

21 NOVEMBER 2017

Stride

GAMING

2017 FINANCIAL RESULTS

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STRIDE GAMING PLC - A SNAPSHOT



**Rapidly growing
online gaming
operator**



**Proprietary
gaming platform**



**Investment in
talent**



**Operate only in
regulated and/or
legalised
markets**



**Clear growth
strategy and
proven model**



**Profitable, highly
cash generative,
dividend paying**

SIGNIFICANT PROGRESS AGAINST OUR OBJECTIVES

**Significant
growth in
RMG**

30% YoY RMG growth

**3rd largest online UK
bingo operator**

143 brands

**Investment
in growth**

New content and sites

Predictive analytics

**Cloud data science
infrastructure**

People

Passion Gaming*

**Integration
of
acquisitions**

Realising synergies

Increase revenue

**Reduced distribution
costs**

**Efficient marketing
spend**

**Expansion
into B2B**

Stride Together

**Aspers Online
(aspers.com)**

**Compliant
with
regulation**

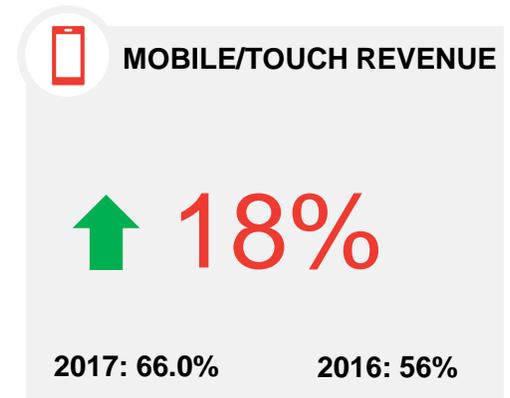
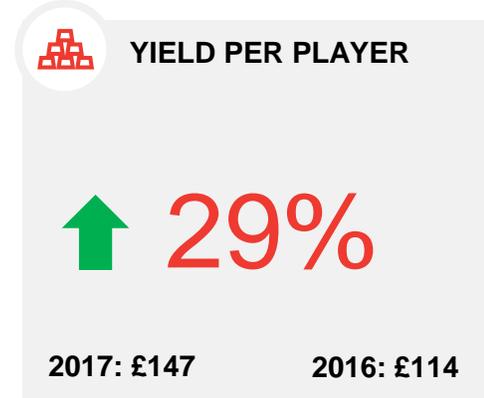
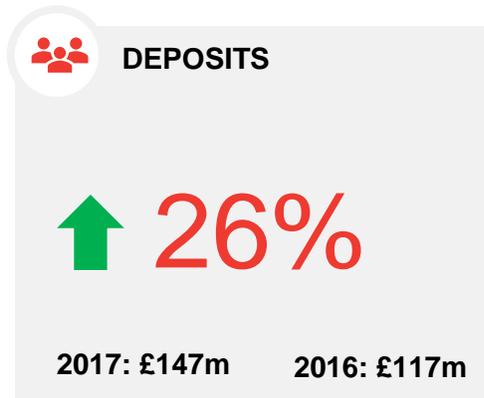
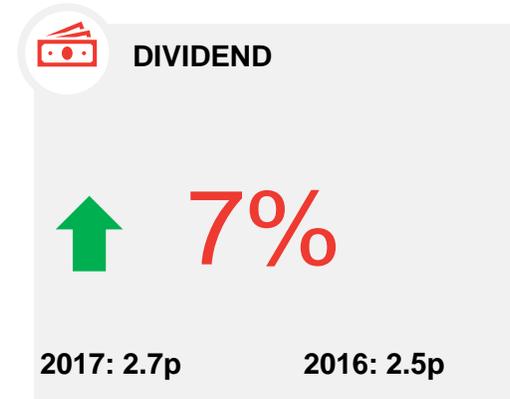
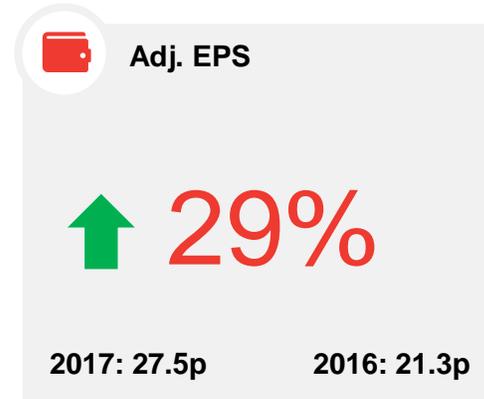
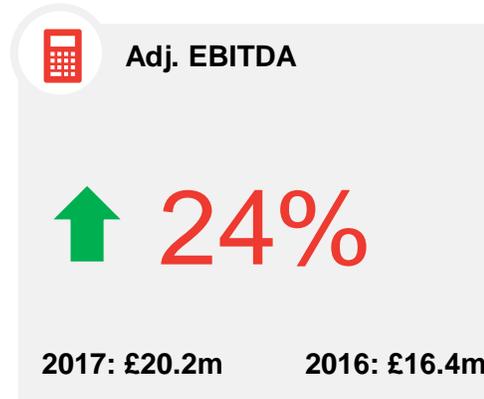
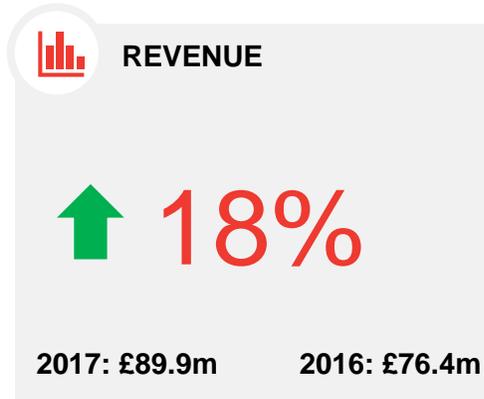
Responsible Gaming

