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# Kambi Group Plc (KAMBI.SE)

Q4 2024 Earnings Call

## CORPORATE PARTICIPANTS

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**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

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## MANAGEMENT DISCUSSION SECTION

**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

Good morning everyone and welcome to Kambi's Q4 presentation. My name is Mattias Frithiof. I am, SVP Sustainability and Investor Relations. I'm here today with our CEO, Werner Becher and CFO, David Kenyon. We will start with the presentation and then we will have time for your questions. [Operator Instructions] .

So the agenda for today, we will start with some highlights with Werner and then David will speak about the financials and the outlook for next year. Then Werner will come back and speak about some commercial and strategic updates as well as the summary. Following that, we will have time for the Q&A. With that, I hand over to Werner.

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**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

Thank you, Matthias and good morning. In recent months, we have been continuing to build strong foundations for the future. We delivered a robust financial performance in Q4 in the face of various headwinds. Revenue of €44.5 million was supported by another quarter of strong operator trading margin. So today we increased our expected long-term trading margin. It was great to see Brazilian market go live at the start of the year and we are live with a number of partners, including recent signings, Stake and KTO.

Early in Q4 we signed an Odds Feed+ deal with Hard Rock Digital in the US along with Rei do Pitaco in Brazil. And finally, just a couple of days ago, we entered a novation agreement with Ontario Lottery and Gaming Cooperation and FDJ Group, which pending some conditions, will see us take over the long-term contract from FDJ Group presenting an exciting opportunity for us. Meanwhile, we continue to address our cost base by realizing further synergies and implementing efficiency measures in all areas of our business.

2024 was certainly an eventful year at Kambi, during which we were able to lay the foundations for future success, which I'd like to summarize on this slide. There has been some change in leadership. At the AGM Anders Ström was confirmed as Chair while Kristian Nylén took up a seat on the board, having earlier indicated he would step down from his position as CEO. As the two Co-Founders of Kambi and with huge knowledge of the industry, it's great to have their continued involvement in the business. We were also grateful to have industry veteran Benjie Cherniak joined the board. His experience in the sports betting space over many years has been invaluable. And of course, I succeeded Kristian late July and I too made a few appointments as I look to build a team capable to taking Kambi to the next level.

In September, we unveiled our new product portfolio, an important step on Kambi's journey to becoming the home of premium sports betting solutions. The turnkey sportsbook is our flagship product and one which gives all our modular solutions a clear edge over the competition. The new models are already opening doors to operators that had been close to us as a pure turnkey supplier. While it will also play a strategic role in helping us retain relationships with operators, who decide to move away from the turnkey, Rei do Pitaco being a recent example of it. As ever, we made some key new turnkey sportsbook signings with the likes of KTO and Stake in Brazil along with US tribe, Choctaw Nation.

We signed some important partnership extensions as those with Rush Street Interactive and Penn Entertainment. In recent days we also announced an extension with BetCity, part of Entain Group, and we signed various partnerships across our product portfolio, including those with Hard Rock Digital, Rei do Pitaco, Kindred and Svenska Spel. Of course, we've seen some movement in the opposite direction with LeoVegas in the summer informing us that they have set the transition of our turnkey over the next couple of years. But the foundations we are laying, the diverse customer base we are building, will further reduce the reliance we have had on a small number of large partners.

And finally, we focused even more on building out our unique AI capability at Kambi. AI is not a buzzword for us. We are currently using AI to manage our largest sport soccer and over the next few quarters we'll extend this step-by-step to additional sports. As a result, improving our product while also reducing costs. As I'll explain a little later, AI is transforming the way we price, trade and risk manage markets, particularly those that are more complex and almost impossible for humans to run effectively, such as Bet Builders and player props. AI today already drives approximately 30% of our operator GGR and that's only going to increase over the next quarters.

From an operational perspective, we are also increasingly embracing how AI can improve, how we perform our day-to-day tasks, enabling us to be more efficient and productive. Handing over to you.

