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Kambi Group

Q3 2021



Speakers



David Kenyon
CFO | Kambi Group



Erik Moberg
Equity Research Analyst | ABG Sundal Collier



Kristian Nylén
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Marlon Värnik
Equity Research Gaming Analyst | Pareto Securities



Mia Nordlander
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Operator



Viktor Råd
Equity Research Analyst | Danske Bank

Prepared Remarks

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

Good morning and welcome to a third quarter presentation. I am Kristian Nylén, and joining me is our CFO, David Kenyon. I will first give you a brief overview of the third quarter, and then David will come in and talk about the financial performance. I'm coming back and talk a little bit more in depth about the third quarter. To the highlights. I think we had a great third quarter. A very strong performance with EUR 41.6 million in revenue, which is a 48% uplift on last year. For the first nine months, we're up 80% from last year. Very pleased with all numbers, and David will of course go through them more later on.

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

During the quarter, we also acquired Abios, which helps us transforming our sports betting also into an esports provider. With Abios, I think we have a great addition to the team, and I will talk more about it later. During the quarter, we also expanded with our partner network with two new signings in BetCity in Netherlands and Island Luck in Bahamas. Of course, I will talk more about that later. Finally, during the quarter, we launched in two new states, Arizona, which was our 15th state, and just after the quarter, we also launched in Connecticut, which I will talk more about later. For now, I hand over to David, and I'll come back later. Thanks.

**David Kenyon**

CFO | Kambi Group

Thank you, Kristian. Good morning, everyone. My name is David Kenyon, CFO of Kambi Group. I want to start with the financial highlights for the quarter. Revenue was EUR 41.6 million, up from EUR 28.1 million in Q3 last year. That's a 48% increase. Operating profit was EUR 14.7 million, up from EUR 6.5 million. Operating margin was 35%, up from 23% last year, as our business model continued to demonstrate its scalability. I want to talk through a few other key events that are impacting the finances also this quarter. There's been quite a few. Firstly, the acquisition of Abios, which we completed in September. They're a data, content, odds, and visualization services provider to industry operators and technology companies, and a leading B2B esports supplier.

**David Kenyon**

CFO | Kambi Group

We paid approximately EUR 15 million up front for the acquisition, and there's around EUR 12 million as a potential earn-out still to come in the coming years. We used our strong balance sheet to finance a cash acquisition. Secondly, new regulations started in the Netherlands at the start of October. Some of our main operators did temporarily exit the market, but those who pulled out are confident of gaining licenses in the first half of next year. We also have to mention JVH, who we did sign before regulation started, who are also yet to acquire a license. BetCity did launch on the first day of regulation, and we've been very encouraged by their start. The net effect of being in this newly regulated market with an incomplete suite of operators is approximately EUR 0.4 million-EUR 0.5 million per month on our EBIT.

**David Kenyon**

CFO | Kambi Group

However, in the medium term, we do expect to be in a strong position in the Dutch market when all the operators do acquire their licenses. Thirdly, in August, Penn National Gaming announced it had agreed to acquire The Score Media and Gaming. This doesn't impact our current contractual agreement, but I really want to just highlight that based on the official data in the U.S., Penn National Gaming, they represent around 5%-10% of our revenue this quarter. Lastly, I'm really pleased to mention the share buyback program that we initiated today. It's a EUR 12 million buyback program. Over the last years, you know, our strong performance has really contributed to strong cash generation, and that's put us in a position to be able to start this buyback program. That will happen in the coming weeks.

**David Kenyon**

CFO | Kambi Group

This is the Kambi Turnover Index, which we always present. It's the aggregation of the results of all the operators. The blue columns are the aggregated turnover, and the orange line is the aggregated operator trading margin. The turnover's indexed. It started at 100 when we first listed, and it's indexed versus that. You can see it has fallen significantly to 575. It is severely impacted, of course, by the migration of DraftKings. This number here in Q3 almost entirely excludes DraftKings. If we include an estimation of what the DraftKings turnover would have been if going through our books, 875-900 is an approximate range that we think where it would have landed. From a seasonality perspective, Q3 is typically a very quiet quarter in the sporting calendar.

