kindred

Creating **long-term value**

Kindred Group plc
Annual and Sustainability Report and Accounts
2022

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"We chose a path over ten years ago to operate in locally licensed markets giving us access to local markets and providing increased stability. During the fourth quarter of 2022 we had 81 per cent of our revenue from locally regulated markets.

Henrik Tjärnström
CEO, Kindred Group plc

See page 8 for more information on the Chief Executive's review

At a glance

Transforming gambling

What is gambling?

Gambling is the act of staking money on an event with an uncertain outcome – the aim being to win back more than was wagered.

It's one of our oldest sources of entertainment, and dates back thousands of years. Today, typical forms of gambling include betting on sports events, horse or dog racing, casino games, poker, bingo or lotteries. And in recent years, gamblers have been able to place their bets using mobile phones and computers, as well as in betting shops or physical casinos. Countries and other jurisdictions are now introducing local gambling licences, allowing more regulatory control over gambling and bringing tax income to local societies.

Who we are

Kindred is one of the world's largest gambling providers.

Our purpose is to transform gambling by being a trusted source of entertainment that contributes positively to societies wherever we operate.

Over the past 25 years, Kindred Group has transformed gambling by investing in new technology, exciting products, and above all else, our people. We are home to nine gambling brands, trusted by millions of customers around the world. Each of our brands has its own unique offering and identity, built around the desire to offer customers a thrilling and safe entertainment experience.

Our 2022 financial highlights

Revenue GBP
1,068.7m
-15%

Gross winnings revenue from locally regulated markets %
79%
(2021: 62%)

Underlying EBITDA GBP
129.2m
-61%

Underlying EBITDA margin %
12%
-14pp

Earnings per share GBP
0.54
-59%

Free cash flow GBP
69.6m
-70%

Dividend per share GBP
0.345
+2%

Active B2C customers
3.0m
-12%

Gross winnings revenue from high-risk customers in Q4 2022 %
3.3%
(Q4 2021: 4.0%)

eNPS Score
48
(2021: 48)

Number of employees
2,332
+13%
(2021: 2,055)

25 YEARS UNIBET

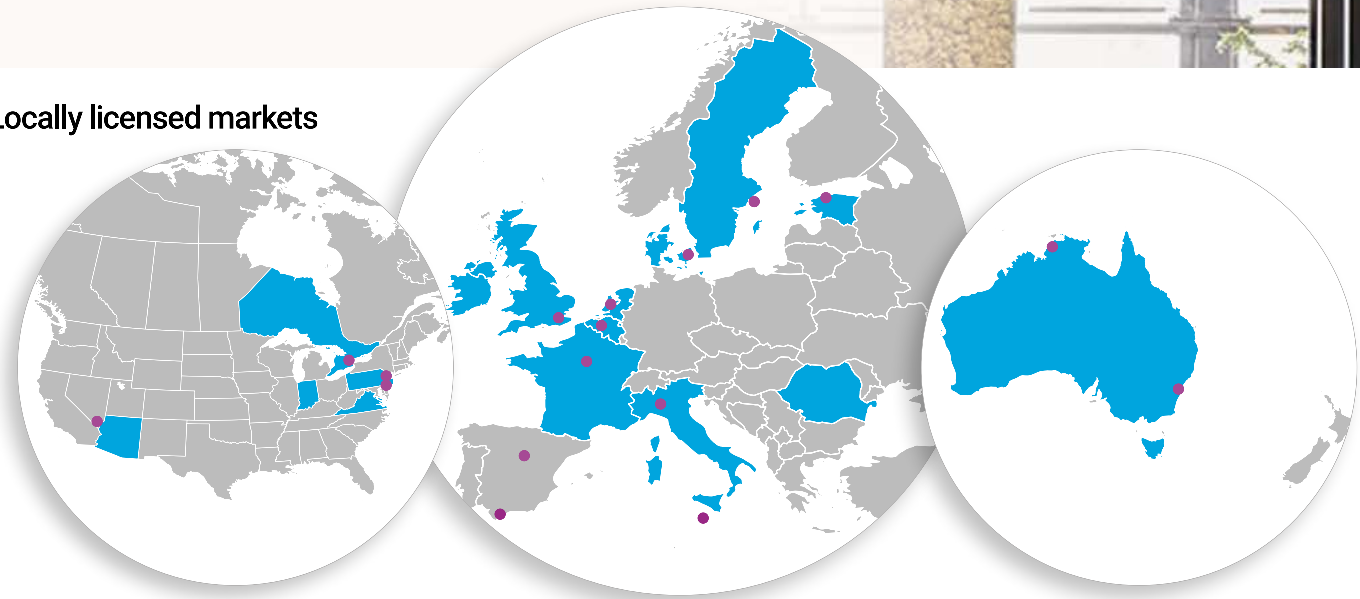
In 1997, based at his London flat, our founder Anders Ström set out to change the way players gamble, and offer them an experience suited to the modern digital world, registering the brand name Unibet.

Click here for more information

At a glance continued

Our brands and where we operate

Locally licensed markets



North America
- Arizona
- Indiana
- New Jersey
- Ontario
- Pennsylvania
- Virginia

Western Europe
- Belgium
- France
- Gibraltar
- Ireland
- Malta
- Netherlands
- United Kingdom

Nordics
- Denmark
- Sweden

Central, Eastern and Southern Europe
- Estonia
- Italy
- Romania

Australia
- Northern Territory

Our offices:

Amsterdam, Antwerp, Copenhagen, Darwin, Gibraltar, Las Vegas, London, Madrid, Malta, Milan, New Jersey, New York, Paris, Stockholm, Sydney, Tallinn, Toronto

Our brands

32Red, bingo.com, CASINOHUONE, kolikkopelit, MARIACASINO, OTTO KASINO, STORSPILLER STORSPELARE, UNIBET, VLAD CAZINO

- Sports betting
- Casino & games
- Poker

At a glance continued

A diversified product strategy

Providing a range of products

We offer a diversified product mix with a full portfolio of betting and gaming options available to our customers. Sports betting is typically more seasonal with more short-term volatility on margins due to the unpredictable nature of the outcomes of sporting events. On an annual basis however, the margin is steady. Casino and other games across our suite largely operate on even steadier margins with smaller, but normal fluctuations.

Sports betting

Key to customer recruitment and retention is our wide range of betting options, offers and locally-competitive odds. We offered more than 435,000 betting events during 2022, and will continue to offer industry-leading depth in the future. Football is the number-one sport in most of our markets, followed by tennis and basketball – but our betting portfolio also includes offerings on events such as political elections, TV shows and global entertainment events like the Eurovision Song Contest. Racing is also an important product in certain territories, such as the UK, Australia and Sweden.

We launched our own Trotting offering in the Swedish market during 2022 through our proprietary racing product (KRP). As also announced during 2022, we are building our proprietary sports betting platform, KSP, (see pages 31-32) and the project is on track.

Casino & games

We work with our industry's leading game suppliers to ensure we have the depth and quality of casino games our customers expect. We are developing a personalised casino experience, with content, offers and communications, tailored by customer profiles, historical play data and preferences. Also, our hyper-local approach offers different languages and player support to meet our global customer demands.

Moreover, we are developing exclusive casino game content through the fully-acquired Relax Gaming platform, as we seek to take greater control of our game portfolio and casino roadmaps.

Through Relax, Kindred Group also now have a burgeoning stake in the exciting B2B casino market (see pages 33-34).

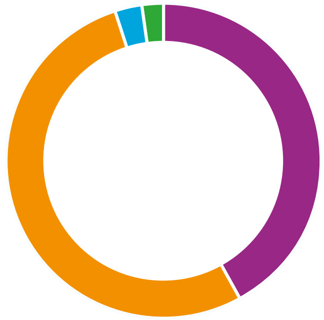
Poker

Our aim is to provide a fun poker experience in a community-style atmosphere where recreational players can enjoy the skill of poker as if in a game with friends. Tournaments, Sit&Go's, cash games and our own Banzai Poker are the most popular. We build our customer's poker skills through our socially-active expert poker ambassadors, and events such as the Unibet Open (held in Malta in September 2022), and other more locally relevant on-line events.

Other

As with our other product categories, entertainment is key. We add many features to make our bingo experience more than just the bingo game, with frequently added jackpots and community-shared jackpots, always stating the number of jackpots each day, week and month. We ensure more prizes to more players than elsewhere, and, through Relax Gaming, have access to exclusive bingo content. We can also offer a layer of gamification, where players can see how other players are doing, adding an exciting level of competition.

Share of Gross winnings revenue (GWR) per product segment



Sports betting **42%**
Casino & games **53%**
Poker **3%**
Other **2%**

GBP 1,042.9m
2022 Gross winnings revenue (B2C)

Trends in our marketplace

Online market **growth**

The trend

As entertainment transforms, people are migrating from offline to online. Yet online still accounted for only about 29 per cent of the total gambling market in 2022. We expect this accelerating trend to continue and the absolute market size to grow, offering much more room for growth.

For Kindred

We are a true online operator without substantial retail estate, but with strong brand awareness in the world's biggest gambling markets, and bespoke technology that helps us scale our operations efficiently. According to H2 Gambling Capital, our core addressable markets are estimated to show a CAGR of 7 per cent from 2022 to 2027.

Changing consumer behaviour

The trend

Younger generations of customers expect to enjoy their gambling entertainment whenever, wherever, and on whatever device they choose. They are far more aware of what's available and how, and expect highly personalised content and relevant offers, which requires greater control of the product and customer experience.

For Kindred

The Kindred Sportsbook Platform and Relax Gaming are key initiatives for us as they enable us to provide a truly unique customer experience. Our hyper-local brands, with expert local teams, ensure we provide the right offers in the right markets, while our data expertise ensures a truly personalised offering for players.

Social **awareness** and **regulation**

The trend

Consumers (and employees) are increasingly socially aware. They expect more from businesses, as do policymakers and regulators. Therefore regulation and licensing is evolving fast, putting greater focus on sustainable practices, and tighter controls to prevent harmful gambling.

For Kindred

As a larger operator, we can build the infrastructure and scale to absorb stricter requirements and navigate the transition to locally regulated and taxed revenue – currently 79 per cent of our Gross winnings revenue in 2022. In addition, through our Journey towards Zero initiative, our share of revenue from high-risk customers at the end of 2022 was 3.3 per cent.

Globalisation

The trend

In business, national has become international and ultimately global, and economies, logistics and production are all interlinked. We have the world at our fingertips and a greater understanding of other markets and cultures.

For Kindred

By running one global sportsbook brand across all markets, we create synergies in spending, knowledge and experience, as well as global brand value. Unibet is a global brand that offers locally relevant content. We can add to this with locally relevant casino brands that target a slice of the market Unibet cannot reach. We are moving towards one platform that can scale across global markets, bringing cost and customer experience benefits.

Market consolidation

The trend

The average size of online gambling businesses is increasing, as operators look for M&A opportunities that will bring the benefits of scale or as a means of entering a market. Consolidation is also affecting supply-side dynamics, as product commoditisation and lack of differentiation mean operators look to bring product innovation and development in house.

For Kindred

We have, and continue to, participate in consolidation, of the market, including in product development. We are one of the largest operators in the world with a strong balance sheet, and our ambition is to strengthen our position as a consolidator.

How we address the market

Diversified by brands and regions

Our diversified market perspective brings us healthy long-term revenues from different regions, while our balance of products attracts a wide range of customers with varied entertainment interests.

An effective multi-brand strategy means having the right brands in the right markets, positioned to target customers who have different needs, and bringing us access to new customer segments. In addition to our multi-brand approach, we also focus on offering a unique product and customer experience (see pages 18-19). This diversified product and brand approach mitigates seasonal variations in sports revenue by offering customers a compelling and unique year-round entertainment experience.

A balanced portfolio of markets, products and brands

Kindred's presence in selected global markets provides stable and long-term revenue from established and expanding markets. Our diverse product range appeals to a broad range of customers with different entertainment preferences. The nine Kindred brands each have a distinct personality and offering, prioritising player safety while providing thrilling entertainment.

This balanced portfolio of markets, brands and products helps us navigate the transition to locally regulated revenue. In the fourth quarter of 2022, 81 per cent of Kindred Gross winnings revenue is generated from locally regulated markets. Over time, this resilient revenue enables Kindred to navigate headwinds from individual markets without impacting overall revenue in the longer term. Overall, no single market contributes more than 20 per cent to our combined revenue mix.

To deliver revenue growth and profitability across our markets, Kindred deploys a global/local approach. Global capability in areas such as brand strategy, product marketing, marketing automation and technology, is complemented by a local market focus on customer needs, relevance of our offering and timely communication.

Winning in mature and growing markets requires a relentless focus on the customer experience. Increasingly, advanced and responsible leveraging of data has become the 'front line' of winning and retaining customers.

A centralised approach – with local expertise

Our diverse geographical footprint offers stability, as well as the opportunity to use our scale to transfer product, marketi ng and technical knowledge across markets. Key to our success is the synergies we create from the combination of local knowledge and execution, with global resources and best practice, something that sets us apart from our international peers.

To benefit from the underlying automation and technological advances of recent years, we take a centralised approach. Yet each market has differences in compliance, payment preferences, consumer behaviour and customer demands. We know them all, and tailor our diverse brand footprint to each locally regulated market in our well-balanced portfolio, to ensure we're hyper-relevant. This focus on the customer is allied to our centralised expertise in all marketing disciplines, which supports our local teams on the ground. Read more in the case study to the right.

Aiming for true personalisation

The ultimate goal of our communication to customers is to send the right message to the right person at the right time through the right channel or medium.

Click here for more information

Five reasons to invest in the Kindred share

1

A large and **growing** underlying market

Thanks to the accelerating shift from offline to online, Gross winnings revenue within the non-cyclical global online gambling market is estimated to show a compound annual growth rate (CAGR) of 11.0 per cent between 2022 and 2027. The global online gambling market is estimated at GBP 77.7 billion in 2022, corresponding to 28.6 per cent of the total global gambling market (estimated at GBP 271.3 billion).

11.0%
Compound annual growth rate 2022-2027

2

A **leading online gambling operator** with a diversified footprint

With annual revenues of GBP 1.1 billion and 33.9 million registered customers, Kindred is a leading online gambling operator. Our revenue is diversified from a brand, product and geographical perspective, with technology as a common denominator. This underpins stability and enables scalability.

GBP 1.1bn
Annual revenues 2022 (2021: GBP 1.3bn)

3

Solid foundation for continued **long-term profitable growth**

Kindred has a strong record of revenue growth and operational efficiency. Through our tech-first approach and scalable platform, we provide our customers with a unique experience throughout long-lasting relationships. A key building block for the long-term value creation is the Kindred Sportsbook Platform. It will further increase our scalability, agility, security of supply and ability to differentiate. With our strong brands, attractive products and solid expertise we continue to grow our customer base and gain market share in our rapidly growing total addressable market across Europe, Australia and North America.

16.8%
Compound annual growth rate in revenue 2012-2022

4

A determined **focus on sustainability**

Kindred's purpose is to 'transform gambling by being a trusted source of entertainment that contributes positively to society'. One of our priority areas is responsible gambling, and through our approach we aim to generate no revenue from high-risk customers. Our efforts provide long-term profit support, reduce volatility and uncertainty, and strengthen our ability to attract and retain the best talent.

3.3%
Share of GWR from high-risk players in Q4 2022

5

A **profitable business model** with strong underlying cash flow generation

Kindred has a track record of strong profitability and cash flow generation. The solid balance sheet and cash flow generation allow for continued investments in both organic growth and selective acquisitions. Our most recent acquisition of the rapidly growing B2B supplier, Relax Gaming, will significantly contribute to the future profitability of the Group.

The total pay-out ratio of dividends and share purchases should be ~75-100 per cent over time of free cash flow*.

~75-100%
Pay-out ratio of free cash flow over time

* Free cash flow is defined as net cash generated from operating activities, excluding movements in customer balances, less cash flows from investment activities (including acquisitions) and lease payments.

Chief Executive's review

History has shown that there will always be years that are more challenging than others. 2022 has been such a year, putting governments, communities and organisations to the test. Despite the current and geopolitical affairs situation that we all find ourselves in, 2022 has been a year of change – both positive and negative – that we take lessons from to improve.

Henrik Tjärnström
CEO, Kindred Group

Focused

on value creation

Chief Executive's review continued

A flying start in the Netherlands

Following the challenging but necessary decision to cease services towards Dutch residents in the third quarter of 2021, we achieved our goal of securing a local licence in the Netherlands in June 2022 and launched operations four weeks later. Our focus on operating with local licences has been a strategic focus for over a decade, and we're thrilled to now be fully operational in one of Europe's largest gambling markets. With strong brand awareness and unique customer offerings across all product verticals, we've quickly established ourselves as a market leader. Our goal is to be the number one operator by the end of 2023, and I am confident we will achieve it.

Our success in the Dutch market highlights the importance of standing out from the crowd with products that meet and exceed customer needs. The global trend shows consumers seeking personalised products and services, demanding quick access to information and offers, and a growing focus on responsible choices. With declining tolerance for products and services that harm individuals or communities, our strategy focuses on addressing these macro trends to ensure we remain well positioned for the future.

Shifting focus from sales to increased customer experience will differentiate us

In my CEO review last year, I mentioned that we have taken important steps on our long-term strategy allowing us to capture future opportunities. Shifting our operations from a dedicated sales focus to a product-focused company excelling in customer experience is a fundamental part of this journey. And our decision to build our own sportsbook platform, the Kindred Sportsbook Platform (KSP), is the most important building block. The KSP will provide us with the flexibility and ability to tailor our offering to customers, giving them a unique, expected and safe experience.

The acquisition of Relax Gaming in 2021 represents another crucial building block in our transformation to a product focused operator and adds a highly profitable B2B offering to the Group. Our first exclusive slot game in collaboration with Relax Gaming was launched on 15 December 2022. It was very well received by our customers and became our second-best release in December, and among the ten best games launched in 2022. We are very pleased with how bespoke game development is progressing and we are looking forward to releasing more exclusive content throughout 2023 and beyond.

Setting financial targets to improve insight into our future outlook

In September, we invited the financial market to a Capital Markets Day in London where we explained the direction we are taking, how we intend to grow the business, and what is needed to succeed. We set out financial targets for the coming years to give the financial market better insight into the opportunities that lie ahead – targets that are ambitious but, with the direction we are taking, achievable. By 2025 we will have:

- Revenue of above GBP 1.6 billion
- Underlying EBITDA margin of ~21–22 per cent
- Distribution policy of ~75–100 per cent of free cash flow (after M&A)

We also went into depth around the value creation drivers of the Group to achieve these financial targets. Priorities are closely tied to our Group strategy, and we have been laying the foundation for these in previous years.

1. **Expand our position and grow market share** by being a trusted source of entertainment in our existing core markets across Europe and Australia (see page 27)
2. **Build and develop our strong position in the Netherlands,** a market where we are off to a flying start and that is expected to grow significantly in the coming years (see page 29)
3. **Leverage the strategic investments we have made over the years through the Relax Gaming acquisition and the development of KSP**, allowing us to differentiate from the competition (see pages 31-34)
4. **Continue to develop our market position in North America** as the region matures and focus on customer experience increases – with the launch of our own platform being a crucial ingredient (see page 35)

Chief Executive's review continued

Exploring all options to succeed in North America

The North American market has enormous potential as it grows into the largest gambling market in the world. With only five years since being re-regulated, when the PASPA regulation was repealed, the market is still in a heavy investment phase. Operators are competing in an unsustainable race for short-term market share – a race we have decided to not compete in. Our 25 years of experience tells us that entering new regions and markets requires a dedicated plan and patience. We see North America as a long-term growth opportunity and will explore all options to establish a sustainable position that adds value and a profitable contribution to the Group.

A key component to succeed in North America will be to establish our own platform allowing us to significantly improve the customer experience and give us more flexibility over our product offering. We expect the Kindred platform to be live in New Jersey during the Spring of 2023, with Pennsylvania to follow in the second quarter.

Achieving a level playing field in locally regulated markets

We chose a path over ten years ago to operate in locally licensed markets giving us access to local markets and providing increased stability. During the fourth quarter of 2022, we had 81 per cent of our Gross winnings revenue from locally regulated markets. We are very proud of this and will continue to push towards 90 per cent in the coming years. Operating in locally regulated markets also means strict regulations that require investments in technology, specialist talent, and compliance procedures. In the UK we stand ready to implement the changes that will likely come from the new Gambling Act White Paper; in Belgium the authorities have imposed deposit limits; and in Sweden our AML procedures were reviewed by the regulator. While we have taken significant steps forward over the years to ensure we remain compliant with every regulation, we remain humble and understand that we still have work to do. In last year's Annual and Sustainability Report I mentioned that the regulatory and compliance burden is increasing, which we have seen in Belgium, the Netherlands, Sweden and the UK. However, our teams have built robust frameworks to cope with the increased demands. Managed well, good regulations provide competitive advantages. However, there is a risk of skewed competition and regulators must do their utmost to ensure a level playing field by enforcing their regulations and protecting the integrity of the licensed market.

Our journey towards a safe and trusted source of entertainment

Providing a safe and trusted source of entertainment is part of our purpose as an organisation. We know that harmful gambling is unsustainable and negatively impacts on those customers who suffer, on affected others, on communities, and on us as operators. Our Journey towards Zero is an ambition to increase transparency and understanding about gambling related harm, as well as increase the quality of our customer base. We set out to achieve this ambition by the end of 2023. With nine months left of 2023 I can see that it will be challenging to reach our ambition within this timeframe.

However, our dedication and firm commitment to the journey remains and we will continue to report on our share of revenue from high-risk customers until we have reached the ambition. We know this reduces the risk of our customer database, and thus improves the quality of our revenue.

Attracting the right talent to achieve our strategic priorities

Delivering on our long-term strategy is not only about adding unique content or delivering on strategic priorities. It is equally about building our organisation to cater for the new reality we are heading into. Building a scalable and profitable business requires talent. We have put great focus on securing a talented team that can deliver on what we have set out. In 2022, we launched a new Employee Value Proposition to help us attract the right talent. We are also in the process of setting up a tech hub in Bangalore, India to ensure we deliver on our tech needs while optimising our cost base.

