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Kambi Group Plc (KAMBI.SE)

Q3 2025 Earnings Call

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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 Q3 Earnings Call. At this time, all participants are in a listen-only mode. After the speaker presentations, there will be time for questions and answers. [Operator Instructions] Please be advised that today's conference is being recorded.

So, the agenda for today, we will start with some highlights from our CEO, Werner Becher, followed by a financial summary from our CFO, David Kenyon. Then Werner will come back with some operational highlights and the summary of the quarter. Following the presentation, we will have time for the Q&A.

With that, I would like to hand over the conference to you, Werner. Please go ahead.

Werner Becher

Chief Executive Officer, Kambi Group Plc

Thanks, Mattias, and good morning, everyone. Today's report sets out some of the important steps we have been taking, putting in place key building blocks to enable long-term sustainable growth. On the commercial side, we've been incredibly busy. Momentum is really picking up. Since the start of the third quarter, we have signed 12 new commercial agreements, which I will recap shortly. Three of those agreements were on our Odds Feed+ product perhaps headlined by the recent partnership with tier-1 operator, Superbet Group.

This morning we announced the acquisition of the source code of a player account management platform. We believe the addition of a proprietary PAM, alongside our market-leading Sportsbook product, will open doors to new opportunities. Our immediate focus is on markets with limited, viable third-party options on the PAM side with Nevada on top of our list. And finally, our underlying performance met expectations in Q3, reflecting strong

margins and a continued focus on cost discipline. However, macroeconomic pressures have heightened while our planned launch with Ontario Lottery is now likely to take place in early Q1 2026. These factors have led us to adjust our full-year EBITA guidance for 2025 to around €17 million.

I now hand over to you, David, to give you more details on the financials, please.

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Thank you, Werner, and good morning, everyone. Firstly, a summary of Q3. So, revenue was €37.4 million this quarter. Excluding nonrecurring transition fees that we received last year, this represented a decrease of 8.1%. And on the same basis, year-to-date revenue is down 1.2%. However, ongoing efficiency program enabled us to significantly reduce our costs in the quarter. And this led to an adjusted EBITA acq, earnings before interest tax and amortization on acquisitions of €3.4 million for the quarter. Excluding foreign exchange on revaluations, this metric was €3.1 million for the quarter and €10.3 million year-to-date. Our underlying cash flow was positive. And after carrying out €8.1 million of buybacks in the quarter, we end the period with a cash balance of €45.4 million.

This slide sets out the operator trading analysis, an index of the aggregated performance for our operators on our Turnkey Sportsbook. You'll see this course representing in a new way. It's really highlight the seasonality of the sporting calendar that we see every year. This is driven in particular by the timing of the American football, soccer, and the basketball sporting seasons. And Q1 and Q4 always have the highest turnover of the full quarters each year, and we should expect the same pattern this year with a spike up in Q4. Compared to Q3 last year, turnover was down 6%. Whilst we did see organic growth from certain customers and some new launches, this was offset by a number of factors, including the tournaments we had last year, Euros and Copa América, and soccer and also the Olympics. We had the FX impact for a weaker Colombian peso and US dollar versus last year.

Kindred carried out more migrations during the year, the originally the dot-com markets in Q4 last year, and now the UK migrated at the start of September. And as mentioned in previous quarters, we have an ongoing impacts from deposit limits in the Dutch market, which is also affecting our turnover. The operator trading margin for the quarter was 10.3%. This was a really strong margin in July and August and then dipped quite significantly in September when there were a very player-friendly results, I would say, in both the Champions League and the NFL.

This slide sets out the evolution of our adjusted EBITA acq from Q3 last year to this year. Firstly, we saw material organic growth from a number of our operators, especially in the US and Latin America. In terms of new customers, versus Q3 last year, this came in particular from our operators in Brazil as well as those using the Odds Feed+ service. Then the negative, the downward pressures on that EBITA acq came, as mentioned, from the tournaments last year, Euros, Copa América, and Olympics, with this year a much smaller contribution from the football club, World Cup. This, of course, is a temporary headwind.