ASA & CAP

Self exclusion

**Post period end*

2017 HIGHLIGHTS – OUR KPIs



**All figures are on a like-for-like basis*

STRATEGIC & OPERATIONAL REVIEW



ONLINE GAMING MARKET OVERVIEW

- UK remains the world's largest real-money bingo market – mobile continues to drive growth
- Stride operates >140 sites – approximately one in four brands in the UK

- UK online casino market is 3x larger than online bingo*
- Multi-brand strategy provides differentiated offering in slots segment (B2C and B2B)

- UK is a highly regulated market
- Increased regulation presents opportunities given Stride's scale and proprietary technology advantage

Source: *Sep 2016 UKGC report shows casino market worth £2.4bn in GGR
 ** Stride Group estimates

UK ONLINE BINGO-LED MARKET SHARE

Estimated market size = £600m*



Stride now the 3rd largest online operator with a 12% share**

REGULATION

FOCUS Point of Consumption Tax 2 (POCT2)	IMPACT Stride's scale and proprietary technology support potential market share opportunities
FOCUS Advertising Standards Authority (game visuals, day time TV advertising)	IMPACT Stride's investment is focused on digital marketing
FOCUS Responsible Gaming (self exclusion, KYC, SoF)	IMPACT Fully compliant and continually evolving best practice in responsible gaming
<hr/>	
FOCUS Fixed Odds Betting Terminals (FOBT)	IMPACT Impacts retail operators only
FOCUS General Data Protection Regulation (GDPR)	IMPACT We are on track for introduction in May 2018

OUR VISION AND GROWTH STRATEGY

TO BE A LEADING ONLINE GAMING OPERATOR

1

FOCUS ON OUR CORE

Continue to build scale and grow market share in both the UK bingo and casino markets

2

DIVERSIFY PRODUCT OFFERING

Enter into new verticals such as lottery style games, rummy, instant wins and scratch cards

3

NEW MARKETS

Extend brands and products to new attractive markets outside of the UK

VALUE FOR SHAREHOLDERS

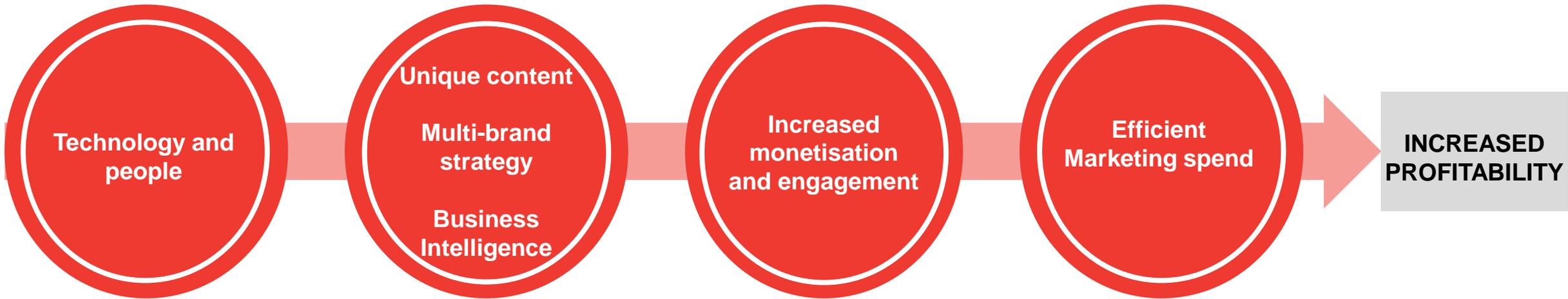
INVESTMENT IN PROPRIETARY PLATFORM

INVESTMENT IN OUR TEAM

COMPLIANCE WITH REGULATION

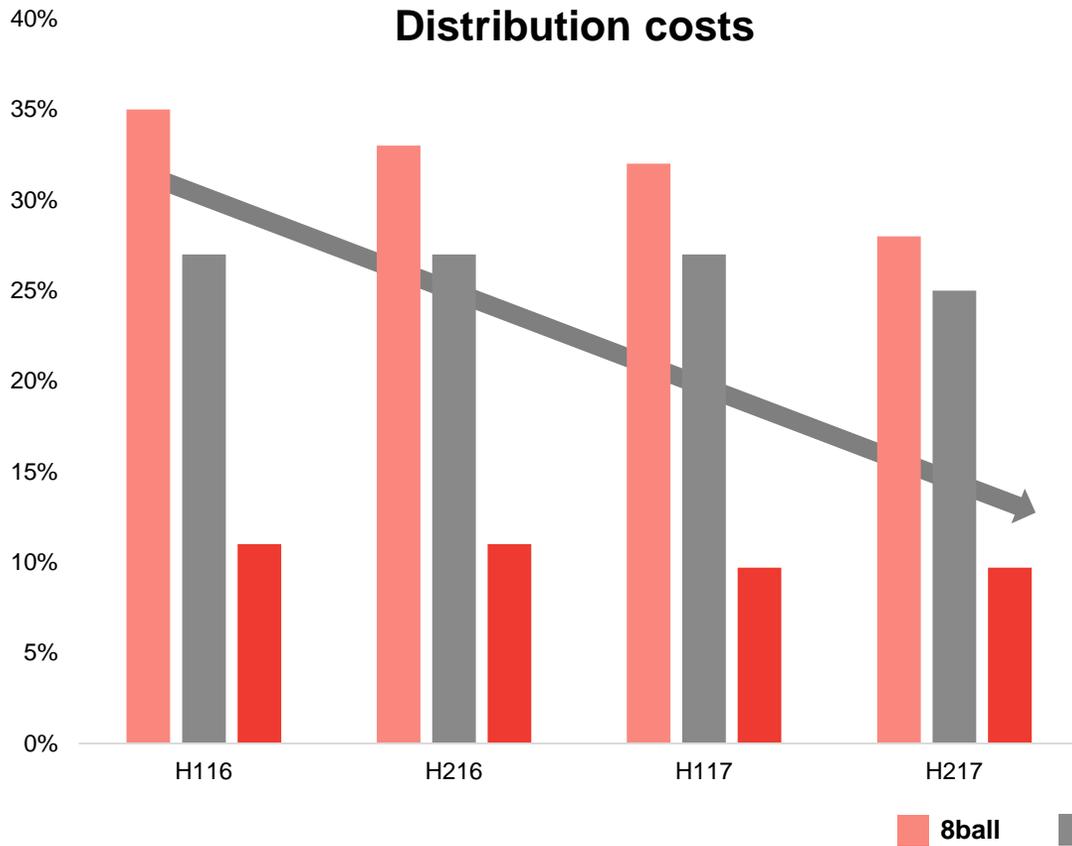
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FOCUS ON OUR CORE – Organic growth drivers

