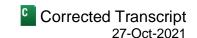


27-Oct-2021

Kambi Group Plc (KAMBI.SE)

Q3 2021 Earnings Call



CORPORATE PARTICIPANTS

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Mia Nordlander

Senior Vice President-Investor Relation, Kambi Group Plc

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Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

MANAGEMENT DISCUSSION SECTION

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

Good morning and welcome to the Third Quarter Presentation. I am Kristian Nylén; and joining me is our CFO, David Kenyon.

So, I will first give you a brief overview of the third quarter, and then David will come in and talk about the financial performance. And then I'm coming back and talk a little bit more in depth about the third quarter.

So, to the highlights, I think we had a great third quarter, a very strong performance with €41.6 million in revenue, which is a 48% uplift on last year. For a full 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.

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. And, of course, I will talk more about that later. Finally, during the quarter, we launched in two new states, Arizona, which was our 15 states. And just after the quarter, we also launched in Connecticut, which I will talk more about later.

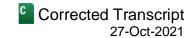
But for now, I hand over to David and I'll come back later. Thanks.

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Thank you, Kristian. Good morning, everyone. My name is David Kenyon, CFO of Kambi Group.

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I want to start with the financial highlights for the quarter. So, revenue was €41.6 million, up from €28.1 million in Q3 last year. That's a 48% increase. Operating profit was €14.7 million, up from €6.5 million, and operating margin was 35%, up from 23% last year as our business model continue to demonstrate its scalability.

I want to talk through a few of the key events that are impacting the finances also this quarter. There's been quite a few. So, firstly, the acquisition of Abios, which we completed in September. They were data content, odds, and visualization services provider to industry operators and technology companies and the leading B2B esports supplier. We paid approximately €15 million upfront for the acquisition and there's around €12 million as a potential earnout still to come in the coming years. And we used our strong balance sheet to finance the cash acquisition.

Secondly, the Netherlands, new regulations start 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 getting licenses in the first half of next year. And we also have to mention JVH who we did sign before regulation started who 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 €0.4 million to €0.5 million per month on our EBIT. 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 Group. This doesn't impact our current contractual agreement, but I really want to just highlight that based on the official data in the US, Penn National Gaming, they represent around 5% to 10% of our revenue this quarter.

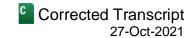
And lastly, I'm really pleased to mention the share buyback program that we initiated today. It's a €12 million buyback program. Over the last years, strong performance has really contributed to strong cash generation. And that's put us in a position to be able to start this buyback program. So, that will happen in the coming weeks.

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 index, it started at 100 when we first listed, and it's indexed versus that. You can say it has fallen significantly to 575 (sic) [573] (00:05:07). It is severely impacted of course by the migration of DraftKings. So, 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 to 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. 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. So, that's worth highlighting this quarter. The margin was 9%, obviously relatively strong compared to where we've been in recent quarters. But we do know the comments of one of our operators, Kindred, this morning around the weak sports betting margin at the start of Q4. And that is also true for us. The results at the start of the month have indeed been – have seen many favorites winning. But as we always stress, when we talk about operator trading margin, whether it's weak or it's strong, it's really only a short-term impact and it's nothing that affects the long-term of the business.

And indeed, on the topic of margin, actually in our report today we've raised our long-term guidance on margin to 8% to 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.

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This graph is the conversion of our operator turnover growth to our revenue growth. And I have to again flag that this quarter is 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 then, 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.

In the other column, pretty much a one-off, is the impact, the positive impact of the fees we charge to DraftKings in lieu of the service going through our books. So, post migration, we still saw revenues from DraftKings in Q3, and that significantly impacted our revenue here in the other column. And that took overall revenue up by 48%. This is the last quarter where you'll see an 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. So, even after the €15 million acquisition of Abios, our cash balance was almost €85 million. Our cash inflow, excluding working capital movements and the acquisition, was almost €12 million. And 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's 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. So, 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. And we're now live with four operators: Rush Street, Churchill Downs, Penn, and Kindred.

