

“Dutch market access in place and strategic execution continues”.

Henrik Tjärnström, CEO

KINDRED GROUP PLC

INTERIM REPORT JANUARY - JUNE 2022 (UNAUDITED)

Financial highlights

Second quarter 2022

- Total revenue, from both B2B and B2C operations, was GBP 238.7 (363.7) million.
- Gross winnings revenue (B2C) decreased by 36 per cent (35 per cent in constant currency) to GBP 233.5 (363.7) million, as the Group continued to be impacted by the loss of Dutch revenues. Excluding the Netherlands, Gross winnings revenue declined by 13 per cent (12 per cent in constant currency).
- Underlying EBITDA decreased by 78 per cent to GBP 25.3 (113.7) million.
- Profit before tax was GBP 7.0 (102.5) million.
- Profit after tax was GBP 5.8 (87.1) million.
- Earnings per share were GBP 0.03 (0.38).
- 1,101,410 shares/SDRs were purchased, with a total value of SEK 105.4, or GBP 8.5, million.
- Free cash flow amounted to GBP -5.1 (82.1) million.
- Number of active customers decreased by 30 per cent to 1,336,706 (1,907,276), a decline of 19 per cent excluding the Netherlands.

First half 2022

- Total revenue, from both B2B and B2C operations, was GBP 485.4 (716.3) million.
- Gross winnings revenue (B2C) decreased by 34 per cent (32 per cent in constant currency) to GBP 475.9 (716.3) million, as the Group continued to be impacted by the loss of Dutch revenues. Excluding the Netherlands, Gross winnings revenue declined by 10 per cent (8 per cent in constant currency).
- Underlying EBITDA decreased by 77 per cent to GBP 49.8 (219.7) million.
- Profit before tax was GBP 14.6 (187.8) million.
- Profit after tax was GBP 12.2 (159.7) million.
- Earnings per share were GBP 0.06 (0.70).
- 3,029,000 shares/SDRs were purchased, with a total value of SEK 299.9, or GBP 23.9, million.
- Free cash flow amounted to GBP -10.6 (172.2) million.

Key highlights

- Tough comparatives continued, impacted by Euro 2020 and higher sports betting margins in the second quarter of 2021, as well as COVID-19 normalisation.
- Development and delivery of the Kindred Sportsbook Platform remains firmly on track, with all milestones to date achieved.
- Off to a good start in the Netherlands since launching on 4 July, after being granted a licence on 8 June.
- Short-term pressures from stricter affordability efforts in the UK will support long-term sustainable revenues.
- Nordic region continues to perform well, despite enhanced affordability controls.

Key figures

GBP m	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Revenue	238.7	363.7	485.4	716.3	1,259.6
EBITDA	21.6	114.5	43.6	212.1	391.1
Underlying EBITDA	25.3	113.7	49.8	219.7	332.1
Profit before tax	7.0	102.5	14.6	187.8	338.4
Profit after tax	5.8	87.1	12.2	159.7	295.3
Earnings per share (GBP)	0.03	0.38	0.06	0.70	1.31
Net cash / EBITDA, rolling 12-month basis	0.06	0.48	0.06	0.48	0.22
Free cash flow	-5.1	82.1	-10.6	172.2	231.1
Active customers (No.)	1,336,706	1,907,276			

CEO comment

Dutch market access in place and strategic execution continues

After a period of short-term headwinds, I look to the future with confidence as we see good progress with the Group's key strategic priorities. We have received our long-awaited Dutch licence, our Kindred Sportsbook Platform (KSP) remains firmly on track, and Relax Gaming continues to show strong numbers. We are also nearing the end of a period of very tough COVID-19 comparatives, which have been giving a skewed view of our performance.

A normalised sports calendar impacted the quarter

The second quarter is a seasonally low period of activity as sports leagues end, with major football tournaments only taking place every other year. With an exceptional period of sports in 2021, with Euros 2020 causing higher-than-normal activity during Q2 2021, we are now back to a normal sports calendar. This, together with a sports betting margin of 9.3 (10.7) per cent after free bets for the quarter (significantly lower than the same period last year), have resulted in a year-on-year decline of 28 per cent in sports betting revenue when excluding the Netherlands. During the quarter, the Champions League Final became the largest betting event of 2022 to date, and turnover on the French Open increased when compared to last year.

Despite the tough comparatives, the casino product segment saw a slight increase of 1 per cent in Gross winnings revenue when excluding the Netherlands. I am pleased to see business remaining stable when compared to the exceptional second quarter of 2021 when COVID-19 limited entertainment options.

Revenue continues to be impacted by tough comparatives and temporary Dutch market closure

Active customers for the second quarter were 1.3 million, impacted by our decision to temporarily stop accepting bets from Dutch residents. In addition to the reduced sports calendar and sports margin mentioned above, the cessation of activity from the Netherlands resulted in total revenue of GBP 238.7 million for the second quarter, a decline of 34 per cent (12 per cent excluding the Netherlands) compared to the same period last year. However, the trend is more positive

when compared to the first quarter of 2022 as Gross winnings revenue was only down 3 per cent, despite a higher-than-average sports betting margin in Q1 2022.

Our underlying EBITDA for the second quarter was GBP 25.3 million, which is not satisfying but was equally severely impacted by not accepting bets from the Dutch market.

Off to a good start in the Netherlands

On 8 June we finally received our licence from the Dutch Gambling Authority (KSA) and a process to connect all our systems and processes to the KSA began. We opened our doors to Dutch players on 4 July and have seen strong customer intake and activity in the period between 4 and 19 July. I am very pleased with this initial performance and expect to see our Unibet brand gradually reclaim a leading position in the Netherlands.

With the Netherlands being live, we are now waiting for the UK Gambling Act Review to be published. During the last year, the UK market has been impacted by stricter affordability checks self-imposed by the industry. These measures can be expected to increase over the coming quarters. Whilst impacting revenues in the short term, this ensures a more sustainable customer base.

Performance in the Nordic region has remained stable, despite tough comparatives. I am particularly pleased to see the Swedish market growing Gross winnings revenue in local currency by 9 per cent compared to the same period in 2021, despite similar affordability checks to the UK. This remains in line with our long-term strategy to grow our profits sustainably. In Western Europe we still see some markets experiencing headwinds, while other markets such as Belgium are performing in line with last year which is encouraging given that the second quarter of 2021 was so strong.

Key strategic projects remain on track

The development of our proprietary sportsbook continues at pace and according to plan. We are recruiting spearhead competence to our tech and product teams, and the spirit in these teams is high. Once operational, our KSP will give us a unique and important flexibility to tailor our offering towards our customers across the world, providing them with an unforgettable experience and providing Kindred with a highly scalable platform while reducing our cost base.

On a similar note, Relax Gaming is performing well. The team is continuing to deliver high new operator intake and new product releases, such as the 'Dream Drop' jackpot which has provided a unique feature that is appreciated by both the end customer and game suppliers.

An updated sustainability framework fit for our future

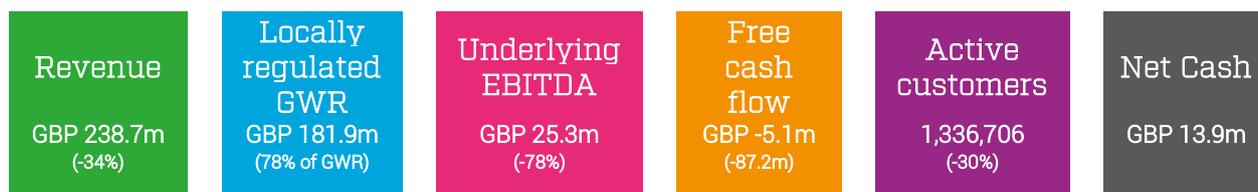
To support our future growth and strategic agenda, we have taken on a review of our sustainability framework, which will enable improved integration of strategic sustainability topics, such as responsible gambling, platform integrity and product integrity. This will also further support our "journey towards zero", which during the second quarter amounted to 3.3 per cent of revenue from high-risk customers, in line with the previous quarter.

Capital Markets Day coming up

We have an exciting period ahead of us with the Dutch market up and running, the continued development of our proprietary sportsbook, and not least the 2022 World Cup taking place in November and December. We also expect the headwinds experienced during past quarters to gradually ease off in the coming quarters. We have prepared and built our team and offering for the future, which we are now ready to fully embrace. I look forward to sharing more details on our long-term strategic direction at our Capital Markets Day in London on 14 September.

But before that, we will enjoy the final stages of the Women's Euro tournament giving us a great betting experience. England are the clear favourite to win at 2.50.

Henrik Tjärnström, CEO



Significant events

During the quarter

- After announcing on 28 March 2022 that the Group 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.
- During the quarter, under the buy-back mandate received at the Extraordinary General Meeting (EGM) on 10 June 2021, 1,101,410 shares/SDRs were purchased, with a total value of SEK 105.4, or GBP 8.5, million. At 30 June 2022, after the above transactions and the vesting of 549,365 share awards from the 2019 performance share plan on 24 May 2022, the total number of issued shares in the company was 230,126,200 and Kindred's holding of its own shares was 9,966,474. 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 2022.

