



Henrik Tjärnström  
CEO

Q1 2023 | 26 April 2023

# Outline

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## Q1 2023 highlights

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### Business overview

- Q1 performance
- Product segment update
- Regional update
- North America
- Netherlands
- Relax
- Sustainability

### Summary

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# Kindred's financial outlook is strong and will drive significant shareholder value



Solid progress across the key value drivers for the coming years



Performance and results in Q1 2023 remain on path towards 2023 guidance and the 2025 financial targets

# Encouraging improvement in both revenue and profitability



Growth and accelerated cost optimisation remain in focus to drive further scalability

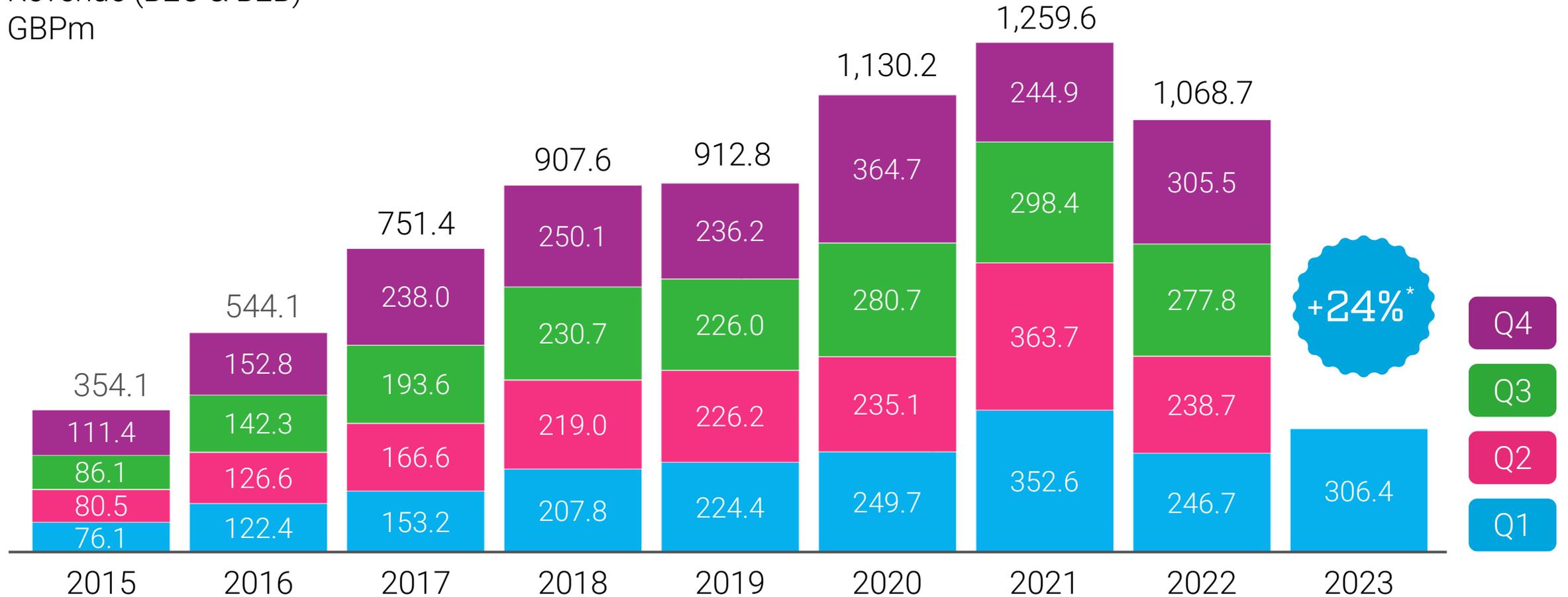


# Q1 delivered 24% y-o-y growth despite headwinds



Excl. Netherlands, revenue increased by 1% compared to Q1 2022

Revenue (B2C & B2B)  
GBPm



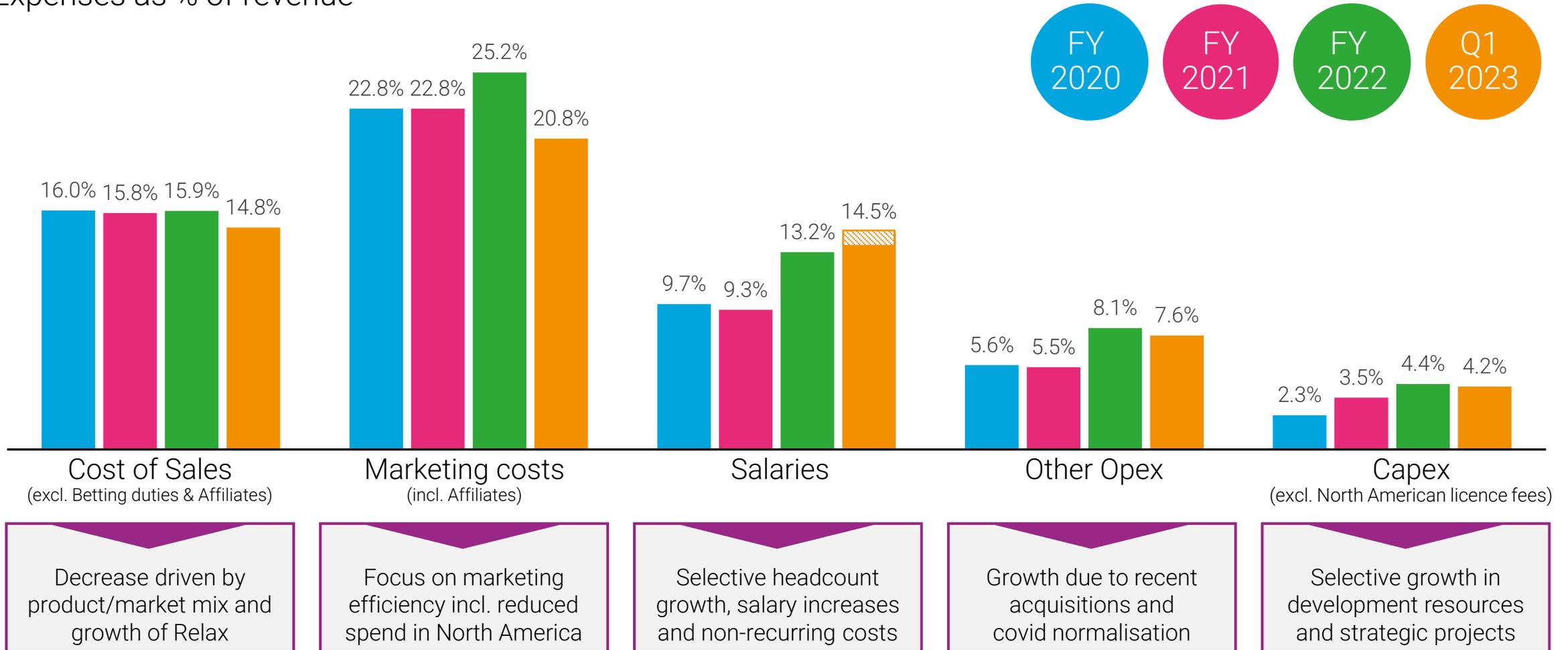
\* Q1 year-on-year revenue increase

# Continued focus on scalability

Cost actions taken during Q1 will have increased impact during coming quarters. M&A impacts historical comparisons