Connecticut became the 16th state we launched in. When we launched in October with Rush Street Interactive, we won a competitive tender to partner with 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. And as I mentioned earlier, in the Netherlands, regulation started in early October. That city 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

Chief Executive Officer, Kambi Group Plc

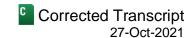
Thank you, David.

So, yeah, as we also mentioned during the Capital Markets Day we will update you around our four key pillars that we have, yeah, mentioned in the Capital Markets Day. And I think we have some really nice updates on all four of them.

Firstly, we delivered the Bet Builder for NFL for American season. I will go through that more in detail. But so far, it has been a great success.



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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. But, again, very pleased with the reception we got from that.

On the power of the network, I think we have increased our AI capabilities significantly during the quarter. And we launched successfully fully-automated pricing on some of a lower-tier soccer leagues. We have much more to come.

And finally, on our scalable business model, we kicked off the rollout of the retail launches in Belgian National Lottery, and we can do this remotely. And during Q3, we launched 30 retail stores. And today we stand about 80 stores in total.

So, Bet Builder for American football, I think this has been one of the key projects for the year and it has been a fantastic success so far. When we look at the bettors on NFL, more than 40% of the bettors have been engaging with Bet Builder. And there are roughly 20% of all pre-game bets is on the Bet Builder. And, of course, it is much higher margin on this product.

One thing we have that is unique in the market is that you can play with multi-game. So, you don't only have to bet within a game and the correlated bets, but you can also combine it with other bets. So, 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. And roughly a third [ph] of our Bet Builder (00:12:42) is combined in other event.

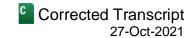
This is a big project. It started many years ago with soccer. And now, we have rolled it out to American football. And with that, I think we are in a position where we can become much, much more fast with new sports. And I think or I know that during this weekend, we will start with the college football, which is giving us yet another edge. And I think we are alone on delivering Bet Builder for college football. And 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 Ontario market of course. And next year, I think more sports are to come.

So, we're very pleased with this product. 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. And now, we have all the flexibility to keep on developing this. And I think, in future years, you will see us going into Bet Builder in play and creating cash-outs on Bet Builder and so on and so on. So, 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 been a request from many of our casino operators especially. And 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. And, as usual, I mean, we're taking our online product and adapt it to suit very, very well in the retail market. We have been innovative before, especially when it comes to Bring-Your-Own-Device and so on. So, 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. 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 the various soccer pricing.

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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. So, we can be first on the market, increasing slightly higher turnover on these leagues, and maintaining a very, very strong sports betting margin on these automated leagues. This is obviously something that we will roll out in a much, much further scale. This is our first test. But I think it's a small step in the direction of a much, much higher grade of automation in sports betting.

Now, I would like to talk a little bit about our acquisition of Abios. I will say that esports is something we started many years ago [ph] with some (00:17:26) pricing. I wouldn't say we have had strong focus to really become a leader in the field, but 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. I really like their leadership and their technology, and I think it's a very, very good fit of cultures. So, really pleased with it. I think when we look at esports, especially during COVID, when most [ph] other things (00:18:18) disappeared overnight in April last year or even March last year, esports was one of the things that was there. And 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 Bahamas. 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.

And then BetCity, which we launched on day one in Netherlands. And so far, as David mentioned, have performed very strongly. Yeah, at the moment, it's actually our only operator in the Dutch market. So, very pleased we're getting yet another strong brand in the Netherlands market. And I think for the future, when we get all of our customers back, we will have a very, very good position in the Dutch market.

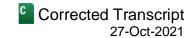
During Q3, we did a lot of launches with our existing partners. To start within in Arizona, on day one we launched with both Penn and Kindred, and shortly after, CDI was also following. And early in Q4, we also got the Rush Street joining in Arizona, as David mentioned.

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. And as I mentioned earlier, we did 33 retail locations in Belgium with Belgian Lottery.

So, 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. And 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 and with Connecticut Lottery in Connecticut. Connecticut, of course, is not the largest state, but Rush Street is one of only three operators in the state, so it's a very important state still for us to be in. Rush Street 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, much more urban destinations as well. So, that is looking very good for us. Yeah, as I mentioned, we, of course, also launched RSI in Arizona, and earlier in the month we went live with Racing Western Australia (sic) [Racing & Wagering Western Australia] (00:22:52) also. We expect Louisiana to be state number 17 in a few weeks, so it is another busy quarter.

