



Henrik Tjärnström  
CEO

Q3 2021  
27 October 2021



# Outline



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## Q3 2021 highlights

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### Business overview

- Focus on locally regulated markets
- Netherlands update
- Continued strong momentum
- Product segment update
- Regional update
- US
- Sustainability
- FX impact

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### Trading update

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### Summary

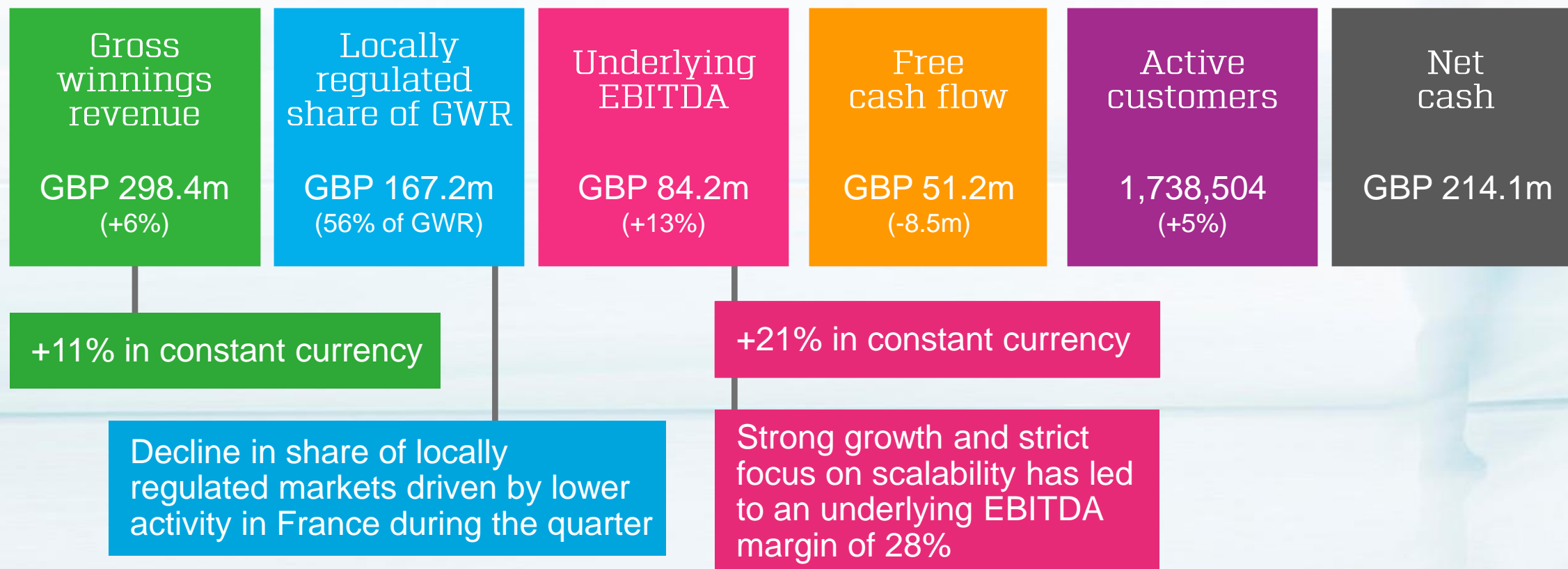
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# Q3 was another solid quarter for Kindred



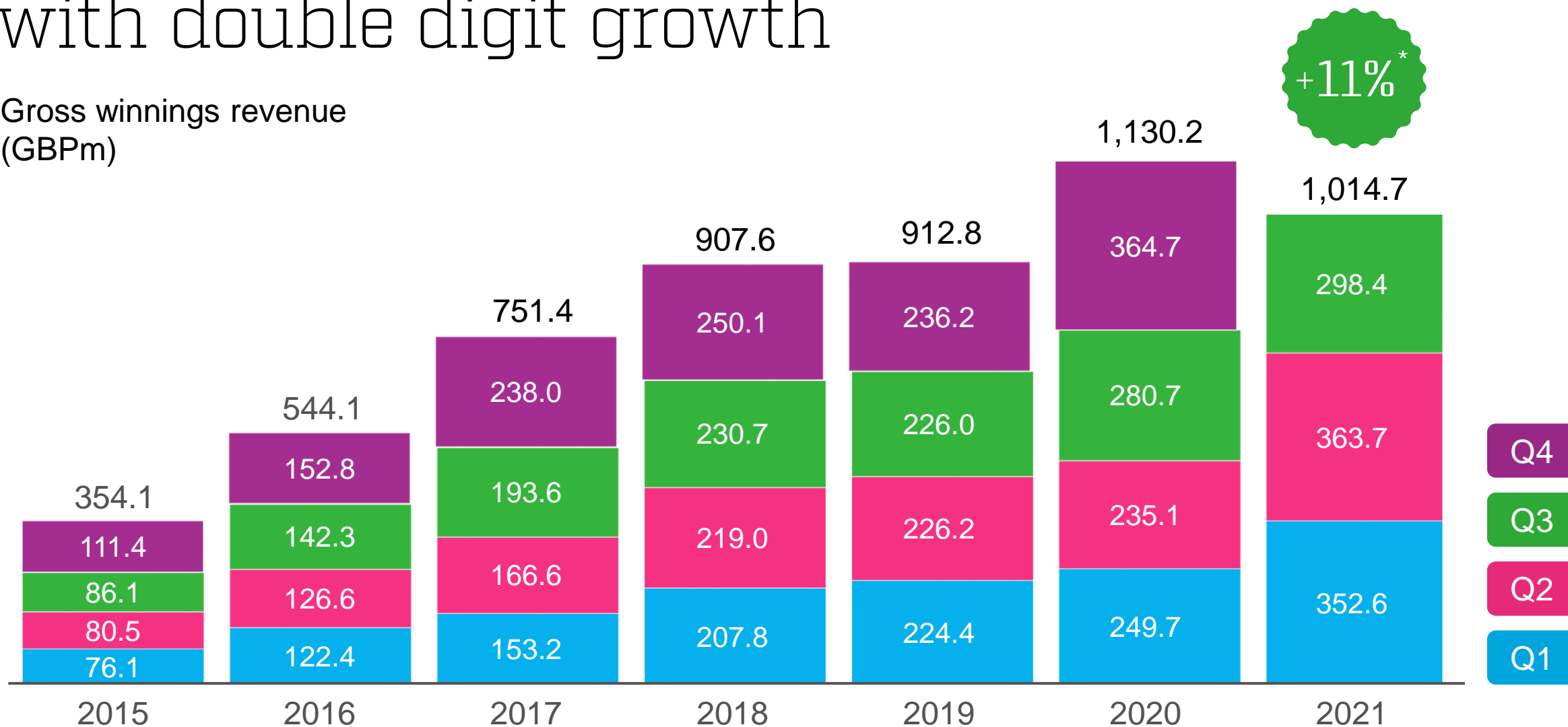
Double digit earnings growth driven by strong casino performance



