

Kindred Group Press Release

Malta, 8 July 2020

Kindred Group plc – Trading update for the second quarter 2020

Kindred estimates gross winning revenue for the second quarter of 2020 of about GBP 235 million (Q2-2019: GBP 226.2 million).

Even though cancelled sports events have affected the second quarter, solid growth in revenues from other products has partly compensated. Substantial growth has been delivered by Kindred's cutting-edge technology, proprietary Racing platform as well as other events such as eSports, and other virtual sports alternatives (e.g. F1, FIFA events). Sports activities have gradually resumed during the latter part of the quarter. It is probable that Kindred and other online operators have received a temporary benefit from the fact that most offline betting outlets in many countries have been closed throughout the second quarter.

Underlying EBITDA for the second quarter of 2020 is estimated to be in the range GBP 48 - 53 million (Q2-2019: GBP 30.5 million). The main driver in the expected increase in EBITDA compared to the prior year is the cost reduction actions that Kindred prudently took in connection with marketing, content and other direct costs. While these actions have protected profitability in the short term, now when sports are returning to more normal activity levels, we expect the marketing cost model of the business to normalise as well. It is natural that reducing marketing and related costs produce a short-term profit benefit, but if sustained over a long period then these actions could damage the long-term competitive position of the business.

Betting duties for the second quarter are significantly below the level of the first quarter because the impact of sports cancellations was strongest in France, where tax rates are highest and other betting types are very limited.

Although Kindred has continued to use its strong cash flow to reduce the amount outstanding under the credit facility, the movements in exchange rates have generated a FX loss on the loan balance of GBP 5.1 million in the second quarter of 2020 out of which GBP 0.6 million was realised.

Active customers for the quarter amounted to 1.3 million which was a decrease of 11 per cent compared to the same quarter last year. The decrease was expected as many recreational/occasional players are motivated by sports events.

As communicated at the time of the Q1 report, Kindred's management will continue to implement a number of operational efficiency initiatives throughout 2020.

The Interim report for the second quarter of 2020 will be published on 24 July 2020. The results presentation and Q&A session will be available through webcast as usual.

This information is such that Kindred Group plc is required to disclose under the EU Regulation of Market Abuse, MAR.

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

Tel: +356 2133 3532 Fax: +356 2343 1510 Website : www.kindredgroup.com

Registered office: c/o Camilleri Preziosi, Level 2, Valletta Buildings, South Street, Valletta, Malta. Company No: C 39017. Registered in Malta.



For more information:

Inga Lundberg, Investor Relations, +44 788 799 6116

About Kindred Group

Kindred Group is one of the world's leading online gambling operators with business across Europe, Australia and USA, offering over 25 million customers across 11 brands a great form of entertainment in a safe, fair and sustainable environment. The company, which employs about 1,700 people, is listed on Nasdaq Stockholm Large Cap and is a founding member of the European Gaming and Betting Association (EGBA) and founding member of IBIA (International Betting Integrity Association). Kindred Group is audited and certified by eCOGRA for compliance with the 2014 EU Recommendation on Consumer Protection and Responsible Gambling (2014/478/EU). Read more on www.kindredgroup.com.

Nasdaq Stockholm, KIND-SDB

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