

“Growth and accelerated cost optimisation remain in focus to drive further scalability”.

Henrik Tjärnström, CEO

KINDRED GROUP PLC

INTERIM REPORT JANUARY - MARCH 2023 (UNAUDITED)

Financial highlights

First quarter 2023

- Total revenue, from both B2B and B2C operations, was GBP 306.4 (246.7) million.
- Gross winnings revenue (B2C) increased by 23 per cent to GBP 297.3 (242.4) million, a decrease of 1 per cent excluding the Netherlands.
- Underlying EBITDA increased by 102 per cent to GBP 49.4 (24.5) million.
- Profit before tax was GBP 30.4 (7.6) million.
- Profit after tax was GBP 25.6 (6.4) million.
- Earnings per share were GBP 0.12 (0.03).
- 2,286,000 shares/SDRs were purchased, with a total value of SEK 253.8, or GBP 20.1 million.
- Free cash flow amounted to GBP 29.0 (-5.5) million.
- Number of active customers increased by 18 per cent to 1,623,568 (1,377,317), an increase of 3 per cent excluding the Netherlands.

Key highlights

- Strong progress in the Netherlands contributes to year-on-year revenue growth of 24 per cent.
- Relax Gaming continues to show stellar performance with 90 per cent quarterly year-on-year growth.
- Previously communicated cost optimisation actions implemented during the quarter, with intended impact on the financial numbers to be realised in the coming quarters.
- Performance and results remain on path towards 2023 guidance and the 2025 financial targets.

Key figures

GBP m	Q1		Full year
	2023	2022	2022
Revenue	306.4	246.7	1,068.7
EBITDA	47.3	22.0	187.5
Underlying EBITDA	49.4	24.5	129.2
Profit before tax	30.4	7.6	126.8
Profit after tax	25.6	6.4	120.1
Earnings per share (GBP)	0.12	0.03	0.54
Net cash / EBITDA, rolling 12-month basis	0.20	0.21	0.21
Free cash flow	29.0	-5.5	69.6
Active customers (No.)	1,623,568	1,377,317	

CEO comment

Growth and accelerated cost optimisation remain in focus to drive further scalability

The first quarter of 2023 has seen encouraging improvements in both revenue and profitability, with the underlying EBITDA margin increasing to 16 per cent. The cost optimisation initiatives previously communicated have been implemented during the quarter, however there is a lag before we see the full effect on the numbers. The World Cup once again proved to be a strong customer acquisition event and we managed to keep customers engaged into the first quarter this year with 1.6 million active customers for the quarter, an increase of 18 per cent compared to the same period last year. This strong activity has put us in a good position for the second quarter where we will see many more major football league fixtures than usual due to the knock-on impact of the Winter World Cup on football league scheduling.

A strong start to the year for revenue despite volatile sportsbook margin

Total Group revenue increased by 24 per cent to GBP 306.4 million for the first quarter of 2023 compared to the same period of last year. Within the B2C business improved activity across core markets, especially the Netherlands, helped contribute to this strong start to the year. The B2B business further supported through exceptionally strong growth, with Relax Gaming revenue increasing by 90 per cent compared to the same period last year.

The quarter started off with an exceptionally strong sportsbook margin but, due to a lower-than-average sportsbook margin during the second half, we saw the initial momentum cool off slightly as the quarter progressed and ended up with a sports betting margin after free bets of 9.9 per cent. The French sports betting margin came in lower than the long-term average, also impacting the total margin for the quarter.

Exclusive content and a differentiated offering remain strategic value drivers for the future

Our strategic focus on unique products and increased control of our offering has resulted in our second exclusive game from Relax Gaming launching during the first quarter. The game is among the top five releases in

the past twelve months and a top three performer in 2023, proving the value created through exclusive and high-quality content. We are also expecting our third exclusive release towards the end of the second quarter. The development of the Kindred Sportsbook Platform (KSP) remains firmly on track with the first test market expected to be launched towards the end of 2023.

Cost optimisation actions previously communicated show early signs of reduced cost growth

As we have mentioned in earlier reports and presentations, 2023 is an investment year as we continue to recruit key talent to build our proprietary sportsbook platform. This investment in our in-house sportsbook, a key value creation driver, continues to drive growth in operating expenditure. Successful recruitment and strong retention of staff in the second half of 2022, combined with the annual salary review process, have also resulted in higher year on year growth in salary costs for the quarter. Growth in operating expenditure has also been impacted by approximately GBP 3 million of non-recurring items. We remain fully focused on cost optimisation across our operations, and expect our operating expenses to remain stable in the coming quarters. Our geographical footprint also continues to be reviewed on an on-going basis and during the quarter we decided to close our relatively small Austrian operation. Although operating costs have increased, underlying EBITDA came in at GBP 49.4 million for the quarter, an increase of 102 per cent.

Increased focus on a sustainable database lowers risk across core markets

Our core markets are performing well with the UK, the Netherlands, and the Nordic region being particularly encouraging examples. In March, we concluded a regulatory review in the UK resulting in a payment of GBP 7.1 million (as mentioned and provisioned for in the 2022 year-end report). New processes and procedures are now in place to ensure a more sustainable customer database, thereby lowering our risk exposure. This has been acknowledged by the UK Gambling Commission and places Kindred in a stronger position ahead of future regulations. We are now implementing similar procedures across our markets to further improve our database and ensure a more stable business operation.

The Netherlands continues to exceed our expectations with Gross winnings revenue contribution of GBP 57.3 million in the first quarter of this year, a sequential increase of 8 per cent. We remain firmly on track towards market leadership for the full year 2023. However, while most of our core markets continue to perform well, the challenges faced in Belgium continue. This is primarily related to Kindred putting in place stricter anti-money laundering checks and improved responsible gambling processes. We look forward to continue engaging with the regulator in Belgium on upholding the licence scheme by focusing on EU anti-money laundering regulations in order to ensure a level playing field. As we have seen in other markets, we remain confident that this will improve over time. We continue to share our views through our trade association and in direct dialogue with policy makers, while we also improve internal processes and technological capacity, for instance open banking solutions.

Encouraging signs in North America and our proprietary platform is ready to go

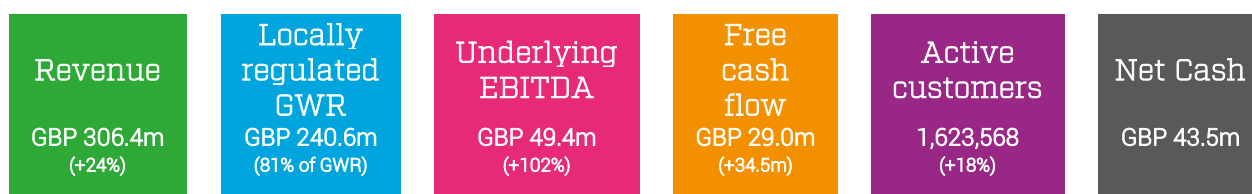
North America is seeing positive developments, with Gross winnings revenue increasing to GBP 8.0 million and a declining negative underlying EBITDA contribution of GBP 5.5 million. The improvement in EBITDA is largely due to marketing optimisation, where we are focusing investments in multi-product states which demonstrate better returns and a faster path to profitability. On 14 April we received approval from the New Jersey Division of Gaming Enforcement for our proprietary Kindred platform, which we are expecting will go live in mid-May. This is great news and will provide Unibet customers in New Jersey with an enhanced experience and give us better control of performance and the customer offering. We continue to explore every option to ensure improved performance in North America.

A level playing field imperative to ensure tighter regulation fulfil purpose

With 81 per cent of our Gross winnings revenue from locally regulated markets for the quarter we are delivering on our strategy and focusing on stable growth across markets through fact-based dialogue with stakeholders. Our Journey towards Zero continues to be an important initiative in this regard and, for the first quarter 2023, our share of revenue from high-risk customers came in at 3.0 per cent. An open and honest dialogue with policy formers and regulators is imperative to ensure locally regulated markets that are sustainable for operators, players, and society. The soon to be published Gambling Act Review in the UK is expected to firmly tighten regulation to protect customers. This is good news. From what we have heard so far, the anticipated proposals in the Review are in line with many processes we already have put in place. However, the risk of pushing customers to the unlicensed market due to exceptional restrictions on licensed operators is a clear and present risk in any locally licensed market.

I previously communicated that the cost optimisation actions would strengthen our path towards our 2025 financial targets. The first quarter of 2023 has shown encouraging performance and I see positive signs across our business. As our industry transitions to local licences, we will continue to experience temporary challenges across individual markets. This is part of being a global business, however in a locally regulated environment market leaders like Kindred will benefit from a more stable business model.

Henrik Tjärnström, CEO



Significant events

During 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 23 March 2023, Kindred announced that it had concluded regulatory reviews by the UK Gambling Commission of its Unibet and 32Red brands in relation to historical anti-money laundering (affordability) and social responsibility shortcomings. As a result, Kindred received a warning from the Commission and will pay GBP 7.1 million, which was fully provided for in the fourth quarter of 2022.
- During the quarter, under the buy-back mandate received at the Extraordinary General Meeting (EGM) on 10 June 2022, 2,286,000 shares/SDRs were purchased, with a total value of SEK 253.8, or GBP 20.1 million. The programme initiated by the Board of Directors on 1 August 2022 is now completed. At 31 March 2022, the total number of issued shares in the company is 230,126,200 and Kindred's holding of its own shares is 14,445,479. The intention of the Board is to cancel repurchased shares not required for the Group's employee share schemes.

