

Buy	TP: 194	Investment Case	PEVC	May 27, 2025
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Odds-On Favourite for Long-Term Wins

Since 2019, Kambi's EBITDA has grown by more than 100%, driven by the strength of its sportsbook technology and disciplined operational strategy. The company's shift toward a modular model, supported by AI-driven trading and customisable front-end solutions, has expanded its addressable market and improved scalability. With new client contributions expected from 2025 and exposure to high-growth regulated markets like Brazil, Kambi is well-positioned for renewed expansion. Trading at a 2025e EV/EBITDA of just 5.05x, significantly below peers, Kambi offers a compelling upside. We initiate with a Buy recommendation and a target price of SEK 194.

Key Investment Highlights

We identify Kambi as a compelling investment opportunity driven by its shift to a modular sportsbook model, strong presence in regulated markets, and improving profitability. The company has broadened its addressable market through AI-powered trading and front-end capabilities via the Shape Games acquisition. Backed by a debt-free balance sheet, strict cost control, and a completed EUR 12 million buyback programme, Kambi is financially robust. New client wins in the United States, Canada, Brazil and Sweden are expected to support growth from late 2025, while operational scalability and product innovation position the company to deliver long-term shareholder value not yet reflected in its valuation.

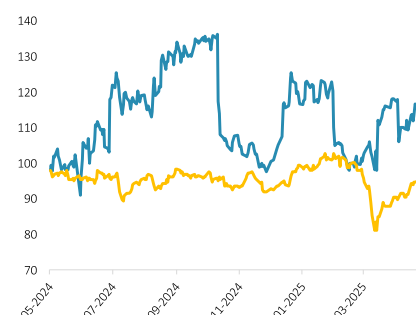
Key Investment Risks

Key risks include continued client churn and the risk of further in-housing by large operators, which could reduce demand for Kambi's full-suite services. Regulatory tightening in mature markets, such as deposit limits and tax increases, may pressure operator margins and indirectly affect supplier revenues. Kambi's growth in new markets depends on timely regulatory developments and successful client onboarding, both of which carry execution risk. Increased competition from vertically integrated players and low-cost B2B alternatives may also compress pricing or erode market share, particularly as modular offerings become more widely adopted across the industry.

We issue a buy recommendation with a target of SEK 194

Based on a blended DCF and peer multiple valuation, we assign a target price of SEK 194, implying substantial upside. This aligns with analyst estimates and reflects Kambi's discounted valuation relative to peers, despite its improving fundamentals and strong positioning in regulated B2B sports betting.

Share Price (LTM)



(1) Blue: KAMBI
(2) Yellow: OMXS PI

Summary

Price (SEK)	121
Target price (SEK)	194
Recommendation	Buy
First North Stockholm	KAMBI

Capital Structure

Free float (%)	62.7%
Div yield (%)	0.0%
# Shares (m)	28.6
# Shares fully dill. (m)	28.6
Market cap. (SEKm)	3,438
NIBD end-2025e (EURm)	-65.2
Total Enterprise value (EURm)	272.5
Net debt / EBITDA (x)	-1.03

Source: Company, S&P Capital IQ estimates

Note: The share prices are correct as of 14:08 CET on 27 May 2025

Next Event

Q2 2025	23/07/2025
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Year-end Dec 31	2023	2024	2025e	2026e	2027e
Revenue (EURm)	173	176	169	176	190
EBITDA (EURm)	58.9	59.8	56	61	64
EBIT (EURm)	22.2	20.2	21.1	25.1	24.2
EPS adj. (EUR)	0.48	0.56	0.45	0.63	0.88
Revenue growth (%)	4.4	1.8	-4.1	4.3	7.7
EBITDA growth (%)	-7.1	1.5	-6.7	8.9	4.9
EBIT growth (%)	-36.2	-9.0	4.5	19.0	-3.6
EPS growth (%)	-44.2	16.7	-19.6	40.0	39.7
EV / Revenue (x)	2.44	1.4	1.46	1.40	1.30
EV / EBITDA (x)	7.2	4.1	4.4	4.1	3.8
EV / EBIT (x)	19.0	12.2	12.2	9.8	10.2
P / E (x)	30.9	16.0	17.3	16.3	11.5
ROE (%)	8.9	8.8	4.4	8.0	10.7
ROA (%)	6.6	7.1	4.6	8.7	9.9

Source: Company (historical figures), PEVC (estimates)