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## David Richard Kenyon

*Chief Financial Officer, Kambi Group Plc*

Thank you, Werner. Good morning, everyone. Revenue for Q4 was €44.5 million, up from €44.3 million in Q4 last year. For the full year, revenue was €176.4 million, up from €173.3 million last year. With our OpEx in line with our guidance this led to earnings before interest tax and amortization on acquisitions, which I'll call EBITA acq from now on of €7.1 million and €25.3 million for the full year in line with 2023. Our EPS was €0.515, up from €0.488, benefiting from the buybacks we carried out during the year. And our net cash position at the year-end was €61.3 million with our balance sheet remaining in a very healthy position.

Here is the Operator Turnover Index for the Turnkey Sportsbook and it aggregates the performance of all the operators we work with. On the turnover, the turnover level was 778 on the index. This was up 13% from Q3, benefiting from the usual seasonality of the sporting calendar with a full quarter of NFL, NBA and college

basketball. The growth was mitigated from Q3 to some degree by Q3 having the final stages of the Euros and the Copa América and also introduction of tighter regulatory conditions in the Netherlands from October. The operator trading margin across the network was 10.1%, although there were player-friendly results in American football, they were favorable for us – soccer results, and we also saw an increased use of high margin products. For example, Bet Builders.

Our cash at the start of the quarter was €60.5 million. We repurchased shares during the quarter to a value of €3.3 million. But nevertheless, driven by our operating profits, cash increased to €61.3 million by the end of the quarter. We announced a new buyback program for up to €12 million in November, which will run through to the AGM in May. This was in line with the capital allocation policy to return capital to our shareholders and by the time of the AGM, we will have returned an accumulated €38 million since we first started the buyback programs.

Here I'll present the outlook for 2025. Firstly, you'll see that we're presenting for the first time an EBITA acq metric [ph] as an outlook (00:08:42). This metric represents the underlying profits of the business and I think, it's more relevant right now for the business, given the volatility in some of the revenue factors, which I'll come to in terms of new signings, new products, operator migrations, the changing regulatory landscape, a new gaming and other taxes. Having this EBITA acq metric allows us to manage our cost base to help achieve the numbers I'll set out here.

EBITA acq is calculated by excluding amortization on the acquired intangibles, which is a non-cash acquisition-related expense. And this adds back around €5.2 million to our EBIT. So firstly, the factors affecting our revenue this year. In terms of organic growth, first thing to mention is the impact of the increased operator trading margin we expect, which it will grow from just under 10% to our new expected level in the range of 9.5% to 11%.

Secondly, we see general network growth in the operator's turnover across the network, which contributes to this organic growth pile in the waterfall here. And lastly, there is a full-year effect of the 2024 launches, including Svenska Spel and LiveScore which both went live mid-2024. In terms of the 2025 launches, there are various elements. Firstly, Brazil where we see revenues starting from both KTO and Stake. Then there's the Odds Feed+ product, where we also start in Q1 with revenues from Hard Rock and Rei do Pitaco. There are other smaller launches also included in this pile here.

And finally, OLG which we announced this week, which assumes a second half of the year, go live. We also mentioned we will actually see a non-recurring cost of €2 million to €3 million in relation to this launch, which is needed for product and front-end development and some retail integration and which will show as an item affecting comparability as it's a pure one-off. In terms of transition fees, we've talked about these in the past, but particularly we – Penn National Gaming, where we received seven months of fees in 2024 and [ph] the PROLINE Gaming (00:11:03) where we received a full year of fees. Both of these are non-recurring headwinds.

In terms of operator migrations, as Werner mentioned, we're expecting impacts from both Kindred and LeoVegas. Here in 2025 the bigger impact is from Kindred, where we've already seen the exit of the dot com in US markets and we expect [ph] certain – potentially set more (00:11:28) migrations in the second half of the year, although the timing is at this stage uncertain.

