

Capital Markets Day

20 May 2019

London



Kambi

Welcome





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2000







Introducing Kambi



Kambi

A blue-tinted photograph of two men in an office setting. They are both wearing Kambi lanyards and are looking at their laptops. The man on the left is pointing at his screen while the man on the right looks on. The background is slightly blurred, showing office equipment and other people.

Our heritage

We always wanted to be the best
Sportsbook in the world

Pursuit of perfection

Obsessively improving every aspect of our Sportsbook for our operators and their players



Kambi today

Premium B2B supplier leading the market with outperforming customers

- **Global Gaming Awards:**
Online Sports Betting Supplier
2018 & 2019
- **EGR North America Awards:**
Sportsbook Platform Provider 2019
Sports Betting Supplier 2019
- **EGR Intel Power 50 list:**
Nine Kambi customers recognised



Scalable model

Building scalable and flexible technology

Kambi today

Premium B2B supplier leading the market with outperforming customers



700+
people



7
locations



active in
6
continents



Listed on First North
at Nasdaq Stockholm
since 2014



First legal bet
in US in 08/18



Partnering with
20+
customers



1m+
active
customers
per month



Process
480 m
odds changes
per month



EBIT 2018



A growing appetite for sports betting

Providing an additional layer of entertainment for sports fans across the world

- Live sports is one of the most popular forms of entertainment in the world
- Access to TV screens and viewing platforms has never been greater
- Events such as the Soccer World Cup, Olympic Games and Cricket World Cup attract more than 1bn viewers
- The Premier League is broadcast in 212 countries to more than 600m homes, with a potential audience of 4.7bn
- Regulation in the US will increase the size of the global sports betting market, and will likely be a catalyst across the globe
- We continue to develop exciting products that place sports fans at heart of action

Transforming to reach new heights

Success will transition Kambi from a small to large organisation

Organised for growth





“85% of the major barriers that successful companies face in scaling their business are internal factors”

Source: [HBR](#)

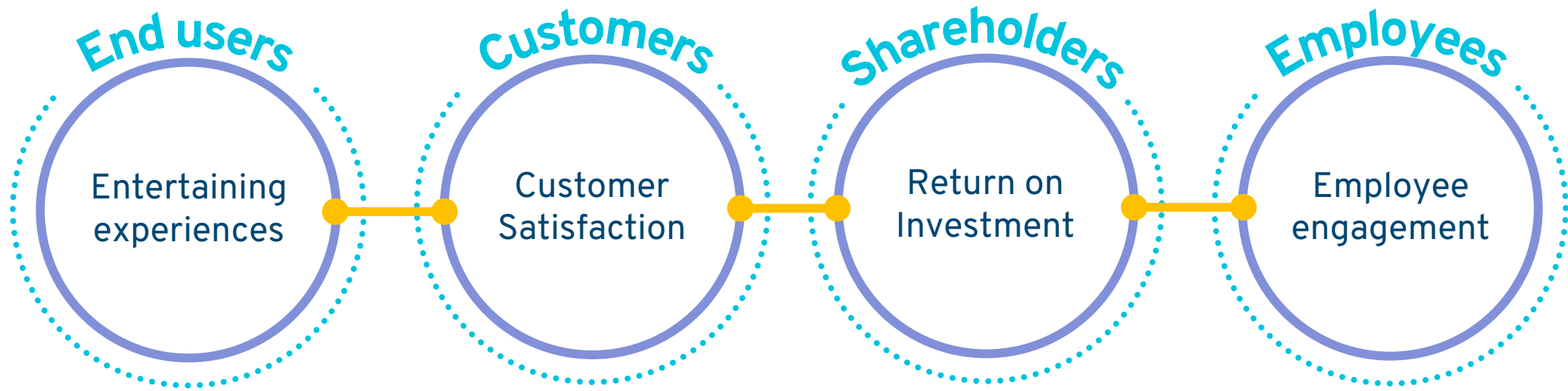
Where we were versus today

Rapid growth and expansion

	Staff members	Customers	Active end users	Regulated revenues	Servers globally	Live events per year
2010	80	2	100,000	No local licensing	1	20,000
2019	700+	20+	1m+	70%+	50+	200,000

Prioritising our audiences

Maximise the efficiency and engagement



To succeed we need to win in three areas

Maximise the efficiency and engagement



Structure, process and tools

A scalable set up, well positioned for future opportunities

- Disciplined strategy processes and approach with long and short-term targets
- Agile product development with regular incremental planning sessions
- Sophisticated sales processes – improved prospecting and decision-making
- Delivery processes – dedicated project management to scale and implement best practices
- Upgrading HR system, learning platform, reporting and budget systems and our IT test environment

Talent

Building a high performing culture

Attracting

- Doubled number of development teams
- Specific trader development approach:
Directly from universities
- Robust employee branding and referral scheme

Developing

- Accessible L&D and leadership development

Retaining

87%

“Would recommend Kambi as a great place to work”

10-11%

Technology attrition

Diversity

35

Nationalities

30+

Languages spoken




Kambi

Culture and reputation

The bedrock of a company's value proposition



Kambi



**“Kambi is in a position to
really succeed over the
next 3 years – 88%”**

Source: Culture Amp, Kambi employee survey 2018

Growing our business

Set up for commercial success



Kambi

Growth with current partners and securing new ones

Partner Success and Challenger Selling methodology



The power of partnerships

A key driver of organic growth & product development

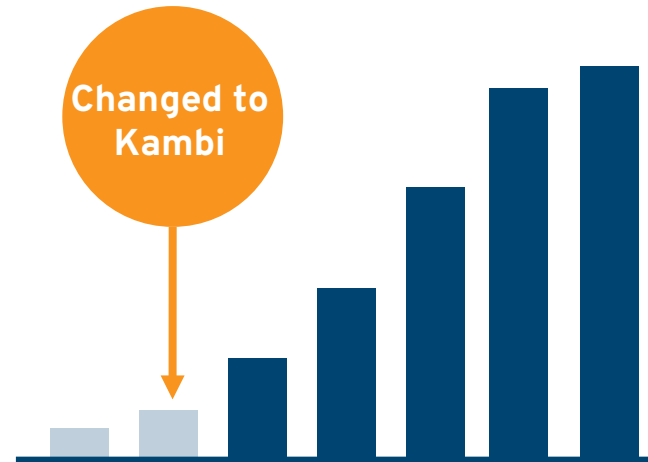
- No matter what the starting point, Kambi springboards operators to the next level

Zero to local hero for BetPlay



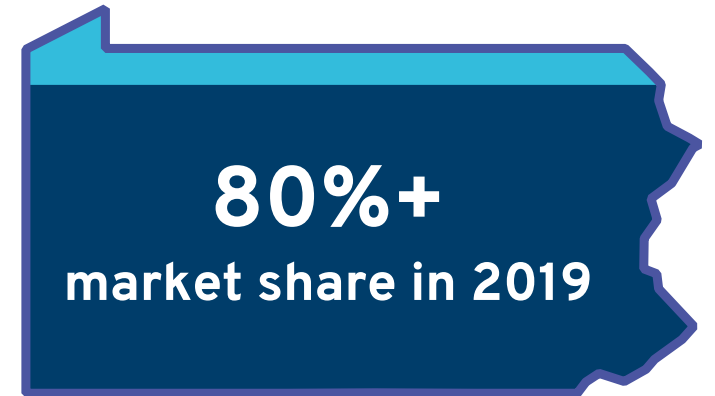
BetPlay became the clear online market leader in Colombia within 12 months of launch

Financial transformation for 888



Since switching to Kambi mid-2013, 888sport revenues have grown at approx. **40% CAGR**

Leading retail in Pennsylvania for Rush and Parx



Kambi's operators are leading the on-property market in Pennsylvania, 80%+ market share in Q1 2019

Sources: 888 financial results, Pennsylvania regulator data

What is a visionary sportsbook

We turn down prospects that are not aligned with our segmentation

A prospect must have:

- The ability to become a top brand in a local market, we prioritise potential market leaders in smaller markets over global players without market leadership
- Clear experience and ability to succeed
- High level of corporate probity with no integrity issues and no demands of operations in black markets
- Aligned to our scalable model that does not break up our solution or put extensive product requirements on us
- Have capabilities to utilise our empowerment functionality to innovate

Some of Kambi's market leading clients



Kambi

Kambi sales expert-led approach

Challenger methodology and clear focus

- Retaining a high price point means an extensive focus on challenging prospects through education at prospect C-Level
- Every meeting has a focus on providing value to the prospect, even if a sale is unlikely at this stage. If we can provide no value to prospect, no meeting
- The sales team also includes technical experts so solution requirements are captured in the right way and emphasised well to prospect
- Dedicated RFP expertise

Some of Kambi's market leading clients



Kambi

Market development focus

Regulation market strategy



On January 1st 2019 Kambi launched six customers online and across 2,000 retail shops in newly regulated Swedish market



In Q1 2019 had more than 80% market share (revenue) in Pennsylvania and poised to launch online



Lead B2B market in New Jersey – took first legal online bet post-PASPA



Latin America – market leader in Colombia and well positioned for new markets including Brazil and Argentina/Buenos Aires

Partner recommendations

Testimonials



Matthew Cullen

VP of Interactive Gaming
and Sports, Parx Casino

“Having decided to launch a sportsbook, we conducted a very thorough process where we looked carefully at all options. However, it quickly became clear to us that Kambi not only offered the best product with the most flexible platform, but it was also the supplier we could put the most faith in, both in terms of its record of delivery and corporate probity, leaving us feeling confident we weren’t placing our brand and reputation at risk. And true to their word, Kambi has delivered for Parx in every way, proving to be an excellent partner that provides us with exceptional support and a market-leading on-property product our patrons love.”



Jason Robins

CEO, DraftKings

“If you look at what we were trying to do out of the gates and what Kambi offered, it was a great fit. We were able to build an entirely bespoke frontend - a lot of people mistakenly told us when first asking around that you couldn’t do that with Kambi, but that’s not true - we built an entirely customized bespoke frontend and integrated it with our platform. Kambi also has an excellent track record around risk management and work with the likes of Unibet who have been very successful, so we looked many different options but they ticked the most boxes and we’ve been very happy so far.”

