

Malta, 12 January 2023

Kindred Group plc – Unaudited trading update for the fourth quarter 2022 including non-recurring indicative guidance for 2023

- The World Cup 2022 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 expectations, turnover from the World Cup was not enough to offset the impact of reduced fixtures elsewhere. This combined with a lower than long-term average sports betting margin and a few isolated events during the quarter had a negative impact on the Group's quarterly performance, resulting in total revenue of approximately GBP 305 million
- Continued increased sustainability focus in some key markets, notably Belgium, affected revenue negatively. In Norway Kindred has made several changes to its offering, which has also impacted revenue
- Lower revenue than expected combined with a historically low gross profit margin and considerable marketing investments had a negative impact on the profitability for the fourth quarter with underlying EBITDA estimated to reach approximately GBP 39 million. Underlying EBITDA excluding North America reached approximately GBP 54 million
- As a result of the weaker than anticipated performance, immediate actions will be taken to improve profitability in the short- and medium-term
- Kindred has decided to communicate a non-recurring indicative guidance for the fiscal year 2023. Kindred estimates Underlying EBITDA for the full-year to reach at least GBP 200 million assuming long-term average sportsbetting margin

Kindred Group plc (Kindred) has delivered solid growth year-on-year with total Group revenue of approximately GBP 305 million (Q4 2021: GBP 244.9 million). Total revenue increased by 24 per cent (23 per cent in constant currency) and by 3 per cent excluding the Netherlands (2 per cent in constant currency) compared to the same period last year. The quarter saw 1.83 million active customers for the Group supported by marketing investments in the run-up and during the World Cup, which is the second highest recorded number and an increase of 25 per cent compared to the fourth quarter last year.

However, the revenue development did not meet the expectations due to the following factors:

- Although the turnover during the World Cup 2022 was good it did not manage to offset the reduced number of major football league fixtures being played in the quarter compared to the same period in 2021 (approximately 200 fewer top league fixtures compared to Q4 last year)
- The sports betting margin after free bets was 8.9 per cent, which was below the long-term average
- The previously communicated settled pay-out of GBP 5.3 million following the Houston Astros winning the World Series on 5 November 2022 resulted in a negative revenue contribution of GBP 4.4 million. Excluding this, North America delivered a solid underlying growth during the quarter
- While we saw continued strong development in several markets incl. Netherlands, France and Sweden, regulatory changes and increased sustainability focus in some key markets, notably Belgium, affected revenue negatively. In Norway Kindred has made several changes to its offering, which has also impacted revenue

Underlying EBITDA for the fourth quarter of 2022 is estimated at approximately GBP 39 million (Q4 2021: GBP 27.6 million). The Underlying EBITDA for the quarter was negatively impacted by the weaker revenue than expected, a historically low gross profit margin and considerable marketing investments (marketing costs excluding affiliates amounted to approximately GBP 67 million). The gross profit

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margin for the fourth quarter was approximately 53.9 per cent and negatively impacted by Houston Astros winning the World Series, which resulted in a GBP 3.9 million EBITDA loss, as well as an unfavourable market mix with a higher proportion of the revenue coming from lower margin markets. Excluding North America, the Underlying EBITDA reached approximately GBP 54 million.

While the weaker than expected performance during the fourth quarter can largely be attributed to a few one-off events explained above and the headwinds in Belgium and Norway, actions are being taken to further improve profitability in the short- and medium-term. These include but are not limited to:

- Reducing losses in North America by decreasing marketing spend prior to the Kindred platform being launched
- Re-prioritising investment projects to free up capacity for key strategic initiatives and reduce short-term costs
- Further optimising the Group's operating expenses to reduce cost growth and improve scalability

Management does not believe that the fourth quarter 2022 results are indicative of the true earnings power of the business and Kindred has therefore decided to communicate a non-recurring indicative guidance for the fiscal year 2023. Kindred estimates Underlying EBITDA for the full-year to reach at least GBP 200 million assuming long-term average sportsbetting margins. This includes the actions mentioned above to further improve the profitability.

Based on the above, we remain fully confident in the outlook for the Group and the financial targets communicated at the Capital Markets Day on 14 September 2022.

Kindred Group's CEO Henrik Tjärnström will host a telephone conference in English on 13 January 2023 at 9.00 CET. If you wish to participate via webcast please click the link below and if you wish to participate via telephone conference please register on the link below. After registration for the telephone conference you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the webcast or the telephone conference.

[Register for the webcast here](#)

[Register to telephone conference here](#)

The interim report for the fourth quarter of 2022 will be published on 8 February 2023 at 07.30 CET. The following results presentation and Q&A session will be available through webcast at 10.00 CET on the same day.

This disclosure contains information that Kindred Group is obliged to make public pursuant to the EU Market Abuse Regulation (EU No. 596/2014). The information was submitted for publication, through the agency of the contact person, on 12-01-2023 21:00 CET.

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About Kindred Group

Kindred Group is one of the world's leading online gambling operators with business across Europe, US and Australia, offering over 30 million customers across 9 brands a great form of entertainment in a safe, fair and sustainable environment. The company, which employs about 2,000 people, is listed on Nasdaq Stockholm Large Cap and is a 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.

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