

Kindred Group Press Release

Malta, 8 February 2023

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

Kindred Group plc – Year-end report: January – December 2022 (unaudited)

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.
- 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 to 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.
- 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.

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CEO Henrik Tjärnström comments the fourth quarter of 2022

“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.”

“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.”

“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.”

“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.”

“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.”

Trading update up to and including 5 February 2022

The average daily Gross winnings revenue for the Group, up to and including 5 February 2022, 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.

Kindred Group's 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 on <https://conference.financialhearings.com/teleconference/?id=5002169>. After registration you will be provided phone numbers and a conference ID to access the conference.

Please call in well in advance for registration. There will be an opportunity to ask questions after the presentation.

This disclosure contains information that Kindred Group is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014) and the Swedish Securities Markets Act (2007:528). The information was submitted for publication, through the agency of the contact person, on 8-2-2023 07:30 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.

Nasdaq Stockholm, KIND-SDB