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Kambi Group

Q1 2025



Speakers



Werner Becher
CEO | Kambi Group



Erik Lögdberg
CFO | Kambi Group



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Prepared Remarks



Werner Becher
CEO | Kambi Group

Impact of this tax, and remain hopeful the government will remove this tax at the start of next year. We are only four weeks into Q2. The two items we highlight here are firstly the launch of Bet Play in Paraguay via its acquisition of a local brand. This brand and existing customer base have now been migrated to the Kambi Sportsbook. Last week we supported Paf with the launch of its new Sweden-facing brand OneX2. Q1 also saw us go live with our new Oddspedia Plus product. Having signed contracts in Q4, we were delighted to see both Hard Rock and Rei do Pitaco go live in Q1 with our feed. FDJ has also signed an Oddspedia Plus deal in Q1, which will see it receive our eSports odds via Abios, and we hope to expand out into other sports in the next few months.



Werner Becher
CEO | Kambi Group

I've spoken here about the great benefits of Oddspedia Plus before, with the key USP being our EUR 17 billion liquidity that odds are traded on, delivering precision pricing right through the sports betting menu. As I said in Q1 and Q2 and Q3 and Q4, Oddspedia Plus will become the go-to Oddspedia on the market, and I'm confident we'll be adding more partners over the course of the year. It's been clear in the past Kambi has been too dependent on a small number of large partners, which has made life difficult for us when some have decided to leave. On this slide, I wanted to show you how Kambi has been diversifying its revenue base to become, sorry, to become the number one in the market, but also becoming less reliant on a small number of large customers.



Werner Becher
CEO | Kambi Group

Since 2021, revenue concentration within the top three operators has dropped from 60% to 39% in 2024, and we expect this to reduce further in 2025. Some of this impact has, of course, been the departure of some partners, but as you can also see here, our net Sportsbook partner number has been on the rise year on year. At the same time, we've continued to grow our regulated business and are now almost exclusively regulated, something which gives us an edge when pitching for certain operators. Taken together, we are building a much more stable platform for long-term growth with a business that has a greater ability to manage churn and with a highly sustainable regulated revenue base. In summary, Q1 delivered a financial performance in line with our expectations.



Werner Becher
CEO | Kambi Group

While we expect performance to improve as headwinds ease and tailwinds grow during the second half of the year, my aspirations are much higher, and we are working hard to accelerate growth. Having covered much of the news in Q4, it's perhaps easy to overlook how much we have achieved in Q1. Launching five partners in Brazil and signing innovation terms with OLG were most prominent, but we also launched our Oddspedia Plus product with Hard Rock and Radio Pitaco and extended our partnership with Bet City, amongst others. I feel very confident about the future of Kambi. The business transformation we are undertaking and the product expansion we are delivering are helping us to build a strong foundation for growth.

Q&A

**Mattias Frithiof**

SVP of Investor Relations | Kambi Group

Thank you, Werner. Now we will open up for your questions. Please remember, if you wish to ask a question on the telephone, press pound key five. We do not have any questions at the moment from the telephone, so we will move over to the written questions. First question, can you elaborate more on the relationship with the FDJ and Kindred? ABIOS signed an Oddspedia Plus deal. Does this mean FDJ is ready to use the rest of your Oddspedia offering as well? If so, when do you think a deal could be announced?

**Werner Becher**

CEO | Kambi Group

Yeah. FDJ has already integrated our Oddspedia Plus interface. This means from a technical perspective, Kindred, and therefore now FDJ, is already fully integrated into our Oddspedia. FDJ has agreed to take for now our eSports odds and also other services from ABIOS like widgets and streams, but we are in ongoing discussions with FDJ to take more sports from us in the future.

**Mattias Frithiof**

SVP of Investor Relations | Kambi Group

Thank you. Revenues from models are down 6% of total. What's behind the reduction from around 10% last year?

**Erik Lögdberg**

CFO | Kambi Group

I'd say there has been a bit of customer churn on some of those module products. I think we can't hide away from that, but I think we're also putting in, we know we're putting in place really strong foundations to build those revenues back up on the modules. I think we're very confident about them. Yeah, there has been a couple of customer losses, particularly on the Shape side.

**Mattias Frithiof**

SVP of Investor Relations | Kambi Group

Thanks. It seems that you had a weaker quarter in Europe compared to Q4. What is behind that?

**Erik Lögdberg**

CFO | Kambi Group

I mean, certainly the problem, the issues in the Dutch market will impact that. Also, I mean, you mentioned both gaming tax increases versus Q1 last year in both Sweden and Netherlands, but also the impact of these deposit limits in the Netherlands is really harming the revenues for us in that market. That has unfortunately been a bit of a shift, so we have to call it out.

