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Kambi Group Plc (KAMBI.SE)

Q4 2020 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Kambi Group Q4 Report 2020. Throughout the call, all participants will be in a listen-only mode, and afterwards there will be a question-and-answer session. Just to remind you, this conference call is being recorded.

Today, I'm pleased to present Kristian Nylén, CEO; and David Kenyon, CFO. Please begin your meeting.

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

Good morning and welcome to Kambi's fourth quarter results presentation. I am Kristian Nylén, Chief Executive, and joining me is our CFO, David Kenyon. Please turn to slide 2. I will begin with a brief overview of what was another record quarter. After which, David will take you through our financial performance. I will then speak about the quarter in a little bit more depth and give you a few updates from the year so far.

But first, on slide 3, let me give you a brief introduction to Kambi. Kambi is the industry's trusted and independent sports betting supplier. Our multichannel service is managed through an in-house developed platform which has been continuously developed [indiscernible] (00:01:17). The platform, together with more than 850 skilled staff, forms the foundation of our service.

The Kambi sportsbook consists of multiple elements, from front-end user interface and open APIs, through to odds compiling, customer intelligence and risk management, enabling our customers to offer their players a tailored and leading sportsbook experience from day one.

On to slide 4, Kambi's business is built up on a revenue share model, with our growth linked to our partners' success. The foundation of our strategy is based on scalability. At no additional cost to our partners, Kambi continuously invest in product, people and technology to maintain market leadership.

We operate an experienced in-house training and risk management team to optimize operator trading margin, and our business is underpinned by our corporate probity and integrity and we have successfully obtained all licenses we have applied for. All of these combined enable us to offer our partners the flexibility and the scalability required to succeed in today's highly regulated and available market.

Our technology has been structured in a way that enables Kambi and its partners to quickly and efficiently comply with regulatory requirements, removing a major barrier to market and allowing them to enter new markets as and when they require.

Kambi is a trusted partner to more than 4 – 30 operators across six continents, including some of the most recognizable and successful brand in the industry. Together, they create a powerful network of operators which combine to generate powerful data insights that we use to inform and continuously iterate our product and services.

Let's look at the Q4 highlights on slide 5. Q4 was another record quarter for Kambi which, when you think of the challenging year it has been and the situation we found ourselves in during Q1 and Q2, it's been an amazing turnaround. Q4 operator turnover is up 77% and revenue is up 66% – 76% year-on-year, helping us to finish the year on a high.

Our operating margin of 47% illustrates the scalability of our business model. We strengthened the partner network with two new partnerships; firstly, the Belgian National Lottery followed by JVH Gaming and Entertainment, a leading operator in the regulating Dutch market. We also continued our US expansion, highlighted by the launch in Tennessee on day one of the market going live.

For now, I hand over to David who will talk you through the financial highlights, turning to slide 6.

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Thanks, Kristian. Good morning, everyone. In Q4, we had revenue of €46.9 million, up 76% on last year. For the full year, revenue was €117.7 million, up 28% on last year. Operating costs for the quarter were €24.7 million, giving an operating profit of €22.2 million at a margin of 47%. As for the full year, we made an operating profit of €32.2 million at 27%.

Let's look at the income in more detail, turning to slide 7. This slide sets out Kambi turnover index. The graph shows the aggregated results that Kambi's operators. The turnover is the total stakes placed with the operators by their end users. In Q4, operator turnover was up by 77% on Q4 last year, reflecting the growth of the markets in various US states such as Pennsylvania, New Jersey and Indiana, the opening up of new states in the last year such as Illinois, Colorado, and Tennessee, and the busy sporting calendar.

This included a full quarter of activity in the NFL, all the main European soccer leagues, and the Champions League. The margin represents the combined trading margin made by the operators. In Q4, this margin was 9.4%. This was significantly higher than normal and was driven by double-digit margins in both American football and soccer.

We can see the split of operator GGR by region on slide 8. Q4 saw rapid growth in operator GGR in the Americas region, up 265% on last year to now represent 58% of the total. We also saw major growth in the European part of the business, with operator GGR up 51% on the same quarter last year.

