

“Short-term headwinds continue but long-term optimism remains”.

Henrik Tjärnström, CEO

## KINDRED GROUP PLC

INTERIM REPORT JANUARY - MARCH 2022 (UNAUDITED)

### Financial highlights

#### First quarter 2022

- Total revenue, from both B2B and B2C operations, was GBP 246.7 (352.6) million.
- Gross winnings revenue (B2C) decreased by 31 per cent (29 per cent in constant currency) to GBP 242.4 (352.6) million, primarily impacted by the decision to cease activity in the Dutch market on 30 September 2021. Excluding the Netherlands, Gross winnings revenue declined by 7 per cent (3 per cent in constant currency).
- Underlying EBITDA decreased by 77 per cent to GBP 24.5 (106.0) million.
- Profit before tax was GBP 7.6 (85.3) million.
- Profit after tax was GBP 6.4 (72.6) million.
- Earnings per share were GBP 0.03 (0.32).
- 1,927,590 shares/SDRs were purchased, with a total value of SEK 194.6, or GBP 15.4, million.
- Free cash flow amounted to GBP -5.5 (90.1) million.
- Number of active customers was 1,377,317 (1,818,759).

### Key highlights

- The decision to cease activity in the Netherlands, and tough comparatives, led to a substantial decline in Gross winnings revenue. Both the Nordic region and Australia, however, showed strong growth of 9 per cent and 30 per cent respectively from the first quarter of 2021.
- Our long-term strategic direction of increased product control is well on track thanks to development of the Kindred Sportsbook Platform and the Relax acquisition.
- Our transition towards locally regulated markets continues with the share of Gross winnings revenue from locally regulated markets now standing at 77 per cent.
- Going live in Ontario provides a presence in one of the largest North American gambling regions.

### Key figures

GBP m	Q1		Full year
	2022	2021	2021
Revenue	246.7	352.6	1,259.6
EBITDA	22.0	97.6	391.1
Underlying EBITDA	24.5	106.0	332.1
Profit before tax	7.6	85.3	338.4
Profit after tax	6.4	72.6	295.3
Earnings per share (GBP)	0.03	0.32	1.31
Net cash / EBITDA, rolling 12-month basis	0.21	0.52	0.22
Free cash flow	-5.5	90.1	231.1
Active customers (No.)	1,377,317	1,818,759	

## CEO comment

---

### Short-term headwinds continue but long-term optimism remains

While the start of 2022 has seen societies returning to normal after two years of COVID-19 impacting our lives, we are today witnessing worrying geopolitical development in Europe, bringing both uncertainty and tragedy that will leave its mark for the foreseeable future. Whilst these developments have had a limited impact on Kindred's performance for the first quarter of 2022, we continue to notice an impact from post-COVID-19 normalisation across markets, as well as the decision to cease activity in the Dutch market in Q3 2021.

#### **A diversified product mix provides stability**

Our diversified product and market mix provides us with a relative degree of stability across the Group. We have seen this on several occasions, not least during the pandemic when sports virtually disappeared for a period. Excluding the Netherlands, our diversified portfolio has seen solid casino performance across markets during the first quarter of 2022 with growth of 1 per cent from the same period in the prior year despite tough comparatives. This has balanced out the slightly more volatile sportsbook, which started out strong but had a weaker second half of the quarter. Sports betting revenue, excluding the Netherlands, decreased by 12 per cent compared to the very strong comparatives in the same period last year, impacted by a less favourable sports calendar and a year on year decrease in Gross winnings revenue from the French market which is predominantly sportsbook.

#### **Short-term revenue pressure impacts profitability**

The cessation of activity in the Dutch market continued to have a short-term impact on our Gross winnings revenue, which came in at GBP 242.4 million for the quarter, in line with the fourth quarter 2021 but significantly below the same period last year. While this temporary top-line pressure reduces our profitability in the short-term, we maintain a very positive long-term view on the return from investments in our tech platform and strategic projects, such as our US expansion and the recently announced Kindred Sportsbook Platform.

Underlying EBITDA for the quarter was GBP 24.5 million, with an underlying EBITDA margin of 10 per cent. While we are not satisfied with the result, it is clear the short-term revenue impact we are currently experiencing is affecting our bottom-line. However, we remain fully focused on cost optimisation to further minimise the impact without adversely affecting our future growth.

#### **Mixed performance across our core markets**

The UK and France have experienced some headwinds during the first quarter and both markets have exceptionally strong prior year comparatives. In the UK, recent changes have been made to customer affordability processes to ensure improved sustainability of operations and this has resulted in short-term pressures on revenue (explained further in the Western Europe section). Volume acquisition continues to be lower in France compared to previous years due to Covid normalisation, growing competition in the market and increased marketing restrictions. However, it's particularly pleasing to see the mature Nordic region continue to perform well across all markets with an increase in Gross winnings revenue of 9 per cent, and Australia showing solid growth of 30 per cent compared to the same period last year. In terms of the Netherlands, we submitted our licence application in November 2021 and the process remains on track.

#### **Expanding into Canada with established brand presence**

We are not satisfied with the current performance in North America, which has been partly impacted by our conscious decisions to optimise marketing investments and focus on our platform in order to drive longer-term benefit. Even though competition remains tough, due to unsustainable marketing and customer incentives at the initial market entry phase, the North American market remains an important long-term growth opportunity for Kindred. A key enabler for accelerated growth in North America is our proprietary platform set to launch in New Jersey in the third quarter of 2022. At the beginning of April, we went live in Ontario, Canada. The Canadian province is one of the largest markets for online gambling in North America and our Unibet brand is already known in the market.

### Building future differentiation and scalability through the Kindred Sportsbook Platform

Our long-term strategic direction of increased product control and scalability are fundamental for our future success in locally regulated markets. In October last year we completed the acquisition of Relax Gaming and in February 2022 we announced our plans to extend the successful Kindred Racing Platform, our proprietary horse racing product, into a full sportsbook solution – the Kindred Sportsbook Platform. I am very excited about these opportunities and the improved flexibility and scalability they will bring to the Group.

Relax Gaming is performing well and remains fully focused on building upon the strong growth it is experiencing. Combining this with increased scalability in its business model, new customers, exciting product releases, and its US expansion, it is clear it is a strong support to our long-term plans.

### Contributing to fact-based regulation

To ensure increased stability and improved regulation across markets we are taking an active role in markets where we operate. We are dedicated to contributing towards sustainable and fact-based market conditions, as these have a material impact on our performance. To achieve this, we see a need for increased transparency.

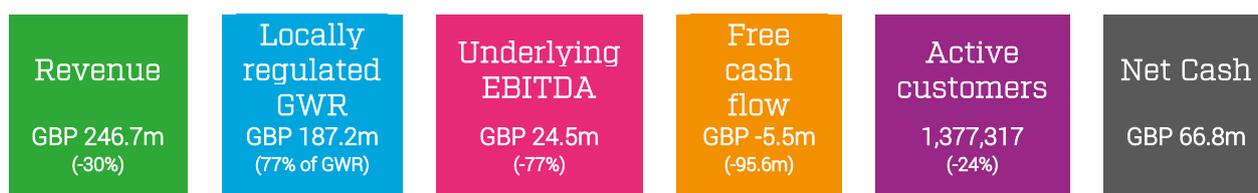
Our ambition to reach zero revenue from harmful gambling by 2023 continues and during the first quarter of 2022 our Gross winnings revenue from high-risk customers was 3.3 per cent, a decrease from 4.0 per cent at the end of 2021.

### Long-term strategic investments bring confidence going forward

In the near term we will continue to experience some headwinds until we have been awarded a licence in the Netherlands and the effects of COVID-19 normalisation begin to tail off. We expect these headwinds to gradually ease over the year once we can launch our operations in the Netherlands. Looking ahead, we continue to focus on our strategic investments in both our platform and products, as well as the FIFA World Cup towards the end of the year.

We embarked on our transformation journey more than ten years ago and it is very satisfying that we are nearing, in the coming months, one of the final major milestones. We have an exciting time ahead of us and I have great confidence in the direction we are taking through our long-term focus.

Henrik Tjärnström, CEO



## Significant events

---

### During the quarter

- On 8 February 2022, Kindred announced that it is developing its proprietary award-winning Kindred Racing Platform into a complete in-house sportsbook platform – the Kindred Sportsbook Platform, reflecting the Group's long-term strategy to gain greater end-to-end control of its product offering and customer experience. A new agreement was also signed with its trusted partner, Kambi, to use their B2B sports betting services until the end of 2026. For further details please see the relevant [press release](#) (dated 8 February 2022).
- On 3 March 2022, Kindred announced its continued expansion in Arizona, where the Group has teamed up with Turf Paradise and obtained nine retail licences (being Limited Event Wagering Operator licences) to operate sports betting in Arizona.
- During the quarter, under the buy-back mandate received at the Extraordinary General Meeting (EGM) on 10 June 2021, 1,927,590 shares/SDRs were purchased, with a total value of SEK 194.6, or GBP 15.4, million. 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 9,414,429. The intention of the Board is to cancel repurchased shares not required for the Group's employee share schemes, with approval already obtained from the shareholders at the EGM in June 2021.