Expenses as % of revenue

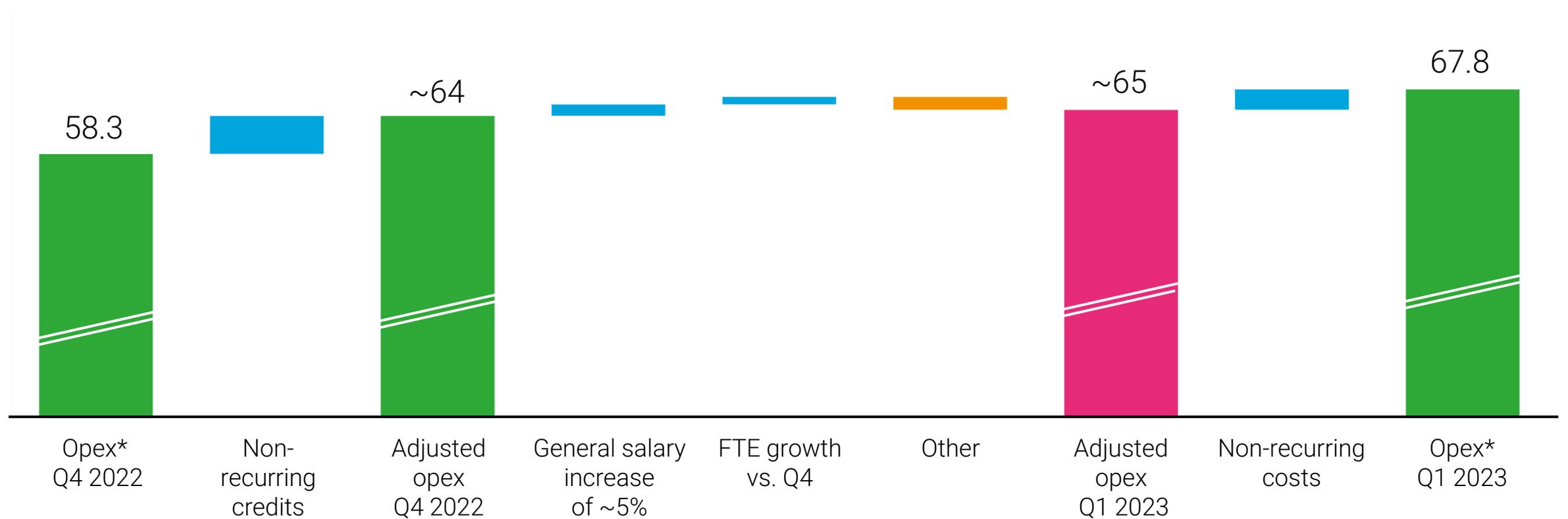


# Opex expected to flatten out



Headcount growth outside KSP is expected to be minimal in coming quarters at the same time as actions taken during Q1 will have an increased impact

Total opex\* (GBPm)



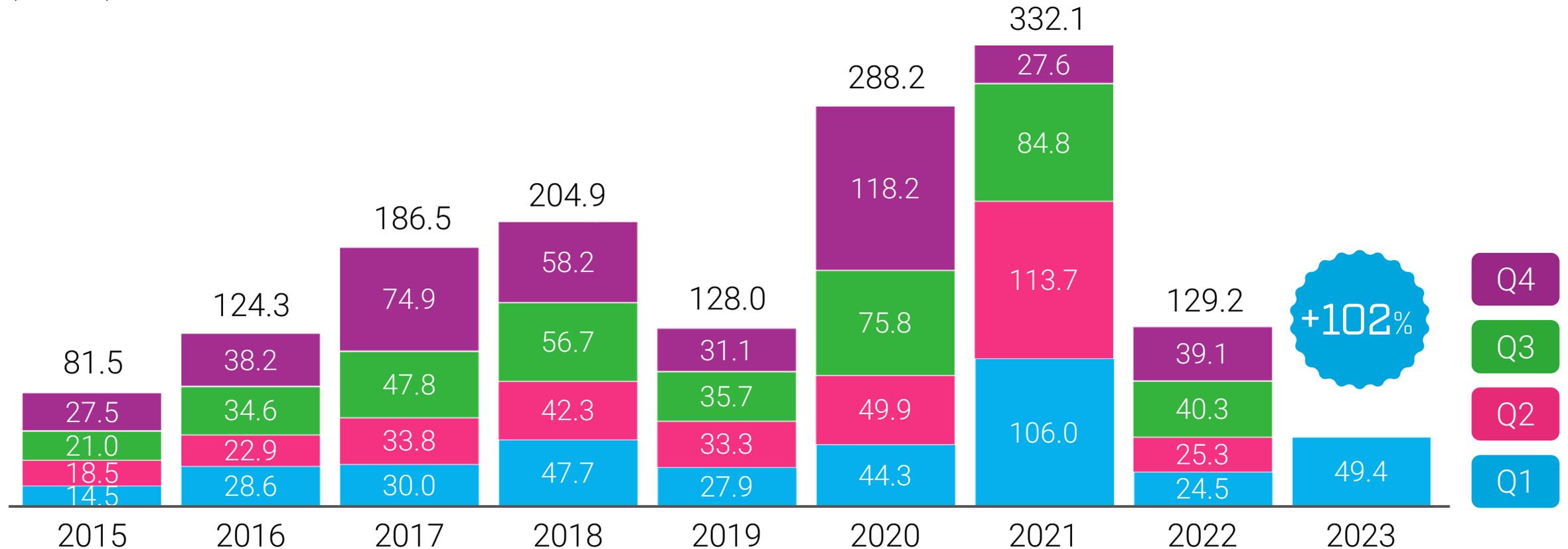
\* Includes salaries and other operating expenses

# Clear underlying EBITDA improvement in Q1

Excl. North America, underlying EBITDA reached GBP 54.9m, a margin of 18%



Underlying EBITDA\*  
(GBPm)



\* From Q4 2021, the definition of underlying EBITDA has been updated and for ease of comparison, the historical figures shown in the graph have also been updated



# Q1 2023 P&L FX impact vs Q1 2022

Avg rate	Q1 2022	Q1 2023	Movement
AUD	1.852	1.778	4.0%
DKK	8.896	8.428	5.3%
EUR	1.196	1.132	5.4%
NOK	11.866	12.446	-4.9%
SEK	12.531	12.686	-1.2%
USD	1.341	1.215	9.4%

