

“Immediate actions being taken to improve profitability following weaker than expected performance in the quarter”.
Henrik Tjärnström, CEO

KINDRED GROUP PLC

YEAR END REPORT JANUARY - DECEMBER 2022 (UNAUDITED)

Financial highlights

Fourth quarter 2022

- Total revenue, from both B2B and B2C operations, was GBP 305.5 (244.9) million.
- Gross winnings revenue (B2C) increased by 23 per cent to GBP 295.1 (240.5) million. Excluding the Netherlands, it increased by 1 per cent.
- Underlying EBITDA increased by 42 per cent to GBP 39.1 (27.6) million.
- Profit before tax was GBP 51.9 (78.8) million, impacted positively by the reassessment of the fair value of the Relax Gaming contingent consideration of GBP 40.8 million. See page 19 for more information.
- Profit after tax was GBP 50.0 (75.0) million.
- Earnings per share were GBP 0.23 (0.33).
- 1,199,000 shares/SDRs were purchased, with a total value of SEK 126.4, or GBP 10.0 million.
- Free cash flow amounted to GBP 30.9 (7.7) million.
- Number of active customers increased by 25 per cent to 1,827,881 (1,461,009), an increase of 12 per cent excluding the Netherlands.

January - December 2022

- Total revenue, from both B2B and B2C operations, was GBP 1,068.7 (1,259.6) million.
- Gross winnings revenue (B2C) decreased by 17 per cent to GBP 1,042.9 (1,255.2) million. Excluding the Netherlands, it decreased by 3 per cent.
- Underlying EBITDA decreased by 61 per cent to GBP 129.2 (332.1) million.
- Profit before tax was GBP 126.8 (338.4) million, impacted positively by the reassessment of the fair value of the Relax Gaming contingent consideration of GBP 80.4 million. See page 19 for more information.
- Profit after tax was GBP 120.1 (295.3) million.
- Earnings per share were GBP 0.54 (1.31).
- 5,584,205 shares/SDRs were purchased, with a total value of SEK 548.8, or GBP 43.9, million.
- Free cash flow amounted to GBP 69.6 (231.1) million.
- The Board of Directors propose a dividend of GBP 0.345 (0.337) per share/SDR, equal to a total dividend of approximately GBP 75 million. See page 21.

Key highlights

- The Netherlands continues to show encouraging performance following entry into the market in July 2022.
- The lower-than-average sports betting margin of 8.9 per cent impacted negatively on revenue.
- Marketing investments before and during the 2022 World Cup resulted in the second highest active customer base ever of 1.83 million, expected to improve activity at the start of 2023.
- The resolute actions taken to optimise operating expenses, and the large customer database from the fourth quarter, will strengthen our path towards our 2025 financial targets.

Key figures

GBP m	Q4		Full year	
	2022	2021	2022	2021
Revenue	305.5	244.9	1,068.7	1,259.6
EBITDA	67.6	94.9	187.5	391.1
Underlying EBITDA	39.1	27.6	129.2	332.1
Profit before tax	51.9	78.8	126.8	338.4
Profit after tax	50.0	75.0	120.1	295.3
Earnings per share (GBP)	0.23	0.33	0.54	1.31
Net cash / EBITDA, rolling 12-month basis	0.21	0.22	0.21	0.22
Free cash flow	30.9	7.7	69.6	231.1
Active customers (No.)	1,827,881	1,461,009		

CEO comment

Immediate actions being taken to improve profitability following weaker than expected performance in the quarter

Despite growth in our core markets and continued encouraging performance in the Netherlands, following re-entry to the market in July 2022, the fourth quarter fell significantly short of our ambitious expectations. The first ever World Cup held in Winter did not manage to offset the decline in sports activity both before and during the event, and regulatory changes in Belgium and Norway also negatively impacted revenues. Although normal during a World Cup quarter, an increase in marketing investments, totalling 26 per cent of Gross winnings revenue, also pressured profitability in the short term. However, this resulted in the second highest active customer base ever of 1.83 million, which is expected to improve activity at the start of 2023.

Solid performance across core markets and continued growth in the Netherlands

Several core markets continued to perform well during the quarter, with solid activity in France, Sweden, the UK and the Netherlands contributing to total revenue of GBP 305.5 million, an increase of 25 per cent compared to the same period last year. The Netherlands continued to exceed our expectations with daily average Gross winnings revenue of GBP 0.6 million, and we remain firmly on track to being the number one operator in 2023.

Regulatory headwinds in Belgium and Norway impact customer experience and revenue

While most core markets have performed well, Belgium has been impacted by regulatory changes with increased requirements on customer duty of care and responsible gambling limitations affecting revenue negatively. In Norway changes made to our offering also had a negative impact. In both markets this follows the pattern seen previously as a result of regulatory changes and we are working hard to mitigate the impact, with the expectation that revenues will stabilise in the coming quarters and return to growth over time.

First ever Winter World Cup built up customer database but distorted the sporting calendar

The 2022 World Cup disrupted the sporting calendar and resulted in approximately 25 per cent fewer top football league fixtures compared to the fourth quarter last year and, contrary to our high expectations, turnover from the 2022 World Cup was not enough to offset the impact of these reduced fixtures. While we are not pleased with the lower-than-expected revenue, also impacted by a lower-than-average sports betting margin of 8.9 per cent, we know that many of these fixtures will take place during the first half of 2023.

The casino & games product segment grew 25 per cent in the fourth quarter from the same period in 2021, with encouraging activity across most of our markets including the Netherlands. Our active customer base in this segment grew 21 per cent, highlighting our strong product mix given it was such an important quarter for sport. During the quarter, new integrations with suppliers also resulted in new content being added to our portfolio, and the live slots offering launched 15 new unique slots to our customers.

Immediate actions being taken to improve profitability

Weaker than expected revenue, a historically low gross profit margin, and considerable marketing investments in the run-up to and during the 2022 World Cup to activate our customer database, resulted in an underlying EBITDA for the fourth quarter of GBP 39.1 (27.6) million. The low gross profit margin of 54 per cent was affected by one-off items, including the Houston Astros winning the World Series, resulting in a GBP 3.9 million EBITDA loss, and changes in our market mix.

The non-satisfactory performance during the fourth quarter, attributed to these one-off items as well as the headwinds in Belgium and Norway, have led to actions being taken to further improve profitability. These include reducing losses in North America, re-prioritising investment projects and further optimising the Group's operating expenses to improve scalability, and we expect these actions to materially lower our growth in operating expenses. As the fourth quarter of 2022 does not reflect the true earnings potential of the business, we have communicated non-recurring indicative guidance for the full year 2023 that underlying EBITDA will reach at least GBP 200 million.

EBITDA and profit before tax in the quarter were also positively impacted by a credit of GBP 40.8 million following reassessment of the earn-out linked to the Relax Gaming acquisition. Although Relax Gaming is performing and growing well during 2022, this assessment is based on Relax Gaming not meeting the ambitious earn-out thresholds agreed with the selling shareholders at the acquisition date.

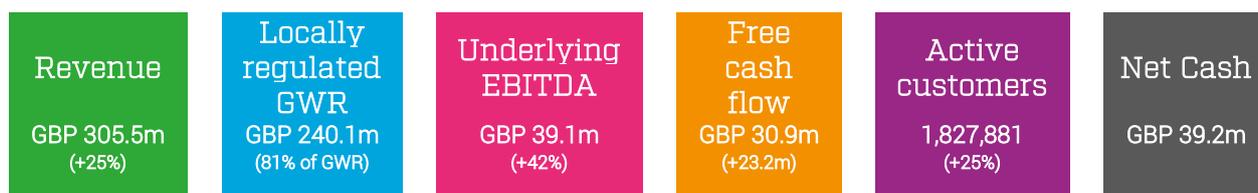
Continued efforts to provide a level playing field and fact-based debate

While stricter regulations across markets and the UK Gambling Act Review expected during the first quarter of 2023 have a short-term negative impact, we see a competitive advantage in the longer term as we adopt the regulations. It is imperative that a level playing field is adopted and maintained in locally regulated markets so fair competition can be achieved. With 81 per cent of our Gross winnings revenue coming from locally

regulated markets in the fourth quarter, contributing to a fact-based dialogue and being a trusted speaking partner to regulators and policy formers is a top priority for us. The Sustainable Gambling Conference held in Amsterdam on 19 October 2022, and our “journey towards zero”, with 3.3 per cent of revenue from high-risk customers in the fourth quarter (3.8 per cent in the third quarter) are important activities for us to provide a transparent and honest debate.

2022 has been a difficult year in many ways, not only for Kindred. However, while the geopolitical uncertainty and cost-of-living challenges remain, the actions now taken and a large customer database from the fourth quarter will strengthen our path towards our 2025 financial targets.

Henrik Tjärnström, CEO



Significant events

During the quarter

- On 19 October 2022, Kindred hosted its seventh consecutive Sustainable Gambling Conference in Amsterdam, with over 250 attendees in person and a further 250 online.
- On 24 October 2022, Kindred continued its expansion in North America by announcing that it had signed an agreement with the Swinomish Tribe in Anacortes, Washington. Pending licence and regulatory approvals the Unibet & Swinomish Sportsbook will be launched at the Swinomish Casino & Lodge. The initial phase of the agreement spans for six years, with the possibility of extending for an additional five-year term.
- On 7 November 2022, Kindred announced that it had settled a historic bet following the Houston Astros' World Series victory, with a bet of USD 1.1 million resulting in a payout of USD 6.3 million. This has impacted the financial numbers for the fourth quarter for Kindred's North America business which is discussed further on page 9.
- On 21 November 2022, the Norwegian Gambling Authority (NGA) decided to reinstate the coercive fine against Trannel International Limited (Trannel), a wholly owned subsidiary of Kindred. According to communication, a penalty of ~NOK 1.2 million per day, up to a maximum of ~NOK 437 million, would be payable unless Trannel complied with a cease-and-desist order from April 2019. Trannel firmly disagrees with the NGA's assessment as it is fully legal for Norwegian residents to access and use international gambling services, which are licensed in the EU/EEA area and offered within a safe and secure environment. Therefore, Kindred will continue to passively accept customers residing in Norway. The NGA does not have jurisdiction over Trannel as the company is domiciled in Malta and duly licensed by the Malta Gaming Authority. Therefore, Kindred is confident that the coercive fine cannot be enforced by the NGA outside of Norway. Subsequently on 9 December 2022, the NGA again suspended the enforcement of the fine whilst Kindred's appeal against the decision is being considered. This suspension remains at the date of this report.
- On 23 November 2022, Kindred received a warning and sanction fee of SEK 10.9 million (GBP 0.9 million) from the Swedish Gambling Authority (SGA) for deemed shortcomings in its work against money laundering and financing of terrorism from January 2019 to February 2022. Improved processes have been put in place since the investigation took place. Kindred fully shares the SGA's ambition to prevent money laundering and terrorist financing and would welcome increased clarity from the SGA and the legislation on what objective and effective AML risk parameters should be considered when assessing a customer's risk profile.
- On 15 December 2022, Kindred announced that it had utilised the one-year extension option of the revolving facility agreement previously signed in November 2021, extending the existing financing until November 2025. The total committed facilities were increased by EUR 40.0 million to EUR 256.7 million by utilising the accordion feature, and the group of lenders was broadened. This further increases Kindred's financial flexibility and supports Kindred's growth initiatives and long-term strategy.
- During the quarter, under the buy-back mandate received at the Extraordinary General Meeting (EGM) on 10 June 2022, 1,199,000 shares/SDRs were purchased, with a total value of SEK 126.4, or GBP 10.0 million. At 31 December 2022, the total number of issued shares in the company was 230,126,200 and Kindred's holding of its own shares was 12,521,679. The intention of the Board is to cancel repurchased shares not required for the Group's employee share schemes, with approval already obtained from the shareholders at the EGM in June 2022.