After the end of the quarter

- On 4 July 2022, Kindred launched its operations in the Dutch market, after being granted a licence by the Dutch Gambling Authority, Kansspelautoriteit (KSA), on 8 June 2022. This is Kindred's twentieth local licence and represents an important step in the Group's ambition to increase its share of revenue from locally regulated markets. Subsequently,
- On 13 July 2022, Kindred published the invitation to its Capital Markets Day that will be held in London on 14 September 2022. Kindred invites investors, financial analysts, and media to attend this event, where members of its management team will present the Group's strategic direction, markets, products, and financial performance.
- On 20 July 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 second quarter of 2022, this was 3.3 per cent. As previously reported, for the first quarter of 2022 this was 3.3 per cent.

Trading update

The average daily Gross winnings revenue for the Group, up to and including 19 July 2022, was GBP 2.5 million, 24 per cent (24 per cent in constant currency) lower than the daily average for the full third quarter of 2021. Excluding the Netherlands, the average daily Gross winnings revenue for the Group, up to and including 19 July 2022, was GBP 2.3 million, 3 per cent (2 per cent in constant currency) lower than the daily average for the full third quarter of 2021.

Kindred launched in the Netherlands on 4 July and, during the period from going live up to and including 19 July, the average daily Gross winnings revenue for the Netherlands was GBP 150 thousand, increasing gradually throughout the period. This trading update is non-recurring, and a separate trading update will not be provided for the Netherlands going forward.

Customer activity (B2C)

The number of registered customers across the business increased to 32.6 (30.9) million at 30 June 2022, whilst at 31 March 2022 over 32.3 million customers were registered.

For the second quarter of 2022, the number of B2C active customers amounted to 1,336,706 (1,907,276), a 30 per cent decrease compared to the second quarter of 2021 and a 3 per cent decrease compared to the first quarter of 2022. Active customers for the quarter continued to be negatively impacted by the Group not accepting activity from the Dutch market. Excluding the Netherlands, the number of active customers decreased by 19 per cent compared to the second quarter of 2021, largely due to the Euros 2020 tournament boosting activity in the prior year.

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.



Financial review

Revenue

GBP m	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Gross winnings revenue (B2C)	233.5	363.7	475.9	716.3	1,255.2
Other revenue (B2B)	5.2	-	9.5	-	4.4
Revenue	238.7	363.7	485.4	716.3	1,259.6

Total revenue for the second quarter of 2022 amounted to GBP 238.7 (363.7) million and for the first half of 2022 was GBP 485.4 (716.3) 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 28.

GBP

238.7m

Total revenue for Q2 2022

-34%

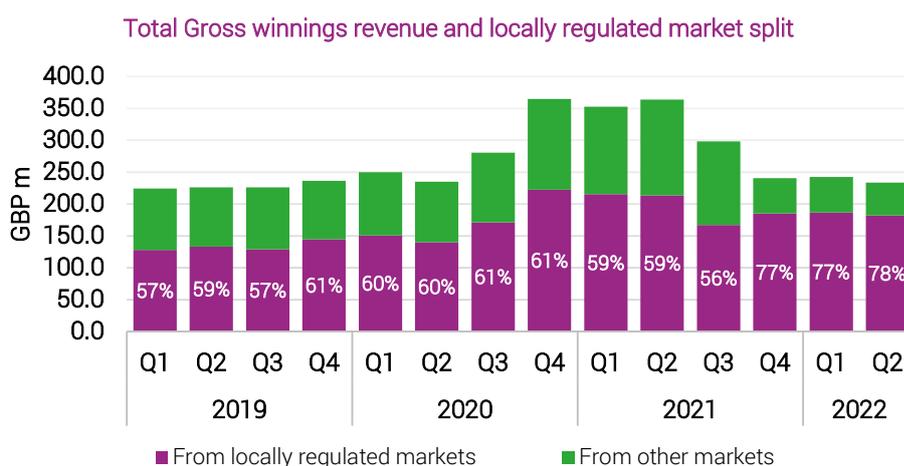
Total revenue decline from Q2 2021 (-33% in constant currency)

Gross winnings revenue (B2C)

Gross winnings revenue for the second quarter of 2022 amounted to GBP 233.5 (363.7) million, declining by 36 per cent (35 per cent in constant currency) from the same period in the prior year. The Group remained non-operational in the Dutch market throughout the second quarter, following its decision to temporarily cease activity from Dutch residents on 30 September 2021, and this continued to have a significant impact. On 4 July 2022, at the beginning of the third quarter of 2022, the Group launched into the Dutch market under its KSA licence and focus is on developing performance within the market in the coming months and quarters. Excluding the impact of the Netherlands, the corresponding decline was reduced to 13 per cent (12 per cent in constant currency). The decline is a result of strong comparatives, impacted by the Euro 2020 championship taking place in the second quarter of 2021 and COVID-19, the impact of changes to affordability processes in certain markets (as discussed in the Western Europe section below) and lower sports betting margins. As discussed in previous quarters, these changes can cause 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 for the second quarter of 2022 was down only 3 per cent from the first quarter of 2022 which, given the lower sports betting margin in the second quarter and the fact that the second quarter usually sees lower activity due to sportsbook seasonality shows a positive underlying trend.

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 second quarter of 2022, the percentage remains in line with the previous two quarters since it increased significantly as a result of the decision to temporarily cease activity from the Dutch market. Following the receipt of a license, and subsequent launch into the Dutch market at the beginning of the third quarter of 2022, the Group expects to increase its Gross winnings revenue from locally regulated markets, maintaining its ambition to be a locally regulated operator and to generate 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 29 and 30.

GBP

233.5m

Gross winnings revenue for Q2 2022

-36%

Gross winnings revenue decline from Q2 2021 (-35% in constant currency)

-13%

Gross winnings revenue decline from Q2 2021 excluding the Netherlands (-12% in constant currency)

78%

Gross winnings revenue from locally regulated markets for Q2 2022

Gross winnings revenue by region

Western Europe

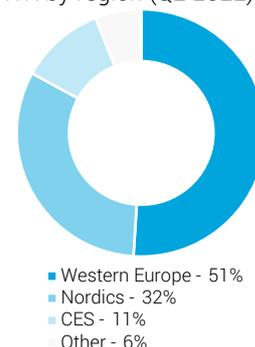
Gross winnings revenue amounted to GBP 119.5 (245.0) million for the second quarter of 2022, a decrease of 51 per cent from the same period in 2021. Despite receiving confirmation of the Dutch licence in June, for the duration of the quarter the Group continued to not be active in the Dutch market, and this accounts for a large part of the decline. Excluding the Netherlands, Western Europe Gross winnings revenue for the second quarter decreased by 22 per cent compared to the same period in 2021. Given the higher revenue contribution from sports compared to the rest of the Group, the Western segment sees greater impact from seasonality where the Euros 2020 tournament boosted results in the second quarter of 2021.

Compared to the equivalent period in 2021, UK Gross winnings revenue saw a decline of 17 per cent in the second quarter of 2022. However, the UK continued to contribute a good share of Western Gross winnings revenue, with Gross winnings revenue for the first half of 2022 seeing 39 per cent growth compared to the first half of 2020. Changes were made to affordability processes in the second half of 2021 in line with the wider industry and further evolution is expected in the near term. For Kindred, this means that 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 developing sustainably, and with this, the revenues generated in recent quarters are more sustainable than those in 2020. Whilst there is inevitably some short-term pressure for reported growth, with an estimated impact of around GBP 12 million on Gross winnings revenue in the second quarter of 2022, this is a positive change for the long-term value of our business in the market. Given these recent changes, it is encouraging to note that UK Gross winnings revenue has seen positive development compared to the first quarter of 2022, having increased by 3 per cent.

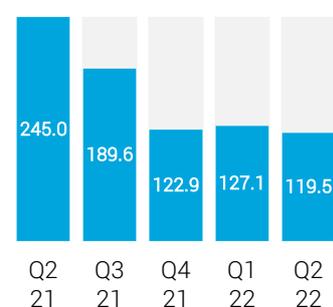
Belgium Gross winnings revenue was stable in the second quarter of 2022, compared to the equivalent period in 2021. Sports betting Gross winnings revenue saw a 7 per cent decline in local currency for the same comparative period, where 2021 activity was significantly boosted by Euros 2020 as the national team reached the quarter-final stage of the tournament. Despite this, the market saw good development for casino with Gross winnings revenue recording another all-time high in the second quarter of 2022.

In France, the second quarter of 2022 again saw very strong comparatives as the second quarter of 2021 achieved an all-time-high for Gross winnings revenue due to busy sports scheduling. France therefore saw a 34 per cent reduction in Gross winnings revenue in local currency in the second quarter of 2022 compared to the same period in 2021. Sports turnover was 25 per cent down in local currency, with the Euros 2020 tournament contributed 16 per cent of pre-match and live betting turnover for the second quarter of 2021. Volume acquisition continues to be much lower in France compared to previous years, against a backdrop of media and market pressures, and this is having an increasing impact on overall Gross winnings revenue. Sequentially, development in France started well with daily turnover for April and May 2022 in line with the first quarter of 2022. However, the close of regular football seasons in May brought the full quarter comparison down, with Gross winnings revenue seeing a 15 per cent decline in local currency compared to the first quarter of 2022. The sports betting margin also impacted Gross winnings revenue as margins were lower in the second quarter of 2022 compared to both the first quarter of 2022 and the second quarter of 2021.