Despite 2022 ending on a high note with a World Cup giving us epic football matches, and the Women's Euros firmly cementing women's football as a top sporting event, it has been a difficult year for many. The geopolitical unrest continues as do the challenges that follow in its wake. Last year I mentioned that we were in a stronger financial position than ever before. Closing the year, my summary is that our financial performance has not met our expectations in a challenging 2022. We are now taking the necessary actions to further strengthen our financial position.

While 2022 has been a challenging year, I am proud and grateful for the hard work put in by all my colleagues at Kindred and at Relax Gaming. We have work to do, and we have set ambitious targets for 2025, as well as an underlying EBITDA guidance of GBP 200 million for the full year 2023. I am fully confident we will achieve this and as a team we will execute on the strategy we have set.

Henrik Tjärnström
CEO, Kindred Group

Malta, 15 March 2023

Business model

How we create sustainable value

Over 25 years, our model has evolved through the different phases our industry has travelled. Through geographical expansion and innovative products, we have gained a market presence and laid our foundation. We have been through a transformation in the past decade, as the online gambling market has moved towards a locally regulated future, and we aim to master the challenges better than our competitors. Now we are focused on scaling up, with a clear, long-term strategic direction, and continue to achieve true value for all stakeholders.

What we aim to achieve →

- Sustainable and thrilling entertainment
- A multi-brand approach based on global scale and local relevance
- Great customer experiences in a digital entertainment
- A unique and compelling product suite
- A safe and fair gambling experience

The assets we use →

- Trusted relationships with customers, owners, regulators and society
- Significant investments in technology, and proprietary capabilities and products
- A diverse and motivated multi-cultural team
- Financial strength through a non-cyclical and cash-generative business
- Experience and capabilities in responsible gambling and compliance

The way we operate →

- Nine consumer-focused gambling brands
- Sports betting through our flagship brand Unibet
- Casino & games with a focus on local or hyper-local brands
- A strong poker product
- Experienced B2B business in Relax Gaming

The value we create

Value to customers
Our customers enjoy the thrill and excitement of our gambling products in a safe and responsible environment. We monitor their behaviour and help them stay in control.

84%
Customer satisfaction (CSAT) score

Customer Service CSAT score is 77%

Value to employees
We offer employees the opportunity to work within a strong, values-based culture, and a friendly, hybrid working environment with attractive training and development opportunities and competitive benefits.

48
eNPS score

Value to shareholders
Our 45,786 shareholders receive a return on their investment in the form of an increase in share value and cash dividends.

4.7%
total return

Value to society
We contribute to our local communities by partnering with sports organisations, supporting community projects, investing in responsible-gambling activities, and providing job opportunities.

343.3m
GBP generated in corporate, payroll and betting tax, and sponsorships

Value to business partners
As a stable associate for our suppliers and partners, we provide a basis for third-party company earnings, employment and technological developments.

2,345
business partners

Our strategy

Our strategy has been designed for long-term sustainable growth

Our objective and business model is to generate profitable growth in locally regulated markets. In developing our strategic direction and plan, we have considered the advances in our industry and the current trends and dynamics we have identified in our markets.

Our purpose

To transform gambling by being a trusted source of entertainment that contributes positively to society

Our mission

Strong and sustainable profitability in locally regulated markets

Our strategic objectives

a balanced portfolio

Core markets page 14
Link to key value drivers
– Market share growth
– Netherlands market leader

North America page 16
Link to key value drivers
– Top ten operator in North America

Our strategic enablers

the capabilities we need to succeed

Unique product and CX page 18
Link to key value drivers
– Roll-out of the Kindred Sportsbook Platform
– Leveraging value from Relax Gaming

Sustainable business page 20

Scalable operations page 22

Our five key value drivers

- **Market share growth** page 27
- **Netherlands market leader** page 29
- **Roll-out of the Kindred Sportsbook Platform** page 31
- **Value from Relax Gaming** page 33
- **Top ten operator in North America** page 35

2025 financial targets

Total revenue
>£1.6bn

Underlying EBITDA margin %
~21-22%

Distribution policy of
~75-100%
of free cash flow (after M&A)

Stable CAPEX
as % of revenue despite KSP investment

Share of locally regulated GWR %
~90%

Our strategy continued

Our strategy encompasses five themes aimed at achieving our purpose. Three themes focus on the capabilities that underpin our success, while two focus on a balanced portfolio of markets in different stages of maturity.

Our capabilities

We base our commercial efforts on three key elements:

Unique product and CX (customer experience)

We offer customers thrilling and engaging experiences built on a broad range of gambling products and games. We will strengthen our product control and the ability to differentiate our offering, while focusing on personalised customer experience across platforms and products.

More on page 18

Sustainable and compliant business

We have a dedicated focus on responsible gambling and adhering to local market regulations – which is an increasingly important area for many governments, as well as investors, customers and employees. Our new Sustainability Framework integrates with this strategy.

More on page 20

Scalable operations

Our highly scalable model is based on a world-class secure technical platform that grows as the business grows, bringing opportunities to establish a consistent brand, customer experience and protection, while reducing costs and increasing efficiencies.

More on page 22

A balanced portfolio

We have a balanced portfolio of markets with plenty of growth potential:

Core markets

A strong position and solid performance in our core markets, primarily in Europe, supports our commercial ambitions and generates profitable growth and strong cash flows to fuel our expansion in other markets.

More on page 14

North America

We are putting the fundamentals in place, expanding our business and our coverage gradually, and building our brand gradually across North America, which includes some of the fastest-growing locally regulated markets in the world.

More on page 16

Our strategy / Strategic objectives

Our core markets

Continued strong growth in locally regulated markets.

Since 2010, our focus has been to grow our locally regulated markets faster than our .com markets, to ensure a strong foundation. Now, 89 per cent of our total addressable core markets*, and 79 per cent of our 2022 Gross winnings revenue is locally regulated and taxed.

Locally regulated markets carry lower risk and are more sustainable, and offer us a geographically well-diversified revenue base. Key milestones in our history have been the re-regulation of the Swedish and Dutch markets, as well as our growth in the UK, France and Belgium. You can read about our strong re-launch in the Netherlands on page 29.

*Core markets include: Australia, Belgium, Denmark, Estonia, France, Italy, Netherlands, Romania, Sweden, UK, and .com core markets.

Link to strategic priorities

- Market share growth
- Netherlands market leader

Our strategy / Strategic objectives

Building a successful framework

We know what it takes to make a profit in core markets, and we fully utilise our strengths. Growth in core markets is a key value driver over the coming years (see page 27). We have built a successful framework for adapting to, and managing, the re-regulation processes, ensuring compliance, technology and local teams are all in place ready to be awarded early licences – as you will see in our section on our re-launch in the Netherlands (see page 29).

A consequence of growing our locally regulated markets is that betting duties increase rapidly when larger markets go through re-regulation – which, of course, means an initial dip in margins, though we are making a greater material contribution to society. But regarding our profitability, we absorb the added duties well with a mix of cost efficiencies and top-line growth, creating a strong recovery.

Entering into a new licensed market will generally encompass three main phases:

1. In the introductory phase, we are competing with many other entrants for brand awareness, while adapting to the local market characteristics and regulations.
2. The consequent pressure on margins eases in the coming year or so as market conditions stabilise. While growing share and positioning our products, there will be some industry consolidation and the market now becomes increasingly difficult for any further new entrants to compete in.
3. After about 18 months, customers have become aware of, and loyal to, licensed brands in the market which, for us, will mean increased margins and stable revenue growth.

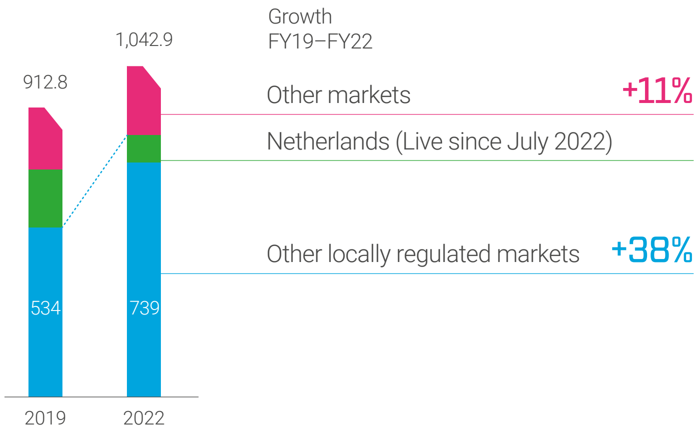
The foundations of success

Perhaps the most important factor in our operations, and our key differentiator, is our winning combination of local knowledge and relevance supported by our global resources and experience – all creating strong barriers to entry.

Each market is different – whether in compliance and regulation, payment preferences, or customer needs and behaviour. We know our markets inside out. We tailor our diverse brand footprint for each market, and our local approach gives us an edge in ensuring our marketing is relevant also.

Yet over the past decade, the changing media climate and growing technical complexity of customer-relationship management, with its underlying automation and technological advances, require an integrated corporate approach. We now have centralised expertise in all necessary marketing, technology and data disciplines supporting our local teams on the ground. In effect, global provides best practice, and local ensures regional execution and relevance.

Strong GWR growth in locally regulated markets
(GBPm)



Our strategy / Strategic objectives

North America

Transferring our Kindred skills to new markets.

Following the repeal of PASPA in 2018, individual states began the process of regulating sports betting, opening the doors to a potentially huge market. Online casino regulation did not follow at the same speed, with only a handful of states having regulated since 2018. However, momentum is building, with some mid-western states leading the agenda in 2023.

Canadian provinces started the process of passing similar legislation, with Ontario introducing regulation in 2022. Today, the North American market has the potential to become the world's largest locally regulated online gambling market. It is already the fastest-growing regulated online market in the world, with an estimated compound annual growth rate of 26 per cent in United States and Canada combined over the next five years.

Having entered the US in 2019, we are now live in five US states as well as Ontario, and we have secured market access for four more states. Our total addressable market size of US states where we are now live and Ontario is GBP 5 billion.

Link to strategic priorities

Top ten operator in North America

Our strategy / Strategic objectives

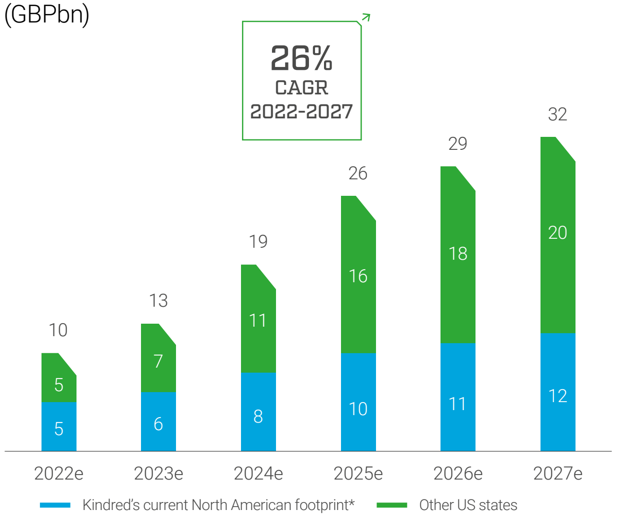
Each state is a unique market, with different regulations to adhere to, a different product scope, a different operational set-up, and different types of customers who are interested in different products. Our strategy is one of selective expansion. Rather than chase region-wide access, we've identified the opportunities most relevant to us, cherry-picking our intended footprint – states with good regulation and taxation, and a path to multi-product licensing.

As with our approach in our established markets, we have been building our knowledge of local customer needs and payment preferences, creating the relevant marketing mix and local sponsorships. We can already see underlying trends that show product excellence and customer centricity will apply to this region, just as they do in our core regulated markets.

Success in North America is a marathon and not a sprint, and we are building for the sustainable market that is coming, ensuring we're properly positioned as the market matures.

Read more about our North American objectives on page 35

US + Ontario online gambling market size
(GBPbn)



Source: H2 Gambling Capital (9 February 2023)
* Existing US states + Ontario (Canada)

GBP 5bn
Total addressable market 2022, Kindred's current North American footprint

States where we have secured market access but not yet live:
California, Illinois, Ohio, Washington

States and provinces where we are live:
Arizona, Indiana, New Jersey, Ontario, Pennsylvania, Virginia

Our strategy / Strategic objectives

Unique product and customer experience

Focus on our products and the customer experience (CX).

We offer customers thrilling experiences built on a broad range of gambling products and games. Our market and landscape are always changing and presenting new challenges. Our customers are more sophisticated and demanding than ever, and expect individual content that is relevant to them. Equally we operate in one of the most regulated industries in the world, with complex and differing regulations in each market. We are also subject to ever-changing app-store rules and compliance. To face these challenges we are making significant moves to become more autonomous and move from a sales to a product and CX organisation. We are well positioned to grow market share by providing a unique and superior product and customer experience.

Link to strategic priorities

- KSP Roll-out of the Kindred Sportsbook Platform
- RELAX Leveraging value from Relax Gaming

Our strategy / Strategic objectives

Our product vision

Greater differentiation and control of the customer experience

We are on track to control the full customer experience, across platform and product, front-end and back-end. The Kindred Racing Platform, the creation of the Kindred Sportsbook Platform (KSP, see page 31), and the acquisition of Relax Gaming (see page 33) are perfect examples of this vision becoming reality.

Through Relax, we are building our own exclusive content and differentiating ourselves from our competitors.

We strongly believe that the winners in the next era of our industry will be those with the best products and CX. This is why we are investing in our products with so many exciting developments on the way, including KSP, our own games studio and exclusive content.

Also key to our vision is to become an app-first company, with web and desktop as supporting channels. As a consequence we are increasing our numbers of app engineers.

Our path to success

Our product and CX strategy is based on five key attributes

1 Proven build legacy

In 2018 we launched our own Kindred Racing Platform (KRP). It is now live in 15 markets, 24/7, and generated over GBP 40 million Gross winnings revenue in 2022. It has won many industry awards and is recognised as an industry leader. Building on the shoulders of this proven success, we are currently creating a proprietary sportsbook (KSP). (see page 31).

2 History of successful growth

We've demonstrated years of organic growth, while at the same time selecting smart strategic acquisitions and integrating them into our business. This has helped us stay relevant and active across such a broad regulated market footprint, while adding local-market expertise. Our understanding of local markets has been one of our key success factors as we scale up our central platform and product capabilities. Plus, with our Relax Gaming acquisition, we will launch our own exclusive casino games (see page 33).

3 Innovation capability

We are a truly innovative organisation and have a legacy of industry firsts. We are very proud of this legacy and it is something we intend to continue. In 2021 we became the first company to allow customers to watch sports events and place bets without having to leave the sports stream via our Watch&Bet product. Some years back we were also the first company to launch cash-out, now an absolute staple and fundamental offering for the whole industry. And also in 2021, we launched Betshare, where customers can show their bets across social media, another industry first.

4 Data-driven business

Data is at the heart of everything we do. We have long-established a rapidly growing data-science, data engineering and data analytics departments. Algorithms generate personalised content on both our sportsbook and casino, based on each customer's historical bet and game choices, as well as creating personalised navigation. This all adds up to a more engaging customer experience. KSP will expand on this legacy multifold.

5 Putting the customer first

Through our customer marketing and CX teams, we listen carefully to what our customers tell us (see page 6). This feedback informs our strategic product decisions. We know good quality products are paramount to an enjoyable gaming experience and customer retention. A key part is making sure our customers always feel protected when playing with us, supporting our Journey towards Zero to eliminate harmful gambling.

Our strategy / Strategic objectives

Sustainable and compliant business

Today's consumers and employees expect better services and higher standards from companies.

As expectations continue to rise, and online services continue to proliferate, regulators and policymakers are tightening their requirements faster than ever.

Regulation and compliance

Online gambling is subject to local regulation in an increasing number of countries, and we aim to thrive in these markets. We engage with regulators early, and once regulations are set, we always strive to adhere to them closely. While this may appear to be a major compliance challenge, it can also bring commercial benefits and a source of competitive advantage. With higher expectations on licensed operators, and more complex regulations, customers are increasingly subjected to demanding processes to establish affordability and other risks. We aim to make these as simple and discreet as possible for the customer, so we can maintain relationships with valuable and sustainable customers, who we call our priority customers (see case study). We balance our drive for revenue with the importance of corporate reputation, compliance and customer experience. Therefore we work hard to ensure we can solve complex compliance challenges, contribute to improved industry perception, and be recognised as a trusted provider of entertainment.

Link to strategic priorities

- Market share growth
- Netherlands market leader
- Top ten operator in North America

Our strategy / Strategic objectives

Our approach to sustainability

The motivation behind our sustainability strategy is to ensure we achieve our commercial success responsibly and at a lower risk. Updated in 2022, the framework offers a constant and clear connection to our commercial strategy. Through our sustainability work, we aim to ensure our social licence to operate, and contribute to compliance, cybersecurity, player safety, product integrity, customer experience and employee welfare. One of the major elements in our drive for sustainability is our Journey towards Zero – that is, our aim for no revenue derived from harmful gambling. In pursuit of this goal, we invest in research, technology, collaboration and external engagement to improve detection of risk and, subsequently, to provide efficient and accurate interventions and communications to enhance responsible gambling. While we acknowledge that we are still improving to do better, we take pride in influencing others in our industry.

Please turn to page 50 for our full Sustainability section

Compliance in action – the Priority Journey

With higher standards and more-complex regulations, operators and players are increasingly subjected to demanding processes to establish affordability and other risks.

Click here for more information

Our sustainability framework comprises four elements

Responsible gambling

Ambition: Make gambling 100 per cent enjoyable

We aim to protect players and advance our progress on the Journey towards Zero revenue from harmful gambling.

A secure platform

Ambition: Keep operations and customers safe at all times

Our own teams of specialists block cyber-attacks, manage information systems securely, and ensure external certification and wider controls against, for example, money laundering.

Product integrity

Ambition: Deliver fun, fair and transparent products

We focus on accurate detection of suspicious activity in sports and games, as well as on sports-betting integrity, and responsible marketing and education.

Responsible business

Ensure long-lasting relationships with partners, colleagues and communities based on trust and respect, always guided by our values

The foundations to support these primary pillars come through our strategic programmes to manage human resources and compliance processes, and to safeguard communities and the environment.

Our strategy / Strategic objectives

Scalable operations

A scalable business based on a world-class platform.

Ever since Kindred was founded, we've been a tech company dealing with the complexity of our markets and operations. Today we have a solid foundation powered by a strong proprietary bespoke platform we are continually evolving – that puts us in an excellent position to master this complexity and manage our growth.

A single, stable, secure and scalable platform brings the following benefits:

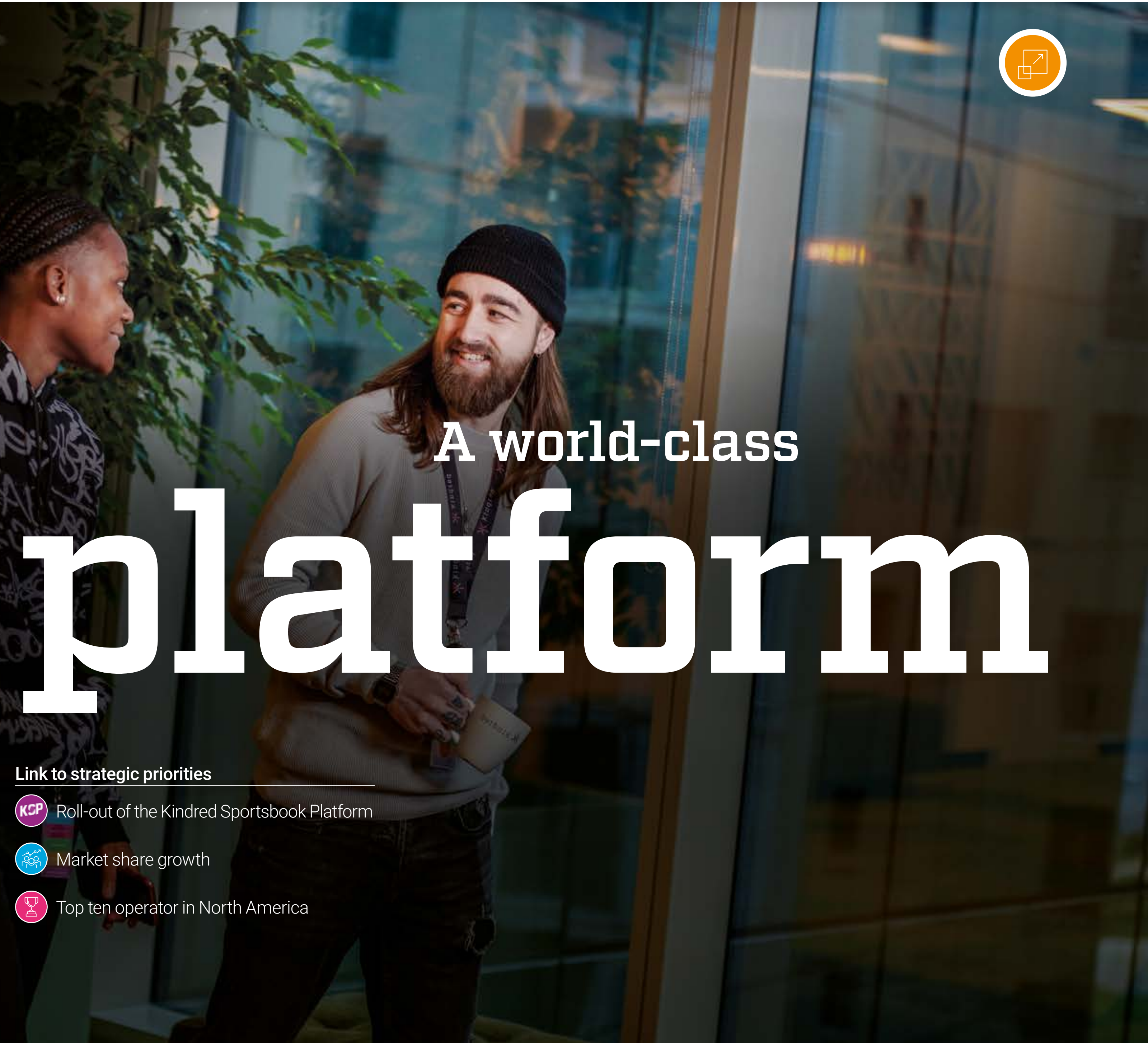
— It's far easier to scale or simplify our differentiation strategy – multi-brand, multi-product and multi-region.