After the end of the quarter

- On 12 January 2023, as part of its trading update for the fourth quarter of 2022, the Group communicated non-recurring indicative guidance for underlying EBITDA for the full year 2023, estimating that it would reach at least GBP 200 million, assuming a long-term average sports betting margin.
- On 25 January 2023, Kindred published its responsible gambling metrics for the Swedish market, following an agreement with ATG and Svenska Spel in Autumn 2022. The key metrics, are now reported every six months to the Swedish Gambling Authority and show the percentage of customers contacted due to suspected or detected problematic gambling behaviour, and the subsequent impact of those contacts.
- On 6 February 2023, Kindred published its latest report on its share of revenue from high-risk customers, as part of its “journey towards zero”. For the fourth quarter of 2022, this was 3.3 per cent. As previously reported, for the third quarter of 2022 this was 3.8 per cent.
- In respect of the financial year 2022, the Board of Directors propose an ordinary dividend of GBP 0.345 (0.337) per share, equal to a total dividend of approximately GBP 75 million, to be paid out in two equal tranches, in the second quarter and the fourth quarter of 2023.

Trading update

The average daily Gross winnings revenue for the Group, up to and including 5 February 2023, was GBP 3.7 million, 36 per cent (32 per cent in constant currency) higher than the daily average for the full first quarter of 2022.

The average daily Gross winnings revenue for the Group excluding the Netherlands, up to and including 5 February 2023, was GBP 2.9 million, 9 per cent (6 per cent in constant currency) higher than the daily average for the full first quarter of 2022.

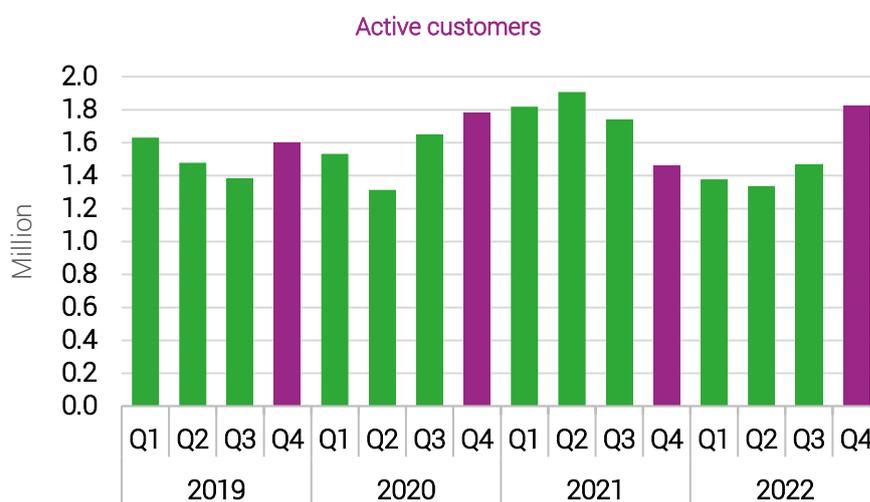
Sports betting Gross winning revenue has been positively impacted by a stronger sports betting margin of 12.2 per cent after free bets for the above period, compared to 10.2 per cent for the full first quarter of 2022.

Customer activity (B2C)

The number of registered customers across the business increased to 33.9 million at 31 December 2022, while at 30 September 2022 over 33.2 million customers were registered. For the fourth quarter of 2022, the number of B2C active customers amounted to 1,827,881 (1,461,009), a 25 per cent increase compared to the fourth quarter of 2021 and a 25 per cent increase compared to the third quarter of 2022. With activity ceasing in the Netherlands from the start of the fourth quarter in 2021, the prior year comparatives are distorted negatively. Active customers have increased from the third quarter of 2022 due to both stronger momentum and the World Cup, especially in France.

Active customers for the Dutch market amounted to 209 thousand for the fourth quarter of 2022, a 53 per cent increase compared to the third quarter of 2022. Excluding the Netherlands, the number of active customers increased by 12 per cent compared to the fourth quarter of 2021.

The trend in the number of active customers can be seen in the graph below, with an active customer defined as one placing a bet in the last three months.



1,827,881

Active customers for Q4 2022

+25%

Active customer increase from Q4 2021

+25%

Active customer increase from Q3 2022

Financial review

Revenue

GBP m	Q4		Full year	
	2022	2021	2022	2021
Gross winnings revenue (B2C)	295.1	240.5	1,042.9	1,255.2
Other revenue (B2B)	10.4	4.4	25.8	4.4
Revenue	305.5	244.9	1,068.7	1,259.6

Total revenue for the fourth quarter of 2022 amounted to GBP 305.5 (244.9) million and for the full year 2022 was GBP 1,068.7 (1,259.6) million. Included within this total is Gross winnings revenue for the Group's B2C business, and other revenue from its B2B business, Relax Gaming. For explanation of variances to the comparative periods in the prior year refer to the relevant sections on the following pages, and for further analysis of these numbers refer to page 34.

GBP

305.5m

Total revenue for Q4 2022

+25%

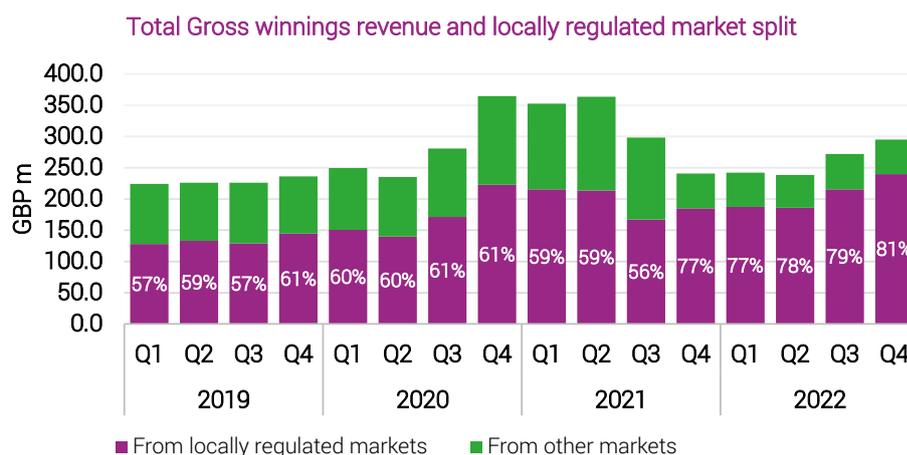
Total revenue increase from Q4 2021 (+24% in constant currency)

Gross winnings revenue (B2C)

Gross winnings revenue for the fourth quarter of 2022 amounted to GBP 295.1 (240.5) million, an increase of 23 per cent (22 per cent in constant currency) from the same period in the prior year. Gross winnings revenue for the full year 2022 amounted to GBP 1,042.9 (1,255.2) million declining by 17 per cent (16 per cent in constant currency) from the same period in the prior year.

The variances are primarily attributable to the Dutch market where, as previously reported, the Group did not accept bets in the market between 1 October 2021 and 3 July 2022. Since the Group has re-entered the market, however, Gross winnings revenue continues to improve as the Group rebuilds its business and this has strongly supported the increase in Gross winnings revenue from the third quarter of 2022. More information on the Netherlands can be found in the Western Europe section on the following page. Gross winnings revenue for the fourth quarter was also negatively impacted by regulatory headwinds in Belgium and Norway, together contributing to a negative impact of approximately GBP 6.1 million when compared to the fourth quarter of 2021. On an annual basis we saw significant declines in Gross winnings revenue from France and the UK due to tough prior year comparatives and headwinds that have been explained in previous reports. Performance has however significantly improved in the second half of 2022 with combined double digit Gross winnings revenue growth across the two markets. More detail on individual markets can be found in the following section.

Gross winnings revenue from locally regulated markets is shown in the graph below. The percentage, as a proportion of total Gross winnings revenue, can naturally vary slightly between quarters due to marginal variances in market performances. For the fourth quarter of 2022, the percentage has increased from the third quarter of 2022 as Gross winnings revenue in the newly regulated Dutch market continues to grow. The Group expects to continue to increase Gross winnings revenue from locally regulated markets going forward, maintaining its ambition to be a locally regulated operator and to generate sustainable profits.



More information on Gross winnings revenue, split by both region and product segment, is provided on the following pages and in the appendix on pages 35 and 36.

GBP

295.1m

Gross winnings revenue for Q4 2022

+23%

Gross winnings revenue increase from Q4 2021 (+22% in constant currency)

81%

Gross winnings revenue from locally regulated markets for Q4 2022 (77% in Q4 2021)

79%

Gross winnings revenue from locally regulated markets for FY 2022 (62% in FY 2021)

Gross winnings revenue by region

Western Europe

Gross winnings revenue amounted to GBP 175.6 (122.9) million for the fourth quarter of 2022, an increase of 43 per cent from the same period in 2021. This was the first quarter where comparatives are substantially distorted downwards due to activity ceasing in the Netherlands from 1 October 2021. Excluding the Netherlands, Gross winnings revenue in Western Europe was in line with prior year comparatives for the fourth quarter of 2022. This is very positive in the context of continued and evolving headwinds in the UK and Belgium; supported by good activity development in France, especially during the 2022 World Cup.

Following Kindred’s launch in the regulated Netherlands market in the third quarter of 2022, Gross winnings revenue in the market has continued from strength to strength. Quarterly Gross winnings revenue from the Netherlands increased by 63 per cent in the fourth quarter of 2022 compared to the third quarter of 2022 and average daily Gross winnings revenue continued to develop throughout. For the full fourth quarter of 2022, the average daily Gross winnings revenue was GBP 0.6 million which was 31 per cent behind that achieved in the third quarter of 2021 before trading ceased. Active customers for the Dutch market amounted to 209 thousand for the fourth quarter of 2022, a 53 per cent increase compared to the third quarter of 2022.

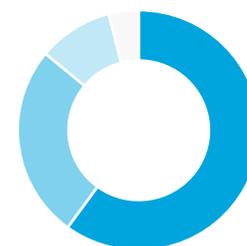
Despite affordability measures being made more restrictive in the second half of the third quarter of 2022, UK Gross winnings revenue was in line with prior year comparatives. Whilst these affordability measures continue to have a negative impact on underlying metrics, a strong focus on margin and bonus efficiencies has limited the impact on Gross winnings revenue.

The current affordability framework in the UK now includes all customers receiving a monthly and annual spend limit based on their affordability score, with customers showing a red flag indicator for financial stress being blocked completely. On top of this, Kindred’s player detection system (PS-EDS) continues to ensure a behavioural approach to enabling safer play. It is important to highlight that the measures implemented offer customers increased protection and ensure the player base is developing sustainably. As a result, the revenues generated in recent quarters are both of greater quality and more sustainable than those a couple of years ago.

Belgium Gross winnings revenue declined by 15 per cent in local currency in the fourth quarter of 2022, compared to the equivalent period in 2021. The enforcement of the new weekly EUR 200 deposit limit from 20 October 2022 negatively impacted performance in the quarter, although this was partly offset by improved margins in both sports betting and casino. Active customers increased by 42 per cent in the fourth quarter of 2022, compared to the equivalent period of 2021 – a new all-time high level for the market.

In France, Gross winnings revenue in the fourth quarter of 2022 increased by 11 per cent in local currency compared to the fourth quarter of 2021. The 2022 World Cup brought strong momentum around activity with new depositors increasing by 97 per cent in the fourth quarter of 2022 compared to the equivalent period in 2021, and active customers increasing by 13 per cent for the same period. Sports betting margins were broadly aligned in the fourth quarter of 2022 compared to the equivalent period in 2021 but this was still at a level below the longer-term normalised margin for France. Net deposit values in the fourth quarter of 2022 increased by 20 per cent compared to the fourth quarter of 2021.

GWR by region (Q4 2022)



Western Europe GWR (GBP m)



Nordics

Nordic Gross winnings revenue amounted to GBP 77.7 (74.8) million for the fourth quarter of 2022, an increase of 4 per cent from the equivalent period in 2021. This is predominantly through improved performance for sports betting which has increased by 13 per cent in the fourth quarter of 2022 compared to the same period in 2021 with an improved pre-match margin seen across all markets within the segment.