In terms of LeoVegas, we see a small impact in 2025 and there were some other small customer churn factors also accounted for here. This particular headwind can be expected to grow in 2026 as the Kindred contract comes to an end at the end of that year. And the LeoVegas migration could accelerate in 2026. Gaming tax and other includes a variety of factors also. Firstly, Colombia, where there was a recently introduced 19% VAT on deposits. The impact that this will have on player behavior and the market all in all is uncertain, but we estimate a €3 million

to €5 million impact on our revenues in 2025. There have also been other gaming tax increases which will affect us, notably in Sweden, the Netherlands and Illinois, with also expected tax raises in Ohio and Indiana. And this pile also includes previously mentioned impact of commission rate changes upon renewal of certain key partners.

Moving now to the costs. Firstly, we expect a €2 million increase in the data costs as we grow our client network. Each client comes with some fixed costs in those – in the data that's driving that increase. We also expect an increase in our infrastructure costs and network cloud costs to service the level of operators, data and territories in our forecast, including Brazil and OLG.

With that said, as Werner mentioned, we've undergone quite major cost saving initiative to realize synergies and efficiencies across the business. 65 roles have already left the business and we've made savings in a wide range of areas. We'll continue to seek more efficiencies, but this program enables us to anticipate a cost decrease despite the inflationary factors I mentioned. And we expect total expenses to fall from €156.3 million to the range of €150 million to €155 million.

So all in all, there are a number of revenue headwinds, some of which are temporary. But we have strong commercial momentum across the product portfolio. And with the cost saving initiative, we're taking an active step to maximize our efficiency. On this basis, we estimate EBITA acq for 2025 in the range of €20 million to €25 million.

And with that, I'll pass you back to Werner.

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## Werner Becher

*Chief Executive Officer, Kambi Group Plc*

Commercial momentum is a term overly used, but this certainly applies to Kambi at this time. At the end of Q3, we launched our new product portfolio and we are already seeing great interest. We are very excited about the prospects for our Odds Feed+ product. As I explained in the previous quarter, there are various benefits to what we offer compared to alternative suppliers. Not least, our €17 billion network turnkey liquidity and that our odds are traded on it. A volume of data points needed for AI only very few in the industry have.

In Q4, we signed with Hard Rock Digital and Rei do Pitaco, two Odds Feed+, with both live in January and the sales pipeline here looks promising. In continuing to build up on our strong relationship with Strive's, we signed a Turnkey Sportsbook partnership agreement with Wind Creek in Illinois. And Choctaw Nation will add on native frontend solution to their sportsbook and casino.

Moving to Q1, it's been an incredible busy start of the year. I've already mentioned the launch in Brazil, and in parallel we signed a Turnkey Sportsbook partnership with Stake. Stake is one of the largest operators in the world, ranked top 20 in the EGR Power Rankings. The operator is now focused on building out its regulated business and selected Kambi to be its partner in certain regulated markets, starting with Brazil. This partnership relates to licensed markets via real money payments only, but Stake certainly has the capital to invest in growing this regulated business over time.

Esports is another model or product within our portfolio that's been gaining traction, illustrated by the recent agreement with Kindred Group. Kindred will integrate Abios-powered esports to its in-house sportsbook. Part of the esports package is Esports odds, which Kindred will take via our Odds Feed+ API, making it very easy for Kindred to take also odds from other sports from Kambi in future. This Kindred deal comes shortly after Svenska Spel also added an Esports package to its Turnkey Sportsbook.

And most recently in Q1, we signed a multiyear extension with BetCity, one of the largest sportsbooks in the Netherlands. BetCity was acquired by Entain in 2022. So that BetCity has decided to remain on the Kambi platform for another period of time underscores the quality of our product and services.

On Monday, we announced that we had entered into a novation agreement with Ontario Lottery and Gaming Cooperation and FDJ Group to take over FDJ's sportsbook responsibilities to OLG, pending certain conditions.

In short, once we have satisfied these conditions, which we are very confident we will, we will become the new sportsbook partner of OLG, an operator of significant size and stature with a contract running until 2032. Up until 2022, OLG was a sprawling brand, held a sports betting monopoly in the Canadian province. It operates a large retail business through approximately 10,000 outlets, where the majority of its sportsbook revenue is generated.

