

February 11, 2022

## **Kambi Group**

Q4 2021



## Speakers



**David Kenyon**  
CFO | Kambi Group



**Jack Cummings**  
Analyst | Berenberg



**Kristian Nylén**  
CEO | Kambi Group



**Mia Nordlander**  
Senior Vice President of Investor Relations | Kambi Group



**Operator**



**Oscar Rönnkvist**  
Equity Research Analyst | ABG Sundal Collier



**Valter Lindhagen**  
Analyst | Pareto Securities



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

## Prepared Remarks

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**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Good morning everyone. My name is Mia Nordlander. I'm Senior Vice President, Investor Relations. Today I'm here with our CEO, Kristian Nylén, and our CFO, David Kenyon, and they will present our Q4 2021 result. After the presentation, you will be able to either call in your questions through the telephone conference or write your question in the web chat here. First, over to you, Kristian.

**Kristian Nylén**

CEO | Kambi Group

Thank you, Mia. Yeah, please get the agenda up. We will go through first the highlights as usual, and then I will hand over to David for a short while to go through the financial highlights, and then I will come back and talk a little bit more about Kambi. You can take the next slide. I'm extremely pleased with the performance we have shown in Q4. Talking about headwinds, I think this has been probably the toughest comparable we have ever had. We're comparing a quarter where we lost in Q4 2020. We had the top three operators according to our annual report was about 64% of our revenues, and that was DraftKings, so not with us anymore.

**Kristian Nylén**

CEO | Kambi Group

The data where we lost the majority of revenues. For us, their most important market, Netherlands, we have not got any revenues in this quarter. On top of that, we also have still quite a good margin in 7.8%, but compared to a year ago, it's roughly 80% worse. Still we come in, we have quite a good result, and still showing a great operating margin in 20%. Of course, the big event for us at the moment is what announced on Tuesday, where. Sorry, it's some sound coming in. Yeah, sorry for that. The big news coming out Tuesday night, where we had two news in the same press release.

**Kristian Nylén**

CEO | Kambi Group

First of all, we extended our partnership with Kindred until end of 2026. Of course, for us, that is really important. It shows that we will have financial strength for another three years up until the end of 2026. Of course, it also gives some more transparency about our relationship with our largest customer for the long term. On top of that, we also announced that we now have met the financial targets to be able to repay the convertible bond at our own discretion. If and when that will happen, we don't know at this point. Now we have full control over that situation.

**Kristian Nylén**

CEO | Kambi Group

Together, these two events I think creates a very strong foundation for Kambi and gives us full control how to plan our strategic direction going forward. Other news during quarter, we have signed five new partners in Q4 and in the beginning of 2022, which illustrates our market leading position in North America. Finally, we have gained the license in New York State, and in early 2022, we also launched in the state of New York. That's obviously one of the largest states in the U.S., so a great achievement for us. With that, I'm handing over to David, and I will come back later.

**David Kenyon**

CFO | Kambi Group

Thank you, Kristian. I'm really pleased to present some strong financial results for Q4, albeit up against some tough comparatives, which I'll give you some more detail on shortly. Firstly, the Q4 numbers. EUR 34.9 million in revenue. We had OPEX of EUR 27.8 million this quarter, giving an operating profit of EUR 7.1 million, a very healthy margin at over 20%. If you take the next slide, we'll give you the full year figures. Revenue for the full year was EUR 162.4 million, up from EUR 117.7 million last year. I think we can be really proud of that 38% increase in the face of losing the business of DraftKings at the end of Q3. I think 38% is a very healthy growth number there.



**David Kenyon**  
CFO | Kambi Group

In terms of operating profit, we saw the scalability of our business model really shining through again this year, with operating profits up from EUR 32 million to EUR 57 million, a 77% increase. This year, it's an operating margin at over 35% versus 27% last year. On the next slide, we have the Turnover Index, which is an analysis of the underlying operator performance which really builds up our revenue model. The blue columns you see here is the aggregated operator turnover. On an index basis we set that index at 100 when we first listed back in 2014, and the line is the aggregated operator trading margin, which you can see fluctuates quarter by quarter depending on the sporting results. It's very typical seasonal pattern for us that Q4 is a strong sporting calendar.