**Mattias Frithiof**

SVP of Investor Relations | Kambi Group

Yeah. Thanks. Next question. Can you give an indication of the revenue coming from Brazil in the first quarter and how you expect this to evolve?

**Erik Lögdberg**

CFO | Kambi Group

Yeah, I think on the charts I showed, I showed 2025 launches, and that was predominantly from Brazil. I think it was \$0.9 million, of which the vast majority of that was from the Brazil market. It's a number we do expect to grow both as our operators kind of get into gear with their marketing and also as the local leagues, the local football leagues just started at the end of the quarter. I mean, we're very confident that number will grow, but it was within that \$0.9 million in that first quarter.

**Mattias Frithiof**

SVP of Investor Relations | Kambi Group

Yeah. Great. Can you discuss the full year guidance in light of the Q1 results delivery? How confident can you be when it comes to potential improvements in the second half of the year?



Erik Lögdberg
CFO | Kambi Group

Should I take it?



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Yeah.



Erik Lögdberg
CFO | Kambi Group

I mean, I think there's a few things here which are going to grow during the year. Firstly, Brazil, like we just talked about, I mean, that clearly is at the start of a journey. We definitely anticipate growth there. The Hard Rock deal I also mentioned earlier, that again, is at the very start of a journey. They've just started with the first one or two sports. If that product proves itself, we definitely see the revenues growing with that operator as they take on more sports. We've obviously mentioned OLG, and there at the moment, we're not recognizing any revenues. Any revenues we start recognizing in the second half will add to where we are today. That's going to be an increase. Of course, I must mention seasonality.



Erik Lögdberg
CFO | Kambi Group

I mean, we always mention it, but Q4 should be a very strong quarter in terms of at that point, all the key leagues are underway. The last point to make is cost savings. We have an ongoing cost saving program. We're just starting to see the benefits of it. As those savings continue to be realized, that number should keep growing through the year. I start adding all those things together. That's how you get from 3.5 towards somewhere on the full year of 2025.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Yeah. Can we say anything about how Q2 has started in terms of revenue?



Werner Becher
CEO | Kambi Group

Yeah, I would say it started when it comes to turnover, as expected. Margin is slightly higher than our guidance at the moment, but sports results are always volatile. This is too early in the quarter to give an indication about how the whole month will run. So far, the months have started well. We have the Brazilian leagues now up and running, which is very important for the Brazilian market. We have Champions League final phase, where there is also a lot of bet activity. We have the European tennis tournaments. It is an interesting part of the year. Before, we will go this year in a little bit more quiet summer compared to last year. There is no Euros, there is no Copa Americas, there is no Olympia this year. At the moment, it is a very busy sports season.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Yeah. Talking a bit more about Brazil, can you comment on the general market sentiment in Brazil following the new regulation and limited licenses? How do you see this to evolve over time?



Werner Becher
CEO | Kambi Group

Yeah, I don't think we are very surprised about what we see in Brazil. Probably it was a little bit slower start than expected, not only for us, but for everyone. The KYC process in Brazil is very extensive and difficult for sport fans in Brazil to register for an operator. I think we are over this hurdle now with the leagues now running, businesses developing very well. I think it's also worth to mention that some of our operators, to name BetMGM as an example, they only started two weeks ago with very active marketing with their partner Global in Brazil. That's why also on our revenue side, the first quarter was a little bit softer than expected, but we see promising numbers now, not only from Brazil.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Yeah. Okay, a question on prediction markets. In the case of prediction markets for non-regulated states in the U.S. become standard, how fast and at what cost would Kambi be able to offer and support operators wanting to enter prediction markets?



Werner Becher
CEO | Kambi Group

Yeah. I think first it's worth to mention that prediction markets, they offer a very different product to what punters are used to. It's something like a yes/no contract. They offer very, very limited offering. They need a lot of liquidity because it's more or less an exchange and it's not a sportsbook. Of course, we are in discussion with many US operators about also to help them and to supply them with a product about prediction markets. Similar to their position in the market, being licensed in so many states in the US, we as Kambi have to be very, very careful about tapping into unregulated markets in the US because this would risk also our license in the US.



Werner Becher
CEO | Kambi Group

We're in close discussion with many operators and we would be able to supply a product, but this product would need licensing, testing, approval from authorities, and will take some time.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Thanks. Favorite question on the pipeline. Could you please add some color on what is going on? It feels like some of the signings was more of a spillover from 2024. What type of opportunities are you most excited about ahead?