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To summarize the quarter, yes, it's yet another very strong financial performance from us. Revenue up 48%. And I think it's worth pointing out again, this is not the greatest quarter when it comes to sporting events. As a comparable to last year, it's 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. So, we're very, very pleased to see that the performance is really holding up on a year-to-year comparable.

As I mentioned, we acquired Abios to become a leading player in the esports field. And other than that, I really think the future is looking bright. Our sales pipeline is very, very strong at the moment. And finally, we initiated a share buyback program today.

Thank you very much. And with that, we can take some questions.

Mia Nordlander

Senior Vice President-Investor Relation, Kambi Group Plc

So, thank you so much, David and Kristian. And we will have time for some questions. And we will – yeah, my name is Mia Nordlander and I'm Senior Vice President, Investor Relations of Kambi as well. So, we start with the audio questions I think.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from the line of Eric Moberg from ABG Sundal Collier. Please go ahead, your line is now open.

Erik Moberg

Analyst, ABG Sundal Collier AB

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

Chief Executive Officer, Kambi Group Plc

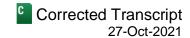
Hi, Erik, thanks for the question. So, maybe I should repeat the question again. What type of customers do we have in our pipeline? I would say it's a wide variety of customers. I think in US it's mainly operators who are looking to get into the market. So, I wouldn't say we see a lot of operator at 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 will 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

Analyst, ABG Sundal Collier AB

That's quite interesting there in regards of Europe. So, what type of actors, is it more sort of - do they actually look to source out this certain region, or is it for their complete offerings, and also what type of actor is it? Is it publicly-traded companies or is it more private, smaller private companies in Europe?

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Kristian Nylén

Chief Executive Officer, Kambi Group Plc

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

Erik Moberg

Analyst, ABG Sundal Collier AB

Understood. And then, just a follow-up on the current pipeline here. I mean, you signed with Fnatic Gaming, you have agreement potentially for New York. What's the latest in terms of the application in New York? And also, do you expect Fnatic to expand into other states and become a national player?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

Yeah. The State of New York I think we expect to get a final decision somewhere late November, early December. Regarding Fnatics (sic) [Fnatic] (00:27:42), obviously, we hope that it could extend to more states, but it's nothing I can comment on at the moment.

Erik Moberg

Analyst, ABG Sundal Collier AB

Fair enough. And then, 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. But 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 the net effect from this dynamic to be neutral, negative, or a positive?

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Yeah. Thanks, Erik. So, I mentioned in the presentation that at the moment, it's a negative. Whilst we haven't got a full suite of operators there, we're probably looking at €0.4 million to €0.5 million a month down. But if all those operators on the new operator JVH they will get licensed, then we could be net positive position. But we'll have to see a bit close to the time with the timing of the licenses and how the market pans out.

Erik Moberg

Analyst, ABG Sundal Collier AB

All right. Fair enough. So, looking into 2022 portfolio, it could very well be a net positive, in other words.

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Really depends on timings in 2022, I'd say. But, yeah, [ph] watch the space (00:29:07).

Erik Moberg

Analyst, ABG Sundal Collier AB

All right. Got it. And then, just one last question here on the US. You mentioned there that turnover is flat year-over-year in the US 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?

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David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

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

A

Erik Moberg

Analyst, ABG Sundal Collier AB

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

David Richard Kenyon
Chief Financial Officer, Kambi Group Plc

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

Erik Moberg

Analyst, ABG Sundal Collier AB

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

Kristian Nylén
Chief Executive Officer, Kambi Group Plc

Thank you.

David Richard Kenyon
Chief Financial Officer, Kambi Group Plc

Thank you.

Operator: Our next question comes from the line of Marlon Värnik from Pareto Securities. Please go ahead, your line is now open.

your line is now open.