### After the end of the quarter

- After announcing on 28 March 2022 that it had received an iGaming licence in Ontario to operate both iGaming and sports betting products under the Unibet brand, Kindred subsequently launched into the Ontario market on 4 April 2022, on the first day that the market opened.
- On 26 April 2022, Kindred published its latest report on its share of revenue derived from high-risk customers, as part of its "journey towards zero". For the first quarter of 2022, this was 3.3 per cent. As previously reported, for the fourth quarter of 2021 this was 4.0 per cent.

## Trading update

---

The average daily Gross winnings revenue for the Group up to and including 26 April 2022 was 37 per cent (35 per cent in constant currency) lower than the daily average for the full second quarter of 2021.

Excluding the Netherlands, the average daily Gross winnings revenue for the Group up to and including 26 April 2022 was 15 per cent (13 per cent in constant currency) lower than the daily average for the full second quarter of 2021.

Sports betting Gross winning revenue has been negatively impacted by a weak sports betting margin of only 7.8 per cent after free bets (compared to 10.7 per cent in the second quarter of 2021), whereas the daily average Gross winnings revenue for casino and other products has remained at the same level as the full first quarter of 2022.

## Customer activity (B2C)

The number of registered customers across the business increased to 32.3 (30.4) million at 31 March 2022, whilst at 31 December 2021 over 31.9 million customers were registered.

The level of customer activity in the Group's B2C business has been lower than expected internally. For the first quarter of 2022, the number of B2C active customers amounted to 1,377,317 (1,818,759), a 24 per cent decrease compared to the first quarter of 2021 and a 6 per cent decrease compared to the fourth quarter of 2021. Active customers for the quarter continued to be adversely impacted by the Group not being active in the Dutch market.

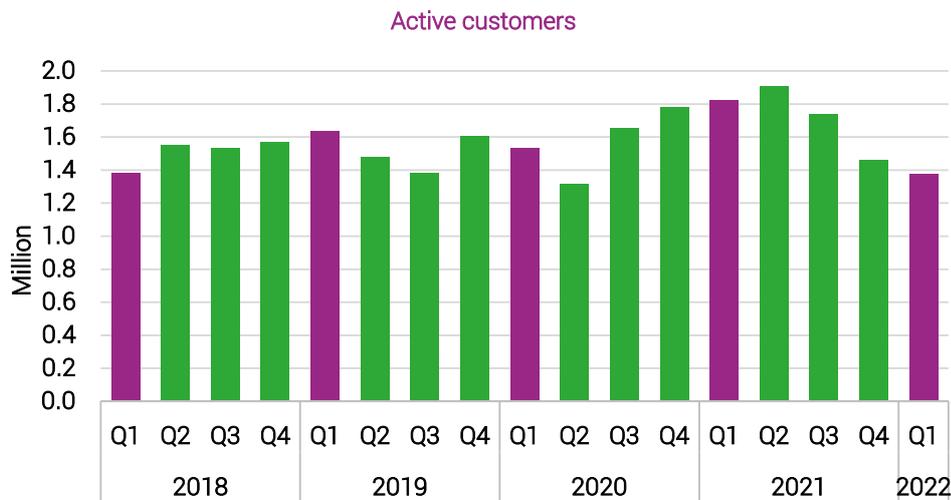
The trend in the number of active customers can be seen in the graph below, with an active customer defined as one placing a bet in the last three months.

# 1,377,317

Active customers for Q1 2022

# -24%

Active customer decline from Q1 2021



## Financial review

### Revenue

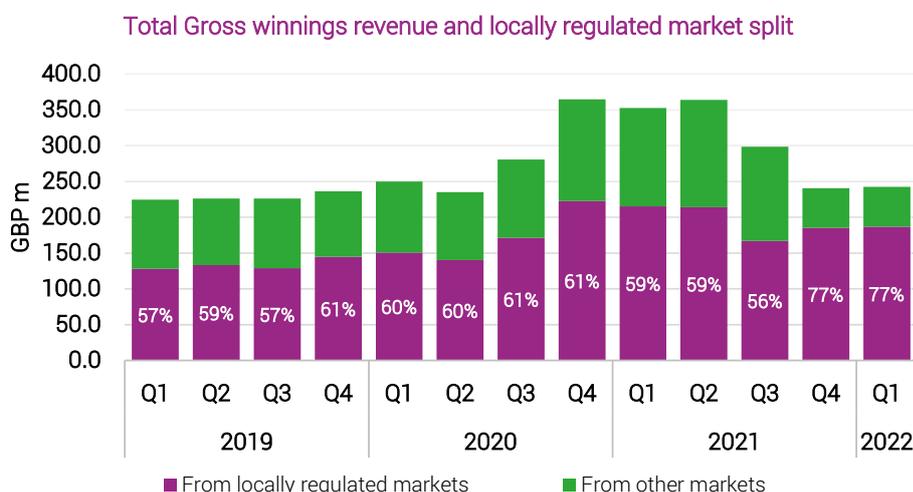
GBP m	Q1		Full year
	2022	2021	2021
Gross winnings revenue (B2C)	242.4	352.6	1,255.2
Other revenue (B2B)	4.3	-	4.4
<b>Revenue</b>	<b>246.7</b>	<b>352.6</b>	<b>1,259.6</b>

Total revenue for the first quarter of 2022 amounted to GBP 246.7 (352.6) million. Included within this total is Gross winnings revenue for the Group's B2C business, and other revenue from its B2B business, Relax Gaming. For explanation of variances to the comparative periods in the prior year refer to the relevant sections below, and for further analysis of these numbers refer to page 27.

### Gross winnings revenue (B2C)

Gross winnings revenue for the first quarter of 2022 amounted to GBP 242.4 (352.6) million. Although slightly ahead of the fourth quarter of 2021, Gross winnings revenue declined by 31 per cent (29 per cent in constant currency) from the same period in the prior year as the Group continues to be impacted heavily by the decision to temporarily cease activity in the Dutch market on 30 September 2021. Excluding the impact of the Netherlands, the corresponding decline was reduced to 7 per cent (3 per cent in constant currency). As well as being impacted by exceptionally strong comparatives, which included all-time highs across several markets, short-term growth is being impacted by recent changes made to affordability processes in some markets (as discussed in the Western Europe section below). These changes can cause material short-term pressure on revenues, but the Group believes them to be a positive change to ensure a sustainable business in the long term.

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 2022, the percentage remains in line with the fourth quarter of 2021 when it increased significantly as a result of the decision to temporarily cease activity in the Dutch market on 30 September 2021. Subject to licence application approval, on re-entering the Dutch market the Group expects to materially increase its Gross winnings revenue from locally regulated markets, maintaining its ambition to be a locally regulated operator and to generate sustainable profits.



GBP

# 246.7m

Total revenue for Q1 2022

# -30%

Total revenue decline from Q1 2021 (-27% in constant currency)

GBP

# 242.4m

Gross winnings revenue for Q1 2022

# -31%

Gross winnings revenue decline from Q1 2021 (-29% in constant currency)

# -7%

Gross winnings revenue decline from Q1 2021 excluding the Netherlands (-3% in constant currency)

# 77%

Gross winnings revenue from locally regulated markets for Q1 2022

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 28 and 29.

## Gross winnings revenue by region

### Western Europe

Gross winnings revenue amounted to GBP 127.1 (240.9) million for the first quarter of 2022, a decrease of 47 per cent from the same period in 2021. For the duration of the quarter, the Group continued to not be active in the Dutch market alongside the on-going market re-regulation, and this accounts for a large part of the decline. Excluding the Netherlands, Western Europe Gross winnings revenue for the first quarter decreased by 14 per cent compared to the same period in 2021 but increased by 3 per cent compared to the fourth quarter of 2021. The first quarter of 2021 saw all-time-high revenues in this segment and for both the UK and France individually, which continues to distort performance when compared to the first quarter of 2022.

Compared to the equivalent period in 2021, UK Gross winnings revenue is seeing a decline of 21 per cent in the first quarter of 2022. However, the UK continues to drive solid contribution with Gross winnings revenue having grown by 68 per cent in the first quarter of 2022 compared to the first quarter of 2020. Recent changes have been made to affordability processes in line with the wider industry. For Kindred, this means that all new customers are now assessed for financial vulnerability and limits placed accordingly. On top of this, Kindred's player detection system (PS-EDS) ensures a behavioural approach to enabling safer play. All customers have a Backstop Financial Limit imposed and these continue to be evaluated for appropriateness. These changes offer customers increased protection and ensure the player base is evolving sustainably, and with this, the revenues generated in recent quarters are significantly more sustainable than those in 2020. Whilst there is inevitably some short-term pressure for reported growth, this is a positive change for the long-term value of our business in the market. Prior year comparatives will continue to be tough for the remainder of H1 2022.

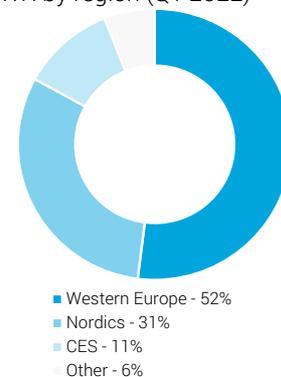
Belgium continues to see strong positive development, reporting strong growth across both sports betting and casino and culminating in local currency growth of 9 per cent in the first quarter of 2022 compared to the first quarter of 2021.