— As locally regulated markets become more common, we can deal with increased operational complexity, compliance costs and betting duties.

— As regulation increases, or as we enter new markets, we can adapt quickly to evolving requirements and ensure player protection.

— As we grow and acquire companies, we can migrate new acquisitions efficiently onto the platform.

— What we have is not easy to copy, building barriers to entry for the competition.



A world-class platform

Link to strategic priorities

- KSP Roll-out of the Kindred Sportsbook Platform
- Market share growth
- Top ten operator in North America

Our strategy / Strategic objectives

The three layers to our platform

3.
Products
Full suite of products across core categories

2.
Kindred player account management (PAM) system
Bespoke local PAM to cater to all of our customers' needs

1.
Backbone
A solid foundation to deliver global solutions

Backbone – a solid foundation to deliver global solutions

Operating a global gambling platform needs an infrastructure you can rely on.

Our proprietary infrastructure – the Kindred backbone – gives our operations security, DDOS (Distributed denial of service) protection, capacity, availability and scalability across all jurisdictions at a highly manageable cost. We build what we need, from the ground up, so it is 100 per cent bespoke, on a global as well as local level. When disruption happens, we can act fast and adapt, without losing sight of our long-term goal. To give some examples:

1

Data centres

We've reduced the time to add a new data centre from three weeks to less than six hours. We will need data centres in all US states, and we are now rolling them out.

Automation

With the power of automation, we can introduce more than 10,000 releases a year, without needing a service window or affecting the customer.

10,000
releases per year

Protection

Although DDOS attacks occur almost daily for all major online businesses in every industry, our bespoke DDOS protection system mitigates hundreds of attacks a year, including some 10 times larger than the whole bandwidth to Malta.

Our strategy / Strategic objectives

The three layers to our platform

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Full suite of products across core categories

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Kindred player account management (PAM) system
Bespoke local PAM to cater to all of our customers' needs

1.
Backbone
A solid foundation to deliver global solutions

Player account management (PAM) – customer experience at its heart

The heart of our platform, differentiating us from the competition, is our player account management (PAM) system, an essential for any serious global operator.

In 2022, our PAM handled 16.5 billion transactions, a similar amount to many leading financial services providers. It manages the following:

2

Payment options and speed of withdrawals

These are very important for customer satisfaction, and we offer more than 30 different payment alternatives across all our markets and brands.

>30
payment providers

Customer protection

Every customer action generates insights for our Player Safety – Early Detection System (PS-EDS). Then through proactive automated and human communication with customers at an individual level, we help customers stay in control of their gambling, reducing the numbers who show any level of high-risk gambling behaviour.

Regulatory requirements

We've lived with regulatory changes and learned that they require specific needs. With our PAM we can reuse features we build from one jurisdiction to the next, giving us scalability and flexibility. As we developed the Kindred PAM for New Jersey, we introduced US-specific requirements that are now available by default for all other states.

Our strategy / Strategic objectives

The three layers to our platform

3.
Products
Full suite of products across core categories

2.
Kindred player account management (PAM) system
Bespoke local PAM to cater to all of our customers' needs

1.
Backbone
A solid foundation to deliver global solutions

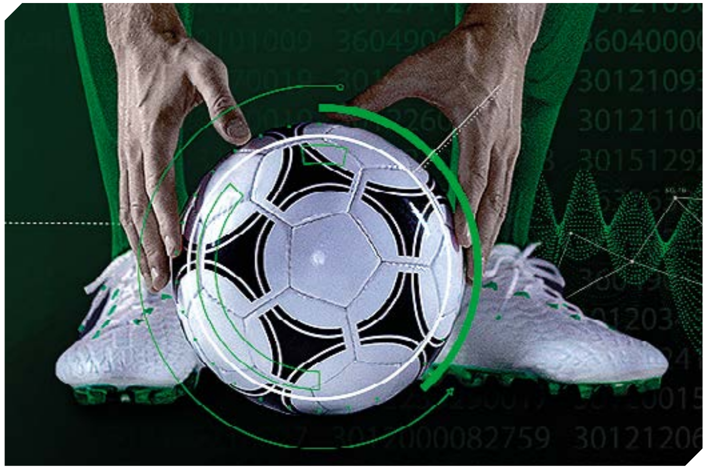
Kindred products – and the best of the rest

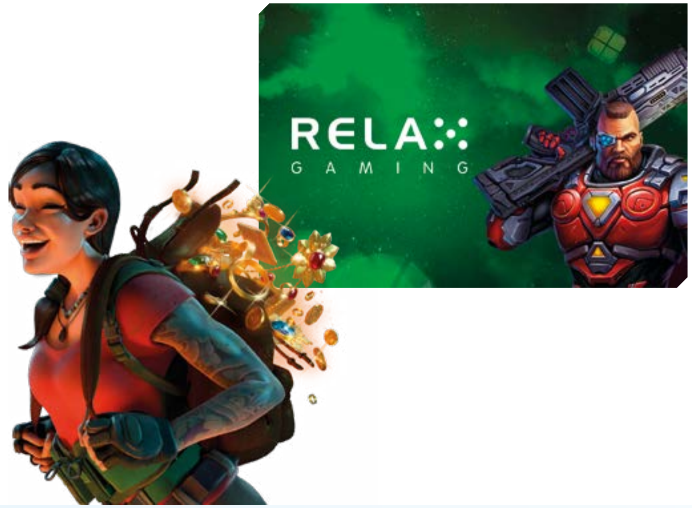
With our backbone and PAM as a solid foundation, our product mix provides a compelling offering to our customers.

As with any respected supplier of content and entertainment, our strong proprietary platform gives us a blend of own content and strong third-party options. An example is the bespoke Kindred Sportsbook Platform, powered by the strength of our backbone.

We are also consolidating the Relax Gaming infrastructure into our existing backbone, which will improve security and DDOS protection, and reduce costs. In the near future, across the platform, we will have a series of unique products in house: poker, bingo, racing and sports.

For casino & games, where there are tens of thousands of titles, we have a curated mix of in-house casino technology and third-party content.





3

Our key value drivers

Creating value over the coming years

Our objective

In September 2022, we issued financial targets for the full financial year of 2025 (see Chief Executive's review on page 8). We also identified the five most important value creation drivers for us to meet these targets over the coming years. Each is fundamental to our growth and profitability:

The five most significant value creation drivers in the coming years

Market share growth

Capture the existing growth potential in our core markets. We have the right market strategy and will continue to grow faster than the market.

More on page 27

Netherlands market leader

Ensure we become the market leader in the Netherlands by the end of 2023. We are off to a flying start, well ahead of our own expectations.

More on page 29

Roll-out of the Kindred Sportsbook Platform

Take advantage of the cost efficiencies and scale our proprietary sportsbook, KSP, will bring. It is on track and we will launch on time.

More on page 31

Value from Relax Gaming

Provide customers with unique and differentiated content through the highly profitable Relax Gaming acquisition.

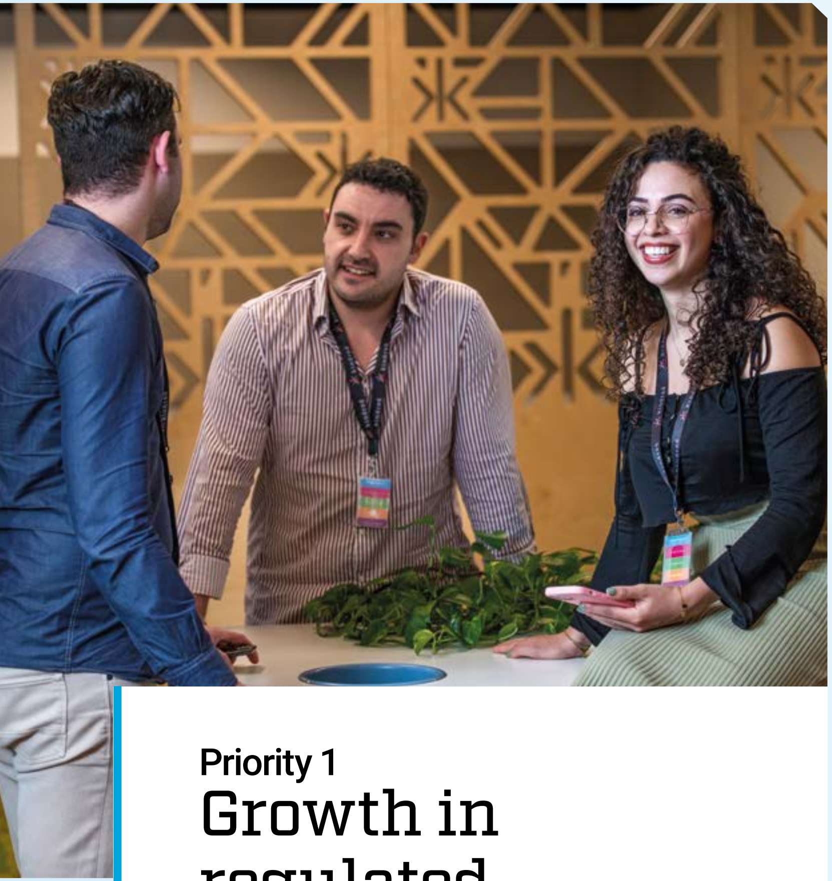
More on page 33

Top ten operator in North America

Further build our presence in North America, which represents a significant future value opportunity. We firmly believe the launch of our own PAM will bring great value.

More on page 35

Our key value drivers continued



Priority 1

Growth in regulated markets

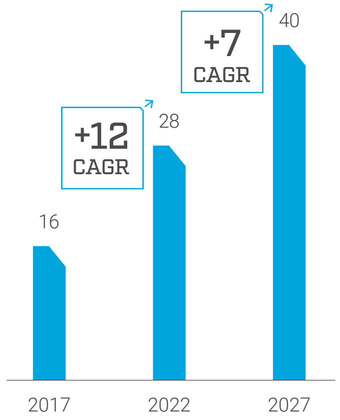
In our core markets, we aim to outpace market growth.

Combining our market growth with the expected 7 per cent CAGR of the markets themselves from 2022–2027, we see significant potential for the continued growth of our business.

Our core markets have shown a compound annual growth rate of 12 per cent over the past five years. During this time, our performance has been solid both in markets where we're one of the market leaders and in markets where we're not a top-five operator. While growth is the aim, we are of course, targeting profitable growth. For us, success is not focused on any single market in isolation – their combined contributions are more important.

To give an example of our modus operandi, we'll describe our efforts in the UK, one of our biggest revenue and profit contributors. The UK market is the acid test of the worth of any operator. We can translate our strategy in the UK into other regulated markets, regardless of our market position – either as a leader or as a challenger. Our strong progress in the UK gives us huge confidence across our entire commercial engine.

Market size: Core markets*
(GBPbn)



Source: H2 Gambling capital (9 February 2023)
* Core markets include: Australia, Belgium, Denmark, Estonia, France, Italy, Netherlands, Romania, Sweden, UK, and .com core markets

Our key value drivers / Priority 1

Success in the UK – the acid test

The UK represents the definitive test for any operator in our market, due to three key factors:

- The high standards and complexity of regulation.
- The intensely competitive marketplace.
- The maturity of customer expectations, which are higher than in any other market in the world.

We hold a 3 per cent market share in the UK industry, and have demonstrated we can be successful in building a high-growth, high-profit business as a challenger brand if the market is big enough.

2014 to 2018 – growth by acquisition

We acquired Stan James in 2015 and 32Red in 2017 – 32Red is larger than Unibet in the UK, the only Kindred market where Unibet is not our biggest brand. Stan James brought us UK sportsbook and racing heritage, helping us anglicise our sports offering and launch our own racing product, and set the foundation for building our own sports product. 32Red brought experience of running an authentically casino-first operation. The experience gained from these acquisitions has helped us evolve our ways of working in all areas of our business.

2018 to the present – organic growth

Our UK growth from 2018 is purely organic, and we have more than doubled the revenue. During this time, customer expectations have become much higher and regulatory controls much tighter. In addition, we have increased our own scrutiny as part of our Journey towards Zero. This increasingly complex environment has required us to improve our operations – to create the levels of customer experience that generate sustainable loyalty, and do so profitably.

Two key pillars of our efficient operations

Our operations in the UK focus on both profitability and sustainability, to help ensure the quality of our revenue.

Profitability focus

- Not every pound of gambling revenue is equal, and some is not worth chasing. Sustainable profit is highly dependent on customer behaviour and the bet or game type. When deciding where to focus our efforts, we use rich data about our audience, their experience and their satisfaction, along with a sophisticated understanding of sustainable behaviour. Taking this selective view has enabled us to position our brands, and the products and experiences we offer, to attract the profitable customer segments. This has resulted in the value of our new customers growing significantly faster than the number of those new customers, as well as a valuable improvement in our bonus efficiency.

Sustainability focus

- We see a shift in gambling towards a more recreational base as a commercial opportunity. As we build trust in our brands, this trust increasingly becomes the reason for customers to join and to stay. It also makes us a partner-of-choice for key commercial collaborators and sports' rights holders. Therefore we engage constructively with the UK government and respect the expectations of the Gambling Commission. We position our brands to attract players seeking exciting entertainment, and we ensure the safer gambling messaging is part of our advertising.

UK historical business development
(2014–2022)

Our key value drivers / Priority 2

Priority 2
Market leader in the Netherlands

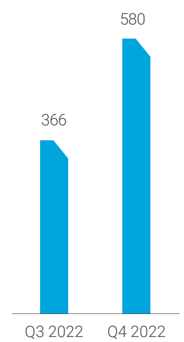
The Netherlands is a large and important European market that's growing fast.

We were granted our Netherlands gambling licence on 8 June 2022, and relaunched Unibet in the Dutch market as Unibet.nl not long after.

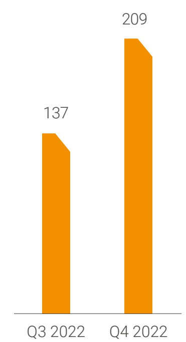
Re-entering a growing market...

As online penetration is still low in the Netherlands compared with similar markets, most forecasts point to a growth of the market over the next five years. Our goal is to outperform that growth and win market share, aiming to be number one in the market by the end of 2023. Success will allow us to deepen and develop our involvement in Dutch society, as well as contribute to a fair and sustainable gambling market and provide a safe and entertaining gambling experience for Dutch customers.

Average daily Gross winnings revenue (GBP'000)



Number of active customers ('000)



...with a flying start

After going live in early July, we are outperforming our expectations and projections:

1. A promising intake of 247,000 new customers by the end of 2022.
2. Rapid growth in our daily average revenues, and positive EBITDA contribution already from the first month after launch.
3. Higher than expected levels of activity, and a very high conversion rate confirming a smooth registration process.
4. The number-two position in brand awareness.
5. The most-popular betting app and the second-most popular casino app, in the Apple store.

This flying start demonstrates our levels of preparation, launching with the best product and an already strong brand awareness. We are well placed to maintain this momentum and build a leadership position. Our ambition is to be market leader by the end of 2023 and to continue to see a strong contribution from this market.

Our key value drivers / Priority 2

We believe three key factors point to our continued and growing success in the Netherlands:

1

Strong **brand awareness**

Unibet is a well-known brand across Europe, as a pioneer of online gambling since 1997. In the Netherlands, the brand ranks highly in brand awareness and on Google searches. Many customers who know the Unibet brand had been trying other gambling sites before Unibet went live in July 2022, but are now signing up at Unibet, while we also see new customers joining.

We are also using our strong brand awareness to establish our role as a responsible and trustworthy operator, such as through our Unibet Impact, a unique programme based on collaborations with both leading and amateur sports organisations. With AFC Ajax, we intend to focus on responsible gambling, while with grassroots sports, we provided 238 amateur football teams with brand new kits in 2022 and aim to double that before the new season. In addition, we have already launched community projects with HeraclesFIT and de Kist Cup.

2

Local knowledge with **global expertise**

Our local team arranges sponsorship and media agreements to be as relevant as possible to Dutch customers. For example, sponsoring AFC Ajax and seven other teams in the top two football divisions. Plus, we have exclusive agreements with the three biggest football websites and the largest Formula One site, with auto racing becoming very popular through world champion Max Verstappen. Underlying this local knowledge is the power of our global marketing department, with its expertise in search, personalised marketing, affiliates and customer data.

3

Market-leading products

In essence, we have the products customers want:

— We are the only operator with three specific product apps, whereas some competitors don't have an app at all.
— We offer leading odds and promotions on Dutch football, and the most popular international leagues, using our local knowledge.
— We know the slots Dutch customers like and have secured a long-term agreement with the Netherlands' top supplier for a unique portfolio of slots.
— We have one of the largest branded live casino environments, with the most diverse live casino offering in the Dutch language.

Our key value drivers / Priority 3

Priority 3

Kindred Sportsbook Platform

Our proprietary Kindred Sportsbook Platform.

A key component to our product and CX strategy is owning our own sportsbook product. Therefore, in February 2022, we announced we were building our own Kindred Sportsbook Platform (KSP), which will be rolled out to all Kindred markets over time. We have already built and launched our own highly successful and award-winning Kindred Racing Platform, which, since its launch in 2018, has enabled our racing revenues to grow exponentially. It is on this platform that we are building KSP.

Ahead of the game

When we started building the racing platform, we always had one eye on its potential future role in mainstream sports betting, and the core components of the betting engine essentially work with any sport. So, we had laid the foundations some time ago for our KSP. Building on the many tried-and-tested principles of our racing platform, we are ahead of the game and on our way towards having our own competitive sportsbook platform in operation. We are building KSP to embrace the latest machine learning, automation and algorithmic decision-making technologies. This will enable us to evolve in-play betting, create real-time customer relevance, tailor rewards and apply all of the other attractive features that will mean a game-changer for our position in the market.

Our key value drivers / Priority 3

KSP

The business case

We believe KSP will add significant long-term value to the Group, in three major ways:

Robust financial model

Sportsbook is a key source of revenue for Kindred, and our models show excellent prospects for our operating profit margins once KSP is launched. Bringing the function in house creates significant fiscal efficiencies.

Complete control

Taking control means we will be able to respond faster to emerging market trends – especially at a hyper-local level where we know that we do well. This means we can provide a unique product offering faster, and give our customers the experience they want in a safe and sustainable manner.

Supplier risk mitigation

KSP is the missing piece of our proprietary ambition, and it shores up our position regarding general supplier security and volatility as the industry continues to consolidate through M&A activity.

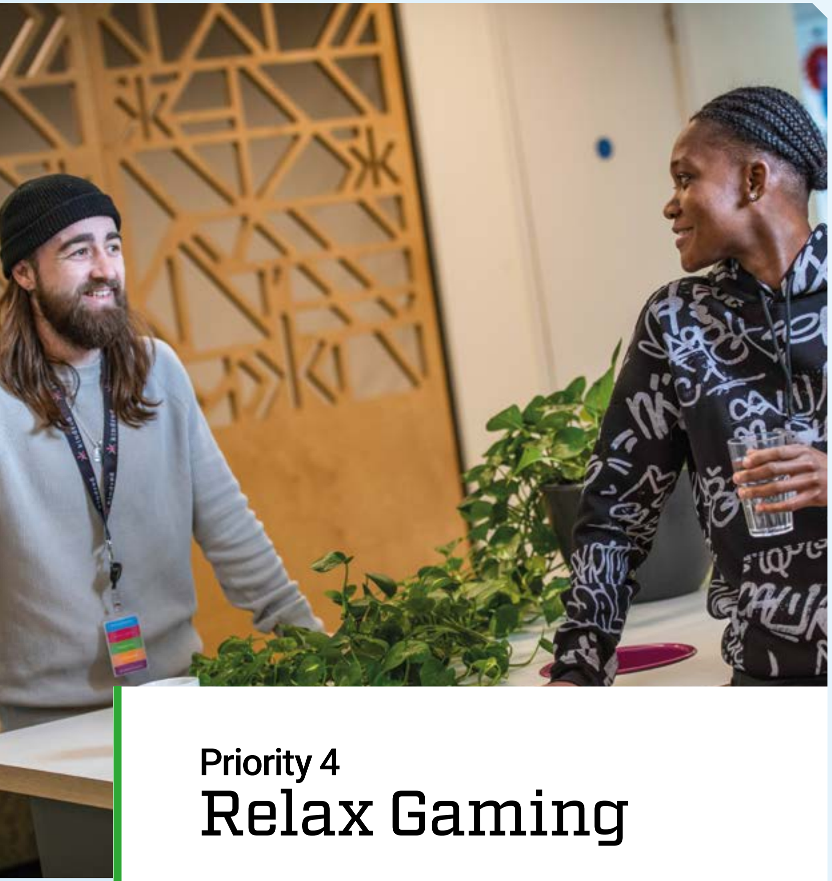
How's it going?

Not having legacy systems is a significant advantage. We can develop KSP quickly and efficiently, embracing the latest technological capabilities. In our development environment, we are already working with real-life, real-time sports feeds and odds and are able to fully process the lifecycle of a bet. We are continuing to build our dedicated tech and ops teams, and are working with both tier-one and boutique suppliers to accumulate an industry-leading breadth of coverage. We expect that we will be able to launch a product to a test audience towards the end of 2023 and begin rolling out across our markets in 2024.

Selected Kindred Sportsbook Platform milestones 2022

- **Multibet Lifecycle:** Capability from placement to settlement for multibets
- **Quick Browse:** Navigation shortcuts to relevant events at your fingertips
- **Live Scoreboards:** Design and data implementation of key sports under way
- **In Play & Upcoming lobbies:** Frameworks in place for both and displaying live prices
- **Phase I KSP Rewards suite:** A comprehensive toolkit for our Customer Relations Management (CRM) teams
- **Trading Platform:** Margin management protocols implemented to the back-end
- **Compliance:** Ability to configure and remove restricted events by market

Our key value drivers / Priority 4



Priority 4
Relax Gaming

In late 2021, we completed the acquisition of Relax Gaming, one of the few remaining independent product suppliers in online gambling.