Another temporary nonrecurring tough comparative is the transition fees, which we received last year from PENN and Napoleon. This reduced to €2.3 million this quarter. It will reduce again in Q4 before disappearing at the end of the year. In terms of migrations, Kindred exited the dot-com markets in Q4 last year and, as mentioned, UK, at the start of September this year. There's also smaller amounts from migrations for Mr Green and Greentube in these numbers.

In the gaming tax and other column, we see a number of factors. Firstly, the impact of those deposit limits in the Netherlands. Also, as referenced earlier in the year, the new VAT on deposits in Colombia has had a material

impact on our numbers. There's also been other gaming tax increases in the Netherlands and various US states. And finally, we also see the impacts of changing effective commission rates with certain customers in this column.

Pushing the EBITA acq upwards is the cost savings column there. The costs are roughly €4 million lower than the same quarter last year. This is largely driven by a reduction in our staff costs with around 50 FTEs lower versus last year and relocations of roles to lower cost locations. There was also some staff bonus costs taken last year, which we've not accrued this year. The second piece here is the positive €1.2 million swing in the FX on revaluations. We had a €900,000 negative last year and a €300,000 positive this quarter. This is a nonrecurring benefit to our cost base this quarter.

I want to point out one other thing on our low staff cost this quarter. In particular, in Sweden and Denmark, we accrued the cost of vacation pay during the year. And we released the accrual when the staff take holiday in the summer months. This is a seasonal pattern seen every year, and this showed a €1.1 million benefit in our OpEx versus Q2.

This slide sets out our cash flow in the quarter. We had an opening cash balance of €53.1 million. We did see an increase in certain trade receivables balances, which we expect to be paid for in Q4. And we spent €8.1 million on share repurchases in the quarter, taking our closing cash balance to €45.4 million.

Werner will tell you more about the acquisition of the PAM source code we made today. Whilst we cannot disclose the purchase price, I can say that it will not impact our capital return strategy to return excess capital to shareholders through buybacks. And I would expect our upcoming buyback program to continue at a similar pace to our current program.

Werner referenced the change in guidance. Our original guidance was an adjusted EBITA acq, excluding FX revaluations, of €20 million to €25 million. Three main factors result in that changing today. Firstly, the regulated Brazilian markets, in general, has developed more slowly than expected. There have been stringent regulatory requirements, including on AML. And this has led to certain friction, converting players from the pre-regulated market.

Secondly, there have been FX headwinds, especially the weakening of the US dollar and the Colombian peso versus when we set the guidance. To-date, this has had a €1.8 million negative impact on our numbers. And if the FX stays roughly where it is, that number is likely to become around €2.6 million by the end of the year.

And lastly, Ontario Lottery and Gaming. We had originally hoped for a Q3 launch with this operator. This moved to a December launch due to the significant level of development work and testing needed prior to launch. This now looks very likely to move to January 2026, as this testing is finalized.

On the flip side, we've managed to stay close to our original guidance with the tight cost control and the efficiency program I've referenced earlier. But as of today, we expect our adjusted EBITA acq for 2025 to be around €17 million.

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

Werner Becher

Chief Executive Officer, Kambi Group Plc

Thanks, David. I mentioned that we signed 12 new partner agreements since 1st of July. The majority of those have been in relation with our flagship product, our Turnkey product. The one Q3 agreement not announced prior

to our previous earnings presentation was Oneida Indian Nation, a tribal gaming operator, which runs three casinos in the State of New York. Having signed in August, the operator's casinos were all up and running on the Kambi Sportsbook, replacing the operator's previous supplier, OpenBet. The agreement further strengthens our relationship with tribal gaming operators in the US.

There has been a flurry of commercial activity since the end of the quarter. Glitnor Group, one of the leading operators in Sweden, will soon be launching on the Kambi Sportsbook platform in various jurisdictions, having also decided to move away from its incumbent supplier. Meanwhile, in the Netherlands, we signed three operators in Betnation, Holland Gaming Technology and Hommerson. Despite recent changes to the tax and regulatory framework in the Netherlands, this market remains a key market for Kambi. And these partnerships, these new partnerships, will enable us to further strengthen our position there.