**David Kenyon**
CFO | Kambi Group

Really only in September do we see a return of NFL as well as the soccer season in full swing in the major European leagues. That's worth highlighting this quarter. The margin was 9%, obviously relatively strong compared to where we've been in recent quarters. We do note the comment of one of our operators, Kindred, this morning around the weak sports betting margin at the start of Q4. That is also true for us. The results at the start of the month have seen many favorites winning. As we always stress when we talk about operator trading margin, whether it's weak or whether it's strong, it's really only a short-term impact, and it's nothing that affects the long term of the business.

**David Kenyon**
CFO | Kambi Group

Indeed, on the topic of margin, actually in our report today, we've raised our long-term guidance on margin to 8%-9%, and this is really driven by the increased popularity of high-margin products which we're seeing much more of now, such as Bet Builder. This graph is the conversion of our operator turnover growth to our revenue growth. I'd have to again flag that it's this quarter it's heavily skewed by the migration of DraftKings, with very little coming through our books actually in Q3. Without DraftKings, turnover is down 14% versus Q3 last year. However, there in the third column you see the impact of the trading margin, which at 9% is significantly stronger than the 7.2% we saw last Q3.

**David Kenyon**
CFO | Kambi Group

In the other column, there's a pretty much a one-off is the impact, the positive impact of the fees we charged to DraftKings in lieu of the service going through our books. Post-migration, we still saw revenues from DraftKings in Q3, and that's significantly impacted our revenue here in the other column. That took overall revenue up by 48%. This is the last quarter where you'll see any impact from DraftKings. That service has now ceased. It's worth highlighting that DraftKings amounted to approximately 30% of our revenue for this quarter. If we exclude DraftKings from both this year and last year, underlying revenue growth was 22%. Here are the main features of our balance sheet. Still very strong balance sheet, as we've said in recent quarters, but it's getting stronger all the time.

**David Kenyon**
CFO | Kambi Group

Even after the EUR 15 million acquisition of Abios, our cash balance was almost EUR 85 million. Our cash inflow, excluding working capital movements and the acquisition, was almost EUR 12 million. We have a very healthy equity to assets ratio of almost 70%. Lastly, I just wanted to give some updates on the addressable market that we presented in June at the Capital Markets Day. There has been some updates in important markets which were the kind of pillars of those assumptions. On the left there you can see in terms of addressable market. The main changes this quarter have been in Arizona, where we launched on day one of the market regulation in September, in time for the NFL season. We're now live with four operators, Rush Street, Churchill Downs, Penn, and Kindred.

**David Kenyon**
CFO | Kambi Group

Connecticut became the 16th state we launched in when we launched in October with Rush Street Interactive, who won a competitive tender to partner the Connecticut Lottery both online and on property at 15 locations. In New York, we're the lead platform bidder on two consortium bids, with the results of the RFP expected to be announced in December this year. In Canada, legalization of single sports event wagering came into force in August, and Ontario is in the process of opening its market to private operators, and the application process there began in September. As I mentioned earlier, in the Netherlands, regulation started in early October. BetCity has started very strongly in that market, and we have high hopes for other operators to be licensed in due course. With that, I'll hand you back to Kristian.

**Kristian Nylén**
CEO and Co-Founder | Kambi Group

Thank you, David. As we also mentioned during the Capital Markets Day, we will update you around our four key pillars that we have mentioned in the Capital Markets Day. I think we have some really nice updates on all four of them. Firstly, we delivered the Bet Builder for the NFL for American season. I will go through that more in detail, but so far it has been a great success. On the differentiation piece, we have built and launched the Bar Top terminals. I will go through that more in detail later on as well. Again, very pleased with the reception we got for that.



Kristian Nylén

CEO and Co-Founder | Kambi Group

On the power of a network, I think we have increased our AI capability significantly during the quarter. We launched successfully fully automated pricing on some of the lower-tier soccer leagues with much more to come. Finally, on our scalable business model, we kicked off a rollout of the retail launches in Belgian National Lottery. We can do this remotely. During Q3, we launched 40 retail stores, and today we stand about 80 stores in total. Bet Builder for American football, I think this has been one of the key projects for a year, and it has been a fantastic success so far.