Gross winnings revenue in Sweden for the fourth quarter of 2022 increased by 19 per cent in local currency compared to the same period in 2021. Both sports betting and casino performed strongly. Temporary COVID-19 restrictions on casino play were lifted in November 2021 which continues to distort performance compared to the previous year comparative.

Compared to the same period in 2021, Gross winnings revenue in Denmark increased by 20 per cent in local currency in the fourth quarter of 2022. Sports betting was the main contributor to the growth seen in the market with a marked improvement in pre-match margin and increased activity due to the 2022 World Cup. Casino Gross winnings revenue also grew by 13 per cent in local currency in the fourth quarter of 2022 compared to the equivalent period in 2021.

Changes were also made to our offering for Norwegian customers that had a negative impact on Gross winnings revenue for the Nordics.

Central, Eastern and Southern Europe (CES)

Central, Eastern and Southern Europe Gross winnings revenue amounted to GBP 29.6 (27.6) million in the fourth quarter of 2022, an increase of 7 per cent compared to the equivalent period in 2021.

Romania continues to make up a significant portion of revenues in this segment seeing strong growth in active customers across both our brands, Unibet and VladCasino, increasing 3 and 18 per cent respectively in the fourth quarter of 2022 compared to the same period in 2021.

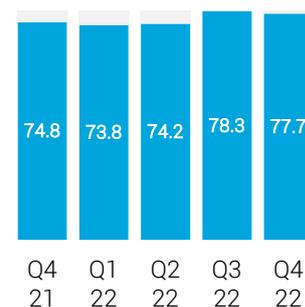
Good development was also noted in Italy in the fourth quarter of 2022 compared to the equivalent period in 2021 with Gross winnings revenue increasing by 3 per cent in local currency. The growth is driven by sports betting, particularly via improvements in the live betting margin.

Other regions

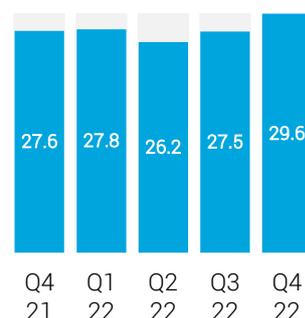
Other regions Gross winnings revenue amounted to GBP 12.2 (15.2) million for the fourth quarter of 2022, a decrease of 20 per cent from the same period in 2021. The reduction in Gross winnings revenue is primarily the impact of the North American market settling the biggest payout in Kindred's history following the Astro's win of the World Series. Outside of North America, the 'Other' segment performs well with Gross winnings revenue for the fourth quarter of 2022 in line with that in the comparative period in 2021. Gross winnings revenue in Australia sees a 9 per cent decline in local currency in the fourth quarter of 2022 compared to the same period in 2021. Despite strong turnover, the market suffered a poor-performing sports betting margin which drives this result.

Gross winnings revenue for the North American market amounted to GBP 4.4 (7.1) million in the fourth quarter of 2022, a decrease of 44 per cent in constant currency compared to the fourth quarter of 2021, and a decrease of 43 per cent compared to the third quarter of 2022. The North American results were impacted by the significant payout of GBP 5.3 million noted above.

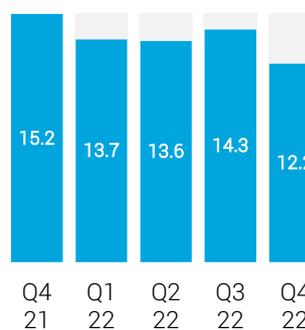
Nordics GWR (GBP m)



Central, Eastern and Southern Europe GWR (GBP m)



Other regions GWR (GBP m)



Excluding this win, Gross winnings revenue for the North American market amounted to GBP 8.8 (7.1) million in the fourth quarter of 2022, an increase of 9 per cent in constant currency compared to the fourth quarter of 2021. Since the second quarter of 2022 upon Unibet's launch into Ontario, the numbers for the North American market include the total of both the US and Canadian markets and comparatives have been updated to reflect this.

Across the North American portfolio active customers have grown by 16 per cent in the fourth quarter of 2022 compared to the same period in 2021. Additionally, the focus on improving cost efficiency is showing, with a reduction in both the proportion of revenue spent on customer bonuses and the cost of acquiring new players.

Gross winnings revenue by product segment

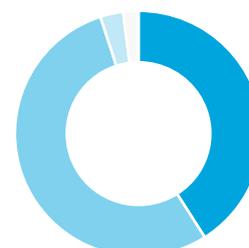
Sports betting

Total sports betting Gross winnings revenue saw an increase of 20 per cent in the fourth quarter of 2022 when compared to the fourth quarter of 2021, and saw good quarterly sequential development, increasing by 12 per cent. Excluding the Netherlands, sports betting Gross winnings revenue for the fourth quarter of 2022 was in line with the fourth quarter of 2021.

Sports betting turnover saw an increase of 14 per cent in the fourth quarter of 2022 compared to the fourth quarter of 2021 and an increase of 23 per cent compared to the third quarter of 2022. Excluding the Netherlands, sports betting turnover was in line with the same period in 2021. The 2022 World Cup brought good numbers for new depositing customers and sports betting active customers across the tournament. However, the winter scheduling of the 2022 World Cup also resulted in more days without top-tier football compared to the fourth quarter of 2021. Headwinds in the UK, Belgium and Norway also limited growth in those markets specifically, as explained in the Gross winnings revenue by region section above.

The gross margin for total sports betting for the fourth quarter of 2022 before free bets was 10.2 (9.7) per cent and after free bets was 8.9 (8.5) per cent, behind the Group's long-term average sports betting margin of 9.4 per cent after free bets. In recent years, the typical average sports betting margin for the Group has increased because of market and product mix. France has a higher sports betting margin than the Group average, since there is a requirement to cap pay-out to customers at 85 per cent, and therefore its sports betting turnover has a significant impact on the Group's sports betting margin. The sports betting margin is also impacted by product mix where pre-match and racing products trade at a higher margin than live betting. In the fourth quarter of 2022 in particular, the sports betting business put significant focus on the promotion of Bet-builder products which are typically popular during big sporting tournaments like the 2022 World Cup. As a form of combination bet, these are considered higher margin products. Whilst Kindred saw big success in this area, the under-indexed margin for the fourth quarter of 2022 is simply the output of results on sporting events outside of trading control, such as the Astro's winning the World Series, meaning the settling of the biggest bet in Kindred's history (GBP 4.4 million Gross winnings revenue impact). In general, sports betting gross margins can vary quite significantly from one quarter to the next, depending on the outcome of sporting events. It is expected that over time these margins will even out around the long-term average. This can be seen in the graph on the following page.

GWR by product (Q4 2022)



- Sports betting - 41%
- Casino & games - 54%
- Poker - 3%
- Other games - 2%

8.9%

Sports betting margin after free bets for Q4 2022, lower than the long-term average of 9.4%

+20%

Sports betting Gross winnings revenue increase from Q4 2021

Kindred's proprietary racing product contributed 5 per cent to total sports betting Gross winnings revenue in the fourth quarter of 2022, compared to 7 per cent in the fourth quarter of 2021. The contribution has declined when compared to the fourth quarter of 2021 due to better growth for sports outside of racing, predominantly linked to poorer racing margin in Australia, growth in the Netherlands and seasonality impact from the 2022 World Cup.

The bars show total sports betting gross margin by quarter and full year. Please refer to page 36 for more information on sports betting margins.

Gross margin on sports betting



Casino & games

Gross winnings revenue for casino & games during the fourth quarter of 2022 is 25 per cent higher than the same quarter of the previous year while active customers are 21 per cent higher. When excluding the Netherlands, which had no activity during the fourth quarter of 2021, casino & games Gross winnings revenue is flat when compared to the previous year's quarter while active customers are 2 per cent higher. Gross winnings revenue from most core markets has continued to see steady growth over the previous quarter. Belgium is one exception to this which has seen a decline in the fourth quarter of 2022 compared to the same period in 2021 due to the introduction of new weekly deposit limits which negatively impacted top-line performance. Quarterly Gross winnings revenue from the Netherlands shows sequential strong growth, increasing by 61 per cent in the fourth quarter of 2022 compared to the third quarter of 2022.

During the fourth quarter, the casino business has continued to focus on offering strong and diverse live casino and slots products with the release of 15 exclusive slots, a new dedicated English-speaking live casino table and a new live casino exclusive game offered in the Dutch market. During the quarter, a direct integration with one of Kindred's suppliers has been completed resulting in a new portfolio of content available to Kindred customers. The live casino dedicated studios were changed to have a football theme during the 2022 World Cup to further support the sporting events.

+25%

Casino & games Gross winnings revenue increase from Q4 2021

Poker and other products

Gross winnings revenue from poker and other products during the fourth quarter of 2022 amounts to GBP 14.0 million, an increase of 16 per cent when compared to the same period in 2021. Poker and bingo Gross winnings revenue and active customers have increased by 19 per cent and 14 per cent respectively during this quarter when compared to the same period last year. The Gross winnings revenue from the Dutch market for poker and other products has increased by 50 per cent when compared to the third quarter of 2022.

During the fourth quarter of 2022, further improvements were made on Kindred's poker offering by the release of a new improved multi table tournament schedule with various new unique selling points. In addition to this, a new version of the "Banzai" cash game has been released with new graphics and innovative features which has performed well during the quarter.

Kindred's bingo product offering has released an exclusive Dream Drop bingo minigame by the name "Dream Drop Vault", allowing customers to play for the global casino jackpot pool of Relax Gaming, with another similar new release expected in the first quarter of 2023. During the quarter, jackpot games have been released for the first time in the Romanian market resulting in a more diversified product in the market. Further improvements were also made to the bingo website enabling customers to easily access their favorite games.

Other revenue (B2B)

Other revenue includes solely revenue from the Relax Gaming B2B business acquired by the Group on 1 October 2021. Other revenue included in the condensed consolidated income statement includes only revenue generated by Relax Gaming from all gaming operators excluding Kindred Group. This revenue is generated through the aggregator business and by offering Relax Gaming's own content to a wide portfolio of operators.

In the fourth quarter of 2022, the recognition of other revenue has been adjusted following a review of the accounting treatment of certain Relax Gaming revenue items. This adjustment has no impact on gross profit but, as a result, a reclassification to gross up the value of both other revenue and cost of sales in the fourth quarter of 2022 has been passed to reflect the correct amounts for the full year 2022. Included within other revenue for the fourth quarter of 2022 is therefore GBP 2.0 million of revenue that relates to the first three quarters of 2022. The comparative fourth quarter of 2021 has not been restated, given the minimal impact of GBP 0.4 million.

During the fourth quarter of 2022, other revenue (including the full year adjustment noted above) amounted to GBP 10.4 million. Excluding the reclassification for the first three quarters of 2022, other revenue for the fourth quarter of 2022 amounted to GBP 8.4 million, an increase of 27 per cent from the third quarter of 2022 and 75 per cent from the fourth quarter of 2021 (when adjusting both comparatives for the above reclassification).

Relax Gaming total revenue for the quarter, before the elimination of Kindred Group revenues, amounted to GBP 13.3 million, however this again includes the full year adjustment noted above. Excluding the reclassification for the first three quarters of 2022 Relax Gaming total revenue for the fourth quarter of 2022 amounted to GBP 11.3 million, an increase of 18 per cent from the third quarter of 2022 and 64 per cent from the fourth quarter of 2021 (when adjusting both comparatives for the above reclassification).

The previous year comparatives are slightly distorted due to some Relax operators exiting the Dutch market from October 2021, however strong revenue growth is also attributable to the success of the Dream Drop jackpot feature launched earlier this year, which continues to perform well across all Relax Gaming operators. A Dream Drop marketing campaign

+16%

Poker and other products Gross winnings revenue increase from Q4 2021

GBP

10.4m

Other revenue for Q4 2022

+27%

Other revenue increase from Q3 2022 (when adjusting for the reclassification, as detailed in the report)

launched in September 2022 also contributed towards pushing these jackpot slots further, and growth has also been supported by Money Train 3 which has continued to perform well since its launch in September 2022.

During the quarter, Relax Gaming signed deals with 23 new operators and 189 supplier partner-to-operator deals, the latter relating to operators connecting to third party providers using the Relax Gaming platform.

