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# COVID-19 impact and the duration may trigger different events



This is a simplified scenario analysis attempting to describe COVID-19's impact on the online gaming industry

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# COVID-19 RG facts



Overall gambling during COVID-19 is down

Number of detections on PS-EDS between March and April is down 35%

During Q1 – 76% of customers adopting a healthier gambling behavior after detection on PS-EDS

Jan 1 to Apr 23 we have sent over 7,000 onsite messages (FY19 14,500) and actively contacted almost 3,000 customers (FY19 8,500)

We provide a wide range of control tools in our markets

- |                      |                |                |                |
|----------------------|----------------|----------------|----------------|
| Self-assessment test | Reality check  | Deposit limits | Wager limits   |
| Loss limits          | Session limits | Product block  | Self-exclusion |

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# Our “pure digital” multi-strategy creates stability during COVID-19 pandemic



The flexible multi-strategy has made us more resilient to COVID-19 ...

- ▶ **Multi-product** – Sports Betting, Racing, Online Casino & Games, Bingo and Poker
- ▶ **Multi-brand** – Strong brands (e.g. Unibet, Maria Casino, 32Red) with high customer loyalty in multiple product categories
- ▶ **Multi-geography** – Geographical diversification, targeting regulated markets

Additionally, we have also taken the following precautionary measures ...

## Related to revenue

- ▶ Utilising the broad product portfolio by directing customers to new experiences

## Related to cost-saving

- ▶ Variable costs related to the Sportsbook decrease at a similar rate as its revenue decrease
- ▶ Marketing expenses have been adjusted
- ▶ A more prudent investment strategy
- ▶ We are also benefiting from the cost-saving activities initiated in Q3 2019