Kristian Nylén

CEO and Co-Founder | Kambi Group

We see when we look at the bettors on NFL, more than 40% of the bettors have been engaging with Bet Builder. Roughly 20% of all pre-game bets is on the Bet Builder. Of course, it is much higher margin on this product. One thing we have that is unique in the market is that you can place this multi-game. You don't only have to bet within a game and the correlated bets, but you can also combine it with other bets. You can have, for instance, a baseball match combined with an American football match, which is a great advantage and something that we are quite alone on. Roughly a third of all bet builders is combined with another event. This is a big project.



Kristian Nylén

CEO and Co-Founder | Kambi Group

It started many years ago, with soccer, and now we have rolled it out to American football. With that, I think we are in a position where we can become much more fast with new sports. I think, or I know that during this weekend we will start with the college football, which is giving us yet another edge. I think we are alone on delivering Bet Builders for college football. Later in the year, we will expand on ice hockey as well, to have a great Bet Builder product, timely enough for the launch of the Ontario market, of course. Next year, I think more sports are to come. We're very pleased with this product.



Kristian Nylén

CEO and Co-Founder | Kambi Group

I think Bet Builder is one of the key elements of any future sportsbook. I think it's very, very hard to create a product that is competitive. Most operators are using third-party solutions, whereas ours is fully built in-house. Now we have all the flexibility to keep on developing this. I think in future years you will see us going into Bet Builders in play and creating cash outs on Bet Builders and so on and so on. I think we are in a great position with what we have built so far. Another thing that I talked about before is our Bar Top terminals. I think this has been a request from many of our casino operators especially.



Kristian Nylén

CEO and Co-Founder | Kambi Group

Now during G2E, we exhibited this new Bar Top betting terminal, which I think got great traction, and many existing operators and prospects really liked it. This is very popular in the US market, traditionally used for casino games and especially card games such as poker. As usual, I mean, we taking our online product and adapt it to suit very well in the retail market. We have been innovative before, especially when it comes to bring your own device and so on. Once again, very pleased about being able to deliver something new and great to our current customers and future prospects. Next thing I wanted to talk about is automation of our soccer odds compilation.



Kristian Nylén

CEO and Co-Founder | Kambi Group

This is a product that we have been working on for a while. Of course, there is probably many who will talk about being able to automate their soccer pricing. What we are doing, I would say, is very, very different. We are not looking at the market. This automated soccer compilation, we can actually open any market, and that is what we're doing on more than 1,000 games across 20 leagues during Q3. We can be first on the market, increasing slightly higher turnover on these leagues, and maintaining a very, very strong sportsbook betting margin on these automated leagues. This is obviously something that we will roll out in a much, much further scale.



Kristian Nylén

CEO and Co-Founder | Kambi Group

This is a first test, but I think it's a small step in a direction of a much higher grade of automation in sports betting. Now I would like to talk a little bit about our acquisition of Abios. I would say that esports is something we started many years ago with some pricing. I wouldn't say we have had the strong focus to really become a leader in the field. It's something we have been looking at, and yeah, looking for the right timing to really become stronger in this field. With Abios, I feel we have found a great partner, and I think Abios is a fantastic company.



Kristian Nylén

CEO and Co-Founder | Kambi Group

I really like their leadership and their technology, and I think it's a very good fit of cultures. Really pleased with it. I think when we looked at esports, especially during COVID when most other things disappeared overnight in April last year or even March last year, esports was one of the things that was there. We saw that there is definitely a future for esports. I still think it's a few years away, but I really think this is a great timing to start getting a leadership role in the esports market. During Q3, we also won a few new customer contracts. Island Luck, which is a clear market leader in the Bahamas.



Kristian Nylén

CEO and Co-Founder | Kambi Group

Again, our focus in Americas is paying off, and we're very pleased to add Island Luck and the Bahamian market to our offering. Island Luck is regulated in the Bahamian market and as I said, a clear market leader. BetCity, which we launched on day one in Netherlands and so far as David mentioned, have performed very strongly. At the moment it's actually our only operator in the Dutch market. Very pleased with getting yet another strong brand in the Netherlands market. I think for the future, when we get all the other customers back, we will have a very, very good position in the Dutch market. During Q3, we did a lot of launches with our existing partners.



Kristian Nylén

CEO and Co-Founder | Kambi Group

To start with in Arizona, on day one, we launched with both Penn and Kindred, and shortly after, CDI was also following. Early in Q4, we also got Rush Street joining in Arizona, as David mentioned. For other states, we launched Penn in five new states during the quarter, and we also launched Kindred in Iowa and Parx in Michigan. On property, we did two launches in Pennsylvania and Arizona with two of our partners. As I mentioned earlier, we did 33 retail locations in Belgium with the National Lottery. We have been very, very busy, and I think this is one really strong ability we have to be able to support our partners to launch in so many different markets at the same time.