Following the re-regulation of sports betting in Ontario, the online market has become much more competitive. I believe there is a great opportunity for OLG to strengthen its position also in the online space with Kambi. As mentioned from David, there is an initial non-recurring cost implication of around €2 million to €3 million, which is related to certain product adaption and integration [ph] pools (00:18:28) betting product, integration into the lottery application, et cetera. All being well, we should launch in the second half of the year.

We also recently gained the license required to enter the Nevada market after receiving approval from the state regulator. This brings to an end an extensive process, with the regulator leaving no stone unturned in [ph] store (00:18:59) checks to ensure only the most compliant and transparent businesses can operate throughout Nevada. We are delighted to have cleared Nevada's high record bar, look forward to commencing operations there, which we expect will begin with the field test and [indiscernible] (00:19:16) like a whole territory in the coming quarters.

In what's yet another example of our commitment to regulated market, in Q4, the percentage of Kambi's revenues coming from licensed markets reached 98%, a number which will only be strengthened moving forward by our recent launches in Brazil. I'm delighted to say, from day one, from 1st of January on, Kambi is live in the licensed Brazilian market. At present, we are live with five partners in Brazil. Before we saw Turnkey Sportsbook, BetMGM, BetWarrior, KTO and our new partner Stake, along with Rei do Pitaco with Odds Feed+.

With a large population and the love for sports, particularly soccer, Brazil is a country of great potential for Kambi, and we are very happy with the collection of partners we are supporting there. As we anticipated prior to launch, the market will take some time to reach its full potential, with operators currently contending with various compliance [ph] teasing (00:20:31) issues, which tends to be the case in euro regulated markets. However, there are signs that the situation is improving. Turnover have been steadily up on the rise. And please don't forget that Brazilian soccer is currently on summer break and the new season will only start end of March.

Following a series of historically high operator trading margins, today we are raising our expected operator trading margin from 8% to 9% to 9.5% to 11%. There are two main reasons for this. First, a more structural change, whereby players are increasingly betting on higher margin products like Bet Builders, meaning a higher theoretical margin. And second, our ability to not only offer all these complex products and actual margin getting very close to that of the theoretical margin, so offering a financially secure and profitable – very profitable way for these products.

One way to illustrate this is by showing you the increase in pre-match soccer Bet Builders in recent years, which was responsible for 16% of turnover in 2024, up from 10% last year and fast approaching 30% of operator GGR, up from 21% in the year before. All the related contingencies involved in Bet Builders and other cross sports

multiparty products make these very complex products to price, trade and risk manage effectively, something we believe is fast becoming impossible to do by human-driven trading systems and static algorithms.

Through fully AI powered automation, Kambi is able to offer a broader product while simultaneously managing the odds and liabilities to deliver healthy margins. We've seen the results of this for a number of months now, including the current quarter, giving us confidence to raise our long-term expected operator trading margin.

So to recap, we closed out the year with a robust financial performance, a strong cash position and we continue to return capital to shareholders through our buyback program. We have initiated an efficiency program and will continue to reduce costs going forward. We are seeing great commercial momentum across our product portfolio with recent partner signings supporting long-term revenue growth. These elements and more demonstrate how we are building strong foundations for the future.

## QUESTION AND ANSWER SECTION

**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thank you, Werner. And with that, we open up for questions. [Operator Instructions] So the first question comes from Oscar Rönkvist at ABG. Please go ahead.

**Oscar Rönkvist**

*Analyst, ABG Sundal Collier AB*

Q

Perfect. Thank you very much. My first question would be on the guidance on the revenue side. So first, the bars on organic growth and 2025 launch. So just wanted a little bit about the assumptions. Have you sort of put out the figures that you feel very comfortable with delivering, or is it more like a midpoint of your expectations? So just trying to get a sense of any potential conservative assumptions or not.

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

No, I'd say, Oscar, I'd say this is pretty much the midpoint of our assumptions. There are, of course, some uncertainties in the numbers, which is why we have to end up with a range of only €5 million on EBITA acq for the full year. But yeah, this is the midpoint of our assumptions.

**Oscar Rönkvist**

*Analyst, ABG Sundal Collier AB*

Q

All right. Perfect. And also on the 2025 launches bar, just wondered, is that excluding any unannounced signings, or do you need to put out more signings during 2025 and more launches to reach that number?

