



kindred

Nils Andén, CEO

Patrick Kortman, Interim CFO

Interim Report

Q4 2023 | 7 FEBRUARY 2024

Outline

1. HIGHLIGHTS

2. BUSINESS OVERVIEW

- Q4 PERFORMANCE
- PRODUCT SEGMENT UPDATE
- REGIONAL UPDATE
- NORTH AMERICA
- SUSTAINABILITY
- RELAX

3. KINDRED SPORTSBOOK PLATFORM

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Highlights

Underlying EBITDA for the full year was GBP 204.5m, in line with 2023 financial guidance

Continued strong performance across core markets with solid growth in casino segment

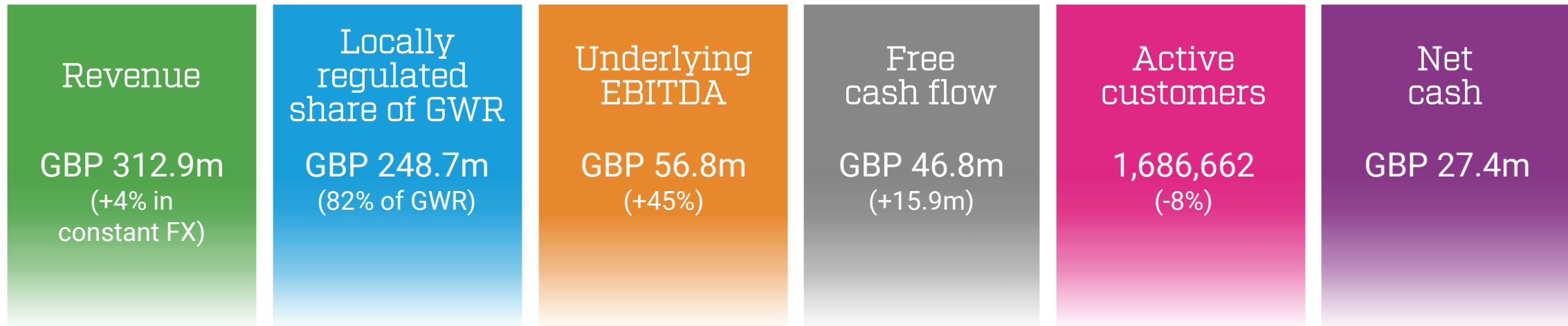
Proof of scalability as underlying EBITDA reached GBP 56.8m, (+45% y-o-y) , GBP 62.9m excluding North America

Stellar performance by Relax Gaming, with a notable increase in underlying EBITDA contribution reaching GBP 7.4m

Public cash offer of SEK 130 per SDR from La Française des Jeux, unanimously recommended by the Board

Strong performance in several key markets, while Relax Gaming shows encouraging growth

KINDRED'S BEST PERFORMING QUARTER IN BOTH TOTAL REVENUE AND UNDERLYING EBITDA SINCE Q3 2021



Strong performance in the Netherlands, UK and Romania. Positive momentum across the casino segment

Underlying EBITDA margin increased 5 percentage points to 18% and was 21% excluding North America

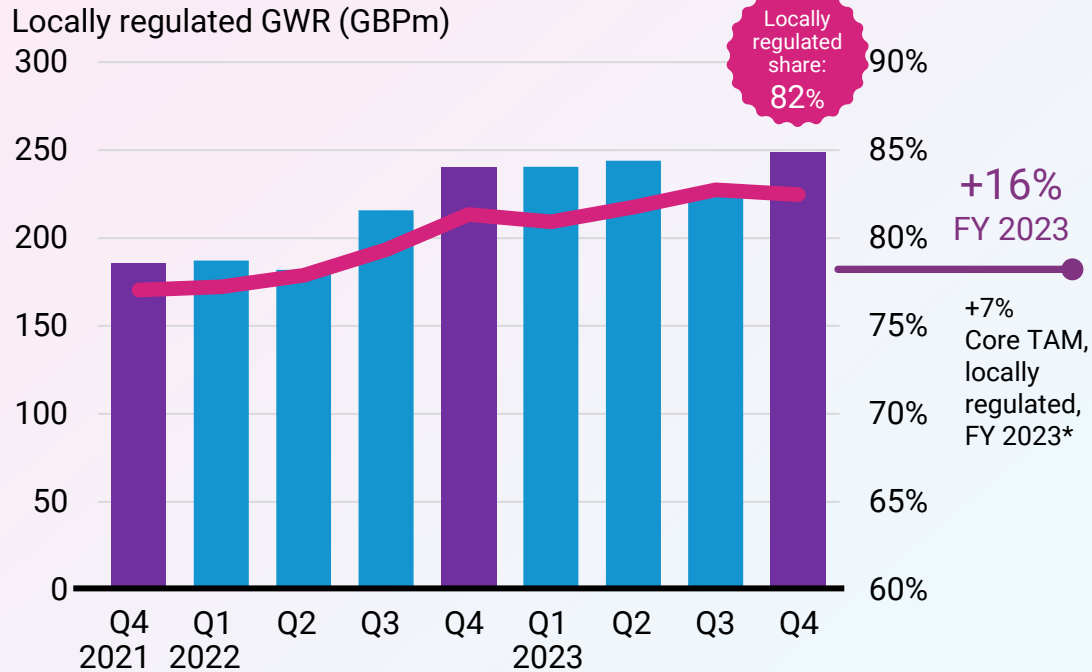
Sequential growth of 8% in active customers. Y-o-y decline linked to upside from Winter World Cup in prior year

Business overview

Scalability continues to improve as revenue increases and cost optimisation efforts yield results