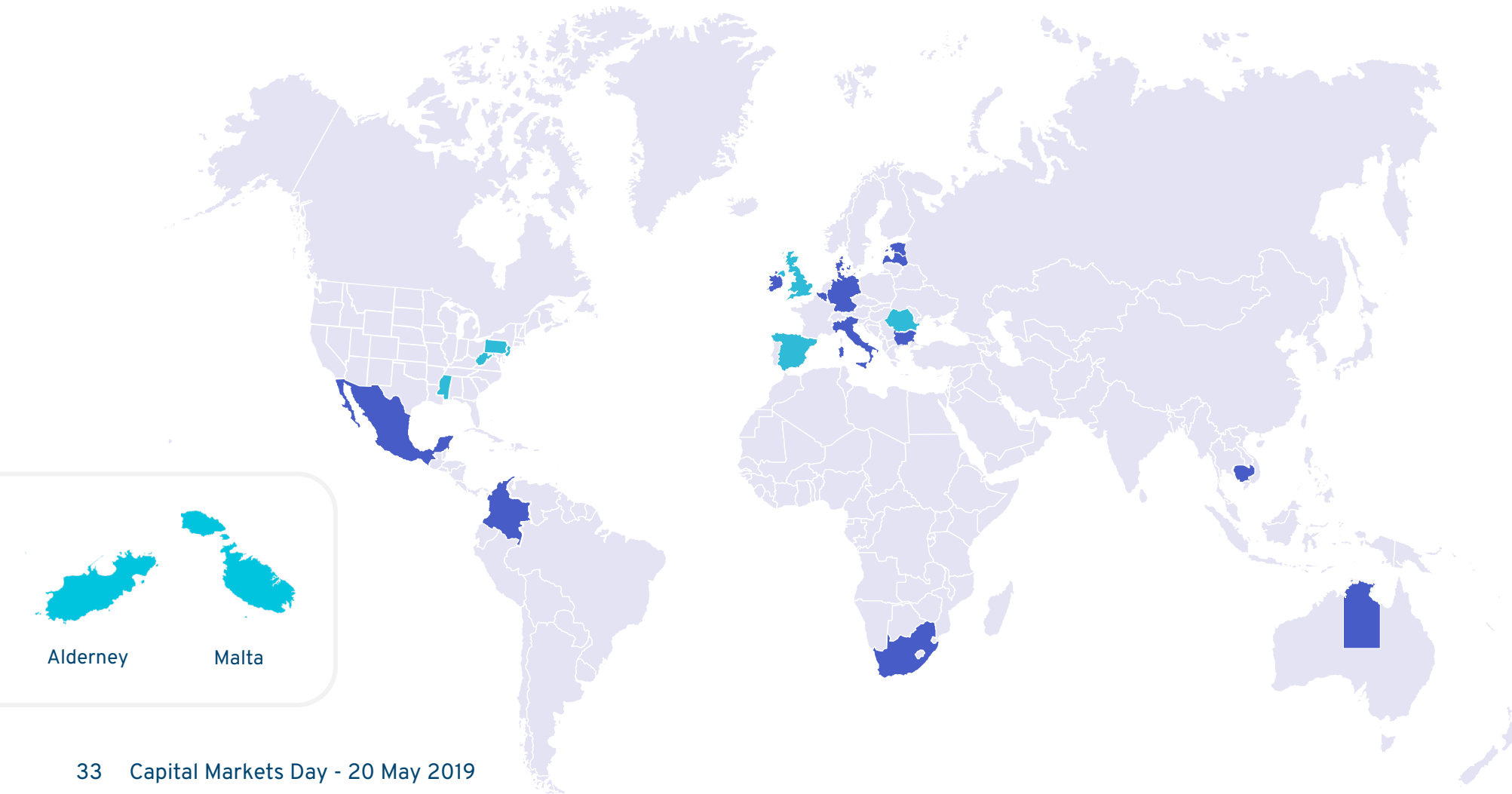
Probity and integrity

Set up for US market entry success



Ready for regulation

Kambi's solution to complexity



2010/11

- Licensed in
2 jurisdictions

2019

- Licensed in
9 jurisdictions

Accredited in

- 13 jurisdictions

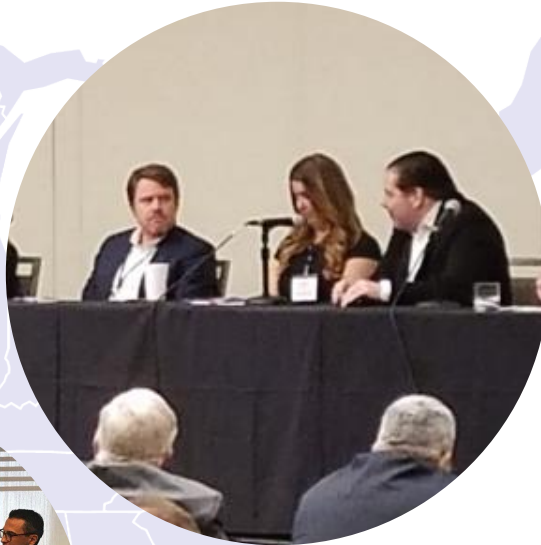
Further certifications:



Kambi

The US market challenge

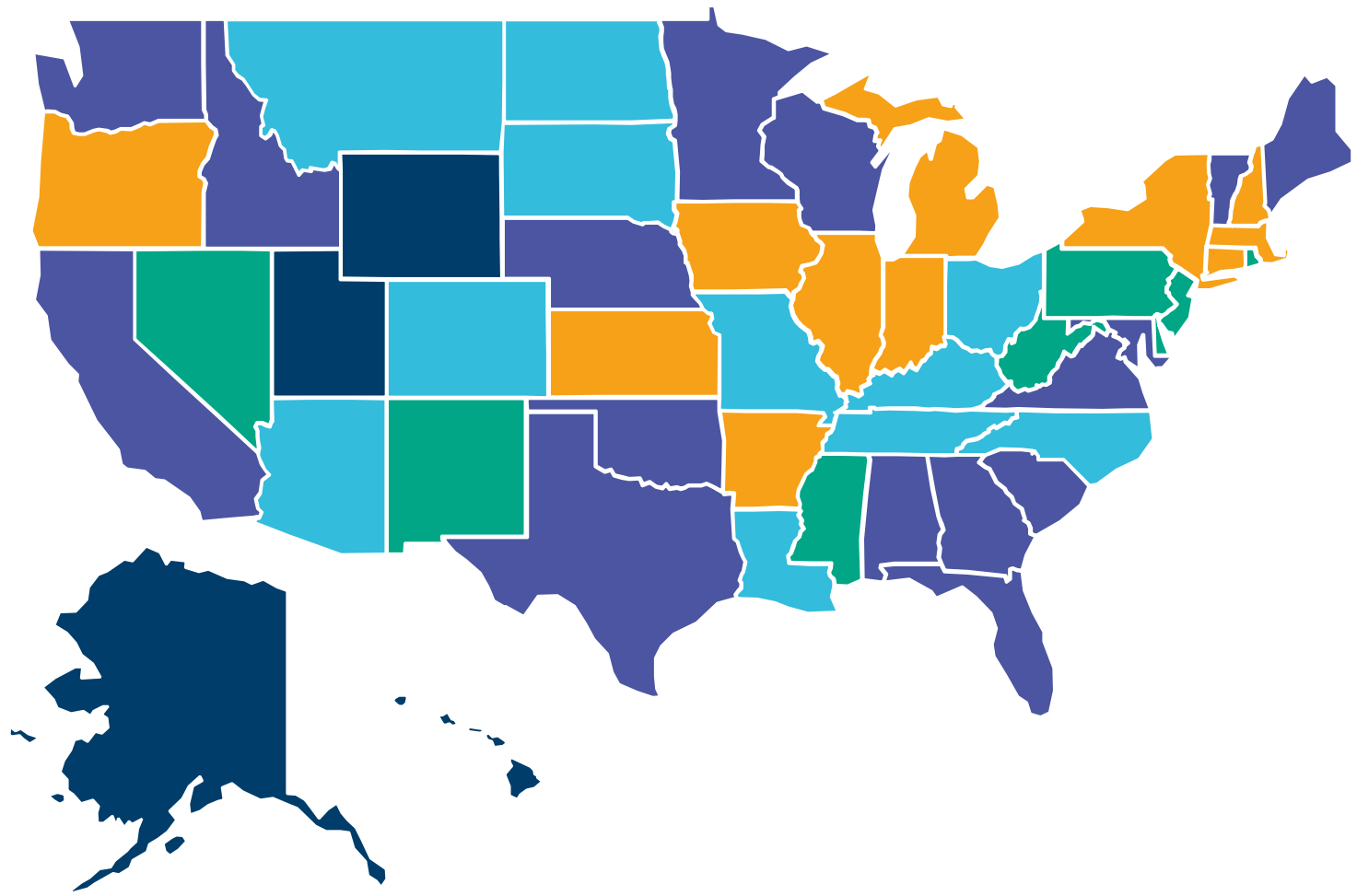
Prepared to succeed



- A transparent corporate structure, secure technical systems and a market leading product are key to obtaining licenses and attracting visionary sportsbooks
- We aim to build lasting partnerships with regulators as the market matures
- Our brand and message is further boosted by speaking engagements and networking at key events on the regulatory calendar