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# Sportsbook offerings



## eSport

Market leading offering and integrated features such as streaming



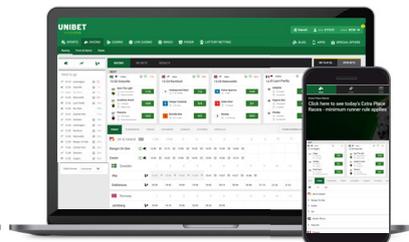
## Virtual Sports

Currently all .COM markets & CO.UK



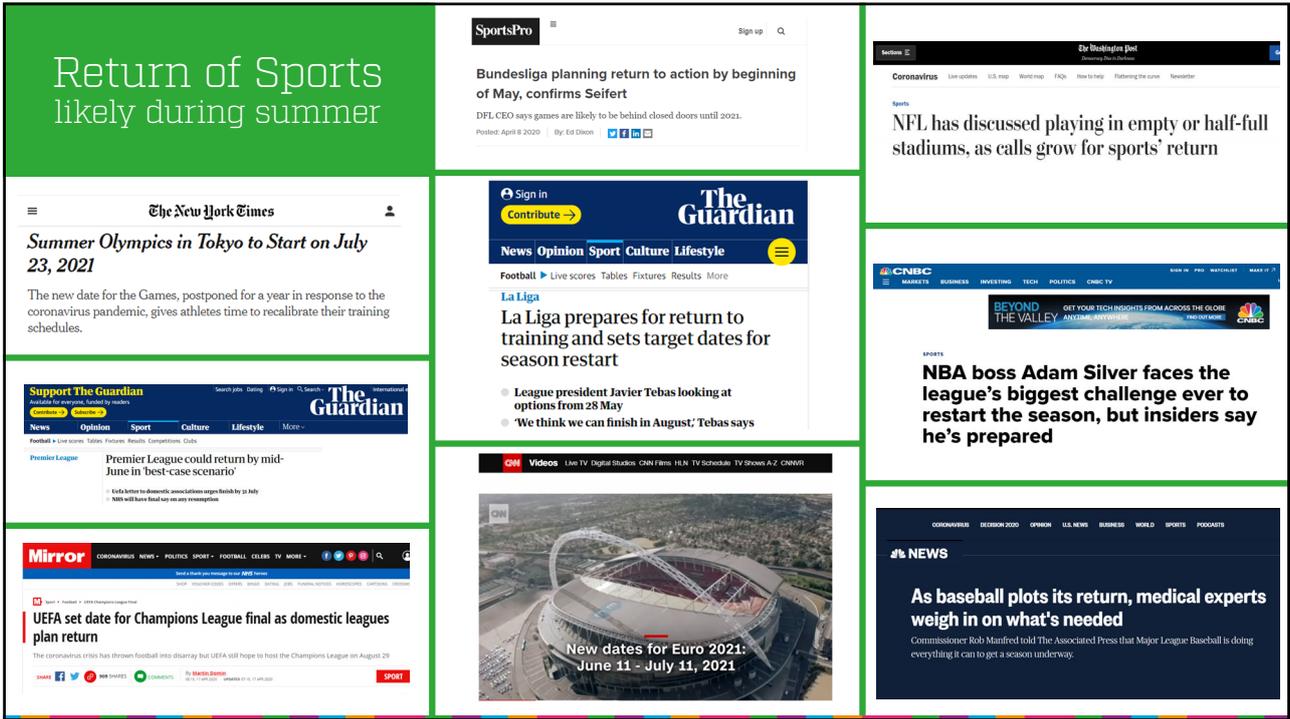
## Racing

Horse and dog races are still running in Australia, Japan, Hong Kong, Sweden, Denmark, Norway and USA.



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## We remain focused on our long-term journey

### Main market drivers

From Offline → To Online

From .com → To .country

Sustainable growth in re-regulated markets

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# Market on a temporary downturn but the share of online gaming grows

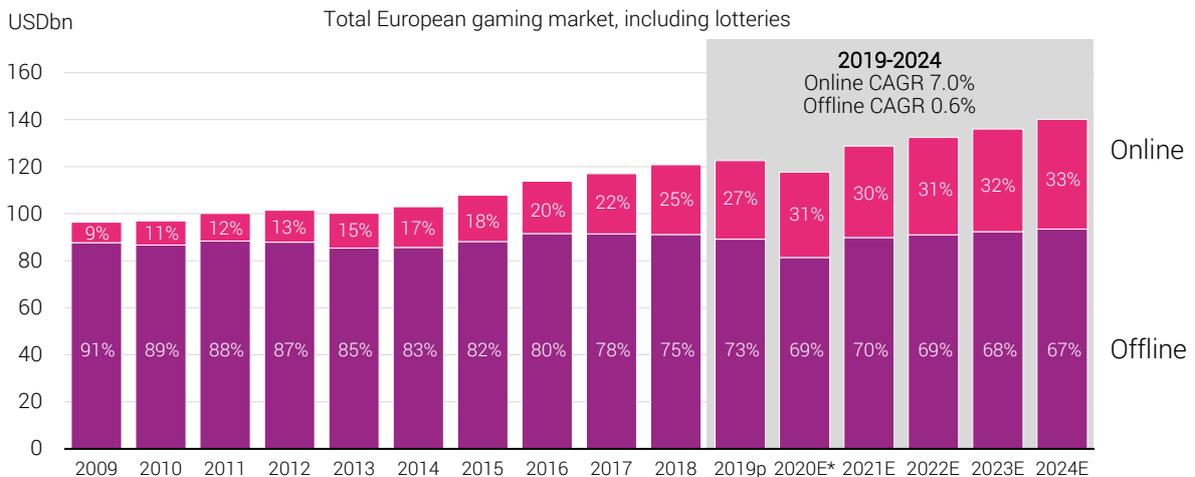


Source: H2GC – European gaming market, including lotteries (released 2 April 2020)

\*Due to the recent increase in severity of the COVID-19 pandemic, the market is now estimated to be lower than presented in the graph above

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# Market on a temporary downturn but the share of online gaming grows