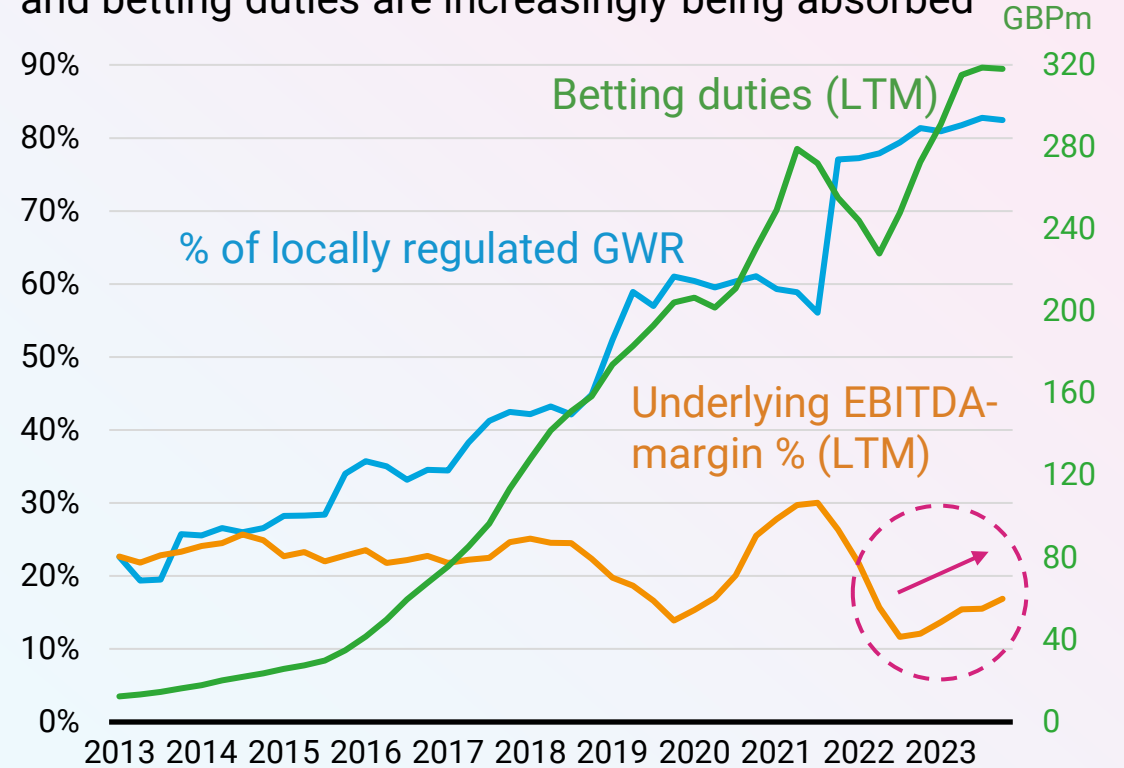
LOCALLY REGULATED GWR AT AN ALL-TIME HIGH OF GBP 248.7M, 82% OF GROUP GWR

Significant above market growth in locally regulated markets



*Source: H2GC. Core total addressable market (core TAM), locally regulated, include Belgium, Denmark, Estonia, France, Italy, Netherlands, Romania, Sweden and UK.

The scalability of the Group continues to improve, and betting duties are increasingly being absorbed

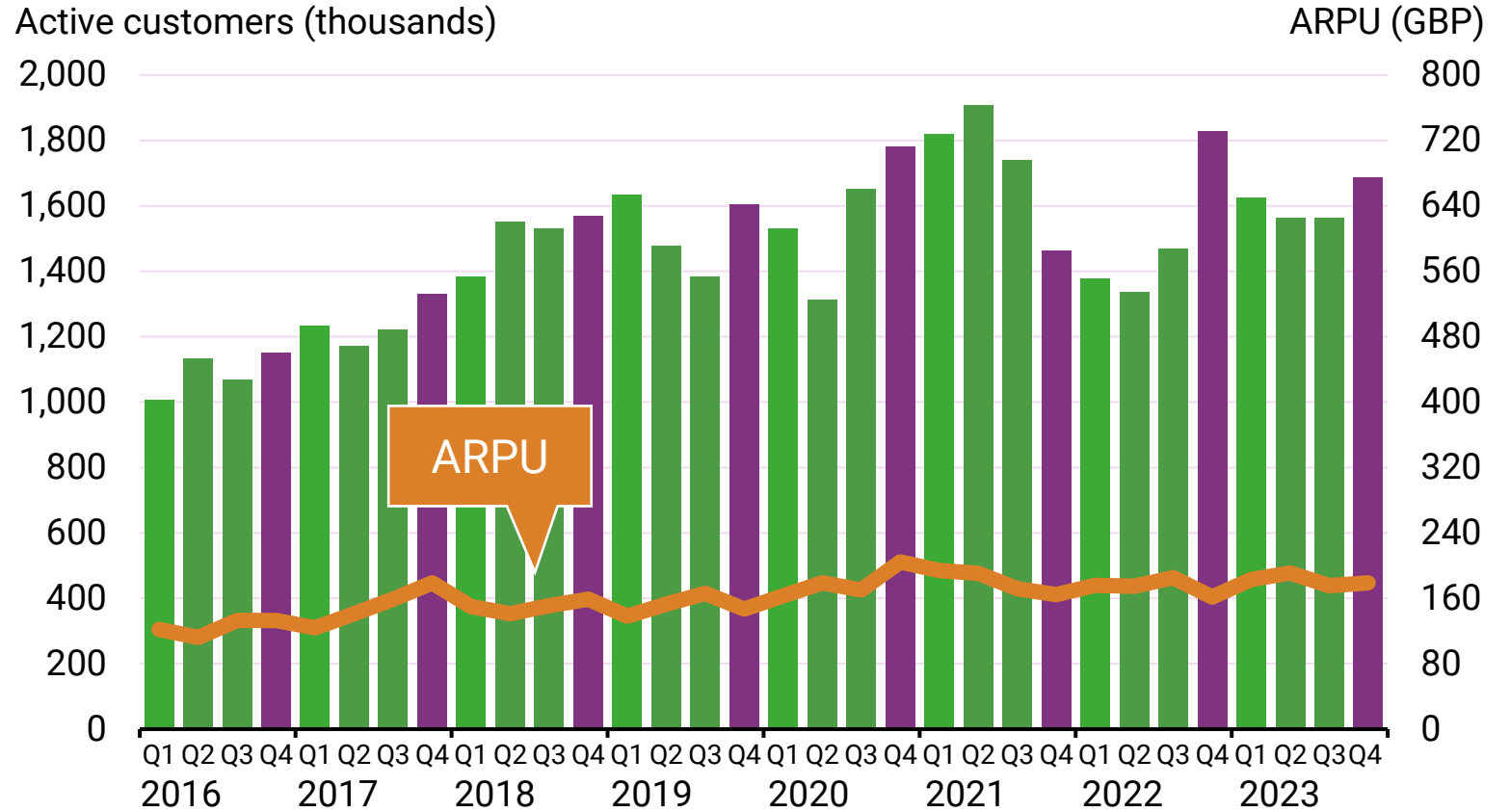


Solid activity with strong growth in number of active customers in Casino & games

1.7 million active customer, -8% versus the same period last year, which was influenced by the Winter World Cup