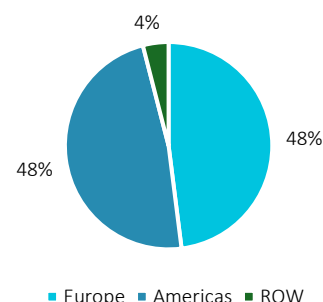
Company Overview

Kambi Group plc, founded in 2010 by Kristian Nylén and Anders Ström, operates as a Malta-based B2B provider of sports betting technology. It emerged from a major European gaming operator in 2014 and now trades on Nasdaq First North Growth Market under the ticker KAMBI. Kambi delivers its flagship sportsbook platform Turnkey that includes odds compiling, risk management, customer profiling, and advanced front-end solutions. The company spans over 50 regulated markets across six continents, with key offices in the U.S., Sweden, the Philippines, and other regions. Revenue largely stems from the Americas. Most income flows from the core sportsbook platform, though modular offerings like AI-driven trading tools contribute significantly.

Technology continues to underpin Kambi's competitive edge. The 2022 acquisition of Shape Games significantly enhanced the company's front-end capabilities, while the rollout of automated pricing now supports a substantial portion of gross gaming revenue (GGR). Recent expansion into newly regulated markets such as Brazil, along with strategic partnerships secured in the U.S. and Canada, highlight Kambi's commitment to international growth, particularly within regulated jurisdictions. In these markets, the company offers scalable solutions to a diverse set of operators, all while maintaining strict data protection and integrity standards, as demonstrated by certifications like ISO 27001. Demonstrating confidence in the strength of its technology platform and partner network, Kambi recently raised its long-term sports margin guidance, supported by advances in real-time pricing, personalised user experiences, and continued investment in its modular product offering.

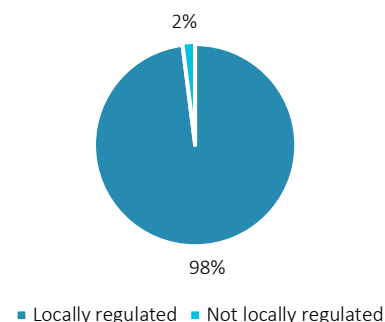
Kambi employs approximately 1000 people and continues to lead in sports betting innovation. Challenges persist, however. Regulatory changes, including increased gaming taxes and temporary VAT impacts in certain markets, pose risks. Some operators are also shifting to in-house solutions, adding pressure. Under new CEO Werner Becher, Kambi is addressing these issues head-on with a focus on efficiency and market growth. This strategy aims to solidify its position as a top sportsbook provider in the global regulated betting landscape.

Operator GGR by region (2024)



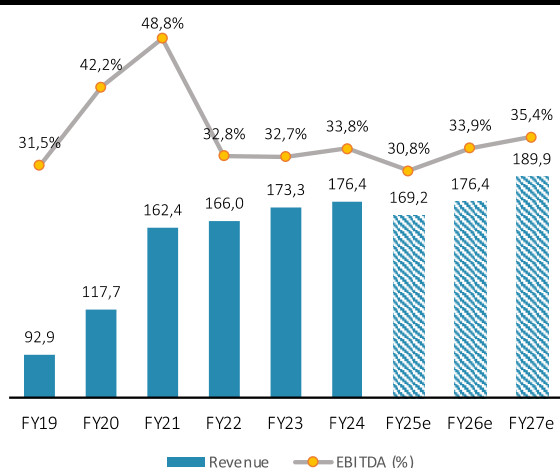
Source: Company

Revenue from locally regulated markets (2024)



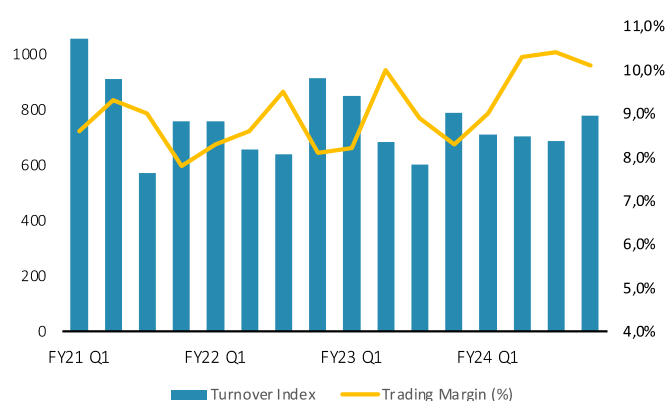
Source: Company

Revenue & EBITDA (%)



Source: Company

The Kambi Turnover Index* & Trading Margin



Source: Company

*Operator turnover, indexed at 100 from Q1 FY14

Financial targets

- Guidance at Q1 2025 report: FY25 adj. EBITA (acq.) EUR 20-25m. Total expenses EUR 150-155m.