Kristian Nylén

CEO and Co-Founder | Kambi Group

I think it's a very core strength for us as a company. After Q3, I think the highlight is us launching with Rush Street Interactive and the Connecticut Lottery in Connecticut. Connecticut of course is not the largest state, but Rush Street Interactive is one of only three operators in the state, so it's a very important state still for us to be in. Rush Street Interactive will also have a great advantage. The other two operators only have one retail spot each, whereas RSI will be located with 15 different retail locations in much more urban destinations as well. That is looking very good for us.



Kristian Nylén

CEO and Co-Founder | Kambi Group

As I mentioned, we of course also launched RSI in Arizona, and earlier in the month we went live with Racing and Wagering Western Australia also. We expect Louisiana to be state number 17 in a few weeks, so it is another busy quarter. To summarize the quarter, yes, it is yet another very strong financial performance from us. Revenue up 48%. I think it is worth pointing out again, this is not the greatest quarter when it comes to sporting events. As a comparable to last year, it is quite a tough comparable because last year the sporting calendar in Q3 looked way better than it usually do in Q3 due to the COVID effects. We are very pleased to see that the performance is really holding up on a year-to-year comparable.



Kristian Nylén

CEO and Co-Founder | Kambi Group

As I mentioned, we acquired Abios to become a leading player in the esports field. Other than that, I really think the future is looking bright. Our sales pipeline is very, very strong at the moment. Finally, we initiated a share buyback program today. Thank you. Thank you very much. With that, we can take some questions.



Mia Nordlander

Senior VP of Investor Relations | Kambi Group

Thank you so much, David and Kristian. Now we will have time for some questions. Yeah, my name is Mia Nordlander, and I'm Senior Vice President, Investor Relations at Kambi as well. We start with the audio questions, I think.

Q&A

**Operator**

Thank you. Ladies and gentlemen, if you do wish to ask an audio question, please press zero one on your telephone keypad now. If you wish to withdraw your question, you may do so by pressing zero two to cancel. Our first question comes from the line of Erik Moberg from ABG Sundal Collier. Please go ahead. Your line is now open.

**Erik Moberg**

Equity Research Analyst | ABG Sundal Collier

Hi, guys, and thanks for taking my question. You mentioned the sales pipeline there. What type of potential client is it that you currently are in discussion with? Is it up-and-coming operators that is about to launch an online brand, or is it actors that currently have a sports product that are evaluating new options?

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

Hi, Erik, and thanks for question. Maybe I should repeat the question again. What type of customers do we have in our pipeline? I would say it's a wide variety of customers. I think in U.S., it's mainly operators who are looking to get into a market. I wouldn't say we see a lot of operators at the moment that are currently doing business in sports betting. The same goes a little bit for what we see in Latin America. In Europe, however, I would say it's very different to what we're looking at at the moment, where we see a lot of operators having our solutions or in-house solutions who are looking to change to Kambi at the moment.

**Erik Moberg**

Equity Research Analyst | ABG Sundal Collier

It's quite interesting, they're going to Europe. What type of actors is it? Is it more sort of, do they actually look to source out a certain region, or is it for their complete offerings? What type of actor is it? Is it publicly traded companies or is it more smaller private companies in Europe?

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

I don't want to get into more detail. Yeah, as I said, they are not insignificant and they are definitely companies that would bring a lot to the table for Kambi.

**Erik Moberg**

Equity Research Analyst | ABG Sundal Collier

Understood. Just to follow up on the current pipeline here, I mean, you signed with Fanatics Betting and Gaming. You have agreement for potentially for New York. What's the latest in terms of the application in New York? Do you expect Fanatics Betting and Gaming to expand into other states and become a national player?

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

Yeah. The State of New York, I think we expect to get a final decision somewhere late November, early December. Regarding Fanatics, obviously, we hope that it could extend to more states, but it's nothing I can comment on at the moment.