Casino & games active customers +7% compared to Q4 2022

The ARPU increased by approx. 11% vs. Q4 2022



Product segment update

Q4 2023, YEAR-ON-YEAR

Sports betting

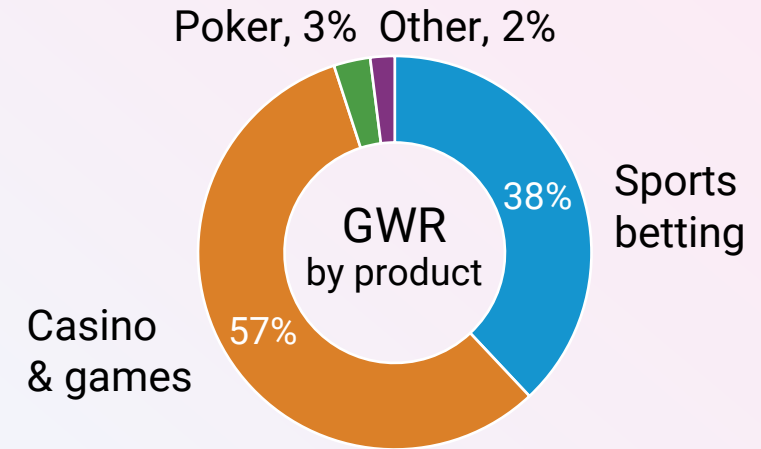
- GWR declined by 6% driven by lower levels of activity compared to same period last year, which contained the Winter World Cup
- Reduced activity and turnover in France, Belgium and Sweden influenced the Group totals
- Kindred's proprietary racing product contributed 4% to total sports betting GWR

Casino & games

- GWR increased by 7% on the back of increased activity and strong performance especially in the Netherlands and the UK
- Overall growth was supported by the launch of new slot game providers

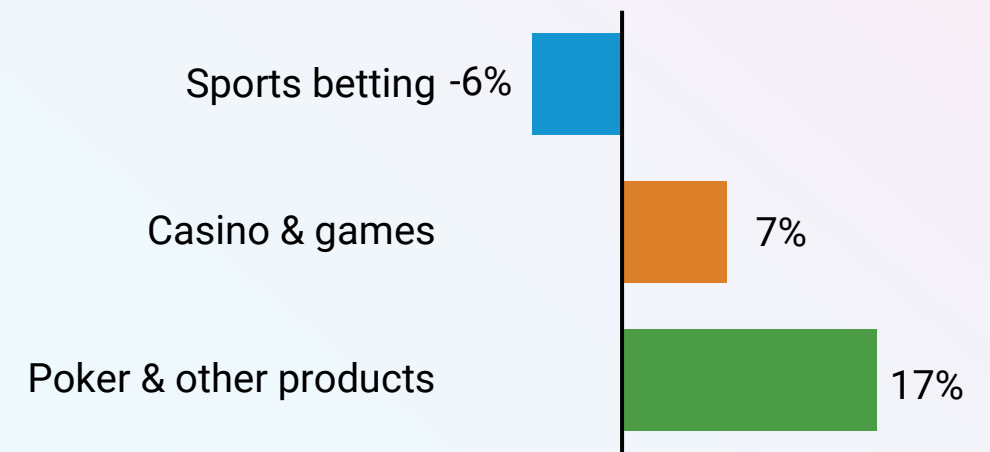
Poker and other products

- GWR grew by 17% with strong growth in other products



GWR year-on-year growth

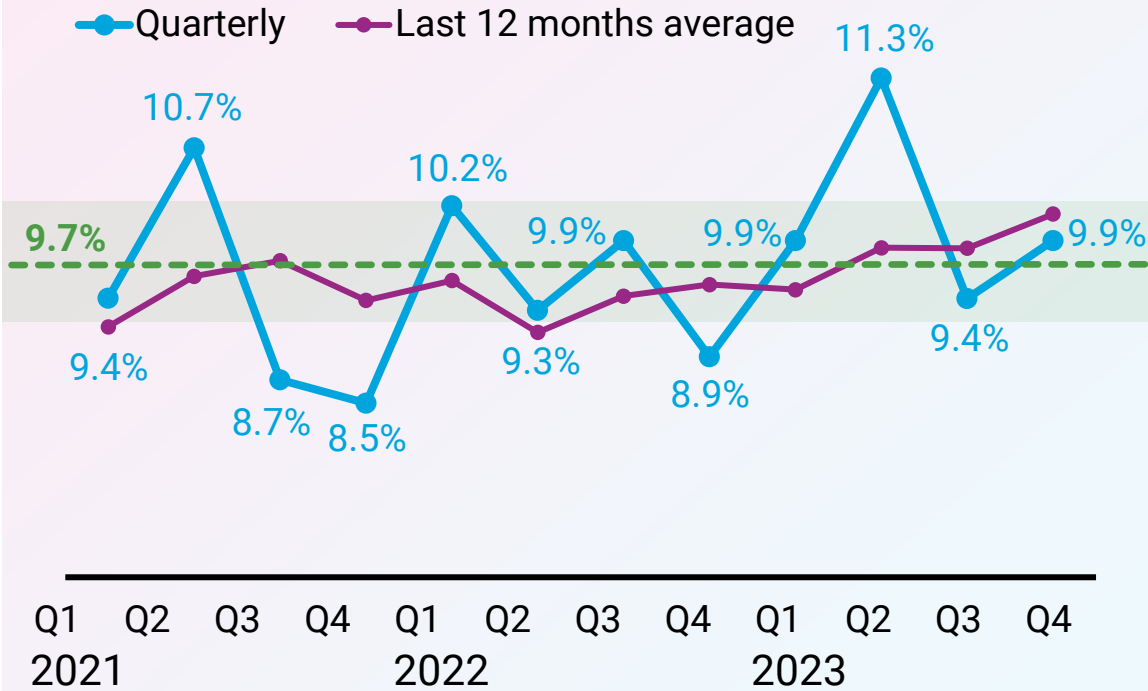
(as reported in GBP)



