



Q2 Report 2014 (unaudited)

Summary

- › Revenue amounted to EUR 9.5 (4.8) million for the second quarter of 2014, an increase of 97% and EUR 17.2 (9.4) million for the first half year 2014, an increase of 84%
- › Operating profit¹ (EBIT) for the second quarter of 2014 was EUR 0.8 (-3.5) million, with a margin of 9% (-73%), and EUR 0.7 (-7.4) million for the first half year 2014, with a margin of 4% (-79%)
- › Profit after Tax amounted to EUR 0.4 (-3.4) million for the second quarter of 2014 and EUR 0.0 (-7.1) million for the first half year 2014
- › Earnings per share for the second quarter of 2014 were EUR 0.015 (-0.169) and EUR 0.002 (-0.354) for the first half year 2014
- › Cash flow from operating and investing activities (excluding working capital) amounted to EUR 1.0 (-1.9) million for the second quarter of 2014 and EUR 1.0 (-4.4) million for the first half year 2014

“Kambi benefits from strong World Cup and goes live with 3 new operators in Q2”

“The second quarter of 2014 demonstrates continued growth for Kambi. This is the first report as a listed company and I am very pleased with the strong results and hope to see the positive momentum continue. Revenue was up 97% compared to the same quarter last year and the YTD revenue was up 84% compared to 2013. The World Cup had a significant effect on the result and we saw new records in operator turnover and transactions. I am especially pleased with our fantastic offering and system stability during the World Cup, which gave our customers an excellent opportunity to gain market share.

In the second quarter of 2014 Kambi signed two new operators, 32Red and IveriaBet, both of whom went live before the World Cup. NagaWorld also went live, with Kambi launching its first operations with OTC (Over-The-Counter) terminals. This supports the investments we continue to make in our journey to become the global market leader for the provision of managed sports betting services”, says Kristian Nylén, CEO of Kambi.

¹ Operating profit is used as a headline figure instead of EBITDA, due to the high amortisation charges generated by the capitalisation of a large part of the development costs, which are amortised over 3 years. These charges make Operating profit a more relevant measure of the Group's underlying performance.





Significant events during Q2

- › Listing in June on the NASDAQ OMX First North stock exchange
- › Equity issue and convertible loan strengthened the Balance Sheet
- › Signed two new customers, 32Red and Iveriabet
- › Launched with three customers: the two above and NagaWorld
- › The FIFA World Cup in Brazil, 54 of the 64 matches were played in June
- › Ratified as an Associate Member of the European State Lotteries and Toto Association

Second quarter financial breakdown (unaudited)

Summary

This table and the contents of this announcement are unaudited

	Q2 2014 EURm	Q2 2013 EURm	Jan - June 2014 EURm	Jan - June 2013 EURm	Full Year 2013 EURm
Revenue	9.5	4.8	17.2	9.4	21.2
Operating result	0.8	-3.5	0.7	-7.4	-19.8
Operating margin	9%	-73%	4%	-79%	-93%
Result after tax	0.4	-3.4	0.0	-7.1	-18.9
Cash flow ¹	1.0	-1.9	1.0	-4.4	-6.3
Net cash ²	11.0	-6.4	11.0	-6.4	-8.9
	EUR	EUR	EUR	EUR	EUR
Earnings per share	0.015	-0.169	0.002	-0.354	-0.945

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

Events after Q2

From an event perspective, July and August are generally quite slow months with the major football leagues starting in mid to end of August. The World Cup continued to be a strong revenue driver during the first part of July, when the final 10 matches were played. In August, the World Championships in basketball will take place. Our customer 888 will soon launch the Kambi sportsbook in Spain.

Customer developments

During the second quarter Kambi signed with two new operators:

- i) 32Red, an online operator mainly focusing on the UK market. Sports betting has been part of its portfolio previously, but looking for a stronger focus on the product, 32Red decided to change supplier. The service was launched in June.





- ii) IveriaBet, a Georgian operator which is new to sports betting. Kambi is supplying a multi-channel solution for both online and retail. The service was launched in June.

Kambi also launched its first OTC solution in April with NagaWorld in its casino in Phnom Penh.

In June, Spanish operator Suertia extended its contract with Kambi and is now under contract until Q1 2017; with the extension, Suertia will also start offering more live events.

Overall, Kambi is very satisfied to see that its existing customers are performing very well.

The market

In the short term, Kambi will mainly focus on continued growth in the European market and the online channel. Most of Kambi's customers are significantly outperforming the forecast market growth. Kambi is also looking opportunistically at other regions, as well as the retail channel.