**Erik Moberg**

Equity Research Analyst | ABG Sundal Collier

Fair enough. If we just look at the European side of the business, obviously Kindred now has ceased its Dutch operation. However, my assessment is at least that Kindred's Dutch operation is a relatively small part of your revenue. How should one think regarding Netherlands going forward? I mean, you have signed with two clients already, where one of them already have entered the market. Do you expect a net effect from this dynamic to be neutral, negative, or positive?

**David Kenyon**

CFO | Kambi Group

Yeah, thanks, Erik. I mentioned in the presentation that, you know, at the moment it's a negative. While we haven't got a full suite of operators there, we're probably looking at EUR 0.4 million-EUR 0.5 million a month down. You know, if all those operators and the new operator, JVH, they all get licensed, then we could be a net positive position. We'll have to see a bit closer to the time with the timing of the licenses and how the market pans out.



Erik Moberg

Equity Research Analyst | ABG Sundal Collier

All right. Fair enough. Looking into 2022 for full year, it could very well be a net positive, in other words.



David Kenyon

CFO | Kambi Group

It really depends on timings in 2022, I'd say, but yeah. Watch this space.



Erik Moberg

Equity Research Analyst | ABG Sundal Collier

All right. Got it. Just one last question here on the U.S. You mentioned there that turnover is flat year-over-year in the U.S., even when we exclude DraftKings within NFL. Do you think that this means that revenues could be up year-over-year, given that you will have higher hold rates and then also better mix impact through take rates?



David Kenyon

CFO | Kambi Group

Sorry, can you repeat? I didn't really catch the drift of the question.



Erik Moberg

Equity Research Analyst | ABG Sundal Collier

Yeah. In the U.S., you mentioned the turnover is flat year-over-year in NFL, even if we exclude DraftKings. Just looking ahead here into Q4, obviously you will have three large months versus one large month in Q3. Do you think that this means that revenues actually could be up year-over-year, given that you will have higher hold rates, sportsbook margin driven, and then also better mix impact through take rates?



David Kenyon

CFO | Kambi Group

I mean, I'd just caution slightly with two things I mentioned earlier. One of course is the Netherlands, that impact, and also then the margin which it has been weak at the start of the quarter, which we'd expect to come back later in the quarter. You know, we've already had best part of a month with a low margin. I don't want to get too much into speculation about how Q4 will pan out really.



Erik Moberg

Equity Research Analyst | ABG Sundal Collier

Understood. That's all for me. Thank you very much, guys.



David Kenyon

CFO | Kambi Group

Thank you.



Kristian Nylén

CEO and Co-Founder | Kambi Group

Thank you.



Operator

Our next question comes from the line of Marlon Värnik from Pareto Securities. Please go ahead. Your line is now open.



Marlon Värnik

Equity Research Gaming Analyst | Pareto Securities

Hi, good morning, Mia, David, and Kristian. Just a question here. I mean, we saw Kindred getting upset this morning for Q4, extraordinarily low sportsbook margin up until twenty-fourth of October. You said that you've seen similar effects, but what can you say about the development on the US market compared to the European market during the start of Q4?

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

I think this has been quite an odd quarter so far in that perspective. I mean, it's quite bad results or player-friendly results, maybe I should say, both in the European soccer and the American football. It's not great at the moment, but as we said before, and I think long term, we expect the margins to, on average, become better. I mean, it is a quarter. It is not very often nowadays where we have poor quarters, but yeah, it can happen now and then. Long term, I'm pretty confident that our sportsbook margin is trending upwards rather than the other way around.

**Marlon Värnik**

Equity Research Gaming Analyst | Pareto Securities

Are you still comfortable that you will achieve the trading margin guidance of 8%-9% here in Q4, given the Q4 start?

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

I would say that our guidance is on future numbers. I mean on every quarter or every month, we expect an average to be 8%-9%. If you have a month-

**Marlon Värnik**

Equity Research Gaming Analyst | Pareto Securities

Mm-hmm

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

In a quarter where it's significantly lower, of course, we would expect us to come in lower on the full quarter.

**Marlon Värnik**

Equity Research Gaming Analyst | Pareto Securities

Perfect. Thank you. You lift the operator trading margin guidance to 8%-9%. Historical average has been 8.5%, so I understand that. Looking forward, I mean, I understand that they play more money lines in the U.S., but they do also play more parlays, and also the Bet Builder products is boosting too. Why don't you expect the sportsbook margin to continue its positive trend and increase from the historical average?