We can see the conversion from the movements in operator turnover to our revenue on slide 9. Operator turnover post foreign exchange impact was up by 77% compared to Q4 2019, a higher operator trading margin of 9.4% compared to 7.4% last year, so the increase in operator GGR was 126%. In the other column, we see the marked effects from the rapid growth in operator NGR in terms of decreasing the effective commission rates charged to our operators due to the tiered structures in many contracts. The net effect is that revenue for Q4 2020 is up by 76% on Q4 last year to €46.9 million.

Let's turn to the full income statement on slide 10. Operating expenses for the fourth quarter were €24.7 million, up from €20.5 million in Q4 last year. This is higher than the guidance previously provided due to additional social security costs in relation to the share options programs as these are directly driven by movements in the share price. Looking ahead to Q1, we anticipate cost will decrease to €23.5 million to €24.5 million. For the full-year 2021, we expect costs to be in the range of €100 million to €105 million.

The operating profit for Q4 was €22.2 million, up from €6.2 million in Q4 last year; and €32.2 million for the full year, up from €14.7 million. The results this quarter truly demonstrate the scalability in the business model, while costs grow in a controlled manner. As we continue to build out the company's product capabilities and commercial reach, the large majority of the cost base is not directly impacted by an increase in revenue. So, when revenues go up, as we saw to such a great extent here in Q4, the inherent operating leverage results in increased profitability. The profit after tax for Q4 was €17.3 million, up from €4.6 million; and €24.1 million for the full year, up from €10.4 million.

Now, let's look at the cash flow on slide 11. On this slide are the major components which impacted our cash position during the quarter. Our opening cash balance was €45.9 million. The significant cash inflow from our operating profit was partially offset by negative cash movement in our working capital. Trade receivables increased in the quarter, predominantly due to a much higher level of invoiced amounts in the months preceding the quarter end compared to in Q3.

Capitalized development costs in the quarter were €4.7 million whilst the amortization charge on previously capitalized costs was €3.3 million. The net cash inflow for the quarter was €15 million and our closing cash balance, €60.8 million.

In summary, our financial performance reached record levels of revenue in Q4 and the company's operating leverage delivered a significant increase in profitability. So, now, let me pass it back to Kristian, turning to slide 12.

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

Thanks, David. Before we look at Q4, I wanted to begin with an overview of 2020 which was, of course, a unique year for many reasons. The pandemic had a major impact on our business and the industry as a whole. For a period, the sporting calendar was very light and we had to quickly adapt. I am proud not only for how we handled the situation when it [ph] was happening (00:11:07) to us, but also how well prepared we were for the return of sports, often at short notice.

Our strong financial position enables us to take a long-term view of the situation, enabling us to have the skills and resources in place to ramp up when necessary. We were also able to demonstrate the scalability we possess within our business model. Not only did we post a record financial performance despite major disruption in Q1 and Q2, we also did it with a fantastic operating margin during the second half of the year.

We continue to expand across the globe, signing four new partners including Churchill Downs and entering six new regulated jurisdiction with market first launches in the US states of Michigan, Colorado, Illinois and Tennessee, underlying our compliance capability and the speed to market. With the partners we have added this quarter, we have successfully signed partners in four different continents in the space of three quarters despite the travel restrictions caused by the pandemic.

In total, throughout the year, we completed more than 50 partner launches across online and retail, a monumental effort which highlights our operational excellence. All in all, while it was, at times, a difficult year, we continued to deliver for our partners and finished the year in a much stronger position than we had started.

Turning to slide 13, now, to the Q4 highlights, which included two new partner wins. While we touched on the win of Belgian National Lottery in our Q3 report, in December, we also added a partnership with JVH Gaming & Entertainment, which is the largest private casino operator in the Netherlands, a market which is on track to regulate later this year. When taken together with Belgian National Lottery, [ph] it shows there (00:13:32) remains good opportunities available in Europe. We look forward to launching with both partners later in the year.

