

“Record activity across product segments driving continued strong performance”.

Henrik Tjärnström, CEO

KINDRED GROUP PLC

INTERIM REPORT JANUARY - JUNE 2021

Financial highlights

Second quarter 2021

- Gross winnings revenue increased by 55 per cent to GBP 363.7 (235.1) million.
- Underlying EBITDA was GBP 114.3 (51.7) million.
- The result for the quarter has been impacted by M&A costs of GBP 3.7 million connected to the acquisition of Relax Gaming and a credit of GBP 4.2 million following a reduction of the disputed regulatory sanction from the SGA. See page 11.
- Profit before tax amounted to GBP 102.5 (31.3) million.
- Profit after tax amounted to GBP 87.1 (26.8) million.
- Earnings per share were GBP 0.38 (0.12).
- 284,500 shares/SDRs were purchased at a total price of SEK 44.0, or GBP 3.8, million.
- Free cash flow amounted to GBP 82.1 (74.3) million.
- Number of active customers was 1,907,276 (1,313,399).

First half 2021

- Gross winnings revenue increased by 48 per cent to GBP 716.3 (484.8) million.
- Underlying EBITDA was GBP 212.3 (94.2) million.
- As well as the items specifically noted for the second quarter, the result for the first half of the year has been impacted by foreign currency losses on operating items of GBP 7.4 (nil) million. See page 11.
- Profit before tax amounted to GBP 187.8 (33.7) million.
- Profit after tax amounted to GBP 159.7 (27.8) million.
- Earnings per share were GBP 0.70 (0.12).
- 1,317,000 shares/SDRs were purchased at a total price of SEK 190.0, or GBP 16.2, million.
- Free cash flow amounted to GBP 172.2 (96.6) million.

Key highlights

- Exceptionally strong underlying business performance with 55 per cent growth in Gross winnings revenue and a 31 per cent EBITDA margin, driven by continued focus on scalability and solid development across both the sports betting and casino product segments.
- Another all-time high in active customers, now standing at 1.9 million, has built a solid foundation for continued growth across all product segments.
- The strategic acquisition of Relax Gaming at the start of the third quarter provides Kindred with greater product differentiation and control, greatly improving future growth opportunities.

Key figures

GBP m	Q2		Jan-Jun		Full year 2020
	2021	2020	2021	2020	
Gross winnings revenue	363.7	235.1	716.3	484.8	1,130.2
EBITDA	114.5	51.6	212.1	84.1	274.2
Underlying EBITDA	114.3	51.7	212.3	94.2	286.8
Profit before tax	102.5	31.3	187.8	33.7	193.1
Profit after tax	87.1	26.8	159.7	27.8	165.2
Earnings per share (GBP)	0.38	0.12	0.70	0.12	0.73
Net cash/(net debt) / EBITDA, rolling 12-month basis	1.67	-0.41	1.67	-0.41	0.38
Free cash flow	82.1	74.3	172.2	96.6	267.5
Active customers (No.)	1,907,276	1,313,399			

CEO comment

Record activity across product segments driving continued strong performance

I'm pleased to see yet another great quarter for Kindred with continued growth across both the sports and casino product segments. During the quarter, our business has performed exceptionally well with Gross winnings revenue of GBP 363.7 million, an increase of 55 per cent compared to the same period in 2020 when the sports calendar was impacted by COVID-19.

Dedicated focus on costs and scalability, along with a strong sports betting margin, have also had a positive impact on underlying EBITDA, which increased by 121 per cent compared to the second quarter of last year to GBP 114.3 million. During this period, marketing investments have also slowly increased in the build up to Euro 2020 and total 21 per cent of Gross winnings revenue for the quarter.

Acquisition of Relax Gaming accelerates implementation of our long-term strategy

As we entered the third quarter, we announced the acquisition of the remaining outstanding shares in Relax Gaming, a high-margin and fast growing B2B business. The acquisition is an important part of [our long-term strategy](#) and further increases our focus on product differentiation. I see great potential in this deal, granting us the ability to provide customers with more unique content, increasing our flexibility and improving our end to end customer experience.

Euro 2020 provides solid foundation for all-time high in active customers

It was great to see the Euros finally taking place following last year's postponement due to COVID-19. Moreover, it was very encouraging to see activity levels building in the lead up to, and throughout, the tournament, with active customers reaching another all-time high of 1.9 million.

Sports and casino segments both continue to show strong performance

Our different product segments continue to show solid momentum, with the sports segment benefiting from a

strong sports betting margin of 10.7 per cent after free bets in the quarter. Meanwhile, the casino segment has delivered a record quarter with 18 per cent growth compared to the same period last year, despite this being a sports-heavy quarter. This indicates that many of our casino customers remain loyal, even as restrictions start to ease across our markets, and is a testament to our customer experience.

Adapting our creative platform and marketing mix to better suit the US market

The US, still in its early stages, remains a long-term strategic focus and one of our most interesting growth opportunities. We see clear benefits of a diverse product offering with sports and casino both providing a foundation for future growth. Competition remains strong, however, and we are taking short-term actions to strengthen our position. This includes an update to our creative platform and marketing mix, and improving our campaign tracking capabilities, ahead of the start of the NFL season in the third quarter.

We continue to work on our proprietary platform with the intent to use it in the US in the future as an integral part of our US expansion. This will allow us to adapt and improve our product offering for customers more efficiently. Despite increased competition, and the reopening of land-based casinos, it is encouraging to see growth in the US compared to the same period last year.

Firmly committed to our "journey towards zero"

As our strong business momentum and sustained rise in active customers continue, we remain fully focused on our "journey towards zero", with the aim of zero per cent Gross winnings revenue from harmful gambling on our platform by 2023. During the quarter, this metric amounted to 4.3 per cent. Despite the low values, we know more work needs to be done and are aware of the challenges around safer gambling that the industry needs to continue addressing.

Henrik Tjärnström, CEO



Gross winnings revenue GBP 363.7m (+55%)	Locally regulated GWR GBP 214.6m (59% of GWR)	Underlying EBITDA GBP 114.3m (+121%)	Free cash flow GBP 82.1m (+7.8m)	Active customers 1,907,276 (+45%)	Net Cash GBP 191.5m
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Significant events

During the quarter

- On 1 April 2021, Kindred completed the acquisition of 100 per cent of the shares in Blankenberge Casino-Kursaal NV (Blancas NV) which operates Casino Blankeberge in Belgium, from The Rank Group Plc. The total acquisition price was GBP 25 million on a cash free and debt free basis and has been settled in cash. For more information, see page 12.
- Between 1 and 30 April 2021, 284,500 shares/SDRs were purchased at a total price of SEK 44.0, or GBP 3.8, million as part of the buyback programme previously communicated. After these transactions, and the vesting of 263,620 share awards under the 2018 performance share plan on 2 June 2021, the total number of issued shares in the company is 230,126,200 and Kindred's holding of its own shares is 2,834,839. The intention of the Board is to cancel repurchased shares not required for the Group's employee share schemes, and approval was obtained from the shareholders at the Extraordinary General Meeting on 10 June 2021.
- On 14 April 2021, a 32Red customer won the MicroGaming WowPot on the Book of Atem progressive slot, taking home over GBP 15 million. This was the biggest win in Kindred's history. As this slot has a pooled jackpot between many operators, it had no impact on Kindred's income statement.
- On 22 April 2021, Kindred was awarded one of the seven available direct market access mobile sports betting permits in Virginia from the Virginia Lottery. Kindred launched into the market on 28 April 2021 and now offers customers in Virginia a first-class online sportsbook experience under its Unibet brand.
- On 12 May 2021, at the Annual General Meeting, shareholders approved the proposed cash dividend of GBP 0.33 (equivalent to SEK 11.80 using exchange rates from 8 May 2021, and payable in SEK). The first instalment was paid on 20 May 2021 and the second instalment is due to be paid on 18 November 2021.
- On 10 June 2021 at the Extraordinary General Meeting, as well as authorisation for the cancellation of repurchased shares noted above, shareholders approved proposals authorising the Board to initiate a share buyback programme until the 2022 AGM.

After the end of the quarter

- On 2 July 2021, Kindred announced that it had signed an agreement to acquire the remaining outstanding shares in Relax Gaming, a leading and rapidly growing B2B iGaming supplier, at an implied valuation of up to EUR 320 million for 100 per cent of the shares on a cash free and debt free basis. Kindred has been invested in Relax Gaming since 2013 and the transaction will allow Kindred to acquire the remaining 66.6 per cent of the outstanding shares. The acquisition accelerates Kindred's strategy to increase its focus on product and customer experience by strengthening Kindred's product control and product differentiation capabilities. Please see the relevant [press release](#) on the Kindred Group website for more information.
- On 21 July 2021, Kindred published its latest report on its share of revenue derived from high-risk customers, as part of its "journey toward zero". For the second quarter of 2021, this was 4.3 per cent. As previously reported, for the first quarter of 2021 this was 3.9 per cent.