Weighted average movement of FX rates on GWR had a positive impact of approx. 3 per cent

	GBPm
Revenue	9.5
Cost of sales / Opex	-7.6
Underlying EBITDA Q1 2023	1.9
FX gain on operating items	1.1
Other items below EBITDA	-0.2
Profit after tax impact Q1 2023	2.8

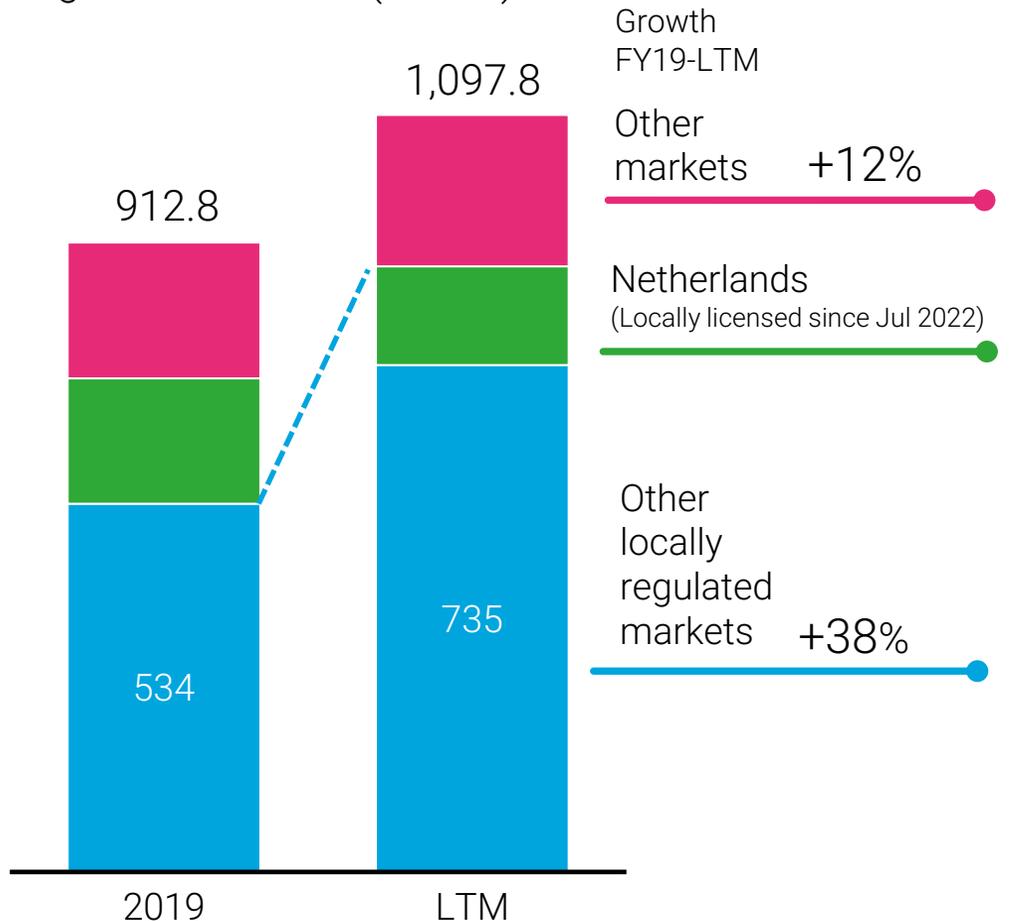


# Business overview

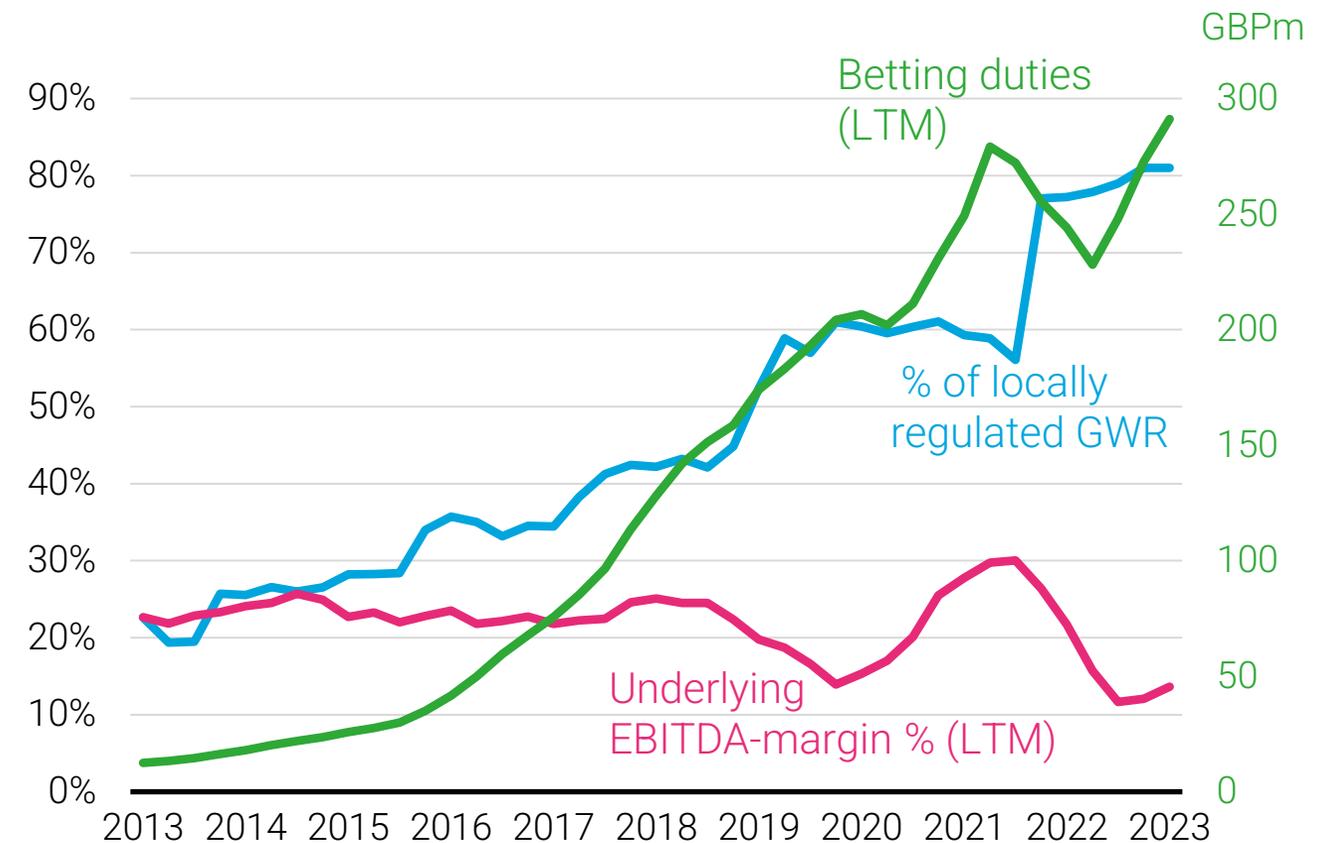
# Share of locally regulated GWR at 81% in Q1