Sports betting margin close to long-term average

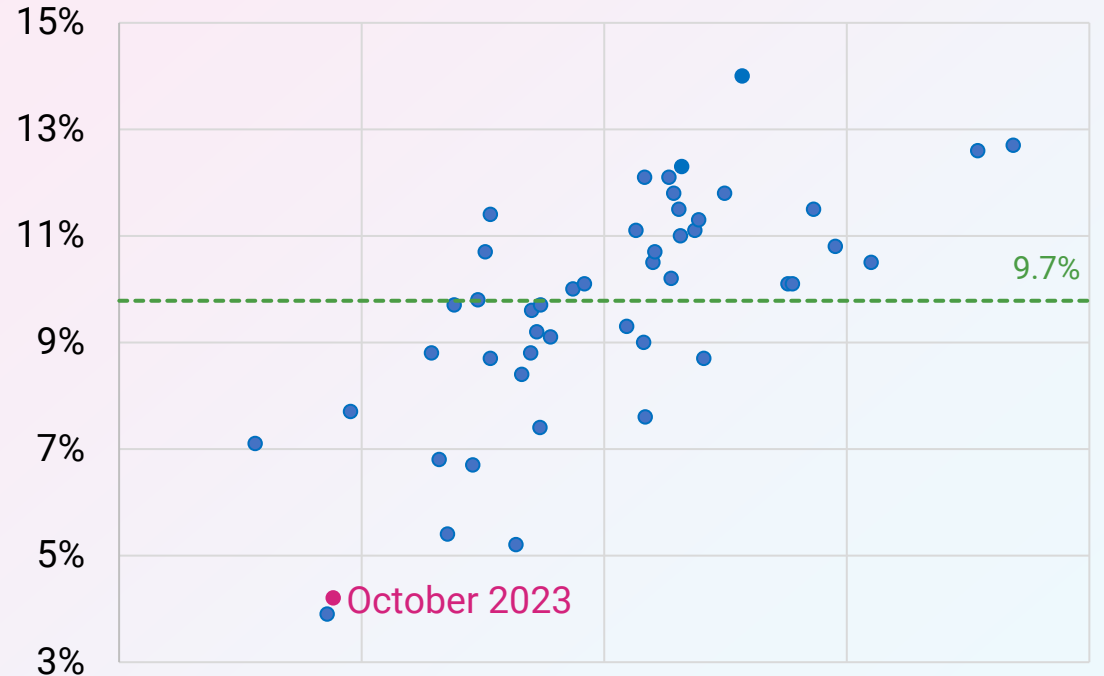
DESPITE A WEAK START TO THE QUARTER, SPORTS BETTING MARGIN REACHED 9.9% FOR THE FULL QUARTER

Sports betting margin after free bets at 9.9% in Q4 23 vs long-term average (since Q1 21) of 9.7%



Challenging October offset by strong margins in November and December

Monthly sports betting margin after free bets, Jan 2020-Dec 2023



Regional update

Q4 2023, YEAR-ON-YEAR

Western Europe

- GWR increased by 6% driven by continued strength in the Netherlands and UK
- Continued regulatory headwinds in Belgium, where a weak quarterly sports betting margin also impacted the performance
- The Netherlands grew by 19% in local currency and UK continued to perform well at a growth rate of 17%

Nordics

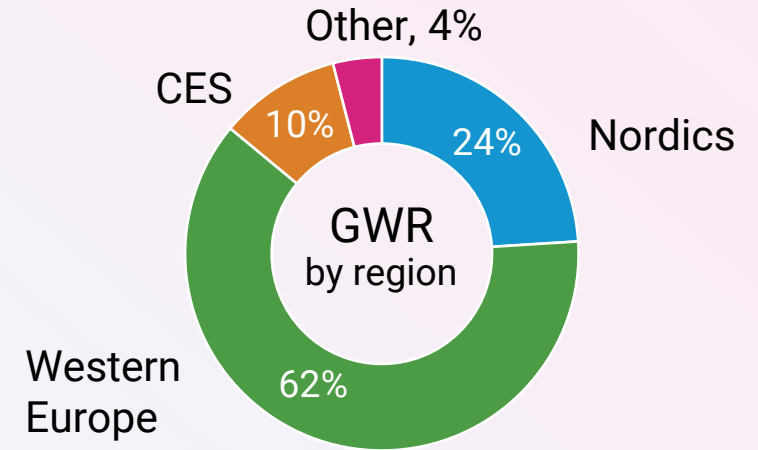
- GWR decreased by 7% driven by a decline in Sweden and previously made operational changes in the Norwegian market

Central, Eastern and Southern Europe (CES)

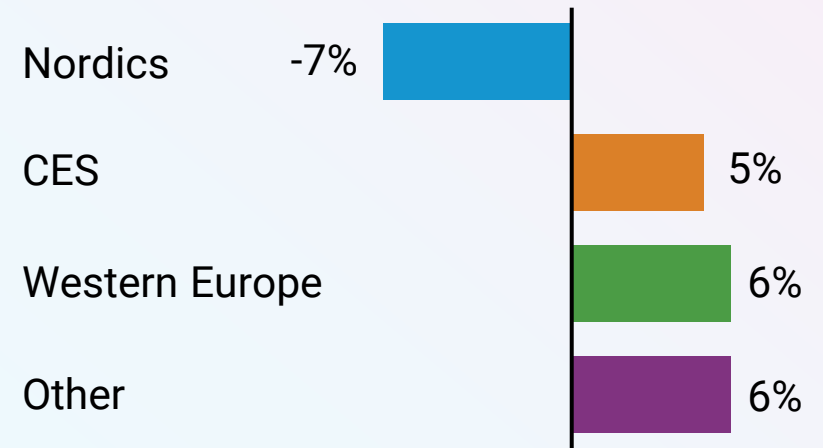
- GWR grew by 5% with Casino in Romania as a particular highlight

Other

- GWR increased 6% driven by North America where last year's results are distorted by a large win on the World Series



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



North American exit going according to plan

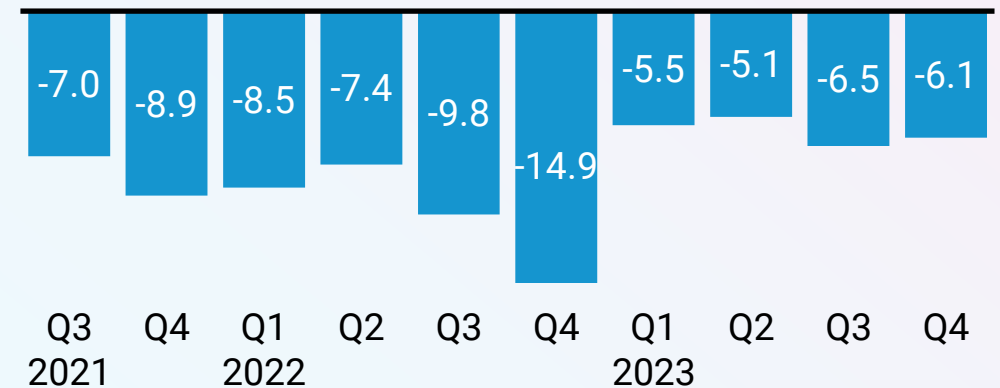
- The closure of the North American operations is on schedule and expected to be completed by the end of Q2 24
- The close down is anticipated to result in a one-off negative cash flow impact of approximately GBP 15m
- In Q4 23, GWR reached GBP 7.7m. This represents an increase of 83 in constant currency, with last year's results distorted by a large customer win on the World Series
- Underlying EBITDA contribution in the quarter amounted to GBP -6.1m vs. GBP -14.9 m in Q4 22 (including the impact of GBP -4.4m from the significant customer win on the World Series)