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

Yeah, there is a little bit built in there for more signings and as yet on launch. But the vast majority of that, I'm pleased to say, is under contract now [ph] is potentially considering (00:25:13) with the OLG signing. So the vast majority, I would say, is relatively secure. But there are, yeah, we still, of course, hope to sign some more during the year and get them launched during the year.

**Oscar Rönnkvist**

*Analyst, ABG Sundal Collier AB*

Q

Got it. Perfect. And then next just on, if you could repeat a little bit on the migration. So you expect Leo will start – the decline was supposed to accelerate in 2026, but already starting in late 2025. Was that the...

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

Yeah, so...

**Oscar Rönnkvist**

*Analyst, ABG Sundal Collier AB*

Q

...correct assumption?

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

What I can say is it's quite a small impact in 2025, but anticipate that it probably will accelerate in 2026. Yeah. And these numbers here is actually the majority is more from the Kindred migration.

**Oscar Rönnkvist**

*Analyst, ABG Sundal Collier AB*

Q

Okay. So the majority of the migrations are – is Kindred related and that would be more towards the latter part of 2025 as well?

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

Well, you have – there you have the markets they've already exited, which impacts on the 2025 numbers, so both US and the dot com markets. And then we have some expectation there may be more migrations. We're not sure exactly when, but likely second half of the year, so we've made an estimate there.

**Oscar Rönnkvist**

*Analyst, ABG Sundal Collier AB*

Q

Yeah. Got it. And know that you may not be able to answer this, but can you say anything on the €55 million minimum guarantees? Is that a very low assumption for the 2024 to 2026 accumulated revenue now that it feels like sort of migration is happening maybe a little bit later than they initially expected?

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

Hard to comment on that, really. We don't know the exact timings and whether it'll all be done by the end of 2026 at this stage. But in terms of the €55 million, it's certainly front loaded to some degree as the migration happens later in that period. So that's why we talked about that headwind as being the one that could potentially increase in 2026.

**Oscar Rönnkvist**

*Analyst, ABG Sundal Collier AB*

Q

Yeah, perfect. Just also a little bit detail on the Colombia VAT. I mean, do you also interpret it to be only impacting 2025 and then you can get sort of a relief maybe into 2026? That's correct. And also that's not a cost for you, right? It's just that it could be some lower channelization due to that. Is that the €3 million to €5 million impact that you expect?

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**David Richard Kenyon***Chief Financial Officer, Kambi Group Plc*

A

Correct, yeah. That's exactly as we say it. Yeah.

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**Oscar Rönnkvist***Analyst, ABG Sundal Collier AB*

Q

Got it. Thank you. That was all from me. Thank you.

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**David Richard Kenyon***Chief Financial Officer, Kambi Group Plc*

A

Thank you.

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**Mattias Eric Frithiof***Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thank you, Oscar. And then we move to Georg from Pareto, please.

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**Georg Attling***Analyst, Pareto Securities AB*

Q

Good morning and thanks for taking my questions. So just to clarify that contribution from Leo and Kindred in 2025, how much was that in absolute terms in the waterfall?

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**David Richard Kenyon***Chief Financial Officer, Kambi Group Plc*

A

We haven't put specific numbers on it, but it – I mean, the graph is to scale, and obviously it does end up at a range, and none of those numbers are meant to be kind of exact numbers. But I think it's in the region of – if you get your ruler out – in the region of €10 million, I think, for that total migration impact.

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**Georg Attling***Analyst, Pareto Securities AB*

Q

Okay. Yeah. And most of that's related to Kindred. And in Q4 could you comment anything on EBIT growth excluding Kindred?

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**David Richard Kenyon***Chief Financial Officer, Kambi Group Plc*

A

Q4. Year-on-year or versus Q3, are you interested in?

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**Georg Attling***Analyst, Pareto Securities AB*

Q

Year-on-year.