Strong GWR growth in locally regulated markets (GBPm)



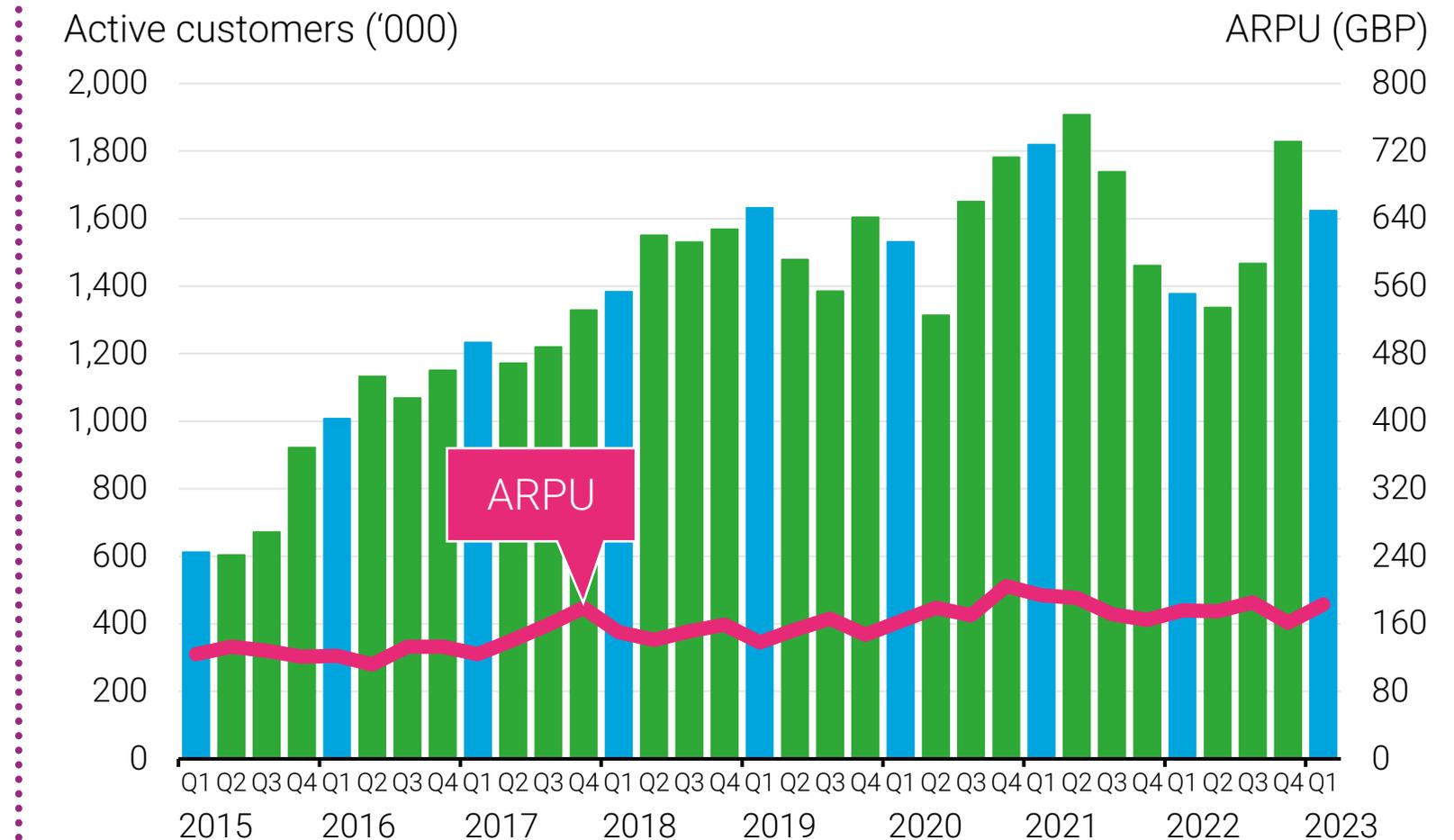
Transition towards locally regulated markets continues  
 – Underlying EBITDA margin has bottomed out and started to improve



# Continued solid activity following the World Cup



- Number of active customers amounted to approx. 1.62 million, an 18% increase compared to Q1 2022
- Excluding the Netherlands, the number of active customers increased by 3%
- The ARPU increased by approx. 4% vs. Q1 2022



# Product segment update

[Year-on-year]

## Sports betting

- GWR increased by 8% compared to the same quarter last year. Excl. the Netherlands GWR declined by 8% vs. comparative period
- Strong performance in several core markets was offset by significant headwinds in Belgium and Norway
- Kindred's proprietary racing product contributed 4% to the total sports betting GWR

## Casino & games

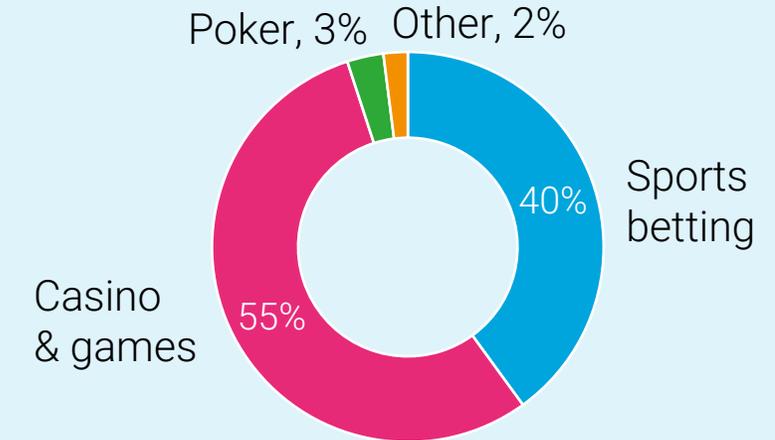
- GWR increased by 35%. When excluding Netherlands GWR increased by 4%
- Continued to focus on offering a strong and diverse casino product supported by the release of 13 exclusive games during the quarter