During the fourth quarter of 2022 an amount of GBP 40.8 (EUR 46.0) million has been released from the total contingent consideration balance previously recognised at the Relax Gaming acquisition date based on assessment of performance for the 2022 financial year. Relax Gaming has been performing and growing well during 2022 and this assessment is based on Relax Gaming not meeting the ambitious earn-out thresholds agreed with the selling shareholders at the acquisition date, rather than a reflection of ongoing performance. For more detail, please see page 19.

Group costs and profitability

Cost of sales

GBP m	Q4		Full year	
	2022	2021	2022	2021
Betting duties	-83.3	-58.5	-272.8	-255.3
Marketing revenue share	-9.9	-10.6	-41.8	-52.0
Other cost of sales	-47.8	-38.4	-170.3	-198.7
Cost of sales	-141.0	-107.5	-484.9	-506.0

Cost of sales movements generally correlate directly with movements in revenues, with betting duties and marketing revenue share relating solely to the Group's B2C operations. However, for the fourth quarter of 2022 and the full year 2022, betting duties have increased significantly in absolute terms from the same periods in the prior year, and as a percentage of the Group's Gross winnings revenue. This is a result of the Group's entrance into the newly licenced Dutch market in July 2022, with betting duties now being paid on Dutch revenues. This naturally puts pressure on gross profit margins, however, as usual with entrance into newly regulated markets we expect to achieve a stable margin in the long-term, despite these short-term pressures.

Marketing revenue share for the fourth quarter and full year 2022 has, as a percentage of revenue, dropped when compared to the same periods of the prior year, supported by a drive for efficiencies. Other cost of sales for the fourth quarter of 2022 includes an adjustment in relation to Relax Gaming which corresponds to that described in the other revenue section above.

Gross profit

Gross profit for the fourth quarter of 2022 was GBP 164.5 (137.4) million, an increase of 20 per cent from the same period in 2021. For the full year 2022, gross profit was GBP 583.8 (753.6) million, a decline of 23 per cent from the same period in 2021. Gross profit movements are driven by the movements in revenue and cost of sales, as previously explained.

Gross profit margin for the quarter has decreased from the same period in the prior year as a result of betting duty pressures, explained above within the cost of sales section, as well as being negatively impacted by changes to market mix and one-off items including the Houston Astros winning the World Series and the adjustment to Relax revenues and cost of sales noted in the other revenue section.

54%

Gross profit margin in Q4 2022 (compared to 56% in Q4 2021 and 55% in Q3 2022)

Marketing costs

Marketing costs amounted to GBP 67.1 (59.1) million for the quarter, up significantly from GBP 53.0 million in the third quarter of 2022. The significant increases from the same period in the prior year and third quarter of 2022 are primarily driven by increased investment for the 2022 World Cup, as well as normal sports seasonality. Specific increased investment in the Netherlands since the Group launched into the market in July, as well as increased investment in North America (especially the newly licenced Ontario market) have also contributed to the increase. Despite this, marketing costs for the full year 2022 came in at GBP 227.2 (234.7) million thanks to a continued drive for efficiencies across the Group's marketing costs.

Marketing for the B2C business (including marketing revenue share within cost of sales) as a percentage of Gross winnings revenue is a key performance indicator for the Group's B2C business. This metric has increased to 26 (29) per cent for the quarter, up from 23 per cent in Q3 2022 as a result of the increased investments noted above, to drive the business forward.

Administrative expenses

GBP m	Q4		Full year	
	2022	2021	2022	2021
Salaries	-35.6	-31.1	-140.8	-117.5
Other operating expenses	-22.7	-19.6	-86.6	-69.3
Depreciation of property, plant and equipment	-3.2	-3.8	-14.0	-14.8
Depreciation of right-of-use assets	-3.2	-3.0	-12.1	-11.1
Amortisation of intangible assets	-8.1	-7.7	-30.1	-23.0
Total administrative expenses	-72.8	-65.2	-283.6	-235.7

As can be seen in the graph "Expenses as a % of revenue (LTM)", these metrics have declined in the quarter following a steady increase over the previous three quarters. The metric was impacted by the decline in revenues from the Netherlands, however, growth in revenues in this market have now helped improve this metric. Administrative expenses have also continued to increase over this period, with the increase being a result of COVID-19 normalisation and the Group's continued selective investments, in line with its strategy, in the North American market and the Kindred Sportsbook Platform. In the fourth quarter, this has been offset by a non-recurring adjustment to variable employee compensation when considering the Group results for the full year. The Group is fully focused on further optimising its operating expenses to reduce cost growth and improve scalability.

The increase in salaries in both the fourth quarter of 2022 and the full year 2022 when compared to the same periods in 2021 is predominantly the result of continued selected growth in headcount, focused on the strategic areas noted above, where we expect to see future benefit, slightly offset by lower variable employee compensation. For the full year 2022, there is also the additional impact of a full year of costs from both Relax Gaming and Blancas, both acquired during 2021, as well as additional costs in relation to the Group's share schemes. When compared to the third quarter of 2022, salaries have decreased by GBP 2.1 million which is primarily attributable to the lower variable employee compensation noted above.

26%

B2C marketing, as a percentage of Gross winnings revenue for Q4 2022 (compared to 29% in Q4 2021 and 23% in Q3 2022)

26%

B2C marketing, as a percentage of Gross winnings revenue for FY 2022 (compared to 23% in FY 2021)

Expenses as a % of revenue (LTM)



Other operating expenses increased by GBP 3.1 million for the quarter and by GBP 17.3 million for the full year when compared to the same periods in 2021. Anticipated growth in the underlying business and continuing COVID normalisation have contributed to this growth, with the full year impacted by a full year of costs from both Relax Gaming and Blancas, as already described. The Group's selective investments include an increase in consultants to drive the above strategic projects, and the already noted increase in headcount also drives a corresponding increase in other operating expenses (for example office and travel related costs).

The increase in amortisation of intangible assets in the full year 2022 compared to the same period in 2021 is primarily the result of additional amortisation charges following the acquisition of Relax Gaming in October 2021. Total amortisation of intangible assets that arose on acquisitions amounted to GBP 2.6 (2.5) million for the fourth quarter of 2022 and GBP 10.0 (3.3) million for the full year 2022.

Underlying EBITDA

GBP m	Q4		Full year	
	2022	2021	2022	2021
Gross profit	164.5	137.4	583.8	753.6
Marketing costs	-67.1	-59.1	-227.2	-234.7
Salaries	-35.6	-31.1	-140.8	-117.5
Other operating expenses	-22.7	-19.6	-86.6	-69.3
Underlying EBITDA	39.1	27.6	129.2	332.1

Underlying EBITDA for the quarter, as defined above, increased by 42 per cent for the fourth quarter of 2022, but decreased by 61 per cent for the full year 2022, from the same periods in 2021. The increase from the fourth quarter of 2021 is a result of re-entering the Dutch market and rebuilding the corresponding revenues, offset by increased costs. However, short-term pressures on the top line as we continue to rebuild activity in the Netherlands and the impact of betting duties on these revenues since launch in 2022 continue to put pressure on the Group's profitability for the full year. On top of this, the Group's long-term focus on selected investments to build for future growth (discussed above and on the previous page), continue to have an impact. When compared to the third quarter of 2022, the underlying EBITDA margin has declined by 2 percentage points following the significant increase in marketing investments, as previously explained.

The underlying EBITDA for the quarter includes a negative underlying EBITDA contribution from the North American market of GBP 14.9 (8.9) million, up from GBP 9.8 million for the third quarter of 2022. Since the second quarter of 2022, the numbers for the North American market include the total of both the US and Canadian markets and comparatives have been updated to reflect this. The increase from the same period in the prior year and the third quarter is primarily explained by the negative impact of GBP 4.4 million following a customer winning a bet on Houston Astros winning the World Series on 5 November, as well as increased marketing costs. Excluding the impact of North America, the underlying EBITDA margin for the quarter was 18 (15) per cent, in line with the third quarter.

Underlying EBITDA for the quarter also includes the impact of Relax Gaming on the Group's consolidated underlying EBITDA of GBP 4.3 (3.7) million, in line with the third quarter of 2022.

GBP

39.1m

Underlying EBITDA for Q4 2022

13%

Underlying EBITDA margin in Q4 2022 (compared to 11% in Q4 2021 and 15% in Q3 2022)

18%

Underlying EBITDA margin, excluding North America, in Q4 2022 (compared to 15% in Q4 2021 and 19% in Q3 2022)

Items affecting comparability

GBP m	Q4		Full year	
	2022	2021	2022	2021
Personnel restructuring costs	-	-0.5	-0.3	-1.0
Merger and acquisition costs	-	-1.8	-	-5.8
Regulatory sanctions	-8.0	-	-8.0	4.2
Market closure and contract termination costs	-1.9	-	-2.5	-
Subsidy for warrants, incentive programme	-	-	-0.8	-
Other gains/(losses)	38.4	-1.7	69.9	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	71.3	-	71.3
Items affecting comparability	28.5	67.3	58.3	59.0

Items affecting comparability amounted to a positive contribution of GBP 28.5 (67.3) million for the quarter and a positive contribution of GBP 58.3 (59.0) million for the full year 2022.

Other gains/(losses) for the fourth quarter of 2022 comprise foreign currency losses of GBP 2.5 (0.7) million and fair value gains of GBP 40.9 (losses of 1.0) million in relation to the contingent consideration arising on the acquisition of Relax Gaming and forward contracts.

- Fair value gains in the quarter were significantly impacted by further reassessment of the fair value of the Relax Gaming contingent consideration, which resulted in a positive impact of GBP 40.8 (nil) million and resulting in a total positive impact of GBP 80.4 (nil) million for the full year following a similar adjustment during the third quarter. For full detail of this adjustment, please refer to page 19.
- Foreign exchange losses were primarily impacted by the weakening of the British Pound against the Euro. These losses were partly offset by corresponding forward contract movements. Kindred operates internationally and its results are therefore naturally impacted by currency fluctuations, primarily unrealised foreign currency differences relating to the retranslation of foreign currency current assets and liabilities, including both cash and customer balances. Foreign exchange losses are partly offset by fair value gains on forward contracts.

Regulatory sanctions for the fourth quarter of 2022 refer to:

- A GBP 0.9 (SEK 10.9) million sanction fee received from the Swedish Gambling Authority in relation to deemed shortcomings in work against money laundering and financing of terrorism (discussed previously on page 4).
- A provision of GBP 7.1 million for a fine that Kindred expects to receive following reviews by the UK regulator. The amount provided is based on current discussions with the UK Gambling Commission and the Group awaits the final outcome.

Market closure and contract termination costs of GBP 1.9 (nil) million for the fourth quarter of 2022 refer to costs for the North American market, predominantly relating to the Group's exit from the Iowa market during the quarter. For the full year 2022, this line also includes GBP 0.6 million for the closure of the German market, as disclosed and recognised in the second quarter of 2022.

EBITDA and profit from operations

GBP m	Q4		Full year	
	2022	2021	2022	2021
Underlying EBITDA	39.1	27.6	129.2	332.1
Personnel restructuring costs	-	-0.5	-0.3	-1.0
Merger and acquisition costs	-	-1.8	-	-5.8
Regulatory sanctions	-8.0	-	-8.0	4.2
Market closure and contract termination costs	-1.9	-	-2.5	-
Subsidy for warrants, incentive programme	-	-	-0.8	-
Other gains/(losses)	38.4	-1.7	69.9	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	71.3	-	71.3
EBITDA	67.6	94.9	187.5	391.1
Depreciation of property, plant and equipment	-3.2	-3.8	-14.0	-14.8
Depreciation of right-of-use assets	-3.2	-3.0	-12.1	-11.1
Amortisation of intangible assets	-8.1	-7.7	-30.1	-23.0
Profit from operations	53.1	80.4	131.3	342.2

EBITDA for the fourth quarter of 2022 was GBP 67.6 (94.9) million and profit from operations for the fourth quarter of 2022 was GBP 53.1 (80.4) million. For the full year 2022, EBITDA was GBP 187.5 (391.1) million and profit from operations was GBP 131.3 (342.2) million. On top of the reasons provided previously for underlying EBITDA, the variances in these metrics from the prior year were impacted by changes in items affecting comparability and amortisation charges as explained in previous sections. Most notably, this includes the significant positive impact from items affecting comparability predominantly a result of the reassessment of the Relax Gaming contingent consideration.