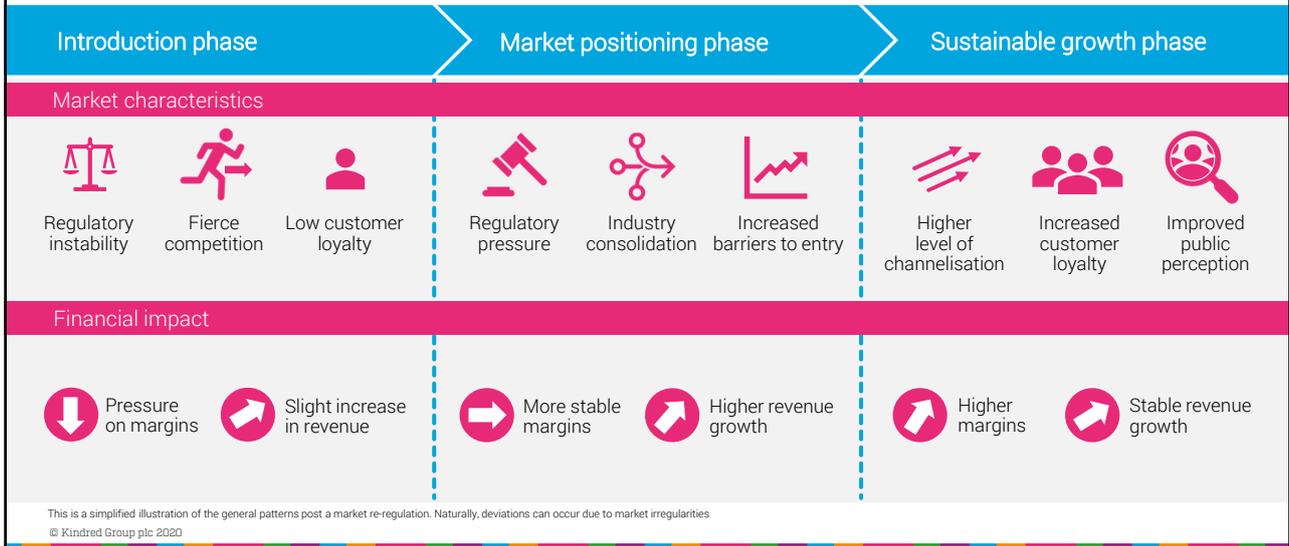


Source: H2GC – European gaming market, including lotteries (released 2 April 2020)

\*Due to the recent increase in severity of the COVID-19 pandemic, the market is now estimated to be lower than presented in the graph above

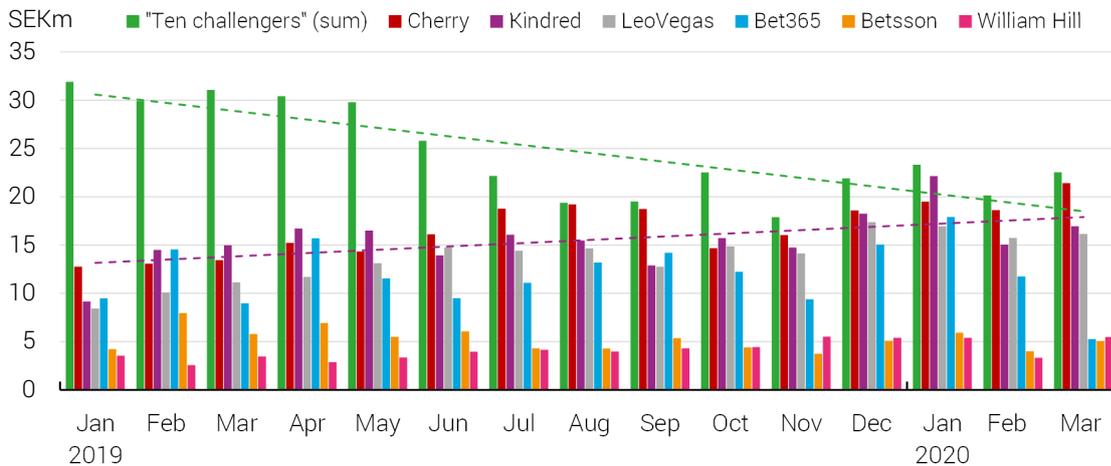
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# 60% of our GWR comes from regulated markets and will continue to grow