# Strong performance with double digit growth



Gross winnings revenue  
(GBPm)

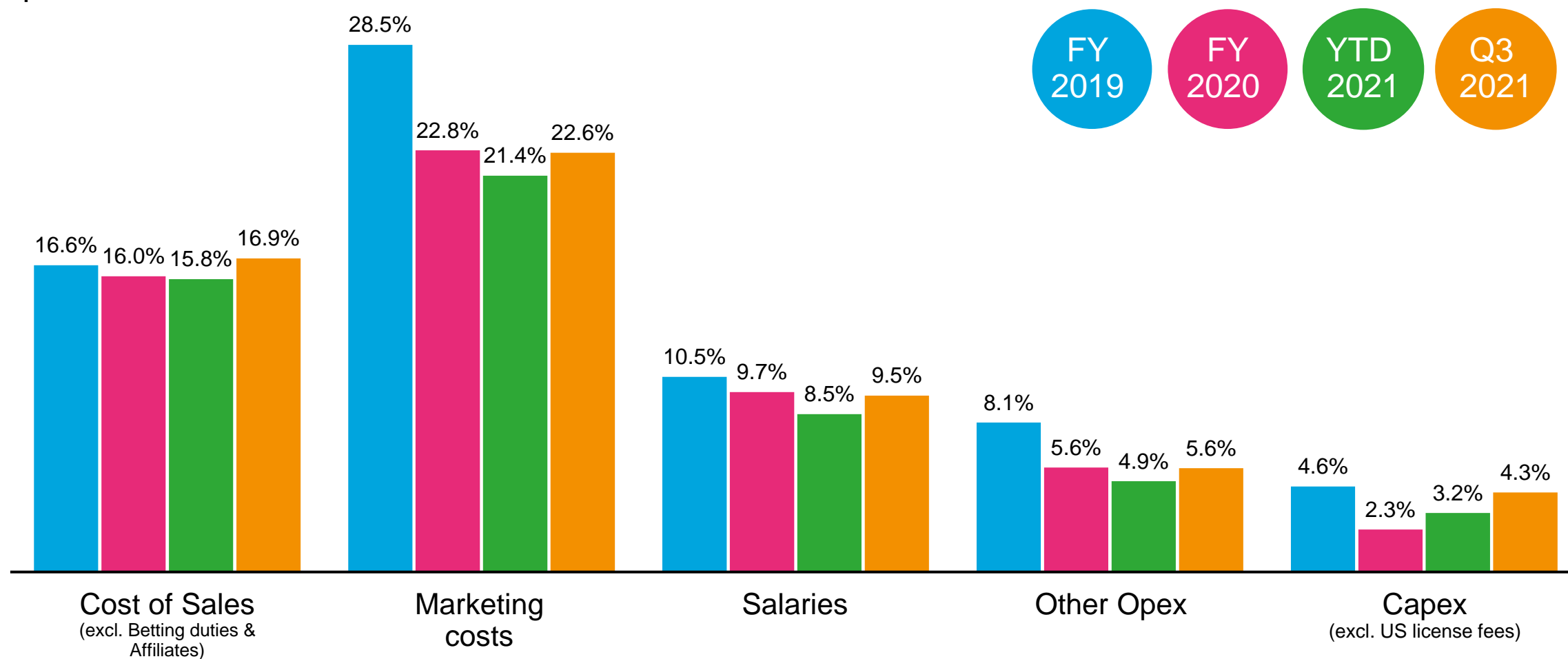


\* Constant currency

# Proven ability of scalable growth



Expenses as % of GWR



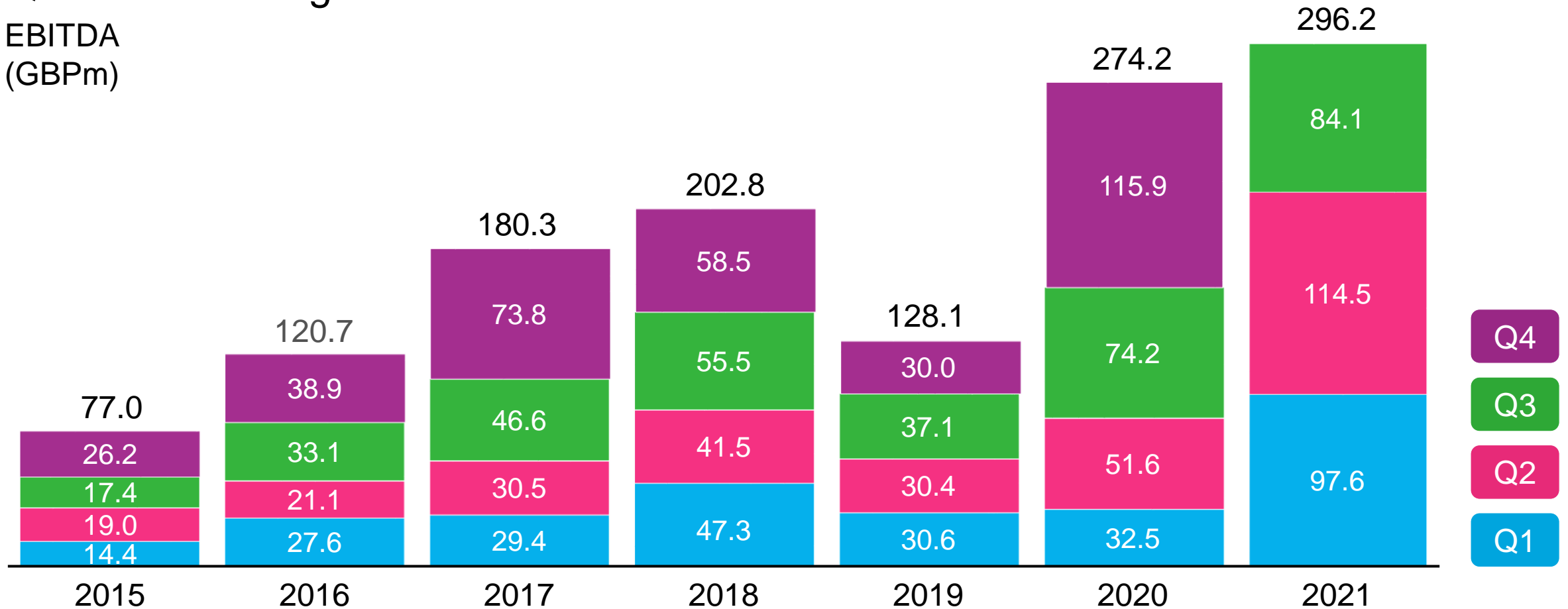
# Strong EBITDA margin despite growth investments