France continues to see improvements sequentially in the first quarter of 2022 compared to the fourth quarter of 2021 with Gross winnings revenue increasing by 13 per cent in local currency. This is the result of improved acquisition volumes, as well as increases in deposit values, sports betting turnover, and better conversion to Gross winnings revenue. The first quarter of 2021 offers a very tough comparative as sports betting turnover reached an all-time high with activity at its peak and amended fixture scheduling post-Covid naturally boosting football turnover. France therefore saw a 15 per cent reduction in Gross winnings revenue in local currency in the first quarter of 2022 compared to the same period in 2021.

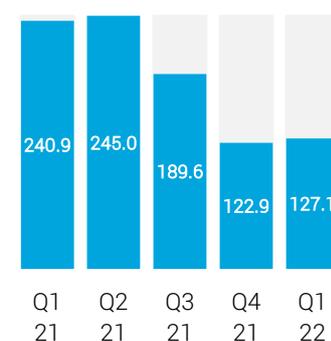
### Nordics

Nordic Gross winnings revenue amounted to GBP 73.8 (67.8) million for the first quarter of 2022, increasing 9 per cent compared to the equivalent period in 2021. Casino Gross winnings revenue continues to perform very well in this segment, achieving growth of 26 per cent in the first quarter of 2022 compared to the same period in 2021. All markets in this segment reported Gross winnings revenue growth in the first quarter of 2022 compared to the first quarter of 2021.

GWR by region (Q1 2022)



Western Europe GWR (GBP m)



Gross winnings revenue in Sweden for the first quarter of 2022 increased 23 per cent in local currency compared to the same period in 2021, with strong development for both products but particularly in the casino segment. Temporary COVID-19 restrictions were lifted in the fourth quarter of 2021 which continues to distort performance compared to the previous year comparative. For sports betting, as with other markets, the first quarter of 2021 offered tough comparatives with the busy post-COVID schedule. Positively, sports betting active customers were still able to achieve growth of 2 per cent compared to the first quarter of 2021 and we continue to see positive development for sports betting Gross winnings revenue which has grown by 7 per cent in local currency compared to the first quarter of 2021.

Denmark also saw particularly strong performance in casino, with the product driving an overall growth in active customers of 12 per cent for the first quarter of 2022 compared to the first quarter of 2021. Total Gross winnings revenue for the first quarter of 2022 increased by 9 per cent in local currency compared to the first quarter of 2021, driven by solid customer activity.

### Central, Eastern and Southern Europe (CES)

Central, Eastern and Southern Europe Gross winnings revenue amounted to GBP 27.8 (29.0) million in the first quarter of 2022, with performance broadly in line with the equivalent period in 2021. Gross winning revenue across both sports betting and casino remained stable in the first quarter of 2022 compared to the first quarter of 2021.

Romania continues to make up a meaningful share of the revenues in this segment however reports a decline of 9 per cent in local currency in the first quarter of 2022 compared to the first quarter of 2021. Most of the performance gap compared to 2021 relates to Gross winnings revenue from sports betting due to lower activity driven by more normalised sports scheduling. Casino continues to see activity growth with turnover increasing by 21 per cent in the first quarter of 2022 compared to the first quarter of 2021.

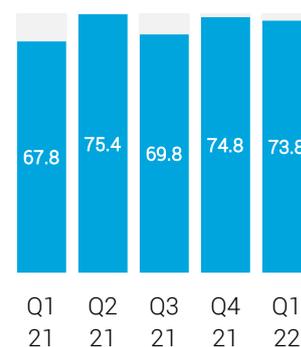
### Other regions

Other regions Gross winnings revenue amounted to GBP 13.7 (14.9) million for the first quarter of 2022, a decrease of 8 per cent from the same period in 2021.

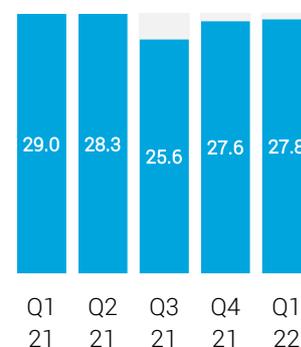
Gross winnings revenue in Australia has increased by 34 per cent in local currency in the first quarter of 2022 compared to the same period in 2021. Sportsbook turnover has held well and, together with improved margin and bonus efficiencies, this has driven the improved performance.

Gross winnings revenue for the North American market amounted to GBP 5.6 (7.4) million in the first quarter of 2022, a decrease of 26 per cent in local currency compared to the first quarter of 2021, as competition remains tough due to unsustainable marketing and customer incentives. Product margins across both sports betting and casino were lower in the first quarter of 2022 compared to their equivalents in 2021, which impacted overall revenues. Despite the downturn in revenue, the first quarter of 2022 sees a significant increase in the number of new depositing players, as well as total activity levels within Kindred's operational states. The busy sports schedule within the quarter was capitalised on through relevant and targeted marketing investment, which allowed more efficient acquisition compared to previous quarters.

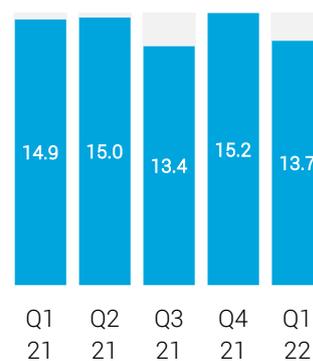
Nordics GWR (GBP m)



Central, Eastern and Southern Europe GWR (GBP m)



Other regions GWR (GBP m)



## Gross winnings revenue by product segment

### Sports betting

Excluding the Netherlands, sports betting turnover saw a decline of 22 per cent in the first quarter of 2022 compared to the first quarter of 2021. In line with previous quarters, football was the top sport for turnover (contributing over 40 per cent of total sportsbook activity) but was also the sport seeing the greatest decline in turnover for markets excluding the Netherlands. Match scheduling has returned to pre-COVID timetables, which has naturally reduced turnover compared to 2021, where we benefitted from increased spread of kick-off times and a higher proportion of televised fixtures. This reduces the turnover amount per fixture, whilst, with scheduling changes, we also see impact from reduced number of fixtures in top leagues such as the English Premier League.

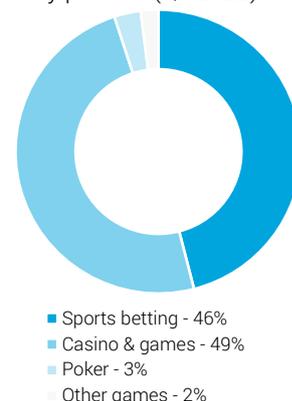
Furthermore, football turnover was impacted by seasonality from World Cup Qualifiers. In the first quarter of 2021, sports betting numbers were boosted by activity across the first round of Qualifiers including 75 fixtures across 6 dates in the quarter. In the first quarter of 2022, there were just 6 fixtures played across 2 dates in the World Cup Qualifier play-off stages. As usual, the Champions League made up a significant portion of football turnover, with improved Gross winnings contribution compared to the previous year due to more favourable results.

Tennis (the second most prominent sport) generally performed well in the quarter, boosted by activity in the run up to and including the Australian Open. The quarter also benefitted from activity on the Indian Wells ATP, whereas in 2021 the event was postponed to October. Growth for tennis offsets the decline in table tennis betting, impacted when Kindred removed all Russian and Belarusian competitions and events alongside the evolving situation in Ukraine. The Winter Olympics, Cheltenham Festival and the Superbowl all added to turnover performance this quarter, whilst revenues were low due to unfavourable outcomes.

The gross margin for total sports betting for the first quarter of 2022 before free bets was 11.5 (10.8) per cent and after free bets was 10.2 (9.4) per cent, above the Group's historic long-term average sports betting margin of 9.3 per cent after free bets. The sports betting margin was higher at the start of the quarter, driving a higher comparison to 2021, however this normalised towards the end of the quarter.

In recent years, the typical average sports betting margin for the Group has increased as a result of market and product mix and this was a factor behind the higher-than-average margin in the first quarter of 2022. 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 with pre-match and racing products trading at a higher margin than live betting. 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.

GWR by product (Q1 2022)

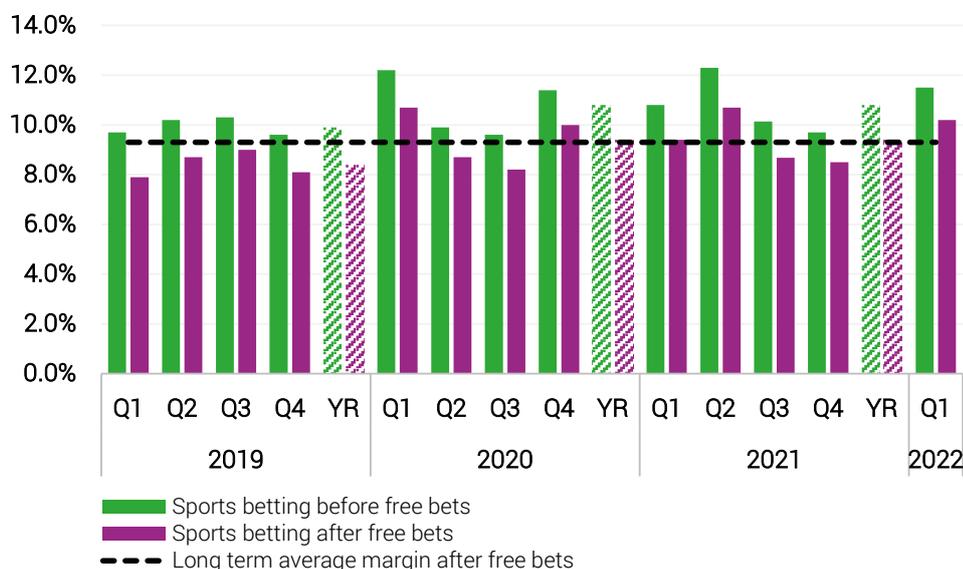


# 10.2%

Sports betting margin after free bets for Q1 2022, below the long-term average of 9.3%

The bars show total sports betting gross margin by quarter and full year. Please refer to page 29 for more information on sports betting margins.