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

Year-on-year. Yeah, I mean, that – all in all, I'd say it was kind of flat year-on-year in total, but there was some impacts. Yeah, probably one of the single biggest impacts versus Q4 was Kindred, both in terms of the markets they left and the impact of the regulate – new regulatory conditions in the Netherlands, which came in, in October. So that probably was the single biggest kind of headwind we faced on the operator turnover.

**Georg Attling**

*Analyst, Pareto Securities AB*

Q

Okay. But it was flat excluding Kindred also? I assume you have lower revenues from Kindred in Q4 this year compared to last year.

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

It was flat – I'm saying flat in total, but within that, there was a headwind from the Kindred turnover.

**Georg Attling**

*Analyst, Pareto Securities AB*

Q

Okay. And on the sports betting margin guidance, what's your sort of comfort in these new numbers? Because you are obviously not the only player in the industry that's seen quite high margins in 2024. If you could just talk about how comfortable you are in putting out that new guidance.

**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

We feel very confident about this new margin guidance. So having followed a rising margin already over some quarters now, especially now, seeing the performance of our Tzeract powered fully automated AI solutions, we are even more confident that the broader products we can supply to customers and the very healthy margin with AI-powered tools we will be able to deliver will even further increase the margin going forward.

**Georg Attling**

*Analyst, Pareto Securities AB*

Q

Okay. And just some more color on the OLG signing here, because you take over the contracts from FDJ. Is there any component of rev share or similar to that? Because I guess FDJ could have given it to some of your competitors also who probably would be willing to pay for it.

**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

Yeah. So in 2022, OLG run a public tender and FDJ was the winner of this tender. But after FDJ decided to fully focus on B2C business, FDJ, internally, they run a process, and we are very proud that they selected Kambi as being recommended to OLG as their successor. We entered now into this novation agreement. So there are some more documents to be signed in the next few weeks and months, and they are under certain conditions. But they are commercial sensitive information; of course, I can't share here.

**Georg Attling**

*Analyst, Pareto Securities AB*

Q

Okay. But you can't comment if there's any financial compensation to FDJ here?

**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

From Kambi? No.

A

**Georg Attling**

*Analyst, Pareto Securities AB*

Yeah. Okay. And on that one-time cost related to this signing, I don't really follow why that's a one-off. I assume you have similar costs when going live with other clients.

Q

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

Yeah. So I mean, I think it's really – it's outside the – what we need to build to fulfill that contract, outside the normal scope of what we do for our network. So it's a – it really is a one-off to secure that contract and the work we need to carry out. And that cost will...

A

**Georg Attling**

*Analyst, Pareto Securities AB*

[indiscernible] (00:32:29).

Q

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

It will be finite within the year and it will end.

A

**Georg Attling**

*Analyst, Pareto Securities AB*

Yeah, but surely you have upfront contracts – upfront costs for other assignments as well if they're big and they want to tailor to their needs?

Q

**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

Yeah. But as you know we run a multi-tenant solution, and onboarding new customers doesn't normally come with a lot of effort for us. It's about integrating into the PAM. That's what is standard and what we're used to. But looking to a more complex landscape we are now facing with OLG, especially to provide a pools betting product to them and also integrate fully into their lottery application and into their 10,000 [ph] lottery (00:33:10) shops is a little bit out of scope what we normally do.

A

**Georg Attling**

*Analyst, Pareto Securities AB*

Okay, that's clear. Just a final question, more of a high-level question, I guess, because we're seeing the rise of Polymarket and all of these other crypto-related betting sites. Could you comment on your views and takes on this sort of rise and new competitor?

Q

**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

Yeah. So, of course, we follow these developments in the US very closely. I think it's very unclear for everyone if betting is now allowed in 50 states of the US, yes or no. I think it's important to understand that prediction markets work in a very different way than, let's say, managed sportsbooks are. Their offering is normally very small. It's yes/no and the offering is also still very small. But of course, being allowed to offer in states where betting not – is not regulated already today could be a threat for the existing betting operators in the US if others take over market share very early in these unregulated states already. But it could be also an opportunity that drives regulation even faster in the US.