## Poker and other products

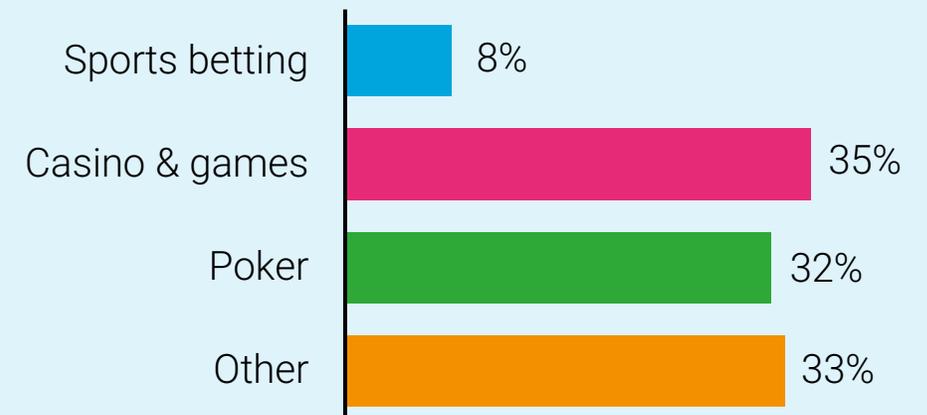
- Poker and other products reported a 33% increase compared to the same period in 2022



## GWR by product segment Q1 2023



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

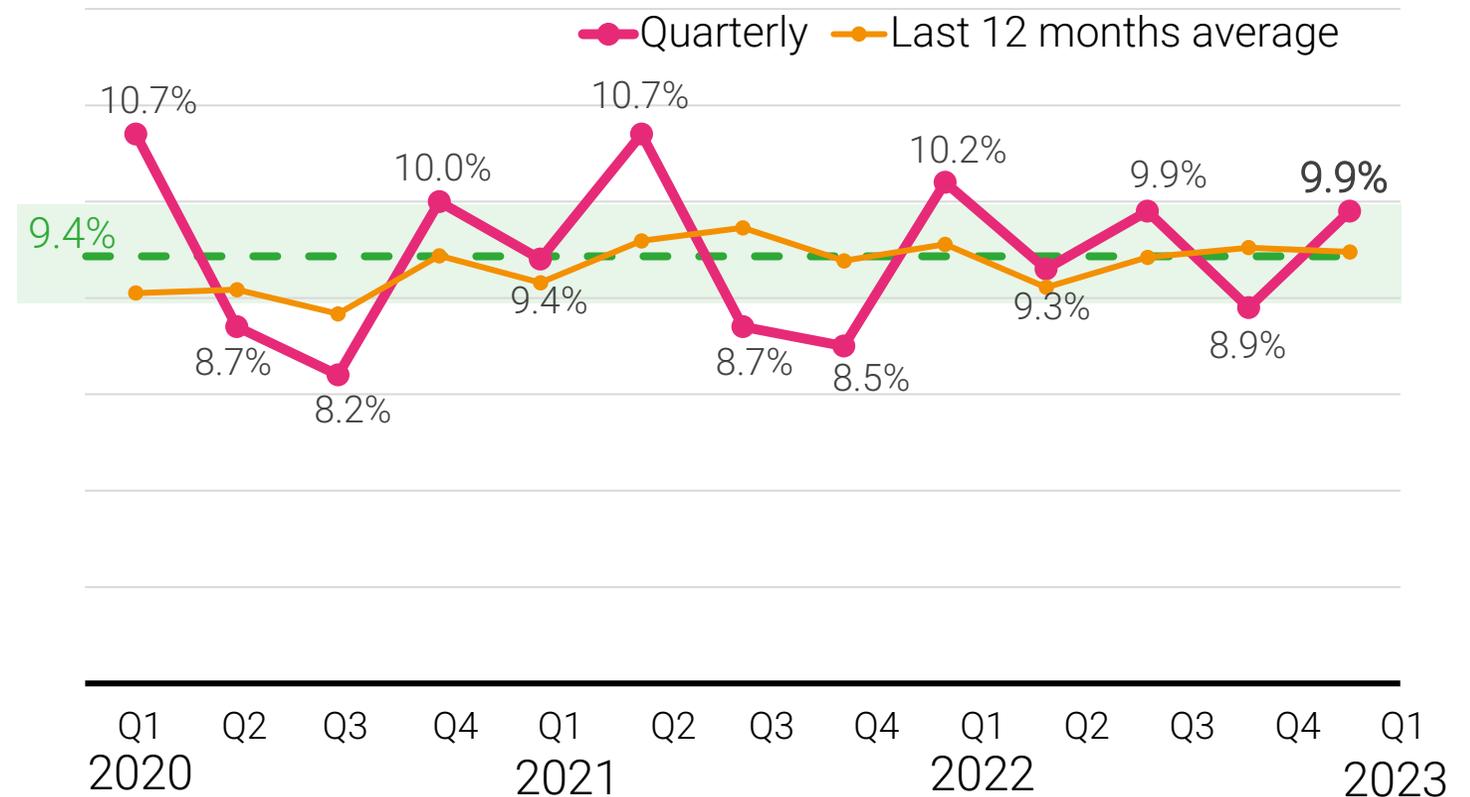


# Sports betting margin ahead of long-term average



- The sports betting margin for Q1 2023 was 9.9% after free bets vs. 10.2% during the same period last year
- The weighted long-term (since Q2 2020) average sports betting margin after free bets is 9.4%
- The long-term average margin has gradually increased over the years, but the margin can vary significantly from quarter to quarter. Over time the margin is expected to even out around the long-term average

## Sports betting margin after free bets



# Regional update

[Year-on-year]

## Western Europe

- GWR increased 37% against Q1 2022
- Excl. Netherlands, the GWR declined by 8% impacted by headwinds in Belgium and the closure of Germany during H2 2022
- UK reported 7% growth despite stricter affordability measures

## Nordics

- GWR increased by 4% driven by strong growth in Denmark and stable development in Sweden and thereby offsetting the negative development seen in Norway

## Central, Eastern and Southern Europe (CES)

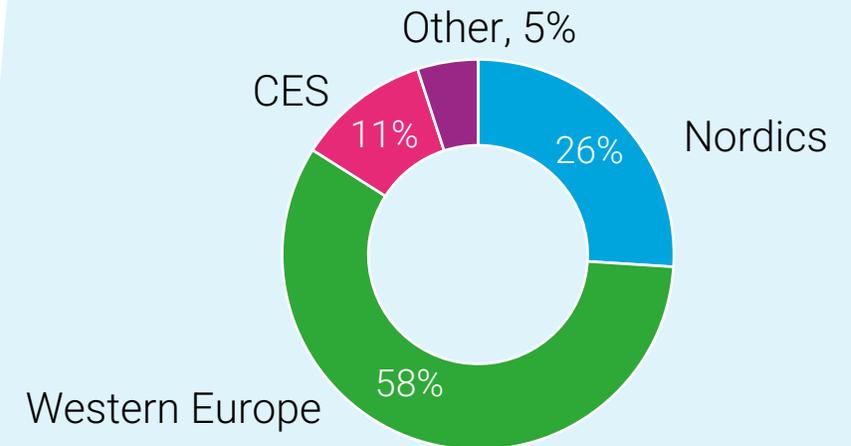
- GWR increased by 16% vs. same period last year. Romania continues to make up a significant portion of the GWR in this region