North America operations Q4 2023, GBPm

GWR	7.7
CoS	-6.9
Marketing	-4.3
Admin expenses	-2.6
Underlying EBITDA	-6.1

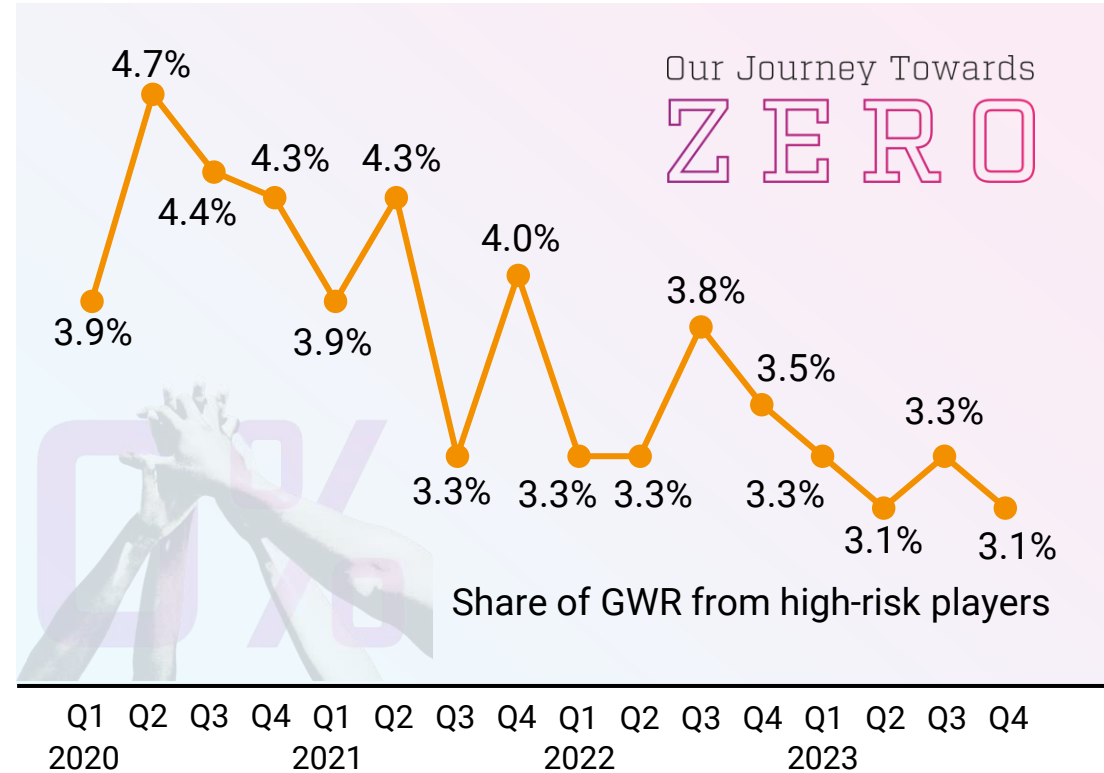
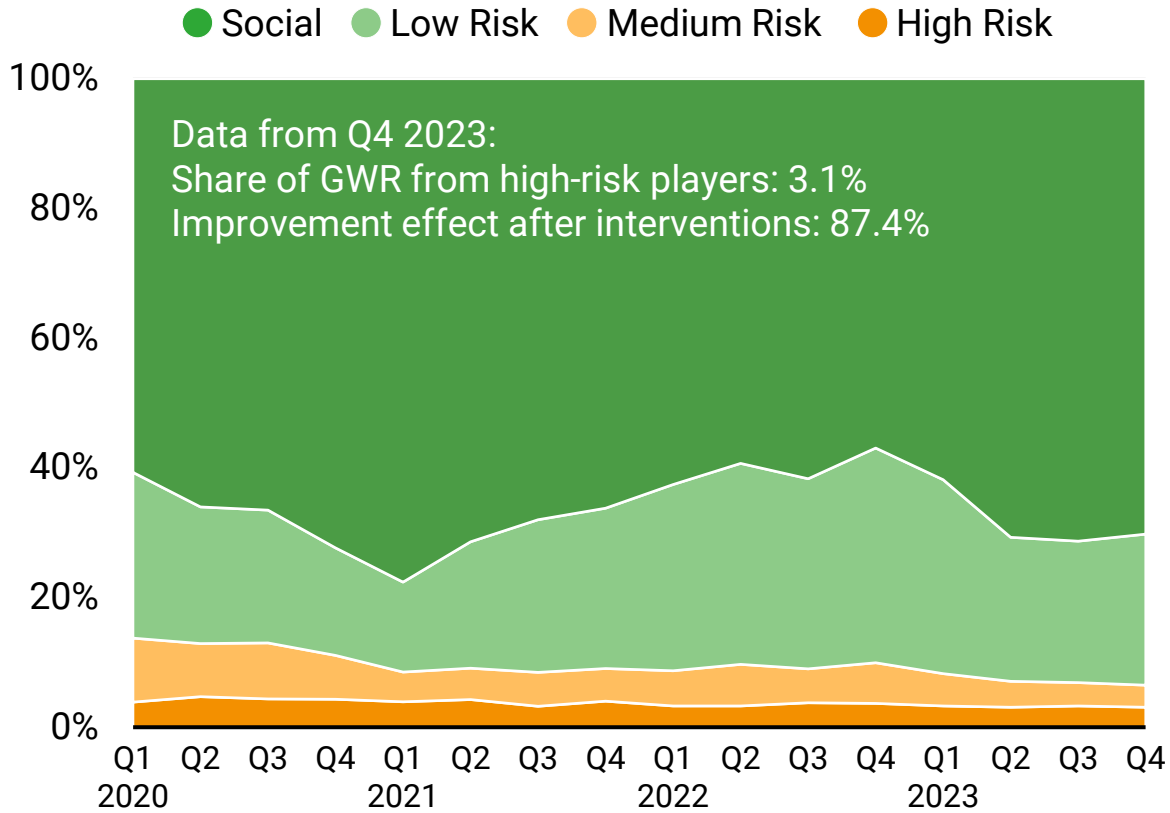
North America Underlying EBITDA development