Turning to slide 14, Q4 saw us continue our US expansion. Tennessee became the 12th US state we entered, launching on the first day of the online market, once again illustrating our ability to get partners to market ahead of competition. We also supported the launch of RSI's BetRivers spend into the online Iowa market. Recently, the regulatory in Iowa changed the regulation regarding new account signups, enabling bettors to sign up remotely rather than having to open an account in person, as was previously the case. Early reports showed this change will assist the growth of this market. In terms of retail launches, we launched three new properties, one with Parx in Michigan and two with Churchill Downs, both in Mississippi.

Moving to slide 15. Following the turn of the year, we added another two partners to our network. The first was Racing & Wagering Western Australia. It's a state-run racing authority in Western Australia. It currently operates a sportsbook through its TABtouch brand and will be changing its technology partner to Kambi. As we have seen with the success of ATG, there is great cross-sell opportunity with horseracing bettors and the high-quality sportsbook products.

Elsewhere, we signed a partnership with Casino Magic, an Argentinean casino operator with a strong position in the province of Neuquén. Argentina is currently regulating sports betting on a province-by-province basis. With Neuquén already regulated, we hope to launch a Casino Magic sportsbook later this quarter. The partnership with Casino Magic builds on the early success in the promising LatAm region, and we look forward to further regulation, providing us with opportunities to expand.

Turning to slide 16. In January, we completed a number of partner launches. In Michigan, we supported the simultaneous launches of four partners in the online Michigan market. Having already taken the first retail bet in the state in 2020, we were delighted to also process the first legal online bet in the state. The early signs for the Michigan market have been promising and we look forward to seeing how this market grows in time.

Meanwhile, we also added the 13th US state when launching online in Virginia with two partners. The timing of a market go-live came as a surprise to most, being earlier than anticipated. However, our regulatory and compliance teams were able to quickly complete the necessary compliance checks to enable us to launch within 48 hours.

In terms of retail launches, so far in Q1, we have supported Churchill Downs with two sportsbook launches: one in Indiana and the other in Pennsylvania. I should also highlight 888 who, in January, completed the migration of its

UK and dot.com players to its in-house platform. As previously communicated, [indiscernible] (00:17:32) historically contribute more than half of 888's revenues.

Turning to slide 17. The most recent update from Q1 is the Super Bowl, which took place last Sunday. Although we set new records for bets placed and volumes [ph] seen (00:17:54) on anything in-game, we unfortunately experienced some intermittent bet placement issues across approximately 85 minutes shortly before the game, which we are very disappointed by.

The problem was not the result of a high volumes or any systematic issues. As you can see from the graph, which details peak bets per minute for Super Bowl Sunday this year and last, we successfully handled high volumes throughout the day and volumes well in excess of the 2020 one. Furthermore, our in-play volumes were consistently and comfortably ahead of the peak in 2020 with no issues whatsoever.

The issue we experienced prior to kickoff was related to one particular bet offer for which we increased the number of possible outcomes especially for the Super Bowl. This bet offer was the third most popular offer on the day and due to the extended number of outcomes, required extra technical capacity as part of our bet validation process.

Unfortunately, this additional capacity caused a backlog and slowed allocation has stopped the bet validation process for all bets, with the impact first felt just after 5:00 PM Eastern Time. We're able to apply a short-term fix to alleviate the situation temporarily with the permanent fix applied roughly seven to eight minutes before kickoff. During this 85-minute period, we were unable to process bets for a total of [ph] 30 minutes (00:19:47), with 22 minutes being the longest continued period where no bets would be placed. In between these moments of disruption, we were able to process a high volume of bets. And in the timeframe just before kickoff, we were able to process the highest volumes of all time.

I can assure you the issue was not related to overall bet volume. And having quickly identified the root cause, we are certain we would not suffer the same issue if Super Bowl was played again today. We are taking pride in providing high technical stability and suffering such an issue just before Super Bowl is very disappointing. We have very high standards and this is something we will and have long term.

