %	66%	65%	66%
Employees at period end	467	380	441
Earnings per share (€)	0.059	0.020	0.208
Fully diluted earnings per share (€)	0.058	0.019	0.203
Number of shares at period end	29,741,197	29,741,197	29,741,197
Fully diluted number of shares at period end	30,616,815	30,492,186	30,588,034
Average number of shares	29,741,197	29,741,197	29,741,197
Average number of fully diluted shares	30,577,757	30,496,830	30,481,403