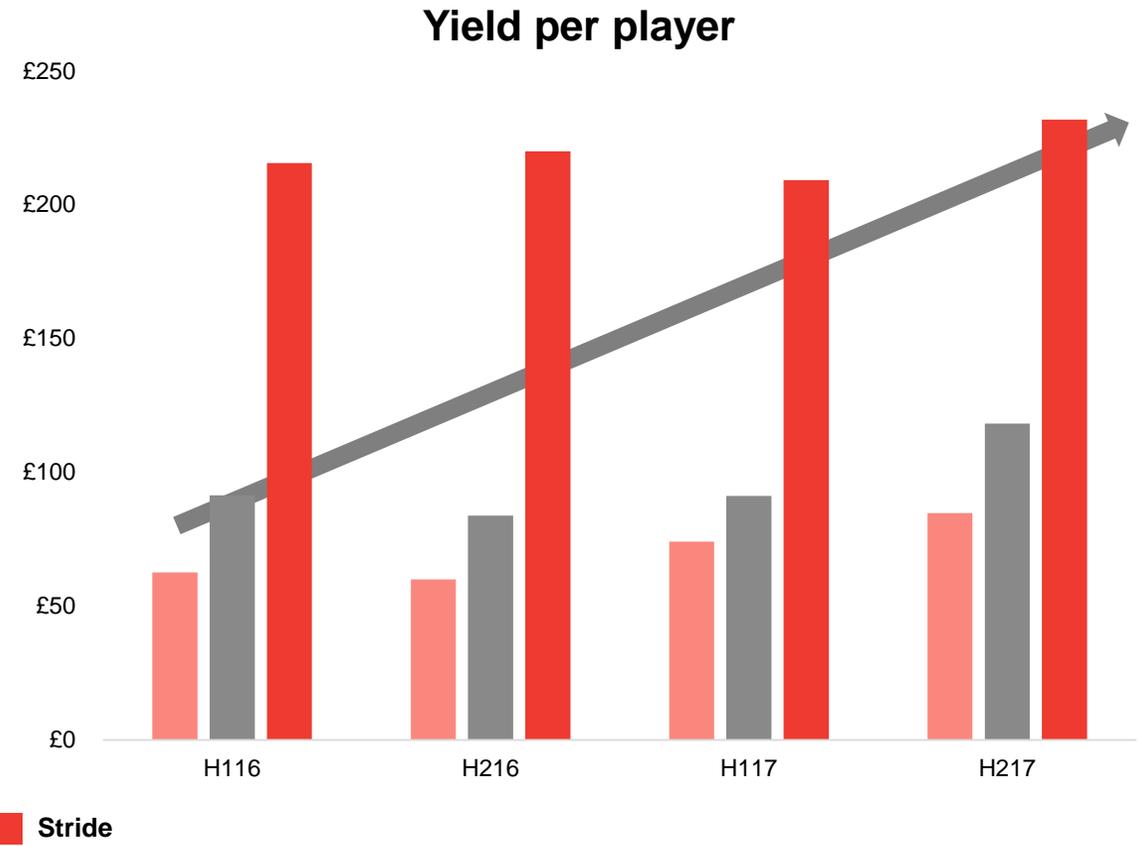


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FOCUS ON OUR CORE – Realising synergies in acquired businesses