**David Kenyon**  
CFO | Kambi Group

It's a pattern we've seen throughout as you look back through the years and the quarters, and obviously we have a full quarter of the European soccer leagues and also in the U.S. the American football and basketball seasons in full swing. This contributed to a 32% sequential growth from Q3. If you look at it versus Q4 last year, we are down 23%, but I think there's some kind of key factors that Kristian touched on which we should flesh out a bit more to actually see the underlying growth of the business. Firstly, there was DraftKings, a major customer of ours which transitioned away in full by the end of Q3, and 888 which transitioned a large part of their business away in the early part of this year.



**David Kenyon**  
CFO | Kambi Group

The third factor really is the Netherlands where we have key operators currently applying for a license in the new regulation which started effective October this year. I think adjusting, you need to adjust for those three major factors if you want to see the underlying growth of the business. Then adjusting for those, you get to an underlying growth in operator turnover of 38%. Let's go back, Mia, to the last slide. The operator trading margin this quarter, it recovered really from a weak. I think we commented in the Q3 results that it had started in a weak fashion. October, the start of October was a weak margin, but it did recover through the quarter and we ended up at 7.8% for the full quarter.



**David Kenyon**  
CFO | Kambi Group

Up against a very tough comparative of 9.4% which was unusually high, and we'll see that now on the next slide when we look at our revenue growth. This is the conversion from the operator turnover growth to our revenue growth. Normally this is maybe a waterfall but obviously this is now a starting from a negative so everything looks slightly upside down to how we normally present. The operator turnover was down 23% as discussed, and the lower trading margin versus that tough comparative meant that operator GGR was down by 37% year-on-year.



**David Kenyon**  
CFO | Kambi Group

However, this was offset to a quite significant degree by a couple of other factors shown here in the other column, being that the lower GGR compared to last year meant that we actually saw slightly higher effective commission rates, which kind of props up our revenue growth here. Also we had income both from Abios and other various fixed revenue streams which are not directly linked to the level of operator turnover. That pushed up our revenues to some degree. The net effect was a 26% decrease in revenue versus Q4 last year. Moving finally to the balance sheet. We remain in a very strong position in terms of the balance sheet, with almost EUR 80 million in cash in the bank and a cash inflow outside of financing and working capital movements of almost EUR 5 million.



**David Kenyon**  
CFO | Kambi Group

We are very pleased to have completed our first share buyback program during the quarter worth EUR 12 million. I'd say the balance sheet remains in excellent position to really support both our organic growth and further acquisitions in the future. With that, I'll hand back to Kristian.



**Kristian Nylén**  
CEO | Kambi Group

Thank you, David. Yeah. Before I go on in more detail about Q4, I just want to take a look at the highlights of 2021. Yeah, we recorded a 38% rise in the full year revenues. We acquired the esports company Abios. During the year we signed eight new partners across the globe. We completed 60 on-property and online launches. We had a Euro, which was an amazing tournament again and set a turnover record for a summer soccer tournament. With Maryland, we completed the 18th U.S. state in which Kambi has launched. In total, I would say it's a really, really good year and now I will continue on with Q4. First, I mean, just give you a reminder.



**Kristian Nylén**  
CEO | Kambi Group

We're banging on about our strategic pillars, and today I will update on the development of a few of them, starting with a technically advanced core platform on the next slide. Yeah. I think one thing we have talked about since the Capital Markets Day and throughout a few of the quarters after is what we're doing to try to modernize our platform to a larger degree. I think our current setup with a fully managed service, I mean, it's great for many operators and I think it will be a cornerstone in our revenues for years to come.



**Kristian Nylén**  
CEO | Kambi Group

We also believe that there is an opportunity for us to, for those who have a fully managed service, give them an even better service by opening up our platform for some other services. Maybe more importantly, we also believe that we can use some of our services to operators who already have a platform to increase the market we have opportunity to target. With this, I think we can also gain even higher operational efficiency. If we cut out some elements and let the other players in the market do things that our operators require, but maybe we feel it's not that relevant for us to do, I think it gives us an even greater opportunity to provide an absolute best service to our operators.



**Kristian Nylén**  
CEO | Kambi Group

For years to come, I think this will give us an absolutely amazing opportunity to expand our market share and make our existing operators much more happy. Let's go to the next slide and talk a little bit about product. No, sorry, that was the wrong order. Also, I wanted to talk more about what we have done when it comes to launches. I mean, we are doing so much for our customers and creating more and more opportunities. During this quarter, we expanded our U.S. reach into three more states, Connecticut, Louisiana, and Maryland. We became the first provider to launch in the city of Buenos Aires and the province of Buenos Aires. We launched with BetCity and JVH in the Netherlands after the reregulation.