## Other

- GWR increased by 4% driven by the growth in North America. Australia saw a 12% decrease in local currency as a result of a weak sports betting margin during the quarter

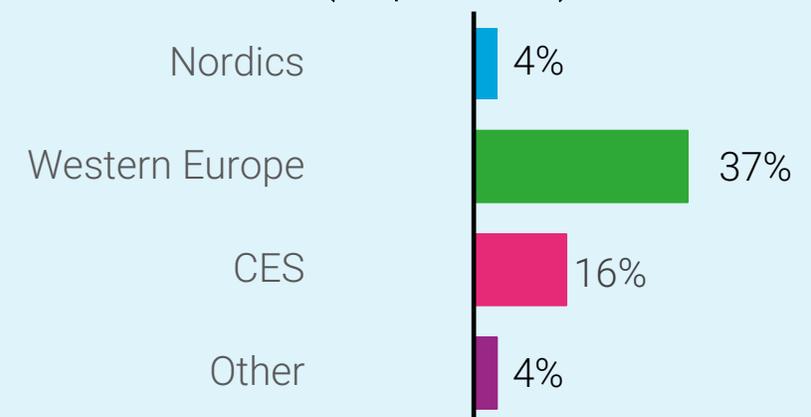


## GWR by region Q1 2023



## GWR year-on-year growth

(as reported in GBP)





# Encouraging signs in North America

Our proprietary platform is ready to go

- GBP 8.0m in GWR Q1 2023, an 18% reported y-o-y growth (approx. 8% growth in constant currency)
- The negative underlying EBITDA contribution reduced to GBP -5.5m in Q1 2023 vs. GBP -8.5m during the same period last year
- Reduced marketing spend until launch of own platform
- On 14 April we received approval for our proprietary Kindred platform in New Jersey, which is expected to go live in mid-May
- Our own platform will give better control of performance and the customer offering while the customers will receive a greater experience, improved product offerings, and access to Kindred’s full safer gambling toolkit

## North America operations Q1 2023

	GBPm
GWR	8.0
CoS	-7.4
Marketing	-3.2
Admin expenses	-2.9
<b>Underlying EBITDA</b>	<b>-5.5</b>

## North America Underlying EBITDA development

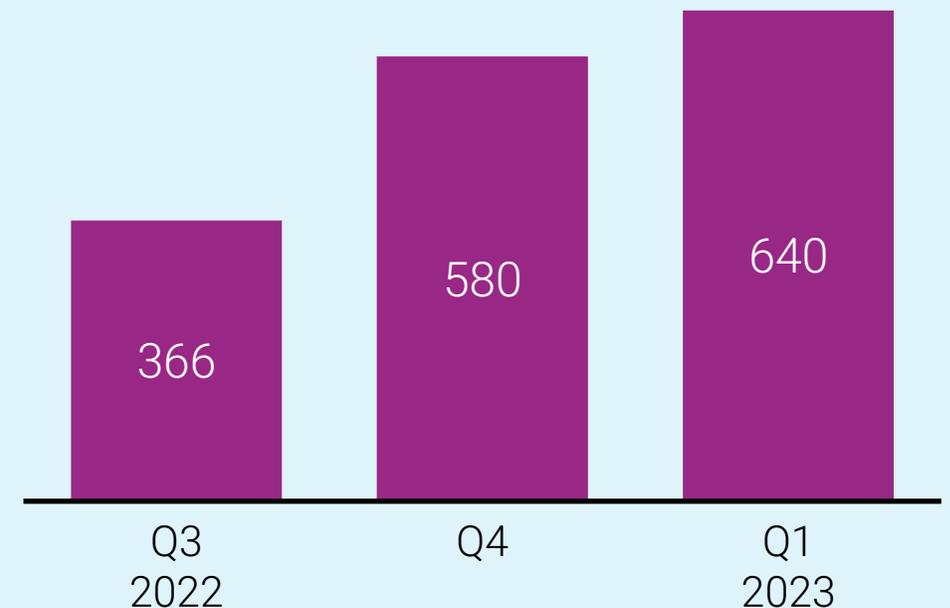


# Continued strong performance in the Netherlands



- Continued strong customer activity with number of active customers reaching approx. 205k during Q1 2023
- The GWR reached approx. GBP 57.3m, a sequential increase of 8%
- Netherland's gross contribution % was in line with the Group average in Q1
- Based on the performance in Q1, Kindred estimate to have approx. 20% market share and a top 2 position
- Firmly on track to being the number one operator in 2023
- Separate reporting on performance in the Netherlands will discontinue after Q2

Daily average GWR development (GBP '000)