Trading update

The average daily Gross winnings revenue for the Group for the first 18 days of July 2021 was 15 per cent (20 per cent in constant currency) higher than the daily average for the full third quarter of 2020.

Customer activity

The level of customer activity has remained high across the business with the total number of registered customers increasing to around 30.9 (28.4) million at 30 June 2021, whilst at 31 March 2021 over 30.4 million customers were registered.

For the second quarter of 2021, the number of active customers amounted to 1,907,276 (1,313,399), a fourth consecutive all-time high in actives fuelled by the busy sporting calendar and a 45 per cent increase compared to the second quarter of 2020.

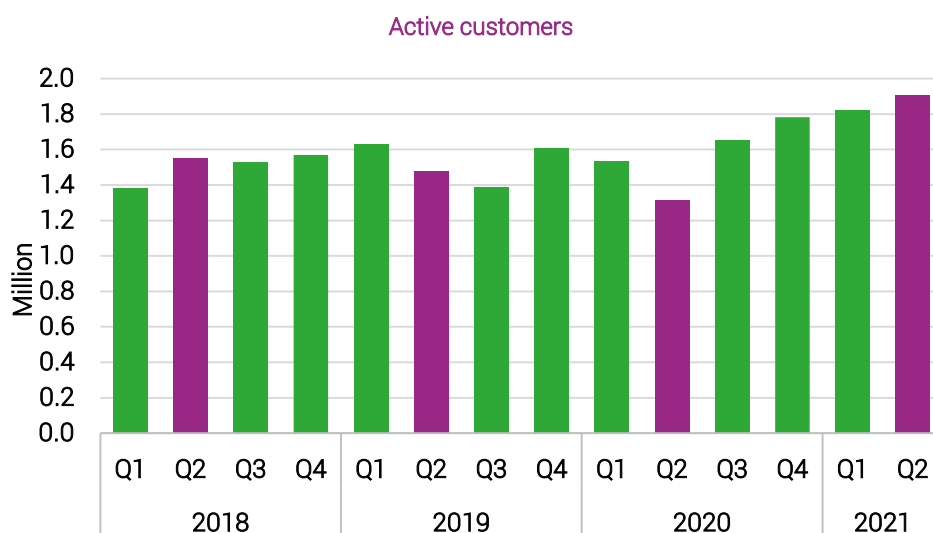
The trend in the number of active customers can be seen in the graph below, with an active customer defined as one placing a bet in the last 90 days.

1,907,276

Active customers for Q2 2021

+45%

Active customer growth from Q2 2020



Financial review

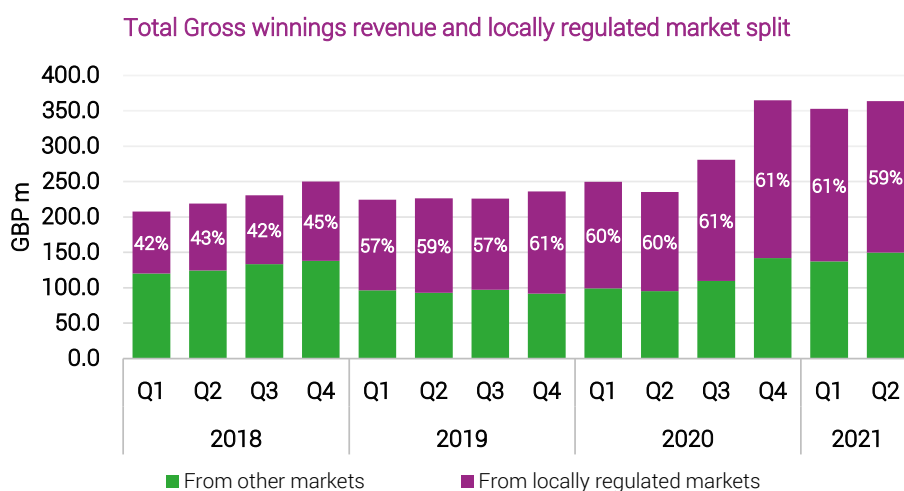
Gross winnings revenue

Total Gross winnings revenue for the second quarter of 2021 amounted to GBP 363.7 (235.1) million and GBP 716.3 (484.8) million for the first half of 2021.

The significant increase of 55 per cent (57 per cent in constant currency) from the second quarter of the prior year was driven by sports betting activity and supported by a strong sports betting margin during the quarter. The increase in sports betting activity was not only caused by a full sports calendar in 2021, but the negative impact on sports during the comparative quarter in 2020 as a result of COVID-19. The casino segment also performed well and continued to grow quarter on quarter, achieving a third consecutive all-time high in Gross winnings revenue, even as COVID-19 restrictions ease across many countries. Gross winnings revenue growth was also boosted by the sustained growth in active customers throughout this period.

Gross winnings revenue from locally regulated markets, a key strategic area for the Group, stood at 59 (60) per cent of the total quarterly revenue, as can be seen in the graph below. The percentage can vary slightly quarter on quarter due to marginal variances in market performances across the Group.

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 25 and 26.



Gross winnings revenue by region

Western Europe

Western Europe Gross winnings revenue amounted to GBP 245.0 (140.9) million for the second quarter of 2021, an increase of 74 per cent from the same period in 2020. During the quarter, all the main markets within the region including the UK, Belgium, France and the Netherlands continued to perform very well.

France experienced the highest percentage growth within this segment during the second quarter of 2021 when compared to the same period in 2020 achieving growth of 162 per cent in local currency. This was led by sports betting performance, and supported by the continued development of active customers fuelled by customer acquisition around Euro 2020. The comparatives for the second quarter of 2020 also included a period of significant

GBP

363.7m

Gross winnings revenue for Q2 2021

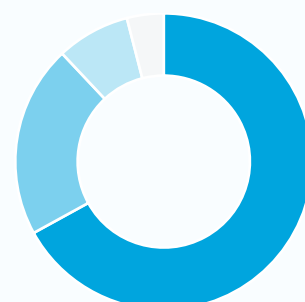
+55%

Gross winnings revenue growth from Q2 2020 (+57% in constant currency)

59%

Gross winnings revenue from locally regulated markets for Q2 2021

GWR by region



- Western Europe - 67%
- Nordics - 21%
- CES - 8%
- Other - 4%

sports disruption, as a result of COVID-19, and therefore, for comparative purposes, Gross winnings revenue in France for the second quarter of 2021 increased by 9 per cent in local currency compared to the first quarter of 2021, supported by continued momentum from the conclusion of the domestic football season into the busy summer sporting schedule.

Nordics

Nordic Gross winnings revenue amounted to GBP 75.4 (59.7) million for the second quarter of 2021, an increase of 26 per cent from the same period in 2020.

Denmark has also experienced strong performance in the second quarter of 2021, increasing 34 per cent in local currency compared to the second quarter of 2020. Both sports betting and casino products continue to perform well with good development of active customers.

Central, Eastern and Southern Europe

Central, Eastern and Southern Europe Gross winnings revenue amounted to GBP 28.3 (21.3) million for the second quarter of 2021, an increase of 33 per cent from the same period in 2020. Romania was again the biggest contributor to this growth where Kindred's two brands, Unibet and Vlad Cazino, continue to perform very well.

Other regions

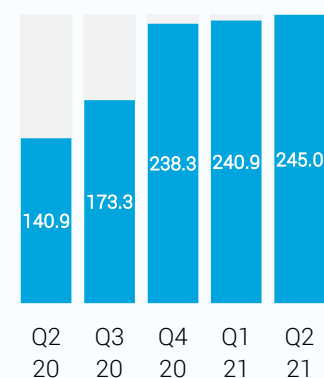
Other region Gross winnings revenue amounted to GBP 15.0 (13.2) million for the second quarter of 2021, an increase of 14 per cent from the same period in 2020.

Gross winnings revenue for the US market amounted to GBP 5.8 million in the second quarter of 2021, an increase of 8 per cent in local currency compared to the second quarter of 2020. Gross win (Gross winnings revenue before bonuses and other small adjustments) actually increased by 35 per cent in local currency compared to the second quarter of 2020, however the high increase in customer bonuses offset the impact on Gross winnings revenue. Aligned to the total market in the US, Kindred has seen a decline in the sports betting revenues compared with the first quarter of 2021 which is due to US sporting seasonality and the end of the American football season in the first quarter.