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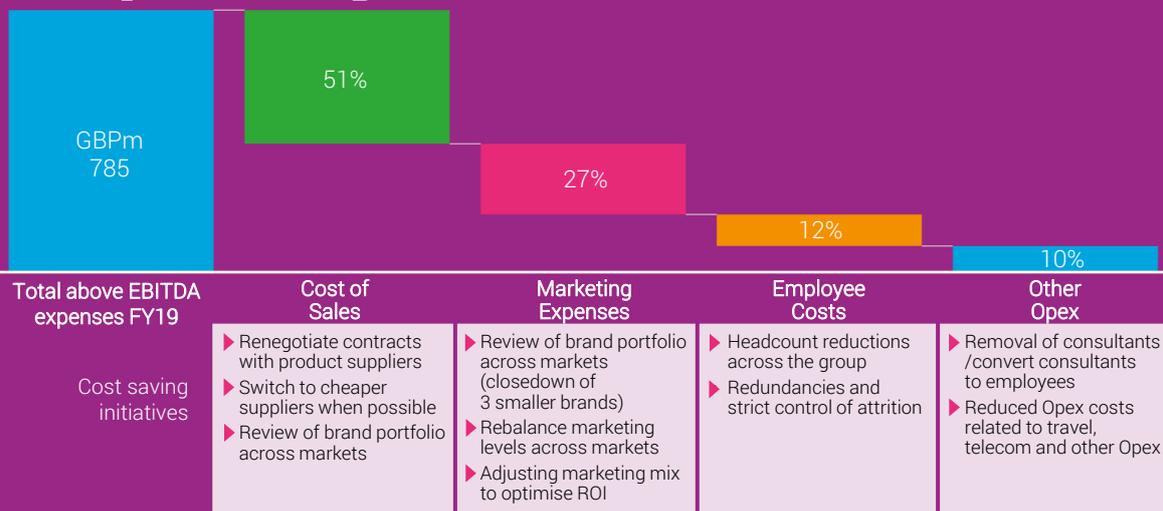
# In SE, the large operators' gain of market share has accelerated in Q1 2020



Source: DnB Markets, Swedish Tax Authority  
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\*Ten challengers" include an aggregate of Mandarin Technologies, Safeent\*, Hero Gaming, Dumarca Gaming, Casumo Services, Videoslots, Bethard Group, SuprPlay, MT Securetrade and Zecure Gaming  
\*Does no longer hold a license since June 2019

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## We optimise our expenses to the new reality of re-regulated markets



Total above EBITDA expenses FY19

Cost saving initiatives

Cost of Sales

- ▶ Renegotiate contracts with product suppliers
- ▶ Switch to cheaper suppliers when possible
- ▶ Review of brand portfolio across markets

Marketing Expenses

- ▶ Review of brand portfolio across markets (closedown of 3 smaller brands)
- ▶ Rebalance marketing levels across markets
- ▶ Adjusting marketing mix to optimise ROI

Employee Costs

- ▶ Headcount reductions across the group
- ▶ Redundancies and strict control of attrition

Other Opex

- ▶ Removal of consultants / convert consultants to employees
- ▶ Reduced Opex costs related to travel, telecom and other Opex

Target to reduce FTE & consultants from 1,850 in March to 1,700 at the end of 2020

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## We have exceeded our expectations in the US



- Selective growth remains focus
- April trading ahead of plan despite COVID-19. Avg daily GWR +84%.
- We are benefiting from having both a Sports and Casino license. The current focus is on Casino given the prevailing market circumstances
- Replicate CRM strategy from European business
- Marketing strategies based on data analysis
- Grow operations within Group headcount targets
- US team is a mix of experienced Kindred European staff with local US know-how
- Multi-state agreement with Caesars for IN and IA
- Submitted application for IN

### US operations Q1 – 2020

US operations Q1 – 2020	
GBpm	
GWR	2.6
CoS	-2.7
Marketing	-3.0
Admin expenses	-1.1
EBITDA effect	-4.2

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# Financial results

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## Q1 2020 Key Report Highlights