Q3 EBITDA margin of 28%

EBITDA  
(GBPm)



+21%\*



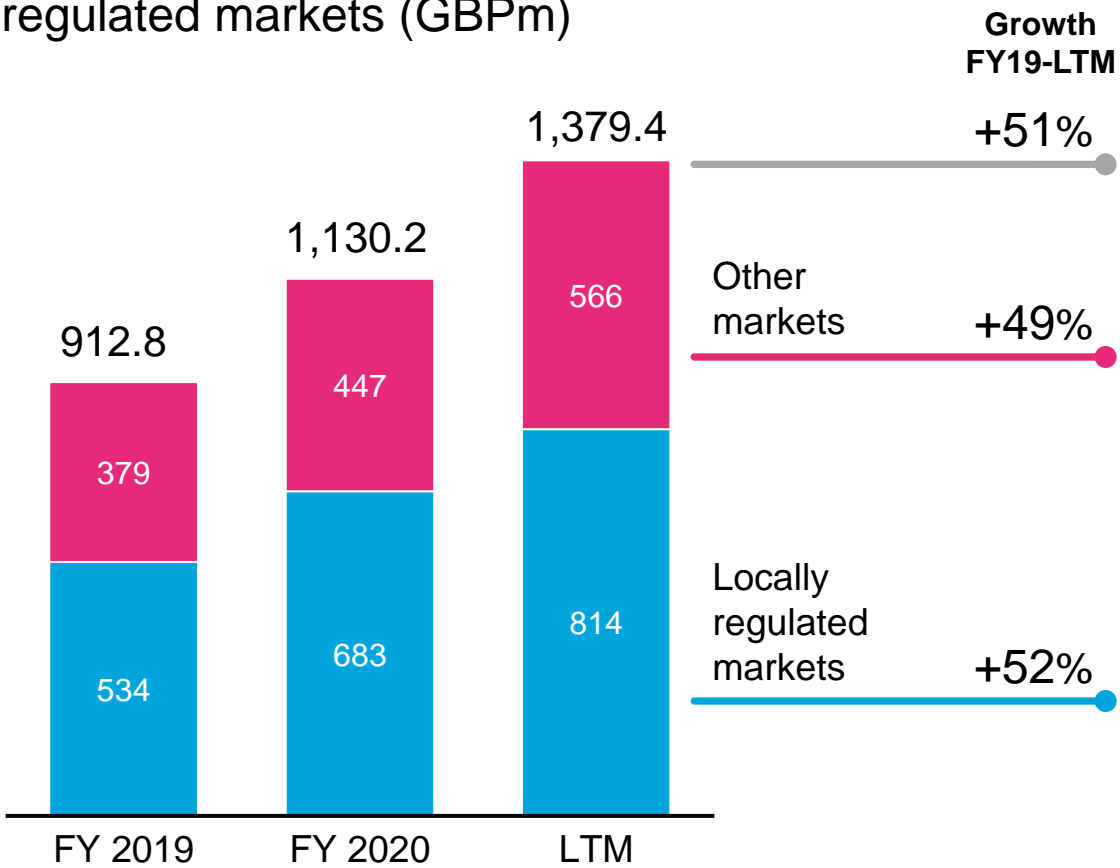
\* Constant currency

# Business overview

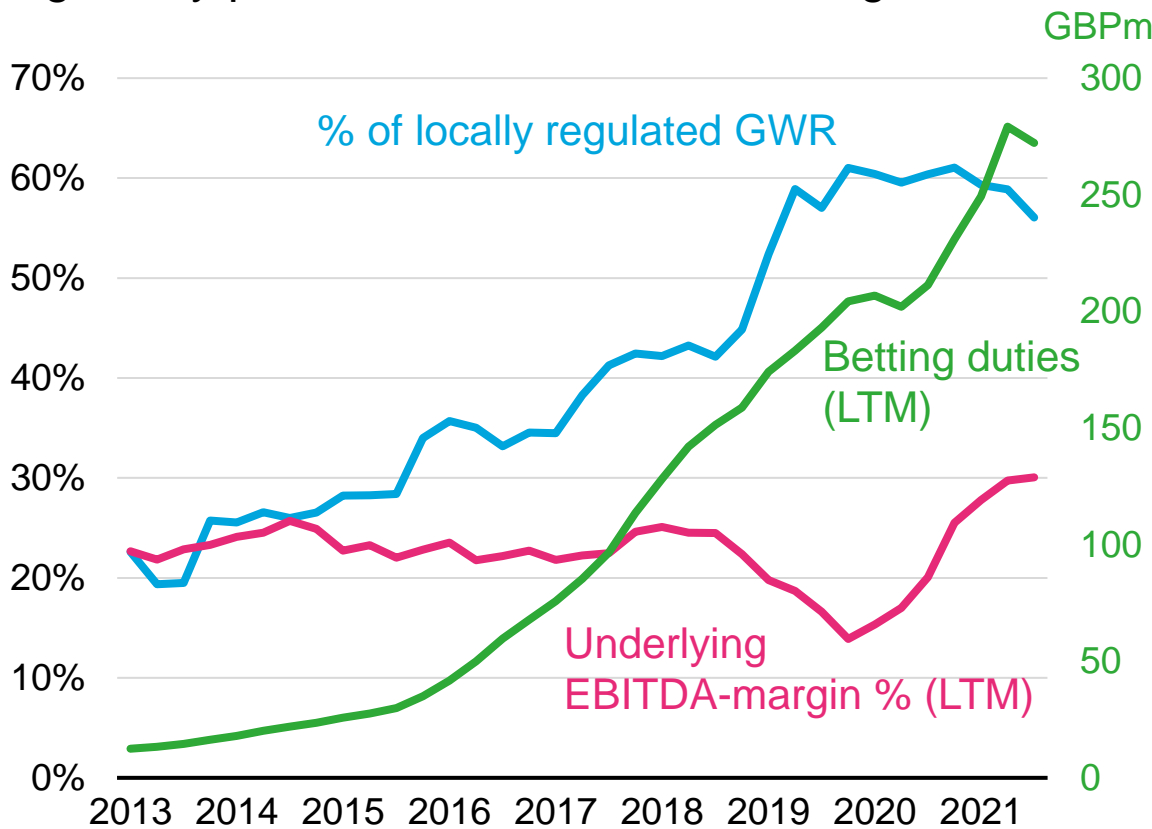
# Profitable growth in locally regulated markets