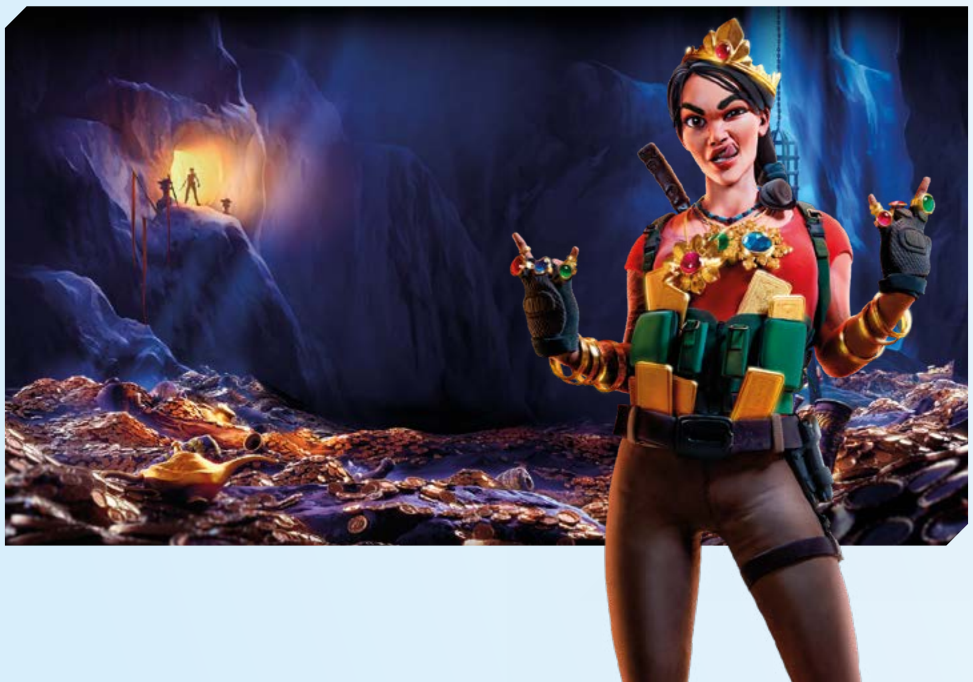
With access to their outstanding product platform and game studio, we gain greater autonomy and control over our casino, poker and bingo products, an important part of our long-term strategy.

With casino & games as one of our largest product segments, the acquisition of Relax Gaming is a significant addition to our business, bringing efficient cost-of-sales and the ability to launch our own exclusive casino games. Relax Gaming's games are also available on numerous competitor sites, so the acquisition provides a scalable and leading B2B business model that will complement our B2C business, and so a wider position in the value chain.

Our key value drivers / Priority 4

Relax Gaming at a glance

12 years in business	5 gambling licences	7 locations	282 employees
23 certified markets	32.2% year-on-year revenue growth	> 200 integrated operators	~ 6,000 games



The Relax Gaming story

Kindred was a large shareholder in Relax Gaming from its early days. The company developed its poker offering exclusively for Kindred in 2014, followed by bingo, exclusively delivered to Kindred. Step by step, Relax Gaming has built and developed its business model and technological capability, with a strong focus on product quality. After its early development of bingo and poker, it built its aggregation engine for casino, and a portfolio of its own games, together the driving force of its growth. Products include the highly successful 2022 launch of global jackpot offering, Dream Drop.

A compelling B2B growth story

Relax is a leading games supplier and continues to grow share of pocket within the wider industry. Powering the revenue growth of 32.2 per cent and 42 per cent EBITDA margin is strength of content, which achieves a premium position across a competitive supplier landscape. Flagship launches in 2022 included Money Train 3, the Game of the Year.

Relax continues to grow it's network strength into regulated and burgeoning new markets. North America presents a significant B2B growth opportunity, with Relax games' well positioned to appeal to customers who demand a superior gaming experience. As multi-faceted supplier with a compelling offering across poker, casino and bingo verticals, Relax brings significant growth to the wider Kindred Group.

What the future holds

We've completed our limited integration of Relax Gaming, to the extent we now have an independent and attractive B2B business with material scalability opportunities and a strong foundation for future growth. We are already working on increased synergies, including driving traffic to Relax Gaming games and aggregation, with high margins for additional volumes.

Relax Gaming brings us further differentiation in a crowded market – the opportunity to provide our customers with unique new content that sets us apart as we develop our own proprietary and customised product portfolio. It's also a great opportunity to broaden Relax Gaming's geographical footprint, both across Europe and as we enter the North American market, where we see significant potential as a B2B content provider. Relax Gaming can also monetise markets that may not be a key focus for Kindred. In addition, we can continue to increase Relax Gaming's depth of B2B partners and operators, growing our share of a market that already includes global tier-one players, local monopolies and specialist operators.

Our key value drivers / Priority 5

Priority 5
North America

Our next steps
across North America.

Our ambition is to be a top ten operator in the parts of North America where we operate.

Following a period of unsustainable customer incentivisation by operators in the market, we now see a process of normalisation, with underlying trends emerging that mirror our European markets. While we continue to respect the challenging environment, we see potential in the mid to long-term. 2023 represents a major step forward for us in North America, as the Kindred Platform starts to be rolled-out across the different states, starting with New Jersey, followed by Pennsylvania shortly after that. With the Kindred Platform, we will be able to significantly close the product gap on the current market leaders.

> Bringing the best-in-class Kindred tech to North America is a material step towards offering our customers a superior experience in a safe and secure environment.

Henrik Tjärnström
CEO of Kindred Group

Our key value drivers / Priority 5

Improving unit economics

Our strategic focus is multi-product states – that is, where both sports betting and casino are regulated, and we can see healthier unit economics. Customer acquisition (CPA) is at a higher cost, but player value over the longer term is higher. During 2022, our CPA figure decreased by 14 per cent, while there was a 29 per cent increase in new players.

Bringing the Kindred platform

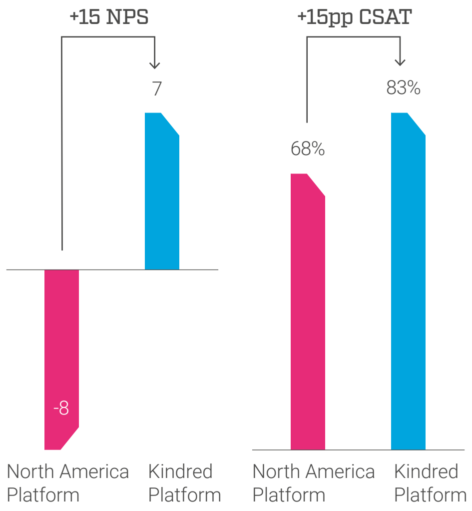
As we continue to roll out our proprietary platform in North America, it will bring us cost synergies, additional marketing tools, improved functionalities, a wider range of supplier integrations, and better performance. The Kindred platform is built to scale across markets and states, meaning that what is developed can be reused as we roll out across the North American market. It will also include a wider range of responsible gambling tools, as well as integration with our behavioural monitoring system PS-EDS (read more on page 57). It is a key component of our sustainability framework and ability to achieve our ambition to have zero revenue from high-risk customers – our Journey towards Zero.

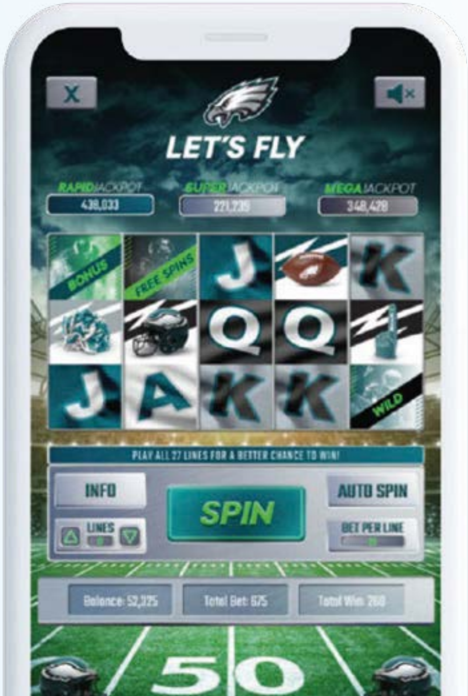
Crucially, it also allows us to offer a better customer experience and close the gap on competitors through a multitude of communications channels and operational tools. We see significantly improved customer satisfaction with the Kindred Platform compared with the third-party platforms we operate on. Once rolled-out, the proprietary platform will allow us to seamlessly integrate bespoke product offerings such as unique games from Relax Gaming and our Kindred Sportsbook Platform.

A careful path to profit

We are selective about the states we target, which are those where we believe we can be profitable based on product mix, licensing fees and market-access agreements. As a consequence we decided to exit Iowa in 2022 as we did not see a path to profitability in that state. We believe this considered strategic approach – although different to some other large operators – will pay off in the long run and protect our balance sheet in the short term. We're aiming for low to mid-range single-digit market share in the states we enter, and we've shown we can take market share in key states. Even a small market share can be a strong long-term contributor in such a big market, as our experience in the UK proves. Our aim in North America is to break even by 2026. As a consequence, we are assessing all opportunities and options to pursue faster growth and increase the scale of our North American business, so that it provides profit to the Group.

North America Platform vs. Kindred Platform CX
(Q4 2022)



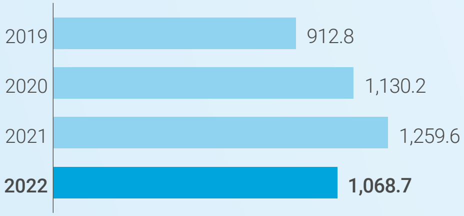


Key performance indicators / Financial KPIs

The Group assesses the performance of the business on a regular basis, to measure results and help deliver on its strategy and objectives.

Revenue (GBP)

1,068.7m
-15% from 2021



Definition
Gross winnings revenue (GWR) from the Group's B2C business plus other revenue from its B2B business, Relax Gaming.

Performance
The revenue decline of 15 per cent is primarily attributable to the Group's temporary exit from the Dutch market between 1 October 2021 and 3 July 2022 which heavily impacted the B2C business. B2B revenues, however, increased by GBP 21.4 million, with a full year contribution from the Relax Gaming business which continues to perform well and demonstrate significant growth.

Gross winnings revenue from locally regulated markets (%)

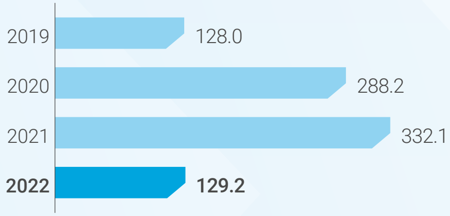
79%
+17pp from 2021

Definition
Gross winnings revenue from the Group's B2C business which is derived from locally regulated markets, as a percentage of total Gross winnings revenue.

Performance
The significant increase of 17 percentage points from the prior year is a result of the Group's entrance into the newly regulated Dutch market. Since re-entry, the percentage has gradually increased quarter on quarter as the Group continues to grow in the market and the Group continues to strive for its ambition to be a locally regulated operator generating sustainable profits.

Underlying EBITDA (GBP)

129.2m
-61% from 2021

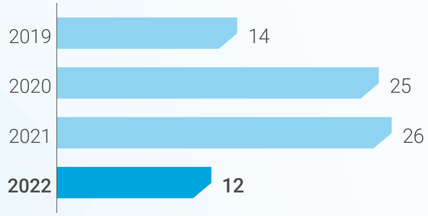


Definition
EBITDA before items affecting comparability (see note 30 on page 152).

Performance
The reduction in underlying EBITDA by 61 per cent derives from a combination of the decline in revenues, increased betting duties following re-entry into the Dutch market, and planned increased operating expenses as the Group focused on continued selective investments in 2022 to drive the business for the long term, including the North American market and the Kindred Sportsbook Platform.

Underlying EBITDA margin (%)

12%
-14pp from 2021



Definition
Underlying EBITDA as a percentage of revenue.

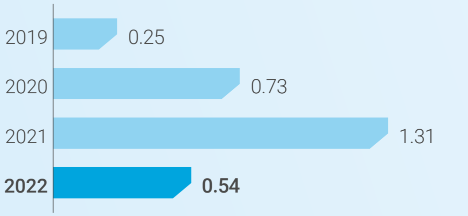
Performance
Although the Group continues to focus on building a scalable business model, loss of revenues from one of its major markets in 2022 greatly limited this potential in the short term. On top of this, the conscious increase in investments for the longer term also creates short-term margin pressures but the Group is confident these investments will pay off. The Group now remains firmly focused on the execution of its 2025 financial target for underlying EBITDA margin.

Key performance indicators / Financial KPIs

Earnings per share (GBP)

0.54

-59% from 2021



Definition

Profit after tax attributable to the equity holders of Kindred Group plc divided by the weighted average number of outstanding shares (see note 10 on page 135).

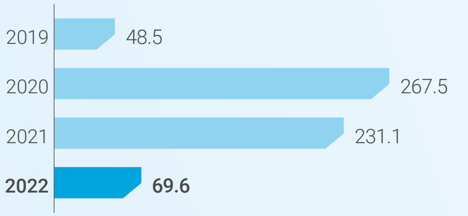
Performance

The negative impact seen on underlying EBITDA has flowed down the income statement, with earnings per share decreasing by 59 per cent from the prior year. As communicated previously, the Group is taking immediate actions to improve profitability to ensure continued shareholder value.

Free cash flow (GBP)

69.6m

-70% from 2021



Definition

Net cash generated from operating activities, excluding movements in customer balances, less cash flows from investment activities (including acquisitions) and lease payments. See note 30 on page 153)

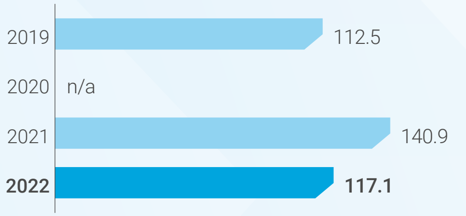
Performance

The Group continues to generate solid free cash flow in 2022, despite the reduction from the prior year. The reduction is substantially driven by the decline in performance, discussed on the previous page, and partially offset by positive movements in working capital owing to the timing of tax and supplier payments.

Cash distribution to shareholders (GBP)

117.1m

-17% from 2021



Definition

Ordinary dividends paid plus purchases of own shares.

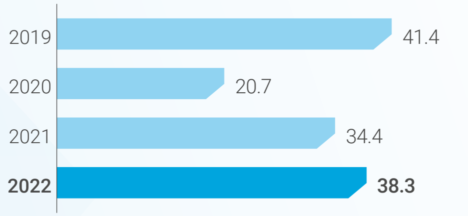
Performance

Dividend payments in relation to the 2021 dividend totalling GBP 73.2 million, and treasury share purchases of GBP 43.9 million, were made during the year. Dividend payments were in line with the prior year distribution, while share purchases (which are at the discretion of the Board of Directors) decreased year on year.

Capital expenditure on intangible assets (GBP)

38.3m

+11% from 2021



Definition

Capital expenditure on intangible assets, including capitalised development costs, computer software and long-term gambling licences (see note 11 on pages 136 to 138).

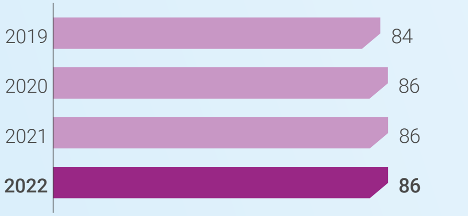
Performance

Following the announcement of the development of the Kindred Sportsbook Platform during the year, the Group has invested heavily in headcount in its tech teams to drive this project forward. As a result of this, and other key projects, capitalised development work has significantly increased from the prior year. The year-on-year increase is offset by one-off costs in 2021 relating to global exclusivity rights on several slot games, and licences to operate in the US market.

Key performance indicators / Non-financial KPIs

Percentage of customers who believe Kindred brands offer a trustworthy gambling experience (%)

86%



Definition
Customers who respond to a customer satisfaction survey that they believe a Kindred brand offers a trustworthy gambling experience. This is asked to customers across brands and markets. The percentage represents customers who respond 'strongly agree' and 'agree'.

Performance
The percentage of customers who believe Kindred offers a trustworthy gambling experience has remained strong at a similar level to 2021.

Share of Gross winnings revenue from high-risk customers (Q4) (%)

3.3%

Definition
Customers who have closed their account due to addiction, or disclosed to Kindred that they have a gambling problem, or have self-excluded for six months or more. It also includes customers who have been detected by Kindred's player detection system (PS-EDS) for the highest risk.

Performance
The share of revenue from high-risk customers has slightly decreased from 4.0 per cent in Q4 2021 to 3.3 per cent in Q4 2022. Throughout 2022, the share of revenue has marginally fluctuated, but the percentage has continuously remained below the levels of 2021 and 2020.

Percentage of purchased electricity from renewable sources (%)

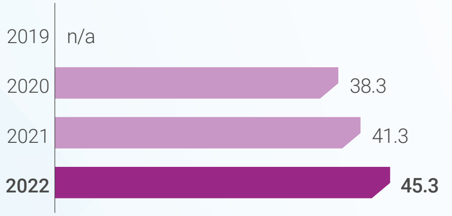
30.8%

Definition
Percentage of purchased electricity generated from a renewable source.

Performance
For 2022, we have updated the calculation for our share of purchased electricity generated from renewable energy sources in line with a market-based approach. With the updated approach our percentage is 30.8 per cent (2021: 25.4). The share has continued to increase in comparison to adjusted numbers from 2021 and 2020.

Contribution to sport through sponsorships and partnerships (GBP)

45.3m



Definition
Investments in sports sponsorships, as well as global and local partnerships such as GoRacingGreen, the European Football for Development Network and more.

Performance
Our spend on sport sponsorship has increased by GBP 4 million in 2022 compared with the previous year of 2021. In relation to sports contributions made in 2020, the total amount has grown by GBP 7 million.

Financial review

Top-line pressures resulting from regulatory headwinds, and increased strategic investments in our proprietary sportsbook platform and US expansion, reduce profitability for the year.

Financial summary

GBP m	2022	2021
Sports betting	439.8	547.2
Other products – casino & games, poker and other	603.1	708.0
Gross winnings revenue	**1,042.9**	**1,255.2**
Other revenue	25.8	4.4
Revenue	**1,068.7**	**1,259.6**
Cost of sales	-484.9	-506.0
Gross profit	**583.8**	**753.6**
Marketing costs	-227.2	-234.7
Administrative expenses	-283.6	-235.7
Items affecting comparability	58.3	59.0
Profit from operations	**131.3**	**342.2**
Underlying EBITDA	**129.2**	332.1
Underlying EBITDA margin (%)	**12%**	26%
Profit before tax	**126.8**	338.4
Profit after tax	**120.1**	295.3
Earnings per share (GBP)	**0.54**	1.31

Total margin all products (2019–2022)

	2022 FY	2021 FY	2020 FY	2019 FY
Total margin all product segments – before free bets (%)[1]	**5.6%**	5.0%	4.9%	5.1%

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

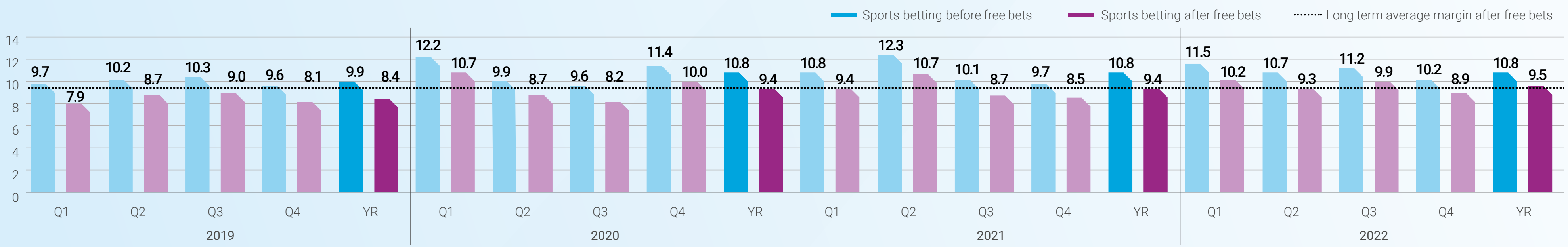
£1,068.7m
Revenue

£69.6m
Free cash flow

£129.2m
Underlying EBITDA

12%
Underlying EBITDA margin

Sports betting gross margin (2019–2022)



Financial review continued

Overall Group performance

2022 was a challenging year for Group profitability, resulting in year-on-year decreases in both underlying EBITDA, down by 61 per cent to GBP 129.2 million, and earnings per share, down by 59 per cent to GBP 0.54.

Overall performance in 2022 was significantly impacted by the temporary exit from the Dutch market between 1 October 2021 and 3 July 2022. This cessation of activity in the Dutch market contributed heavily to the decrease in yearly active customers for the Group's B2C business by 12 per cent to 3.0 million, as well as the 15 per cent decline in revenue. On top of the above, regulatory headwinds in certain markets, such as the UK, Belgium and Norway, as well as tough prior year comparatives, limited top line growth.

Despite the recent focus on building a scalable business model, the temporary exit from the Dutch market caused significant short-term pressures on profitability, with the loss of revenues from one of the Group's major markets greatly limiting the potential for scalability during the year. At the same time, in line with its communicated strategy, the Group continued to invest significantly in key strategic areas to drive the business forward. These investments include both the development of its complete in-house sportsbook platform (KSP) and continued investment in the North American market which, although representing a large growth opportunity, contributed negative underlying EBITDA of GBP 40.6 (2021: GBP 26.4) million for the year. The acquisition of the highly scalable Relax Gaming business in 2021, however, has continued to contribute positively, with an underlying EBITDA contribution of GBP 13.1 (2021: GBP 3.7) million for the year. The significant increase from 2021 is due to 2021 only including results for a period of 3 months from the acquisition date on 1 October 2021.

As a result of the above, the underlying EBITDA margin decreased from 26 per cent in the prior year to 12 per cent in 2022. These results have led to management committing to immediate actions in order to improve profitability. These include reducing losses in North America, re-prioritising investment projects and further optimising the Group's operating expenses to improve scalability.

Revenue

Total revenue in 2022 amounted to GBP 1,068.7 (2021: GBP 1,259.6) million, a decrease of 15 per cent from the prior year.