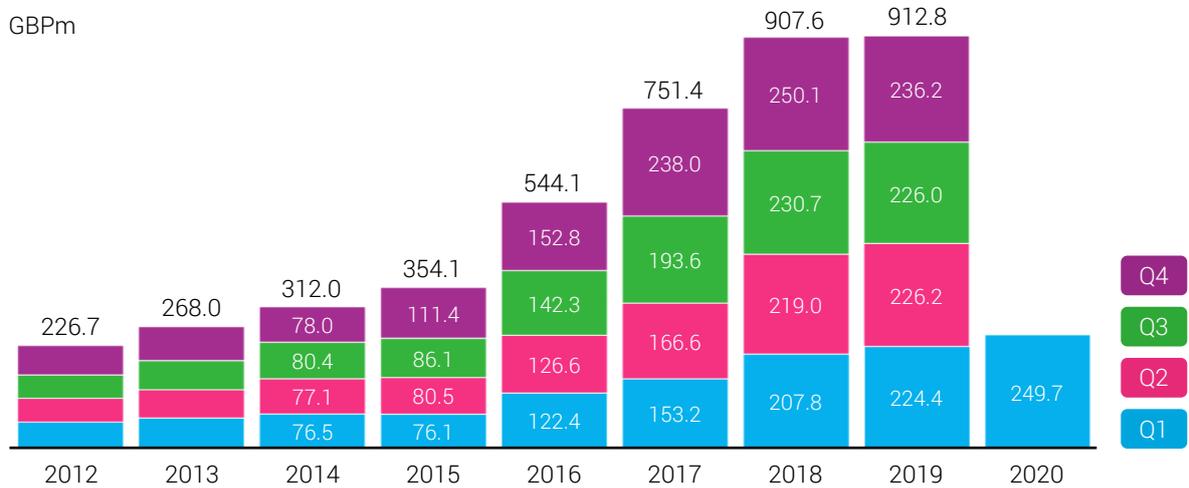
Gross winnings revenue	Re-regulated share of GWR	Underlying EBITDA	Free cash flow	Active customers
GBP 249.7m (+11%)	GBP 150.8m (60% of GWR)	GBP 42.5m (+37%)	GBP 32.3m (+38.9m)	1,531,302 (-6%)

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# Gross winnings revenue

GBPm



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# Geographic growth

- Key Report Highlights Q1 2020 vs Q1 2019

	GWR as reported in GBP	Organic GWR in constant currency
Nordics	8.5%	13.3%
Western Europe	11.7%	9.4%
CES	20%	24%

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# Items affecting comparability Q1 2020

## Before EBITDA

- Personnel restructuring costs = GBP 1.9m
- Disputed regulatory sanction = GBP 8.0m

## Below EBITDA

- Rationalisation of brands = a non-recurring, non-cash amortisation charge of GBP 6.9m
- Accelerated amortisation of Betchoice goodwill = non-recurring, non-cash charge of GBP 3.9m
- Foreign exchange losses on retranslation of borrowings = GBP 3.5m (of which GBP 3.1m unrealised)

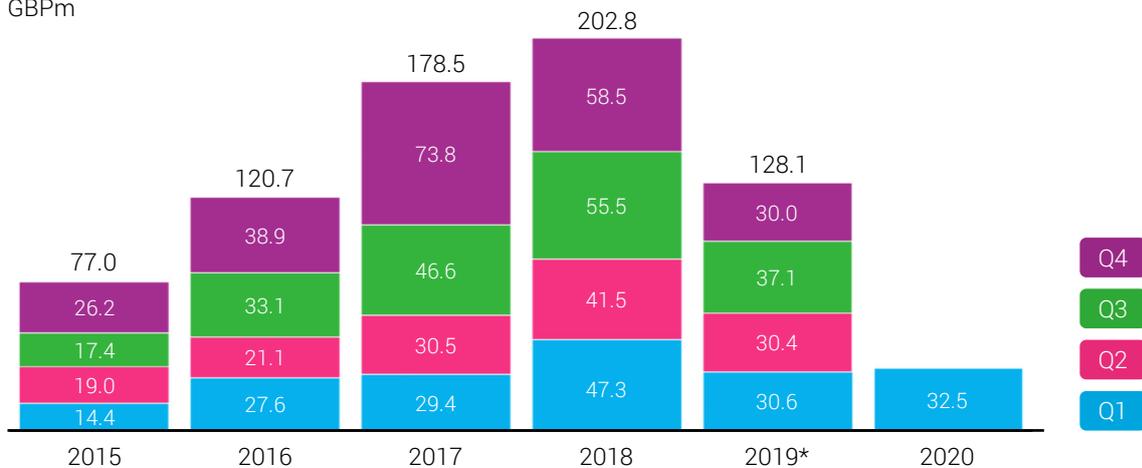
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# EBITDA

GBPm



\*Since 2019 figures have been impacted by the adoption of IFRS 16 "Leases" and are therefore not directly comparable to comparative years.