GWR by region (Q2 2022)



Western Europe GWR (GBP m)



Nordics

Nordic Gross winnings revenue amounted to GBP 74.2 (75.4) million for the second quarter of 2022, a decrease of 2 per cent from the equivalent period in 2021. Casino Gross winnings revenue continued to perform very well in this segment, compensating for the decline in sports betting resulting from a quieter sports calendar. Sequentially, all markets in this segment performed well in the second quarter of 2022 given seasonality and expected quarterly development.

Gross winnings revenue in Sweden for the second quarter of 2022 increased 9 per cent in local currency compared to the same period in 2021. There was, particularly strong development in the casino segment with casino Gross winnings revenue growing 46 per cent in local currency compared to the second quarter of 2021. 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 second quarter of 2021 offered tough comparatives due to the busy schedule, including the Euros 2020 tournament. This meant that sports betting turnover reduced by 14 per cent in local currency in the second quarter of 2022 compared to the same period in 2021.

Like Sweden, Denmark's performance in the second quarter of 2022 was reduced due to a seasonal decline in sports betting activity. Casino Gross winnings revenue continued to develop well, achieving an increase of 10 per cent in the second quarter of 2022 compared to the second quarter of 2021. 28 per cent growth in casino active customers supports the overall growth in active customers of 4 per cent for the second quarter of 2022 compared to the second quarter of 2021. Total Gross winnings revenue for the second quarter of 2022 decreased by 3 per cent in local currency compared to the second quarter of 2021.

Central, Eastern and Southern Europe (CES)

Central, Eastern and Southern Europe Gross winnings revenue amounted to GBP 26.2 (28.3) million in the second quarter of 2022, a decrease of 7 per cent compared to the equivalent period in 2021. Like other markets, the Group saw good growth in the casino product offset by a decrease in sports betting Gross winnings revenue due to the tough comparatives set in 2021.

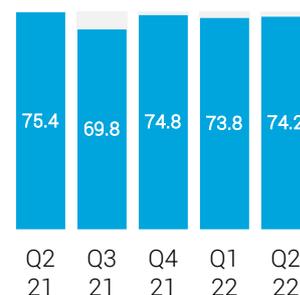
Romania continues to make up a significant portion of revenues in this segment, reporting a decline of 14 per cent in local currency in the second quarter of 2022 compared to the second quarter of 2021. Most of the performance gap compared to 2021 related to Gross winnings revenue from sports betting due to lower activity driven by a quieter sports calendar. Casino continued to see activity growth with the number of casino active customers increasing by 10 per cent in the second quarter of 2022 compared to the second quarter of 2021. Gross winnings revenue from the VladCazino brand increased by 15 per cent in local currency in the second quarter of 2022 compared to the same period in 2021.

Other regions

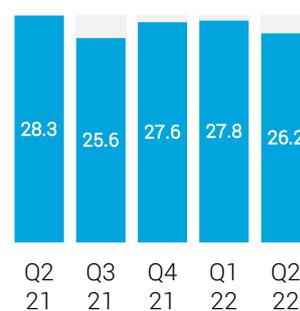
Other regions Gross winnings revenue amounted to GBP 13.6 (15.0) million for the second quarter of 2022, a decrease of 9 per cent from the same period in 2021.

Gross winnings revenue in Australia has decreased by 15 per cent in local currency in the second quarter of 2022 compared to the same period in 2021. Sportsbook turnover was strong, increasing by 31 per cent compared to the second quarter of 2021, however Gross winnings revenue was impacted by very low sports betting margins.

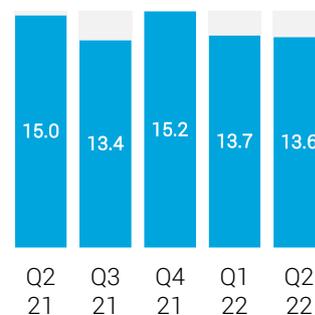
Nordics GWR (GBP m)



Central, Eastern and Southern Europe GWR (GBP m)



Other regions GWR (GBP m)



Gross winnings revenue for the North American market amounted to GBP 7.2 (7.0) million in the second quarter of 2022, a decrease of 8 per cent in constant currency compared to the second quarter of 2021. Development for sports betting has been strong, with growth in sports betting turnover of 10 per cent in constant currency in the second quarter of 2022 compared to the second quarter of 2021.

Ontario was added to Kindred's portfolio of licensed provinces and states in the quarter and the reporting for North America has now been adjusted to include the whole of the Canadian market, for both the current and comparative periods. 2022 growth was negatively impacted by the closure of the 32Red business in Ontario and some lost customers upon the migration of Unibet to the licensed domain, as expected. For US states only, the Group saw an increase in Gross winnings revenue of 1 per cent in local currency in the second quarter of 2022 compared to the same period in 2021.

Gross winnings revenue by product segment

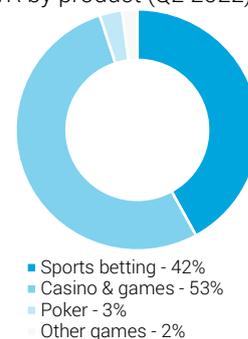
Sports betting

Excluding the Netherlands, sports betting turnover saw a decline of 20 per cent in the second quarter of 2022 compared to the second 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. Half of the overall decline in sports betting turnover for markets excluding the Netherlands was due to inclusion of the Euros 2020 tournament in the 2021 comparative. Further negative impact came from match scheduling of domestic leagues where scheduling has returned to pre-COVID timetables and naturally reduced turnover compared to 2021, where benefit was seen from increased spread of kick-off times and a higher proportion of televised fixtures. Champions League football came to an exciting close with the final one of the biggest events of 2022 to date. Tennis (the second most prominent sport) generally performed well in the quarter, boosted by activity in the French Open.

The gross margin for total sports betting for the second quarter of 2022 before free bets was 10.7 (12.3) per cent and after free bets was 9.3 (10.7) per cent, in line with the Group's historic long-term average sports betting margin of 9.3 per cent after free bets. In recent years, the typical average sports betting margin for the Group has increased as a result 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 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.

Sports betting Gross winnings revenue finished 43 per cent behind the tough comparative set in the second quarter of 2021. Excluding the Netherlands, sports betting Gross winnings revenue decreased by 28 per cent in the second quarter of 2022 compared to the same period in 2021. The main factors contributing to the decline in sports betting Gross winnings revenue were the Netherlands and Euros 2020 inflating 2021 activity, combined with lower sports betting margins in the second quarter of 2022. Kindred's proprietary racing product contributed 7 per cent to total sports betting Gross winnings revenue in the second quarter of 2022.

GWR by product (Q2 2022)



9.3%

Sports betting margin after free bets for Q2 2022, in line with the long-term average of 9.3%

-43%

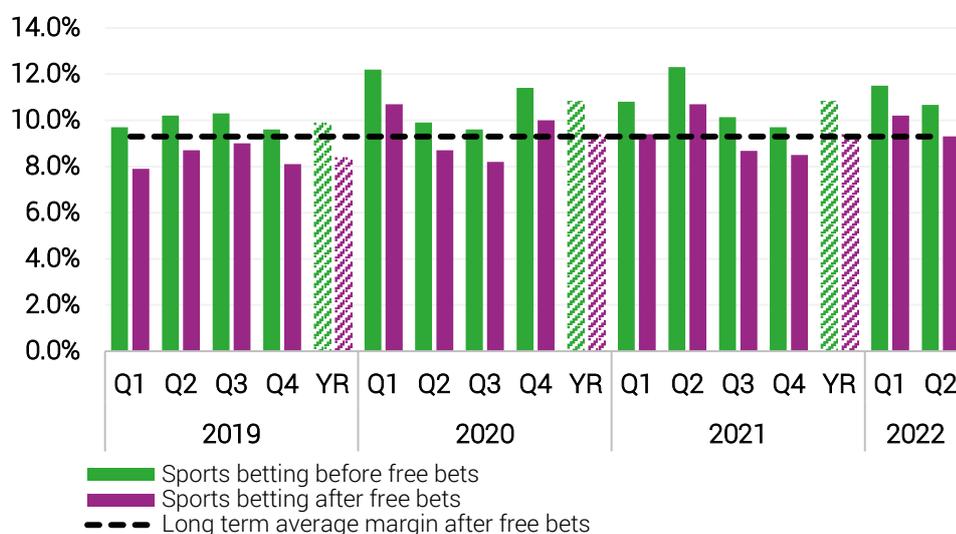
Sports betting Gross winnings revenue decrease from Q2 2021

-28%

Sports betting Gross winnings revenue decrease from Q2 2021 excluding the Netherlands

The bars show total sports betting gross margin by quarter and full year. Please refer to page 30 for more information on sports betting margins.

Gross margin on sports betting



Casino & games

Gross winnings revenue and active customers for casino and games during the second quarter of 2022 were 30 per cent and 26 per cent lower than the same quarter of the previous year respectively. This was due to the ceasing of Dutch activity on 30 September 2021 which continued to distort the comparatives. When excluding the Netherlands and comparing to the same quarter last year, Gross winnings revenue was 1 per cent higher than the previous year while active customers were 7 per cent lower. The second quarter of 2021 was the strongest ever for the Group in terms of casino activity and is therefore a very tough comparative.

-30%

Casino & games Gross winnings revenue decrease from Q2 2021

Poker and other products

Gross winnings revenue from poker and other products during the second quarter of 2022 amounted to GBP 12.3 (16.0) million, a decrease of 23 per cent, when compared to the same period in 2022. When excluding the Netherlands, Gross winnings revenue for poker and other products was 5 per cent lower in the second quarter of 2022 compared to the equivalent period in 2021. Having no activity from the Netherlands continued to negatively affect the performance in other markets due to the significant role Dutch customers played in poker and bingo tournaments.