Finally, in terms of renewals, for our Turnkey product, Kambi signed an extension to its retail Turnkey Sportsbook partnership with PENN Entertainment, which had been due to expire at the end of this year. The partnership, which currently sees Kambi supporting PENN in 30 properties across 13 states in the US, will now continue through July 2027. These signings demonstrate the wide appeal for our Turnkey Sportsbook product, strengthening our partner network and diversifying our revenue base.

When we took the decision to launch Odds Feed+, we did so because we recognize we could provide the quality of feed that no other supplier could match. This would enable us to, first, attract some of the largest operators in the world to our feed; and second, enable us to retain some of the revenue from partners who may leave our network. The past few months has seen us do just that.

Our partnership with Superbet will give them access to a complete sports library. And their intention is to launch in the coming weeks and gradually expand into multiple sports. Superbet is globally number 11 on EGR's Annual Power 50 rankings and market leader in a number of CEE countries with a prominent position also in Brazil. Superbet also operates the Napoleon brand in Belgium, which we're looking forward to work with once again.

In Q3, we also signed an Odds Feed agreement with LeoVegas, which see us retain some of their business as they continue to migrate to their own platform. And finally, Coolbet will also take our esoccer and ebasketball odds through our Odds Feed+ API. In general, we continue to see great interest in our Odds Feed+ product with it being the only available premium feed on the market, offering both the precision and the flexibility operators demand.

We now come to today's news. Our acquisition of source code from OMEGA Systems, which will enable us to offer own proprietary player account management platform, in short, PAM. First of all, what is a PAM? A PAM is a platform that carries out most of the end user account functions such as registration, payments, KYC, AML, bonusing, and it also includes a casino platform. It's the core platform that integrates all gaming verticals such as sports betting, poker, casino, bingo, virtual sports, et cetera. The key reason for obtaining a PAM is to pursue opportunities where there are no viable PAM options available for us.

Starting in Nevada, we believe with our own PAM in Nevada, along with our first-class Sportsbook, we can capitalize on commercial opportunities in the state. It's important to note that we'll only be offering our PAM in tandem with our Sportsbook. And we will continue to be platform agnostic, working alongside our trusted PAM partners. To unlock the Nevada opportunity for Kambi, our next step is to obtain PAM licensing in the state, which will position us to be ready to go to the market end of H1 2026.

So, in summary, Q3 and the early stages of Q4 have been one of progress for Kambi in a number of areas. We've delivered 12 new agreements since the start of July with new Turnkey and Odds Feed+ partners along with partner extensions demonstrating our strong commercial momentum. We've continued to show disciplined cost control with our ongoing efficiency program delivering material cost reductions, which will continue into 2026. And finally, we're leveraging our unique assets to strengthen our market-leading position. These assets include our partner network of more than 50 operators and a global betting liquidity of €17 billion being managed on our platform, fueling our AI-powered trading risk and management capabilities.

As mentioned at the start of the presentation, we are building the foundations for long-term success and long-term growth, and I'm very confident we will deliver. Thank you.

Mattias Eric Frithiof

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

Thank you, Werner. With that, I hand over the word to the operator and see if we have any questions on the teleconference.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We are now going to proceed with our first question on the phone lines. And the questions come from the line of Nikola Kalanoski from ABG Sundal Collier. Please ask your question.

Nikola Kalanoski

Analyst, ABG Sundal Collier AB

Hi. Thank you very much, gentlemen. Just a couple of questions for me. So, just firstly a little bit curious on the PENN renewal. I appreciate that you may not wish to disclose specific details, but could you perhaps elaborate a bit on the reasons behind the renewal, please?

Werner Becher

Chief Executive Officer, Kambi Group Plc

PAM is in a silent period having their earnings call tomorrow, so we respect that. And unfortunately we can't share more information about this deal today.