Moving to slide 18. In recent years, Kambi has grown at a rapid pace, so much so in Q4, more than 3 million unique accounts were active on Kambi's sportsbook. These large numbers [ph] then (00:21:05) creates value to the Kambi network, which now consists of more than 30 partners worldwide. The Kambi network aggregates processes and analysis, an extraordinary amount of data produced by our large global player base, from which we derive powerful insights.

As the network grows, either organically or through the addition of new partners, the value of data increases from which every partner benefits. As an example, the bets [ph] struck (00:21:42) in one part of the world could provide valuable information, which then causes us to move the price, thereby, benefiting all partners throughout the world who benefit from that price change, protecting margin. Sports betting is a data-driven enterprise. The more data you have, the better you are able to analyze and optimize your product. In simple terms, the Kambi network is greater than the sum of its parts.

And finally, to slide 19. To summarize, Q4 was a fantastic quarter for Kambi, as we ended the year on a high. We posted record operator turnover and revenue, while also demonstrating the scalability of our business model with strong operating margin. Although we're not halfway through Q1, momentum has continued into the new year and we feel well-positioned to make the most on a position of strength we find ourselves in.

I will now pass over to the operator for questions. Thank you.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] The first question comes from Viktor Högberg from Danske Bank. Please go ahead. Your line is open.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Yeah. Good morning. So I had some connection issues, maybe you talked about it, but could you talk a bit about the turnover – the composition of the turnover index in Q4 between the months? Do you see an increase every month or what did you see there?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Hi, Viktor. So, the turnover, it's quite similar between the different months. I guess the highest was in November, I think, and that's very, yeah, normal, I would say. In December, you have a little bit less activity due to the Christmas period. So, yeah, it's very common for Q4 to be very similar month by month, I would say.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. And in connection with the trading update in beginning of January, in Swedish media, you were quoted to saying that Q1 should end up at Q4 levels or something like that. I would assume that it's regarding the turnover in op revenues because of the Q4 margin. But was that comment including or excluding the effect of 888 rolling off now in January? And so, was the comment on the underlying performance or the total reported, just so we don't misinterpret your comments?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

I mean, it's a little bit hard to know exactly because, yeah, it depends a little bit on the activity [indiscernible] (00:24:51). But what we have seen so far, it's very likely that we will end up in similar numbers to Q4 [indiscernible] (00:25:05) you're correct. What I commented earlier in the year was definitely on turnover.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. And if we would end up at similar levels that is the total level, not the underlying level you're pointing to now?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

The total level, yes.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. And on Super Bowl, I might have missed it, but your expectations, with the [ph] e-tech (00:25:33) issues included, so the volumes in relation to your expectations, were they in line or above or below in terms of turnover?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Slightly below and that is very much dependent on the disruption we had 85 minutes before kickoff. But it's quite marginally different to our expectations actually.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. And speaking of expectations, we're getting closer now to the summer. I haven't seen any comments or things pointing either way or the other. But what would you say the chances of the Euros this year or the risk of it not happening? Do you see that as a risk or how would you think about this summer's activities with the Olympics, especially the soccer tournaments?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

As you said, it has been very little said about it, especially the Euros. Actually, I think Olympics, there has been some rumors that they are going to cancelling it. But the latest thing that we'll try to do, go through with Olympics. But it's obviously – yeah, cancelling the Euro, I haven't heard anything, which makes me believe that it will happen. But the construction of a tournament, I mean, that is an issue in itself. If it had been Euro played in one country, as it has been historically, I would not be worried at all. But the fact that they are planning to play it in, I think, 12 different countries makes me a little bit more nervous for [indiscernible] (00:27:41).

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. And you haven't seen anything that will point to them consolidate in Q2 smaller number of countries?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

No, [ph] it was more (00:27:52) I've talked about it nine months ago. But I haven't heard anything, really, about it for a long time now. So, no signs.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

And in terms of 2021, you're guiding for OpEx, €100 million to €105 million. How should we think about it throughout the year? Do you expect the OpEx to decrease somewhat in Q4 when DraftKings drops off or should we expect a slight increase quarter-over-quarter throughout the quarters in 2021 or how would it look over the year?