GBPm



A DETERMINED FOCUS ON SUSTAINABILITY

Dedicated focus on our Journey towards Zero

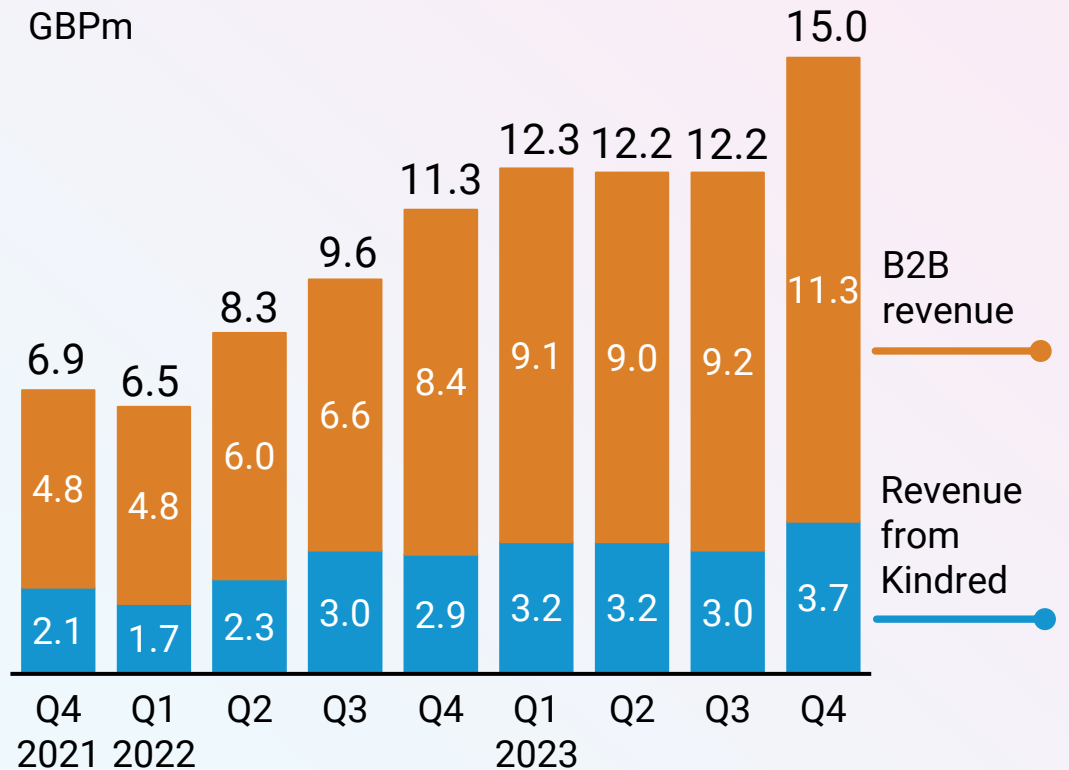


Stellar growth in Relax Gaming

33% TOTAL REVENUE GROWTH WHILE UNDERLYING EBITDA CONTRIBUTION GREW 72%

- Strong total revenue growth of 33% (y-o-y and adjusted) to GBP 15.0m. B2B revenue amounted to GBP 11.3m
- Growth continues to be driven by broader distribution and successful game launches
- Q4 gross profit contribution of GBP 12.1m (compared to GBP 8.7m in Q4 2022)
- Underlying EBITDA contribution: GBP 7.4m, representing a 49% margin of Relax total revenue
- 10 games launched, including four games exclusively for Kindred
- ATH revenue in October after the launch of highly rated Money Train 4
- Launch in New Jersey in December 2023

Restated Relax total revenue development*



* 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

Kindred Sportsbook Platform

Kindred Sportsbok Platform live in production in test market

Continued solid progress on all core areas and live in production in designated test market since January 2024

Solid functionality already live in production:



Full risk and player management functionality



Quant proprietary pricing models integrated



Full rewards and concessions suite



MGA licence for Kindred IP



Third party feed aggregation gateway



Integration with Kindred CS interface

Focus areas during 2024 include:

- Steadily begin inviting customers from mid-February
- High profile product and feature deliveries
- Continue integrating third party services
- Rollout in select markets



State of the art sportsbook driving growth and scalability

Growth opportunity in all markets by ensuring end-to-end product control



- Enhanced rewards toolkit to target the right player, with the right value promotion at the right time
- Complete ownership of product development and security of supply
- Higher degree of competitive differentiation
- Cutting-edge risk management tools
- Full control of price positioning enables targeted local pricing

Robust financial rationale Scalable opex over interminable cost



- Favourable effective commissions
- Technical advancement & implementation, driving automation efficiencies
- Preferential supplier agreements
- Estimated positive cash flow contribution in 2025 following last year's investment peak

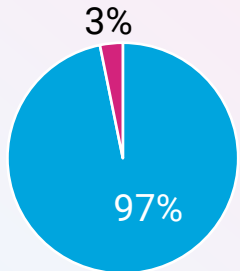
Financials

Strong performance in select core markets and best performing quarter since Q2 2021