Strong GWR growth in locally regulated markets (GBPm)



Stable long-term profit margins despite short-term regulatory pressure and increased betting duties





# The Netherlands

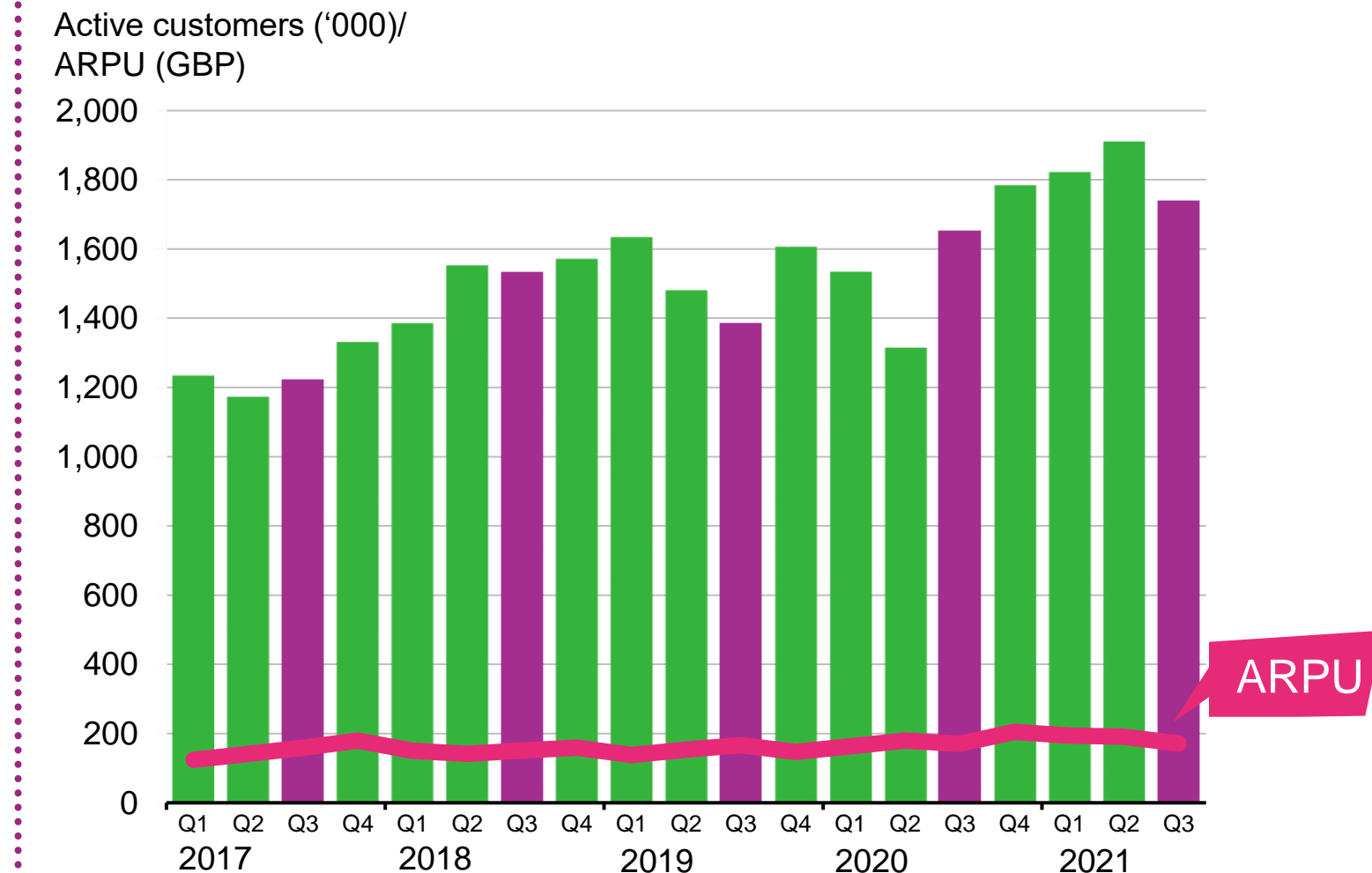


- Since 30 September 2021 Kindred has ceased services for Dutch residents until a Dutch license has been awarded
- Kindred has been working on the preparations for a Dutch license application for a long time and has already successfully completed its pre-license application audit
- Kindred will apply for a Dutch license during Q4 2021. Subject to the KSA license review process, Kindred looks forward to receive its license during Q2 2022
- We have a strong commitment towards the Dutch society as a sustainable operator and we will be ready to go live at .nl as soon as we get awarded a license

# Continued high customer activity



- Customer activity has remained high across the business
- Number of active customers amounted to approx. 1.74 million, a 5% increase compared to Q3 2020
- Expected decrease from Q2 2021 following the busy sporting schedule that took place earlier in the summer



# Product segment update

## Sports betting

- Sports betting activity decreased following the busy sporting calendar earlier in the year, and alternative entertainment options being available with the lifting of COVID-19 restrictions
- GWR for the quarter finished 4% behind Q3 2020, but increased 43% over the full nine months 2021 y-o-y

## Casino & games

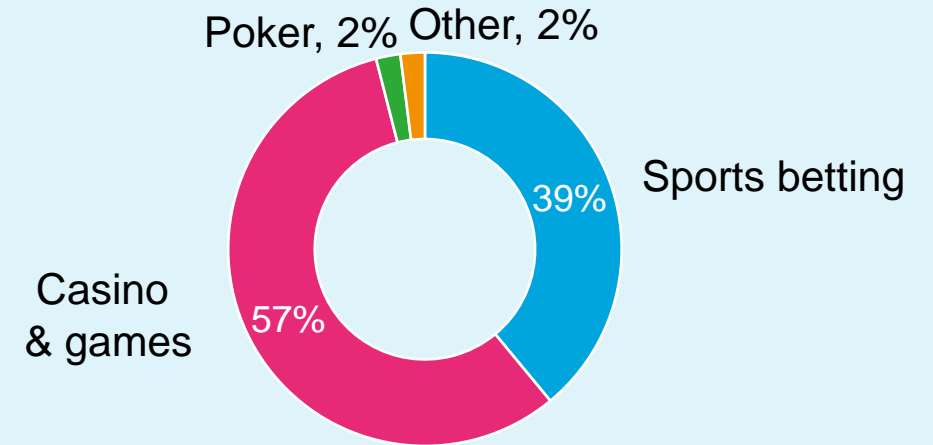
- Continued strong activity despite offline segment now being reopened
- GWR increased by 16% during the quarter y-o-y while active customers increased by 7% vs. same period of the previous year