After the end of the quarter

- On 17 April 2023, Kindred announced that it had received approval for its proprietary platform from the New Jersey Division of Gaming Enforcement. With this approval received, the platform is expected to go live in mid-May 2023.
- At the Annual General Meeting on 20 April 2023, the shareholders approved:
 - The proposed ordinary dividend in respect of the financial year 2022 of GBP 0.345 per share. The dividend, equal to a total of approximately GBP 75 million, is to be paid out in two equal tranches, in the second quarter and the fourth quarter of 2023, with the first payment on 27 April 2023.
 - The election of five new Board members (with four current Board members declaring that they will not stand for re-election).
- On 20 April, Kindred announced that it had expanded its North American retail footprint by launching in Washington State, phase one of its partnership with The Swinomish Tribe.
- On 24 April 2023, Kindred published its latest report on its share of revenue from high-risk customers, as part of its "Journey towards Zero". For the first quarter of 2023, this was 3.0 per cent. As previously reported, for the fourth quarter of 2022 this was 3.3 per cent.

Trading update

The average daily Gross winnings revenue for the Group, up to and including 23 April 2023, was GBP 3.54 million, 38 per cent (36 per cent in constant currency) higher than the daily average for the full second quarter of 2022.

The average daily Gross winnings revenue for the Group excluding the Netherlands, up to and including 23 April 2023, was GBP 2.83 million, 10 per cent (9 per cent in constant currency) higher than the daily average for the full second quarter of 2022.

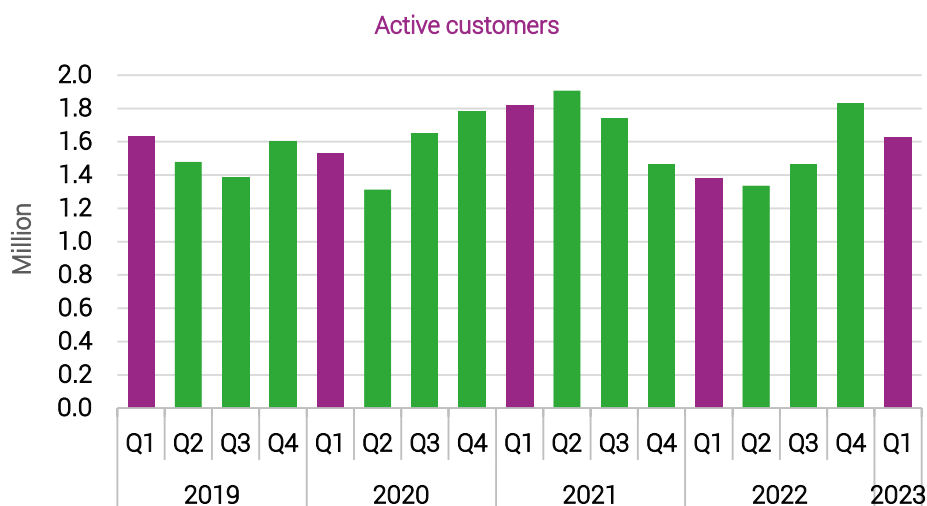
Sports betting Gross winning revenue has been positively impacted by a stronger sports betting margin of 12.2 per cent after free bets for the above period, compared to 9.3 per cent for the full second quarter of 2022.

Customer activity (B2C)

For the first quarter of 2023, the number of B2C active customers amounted to 1,623,568 (1,377,317), an 18 per cent increase compared to the first quarter of 2022 but an 11 per cent decrease compared to the fourth quarter of 2022. With activity ceasing in the Netherlands from the start of the fourth quarter in 2021, the prior year comparatives see negative distortion accordingly. Excluding the Netherlands, the number of active customers increased by 3 per cent compared to the first quarter of 2022. Active customers have decreased from the fourth quarter of 2022 as the prior quarter comparative includes boosted customer activity from the 2022 World Cup.

Active customers for the Dutch market amounted to 204,812 for the first quarter of 2023, a 2 per cent decrease compared to the fourth quarter of 2022, negatively impacted by the 2022 World Cup.

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.



1,623,568

Active customers for Q1 2023

+18%

Active customer increase from Q1 2022

Financial review

Revenue

GBP m	Q1		Full year
	2023	2022	2022
Gross winnings revenue (B2C)	297.3	242.4	1,042.9
Other revenue (B2B)	9.1	4.3	25.8
Revenue	306.4	246.7	1,068.7

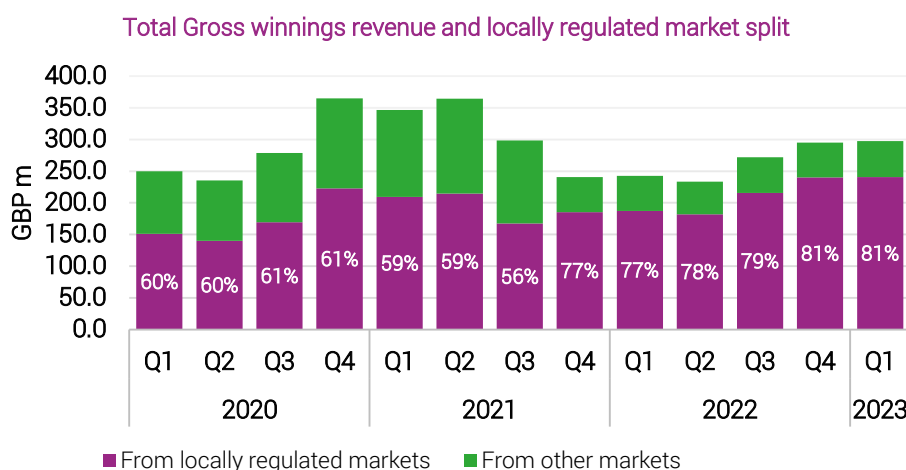
Total revenue for the first quarter of 2023 amounted to GBP 306.4 (246.7) million. Included within this total is Gross winnings revenue for the Group's B2C business, and other revenue from its B2B business, Relax Gaming. For explanation of variances to the comparative periods in the prior year refer to the relevant sections on the following pages, and for further analysis of these numbers refer to page 29.

Gross winnings revenue (B2C)

Gross winnings revenue for the first quarter of 2023 amounted to GBP 297.3 (242.4) million, an increase of 23 per cent (19 per cent in constant currency) from the same period in the prior year. The variance can be 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. More information on the Netherlands can be found in the Western Europe section on the following page.

Excluding the Netherlands, Gross winnings revenue for the first quarter of 2023 decreased by 1 per cent (3 per cent in constant currency) from the same period in the prior year. The UK market has seen good growth during this period, however Gross winnings revenue continues to be negatively impacted by regulatory headwinds in Belgium and Norway. 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 first quarter of 2023, the percentage has increased from the same period in the prior year as a result of its entrance into the regulated Dutch market and has remained consistent with the fourth quarter of 2022 as a result of changes in the market mix. The Group continues to maintain its ambition to be a locally regulated operator, by increasing Gross winnings revenue from locally regulated markets and generating 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 30 and 31.

GBP

306.4m

Total revenue for Q1 2023

+24%

Total revenue increase from Q1 2022 (20% in constant currency)

GBP

297.3m

Gross winnings revenue for Q1 2023

+23%

Gross winnings revenue increase from Q1 2022 (+19% in constant currency)

81%

Gross winnings revenue from locally regulated markets for Q1 2023 (77% in Q1 2022)

Gross winnings revenue by region

Western Europe

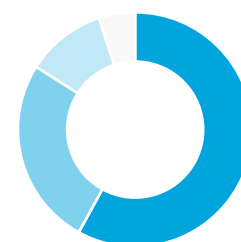
Gross winnings revenue amounted to GBP 174.2 (127.1) million for the first quarter of 2023, an increase of 37 per cent from the same period in 2022. Comparatives are again distorted in this segment due to the ceasing of activity in the Netherlands from the fourth quarter of 2021 through to the third quarter of 2022. Excluding the Netherlands, Gross winnings revenue in Western Europe amounted to GBP 116.9 million for the first quarter of 2023, a decline of 8 per cent against the first quarter of 2022. The segment continues to be impacted by headwinds in Belgium due to safer gambling measures introduced in the market, whilst we saw a return to growth in the UK market. The Group's decision to exit the German market from 1 July 2022 also had a negative impact of approximately GBP 3 million when comparing against the first quarter of 2022.

Quarterly Gross winnings revenue in the Dutch market saw 8 per cent growth in the first quarter of 2023 compared to the fourth quarter of 2022. Despite boosted acquisition and activity from the 2022 World Cup, the volume of active customers held well in the first quarter of 2023, where an expected decline in the volume of sports betting active customers was offset by strong growth for casino. Daily Gross winnings revenue reached GBP 0.64 million, aided by an improved average customer value. This puts the quarterly daily average Gross winnings revenue at 76 per cent of the level achieved in the third quarter of 2021 before trading ceased.