+1%

Casino & games Gross winnings revenue increase from Q2 2021 excluding the Netherlands

-23%

Poker and other products Gross winnings revenue decrease from Q2 2021

-5%

Poker and other products Gross winnings revenue decrease from Q2 2021 excluding the Netherlands

Other revenue (B2B)

Other revenue includes solely revenue from 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. During the second quarter of 2022, other revenue amounts to GBP 5.2 million which is 20 per cent higher than the first quarter of 2022. This is attributable to the successful game launch plan which consisted of 6 new games as well as the innovative Dream Drop jackpot feature, which was launched in May and made available to all Relax Gaming operators. In addition to this, the second quarter has seen the addition of 15 new operators and 132 supplier partner-to-operator deals, the latter relating to operators connecting to third party providers using the Relax Gaming platform.

During the second quarter of 2022 Relax Gaming went live in two markets, Italy and Spain and achieved its operating license in the newly regulated market Ontario Canada which is a great milestone and part of Relax Gaming's expansion plan in North America.

GBP

5.2m

Other revenue for Q2 2022

Group costs and profitability

Cost of sales

GBP m	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Betting duties	-57.4	-73.4	-119.2	-146.3	-255.3
Marketing revenue share	-11.0	-14.0	-22.2	-29.0	-52.0
Other cost of sales	-38.5	-55.4	-78.7	-109.8	-198.7
Cost of sales	-106.9	-142.8	-220.1	-285.1	-506.0

44.8%

Cost of sales, as a percentage of revenue for Q2 2022 (compared to 39.3% in Q2 2021 and 45.9% in Q1 2022)

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 second quarter of 2022 and the first half of 2022, however, all elements of cost of sales decreased at a lower level to revenues, continuing to put pressure on the Group's gross margin. Although the Group has successfully improved the scalability in its operations in recent quarters, the loss of revenues from one of its major markets continues to limit the ability to realise the potential in the short term.

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 second quarter of 2021, the cessation of activity from the Dutch market which continues to impact Gross winnings revenue but not betting duties has clearly had a significant impact, putting pressure on gross profit as seen below.

Gross profit

Gross profit for the second quarter of 2022 was GBP 131.8 (220.9) million, and for the first half of 2022 was GBP 265.3 (431.2) million, decreases of 40 and 38 per cent from the same periods in 2021 respectively and driven by the movements in revenue and cost of sales, as previously explained. Gross profit margin for the quarter has also decreased significantly from the same period in the prior year as a result of the pressures on the Group's scalability, as explained above within cost of sales section. The increase in gross profit margin from the first quarter of 2022 is due to a lower share of revenues from the French market impacting betting duty levels.

Marketing costs

Marketing costs amounted to GBP 50.1 (61.6) million for the quarter, down from GBP 57.0 million in the first quarter of 2022. Seasonality, being the end of football seasons across the globe, often means that costs are lower in the second quarter. Together with continued focus on marketing efficiencies, this has led to the drop in spend from the first quarter. Although the Group continues to invest for the long term in the North American market, with the Euro 2020 tournament having taken place in the second quarter of 2021 the comparatives from the same period are exceptionally high and account for the significant decrease from the same period in the prior year. Marketing costs for the first half of 2022 were GBP 107.1 (120.5) million and followed the same trend as for the second quarter, as mentioned above.

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 significantly to 26 (21) per cent for the quarter when compared to the same period of 2021, primarily because of the significant decrease in revenue already discussed.

Administrative expenses

GBP m	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Salaries	-34.5	-29.2	-67.5	-58.0	-117.5
Other operating expenses	-21.9	-16.4	-40.9	-33.0	-69.3
Depreciation of property, plant and equipment	-3.6	-3.6	-7.2	-7.2	-14.8
Depreciation of right-of-use assets	-3.0	-2.7	-5.9	-5.4	-11.1
Amortisation of intangible assets	-7.0	-5.1	-14.2	-10.1	-23.0
Total administrative expenses	-70.0	-57.0	-135.7	-113.7	-235.7

As can be seen in the graph "Expenses as a % of revenue (LTM)", these metrics have continued to increase over the previous three quarters, since being significantly impacted by the decline in revenues from the Netherlands and other markets, as previously discussed. Although the Group continues to maintain focus on the optimisation of its operating expenditure, administrative expenses have also been increasing over the same period. The acquisition of Relax Gaming caused a jump in costs when compared to the prior year. Elsewhere, costs have been impacted by COVID-19 normalisation and as the Group continues to invest selectively and in line with its strategy, in areas such as the North American market and the Kindred Sportsbook Platform. These items have caused a steeper increase in costs from the second quarter of 2021, and account for the increase, but to a lesser extent, from the first quarter of 2022.

The increase in salaries in the second quarter of 2022 when compared to the same period in 2021 is partly due to additional headcount from the acquisition of Relax Gaming in the fourth quarter of 2021, which amounts to an impact of approximately GBP 3.0 million. Continued selected growth in headcount, focused on the strategic areas noted above where we expect to see future benefit have also been a key driver of the increase from the prior year and the first quarter of 2022. On top of this there are also increased costs from Kindred's award-winning all employee share scheme causing an increase from the prior year and the first quarter of 2022, as the Group continues to invest in its employees.

26%

B2C marketing, as a percentage of Gross winnings revenue for Q2 2022

Expenses as a % of revenue (LTM)



Other operating expenses for the quarter increased by GBP 5.5 million from the same period in 2021. Additional costs following the acquisition of Relax Gaming have contributed to this growth, as well as anticipated growth in the underlying business. The Group is maintaining its focus on selective investments, including an increase in consultants to drive the strategic projects already noted. During the second quarter of 2022 there is also a sizeable impact from COVID-19 normalisation on both the prior year and prior quarter comparatives, causing an increase in office and travel related costs.

The increase in amortisation of intangible assets in the second quarter and first half of 2022 compared to the same periods in 2021 is primarily the result of additional amortisation charges following the acquisition of Relax Gaming in October 2021. Total amortisation of intangible assets that arose on acquisitions amounted to GBP 2.5 (0.4) million for the second quarter of 2022 and GBP 4.9 (0.5) million for the first half of 2022.

Underlying EBITDA

GBP m	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Gross profit	131.8	220.9	265.3	431.2	753.6
Marketing costs	-50.1	-61.6	-107.1	-120.5	-234.7
Salaries	-34.5	-29.2	-67.5	-58.0	-117.5
Other operating expenses	-21.9	-16.4	-40.9	-33.0	-69.3
Underlying EBITDA	25.3	113.7	49.8	219.7	332.1

GBP

25.3m

Underlying EBITDA for Q2 2022

Underlying EBITDA for the quarter, as defined above, decreased by 78 per cent from the same quarter in the prior year and by 77 per cent from the first half of 2021 to the first half of 2022. The underlying EBITDA level is in line with the previous two quarters, as the Group's short-term profitability continues to be reduced as a result of the temporary top-line pressures from the Netherlands, and as the Group continues to maintain its long-term focus on selected investments to build for future growth (such as expansion into North America and the development of the Kindred Sportsbook Platform). The Group, however, remains fully focused on cost optimisation, and with the launch into the Dutch market now having taken place in the third quarter of 2022 is looking to capitalise on the scalability this will bring.

The underlying EBITDA for the quarter includes a negative underlying EBITDA contribution from the North American market of GBP 7.4 (4.8) million, down from GBP 8.5 million for the first quarter of 2022. Following the launch in Ontario in the second quarter of 2022, the numbers for the North American market now include the total of both the US and Canadian markets and comparatives have been updated to reflect this. The increase from the same period in the prior year is primarily a result of increased costs from several new US state launches and the launch into Ontario in Canada. The decrease from the first quarter of 2022 is primarily attributable to increased revenues in the US market and is despite the initial market pressures from the Ontario launch which has caused a slight decline in the contribution from the Canadian market from the previous quarter.

Underlying EBITDA for the quarter also includes the impact of Relax Gaming on the Group's consolidated underlying EBITDA of GBP 2.9 (nil) million.

Items affecting comparability

GBP m	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Personnel restructuring costs	-0.1	-0.2	-0.2	-0.5	-1.0
Merger and acquisition costs	-	-3.8	-	-3.9	-5.8
Disputed regulatory sanction	-	4.2	-	4.2	4.2
Germany market closure	-0.6	-	-0.6	-	-
Other (losses)/gains - net	-3.0	0.6	-5.4	-7.4	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	-	-	-	71.3
Items affecting comparability	-3.7	0.8	-6.2	-7.6	59.0

Items affecting comparability amounted to a negative contribution of GBP 3.7 (positive contribution of 0.8) million for the quarter.

As a result of Kindred's decision to withdraw its licence applications and exit the German market as of 1 July 2022, GBP 0.6 million of one-off costs were incurred, covering personnel costs and the write-off of capitalised development deemed to have no future benefit.