Source: Company

Key management

- Werner Becher – CEO
- David Kenyon – CFO
- Erik Lögdberg – COO
- David Carter – CLO

Source: Company

Largest shareholders

- Anders Ström – 20.3%
- Avanza Pension – 6.0%
- Andra AP-fonden – 4.9%
- Nordnet Pensionsförsäkring – 3.9%
- Kristian Nylén – 2.5%

Source: Holdings

Industry Outlook

The sports betting world is changing fast, with technology, new regulations, and more people getting involved. For Kambi, a top B2B sportsbook provider, these shifts bring both opportunities and challenges worth exploring.

Rising Revenues in Sports Betting

The sports betting industry is doing well and looks set to keep growing. The global online sports betting market, worth USD 56.6bn in 2023, is expected to grow at a CAGR of 14.2%, hitting USD 116.7bn by 2032. This rise, powered by digital platforms and mobile apps, gives Kambi a chance to expand its B2B services. Much of the growth is coming from newly regulated markets in Latin America, Europe, and parts of Asia, where governments are legalising online betting to capture tax revenue and improve consumer protection. Brazil's recently regulated market, which launched in January 2025, also offers a significant near-term revenue opportunity for providers like Kambi.

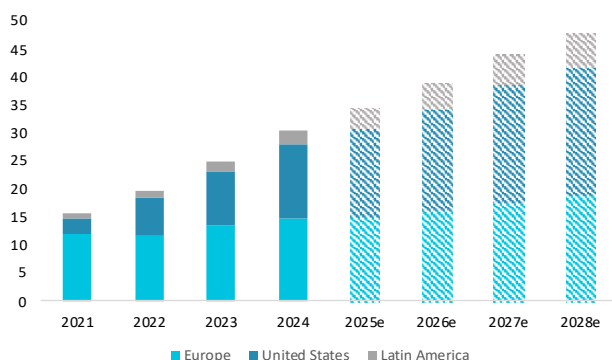
Regulatory Landscape

Regulation plays a critical role in shaping the growth trajectory of the online sports betting industry. While newly regulated markets such as Brazil, India, and potentially Japan offer substantial opportunities for expansion, the landscape remains mixed. Brazil's 2025 legalisation has unlocked one of the world's largest digitally connected betting markets, directly aligning with Kambi's strategy of focusing on licensed jurisdictions. However, the U.S. market, though large, is increasingly saturated. Some major states like Texas and California show limited political will for legalisation, which caps future growth potential. In Asia, vast markets like China remain essentially closed due to strict legal barriers and the prevalence of unregulated black-market activity, creating operational and compliance hurdles. Overregulation also presents risks. The Netherlands introduced new deposit limits in late 2024 alongside high tax burdens and aggressive advertising restrictions, threatening channelisation and putting pressure on licensed operators, Kambi's core clients. Temporary VAT increases in some regions further add to unpredictability. To remain competitive, Kambi must continue investing in regulatory expertise and maintain the agility to adapt products and pricing to a dynamic legal landscape.

Growing Engagement Among Bettors

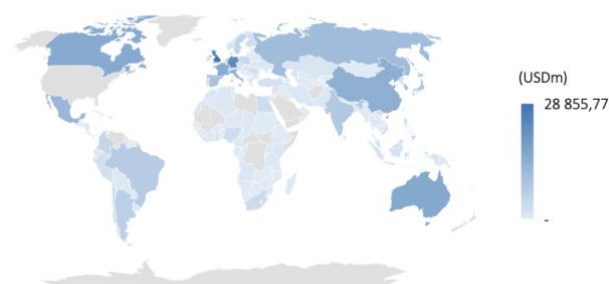
More people are placing bets, especially younger adults. In the U.S., the share of adults aged 21–44 who gambled in the past year rose from 61% in 2020 to 72% in 2025, with sports betting growing fastest due to mobile apps and legalization. Unlike casinos, which operate continuously, sports betting is often part of a larger social experience. This dynamic boosts demand for platforms like Kambi. However, growing competition, in-housing by operators, and AI-driven trading require Kambi to keep innovating in a rapidly evolving market.