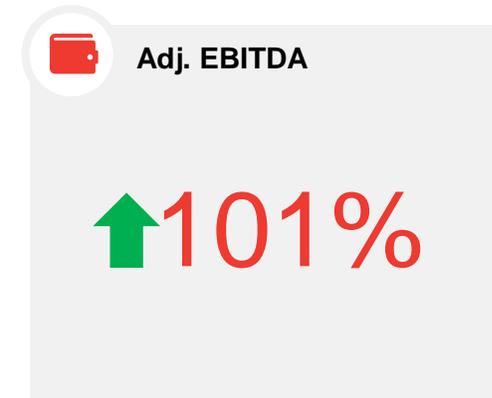
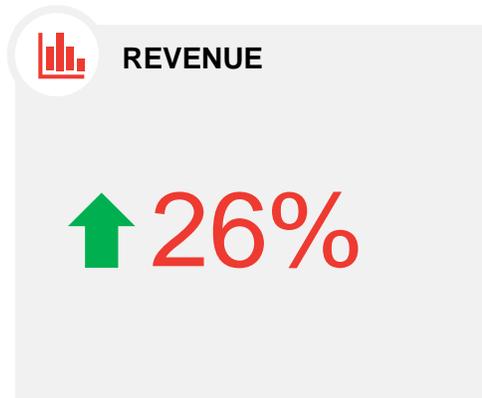
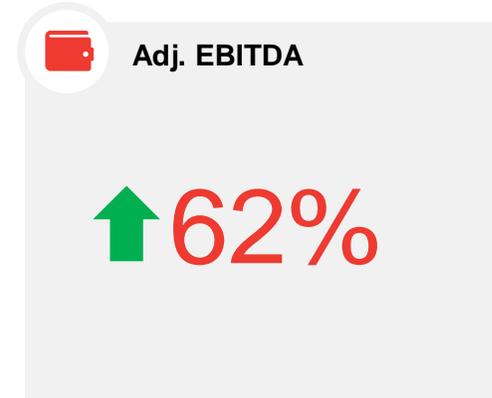
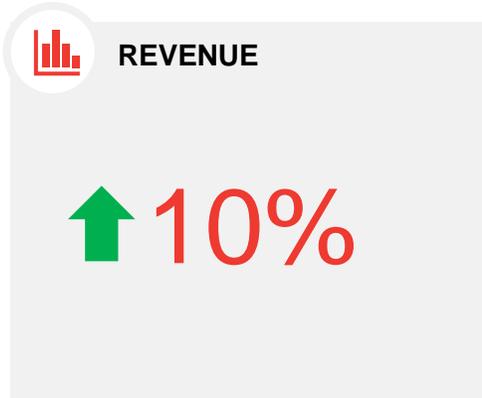
Reduction in distribution costs due to enhanced efficiencies



Rise in yield per player is driven by proprietary technology and business intelligence

1

FOCUS ON OUR CORE – Realising synergies in acquired businesses



Highly successful acquisitions already delivering earnings enhancing synergies

- Launched 29 new sites



- Developed and launched 17 new proprietary slots and instant win games



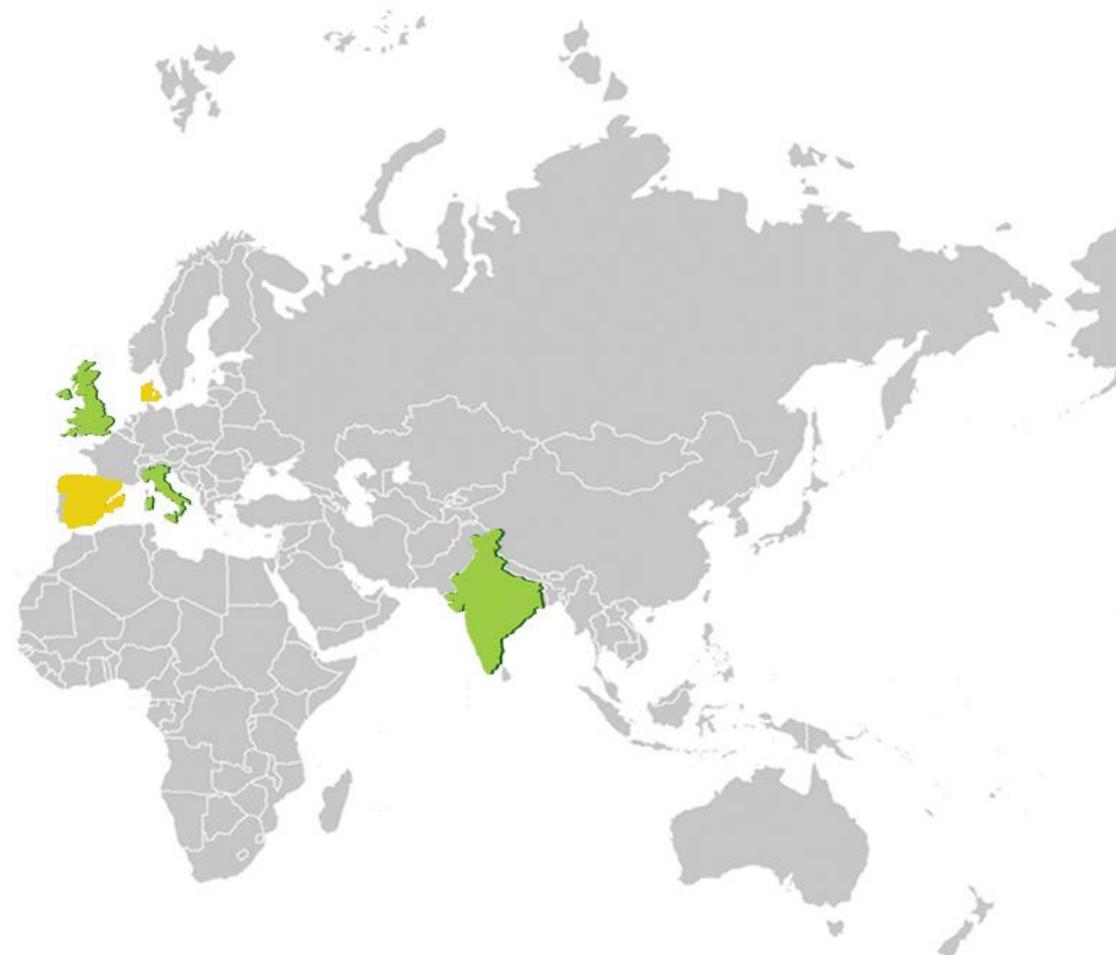
- Entered B2B vertical via Stride Together
- Signed JV with Aspers Group



- Entry into Rummy market through strategic investment in Passion Gaming (*post period end*)



- Diversification opportunities supported by scale, infrastructure and platform
- Appraise attractive, growing, regulated markets
- Pan European focus with global opportunities