Nikola Kalanoski

Analyst, ABG Sundal Collier AB

Yeah, I respect that. And secondly, I think on the cost structure, it was a bit slimmer than expected. And I believe you mentioned there was some accrual of cost of vacation in Sweden and Denmark. But would you say that this cost base that we're seeing in this quarter is maintainable even going forward of course notwithstanding quarterly and seasonal effects, please?

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

I'd say yes, but I would just flag that I mentioned that €1.1 million positive cost reduction due to vacation pay, which is purely a Q3 benefit. But for the rest, yeah, absolutely, it's sustainable. And as we've mentioned, it's an ongoing efficiency program. So, we'll keep looking to do more of course.

Nikola Kalanoski

Analyst, ABG Sundal Collier AB

Yeah. Yeah, that was very clear and thank you for clarifying the €1.1 million impact there. Just thirdly, just on Brazil, are you seeing any change in the cadence in that markets in Q4 so far or would you say that it's proceeding in line with Q3 generally?

Werner Becher

Chief Executive Officer, Kambi Group Plc

No, I see the market continuously growing. Eventually the overall market size was a little bit overestimated before the regulation started. There's a little bit of disappointment, I would say, in the entire industry about the Brazilian market. We are not so sure if the market size actually was oversized and projected to be a little bit bigger than it actually is now. From our perspective, it's more like that the black market is still very big and the channelization in Brazil hasn't worked as expected. So, the legalized regulated market grew slower than expected because the black market is still very big there.

Nikola Kalanoski

Analyst, ABG Sundal Collier AB

Yeah. And just to follow-up I think on the unregulated piece through the black market. Are you seeing any legislative impact that could indicate that black market is becoming perhaps a bit smaller? Is there anything that indicates the channelization could come up? Anything of that kind that you're seeing?

Werner Becher

Chief Executive Officer, Kambi Group Plc

Yes and no. We see efforts from the government and regulatory authorities in Brazil to limit the black market. On the other hand, the ongoing discussions in the Brazilian parliament to further increase taxes definitely will not help to get a high channelization rate in Brazil.

Nikola Kalanoski

Analyst, ABG Sundal Collier AB

Yeah. Perfect. Thank you very much for clarifying everything. That's all for me. Thank you.

Werner Becher

Chief Executive Officer, Kambi Group Plc

Thanks, Nikolas (sic) [Nikola].

Operator: Thank you. [Operator Instructions] We are now going to proceed with our next question, and the questions come from the line of Martin Arnell from DNB Carnegie. Please ask your question.

Martin Arnell

Analyst, DNB Carnegie

Hi. Good morning, everyone.

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Hello.

Werner Becher

Chief Executive Officer, Kambi Group Plc

Good morning.

A

Martin Arnell

Analyst, DNB Carnegie

My first question is on the guidance cuts on 2025. You mentioned three factors like FX, Brazil and the revised timing for OLG launch. Which one of these would you say matters the most here?

Q

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

So, matters the most. I mean, size-wise, they're all relatively similar in size from when we set the guidance. Let's say FX matters least because it's not structural. OLG is really the shift to January, so the vast majority of the revenue of that deal is completely unaffected. It's just talking about a few weeks push, which has impacted what we see in 2025 calendar year. And Brazil, unfortunately, probably is the most important because it's the one where we're not seeing the growth that we hoped for. So, that's how I'd rank them.

A

Martin Arnell

Analyst, DNB Carnegie

Okay. Thanks. And on this OLG timing, is there anything that has happened or any issues behind the delay?

Q

Werner Becher

Chief Executive Officer, Kambi Group Plc

No, definitely not. This is a very complex, big project for OLG and us together. They're operating 10,000 point of sales in Ontario. So the integration to their lottery system is a complicated project, which we have completed a few weeks ago. So I'd like to make sure that Kambi has delivered everything which was requested already to OLG. We are in a testing and integration phase with them now. And being market leader in Ontario, of course they want to make sure that everything is working perfectly before they launched a new product. This is why we did not have a lot of influence on the launch date. It's on Ontario Lottery, of course, to decide, but we expect to launch now early 2026.