Est. regulated online sports betting GGR by region (EURbn)



Source: Company

Est. global GGR comparison 2025, excluding U.S. (USDm)



Source: Statista Market Insights

Investment Case

Positioned to Power the Future of Regulated Sports Betting

Kambi is strategically positioned in the global sports betting value chain as a modular B2B technology provider with a proven track record of delivering compliant, scalable solutions to tier-one and mid-tier operators. As regulation expands and digitalisation accelerates, demand for flexible, secure, and reliable sportsbook infrastructure continues to grow. Kambi's business model is well-aligned with these long-term secular trends, offering tailored modules that appeal to operators seeking differentiated technology without compromising compliance. With 98% of revenue now generated from regulated markets, Kambi is strongly exposed to the most sustainable and defensible growth areas in the industry. History may also repeat itself as the company gains early traction in Brazil, mirroring its 2020 U.S. success, which is proof of a scalable product for emerging regulated markets like India or Japan.

A Strategic Pivot Towards Modularity and Margin Expansion

In response to the planned exit of key clients like Kindred and the earlier departure of DraftKings, Kambi has pivoted from a full-suite B2B supplier to a modular, API-based model that increases flexibility and operational efficiency. This transition allows operators to selectively integrate services like pricing, trading, and front-end solutions while maintaining control over their broader tech stack. However, one structural risk is that some operators aim to in-house their sportsbook operations. While this could reduce reliance on external suppliers, it requires significant investment, and technical capabilities. Kambi may still benefit if such in-house efforts fall short and the operators return to Kambi. Central to this strategy is Tzeract, Kambi's proprietary AI-driven trading engine that automates pricing and enhances scalability. The 2022 acquisition of Shape Games complements this with customisable front-end solutions. As the client base diversifies, Kambi's EBITDA margins are forecast to grow from 30.8% in FY25 to 35.4% in FY27, reflecting improved efficiency and product-led leverage.

Cost Discipline, Buybacks, and Client Wins

CEO Werner Becher has reinforced a commitment to cost efficiency, capping operating expenses at EUR 155m for 2025 despite inflation and increased product investment. This disciplined approach helps support stable margins during a period of strategic transition, while the company's EUR 12m share buyback programme (100% completed as of early May 2025) reflects management's confidence and prioritisation of shareholder returns. Kambi remains debt-free with a strong cash position, providing ample flexibility for strategic initiatives or further capital return. On the commercial side, the onboarding of clients such as Ontario Lottery and Gaming Corporation (OLG), Svenska Spel, and LiveScore is expected to begin contributing meaningfully from late 2025 onward. These new contracts, particularly those based on modular components, represent a broader shift in customer demand and offer revenue upside not fully priced into current estimates.

Regulatory Tailwinds and Global Market Expansion

Kambi's long-standing focus on operating exclusively in regulated markets positions it to benefit directly from ongoing legislative momentum across the globe. With nearly all revenue stemming from licensed jurisdictions, the company has built deep compliance expertise and holds certifications such as ISO 27001, enabling fast, trusted deployment in new markets. Brazil's legalisation of sports betting in 2025 marks a key opportunity in Latin America, while developments in India and Japan offer meaningful optionality. Beyond traditional markets, the emerging prediction market space, financial instruments tied to real-world outcomes such as elections or macroeconomic indicators, represents a promising adjacent market. Seeing increasing participation from retail and institutional investors, Kambi's modular platform could extend its B2B reach and target a new end-customer base. As regulators tighten control in mature markets like the Netherlands, Kambi's flexibility and operational discipline continue to differentiate it as a strategic partner of choice.

SWOT analysis

Strengths

- Industry-leading modular sportsbook technology with proven scalability across diverse operator needs.
- High exposure to regulated markets (98% of revenue), ensuring long-term stability and compliance.
- Strong balance sheet with no debt and consistent cash generation, enabling strategic flexibility.

Weaknesses

- Revenue concentration risk due to recent or upcoming exits of key clients like Kindred.
- Limited brand recognition among end-users compared to vertically integrated competitors.

Opportunities

- Expansion into newly regulated markets such as Brazil and India offers significant top-line growth potential.
- Increasing demand for modular, AI-driven components as operators shift toward hybrid tech stacks.