Gross margin on sports betting



Sports betting Gross winnings revenue finished 30 per cent behind the tough comparative set in the first quarter of 2021. Excluding the Netherlands, sports betting Gross winnings revenue decreased by 12 per cent in the first quarter of 2022 compared to the same period in 2021, however this stood at a 10 per cent increase sequentially (when compared to the fourth quarter of 2021). Kindred's proprietary racing product contributed 9 per cent to total sports betting Gross winnings revenue in the first quarter of 2022.

-30%

Sports betting Gross winnings revenue decrease from Q1 2021

Casino & games

Gross winnings revenue and active customers for casino & games during the first quarter of 2022 are 32 per cent and 27 per cent lower than the same quarter of the previous year respectively. This is mainly due to the ceasing of Dutch activity in the fourth quarter of 2021 which continues to distort the comparatives. When excluding the Netherlands and comparing to the same quarter last year, Gross winnings revenue is flat and quarterly active customers are 9 per cent lower. The first quarter of 2021 saw extremely strong casino activity and therefore offers a tough comparative. Casino Gross winnings revenue in the first quarter of 2022 has increased by 43 per cent compared to the first quarter of 2020, excluding the Netherlands.

-32%

Casino & games Gross winnings revenue decrease from Q1 2021

Poker and other products

Gross winnings revenue from poker and other products during the first quarter of 2022 amounted to GBP 11.3 million, a decrease of 34 per cent, when compared to the same period in 2021. When excluding the Netherlands, Gross winnings revenue for Poker and other markets is 23 per cent lower in the first quarter of 2022 compared to the equivalent period in 2021. Having no activity in the Netherlands has also affected the performance in other markets due to the significant role Dutch customers played in poker and bingo tournaments.

-23%

Poker Gross winnings revenue decrease from Q1 2021

## Other revenue (B2B)

Other revenue comprises solely revenue from the Relax Gaming B2B business acquired by the Group on 1 October 2021 and for the first quarter of 2022 amounted to GBP 4.3 (nil) million, a slight decline from GBP 4.4 million in the fourth quarter of 2021. Other revenue included in the condensed consolidated income statement relates only to revenue generated by Relax Gaming from all other gaming operators. See page 27 for further information.

The first quarter of 2022 was underpinned by the addition of thirteen new operators, 6 new game launches and strong revenue growth in the Platform Product, with 148 supplier partner to operator deals in the quarter.

GBP

4.3m

Other revenue for Q1 2022

## Group costs and profitability

### Cost of sales

GBP m	Q1		Full year
	2022	2021	2021
Betting duties	-61.8	-72.9	-255.3
Marketing revenue share	-11.2	-15.0	-52.0
Other cost of sales	-40.2	-54.4	-198.7
<b>Cost of sales</b>	<b>-113.2</b>	<b>-142.3</b>	<b>-506.0</b>

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 2022, however, all elements of cost of sales have decreased at a lower level to revenues, putting pressure on the Group's gross margin.

The Group has successfully focused in recent quarters on driving scalability in its operations in order to build the business for future growth, however, loss of revenues from one of the Group's major markets greatly limits this potential for scalability in the short term, for example by falling under less favourable rates in tiered commission agreements.

Betting duties as a percentage of the Group's Gross winnings revenue can vary between quarters, in line with market mix. When compared to the first quarter of 2021 this percentage has clearly been impacted by the cessation of activity the Dutch market impacting Gross winnings revenue but not betting duties. When compared to the fourth quarter of 2021, the increase is a result of the higher share of revenue from the French market.

### Gross profit

Gross profit for the quarter was GBP 133.5 (210.3) million, a decrease of 37 per cent from the first quarter of 2021 which is driven by the movements in revenue and cost of sales, as previously explained. The decline in the gross profit margin from the fourth quarter of 2021 is predominantly due to higher share of revenues from the French market impacting betting duties, as mentioned above, as well as higher product commissions, which can vary as a result of product mix.

## Marketing costs

Marketing costs amounted to GBP 57.0 (58.9) million for the quarter, down from GBP 59.1 million in the fourth quarter of 2021. Whilst maintaining its focus on marketing efficiencies, the Group continues to invest in marketing to drive future business growth, including investment into the new and evolving North American market which the Group sees as a long-term growth opportunity.

Marketing for the B2C business (including marketing revenue share within cost of sales) as a percentage of Gross winnings revenue is a key performance indicator for the Group's B2C business. This metric has increased to 28 (21) per cent for the quarter when compared to the same period of 2021, primarily because of the significant decrease in revenue already discussed.

# 28%

B2C marketing, as a percentage of Gross winnings revenue for Q1 2022

## Administrative expenses

GBP m	Q1		Full year 2021
	2022	2021	
Salaries	-33.0	-28.8	-117.5
Other operating expenses	-19.0	-16.6	-69.3
Depreciation of property, plant and equipment	-3.6	-3.6	-14.8
Depreciation of right-of-use assets	-2.9	-2.7	-11.1
Amortisation of intangible assets	-7.2	-5.0	-23.0
<b>Total administrative expenses</b>	<b>-65.7</b>	<b>-56.7</b>	<b>-235.7</b>

As can be seen in the graph "Expenses as a % of revenue (LTM)", these metrics have increased over the previous two quarters. This is significantly impacted by the decline in revenues (due to the Netherlands, as previously discussed) but is also driven by an increase in expenditure as the Group invests selectively in areas such as the US market and technological development, including the Kindred Sportsbook Platform, in order to build for future growth. The Group, however, continues to maintain its focus on the optimisation of its operating expenditure.

The increase in salaries in the first quarter of 2022 when compared to the same period in 2021 is predominantly due to additional headcount from the acquisitions of Blancas and Relax Gaming in the second and fourth quarters of 2021 respectively, which amounts to an impact of approximately GBP 3.5 million. There also continues to be selected growth in headcount, especially focused on those areas mentioned above where we expect to see future benefit from this investment, which has also driven the increase from the fourth quarter of 2021.

Other operating expenses for the quarter increased by GBP 2.4 million from the same period in 2021. Additional costs as a result of the acquisitions of Blancas and Relax Gaming have contributed to this growth, as well as anticipated growth in the underlying business given the focus on selective investments, and the impact of COVID-19 on the prior year comparatives.

The increase in amortisation of intangible assets in the first quarter of 2022 compared to the same period in 2021 is primarily the result of additional amortisation charges following the acquisitions of Relax Gaming and Blancas in 2021. Total amortisation of intangible assets that arose on acquisitions amounted to GBP 2.4 (0.3) million for the quarter.

Expenses as a % of revenue (LTM)



## Underlying EBITDA

GBP m	Q1		Full year
	2022	2021	2021
<b>Gross profit</b>	<b>133.5</b>	<b>210.3</b>	<b>753.6</b>
Marketing costs	-57.0	-58.9	-234.7
Salaries	-33.0	-28.8	-117.5
Other operating expenses	-19.0	-16.6	-69.3
<b>Underlying EBITDA</b>	<b>24.5</b>	<b>106.0</b>	<b>332.1</b>

GBP

24.5m

Underlying EBITDA for Q1 2022

As explained in the fourth quarter of 2021, the definition of underlying EBITDA was updated. The comparatives for the first quarter of 2021 have been updated for ease of comparison.

Underlying EBITDA for the quarter, as defined above, decreased by 77 per cent from the same period in the prior year. As a result of the temporary top-line pressures in relation to the Netherlands, the Group's profitability has been reduced in the short term. Although the Group remains fully focused on cost optimisation, it also continues to maintain a long-term focus in terms of selected investments to build for future growth, such as expansion in the US and the recently announced Kindred Sportsbook Platform.

The underlying EBITDA for the quarter includes a negative underlying EBITDA contribution from the North American market of GBP 9.1 (6.3) million, increasing as a result of a number of new state launches since the same period in the prior year. It also includes the impact of Relax Gaming on the Group's consolidated underlying EBITDA of GBP 1.7 million.

## Items affecting comparability

GBP m	Q1		Full year
	2022	2021	2021
Personnel restructuring costs	-0.1	-0.3	-1.0
Merger and acquisition costs	-	-0.1	-5.8
Disputed regulatory sanction	-	-	4.2
Other (losses)/gains - net	-2.4	-8.0	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	-	71.3
<b>Items affecting comparability</b>	<b>-2.5</b>	<b>-8.4</b>	<b>59.0</b>

Items affecting comparability amounted to a negative contribution of GBP 2.5 (8.4) million for the quarter.