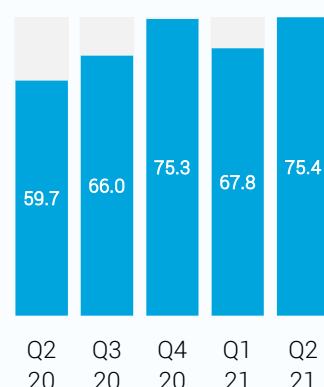
During the second quarter of 2021 Kindred successfully launched sports betting in Virginia, taking Kindred's number of operational US states to four. As with other state launches, Kindred's investment in bonuses and marketing to acquire new customers has resulted in positive developments in actives levels within the state since it launched at the end of April.

The Australian business continues to see good development in the second quarter of 2021, with Gross winnings revenue growth of 34 per cent in local currency compared to the second quarter of 2020.

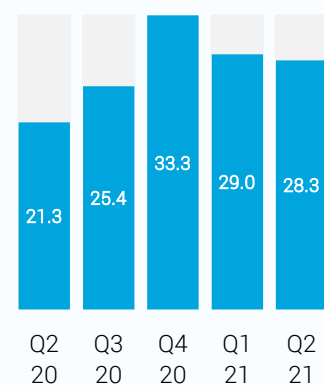
Western Europe GWR (GBP m)



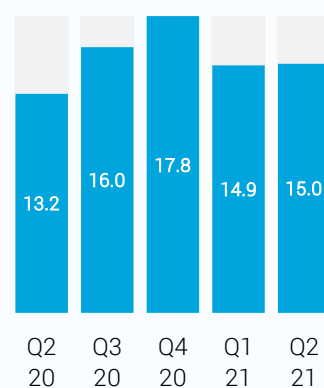
Nordics GWR (GBP m)



Central, Eastern and Southern Europe GWR (GBP m)



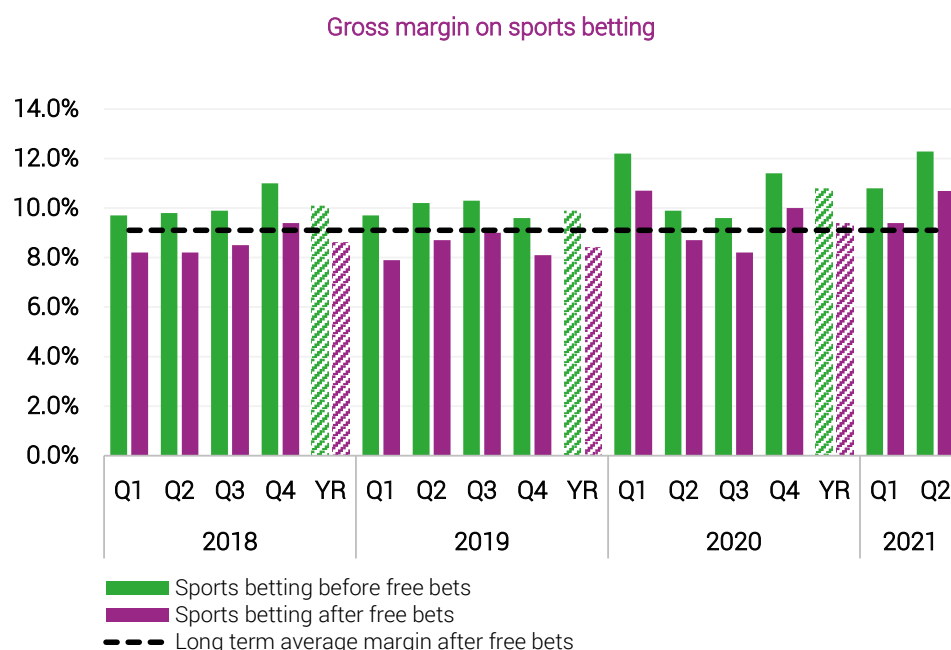
Other regions GWR (GBP m)



Gross winnings revenue by product segment

Sports betting

The gross margin for total sports betting for the second quarter of 2021 before free bets was 12.3 (9.9) per cent and after free bets was 10.7 (8.7) per cent, higher than the Group’s long-term average sports betting margin of 9.1 per cent after free bets. In recent years, the typical average sports betting margin for the Group has increased. This is generally due to the fact that the French sports business has grown faster than the average growth for other markets and, like all operators, Kindred is required to cap pay-out to customers at 85 per cent. However, 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 below. The bars show total sports betting gross margin by quarter and full year. Please refer to page 26 for more information on sports betting margins.



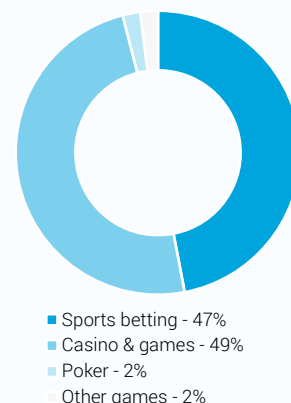
In the second quarter of 2021, Kindred enjoyed favourable sporting conditions and minimal event disruption due to COVID-19. Sports betting turnover and margins continued to be strong and in the second quarter of 2021, sports betting Gross winnings revenue increased by 153 per cent compared to the second quarter of 2020.

In line with previous quarters, football was the top sport for sports betting turnover and activity was high as the national and international football leagues concluded. Furthermore, the long-awaited Euro 2020 tournament commenced in June contributing 12 per cent to total sports betting turnover in the second quarter of 2021. Several matches in the early stages of the competition achieved record activity.

Kindred enjoyed another strong quarter for racing with significant growth across active customers, turnover, bets placed and Gross winnings revenue. The boost is in part owed to the lack of events in the same period of 2020 given last year’s disruption to the racing calendar due to COVID-19. This quarter has seen some return to normality for the UK racing industry with the reopening of retail businesses and the return of crowds to racetracks.

Kindred’s proprietary product contributed 9 per cent to total sports betting Gross winnings revenue in the second quarter of 2021.

GWR by product segment



10.7%

Sports betting margin after free bets for Q2 2021

+153%

Sports betting Gross winnings revenue growth from Q2 2020

Euro 2020 statistics (GBP m)

June turnover	194.3
July turnover	51.1
Total turnover	245.4
June GWR excl. free bets	25.0
July GWR excl. free bets	8.9
Total GWR excl. free bets	33.9
June margin before free bets	12.9%
July margin before free bets	17.3%
Total margin before free bets	13.8%

Casino & games

Kindred customers continue to show significant interest in the product offering, evidenced by the growth in Gross winnings revenue during the quarter of 18 per cent when compared to the second quarter of 2020. Active customers increased during the quarter by 11 per cent compared to the same period last year. This strong growth was particularly encouraging given that the offline segment has begun to reopen and the fact that the prior year comparative had exceptionally strong casino activity due to the majority of sport being suspended for a large part of the quarter.

Poker and other products

Gross winnings revenue from poker and other products amounted to GBP 15.9 million in the second quarter of 2021, a decrease of 7 per cent compared to the second quarter of 2020. This decline was driven by poker which fell by 23 per cent compared to the second quarter of 2020. This is mainly due to a higher level of activity last year during the initial lockdowns caused by COVID-19 where disruption of sports events naturally encouraged players to spread their activity across other products. Poker actives in the second quarter of 2021 were also 15 per cent less than the second quarter of 2020.

+18%

Casino & games Gross winnings revenue growth from Q2 2020

-23%

Poker Gross winnings revenue growth from Q2 2020

Group costs and profitability

Cost of sales

GBP m	Q2		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Betting duties	-73.4	-43.5	-146.3	-98.1	-231.0
Marketing revenue share	-14.0	-12.3	-29.0	-25.3	-53.6
Other cost of sales	-55.4	-39.4	-109.8	-80.8	-180.4
Cost of sales	-142.8	-95.2	-285.1	-204.2	-465.0

Cost of sales movements correlate directly with movements in Gross winnings revenue, and thus have all increased substantially in comparison to the same period of the prior year. Cost of sales, as a percentage of Gross winnings revenue has however decreased in comparison. Betting duties, which naturally vary as a result of market mix, have increased, whereas other cost of sales, which includes product commission costs, has reduced thanks to continued cost efficiencies as the Group continues to focus on scalability.

Gross profit

Gross profit for the quarter was GBP 220.9 (139.9) million, an increase of 58 per cent from the second quarter of 2020. Gross profit for the first half of 2021 was GBP 431.2 (280.6) million, an increase of 54 per cent from the first half of 2020.