Gross winnings revenue from the Group's B2C business decreased by 17 per cent, as all product segments were impacted by the temporary exit from the Dutch market, regulatory headwinds and the tough prior year comparatives already mentioned.

The Group continues to deliver on its strategic aim for sustainable growth from locally regulated markets, with Gross winnings revenue from these markets now amounting to 79 (2021: 62) per cent of total Gross winnings revenue, a significant increase from the prior year. Since re-entering the Dutch market, the percentage has gradually increased quarter on quarter as the Group continues to grow in the market.

Other revenue from the Group's B2B business, Relax Gaming, increased from GBP 4.4 million in 2021 to GBP 25.8 million in 2022, thanks to a full year of revenues following the acquisition in October 2021. The Relax Gaming business is performing well and growing significantly, with revenues in the fourth quarter of 2022 increasing by 75 per cent when compared to the fourth quarter of 2021 and this has helped slightly offset the year-on-year decline in Gross winnings revenue.

Cost of sales

Cost of sales includes betting duties, marketing revenue share and other cost of sales and movements generally correlate directly with movements in revenues.

Betting duties for 2022 amounted to GBP 272.8 (2021: GBP 255.3) million. The increase of 7 per cent from the prior year, despite the decrease in Gross winnings revenue, is in line with the steep increase in Gross winnings revenue from locally regulated markets, driven by the Netherlands. This naturally puts short-term pressure on gross profit margins; however, as is usual with entrance into newly regulated markets we expect to achieve a stable margin in the long term.

Marketing costs

During 2022, marketing costs were GBP 227.2 (2021: GBP 234.7) million. The Group continues to invest in marketing to build brand recognition and a sustainable active customer base, and drive future market growth; however, costs have decreased in absolute terms from the prior year as the Group manages its marketing spend in line with revenue growth and continues to drive for efficiencies.

Although overall B2C marketing (including marketing revenue share within cost of sales) decreased, B2C marketing as a percentage of Gross winnings revenue has increased to 26 (2021: 23) per cent in 2022. During the year, the Group has focused on investing in the newly-regulated Dutch market, since launching into the market in July, and has continued to invest significantly in North America (especially the newly licensed Ontario market). These factors, as well as the overall decline in revenue, have contributed to the increase in this metric.

Administrative expenses

During 2022, total administrative expenses were GBP 283.6 (2021: GBP 235.7) million. This total includes the following:

— GBP 140.8 (2021: GBP 117.5) million of salary costs, with the increase from 2021 primarily a result of the growth in headcount in selected investment areas, especially the Group's tech teams, in order to deliver on key projects, such as KSP. On top of this, there is also the impact of a full year of Relax Gaming salary costs, and increased costs for employee share schemes as the Group invests in its employees.

Financial review continued

- GBP 86.6 (2021: GBP 69.3) million of other operating expenses. Anticipated growth in the underlying business and continuing COVID-19 normalisation have contributed to this growth, as well as the conscious decision to invest in the Group's key strategic projects. As above, there is also a full year of costs from both Relax Gaming and Blancas, acquired in the prior year.
- GBP 56.2 (2021: GBP 48.9) million of depreciation and amortisation expenses. The increase from 2021 is primarily relating to a full year amortisation of intangibles recognised from the Relax acquisition.

Note 4 in the financial statements on pages 133 and 134 provides more detailed analysis of administrative expenses.

Underlying EBITDA

The decrease of 61 per cent from 2021 to GBP 129.2 million has resulted from the impact on revenue and costs described above and on the previous page. The Group is now taking immediate actions to improve profitability and remains firmly focused on its 2025 financial targets.

Items affecting comparability

The Group defines items affecting comparability as those items which, by their size or nature in relation to the Group, should be separately disclosed in order to give a full understanding of underlying financial performance, and aid comparison of results between years. All items affecting comparability for the current and prior year are explained in detail in note 4 on pages 133 and 134.

In 2022, the most significant item affecting comparability was other gains/(losses), representing gains of GBP 69.9 (2021: losses of GBP 9.7) million. This predominantly related to fair value gains of GBP 80.4 (2021: GBP nil) million as a result of the reassessment of the fair value of the Relax Gaming contingent consideration. For full detail of this reassessment, see note 25 on page 151.

Other key items affecting comparability included:

- GBP 8.0 (2021: GBP -4.2) million in relation to regulatory sanctions across both the UK and Swedish markets.
- GBP 2.5 (2021: GBP nil) million of market closure and contract termination costs referring to costs for the North American market, predominantly relating to the Group's exit from the Iowa market in December 2022, and the closure of the German market on 1 July 2022.

EBITDA and profit from operations

EBITDA for 2022 was GBP 187.5 (2022: GBP 391.1) million and profit from operations was GBP 131.3 (2021: GBP 342.2) million, decreases of 52 and 62 per cent respectively. As explained throughout this review, the result for 2022 was negatively impacted by several key factors, despite the fair value gain of GBP 80.4 (2021: nil) million for the reassessment of the fair value of the Relax Gaming contingent consideration detailed in note 25 on page 151.

Net finance costs

Net finance costs (consisting of finance costs offset by finance income) amounted to GBP 4.5 (2021: GBP 5.2) million for 2022 and primarily comprise interest and fees on borrowings of GBP 4.4 (2021: GBP 4.6) million.

Profit after tax

Profit after tax for the full year 2022 was GBP 120.1 (2021: GBP 295.3) million, a decrease of 59 per cent. As certain items affecting comparability recognised in the year which impact profit before tax are disregarded for tax purposes, the effective tax rate for 2022 has decreased when compared with the prior year.

Other comprehensive income

The Group uses hedge accounting, in the form of a net investment hedge relationship between its EUR and SEK multi-currency facilities and its foreign operations' net assets denominated in the same currencies. Accordingly, the foreign exchange difference on revaluation of the Group's facilities was recognised in other comprehensive income as gains/(losses) on net investment hedge, amounting to a loss of GBP 1.6 (2021: gain of GBP 6.4) million for the year.

Other amounts reported within other comprehensive income, as 'currency translation adjustments taken to equity', 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.

Balance sheet

The Group has a solid balance sheet at the end of 2022, remaining in a net cash position of GBP 39.2 (2021: GBP 87.0) million, despite significant cash outflows during the year in relation to the 2021 dividend and significant share purchases (as discussed in the following section).

The most significant non-current assets on the Group's balance sheet are goodwill and intangible assets. For further information on the movements in these balances, see note 11 on pages 136 to 138, with the most notable movement during the year being the addition of capitalised development costs discussed in the following section.

Property, plant and equipment and right-of-use assets have both decreased during the year as additions, or remeasurements, are more than offset by the corresponding depreciation charges.

Financial review continued

Aside from cash (discussed in the following section), the most significant current assets relate to trade and other receivables and taxation recoverable. Trade and other receivables have increased as a result of increased activity and the timings of invoices and payments. Taxation recoverable comprises corporate tax refunds due from tax authorities and the decrease from the prior year is due to the timing of the receipt of these refunds and decreased profitability.

Significant liabilities on the balance sheet include borrowings, lease liabilities, other financial liabilities at fair value through profit and loss, trade and other payables, provisions, customer balances and tax and deferred tax liabilities.

See note 20 on pages 143 and 144 for more detail on the Group's borrowings amounting to GBP 135.5 (2021: GBP 111.6) million at the end of the year. During 2022, the Group utilised the one-year extension option in its current multi-currency revolving credit facility agreement, with the full facility now repayable on 11 November 2025. At the same time, using a third international bank, the Group utilised EUR 40.0 million of the accordion feature. This takes the total committed facilities to a total of EUR 256.7 million, with the possibility remaining to, under certain conditions, increase the total to the EUR 325.0 million outlined in the original facilities agreement. See the cash flow section for movements in borrowings during the year.

Lease liabilities have decreased during the year as repayments of the liability and foreign exchange movements exceed interest and remeasurements of lease liabilities.

Other financial liabilities at fair value through profit and loss relate to the contingent consideration recognised on the acquisition of Relax Gaming. The significant decrease from the prior year is a result of the reassessment of the fair value of the Relax Gaming contingent consideration, as explained in further detail in note 25 on page 151.

Trade and other payables amounted to GBP 199.6 (2021: GBP 162.2) million at 31 December 2022, increasing from the prior year predominantly due to increased activity and the timings of invoices and payments. Provisions have increased from GBP 13.4 million at the end of 2021 to GBP 21.8 million at the end of 2022. This is primarily the result of the additional provisions recognised for regulatory sanctions in the UK and Swedish markets, explained further in note 4 on pages 133 and 134. Customer balances amounted to GBP 80.2 (2021: GBP 72.0) million at the end of the year. See note 19 on page 143 for more information.

Tax liabilities have decreased by GBP 24.0 million from the prior year due to the timing of corporation tax payments and decreased profitability.

Development and acquisition costs of intangible assets

The most significant capital investments for the Group are the development and acquisition of intangible assets. Intangible assets, excluding those arising from acquisitions, generally comprise development costs, computer software and licences. In 2022, intangible assets of GBP 38.3 (2021: GBP 34.4) million have been capitalised. The increase from the prior year is a result of increased capitalised development costs, as explained below, partially offset by one-off costs in 2021 for global exclusivity rights on several slot games, and licences to operate in the US market.

Capitalised development costs primarily represent capitalised salary costs for those working on the development and enhancement of the platform. In 2022, development expenditure of GBP 36.9 (2021: GBP 27.7) million was capitalised. The Group continues to invest in the development of its platform, in order to deliver the best technology to its customers. In 2022, the Group announced the development of its complete in-house sportsbook platform, which has meant investment has increased significantly during the year in order to deliver on this project.

When comparing with prior year, 2022 also saw a full year impact of development work being carried out within the Group's B2B business, following the acquisition of Relax Gaming during 2021.

Cash flow

GBP 138.7 (2021: GBP 282.3) million in cash was generated from operating activities during 2022. The significant decrease from the prior year is primarily caused by the decline in underlying EBITDA already noted. This is partially offset by substantial positive movements in net working capital. Working capital movements are largely attributable to the fluctuations in timing of tax and supplier payments, which can be significant and cause large swings from period to period.

Cash flows used in investing activities in 2022 were GBP 51.5 (2021: GBP 141.8) million. The decrease from 2021 is predominantly due to the acquisitions of Blancas and Relax Gaming in the prior year. This is offset by the first earn out payment from the Relax acquisition which totalled GBP 4.4 (2021: GBP nil) million and increases in capitalised development costs, as detailed above.

Cash flows used in financing activities in 2022 were predominantly impacted by share purchases totalling GBP 43.9 (2021: GBP 66.4) million, payment of the 2021 dividend of GBP 73.2 (2021: GBP 74.5) million as well as the net impact from drawdowns and repayments of borrowings of GBP 22.5 (2021: GBP nil) million.

Free cash flow for 2022 was GBP 69.6 (2021: GBP 231.1) million. The Group's ability to generate strong cash flows, together with the option to utilise the facilities it has available, continues to give flexibility for the Group to continue to consider a range of strategic opportunities and manage its liquidity accordingly.

Risks and risk management

Managing risks and uncertainties is integral to successfully executing the Group's strategic objectives and delivering long-term success. By understanding and managing risks, the Group creates greater certainty and confidence for our stakeholders, employees, customers and suppliers, and for the communities in which we operate.

Effective risk management can also deliver a competitive advantage because the Group can ensure the potential consequences of the risk are understood and controlled. Risks are not static, and as the environment changes, so do risks; some diminish or increase while new risks appear.

With the COVID-19 pandemic easing up throughout 2022, the Ukraine war brought new challenges at a macro environment level and will continue to for the foreseeable future. Policy changes within the industry across different markets bring challenges and opportunities of their own, and the Group must monitor, implement and adapt continuously to such changes.

A review of the risk management framework was carried out in 2022 to enhance the framework and strengthen the development of the risk area within the Group for the future. Ongoing work focusing on alignment across the Group and further embedding risk processes within all business areas to ensure efficient reporting, escalation and communication with the assistance of GRC technology will be critical.

Identifying the Group's risks

The objective of the risk management function is to make understanding risk and mitigation meaningful and relevant to the delivery of the Group's strategy, acting as an enabler that helps make informed decisions at Group and operational level.

The Group identifies and assesses risks across all operations, markets and businesses. A consolidated list of these risks is then presented to the Executive Management team and evaluated to determine the principal risks. These are then submitted to the Board for final review and approval.

In 2021, we worked with CEMAsys (a specialised sustainability provider) on a risk assessment to identify areas to mitigate as part of our commitment to the Task Force on Climate-Related Financial Disclosures (TCFD) reporting and sustainability. In 2022, we have carried out work to become more resource-efficient at our offices, created internal stakeholder engagement, and, when possible, been sourcing 100 per cent renewable energy.

Managing the Group's risks

The Group assigns each risk to a category (strategic, operational, compliance, financial) and identifies the source of the threat (internal or external). The approach enables a better understanding of how the Group should treat the risk and provide the right level of oversight and assurance.

The Executive Management team and risk owners are accountable for confirming adequate controls and that the necessary treatment plans are implemented to bring the risk within an acceptable tolerance level. The Group continues to monitor the status of the Group's risk mitigation plans across the year and perform reviews of the Group's risks which are presented quarterly to relevant forums.

Principal risks and uncertainties

Risk summary

Whilst we recognise it is not possible to identify and anticipate every risk that could arise for the Group, and some risks are inherent to the business, our risk management process aims to provide assurance that we monitor and manage our risks. The table below details the principle risks that could have implications for Kindred's future development and strategy when considering the potential impact and likelihood of occurrence. The risks are not arranged by order of importance or potential financial impact on Kindred's profit or financial position.

Risk	Trend
Operational	
Talent attraction and employee safety	Increasing
Cybersecurity and tech resilience	Increasing
Negative public perception of the industry	Increasing
Banking Relationship	Increasing
Financial	
Tax and tax related risks	Increasing

Risk	Trend
Compliance	
Regulatory compliance and governance complexity	Increasing
Customer compliance management	Increasing
Strategic	
Adverse policy and regulatory measures	Increasing
.COM markets and business continuity	Increasing
North America	Increasing

Link to strategy

S Secure a strong core engine
E Excel in compliance and sustainability
A Achieve stronger scalability through operational efficiency and platform excellence
F Firmly Establish Kindred in the US

Trend

Increasing
No change

Operational

Talent attraction and employee safety

S

Risk description
Kindred identifies a risk to recruiting digital tech capabilities which is critical to our expansion plans. It is a highly demanded skillset and in short supply in our hub locations.

The COVID-19 pandemic and cost of living crisis have amplified the importance of addressing the wellbeing of Kindred's employees. With the constant changes, Kindred understands the risk of stress on its people, wellbeing and operations in general.

Owner
Chief HR Officer

How we manage and mitigate the risk
As a response to digital tech talent shortages, Kindred has established close connections with recruitment agencies, expanded our internal Talent acquisition team and offers comprehensive training programmes. We are also expanding our global tech footprint by establishing a Tech Hub in Bangalore, India, where there is a wide talent pool available.

Employee health and safety is pivotal. This is why Kindred constantly reviews and monitors local regulations across all our markets to ensure we are compliant as well as emphasising employee satisfaction. Kindred deploys new HR initiatives to keep our people dedicated, motivated and aware of the importance of wellbeing and mental health.

Emerging threats
The increased pace of change in Kindred means we have to maintain the required culture and skillset to support our transformation initiatives. However, the COVID-19 pandemic and consequential macro economic trend of 'The Great Resignation' has increased competition in the employee market. To mitigate this, our focus is on keeping attrition low by maintaining high employee engagement.

Strategic relevance
If we do not meet our headcount targets this has a direct impact on our ability to deliver our strategy as it limits our capacity.

Principal risks and uncertainties continued

Link to strategy

S Secure a strong core engine
E Excel in compliance and sustainability
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F Firmly Establish Kindred in the US

Trend

Increasing
No change

Operational

Cybersecurity and tech resilience

A

Risk description
An external cyber-attack, insider threat or supplier breach resulting in service interruption or the loss of confidential data. Cyber threats could lead to significant customer, financial, reputational and regulatory impacts.

Owner
Chief Technology Officer

How we manage and mitigate the risk
Kindred has a risk-based approach to managing cybersecurity. Kindred actively identifies risks and threats, designs layers of control and implements controls across all parts of Kindred. The approach balances controls that prevent most attacks, detect events, and respond quickly to reduce harm.

Emerging threats
The threat landscape is largely unchanged. Threat actors continue to have a strong predisposition towards ransomware style attacks against their victims. Kindred Group is particularly vulnerable due to its comprehensive supply chain. Exploitable vulnerabilities within the supply chain expose the Kindred Group to an elevated level of threat. In addition to the action of threat actors, the current push towards reducing operational expenditure will result in Kindred Security being highly selective with control building.

A range of planned controls will now either be delayed or dropped, again elevating risk.

Strategic relevance
A catastrophic security incident would undermine Kindred Group's ability to deliver on its strategic objectives. Two strategic security ambitions have been created to support the Kindred strategy:

1. Remediate all vulnerabilities within the Service Level Agreement (thus reducing the possibility of exploitation by a threat actor); and
2. No compromised accounts (thus retaining customer trust with Kindred brands).

Negative public perception of the industry

E

Risk description
Kindred operates in an increasingly regulated industry with a negative societal acceptance. Negative media attention towards the industry and failure to meet external expectations on duty of care drives adverse policy decisions with stricter rules and/or increased enforcement.
It can also lead to partners not engaging, or ending relationships, with Kindred.

Owner
Chief HR Officer

How we manage and mitigate the risk
Kindred remains fully committed to being a responsible partner and a leading actor in the ecosystem through several sustainability initiatives focusing on safer gambling, compliance and community engagement. Kindred also continues its commitment towards an open dialogue with regulators, partners, policy formers and other relevant stakeholders.

Emerging threats
Disruptive market behaviours by unlicensed operations in Kindred's key markets reduces the capability to provide responsible policy proposals to regulators towards a sustainable gambling policy.

This includes ethically questionable (albeit legal) market behaviour by licensed operators which can hamper the industry.

Increased regulatory complexity also adds to the risk of compliance failure, which will further fuel a negative perception.

Strategic relevance
The ability of Kindred to execute its strategy is dependent on our ability to engage with relevant stakeholders, provide input and influence regulations, attract talent, and be viewed as a sustainable investment. If we are seen as a burden on society and a non-desired corporate citizen, we will not be able to deliver on our strategy. However, if we are guided by our purpose we have the opportunity to excel in our industry by using our improved perception as a competitive advantage.

Banking Relationship

E

Risk description
Loss of banking partners due to non-compliance with laws and regulations resulting in difficulty realising cashflows and obtaining debt financing.

Owner
Chief Financial Officer

How we manage and mitigate the risk
Kindred works proactively with financial institutions in all our markets to have a broad and deep portfolio of banking partners to manage all aspects of treasury activities.

Emerging threats
Less banks willing to deal with activity from non-locally regulated markets.

Strategic relevance
Without sufficient available cashflow we would not be able to achieve the Group strategic (K2) objectives.

Principal risks and uncertainties continued

Link to strategy

S Secure a strong core engine
A Achieve stronger scalability through operational efficiency and platform excellence
E Excel in compliance and sustainability
F Firmly Establish Kindred in the US

Trend
Increasing
No change

Financial

Tax and tax related risks

E

Risk description
The Group operates in multiple jurisdictions and is governed by national and international tax rules. These rules may be subject to different interpretations across those jurisdictions, resulting in uncertainty arising from various factors, including:

- Unilateral changes in the legislation in a jurisdiction in which we have activity.
- Changes in local regulation and tax authority guidance.
- Changes in local legal precedent.
- Changes to the international tax framework.

The absence of official positions from governments or their competent tax authorities, lack of consistent interpretations of the same provisions across different jurisdictions and misalignment in the timing of implementation of international tax rules create additional burdens and increase the level of uncertainty and complexity for taxpayers.

Owner
Chief Financial Officer

How we manage and mitigate the risk
Kindred has a dedicated tax team stipulating internal controls to address tax-related risks. The department assists management in implementing tax requirements, maintaining strong tax compliance procedures and monitoring the effectiveness of the internal tax-related controls as well as Kindred's tax position.

Kindred has a network of highly qualified external and independent tax advisers providing support in all areas of taxation. Advice and appropriate documentation are prepared to support tax positions and to comply with the relevant domestic laws and international best practices.

Emerging threats
An increasing number of jurisdictions are considering (or have already introduced) new tax measures targeting digital companies and companies that adopt a remote selling model to address the tax challenges arising from the digitalisation of the economy. In 2021, the Organisation for Economic Co-operation and Development (OECD) and G20 Inclusive Framework released proposed Model Rules for a two-pillar international tax reform. The main focus recently has been on implementing the OECD Model Rules for a global minimum tax rate of 15% (Pillar 2). On 12 December 2022, agreement was reached at EU level on adopting a Directive implementing the global minimum corporate tax as from 2024. This is expected to give impetus for wider international consensus on the implementation of the OECD Model Rules for Pillar 2.

Pillar 1, Amount B, is another OECD initiative that seeks to standardise the remuneration of related parties that perform baseline marketing and distribution activities. The OECD released public consultation documentation in December 2022, and discussions are still ongoing. If an agreement is not reached, there will likely be an increase in unilateral tax legislative actions from individual jurisdictions (e.g. the US and EU largest economies) and increased complexity and uncertainty for large multinationals.

At the domestic level, transfer pricing legislation is being introduced in Malta for years beginning from 1 January 2024.

Additional transfer pricing documentation rules will apply in the United Kingdom from fiscal years beginning from 1 April 2023. These rules are expected to increase compliance burdens to taxpayers, which may result in increased administrative costs to meet the new reporting requirements.

Given the current pressures on public finances and the prevailing economic headwinds in many European countries, some governments may seek possible increases to online gambling taxes during the following years. Lastly, the lifting of COVID-19 restrictions will result in the resumption of tax audit activities across several jurisdictions with the expectation of more intrusive behaviours towards taxpayers.

Strategic relevance
While tax risk is reasonably considered in the Group tax estimates, the final position of the competent authorities as well as new rights to tax may be difficult to predict.

Additional tax liabilities (as well as other associated costs) may impact future, current and preceding years, with potential effects on operating results and cash flows for subsequent years.