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

A

I think – hi, Viktor. I think more accounts on kind of a fairly steady increase as we build out the product capabilities and the geographical reach. It's rather – what we always say, it's not really linked to the amount of revenue, so

losing one customer won't directly impact the cost base as such. So, more accounts on a fairly steady growth of OpEx during the year.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. And in terms of New York, I know you had some takes on it in the report. But what is your best guess now with everything happening, with the government leaning towards favoring our monopoly model and then some lawmakers wanting to have a multi-operating model? What is your best guess? What is happening? What's your take on New York and the prospects of you being in that as well?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

It's really hard to have a guess. If I were a gambling man, I would say that I would bet on it being a several operators, and I will guess that they will push with the license fee and tax rates on.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. Makes sense. In terms of Germany, how large is that market for you? I think it's single digits, but how many or is it high-single digits or mid-single digits? And do you see some kind of headwinds there? Or what do you see in terms of the German market the past couple of weeks?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Yeah. It's not a very big market at all for us at the moment. So, I would say that, for us, the regulation would probably be very positive because I think you would see some new entrants to the market and some of the customers we are having probably being more active in Germany.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. Last question from me before I let someone else online. Latin America, you have some comments on it in the report as well. What do you expect in terms of revenues? When could we see material revenues from Brazil or Argentina or countries in South America? Is it already this year or will it be 2022 and 2023, more tangible effects on the P&L?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

I mean, first of all, I will say that it already has a tangible effect on the P&L, thanks to Colombia. I think there is a chance that you will see a nice growth in Argentina quickly, but that has to be combined with the regulations in the city and the province of Buenos Aires, which is a material part of Argentina. Brazil, a little bit tougher to guess when it will happen. But, obviously, Brazil is a massive country, so if this were to happen, that is where the big effect could come.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Q

Okay. Great. Thank you very much.

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Thank you.

Operator: Thank you. The next question comes from Marlon Värnik from Pareto Securities. Please go ahead. Your line is open.

Marlon Värnik

Analyst, Pareto Securities AB

Q

Good morning, Kristian and David. First, a question on 888. In mid-January, 888 said to continue with Kambi globally. Can you comment a bit here? What is the timeline with 888 going forward and what markets will 888 stay with you more longer term?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Yeah. So, the markets that we are still [indiscernible] (00:32:49) is the regulated markets in Spain, Denmark, Romania, Italy and the US. I can't comment on the length of that, but as we've commentated when – yeah, roughly a year ago, that is, yeah, for midterm [ph] I believe (00:33:12).

Marlon Värnik

Analyst, Pareto Securities AB

Q

Thank you. And a question on the DraftKings new contracts. DraftKings is now using Kambi in Michigan and Virginia, what can you say about those contracts outside the eight state agreements you earlier had with DraftKings? If you can say something the contract lengths and also if they differ some – significantly in terms of terms with other DraftKings contracts.

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Yeah. It's the same contract. That was already in the contract, the multistate deal, so [ph] it's still (00:33:49) various new terms due to Michigan and Virginia.

Marlon Värnik

Analyst, Pareto Securities AB

Q

So, it's short-term contracts through September, end of September 2021, is it correct?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Correct.

Marlon Värnik

Analyst, Pareto Securities AB

Q

And what is the reason why you have not taken the opportunity to be in more hardball with DraftKings in those [ph] kind of (00:34:09) state?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

Yeah. As I said, we had a contract.

A

Marlon Värnik

Analyst, Pareto Securities AB

Okay. Also, question on the – on your cash position. How should we view your cash positions going forward and what opportunities does that give you?

Q

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Hi, Marlon. Yeah, it's – I mean, I think the first thing to say is obviously during Q1 and Q2 last year, we were extremely reassured by having such a strong balance sheet and a high cash position, so we've – a reflection on – based on that period of the pandemic and the impact from the sporting calendars, we really appreciate having this security. The second point, so for our existing and future partners, also that security gives them security enough. So, the key reason why we've always looked to have a strong balance sheet and a high cash position, but we do appreciate that that balance sheet's getting quite high now.