Marketing costs

Marketing costs amounted to GBP 61.6 (44.2) million for the quarter and GBP 120.5 (96.6) million for the first half of 2021. Marketing investments have increased from the same periods in the prior year as the Group continues to invest in order to drive future business growth. The increase in investment is notably more significant during the sports-heavy second quarter of 2021, contrasting with reduced spend in 2020 in response to COVID-19 and its impact on sporting events.

As a percentage of Gross winnings revenue, total marketing expenditure (which includes marketing revenue share within cost of sales) has however reduced to 21 (24) per cent for the quarter when compared to the same period of 2020. Marketing efficiencies have been

21%

Total marketing expenditure, as a percentage of Gross winnings revenue for Q2 2021

achieved through continued focus on investments that deliver higher value, with this strategy continuing to deliver strong growth in key markets.

Administrative expenses

GBP m	Q2		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Salaries	-29.2	-29.7	-58.0	-56.2	-109.7
Other operating expenses	-16.4	-16.1	-33.0	-33.6	-63.7
Depreciation of property, plant and equipment	-3.6	-3.8	-7.2	-7.5	-15.1
Depreciation of right-of-use assets	-2.7	-2.8	-5.4	-5.5	-11.3
Amortisation of intangible assets (excluding assets that arose on acquisition)	-4.7	-6.2	-9.6	-12.8	-24.3
Amortisation of intangible assets that arose on acquisition	-0.4	-1.4	-0.5	-2.8	-3.0
Accelerated amortisation of intangible assets that arose on acquisition	-	-	-	-10.8	-14.7
Total administrative expenses	-57.0	-60.0	-113.7	-129.2	-241.8

The Group's increased focus on costs in recent quarters has resulted in a stable cost base and scalability, as can be seen in the graph "Expenses as a % of GWR (LTM)".

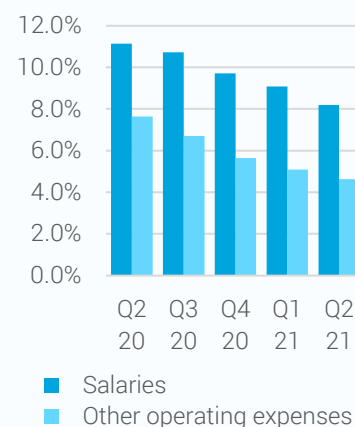
Salaries decreased by GBP 0.5 million from the second quarter of 2020. Whilst headcount increased by 2 per cent between these periods, the decrease is caused by more significant vacation pay accruals in the prior year, as previously reported. For the first half of 2021 salaries increased by GBP 1.8 million when compared with the same period of 2020. This primarily relates to the material increase in social security costs on the Group's employee share schemes which was reported during the first quarter of 2021.

Other operating expenses for the quarter increased by GBP 0.3 million from the same period in 2020, yet as a percentage of Gross winnings revenue these costs decreased as the Group focuses on sustainable growth and proves its continued commitment to optimising its operating expenditure. For the first half of 2021, these costs decreased by GBP 0.6 million compared with the first half of 2020 which, as well as the reasons above, includes a temporary reduction in both facilities and travel costs, as COVID-19 restrictions only came into place mid-way through the period in 2020.

Amortisation of intangible assets for the quarter decreased by GBP 2.5 million compared to the second quarter of the prior year. This is due to intangible assets from the 32Red acquisition in 2017 being fully amortised by the end of the second quarter of 2020, as well as lower levels of capitalisation of development costs during 2020 which has temporarily brought down amortisation levels. Capitalisation levels have returned to normal during 2021. The decrease in total amortisation for the first half of 2021 of GBP 16.3 million when compared to the first half of 2020 is, aside from the reasons above, a result of the one-off charges taken during the first quarter of 2020 following the reassessment of the fair value of intangible assets and the discontinuation of certain brands which accounted for GBP 10.8 million of the decrease.

Included within amortisation of intangible assets that arose on acquisition in the second quarter of 2021 is a new amount in relation to the concession agreement held within Blancas NV, which has been fair valued in accordance with IFRS 3 Business Combinations following the acquisition on 1 April 2021. The concession agreement, renewed in January 2021, lasts for 15 years and, going forward, amortisation is expected to amount to GBP 0.3 million each quarter until the end of the agreement.

Expenses as a % of GWR (LTM)



EBITDA and profit from operations

GBP m	Q2		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Gross profit	220.9	139.9	431.2	280.6	665.2
Marketing costs	-61.6	-44.2	-120.5	-96.6	-203.6
Salaries	-29.2	-29.7	-58.0	-56.2	-109.7
Other operating expenses	-16.4	-16.1	-33.0	-33.6	-63.7
Foreign currency gain/(loss) on operating items	0.6	1.8	-7.4	-	-1.4
Underlying EBITDA	114.3	51.7	212.3	94.2	286.8
Management incentive costs relating to acquisitions	-0.1	-0.1	-0.2	-0.2	-0.4
Personnel restructuring costs	-0.2	-	-0.5	-1.9	-4.2
Merger and acquisition costs	-3.7	-	-3.7	-	-
Disputed regulatory sanction	4.2	-	4.2	-8.0	-8.0
EBITDA	114.5	51.6	212.1	84.1	274.2

Underlying EBITDA for the quarter, as defined above, increased by 121 per cent from the same period in the prior year and was driven by both the significant increase in Gross winnings revenue, as explained previously, and the Group's continued drive for scalability and cost control. This impressive increase was achieved despite a negative underlying EBITDA contribution from the US market of GBP 5.6 million for the quarter as the Group continues to invest, in line with its strategy, to grow this market for the future.

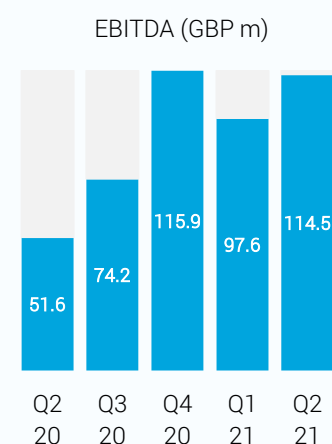
Profit from operations for the second quarter of 2021 was GBP 103.1 (37.4) million, and for the first half of 2021 was GBP 189.4 (44.7) million. On top of those reasons provided above for underlying EBITDA, the variance from the prior year was impacted by changes in amortisation charges, as detailed on the previous page.

Items affecting comparability

GBP m	Q2		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Management incentive costs relating to acquisitions	-0.1	-0.1	-0.2	-0.2	-0.4
Personnel restructuring costs	-0.2	-	-0.5	-1.9	-4.2
Merger and acquisition costs	-3.7	-	-3.7	-	-
Disputed regulatory sanction	4.2	-	4.2	-8.0	-8.0
Foreign currency gain/(loss) on operating items	0.6	1.8	-7.4	-	-1.4
Items affecting comparability	0.8	1.7	-7.6	-10.1	-14.0

Items affecting comparability amounted to a positive contribution of GBP 0.8 (1.7) million for the quarter and a negative contribution of GBP 7.6 (10.1) million for the first half of the year.

Although low levels of personnel restructuring costs have been recognised during the quarter, as can be seen in the table above the majority of these costs were taken during 2020 when the Group originally communicated its programme to optimise its headcount and ensure it is appropriately structured for future growth.



During the first quarter of 2020, a provision for a disputed regulatory sanction relating to the decision by the Swedish Gambling Authority to issue Kindred with a fine of SEK 100.0 (GBP 8.0) million was recognised. Kindred vigorously disagreed with the regulator's decision and appealed the decision to the Swedish Administrative Court. During the second quarter of 2021 this fine was reduced by 50 per cent to SEK 50.0 million, with the reduction of the provision of GBP 4.2 million recognised as a credit to the income statement. Subsequently, in July 2021, Kindred has applied for permission to appeal this decision. It is only once a final judicial decision has been issued that a fine, if any, becomes payable. In the meantime, Kindred maintains a full provision for its current exposure.

On 2 July 2021, Kindred announced that it had signed an agreement to acquire the remaining outstanding shares in Relax Gaming. Merger and acquisition costs of GBP 3.7 (nil) million have been recognised during the quarter in relation to this transaction.

Kindred operates internationally and its results are therefore naturally impacted by currency fluctuations. The foreign currency gain/(loss) on operating items, as disclosed within items affecting comparability, is included within both underlying EBITDA and EBITDA.

During the second quarter of 2021, the foreign currency impact on operating items was a gain of GBP 0.6 (1.8) million and for the first half of 2021 the impact was a loss of GBP 7.4 (minimal) million. This primarily comprises 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 half of 2021, as previously communicated, was due to a significant impact in the first quarter when in comparison to previous quarters the Group's presentational currency strengthened substantially against the Group's main trading currencies. This led to a larger than usual unrealised foreign currency impact in the income statement, primarily as a result of the retranslation of the Group's significant cash balances.