Principal risks and uncertainties continued

Link to strategy

S Secure a strong core engine
E Excel in compliance and sustainability
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F Firmly Establish Kindred in the US

Trend

Increasing
No change

Compliance

Regulatory compliance and governance complexity

E Increasing

Risk description
Failure to comply with laws and regulations could lead to a loss of trust, financial penalties and/or suspension of our licence to operate.

Owner
Chief Legal and Compliance Officer

How we manage and mitigate the risk
Across all markets, the Group has subject matter experts and a robust policy and control compliance framework. Kindred is committed to compliance and implementing any changes of requirements as required on time. Kindred trains all employees on compliance matters. These training and awareness programmes set out our ethical culture across Kindred and assist employees to understand their role in ensuring compliance. Kindred also undertakes proactive compliance reviews on high-risk areas and/or jurisdictions. These include, but are not limited to, policy reviews, website testing and walkthroughs.

Emerging threats
The regulatory and governance landscape is constantly changing, bringing additional requirements to Kindred. Changes to the operating model could require Kindred to adapt its compliance and risk processes to remain compliant.

Strategic relevance
Non-compliance which results in regulatory sanctions, will not only erode confidence in regulators, customers and stakeholders, but could impact other key strategic areas, e.g. share price and thus market capitalisation, ability to operate effectively in current and future markets, risk of licence reviews, etc.

Customer compliance management

E Increasing

Risk description
Kindred operates in multiple jurisdictions, and the operational work needed to manage customer risk has increased. If Kindred fail to manage customer risk it could lead to fines and penalties, loss of licence and reputational damage.

Owner
Chief Legal and Compliance Officer

How we manage and mitigate the risk
Kindred has adopted a robust governance model and continues developing tools and automating processes to assess and mitigate customer risk at the appropriate time. Other controls include alerts of risk indicators on customer accounts, a holistic customer data view, creating synergies between teams and departments, and educating and training employees.

Emerging threats
The market trend of national regulators using Anti-Money Laundering (AML) to enforce a high standard of care on responsible gambling adds more complexity to the Group's business due to multiple licences and requirements across different jurisdictions.

In parallel, and at an EU level, the European Commission proposes an AML regulation (similar to GDPR on privacy). While there are inherent risks to this regulation process, it hopefully provides an opportunity to re-enforce elements on AML governance, set realistic and objective parameters, and encourage a risk-based approach.

Strategic relevance
Kindred needs to manage its customer risk in a compliant manner, while aiming to reduce friction in related processes. Getting this right means that Kindred remains compliant at a high standard but also retains more customers than its competitors would. This retention leads to long-term sustainable revenue that is crucial for the Group to hit its targets.

Principal risks and uncertainties continued

Link to strategy

S Secure a strong core engine
E Excel in compliance and sustainability
A Achieve stronger scalability through operational efficiency and platform excellence
F Firmly Establish Kindred in the US

Trend

Increasing
No change

Strategic

Adverse policy and regulatory measures

E

Risk description
Adverse policy and political measures impacting our strategy could result in increased costs and increased complexity, create a competitive disadvantage or have a negative financial impact.

Owner
Chief Legal and Compliance Officer

How we manage and mitigate the risk
Kindred remains fully committed to being a responsible partner and a leading actor in the ecosystem through several sustainability initiatives focusing on safer gambling, compliance and community engagement.

Kindred also continues its commitment towards an open dialogue with regulators, partners, policy formers, and other relevant stakeholders.

Emerging threats
Disruptive market behaviours by unlicensed operations in Kindred's key markets reduces the capability to provide responsible policy proposals to regulators towards a sustainable gambling policy.

This includes ethically questionable (albeit legal) market behaviour by licensed operators which can hamper the industry.

Increased regulatory complexity also adds to the risk of compliance failure, which will further fuel a negative perception.

Strategic relevance
Kindred's ability to execute its strategy is dependent on our ability to engage with relevant stakeholders, provide input and influence regulations, attract talent, and be viewed as a sustainable investment. If we are seen as a burden on society and a non-desired corporate citizen, we will not be able to deliver on our strategy. However, if we are guided by our purpose we have the opportunity to excel in our industry by using our improved perception as a competitive advantage.

.COM markets and business continuity

E

Risk description
Kindred's priority continues to be to establish a constructive and fact-based dialogue to initiate a policy shift towards sustainable regulation. There are European markets which still have a monopoly or local licensing regimes which Kindred considers to be incompatible with EU/EEA law. Kindred has ongoing litigations, for example in Norway, to initiate such a shift but always aims to have a constructive dialogue with the local regulator.

Owner
Chief Legal and Compliance Officer

How we manage and mitigate the risk
Kindred is in favour of a local licensing regime whereby operators established in the EU/EEA can freely apply for a licence and operate in the market, in line with the fundamental freedoms that apply in the EU internal market.

Emerging threats
In 2022, we saw increased activity from regulators on the .COM markets but also new licensing regimes, as for example in Hungary and Finland. This is expected to continue in 2023.

Strategic relevance
.COM markets are important for Kindred's Group profitability and for our overall footprint. We have a strategic aim to deliver profits only from regulated and licensed markets.

North America

F

Risk description
Kindreds inability to meet its desired performance goals in the North American (NA) market impacting the Group's goal to grow in a new market.

Owner
Chief Commercial Officer

How we manage and mitigate the risk
The Group has a strong management team including a strong compliance and governance function. Significant investments are being made to technology to enhance the customer experience whilst ensuring we remain compliant in a fast growing regulated market. This coupled with working closely with regulators and partners will support Kindred in its journey to achieve profitability by 2026.

Emerging threats
NA is a highly regulated market with each state having different and complex laws and regulations. We need to ensure we carefully manage the launch of the Kindred platform in NA to ensure future success, in close collaboration with regulators and partners. If the new platform being launched in New Jersey does not provide a good customer journey this could negatively impact the Unibet brand both with our customers and regulators.

Strategic relevance
NA is a key growth area for the Group over the next few years and significant investments are being made in technology to enable future success.

Sustainability at Kindred

Leading the way in transforming gambling by taking shared responsibility for sustainable outcomes.

Our approach to sustainability

We are leading the way in transforming gambling by building trust and working to offer our customers a thrilling and safe experience. Our customers' and employees' expectations for this continue to rise, while regulators and policymakers are intensifying their requirements. Our purpose is to transform gambling by being a trusted source of entertainment that contributes positively to society. As our sustainability programmes evolve, they contribute to our success, which in turn means we can continue to make a positive contribution back into society.

This year, we have renewed our sustainability framework to focus our work on what is most material to our stakeholders. Our foundation of governance supports our focus on responsible gambling, product integrity, and a secure platform. Through this approach we can navigate a landscape characterised by increasing pressures from customers, regulators and other stakeholders. Our sustainability strategy is designed to contribute to creating a competitive advantage through excellence in compliance and sustainability.

Our sustainability strategy

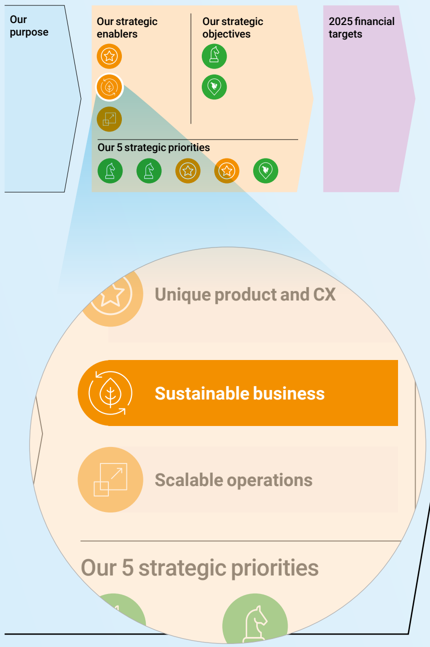
Our sustainability strategy has evolved in 2022. The three pillars and foundation it now expresses describe a set of risks and opportunities that, managed well, support us in achieving commercial success in our markets. We want gambling at its best: 100 per cent enjoyable, keeping customers safe at all times and with fun, fair and transparent products. We have a clear ambition on responsible gambling: to earn no revenue from harmful gambling by the end of 2023. Within the strategy, we aim to have integrity enforcement covering all areas susceptible to deviations and risks, focusing on material compliance, and education is vital to our efforts to deepen trust. Our additional sustainability ambitions relate to a safe and secure platform for players through mitigation and security for player accounts. We guide our work through a responsible business foundation, with the performance of our people at the centre, and aiming to reduce our climate impact. The combined effect provides long-term commercial resilience, reduced volatility, and the ability to attract and retain the best people.

Sustainability continued

Our sustainability strategy supports our business

Our strategy underpins our sustainable goals

Our purpose: To transform gambling by being a trusted source of entertainment that contributes positively to society



	Responsible gambling	A secure platform	Product integrity
Ambition	Make gambling 100 per cent enjoyable.	Keep operations and customers safe at all time.	Deliver fun, fair and transparent products.
Targets	No revenue derived from harmful gambling by 2023.	By 2025 we aim to achieve zero unmitigated exploitable vulnerabilities and zero compromised player accounts.	By 2025 we aim to have integrity enforcement covering all areas susceptible to deviations and risks, focusing on material compliance, and education.
Focus areas	— Journey towards Zero — Player protection — Collaboration for impact	— Cybersecurity — Customer data integrity — Anti-money laundering (AML)	— Detecting and reporting suspicious betting activity — Product transparency — Ethical marketing

Responsible business

Ensure long-lasting relationships with partners, colleagues and communities based on trust and respect, always guided by our values.

Contributing to the SDGs

Sustainability continued

Our priorities

Responsible gambling

Target

No revenue derived from harmful gambling by 2023.

Our accomplishments 2022

- Improved technology and tools for strengthening responsible gambling resulted in decreasing revenue from harmful gambling to 3.3 per cent in Q4 2022.
- Enhanced focus on player protection, including making RecoverMe app available to all UK and US customers as well as fine-tuning intervention for players 18–24.
- Continued collaboration across the industry, with treatment centres, researchers and trade bodies as well as enhanced support to actors working for education of players.

Our priorities for 2023

- Continued development of PS-EDS as automated interventions are likely to increase the number of detected customers at risk of harmful gambling.
- We will continue promoting and facilitating a fact-based, open and constructive dialogue, including applying a more local approach to our customer compliance framework.

More on page 57
See also responsible gambling roadmap online

A secure platform

Target

By 2025, we aim to achieve no unmitigated exploitable vulnerabilities and no compromised player accounts.

Our accomplishments 2022

- To guarantee the security of our customers' accounts, a red-team in-house hacking and penetration testing was conducted and the Bug Bounty programme – which incentivises external examination of vulnerabilities in our online platforms was expanded.
- Customer data integrity measures included the preparation for Multi Factor Authentication (MFA) to establish a roadmap for roll-out on several markets in 2023.
- We performed a complete overhaul of anti-money laundering procedures to ensure full compliance and high robustness of our way of working.

Our priorities for 2023

- Continued the formal assessment of cyber-attack risk, red-teaming and Bug Bounty programmes to ensure a secure platform for our customers.
- Complete the development of Kindred's Quality Management System to deliver industry-leading quality assurance across all functions in order to maintain excellence in regulatory compliance and customer service.

More on page 61

Product integrity

Target

By 2025 we aim to have integrity enforcement covering all areas susceptible to deviations and risks, focusing on material compliance, and education.

Our accomplishments 2022

- Detecting and reporting suspicious betting activity.
- Sports-betting integrity (SBI) was strengthened through training and education campaigns for employees, sports clubs and other organisations to better ensure that we can successfully detect and report suspicious betting activity.
- During the year we successfully extended our monitoring processes to casinos and i-gaming, ensuring that an even larger share of our portfolio upholds our ambitions on SBI.
- Our ambitions on ethical marketing were upheld during the year, with target for spending on safer-gambling promotion and no breaches of conditions by affiliates or influencers were reported.

Our priorities for 2023

- During next year we will continue our work with ensuring product integrity that is aligned with responsible gambling and ethical sportsbook marketing.
- To offer our customers an improved product transparency, player protection and responsible gambling, communications on our websites will be further promoted, allowing us to reach a larger number of customers.

More on page 64

Sustainability continued

Foundation highlights and next steps

People

Increase the proportion of senior leadership positions held by women to 50 per cent, by 2025.

Our accomplishments in 2022

- New people strategy was launched with six focus areas to ensure that we are top-tier when it comes to attracting new talent.
- We ranked second in the in the All-in Index, a recognition for our wide range of diversity programmes, and in the Alchemy leadership development programme for 2022, 40 per cent were women.
- During the year we implemented a new Group diversity database that will ensure correct statistics which will help setting targets for different levels and countries, making us better equipped to reach the goal for 2025.

Our priorities for 2023

- Execute updated people strategy.
- Roll-out of diversity, equity and inclusion hiring process throughout the organisation to secure a process aligned with our aims and ambitions.

More on page 68

Compliance

Eliminate repetitive incidents to ensure no unmitigated material compliance incidents by 2025.

Our accomplishments in 2022

- During the year we saw a reduction in material incidents compared with previous years along with an increased reporting coverage and remediation effectiveness.
- To make sure we are ahead of compliance risks, new approaches and methodologies to deliver proactive and continuous compliance programmes were developed and rolled out.
- The development of a new Group-wide quality management system was initiated.

Our priorities for 2023

- During next year we will complete the development of Kindred's Quality Management System. The system will help maintain excellence in regulatory compliance as well as in customer service.
- We will increase our focus on root cause analysis and embedding learnings with the clear aim to further reduce material incidents.

More on page 71

Community and environment

Continue to support and resource community projects. Procure all our electricity from renewable sources, where feasible, by the end of 2023.

Our accomplishments in 2022

- Our greenhouse-gas emission-reduction targets were validated by the Science Based Targets initiative.
- During the year 109 employees volunteered in local projects, providing a way of supporting our local communities while at the same time engaging our employees.
- Continued support to projects and partnerships across markets to support projects such as Au Coeur du Football, Nolla Utanförskapet, and No Heart No Glory.
- Maintained a CDP score of B: an external assurance of our ability to monitor, quantify and improve our carbon emissions.

Our priorities for 2023

- During 2023 we will develop new programmes for community support while keeping a strong focus on our ongoing commitments in existing programmes.
- To make sure we are aligned with our Science Based Targets ahead, a focus on our environmental-management programmes will be prioritised.

More on page 69

Sustainability continued

Sustainability governance

The corporate governance, risk and compliance procedures at Kindred also govern our sustainability strategy and activities. The Group Chief Human Resources Officer has overall responsibility for sustainability, and all members of the Executive Management team are responsible for specific areas of the sustainability framework. Our Board is responsible for securing the resources to ensure strategic and operational decisions consider sustainability.

Our Sustainability Council and our Governance, Risk and Compliance Council work to ensure we consider sustainability risk and opportunity when we develop strategy, and that we can respond to all stakeholders.

The Sustainability Council meets quarterly and reports to the Executive Management team and the Board. Our Remuneration Committee oversees the sustainability-linked remuneration policy. In 2022, the Council discussed a variety of topics, with focus on human rights. We take actual or potential impacts on people very seriously, whether vulnerable individuals, communities, or society more widely. Ensuring human rights for the workforce and in the supply chain is key for Kindred. Our Supplier Code of Conduct outlines our stance on human rights and what we expect from our suppliers. We also publish a Modern Slavery Statement that details a number of company policies that support us in ensuring that modern slavery is not taking part in our supply chain. We also have a whistleblowing portal where employees can anonymously make reports.

Please also read about governance of sustainability strategy and management in our corporate governance statement (page 88)

Management approach

Coordinated by our Head of Sustainability, the way we manage sustainability activities is designed to ensure regulatory compliance as well as adherence to our sustainability policy and alignment with our commercial strategy. Our sustainability strategy is strongly outward looking: we comply with the European Gaming and Betting Association (EGBA) Code of Conduct on Responsible Marketing. We operate in line with data-protection laws and international standards, such as ISO 27001, and work with the EGBA's Security Expert Group. In addition, our sports-betting integrity (SBI) is supported by Kambi, the market-data specialists, and we comply with the disclosure requirements of the International Betting Integrity Association (IBIA).

We report on carbon and energy in line with the Science Based Targets initiative (SBTi) and CDP. Our reporting aligns with the European Union Taxonomy on sustainable activities. We provide the sustainability information in this report in accordance with Global Reporting Initiative (GRI) Standards 2021. The sustainability information primarily relates to the calendar year ending 31 December 2022. All performance data are prepared in house; we evaluate performance using our internal-control processes, in line with our corporate-governance procedures. Testing agency eCOGRA audited all data used to track progress towards our commitments; sustainability information in general is not subject to formal, independent third-party assurance. We describe specific management components for each section.

External accreditations

MSCI ESG RATINGS AAA
CCC | B | BB | BBB | A | AA | AAA

KARRIÄR FÖRETAG 2022

CDP DISCLOSURE INSIGHT ACTION

Sustainability continued

Our engagement with key stakeholder groups

Stakeholder engagement

To run our business, engagement with stakeholders is essential. It is at the heart of the many strands of work that come together to form our strategy. It takes many forms, from connecting colleagues within Kindred, managing relations externally with various constituencies, and building knowledge and education for us all.

Identified groups	Purpose	Contact points	Topics
Customers	We work to improve player protection and education, and promote account integrity while increasing gambling transparency and collaboration with players. Our vision is to make gambling 100 per cent enjoyable, with zero per cent revenue from harmful gambling.	Satisfaction surveys, customer-service communications, and interventions (as appropriate), and customer experience research.	— Player safety, integrity and dialogue — Sustainable and enjoyable gambling experience — Level of customer satisfaction index/Net Promotion Score — Establish close relationship with all our customers where we are recognised as the operator that provides the best products and CX
Employees	We want to attract and retain leading talent. Vital to sustaining a high-quality workforce is engagement and listening, so that we find the right solutions to topics / challenges such as hybrid working environment and training opportunities.	Surveys, external benchmarks, performance review meetings, exit interviews, succession planning, employee networks, training, and leadership development sessions.	— Values and culture — Diversity, equity and inclusion — Employee engagement, development, and training — Internal training in compliance and sports integrity — Take position as an innovative and cutting-edge tech business that attracts all top talent
Investors	We have more than 45,786 shareholders to whom we provide a healthy return; we provide information using modern communications on our diverse operations and markets.	Ongoing dialogue through multiple channels, quarterly reporting, meetings, and in 2022 our Capital Markets. Additional platforms include the AGM, webcasts, and other online interactions.	— Information sharing, and ongoing dialogue about the industry and Kindred's business
Partners	Collaboration is foundational for the way we work. We work with suppliers, expert advisers, lived-experience representatives, and academia.	As well as normal supplier–purchaser relationships, we also work with partners on benchmarking, training and the organisation of the Sustainable Gambling Conference.	— Transparency and collaboration — Engagement with experts — Promote partner insights — Journey towards Zero data
Communities	We seek to improve community engagement, support local economic vitality and have a science-based approach supporting the Paris Agreement in our carbon reduction efforts.	We engage with people in sports teams, sporting events and other operations associated with sponsorships, equipment donations, award programmes and annual awareness surveys.	— Community engagement — Establish a neutral public perception and a broad acceptance of "gambling as entertainment"
Regulators	We strive to ensure that our operations always continue to meet the highest professional, compliance and ethical standards. To retain licences and authorisations to operate, our operations must always meet the highest professional, compliance and ethical standards.	We strive for open dialogue with regulators and to reinforce our focus on compliance, social responsibility, player sustainability and responsible gambling. Contact through different forums, such as the SGC, to policy discussion per market.	— Regulatory compliance — Sustainable and responsible gambling practices — Licences and authorisations — A constructive dialogue with decision-makers to create long-term sustainable regulations in all our markets

Sustainability continued

Material topics

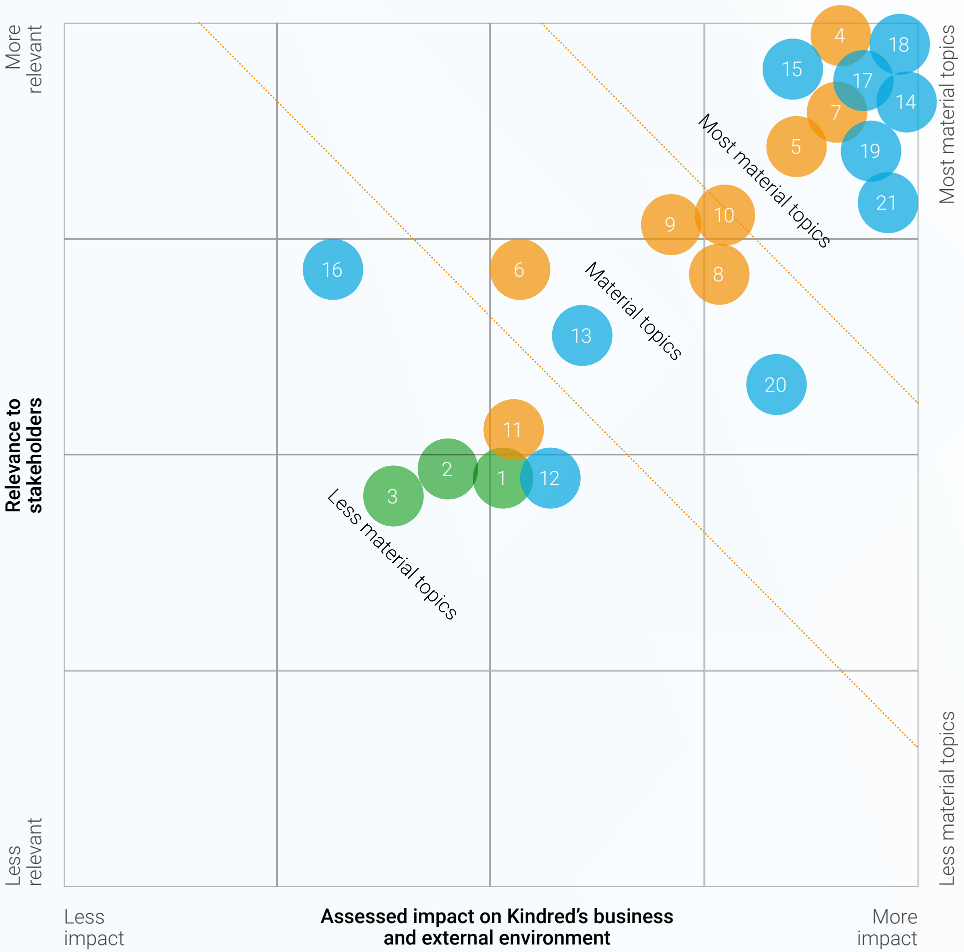
This list of material topics comes from materiality assessments in 2017 and 2020, and we re-validated it in 2022. The assessments align with the materiality principle in the GRI Standards 2021 (notably GRI 3) and in other recognised frameworks. They aim to evaluate the relevance and significance our activities or business relationships might have on the economy, environment and people, including effects on their human rights. We recognise that impacts can be current or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Signposts to further info

Our Sustainability webpages:
www.kindredgroup.com/sustainability

Our main Corporate Governance and Sustainability policies:
www.kindredgroup.com/about/corporate-governance/policy-documents/?year=Policies

Sustainable Gambling Conference summary:
https://www.sustainablegambling.com



Environmental aspects
1 Green buildings and energy management
2 Responsible business travel
3 Waste management

Social aspects
4 Responsible gambling and player protection
5 Ethical marketing
6 Product transparency
7 Integrity in sports betting
8 Employee engagement
9 Diversity, equity and inclusion
10 Employee development and training
11 Community involvement management

Governance aspects
12 Responsible sourcing
13 Tax transparency
14 Anti-money laundering
15 Anti-corruption
16 Fair competition
17 Customer data integrity
18 Cybersecurity
19 Financial stability
20 Innovation
21 Regulatory stability

Sustainability continued

Pillar 1

Responsible gambling

Our ambition is to make gambling 100 per cent enjoyable.