## Poker and other products

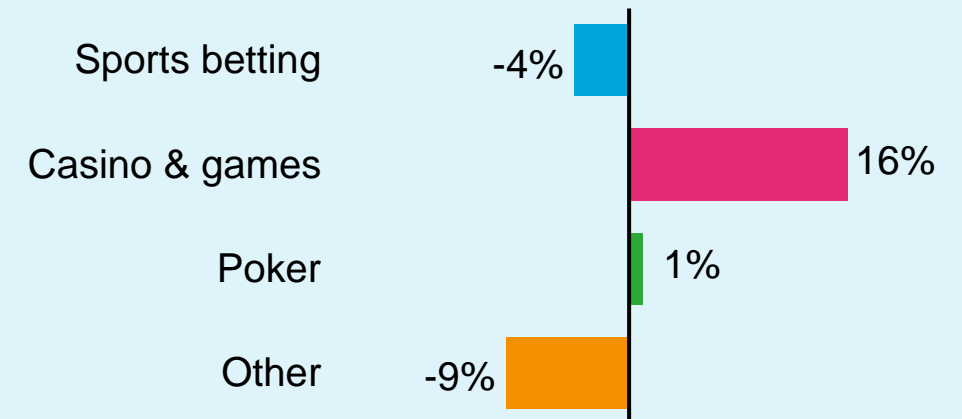
- GWR decreased 4% compared to Q3 2020, though poker showed a slight increase thanks to newly released game lab feature and loyalty system



## GWR by product segment Q3 2021



## GWR year-on-year growth

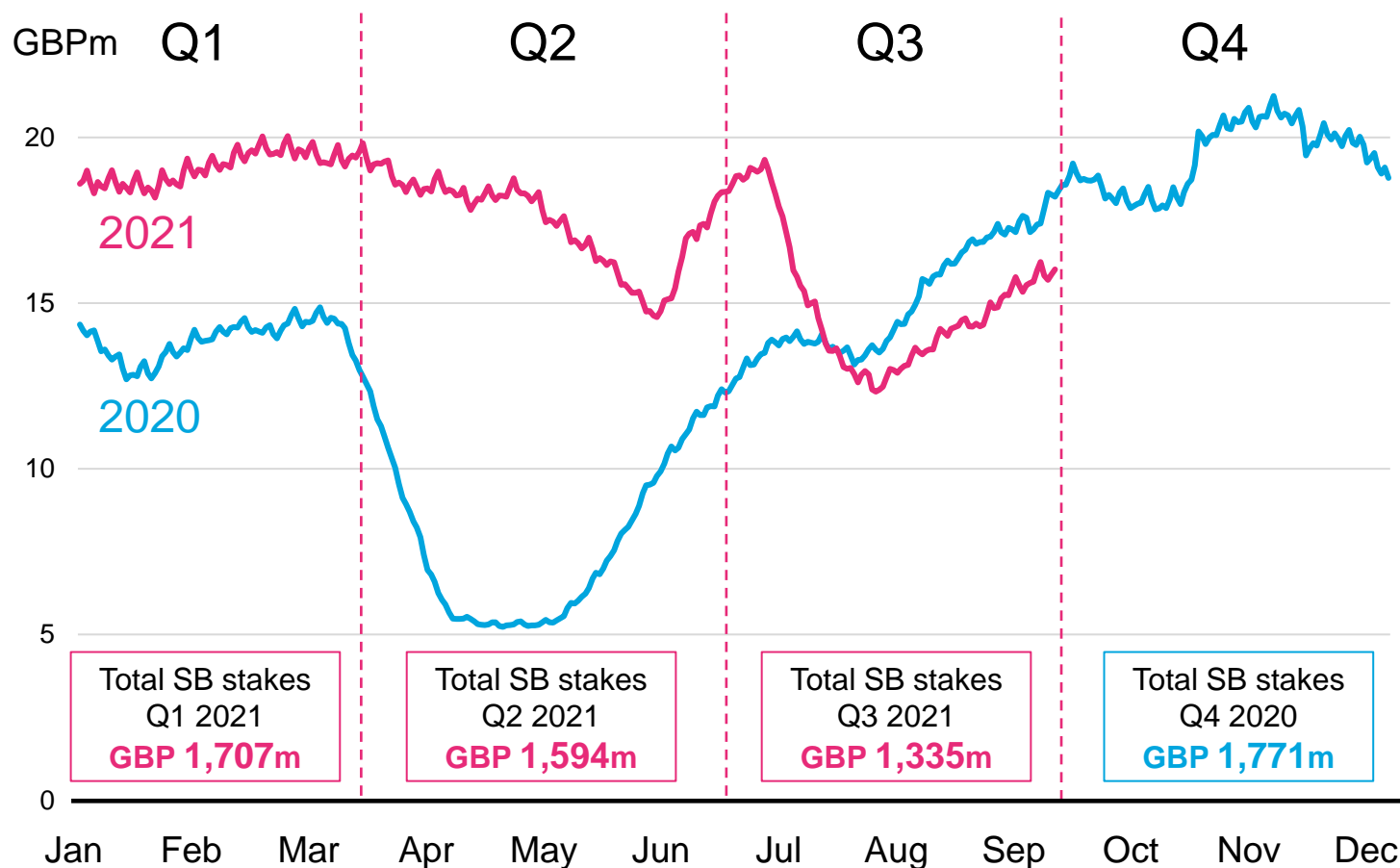


# Sports betting turnover behind the tough comparative set in Q3 2020

- Q3 sports betting turnover declined by 10% year-on-year
- The dip in sportsbook activity was primarily driven by France where we saw low seasonality following the busy sporting calendar earlier in the year
- Activity improved in the latter half of the quarter when the 2021/22 domestic seasons in football started