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

Maybe we are a little bit too careful, but I would say that, I mean, we feel that we have enjoyed a few years of great sports betting margins. We hardly have any months where we have seen really poor results. Maybe we are a little bit too cautious. As you say, if you look at the last couple of years, we have averaged quite high numbers already. It's not impossible that we would do a future adjustment even further, but at the moment, I think this is where we believe we should be.

**Marlon Värnik**

Equity Research Gaming Analyst | Pareto Securities

Also, I mean, what's your expectations on the playing patterns in markets such as Latin America and Canada to compare to, for example, Europe?

**Kristian Nylén**

CEO and Co-Founder | Kambi Group

Latin America, I think, we have quite good evidence of Colombia so far, and I think, they are very happy to play quite large parlays. I would expect us to have quite good theoretical margins in Latin America as a whole. Canada, I think is a little bit trickier to evaluate at this point. I mean, single wagers has been not legal for lotteries to offer since they started in Canada at the lottery. I think most of the players, they are very used to use parlays. I think it will be higher theoretical payback in the Canadian market than the US market. It's speculation at this point, I would say.

**Marlon Värnik**

Equity Research Gaming Analyst | Pareto Securities

Perfect. Just the last question here. I mean, if you can give us an update on the Churchill Downs rollout in the United States.

**Mia Nordlander**

Senior VP of Investor Relations | Kambi Group

Do you know the states maybe?



Mia Nordlander

Senior VP of Investor Relations | Kambi Group

I think we're now live in seven states, I think.



David Kenyon

CFO | Kambi Group

Yeah, I think it's accelerating. I mean, they've rebranded to their TwinSpires brand. I think that's really been the cause of an acceleration in the rollout of states. It's one we've definitely got high hopes for looking forward, at least.



Marlon Värnik

Equity Research Gaming Analyst | Pareto Securities

All right. Okay. Thank you all.



Operator

Our next question comes from the line of Viktor Råd from Danske Bank. Please go ahead. Your line is now open.



Viktor Råd

Equity Research Analyst | Danske Bank

Yes. Hi. Sorry, I was a couple of minutes late, so maybe you covered it. Let me know. If so, in the report, you state that PENN is 5%-10% of Q3 revenues, derived from public data. Have you said or have you seen anything indicating the length of the contract? You signed them in the middle of 2019. My assumption is that 2023 could be covered, and you've only said it's a long-term contract. Could you help us add some color on the length of it, if you haven't already?



Kristian Nylén

CEO and Co-Founder | Kambi Group

I mean, I don't want to comment on the relationship between us and Penn. I can tell you this much, Penn themselves commented on what they expected to move away from Kambi earliest for a football season in 2023. That's more than one and a half years away. If that will hold up or not, I don't want to comment on. I can't give you more light on the contract situation.



Viktor Råd

Equity Research Analyst | Danske Bank

Okay. We might. We'll see, but maybe it's a situation where with the DraftKings situation where you get compensated or revenues even if they move earlier. Let's see. On Netherlands, just checking, the EUR 0.4 million-EUR 0.5 million, was that on sales or EBIT?



David Kenyon

CFO | Kambi Group

That's on EBIT.



Viktor Råd

Equity Research Analyst | Danske Bank

Effect currently?



David Kenyon

CFO | Kambi Group

Yeah, EBIT. They're very similar.



Viktor Råd

Equity Research Analyst | Danske Bank

Per month.



David Kenyon

CFO | Kambi Group

To be honest. It's on EBIT.



Viktor Råd

Equity Research Analyst | Danske Bank

On a monthly or quarterly basis?

**David Kenyon**
CFO | Kambi Group

It's on a monthly basis.

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

Monthly, okay. Thank you. Just the Latin American opportunity that you talked a bit about on the CMD, could you help us update on what to expect there in terms of potential timing?

**Kristian Nylén**
CEO and Co-Founder | Kambi Group

I think we see Argentina moving slowly towards more and more regulation. I hope the timing there is in the coming months, to be honest. Brazil, I don't really have any new update. We still hope that it will happen in 2022, but I don't really have any new updates since the Capital Markets Day.

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

Okay. Thank you very much.

**Operator**

Thank you. We currently have no further audio questions. I'll hand back for any other questions.