Net finance costs/income

Net finance costs for the second quarter of 2021 were GBP 1.2 (1.6) million. Net finance costs for the first half of 2021 were GBP 2.5 (3.2) million. This primarily comprises interest and fees on borrowings which amounted to GBP 1.0 (1.3) million for the second quarter and GBP 2.0 (2.7) million for the first half of 2021.

Foreign currency loss/gain on borrowings

The foreign currency gains and losses on borrowings previously reported in the condensed consolidated income statement refer to the revaluation of the Group's multicurrency facilities.

On 1 January 2021, the Group implemented 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. This amounted to a loss of GBP 1.0 million for the second quarter and a gain of GBP 4.3 million for the first half of 2021.

GBP

0.6m

Foreign exchange gain on operating items for Q2 2021

Profit before tax

Profit before tax for the second quarter of 2021 was GBP 102.5 (31.3) million. Profit before tax for the first half of 2021 was GBP 187.8 (33.7) million.

Profit after tax

Profit after tax for the second quarter of 2021 was GBP 87.1 (26.8) million. Profit after tax for the first half of 2021 was GBP 159.7 (27.8) million.

Financial position

As at 30 June 2021, GBP 114.7 (164.5) million of the Group's facilities was utilised out of a total of GBP 280.0 (280.0) million. The facilities comprise a GBP 120.0 million bullet term loan and a GBP 160.0 million revolving loan facility of which the total amount utilised relates only to the term loan. The total borrowings recognised in the statement of financial position of GBP 114.2 (163.6) 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 remains in a net cash position, amounting to GBP 191.5 (net debt of 61.0) million, at the 30 June 2021 as results and cash flow generation have remained strong during the quarter. Net cash/EBITDA (rolling 12-month basis) for the quarter was 0.48 (net debt/EBITDA of 0.41).

Cash and cash equivalents at the end of the second quarter of 2021 stood at GBP 384.4 (172.8) million while at the beginning of the quarter it was GBP 364.3 (117.1) million. Please refer to the cash flow section for more detail on the movement during the period and to page 23 for a reconciliation of the unrestricted cash balance.

Acquisition of Blankenberge Casino-Kursaal NV

On 1 April 2021 Kindred completed the previously announced acquisition of 100 per cent of the shares in Blancas NV, which operates Casino Blankeberge in Belgium, from the Rank Group Plc. Blancas NV is the license holder and operator of Casino Blankenberge, which is one of the nine land-based casinos operating in Belgium. Blancas NV recently successfully renewed its casino licences with the Belgian Gaming Commission as well as the concession agreement with the city of Blankenberge for a 15-year period which started in January 2021. The acquisition will solidify Kindred's long-term operations and commitments in Belgium and will allow Kindred to continue to offer an attractive offering to Belgian customers.

The total acquisition price was GBP 25 million on a cash free and debt free basis and was settled in cash. Kindred has provisionally fair valued the net assets of Blancas NV at the acquisition date, including the concession agreement which has been provisionally valued at GBP 17.3 million, and as a result provisional goodwill of GBP 9.6 million has been recognised on the consolidated balance sheet.

GBP

87.1m

Profit after tax for Q2 2021

GBP

191.5m

Net cash at 30 June 2021

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 licenses.

In the second quarter of 2021 intangible assets of GBP 7.4 (5.3) million have been capitalised, bringing the total capitalised for the first half of 2021 to GBP 13.9 (10.8) million which are predominantly 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 2021 were GBP 6.6 (5.2) million, bringing the total capitalised for the first half of 2021 to GBP 13.0 (10.6) 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 2020 is a result of capitalisation levels starting to return to more normal levels since the beginning of 2021.

Cash flow

Net cash generated from operating activities amounted to GBP 99.2 (95.5) million for the second quarter and GBP 198.8 (119.4) million for the first half of 2021. The increase when comparing to the same period in the prior year is primarily the result of the improved underlying performance. However, this is offset by substantial negative movements in net working capital and net income taxes paid. This can be largely attributed to the significant number of tax and supplier payments deferred in the second quarter of 2020, in agreement with the relevant counterparties, due to the COVID-19 situation. This meant balances were not settled until later in 2020.

Cash flows used in investing activities were GBP 37.5 (6.6) million for the second quarter and GBP 44.9 (13.2) million for the first half of 2021. The increases from the same periods of 2020 are 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, and increases in capital investments as mentioned in detail above.

Cash flows used in financing activities for the quarter were impacted by share purchases totalling GBP 3.8 (nil) million as well as the payment of the first instalment of the 2020 dividend of GBP 37.5 (nil) million. The second instalment will be paid on 18 November 2021. During the second quarter, there were also drawdowns of borrowings of GBP 20.0 (nil) million and repayments of GBP 20.0 (32.8) million.

Free cash flow, as defined in the table on the following page, for the second quarter of 2021 was GBP 82.1 (74.3) million, an increase of GBP 7.8 million from the second quarter of 2020. For the first half of 2021 free cash flow was GBP 172.2 (96.6) million, an increase of GBP 75.6 million from the same period of 2020. This is predominantly a result of movements in net cash generated from operating activities and capital investments, as explained above. The following table shows the reconciliation of free cash flow from net cash generated from operating activities.

GBP

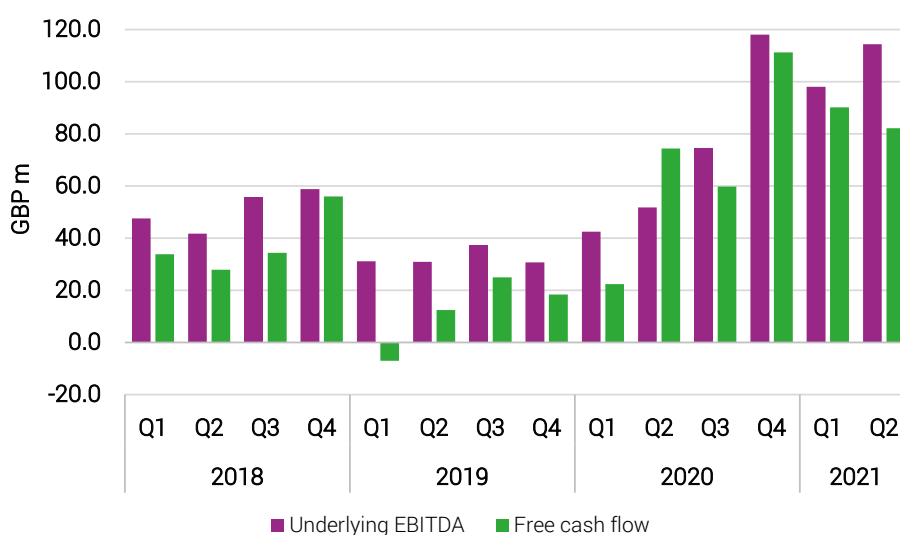
82.1m

Free cash flow for Q2 2021

GBP m	Q2		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Net cash generated from operating activities	99.2	95.5	198.8	119.4	316.1
Purchases of property, plant and equipment	-4.7	-1.7	-5.6	-2.8	-5.2
Development and acquisition costs of intangible assets	-7.4	-5.3	-13.9	-10.8	-20.7
Interest paid on lease liabilities	-0.3	-0.3	-0.7	-0.6	-1.3
Repayment of lease liabilities	-2.4	-3.0	-5.2	-5.8	-11.3
Adjust for: customer balance movement	-2.3	-10.9	-1.2	-2.8	-10.1
Free cash flow	82.1	74.3	172.2	96.6	267.5

The quarterly underlying EBITDA and free cash flow is shown in the graph below, with cash conversion for the second quarter of 2021 standing at 72 (144) per cent. The significant decrease from the second quarter of 2020 is due to working capital movements, as explained above, which have been more volatile as a result of COVID-19 disruption and especially impacted the 2020 comparative. Cash conversion over the last twelve months to the end of the second quarter of 2021 amounts to 85 (86) per cent, and is in line with the previous year comparative.

Underlying EBITDA and free cash flow



Operational review

Market update

Kindred's markets across Europe prepared for Euro 2020 by launching new creative campaigns across multiple channels to acquire new customers and reactivate old customers ahead of the tournament. With a new all-time high in active customers the success of these campaigns is evident.

Marketing remains a concern for most regulators and, with increased activity in the build up to Euro 2020, regulators have urged the industry to ensure levels are not excessive. Individual markets, through trade associations, have agreed on marketing codes of conduct, and the European Gaming and Betting Association (EGBA) have also promoted moderate marketing during the tournament.