A

Martin Arnell

Analyst, DNB Carnegie

Perfect. Thank you for clarifying. And then, I have a question on the client pipeline. I appreciate you have signed a couple of ones in Q3. What about the outlook for continued additions of customers?

Q

Werner Becher

Chief Executive Officer, Kambi Group Plc

So the pipeline is not empty now, if this is what you want to hear. No. So we are getting good opportunities into our pipeline, and we are in different stages of negotiations with customers for Odds Feed+, for Turnkey, for esports, for front-end development deals, et cetera. So, yes, we signed a lot of deals in the last few weeks, but you should expect us to continue on this pace.

A

Martin Arnell

Analyst, DNB Carnegie

Q

Okay. Thank you. And my final question would be, when we look at your top line performance and your comment on the headwinds and the tailwinds. And when you look into 2026, from what you know as of now, can you confirm that the tailwinds are enough for you to grow your top line next year?

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

A

I think we're hopeful. We're not putting out a forecast as of today. But I think we set out plenty of tailwinds and specified which of the headwinds we think will stop. There are still some big headwinds with the migrations that we mustn't ignore, but I think the tailwinds are strong. So we'll probably wait till Q4 to set out what we think really for next year, but we're confident.

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

Yeah. We'll provide a new guidance for 2026 financials together with our Q4 earnings report.

Martin Arnell

Analyst, DNB Carnegie

Q

Okay. Thank you, guys.

Operator: Thank you. We have no further questions on the phone line currently, so I'll hand back to you for the webcast questions.

Mattias Eric Frithiof

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

A

Thank you. So I'll start reading the questions to you, and you can decide who wants to answer. Ahead of 2026, are there reasons to review the communication and what has been delivered during the year, given the positive statements regarding both customer signings and the guidance?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

To review the communication?

Mattias Eric Frithiof

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

A

Yes.

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

Not sure how to answer this question, to be honest, Mattias. I think we were all a little bit disappointed that the closing and signing of some deals took a little bit longer than expected. Yes, I would have loved to see us signing some of these deals already earlier. I think we caught up a lot now in Q3, and we will continue to sign deals going forward. That's also a learning we have with our Odds Feed+ product targeting the first phase of our go-to-market strategy, now mainly the biggest operators out there. That these big companies can be sometimes a little bit bureaucratic internally. Meaning, in reality, that closing deals, having so many stakeholders to be part of decision-making process can take a little bit longer than at least we expected. But other than that, I think the progress we have shown now, at least in the last few months, let us feel very confident.

Mattias Eric Frithiof

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

A

Okay. Thanks. Next question. Previously, there was a lot of talk about the Bet Builder as a module product. But since spring, there has been close to complete silence. Why has it progressed more slowly than expected?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

Yeah. Our Odds product suite, starting with an Odds Feed+ product, Bet Relay, Bet Acceptance, Recommendations, et cetera, is a product which we will continue to invest a lot. We have a lot of customers using our Bet Builder products. There has been no great interest on the market, to be honest, to buy Bet Builder products in general. Most of the operators already have a product. We're very focused with this product at the moment on our Turnkey customers because the integration of this product together with an Odds Feed makes a lot of sense. A separate integration only of a Bet Builder product without also supplying the Odds in practice doesn't work great for the operators.

Mattias Eric Frithiof

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

A

Yeah. And continuing on that topic, will you launch managed trading service, MTS? And if so, when will that be ready to sell? And would it be more suitable to smaller operators below the sort of Tier 1 and Tier 0s?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

So, first of all, we are premium supplier, so the smallest operators on this planet will most probably never be our focus. But we're not looking so much onto MTS versus Odds Feed. What we want to supply and deliver to our customers is a very flexible product suite. They can either have a simple Odds Feed broadcast. They can provide us the Bet Relay and we manage better for them their liabilities. We can even do more than what's available today with many MTS products. We could give them clear, bet acceptance recommendations about temporary, dynamically-adjusted live delays, stakes they should accept, et cetera, et cetera. So, there is a bunch of modules, which we have packaged, of course, which we could offer to our customers starting with the very basic Odds Feed up to a full Turnkey. So, our goal is not to have two or three boxes to sell to customers and to force to buy these boxes. Our approach is more flexible, reacting to what operators really need.