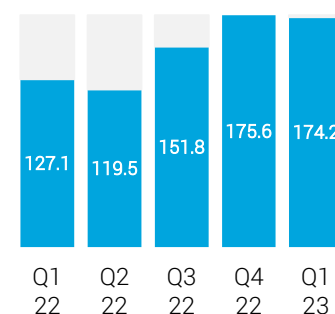
The UK saw a positive first quarter in 2023, reporting growth of 7 per cent in Gross winnings revenue compared to the first quarter of 2022. Margin and bonus efficiencies continue to be crucial to ensuring the value of our customer base can evolve despite additional restrictions imposed on the top-spending accounts. Growth is most prevalent for casino, with 4 per cent growth in casino active customers in the first quarter of 2023 compared to the previous year.

Belgium Gross winnings revenue declined by 38 per cent in local currency in the first quarter of 2023, compared to an all-time high first quarter of 2022. In the fourth quarter of 2022, a new weekly deposit limit of EUR 200 was launched. This was in addition to safer gambling and affordability measures pro-actively implemented in the last 12 months in support of the Journey towards Zero mission, which take responsible gambling processes far beyond that of our competitors. Whilst these measures continue to negatively impact headline revenue in the market, this is considered a short-term pressure ahead of a level playing field being established between operators. The changes mean the customer base in the first quarter of 2023 was significantly more sustainable than that 12 months ago, similar to the journey seen in the UK, and the Belgian market is expected to return to growth in the medium term. Specific to the first quarter of 2023, there was further downward impact from lower sports betting margins versus the equivalent period of 2022. Active customers increased by 6 per cent in the first quarter of 2023, compared to the equivalent period of 2022, which indicates a positive underlying trend for the recreational base.

GWR by region (Q1 2023)



Western Europe GWR (GBP m)



Nordics

Nordic Gross winnings revenue amounted to GBP 76.6 (73.8) million for the first quarter of 2023, an increase of 4 per cent from the equivalent period in 2022. Both sports betting and casino products performed well, supported by 10 per cent overall active customer growth in the first quarter of 2023 compared to same period in the prior year.

Gross winnings revenue in Sweden for the first quarter of 2023 was in line with that of the first quarter of 2022 in the context of a boosted sports margin in the prior year comparative. The Unibet brand has performed particularly well, with Gross winnings revenue showing a 5 per cent increase in local currency in the first quarter of 2023 against the first quarter of 2022, and active customer development is strong across both products.

Compared to the same period in 2022, Gross winnings revenue in Denmark increased by 17 per cent in local currency in the first quarter of 2023. Casino Gross winnings revenue, where the market saw greatest improvement, increased by 21 per cent in local currency compared to the same period in 2022 and active customer levels increased by 23 per cent for the same period. Sports betting Gross winnings revenue also improved by 13 per cent in the first quarter of 2023 when compared to the same period in 2022, despite weaker sports betting margins, and active customer levels grew 25 per cent versus the first quarter of 2022.

Changes were made to our offering for Norwegian customers in the fourth quarter of 2022 which continues to negatively impact performance in the first quarter of 2023 within the Nordics segment. Performance is expected to normalise as customers adapt to the new operating conditions, but this will continue to have a negative impact for the coming quarters.

Central, Eastern and Southern Europe (CES)

Central, Eastern and Southern Europe Gross winnings revenue amounted to GBP 32.3 (27.8) million in the first quarter of 2023, an increase of 16 per cent compared to the equivalent period in 2022.

Romania continues to make up a significant portion of revenues in this segment, with the market seeing good active customer development in the first quarter of 2023 compared to that of 2022.

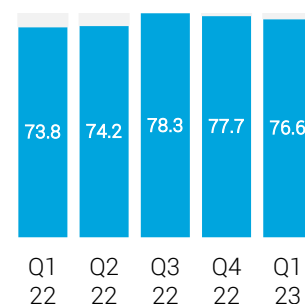
Other regions

Other regions Gross winnings revenue amounted to GBP 14.2 (13.7) million for the first quarter of 2023, an increase of 4 per cent from the same period in 2022.

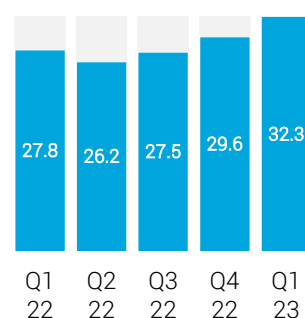
Gross winnings revenue in Australia saw a decrease of 12 per cent in local currency in the first quarter of 2023 compared to the same period in prior year. Whilst sports betting turnover continues to show good growth, with a 9 per cent increase in the first quarter of 2023 against prior year comparatives, Gross winnings revenue is dented by a poorer margin after free bets.

Gross winnings revenue for the North America market amounted to GBP 8.0 (6.8) million in the first quarter of 2023, an increase of 8 per cent in constant currency compared to the first quarter of 2022, and an increase of 87 per cent in constant currency compared to the fourth quarter of 2022. The fourth quarter of 2022 was impacted by the largest pay-out in Kindred history of USD 6.3 million and, excluding this, North American Gross winnings revenue shows a quarterly sequential decrease of 6 per cent in local currency for the first quarter of 2023.

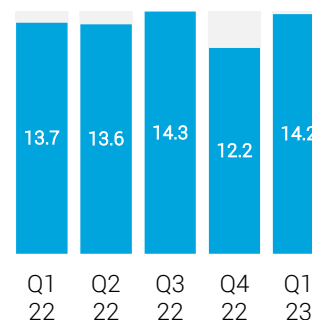
Nordics GWR (GBP m)



Central, Eastern and Southern Europe GWR (GBP m)



Other regions GWR (GBP m)



As disclosed previously, focus is placed on reducing losses in North America prior to launching our own platform across our footprint. This has been executed in the first quarter of 2023 by reducing marketing spend by GBP 6.3 million compared to the fourth quarter of 2022. This reduction understandably influences top-line metrics, with a decline in both new depositing players and total activity within North America. However, with focus firmly on a more targeted approach, the return on marketing investment has significantly improved compared to previous quarters.

Kindred continues to work towards launching two states on its proprietary platform in 2023. This is a key milestone for our North American operations. Kindred's North American customers will benefit from a more tailored and improved user experience which is at the heart of Kindred's strategy, whilst launching the proprietary platform will allow for scalability and increased cost efficiency. New Jersey is expected to be the first state to launch, with the proprietary platform approved by the New Jersey Division of Gaming Enforcement in April 2023. The second state is expected to launch during the second half of the year.

Gross winnings revenue by product segment

Sports betting

Sports betting Gross winnings revenue saw an increase of 8 per cent in the first quarter of 2023 when compared to the first quarter of 2022. Excluding the Netherlands, sports betting Gross winnings revenue for the first quarter of 2023 declined by 8 per cent compared to the first quarter of 2022.

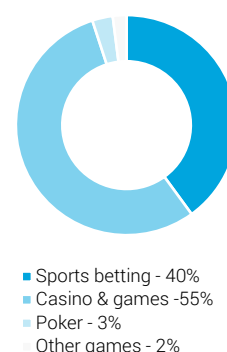
Sports betting turnover saw an increase of 11 per cent in the first quarter of 2023 compared to the first quarter of 2022. Excluding the Netherlands, sports betting turnover saw a 6 per cent reduction in the first quarter of 2023 compared to the same period in previous year. Headwinds in Belgium and Norway contribute to the reduction in performance excluding Netherlands.

The gross margin for total sports betting for the first quarter of 2023 before free bets was 11.1 (11.5) per cent and after free bets was 9.9 (10.2) per cent, ahead of 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. The trend on sports betting activity continues to push towards higher share from multiple and Bet Builder bet types, with these typically trading at a higher margin. However, margin posted in the first quarter of 2023 is brought down by a run of customer-friendly results with the Champions League for example driving a very low gross margin. 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. This can be seen in the graph on the following page.

Kindred's proprietary racing product contributed 4 per cent to total sports betting Gross winnings revenue in the first quarter of 2023.

The bars in the graph on the following page show total sports betting gross margin by quarter and full year. Please refer to page 31 for more information on sports betting margins.