**Kristian Nylén**  
CEO | Kambi Group

I think that has been a great success, and we obviously hope for more operators to soon be able to rejoin in Netherlands. In Australia, we have begun our rollout across the massive network of retail agencies for the Western Australian racing. We soon will be up and running in 320 agencies. Can go to the next one. When it comes to product, I think we have been talking quite a lot about the Bet Builder the last couple of quarters, and we'll keep on doing so because it has become an absolute key product for any operator when it comes to sports betting. We have already had great success with soccer, of course.



**Kristian Nylén**  
CEO | Kambi Group

During this season on American football, both when it comes to NFL and the college football, I think we've had an absolutely amazing product that has taken quite a large chunk of all the sports betting revenues coming from American football. This product I think is definitely market leading, and I will show you a little bit later on the next slide. Not yet, Mia. We are the only one who are able to do combinations between events still. I think this is something that we will see more and more usage of, when we are able to launch more sports to this. I think with that we can go to the next slide.



**Kristian Nylén**  
CEO | Kambi Group

As you can see here, we are ticking all the boxes, of course we have chosen them so, compared to our competitors. This is not the end of it. We just launched the ice hockey both in the Scandinavian leagues and the NHL. We are quite alone on that. This will obviously be a very key feature going live in Canada as well. For the baseball season, we plan to be ready in time for the first match in April, and then we will also roll this out for the basketball in the start of next season. As you can see here, of NFL wagers, 25% is coming from Bet Builder. Next slide, Mia.



**Kristian Nylén**  
CEO | Kambi Group

In Q4, we made three new signings to further strengthen our presence in the U.S. market. First up, Desert Diamond, which I think is the largest tribal casino operator in Arizona, and the one we identified that we really wanted to sign in Arizona outside of our existing partnership. We also signed Soaring Eagle in Michigan. I think not such a large opportunity for us, but I think this opportunity has shown very fruitful for us when it comes to relationships in the tribal community in the U.S., so very pleased with that. Finally, Affinity Interactive, which I think has a very good chance of becoming a strong player in the U.S. market.



**Kristian Nylén**  
CEO | Kambi Group

They are the owner of iconic, U.S.-facing Daily Racing Form brand, which is the number one content and data provider for horse racing players. Very pleased with all of these signings. Can take the next slide. I touched on it before. We were awarded one of quite a few licenses in the U.S. state. Now we have a ten-year mobile sports wagering platform license in New York. Kambi was the primary applicant of one of two successful bids. With that, we have one of our partners in that bid was Rush Street Interactive, which we will operate in the U.S. market. We have a population of more than 20 million. New York is the largest state so far to regulate mobile betting.



**Kristian Nylén**  
CEO | Kambi Group

So far it looks like it will be an enormous market. It's very much driven by bonuses yet, so it will take some time to see how the market will pan out. But obviously very exciting for us. Next slide. In Netherlands we have seen a reregulation which has changed the market somehow from the beginning. We managed to go live with a new partner of ours on day one, BetCity, who has been very successful so far in the Dutch market. Shortly after, JVH Gaming also followed. We're very pleased with the market share we have in Netherlands at the moment.



**Kristian Nylén**  
CEO | Kambi Group

Of course, we are definitely hoping and waiting for our existing partners, of which a few of them had a very strong market share in the Netherlands market to also be able to start operating again in the Netherlands. Next slide, please. After Q4, we have done another two signings in North America. First of all, Carousel Group, which is operating the brand MaximBet. Maxim is, of course, quite a large media brand in the U.S. I think we have a circulation of a magazine of quite a big number, roughly 1 million. We are currently live with an in-house platform in Colorado, and we'll switch to Kambi technology.



**Kristian Nylén**  
CEO | Kambi Group

We also set to launch Kambi in at least five additional U.S. states and Canada. This can be a great opportunity for us going forward. In Canada, we also have signed NorthStar Gaming. That is born out of the Torstar Corporation, which is owner of the largest media in Toronto, the Toronto Star. Again, I really hope this can be one of the largest brands in Ontario, and we expect to go live when the Ontario market opens up in April. Next slide, please. Coming back to the announcement from Tuesday evening. We did a contract extension with our long-term partner, Kindred, up to the end of 2026.