Other gains/(losses) for the first quarter of 2022 comprise foreign currency losses of GBP 0.5 (8.0) million and fair value losses of GBP 1.9 (nil) million in relation to the contingent consideration arising on the acquisition of Relax Gaming and forward contracts. 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. The significant loss for the first quarter of 2021 was due to a larger than usual impact as a result of significant rate movements impacting the Group's significant cash balances.

## EBITDA and profit from operations

GBP m	Q1		Full year
	2022	2021	2021
<b>Underlying EBITDA</b>	<b>24.5</b>	<b>106.0</b>	<b>332.1</b>
Personnel restructuring costs	-0.1	-0.3	-1.0
Merger and acquisition costs	-	-0.1	-5.8
Disputed regulatory sanction	-	-	4.2
Other gains/(losses) - net	-2.4	-8.0	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	-	71.3
<b>EBITDA</b>	<b>22.0</b>	<b>97.6</b>	<b>391.1</b>
Depreciation of property, plant and equipment	-3.6	-3.6	-14.8
Depreciation of right-of-use assets	-2.9	-2.7	-11.1
Amortisation of intangible assets	-7.2	-5.0	-23.0
<b>Profit from operations</b>	<b>8.3</b>	<b>86.3</b>	<b>342.2</b>

EBITDA for the first quarter of 2022 was GBP 22.0 (97.6) million and profit from operations for the first quarter of 2022 was GBP 8.3 (86.3) 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 detailed on the previous page.

## Net finance costs/income

Net finance costs for the first quarter of 2022 were GBP 0.7 (1.3) million. This primarily comprises interest and fees on borrowings which amounted to GBP 0.4 (1.0) million for the first quarter.

## Profit before tax

Profit before tax for the first quarter of 2022 was GBP 7.6 (85.3) million.

## Profit after tax

Profit after tax for the first quarter of 2022 was GBP 6.4 (72.6) million.

## 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 '(losses)/gains on net investment hedge'. This amounted to a loss of GBP 0.3 (gain of 5.3) million for the first quarter. At 31 March 2022, a gain of GBP 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.

GBP

**6.4m**

Profit after tax for Q1 2022

## Financial position

Cash and cash equivalents at the end of the first quarter of 2022 stood at GBP 250.8 (364.3) million while at the beginning of the quarter it was GBP 270.6 (300.5) million. Please refer to the cash flow section for more detail on the movement during the period and to page 26 for a reconciliation of the unrestricted cash balance.

At 31 March 2022, GBP 112.8 (113.7) million of the Group's facilities (relating to the multi-currency revolving credit facility agreement signed in November 2021) was utilised out of a total of GBP 183.3 (280.0) million. The total borrowings recognised in the statement of financial position of GBP 112.0 (113.1) million are reported net of the associated transaction fees which were incurred upon entering the facilities agreement and which are being expensed over its duration.

The Group therefore remains in a net cash position, amounting to GBP 66.8 (174.9) million at the 31 March 2022. Net cash/EBITDA (rolling 12-month basis) for the quarter was 0.21 (0.52).

During the year ended 31 December 2021, the Group acquired both Blancas NV and Relax Gaming with the impact of these acquisitions seen across several line items in the condensed consolidated balance sheet when comparing the first quarter of 2022 to the same period in 2021. As previously reported, the impact is most notably seen in goodwill and other intangible assets and other financial liabilities through profit and loss (relating to contingent consideration on the Relax Gaming acquisition).

## 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 2022 intangible assets of GBP 9.1 (6.5) million have been capitalised, with the increase 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 2022 were GBP 8.1 (6.4) 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 2021 is largely impacted by additional development costs of GBP 1.1 million in relation to Relax Gaming, which was only acquired during the fourth quarter of 2021. On top of this, the Group has made selective headcount increases in its Tech and Development function in order to support the launch of its proprietary platform in the US and the development of its in-house sportsbook platform, among other projects.

In addition to the above, during the first quarter of 2022 GBP 3.2 (0.9) million of property, plant and equipment was capitalised resulting from an increase in computer hardware purchases due to an identified need to replace old equipment across various Group locations.

GBP

66.8m

Net cash at 31 March 2022

## Cash flow

Net cash generated from operating activities amounted to GBP 10.7 (99.6) million for the first quarter of 2022, with the significant decrease when comparing to the same quarter in 2021 predominantly attributable to the significant decline in underlying EBITDA, but further impacted by negative working capital movement caused by the timing of invoicing and payment of trade payables and receivables.

Cash flows used in investing activities were GBP 12.3 (7.4) million for the first quarter as a result of increased capital investments, as detailed above.

Cash flows used in financing activities for the quarter were impacted by share purchases totalling GBP 15.4 (12.4) million.

GBP m	Q1		Full year
	2022	2021	2021
Net cash generated from operating activities	10.7	99.6	282.3
Purchases of property, plant and equipment	-3.2	-0.9	-10.6
Development and acquisition costs of intangible assets	-9.1	-6.5	-34.4
Interest paid on lease liabilities	-0.3	-0.4	-1.3
Repayment of lease liabilities	-3.6	-2.8	-10.4
Adjust for: customer balance movement	-	1.1	5.5
<b>Free cash flow</b>	<b>-5.5</b>	<b>90.1</b>	<b>231.1</b>

Free cash flow, as defined in the table above, for the first quarter of 2022 was GBP -5.5 (90.1) million, a decrease of GBP 95.6 million from the first quarter of 2021. This is predominantly a result of movements in net cash generated from operating activities and capital investments, as explained above.

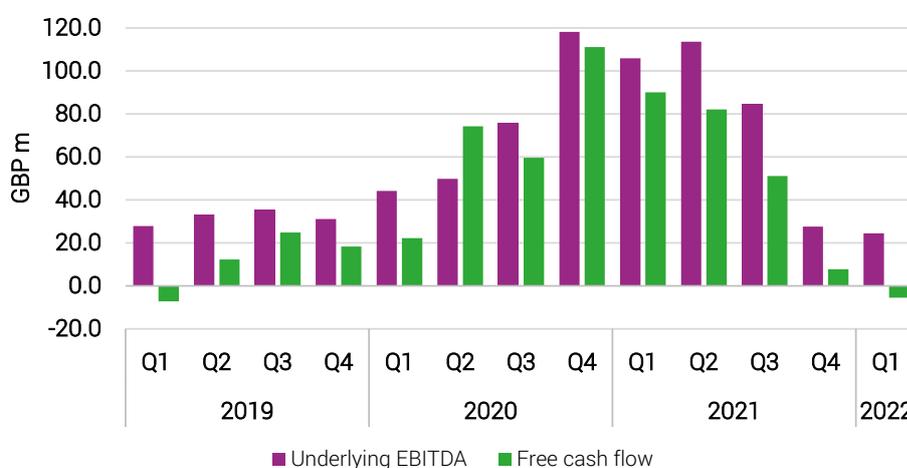
The quarterly underlying EBITDA and free cash flow is shown in the graph below, with cash conversion for the first quarter of 2022 standing at -22 (85) per cent. The decrease from the first quarter of 2021 is primarily due to the decline in underlying performance, as explained previously. Cash conversion over the last twelve months to the end of the first quarter of 2022 amounts to 54 (96) per cent and is therefore more aligned with the previous year comparative, however, still reflects the significant impact of the decline in the first quarter of 2022 and the fourth quarter of 2021.

GBP

**-5.5m**

Free cash flow for Q1 2022

Underlying EBITDA and free cash flow



## Operational review

---

### Market overview

The UK Government is preparing to release its much-anticipated White Paper on the UK Gambling Act review which will set the course for what many expect to be a tougher new era of regulation in the UK. As part of this process, a series of debates in Westminster have taken place where Government officials have discussed the direction of travel of the Paper (without revealing specific details). Kindred has played an active role in this debate during the quarter, with a number of high-profile media interventions and meetings with senior stakeholders as we look to provide insight and data into the debate.

The Norwegian gambling authority (Lotteritilsynet) have sent a cease-and-desist letter to Kindred's Maltese entity arguing that Kindred should block Norwegian citizens from accessing Kindred's international websites. This is being challenged by Kindred based on EU/EEA legislation.

A proposal for a new Gambling Act is also under way in Norway, which maintains the current state monopoly system. The new act will enter into force on 1 January 2023. In addition, the proposed law on DNS-blocking is expected to be sent to Parliament in the second quarter of 2022, however there is at present strong scepticism and opposition towards this in the Norwegian Parliament.

In Sweden, the temporary restrictions introduced during the pandemic were lifted and the proposal to reinstate them was withdrawn by the government.

The French regulator ANJ has started to use its enhanced authority over the gambling sector when they rejected the 2022 marketing strategy and budget for a competitor. This is a new power given to the regulator and is intended to curb excessive marketing and aggressive messaging. Kindred's marketing strategy and budget has been approved by the ANJ.

The Danish Gambling Authority (DGA) has warned Kindred for failings regarding KYC processes. These investigations were mentioned in the year-end report as part of a wider industry review by the regulator. Kindred has been working with the DGA to improve internal procedures.

Additionally, the DGA will introduce a unique "gambler-ID" and an "event-ID" that operators will be required to use and include in their data deliveries. The use of the IDs will allow the DGA to track customers' gambling activity across different operators and compare customers to each other to detect those involved in match-fixing.