GWR by product (Q1 2023)



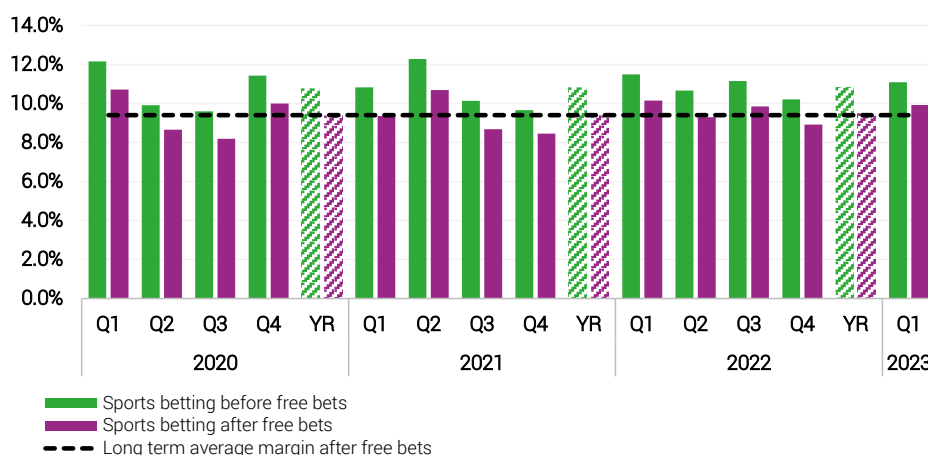
9.9%

Sports betting margin after free bets for Q1 2023, higher, than the long-term average of 9.4%

+8%

Sports betting Gross winnings revenue increase from Q1 2022

Gross margin on sports betting



Casino & games

During the first quarter of 2023, Gross winnings revenue for casino & games has increased by 35 per cent compared to the same quarter of the previous year while active customers saw an increase of 30 per cent. Casino & games Gross winnings revenue in the Netherlands continues to show strong growth, increasing by 17 per cent in the first quarter of 2023 when compared to the fourth quarter of 2022. Casino & games active customers in the Netherlands have increased by 10 per cent during the first quarter of 2023 when compared to the fourth quarter of 2022. Excluding the Netherlands, which had no activity during the first quarter of 2022, casino & games Gross winnings revenue increased by 4 per cent over the previous year’s quarter while active customers increased by 7 per cent.

+35%

Casino & games Gross winnings revenue increase from Q1 2022

Casino Gross winnings revenue in Belgium declined by 37 per cent in the first quarter of 2023, compared to the equivalent period in 2022. The changes made to our offering in Norway during the previous quarter also continued to negatively impact the performance of the first quarter of 2023.

During the first quarter the casino business has continued to focus on offering a strong and diverse casino product supported by the release of 13 exclusive slots. One of the exclusive slots launched this quarter is the second exclusive game launched in collaboration with Relax Gaming. This collaboration is expected to continue throughout the rest of the year and beyond, aimed at offering further innovative exclusive content to Kindred customers. During this quarter, another live casino supplier has been successfully launched in the Belgian and Swedish markets, resulting in Belgian and Swedish customers having access to a more diverse live casino product. The plan for live casino for the coming months is to release another four new live casino games across all markets.

During the quarter, a Kindred customer won GBP 2.1 million from the Relax Gaming Dream Drop progressive mega jackpot. This jackpot feature has been popular with Kindred customers since its launch in May 2022 and this was the first time it was won by a Kindred customer.

Poker and other products

Gross winnings revenue from poker and other products during the first quarter of 2023 amounts to GBP 15.0 million, an increase of 33 per cent when compared to the same period in 2022. Poker and other products active customers have increased by 26 per cent during the quarter when compared to the equivalent quarter last year. Excluding the Netherlands, the Gross winnings revenue for the quarter increased by 18 per cent and the number of active customers increased by 7 per cent when compared to the same quarter of the previous year.

+33%

Poker and other products Gross winnings revenue increase from Q1 2022

During the first quarter of 2023, Kindred hosted a Swedish online poker tournament and the first poker tournament from a new poker spring tournament series across all markets. Both these tournaments were successful in attracting customers.

Kindred's bingo product offering has released two new exclusive games this quarter. One of these games is the second Dream Drop bingo minigame launched, which allows bingo customers to play for the global casino jackpot pool of Relax Gaming and is therefore popular. More improvements were made to the bingo website including an expanded display for minigames, 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.

As reported in the fourth quarter of 2022, following a review of the accounting treatment of certain Relax Gaming revenue items, other revenue is now recognised slightly differently since this date. The comparative for the first quarter of 2022 has not been restated, given the minimal impact. However, the impact of this on the comparative numbers would have been a gross up of the value of both other revenue and cost of sales by GBP 0.5 million.

The Relax Gaming business continues to go from strength to strength, showing significant revenue growth in the first quarter of 2023 when compared to the same period in the prior year. Other revenue, as reported, amounted to GBP 9.1 million for the quarter, an increase of 112 per cent (90 per cent when adjusting the comparatives as above). Total Relax Gaming revenue, before the elimination of Kindred Group revenues, amounts to GBP 12.3 million for the quarter, an increase of 105 per cent (89 per cent when adjusting the comparatives as above).

The strong revenue growth is driven by broader distribution of Relax Gaming own content and successful game launches, as well as the success of the Dream Drop jackpot feature across all Relax Gaming operators. Since its launch in May 2022, seven customers have won the Dream Drop mega jackpot, further highlighting its success and popularity. In February 2023, Relax Gaming also won an award for best product launch of the year at the Global Gaming Awards for the innovative Dream Drop jackpot games launch.

During the first quarter of 2023, Relax Gaming signed deals with 8 new operators and 179 supplier partner-to-operator deals, the latter relating to operators connecting to third party providers using the Relax Gaming platform.

GBP

9.1m

Other revenue for Q1 2023

+90%

Other revenue increase from Q1 2022 ((when adjusting for the reclassification, as detailed in the report)

Group costs and profitability

Cost of sales

GBP m	Q1		Full year
	2023	2022	2022
Betting duties	-80.2	-61.8	-272.8
Marketing revenue share	-8.8	-11.2	-41.8
Other cost of sales	-45.4	-40.2	-170.3
Cost of sales	-134.4	-113.2	-484.9

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. For the first quarter of 2023, betting duties have increased significantly in absolute terms from the same period 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.

Marketing revenue share and other cost of sales for the first quarter of 2023 have both, as a percentage of revenue, dropped when compared to the same period in the prior year. This is a result of both the increase in the Group's scalability, as revenues from the Dutch market return and grow, and the continued drive for efficiencies in these areas.

Gross profit

Gross profit for the first quarter of 2023 was GBP 172.0 (133.5) million, an increase of 29 per cent from the same period in 2022. Gross profit movements are driven by the movements in revenue and cost of sales, as previously explained. Despite the additional betting duty pressures from the Dutch market, the gross profit margin for the quarter has increased from the same period in the prior year. Cost of sales efficiencies, noted above, have helped this development as well as a positive impact from changes to the market mix and an increased contribution from Relax Gaming as it continues to perform well and grow.

56%

Gross profit margin in Q1 2023 (compared to 54% in Q1 2022 and 54% in Q4 2022)

Marketing costs

Marketing costs amounted to GBP 54.8 (57.0) million for the quarter, down significantly from GBP 67.1 million in the fourth quarter of 2022. Whilst investments in the Dutch market have increased since the same period in the prior year following the launch into the regulated market in July, this has been more than offset by decreases in certain other markets for the same period. These decreases are primarily attributable to Germany (following market closure in the second quarter of 2022), Norway (following changes to align with the NGA) as well as reduced investment in North America. As already mentioned, the Group is focused on reducing losses in North America and has reduced investments in the market until it launches on its own platform. Although this naturally has an impact on activity, return on marketing investment has significantly improved compared to previous quarters as a result. The decrease from the fourth quarter of 2022 is then primarily driven by the increased investment for the 2022 World Cup noted in the fourth quarter report, as is usual for a key tournament quarter, as well as the reduced North American investments noted above.

21%

B2C marketing, as a percentage of Gross winnings revenue for Q1 2023 (compared to 28% in Q1 2022 and 26% in Q4 2022)

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 decreased to 21 (28) per cent for the quarter, down from 26 per cent in Q4 2022. When compared to the same period in the prior year and the fourth quarter the decrease can be attributed to the reduction in costs noted above, however when comparing to the first quarter of 2022 this is significantly exaggerated by the increase in Gross winnings revenue following re-entrance to the Dutch market.

Administrative expenses

GBP m	Q1		Full year
	2023	2022	2022
Salaries	-44.5	-33.0	-140.8
Other operating expenses	-23.3	-19.0	-86.6
Depreciation of property, plant and equipment	-3.0	-3.6	-14.0
Depreciation of right-of-use assets	-3.5	-2.9	-12.1
Amortisation of intangible assets	-8.6	-7.2	-30.1
Total administrative expenses	-82.9	-65.7	-283.6

The significant increase in salaries in the first quarter of 2023 when compared to both the first and fourth quarters of 2022 is predominantly the result of selective headcount growth as we continue to recruit key talent to build our proprietary sportsbook platform. On top of this, the quarter has been impacted by the annual salary review process and a non-recurring impact on variable employee compensation following its finalisation during the quarter. The increase in other operating expenses from the same period in 2022 is also linked to the headcount growth noted above which drives a corresponding increase in, for example, office and travel related costs, as well as increased consultancy costs to support the development of the Kindred Sportsbook Platform. Included within salaries and other operating expenses for the quarter is approximately GBP 3 million of non-recurring items, most notably referring to the variable employee compensation noted above.