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## Other Costs analysis

Excl. Non-recurring items



GBPm	2016 FY	2017 FY	2018 FY	2019 FY	2020 Q1
Reported Other Costs	69.4	109.1	122.4	126.9	44.5
Depreciation & Amortisation	-23.8	-42.6	-46.8	-55.2	-25.2
FX loss/gain on Opex	-0.6	-1.5	-1.2	2.0	-1.8
Other Costs post D&A and FX	45.0	65.0	74.4	73.7	17.5

Share of GWR (as reported)	8%	9%	8%	8%	7%
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## Q1 2020 P&L FX impact v Q1 2019



Avg rate	Q1 2019	Q1 2020	Movement	
SEK	11.939	12.377	-3.7%	<p>Weighted average impact of FX rates on GWR was a negative impact of approximately 2%</p>
NOK	11.167	12.117	-8.5%	
EUR	1.146	1.161	-1.3%	
DKK	8.553	8.675	-1.4%	
AUD	1.828	1.945	-6.4%	

	GBPm
Gross winnings revenue	-6.2
Cost of sales / Opex	4.1
FX loss on operating items	-1.8
<b>EBITDA FX impact Q1 2020</b>	<b>-3.9</b>
FX loss on borrowings	-3.5
Other items below EBITDA	0.1
<b>Profit before tax impact Q1 2020</b>	<b>-7.3</b>