Re-regulation across Europe is continuing. In the UK, a new regulation is expected to come into force in the fourth quarter 2014 and the Netherlands is likely to follow by mid-2015 at the earliest. The resultant higher betting duties and increased compliance requirements are, however, offset by the access to new potential customers and improved marketing opportunities for existing customers.

Product development

In the second quarter Kambi launched the first version of its OTC terminals. The product is operational with NagaWorld in Cambodia and IveriaBet in Georgia.

The addition of the OTC terminals to Kambi's retail portfolio further strengthens Kambi's position as an industry leading multi-channel supplier to operators with a retail presence, such as government-regulated operators, casinos, and land based gaming groups, while delivering a coherent user experience for consumers across all devices.

Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the second quarter of 2014, revenue was EUR 9.5 (4.8) million. For the year to 30 June 2014, revenue was EUR 17.2 (9.4) million. The increase of 84% year-on-year demonstrates Kambi's

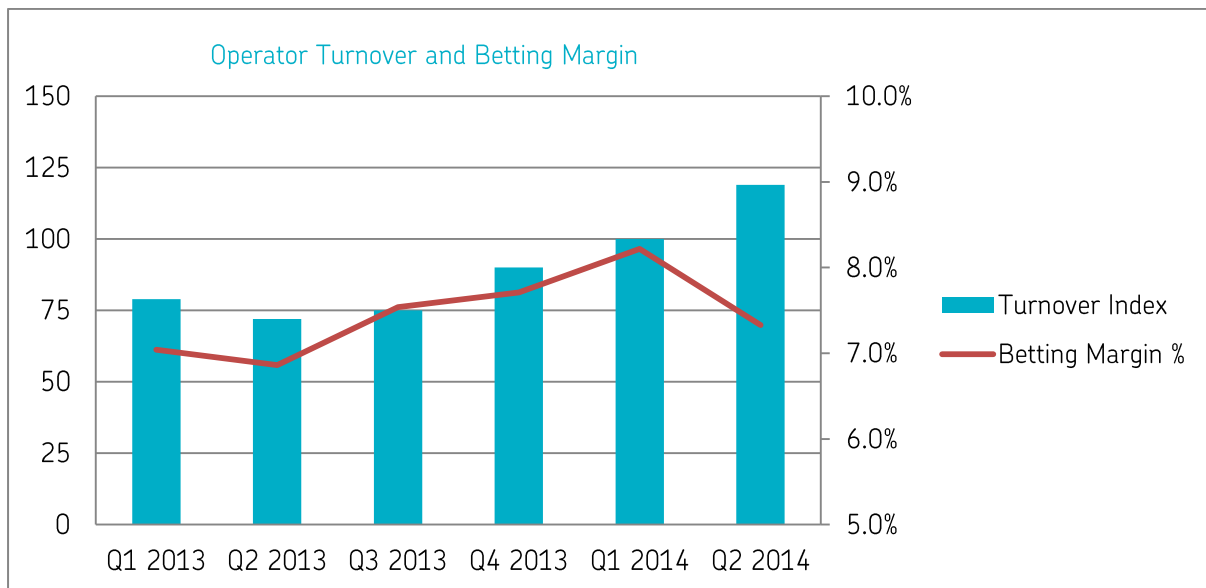




continued growth, underpinned by the success of existing operators and the acquisition of new customers.

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 second quarter of 2014 increased by 65% to 119 compared with 72 for the second quarter of 2013. The Q2 operator betting margin of 7.3% was slightly below the average over the last 18 month period.

World Cup

The quarter was highly influenced by the FIFA World Cup. The increase in operator turnover was to a large extent driven by the World Cup, which contributed 18% of operator turnover in the second quarter, but also by strong growth from existing customers as well as the acquisition of new operators.





The World Cup had an even bigger effect on Kambi's result for two main reasons: i) a larger proportion of operator turnover from Pre-match betting and ii) a higher operator betting margin than the average due to favourable results.

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 second quarter of 2014 were EUR 8.1 (6.8) million and EUR 15.9 (13.6) million for the first half of 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.

Items affecting comparability

Transaction costs of EUR 0.6 million related to the listing were incurred during the second quarter and are reflected in the consolidated Income Statement. A further EUR 0.2 million related to the equity issue were offset against Share Premium.

During 2013, amortisation on acquired intangible assets was EUR 12.5 million. These assets were fully written down by the end of 2013.

Operating Profit

Operating profit for the second quarter of 2014 was EUR 0.8 (-3.5) million, with a margin of 9% (-73%), and EUR 0.7 (-7.4) million for the first half year 2014, with a margin of 4% (-79%).