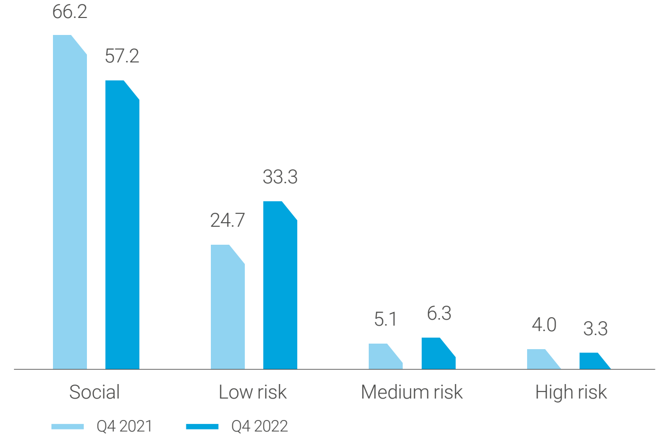
We aim for continuous improvement in our Journey towards Zero – that is, no revenue derived from harmful gambling by the end of 2023. In our aim for responsible gambling, we maintain good business practice and standards, and ensure we comply with regulations.

To achieve sustainable, safe and enjoyable gambling, we must continue with our research, technology, collaboration and external engagement to improve detection of risk and, subsequently, to provide highly efficient and accurate interventions and communications to reduce gambling disorders. A key element of our approach is to constantly subject our Player Safety – Early Detection System (PS-EDS) to be based on latest peer reviewed research. Our work on responsible gambling also supports how we maximise product integrity at Kindred (see page 64).

Progress highlights

We have always opted for complete transparency: we were the first in the industry to adopt an indicator to track Gross winnings revenue from high-risk customers. By the end of 2022, our share of revenue from high-risk customers was 3.3 per cent.

Share of Gross winnings revenue from customer risk level



Through our constantly evolving technology and our teams of experts, we can detect harmful gambling behaviour. At the end of 2022, the proportion of consumers showing improved playing behaviour after detection was 82.1 per cent.

82.1%

Customers that deposit less after detection in PS-EDS

Sustainability / Pillar 1: Responsible gambling continued

Offering a trusted source of entertainment

We want all players to experience the sense of friendship and excitement that represents gambling at its best, without experiencing harm. We have always opted for complete transparency: we were the first in the industry to adopt an indicator to track Gross winnings revenue from high-risk customers. Our research, collaborations, technology, tools and teams serve to protect players and advance our progress on the Journey towards Zero revenue from harmful gambling. In our aim for responsible gambling, we maintain good business practice and standards, and ensure we comply with regulations. This approach differentiates us, and we take pride in influencing others in our industry.

Working to achieve our aims

The effort to achieve our aim of no revenue from harmful gambling is led by our Responsible Gambling department and entails working with regulators, consumers, academics and employees. Year by year, our science and technical tools are guiding us towards our aims. Peer reviewed research and collaboration with different stakeholders help us continually improve our technology and our player behaviour intervention teams.

Acting on risks

With data from our Player Account Management (PAM) system and PS-EDS a combination of automated and human interventions is reducing the number of customers who show any level of high-risk gambling behaviour. For each customer detected, our Responsible Gambling analysts profile the customer's online gambling behaviour, determine the risk level, and advise on harm-reduction measures, keeping in mind that each player is different.

This ensures assistance is in line with the risk level. Once a customer has had an automated detection, that becomes the baseline to proceed from. Our team contacts the customer to manage, for example, deposit limits or how to self-exclude from problematic play, so each player can make their own decision about changing behaviour. If a customer is detected showing low risk, we use an automated response. In the case of medium risk, we take a more tailored human approach, and for high risk, we apply an active approach.

Our assistance packages need to suit the general gambling and entertainment culture in each of our markets. We always offer what local gambling regulations require or recommend, and often go further, offering permanent self-exclusion and, in severe cases, closing the account ourselves.

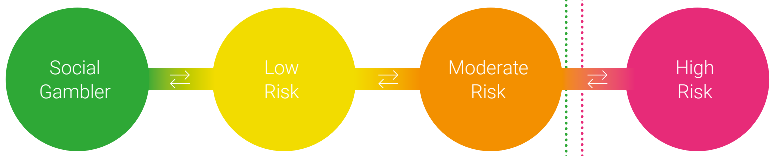
Customer risk groups

Sustainable players

We want all of our customers to remain within the sustainable part of the continuum and we work proactively to keep them there.

Harmful players

We want zero revenue from high-risk players.



Sustainable customer relations allow for:

- Sustainable growth and loyal customers
- High profitability
- High legitimacy and market access

Unhealthy customer relations equals:

- Decline in revenue
- Low profitability
- Low legitimacy and market access

Sustainability / Pillar 1: Responsible gambling continued

For younger players (18-24-year-olds), we increase the use of control tools and tailor our approach to include education on responsible gambling. In 2022, we increased this attention on younger players, and fine-tuned our interventions to some effect. In 2022, we analysed 31,213 customer profiles (2021: 30,775; 2020: 26,997) and sent 134,459 tailored messages (2021: 94,723; 2020: 58,000). As a result, 83.3 per cent of the customers adopted more-healthy gambling behaviour (2021: 79.2 per cent; 2020: 76 per cent). Seven out of ten (72.9 per cent; 2021: 62.2 per cent) of those contacted go on to deposit less.

During the first half of 2022, we updated our improvement effect metric, combining financial indicators with behavioural indicators, which is more aligned with PS-EDS. Our research shows that voluntary approaches work best: self-regulation such as self-imposed limits is the most helpful tool, although self-exclusion may be the best option for some, available for anything between 24 hours and five years depending on the market.

Collaborative research and development

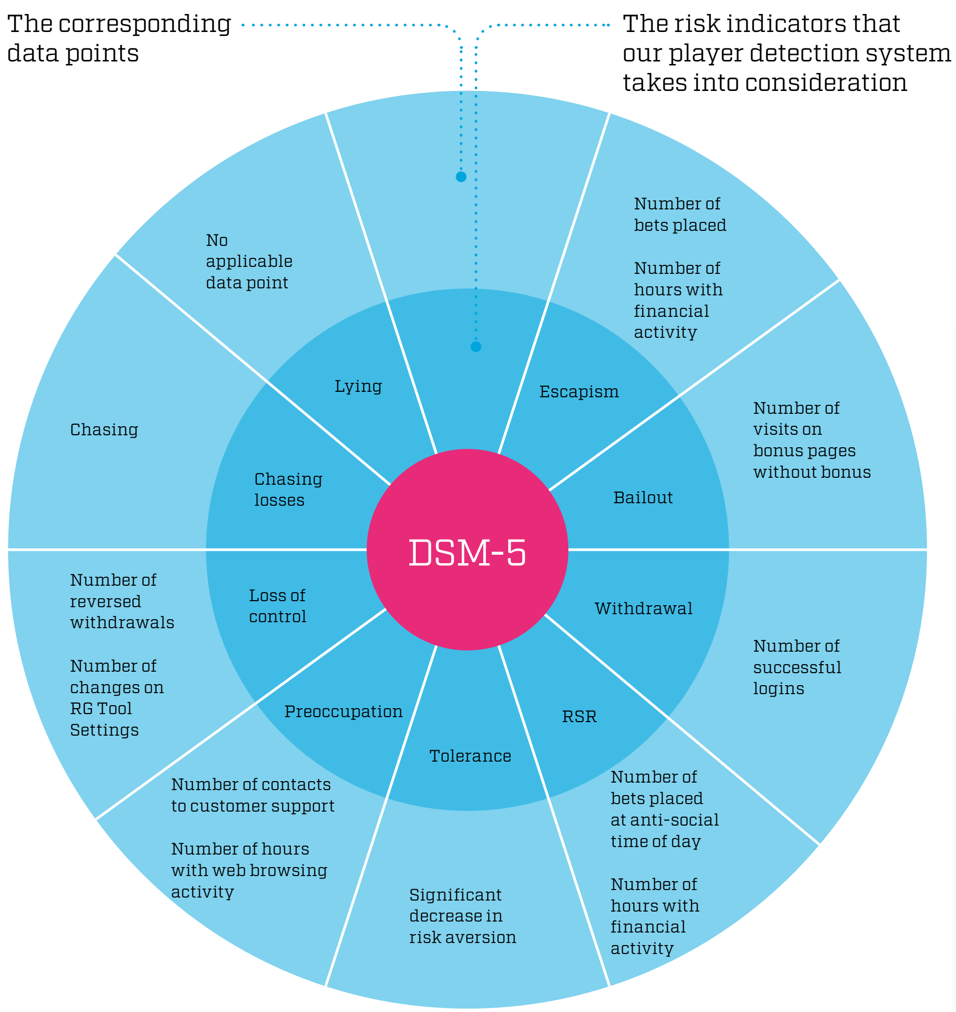
Our research programme includes a variety of aspects, from academic studies through to monitoring lived experiences of players, and we have a strong record of applying research to tools that make a difference. For example, our player protection system, the Player Safety – Early Detection System (PS-EDS), was built on international research. We refine the system using the Diagnostic and Statistical Manual of Mental Disorders (DSM-5) and feedback on the model from Responsible Gambling analysts.

A key factor for reaching our goal of no revenue from harmful gambling is collaboration. In 2022, we expanded our work with EPIC Risk Management on best-practice interventions and assistance for our customers. To ensure we reduce revenue from harmful gambling, we are benefiting from EPIC's first-hand knowledge of the lived experience of male and female gamblers. The aim is to improve the accuracy of manual interventions and so motivate customers into healthier betting behaviour.

Detecting problematic customer behaviour – an explanation film

https://www.kindredgroup.com/sustainability/responsible-gambling/

PS-EDS system



Sustainability / Pillar 1: Responsible gambling continued

Other research collaborations include ongoing academic peer reviews of PS-EDS, sponsoring four PhDs at the University of Malta and one at the University of Bournemouth. Our Belgian PhD finished late in 2022. PhD students working on addiction studies are likely to be able to apply their work in academia or industry, and we are also collaborating with researchers on product risk research.

Industry partnerships continue with Gamban, a self-help tool for restricting access to gambling sites and application. In North America, we offer Unibet customers the ability to block online gambling sites across devices, an example of how we are going beyond compliance, and demonstrating our commitment to online education. In other educational outreach in 2022, we also worked with treatment centres on a local level and with Quitgamble.com to promote their online community for people who want to tackle gambling addiction.

Technology

We continued to work on the technical aspects of the PS-EDS system, to implement automated interventions. As part of this, we optimised the algorithms it uses in its detection function. This means the variables and markers it detects are as close to real time as possible.

The PS-EDS technology applies an algorithm based on the fifth edition of a well-known mental health classification model called the Diagnostic and Statistical Manual of Mental Disorders (DSM-5). DSM-5 is, more specifically, a diagnostic criteria documentation that allows us to take behavioural indicators into account. Simply put, each indicator of harmful behaviour is translated into corresponding data points.

In responsible marketing, we will be assessing the vital assets behind our CRM communications, such as on-site advertising, customer offers, or online responsible gambling messaging.

The Sustainable Gambling Conference

Kindred's Sustainable Gambling Conference aims to facilitate a broad discussion on how we can ensure a sustainable, long-term industry.

Click here for more information

What next?

Reaching our ambition for no revenue from harmful gambling is challenging. However, we are focusing on four critical areas to maximise our impact:

- Shortening the time between detection and intervention; raising customer awareness early helps them stay in control.
- Continued investment in collaborative research on gambling behaviour.
- Ensuring control tools are visible, understood and used in the right way.
- Improving transparency and sharing more knowledge with customers, researchers, regulators and partners.

https://www.youtube.com/watch?v=KkIWksJKRT4

Sustainability continued

Pillar 2

A secure platform

Our ambition – keep operations and customers safe at all times.

Our commitment to maximum cybersecurity helps retain the trust of customers, the regulators and society. Protecting our operating platform and safeguarding customer data lead to a safe and secure commercial offering in the markets we serve.

We aim, by 2025, for a resilient digital infrastructure with no exploitable vulnerabilities or compromised player accounts resulting from cyber-attacks to our platform. Such behind-the-scenes infrastructure creates a positive impact for player account security, cyber-attack mitigation and regulatory compliance.

We want to help each customer secure their account, wherever they are, through a variety of authentication controls. This includes taking action against money laundering. Throughout our infrastructure we aim for a way of working that constantly subjects all users, and those within the business, to validation controls. This protection of the customer and the business is open to external audit, and we aim to achieve regular accredited certification of our security-incident response processes.

Sustainability / Pillar 2: A secure platform continued

Working towards our own goals

If we can prevent all malicious activities against our platform and our players' accounts, then we can offer enjoyable products with built-in integrity and fairness, maximise trust in our secure platform, and demonstrate resilience and leadership. Our Group Security department implements relevant cybersecurity and information-security policies and strategies in line with external regulations wherever we operate. We maintain our ISO 27001 certification, our CSIRT certification, and comply with all e-commerce account management regulations specific to our markets.

Blocking cyber-attacks: identify, protect, detect, respond

Our production infrastructure and our product platform are increasingly resilient, in line with the growing cybersecurity threats faced in e-commerce. We operate constant, high-quality detection and response processes that allow high levels of compliance. The heart of our work is identifying and managing vulnerabilities, using automated and manual systems. We organise our teams to handle cyber-attack, defence and compliance (see case study).

Management that serves our business

Our Computer Security Incident Response Team (CSIRT), Network Intrusion Detection System, and Security Operation Centre, continued to maintain external confidence and trust in Kindred by working with others in information-security communities, such as trusted-introducer.org and the EGBA Security Expert Group.

Our production infrastructure continues to develop a way of working that essentially treats all users and resources as potentially suspicious, thereby demanding constant validation of entities or groups for each activity or computing task. We are currently monitoring the latest release of a component of this, ready to implement improvements.

Hackers on our side

Cyber-crime can be lucrative, and cyber-attackers can be highly skilled and well-organised.

Click here for more information

Sustainability / Pillar 2: A secure platform continued

Customer data integrity

The security and privacy of data are vital to commercial strategy success. To maintain customer data security, we have several controls in place in player account security, authentication, validation and protection as well as in e-commerce account management. We constantly improve these, and are allied to systems preventing cyber-attacks, as described above. In 2022, we also continued to ensure our customers can be confident their accounts on our platform are as secure as their bank accounts, and we have a commitment of no compromised accounts by 2025. We continue to make a variety of player-account controls available to customers, some of which are mandatory, depending on the market; these include virtual fingerprinting, Captcha or reused password detection. Further, we will continue to apply multi-factor authentication across all brands in 2022, accompanied by enhanced cybersecurity across additional selected brands.

Within our data governance processes, we have as a flagship project a Data Compliance Forum comprising multiple teams to discuss risks and priorities across the business.

Multi-factor authentication (MFA) is becoming increasingly available in the industry, and is commonly found in e-commerce and online banking transactions. We are introducing it for customers who do not have access to it. Over time we will be modernising part of our CRM system to facilitate this transition and expand its use across our platforms, brands and markets. We are running MFA successfully in Sweden (a highly regulated market) as an opt-in service by our Kolikkopelit brand, technical proof that it is ready for roll-out as other markets develop their regulatory positions.

Anti-money laundering (AML)

Our ongoing AML work helps safeguard our licences and combat criminal activity. We continue to track down customers who try to use our platform for processing illicitly gained funds, laundering money or funding terrorism. We apply customer-identification processes and, where necessary, enhanced investigation to establish the origin of funds, to mitigate the risk of money laundering. As a general guide, terrorism-funding risk is extremely low compared with other categories. We process tens of millions of online transactions each day, but monitor each one to determine any risk and relevant control measure. If we detect any discrepancy or odd behaviour, we escalate the case to a highly specialised team, who will assess it further, and can file a suspicious transaction report with the relevant authority.

We launched a new AML and RG compliance framework in 2022. This has significantly increased the numbers detected and reported to relevant authorities. In 2022, we initiated and filed 1,537 cases (2021: 795; 2020: 439). Also this year, we restructured our AML governance arrangements and installed a new monitoring and detection system. The changes mean stronger connectivity to our responsible gambling programmes, and greater use of a wider range of behavioural and financial triggers.

This work is ongoing, but in 2022 our wholly owned subsidiary Spooniker, received a warning and a sanction fee from the Swedish Gambling Authority (SGA) for the period January 2019 to February 2022. Since 2021, we have implemented several improvements to further strengthen our processes, which have been recognised by the SGA.

What next?

The foundations of a successful, safe and secure platform are all in place and we continue to implement improvements appropriate to risk and threat. We ensure we assess our cyber-attack risk regularly, and that the red-teaming and Bug Bounty programmes respond to appropriate scenarios of potential threat. Our information security system is always evolving, or subject to internal or external audit, or being improved by participation in professional industry communities of best practice. We will assess our strengthened AML governance and new monitoring systems to ensure they are fit for purpose and aligned with future estimated risk.

1,537

initiated and filed suspected cases of money laundering to relevant authorities

Tens of millions

number of online transactions each day

Sustainability continued

Pillar 3

Product integrity

Our ambition – to offer fun, fair and transparent products.

Our commitment to watertight sportsbook integrity, no match-fixing and responsible marketing helps to maximise trust in sport. This means the rigorous detection of suspicious activity, and education about a healthier sporting culture, accompanied by marketing that also promotes the principles of responsible gambling and player protection. All of which creates a positive impact for our customers and for Kindred.

11

Number of sports betting events reported as suspicious (2021: 25)

High integrity means high quality

Sports-betting integrity is important to achieving a social licence to operate. Securing integrity in the sports industries and preventing match-fixing will lead to positive social outcomes. If the result of a sporting event is predetermined, then trust in sport is lost and fans become uninterested. These are not the conditions for commercial success of operators. Transparent communications and messaging via well-balanced marketing and promotion will support the drive to secure product integrity and company reputation.

Working towards our aims

Trust, transparency and integrity are the life blood of modern, safe and responsible gambling. In 2022, we continued to work closely with regulators and governing bodies to identify suspicious activities. The way these activities are run is subject to high standards of risk management to which we hold ourselves accountable.

Sustainability / Pillar 3: Product integrity continued

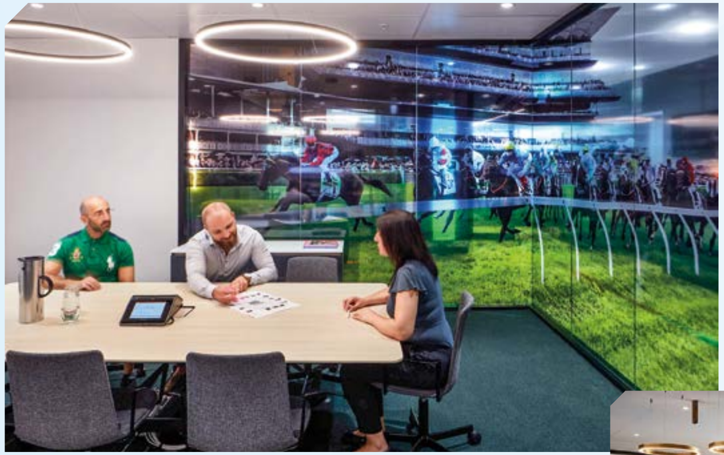
As well as trust and transparency, product integrity is about taking forward the results of our intensive research and development, the integration of responsible-gambling tools, a secure platform free of cybersecurity risk, and a sportsbook marketing approach based on high-quality monitoring and regulatory compliance. Our Sportsbook Integrity team works closely with Kambi, our sportsbook data-monitoring specialist, to ensure we act swiftly when detecting suspicious betting activity.

Sports-betting integrity is a key element of our sustainability strategy: we advertise at many sporting events in the field, as well as online. Match-fixing is a criminal act and we are fully committed to fighting it by promoting regulated and healthy betting. Engagement and collaboration is at the heart of managing this impact, and sportsbook providers, law enforcers, regulators, risk teams, industry associations, governing bodies and marketers all have a role to play.

Collaboration is vital for our work

We operate within a variety of regulatory environments in our efforts to prevent fraud and match-fixing. If a customer places a bet on an event that is suspicious, we will return the money. However, under privacy laws in some jurisdictions, we cannot provide customer information directly to sports governing bodies as part of their investigations, so we find alternative ways to help. We ensure integrity in all our gambling brands, in sports betting, casino & games, and poker.

We reasserted our position that in certain amateur leagues, youth leagues and unsanctioned events, there is greater exposure to risks of collusion and loss of integrity, and a greater need for more-careful screening. In all markets, we carefully review customer trends, risk exposure and commercial viability of betting on amateur leagues and events. In addition, we offer all customers the same player protection as when they bet on professional leagues.