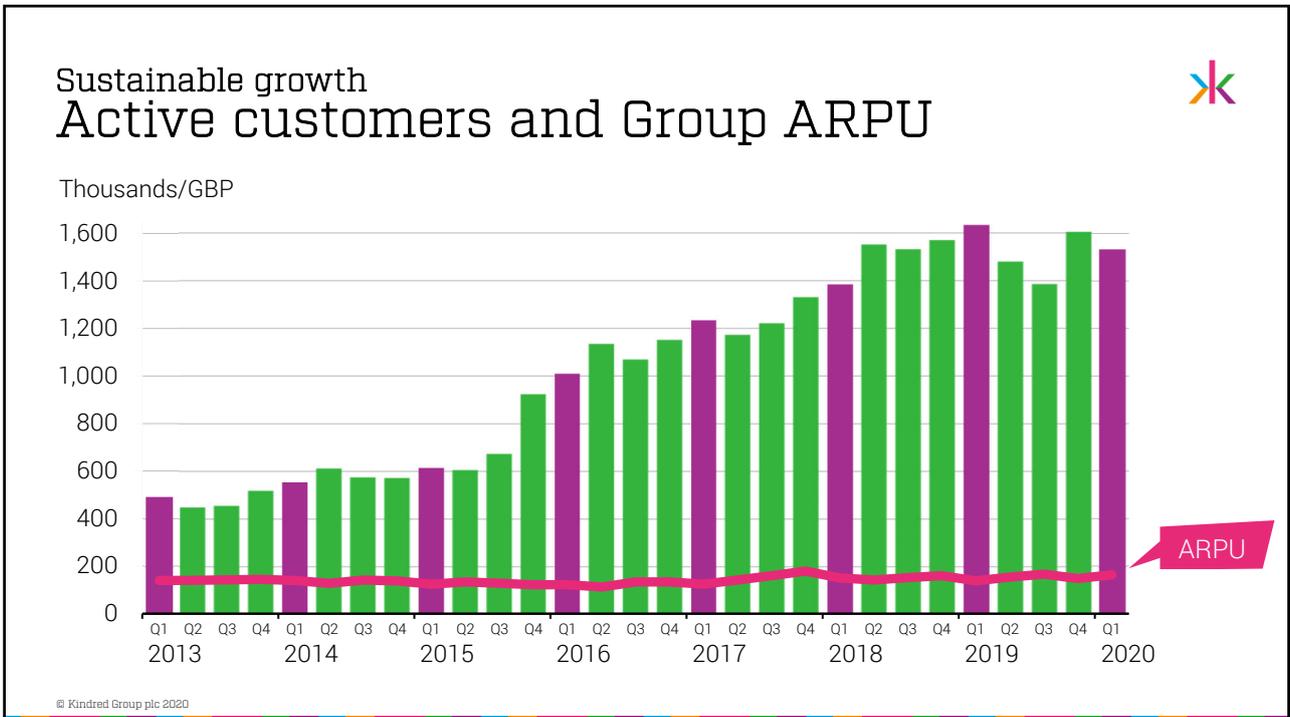
Of which GBP 1.1m is realised

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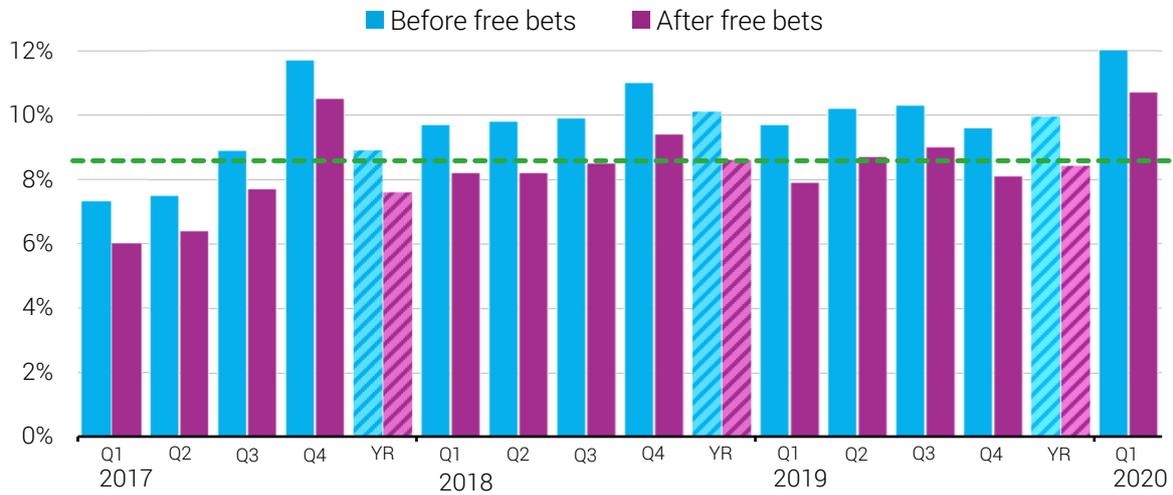


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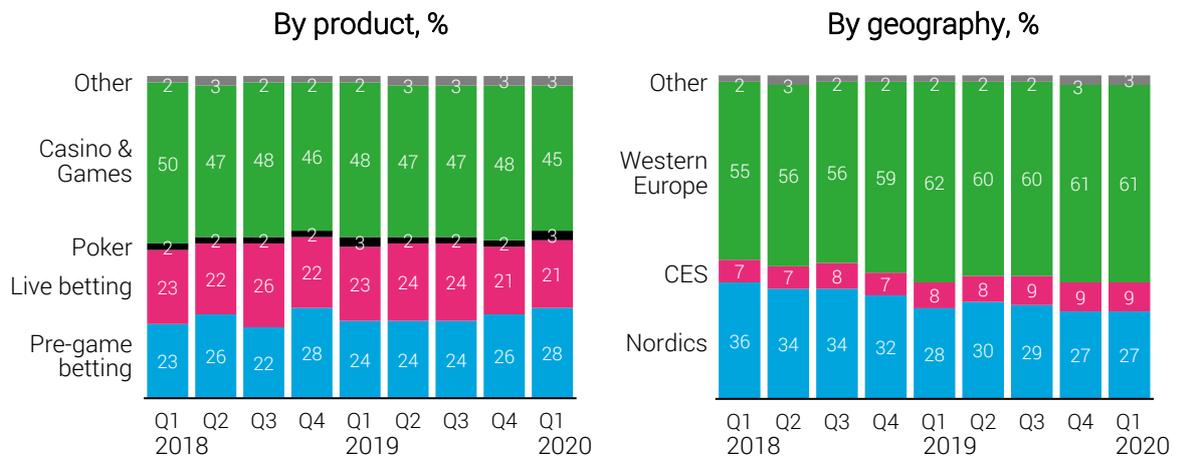
## Sports betting gross margin Combined