Mattias Eric Frithiof

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

A

Thanks. So, a question for you, David, shift things up a bit. What are the primary drivers behind the strong client acquisition during Q3? And do you anticipate the trend holding into Q4 and Q1? I think maybe we answered that already.

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

Yeah, I think so.

Mattias Eric Frithiof

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

A

Yeah. As the end of the year approaches, how do you view the developments that have been taking place? Are you satisfied? What could you have done better?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

That's a tough question to answer in 30 seconds because, of course, we are in the budget process for 2026 and also in our strategy process for 2026 where a review of where we have been successful this year, not so much successful, definitely is a big part of what we are doing now. So, clearly, our focus going forward is to even accelerate and scale more in our AI trading and risk management capabilities, so rolling out more sports on this platform. We will also invest a lot more in our front-end going forward, native apps as well as mobile and Web front-end apps because we learned that to have an outstanding product on the front-end is even more important in Latin America than in a lot of other markets. And Latin America is a big battleground and a big opportunity for us at the moment. On the sales side, as some of the questions also indicate, we've done a lot of changes, we have executed, and are still in this process what we call a commercial uplift project to organize ourselves in a different way, et cetera, et cetera. So, there are a lot of ongoing strategic initiatives, of course, happening all right now.

Mattias Eric Frithiof

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

A

Yeah. Thanks. And then, maybe finally one for David. How confident are you on making the €7.6 million EBITA acq in the Q4 given OLG is delayed? Can you explain the confidence there? Can you give some guidance on likely contribution from OLG in 2026?

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

A

Well, firstly, Q4, I mean, really it's a seasonal story. We're now seeing all the leagues in full flow. So, of course, we're hoping for a strong margin. We saw some player-friendly results in those key leagues in NFL and Champions League in September. So, we need the margin. But, all in all, the seasonality should really help us drive strong turnover. I talked about the spike in Q4. That's really what we're expecting. And we've seen it every year for as long as I've been working in this industry. So, we really expect that. So, that's the main reason to believe in Q4.

In terms of OLG, they have an existing business. It depends when we can launch. But we set out some numbers that they're doing currently in the past. Yeah. They have a strong business and we're really looking forward to take it over and growing it for them.

Mattias Eric Frithiof

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

A

Yeah. Thanks. What is your take on all the noise about poly market? Is it a threat or could it be an opportunity? Could Kambi, for example, become a market maker or sell data or anything else through poly market?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

Yeah. So, I think we're in a similar position to all the betting and casino operators in the US being licensed in 60-plus jurisdictions globally and more than 20 jurisdictions in the US. We have a lot to lose, so we have to be very careful and we will never risk our existing licenses. We will continue to support our partners in the licensed and legalized betting space in the US. But clearly, definitely, this is something we're looking to very closely. We don't see any big impact, not an impact at all, to be honest, on the existing license markets, from the prediction markets. It looks like it's really more business for the still unregulated markets like California and Texas. And this prediction markets guys definitely have a first-mover advantage there, right?

Coming back to your question about market-making. Yes, with our €17 billion liquidity and the precision now for Odds, I think we could be a great partner for the prediction markets to help them with some market-making, but we'll only do it if we feel it's legal and it's safe for us.

Mattias Eric Frithiof

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

A

Okay. Thanks. Next question. Given the somewhat slow growth of the number of new customers for the modules during 2025, what should we now expect for 2026?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

Yeah. So, I think we said earlier this year the goal is to sign three to five customers in the Odds Feed this year because we only focus on the big Tier 0s and Tier 1s, which we delivered and which we will continue to deliver over the next few weeks hopefully being in discussions with some more. For next year, after this first phase of our go-to-market strategy, as discussed already with our commercial uplift project, we will increase our efforts on the sales team and increase the sales teams for Odds Feed+ product as well to target then also Tier 2 operators as a next step. So, definitely having now signed some big names in the industry and seeing them taking more and more sports from us, of course, is a good story also for us now to convince small operators to take this great product.