Threats

- Operator in-housing trends may reduce long-term demand for full-platform B2B sportsbook providers.
- Regulatory tightening in mature markets (e.g., Europe) could impact margins or drive players to unlicensed channels.

Source: PEVC

Our valuation estimates points to SEK 194

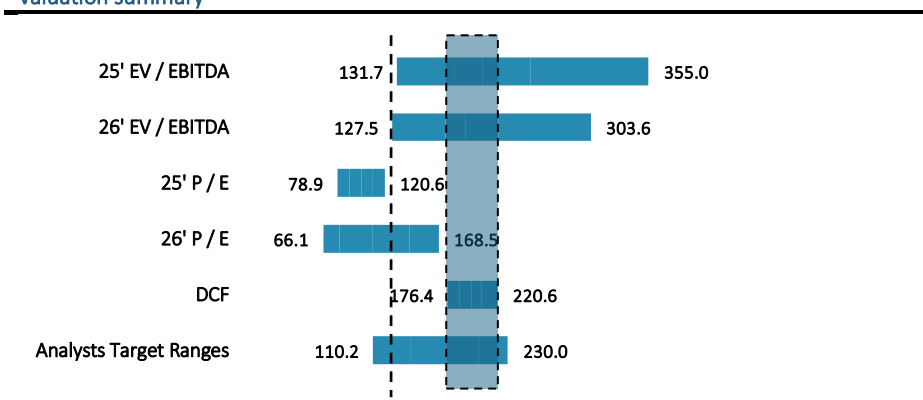
Our valuation is based on a blended methodology combining a discounted cash flow (DCF) model and a peer-based multiple valuation. The DCF yields a value of SEK 198 per share using a WACC of 9.3%, built from a risk-free rate of 2.4%, a market risk premium of 6.1%, a size premium of 3.0%, and a beta of 0.97. Terminal value was calculated using an exit EV/EBITDA multiple of 6.0x, consistent with long-term peer trading levels. To complement this, we conducted a peer valuation based on 2025E and 2026E EV/EBITDA multiples, applying a median multiple of 7.7x across a selected group of 8 global B2B gaming and technology companies. These included Playtech, Bragg Gaming Group, FDJ United and Genius Sports Limited, namely firms with comparable regulatory exposure, modular offerings, and margin profiles. Only two U.S. firms was included, as American comparables tend to trade at structurally higher multiples and would skew the range. The peer valuation implies a fair value range of SEK 66 to 355 per share (EV/EBITDA & P/E FY'25-26). The EV/EBITDA multiple is deemed most relevant due to its neutrality to capital structure, widespread use in the gaming sector, and its focus on core operating performance. Thus, the 26' EV/EBITDA multiple yielding a median implied share price of SEK 190 is considered. Combining both methods with equal weight, we arrive at a target price of **SEK 194** with a fair value range of 170-215, which suggests 60.3% upside from the current share price of SEK 121 and reflects Kambi's shift toward a more modular, resilient, and margin-accretive business model.

DCF summary

DCF Valuation (EURm)		Weighted average cost of capital (%)	
NPV of UFCF in forecast period	218	Risk-free interest rate	2.4%
NPV of continuation value	263	Risk premium	6.1%
Value of operation	481	Levered beta	0.97
Net debt	-61.3	Size premium	3.0%
Share issue/buy-back in forecast period	-	Cost of equity	11.6%
Preferred stock	-	After tax cost of debt	0%
Non-controlling interest	-	WACC	9.3%
DCF value of equity	542	Assumptions	
DCF value per share (SEK)	198		
Current share price	121	Number of forecast years	5
DCF upside potential (%)	63.6%	Exit EV / EBITDA multiple	6.0x

Source: Analyst estimates

Valuation summary



(1) The black dashed line is the current share price of SEK 121.

(2) The blue area is the implied share price range of SEK 170-215.

Disclaimer

This equity research report on Kambi has been prepared by members of a student organization as part of an educational case workshop. The purpose of the report is solely to illustrate how an equity research report can be structured and conducted for academic and training purposes. The analysis includes a discounted cash flow (DCF) valuation and a comparable company analysis, leading to a theoretical target price of SEK 196 and a "Buy" label based on our internal methodology.

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The student organization is independent of Kambi Group plc and has received no compensation or input from the company. However, some participants involved in the workshop may hold shares in Kambi. These positions were taken independently and prior to the publication of this report.

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