Werner Becher
CEO | Kambi Group

Yeah. We have, I would say we had a very, very busy Q1 and also now the sales team is very engaged because there are several public tenders out there from state-owned or prior state-owned lotteries around the globe. It is a very intense period for the sales team. We were very focused internally also on going to the market with our Oddspedia Plus product. We are mainly addressing, as it is a premium product, tier zero, tier one operators, which means it takes some time to build relationships. Most of the customers we are talking to about our Oddspedia Plus product have not been customers of any B2B supplier in the turnkey space before, so we have no relationship with them. These are big tier one, tier zero operators, mainly with in-house sports books.



Werner Becher
CEO | Kambi Group

They are not known to be extremely fast in negotiating terms and signing contracts, while it takes a while. We are very confident that in the next few months, we will deliver on signing Oddspedia Plus deals. Again, there are also some promising public tenders, especially in the lottery space out there at the moment.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Thanks. Next on the efficiency, will we see more effects of your efficiency program in the second half of the year compared with the first half?



Erik Lögdberg
CFO | Kambi Group

Yeah, I would say so. I mean, broadly, because you get a cumulative effect on the P&L. It's something we continue to look at. We made a kind of a big first push on this in Q4, in which you start to see the effects of in Q1, but it's an ongoing program, so we'll keep working on it so you get a greater impact on the P&L.



Werner Becher
CEO | Kambi Group

Yeah, probably also worth to mention that OLG is not only a very important project for Kambi, but also a big internal project at the moment. More than 100 colleagues of us at Kambi are working on OLG at the moment, pool spending product, retail integration into their lottery app. There is a lot of work to be done to complete the innovation agreement and to launch with Ontario Lottery. This is also a big focus at the moment internally with our engineering and trading team to get up and running with Ontario.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Thanks. Coming back to the guidance again, given the below run rate compared with the guidance for the full year, while the latter should have some more headwinds from Kindred, can you please elaborate on your confidence in the 2025 guidance after you have seen the Q1 numbers?

**Erik Lögdberg**
CFO | Kambi Group

I mean, like I said earlier, what we saw in Q1 was probably on track with what we expected with the shape of the year and how we expected it to develop. I think we actually said at the last quarterly report that we did expect it to be backloaded. There was a question around that. I think the one big uncertainty here is FX. Obviously, we set a guidance, and right now we think we can get there without absorbing the impact of FX, but it's a very volatile situation with FX, and if that, we're going to obviously have to keep revisiting that during the year. That aside, I think like for the factors I mentioned earlier, we still stand here today believing we can get those numbers.

**Werner Becher**
CEO | Kambi Group

For sure, we'll inform the market immediately if we don't think we can be confident anymore.

**Mattias Frithiof**
SVP of Investor Relations | Kambi Group

Yes. A question on the cash generation then. You have a good underlying cash generation and a very strong cash position relative to your market cap. Can you comment on your capital allocation strategy going forward, and are you considering new buybacks?

**Erik Lögdberg**
CFO | Kambi Group

I'll take the first one, the second one first. We have an AGM coming up, and there's a request for shareholder approval for a new mandate, for a 10% buyback mandate for the coming year. Yes, if that's approved and then there's a board decision, then as per that policy, we would, I think, keep looking to do more buybacks going into next year, next between AGMs. Yeah, and cash generation is strong. We've worked out some numbers to work out how much cash we need to stay resilient as a company to have on the balance sheet at any given time. That's, and I've mentioned before, it's around EUR 40 million at the current level of business. We still believe in that.

**Erik Lögdberg**
CFO | Kambi Group

That will see us through kind of the swings of sportsbook margin and also shows our customers that we've got a very strong balance sheet, so we're here for the long haul.

**Mattias Frithiof**
SVP of Investor Relations | Kambi Group

Continuing on the cash topic, could you please elaborate a bit on the cash savings relative to the operational cost savings in the year to come?

**Erik Lögdberg**
CFO | Kambi Group

I mean, the cash savings are significantly higher because where you make savings on costs that are capitalized, the cash saving versus the P&L saving is significantly higher. Yeah, we can expand more on that through the year when we know what those numbers look like, but for sure, the cash part is significantly higher than the P&L.

**Mattias Frithiof**
SVP of Investor Relations | Kambi Group

Yes. One of your peers reported a strong April trading driven by stronger betting margin versus historical average. You should also have experienced this in the start of Q2.

**Werner Becher**
CEO | Kambi Group

Yes. Yeah, as mentioned, our margin also now for the first two weeks in April is higher than what we have given as a guidance. Again, this is only a few weeks in this quarter now. We should not be too optimistic that the margin will stay on this level. That is simply sports, right? It will go up and will go down. Yes, the start was very promising when it comes to the margin.

**Mattias Frithiof**
SVP of Investor Relations | Kambi Group

Yes. Given that you won OLG, do you find yourself in a better position to win Monopoly or lottery contracts? Yeah, as you were saying, there are a few out there. Are these realistic for you to win now?