REVENUE GROWTH OF 4% IN CONSTANT CURRENCY

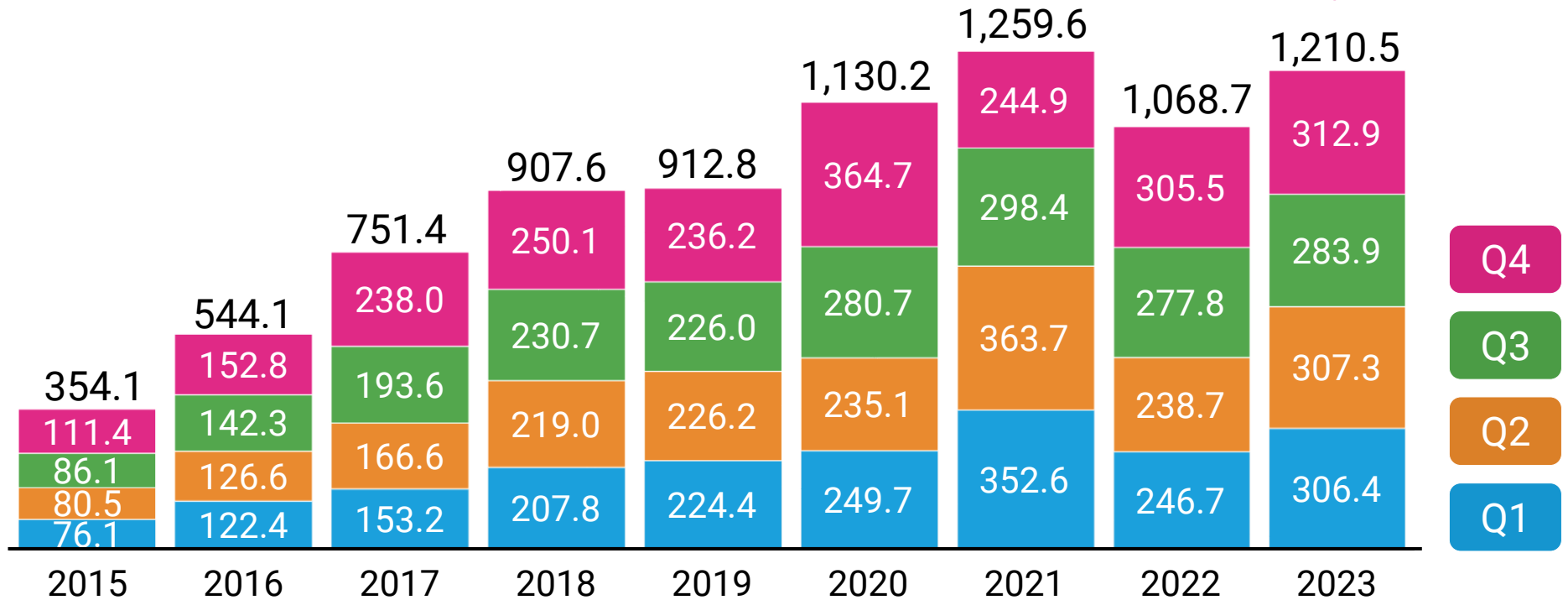
Revenue split FY 2023

B2B:
Relax Gaming



B2C:
Sports betting,
Casino & games,
Poker & Other

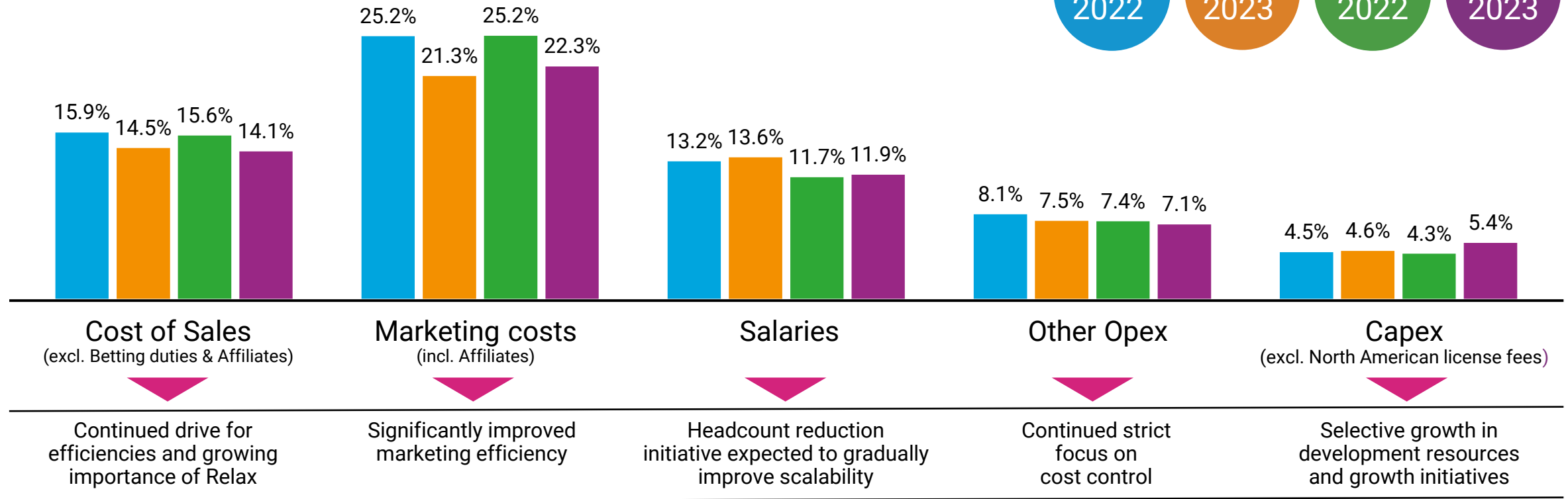
Revenue (B2C & B2B) GBPm



Significant focus on cost optimisation and growth initiatives

CONTINUED DELIVERANCE ON EFFICIENCY

Expenses as % of revenue,
M&A impacts historical comparisons

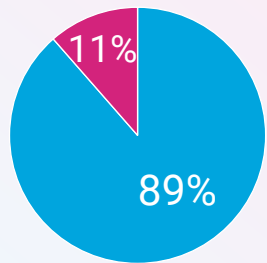


Deliverance on annual target show ability to grow profitably within highly regulated markets

EXCL. NORTH AMERICA, UNDERLYING EBITDA REACHED GBP 62.9M, A MARGIN OF 21%

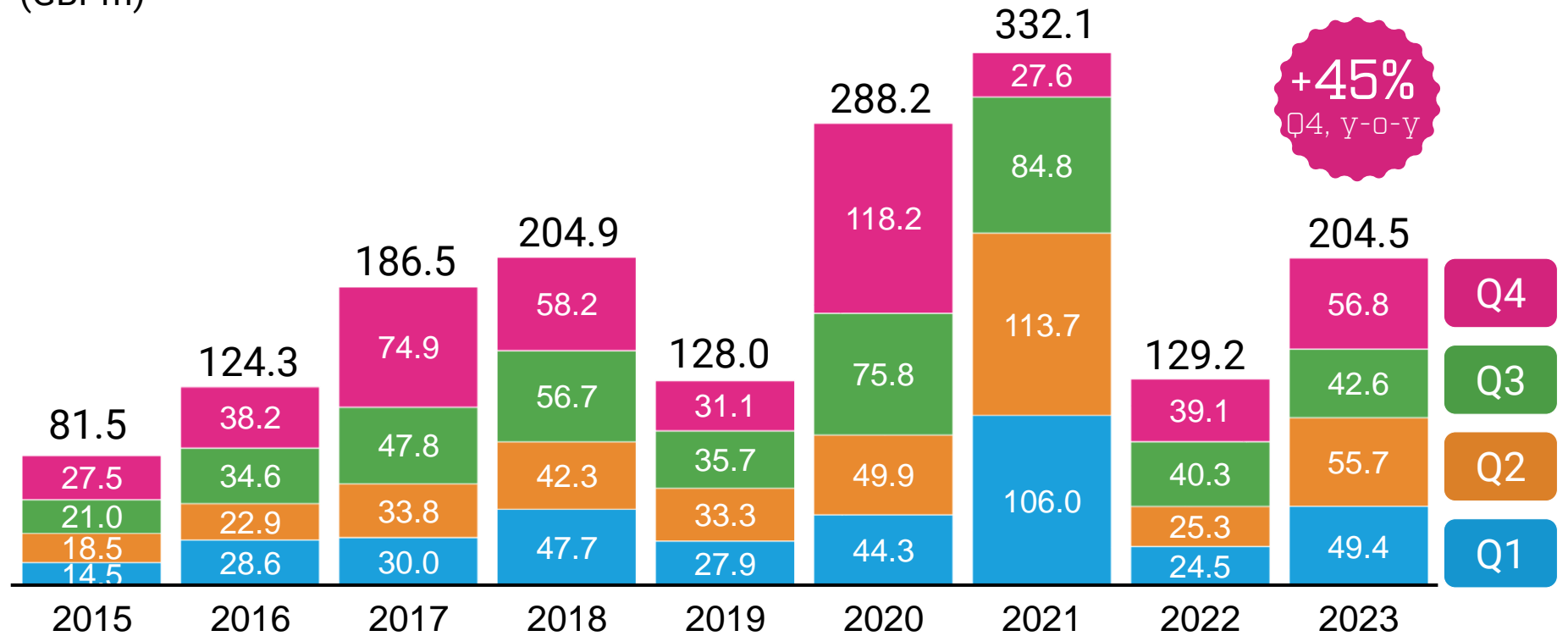
Underlying EBITDA split, FY 2023

Relax Gaming



B2C:
Sports betting,
Casino & games,
Poker & Other

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

Q4 2023 P&L FX impact vs Q4 2022

Avg. rate	Q4 2022	Q4 2023	Movement
AUD	1.787	1.907	-6.7%
DKK	8.552	8.603	-0.6%
EUR	1.150	1.154	-0.3%
NOK	11.948	13.434	-12.4%
SEK	12.578	13.225	-5.1%
USD	1.174	1.241	-5.7%