**Kristian Nylén**  
CEO | Kambi Group

It's a three-year extension of contract adding to the two years we have left of a contract from before. We will of course remain an integral part of Kindred sportsbook and I'm very, very pleased to get this deal done. I think it's so important for us to have the ability to show the financial strength of doing this signing with our largest operator. Also it gives us a great visibility of a future going forward with Kindred. In addition to this, we have also achieved the financial goals set out in the convertible bond, which means that we can repay the convertible bond.



**Kristian Nylén**  
CEO | Kambi Group

Obviously the convertible bond is quite an unusual instrument and it has some impact of the option value of Kambi, of course. From an investor point of view, I'm very pleased to be able to announce this now. More importantly for us working in Kambi, of course, is that it takes away a few operational restrictions. We have more freedom and can easier work with how we want to operate Kambi going forward and take the strategic decisions we feel is right for Kambi. To summarize the quarter again, I think we had a very strong performance which rounds off a record financial year.

# Kambi Group

Q4 2021 | Feb 11, 2022 00:00



**Kristian Nylén**

CEO | Kambi Group

We are growing our global presence, with our market-leading product, and now we have full control over our strategic direction going forward. Thank you very much for that.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Thank you very much, David and Kristian. Now I think we have time for questions. First, we will take the telephone questions, but you can also write them in the chat window. Over to you, operator.

## Q&A

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**Operator**

Ladies and gentlemen, if you do ask question, please press 01 on your telephone keypad. If you wish to withdraw your question, you may do so by pressing 02 to cancel. There will be a brief pause while question are being registered. Our first question comes from Oscar Rönnkvist with ABG. Please go ahead.

**Oscar Rönnkvist**

Equity Research Analyst | ABG Sundal Collier

Good morning, Kristian, David, and Mia. I have four questions. The first one is regarding your cost guidance. Can you give us some details about what is driving a 24% increase in total operating costs looking at your midpoint guidance? Also, now that DraftKings are gone and Penn is probably leaving in 2023, do you expect a need to increase headcounts in 2023?

**David Kenyon**

CFO | Kambi Group

Yeah, I can take that. Thanks for the question. Yeah, I mean, I think the first one-off point to make is the acquisition of Abios, which we obviously made towards the end of 2021 and that, standalone, is gonna drive a cost increase of approximately EUR 4 million, both from the operating expenses, but also the amortization on the goodwill on the acquisition. So that's kind of a one-off difference versus 2021 that will change 2022. But on a more broad basis, you know, we are continuing our cost growth as we have because we're building out the product.

**David Kenyon**

CFO | Kambi Group

That cost growth really generally entails continued headcount increase, particularly in the tech parts of the business to keep developing the product to make it sellable, to be able to really take advantage of our competitive position and to keep selling the product. We need to keep on building it. We also have a growing amortization number on the back of growth in those development costs over the past few years. We have continued licensing costs. We're gonna keep on going for all possible licenses, U.S., Canada, Latin America, and wherever else we see commercial opportunities. They do come with costs, but of course, a revenue opportunity as well.

**David Kenyon**

CFO | Kambi Group

One other cost factor that's driven by kind of the growing customer base with all these new signings is the data supply costs, where we have an increase in cost with each new operator, but equally we recharge those costs on, so there's a revenue increase as well. I think hopefully that's a bit of a picture. I think apart from the end of the Abios one-off type step change in cost level, it's really in line with where we've been going in the past, and really that is to keep building this market-leading product.

**Oscar Rönnkvist**

Equity Research Analyst | ABG Sundal Collier

All right. Thank you for that.

**David Kenyon**

CFO | Kambi Group

I'd say, you know, You asked about does the loss of customers affect that? I'd say honestly, no, because we want to keep selling and keep winning new customers, and we won't do that if we stop spending.

**Oscar Rönnkvist**

Equity Research Analyst | ABG Sundal Collier

Yeah. Fair enough. Next question. You recently announced that the convertible can be repaid, hence Kindred cannot, for example, block a potential bid on Kambi anymore. What has been your feedback from current clients about this? Aren't they afraid of you getting acquired by an operator? I mean, let's say Rush Street, for example, it could be a very tricky situation for them, and either they maybe should rush to you for a prolonged contract or else develop their own sportsbook. If you have any comments, it could be really helpful here.