**Werner Becher**
CEO | Kambi Group

Yeah, I think so. I think will we win all tenders in future? Probably not, unfortunately not. Having now with ATG, Svenska Spel, the Belgium National Lottery, and now also Ontario Lottery, the biggest lottery in North America for, I would say, post-employee clients, partners on the Kambi platform, we are very well positioned also for more lottery, but also state-owned other types of businesses in our industry. As mentioned, there are some procurement processes running at the moment. We are part of these processes, and unfortunately, we can only inform the market after we see some wedding on contracts.

**Mattias Frithiof**
SVP of Investor Relations | Kambi Group

Yeah, and then someone has listened to the podcast from the last quarter, so follow up on that. You guys commented on DraftKings and Bet365 as potential moderate clients. Is this still something you are hopeful for?

**Werner Becher**
CEO | Kambi Group

Yeah, I think every tier one, tier zero operator is a potential client for Sportradar when it comes to odds feeding. Why? Simply because the mainstream odds feeds available today, they are not traded. They are static broadcasts, mainly built on static algorithms and in-play data. Our odds are fully traded on our €17 billion liquidity, which means the quality of the odds we deliver to our customers when it comes to uptime, suspension times, the margin, etc. Our product is simply on a completely different level and will deliver better user experience, more opportunities to place bets, a higher margin for operators. I think the market starts to understand this. It took some time to educate the market to show them hard facts, numbers. Yes, I think we are very interested with this product for each and any big operator on the market.

**Mattias Frithiof**
SVP of Investor Relations | Kambi Group

A question I'm not sure if we can or want to answer, but I'll give it a shot and then we'll see. You mentioned state-owned procurement currently ongoing. Could you elaborate a bit on which regions or countries or potential clients that are, or is that something we don't want to comment on at this stage?

**Werner Becher**
CEO | Kambi Group

I would say there are not a lot of opportunities, not a lot of, not a lot of opportunities in Antarctica at the moment. Other than that, it's North America, it's Europe and Asia mainly where we have interesting opportunities where our sales team is working very hard on.

**Mattias Frithiof**
SVP of Investor Relations | Kambi Group

Thanks. On the cost reductions again then, you've been talking about reducing the number of traders over time. Will there be any significant FTE reductions outside of this group of employees?

**Werner Becher**
CEO | Kambi Group

I think we talked a little bit about in Q4 already that we started to manage out 65 headcounts already, and we are in a continuous process to analyze and see if there are more cost efficiencies we can execute in the company. On the trader side, for sure, AI will impact a lot how pricing and trading is done in our industry. I think many of the B2C operators completely missed the bus, and we also don't see a lot of B2B suppliers working with a full AI-first focus on AI. We are doing that for three years now already. We are seeing the benefits rolling out our TestRug product right now. This, of course, will change a lot how Kambi will look like in a few years from now.

**Werner Becher**
CEO | Kambi Group

There will be still a lot of supervisors and trading helping us to fine-tune the system, to supervise the system. The time, I think, for a lot of manual trading like we see still today is a little bit old-fashioned and will not be possible anymore. Everything is getting faster. Everything needs to be more accurate, and AI is the only way we can achieve this.

**Mattias Frithiof**
SVP of Investor Relations | Kambi Group

Thanks. How should we think about the OPEX heading into 2026? Will it fall more year over year in absolute terms than it did in 2025?



Erik Lögdberg
CFO | Kambi Group

Slightly tough one to say standing here right now. It really depends on how fast the AI develops. That will certainly impact that number in 2026 and also what contracts we win between now and then that may impact our cost base that we need to service. A little bit hard to say, but I mean, in general, you've seen the trend of costs slowing down, and I mean, that's the general trend you'll see. Of course, we'll update when that picture changes.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Yeah, yeah, and then more of a detailed question on the margin. Could you please give some color on what sportsbook margin you assume in the 2025 guidance?



Erik Lögdberg
CFO | Kambi Group

Yes, I mean, we gave that range of 9.5-11, and the guidance is effectively set around the middle of that range, so 10.25.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Thanks. Then the last question. Excluding any FX impact, do you think it would be possible to deliver Q2 profit flat year over year?



Erik Lögdberg
CFO | Kambi Group

I don't think we're in the world of forecasting quarters ahead. I think we've moved away from that, so I'm not going to go there right now.



Mattias Frithiof
SVP of Investor Relations | Kambi Group

Okay. Thanks. There are no more questions in the chat, so we will conclude this presentation. Thank you, everyone, for listening in, and thank you for presenting. We look forward to seeing you soon again. We will have the presentation of the Q2 report on the 23rd of July. Thank you.