US regulatory projections

2023 and beyond



Sports Integrity



Our integrity partnerships

Sharing intelligence and best practice

Regulators

**GAMBLING
COMMISSION**



Sporting Federations



International Organisations



Data Suppliers



Integrity front and centre

Self-regulating our offering

15

Alerts handled per week

50+

Events blocked each day

Invested in integrity

Open cooperation and transparency at the core of our effective approach



Sportsbook 2.0

Successfully navigating through
conflicting demands



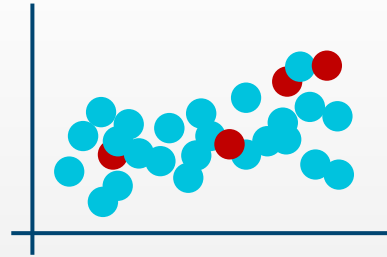
The core product



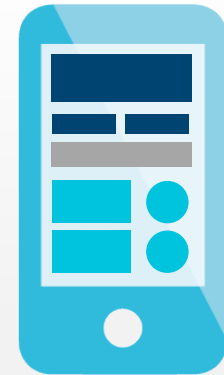
Real-time
sports data

480,000,000

Odds/month

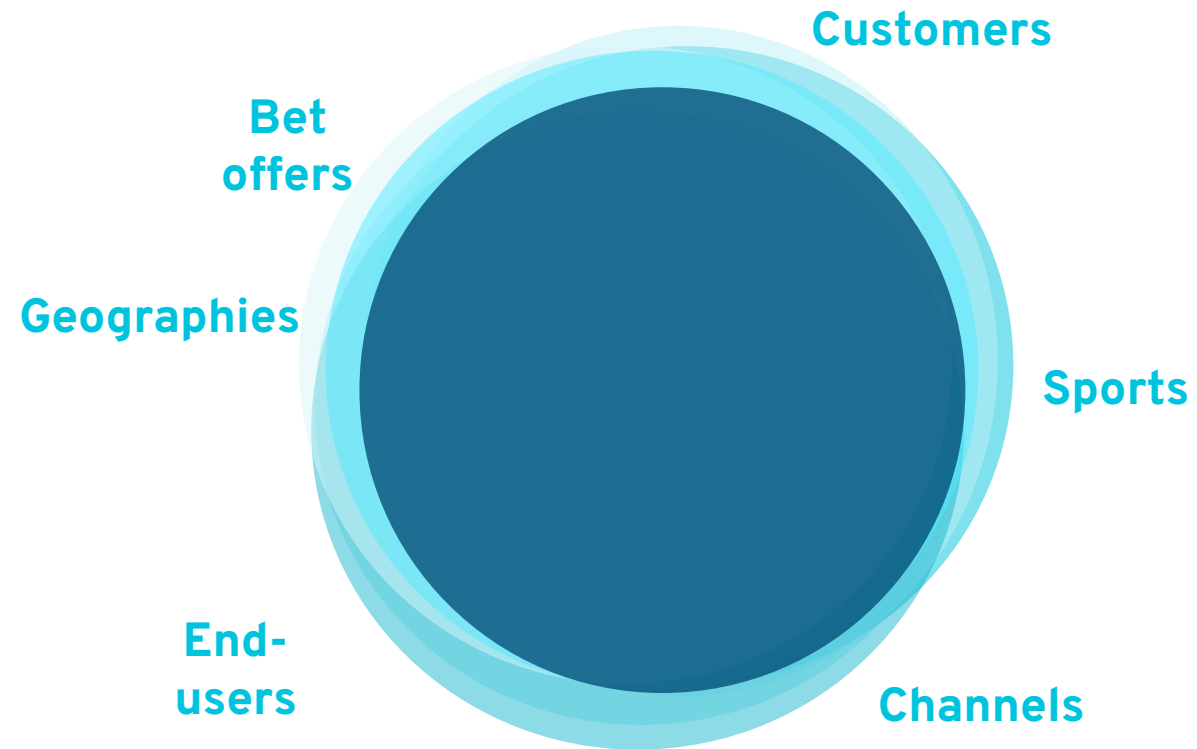


Risk Management

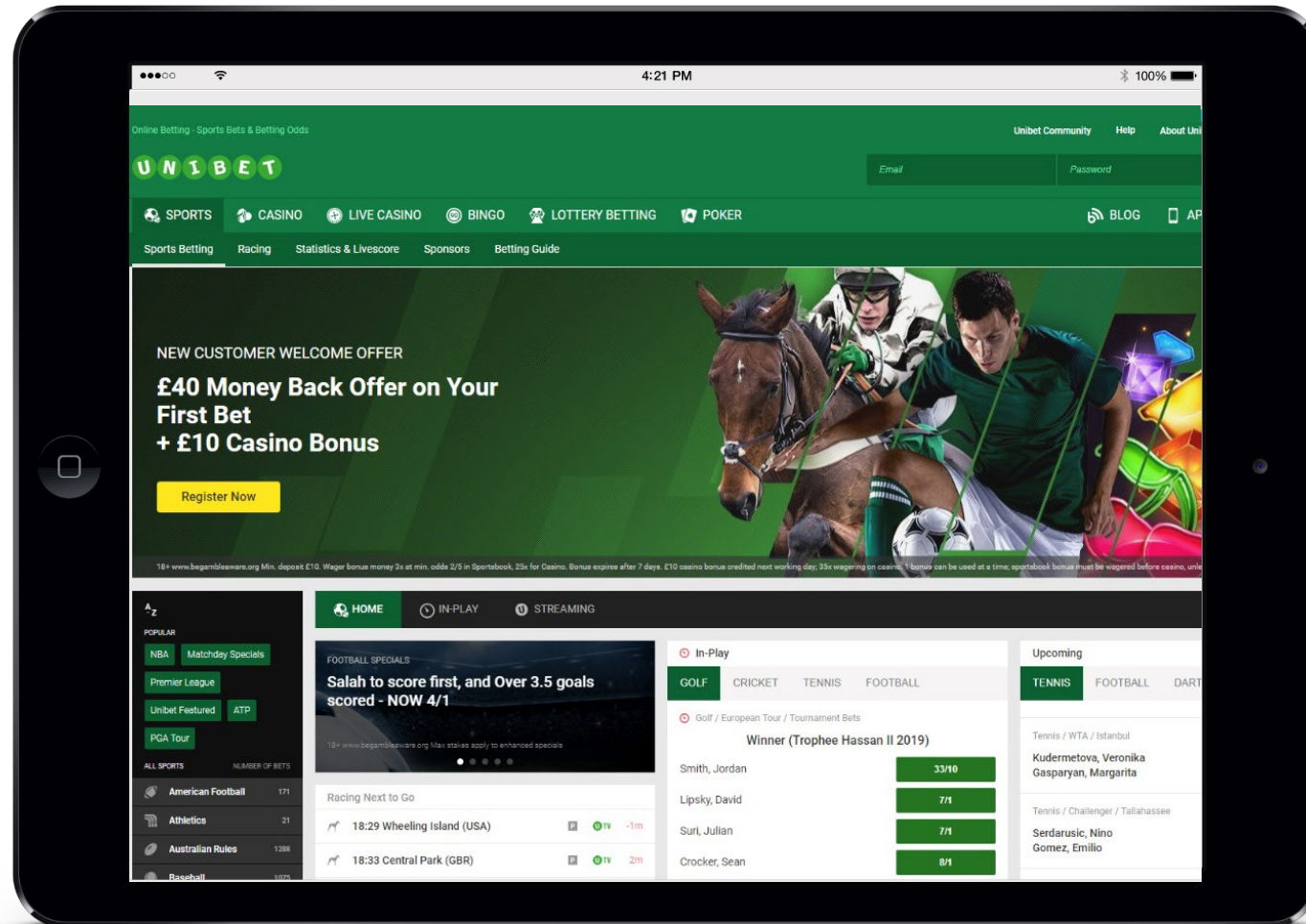


UX

Scaling it up...

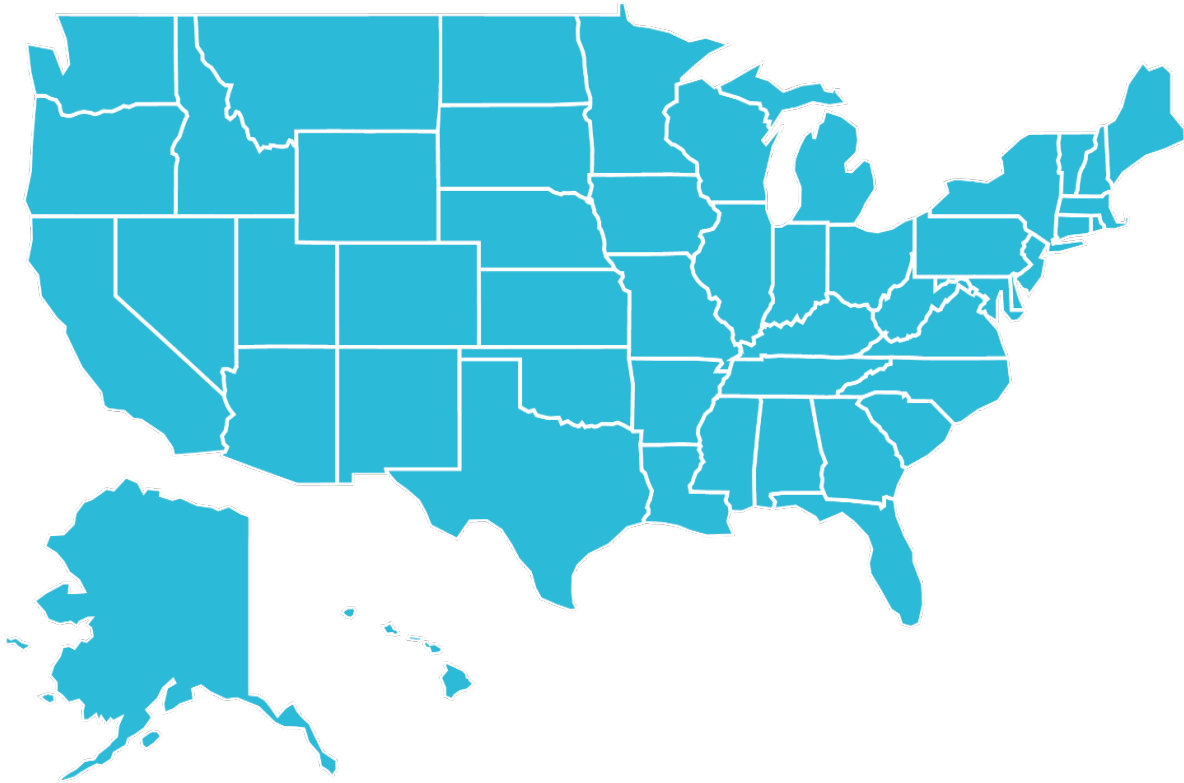


Differentiating...