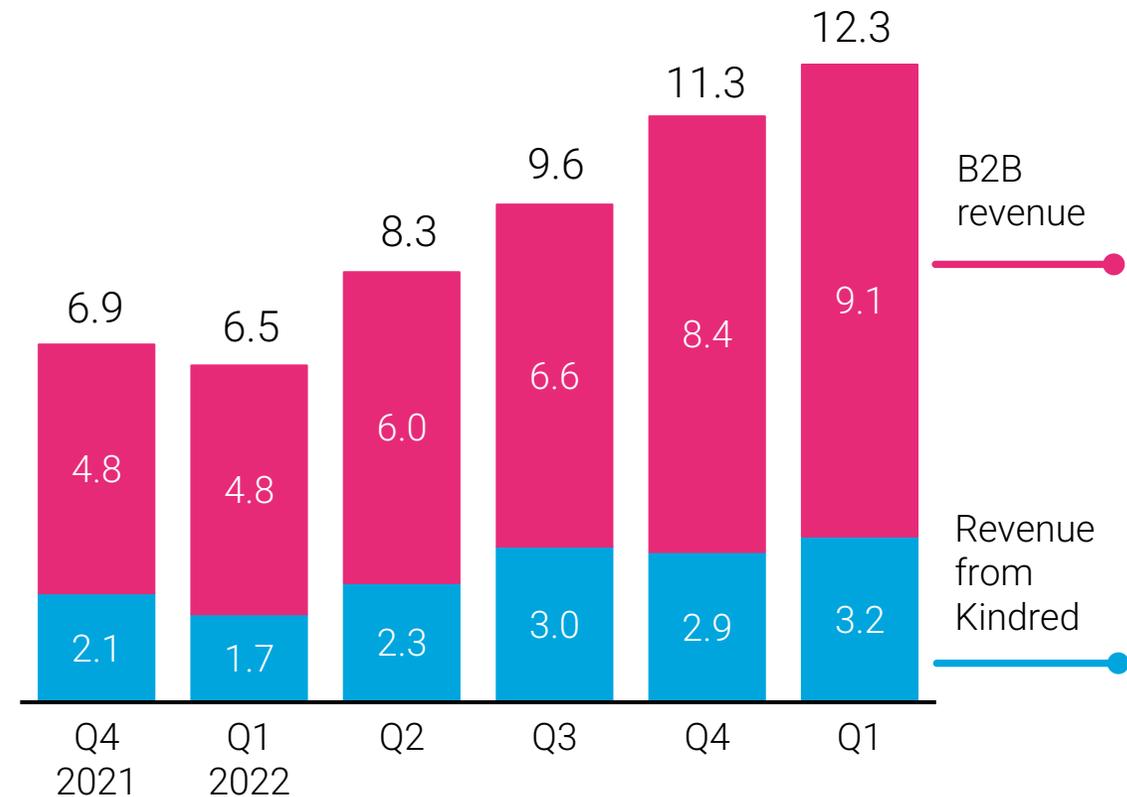


# Relax total revenue grew 89% in Q1 while the EBITDA grew 200%



- Relax total Q1 revenue amounted to GBP 12.3m, an 89% increase compared to Q1 2022 (as adjusted)
- The Q1 B2B revenue from Relax amounted to GBP 9.1m
- Relax gross profit contribution in Q1 was GBP 10.2m vs. GBP 5.6m in Q1 2022. The underlying EBITDA contribution was GBP 5.1m representing a 41% margin.
- The strong growth is driven by broader distribution and successful game launches
- During Q1 Relax signed deals with 8 new operators and had 6 network launches of own content
- Kindred launched its second exclusive game in collaboration with Relax in February and several more games planned to be launched during 2023

Restated Relax total revenue development (GBPm)\*



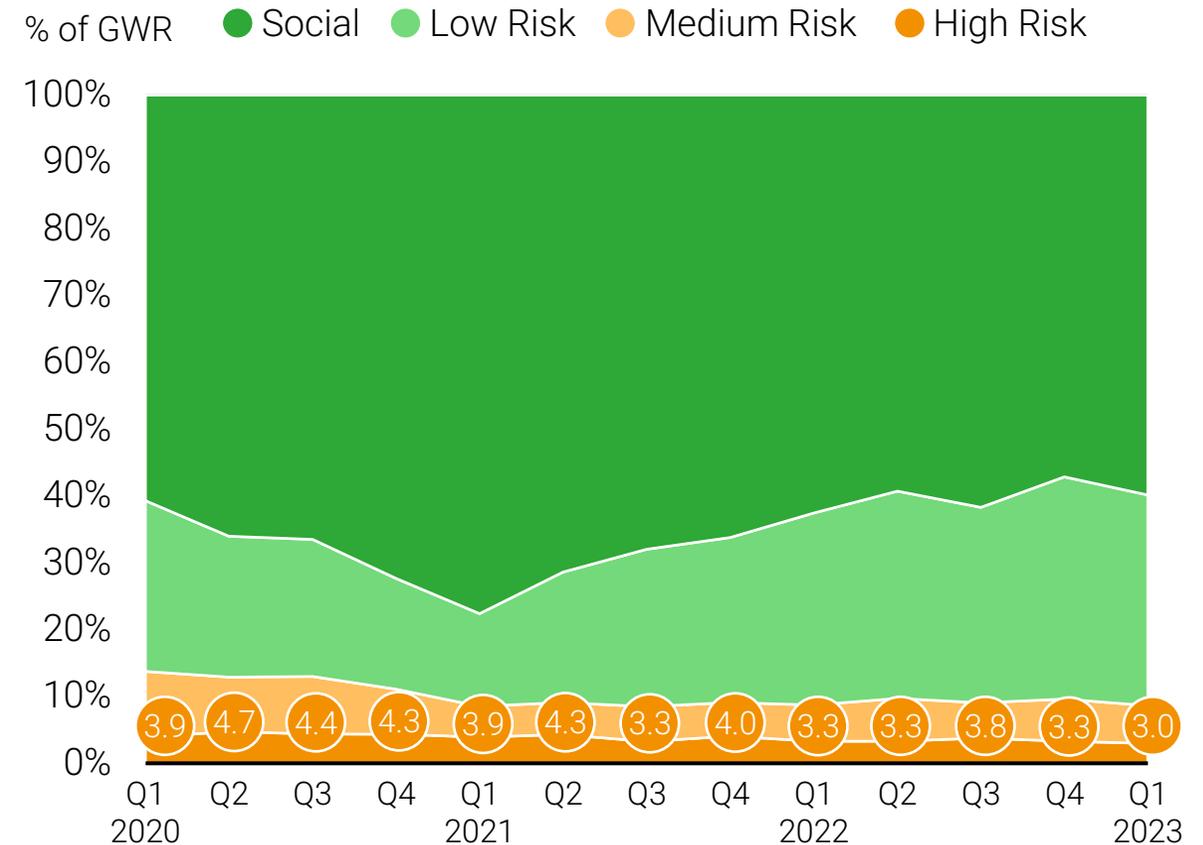
\* Reported B2B revenue for Q4 2022 includes a GBP 2.0 million revenue adjustment that relates to the first three quarters of 2022 (Q1: £0.5m, Q2: £0.8m and Q3: £0.7m). The comparative Q4 2021 restated revenue includes an adjustment of £0.4m. This adjustment has no impact on gross profit

# Dedicated focus on our Journey towards Zero



- Data from Q1 2023
  - Share of GWR from high-risk players: 3.0%
  - Improvement effect after interventions: 83.0%
- The decrease in Q1 was driven by localised strategies to improve responsible gambling journeys, intervention processes as well as enhancing the control tools and features
- Kindred also deployed PS-EDS Automated Interventions in selected markets, a tool that helps raise awareness with customers, incentivising them to make use of control tools.