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**Georg Attling**

*Analyst, Pareto Securities AB*

Q

Yeah. And you're not interested in expanding your offering to have something similar to that?

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**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

Yeah, for sure we are.

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**Georg Attling**

*Analyst, Pareto Securities AB*

Q

Okay. That's all I have. Thank you very much.

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**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thank you, Georg. So there are no more questions on the telephone, so we will move over to the chat. First question is regarding the cash position and the future of buybacks. So we have previously indicated cash position of around €40 million is appropriate. So maybe, David, if you can comment about the future of cash position and potential additional buybacks.

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**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

Yeah, to start with, I mean, we have over €60 million on the balance sheet at the year end. But we also have a – the board announced a €12 million buybacks program and we still got much of that to use so €8.7 million of that is still to run from the year end through to the AGM. So we'll put that €60 million to good use for more buybacks and then we'll probably quite likely seek further mandate for next year at the AGM to be confirmed.

That €40 million, I mean that should grow with the business. So as the business gets more complex, more operators, more diverse, more products, that number can maybe increase. But, I think we'll always try and set a sensible balance where that number is €40 million, €45 million, maybe €50 million when we get bigger.

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**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

And second question is about the relationship with the Kindred and FDJ. So you seem to have a good relationship with additional contracts. What does the future look like with this relationship? And could you take over potentially other clients from FDJ as well?

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**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

Yeah. So first of all, I think where we now start working with these guys now for many years, they're probably already friends, right. So for sure we are very close to them and we are in continued talks with them about how to also support them long term going forward in future with our modular products. So yes, FDJ announced that they will fully focus on B2C and we are happy that FDJ selected us as their successor for OLG. There are a lot of opportunities for us out there now, but I think it's too early to speculate about how many of them we will secure for Kambi.

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**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Yeah. Thanks. Next question for you, David. Could you maybe pan out a little bit how the year will play out on the guidance? Previously, you have provided the operating cost guidance per quarter. So could you maybe say like, is there more to come in the second half of the year or what does the sort of quarter-by-quarter look like a little bit?

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**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

Yeah, that's a good question because that outlook we gave 2025, I think it will be quite back loaded. And that's for two main reasons. One is the seasonality of the sporting calendar. We see every year Q4 is when you really see the revenue growth because of that seasonality. And then also the – those cost initiatives, which I mentioned, we're going to keep look at more efficiencies. So, the benefits of those cost savings will become more apparent during the year. So those two factors I mean it will look a little bit back-loaded so that's what we should expect.

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**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thank you. And next question for you, Werner. You served as CEO since mid-2024. What do you see as the greatest opportunities for both growth and improvement going forward?

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**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

I would say two things. So what I heard from so many customers in my first few months is that Kambi offers by far the best product out there. This is of course a very strong position we are in. I think, offering now a broader portfolio of products, especially our Odds Feed+ product getting a lot of traction in the market now is a very good opportunity for us. But as I mentioned earlier in this call, I think that Kambi started already three years ago to go fully in, in AI and to become AI first company is also very, very important. We run the five biggest sportsbook on this planet and for AI it's so important to have big data. Without big data, you can't really use AI and only a few companies, including Kambi are in a position and will be in a position in future to fully leverage the capabilities of the AI, which will bring us even a stronger position.

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**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thanks. And next question is about the Odds Feed+ product. What sports have you already launched and will we see more?

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**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

Yeah. So we have launched all sports. But as explained in the last quarterly earnings call, the Odds Feed model on the market is a very different one to the Turnkey model. For the Turnkey model, we normally sign multi-year deals and we had exclusive partner of operators out there. When it comes to the Odds Feed, we are in a daily competition with other Odds Feed providers and suppliers, so operators benchmark us every day against our competitors out there and they pick and choose and select which sport, which markets they want to have delivered from us.

But as mentioned, our Odds Feed+ product is the only one being fully traded on this huge betting liquidity we have in our turnkey product makes us very, very confident that having tested the first few sports with our Odds Feed+ product that operators will take more and more.

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**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

And can I add maybe? If we're successful, as we think we're going to be, that will also add to that back-loading effect on EBITA acq through the year.