The challenge of scaling into US

Key challenges to overcome

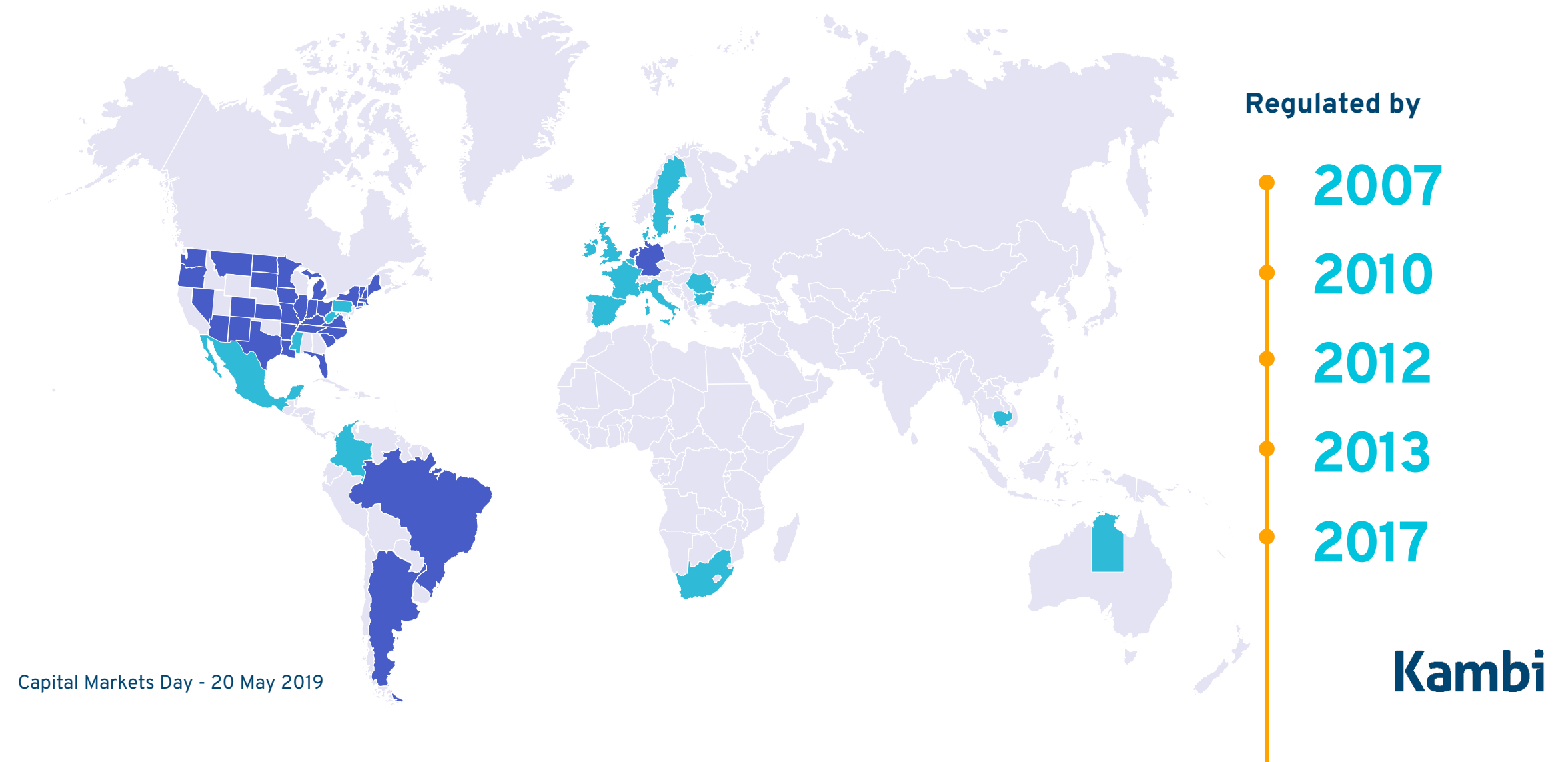


- 1) New continent - with state-by-state regulation
- 2) New channel – Retail at scale
- 3) New end-user - American sports bettors

Growth in a new continent and channel



Licenses, regulated territories and certifications



New Channel

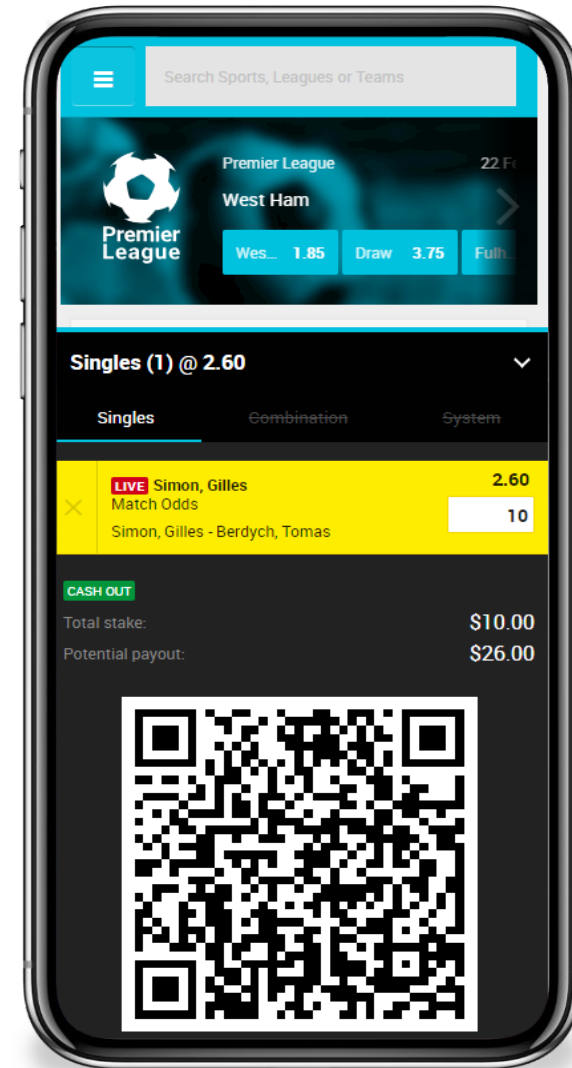
Retail in the US at scale

- Stayed scalable in retail – using the same online core to launch retail
- Been firm about where our retail product starts and ends
 - We don't do hardware, but we do excellent hardware integration
 - We do APIs, to enable operators with a current large install base to seamlessly integrate
 - Everything we do for online we enable for retail, delivering a leading retail experience
- Launched six major on-property sportsbooks in the US in space of a couple of months, all with 'different' retail products but the same Kambi product
- Launched with ATG across 2,000 stores in Sweden
- We aren't just doing retail, we are doing it very well

Bringing the online pace to the retail space

‘Bring your own device’

- Enables players to research and prepare bets in smartphones or tablets from anywhere in the state/country for quick and easy placement on-property
- A QR code containing the player’s bet slip selections will be generated on screen
- Improves player experience by reducing queuing times at sportsbook while also providing a competitive edge in markets where online wagering has yet to be regulated
- Can be used as service to on-site casino players for placement of sports wagers without them having to leave the table



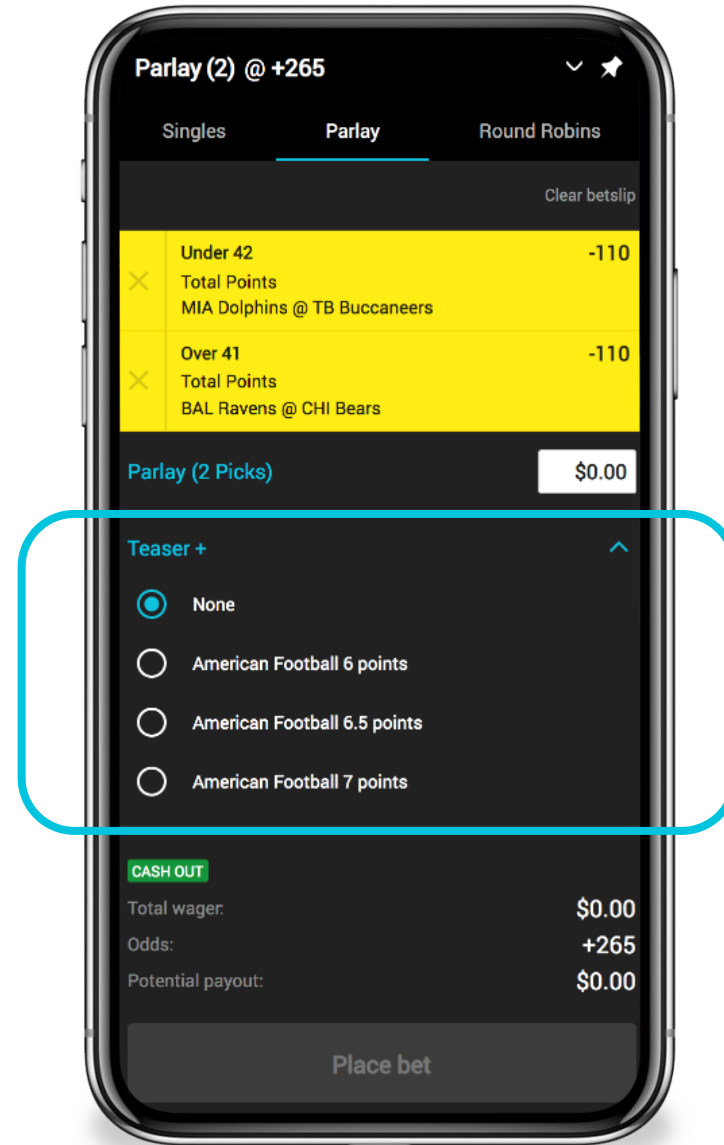
Delivering for a new end-user



Localising product

US players have different expectations

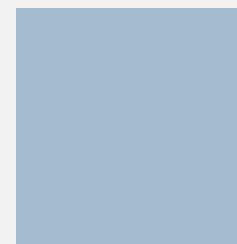
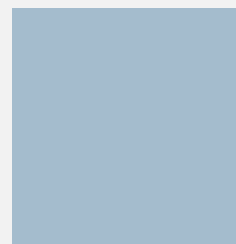
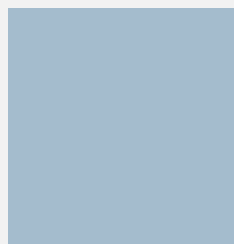
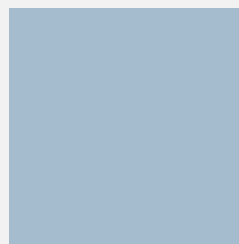
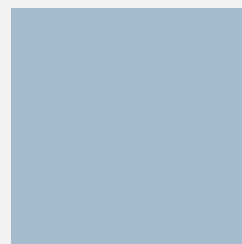
- Extensive user research
- Odds, margin, bet types, terminology, always @ homes, in-game parlays, clock, etc.
- Teaser+
- Landing page differences
- Varying degrees of end user sports betting knowledge
- Greater focus on player-related markets/props
- Depth of sports offer, particularly college sports



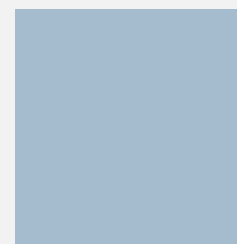
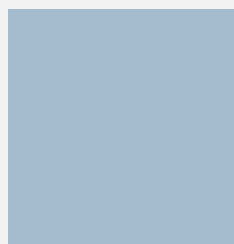
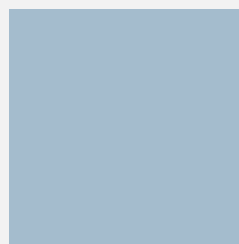
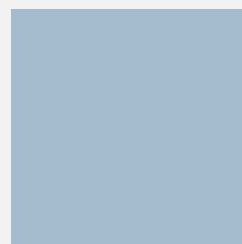
Next Generation Trading Platform