Capitalised development costs

In the second quarter of 2014, development expenditure of EUR 1.2 (1.5) million has been capitalised, bringing the first half of 2014 total to EUR 2.5 (2.9) million. The key drivers of capitalised costs during 2014 are system automation, front end and retail development.





Profit/Loss before tax

Profit/Loss before tax for the second quarter of 2014 was EUR 0.8 (-3.6) million. Profit/Loss before tax for the year to 30 June 2014 was EUR 0.6 (-7.5) million.

Taxation

The tax expense for the second quarter of 2014 was EUR 0.4 (-0.2) million. The tax expense for the first half of 2014 was EUR 0.5 (-0.4) million. The increase in tax charge reflects the Group's improved profitability, which is also adjusted for certain non-deductible costs related to the stock exchange listing.

Profit/Loss after tax

Profit/Loss after tax for the second quarter of 2014 was EUR 0.4 (-3.4) million. Profit/Loss after tax for the year to 30 June 2014 was EUR 0.0 (-7.1) million.

Financial position and cash flow

The net cash position at 30 June 2014 was EUR 11.0 million.

Cash flow from operating and investing activities (excluding working capital) amounted to EUR 1.0 (-1.9) million for the second quarter of 2014 and EUR 1.0 (-4.4) million for the first half year 2014.

During the quarter, Kambi's balance sheet was strengthened by an equity issue which raised EUR 23.6 million. In addition, Unibet issued a convertible debt instrument to Kambi, which provided Kambi with EUR 7.5 million.

Trade and other receivables at 30 June 2014 were EUR 10.5 million, of which trade receivables represented EUR 7.2 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 significant increase in trade receivables is caused by a Balance Sheet reclassification. Invoices to Unibet now impact the trade debtor balance, whereas they were previously set against the related party borrowing figure. This classification change took place upon the separation of the groups.





Personnel

Kambi had 343 (295) employees equivalent to 326 (277) full time employees at 30 June 2014, across offices in Malta, London, Stockholm and Manila.

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.

Financial calendar

Q3 report – 29 October 2014
Q4 report - 11 February 2015
AGM – 12 May 2015

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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 solutions to B2C operators. Kambi's solution 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 an eCOGRA certified. Kambi Group plc is listed on NASDAQ OMX First North Stockholm under the symbol "KAMBI".

Legal disclaimer

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, fluctuations in exchange rates, interest rates and political risks.

Publication

The information in this interim report follows the required rules for companies trading on Nasdaq OMX First North. This market is not a "regulated market" as defined in EU legislation.



**CONSOLIDATED INCOME STATEMENT**
EUR '000

	Unaudited Q2 2014	Unaudited Q2 2013	Unaudited Jan - June 2014	Unaudited Jan - June 2013	Unaudited Full Year 2013
Revenue	9,470	4,811	17,218	9,378	21,237
Gross profit	9,470	4,811	17,218	9,378	21,237
Operating expenses	-8,084	-6,754	-15,933	-13,596	-28,500
Underlying profit/(loss) before items affecting comparability:	1,386	-1,943	1,285	-4,218	-7,263
Amortisation of acquired intangible assets	-	-1,579	-	-3,163	-12,508
Transaction costs	-575	-	-575	-	-
Profit/(loss) from operations	811	-3,522	710	-7,381	-19,771
Finance costs	-20	-74	-146	-125	-369
Profit/(loss) before tax	791	-3,596	564	-7,506	-20,140
Income tax	-423	214	-528	427	1,267
Profit/(loss) after tax	368	-3,382	36	-7,079	-18,873

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
EUR '000

	Unaudited Q2 2014	Unaudited Q2 2013	Unaudited Jan - June 2014	Unaudited Jan - June 2013	Unaudited Full Year 2013
Profit/(loss) after tax for the period	368	-3,382	36	-7,079	-18,873
Other comprehensive income:					
Currency translation adjustments taken to equity	-2	-127	115	-117	-230
Comprehensive income for the period	366	-3,509	151	-7,196	-19,103





CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EUR '000

	Unaudited 30 Jun 2014	Unaudited 30 Jun 2013	Unaudited 31 Dec 2013
ASSETS			
<i>Non-current assets</i>			
Intangible assets	7,691	17,749	7,797
Property, plant and equipment	1,797	2,126	2,011
Deferred tax assets	422	120	465
	9,910	19,995	10,273
<i>Current assets</i>			
Trade and other receivables	10,506	4,274	5,243
Cash and cash equivalents	18,525	1,755	3,008
	29,031	6,029	8,251
Total assets	38,941	26,024	18,524
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	49	20	20
Share premium	53,313	29,779	29,779
Other reserves	206	158	182
Currency translation reserve	-229	-231	-344
Retained earnings	-28,530	-16,772	-28,566
Total equity	24,809	12,954	1,071
<i>Non-current liabilities</i>			
Convertible bond	7,500	-	-
Deferred tax liabilities	251	203	136
	7,751	203	136
<i>Current liabilities</i>			
Borrowings from related party	-	8,198	11,919
Trade and other payables	5,722	4,603	5,220
Deferred revenue	218	-	-
Tax liabilities	441	66	178
	6,381	12,867	17,317
Total liabilities	14,132	13,070	17,453
Total equity and liabilities	38,941	26,024	18,524



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

	Unaudited Q2 2014	Unaudited Q2 2013	Unaudited Jan - June 2014	Unaudited Jan - June 2013	Unaudited Full Year 2013
OPERATING ACTIVITIES					
Profit from operations	811	-3,522	710	-7,381	-19,771
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	287	253	562	493	1,032
Amortisation of intangible assets	1,339	2,944	2,611	5,800	17,829
Share-based payment	1	7	24	19	43
Operating cash flows before movements in working capital	2,438	-318	3,907	-1,069	-867
(Increase)/decrease in trade and other receivables	-5,892	-578	-5,263	381	-588
(Decrease)/increase in trade and other payables	-258	-31	584	-1,359	-745
(Decrease)/increase in deferred revenue	218	-	218	-	-
Cash flows from operating activities	-3,494	-927	-554	-2,047	-2,200
Income taxes paid net of tax refunded	-41	200	-106	184	711
Net cash used in operating activities	-3,535	-727	-660	-1,863	-1,489
INVESTING ACTIVITIES					
Development and acquisition costs of intangible assets	-1,209	-1,469	-2,502	-2,882	-5,069
Purchases of property, plant and equipment	-198	-338	-339	-628	-1,039
Net cash used in investing activities	-1,407	-1,807	-2,841	-3,510	-6,108
FINANCING ACTIVITIES					
Proceeds (repaid)/from borrowings - related party	-9,688	3,377	-11,919	5,824	9,545
Interest paid	-	-74	-126	-125	-369
Proceeds from issue of convertible bond	7,500	-	7,500	-	-
Proceeds from issue of new shares	23,563	-	23,563	-	-
Net cash generated from financing activities	21,375	3,303	19,018	5,699	9,176
Net increase in cash and cash equivalents	16,433	769	15,517	326	1,579
Cash and cash equivalents at beginning of period	2,092	986	3,008	1,429	1,429
Cash and cash equivalents at end of period	18,525	1,755	18,525	1,755	3,008

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EUR '000

	Unaudited Q2 2014	Unaudited Q2 2013	Unaudited Jan - June 2014	Unaudited Jan - June 2013	Unaudited Full Year 2013
Opening balance at beginning of period	879	16,456	1,071	20,131	20,131
Comprehensive income					
Profit/(loss) for the period	368	-3,382	36	-7,079	-18,873
<i>Other comprehensive income:</i>					
Translation adjustment	-2	-127	115	-117	-230
	366	-3,509	151	-7,196	-19,103
Transactions with owners					
Share options - value of employee services	1	7	24	19	43
Proceeds from shares issued	23,563	-	23,563	-	-
	23,564	7	23,587	19	43
Closing balance at end of period	24,809	12,954	24,809	12,954	1,071





KEY RATIOS

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

	Unaudited Q2 2014	Unaudited Q2 2013	Unaudited Jan - June 2014	Unaudited Jan - June 2013	Unaudited Full Year 2013
Operator turnover as index of Q1 2014	119	72	n/a	n/a	n/a
Operating (EBIT) margin, %	9%	-73%	4%	-79%	-93%
EBITDA (EUR m)	2.4	-0.3	3.9	-1.1	-0.9
EBITDA margin, %	26%	-7%	23%	-12%	-4%
Equity/assets ratio, %	64%	50%	64%	50%	6%
Employees at period end	343	295	343	295	303
Earnings per share (EUR)	0.015	-0.169	0.002	-0.354	-0.945
Fully diluted earnings per share (EUR)	0.015	-0.169	0.002	-0.354	-0.945
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	30,309,496	19,974,500	30,309,496	19,974,500	19,991,082
Average number of shares	24,428,201	19,974,500	22,213,654	19,974,500	19,974,500
Average number of fully diluted shares	24,864,778	19,974,500	22,441,394	19,974,500	19,975,272