Net finance costs/income

Net finance costs for the fourth quarter of 2022 were GBP 1.2 (1.5) million and for the full year 2022 were GBP 4.5 (5.2) million. This primarily comprises interest and fees on borrowings which amounted to GBP 1.7 (1.7) million for the quarter and GBP 4.4 (4.6) million for the full year.

Profit before tax

Profit before tax for the fourth quarter of 2022 was GBP 51.9 (78.8) million. Profit before tax for the full year 2022 was GBP 126.8 (338.4) million. Profit before tax for the fourth quarter has also been positively impacted by the items affecting comparability of GBP 28.5 million as discussed in the relevant section of this report.

Profit after tax

Profit after tax for the fourth quarter of 2022 was GBP 50.0 (75.0) million. Profit after tax for the full year 2022 was GBP 120.1 (295.3) million. As certain items affecting comparability recognised in the year which impact profit before tax are disregarded for tax purposes, the effective tax rate for the full year 2022 has decreased when compared to the full year 2021.

GBP

50.0m

Profit after tax for Q4 2022

Other comprehensive income

The Group uses hedge accounting, in the form of a net investment hedge relationship between its EUR and SEK multicurrency facilities and its foreign operations' net assets denominated in the same currencies. During the period, the Group assessed the 'effectiveness' of the net investment hedge in accordance with the requirements of IFRS 9 and accordingly the foreign exchange difference on revaluation of the Group's facilities was recognised in other comprehensive income as 'gains/(losses) on net investment hedge'. This amounted to a gain of GBP 0.6 (2.2) million for the fourth quarter and a loss of GBP 1.6 (gain of 6.4) million for the full year. At 31 December 2022, a gain of GBP 4.8 (6.4) million in relation to the cumulative effective portion of the current hedging relationship is held within the Group's currency translation reserve.

Other amounts reported within other comprehensive income, as 'currency translation adjustments', and subsequently held within the Group's currency translation reserve, predominantly relate to exchange differences arising on the translation of subsidiary reserves, goodwill and fair value adjustments arising on acquisition of a foreign entity and translation differences relating to long-term non-trading inter-company balances.

Financial position

Cash and cash equivalents at the end of the fourth quarter of 2022 stood at GBP 254.9 (270.6) million while at the beginning of the quarter it was GBP 264.9 (409.0) million. Please refer to the cash flow section for more detail on the movement during the period and to page 32 for a reconciliation of the unrestricted cash balance.

At 31 December 2022, GBP 136.6 (112.5) million of the Group's facilities (relating to the multi-currency revolving credit facility agreement signed in November 2021) was utilised out of a total of GBP 227.6 (182.1) million. The facility also includes an uncommitted accordion feature that permits, under certain conditions, an increase in total commitments up to EUR 325.0 million. On 15 December 2022, the Group utilised the one-year extension option of the multi-currency revolving facility agreement previously signed in November 2021, extending the existing financing until November 2025. At the same time, the total committed facilities were increased by EUR 40.0 million by utilising the accordion feature in the original agreement, and the group of lenders was broadened. The total committed facilities now amount to EUR 256.7 million, with the option remaining to increase the total commitments up to EUR 325.0 million, under certain conditions.

The total borrowings recognised in the statement of financial position of GBP 135.5 (111.6) million are reported net of the associated transaction fees for the facilities agreement which are being expensed over its duration. The increase when comparing to the same period in 2021 is predominantly the result of net proceeds from borrowings of GBP 22.5 (nil) million.

The Group therefore remains in a net cash position, amounting to GBP 39.2 (87.0) million at 31 December 2022. Net cash/EBITDA (rolling 12-month basis) for the quarter was 0.21 (0.22).

Although the Group is in a net current liability position, the Group has a solid financial position with strong liquidity and low leverage. The Group generates strong cash flows, and it is therefore expected that sufficient funds will be available for its ongoing operations as well as the repayment of its liabilities, including its borrowings detailed above.

GBP

39.2m

Net cash at 31 December 2022
(down GBP 16.1m from 30
September 2022)

Contingent consideration on Relax acquisition

On 1 October 2021, Kindred completed the acquisition of the remaining outstanding shares in Relax Holding Limited and its subsidiaries (Relax Gaming). In accordance with the terms of the purchase agreement, earn-out payments would become payable in 2022 and 2023, subject to Relax Gaming achieving certain earnings thresholds. The earn-out payments were provisionally fair valued in accordance with relevant accounting standards, to GBP 79.7 (EUR 93.1) million at the acquisition date and disclosed as other financial liabilities at fair value through profit and loss in the condensed consolidated balance sheet.

A first earn-out payment of GBP 4.4 (EUR 5.2) million, based on performance for the 2021 financial year and which had been fully provided for, was made during the second quarter of 2022. The remainder of the first earn-out was maintained at that stage, given that the original agreement included a clawback mechanism whereby significant overperformance of thresholds in the 2022 financial year could result in the full payment of the first earn-out. Subsequently, during the third quarter of 2022, the fair value of the remaining contingent consideration was assessed, and it was determined that these thresholds would not be met. As a result, an amount of GBP 39.6 (EUR 44.8) million was released from the total contingent consideration balance.

At 31 December 2022, the remaining balance relating to the second earn-out payment, based on performance for the 2022 financial year and which had been fully provided for, was assessed and it was determined that the relevant thresholds would not be met in full. As a result, a further amount of GBP 40.8 (EUR 46.0) million was released from the total contingent consideration balance in the fourth quarter of 2022. In line with the relevant accounting standards, this has been recognised as a credit in the condensed consolidated income statement and is presented within other gains/(losses) within items affecting comparability.

Although Relax Gaming is performing and growing well during 2022, as can be seen on page 12, this assessment is based on Relax Gaming not meeting the ambitious earn-out thresholds agreed with the selling shareholders at the acquisition date.

The balance of the contingent consideration in the condensed consolidated balance sheet at 31 December 2022 amounts to GBP 2.2 (EUR 2.5) million and is expected to be paid out during the second quarter of 2023. This amount is subject to the audited performance of Relax Gaming for the 2022 financial year and therefore is still subject to change. If the relevant earnings metric ended up being lower by approximately 2 per cent, the balance of the contingent consideration could fall as low as GBP nil.

Capital investments

The most significant capital investments for the Group are in relation to the development and acquisition of intangible assets. Intangible assets, excluding those arising from acquisitions, comprise development costs, computer software and licences.

In the fourth quarter of 2022 and the full year 2022, intangible assets of GBP 10.3 (8.7) million and GBP 38.3 (34.4) million have been capitalised respectively. For the quarter and the full year, the increases from the 2021 comparatives were predominantly the result of increases in capitalised development costs, as explained below. For the full year, this was offset by one-off costs in the prior year of GBP 4.2 million for the acquisition of global exclusivity rights on several slot games, as previously reported.

Capitalised development costs primarily represent capitalised salary costs for those working on the development and enhancement of the platform. Capitalised development costs for the fourth quarter of 2022 were GBP 10.2 (8.5) million, bringing the total

capitalised for the full year 2022 to GBP 36.9 (27.7) million. This development is driving economic benefit through customer experience improvements, local licensing requirements, data analytics and information mining. The increase for the full year 2022 when compared to 2021 is largely impacted by additional development costs of GBP 3.7 million in relation to Relax Gaming, with 2022 including a full year of costs in comparison to only 3 months in 2021 following the acquisition. On top of this, the Group has made selective headcount increases in its Tech and Development function to support the launch of its proprietary platform in North America and the development of its in-house sportsbook platform, among other projects.

Cash flow

Net cash generated from operating activities amounted to GBP 53.9 (13.2) million for the fourth quarter of 2022, and GBP 138.7 (282.3) million for the full year 2022. For the fourth quarter, the variance from the same period in the prior year is primarily a result of the positive impact of net working capital movements. For the full year, the significant decrease is primarily caused by the decline in underlying EBITDA, partially offset by substantial positive movements in net working capital. Working capital movements are largely attributable to the fluctuations in timing of tax and supplier payments, which can be significant and cause large swings from period to period.

Cash flows used in investing activities were GBP 12.9 (82.8) million for the fourth quarter of 2022 and GBP 51.5 (141.8) million for the full year 2022. The decrease when compared to the same periods of 2021 is primarily a result of the acquisitions that took place during 2021 of both Relax Gaming and Blancas NV.

Cash flows used in financing activities for the quarter and the full year were primarily impacted by share purchases, dividend payments and movements in borrowings. The quarter was impacted by share purchases totalling GBP 10.0 (21.5) million, net proceeds from borrowings of GBP 0.4 (nil) million and the second instalment of the 2021 dividend of GBP 36.8 (37.0) million. The dividend paid includes the impact of foreign exchange, given that the dividend is declared in Great British pounds and paid in Swedish Krona.

GBP m	Q4		Full year	
	2022	2021	2022	2021
Net cash generated from operating activities	53.9	13.2	138.7	282.3
Purchases of property, plant and equipment	-2.9	-2.7	-9.5	-10.6
Development and acquisition costs of intangible assets	-10.3	-8.7	-38.3	-34.4
Interest paid on lease liabilities	-0.3	-0.3	-1.2	-1.3
Repayment of lease liabilities	-2.7	-2.3	-11.9	-10.4
Adjust for: customer balance movement	-6.8	8.5	-8.2	5.5
Free cash flow	30.9	7.7	69.6	231.1

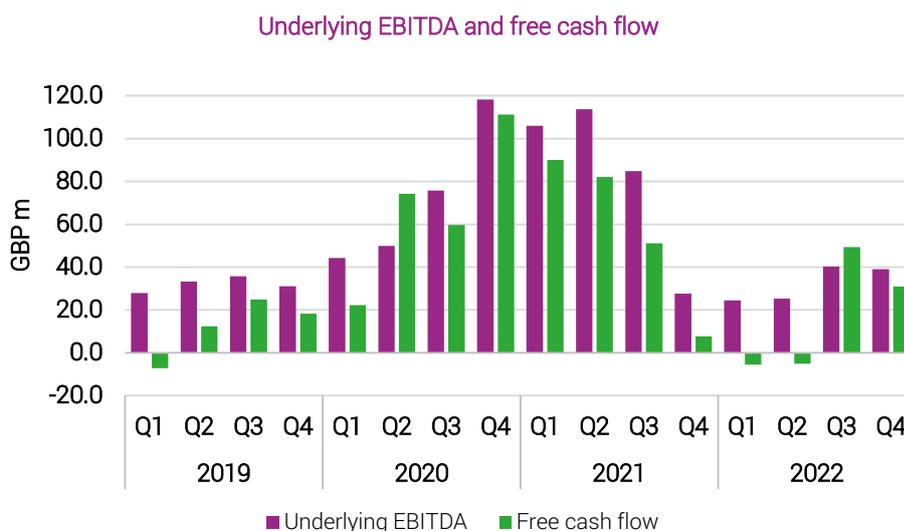
GBP

30.9m

Free cash flow for Q4 2022

Free cash flow, as defined in the table above, increased by GBP 23.2 million for the quarter and decreased by GBP 161.5 for the full year, when compared to the same periods of the prior year. This is predominantly the result of movements in net cash generated from operating activities and capital investments, as explained above.

Quarterly underlying EBITDA and free cash flow are shown in the graph on the following page, with cash conversion for the fourth quarter of 2022 standing at 79 (28) per cent. Whilst underlying EBITDA has declined significantly from the prior year, as explained throughout the report, the significant increase in cash conversion from the prior year has been impacted by the large positive working capital movement during the fourth quarter of 2022, compared to a large negative working capital movement in the same period of 2021.