Mattias Eric Frithiof

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

A

Yeah. So, following up on that, given you started only with the largest operators, you did the same thing when you launched the Turnkey. Are you repeating the same mistake or is this sort of this time different?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

I'm not sure if being market leader it was a mistake to start this way to be honest. Could we do more? Yes, 100%. But I think to go to market without having a proven business case, without having proven product to market fit is a waste of money and time. That's why we designed this go-to-market strategy the way it is. Again, we are now accelerating. We are now scaling up the teams. We also need to learn from our operators based on integration, what tools they need, what reporting they need, right? So, we learned our lessons now in the last few months, and we'll be able to scale and accelerate, yes.

Mattias Eric Frithiof

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

A

Yeah. Okay. Moving over to the PAM and Nevada. Is it reasonable and rational to acquire PAM for Nevada before signing any customers? How far along are you in the customer discussions at this stage?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

Yeah. It's a chicken and egg problem, isn't it? So, you can either wait to have signed a customer and then you're too late to get it licensed, so we'll never catch this opportunity or you invest. Our approach is to invest. And I think, as David said very clearly, the investment is a commercially attractive one for us, which means it will not impact our share buyback strategy at all. We are in conversations already with very interesting opportunities in Nevada

where we need this PAM to get the deals closed and to not only promise them but really to deliver within a few months a product, so that we can go to market.

Mattias Eric Frithiof

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

Yeah. And following up on that, would you like to give some more color on why you are, relatively speaking, investing so heavily in Nevada?

Werner Becher

Chief Executive Officer, Kambi Group Plc

So, Nevada is a very specific state. We talked about that. It's the gold standard for licensing on this planet. This means really that there's little to no competition for us there, right, and the existing Sportsbooks operated in the casinos in Las Vegas, right? Sometimes not very competitive. So it's a big interesting market with little to no competition, which makes it now, being licensed with us, very attractive for us to take market share and to, let's say, bring these opportunities home.

Mattias Eric Frithiof

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

Thanks. Looking at other national lottery opportunities, are there still potential in that space for new clients heading into 2026?

Werner Becher

Chief Executive Officer, Kambi Group Plc

Yes. I think participating in public tenders of state-owned or private lotteries, mainly state-owned, still around the globe is part of our usual business. We have been engaged in several ones this year. We got noticed that the few more ones are coming probably next year. This is part of normal business. With Ontario Lottery, with some Svenska Spel, with the Belgium Lottery, I think we have a very interesting footprint and also very good showcase how more successful also state-owned lotteries can be with a premium product. So this is an interesting market for us definitely.

Mattias Eric Frithiof

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

Yeah. And then, moving over to the Netherlands, what would you say is the main reason behind signing four customer in the Netherlands in such a short time? Is it possible to repeat in other markets?

Werner Becher

Chief Executive Officer, Kambi Group Plc

Yeah. That's a very interesting question because everyone is talking so much about how more difficult Europe gets with all these taxes, always increasing, increasing, making the life of the operators out there more difficult every day. But this lower margin they now see because of this increased taxes, deposits limit, et cetera, also triggers internally with many of the operators, is our existing Sportsbook good enough to compete and is it efficient enough from a cost base to either continue to run it in-house or to work with other third parties? And it looks like that, especially in these markets where life is getting more difficult for operators, more and more consider to outsource. But if they want to stay in the market, they also understand that they need a product where they can compete against the big guys.

Mattias Eric Frithiof

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

Yeah. And coming back to the PAM, is it something hindering you from bundling the PAM with the rest of your products worldwide? Please elaborate as to why it's currently not viewed to be a long-term replacement for the current PAM partners?

Werner Becher

Chief Executive Officer, Kambi Group Plc

No, nothing is hindering us. So the agreement, which makes it also commercially attractive, to be very honest to you, has a clear, I would say, restriction. So we can only sell this PAM together with our Sportsbook, which is no problem for us because we have no ambitions at all to sell the PAM as a stand-alone business outside of our Sportsbook anyway going forward. But this is the only restriction we have.