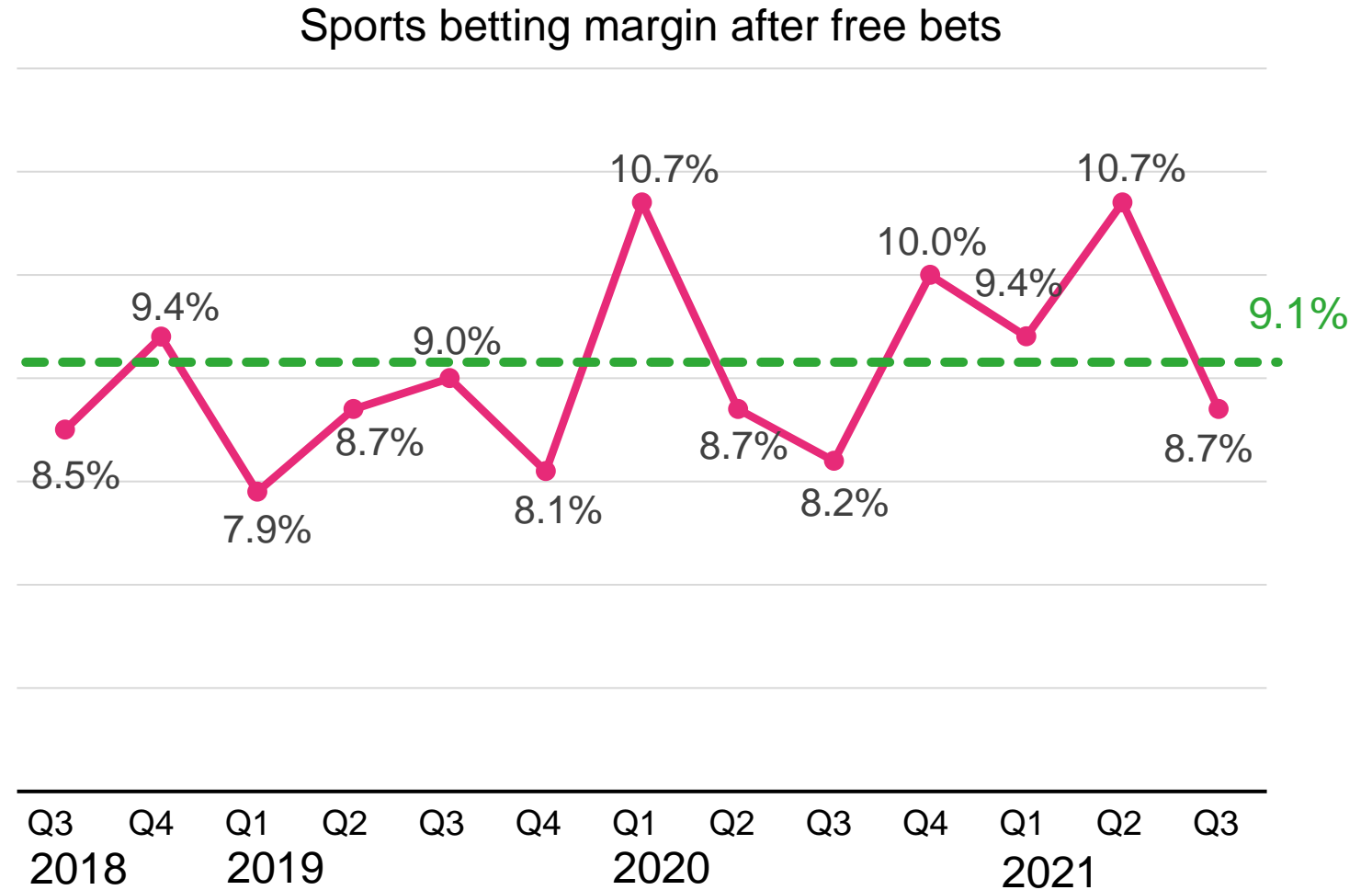
## Rolling 30 day average daily sportsbook turnover



# Sports betting margin below long-term average



- The sports betting margin in Q3 2021 was 8.7% after free bets
- The weighted long-term (since Q3 2018) average sports betting margin after free bets is 9.1%
- In recent years, the average sports betting margin has increased due to the fact that the French sports business has grown faster than the average