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## Product & geographic balance Gross winnings revenue over time



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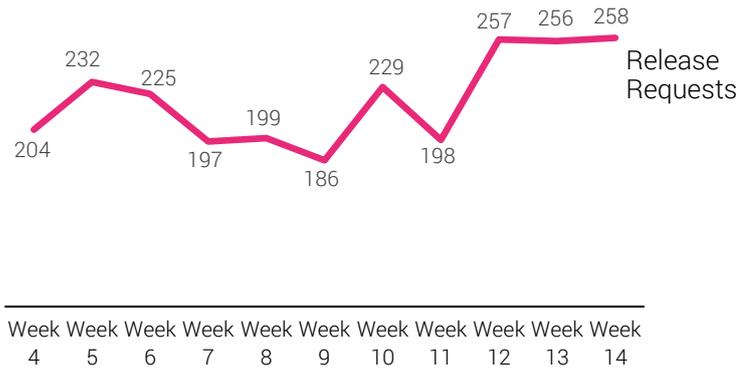
## Continuous upgrades to our platform in a high pace despite WFH policy



**1,055**  
releases in March,  
second best on record

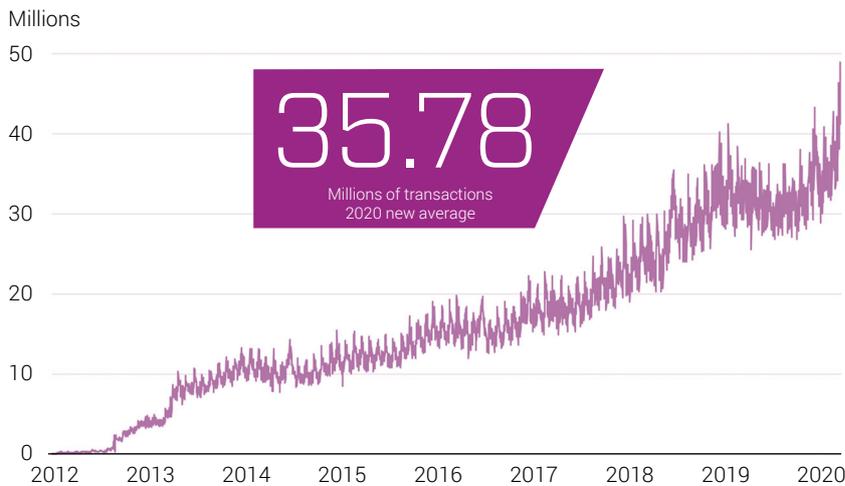
Q1 2020  
**2,603** in total

2019  
**9,326** releases in total



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## Transactions new all-time high



### Transactions Top 10

1	27 Mar 2020	48,873,384
2	28 Mar 2020	48,677,444
3	20 Mar 2020	46,348,804
4	26 Mar 2020	45,830,636
5	25 Mar 2020	45,086,907
6	20 Dec 2019	43,317,571
7	28 Feb 2020	42,744,028
8	13 Mar 2020	42,162,371
9	21 Mar 2020	41,348,678
10	29 Mar 2020	41,192,917

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Most tournaments suspended

Grand Slams 2020

Postponed to 11 June 2021

Euro 2020

Postponed to 23 July 2021

Olympic games Tokyo 2020

Postponed to 11 June 2021

Copa América 2020

► Sports will return ◀

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## Summary

- The long-term journey is on track
- Temporary impact from COVID-19 but we remain resilient
- Positive outlook for 2021

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A purple slide with the Kindred logo in the top right corner. It is divided into two sections: 'Contact' and 'Calendar'.  
**Contact**  
Investor Relations  
Inga Lundberg  
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ir@kindredgroup.com  
**Calendar**  
24 July 2020  
Q2 will be published at 7.30 CEST  
6 November 2020  
Q3 will be published at 7.30 CET  
10 February 2021  
Q4 will be published at 7.30 CET  
A small copyright notice '© Kindred Group plc 2020' is at the bottom left.

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