The Group also currently has open reviews by both the UK Gambling Commission and the Financial Intelligence Analysis Unit in Malta. Management has been and will continue cooperating with the relevant authorities by supplying them with any additional requested information. These reviews, which are expected within the industry, are ongoing and a final outcome is only expected to be known in the coming months.

## Product segment overview

### Racing update

Unibet was once again the main sponsor of day 1 at Cheltenham, one of the main racing events in the UK. This provided some great exposure and publicity for Unibet in the UK. Following Cheltenham, the Grand National took place in April, and the Guineas festival, The Derby and Royal Ascot will take place later in the Spring.

### Sportsbook update

In February, Kindred announced its intention to build a proprietary sportsbook, the Kindred Sportsbook Platform (KSP). The current momentum in the overall project is very high, and during the quarter Kindred has been engaging with suppliers, advertising key operational roles and has managed to achieve some major milestones.

### Casino & games update

During the quarter the live casino had few new releases, however several new suppliers will be added in the coming quarter which will increase content diversification and exclusivity. Pragmatic Play Live has been added in the Danish market, and a new Evolution studio is ready for the Dutch market once a licence is awarded. StakeLogic Live is a new live casino supplier in five markets across Europe.

The bingo segment has focused on new users and early retention through new in-client tracking and reporting, simplified alias creation, streamlining navigation, as well as game schedule and filter improvements. Mobile lobbies have been improved for better cross sell and to localise assets for individual markets.

### Poker update

In the first quarter of 2022 qualifiers to live poker events were back through a partnership with the Patrik Antonius Challenge (PAPC) in Tallinn, Malta Poker Festival and the Dublin Poker Festival. Additionally, daily specials are scheduled to go live in late April, which will showcase a special poker game variant every day and will be available across all our shared liquidity markets with an added promotion feature in selected markets.

### Relax Gaming update

During the first quarter of 2022, Relax Gaming added thirteen new operators to its customer base and three new game studio partners. In addition, six new games were launched including "Beast Mode", a collaboration with Casino Ground. Relax Gaming also went live in Ontario, following the award of a licence in the Canadian province, and entered the Serbian market as well.

## Sustainability overview

Kindred's "journey towards zero", which sets the ambition to have zero revenue from harmful gambling by the end of 2023, continues to be a focus area. During the first quarter, 3.3 per cent of Gross winnings revenue from harmful gambling, a slight decrease from the previous quarter, has been reported. This is partly due to seasonal fluctuations and partly due to the dedicated work by our responsible gambling team to improve processes in terms of manual interventions regarding high-risk customers, resulting in fewer customers being re-detected.

Kindred has communicated two new long-term sustainability ambitions in the areas of 'Maintaining integrity' and 'Running a compliant business'. These ambitions set a high bar for the Group's work, with the aim of ensuring there are zero unmitigated exploitable vulnerabilities and zero compromised player accounts as part of our cyber security work, and zero unmitigated material compliance incidents to ensure we constantly improve our processes.

The Unibet brand has continued its sponsorship of five-time World Champion in chess, Magnus Carlsen, and has extended its partnership with Offerspill, the Norwegian Chess club, founded by Magnus Carlsen. Magnus Carlsen will be a key ambassador in communicating Kindred's ambition of zero revenue from customers with harmful gambling behaviour.

In the US and the UK, Kindred is offering the app RecoverMe for free to all customers. RecoverMe is an evidence-based mobile health application that delivers a programme to support people who suffer from a gambling problem.

In Denmark, Kindred is sponsoring the development of a responsible gambling educational film with other operators to help raise awareness and understanding of safe and sustainable gambling behaviour. The film is planned to be delivered to young adults in the Autumn of 2022.

In France, the Unibet brand will continue to sponsor 300 amateur football clubs in France through the #AuCoeurDeFootball programme. This will mark the fourth season of Unibet donating kits to players and clothes to volunteers at the clubs in the amateur leagues.

During the quarter, Kindred reinforced its partnership with NU:Nolla Utanförskapet (End Exclusion), an organisation that works with young people from segregated and deprived neighbourhoods around Stockholm, by once again organising a coding course for young adults aged 18-25 in its Stockholm office. The course is designed to provide insight into the tech sector to young adults, increase their knowledge of programming and coding, and thereby support them in their ambitions to develop their careers.

On 19 October 2022, Kindred will host the annual Sustainable Gambling Conference with participants and expert speakers from inside and outside of the industry. This year the conference will be delivered as a hybrid event. Details of the location of the physical event will follow shortly and more information can be found on [www.sustainablegambling.com](http://www.sustainablegambling.com).

## Other information

---

### Financial information

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

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

## Employees

The Kindred Group had 2,086 (1,616) employees at 31 March 2022, compared with 2,055 employees at 31 December 2021. The more significant increase from the same quarter of the prior year reflects new employees acquired from the acquisitions of Blancas and Relax Gaming. The number of consultants amounted to 180 (133) at 31 March 2022.

## Principal risks

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

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

Malta, 28 April 2022

**Henrik Tjärnström**  
CEO

*Kindred Group plc*

*Registered in Malta. Company number C 39017.*

*Level 6, The Centre, Tigne Point, Sliema, TPO 0001 Malta.*

*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
	2022	2021	2021
<b>Continuing operations:</b>			
<b>Revenue</b>	<b>246.7</b>	<b>352.6</b>	<b>1,259.6</b>
Betting duties	-61.8	-72.9	-255.3
Marketing revenue share	-11.2	-15.0	-52.0
Other cost of sales	-40.2	-54.4	-198.7
<b>Cost of sales</b>	<b>-113.2</b>	<b>-142.3</b>	<b>-506.0</b>
<b>Gross profit</b>	<b>133.5</b>	<b>210.3</b>	<b>753.6</b>
Marketing costs	-57.0	-58.9	-234.7
Salaries	-33.0	-28.8	-117.5
Other operating expenses	-19.0	-16.6	-69.3
Depreciation of property, plant and equipment	-3.6	-3.6	-14.8
Depreciation of right-of-use assets	-2.9	-2.7	-11.1
Amortisation of intangible assets	-7.2	-5.0	-23.0
Total administrative expenses	-65.7	-56.7	-235.7
<b>Underlying profit before items affecting comparability</b>	<b>10.8</b>	<b>94.7</b>	<b>283.2</b>
Personnel restructuring costs	-0.1	-0.3	-1.0
Merger and acquisition costs	-	-0.1	-5.8
Disputed regulatory sanction	-	-	4.2
Other (losses)/gains - net	-2.4	-8.0	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	-	71.3
<b>Profit from operations</b>	<b>8.3</b>	<b>86.3</b>	<b>342.2</b>
Finance costs	-0.8	-1.4	-6.2
Finance income	0.1	0.1	1.0
Share of profit from associate	-	0.3	1.4
<b>Profit before tax</b>	<b>7.6</b>	<b>85.3</b>	<b>338.4</b>
Income tax expense	-1.2	-12.7	-43.1
<b>Profit after tax</b>	<b>6.4</b>	<b>72.6</b>	<b>295.3</b>
<b>Profit is attributable to:</b>			
Owners of Kindred Group plc	6.3	72.6	295.3
Non-controlling interests	0.1	-	-
<b>Total profit</b>	<b>6.4</b>	<b>72.6</b>	<b>295.3</b>
Earnings per share (GBP)	0.03	0.32	1.31
Diluted earnings per share (GBP)	0.03	0.32	1.30

## Condensed consolidated statement of comprehensive income

GBP m	2022	Q1 2021	Full year 2021
<b>Profit after tax</b>	<b>6.4</b>	<b>72.6</b>	<b>295.3</b>
<b>Other comprehensive income</b>			
Currency translation adjustments taken to equity	3.1	-9.8	-18.0
(Losses)/gains on net investment hedge	-0.3	5.3	6.4
<b>Total comprehensive income for the period</b>	<b>9.2</b>	<b>68.1</b>	<b>283.7</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of Kindred Group plc	9.2	68.1	283.8
Non-controlling interests	-	-	-0.1
<b>Total comprehensive income for the period</b>	<b>9.2</b>	<b>68.1</b>	<b>283.7</b>