So we only start now in Nevada because, let me call it, low-hanging fruit, right, and a very urgent business opportunity for us to go in and take some market share and get some more revenues from Nevada. But definitely, this is something we will consider going forward, after this now first focus phase, also to use it in other jurisdictions around the globe. But I want to remind what I said before. We definitely will stay agnostic when it comes to PAMs. So whenever a customer prefers to work with one of our other trusted PAM partners, we will never bundle and force customers to use our PAM because this is not our DNA.

Mattias Eric Frithiof

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

Thanks. Coming over to you, David, on the cost side. The cost base is expected to be €145 million in 2025. Is it fair to assume that the cost base will be lower than this in 2026, given the ongoing cost savings?

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

It's always tricky on this because we, obviously, have inflationary pressures on most of our P&L base – on the cost base. So whatever savings we make [indiscernible] (00:40:10) are going to be offsetting those inflationary kind of headwinds we have. So a little bit hard to say as I stand here right today. But rest assured, we are continuing on – never-ending on this efficiency drive now. Plus, in 2026, we'll get some positive effect of savings we've made mid-2025. So that obviously feeds through for full year in 2026. So, yeah, we're certainly going to – don't worry, we're not going to stop being efficient. That's all I can say now.

Mattias Eric Frithiof

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

Thanks. And then, coming back to the pipeline and sales. So commercial momentum seems to be picking up. Can you talk about your confidence returning to organic revenue growth, and when should this expect to happen? If you're successful, should Kambi grow around 5% organically midterm or what is the target?

Werner Becher

Chief Executive Officer, Kambi Group Plc

Yeah. I think please let me repeat what David said, right? So, we have no approved budget and guidance today already for 2026. So, this need some more alignment of course also with the board before we can provide some more guidance about 2026. Definitely next year, as outlined by David, some of our headwinds will decline. We signed a lot of new deals this year. Our pipeline is looking good. So, to say next year we will be back on top line

growth and cost will go down it's difficult for me to say today not having an approved budget from the board already now.

Mattias Eric Frithiof

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

Yeah. A short question on Kindred. What is the end date for the partnership? Has that been set?

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Well, I think we announced previously we have a deal that ends at the end of 2026 with that €55 million guarantee that's spread over three years, 2024, 2025, 2026. So, yeah, that's...

Mattias Eric Frithiof

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

Yeah.

Werner Becher

Chief Executive Officer, Kambi Group Plc

That was a Turnkey deal. And we have an Odds Feed deal in place in parallel going longer than that.

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Yeah. Yeah.

Mattias Eric Frithiof

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

For you, David, we've seen good progress on cost saving on OpEx, how should we view reductions in CapEx going forward?

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

I mean, I think there have been – we made some cuts in engineering, especially on the consultant side as part of our whole efficiency program. But, in general, let's say, right now the cuts we're not focusing on cuts on the side that drives CapEx. So, engineering, it's – there's more other areas of the business we're looking at because the engineering is driving the product that we need to sell to deliver 12 deals in this quarter. So, I won't give a long-term forecast on it, but right now it's not what's driving our bigger cuts.

Mattias Eric Frithiof

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

Yeah.

Werner Becher

Chief Executive Officer, Kambi Group Plc

We are not desperate enough to stop investing.

Mattias Eric Frithiof

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

A

Yeah. Last question. What is the scale of opportunity involved in terms of contribution on the revenue side?

Werner Becher

Chief Executive Officer, Kambi Group Plc

A

That's a tough question. But we are in talks with several customers out there. Some of them have €100 million plus GGR. So, we are definitely not talking only about a very few small opportunities, but some quite interesting opportunities. And as mentioned, the products available today in this market, I would say, is quite limited. So, we have definitely an edge with our product there. We have to go through the field test still in Nevada. That's on the agenda for the next few months. But it's definitely not only a small market for us going forward why we put so much focus on it now.

Mattias Eric Frithiof

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

Yeah. Thanks. That was all the questions. So, thank you very much, everyone, for participating today. Thank you, David and Werner, and we look forward to seeing you in February when we come back with our Q4 report.

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