**Mia Nordlander**
Senior VP of Investor Relations | Kambi Group

Okay, great. We have actually got some on the web here. I think I'm gonna start with you, David. You presented strong financial performance even compared to tough comparables due to busy sporting calendar last year. What were the key drivers behind this?

**David Kenyon**
CFO | Kambi Group

Yeah. I'd say we've really seen the fruits of our regulatory and sales efforts over the last years. We've launched into new states in the U.S., so a whole number since Q3 last year. We've got Arkansas, Arizona, where I mentioned that was in September, Michigan online, Virginia, Tennessee. That's five. We've also launched in Argentina, Kristian mentioned, so parts of Argentina have regulated since then. We've launched with new customers, so from the sales efforts, Belgian National Lottery, Casino Magic, BetWarrior, and Nexus in Peru. Then we've seen growth from our existing operators. I think across the board, it's regulatory, it's sales, and it's performance that's driving growth of the operators.

**Mia Nordlander**
Senior VP of Investor Relations | Kambi Group

Great. Thank you, David. One for you, Kristian. Can you please comment on Kindred's poison pills ending 2023? Please elaborate on the long-term strategy regarding this matter.

**Kristian Nylén**
CEO and Co-Founder | Kambi Group

I can't really comment very much on it. I think the only thing we have stated is in the notes of older EGM and AGM. So you have to look there. I can't really elaborate on the status more on that.

**Mia Nordlander**
Senior VP of Investor Relations | Kambi Group

David, one for you here. Regarding Connecticut, how will you deal with Mohegan FanDuel work going forward? Can you give some flavor around that?

**David Kenyon**
CFO | Kambi Group

Yeah, sure. We actually struck an amendment agreement with Mohegan Sun to allow them to pursue their FanDuel opportunity. What it meant for us was that we'd actually recognized the revenues, the anticipated revenues from the deal. Over the term of the contract, they'll pay us the revenues we would have earned anyway, but it frees them up to do their thing with FanDuel. Another thing that's definitely worth mentioning then that we're working with Rush Street in Connecticut, so we almost have two revenue sources in that one state. Yeah, we're very happy with the position with Rush Street and their work with the Connecticut Lottery going forward.

**Mia Nordlander**
Senior VP of Investor Relations | Kambi Group

Thank you. Another one for you, Kristian. SBTech built a product over 10 years, and DraftKings then spent several hundred million improving it. Just for recent SB, Sportsbook margin in the U.S., they are quickly losing market share after migrating away from Kambi. With that in mind, how can Penn be comfortable doing it?

**Kristian Nylén**
CEO and Co-Founder | Kambi Group

I think that is clearly a question for PENN rather than me. I can't really speculate. I said it before, I think what we are doing is highly complex. It's not very easy to replicate. Many have tried in Europe, and failed before. Yeah, starting from scratch and getting something up and running in a couple of years' time, I think yeah, it's a tough task.

**Mia Nordlander**
Senior VP of Investor Relations | Kambi Group

We have time for a few more questions, I think. Another one for you, Kristian. Is there a reason JVH Gaming is not live in the Netherlands? When do you expect them to get the license? Or do you expect them to get the license soon?

**Kristian Nylén**
CEO and Co-Founder | Kambi Group

I would assume there is a reason. I don't know what. I hope and expect them to get the license as soon as we give out more licenses and hopefully sooner rather than later.

**Mia Nordlander**
Senior VP of Investor Relations | Kambi Group

Another one for you, Kristian. Usually, a low hold rate happens in conjunction with higher turnover. Does that relationship still holds in Q4? Any comment on what your thoughts are for quarter and quarter turnover growth?

**Kristian Nylén**
CEO and Co-Founder | Kambi Group

Yeah. That always holds true, I would say. It's quite simple. I mean, if players winning, they tend to spend more of their winnings on betting. That definitely holds true. It is a tricky comparable this year as well compared to last year. Taking out DraftKings because that obviously you have to do when you're looking at it, I'm quite confident we should beat the turnover compared to last year.

**Mia Nordlander**
Senior VP of Investor Relations | Kambi Group

Okay. I think that was the question we had time for today. Thank you both David and Kristian for presenting today, and we look forward to be here back again for the Q4 results eleventh of February next year. Thank you very much and have a good day.

**David Kenyon**
CFO | Kambi Group

Thank you.