A

But, right now, we're just happy to have this strong balance sheet and we'll keep looking into how we can best use it going forward.

Marlon Värnik

Analyst, Pareto Securities AB

Okay. Thank you very much.

Q

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Thank you.

A

Operator: Thank you. [Operator Instructions] The next question comes from Hjalmar Ahlberg from Kepler Cheuvreux. Please go ahead. Your line is open.

Hjalmar Ahlberg

Analyst, Kepler Cheuvreux SA (Sweden)

Thank you. First off, a question on your new client [ph] agreement with (00:35:48), JVH, Belgian Lottery and the Australian client there, could you give any indication of what your hopes or what the potential of these clients could be or is that very difficult to say?

Q

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

It's quite difficult to say. I think all of them – I mean, yeah, if you take the Australian customer first, they already have – a existing database. It's a quite small part of Australia we are operating in, of course, but that should generate some decent revenues directly.

A

Belgian Lottery, I think we are going from a very poor sports betting product to a strong one, so there is a good potential, but it's too early to say what will happen there. And JVH, of course, I mean, have a very strong branding in the Dutch market, but starting from scratch with sports betting, so very hard to say.

Hjalmar Ahlberg

Analyst, Kepler Cheuvreux SA (Sweden)

Q

Okay. Thanks. And then just a question, general, overall client mix. I know we have the DraftKings contract ending in September. Could you just talk a bit in general about client mix and then how big are your larger clients? I know you have said this in the Annual Report, but if you could give some flavor on that and then what kind of growth rate you expect – I mean, the US, for example, do you expect, the actual mix between your clients there. I guess DraftKings is big now, but you have Penn there and also some others, if you can just add some info there.

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Yeah. I'm not sure if you lose a large customer that the mix becomes better. But, yeah, it will probably be less heavy on one customer in US, for sure. Having said that, I mean, Penn and Barstool, I mean, they have shown very, very strong numbers early on, so I think there is, yeah, quite a good potential of Penn taking a very, very strong position in the US as well. But we have other really strong brands. Rush Street has been very impressive in the US so far. And of course, we [ph] will bet (00:38:38) a lot on Churchill as well. So, it will definitely be more even mix without DraftKings. I'm not so sure [indiscernible] (00:38:49).

Hjalmar Ahlberg

Analyst, Kepler Cheuvreux SA (Sweden)

Q

Got it. Thanks. And just a general question on – I mean, you're getting a bigger client base now. How do you – how do they view, I mean, the product differentiation? Do you think they feel that they can have a product that differs from the competitors? And then, can you add more here, or how does that look now, if you understand the question.

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

A

Yeah. I think, more or less, all our operators are not utilizing the tools we have to the full extent. So, all operators can do more if they want to differentiate, especially on the front-end side. But we have also given more and more opportunities to differentiate on price. Having said that, there is limited amount you can differentiate on price, where we do it in-house or with a supplier since it's a market and you can't create arbitrage. But we have good flexibility on the pricing side, I would say, now.

On the, say, [indiscernible] (00:40:15), yeah, promotion side, I also think we have – give operators good opportunities to design their promotions. So, I will say that compared to most technologies you can pick from, even with in-house, you probably have better possibilities with Kambi than most of the technologies. Of course, if you have one of the best technologies in-house, you get an edge, but it's a very, very hard proposition to get to.

Hjalmar Ahlberg

Analyst, Kepler Cheuvreux SA (Sweden)

Q

Okay. Yeah, sounds good. That was all for me. Thank you.

Operator: Thank you. There appears to be no further questions. I will turn the conference back to you.

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

Okay. Thank you for your questions and for listening in. We look forward to updating you on the 28th of April when we publish our first quarter report for 2021. Thank you very much.

Operator: Thank you. This does conclude today's conference call. Thank you, all, for attending. You may now disconnect your lines.

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