Despite a strong quarter for sports betting, the European gambling market continues to experience regulatory pressure, challenging perception levels, and increased activity from unlicensed operators. While the industry remains vocal, both in terms of the need to improve perception and to address the unlicensed market, some markets continue to impose stricter regulations. The Belgian Gaming Commission has recently launched an educational campaign to “Always play legally”, which Kindred is highly supportive of.

The Dutch Remote Gambling Act came into force on 1 April and has seen the first group of operators apply for a licence. Kindred is preparing for a Dutch licence application and will be ready to launch a dot.nl operation once the relevant licence has been awarded.

Canada is expected to open the market to sports betting following an amendment by the Parliament of Canada. Provinces and territories are expected to regulate in the coming months and Kindred is exploring the opportunity to enter the market once open.

During the quarter Kindred also expanded its presence in the US by launching its sportsbook in Virginia, and a new commercial sponsorship was signed with the NASCAR team Stewart-Haas Racing. Looking ahead, Kindred is on track to go live with the Unibet brand in Iowa, and Arizona when the market opens, anticipated to be during the third quarter.

Product segment update

The second quarter of 2021 has seen a great deal of sports, culminating with Euro 2020 in June. Major football leagues across Europe finished their seasons and both the Champions League and Europa League finals took place as well as the French Open. As Euro 2020 has now drawn to a close in July, all eyes are on the Olympics, an event that is growing in popularity with customers.

New product features were released for the sports segment during the quarter most notably the previously communicated Watch & Bet. This innovative feature allows customers to place bets without leaving the live stream of an event, significantly enhancing the experience for the customer. Kindred also launched the BetShare feature ahead of Euro 2020, providing customers with the opportunity to tailor their bet slip and share with friends. The BetBuilder functionality also continues to grow in importance and has proved popular with customers across most markets during the second quarter.

In poker, during the quarter Kindred released a new improved loyalty system as well as a game lab, which provides players with the chance to improve their poker skills. The tournaments series, UOS XII, was also played at the end of May and featured 102 individual tournament events culminating with a EUR 1,100 buy-in as the headline event.

For casino, new casino and live casino lobbies were released on the Unibet brand. These new lobbies have been designed with a complete customer experience in mind and with initial positive reviews these will now be rolled out to further Kindred brands. An important step has also been taken within live casino to further diversify the product portfolio through a new dedicated Unibet live casino studio from Pragmatic Play which is now live. This gives Unibet customers further choice on dedicated tables.

During the quarter, Kindred also further strengthened its competitive edge and marketing control through exclusive casino content by launching 24 exclusive games with Hyper Joker and Super6Wild being the best performers. Kindred also partnered with Play'n GO to secure Gemix 2, an exclusive blockbuster sequel to the highly successful Gemix 1 slot game and strengthened its slot offering after completing a direct integration with Playtech.

Sustainability

Kindred continues to promote safer gambling across its markets and, during the quarter, has entered into new agreements with the UK football clubs Rangers and Middlesbrough, with mental health a fundamental part of the sponsorship model. Kindred partnered with some of its UK sponsors within football and racing during the Mental Health Awareness Week to promote awareness of mental health. In April, the second year of Kindred's sponsorship of the Swedish football leagues, Allsvenskan and Superettan, started, with continued focus on safer gambling and sports integrity initiatives.

The Group'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 quarter a slight increase of revenue from harmful gambling has been reported, partly related to the increased number of actives and the Euro 2020 tournament. More information can be found on www.kindredgroup.com/zero.

During the quarter a new three-year research project has been signed with Dr Jonathan Parke to further examine risks related to gambling products. One of the key challenges that Kindred are often questioned on is whether a particular product or segment is more prone to addiction than others. Through this project, with one of the leading researchers on the topic and with an aim to identify what makes certain products riskier, Kindred hopes to answer these questions, and use this as a tool to assist with the ongoing work to minimise harm.

In the US, Kindred was the first operator to offer the blocking software Gamban to its customers, providing them with an additional layer of protection and the ability to block all gambling products on their devices. Kindred provides this software to its customers for free.

The Sustainable Gambling Conference in 2021 will once again be a digital event due to the pandemic and will take place on 5 October. The theme this year is "Safer Gambling: A shared responsibility".

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 Report and Accounts for the year ended 31 December 2020.

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 1,672 (1,633) employees at 30 June 2021, compared with 1,616 employees at 31 March 2021. The number of consultants amounted to 150 (129) at 30 June 2021.

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 25 to 27 and pages 70 to 71 of the Annual Report and Accounts for the year ended 31 December 2020 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, 23 July 2021

Henrik Tjärnström
CEO

Kindred Group plc

Registered in Malta. Company number C 39017.

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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 2020
	2021	2020	2021	2020	
Continuing operations:					
Gross winnings revenue	363.7	235.1	716.3	484.8	1,130.2
Betting duties	-73.4	-43.5	-146.3	-98.1	-231.0
Marketing revenue share	-14.0	-12.3	-29.0	-25.3	-53.6
Other cost of sales	-55.4	-39.4	-109.8	-80.8	-180.4
Cost of sales	-142.8	-95.2	-285.1	-204.2	-465.0
Gross profit	220.9	139.9	431.2	280.6	665.2
Marketing costs	-61.6	-44.2	-120.5	-96.6	-203.6
Salaries	-29.2	-29.7	-58.0	-56.2	-109.7
Other operating expenses	-16.4	-16.1	-33.0	-33.6	-63.7
Depreciation of property, plant and equipment	-3.6	-3.8	-7.2	-7.5	-15.1
Depreciation of right-of-use assets	-2.7	-2.8	-5.4	-5.5	-11.3
Amortisation of intangible assets (excluding assets that arose on acquisition)	-4.7	-6.2	-9.6	-12.8	-24.3
Amortisation of intangible assets that arose on acquisition	-0.4	-1.4	-0.5	-2.8	-3.0
Accelerated amortisation of intangible assets that arose on acquisition	-	-	-	-10.8	-14.7
Total administrative expenses ¹	-57.0	-60.0	-113.7	-129.2	-241.8
Underlying profit before items affecting comparability¹	102.3	35.7	197.0	54.8	219.8
Management incentive costs relating to acquisitions	-0.1	-0.1	-0.2	-0.2	-0.4
Personnel restructuring costs	-0.2	-	-0.5	-1.9	-4.2
Merger and acquisition costs	-3.7	-	-3.7	-	-
Disputed regulatory sanction	4.2	-	4.2	-8.0	-8.0
Foreign currency gain/(loss) on operating items	0.6	1.8	-7.4	-	-1.4
Profit from operations	103.1	37.4	189.4	44.7	205.8
Finance costs	-1.4	-1.7	-2.8	-3.4	-6.2
Finance income	0.2	0.1	0.3	0.2	0.4
Foreign currency loss on borrowings	-	-5.1	-	-8.6	-8.7
Share of profit from associate	0.6	0.6	0.9	0.8	1.8
Profit before tax	102.5	31.3	187.8	33.7	193.1
Income tax expense	-15.4	-4.5	-28.1	-5.9	-27.9
Profit after tax	87.1	26.8	159.7	27.8	165.2
Earnings per share (GBP)	0.38	0.12	0.70	0.12	0.73
Weighted average number of outstanding shares	227,155,750	226,899,679	227,096,898	226,899,679	227,023,775
Diluted earnings per share (GBP)	0.38	0.12	0.70	0.12	0.72
Weighted average number of diluted outstanding shares	228,182,256	228,855,619	228,652,452	228,855,619	229,084,006

¹ Certain line items previously recognised within items affecting comparability have been moved into administrative expenses during the first quarter of 2021, to better reflect the nature of the costs. This has impacted both total administrative expenses and underlying profit before items affecting comparability and the relevant comparatives have been restated accordingly.