**Kristian Nylén**  
CEO | Kambi Group

I think it can go both ways, but I think for most customers, independence due to Kindred is probably more important for them than that we don't have a convertible bond to protect them. I mean, compared to any other company in the industry, I think we're the only one who had this kind of instrument in place. I think actually, what I heard and a few conversations I had, they definitely were not seeing this as a negative.



**Oscar Rönnkvist**  
Equity Research Analyst | ABG Sundal Collier

All right. Understood. Next one. Can you talk about the modular strategy? Are you in talks with any tier one operators, and how could such contract look like? Is it more of a revenue share model with a lower take rate, or is it rather a subscription model?



**Kristian Nylén**  
CEO | Kambi Group

I think, I mean, we're still very early in this. I think we have some more work to do. I can see both this being a fixed cost model or a rev share model. I think it will probably, best case scenario, you will see something late this year, but probably not until next year when we start rolling this out.



**Oscar Rönnkvist**  
Equity Research Analyst | ABG Sundal Collier

All right. Just a follow-up there. Has like the modular strategy, has it been your plans all along or is it a result of your top clients maybe leaving you?



**Kristian Nylén**  
CEO | Kambi Group

I think we started talking about it on the Capital Markets Day last summer, well before we knew anything about Penn of course. It has always been a part of our strategy and I mean, you have to take the steps sequentially. You can't do everything at the same time. For many years it has been way more important for us to build up a business that is suitable for the U.S. market. Last year we felt that, okay, we can take the next step in our journey and start figuring out how we can start making our product more flexible. It has probably been in our plans for many years.



**Kristian Nylén**  
CEO | Kambi Group

I think last year was a time when we felt we could start looking at it.



**Oscar Rönnkvist**  
Equity Research Analyst | ABG Sundal Collier

All right. Got it. Next one. In terms of commission rates from a client such as Kindred, for example, can you give us some ballpark numbers of how much you expect the commission rate will decrease in relative terms from 2024 and onwards as they are putting some of it in-house?



**Kristian Nylén**  
CEO | Kambi Group

We don't disclose any commission rates to any of our customers.



**Oscar Rönnkvist**  
Equity Research Analyst | ABG Sundal Collier

All right. Is it fair to assume that the commission rate will be significantly lower if they are doing like half of the work in-house?



**Kristian Nylén**  
CEO | Kambi Group

As I said, I don't disclose any commission rates. Obviously if they are not taking our services, they would not pay for it.



**Oscar Rönnkvist**  
Equity Research Analyst | ABG Sundal Collier

Yeah, fair enough. All right. That was all for me. Thank you very much.



**Kristian Nylén**  
CEO | Kambi Group

Thank you.



**Operator**

Our next line, Viktor Högberg with Danske Bank. Please go ahead.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

Good morning. On the OPEX guidance, maybe you could help us with the growth rate here. As mentioned, mid-20s growth on the midpoint in 2022 over 2021. On the CMD, I recall that you talked about a 50%-20% level potentially over time. Is this to read as the OPEX growth peak in 2022, then the growth rate to come down in 2023 and onwards, towards what you talked about then or even lower in 2023 meeting this comp in 2023 from 2022? OPEX up in absolute numbers obviously, but could you help us with what the long-term growth would be. That would be great.



**David Kenyon**  
CFO | Kambi Group

Yeah, I think again you always need to factor in that step change from the Abios acquisition, which is now, you know, when I talk about a EUR 4 million increase of that very small part. I think we saw under EUR 1 million in 2021. There's a EUR 3 million step change there. I think adjusting for that we're much closer to where we have been historically. Then where we talked about kind of decreasing that growth rate. Yeah, I think that you'll see that when kind of probably 2023 onward, but certainly when we're past any kind of step change adjustments for acquisition.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

Okay. Yeah, fair enough. What does this say about the Abios contribution then in terms of revenues? You're saying something about the cost. What about the profit contribution and their growth? How much did they contribute in Q4 and how much was the full year revenue for Abios in 2021 and what to expect going forward?



**David Kenyon**  
CFO | Kambi Group

They're currently on revenue around between a half and 1 million EUR per quarter.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

The current run rate?