## Our Journey towards Zero





# Summary

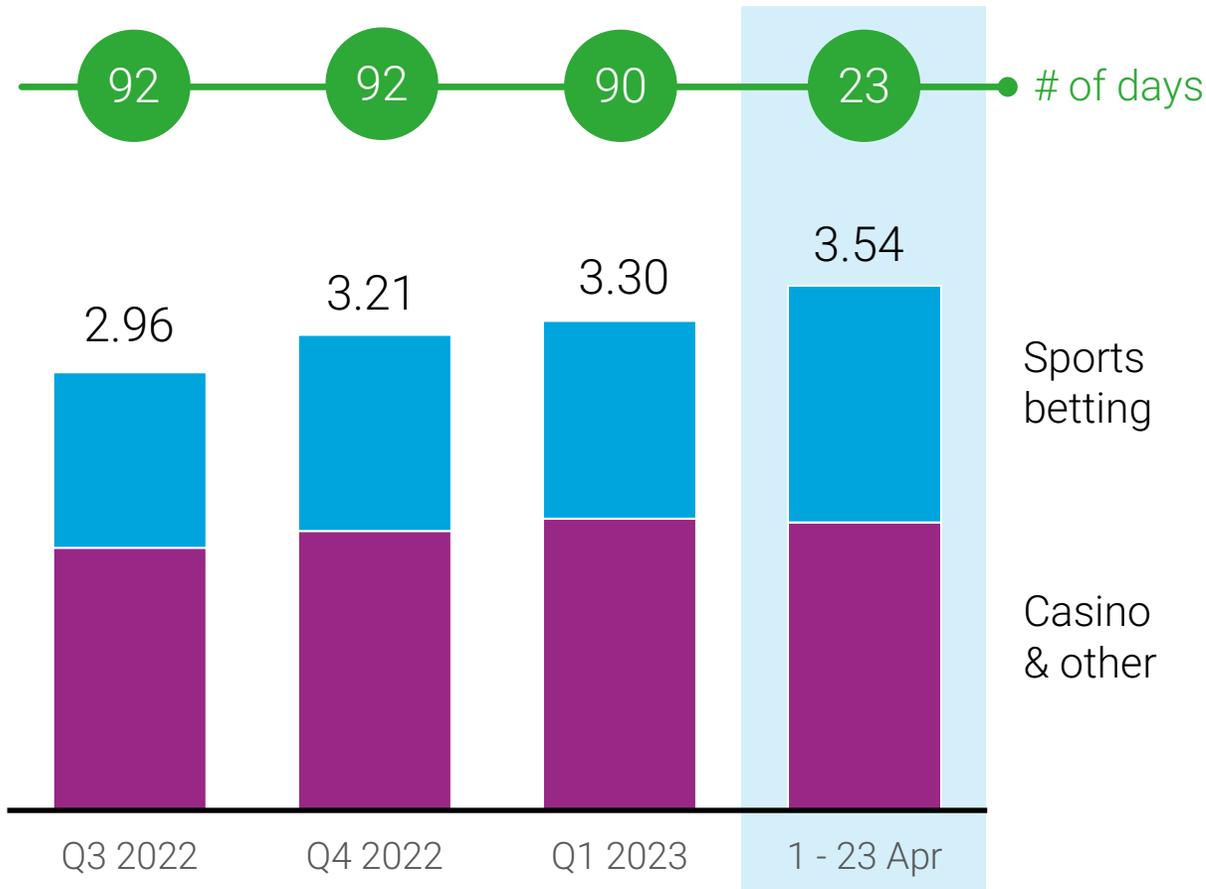


# Strong start of the quarter

Trading update for the first 23 days of Q2 2023



The daily average GWR (GBPm)

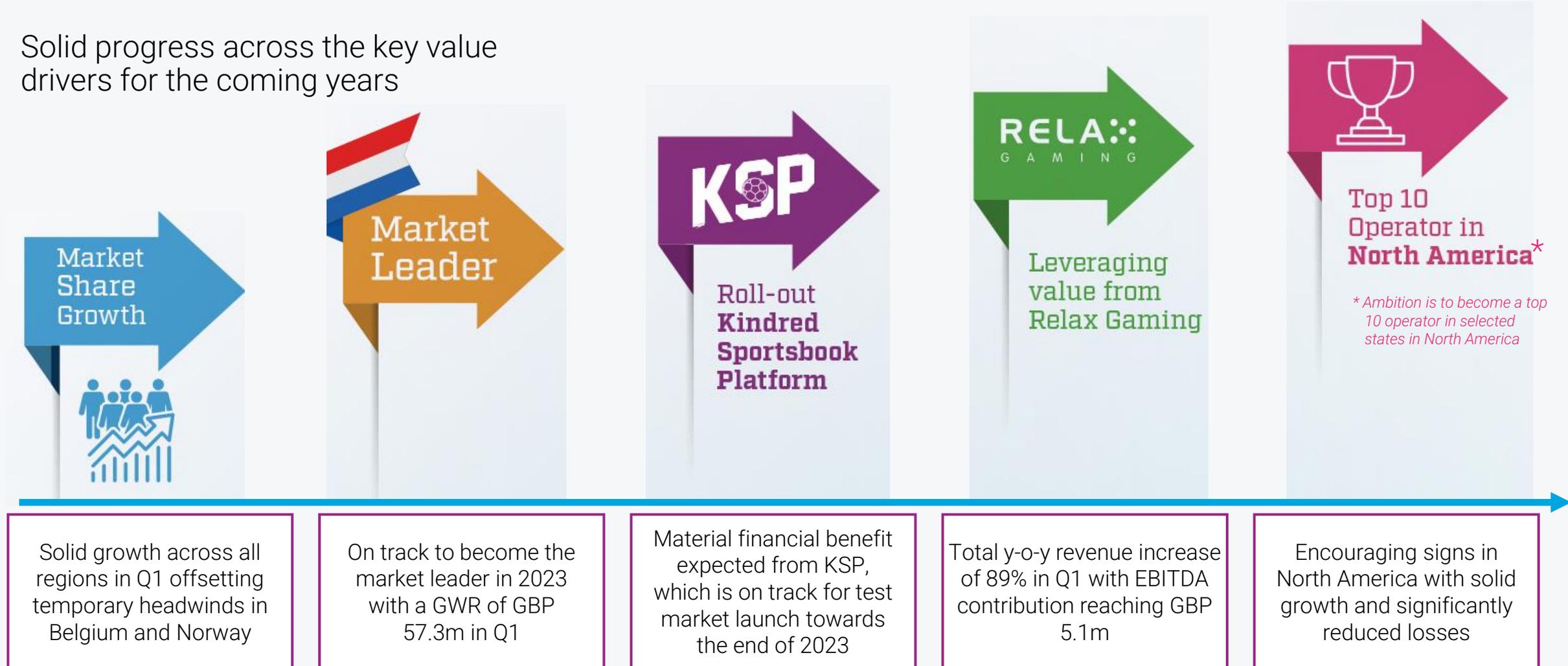


- Strong start of the quarter with high activity across markets
- Q2 2022 comparatives distorted by the temporary closure of services to Dutch residents
- The average daily GWR (B2C only) for the Group up to and including 23 April 2023 was:
  - GBP 3.54m, 38% higher than for the full Q2 2022
  - GBP 2.83m excl. Netherlands, 10% higher than for the full Q2 2022
- Sports betting GWR has been positively impacted by a busy sports calendar and a strong sports betting margin (after free bets) of around 12%

# Kindred's financial outlook is strong and will drive significant shareholder value



Solid progress across the key value drivers for the coming years





Q&A

## Contact

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## Calendar

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25 July 2023

Q2 2023 will be published at 7.30 CEST



26 October 2023

Q3 2023 will be published at 7.30 CEST

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