Core
Sportsbook



In-event/
Bet Builder

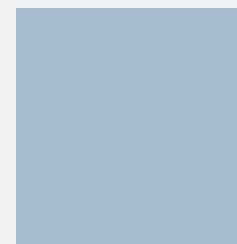
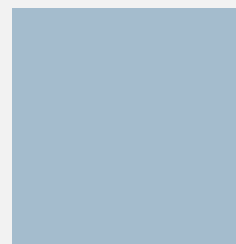
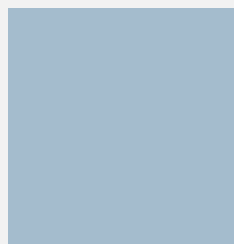
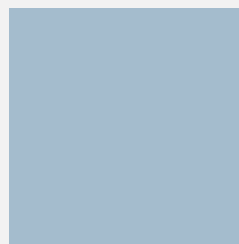
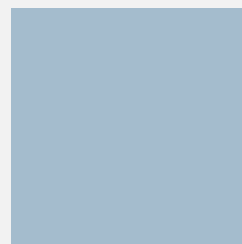


Kambi

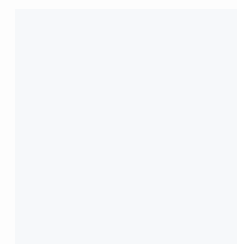
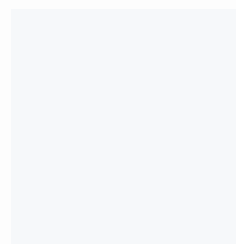
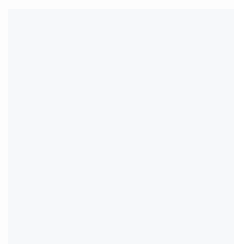
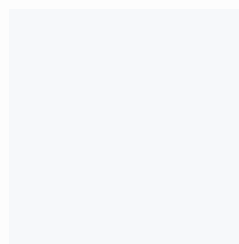
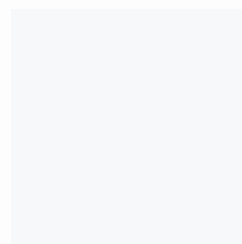
Next Generation Trading Platform



Core
Sportsbook



In-event/
Bet Builder



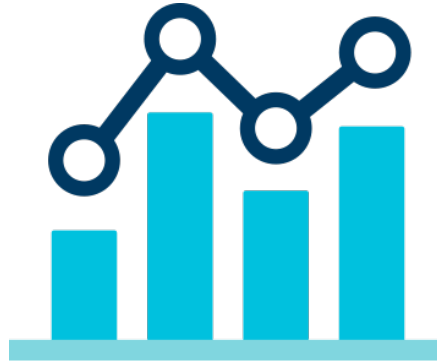
Kambi

Kambi Odds Compiling

Big Data, Mathematics and Specialists



**Machine Learning
Algorithms**



**Traditional Statistical
Models**

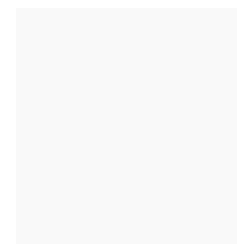
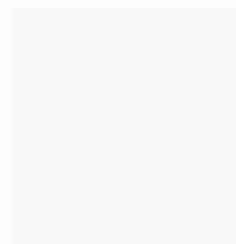
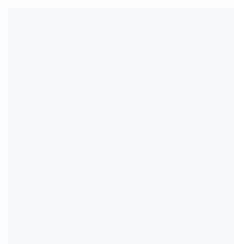
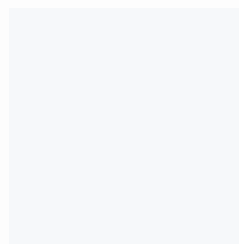
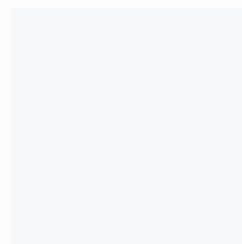


**Specialist Odds
Compilers**

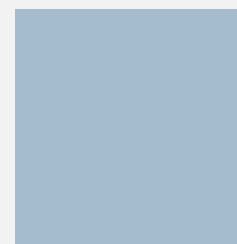
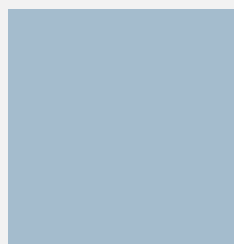
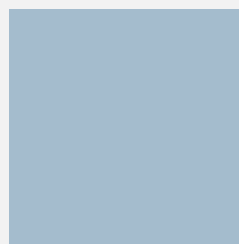
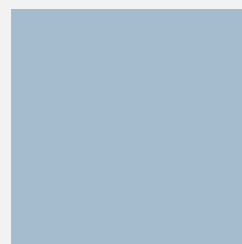
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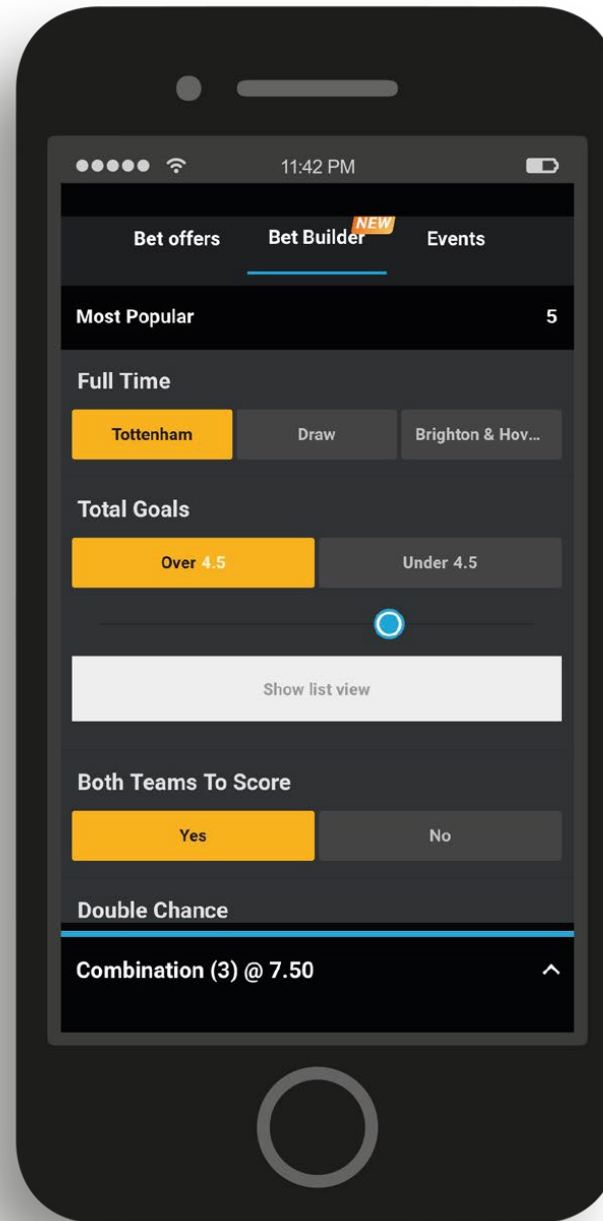
In-event/
Bet Builder