**David Kenyon**  
CFO | Kambi Group

Yeah.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

Okay. When you acquired it, I think you mentioned the market implied growth rate for this kind of product, some 30% or something. That's still reasonable to expect or step change here maybe as well when you introduce it and were able to cross sell it more or what to expect here in terms of its profit contribution going forward?



**David Kenyon**  
CFO | Kambi Group

Yeah, I think the profit contribution will hopefully increase when they start selling the odds feeds and on the esports. The ability to actually provide odds on the sports that they're experts in. That's kind of almost a step change in their business model that we can expect going forward.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

Have you said anything about timing for that?



**David Kenyon**  
CFO | Kambi Group

We haven't put anything out yet, but it's a work in progress for sure.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

Going back to the Kindred deal here, minimum guaranteed revenues of EUR 55 million over 2024, 2025, and 2026. Is it fair to assume that the largest part, the majority of it to be seen in 2024, then gradually phasing out with just a small part in 2026, given that by then you are likely to have more of a full product than what you will have in 2024?



**David Kenyon**  
CFO | Kambi Group

I think, honestly, we can't really comment. We don't know their plans at all, so you have to take that with Kindred if that's okay.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

The convertible, I know you haven't said anything. Only thing you've said now is that you can, at your own discretion, repay it. Is there any reason for you to stall on that decision now that Kindred has showed their hand and you as well? Is there any reason to not do it in the very near future?



**Kristian Nylén**  
CEO | Kambi Group

Yeah. I mean, there are certain advantages for us as well to have a convertible in place. I mean, I think it's well enough for us that we know that we can change that whenever we want to. Yeah, we are happy in that situation at the moment.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

In a theoretical situation where you, the board of Kambi were approached by a potential interested party in acquiring the company, you could basically then trigger the repayment of the bond. It's not a prerequisite for it to happen. You could do it in connection with that. Just so we know the potential dynamics if that should happen.



**Kristian Nylén**  
CEO | Kambi Group

That's correct.



**Viktor Högberg**  
Equity Research Analyst | Danske Bank

Okay. Thank you very much.



**Kristian Nylén**  
CEO | Kambi Group

Thank you.



**Operator**

Our next question comes from Jack Cummings with Berenberg. Please go ahead.



**Jack Cummings**  
Analyst | Berenberg

Thanks for taking my questions too from me. The first on cost, I was just wondering if you could provide any additional color on the step-up in other operating expenses in Q4. I know you mentioned Abios, but just wondering if there were any other things to call out because it seems like it was a pretty material step change in Q4.

**David Kenyon**  
CFO | Kambi Group

Yeah. Hi. Thanks for the question. Yeah, one big one that we took in Q4 in particular was that we've initiated our application for a license in Nevada, which is the most expensive of the license costs we've had to date in the U.S., and that's over EUR 1 million that we've taken there in Q4, which goes through that other line. Some other smaller impacts, but you know, we've got new office premises, which has driven a slightly higher depreciation cost. We've had the return of some travel, which we didn't have this time last year, of course. And some kind of one-off technical consultant costs on a few technical projects. I think those are the main ones, but Nevada license is the one I'd pick out as being the biggest standalone in Q4.

**Jack Cummings**  
Analyst | Berenberg

Okay. Brilliant. Thanks. Very clear. Then on my other question, moving into 2022, evidently there's the balance of you've got some clients that have migrated, you've got some new wins, new geographies, new launches, and you've also guided to these cost lines being in the mid-20s. I was just wondering how you're thinking about top-line growth in 2022. Is there anything you can share with respect to internal targets, forecasts, ambitions, or where you want that growth rate number to be in full year 2022?

**David Kenyon**  
CFO | Kambi Group

We don't set out a target, but you know, we're internally highly confident with the tailwinds we see in terms of regulation, recent signings. No, we haven't put a number out there, but you know, we've got reasons to be confident, we can say.

**Jack Cummings**  
Analyst | Berenberg

Okay. Brilliant. Thanks very much.

**Operator**

As a reminder, if you do wish to ask a question, you do so by pressing zero one on your telephone keypad. Our next question comes from Valter Lindhagen with Pareto Securities. Please go ahead.

**Valter Lindhagen**  
Analyst | Pareto Securities

Thank you. Hello, guys. First question on the Kindred agreement and the convertible bond. I try to understand here who kind of initiated this contract extension and so on. Is it correct to read it like you have now reached the certain financial performance criteria, meaning that you're able to repay the bond and that it was this that in turn has triggered a discussion to extend the partnership with Kindred?