The Group remains fully focused on cost optimisation across our operations, and actions taken during the first quarter will have an increased impact in the coming quarters. Headcount growth, outside of investments in our in-house sportsbook, is expected to be minimal in the coming quarters and other actions that will impact include organisational restructuring, re-prioritisation of investments, and significant reductions in business travel, and losses in North America. On top of this, selected external agency tasks are being moved in-house to further optimise marketing spend.

The increase in amortisation of intangible assets for the first quarter of 2023 compared to the same period in 2022 is primarily the result of additional amortisation charges in line with increased capitalisation of development work in recent quarters, most notably in relation to the Kindred Sportsbook Platform. Included within total amortisation is amortisation of intangible assets that arose on acquisitions amounting to GBP 2.6 (2.4) million for the first quarter of 2023.

Underlying EBITDA

GBP m	Q1		Full year
	2023	2022	2022
Gross profit	172.0	133.5	583.8
Marketing costs	-54.8	-57.0	-227.2
Salaries	-44.5	-33.0	-140.8
Other operating expenses	-23.3	-19.0	-86.6
Underlying EBITDA	49.4	24.5	129.2

Underlying EBITDA for the quarter, as defined above, increased by 102 per cent from the same period in 2022. More notably, however, is that when compared to the first quarter of 2022, the underlying EBITDA margin has increased by 6 percentage points, and by 3 percentage points when comparing to the fourth quarter of 2022. This is attributable to the increased scalability of the Group following the re-entrance to the Dutch market and rebuilding the corresponding revenues as well as strategic focus surrounding marketing investments, as already mentioned.

GBP

49.4m

Underlying EBITDA for Q1 2023

16%

Underlying EBITDA margin in Q1 2023 (compared to 10% in Q1 2022 and 13% in Q4 2022)

Underlying EBITDA for the quarter includes a negative underlying EBITDA contribution from the North American market of GBP 5.5 (8.5) million, down from GBP 14.9 million for the fourth 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. A significant reason for the reduced negative contribution when compared to the fourth quarter of 2022 is the GBP 4.4 million negative impact from a customer winning a bet on the Houston Astros winning the World Series on 5 November, explained in the fourth quarter report. Aside from this, the improvement from the same period in the prior year and the fourth quarter is primarily the result of the recent focus placed on reducing losses in the market prior to launching the Group's own platform, as previously mentioned. Excluding the impact of North America, the underlying EBITDA margin for the quarter was 18 (14) per cent, in line with the fourth quarter.

18%

Underlying EBITDA margin, excluding North America, in Q1 2023 (compared to 14% in Q1 2022 and 18% in Q4 2022)

Underlying EBITDA for the quarter also includes the impact of Relax Gaming on the Group's consolidated underlying EBITDA of GBP 5.1 (1.7) million. This 200 per cent increase from the same period of the prior year, and 19 per cent increase from the fourth quarter of 2022, is a testament to the strength and scalability of the Relax business.

Items affecting comparability

GBP m	Q1		Full year
	2023	2022	2022
Personnel restructuring costs	-1.5	-0.1	-0.3
Regulatory sanctions	-	-	-8.0
Market closure and contract termination costs	-1.4	-	-2.5
Subsidy for warrants, incentive programme	-	-	-0.8
Other gains/(losses)	0.8	-2.4	69.9
Items affecting comparability	-2.1	-2.5	58.3

Items affecting comparability amounted to a negative contribution of GBP 2.1 (2.5) million for the quarter.

Personnel restructuring costs of GBP 1.5 (0.1) million relate to the cost optimisation actions that have been communicated previously, and earlier in this report. This process includes ensuring that the Group optimises its headcount as it strives for cost and operational efficiencies.

Market closure and contract termination costs of GBP 1.4 (nil) million for the quarter include GBP 0.9 (nil) million of customer claims in relation to markets that have been, or will be, closed (primarily the German and Austrian markets). These claims are not considered to be a part of the Group's core business and have therefore been recognised within items affecting comparability. The remaining GBP 0.5 (nil) million refers to costs relating to the Group's exit from the Iowa market in the previous quarter.

Other gains/(losses) for the first quarter of 2023 comprise foreign currency gains of GBP 1.1 (losses of 0.5) million as well as fair value losses of GBP 0.3 (1.9) million in relation to forward contracts. Foreign exchange gains for the quarter were primarily impacted by the strengthening of the British Pound against the Group's main currencies and 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.

EBITDA and profit from operations

GBP m	Q1		Full year
	2023	2022	2022
Underlying EBITDA	49.4	24.5	129.2
Personnel restructuring costs	-1.5	-0.1	-0.3
Regulatory sanctions	-	-	-8.0
Market closure and contract termination costs	-1.4	-	-2.5
Subsidy for warrants, incentive programme	-	-	-0.8
Other gains/(losses)	0.8	-2.4	69.9
EBITDA	47.3	22.0	187.5
Depreciation of property, plant and equipment	-3.0	-3.6	-14.0
Depreciation of right-of-use assets	-3.5	-2.9	-12.1
Amortisation of intangible assets	-8.6	-7.2	-30.1
Profit from operations	32.2	8.3	131.3

EBITDA for the first quarter of 2023 was GBP 47.3 (22.0) million and profit from operations for the first quarter of 2023 was GBP 32.2 (8.3) 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.

Net finance costs/income

Net finance costs for the first quarter of 2023 were GBP 1.8 (0.7) million. This primarily comprises interest and fees on borrowings which amounted to GBP 1.9 (0.4) million.

Profit before tax

Profit before tax for the first quarter of 2023 was GBP 30.4 (7.6) million.

Profit after tax

Profit after tax for the first quarter of 2023 was GBP 25.6 (6.4) million.

GBP

25.6m

Profit after tax for Q1 2023

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 1.3 (loss of 0.3) million for the first quarter. At 31 March 2023, a gain of GBP 6.1 (6.1) 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 first quarter of 2023 stood at GBP 230.1 (250.8) million while at the beginning of the quarter it was GBP 254.9 (270.6) million. Please refer to the cash flow section for more detail on the movement during the period and to page 28 for a reconciliation of the unrestricted cash balance.

At 31 March 2023, GBP 113.4 (112.8) million of the Group's facilities was utilised out of a total of GBP 225.7 (183.3) million. The existing financing under the facilities agreement runs until November 2025, with the total committed facilities currently amounting to EUR 256.7 million. The facility also, however, includes an uncommitted accordion feature that permits, under certain conditions, an increase in total commitments up to EUR 325.0 million. The total borrowings recognised in the statement of financial position of GBP 112.4 (112.0) million are reported net of the associated transaction fees for the facilities agreement which are being expensed over its duration.

The Group therefore remains in a net cash position, amounting to GBP 43.5 (66.8) million at 31 March 2023. Net cash/EBITDA (rolling 12-month basis) for the quarter was 0.20 (0.21).

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, subject to Relax Gaming achieving certain earnings thresholds. The earn-out payments are fair valued in accordance with relevant accounting standards and disclosed as other financial liabilities at fair value through profit and loss in the condensed consolidated balance sheet.

The balance of the contingent consideration at 31 March 2023 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 first quarter of 2023 intangible assets of GBP 11.2 (9.1) million have been capitalised, with the increase from the same period in the prior year relating primarily to capitalised development costs.

Capitalised development costs primarily represent capitalised salary costs for those working on the development and enhancement of the platform. Capitalised development costs for the first quarter of 2023 were GBP 11.2 (8.1) million. This development is driving economic benefit through customer experience improvements, local licensing requirements, data analytics and information mining. The increase when compared to the same period in 2022 is largely impacted by 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.

In the first quarter of 2023 property, plant and equipment of GBP 1.7 (3.2) million has been capitalised, with the decrease from the same period in the prior year relating to reduced spending on computer hardware.

GBP

43.5m

Net cash at 31 March 2023 (up GBP 4.3m from 31 December 2022)

Cash flow

Net cash generated from operating activities amounted to GBP 40.4 (10.7) million for the first quarter of 2023, with the increase when comparing to the same quarter in 2022 predominantly attributable to the increase in underlying EBITDA, as previously explained, as well as a smaller positive impact of net working capital movements. 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 12.4 (12.3) million for the first quarter of 2023. Cash flows remained in line with the same period in the previous year due to net movements in capital investments (across both intangible assets and property, plant and equipment) remaining consistent, as detailed above.

Cash flows used in financing activities for the quarter were primarily impacted by share purchases totalling GBP 20.1 (15.4) million and the repayment of borrowings of GBP 22.0 (nil) million.

GBP m	Q1		Full year
	2023	2022	2022
Net cash generated from operating activities	40.4	10.7	138.7
Purchases of property, plant and equipment	-1.7	-3.2	-9.5
Development and acquisition costs of intangible assets	-11.2	-9.1	-38.3
Interest paid on lease liabilities	-0.3	-0.3	-1.2
Repayment of lease liabilities	-4.2	-3.6	-11.9
Adjust for: customer balance movement	6.0	-	-8.2
Free cash flow	29.0	-5.5	69.6

Free cash flow, as defined in the table above, for the first quarter of 2023 increased by GBP 34.5 million when compared to the same period in the prior year. This is predominantly the result of movements in net cash generated from operating activities and capital investments, as explained above.