## Condensed consolidated balance sheet

GBP m	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	429.8	268.4	428.5
Other intangible assets	258.6	147.7	255.3
Investment in associate	-	3.9	-
Property, plant and equipment	23.4	24.5	23.7
Right-of-use assets	50.9	54.8	53.7
Deferred tax assets	28.0	28.0	27.4
Convertible bond	6.5	6.5	6.4
Other non-current assets	3.3	2.3	3.1
	<b>800.5</b>	<b>536.1</b>	<b>798.1</b>
<b>Current assets</b>			
Trade and other receivables	69.6	60.6	52.3
Financial assets at fair value through profit and loss	-	-	0.1
Taxation recoverable	101.7	87.1	96.4
Cash and cash equivalents	250.8	364.3	270.6
	<b>422.1</b>	<b>512.0</b>	<b>419.4</b>
<b>Total assets</b>	<b>1,222.6</b>	<b>1,048.1</b>	<b>1,217.5</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	0.1	0.1	0.1
Share premium	81.5	81.5	81.5
Currency translation reserve	8.5	12.7	5.7
Reorganisation reserve	-42.9	-42.9	-42.9
Retained earnings	507.5	416.5	514.9
<b>Total equity attributable to the owners</b>	<b>554.7</b>	<b>467.9</b>	<b>559.3</b>
Non-controlling interest	5.9	-	5.9
<b>Total equity</b>	<b>560.6</b>	<b>467.9</b>	<b>565.2</b>
<b>Non-current liabilities</b>			
Borrowings	112.0	113.1	111.6
Lease liabilities	40.8	44.1	43.5
Provisions	2.4	0.6	2.3
Other financial liabilities at fair value through profit and loss	39.1	-	38.3
Deferred tax liabilities	22.4	7.1	22.4
	<b>216.7</b>	<b>164.9</b>	<b>218.1</b>
<b>Current liabilities</b>			
Lease liabilities	11.2	11.5	11.9
Trade and other payables	172.0	175.8	162.2
Provisions	12.1	15.8	11.1
Customer balances	72.0	76.3	72.0
Deferred income	5.5	6.1	4.8
Other financial liabilities at fair value through profit and loss	42.9	-	41.1
Tax liabilities	129.6	129.8	131.1
	<b>445.3</b>	<b>415.3</b>	<b>434.2</b>
<b>Total liabilities</b>	<b>662.0</b>	<b>580.2</b>	<b>652.3</b>
<b>Total equity and liabilities</b>	<b>1,222.6</b>	<b>1,048.1</b>	<b>1,217.5</b>

## Condensed consolidated statement of changes in equity

GBP m	Q1 2022	2021	Full year 2021
Opening balance of total equity at beginning of period	565.2	412.1	412.1
<b>Comprehensive income</b>			
Profit for the period	6.4	72.6	295.3
Other comprehensive income:			
Currency translation adjustments taken to equity	3.1	-9.8	-18.0
(Losses)/gains on net investment hedge	-0.3	5.3	6.4
<b>Total comprehensive income</b>	<b>9.2</b>	<b>68.1</b>	<b>283.7</b>
<b>Transactions with owners</b>			
Share awards - value of employee services	0.9	-0.1	1.1
Equity-settled employee benefit plan	0.7	0.2	-7.2
Treasury share purchases	-15.4	-12.4	-66.4
Disposal / utilisation of treasury shares	-	-	10.4
Non-controlling interests on acquisition of subsidiary	-	-	6.0
Dividend paid	-	-	-74.5
<b>Total transactions with owners</b>	<b>-13.8</b>	<b>-12.3</b>	<b>-130.6</b>
Closing balance of total equity at end of period	560.6	467.9	565.2
<b>Equity is attributable to:</b>			
Owners of Kindred Group plc	554.7	467.9	559.3
Non-controlling interests	5.9	-	5.9
<b>Total equity</b>	<b>560.6</b>	<b>467.9</b>	<b>565.2</b>

## Condensed consolidated cash flow statement

GBP m	Q1 2022	2021	Full year 2021
<b>Operating activities</b>			
Profit from operations	8.3	86.3	342.2
Adjustments for:			
Depreciation of property, plant and equipment	3.6	3.6	14.8
Depreciation of right-of-use assets	2.9	2.7	11.1
Amortisation of intangible assets	7.2	5.0	23.0
Impairment losses recognised in the period	-	-	0.0
Loss on disposal of intangible assets	-	-	0.2
(Gain)/loss on disposal of property, plant & equipment	0.0	-	0.0
Other losses/(gains) - net	2.2	-	-70.3
Foreign exchange gain on dividend	-	-	0.6
Share-based payments	0.9	-0.1	3.0
Equity-settled employee benefit plan	0.7	0.2	1.3
<b>Operating cash flows before movements in working capital</b>	<b>25.8</b>	<b>97.7</b>	<b>325.9</b>
(Increase)/decrease in trade and other receivables	-17.5	-13.7	2.4
Increase/(decrease) in trade and other payables, including customer balances and provisions	10.5	21.0	-12.1
<b>Cash flows from operating activities</b>	<b>18.8</b>	<b>105.0</b>	<b>316.2</b>
Net income taxes paid	-8.1	-5.4	-33.9
<b>Net cash generated from operating activities</b>	<b>10.7</b>	<b>99.6</b>	<b>282.3</b>
<b>Investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	-	-	-97.0
Interest received	-	-	0.2
Purchases of property, plant and equipment	-3.2	-0.9	-10.6
Development and acquisition costs of intangible assets	-9.1	-6.5	-34.4
<b>Net cash used in investing activities</b>	<b>-12.3</b>	<b>-7.4</b>	<b>-141.8</b>
<b>Financing activities</b>			
Interest paid	-0.9	-0.9	-4.3
Interest paid on lease liabilities	-0.3	-0.4	-1.3
Repayment of lease liabilities	-3.6	-2.8	-10.4
Dividend paid	-	-	-74.5
Treasury share purchases	-15.4	-12.4	-66.4
Proceeds from borrowings	-	-	133.7
Repayment of borrowings	-	-	-133.7
<b>Net cash used in financing activities</b>	<b>-20.2</b>	<b>-16.5</b>	<b>-156.9</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>-21.8</b>	<b>75.7</b>	<b>-16.4</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>270.6</b>	<b>300.5</b>	<b>300.5</b>
Effect of foreign exchange rate changes	2.0	-11.9	-13.5
<b>Cash and cash equivalents at end of period</b>	<b>250.8</b>	<b>364.3</b>	<b>270.6</b>

## 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 14 for corresponding reconciliations of underlying EBITDA and EBITDA respectively, and page 16 for a corresponding reconciliation of free cash flow.

### Condensed consolidated balance sheet measures

GBP m	31 Mar 2022	31 Mar 2021	31 Dec 2021
Cash and cash equivalents	250.8	364.3	270.6
Customer balances	-72.0	-76.3	-72.0
<b>Unrestricted cash</b>	<b>178.8</b>	<b>288.0</b>	<b>198.6</b>
Less: Borrowings	-112.0	-113.1	-111.6
<b>Net cash</b>	<b>66.8</b>	<b>174.9</b>	<b>87.0</b>

### Key ratios

	Q1 2022	Q1 2021	Full year 2021
Gross winnings revenue from locally regulated markets (%)	77%	59%	62%
B2C marketing as a % of Gross winnings revenue (%)	28%	21%	23%
Return on average equity, annualised (%)	6%	78%	67%
Underlying EBITDA margin (%)	10%	30%	26%
Net cash / EBITDA, rolling 12-month basis	0.21	0.52	0.22
Cash conversion (%)	-22%	85%	70%
Free cash flow per share (GBP)	-0.02	0.40	1.02
Earnings per share (GBP)	0.03	0.32	1.31
Diluted earnings per share (GBP)	0.03	0.32	1.30
Employees at period end	2,086	1,616	2,055
Number of shares at period end <sup>1</sup>	230,126,200	230,126,200	230,126,200
Diluted number of shares at period end	231,590,768	231,014,280	231,405,713
Weighted average number of outstanding shares	222,039,666	227,037,392	226,149,236
Weighted average number of diluted outstanding shares	223,514,345	228,840,641	227,767,325

<sup>1</sup> At 31 March 2022 the total issued shares were 230,126,200. Of these, 9,414,429 shares are held by the Group as a result of previous repurchase programmes.

## FX rates and constant currency impact

<b>Balance sheet rates:</b>			
<b>Rate to GBP</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>YoY Delta</b>
AUD	1.753	1.809	3.1%
DKK	8.792	8.728	-0.7%
EUR	1.182	1.174	-0.7%
NOK	11.479	11.731	2.1%
SEK	12.219	12.016	-1.7%
USD	1.312	1.376	4.7%

<b>Income statement averages for the quarter:</b>			
<b>Rate to GBP</b>	<b>Avg Q1 22</b>	<b>Avg Q1 21</b>	<b>YoY Delta</b>
AUD	1.852	1.785	-3.8%
DKK	8.896	8.509	-4.5%
EUR	1.196	1.144	-4.5%
NOK	11.866	11.738	-1.1%
SEK	12.531	11.577	-8.2%
USD	1.341	1.379	2.8%

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

<b>GBP m</b>	<b>Q1 2022</b>
Revenue	-9.4
Cost of sales / operating expenses	7.4
Foreign currency loss on operating items	-0.5
<b>EBITDA</b>	<b>-2.4</b>
Other items below EBITDA	0.4
<b>Profit after tax</b>	<b>-2.0</b>

## Operating segmental analysis

*This table is for information only and does not form part of the condensed consolidated financial statements.*

The table below splits the Group's total revenue, cost of sales and gross profit between its B2C business, Kindred Group (excluding Relax Gaming), and its B2B business, Relax Gaming. The numbers for each of these segments are inclusive of intercompany transactions, which for total Kindred Group numbers are eliminated in the column entitled eliminations.