**Kristian Nylén**  
CEO | Kambi Group

I don't want to comment. I mean, it's a relationship between us and Kindred, and I don't really see the relevance on who initiated what. It's a deal that is very good for both parties, so I think we can leave it at that.

**Valter Lindhagen**  
Analyst | Pareto Securities

All right. Understood. Another follow-up question. I mean, could you comment on whether you have experienced, historically, that this convertible bond has, I mean, limited your ability to attract new clients given the ties to Kindred?

**Kristian Nylén**  
CEO | Kambi Group

Well, I can't comment on that, but I think it's quite obvious with what you have seen in the market.

**Valter Lindhagen**  
Analyst | Pareto Securities

All right. Okay. At this stage, do you have any, or can you comment anything on the expectations on your relationship with Kindred after 2026?

**Kristian Nylén**  
CEO | Kambi Group

No. It's a very long time to 2027. I think both Kindred and we are hoping that we can have a much longer relationship than that. As they communicate themselves, they are a platform that should be based on other third parties. As we communicate, we are looking to modernize our service. I definitely hope that we have a much longer relationship than up until 2026.

**Valter Lindhagen**

Analyst | Pareto Securities

Okay. I guess it makes sense. Then a question on Netherlands. I think in last conference call you guided that the new regulation is expected to negatively impact EBIT by EUR 0.4 million-EUR 0.5 million per month. Is this still your best guess going forward? Or will the impact be less negative given that you have recently launched with BetCity and JVH?

**David Kenyon**

CFO | Kambi Group

Yes. Actually, I'd say that the really strong start from those customers who are licensed in Netherlands, it probably means that that impact is less than we first thought. It's probably around half the impact of what we said last time. More in the kind of EUR 0.2-EUR 0.3 per month instead of EUR 0.4-EUR 0.5. Yeah, we're very pleased with the way they've started and of course look forward to more of our operators getting into that market.

**Valter Lindhagen**

Analyst | Pareto Securities

Yeah. Okay. A final question from my side. Could you comment anything about the start of Q1 in terms of player activity or sporting results?

**Kristian Nylén**

CEO | Kambi Group

We usually don't. Obviously it is quite a busy period in Q1, so obviously the activity is quite good. Whether the result has been good to us or not, I choose not to talk about.

**Valter Lindhagen**

Analyst | Pareto Securities

All right. Thank you very much. That was all for me.

**Operator**

At this time, we have no further questions. Back to you, Mia.

**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay. Thank you very much. We have quite a few questions here on the web. I start with you, Kristian. We have seen some operators in the U.S. go for their own in-house solution. Can you set that in perspective when it comes even more complex to offer sports betting when multi betting is possible? Will they go for a standardized core platform? Or, yeah, what is the way forward for operators?

**Kristian Nylén**

CEO | Kambi Group

It's very hard to guess what operators will do in the future. I mean, I think, you know, what an experienced operator like Kindred are doing now, talking about how many years they have spent on their own racing platform, the amount of people they're planning to have to operate the platform. I think it shows how tough it actually is to do a good sports betting platform. If anything, I think the recent news should probably be something that other operators should look at before they start thinking about doing their own platform.

**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay. I think this question is actually connected to that. With both Penn and Kindred migrating at least some of their sportsbook in-house in the future, do you believe that Kambi could remain independent company in a sustainable, profitable fashion longer term?

**Kristian Nylén**

CEO | Kambi Group

Yeah, without a doubt. I think the sports betting market is still a very fragmented market. We are a clear leader in the market. I expect us to be able to pick up a lot of business across the globe. I have no doubt that we could continue being an independent and thriving operator. Supplier, sorry.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay. Another one for you, Kristian. When do you expect to work on the modernization product and make it finished and being fully on offer?



**Kristian Nylén**

CEO | Kambi Group

We have been working on it for quite some time now. Yeah. Before we start offering it, as I said earlier in the call, not until late this year at the earliest, probably a bit into next year as well.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay. We have another question regarding 2022 outlook. Approximately when in 2022 will you have added enough operators to make up for the loss of DraftKings business? Are there any indications that Kambi will be included in another operator's in New York, for example? Or, more signings. How do you see 2022 outlook?