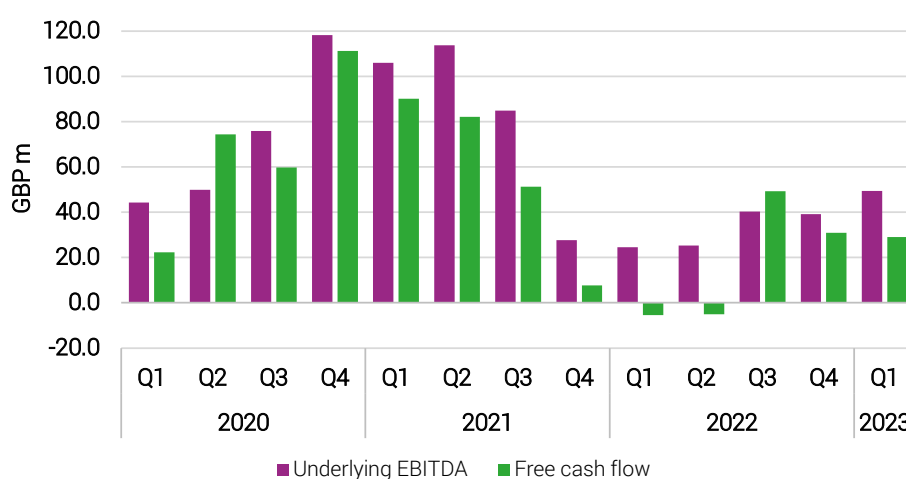
GBP

29.0m

Free cash flow for Q1 2023

Quarterly underlying EBITDA and free cash flow are shown in the graph below, with cash conversion for the first quarter of 2023 standing at 59 (-22) per cent. The significant increase in cash conversion from the first quarter of 2022 is directly attributable to the significant increase in underlying EBITDA.

Underlying EBITDA and free cash flow



Operational review

Market overview

Austria

During the first quarter, Kindred decided to close its Austrian operations. This was done as part of the continuous market footprint review to ensure long-term profitable and cost-efficient operations across the Group.

Belgium

The Royal decree on gambling marketing (a near total ban) will enter into force on 1 July 2023. There was adoption in the first reading of gambling reform, including a hard product split and single wallet split. The bill will return to Parliament for a second reading after EU Notification.

Denmark

The Danish Gambling Authority held an industry day marking “10 years of the liberalised gambling market”. A keynote speech by Sarah Gardner from the UKGC presented differences and similarities between the Danish and UK gambling markets and Kindred was invited to present our vision for the future. The Danish market also continued to consolidate during the first quarter of 2023.

Finland

The National Coalition Party gained the most votes in the recent national election, with the Social Democrat Party coming third. The outgoing Finnish Government commissioned an evaluation into a possible new licensing system in Finland, which was presented in a report on 17 April. The report contains a recommendation that the current gambling regulation needs to be reformed, without taking a stance on a regulatory model. It is, however, clear that a licensing system is the only viable option. This is supported by the majority of political parties and the question is no longer whether Finland will move towards licensing, but more on the content and conditions of a new system.

France

Following the recent ruling of the Administrative Tribunal of Montreuil, SPS Betting France Limited - a Maltese subsidiary of Kindred Group - will lodge an appeal towards the Administrative Court of Appeal of Paris to challenge the decision that VAT is due on sportsbook and online poker gaming revenue. The VAT cost has been, and continues to be, provided for each quarter.

Netherlands

The Dutch Gambling Authority (KSA) fined several license holders for shortcomings in their marketing activities to young adults (18–24-year-olds) or failures with CRUKS. In March, the KSA published their annual report stating that there are 13 license applications still pending. The ban on untargeted advertising will enter into force on 1 July 2023.

North America

In April, Kindred finally received approval for its proprietary platform from the Division of Gaming Enforcement in New Jersey. Once launched in mid-May, Unibet customers in New Jersey will receive a greater experience, improved product offerings, and access to Kindred's full safer gambling toolkit.

Kindred also launched its retail sportsbook offering in collaboration with the Swinomish Indian Tribal Community in Washington State in April. The retail operation at the Swinomish Casino & Lodge is Kindred's first in Washington State and it is conveniently located between the two metropolitan areas of Seattle and Vancouver.

Sweden

The government proposed measures designed to restrict non-licensed gambling companies from operating in the Swedish market. We expect new measure to go live during the second quarter of 2023. The government also held a responsible gambling roundtable with representatives from the SGA, the public health authority and gambling researchers discussing effects of the economic downturn on problematic gambling and “possible measures”.

B2B licenses will be implemented in the Swedish market on 1 July 2023 following significant efforts from the licensed industry and trade associations. This is expected to improve channelisation in the market.

UK

Kindred concluded a regulatory review of its 32Red and Unibet brands, agreeing to pay GBP 7.1 million for historic AML and Social Responsibility shortcomings.

The UK White Paper appeared to enter its final phase in the first quarter of 2023, with the release now looking likely in the second quarter. Affordability frameworks, online slot stake limits and a new levy for research, education and treatment are expected to feature. Kindred was also successfully elected to the Betting and Gaming Council's Executive Committee - the main leadership committee of the trade association that sets policy and other matters.

Product segment overview

Sportsbook

In line with Kindred's cost optimisation strategy, Unibet's streaming content has been re-visited. In recent weeks, the Czech Liga Pro has been switched on with encouraging results and CONMEBOL football streaming will commence shortly.

Development of the Kindred Sportsbook Platform is progressing according to plan. Kindred served notice of three .com markets, plus all 'peppercorn' markets. We have now implemented end to end testing in QA, with good progress in Data Science (both personalisation and propensity modelling). Recruitment requirements are being fulfilled.

Casino & games

Kindred launched its second exclusive game in collaboration with Relax Gaming, with further development for future games planned during 2023, and beyond. The most recent game launched in February is among the top five releases in the past twelve months and a top three performer in 2023, proving value through exclusive and high-quality content. The Dream Drop mega jackpot was won by a Unibet Romania customer, winning EUR 2.4 million from an EUR 1.20 stake.

New live casino providers were also launched in the Belgium Market (Pragmatic Play) and Sweden (Stakelogic Live), and Freebet Classic Blackjack and Speed Baccarat were launched in the Netherlands.

Poker and other products

Following the launch of the Banzai 2.0 cash game in December 2022 on Unibet and Casino Huone, the game was further rolled out on Maria Casino, Bingo.com, the Highroller brands and VladCasino. Since release, the game has beaten all previous all-time highs.

Unibet hosted the Swedish online poker championships in February and March, as well as hosting the inaugural 'Spring Poker Championships' tournament.

Kindred released a new exclusive bingo minigame – Blender Blitz.

Sustainability overview

Annual and Sustainability Report publication and future requirements

In March 2023, Kindred published its Annual and Sustainability Report, summarising 2022 accomplishments and priorities for 2023. This document satisfies our annual reporting requirements, however, from 2024 Kindred is required to report in line with the CSRD (Corporate Sustainability Reporting Directive) standard. In association with its Internal Audit team, Kindred has begun developing the internal knowledge base for what is required to achieve this and will start establishing internal frameworks and processes to do this later in the second quarter of 2023.

Sustainability Strategy Completion

During 2022, Kindred completed a sustainability strategy refresh to better align with material topics of all stakeholders. This strategy was completed during the first quarter of 2023, with the confirmation of the product integrity target 'By 2025 we aim to have integrity enforcement covering all areas susceptible to deviations and risks, focusing on material compliance and education'.

Journey towards Zero

In the first quarter of 2023, the percentage of Gross winnings revenue from harmful gambling decreased further, from 3.3 per cent reported in the fourth quarter of 2022 to 3.0 per cent. The decrease is accompanied by 83 per cent of customers displaying healthier gambling behaviour after detection and intervention. This positive outcome is driven by the efforts that were allocated to localised strategies that focused on improving responsible gambling journeys, intervention processes, as well as enhancing our control tools and their features. Kindred also deployed PS-EDS Automated Interventions in selected markets, a tool that helps raise awareness with customers, incentivising them to make use of control tools. Kindred continued the improvement of the detection system PS-EDS, by updating the algorithm based on research learnings and feedback provided by experienced analysts.

Norway

A new sponsorship agreement with chess club Offerspill has been established. This is a non-commercial agreement to support chess in Norway.

Sweden

Kindred implemented enhanced affordability measures, also known as backstops. This is another step along our responsible gambling journey.

Netherlands

The LADIS (Landelijk Alcohol en Drugs Informatie Systeem) published an interim report on addiction statistics in the Netherlands. In 2021, 1,887 people sought help for gambling as a primary addiction, a 10 per cent decrease compared to 2020. This makes gambling a relatively small proportion of the total addiction figures (3 per cent) compared to other forms of addiction. The State Secretary concludes that it is too early to use these figures to see the impact of the online gambling legislation introduced in 2021.

France

A new season of Au Coeur du Football has been launched. This season it is branded Au Coeur du Sport as the programme broadens to include basketball.