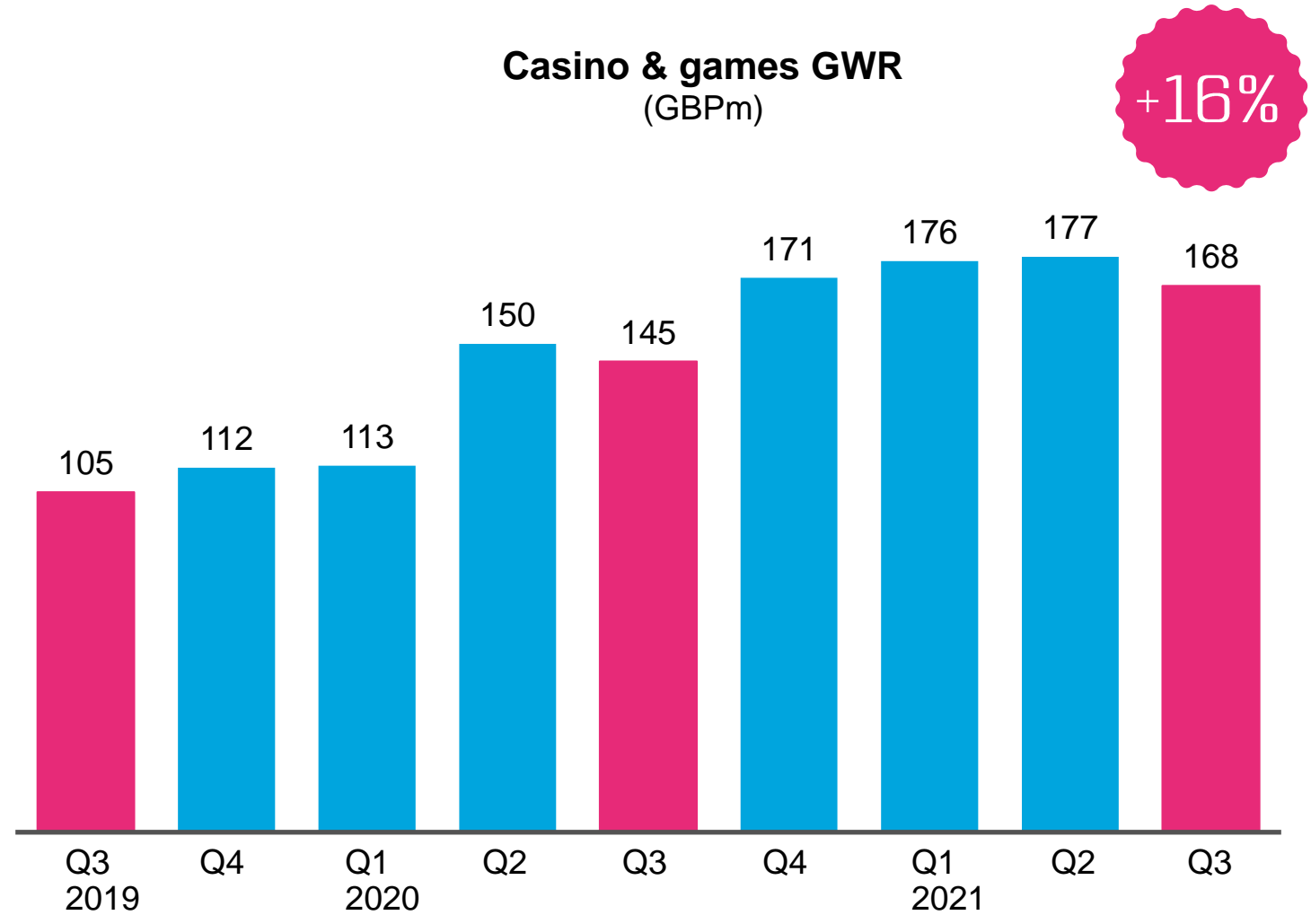




# Strong casino activity has continued



- The casino segment has continued to perform strongly throughout 2021 even as the world begins to normalise post-pandemic and the offline segment has now reopened
- During the third quarter Kindred has launched 132 casino games including 23 exclusive casino games



# Regional update

## Western Europe

- GWR increased 9% vs. the same quarter of 2020. Most markets in the region continued to perform well
- Y-o-y, in local currency, Belgium grew by 50% while France saw a 22% decline, mainly due to tough comparatives

## Nordics

- GWR increased by 6% compared to Q3 2020, 10% in constant FX
- Denmark continued to lead the growth for the region with a 20% increase in local currency vs. Q3 2020

## Central, Eastern and Southern Europe (CES)

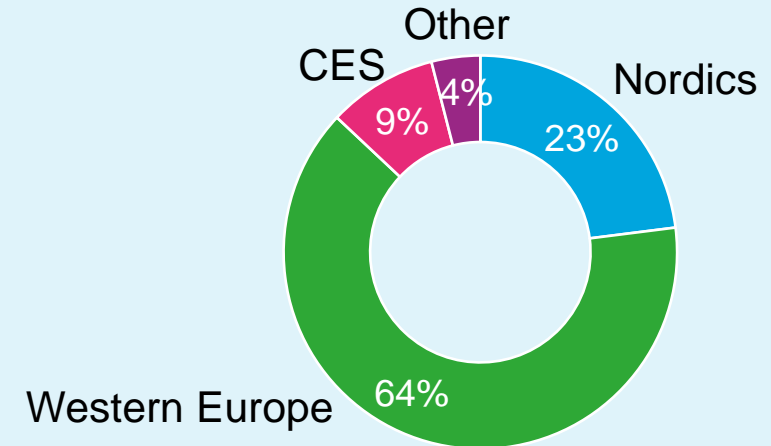
- Q3 2021 GWR increased by 1% vs. same period last year, with Romania being the biggest contributor

## Other

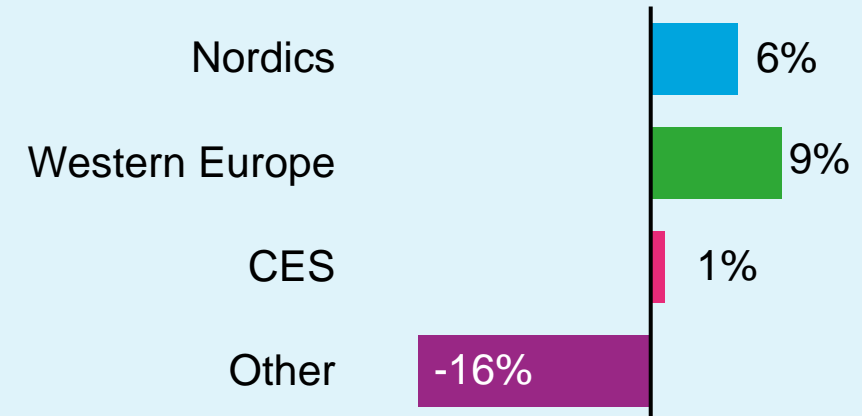
- Other regions GWR declined by 16% compared to the same period last year, driven especially by the US where high customer bonuses has had a short-term negative impact



### GWR by region Q3 2021



### GWR year-on-year growth (as reported in GBP)



# US: We continue to build for the future



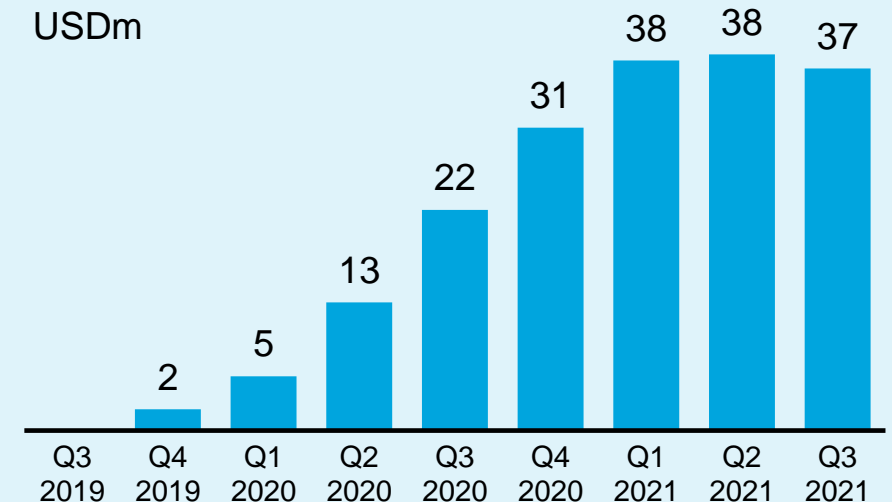
- ▶ GWR amounted to GBP 5.8m in Q3 2021, a decrease of approx. 15% from Q3 2020 in local currency
- ▶ The GWR was negatively impacted by high bonus uptake
- ▶ Last 12 months GWR contribution from the US amounted to approx. GBP 27m (USD 37m)
- ▶ The number of active customers increased by 13% compared to the same period in 2020, with encouraging development in Kindred's newly launched states
- ▶ During the quarter Kindred expanded its presence in the US by launching its sportsbook in Arizona and Iowa
- ▶ In line with the start of the NFL season, Kindred strengthened its marketing mix with a fresh creative concept
- ▶ Work on our proprietary platform continues at pace with the aim to launch during H2 2022, starting with New Jersey

## US operations Q3 2021, GBPm

<b>GWR</b>	5.8
<b>CoS</b>	-5.7
<b>Marketing</b>	-6.2
<b>Admin expenses</b>	-1.5
<b>EBITDA</b>	-7.6