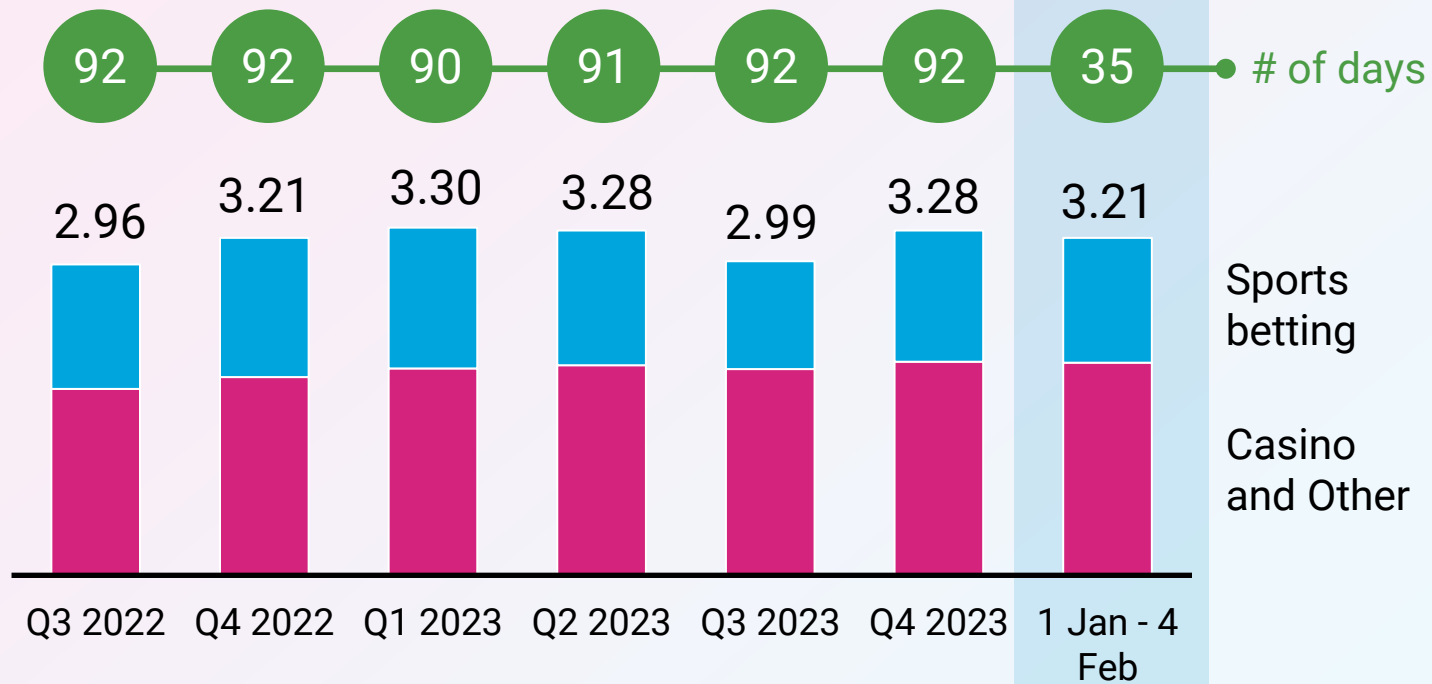
	GBPm
Revenue	-3.7
Cost of sales / Opex	4.5
Underlying EBITDA Q4 2023	0.8
FX loss on operating items	-2.1
FX gain on dividend	0.3
Other items below EBITDA	0.2
Profit after tax impact Q4 2023	-0.8

Weighted average movement of FX rates had a negative impact on GWR of approx. 2 per cent

Good start to the year with sport calendar building up

TRADING UPDATE FOR THE FIRST 35 DAYS OF Q1 2024

The daily average GWR (GBPm)



The average daily GWR (B2C only) for the Group up to and including 4 February 2024 was:

- GBP 3.21m, 3% lower than for the full Q1 2023 (in line in constant currency)
- The sports betting margin for the above period was 9.5 per cent, which is behind both the Group long-term average of 9.7 per cent and the 9.9 per cent across the full first quarter of 2023

Summary

A year of dedicated focus on growth to capitalize on market prospects

Casino product vertical



- Casino brand extension in selected markets
- Several casino product launches scheduled during the year
- Further investments in exclusive casino content

Customer segment targeting



- Optimisation of reward strategies and onboarding journeys
- Accelerated smart marketing investments in core markets
- Increased product differentiation

Operating model optimisation



- Commercial re-organization
- Re-allocation of resources
- Cost control

Robust performance in select core markets expected to continue

Steady locally regulated growth despite regulatory challenges in select markets

Revenue growth of 2% despite a soft start to the quarter in sports betting and regulatory measures impact in select core markets

Underlying EBITDA for FY 2023 in line with target

Underlying EBITDA of GBP 56.8m for Q4 23 and GBP 204.5m for FY 2023 as we continue to reallocate for improved growth. FY 2024 guidance of GBP 250m reiterated

Continued firm focus on efficiency and cost control

Cost optimisation initiatives continue according to plan and operating expenses for FY 2024 expected at ~GBP 245m

Relax continues to show encouraging growth

Total adjusted revenue increase of 33% and an underlying EBITDA contribution of GBP 7.4m, showing strong proof of its scalable business model

Firm focus on growth initiatives to deliver above-market growth

Strong growth expected in 2024 on the back of increased focus on the casino vertical, building Kindred's profitable customer segments and implementing operating model optimisation


Q&A



Contact

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Calendar



16 February 2024

Extraordinary General Meeting at 10:00 CET,
Regeringsgatan 25, Stockholm, Sweden



24 April 2024

Q1 2024 will be published at 7.30 CEST



26 April 2024

Annual General Meeting at 10:00 CEST,
Regeringsgatan 25, Stockholm, Sweden



24 July 2024

Q2 2024 will be published at 7.30 CEST



kindred

THANK YOU