Kambi

Bet Builder

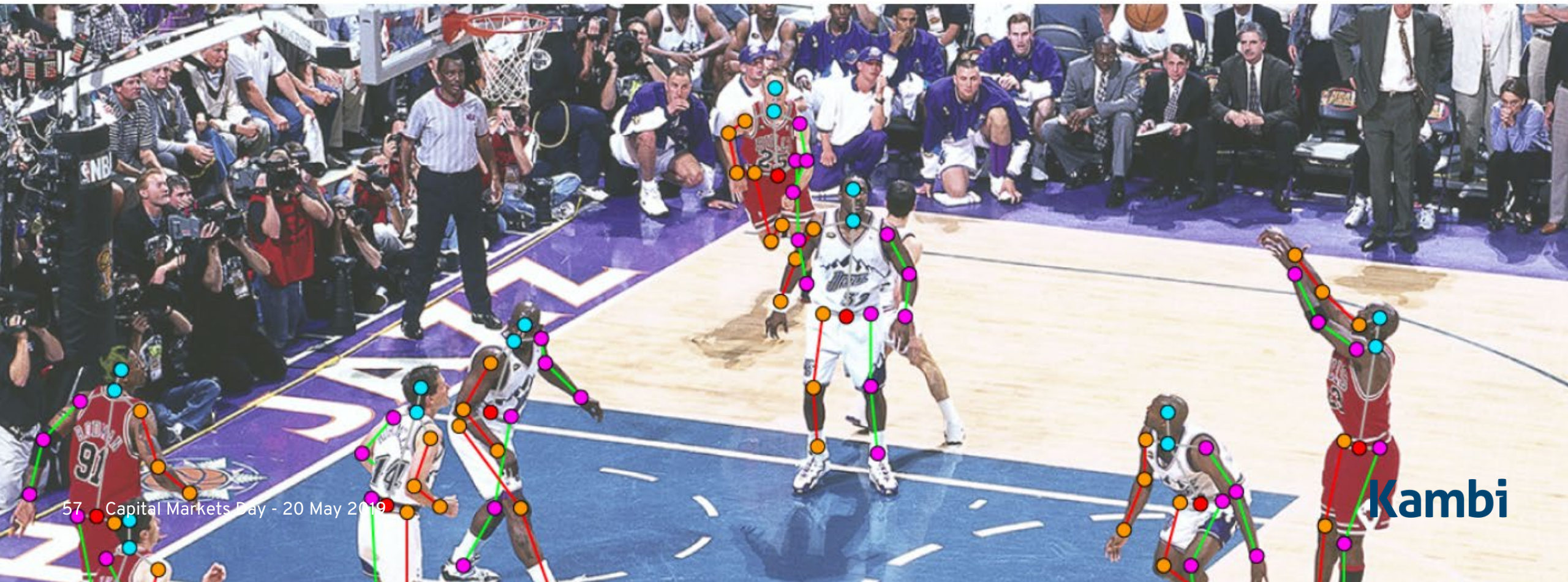
Building for the future



Creating new capabilities to meet future demands



1. Making algorithms and data first class citizens within Kambi



2. Large scale agile development



Investment in product development throughput

Raw development capacity



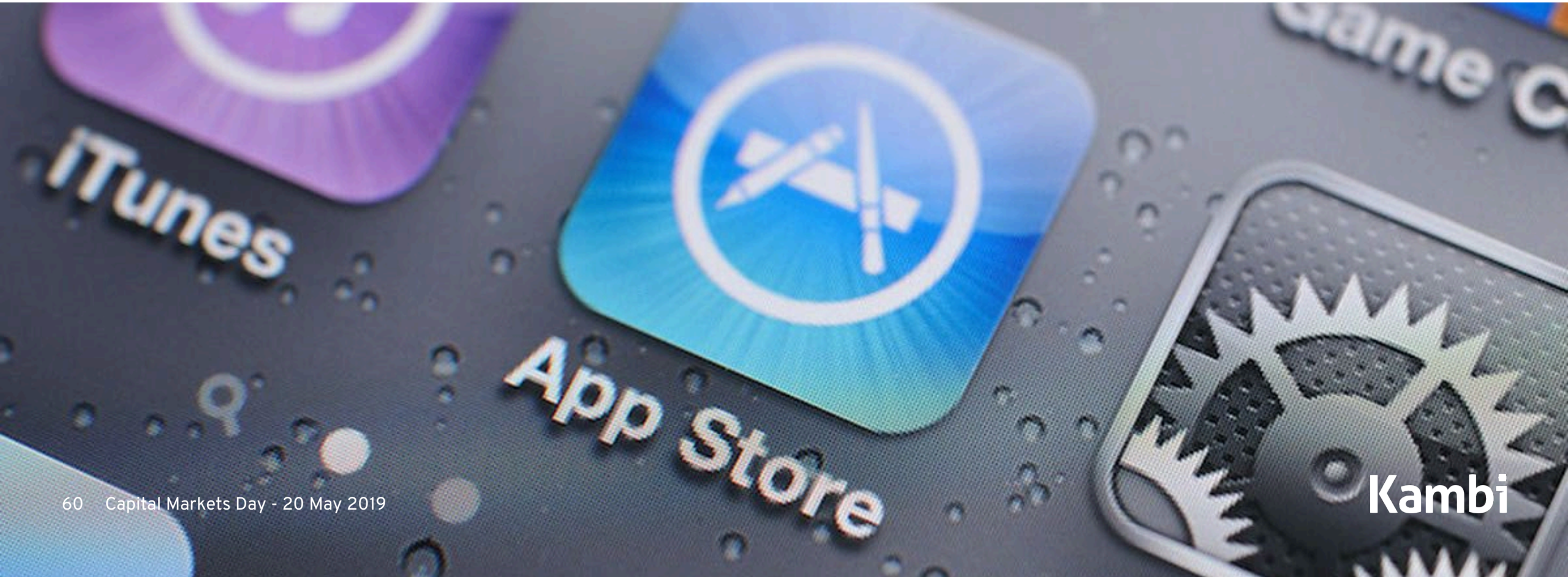
+60%

development capacity in 2018

+35%

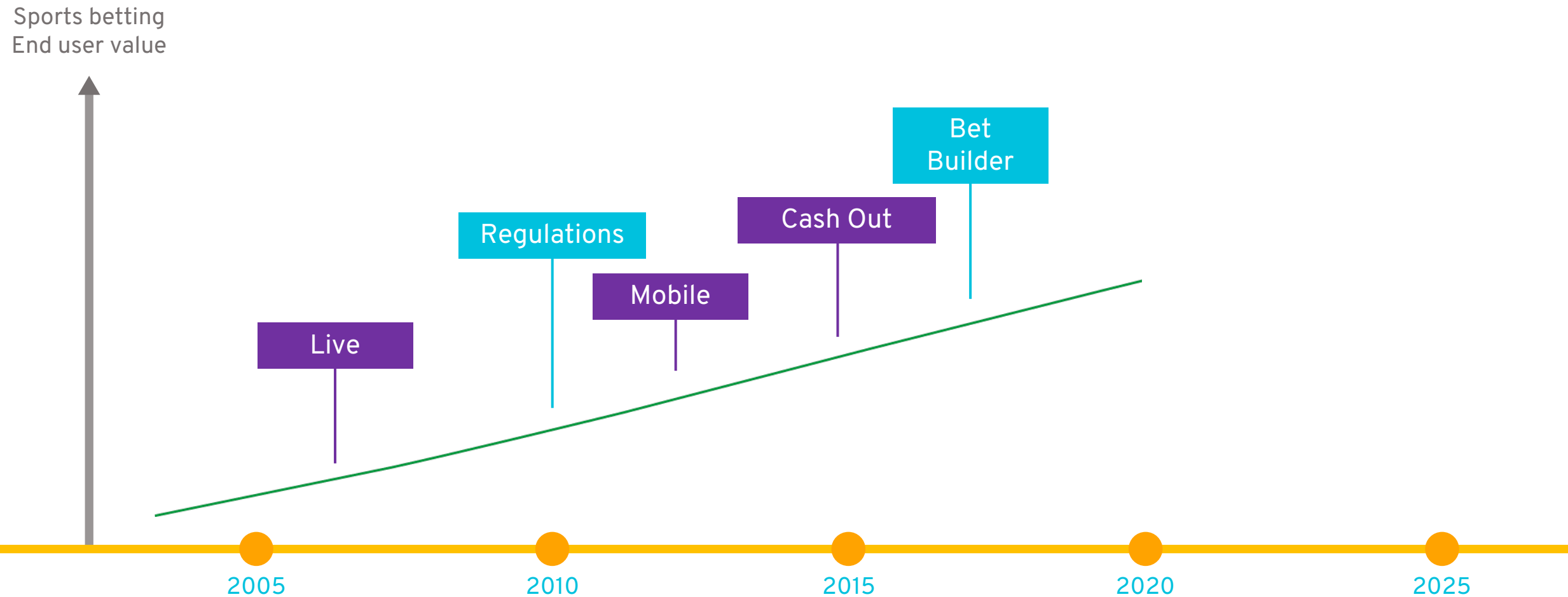
development capacity in 2019

3. Creating an Ecosystem to springboard innovation across the industry

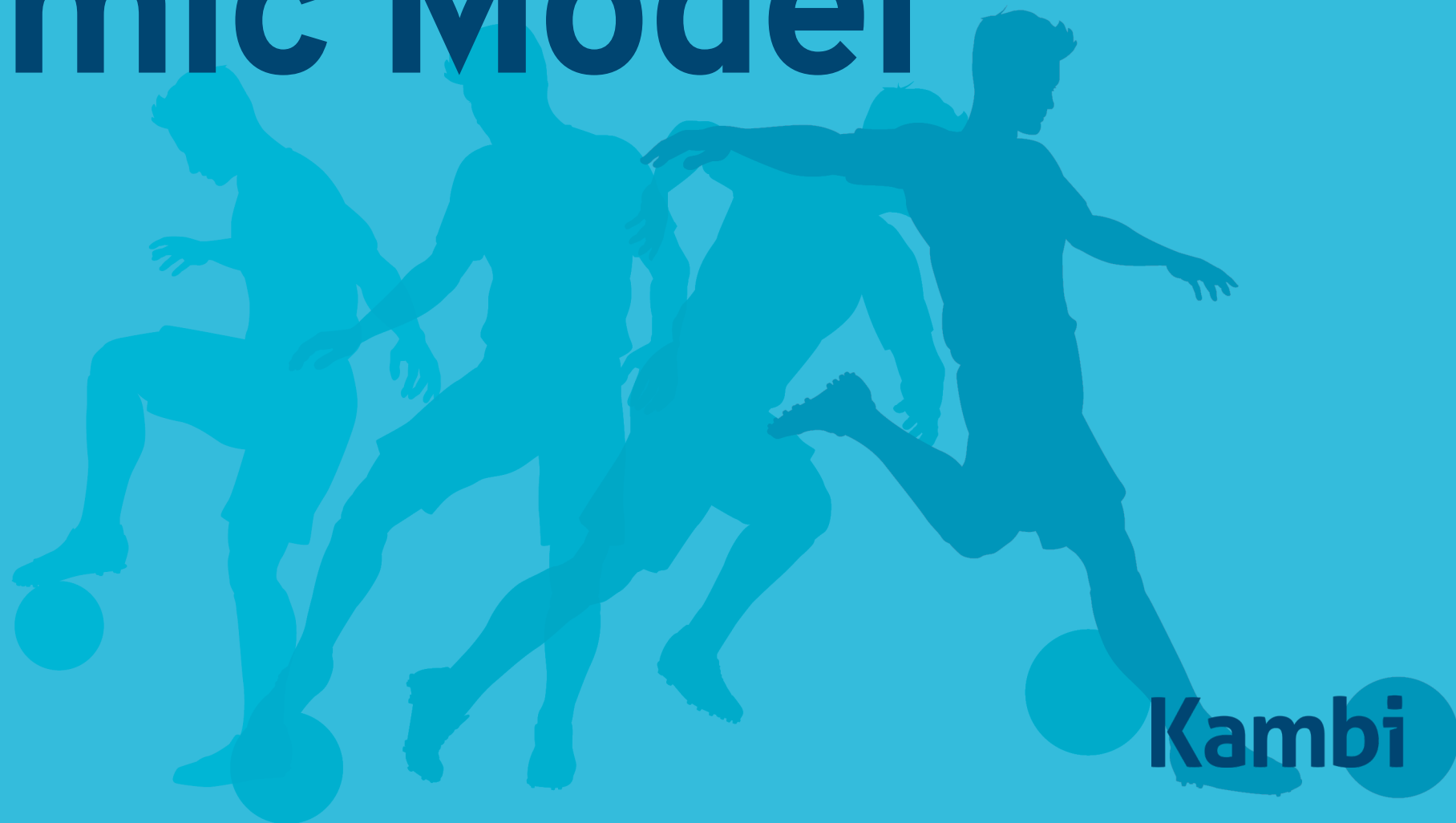


Kambi's vision for the outsourced Sportsbook

Exponentially more value to the end-users through a more efficient and collaborative model



Economic Model

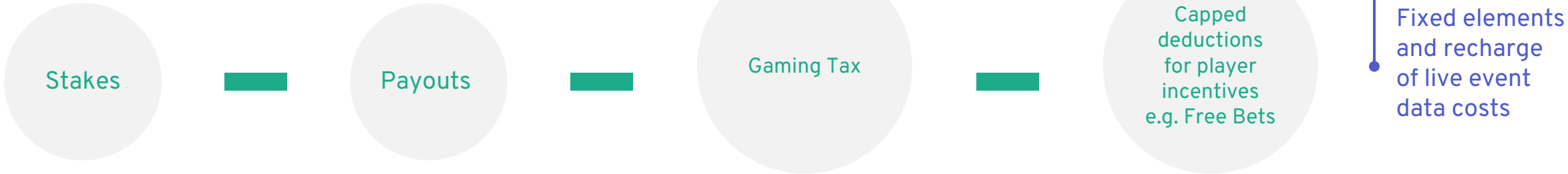


Revenue

Revenue model

Approximately 90% of revenues come from a share with operators

Commission based on:



In Q1 2019:

71%

of our revenues were generated from locally regulated markets

Operator GGR was up by

46%

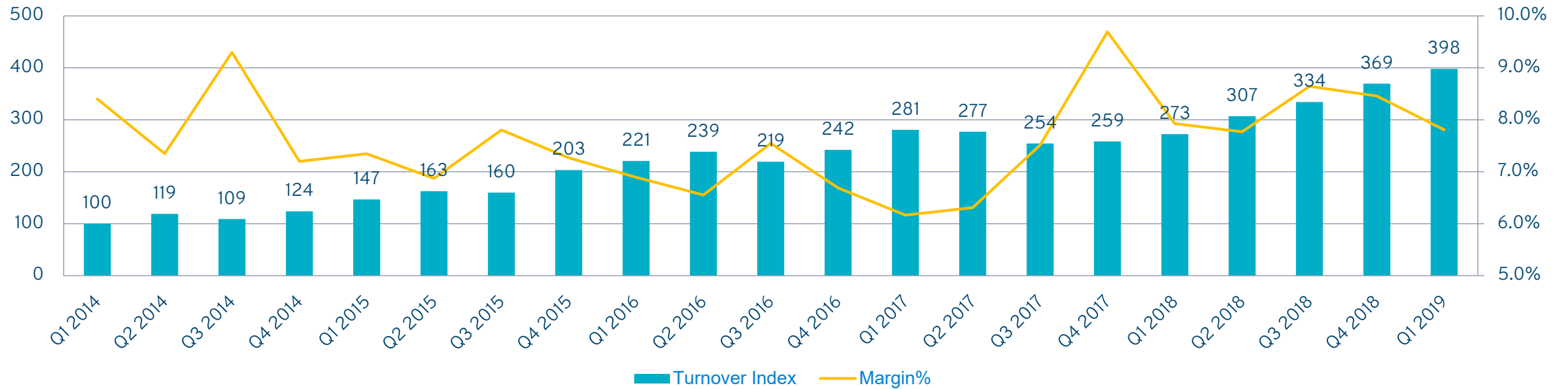
from the prior year

76%

of operator NGR growth was converted to Kambi revenue growth, resulting in Kambi revenues up 28%

Revenue

Kambi Turnover Index



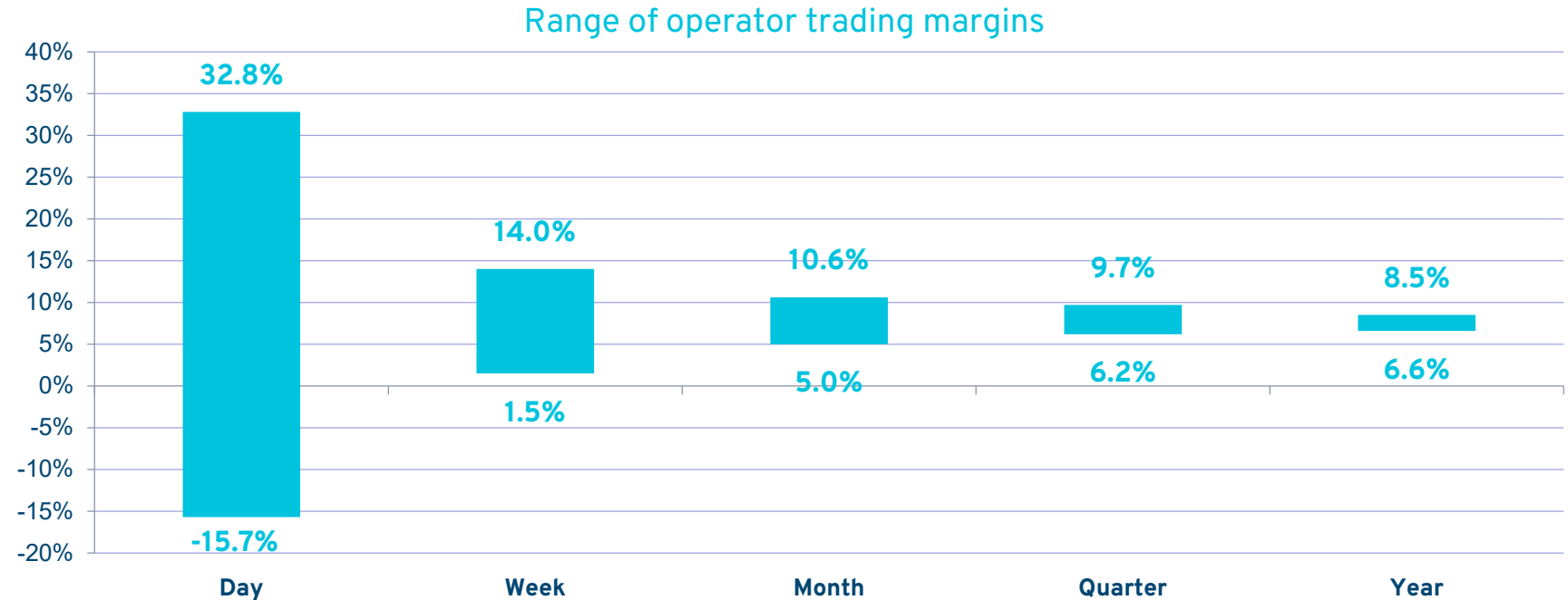
- **Consistent growth in levels of total operator turnover**
 - Underlying growth of existing operators
 - Signing new operators
 - Regulatory developments opening up new revenue streams

- **Typical seasonal impacts include the football and NFL seasons, and the major international football tournaments**

Revenue

Operator trading margin

- Operator trading margin in Q1 was 7.8%; the 24 month rolling margin is 8.0%
- The operator trading margin can fluctuate significantly in the short term but is very steady on a longer-term perspective
- The graph shows the highest and lowest operator trading margins, over various rolling periods, from the last 2 years

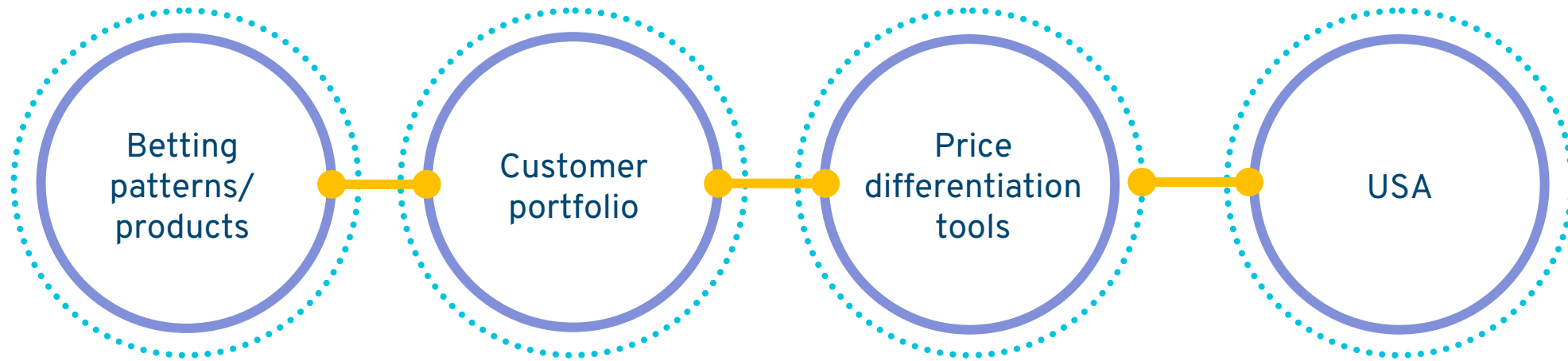


Overall, it is important to focus on the underlying growth of the business rather than short-term margin swings

Revenue

Operator trading margin

- Going forward, we expect that the operator trading margin development will be impacted by:

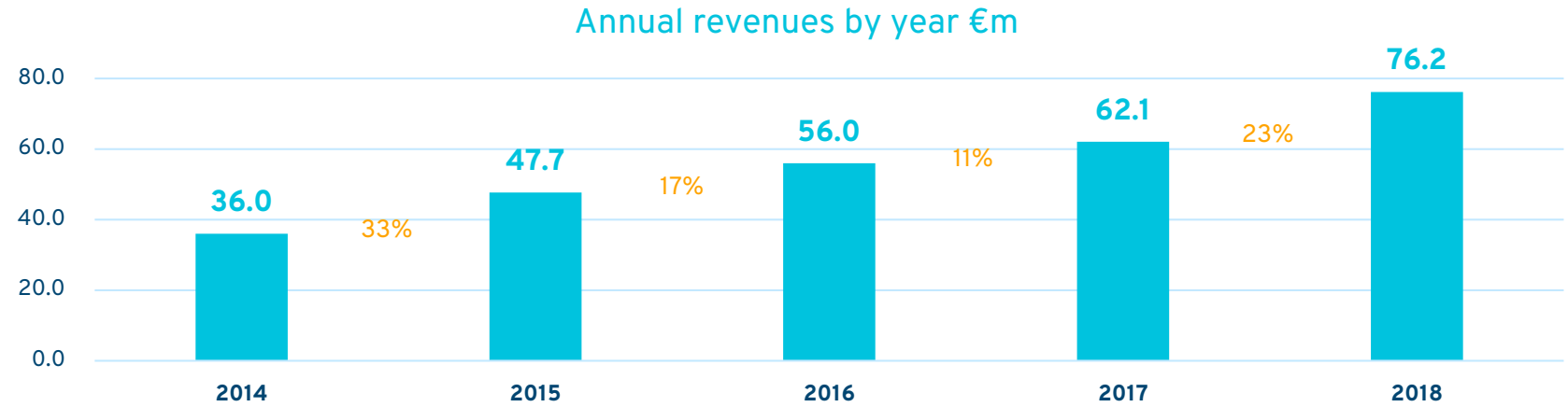


- The balance of these factors will be impacted by the development of the business
- Strong correlation between operator turnover and margins
- Current guidance is 6.5-8.0%; we will continue to monitor this