Marlon Värnik

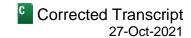
Analyst, Pareto Securities AB

Yeah. Hi. Good morning, [indiscernible] (00:30:55), David and Kristian. Just a question here. I mean, we saw Kindred [indiscernible] (00:31:01) this morning for Q4. Extraordinarily low sportsbook margin up until 24th of October. You said that you have seen similar effect. But what can you say about the development on the US market compared to the European market in the start of Q4?

Kristian Nylén
Chief Executive Officer, Kambi Group Plc

I think this has been quite an odd quarter so far in that perspective. But, I mean, it's quite [ph] bad results (00:31:28) or player-friendly results maybe I should say both in the European soccer and the American football. So, it's not great at the moment. But as we said before and I think long term, we expect margins to, on average,

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become better. So 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. But long term, I'm pretty confident that our sportsbook margin is trending upwards rather than the other way around.

Marlon Värnik

Analyst, Pareto Securities AB

And are you still comfortable that you will achieve the trading margin guidance of 8% to 9% here in Q4 given the Q4 start?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

I will say that our guidance is on a future numbers. So, I mean, on every – every quarter or every month, we expect an average to be 8% to 9%. If we have a month in a quarter where it's significantly lower, of course, we would expect us to come in lower on the full quarter.

Marlon Värnik

Analyst, Pareto Securities AB

Perfect. Thank you. [indiscernible] (00:32:55) the trading margin guidance to 8% to 9%, the historical average has been 8.5%, so I understand that. But, looking forward, I mean I understand that they play more money lines in the US, but they do also play more parlays and also their Bet Builder products is boosting, too. So, why don't you expect the sportsbook margin to continue its positive trend and increase from the historical average?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

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 a really poor results. So, maybe we are a little bit too cautious, as you say. If you look at look the last couple of years, we have averaged quite high numbers already. So, it's not impossible that we would do a future adjustments even further. But, at the moment, I think this is where we believe we should be.

Marlon Värnik

Analyst, Pareto Securities AB

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

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

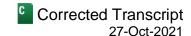
So, Latin America, I think we have quite good evidence of Colombia so far. And I think they are very happy to play quite large parlays. So, I would expect us to have quite good theoretical margins in Latin America as a whole. Canada, I think, is a little bit trickier to evaluate at this point. I mean,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

Marlon Värnik

Analyst, Pareto Securities AB



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

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

[ph] Do you know the states, Mia (00:35:47)?

Mia Nordlander

Senior Vice President-Investor Relation, Kambi Group Plc

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

David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

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

Marlon Värnik

Analyst, Pareto Securities AB

All right. [indiscernible] (00:36:13) Okay. Thank you, all.

Operator: Our next question comes from the line of Viktor Högberg from Danske Bank. Please go ahead, your line is now open.

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

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% to 10% out 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 2019? My assumption is that 2023 could be covered, and you've only said that 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

Chief Executive Officer, Kambi Group Plc

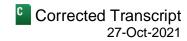
So, I mean, I don't want to comment on the relationship between us and Penn. But I can tell you this much. Penn themself commented on what they expected to move away from Kambi earliest in – yeah, for the football season in 2023. So, that's – yeah, more than one-and-a-half year away. If that will hold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

Viktor Högberg

Analyst, Danske Bank A/S (Sweden)

Okay. We'll see. But maybe it's a situation where, with the drafting situation, where you get compensated on revenues even if they move earlier. Let's see. And on Netherlands just checking, the €0.4 million to €0.5 million, was that on sales or EBIT...