Belgium

Kindred and Club Bruges launched an AR-based educational campaign “I Save Lives”. The goal of the campaign is to help educate people on the importance of lifesaving resuscitating techniques and teaching them CPR via an AR experience.

UK

The current affordability framework in the UK now includes all customers receiving a monthly and annual spend limit and individual stake 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 of a couple of years ago.

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 2022.

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 2,436 (2,086) employees at 31 March 2023, compared with 2,332 employees at 31 December 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 page 13. The number of consultants amounted to 225 (180) at 31 March 2023.

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 44 to 49 and pages 93 to 97 of the Annual and Sustainability Report and Accounts for the year ended 31 December 2022 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.

Malta, 26 April 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	Q1		Full year
	2023	2022	2022
Revenue	306.4	246.7	1,068.7
Betting duties	-80.2	-61.8	-272.8
Marketing revenue share	-8.8	-11.2	-41.8
Other cost of sales	-45.4	-40.2	-170.3
Cost of sales	-134.4	-113.2	-484.9
Gross profit	172.0	133.5	583.8
Marketing costs	-54.8	-57.0	-227.2
Salaries	-44.5	-33.0	-140.8
Other operating expenses	-23.3	-19.0	-86.6
Depreciation of property, plant and equipment	-3.0	-3.6	-14.0
Depreciation of right-of-use assets	-3.5	-2.9	-12.1
Amortisation of intangible assets	-8.6	-7.2	-30.1
Total administrative expenses	-82.9	-65.7	-283.6
Underlying profit before items affecting comparability	34.3	10.8	73.0
Personnel restructuring costs	-1.5	-0.1	-0.3
Regulatory sanctions	-	-	-8.0
Market closure and contract termination costs	-1.4	-	-2.5
Subsidy for warrants, incentive programme	-	-	-0.8
Other gains/(losses)	0.8	-2.4	69.9
Profit from operations	32.2	8.3	131.3
Finance costs	-2.3	-0.8	-5.9
Finance income	0.5	0.1	1.4
Profit before tax	30.4	7.6	126.8
Income tax expense	-4.8	-1.2	-6.7
Profit after tax	25.6	6.4	120.1
Profit is attributable to:			
Owners of Kindred Group plc	25.5	6.3	119.9
Non-controlling interests	0.1	0.1	0.2
Total profit	25.6	6.4	120.1
Earnings per share (GBP)	0.12	0.03	0.54
Diluted earnings per share (GBP)	0.12	0.03	0.54

Condensed consolidated statement of comprehensive income

GBP m	Q1 2023	2022	Full year 2022
Profit after tax	25.6	6.4	120.1
Other comprehensive income			
Currency translation adjustments taken to equity	-6.4	3.1	21.8
Gains/(losses) on net investment hedge	1.3	-0.3	-1.6
Total comprehensive income for the period	20.5	9.2	140.3
Total comprehensive income for the period is attributable to:			
Owners of Kindred Group plc	20.4	9.2	139.8
Non-controlling interests	0.1	-	0.5
Total comprehensive income for the period	20.5	9.2	140.3

Condensed consolidated balance sheet

GBP m	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets			
Non-current assets			
Property, plant and equipment	17.3	23.4	19.1
Right-of-use assets	50.2	50.9	49.7
Goodwill	435.6	429.8	438.4
Other intangible assets	271.2	258.6	270.4
Deferred tax assets	40.5	28.0	40.0
Convertible bond	6.8	6.5	6.8
Other non-current assets	3.5	3.3	3.5
	825.1	800.5	827.9
Current assets			
Taxation recoverable	77.3	101.7	70.8
Trade and other receivables	71.7	69.6	66.5
Financial assets at fair value through profit and loss	-	-	1.1
Cash and cash equivalents	230.1	250.8	254.9
	379.1	422.1	393.3
Total assets	1,204.2	1,222.6	1,221.2
Equity and liabilities			
Capital and reserves			
Share capital	0.1	0.1	0.1
Share premium	81.5	81.5	81.5
Currency translation reserve	20.5	8.5	25.6
Reorganisation reserve	-42.9	-42.9	-42.9
Retained earnings	532.2	507.5	524.9
Total equity attributable to the owners	591.4	554.7	589.2
Non-controlling interest	5.9	5.9	5.8
Total equity	597.3	560.6	595.0
Non-current liabilities			
Borrowings	112.4	112.0	135.5
Lease liabilities	36.4	40.8	37.8
Deferred tax liabilities	22.5	22.4	22.5
Other financial liabilities at fair value through profit and loss	-	39.1	-
Provisions	1.9	2.4	1.9
	173.2	216.7	197.7
Current liabilities			
Trade and other payables	202.1	172.0	199.6
Customer balances	74.2	72.0	80.2
Deferred income	7.3	5.5	5.9
Tax liabilities	113.6	129.6	107.1
Lease liabilities	14.7	11.2	13.6
Other financial liabilities at fair value through profit and loss	2.5	42.9	2.2
Provisions	19.3	12.1	19.9
	433.7	445.3	428.5
Total liabilities	606.9	662.0	626.2
Total equity and liabilities	1,204.2	1,222.6	1,221.2

Condensed consolidated statement of changes in equity

GBP m	Q1 2023	2022	Full year 2022
Opening balance of total equity at beginning of period	595.0	565.2	565.2
Comprehensive income			
Profit for the period	25.6	6.4	120.1
Other comprehensive income:			
Currency translation adjustments taken to equity	-6.4	3.1	21.8
Gains/(losses) on net investment hedge	1.3	-0.3	-1.6
Total comprehensive income	20.5	9.2	140.3
Transactions with owners			
Employee share schemes - value of employee services	1.9	1.6	2.1
Sale of warrants, incentive program	-	-	0.4
Treasury share purchases	-20.1	-15.4	-43.9
Disposal / utilisation of treasury shares	-	-	5.3
Dividend paid to shareholders	-	-	-73.8
Dividend paid to non-controlling interests	-	-	-0.6
Total transactions with owners	-18.2	-13.8	-110.5
Closing balance of total equity at end of period	597.3	560.6	595.0
Equity is attributable to:			
Owners of Kindred Group plc	591.4	554.7	589.2
Non-controlling interests	5.9	5.9	5.8
Total equity	597.3	560.6	595.0

Condensed consolidated cash flow statement

GBP m	Q1 2023	2022	Full year 2022
Operating activities			
Profit from operations	32.2	8.3	131.3
Adjustments for:			
Depreciation of property, plant and equipment	3.0	3.6	14.0
Depreciation of right-of-use assets	3.5	2.9	12.1
Amortisation of intangible assets	8.6	7.2	30.1
Loss on disposal of intangible assets	-	-	0.9
Loss on disposal of property, plant & equipment	0.1	-	0.1
Other losses/(gains)	1.3	2.2	-78.0
Share-based payments	1.9	1.6	7.4
Operating cash flows before movements in working capital	50.6	25.8	117.9
Increase in trade and other receivables	-5.3	-17.5	-14.5
(Decrease)/increase in trade and other payables, including customer balances and provisions	0.9	10.5	54.5
Cash flows from operating activities	46.2	18.8	157.9
Net income taxes paid	-5.8	-8.1	-19.2
Net cash generated from operating activities	40.4	10.7	138.7
Investing activities			
Settlement of contingent consideration	-	-	-4.4
Interest received	0.5	-	0.7
Purchases of property, plant and equipment	-1.7	-3.2	-9.5
Development and acquisition costs of intangible assets	-11.2	-9.1	-38.3
Net cash used in investing activities	-12.4	-12.3	-51.5
Financing activities			
Interest paid	-1.0	-0.9	-5.6
Interest paid on lease liabilities	-0.3	-0.3	-1.2
Repayment of lease liabilities	-4.2	-3.6	-11.9
Dividend paid to shareholders	-	-	-73.2
Dividend paid to non-controlling interests	-	-	-0.6
Treasury share purchases	-20.1	-15.4	-43.9
Sale of warrants, incentive program	-	-	0.4
Proceeds from borrowings	-	-	76.7
Repayment of borrowings	-22.0	-	-54.2
Net cash used in financing activities	-47.6	-20.2	-113.5
Net decrease in cash and cash equivalents	-19.6	-21.8	-26.3
Cash and cash equivalents at beginning of period	254.9	270.6	270.6
Effect of foreign exchange rate changes	-5.2	2.0	10.6
Cash and cash equivalents at end of period	230.1	250.8	254.9

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 13 and 15 for corresponding reconciliations of underlying EBITDA and EBITDA respectively, and page 17 for a corresponding reconciliation of free cash flow.