## US LTM GWR development

USDm

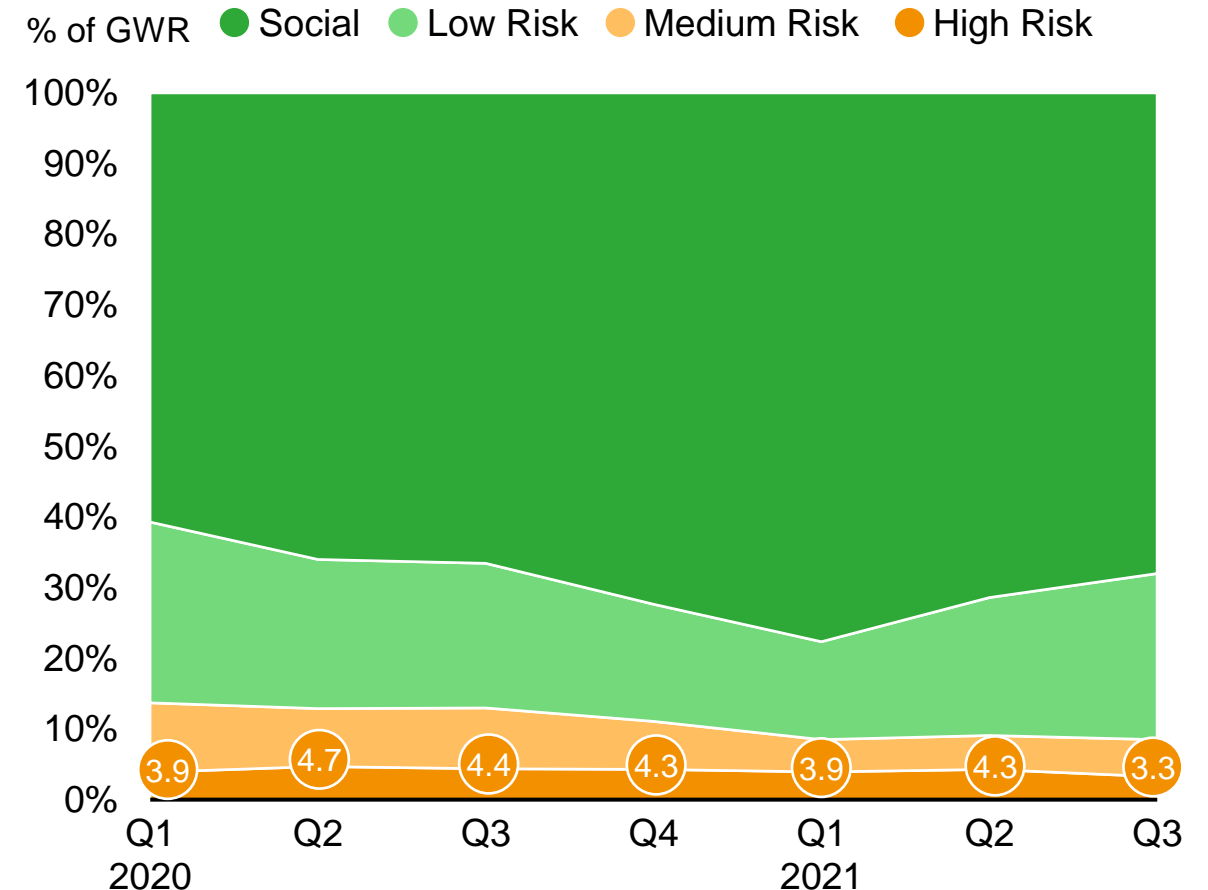


# Journey towards zero key for sustainable growth



- The journey towards zero per cent of revenue from harmful gambling continues and it is key for sustainable growth
- Data from 23 June 2021 to 20 September 2021:
  - Share of GWR from high-risk players: 3.3%
  - Improvement effect after interventions: 64.9%
- A research collaboration on product risk has been commenced with Dr Jonathan Parke
- Study published in Journal on Gambling Studies on applying DSM-5 criteria for gambling disorder
- On 5 October, Kindred hosted the annual Sustainable Gambling Conference with over 800 participants and 25 expert speakers from inside and outside the industry

## Our journey towards zero



# Q3 2021 P&L FX impact vs Q3 2020



Avg rate	Q3 2020	Q3 2021	Movement
AUD	1.806	1.876	-3.9%
DKK	8.227	8.695	-5.7%
EUR	1.105	1.169	-5.8%
NOK	11.791	12.075	-2.4%
SEK	11.452	11.920	-4.1%
USD	1.292	1.378	-6.7%

Weighted average impact of FX rates on GWR was a negative impact of approx. 5%

	GBPm
Gross winnings revenue	-13.8
Cost of sales / Opex	8.4
FX loss on operating items	-0.6
<b>EBITDA FX impact Q3 2021</b>	<b>-6.0</b>
Other items below EBITDA	0.3
<b>Profit before tax impact Q3 2021</b>	<b>-5.7</b>



# Trading update and indicative guidance for Q4



- ▶ The average daily GWR for the Group for the first 24 days of October 2021 was 61% (59% in constant currency) lower than the same period last year
- ▶ The GWR has been negatively impacted by the closure of services to Dutch residents and an exceptionally weak sports betting margins. The margin after free bets was under 2% for the period, compared to 13% for the same period last year
- ▶ The number of active customers for the first 24 days of October 2021 decreased by 13% compared to the same period last year
- ▶ The daily average gross turnover for the sportsbook decreased by 21% (17% in constant currencies) compared to the same period last year. The daily average casino GWR decreased by 24% (21% in constant currencies) compared to the same period last year
- ▶ Due to the decision to cease services to Dutch residents and the exceptionally weak sports betting margin, Kindred has decided to communicate a non-recurring indicative guidance for the full Q4 2021:

*Depending on activity levels and the sports betting margin for the remainder of the quarter, Kindred estimates the GWR for Q4 2021 to be in the range of GBP 220 – 260 million*

# Q3 2021 summary



## Key report highlights

Gross winnings  
revenue

GBP 298.4m  
(+6%)

Locally regulated  
share of GWR

GBP 167.2m  
(56% of GWR)

Underlying  
EBITDA

GBP 84.2m  
(+13%)

Share of  
GWR from  
high-risk  
players

3.3%

Free cash flow

GBP 51.2m  
(-8.5m)

Active customers

1,738,504  
(+5%)

Net cash

GBP 214.1m





Q&A

## Contact

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## Calendar

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**9 February 2022**

Q4 2021 will be published at 7.30 CET



**28 April 2022**

Q1 2022 will be published at 7.30 CET

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