Other gains/(losses) for the second quarter of 2022 comprise foreign currency losses of GBP 2.4 (gains of 0.6) million and fair value losses of GBP 0.6 (nil) million in relation to the contingent consideration arising on the acquisition of Relax Gaming and forward contracts. Foreign exchange losses were more significant during the second quarter as a result of more significant rate movements, predominantly between the Euro and the British pound, with losses being partly offset by 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	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Underlying EBITDA	25.3	113.7	49.8	219.7	332.1
Personnel restructuring costs	-0.1	-0.2	-0.2	-0.5	-1.0
Merger and acquisition costs	-	-3.8	-	-3.9	-5.8
Disputed regulatory sanction	-	4.2	-	4.2	4.2
Germany market closure	-0.6	-	-0.6	-	-
Other (losses)/gains - net	-3.0	0.6	-5.4	-7.4	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	-	-	-	71.3
EBITDA	21.6	114.5	43.6	212.1	391.1
Depreciation of property, plant and equipment	-3.6	-3.6	-7.2	-7.2	-14.8
Depreciation of right-of-use assets	-3.0	-2.7	-5.9	-5.4	-11.1
Amortisation of intangible assets	-7.0	-5.1	-14.2	-10.1	-23.0
Profit from operations	8.0	103.1	16.3	189.4	342.2

EBITDA for the second quarter of 2022 was GBP 21.6 (114.5) million and profit from operations for the second quarter of 2022 was GBP 8.0 (103.1) million. For the first half of 2022, EBITDA was GBP 43.6 (212.2) million and profit from operations was GBP 16.3 (189.4) 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 above and on the previous page.

Net finance costs/income

Net finance costs for the second quarter of 2022 were GBP 1.1 (1.2) million. Net finance costs for the first half of 2022 were GBP 1.8 (2.5) million. This primarily comprises interest and fees on borrowings which amounted to GBP 1.1 (1.0) million for the second quarter and GBP 1.5 (2.0) million for the first half of 2022.

Profit before tax

Profit before tax for the second quarter of 2022 was GBP 7.0 (102.5) million. Profit before tax for the first half of 2022 was GBP 14.6 (187.8) million.

Profit after tax

Profit after tax for the second quarter of 2022 was GBP 5.8 (87.1) million. Profit after tax for the first half of 2022 was GBP 12.2 (159.7) million.

GBP

5.8m

Profit after tax for Q2 2022

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 nil (loss of 1.0) million for the second quarter. At 30 June 2022, a gain of GBP 6.2 (4.3) 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 second quarter of 2022 stood at GBP 216.4 (384.4) million while at the beginning of the quarter it was GBP 250.8 (364.3) million. Please refer to the cash flow section for more detail on the movement during the period and to page 27 for a reconciliation of the unrestricted cash balance.

At 30 June 2022, GBP134.9 (114.7) 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 185.9 (280.0) million. The facility also includes an uncommitted accordion feature that permits, under certain conditions, an increase in total commitments up to EUR 325 million. The total borrowings recognised in the statement of financial position of GBP 134.2 (114.2) 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 increase when comparing to the same period in 2021 in a result of net proceeds from borrowings of GBP 22.1 (nil) million during the second quarter of 2022.

GBP

13.9m

Net cash at 30 June 2022

The Group therefore remains in a net cash position, amounting to GBP 13.9 (191.5) million at the 30 June 2022. Net cash/EBITDA (rolling 12-month basis) for the quarter was 0.06 (0.48).

In October 2021, the Group acquired Relax Gaming with the impact of this acquisition seen across several line items in the condensed consolidated balance sheet when comparing the second 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 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 second quarter of 2022 intangible assets of GBP 9.3 (7.4) 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 second quarter of 2022 were GBP 9.2 (6.6) million, bringing the total capitalised for the first half of 2022 to GBP 17.2 (13.0) 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 first half of 2021 is largely impacted by additional development costs of GBP 2.5 million in relation to Relax Gaming, acquired during the fourth quarter of 2021. On top of this, the Group has made selective headcount increases in its Tech and Development function 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 second quarter of 2022 GBP 1.2 (4.7) million of property, plant and equipment was capitalised, the decrease when compared to the same period in 2021 is due to computer hardware upgrades across several locations during 2021.

Cash flow

Net cash generated from operating activities amounted to GBP 4.6 (99.2) million for the second quarter of 2022, and GBP 15.3 (198.8) million for the first half of 2022. The significant decrease when comparing to the same periods in 2021 is predominantly attributable to the significant decline in underlying EBITDA, but further impacted by negative working capital movements caused by the timing of invoicing and payment of trade payables and receivables.

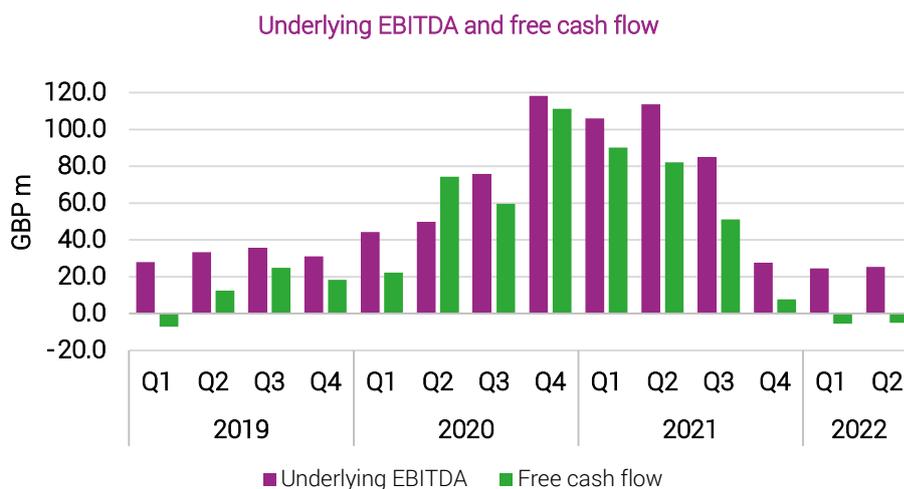
Cash flows used in investing activities were GBP 14.6 (37.5) million for the second quarter of 2022 and GBP 26.9 (44.9) million for the first half of 2022. The decrease when comparing to the same periods in 2021 is primarily due to the acquisition of Blancas NV during the second quarter of 2021, which resulted in a net cash outflow of GBP 25.6 million. For both the second quarter and half year this was offset somewhat by increases in capital investments as mentioned in detail above. The second quarter of 2022 also includes the first earn out payment from the Relax acquisition which totalled GBP 4.4 (nil) million. In accordance with the terms of the Relax sale and purchase agreement, the remainder of the earn out payments, as reported in the condensed consolidated balance sheet, may still become payable in 2023, subject to Relax Gaming achieving certain earnings thresholds.

Cash flows used in financing activities for the second quarter and first half of 2022 were both impacted by net proceeds from borrowings of GBP 22.1 (nil) million and the payment of the first instalment of the 2021 dividend of GBP 36.8 (37.5) million. The second quarter and first half of 2022 were also impacted by share purchases totalling GBP 8.5 (3.8) million and GBP 23.9 (16.2) million respectively. The second instalment of the dividend will be paid on 18 November 2022.

GBP m	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Net cash generated from operating activities	4.6	99.2	15.3	198.8	282.3
Purchases of property, plant and equipment	-1.2	-4.7	-4.4	-5.6	-10.6
Development and acquisition costs of intangible assets	-9.3	-7.4	-18.4	-13.9	-34.4
Interest paid on lease liabilities	-0.3	-0.3	-0.6	-0.7	-1.3
Repayment of lease liabilities	-2.6	-2.4	-6.2	-5.2	-10.4
Adjust for: customer balance movement	3.7	-2.3	3.7	-1.2	5.5
Free cash flow	-5.1	82.1	-10.6	172.2	231.1

Free cash flow, as defined in the table above, for the second quarter of 2022 was GBP -5.1 (82.1) million, a decrease of GBP 87.2 million from the second quarter of 2021. For the first half of 2022 free cash flow was GBP -10.6 (172.2) million, a decrease of GBP 182.8 million from the same period 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 second quarter of 2022 standing at -20 (72) per cent. The decrease from the second 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 second quarter of 2022 amounts to 30 (83) per cent and whilst this is more aligned with the previous year comparative, it reflects the significant impact of the decline since the fourth quarter of 2021.



GBP

-5.1m

Free cash flow for Q2 2022

Operational review

Market overview

The July resignations of Boris Johnson and Chris Philp (Minister responsible for gambling) have caused uncertainty in respect of the publication of the White Paper on the UK Gambling Act review. Kindred has been actively involved in the UK Gambling Act review, engaging with governmental groups and the Betting and Gaming Council on a range of issues, in particular highlighting the importance of data and technology to tackle gambling harm.

The Group is engaged in: (i) a review by the Financial Intelligence Analysis Unit in Malta; and (ii) licence reviews by the UK Gambling Commission in respect of the Unibet and 32Red brands. Such reviews are expected within the industry, and management has been, and will continue, cooperating with the relevant authorities.

On 15 July, the Romanian government approved an increase in betting duties from 16 per cent to 23 per cent, effective from 18 July 2022. On the same day, the government also approved a change to the thresholds for withholding taxes levied on players' withdrawals, effective from 1 August 2022.

In Norway, a proposal for secondary regulations pursuant to the new Gambling Act was sent out on public consultation. The proposal addresses regulated Norwegian gambling, both state monopolies and private lotteries and not overseas operators. Deadline for submissions is set for 5 August 2022.