- Current markets
- In process

Strategic investment in Passion Gaming



About Passion

New entrant to the online Rummy market in India where gambling is legalised

Excellent management team that has build a solid brand since inception in 2015

Investment details

Investment of \$3.75m for a 51% stake including full ownership of intellectual property

No earn out or cash delivered to shareholders

Passion Gaming's directors are aligned to Stride's objectives and long-term vision

Strategic rationale

Investment gives Stride a solid positioning in a fast growing online market and diversification of revenues

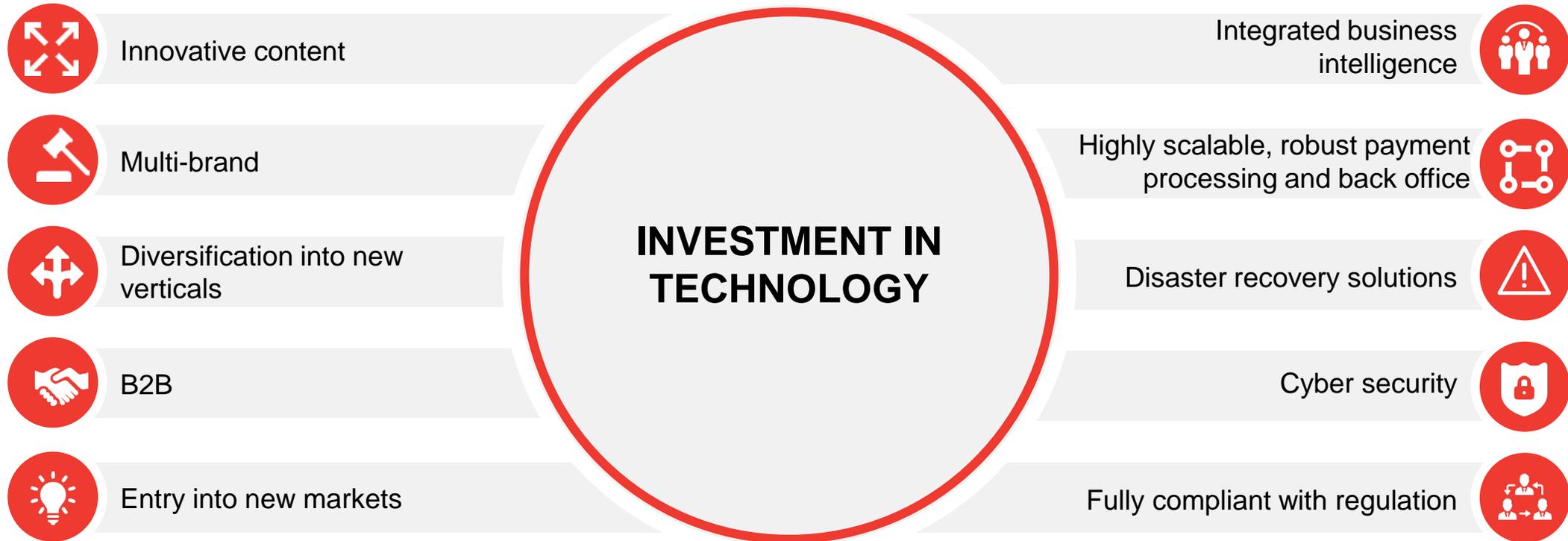
Stride is contributing cash into the business and will leverage its technical know-how and marketing expertise to accelerate growth

The Indian games of skill market is expected to reach \$3.6 billion by 2022* - high growth market with huge potential

Regulation of Rummy and other gaming verticals expected in India in the near term

Source: *Research and Markets "The Indian Games of Skill Market Analysis and Forecast, 2016-2022"