Condensed consolidated statement of comprehensive income

GBP m	Q2		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Profit after tax	87.1	26.8	159.7	27.8	165.2
Other comprehensive income					
Currency translation adjustments taken to equity	1.9	8.8	-2.6	12.2	9.2
Total comprehensive income for the period	89.0	35.6	157.1	40.0	174.4

Condensed consolidated balance sheet

GBP m	30 Jun 2021	30 Jun 2020	31 Dec 2020
Assets			
Non-current assets			
Goodwill	279.2	277.1	273.9
Other intangible assets	167.7	152.1	148.7
Investment in associate	4.5	2.6	3.6
Property, plant and equipment	26.3	33.4	28.4
Right-of-use assets	52.7	60.6	61.3
Deferred tax assets	26.8	25.3	28.4
Convertible bond	6.5	6.9	6.9
Other non-current assets	2.9	2.3	2.3
	566.6	560.3	553.5
Current assets			
Trade and other receivables	60.0	49.7	46.9
Taxation recoverable	82.1	40.9	91.4
Cash and cash equivalents	384.4	172.8	300.5
	526.5	263.4	438.8
Total assets	1,093.1	823.7	992.3
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	14.6	20.2	17.2
Reorganisation reserve	-42.9	-42.9	-42.9
Retained earnings	463.4	217.3	356.2
Total equity attributable to the owners	516.7	276.2	412.1
Non-current liabilities			
Borrowings	114.2	163.6	118.3
Lease liabilities	42.0	49.2	50.2
Provisions ¹	2.4	0.5	0.6
Deferred tax liabilities	8.5	6.1	5.3
	167.1	219.4	174.4
Current liabilities			
Lease liabilities	11.8	12.1	12.1
Trade and other payables ¹	172.3	163.1	162.1
Provisions ¹	14.7	20.5	21.2
Customer balances	78.7	70.2	77.5
Deferred income	6.5	5.5	5.4
Tax liabilities	125.3	56.7	127.5
	409.3	328.1	405.8
Total liabilities	576.4	547.5	580.2
Total equity and liabilities	1,093.1	823.7	992.3

¹ From the first quarter of 2021, provisions have been separated from trade and other payables to be in line with requirements of IFRS. 2020 comparatives have been updated to reflect this change.

Condensed consolidated statement of changes in equity

GBP m	Q2		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Opening balance at beginning of period	467.9	239.5	412.1	234.0	234.0
Comprehensive income					
Profit for the period	87.1	26.8	159.7	27.8	165.2
Other comprehensive income:					
Translation adjustment	1.9	8.8	-2.6	12.2	9.2
	89.0	35.6	157.1	40.0	174.4
Transactions with owners					
Share awards - value of employee services	-1.4	0.6	-1.5	1.2	0.2
Equity-settled employee benefit plan	0.6	0.5	0.8	1.0	1.8
Treasury share purchases	-3.8	-	-16.2	-	-
Disposal of treasury shares	1.9	-	1.9	-	1.7
Dividend paid	-37.5	-	-37.5	-	-
	-40.2	1.1	-52.5	2.2	3.7
Closing balance at end of period	516.7	276.2	516.7	276.2	412.1

Condensed consolidated cash flow statement

GBP m	Q2		Jan-Jun		Full year 2020
	2021	2020	2021	2020	
Operating activities					
Profit from operations	103.1	37.4	189.4	44.7	205.8
Adjustments for:					
Depreciation of property, plant and equipment	3.6	3.8	7.2	7.5	15.1
Depreciation of right-of-use assets	2.7	2.8	5.4	5.5	11.3
Amortisation of intangible assets	5.1	7.6	10.1	26.4	42.0
Loss on disposal of intangible assets	-	-	-	0.2	0.2
FX gain on dividend	0.1	-	0.1	-	-
Share-based payments	0.5	0.6	0.4	1.2	1.9
Equity-settled employee benefit plan	0.6	0.5	0.8	1.0	1.8
Operating cash flows before movements in working capital	115.7	52.7	213.4	86.5	278.1
Decrease/(increase) in trade and other receivables	1.1	7.2	-12.6	-6.5	-1.3
(Decrease)/increase in trade and other payables, including customer balances and provisions	-5.8	36.4	15.2	42.7	51.0
Cash flows from operating activities	111.0	96.3	216.0	122.7	327.8
Net income taxes paid	-11.8	-0.8	-17.2	-3.3	-11.7
Net cash generated from operating activities	99.2	95.5	198.8	119.4	316.1
Investing activities					
Acquisition of subsidiary, net of cash acquired	-25.6	-	-25.6	-	-
Interest received	0.2	0.4	0.2	0.4	0.4
Purchases of property, plant and equipment	-4.7	-1.7	-5.6	-2.8	-5.2
Development and acquisition costs of intangible assets	-7.4	-5.3	-13.9	-10.8	-20.7
Net cash used in investing activities	-37.5	-6.6	-44.9	-13.2	-25.5
Financing activities					
Interest paid	-0.9	-1.4	-1.8	-2.9	-4.9
Interest paid on lease liabilities	-0.3	-0.3	-0.7	-0.6	-1.3
Repayment of lease liabilities	-2.4	-3.0	-5.2	-5.8	-11.3
Dividend paid	-37.5	-	-37.5	-	-
Treasury share purchases	-3.8	-	-16.2	-	-
Proceeds from borrowings	20.0	-	20.0	-	-
Repayment of borrowings	-20.0	-32.8	-20.0	-69.5	-115.1
Net cash used in financing activities	-44.9	-37.5	-61.4	-78.8	-132.6
Net increase in cash and cash equivalents	16.8	51.4	92.5	27.4	158.0
Cash and cash equivalents at beginning of period	364.3	117.1	300.5	137.8	137.8
Effect of foreign exchange rate changes	3.3	4.3	-8.6	7.6	4.7
Cash and cash equivalents at end of period	384.4	172.8	384.4	172.8	300.5

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 page 10 for a corresponding reconciliation of EBITDA and underlying EBITDA, and page 14 for a corresponding reconciliation of free cash flow.

Condensed consolidated balance sheet measures

GBP m	30 Jun 2021	30 Jun 2020	31 Dec 2020
Cash and cash equivalents	384.4	172.8	300.5
Customer balances	-78.7	-70.2	-77.5
Unrestricted cash	305.7	102.6	223.0
Less: Borrowings	-114.2	-163.6	-118.3
Net cash/(net debt)	191.5	-61.0	104.7

Key ratios

	Q2		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Operating margin (%)	28%	16%	26%	9%	18%
Return on total assets (%)	16%	3%	15%	3%	18%
Return on average equity, annualised (%)	84%	58%	77%	35%	64%
Equity:assets ratio (%)	47%	34%	47%	34%	42%
EBITDA margin (%)	31%	22%	30%	17%	24%
Unrestricted cash / EBITDA, rolling 12-month basis	0.76	0.69	0.76	0.69	0.81
Net cash/(net debt) / EBITDA, rolling 12-month basis	0.48	-0.41	0.48	-0.41	0.38
Employees at period end	1,672	1,633	1,672	1,633	1,564
Gross cash per share (GBP)	1.67	0.75	1.67	0.75	1.31
Net cash/(net debt) per share (GBP)	0.83	-0.27	0.83	-0.27	0.45
Operating cash flow before movements in working capital per share (GBP)	0.51	0.23	0.94	0.38	1.22
Cash conversion (%)	72%	144%	81%	103%	93%
Earnings per share (GBP)	0.38	0.12	0.70	0.12	0.73
Diluted earnings per share (GBP)	0.38	0.12	0.70	0.12	0.72
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	230,950,493	232,043,832	230,950,493	232,043,832	232,089,717
Weighted average number of outstanding shares	227,155,750	226,899,679	227,096,898	226,899,679	227,023,775
Weighted average number of diluted outstanding shares	228,182,256	228,855,619	228,652,452	228,855,619	229,084,006

¹ As at 30 June 2021 the total issued shares were 230,126,200. Of these, 2,834,839 shares are held by the Group as a result of previous repurchase programmes. The intention of the Board is either to cancel these shares (requires further shareholder approval), use them as consideration for an acquisition, or issue them to employees in connection with the Group's employee share schemes.