Revenue

Growth drivers

- Since 2014, revenue has grown annually by an average rate of 21%



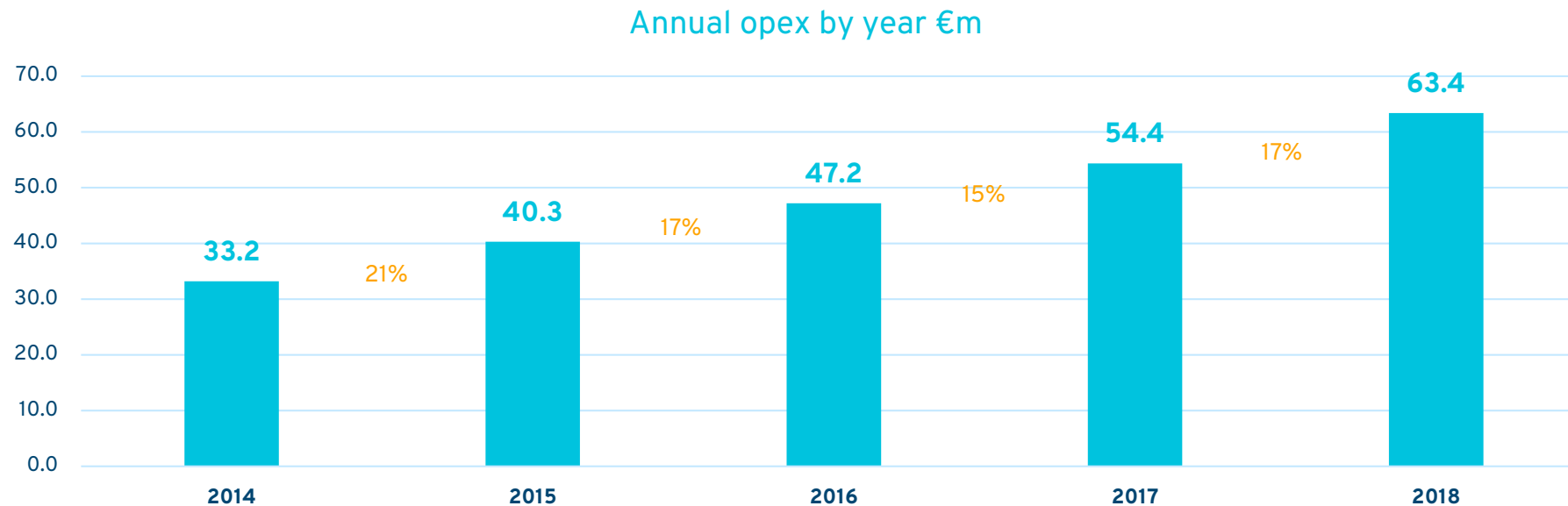
Future revenue growth will be driven by:

- Underlying growth of existing operators
- Adding new operators
- Regulatory developments increasing tax impact whilst opening up new revenue streams

Costs

Where and why we are growing expenditure

- Since 2014, cost has grown annually by an average rate of 18%, a deliberate level of investment to build our market-leading Sportsbook



- Looking forward, we expect costs to increase by 4-6% per quarter, driven by the ongoing building of our product and our aim to be regulated in all possible states in the US

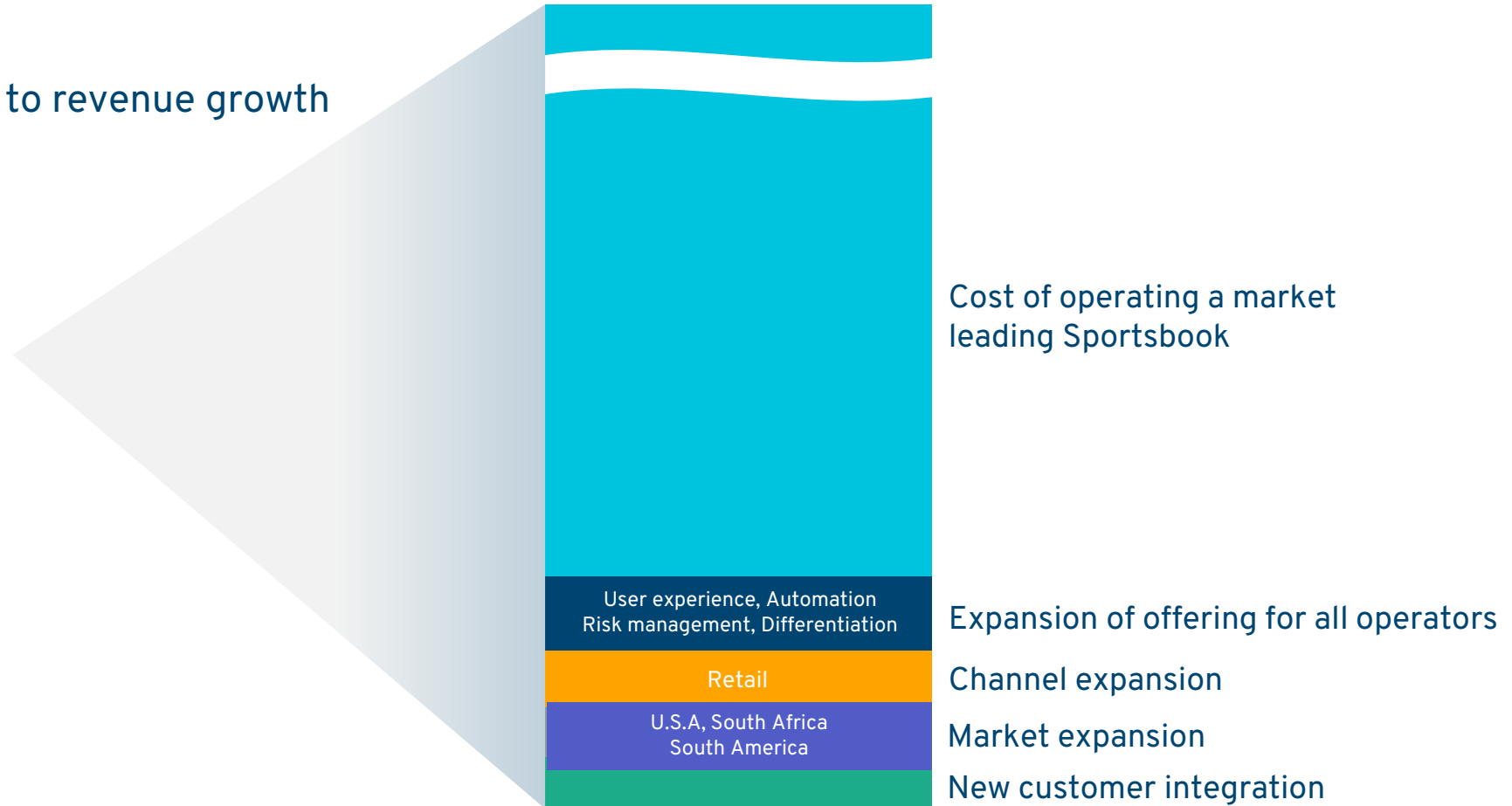
Costs

Areas of expenditure

- Majority of our cost base is fixed
- Cost growth is not directly linked to revenue growth

- **2018 cost areas:**

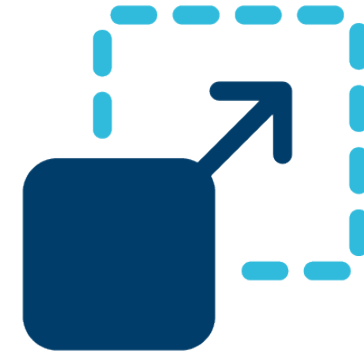
- Staff costs/amortisation: 57%
- Other
(office, telco, marketing,
travel, live events data): 43%



Costs

Scalable business model

- Taking on new operators is not a driver of significant cost growth
 - Additional costs for live events data (recharged), account managers and technical support, travel
 - Integration costs are limited and use existing resource
 - The ongoing service and product development is provided once for all operators, i.e. it is highly scalable



Kambi

Costs

Scalability in the US

- Scalability will also apply in the US:
 - Up front costs as new states regulate for licensing (due diligence, advisory fees) and local technical set-up (servers)
 - New office in Philadelphia to provide additional localised support to our partners and further expertise on US sports
 - Cost of new operators and scalability principles are similar to what we have experienced in Europe
 - Where we have commercial deals, states will generate revenue from day one



Kambi

Costs

Strategic approach

Overall, our cost development is a deliberate strategy to continue building our competitive advantage

Both in the US and worldwide, the set-up enables a highly scalable business model

Balance sheet

Strong platform for future growth

The Balance Sheet
is very strong with
net assets of

€60.8m

Our current net
cash position is

€33.5m

Intangible assets of

€13.4m

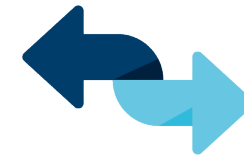
relating to capitalised costs on
development projects amortised over 3 years



We are cash
generative (€8.6m in
2018), with a high
conversion rate of net
profit to cashflow



This strength, along with
our transparency as a listed
company, is beneficial in
commercial sales cycles,
giving confidence in our
financial security and
corporate probity

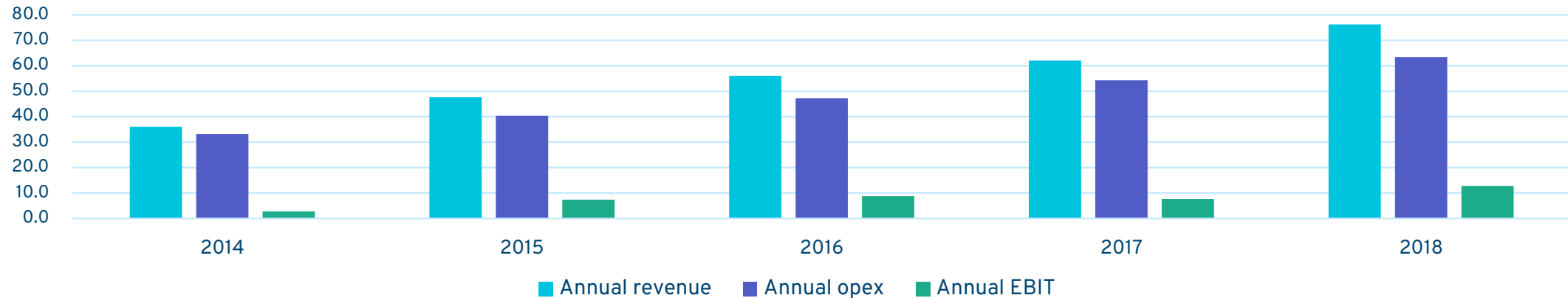


Gives us a high level
of flexibility for the
future, including
potential M&A activity

In summary

Poised to reach new heights

Revenue, Opex & EBIT development €m



- Growing our profits enables us to keep investing in our product to remain ahead of the competition and optimise our prospects
- Our customer portfolio, market-leading product, regulatory strength and scalable business model leave us poised to reach new heights

Q&A panel

Open floor questions to Kambi
leadership and speakers



Thank you