INVESTMENT IN PROPRIETARY PLATFORM



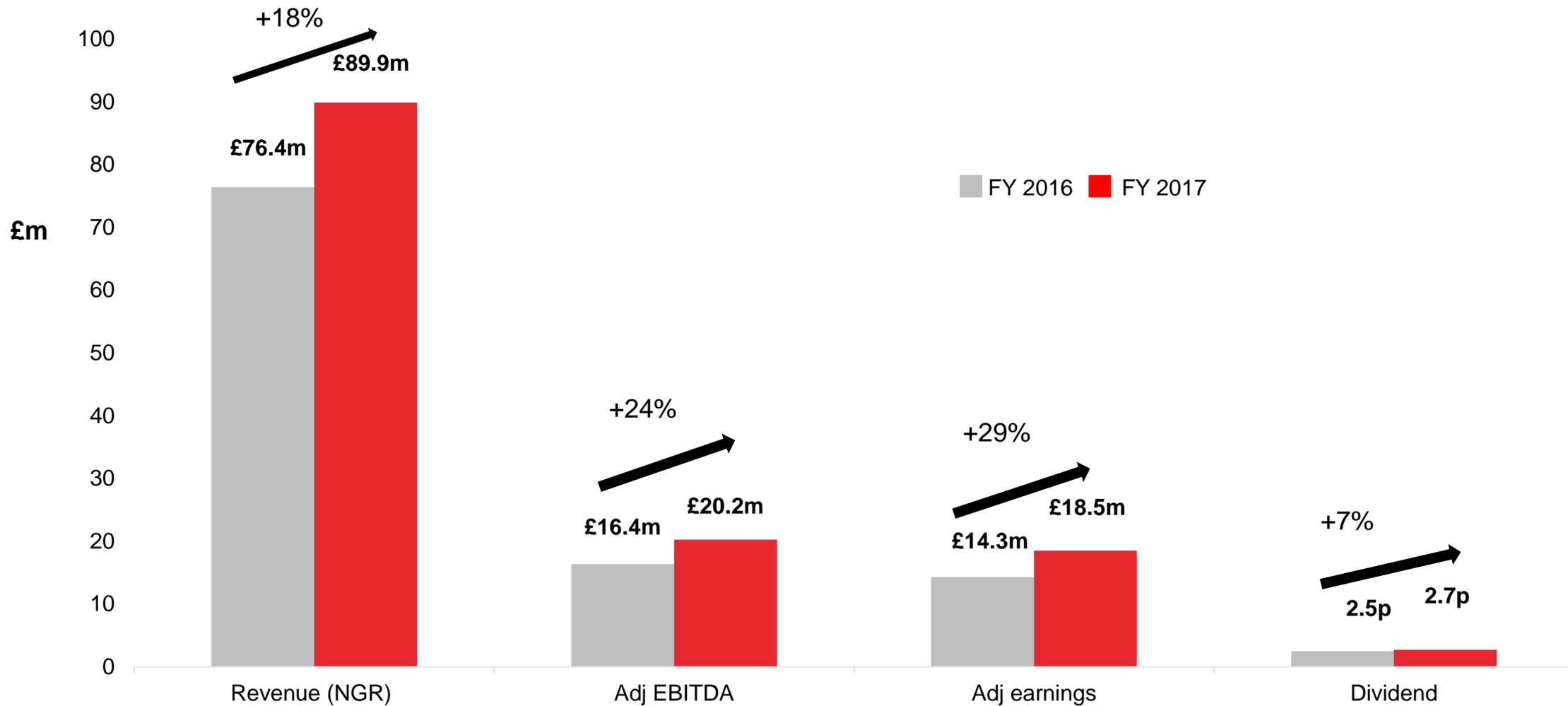
INVESTMENT IN OUR TEAM



FINANCIAL REVIEW



2017 FINANCIAL HIGHLIGHTS

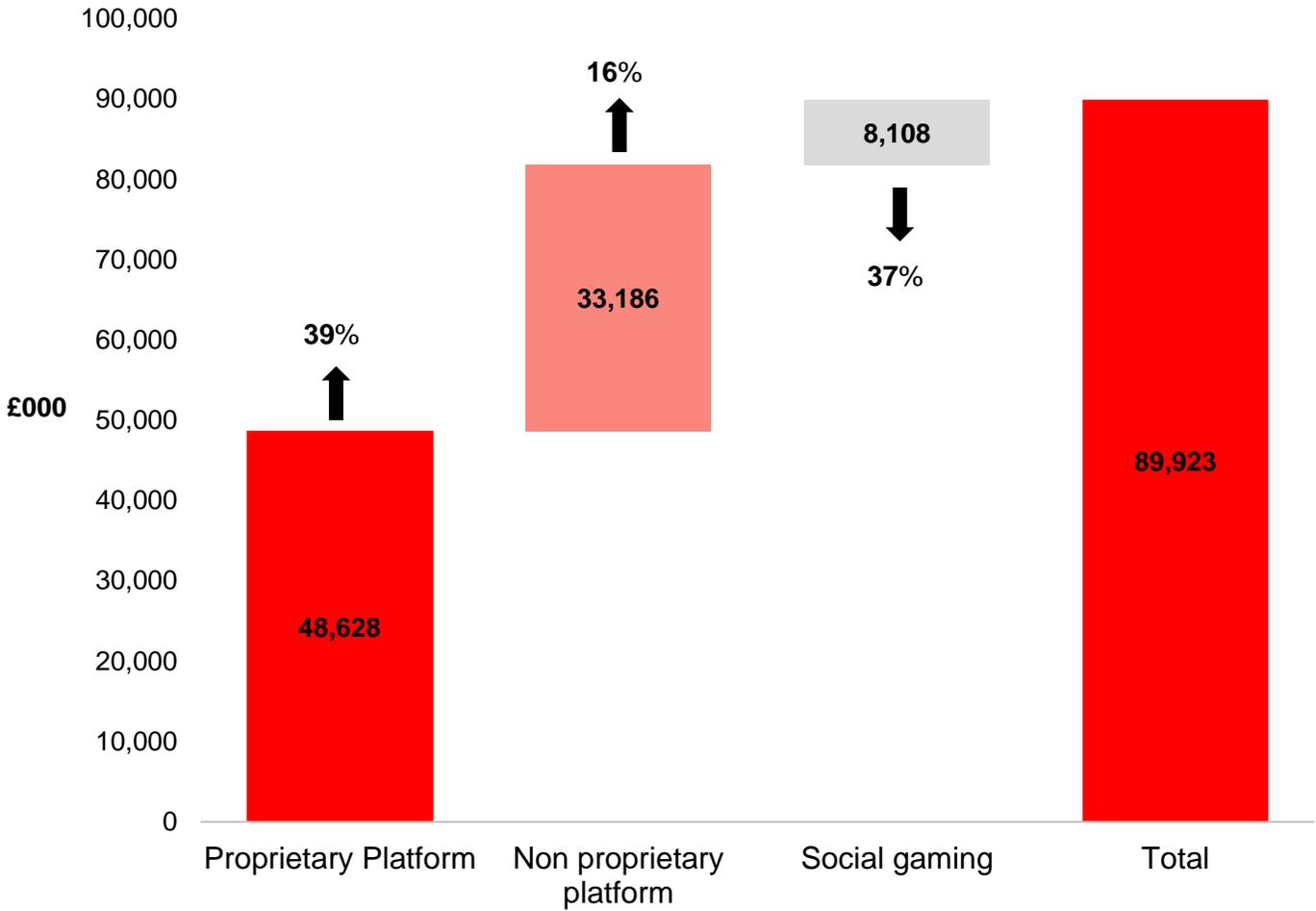


INCOME STATEMENT

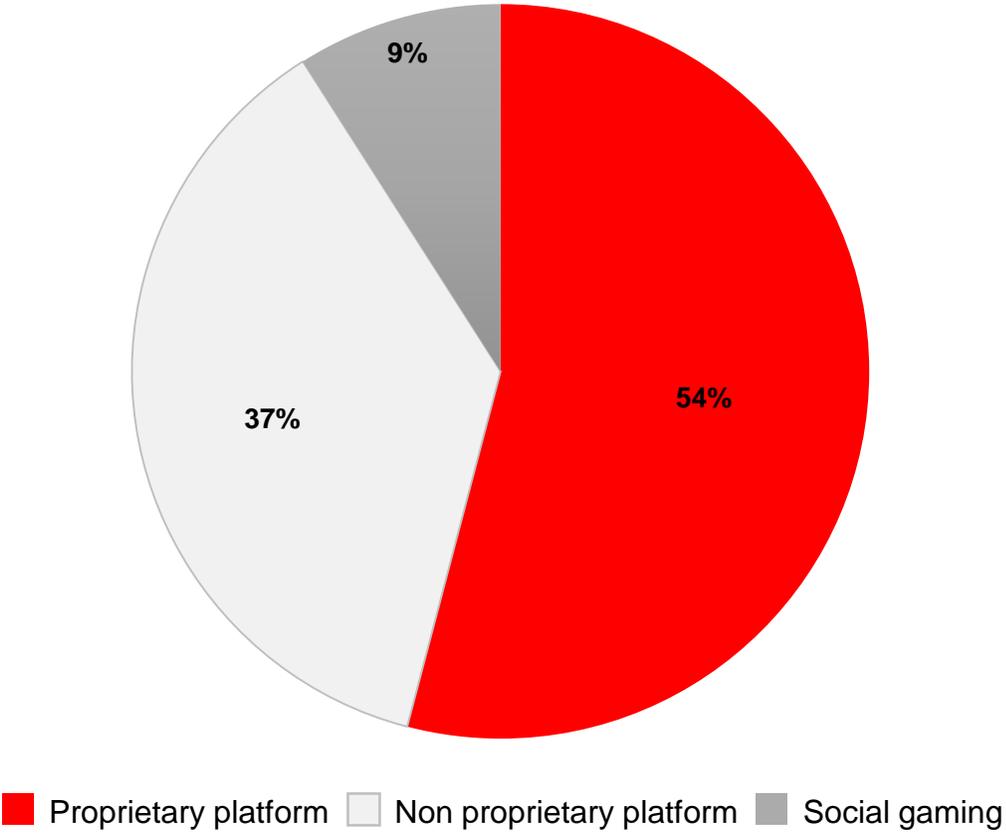
£'000	Audited FY2017	Pro-forma FY2016	Change
Net Gaming Revenue (NGR)	89,923	76,430	18%
Cost of Sale (POCT)	11,621	9,054	28%
	12.9%	11.8%	
Distribution cost	15,948	16,719	-5%
	18%	22%	
Marketing costs	22,659	17,600	29%
	25%	23%	
Gross Profit	39,694	33,058	20%
	44%	43%	
Administrative expenses	19,446	16,692	17%
	22%	22%	
Adjusted EBITDA	20,248	16,366	24%
Net margin	23%	21%	