FX rates

Balance sheet rates:	30 Jun	30 Jun	YoY Delta
Rate to GBP	2021	2020	
AUD	1.848	1.791	-3.2%
DKK	8.666	8.168	-6.1%
EUR	1.165	1.096	-6.3%
NOK	11.854	11.959	0.9%
SEK	11.784	11.502	-2.5%
USD	1.385	1.227	-12.9%

Income statement averages for the quarter:	Avg Q2 21	Avg Q2 20	YoY Delta
Rate to GBP			
AUD	1.816	1.893	4.1%
DKK	8.630	8.412	-2.6%
EUR	1.160	1.128	-2.8%
NOK	11.711	12.430	5.8%
SEK	11.773	12.025	2.1%
USD	1.398	1.241	-12.7%

Non-Statutory Analysis of Gross Winnings Revenue

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	2021		2020				2021 YTD	2020 YTD	2020 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Gross winnings revenue (GBP m)									
Western Europe	119.4	114.2	122.6	80.3	43.1	84.1	233.6	127.2	330.1
Nordics	31.9	28.1	33.0	24.4	13.9	24.5	60.0	38.4	95.8
Central, Eastern and Southern Europe	11.1	11.0	13.1	10.2	5.7	10.1	22.1	15.8	39.1
Other	8.1	6.4	8.5	6.0	4.8	3.8	14.5	8.6	23.1
Total	170.5	159.7	177.2	120.9	67.5	122.5	330.2	190.0	488.1
Quarterly Year-on-Year & Year-on-Year growth (%)									
Western Europe	177%	36%	63%	8%	-42%	11%	84%	-15%	10%
Nordics	129%	15%	53%	10%	-42%	28%	56%	-11%	10%
Central, Eastern and Southern Europe	95%	9%	34%	2%	-35%	22%	40%	-8%	6%
Other	69%	68%	98%	122%	153%	23%	69%	72%	93%
Total	153%	30%	60%	11%	-38%	15%	74%	-12%	12%

OTHER PRODUCT SEGMENTS - CASINO, POKER & OTHER GAMES BY REGION

OTHER PRODUCT SEGMENTS - CASINO, POKER & OTHER GAMES BY REGION	2021		2020				2021 YTD	2020 YTD	2020 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Gross winnings revenue (GBP m)									
Western Europe	125.6	126.7	115.7	93.0	97.8	68.8	252.3	166.6	375.3
Nordics	43.5	39.7	42.3	41.6	45.8	42.7	83.2	88.5	172.4
Central, Eastern and Southern Europe	17.2	18.0	20.2	15.2	15.6	11.7	35.2	27.3	62.7
Other	6.9	8.5	9.3	10.0	8.4	4.0	15.4	12.4	31.7
Total	193.2	192.9	187.5	159.8	167.6	127.2	386.1	294.8	642.1
Quarterly Year-on-Year & Year-on-Year growth (%)									
Western Europe	28%	84%	65%	54%	59%	9%	51%	33%	47%
Nordics	-5%	-7%	2%	-6%	6%	0%	-6%	3%	0%
Central, Eastern and Southern Europe	10%	54%	73%	52%	50%	17%	29%	34%	49%
Other	-18%	113%	288%	456%	367%	135%	24%	254%	312%
Total	15%	52%	49%	37%	43%	8%	31%	25%	35%

TOTAL BY REGION

TOTAL BY REGION	2021		2020				2021 YTD	2020 YTD	2020 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Gross winnings revenue (GBP m)									
Western Europe	245.0	240.9	238.3	173.3	140.9	152.9	485.9	293.8	705.4
Nordics	75.4	67.8	75.3	66.0	59.7	67.2	143.2	126.9	268.2
Central, Eastern and Southern Europe	28.3	29.0	33.3	25.4	21.3	21.8	57.3	43.1	101.8
Other	15.0	14.9	17.8	16.0	13.2	7.8	29.9	21.0	54.8
Total	363.7	352.6	364.7	280.7	235.1	249.7	716.3	484.8	1,130.2
Share of total (%)									
Western Europe	67%	69%	65%	62%	60%	61%	68%	61%	62%
Nordics	21%	19%	21%	23%	25%	27%	20%	26%	24%
Central, Eastern and Southern Europe	8%	8%	9%	9%	9%	9%	8%	9%	9%
Other	4%	4%	5%	6%	6%	3%	4%	4%	5%
Quarterly Year-on-Year & Year-on-Year growth (%)									
Western Europe	74%	58%	64%	28%	4%	10%	65%	7%	27%
Nordics	26%	1%	20%	-1%	-11%	9%	13%	-2%	4%
Central, Eastern and Southern Europe	33%	33%	55%	27%	11%	19%	33%	15%	29%
Other	14%	91%	166%	256%	257%	63%	42%	147%	178%
Total	55%	41%	54%	24%	4%	11%	48%	8%	24%

Non-Statutory Analysis of Gross Winnings Revenue

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Gross winnings revenue by product segment

TOTAL BY PRODUCT SEGMENT	2021		2020				2021 YTD	2020 YTD	2020 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Gross winnings revenue (GBP m)									
Sports betting	170.5	159.7	177.2	120.9	67.5	122.5	330.2	190.0	488.1
Casino & games	177.2	175.9	170.7	145.0	150.4	112.9	353.1	263.3	579.0
Poker	7.5	9.2	8.9	6.8	9.7	7.5	16.7	17.2	32.9
Other	8.5	7.8	7.9	8.0	7.5	6.8	16.3	14.3	30.2
Total	363.7	352.6	364.7	280.7	235.1	249.7	716.3	484.8	1,130.2
Share of total (%)									
Sports betting	47%	45%	49%	43%	29%	49%	46%	39%	43%
Casino & games	49%	50%	47%	52%	64%	45%	50%	54%	51%
Poker	2%	3%	2%	2%	4%	3%	2%	4%	3%
Other	2%	2%	2%	3%	3%	3%	2%	3%	3%
Quarterly Year-on-Year & Year-on-Year growth (%)									
Sports betting	153%	30%	60%	11%	-38%	15%	74%	-12%	12%
Casino & games	18%	56%	52%	38%	42%	6%	34%	24%	35%
Poker	-23%	23%	53%	31%	111%	32%	-3%	67%	54%
Other	13%	15%	7%	19%	6%	24%	14%	13%	13%
Total	55%	41%	54%	24%	4%	11%	48%	8%	24%

Sports betting margins

	2021		2020				2021 YTD	2020 YTD	2020 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Sports betting stakes (GBP m)	1,594.3	1,707.2	1,771.4	1,476.1	780.2	1,143.4	3,301.5	1,923.6	5,171.1
Sports betting Gross winnings									
Live betting (GBP m)	82.3	79.1	89.7	71.2	33.5	58.6	161.4	92.1	253.0
Live betting margin (%)	10.1%	9.1%	9.7%	9.1%	7.3%	8.9%	9.6%	8.2%	8.9%
Live betting share (%)	42.0%	42.8%	44.3%	50.2%	43.3%	42.2%	42.4%	42.6%	45.1%
Pre-game betting (GBP m)	113.6	105.8	112.7	70.5	43.8	80.4	219.4	124.2	307.4
Pre-game betting margin (%)	14.6%	12.7%	13.4%	10.1%	13.7%	16.6%	13.6%	15.5%	13.1%
Pre-game betting share (%)	58.0%	57.2%	55.7%	49.8%	56.7%	57.8%	57.6%	57.4%	54.9%
Total before free bets (GBP m)	195.9	184.9	202.4	141.7	77.3	139.0	380.8	216.3	560.4
Sports betting margin - before free	12.3%	10.8%	11.4%	9.6%	9.9%	12.2%	11.5%	11.2%	10.8%
Free bets (GBP m)	-25.4	-25.2	-25.2	-20.8	-9.8	-16.5	-50.6	-26.3	-72.3
Total after free bets (GBP m)	170.5	159.7	177.2	120.9	67.5	122.5	330.2	190.0	488.1
Sports betting margin - after free bets	10.7%	9.4%	10.0%	8.2%	8.7%	10.7%	10.0%	9.9%	9.4%

Total margin across all product segments

	2021		2020				2021 YTD	2020 YTD	2020 FY
	Q2	Q1	Q4	Q3	Q2	Q1			
Total margin all product segments - before free bets (%) ¹	5.3%	4.8%	5.2%	4.7%	4.2%	5.3%	5.1%	4.7%	4.9%

¹ Includes sports betting and casino & games but excludes poker rakes and other revenues

Definitions

Cash conversion: Free cash flow divided by underlying EBITDA.

EBITDA: Profit from operations before depreciation and amortisation.

Gross cash per share: Total cash divided by the number of shares at the period end.

Gross win: Gross winnings revenue before bonuses and other small adjustments.

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.

Net cash/(net debt) per share: Total borrowings less unrestricted cash divided by the number of shares at the period end.

Operating margin: Profit from operations divided by Gross winnings revenue.

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

Return on total assets: Profit after tax divided by the average of opening and closing assets for the period.

Underlying EBITDA: EBITDA before management incentive costs relating to acquisitions, personnel restructuring costs, merger and acquisition costs and disputed regulatory sanction.

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

Presentation of the interim report

Today, Friday 23 July 2021, Kindred Group's CEO Henrik Tjärnström will host a web presentation in English at 09.00 (CEST) which will be web casted live on www.kindredgroup.com/Q22021. For those who would like to participate in the telephone conference in connection with the presentation, the telephone numbers are:

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Forthcoming financial reporting timetable

Interim report January – September 2021	27 October 2021
Full year report 2021	9 February 2022
Interim report January – March 2022	28 April 2022
Interim report January – June 2022	27 July 2022
Interim report January – September 2022	28 October 2022