### Q1 2022

<b>GBP m</b>	<b>Kindred Group (B2C excluding Relax Gaming)</b>	<b>Relax Gaming (B2B)</b>	<b>Eliminations</b>	<b>Total</b>
Gross winnings revenue (B2C)	242.4	-	-	<b>242.4</b>
Other revenue (B2B)	-	6.0	-1.7	<b>4.3</b>
<b>Total revenue</b>	<b>242.4</b>	<b>6.0</b>	<b>-1.7</b>	<b>246.7</b>
Cost of sales	-114.5	-0.4	1.7	<b>-113.2</b>
<b>Gross profit</b>	<b>127.9</b>	<b>5.6</b>	<b>-</b>	<b>133.5</b>

## Non-Statutory Analysis of Gross Winnings Revenue (B2C)

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

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

SPORTS BETTING BY REGION	2022		2021		2021	
	Q1	Q4	Q3	Q2	Q1	FY
<b>Gross winnings revenue (GBP m)</b>						
Western Europe	67.9	60.1	77.6	119.4	114.2	371.3
Nordics	24.9	23.8	23.7	31.9	28.1	107.5
Central, Eastern and Southern Europe	11.1	8.3	8.5	11.1	11.0	38.9
Other	7.4	8.9	6.1	8.1	6.4	29.5
<b>Total</b>	<b>111.3</b>	<b>101.1</b>	<b>115.9</b>	<b>170.5</b>	<b>159.7</b>	<b>547.2</b>
<b>Quarterly Year-on-Year &amp; Year-on-Year growth (%)</b>						
Western Europe	-41%	-51%	-3%	177%	36%	12%
Nordics	-11%	-28%	-3%	129%	15%	12%
Central, Eastern and Southern Europe	1%	-37%	-17%	95%	9%	-1%
Other	16%	5%	2%	69%	68%	28%
<b>Total</b>	<b>-30%</b>	<b>-43%</b>	<b>-4%</b>	<b>153%</b>	<b>30%</b>	<b>12%</b>
<b>OTHER PRODUCT SEGMENTS - CASINO, POKER &amp; OTHER GAMES BY REGION</b>						
	2022		2021		2021	
	Q1	Q4	Q3	Q2	Q1	FY
<b>Gross winnings revenue (GBP m)</b>						
Western Europe	59.2	62.8	112.0	125.6	126.7	427.1
Nordics	48.9	51.0	46.1	43.5	39.7	180.3
Central, Eastern and Southern Europe	16.7	19.3	17.1	17.2	18.0	71.6
Other	6.3	6.3	7.3	6.9	8.5	29.0
<b>Total</b>	<b>131.1</b>	<b>139.4</b>	<b>182.5</b>	<b>193.2</b>	<b>192.9</b>	<b>708.0</b>
<b>Quarterly Year-on-Year &amp; Year-on-Year growth (%)</b>						
Western Europe	-53%	-46%	20%	28%	84%	14%
Nordics	23%	21%	11%	-5%	-7%	5%
Central, Eastern and Southern Europe	-7%	-4%	13%	10%	54%	14%
Other	-26%	-32%	-27%	-18%	113%	-9%
<b>Total</b>	<b>-32%</b>	<b>-26%</b>	<b>14%</b>	<b>15%</b>	<b>52%</b>	<b>10%</b>
<b>TOTAL BY REGION</b>						
	2022		2021		2021	
	Q1	Q4	Q3	Q2	Q1	FY
<b>Gross winnings revenue (GBP m)</b>						
Western Europe	127.1	122.9	189.6	245.0	240.9	798.4
Nordics	73.8	74.8	69.8	75.4	67.8	287.8
Central, Eastern and Southern Europe	27.8	27.6	25.6	28.3	29.0	110.5
Other	13.7	15.2	13.4	15.0	14.9	58.5
<b>Total</b>	<b>242.4</b>	<b>240.5</b>	<b>298.4</b>	<b>363.7</b>	<b>352.6</b>	<b>1,255.2</b>
<b>Share of total (%)</b>						
Western Europe	52%	51%	64%	67%	69%	64%
Nordics	31%	31%	23%	21%	19%	23%
Central, Eastern and Southern Europe	11%	12%	9%	8%	8%	9%
Other	6%	6%	4%	4%	4%	5%
<b>Quarterly Year-on-Year &amp; Year-on-Year growth (%)</b>						
Western Europe	-47%	-48%	9%	74%	58%	13%
Nordics	9%	-1%	6%	26%	1%	7%
Central, Eastern and Southern Europe	-4%	-17%	1%	33%	33%	9%
Other	-8%	-15%	-16%	14%	91%	7%
<b>Total</b>	<b>-31%</b>	<b>-34%</b>	<b>6%</b>	<b>55%</b>	<b>41%</b>	<b>11%</b>

## Non-Statutory Analysis of Gross Winnings Revenue (B2C)

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

### Gross winnings revenue by product segment

TOTAL BY PRODUCT SEGMENT	2022		2021		2021	
	Q1	Q4	Q3	Q2	Q1	FY
<b>Gross winnings revenue (GBP m)</b>						
Sports betting	111.3	101.1	115.9	170.5	159.7	547.2
Casino & games	119.8	127.3	168.3	177.2	175.9	648.7
Poker	7.1	7.2	6.9	7.5	9.2	30.8
Other	4.2	4.9	7.3	8.5	7.8	28.5
<b>Total</b>	<b>242.4</b>	<b>240.5</b>	<b>298.4</b>	<b>363.7</b>	<b>352.6</b>	<b>1,255.2</b>
<b>Share of total (%)</b>						
Sports betting	46%	42%	39%	47%	45%	44%
Casino & games	49%	53%	57%	49%	50%	52%
Poker	3%	3%	2%	2%	3%	2%
Other	2%	2%	2%	2%	2%	2%
<b>Quarterly Year-on-Year &amp; Year-on-Year growth (%)</b>						
Sports betting	-30%	-43%	-4%	153%	30%	12%
Casino & games	-32%	-25%	16%	18%	56%	12%
Poker	-23%	-19%	1%	-23%	23%	-6%
Other	-46%	-38%	-9%	13%	15%	-6%
<b>Total</b>	<b>-31%</b>	<b>-34%</b>	<b>6%</b>	<b>55%</b>	<b>41%</b>	<b>11%</b>

### Sports betting margins

Gross winnings revenue (GBP m)	2022		2021		2021	
	Q1	Q4	Q3	Q2	Q1	FY
<b>Sports betting stakes (GBP m)</b>	<b>1,096.2</b>	<b>1,194.1</b>	<b>1,334.9</b>	<b>1,594.3</b>	<b>1,707.2</b>	<b>5,830.5</b>
Sports betting Gross winnings revenue:						
<b>Live betting (GBP m)</b>	<b>55.3</b>	<b>52.9</b>	<b>64.9</b>	<b>82.3</b>	<b>79.1</b>	<b>279.2</b>
Live betting margin (%)	9.7%	8.8%	9.0%	10.1%	9.1%	8.9%
Live betting share (%)	43.9%	45.9%	47.9%	42.0%	42.8%	44.2%
<b>Pre-game betting (GBP m)</b>	<b>70.7</b>	<b>62.4</b>	<b>70.5</b>	<b>113.6</b>	<b>105.8</b>	<b>352.3</b>
Pre-game betting margin (%)	13.4%	10.6%	11.5%	14.6%	12.7%	13.1%
Pre-game betting share (%)	56.1%	54.1%	52.1%	58.0%	57.2%	55.8%
<b>Total before free bets (GBP m)</b>	<b>126.0</b>	<b>115.3</b>	<b>135.4</b>	<b>195.9</b>	<b>184.9</b>	<b>631.5</b>
Sports betting margin - before free bets (%)	11.5%	9.7%	10.1%	12.3%	10.8%	10.8%
<b>Free bets (GBP m)</b>	<b>-14.7</b>	<b>-14.3</b>	<b>-19.5</b>	<b>-25.4</b>	<b>-25.2</b>	<b>-84.4</b>
<b>Total after free bets (GBP m)</b>	<b>111.3</b>	<b>101.0</b>	<b>115.9</b>	<b>170.5</b>	<b>159.7</b>	<b>547.1</b>
Sports betting margin - after free bets (%)	10.2%	8.5%	8.7%	10.7%	9.4%	9.4%

### Total margin across all product segments

Total margin all product segments - before free bets (%) <sup>1</sup>	2022		2021		2021	
	Q1	Q4	Q3	Q2	Q1	FY
	5.6%	5.2%	4.8%	5.3%	4.8%	4.9%

<sup>1</sup> 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 16) divided by the weighted average number of outstanding shares.

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

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

**LTM:** Last twelve months prior to each quarter end.

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

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

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

**Underlying EBITDA:** EBITDA before personnel restructuring costs, merger and acquisition costs, disputed regulatory sanction, other gains/(losses) and fair value gain on previously held equity interest in Relax Gaming.

**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, Thursday 28 April 2022, Kindred Group's CEO Henrik Tjärnström will host a web presentation in English at 10.00 (CEST) which will be web casted live on [www.kindredgroup.com/Q12022](http://www.kindredgroup.com/Q12022). For those who would like to participate in the telephone conference in connection with the presentation, the telephone numbers are:

- Sweden: +46 8 5055 8351
- UK: +44 33 3300 9268
- USA: +1 646 7224 957

## Contact details

---

Patrick Kortman, Director - Corporate Development & Investor Relations, +46 723 877 438

Linda Lyth, Investor Relations Manager, +46 767 681 337

[ir@kindredgroup.com](mailto:ir@kindredgroup.com)

## Forthcoming financial reporting timetable

---

Interim report January – June 2022	22 July 2022
Interim report January – September 2022	27 October 2022
Full year report 2022	8 February 2023