Dividend proposal for 2022

In respect of the financial year 2022, the Board of Directors propose an ordinary dividend of GBP 0.345 (0.337) per share, equal to a total dividend of approximately GBP 75 million, to be paid out in two equal tranches, in the second quarter and the fourth quarter of 2023.

Operational review

Market overview

Norway

Secondary legislation pursuant to the new Gambling Act was adopted and entered into force on 1 January 2023. This contains regulations related to Norway's licensed and regulated industries, which includes both state monopolies and private operators.

On 21 November 2022, the NGA decided to reinstate the coercive fine against Tranel, a wholly owned subsidiary of Kindred, according to which a penalty of ~NOK 1.2 million per day up to a maximum of ~NOK 437 million, would be payable unless Tranel complied with a cease-and-desist order from April 2019. Tranel firmly disagrees with the NGA's assessment as it is fully legal for Norwegian residents to access and use international gambling services, which are licensed in the EU/EEA area and offered within a safe and secure environment. Therefore, Kindred will continue to passively accept customers residing in Norway. The NGA does not have jurisdiction over Tranel as the company is domiciled in Malta and duly licensed by the Malta Gaming Authority. Therefore, Kindred is confident that the coercive fine cannot be enforced by the NGA outside of Norway. Subsequently on 9 December 2022, the NGA again suspended the enforcement of the fine whilst Kindred's appeal against the decision is being considered. This suspension remains at the date of this report.

Sweden

The new government has proposed several updates to Swedish gambling regulation, covering measures against unlicensed gambling, match-fixing and customer data management for operators. All proposals are based on previous investigations and are expected to be favourable for Kindred.

At the request of Kindred, the Swedish Trade Association for Online Gambling (BOS), will have anti-money laundering as a top priority for 2023, focusing on reaching out to regulators and other key stakeholders.

Finland

Finnish Conservatives have taken a position towards government negotiations in April 2023 supporting a local license regulation in Finland. In addition, parliamentary groups of five political parties support an investigation into regulation of the Finnish market.

Denmark

The Danish Gaming Authority (DGA) submitted revised guidelines for responsible gambling, reminding operators of guidance on deposit limits, duty of care and interventions, and marketing in cases of self-exclusion.

With the election in November, and the subsequent lengthy process of establishing a new government, all regulatory issues including a revision of Danish gambling laws have been put on hold. These are expected to be revisited in the first quarter of 2023.

Netherlands

As of 1 January 2023, Kindred's flagship brand Unibet will be the main sponsor of TDT-Unibet Cycling Team. The new team will start at a continental level but has the ambition to achieve ProTeam status in the future.

During the 2022 World Cup, the Dutch Gambling Authority took a very active role and several license holders, including Kindred, received warnings for 2022 World Cup advertising campaigns.

Additional changes being made in the market include:

- Gambling tax being raised from 29.0 per cent to 29.5 per cent as of 1 January 2023.
- An advertising and sports sponsoring ban, following communications from the regulator, expected to come into effect during the first quarter of 2023.
- The Ministry of Justice and Security working on stricter rules for playing limits, with draft regulation expected in the first quarter of 2023.

France

Kindred launched its partnership with Gamban which included localisation of the responsible gambling tool in French language.

AFJEL (online gambling trade body), PMU and FDJ finalised their Code of Conduct to regulate online advertising in order to further strengthen the protection of minors, vulnerable people, cap volumes, and control the communication of influencers and affiliates.

Belgium

The government announced a near-total marketing ban for licensed gambling operators as of July 2023 (and sponsorship as of 2028), with only marketing via Pay Per Click and on owned channels allowed. The publication of the Royal decree should follow the advice of the Council of State. One of seven majority parties in the Federal Government is against the decree and could try to block its publication, though it is isolated within the government. Stakeholders are preparing legal challenges.

The Royal decree implementing a deposit limit per operator (with a standard limit of EUR 200 per week per website/brand that can be raised after credit checks) entered into force on 20 October 2022.

UK

Rishi Sunak became Prime Minister after the short tenure of Liz Truss. This brought with it a new Gambling Minister (Paul Scully) and a renewed timeline for the White Paper release, now expected in the first quarter of 2023.

New research by EY for the Betting and Gaming Council confirmed the gambling sector remained robust despite the pandemic and was now weathering the energy crisis and cost of living crisis. However, the study said that the enforcement of tougher affordability checks contributed to reduced revenues across the industry.

Ireland

Ireland published its long-awaited Gambling Regulation Bill, with a new licensing regime expected to be implemented later in 2023.

North America

Kindred remains dedicated to the long-term investment strategy within North America. Part of this strategy is continually appraising current operations to improve efficiency and ensure that investment is placed in territories with the greatest opportunity for future return. Given the smaller than anticipated market size and no firm outlook on iGaming within Iowa, Kindred made the decision to withdraw from the market in the fourth quarter of 2022. This takes Kindred's North American footprint to 6 states (or provinces), with 3 of those multi-product states and 2 of those with retail presence. Kindred also plans to launch in Washington State (retail sports betting) in 2023.

Product segment overview

Sportsbook

The Kindred Sportsbook Platform (KSP) is on track to launch in a test market towards the end of the 2023. During the fourth quarter, recruitment targets in Tech and Sportsbook operations were achieved. Key risks remain unchanged and mitigation plans against risks are progressing well.

New features for the existing sportsbook were rolled out in the fourth quarter. These included a new World Cup lobby, World Cup BetBuilder, and a popular free predictor game. Kindred's popular Golden Goal format, where customers guess the first minute and scorer of the first goal, was added to the flexible Question Game. During the 2022 World Cup, this combination was played by over 95 thousand customers, with the Netherlands driving over 50 thousand of those players.

In November 2022, Kindred won the EGR Horse Race Betting Operator of the Year award for the second year in a row.

Casino & games

Kindred launched its first exclusive game in collaboration with Relax Gaming in December 2022. It has performed well and lays the foundation for developing more content in 2023 and beyond.

Casino promotions around the 2022 World Cup and a strong content release calendar containing five exclusive games contributed to strong performance in the casino & games segment in December 2022.

During the quarter, Kindred also won the slot operator of the year award at the EGR Operator's Awards, which is a prestigious award for the most successful and innovative product offering.

Sustainability overview

In November 2022, Kindred announced the official validation approval from the Science Based Targets initiative (SBTi) of the Group's greenhouse gas emission targets. The targets have been updated since originally communicated in 2020. The validation marked an important step forward as Kindred looks to accelerate its work in reducing emissions. Kindred commits to reducing absolute scope 1 and 2 greenhouse gas emissions by 90 per cent by fiscal year 2027 from a fiscal year 2019 base year. Kindred also commits to reducing absolute scope 3 greenhouse gas emissions by 35 per cent within the same timeframe.

Kindred has the ambition to have zero compromised multifactor authentication (MFA) enabled accounts by 2025. This work has continued throughout 2022 and the fourth quarter. Changes to the delivery model in 2022 ensured that Kindred was able to start the implementation of MFA enabled markets, brands and channels in 2023, with strong emphasis on enabling UK by Q3 2023. During the quarter, a specific team has been established to ensure continual delivery and establish a strong roll out plan.

On 18 November 2022, Kindred hosted the first local version of the Sustainable Gambling Conference at its Stockholm office. The theme "A sustainable gambling industry for the future" sparked a discussion on how the industry can address harmful gambling more efficiently through collaboration with regulators, the media sector, the sports movement, and other stakeholders. Members of the Swedish Parliament also gave their view on the development of the gambling market since the re-regulation nearly four years ago.

The share of revenue from harmful gambling decreased to 3.3 per cent in the fourth quarter of 2022, from 3.8 per cent in the third quarter of 2022. This is a positive deviation from the usual trend, as the fourth quarter generally sees an increase in high-risk gambling due to the holiday season. The decrease was due to a focused approach towards the younger demographic, including improving existing interventions which resulted in fewer customer detections. During the quarter 82.1 per cent of detected customers saw improved gambling behaviour after contact was made by Kindred's responsible gambling team. This is in line with levels from previous quarters and serves as another testament to the importance of intervention efforts. To further support this important work, Kindred has formed the Journey towards Zero Panel – a pilot project being driven by the team in the United Kingdom.

In France, Kindred launched the French version of Unibet impact, a community contribution program, covering all corporate sustainability work on safer gambling, sports betting integrity, and collaborations with sports clubs and associations. Additionally, as a development of Kindred's partnership with Gamban, the control tool has been launched in the French market, including adaptation of the tool into the French language.

In Belgium, Kindred (together with other members of the Belgian trade federation) has financially supported the Belgian regulator's televised responsible gambling campaign during the 2022 World Cup. In December 2022, the campaign was televised in Belgium and shared via Kindred's social media channels.

During the quarter, and for the second consecutive year, Kindred has been named a Career Company in Sweden by the organisation Karriärföretagen. The award goes to employers offering their employees unique development and career opportunities. In the evaluation, the expert panel also considers factors such as employer attractiveness externally, social media presence and quality, and career pages on the website. The competition was strong, as 18 companies lost their recognition and were dropped from the previous year's list.

During the quarter, Kindred has supported sports clubs in the Netherlands with their energy bills in times when the energy prices have been at a record high. The trade association NOGA in the Netherlands launched the “Heat your club” action in December 2022 which has provided financial support to more than 35 different sports clubs.

Other information

Financial information

This report is unaudited. The financial information within this report has been presented in accordance with International Financial Reporting Standards as adopted by the European Union, except where otherwise stated. The accounting policies remain unchanged from the last published Annual and Sustainability Report and Accounts for the year ended 31 December 2021.

Throughout the report where a comparative number is stated in brackets, this relates to the comparative of the period specified.

Employees

The Kindred Group had 2,332 (2,055) employees at 31 December 2022, compared with 2,253 employees at 30 September 2022. The increase from the same quarter of the prior year is a result of selected headcount growth, as explained in the administrative expenses section on pages 14 and 15. The number of consultants amounted to 224 (169) at 31 December 2022.

Principal risks

The Kindred Group manages strategic, operational, financial, compliance and industry specific risks on a Group-wide basis. Further details of the Group’s risk management and risks arising from the legal environment can be found on pages 49 to 53 and pages 109 to 112 of the Annual and Sustainability Report and Accounts for the year ended 31 December 2021 available from www.kindredgroup.com.

Tax environment

The Group operates in multiple jurisdictions and complies with both national and international tax rules. The digitalisation of the economy has recently brought new tax challenges to companies operating in this sector whose established business models - in line with industry practice - are under greater scrutiny from tax authorities.

In very recent years, enquiries and contact with tax authorities have become more frequent and an integral part of our compliance management. The Group is committed to working constructively with tax authorities to aid their understanding of our tax affairs in their respective jurisdictions and aiming to reach a conclusion to the assessments as swiftly as possible.

Next AGM and Nomination Committee

The 2023 Annual General Meeting of Kindred Group plc will be held on 20 April 2023 in Stockholm. On 22 December 2022, the Nomination Committee for the 2023 AGM communicated certain proposals to be considered at the AGM. These proposals, to be in place until the AGM 2024, included:

- That the Board of Directors should consist of nine members and no deputy members.
- The re-election of four current Board members.

- The election of five new Board members (with four current Board members declaring that they will not stand for re-election).
- the re-election of Evert Carlsson as Chairman of the Board.

The nomination committee can be contacted at the following address: Kindred Group plc, Level 6, The Centre, Tigne Point, Sliema, TPO 0001 Malta, or by email to:

nomination@kindredgroup.com.

Annual Report and Sustainability Report

Kindred Group plc's combined Annual Report and Sustainability Report for the 2022 financial year will be available on its website, www.kindredgroup.com, from 15 March 2023.

The Board of Directors and the CEO certify that the year end report gives a fair reflection of the Group and company's operations, financial position and results of operations, and describes significant risks and uncertainties facing the Group and company.

Malta, 8 February 2023

Henrik Tjärnström
CEO

Kindred Group plc, Level 6, The Centre, Tigne Point, Sliema, TPO 0001 Malta.