**Kristian Nylén**

CEO | Kambi Group

I mean, yeah, I think 2022 looks very promising. We have started with the year already with 2 signings and I think our pipeline looks as good as ever. We also see that we have more states coming up for regulation in the U.S., so that looks very nice. We will end the year with a World Cup, which is obviously a very nice event. However, I would like to also dampen the expectations a little bit. Having a World Cup in the summer is absolutely amazing because it fills a gap in usually quite a weak schedule.



**Kristian Nylén**

CEO | Kambi Group

Having a World Cup in November, December doesn't help the revenues as much as it would do if it were in June-July. In general, I think 2022 looks to be a very, very good year.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay, thank you. A question about M&A. What kind of acquisitions are you looking at?



**Kristian Nylén**

CEO | Kambi Group

I think the ones we are mainly looking at, as I said before, is in areas of quant and machine learning to become even sharper in and specialized in some of the sports. That is the key area, I think. If we were to find the right player account management system, that could be something we are looking for as well. I don't think it is as likely to find something there.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay. I get a few questions regarding the opportunities in Asia and Africa. Can you give some color there as well, Christian?



**Kristian Nylén**

CEO | Kambi Group

I mean, we are focused on regulated markets. Asia, there is almost nothing that is regulated. There may be some opportunities in Philippines actually coming up. I think the big tickets that we have been talking about and planning for is India and Japan, but we hope will regulate somewhere 3-5 years maybe. Africa, I mean, it's a lot of things happening there. We have taken quite an opportunistic approach. It's not a focus market for us, but if there were to come an interesting opportunity inbound, we would definitely look at it.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

David, now here's one for you. Now that Kambi has the financial strength, will you pay out a dividend? We used to communicate that, but maybe some color there, David.



**David Kenyon**

CFO | Kambi Group

Yeah. I think actually for now, the preference has been, will be to use funds on, well, we've done one buyback program, and there could be more. We shall see. Also, you know, I think, acquisitions rather is the way to really develop the business. I think that's probably a more likely use of capital at this stage.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay, Kristian, one regarding, Super Bowl that will start now. Last year, some apps suffered outages before the Super Bowl, and Kambi being blamed. Was this a capacity issue? Or if so, is this capacity ready for the large amount of betting expected?



**Kristian Nylén**

CEO | Kambi Group

Yeah. I think we were already last year ready for the capacity. It's actually fair to blame us to some extent at some of our apps for some of the downtime before the match. We were actually fully up and running with our system from 10 minutes before the match and throughout the whole match. Some of issues was on us. It was not actually a capacity issue. It was an operational issue where we put up a bet offer with way too many outcomes that totally clogged up the system for verification.



**Kristian Nylén**

CEO | Kambi Group

For this year, I think we have been planning even harder to make sure that nothing can happen, and we are very much ready to go.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay, great. I get quite a few questions regarding Fanatics, after the New York application. Anything you can say there, Kristian?



**Kristian Nylén**

CEO | Kambi Group

Nothing. If I could say something, you would see it in a press release.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Yeah. Yeah. Two more questions. If you could give some color on Canada, are you excited about this market and the potential to win more contracts? Also give some color around the Brazil opportunity.



**Kristian Nylén**

CEO | Kambi Group

Yeah. I mean, if Canada or Ontario especially was a U.S. state, I think it would be the fifth largest state in the U.S. It's quite a big market. It's very exciting. I think we have some customers from Europe who are very keen on getting into the Ontario market, and we have some of our U.S. customers keen on getting into the market. On top of that, as you saw with Torstar, there are new opportunities as well. Definitely exciting opportunity for us.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Last question here. Do you see the competitive environment having changed for sports technology suppliers in the U.S. the past year?



**Kristian Nylén**

CEO | Kambi Group

Yes. I think we have less competition because of some M&A activities with some of the competition we had. I mean, I think we are in a better position now than we were a year ago when it comes to prospecting.



**Mia Nordlander**

Senior Vice President of Investor Relations | Kambi Group

Okay, great. The future looks great for us. Thank you very much, David and Kristian, and thank you everyone for listening in to us. We will present our Q1 2022 results the 27th of April, and I look forward to see you then again. Have a lovely day. Thank you.



**Kristian Nylén**

CEO | Kambi Group

Thank you.