REVENUE

Revenue bridge

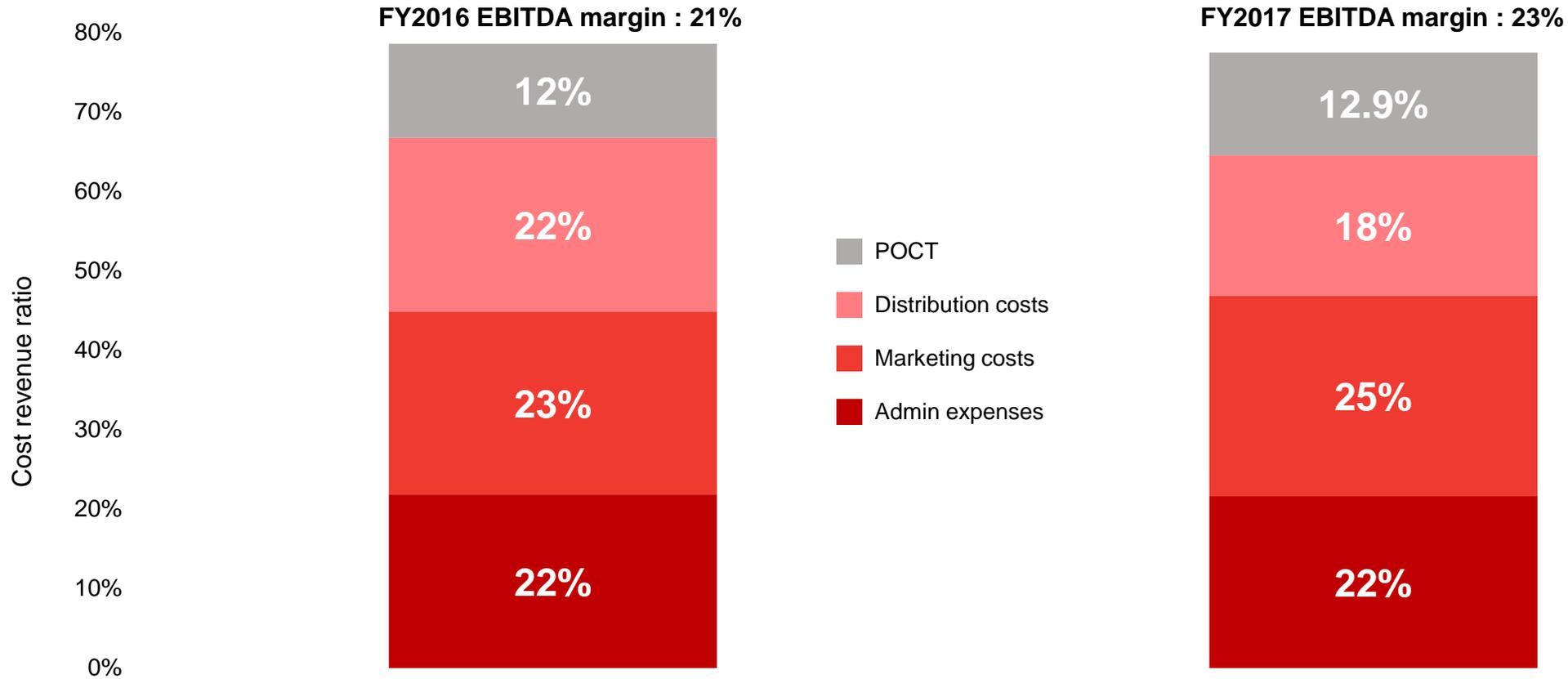


Revenue split



COST STRUCTURE

- Cost / Revenue ratio at 77% (2016: Pro-forma 79%)
- Increased cost only in Marketing +2% and POCT +0.9%
- Reduced Distribution -4% and administration costs ratio kept stable



INCOME STATEMENT

£'000	Audited FY 2017	Pro-forma FY 2016	Change
Adjusted EBITDA	20,248	16,366	24%
Adj EBITDA margins	23%	21%	
Share-based payments	1,759	1,912	
Acquisition costs	-	1,090	
Amortisation of Intangible	8,374	8,374	
1 Contingent remuneration	14,295	3,987	
2 Contingent consideration	10,797	-	
3 Impairment	9,987	-	
Depreciation	261	137	
Operating (loss) / profit	(25,224)	866	
Net Finance expenses	1,525	672	
PBT	(26,749)	194	
Taxation	(1,126)	732	
Loss after tax	(25,624)	(538)	
Adjusted Earnings	18,508	14,332	29%
Adjusted basic EPS	27.5p	21.3p	29%

(1) Contingent remuneration

Related to the 8ball and Infiapps earnouts. £5m in cash and £9m in shares paid in Sep 17

(2) Contingent consideration

Related to the Tarco earnout. EBITDA performance has been ahead of the initial plan which increased the earnout liability to £17.4 million

(3) Impairment

Impairment of Social Gaming vertical as result of a weaker outlook of its performance

CASH FLOW

£'000	Audited FY17	Pro-Forma FY16
Cash generated from operations*	16,804	12,436
Cash conversion	83%	76%
Net cash from Investment activities		
Purchases of Intangibles, PPE	(679)	(849)
Capitalised development costs	(1,355)	(1,028)
Contingent Remuneration	(3,953)	-
Cash held in escrow	(1,929)	(3,000)
Net cash used for Investment activities	(7,916)	(4,877)
Net cash from Financing activities		
Bank borrowing	7,905	8,000
Borrowing repayment	(1,500)	-
Interest paid	(565)	(555)
Dividend paid	(1,752)	(564)
Repayment of related party borrowings	(8,000)	(1,083)
Net cash from Financing activities	(3,912)	5,798
Net increase in cash and cash equivalents	4,976	13,357
Cash and cash equivalents at beginning of year	21,080	7,388
Exchange gains on cash and cash equivalents	118	335
Cash and cash equivalents at end of year	26,174	21,080

High cash conversation

Working capital - net movement of acquired working capital (8ball/Tarco in August 2015) affected the cash from operations

Capitalisation costs: £1.4m (1.5% of NGR) – invested in mobile, new content and regulation

Social gaming earnout - full earnout payment of £4.8m .(Inc. £0.9m cash in escrow)

Debt facility of £8m refinanced with Barclays at Libor + 3.6% amortized over 4 years

Dividend - payment of final FY16 dividend of £0.9m and FY 17 interim £0.8m

* After adjusting the Infiapps earnout payment of £3.9m from the movement in working capital to investment activities.

BALANCE SHEET

£'000	Audited FY17	Audited FY16
Non- Current assets		
Property plant and equipment	661	662
Intangible assets	57,756	73,566
Other Non current assets	2,693	4,443
	61,110	78,671
Current assets		
Trade and other receivables	10,344	5,995
Cash and cash equivalents	26,175	21,080
	36,519	27,075
Total Assets	97,629	105,746
Non-current liabilities		
Trade and other payables	2,619	10,480
Loans and borrowings	4,443	-
	7,062	10,480
Current liabilities		
Trade and other payables	33,677	18,080
Loans and borrowings	1,975	8,000
	35,652	26,080
Total liabilities	42,714	36,560
Net assets	54,915	69,186

Solid working capital position

Cash position

Strong gross cash position **£26.1m** that includes player liability of £2.5m

Intangible assets

Reduced due to the impairment of £9.9m of assets in the social gaming vertical.

Proprietary developed software: £1.3m

New content and software investment: £0.4m

Trade and payables

Deferred remuneration: £5m (8ball and Infiapps earnouts)

Deferred consideration: £17.4m (Tarco earnout) due to reassessment of improved EBITDA performance

Low debt leverage (6%) to gross assets

Well positioned for future growth

OUTLOOK



Continue to invest in team and proprietary technology



Deliver growth opportunities in core UK RMG market – organic and acquisition



B2B launch offers new growth opportunities



Strategic investment in Passion Gaming – new market and product



Confident of further growth and achieving market expectations



Q&A

THANK YOU