Registered in Malta. Company number C 39017. Registered office: c/o Camilleri Preziosi, Level 2, Valletta Buildings, South Street, Valletta, VLT 1103, Malta.

The information in this report is such that Kindred Group plc is required to disclose under the EU Regulation of Market Abuse, MAR. This document is the English original. In the event of any discrepancy between the original English document and the Swedish translation, the English original shall prevail.

Condensed consolidated income statement

GBP m	Q4		Full year	
	2022	2021	2022	2021
Revenue	305.5	244.9	1,068.7	1,259.6
Betting duties	-83.3	-58.5	-272.8	-255.3
Marketing revenue share	-9.9	-10.6	-41.8	-52.0
Other cost of sales	-47.8	-38.4	-170.3	-198.7
Cost of sales	-141.0	-107.5	-484.9	-506.0
Gross profit	164.5	137.4	583.8	753.6
Marketing costs	-67.1	-59.1	-227.2	-234.7
Salaries	-35.6	-31.1	-140.8	-117.5
Other operating expenses	-22.7	-19.6	-86.6	-69.3
Depreciation of property, plant and equipment	-3.2	-3.8	-14.0	-14.8
Depreciation of right-of-use assets	-3.2	-3.0	-12.1	-11.1
Amortisation of intangible assets	-8.1	-7.7	-30.1	-23.0
Total administrative expenses	-72.8	-65.2	-283.6	-235.7
Underlying profit before items affecting comparability	24.6	13.1	73.0	283.2
Personnel restructuring costs	-	-0.5	-0.3	-1.0
Merger and acquisition costs	-	-1.8	-	-5.8
Regulatory sanctions	-8.0	-	-8.0	4.2
Market closure and contract termination costs	-1.9	-	-2.5	-
Subsidy for warrants, incentive programme	-	-	-0.8	-
Other gains/(losses)	38.4	-1.7	69.9	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	71.3	-	71.3
Profit from operations	53.1	80.4	131.3	342.2
Finance costs	-2.0	-2.1	-5.9	-6.2
Finance income	0.8	0.6	1.4	1.0
Share of (loss)/profit from associate	-	-0.1	-	1.4
Profit before tax	51.9	78.8	126.8	338.4
Income tax expense	-1.9	-3.8	-6.7	-43.1
Profit after tax	50.0	75.0	120.1	295.3
Profit is attributable to:				
Owners of Kindred Group plc	49.9	75.0	119.9	295.3
Non-controlling interests	0.1	-	0.2	-
Total profit	50.0	75.0	120.1	295.3
Earnings per share (GBP)	0.23	0.33	0.54	1.31
Diluted earnings per share (GBP)	0.23	0.33	0.54	1.30

Condensed consolidated statement of comprehensive income

GBP m	Q4		Full year	
	2022	2021	2022	2021
Profit after tax	50.0	75.0	120.1	295.3
Other comprehensive income				
Currency translation adjustments taken to equity	-3.9	-12.3	21.8	-18.0
Gains/(losses) on net investment hedge	0.6	2.2	-1.6	6.4
Total comprehensive income for the period	46.7	64.9	140.3	283.7
Total comprehensive income for the period is attributable to:				
Owners of Kindred Group plc	46.6	65.0	139.8	283.8
Non-controlling interests	0.1	-0.1	0.5	-0.1
Total comprehensive income for the period	46.7	64.9	140.3	283.7

Condensed consolidated balance sheet

GBP m	31 Dec 2022	31 Dec 2021
Assets		
Non-current assets		
Property, plant and equipment	19.1	23.7
Right-of-use assets	49.7	53.7
Goodwill	438.4	428.5
Other intangible assets	270.4	255.3
Deferred tax assets	40.0	27.4
Convertible bond	6.8	6.4
Other non-current assets	3.5	3.1
	827.9	798.1
Current assets		
Taxation recoverable	70.8	96.4
Trade and other receivables	66.5	52.3
Financial assets at fair value through profit and loss	1.1	0.1
Cash and cash equivalents	254.9	270.6
	393.3	419.4
Total assets	1,221.2	1,217.5
Equity and liabilities		
Capital and reserves		
Share capital	0.1	0.1
Share premium	81.5	81.5
Currency translation reserve	25.6	5.7
Reorganisation reserve	-42.9	-42.9
Retained earnings	524.9	514.9
Total equity attributable to the owners	589.2	559.3
Non-controlling interest	5.8	5.9
Total equity	595.0	565.2
Non-current liabilities		
Borrowings	135.5	111.6
Lease liabilities	37.8	43.5
Deferred tax liabilities	22.5	22.4
Other financial liabilities at fair value through profit and loss	-	38.3
Provisions	1.9	2.3
	197.7	218.1
Current liabilities		
Trade and other payables	199.6	162.2
Customer balances	80.2	72.0
Deferred income	5.9	4.8
Tax liabilities	107.1	131.1
Lease liabilities	13.6	11.9
Other financial liabilities at fair value through profit and loss	2.2	41.1
Provisions	19.9	11.1
	428.5	434.2
Total liabilities	626.2	652.3
Total equity and liabilities	1,221.2	1,217.5

Condensed consolidated statement of changes in equity

GBP m	Q4		Full year	
	2022	2021	2022	2021
Opening balance of total equity at beginning of period	593.8	551.2	565.2	412.1
Comprehensive income				
Profit for the period	50.0	75.0	120.1	295.3
Other comprehensive income:				
Currency translation adjustments taken to equity	-3.9	-12.3	21.8	-18.0
Gains/(losses) on net investment hedge	0.6	2.2	-1.6	6.4
Total comprehensive income	46.7	64.9	140.3	283.7
Transactions with owners				
Employee share schemes - value of employee services	1.9	1.6	2.1	-6.1
Sale of warrants, incentive program	-	-	0.4	-
Treasury share purchases	-10.0	-21.5	-43.9	-66.4
Disposal / utilisation of treasury shares	-	-	5.3	10.4
Non-controlling interests on acquisition of subsidiary	-	6.0	-	6.0
Dividend paid to shareholders	-36.8	-37.0	-73.8	-74.5
Dividend paid to non-controlling interests	-0.6	-	-0.6	-
Total transactions with owners	-45.5	-50.9	-110.5	-130.6
Closing balance of total equity at end of period	595.0	565.2	595.0	565.2
Equity is attributable to:				
Owners of Kindred Group plc	589.2	559.3	589.2	559.3
Non-controlling interests	5.8	5.9	5.8	5.9
Total equity	595.0	565.2	595.0	565.2

Condensed consolidated cash flow statement

GBP m	Q4		Full year	
	2022	2021	2022	2021
Operating activities				
Profit from operations	53.1	80.4	131.3	342.2
Adjustments for:				
Depreciation of property, plant and equipment	3.2	3.8	14.0	14.8
Depreciation of right-of-use assets	3.2	3.0	12.1	11.1
Amortisation of intangible assets	8.1	7.7	30.1	23.0
Loss on disposal of intangible assets	0.3	0.2	0.9	0.2
Loss on disposal of property, plant & equipment	0.1	-	0.1	-
Other (gains)/losses	-40.2	-70.3	-78.0	-70.3
Foreign exchange gain on dividend	-	0.5	-	0.6
Share-based payments	1.9	1.6	7.4	4.3
Operating cash flows before movements in working capital	29.7	26.9	117.9	325.9
Decrease/(Increase) in trade and other receivables	6.2	24.1	-14.5	2.4
Increase/(decrease) in trade and other payables, including customer balances and provisions	14.4	-25.8	54.5	-12.1
Cash flows from operating activities	50.3	25.2	157.9	316.2
Net income taxes received/(paid)	3.6	-12.0	-19.2	-33.9
Net cash generated from operating activities	53.9	13.2	138.7	282.3
Investing activities				
Acquisition of subsidiaries, net of cash acquired	-	-71.4	-	-97.0
Settlement of contingent consideration	-	-	-4.4	-
Interest received	0.3	-	0.7	0.2
Purchases of property, plant and equipment	-2.9	-2.7	-9.5	-10.6
Development and acquisition costs of intangible assets	-10.3	-8.7	-38.3	-34.4
Net cash used in investing activities	-12.9	-82.8	-51.5	-141.8
Financing activities				
Interest paid	-2.2	-1.6	-5.6	-4.3
Interest paid on lease liabilities	-0.3	-0.3	-1.2	-1.3
Repayment of lease liabilities	-2.7	-2.3	-11.9	-10.4
Dividend paid to shareholders	-36.4	-37.0	-73.2	-74.5
Dividend paid to non-controlling interests	-0.6	-	-0.6	-
Treasury share purchases	-10.0	-21.5	-43.9	-66.4
Sale of warrants, incentive program	-	-	0.4	-
Proceeds from borrowings	16.2	113.7	76.7	133.7
Repayment of borrowings	-15.8	-113.7	-54.2	-133.7
Net cash used in financing activities	-51.8	-62.7	-113.5	-156.9
Net decrease in cash and cash equivalents	-10.8	-132.3	-26.3	-16.4
Cash and cash equivalents at beginning of period	264.9	409.0	270.6	300.5
Effect of foreign exchange rate changes	0.8	-6.1	10.6	-13.5
Cash and cash equivalents at end of period	254.9	270.6	254.9	270.6

Appendix

Alternative performance measures

The Group presents alternative performance measures because they provide owners and investors with additional information about the performance of the business which the Directors consider to be valuable. Alternative performance measures reported by the Group are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies.

The below table reconciles the Group's alternative performance measures relating to the condensed consolidated balance sheet to the most directly comparable measures reported in accordance with IFRS. Refer to pages 15 and 17 for corresponding reconciliations of underlying EBITDA and EBITDA respectively, and page 20 for a corresponding reconciliation of free cash flow.

Condensed consolidated balance sheet measures

GBP m	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	254.9	270.6
Customer balances	-80.2	-72.0
Unrestricted cash	174.7	198.6
Less: Borrowings	-135.5	-111.6
Net cash	39.2	87.0

Key ratios

	Q4		Full year	
	2022	2021	2022	2021
Gross winnings revenue from locally regulated markets (%)	81%	77%	79%	62%
B2C marketing as a % of Gross winnings revenue (%)	26%	29%	26%	23%
Return on average equity, annualised (%)	36%	58%	23%	67%
Underlying EBITDA margin (%)	13%	11%	12%	26%
Net cash / EBITDA, rolling 12-month basis	0.21	0.22	0.21	0.22
Cash conversion (%)	79%	28%	54%	70%
Free cash flow per share (GBP)	0.14	0.03	0.32	1.02
Earnings per share (GBP)	0.23	0.33	0.54	1.31
Diluted earnings per share (GBP)	0.23	0.33	0.54	1.30
Employees at period end	2,332	2,055	2,332	2,055
Number of shares at period end ¹	230,126,200	230,126,200	230,126,200	230,126,200
Diluted number of shares at period end	232,074,281	231,405,713	232,074,281	231,405,713
Weighted average number of outstanding shares	218,334,347	224,023,122	220,068,616	226,149,236
Weighted average number of diluted outstanding shares	220,296,191	225,308,341	222,094,481	227,767,325

¹ At 31 December 2022 the total issued shares were 230,126,200. Of these, 12,521,679 shares are held by the Group as a result of previous repurchase programmes.

FX rates and constant currency impact

Balance sheet rates:	31 Dec	31 Dec	
Rate to GBP	2022	2021	YoY Delta
AUD	1.769	1.858	4.8%
DKK	8.385	8.850	5.3%
EUR	1.127	1.190	5.3%
NOK	11.854	11.887	0.3%
SEK	12.540	12.199	-2.8%
USD	1.203	1.348	10.8%

Income statement averages for the quarter:

Rate to GBP	Avg Q4	Avg Q4	YoY Delta
	2022	2021	
AUD	1.787	1.851	3.5%
DKK	8.552	8.772	2.5%
EUR	1.150	1.179	2.5%
NOK	11.948	11.765	-1.6%
SEK	12.578	11.946	-5.3%
USD	1.174	1.349	13.0%

Based on the Group's results calculated in constant currency, the estimated foreign exchange impact on the results for the fourth quarter of 2022 is as follows:

GBP m	Q4
	2022
Revenue	2.8
Cost of sales / operating expenses	-3.9
Underlying EBITDA	-1.1
Foreign currency loss on operating items	-2.5
Foreign exchange gain on dividend	0.4
Profit after tax	-3.2

Operating segmental analysis

These tables are for information only and do not form part of the condensed consolidated financial statements.