The Norwegian gambling authority's (Lotteritillsynet) cease-and-desist letter to Kindred's Maltese entity arguing that Kindred should block Norwegian citizens from accessing Kindred's international websites was challenged by Kindred in the Oslo Town Court. Whilst the Court did not side with Kindred's challenge, Kindred will appeal the ruling in the fourth quarter of 2022.

In Sweden, the third season of the sponsorship between Unibet and Swedish Elite Football (Allsvenskan and Superettan) kicked off. The Unibet brand also signed an agreement with Svensk Travsport as one of the first operators (as well as ATG) with access to the trotting betting market.

A proposal for updated Swedish gambling regulation has been presented, which includes proposals for stricter marketing regulations and B2B licences. The new proposal will be debated in the Swedish parliament following the general elections in September.

In Belgium, the Justice Minister announced a Royal decree banning virtually all marketing for the licensed gambling industry, which is being contested by both the gambling industry itself and stakeholders within the media and sports industries.

The new Danish minister for taxation has stated that "all options" are open in terms of further restrictions on marketing. Meanwhile, several municipalities across Denmark have already agreed on banning gambling advertising on local public transport. Kindred has continued to be visible and approachable in the Danish market and participated at the political week (Folkemødet) on the island of Bornholm.

During the second quarter, a Danish sportsbook operator declared for bankruptcy and another operator decided to withdraw from the Danish market.

Kindred received its remote gambling licence in the Netherlands on 8 June and went live in the market on 4 July. As of 30 June, marketing restrictions are in place prohibiting the use of athletes, actors, or other celebrities for gambling advertising across TV, radio, online and out of home (outdoor). Sports sponsorship is excluded from the ban.

On 1 July Kindred withdrew its sportsbook and virtual slots licence applications in Germany and exited the market. The current application procedures, as well as the terms and restrictions in specific product offerings, meant that the overall conditions were not sustainable and competitive against the unlicensed offering.

Kindred opened its doors to customers in Ontario, Canada, on 4 April. This was the first day of the new regulation and Kindred is offering both sports betting and casino products under its Unibet brand.

Kindred submitted its platform for review with the New Jersey Division of Gaming Enforcement at the end of the second quarter and is now working closely with the Division on the testing and certification of the platform. The aim is to launch the Kindred platform during the third quarter, subject to regulatory approval.

Product segment overview

Racing update

During the quarter, an agreement was signed between Kindred and Svensk Travsport (Swedish Trotting), giving Kindred access to trotting data. This will greatly improve the trotting offering on the Kindred Racing Platform which, to start with, will only be offered in Sweden.

Major racing events during the quarter included the Grand National Festival, the Derby, and Royal Ascot. Coming up in July, customers can also look forward to the Glorious Goodwood festival.

Sportsbook update

In February, Kindred announced its intention to build a proprietary sportsbook, the Kindred Sportsbook Platform. The plan for the development and delivery of the platform remains firmly on track with all milestones to date achieved. A feeds gateway is in place and already consuming live data from industry suppliers, and an end-to-end bet placement capability is ready. In terms of the recruitment of key talent, interest is high from industry experts in both technology and operational areas.

Improvements have also been made to the current sportsbook platform, on the sportsbook homepage, to further enhance the player experience. This includes improved localisation of recommendations towards players and notification alerts.

Casino & games update

During the quarter, the most significant product launch across Kindred was the addition of Relax Gaming's innovative 'Dream Drop' jackpot functionality. Strongly aligned to Kindred's strategy to increase focus on its product offering and customer experience, the Gaming and Development teams released this new product offering to Kindred players, resulting in almost 20 per cent of the second quarter's casino customers playing the 'Temple Tumble 2 Dream Drop' slot game.

Kindred's strong product and customer focus will continue into the third quarter, with a key focus on gaining competitive edges within the Dutch market. A catalogue of exclusive slots content has been developed and secured, along with the addition of a Dutch-speaking live casino experience aimed at offering the best customer experience in the Dutch Market.

Poker update

During the quarter, as well as live poker event qualifiers through a partnership with the Patrik Antonius Poker Challenge in Tallinn, the Malta Poker Festival and the Dublin Poker Festival, Kindred also announced the return of the live Unibet Open event in Malta later this year. Additionally, 'Daily Specials', with promotional activity every day, were launched and are available across all markets and a wide range of games.

Sustainability overview

Kindred will host its annual Sustainable Gambling Conference on 19 October 2022, with participants and expert speakers from inside and outside of the industry. This year the conference will be delivered as a hybrid event, with the physical event taking place in Amsterdam. Registration and more information can be found at www.sustainablegambling.com.

Kindred is continuing its focus on its "journey towards zero", which sets the ambition to have zero revenue from harmful gambling by the end of 2023. During the second quarter, 3.3 per cent of Gross winnings revenue from harmful gambling has been reported, in line with the previous quarter. Despite this remaining flat, the improvement effect after interventions has improved as a result of taking a focused and more cautious approach to the younger demographic (those aged 18-25 years old). This group is at a higher risk financially and is more prone to addiction and Kindred therefore implemented a tailored approach to de-risking these customers in 2021.

To further support and focus on the younger demographic, Kindred is sponsoring the development of a responsible gambling educational film, together with other operators, to help raise awareness and understanding of safe and sustainable gambling behaviour. The plan is to deliver the film to young adults in Denmark in the Autumn of 2022.

During the second quarter, Kindred has also entered into a new partnership with QuiteGamble.com to promote their online 24/7 community for people who want to stop their gambling addiction.

In the UK, Kindred has reinforced its new model of sponsorship which focuses on communities. Kindred has renewed its investment in the Rangers Charity Foundation's mental health project 'Team Talk', a project that has already helped numerous men across Glasgow to seek advice, help and encouragement to discuss their mental health. On top of this, Kindred also donated its front-of-shirt sponsorship to the 'Team Talk' project's logo for the semi-final against RB Leipzig.

Kindred also supported the launch of Women in Racing's 'Racing Home' programme in the UK. The aims of the 'Racing Home' programme are to educate and empower racing employees, employers and the self-employed on motherhood and parenthood. The programme includes an online portal to educate and empower all stakeholders within the horseracing industry, a pilot programme that delivers guidance for mothers returning to riding post pregnancy, as well as a series of podcasts.

In the Netherlands, the Unibet brand launched 'Unibet Impact', a unique programme aimed at promoting a safe and responsible industry. 'Unibet Impact' will engage in partnerships covering responsible gambling, the prevention of match fixing, and the support of Dutch sports.

During the second quarter, Kindred was also presented with two awards from well-renowned share awarding bodies for its innovative two year All Employee Share Plan. The share plan was introduced in 2021 in conjunction with the launch of Kindred's long-term business strategy.

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 2,140 (1,738) employees at 30 June 2022, compared with 2,086 employees at 31 March 2022. The more significant increase from the same quarter of the prior year reflects an additional 271 employees as a result of the acquisition of Relax Gaming along with selected headcount growth, as previously discussed. The number of consultants amounted to 188 (150) at 30 June 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.

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, 22 July 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	Q2		Jan-Jun		Full year 2021
	2022	2021	2022	2021	
Continuing operations:					
Revenue	238.7	363.7	485.4	716.3	1,259.6
Betting duties	-57.4	-73.4	-119.2	-146.3	-255.3
Marketing revenue share	-11.0	-14.0	-22.2	-29.0	-52.0
Other cost of sales	-38.5	-55.4	-78.7	-109.8	-198.7
Cost of sales	-106.9	-142.8	-220.1	-285.1	-506.0
Gross profit	131.8	220.9	265.3	431.2	753.6
Marketing costs	-50.1	-61.6	-107.1	-120.5	-234.7
Salaries	-34.5	-29.2	-67.5	-58.0	-117.5
Other operating expenses	-21.9	-16.4	-40.9	-33.0	-69.3
Depreciation of property, plant and equipment	-3.6	-3.6	-7.2	-7.2	-14.8
Depreciation of right-of-use assets	-3.0	-2.7	-5.9	-5.4	-11.1
Amortisation of intangible assets	-7.0	-5.1	-14.2	-10.1	-23.0
Total administrative expenses	-70.0	-57.0	-135.7	-113.7	-235.7
Underlying profit before items affecting comparability	11.7	102.3	22.5	197.0	283.2
Personnel restructuring costs	-0.1	-0.2	-0.2	-0.5	-1.0
Merger and acquisition costs	-	-3.8	-	-3.9	-5.8
Disputed regulatory sanction	-	4.2	-	4.2	4.2
Germany market closure	-0.6	-	-0.6	-	-
Other (losses)/gains - net	-3.0	0.6	-5.4	-7.4	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-	-	-	-	71.3
Profit from operations	8.0	103.1	16.3	189.4	342.2
Finance costs	-1.4	-1.4	-2.2	-2.8	-6.2
Finance income	0.4	0.2	0.5	0.3	1.0
Share of profit from associate	-	0.6	0.0	0.9	1.4
Profit before tax	7.0	102.5	14.6	187.8	338.4
Income tax expense	-1.2	-15.4	-2.4	-28.1	-43.1
Profit after tax	5.8	87.1	12.2	159.7	295.3
Profit is attributable to:					
Owners of Kindred Group plc	5.8	87.1	12.1	159.7	295.3
Non-controlling interests	-	-	0.1	-	-
Total profit	5.8	87.1	12.2	159.7	295.3
Earnings per share (GBP)	0.03	0.38	0.06	0.70	1.31
Diluted earnings per share (GBP)	0.03	0.38	0.05	0.70	1.30