Condensed consolidated balance sheet measures

GBP m	31 Mar 2023	31 Mar 2022	31 Dec 2022
Cash and cash equivalents	230.1	250.8	254.9
Customer balances	-74.2	-72.0	-80.2
Unrestricted cash	155.9	178.8	174.7
Less: Borrowings	-112.4	-112.0	-135.5
Net cash	43.5	66.8	39.2

Key ratios

	Q1 2023	Q1 2022	Full year 2022
Gross winnings revenue from locally regulated markets (%)	81%	77%	79%
B2C marketing as a % of Gross winnings revenue (%)	21%	28%	26%
Return on average equity, annualised (%)	22%	6%	23%
Underlying EBITDA margin (%)	16%	10%	12%
Net cash / EBITDA, rolling 12-month basis	0.20	0.21	0.21
Cash conversion (%)	59%	-22%	54%
Free cash flow per share (GBP)	0.13	-0.02	0.32
Earnings per share (GBP)	0.12	0.03	0.54
Diluted earnings per share (GBP)	0.12	0.03	0.54
Employees at period end	2,436	2,086	2,332
Number of shares at period end ¹	230,126,200	230,126,200	230,126,200
Diluted number of shares at period end	232,004,631	231,590,768	232,074,281
Weighted average number of outstanding shares	217,014,054	222,039,666	220,068,616
Weighted average number of diluted outstanding shares	219,198,654	223,514,345	222,094,481

¹ At 31 March 2023 the total issued shares were 230,126,200. Of these, 14,445,479 shares are held by the Group as a result of previous repurchase programmes.

FX rates and constant currency impact

Balance sheet rates:			
Rate to GBP	31 Mar 2023	31 Mar 2022	YoY Delta
AUD	1.850	1.753	-5.5%
DKK	8.472	8.792	3.6%
EUR	1.137	1.182	3.8%
NOK	12.960	11.479	-12.9%
SEK	12.830	12.219	-5.0%
USD	1.237	1.312	5.7%

Income statement averages for the quarter:

Rate to GBP	Avg Q1 2023	Avg Q1 2022	YoY Delta
AUD	1.778	1.852	4.0%
DKK	8.428	8.896	5.3%
EUR	1.132	1.196	5.4%
NOK	12.446	11.866	-4.9%
SEK	12.686	12.531	-1.2%
USD	1.215	1.341	9.4%

Based on the Group's results calculated in constant currency, the estimated foreign exchange impact on the results for the first quarter of 2023 is as follows:

GBP m	Q1 2023
Revenue	9.5
Cost of sales / operating expenses	-7.6
Underlying EBITDA	1.9
Foreign currency gain on operating items	1.1
Other items below EBITDA	-0.2
Profit after tax	2.8

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.

Q1 2023

GBP m	Kindred Group (B2C excluding Relax Gaming)	Relax Gaming (B2B)	Eliminations	Total
Gross winnings revenue (B2C)	296.4	-	0.9	297.3
Other revenue (B2B)	-	12.3	-3.2	9.1
Total revenue	296.4	12.3	-2.3	306.4
Cost of sales	-134.6	-1.9	2.1	-134.4
Gross profit	161.8	10.4	-0.2	172.0

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	2023		2022		2022	
	Q1	Q4	Q3	Q2	Q1	FY
Gross winnings revenue (GBP m)						
Western Europe	74.3	81.4	66.1	57.7	67.9	273.1
Nordics	26.4	26.8	25.6	23.4	24.9	100.7
Central, Eastern and Southern Europe	12.1	9.4	9.3	9.1	11.1	38.9
Other	7.4	4.2	7.9	7.6	7.4	27.1
Total	120.2	121.8	108.9	97.8	111.3	439.8
Quarterly Year-on-Year & Year-on-Year growth (%)						
Western Europe	9%	35%	-15%	-52%	-41%	-26%
Nordics	6%	13%	8%	-27%	-11%	-6%
Central, Eastern and Southern Europe	9%	13%	9%	-18%	1%	0%
Other	0%	-53%	30%	-6%	16%	-8%
Total	8%	20%	-6%	-43%	-30%	-20%

OTHER PRODUCT SEGMENTS - CASINO, POKER & OTHER GAMES BY REGION	2023		2022		2022	
	Q1	Q4	Q3	Q2	Q1	FY
Gross winnings revenue (GBP m)						
Western Europe	99.9	94.2	85.7	61.8	59.2	300.9
Nordics	50.2	50.9	52.7	50.8	48.9	203.3
Central, Eastern and Southern Europe	20.2	20.2	18.2	17.1	16.7	72.2
Other	6.8	8.0	6.4	6.0	6.3	26.7
Total	177.1	173.3	163.0	135.7	131.1	603.1
Quarterly Year-on-Year & Year-on-Year growth (%)						
Western Europe	69%	50%	-23%	-51%	-53%	-30%
Nordics	3%	0%	14%	17%	23%	13%
Central, Eastern and Southern Europe	21%	5%	6%	-1%	-7%	1%
Other	8%	27%	-12%	-13%	-26%	-8%
Total	35%	24%	-11%	-30%	-32%	-15%

TOTAL BY REGION	2023		2022		2022	
	Q1	Q4	Q3	Q2	Q1	FY
Gross winnings revenue (GBP m)						
Western Europe	174.2	175.6	151.8	119.5	127.1	574.0
Nordics	76.6	77.7	78.3	74.2	73.8	304.0
Central, Eastern and Southern Europe	32.3	29.6	27.5	26.2	27.8	111.1
Other	14.2	12.2	14.3	13.6	13.7	53.8
Total	297.3	295.1	271.9	233.5	242.4	1,042.9
Share of total (%)						
Western Europe	58%	60%	56%	51%	52%	55%
Nordics	26%	26%	29%	32%	31%	29%
Central, Eastern and Southern Europe	11%	10%	10%	11%	11%	11%
Other	5%	4%	5%	6%	6%	5%
Quarterly Year-on-Year & Year-on-Year growth (%)						
Western Europe	37%	43%	-20%	-51%	-47%	-28%
Nordics	4%	4%	12%	-2%	9%	6%
Central, Eastern and Southern Europe	16%	7%	7%	-7%	-4%	1%
Other	4%	-20%	7%	-9%	-8%	-8%
Total	23%	23%	-9%	-36%	-31%	-17%

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	2023		2022		2022	
	Q1	Q4	Q3	Q2	Q1	FY
Gross winnings revenue (GBP m)						
Sports betting	120.2	121.8	108.9	97.8	111.3	439.8
Casino & games	162.1	159.3	149.5	123.4	119.8	552.0
Poker	9.4	8.6	7.4	6.6	7.1	29.7
Other	5.6	5.4	6.1	5.7	4.2	21.4
Total	297.3	295.1	271.9	233.5	242.4	1,042.9
Share of total (%)						
Sports betting	40%	41%	40%	42%	46%	42%
Casino & games	55%	54%	55%	53%	49%	53%
Poker	3%	3%	3%	3%	3%	3%
Other	2%	2%	2%	2%	2%	2%
Quarterly Year-on-Year & Year-on-Year growth (%)						
Sports betting	8%	20%	-6%	-43%	-30%	-20%
Casino & games	35%	25%	-11%	-30%	-32%	-15%
Poker	32%	19%	7%	-12%	-23%	-4%
Other	33%	10%	-16%	-33%	-46%	-25%
Total	23%	23%	-9%	-36%	-31%	-17%

Sports betting margins

	2023		2022		2022	
	Q1	Q4	Q3	Q2	Q1	FY
Sports betting stakes (GBP m)	1,211.6	1,364.9	1,105.5	1,051.7	1,096.2	4,618.3
Sports betting Gross winnings revenue:						
Live betting (GBP m)	64.0	63.1	61.3	54.6	55.3	234.3
Live betting margin (%)	10.2%	9.2%	10.0%	9.5%	9.7%	9.6%
Live betting share (%)	47.6%	45.3%	49.7%	48.7%	43.9%	46.8%
Pre-game betting (GBP m)	70.4	76.3	62.0	57.6	70.7	266.6
Pre-game betting margin (%)	12.0%	11.2%	12.6%	12.1%	13.4%	12.3%
Pre-game betting share (%)	52.4%	54.7%	50.3%	51.3%	56.1%	53.2%
Total before free bets (GBP m)	134.4	139.4	123.3	112.2	126.0	500.9
Sports betting margin - before free bets (%)	11.1%	10.2%	11.2%	10.7%	11.5%	10.8%
Free bets (GBP m)	-14.2	-17.6	-14.4	-14.4	-14.7	-61.1
Total after free bets (GBP m)	120.2	121.8	108.9	97.8	111.3	439.8
Sports betting margin - after free bets (%)	9.9%	8.9%	9.9%	9.3%	10.2%	9.5%

Total margin across all product segments

	2023		2022		2022	
	Q1	Q4	Q3	Q2	Q1	FY
Total margin all product segments - before free bets (%) ¹	5.7%	5.5%	5.6%	5.7%	5.6%	5.6%

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 17) 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, regulatory sanctions, market closure and contract termination costs, subsidy for warrants – incentive programme and other gains/(losses).

Underlying EBITDA margin: Underlying EBITDA divided by total revenue.

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

Presentation of the interim report

Today, 26 April 2023, Kindred Group's CEO Henrik Tjärnström will host a web presentation in English at 10:00 (CEST) which will be web casted live on <https://www.kindredgroup.com/q12023>. 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 – June 2023	25 July 2023
Interim report January – September 2023	26 October 2023
Full year report 2023	7 February 2024