The tables below split the Group's profit from operations between its B2C business, Kindred Group (excluding Relax Gaming), and its B2B business, Relax Gaming. The numbers for each segment are inclusive of intercompany transactions, which for total Kindred Group numbers are eliminated in the column entitled eliminations.

Q4 2022

GBP m	Kindred Group (B2C excluding Relax Gaming)	Relax Gaming (B2B)	Eliminations	Total
Gross winnings revenue (B2C)	294.9	-	0.2	295.1
Other revenue (B2B)	-	13.3	-2.9	10.4
Total revenue	294.9	13.3	-2.7	305.5
Cost of sales	-139.1	-4.0	2.1	-141.0
Gross profit	155.8	9.3	-0.6	164.5
Marketing costs	-66.5	-1.2	0.6	-67.1
Total administrative expenses	-68.0	-4.8	-	-72.8
Items affecting comparability	28.5	-	-	28.5
Profit from operations	49.8	3.3	0.0	53.1

Year ended 31 Dec 2022

GBP m	Kindred Group (B2C excluding Relax Gaming)	Relax Gaming (B2B)	Eliminations	Total
Gross winnings revenue (B2C)	1,041.4	-	1.5	1,042.9
Other revenue (B2B)	-	35.7	-9.9	25.8
Total revenue	1,041.4	35.7	-8.4	1,068.7
Cost of sales	-486.7	-5.6	7.4	-484.9
Gross profit	554.7	30.1	-1.0	583.8
Marketing costs	-226.0	-1.8	0.6	-227.2
Total administrative expenses	-265.4	-18.2	-	-283.6
Items affecting comparability	58.3	-	-	58.3
Profit from operations	121.6	10.1	-0.4	131.3

Non-Statutory Analysis of Gross Winnings Revenue (B2C)

These tables are for information only and do not form part of the condensed consolidated financial statements.

Gross winnings revenue by region (based on country of residence of customer)

SPORTS BETTING BY REGION	2022				2021				2022 FY	2021 FY
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1		
Gross winnings revenue (GBP m)										
Western Europe	81.4	66.1	57.7	67.9	60.1	77.6	119.4	114.2	273.1	371.3
Nordics	26.8	25.6	23.4	24.9	23.8	23.7	31.9	28.1	100.7	107.5
Central, Eastern and Southern Europe	9.4	9.3	9.1	11.1	8.3	8.5	11.1	11.0	38.9	38.9
Other	4.2	7.9	7.6	7.4	8.9	6.1	8.1	6.4	27.1	29.5
Total	121.8	108.9	97.8	111.3	101.1	115.9	170.5	159.7	439.8	547.2
Quarterly Year-on-Year & Year-on-Year growth (%)										
Western Europe	35%	-15%	-52%	-41%	-51%	-3%	177%	36%	-26%	12%
Nordics	13%	8%	-27%	-11%	-28%	-3%	129%	15%	-6%	12%
Central, Eastern and Southern Europe	13%	9%	-18%	1%	-37%	-17%	95%	9%	0%	-1%
Other	-53%	30%	-6%	16%	5%	2%	69%	68%	-8%	28%
Total	20%	-6%	-43%	-30%	-43%	-4%	153%	30%	-20%	12%
OTHER PRODUCT SEGMENTS - CASINO, POKER & OTHER GAMES BY REGION										
Gross winnings revenue (GBP m)										
Western Europe	94.2	85.7	61.8	59.2	62.8	112.0	125.6	126.7	300.9	427.1
Nordics	50.9	52.7	50.8	48.9	51.0	46.1	43.5	39.7	203.3	180.3
Central, Eastern and Southern Europe	20.2	18.2	17.1	16.7	19.3	17.1	17.2	18.0	72.2	71.6
Other	8.0	6.4	6.0	6.3	6.3	7.3	6.9	8.5	26.7	29.0
Total	173.3	163.0	135.7	131.1	139.4	182.5	193.2	192.9	603.1	708.0
Quarterly Year-on-Year & Year-on-Year growth (%)										
Western Europe	50%	-23%	-51%	-53%	-46%	20%	28%	84%	-30%	14%
Nordics	0%	14%	17%	23%	21%	11%	-5%	-7%	13%	5%
Central, Eastern and Southern Europe	5%	6%	-1%	-7%	-4%	13%	10%	54%	1%	14%
Other	27%	-12%	-13%	-26%	-32%	-27%	-18%	113%	-8%	-9%
Total	24%	-11%	-30%	-32%	-26%	14%	15%	52%	-15%	10%
TOTAL BY REGION										
Gross winnings revenue (GBP m)										
Western Europe	175.6	151.8	119.5	127.1	122.9	189.6	245.0	240.9	574.0	798.4
Nordics	77.7	78.3	74.2	73.8	74.8	69.8	75.4	67.8	304.0	287.8
Central, Eastern and Southern Europe	29.6	27.5	26.2	27.8	27.6	25.6	28.3	29.0	111.1	110.5
Other	12.2	14.3	13.6	13.7	15.2	13.4	15.0	14.9	53.8	58.5
Total	295.1	271.9	233.5	242.4	240.5	298.4	363.7	352.6	1,042.9	1,255.2
Share of total (%)										
Western Europe	60%	56%	51%	52%	51%	64%	67%	69%	55%	63%
Nordics	26%	29%	32%	31%	31%	23%	21%	19%	29%	23%
Central, Eastern and Southern Europe	10%	10%	11%	11%	12%	9%	8%	8%	11%	9%
Other	4%	5%	6%	6%	6%	4%	4%	4%	5%	5%
Quarterly Year-on-Year & Year-on-Year growth (%)										
Western Europe	43%	-20%	-51%	-47%	-48%	9%	74%	58%	-28%	13%
Nordics	4%	12%	-2%	9%	-1%	6%	26%	1%	6%	7%
Central, Eastern and Southern Europe	7%	7%	-7%	-4%	-17%	1%	33%	33%	1%	9%
Other	-20%	7%	-9%	-8%	-15%	-16%	14%	91%	-8%	7%
Total	23%	-9%	-36%	-31%	-34%	6%	55%	41%	-17%	11%

Non-Statutory Analysis of Gross Winnings Revenue (B2C)

These tables are for information only and do not form part of the condensed consolidated financial statements.

Gross winnings revenue by product segment

TOTAL BY PRODUCT SEGMENT	2022				2021				2022	2021
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	FY	FY
Gross winnings revenue (GBP m)										
Sports betting	121.8	108.9	97.8	111.3	101.1	115.9	170.5	159.7	439.8	547.2
Casino & games	159.3	149.5	123.4	119.8	127.3	168.3	177.2	175.9	552.0	648.7
Poker	8.6	7.4	6.6	7.1	7.2	6.9	7.5	9.2	29.7	30.8
Other	5.4	6.1	5.7	4.2	4.9	7.3	8.5	7.8	21.4	28.5
Total	295.1	271.9	233.5	242.4	240.5	298.4	363.7	352.6	1,042.9	1,255.2
Share of total (%)										
Sports betting	41%	40%	42%	46%	42%	39%	47%	45%	42%	44%
Casino & games	54%	55%	53%	49%	53%	57%	49%	50%	53%	52%
Poker	3%	3%	3%	3%	3%	2%	2%	3%	3%	2%
Other	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Quarterly Year-on-Year & Year-on-Year growth (%)										
Sports betting	20%	-6%	-43%	-30%	-43%	-4%	153%	30%	-20%	12%
Casino & games	25%	-11%	-30%	-32%	-25%	16%	18%	56%	-15%	12%
Poker	19%	7%	-12%	-23%	-19%	1%	-23%	23%	-4%	-6%
Other	10%	-16%	-33%	-46%	-38%	-9%	13%	15%	-25%	-6%
Total	23%	-9%	-36%	-31%	-34%	6%	55%	41%	-17%	11%

Sports betting margins

	2022				2021				2022	2021
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	FY	FY
Sports betting stakes (GBP m)	1,364.9	1,105.5	1,051.7	1,096.2	1,194.1	1,334.9	1,594.3	1,707.2	4,618.3	5,830.5
Sports betting Gross winnings revenue:										
Live betting (GBP m)	63.1	61.3	54.6	55.3	52.9	64.9	82.3	79.1	234.3	279.2
Live betting margin (%)	9.2%	10.0%	9.5%	9.7%	8.8%	9.0%	10.1%	9.1%	9.6%	9.3%
Live betting share (%)	45.3%	49.7%	48.7%	43.9%	45.9%	47.9%	42.0%	42.8%	46.8%	44.2%
Pre-game betting (GBP m)	76.3	62.0	57.6	70.7	62.4	70.5	113.6	105.8	266.6	352.3
Pre-game betting margin (%)	11.2%	12.6%	12.1%	13.4%	10.6%	11.5%	14.6%	12.7%	12.3%	12.5%
Pre-game betting share (%)	54.7%	50.3%	51.3%	56.1%	54.1%	52.1%	58.0%	57.2%	53.2%	55.8%
Total before free bets (GBP m)	139.4	123.3	112.2	126.0	115.3	135.4	195.9	184.9	500.9	631.5
Sports betting margin - before free bets (%)	10.2%	11.2%	10.7%	11.5%	9.7%	10.1%	12.3%	10.8%	10.8%	10.8%
Free bets (GBP m)	-17.6	-14.4	-14.4	-14.7	-14.3	-19.5	-25.4	-25.2	-61.1	-84.4
Total after free bets (GBP m)	121.8	108.9	97.8	111.3	101.0	115.9	170.5	159.7	439.8	547.1
Sports betting margin - after free bets (%)	8.9%	9.9%	9.3%	10.2%	8.5%	8.7%	10.7%	9.4%	9.5%	9.4%

Total margin across all product segments

	2022				2021				2022	2021
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	FY	FY
Total margin all product segments - before free bets (%) ¹	5.5%	5.6%	5.7%	5.6%	5.2%	4.8%	5.3%	4.8%	5.6%	5.0%

¹ Includes sports betting and casino & games but excludes poker rakes and other revenues.

Definitions

B2B: Business-to-Business.

B2C: Business-to-Consumer.

Cash conversion: Free cash flow divided by underlying EBITDA.

EBITDA: Profit from operations before depreciation, amortisation and impairment losses.

Free cash flow per share: Free cash flow (as defined on page 20) divided by the weighted average number of outstanding shares.

Gross winnings revenue: Revenue from the Group's B2C business.

Long-term average sports betting margin: Average sports betting margin, after free bets, over the latest twelve reported quarters.

LTM: Last twelve months prior to each quarter end.

Net cash/ (net debt): Total borrowings less unrestricted cash.

Other revenue: Revenue from the Group's B2B business.

Return on average equity (annualised): Profit from operations divided by the average of opening and closing equity for the period.

Underlying EBITDA: EBITDA before personnel restructuring costs, merger and acquisition costs, regulatory sanctions, market closure and contract termination costs, subsidy for warrants – incentive programme, other gains/(losses) and gain on remeasurement of previously held equity interest to fair value upon gaining control.

Underlying EBITDA margin: Underlying EBITDA divided by total revenue.

Unrestricted cash: Total cash at period end less customer balances.

Presentation of the year end report

Today, 8 February 2023, Kindred Group's CEO Henrik Tjärnström will host a web presentation in English at 10:00 (CET) which will be web casted live on <https://www.kindredgroup.com/q42022>. For those who would like to participate in the telephone conference in connection with the presentation, access by registering [here](#). After registration you will be provided phone numbers and a conference ID to access the conference.

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Forthcoming financial reporting timetable

Interim report January – March 2023	26 April 2023
Interim report January – June 2023	25 July 2023
Interim report January – September 2023	26 October 2023
Full year report 2023	7 February 2024