Condensed consolidated statement of comprehensive income

GBP m	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Profit after tax	5.8	87.1	12.2	159.7	295.3
Other comprehensive income					
Currency translation adjustments taken to equity	6.4	2.9	9.5	-6.9	-18.0
(Losses)/gains on net investment hedge	-	-1.0	-0.3	4.3	6.4
Total comprehensive income for the period	12.2	89.0	21.4	157.1	283.7
Total comprehensive income for the period is attributable to:					
Owners of Kindred Group plc	12.1	89.0	21.3	157.1	283.8
Non-controlling interests	0.1	-	0.1	-	-0.1
Total comprehensive income for the period	12.2	89.0	21.4	157.1	283.7

Condensed consolidated balance sheet

GBP m	30 Jun 2022	30 Jun 2021	31 Dec 2021
Assets			
Non-current assets			
Goodwill	431.7	279.2	428.5
Other intangible assets	263.2	167.7	255.3
Investment in associate	-	4.5	-
Property, plant and equipment	20.9	26.3	23.7
Right-of-use assets	48.8	52.7	53.7
Deferred tax assets	27.8	26.8	27.4
Convertible bond	6.5	6.5	6.4
Other non-current assets	3.2	2.9	3.1
	802.1	566.6	798.1
Current assets			
Trade and other receivables	69.2	60.0	52.3
Financial assets at fair value through profit and loss	-	-	0.1
Taxation recoverable	54.6	82.1	96.4
Cash and cash equivalents	216.4	384.4	270.6
	340.2	526.5	419.4
Total assets	1,142.3	1,093.1	1,217.5
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	14.9	14.6	5.7
Reorganisation reserve	-42.9	-42.9	-42.9
Retained earnings	469.8	463.4	514.9
Total equity attributable to the owners	523.4	516.7	559.3
Non-controlling interest	6.0	-	5.9
Total equity	529.4	516.7	565.2
Non-current liabilities			
Borrowings	134.2	114.2	111.6
Lease liabilities	38.7	42.0	43.5
Provisions	2.4	2.4	2.3
Other financial liabilities at fair value through profit and loss	-	-	38.3
Deferred tax liabilities	22.4	8.5	22.4
	197.7	167.1	218.1
Current liabilities			
Lease liabilities	11.3	11.8	11.9
Trade and other payables	168.0	176.7	162.2
Provisions	12.4	10.3	11.1
Customer balances	68.3	78.7	72.0
Deferred income	3.1	6.5	4.8
Other financial liabilities at fair value through profit and loss	79.0	-	41.1
Tax liabilities	73.1	125.3	131.1
	415.2	409.3	434.2
Total liabilities	612.9	576.4	652.3
Total equity and liabilities	1,142.3	1,093.1	1,217.5

Condensed consolidated statement of changes in equity

GBP m	Q2		Jan - Jun		Full year 2021
	2022	2021	2022	2021	
Opening balance of total equity at beginning of period	560.6	467.9	565.2	412.1	412.1
Comprehensive income					
Profit for the period	5.8	87.1	12.2	159.7	295.3
Other comprehensive income:					
Currency translation adjustments taken to equity	6.4	2.9	9.5	-6.9	-18.0
(Losses)/gains on net investment hedge	-	-1.0	-0.3	4.3	6.4
Total comprehensive income	12.2	89.0	21.4	157.1	283.7
Transactions with owners					
Share awards - value of employee services	-4.3	-1.4	-3.4	-1.5	1.1
Equity-settled employee benefit plan	1.1	0.6	1.8	0.8	-7.2
Treasury share purchases	-8.5	-3.8	-23.9	-16.2	-66.4
Disposal / utilisation of treasury shares	5.3	1.9	5.3	1.9	10.4
Non-controlling interests on acquisition of subsidiary	-	-	-	-	6.0
Dividend paid	-37.0	-37.5	-37.0	-37.5	-74.5
Total transactions with owners	-43.4	-40.2	-57.2	-52.5	-130.6
Closing balance of total equity at end of period	529.4	516.7	529.4	516.7	565.2
Equity is attributable to:					
Owners of Kindred Group plc	523.4	516.7	523.4	516.7	559.3
Non-controlling interests	6.0	-	6.0	-	5.9
Total equity	529.4	516.7	529.4	516.7	565.2

Condensed consolidated cash flow statement

GBP m	Q2		Jan - Jun		Full year 2021
	2022	2021	2022	2021	
Operating activities					
Profit from operations	8.0	103.1	16.3	189.4	342.2
Adjustments for:					
Depreciation of property, plant and equipment	3.6	3.6	7.2	7.2	14.8
Depreciation of right-of-use assets	3.0	2.7	5.9	5.4	11.1
Amortisation of intangible assets	7.0	5.1	14.2	10.1	23.0
Loss on disposal of intangible assets	0.5	-	0.5	-	0.2
Other losses/(gains) - net	0.2	-	2.4	-	-70.3
Foreign exchange gain on dividend	-	0.1	-	0.1	0.6
Share-based payments	1.0	0.5	1.9	0.4	3.0
Equity-settled employee benefit plan	1.1	0.6	1.8	0.8	1.3
Operating cash flows before movements in working capital	24.4	115.7	50.2	213.4	325.9
Decrease/(increase) in trade and other receivables	0.6	1.1	-16.9	-12.6	2.4
(Decrease)/increase in trade and other payables, including customer balances and provisions	-9.2	-5.8	1.3	15.2	-12.1
Cash flows from operating activities	15.8	111.0	34.6	216.0	316.2
Net income taxes paid	-11.2	-11.8	-19.3	-17.2	-33.9
Net cash generated from operating activities	4.6	99.2	15.3	198.8	282.3
Investing activities					
Acquisition of subsidiaries, net of cash acquired	-	-25.6	-	-25.6	-97.0
Settlement of contingent consideration	-4.4	-	-4.4	-	-
Interest received	0.3	0.2	0.3	0.2	0.2
Purchases of property, plant and equipment	-1.2	-4.7	-4.4	-5.6	-10.6
Development and acquisition costs of intangible assets	-9.3	-7.4	-18.4	-13.9	-34.4
Net cash used in investing activities	-14.6	-37.5	-26.9	-44.9	-141.8
Financing activities					
Interest paid	-1.3	-0.9	-2.2	-1.8	-4.3
Interest paid on lease liabilities	-0.3	-0.3	-0.6	-0.7	-1.3
Repayment of lease liabilities	-2.6	-2.4	-6.2	-5.2	-10.4
Dividend paid	-36.8	-37.5	-36.8	-37.5	-74.5
Treasury share purchases	-8.5	-3.8	-23.9	-16.2	-66.4
Proceeds from borrowings	60.5	20.0	60.5	20.0	133.7
Repayment of borrowings	-38.4	-20.0	-38.4	-20.0	-133.7
Net cash used in financing activities	-27.4	-44.9	-47.6	-61.4	-156.9
Net (decrease)/increase in cash and cash equivalents	-37.4	16.8	-59.2	92.5	-16.4
Cash and cash equivalents at beginning of period	250.8	364.3	270.6	300.5	300.5
Effect of foreign exchange rate changes	3.0	3.3	5.0	-8.6	-13.5
Cash and cash equivalents at end of period	216.4	384.4	216.4	384.4	270.6

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 17 for a corresponding reconciliation of free cash flow.

Condensed consolidated balance sheet measures

GBP m	30 Jun 2022	30 Jun 2021	31 Dec 2021
Cash and cash equivalents	216.4	384.4	270.6
Customer balances	-68.3	-78.7	-72.0
Unrestricted cash	148.1	305.7	198.6
Less: Borrowings	-134.2	-114.2	-111.6
Net cash	13.9	191.5	87.0

Key ratios

	Q2		Jan-Jun		Full year
	2022	2021	2022	2021	2021
Gross winnings revenue from locally regulated markets (%)	78%	59%	77%	60%	62%
B2C marketing as a % of Gross winnings revenue	26%	21%	27%	21%	23%
Return on average equity, annualised (%)	6%	84%	6%	77%	67%
Underlying EBITDA margin (%)	11%	31%	10%	31%	26%
Net cash / EBITDA, rolling 12-month basis	0.06	0.48	0.06	0.48	0.22
Cash conversion (%)	-20%	72%	-21%	78%	70%
Free cash flow per share (GBP)	-0.02	0.36	-0.05	0.76	1.02
Earnings per share (GBP)	0.03	0.38	0.06	0.70	1.31
Diluted earnings per share (GBP)	0.03	0.38	0.05	0.70	1.30
Employees at period end	2,140	1,738	2,140	1,738	2,055
Number of shares at period end ¹	230,126,200	230,126,200	230,126,200	230,126,200	230,126,200
Diluted number of shares at period end	231,330,688	230,950,493	231,330,688	230,950,493	231,405,713
Weighted average number of outstanding shares	220,257,348	227,155,750	221,143,584	227,096,898	226,149,236
Weighted average number of diluted outstanding	221,741,214	228,182,256	222,714,418	228,652,452	227,767,325

¹ At 30 June 2022 the total issued shares were 230,126,200. Of these, 9,966,474 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	30 Jun 2022	30 Jun 2021	YoY Delta
AUD	1.759	1.848	4.8%
DKK	8.668	8.666	0.0%
EUR	1.165	1.165	0.0%
NOK	12.058	11.854	-1.7%
SEK	12.503	11.784	-6.1%
USD	1.210	1.385	12.6%

Income statement averages for the quarter:			
Rate to GBP	Avg Q2 22	Avg Q2 21	YoY Delta
AUD	1.758	1.816	3.2%
DKK	8.776	8.630	-1.7%
EUR	1.180	1.160	-1.7%
NOK	11.820	11.711	-0.9%
SEK	12.352	11.773	-4.9%
USD	1.257	1.398	10.1%

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

GBP m	Q2 2022
Revenue	-3.5
Cost of sales / operating expenses	1.9
Foreign currency loss on operating items	-2.3
EBITDA	-3.9
Foreign exchange gain on dividend	0.2
Other items below EBITDA	0.1
Profit after tax	-3.5

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.