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David Richard Kenyon Chief Financial Officer, Kambi Group Plc	A
That's on EBIT.	
Viktor Högberg Analyst, Danske Bank A/S (Sweden)	Q
effects currently?	
David Richard Kenyon Chief Financial Officer, Kambi Group Plc	A
Yeah, EBIT. They're very similar to be honest	
Viktor Högberg Analyst, Danske Bank A/S (Sweden)	Q
[ph] Per month (00:38:13).	
David Richard Kenyon Chief Financial Officer, Kambi Group Plc	A
but it's on EBIT.	
Viktor Högberg Analyst, Danske Bank A/S (Sweden)	Q
In monthly or quarterly basis?	
David Richard Kenyon Chief Financial Officer, Kambi Group Plc	A
That's on a monthly basis.	
Viktor Högberg Analyst, Danske Bank A/S (Sweden)	Q
Monthly. Okay. Thank you. And just the Latin American opportunity that you talked a by you help [ph] us up a bit (00:38:32) on what to expect there in terms of potential timing	
Kristian Nylén Chief Executive Officer, Kambi Group Pic	A
I think we see Argentina moving slowly towards more and more regulation. So, I hope the coming months, to be honest. Brazil, I don't really have any new update. We still he 2022, but I don't really have any new updates since the Capital Markets Day.	
Viktor Högberg Analyst, Danske Bank A/S (Sweden)	Q
Okay. Thank you very much.	
Operator: Thank you. We currently have no further audio questions. I'll hand back if to questions.	there are any other

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Mia Nordlander

Senior Vice President-Investor Relation, Kambi Group Plc

Okay. Great. Then we have actually got some on the web here. So, I think I'm going to 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 Richard Kenyon

Chief Financial Officer, Kambi Group Plc

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 US, so [ph] whole number (00:39:52) since Q3 last year. We got Arkansas, Arizona, I mentioned that was in September, Michigan online, Virginia, Tennessee, that's five. We've also launched in Argentina, Kristian mentioned, some parts of Argentina have regulated since then. And we've launched [ph] some new (00:40:09) customers, so from the sales efforts, so Belgian National Lottery, Casino Magic, BetWarrior, and Nexus in Peru. And then we've seen growth from our existing operators. So, 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 Vice President-Investor Relation, Kambi Group Plc

Great. Thank you, David. One for you, Kristian. Can you please comment on Kindred's [ph] poison pills (00:40:31) ending 2023? Please elaborate on the long-term strategy regarding this matter.

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

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

Mia Nordlander

Senior Vice President-Investor Relation, Kambi Group Plc

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 Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Yeah. Sure. We're actually – so, we struck an amendment agreement with Mohegan Sun to allow them to pursue their FanDuel opportunity. But what it meant for us was that we would actually recognize the revenues - we anticipated revenues from the deal. So, over the term of the contract, they'll pay us the revenues we would have earned anyway, but it frees them up to do that thing with FanDuel.

I think it's definitely worth mentioning then, we also get - working in Connecticut with Rush Street. So, we also have two revenue sources in that one state. So, yeah, we are very happy with the position with Rush Street and that work with the Connecticut Lottery going forward.

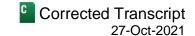
Mia Nordlander

Senior Vice President-Investor Relation, Kambi Group Plc

Thank you. And another one for you, Kristian. As [indiscernible] (00:41:56) product over 10 years and DraftKings then spent several hundred millions improving it and [indiscernible] (00:42:02) has put up margin in the US,



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they're quickly losing market share after migrating away from Kambi. With that in mind, how can Penn be comfortable doing it?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

I think that is clearly a question for Penn rather than me. I can't really speculate. But I said it before. I think what we are doing is highly complex. It's not very easy to replicate. Many have tried it in Europe and failed before. So, 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 Vice President-Investor Relation, Kambi Group Plc

We have time for a few more questions I think. So, another one for you, Kristian. Is there a reason JVH gaming is not live in Netherlands? And when do you expect them to get the license or do you expect them to get a license soon?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

I would assume there is a reason, I don't know what. So, 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 Vice President-Investor Relation, Kambi Group Plc

Another one for you, Kristian. Usually a low hold rate happens in conjunction with higher turnover. Does that relationship still holds in Q4? And any comment on what your thoughts are for [ph] quarter-on-quarter (00:43:36) turnover growth?

Kristian Nylén

Chief Executive Officer, Kambi Group Plc

Yeah. So, 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. So, that definitely holds true. It is a tricky comparable [ph] we see here as well (00:44:01) compared to last year. But, yeah, 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 Vice President-Investor Relation, Kambi Group Plc

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, 11th of February next year. So, thank you very much and have a good day.

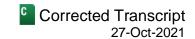
David Richard Kenyon

Chief Financial Officer, Kambi Group Plc

Thank you.



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