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**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Yeah. Question about the sort of FDJ a little bit and monopoly and lottery contracts. Do you have – do we think that we have a bigger chance of winning these now than a few years back or has anything changed or is it just process as usual and you win some and you lose some?

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**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

No. I think so first of all, we want to diversify our customer structure. We do not want to be reliant on a few large customers anymore in future. So lotteries are a very important target group for us. With ATG, with Svenska Spel, now also with Ontario Lottery we have now some really nice post to play clients in this area and we know that also a lot of other lottery operators are seeing more and more competition in their home markets. So do not only to have any betting product, but a premium product is getting so much more important for them. So yes, I see lotteries for us is a very important target group going forward.

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**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thank you. And then the question about the potential in Nevada and what we see the market there and potential clients and customers and development?

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**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

Yeah. So Nevada is [ph] irrelevant (00:41:39) for us and important for us for two reasons. One, Nevada licensing is the clear gold standard in our industry. So not too many B2B suppliers in the betting space are licensed in Nevada because the regulatory bar is so high to get this license. So it's something like showing clearly that we have an outstanding compliance offering for our customers and they can feel safe, they can feel safe that they are always compliant. And of course, the Nevada market, seeing only very few B2B competitors there being licensed is also an interesting market for us going forward. We'll start a field test, most probably with [indiscernible] (00:42:24) in the next few quarters and then let's see.

**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thanks. And next question is about Colombia and the €3 million to €5 million headwind from the VAT. Others have communicated a more neutral impact. Is the €3 million to €5 million extremely conservative in the EBITA acq and should we assume something else?

**David Richard Kenyon**

*Chief Financial Officer, Kambi Group Plc*

A

I don't think so. So a 19% VAT tax on deposit is heavy, is very heavy. So do not expect any influence on user behavior deposits, revenues. I don't get it to be honest. So yes, we don't know today how big the impact will be, but I've seen Rush Street announced already a few days ago that they also expect a relevant impact and we expect also a relevant impact. How much [ph] bonusing (00:43:22) and features keeping sport fans active will help to balance this risk? We will see.

**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thanks. So a lot of – we've had a lot of headwinds for the last couple of years. And I guess also in 2025, can you mention anything about coming into 2026 and 2027? What does the future hold?

**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

Yeah, I'm not sure if we talked so much about headwinds, probably the image is a little bit wrong here. I think to except some churn is not something we should be surprised about. That's part of every business out there looking to do new signings. We did continuously over the last years, we lost DraftKings, we lost Penn. We now will lose, Kindred, will lose BetMGM but we are still growing right? It shows how strong I think our sales pipeline always is, also now with Stake with Hard Rock, with Ontario, we have a very clear track record to bring in a lot of new business.

So yes, there is some short-term challenge to be managed in the next, let's say, 18 months. But we are very optimistic about all the new business we are bringing for Turnkey as well as for our new products.

**Mattias Eric Frithiof**

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

A

Thank you. And then the last question, the agreement from Abios to Kindred, does it give you any further confidence around your ability to continue to work with Kindred post-migration or more broadly, does it give you confidence that you can continue to serve customers via modules after migration?

**Werner Becher**

*Chief Executive Officer, Kambi Group Plc*

A

Absolutely. So the clear goal is to, first of all, address with our Odds Feed+ product in-house sportsbooks where we were closed out in the past, only offering a turnkey solution. So this is one target group, but for sure to retain existing customers who decided to go in-house is the second angle of our attack here. And Kindred, LeoVegas, I called them friends a minute ago, right? For sure. We are in close talks with all of them and they know the quality of our products, of our odds, of our trading very good. So I feel very comfortable that we will keep them as long-term partners on board. But negotiations are ongoing.

## Mattias Eric Frithiof

*Senior Vice President-Investor Relations & Sustainability, Kambi Group Plc*

Thank you. That were all the questions that we had time for today. Thank you all for listening in. Thank you for presenting and we look forward to see you in the next couple of days or otherwise we have our – representation of our Q1 on the 30th of April and we'll see you then. Thank you very much for today.

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