Q2 2022

GBP m	Kindred Group (B2C excluding Relax Gaming)	Relax Gaming (B2B)	Eliminations	Total
Gross winnings revenue (B2C)	233.0	-	0.5	233.5
Other revenue (B2B)	-	7.5	-2.3	5.2
Total revenue	233.0	7.5	-1.8	238.7
Cost of sales	-108.1	-0.6	1.8	-106.9
Gross profit	124.9	6.9	-	131.8

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			2022 YTD	2021 YTD	2021 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Gross winnings revenue (GBP m)									
Western Europe	57.7	67.9	60.1	77.6	119.4	114.2	125.6	233.6	371.3
Nordics	23.4	24.9	23.8	23.7	31.9	28.1	48.3	60.0	107.5
Central, Eastern and Southern Europe	9.1	11.1	8.3	8.5	11.1	11.0	20.2	22.1	38.9
Other	7.6	7.4	8.9	6.1	8.1	6.4	15.0	14.5	29.5
Total	97.8	111.3	101.1	115.9	170.5	159.7	209.1	330.2	547.2
Quarterly Year-on-Year & Year-on-Year growth (%)									
Western Europe	-52%	-41%	-51%	-3%	177%	36%	-46%	84%	12%
Nordics	-27%	-11%	-28%	-3%	129%	15%	-20%	56%	12%
Central, Eastern and Southern Europe	-18%	1%	-37%	-17%	95%	9%	-9%	40%	-1%
Other	-6%	16%	5%	2%	69%	68%	3%	69%	28%
Total	-43%	-30%	-43%	-4%	153%	30%	-37%	74%	12%

OTHER PRODUCT SEGMENTS - CASINO, POKER & OTHER GAMES BY REGION	2022			2021			2022 YTD	2021 YTD	2021 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Gross winnings revenue (GBP m)									
Western Europe	61.8	59.2	62.8	112.0	125.6	126.7	121.0	252.3	427.1
Nordics	50.8	48.9	51.0	46.1	43.5	39.7	99.7	83.2	180.3
Central, Eastern and Southern Europe	17.1	16.7	19.3	17.1	17.2	18.0	33.8	35.2	71.6
Other	6.0	6.3	6.3	7.3	6.9	8.5	12.3	15.4	29.0
Total	135.7	131.1	139.4	182.5	193.2	192.9	266.8	386.1	708.0
Quarterly Year-on-Year & Year-on-Year growth (%)									
Western Europe	-51%	-53%	-46%	20%	28%	84%	-52%	51%	14%
Nordics	17%	23%	21%	11%	-5%	-7%	20%	-6%	5%
Central, Eastern and Southern Europe	-1%	-7%	-4%	13%	10%	54%	-4%	29%	14%
Other	-13%	-26%	-32%	-27%	-18%	113%	-20%	24%	-9%
Total	-30%	-32%	-26%	14%	15%	52%	-31%	31%	10%

TOTAL BY REGION	2022			2021			2022 YTD	2021 YTD	2021 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Gross winnings revenue (GBP m)									
Western Europe	119.5	127.1	122.9	189.6	245.0	240.9	246.6	485.9	798.4
Nordics	74.2	73.8	74.8	69.8	75.4	67.8	148.0	143.2	287.8
Central, Eastern and Southern Europe	26.2	27.8	27.6	25.6	28.3	29.0	54.0	57.3	110.5
Other	13.6	13.7	15.2	13.4	15.0	14.9	27.3	29.9	58.5
Total	233.5	242.4	240.5	298.4	363.7	352.6	475.9	716.3	1,255.2
Share of total (%)									
Western Europe	51%	52%	51%	64%	67%	69%	51%	68%	64%
Nordics	32%	31%	31%	23%	21%	19%	31%	20%	23%
Central, Eastern and Southern Europe	11%	11%	12%	9%	8%	8%	11%	8%	9%
Other	6%	6%	6%	4%	4%	4%	6%	4%	5%
Quarterly Year-on-Year & Year-on-Year growth (%)									
Western Europe	-51%	-47%	-48%	9%	74%	58%	-49%	65%	13%
Nordics	-2%	9%	-1%	6%	26%	1%	3%	13%	7%
Central, Eastern and Southern Europe	-7%	-4%	-17%	1%	33%	33%	-6%	33%	9%
Other	-9%	-8%	-15%	-16%	14%	91%	-9%	42%	7%
Total	-36%	-31%	-34%	6%	55%	41%	-34%	48%	11%

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			2022	2021	2021
	Q2	Q1	Q4	Q3	Q2	Q1	YTD	YTD	FY
Gross winnings revenue (GBP m)									
Sports betting	97.8	111.3	101.1	115.9	170.5	159.7	209.1	330.2	547.2
Casino & games	123.4	119.8	127.3	168.3	177.2	175.9	243.2	353.1	648.7
Poker	6.6	7.1	7.2	6.9	7.5	9.2	13.7	16.7	30.8
Other	5.7	4.2	4.9	7.3	8.5	7.8	9.9	16.3	28.5
Total	233.5	242.4	240.5	298.4	363.7	352.6	475.9	716.3	1,255.2
Share of total (%)									
Sports betting	42%	46%	42%	39%	47%	45%	44%	46%	44%
Casino & games	53%	49%	53%	57%	49%	50%	51%	49%	52%
Poker	3%	3%	3%	2%	2%	3%	3%	2%	2%
Other	2%	2%	2%	2%	2%	2%	2%	2%	2%
Quarterly Year-on-Year & Year-on-Year growth (%)									
Sports betting	-43%	-30%	-43%	-4%	153%	30%	-37%	74%	12%
Casino & games	-30%	-32%	-25%	16%	18%	56%	-31%	34%	12%
Poker	-12%	-23%	-19%	1%	-23%	23%	-18%	-3%	-6%
Other	-33%	-46%	-38%	-9%	13%	15%	-39%	14%	-6%
Total	-36%	-31%	-34%	6%	55%	41%	-34%	48%	11%

Sports betting margins

Gross winnings revenue (GBP m)	2022			2021			2022	2021	2021
	Q2	Q1	Q4	Q3	Q2	Q1	YTD	YTD	FY
Sports betting stakes (GBP m)	1,051.7	1,096.2	1,194.1	1,334.9	1,594.3	1,707.2	2,147.9	3,301.5	5,830.5
Sports betting Gross winnings revenue:									
Live betting (GBP m)	54.6	55.3	52.9	64.9	82.3	79.1	109.9	161.4	279.2
Live betting margin (%)	9.5%	9.7%	8.8%	9.0%	10.1%	9.1%	9.3%	9.6%	8.9%
Live betting share (%)	48.7%	43.9%	45.9%	47.9%	42.0%	42.8%	46.1%	42.4%	44.2%
Pre-game betting (GBP m)	57.6	70.7	62.4	70.5	113.6	105.8	128.3	219.4	352.3
Pre-game betting margin (%)	12.1%	13.4%	10.6%	11.5%	14.6%	12.7%	12.5%	13.6%	13.1%
Pre-game betting share (%)	51.3%	56.1%	54.1%	52.1%	58.0%	57.2%	53.9%	57.6%	55.8%
Total before free bets (GBP m)	112.2	126.0	115.3	135.4	195.9	184.9	238.2	380.8	631.5
Sports betting margin - before free bets (%)	10.7%	11.5%	9.7%	10.1%	12.3%	10.8%	11.1%	11.5%	10.8%
Free bets (GBP m)	-14.4	-14.7	-14.3	-19.5	-25.4	-25.2	-29.1	-50.6	-84.4
Total after free bets (GBP m)	97.8	111.3	101.0	115.9	170.5	159.7	209.1	330.2	547.1
Sports betting margin - after free bets (%)	9.3%	10.2%	8.5%	8.7%	10.7%	9.4%	9.7%	10.0%	9.4%

Total margin across all product segments

Total margin all product segments - before free bets (%) ¹	2022			2021			2022	2021	2021
	Q2	Q1	Q4	Q3	Q2	Q1	YTD	YTD	FY
	5.7%	5.6%	5.2%	4.8%	5.3%	4.8%	5.0%	5.1%	4.9%

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, 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, Friday 22 July 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/q22022. For those who would like to participate in the telephone conference in connection with the presentation, the telephone numbers are as follows (please use PIN code 1022970#):

- Sweden: +46 8 5051 6386
- UK: +44 20 3198 4884
- USA: +1 412 317 6300

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

Forthcoming financial reporting timetable

Interim report January – September 2022	27 October 2022
Full year report 2022	8 February 2023
Interim report January – March 2023	26 April 2023
Interim report January – June 2023	25 July 2023
Interim report January – September 2023	26 October 2023