Working with Swedish football to enhance safer gambling

As the main sponsorship partner to Swedish Elite Football (SEF), we work with the country's 32 male elite football clubs to educate players and coaches in safer gambling.

Click here for more information

Sustainability / Pillar 3: Product integrity continued

The consultation also considered electronic sports (e-sports). e-sports events to betting consumers. While e-sports are generally not exposed to greater integrity risks than other sports, they have grown almost exponentially over the past four years. We carefully review the specific challenges, such as playing remotely from diverse countries, internet connectivity limitations, or absence of information about planned events. Given these risks, our data from the Kambi network indicate no suspicious betting activity. That said, our traders are trained on the risks, taking a safety-first approach.

Professional teams

In June 2022, in parallel with our new licence to operate in the Dutch market, Unibet entered a commercial partnership with AFC Ajax. In addition to this, we are working to maintain sports-betting integrity, with a key part being the Unibet Impact programme that promotes responsible gambling and online player protection.

Unibet Netherlands also continued working with the European Football Development Network (EFDN) on two projects. Fair Sports 4 All is an interactive workshop to make football players, coaches and others more aware of the risks of match-fixing. Accompanying that, More Than Football Fund enables clubs associated with the EFDN to receive funding for innovative projects focused on social inclusion, education, health and environmental improvement.

Detecting and reporting suspicious betting activity

As a digital operator, we monitor all bets placed, to develop intelligence on suspicious or irregular betting activity, such as when market prices exceed our assessments of what is reasonable. We work with local authorities, regulators, policymakers, law enforcement agencies and sports federations to eliminate this criminal activity. If we detect suspicious activity, we inform the authorities, the relevant sports governing bodies, and the International Betting Integrity Association (IBIA). The IBIA is a non-profit body of the regulated betting industry, and since 2005 their Monitoring & Alerts platform has been helping shape SBI (Sports betting integrity) policy approach across the industry.

In the course of our business, we verify all customer deposits, withdrawals and games. In 2022, we reported 11 instances of suspicious sports-betting activity to the IBIA (2021: 25; 2020: 19).

While everyone wants to protect the integrity of sport, we recognise that resources may often be thinly stretched in some markets. While this can present a challenge, we always play our part by reporting problematic matches and events, and by strengthening relationships with the stakeholders mentioned above. Over the years, we have excluded certain teams and players (usually in lower sporting leagues) from our offering. Consequently, we see some reduction in risk, year on year.

Other ways to tackle match-fixing come from using sponsorships as a platform to educate the sporting community. In each one, we include training at the clubs sponsored. In 2022, we maintained our collaboration with Swedish Elite Football (SEF), providing them with anonymised data on customers placing bets above 1,000 SEK (GBP/SEK ~12.5) in the Swedish football league. They use the data in AI-based software to identify suspicious patterns of betting.

Going further, we work with law-enforcement agencies, with the police in SBI-related forums, and we provide information and resources where allowed. We are working to find ways to offer data in ways that can lead to more prosecutions.

Internal training

In parallel with EFDN workshops and sponsorship-related training programmes, we provide our own employees with training related to product integrity. Our Player sustainability teams offer training on anti-money laundering, responsible gambling, and fraud (or fund security).

Casino & games

We apply the same careful monitoring and review that we apply in sports, to the casino markets. We operate the Blankenberge Casino in Belgium. In North America, we note the emergence of iGaming (online casinos) to accompany the conventional casino industry.

Sustainability / Pillar 3: Product integrity continued

Responsible marketing

Our marketing and advertising aligns with responsible business principles and practices while still differentiating us. Responsible gambling, player protection and ethical marketing – including the prevention of minors from gambling online – are primary elements in our strategy to offer safe and enjoyable products that contribute to our Journey towards Zero ambition (see page 57).

All our marketing satisfies regulatory requirements in our respective markets. We completed our eCOGRA audit 2022 relating to consumer protection[3]. Its findings showed us to be fully compliant with the requirements in Europe. Central to our approach are the following fundamental principles:

- Player protection and alignment with targets in our responsible gambling strategy.
- Monitoring and accountabilities to ensure all marketing complies with applicable regulations.
- Customers who self-exclude from a brand will not receive direct marketing from it.
- Operating in line with the EGBA code of conduct on responsible advertising for online gambling and related social media content.
- Specific focus on the protection of minors via the EGBA due process.
- Careful control of affiliate marketing outputs.

Internal capacity building

Where employees receive training on responsible gambling, we will ensure the relationship with commercial marketing is clear. As for governance, ethical marketing is an agenda item in the sustainability panel, and we are keen to strongly connect functions that may in the past have been less unified.

Our partnerships for impact

- For Sydney Roosters, Australia, media exposure and donation to rugby league Gotcha4Life Cup.
- For Club Brugge, Belgium, expanding our No Heart/No Glory commitment with support for CPR provision.
- With Sporting Charleroi, Belgium, launched the Coup de Coeur first-aid workshops.
- In France, supporting over 785 amateur football clubs with 31,825 pieces of licensed equipment across four seasons.
- In the Netherlands, collaborating with partners on the unique Unibet Impact initiative to financially support responsible gambling initiatives, the prevention of match-fixing, and the promotion of Dutch sports and culture. The Unibet Impact has no navigation to the commercial platform.
- In Norway, renewed global sponsorship of five-time chess world champion, Magnus Carlsen and extended partnership with his chess club.
- In Sweden our partnership with Swedish Professional Football Leagues includes anti-match fixing and player safety education for all players and coaches, integrity officers in all clubs and youth academy investments.
- In the UK, supporting Glasgow Rangers – Big Sleep Out with hot breakfasts and funding to fight homelessness.
- In the UK with Middlesbrough, Glasgow Rangers and Derby, supporting Team Talk to provide advice, help and encouragement for men about mental health.
- In the UK, working with the racing authorities on Go Racing Green, making horse-racing accessible to those who suffer from mental health problems.
- Working with Women in Racing and the Racing Home portal to help those working in racing with motherhood and parenthood, offering free advice and physical, psychological and emotional support.

Affiliate marketing

All our marketing is subject to strict control, so we select affiliates carefully. They are bound by our strict terms and conditions, including advertising guidelines. We use web-monitoring services to scan third-party sites continuously to ensure our brands are promoted correctly. We verify the individuals and companies that own and operate our affiliates in a similar way to our customers. Our Global Marketing Services teams ensure we follow all marketing principles and, in 2022, we once again we recorded no significant breaches of conditions by affiliates or influencers.

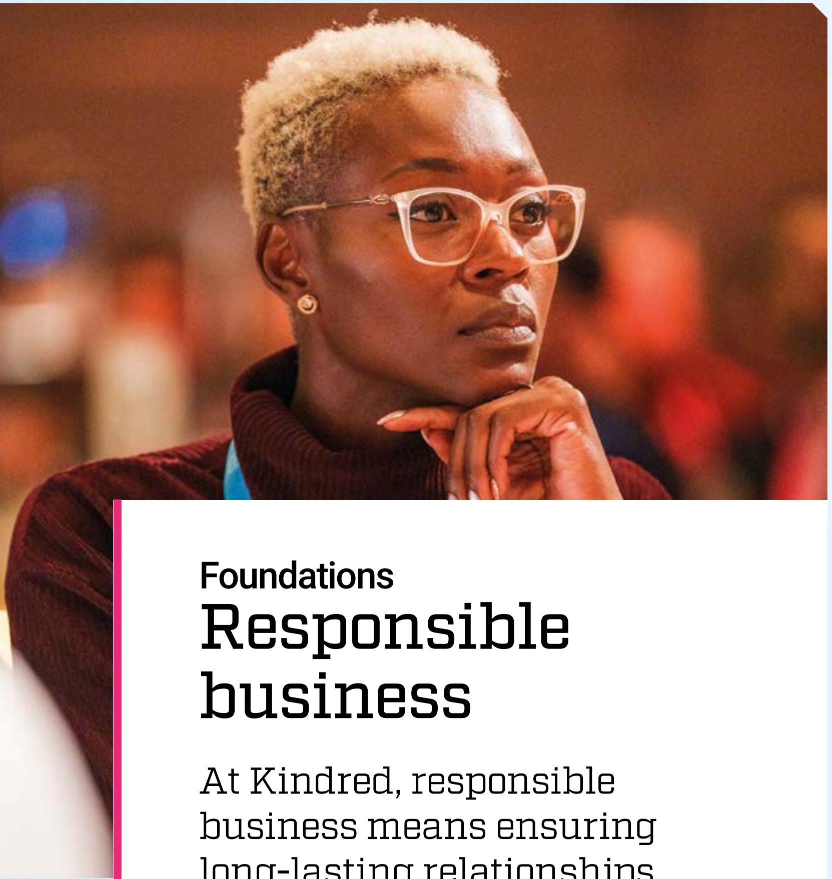
What next?

We will continue to enhance our approach to product integrity with research and development, and align it with responsible gambling and ethical sportsbook marketing. While the risks of integrity or legitimacy concerns are always there, we will continue to assess the events offered on our network, and if we are not confident in its integrity, will not offer it.

We will be promoting more player protection and responsible gambling communications on our websites, in marketing 'push messages' and in customer bonus. This connects to our Customer Relationship Management system outputs and our internal training delivery. This foundation is increasingly hard-wired into how we operate.

3 In line with the European Commission Recommendation of 14 July 2014 on principles for the protection of consumers and players of online gambling services and for the prevention of minors from gambling online (2014/478/EU).

Sustainability / Foundations



Foundations
Responsible business

At Kindred, responsible business means ensuring long-lasting relationships with partners, colleagues and communities based on trust and respect, always guided by our values.

We achieve this by acting on the right issues, by mitigating negative impacts, and pursuing positive ones. Our approach is guided by our corporate governance arrangements, compliant with all relevant regulations, and shaped by policies such as our Sustainability Policy (2018), our Global Whistle-blowing Policy, and our People Policy.

Our CEO is ultimately accountable for our performance while our Chief Human Resources Officer has overall responsibility for sustainability.

We describe here the important foundation underpinning the three pillars of our sustainability strategy. The delivery of the strategy depends on our people, compliance systems, reputational capital, corporate integrity and excellent relationships. We describe how these are provided in the following subsections on human resources, compliance, community investment and energy.

Our people

In 2022, we refreshed our people strategy. It now focuses on six key areas: securing employees, developing employees, creating an inclusive workplace, refining our operating model, providing an outstanding employee experience, and ensuring effective and efficient employee costs.

Winning the race for talented people

We recruit in a highly competitive marketplace. In 2022, we recruited 636 people, and achieved an attrition rate of 18 per cent. Targets for 2023 include reducing time to hire by 20 per cent and achieving an attrition target across the Group of 17 per cent. Finally, by the end of 2023, we will be opening a tech hub in Bangalore, with the aim to achieving a team of 100 when fully staffed. The hub will bring additional capacity to the Group's tech function, with teams working with European, North American and Australian colleagues.

48

eNPS score (2021: 48)

18%

Attrition rate for the Group

Sustainability / Foundations continued

Creating an inclusive workplace

Our aim is to build a diverse, inclusive and equitable experience for everyone at Kindred. To support our objective of achieving a 50:50 gender split in senior management (see below), we will also aim for 50:50 gender shortlists for any vacancies in the top four management tiers during 2023, and we also expect that our work to develop an internal pipeline of female leaders will begin to take effect.

In 2022, we launched Self ID in the UK, a diversity-data gathering-and-monitoring initiative, which will allow us to benchmark our DEI data with other organisations. This voluntary process will help us develop practices and policies to enhance the employee experience globally. We intend to introduce Self ID to our other locations, where permitted by law, in 2023.

Diversity, equity and inclusion	2022	2021
All employees (% female)	**37**	36
Senior management (% female)	**25**	19
Executive management (% female)	**29**	20
Board of Directors (% female)	**25**	29

Developing the future of Kindred

It is critical we give our employees the tools to develop and succeed in a fast-changing industry. During 2022, each employee completed an average of 15.05 hours of learning time. Aiming to stay ahead of the learning needs of teams, in 2023 we will complete a learning-needs analysis for every team and ensure there are clear career paths for employees across the Group.

During 2022, colleagues from nine countries joined our Alchemy leadership-development programme and we expect this development programme to support us in achieving our 50:50 senior leader target.

Talent development	2022	2021
Average hours of training (per employee, all employees)	**15.05**	19.86
Average hours of training (per employee in senior management)	**18.11**	30.78

56:44

FuEL: 56:44 (2022) male to female split up from 70:30 (2021)

29%

Identified leaders: Females identified at future leaders up to 29% from 15%

Communities

We aim to be recognised for our work to enhance communities in the markets we serve. We do this through projects, sponsorships and other resources relating to grass-roots community sports, mental-health support, or assisting those who are socially or economically disadvantaged. This work is part of our Kindred Impact programme, established in 2022, which formulates how we manage community investments. It ensures efficient processes, strong impacts and a connection with both our Group strategy and what we do at a local level. Our investments take many forms, including funding research and educational projects, aiding social projects through sports sponsorships and donations, and forming other partnerships.

In the Netherlands, for example, Unibet Impact, our local community-engagement programme, works with professional and amateur sports clubs as well as social organisations, to strengthen the social power of sport. The work is varied, from training on match-fixing for professional athletes, improving the mental and physical wellbeing of athletes and fans, making clubs more sustainable, and financing equipment. A recent project is Kindred Unibet's Tour de Tietema partnership in the Netherlands and Belgium, to inspire sports enthusiasts to start cycling themselves. You can see other projects online at unibetimpact.nl/projecten/

We maintain legacy community projects based on relevant regional or local conditions, and allocate funding to activities

Sustainability / Foundations continued

that create positive social, economic and human-rights impacts. Our sponsorships are geared to creating strong communities through healthier sports clubs at grass-roots level and upwards. To remain a trusted and legitimate source of community support, we evaluate new opportunities closely. Examples of our ongoing, multi-year initiatives are Team Talk, Hemmaklubben, and Go Racing Green. We continue to make charitable donations to organisations such as Au Coeur du Football (equipment supplies), Swedish Elite Football, HANDS and Gamble Aware; in 2022, our annual donation to Unicoach youth sports academy in Europe was SEK 16 million (2021: SEK 15 million).

In 2022, Kindred Belgium strengthened its partnership with Club Bruges in the No Heart/No Glory Foundation project for health awareness in sports, in this case: heart arrhythmia and football. So far, they have installed automated external defibrillators (AED), and organisation of awareness raising events in and around Bruges. Meanwhile, in Charleroi, a similar project is under way as part of the work of the Coup de Coeur Foundation, and Kindred Belgium is following these projects with a digital and interactive first-aid tool.

In 2022, we ran our second programme of work with Swedish NGO Nolla Utanförskapet to increase access to tech careers for young people.

Our partnership with Women in Racing (WiR) continued in 2022 to raise awareness of the challenges working mothers face returning to work.

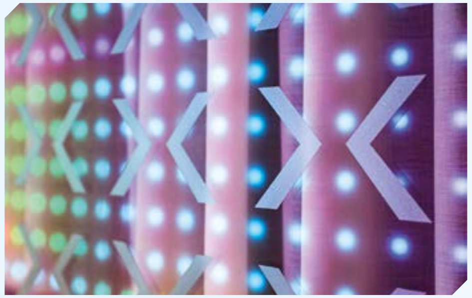
As well as funding projects, we also encourage employees to volunteer three days of their year to support local community projects. In 2022, 109 employees did so (2021: 85). One of our aims was to increase the number of employees who use their volunteer days by 50 per cent, to 222 by the end of 2022 (from a 2019 baseline of 148).

Historically, many of our programmes aimed to achieve outcomes in line with our strategic Product Integrity ambition, please see page 63 for more. For more on our responsible gambling programme, see page 57, and for detail on this year's Sustainable Gambling Conference, see www.sustainablegambling.com.

Energy and carbon footprint

We aim to operate in an environmentally responsible manner and to ensure the business can thrive in a circular, water-constrained, low-carbon economy, if required. Our dominant material environmental topic is energy, and by the end of 2023, we aim to procure all our electricity from renewable sources, where feasible.

We manage environmental projects in line with best practice, allocating funding to activities that create positive environmental impacts. We track resource management, such as energy, to formal targets in line with internationally recognised frameworks, such as CDP (score of B maintained). Our response to climate risk applies the precautionary principle and is informed by EU Taxonomy Regulations and the Taskforce on Climate-related Financial Disclosures (TCFD) framework.



45.3m

GBP in contribution to sport through sponsorships and partnerships

Our direct environmental performance continues to improve. Our energy-management focus areas are still offices and data centres (Scopes 1 and 2) as well as business travel and employee commuting (Scope 3). Our greenhouse-gas emission-reduction targets are science-based and validated as such on 15 November 2022 by the Science Based Targets initiative (SBTi). By the end of 2027, we aim to reduce absolute Scope 1 and 2 emissions (market-based) by 90 per cent, and our Scope 3 emissions by 35 per cent (2019 base year).

In 2022, we increased our carbon emissions per employee by 89 per cent (2021: 30 per cent; 2020: 52 per cent), our business travel represented 29 per cent of our carbon footprint (2021: 10.4 per cent; 2020: 42 per cent).

In 2022, we assessed more locations for the switch to renewable sources, recognising that some are less feasible than others. At the end of 2022, 30.8 per cent of our purchased electricity came from renewable sources (2021: 61.3 per cent reported, 25.4 market based emissions). We offset all remaining carbon emissions using an accredited third party and through projects that meet the requirements of the Verified Carbon Standard. For more on TCFD disclosures, please see page 44, and for an overview of taxonomy-eligible activities see page 72.

See page 77 for data relating to energy and greenhouse gas emissions

Sustainability / Foundations continued

Compliance

We want to ensure we achieve excellence in regulatory compliance and customer service. Our near-term ambition is to eliminate repetitive incidents to ensure no unmitigated material compliance incidents by the end of 2025. This aligns with our purpose, and notably our desire to present gambling as a justified form of entertainment provided by trusted, well-run and reputable operators.

A secure operating licence and subsequent competitive advantage come from meeting the highest professional, regulatory and ethical standards. In the digital service economy, compliance is a fast-moving discipline, and our processes are designed to match its evolution, through the use of technology and innovation in all compliance activities.

The way we work is overseen by the Governance, Risk and Compliance Council (GRC-C) to ensure efficient responses to the often-complex array of regulatory changes in our industry. Our compliance governance is built on internationally recognised standards, including ISO 27001:2013, ISO 19600, and ISO 37301:2021, while our policies set forth the expectations and guidelines to be followed in operating in a responsible and transparent way. In practical terms, the day-to-day work is administered using our Kindred Compliance Framework (KCF), which encourages the combined application of both organisational and individual responsibilities. While we have many dedicated employees in our compliance teams, everyone at Kindred has a role to play. While the KCF is front and centre, it relies on our people to detect risk and prevent negative impacts from uncontrolled events.

20

Number of jurisdiction Kindred Group held a licence in at end of December 2022

33

Number of regulatory audits and reviews conducted

87%

Employees completing training on anti-money laundering

4

Speak Up! Concerns raised with Audit Committee

Compliance framework and incident control

Throughout 2022, we have continued our ever-increasing focus to enhancing our performance in continuous compliance, investing in making timely and effective improvements and developing new ways of working to ensure we not only closely adhere to regulations but even go beyond the bare minimum expected by our regulators. We have aligned with international standards including ISO 37301:2021.

By the end of 2022 Kindred was licensed in 20 regulated markets in Europe, Australia and North America. In 2022, 79 per cent of our Gross winnings revenue was derived from locally regulated markets (2021: 62 per cent; 2020: 60 per cent). The quality of our compliance systems across all jurisdictions is subject to internal control audits and is independently appraised. We completed over 33 regulatory audits and reviews during 2022, many of which are a condition of a gambling licence.

We have developed further the suite of compliance framework, tools and ways of working to enable us to efficiently deal with growing compliance complexity and rising regulatory and customer expectations. Compliance framework, incident management, reporting channels and compliance ownership across all internal line organisations have been further developed and embedded as part of our compliance governance model, to the benefit of increased effectiveness in the delivery of group and individual compliance responsibilities. Heightened efforts in 2022 were directed to our continuous adherence to recognised best practices across all business areas, as well as to international standards such as ISO27001 for which we have successfully renewed our certification. In parallel, we continued training all colleagues on relevant compliance best practices. For example, our ambition is that all are familiar with the Kindred Compliance Incident Process (CIP) to prevent incidents and help to analyse root causes and risks with the GRC-C.

Tax

We generate government revenues through the taxes we pay, which is considered as added economic value to stimulate economic growth; other forms include innovation and employment. In 2022, we made a total tax contribution of almost GBP 298 million (2021: 315 million; 2020: GBP 272 million). We fulfil our global tax obligations in full compliance with all local and international tax laws as well as OECD transfer pricing guidelines. We manage tax costs and risks carefully, and by reporting and paying taxes as due, we have established a reputation for being responsible and compliant.

Sustainability / Foundations continued

Generating government revenues through taxes*

	2022	2021	2020
Nordics	**45**	53	39
Western	**208**	202	187
CES	**22**	38	26
Other	**23**	22	20
Group	**298**	315	272

* Corporate taxes, VAT, betting duties and payroll taxes.
In GBPm

Responsible procurement

Our responsible business performance is also supported by our approach to procurement. While we are exposed to low levels of supply-chain sustainability risk, we purchase a broad range of services and products. We aim to influence the development of social and environmental standards of our business partners, suppliers and stakeholders. We apply our Supplier Code of Conduct to convey what we expect from our suppliers regarding labour and human rights, health and safety, business ethics and the environment.

Anti-corruption and corporate integrity

In addition to, and as part of, our formal compliance infrastructure, we work towards ensuring all employees participate in regular training and policy updates on anti-corruption and anti-bribery. During 2022, we recorded no breaches of our Anti-corruption Policy and Gift Policy. This is supported by our Whistleblowing Policy: we encourage employees to use Speak Up!, our independently-run whistleblowing service. All concerns raised are reported quarterly to the Audit Committee, with four cases reported in 2022 (2021: one). Ongoing and closed cases are presented to the Board every quarter.

For more on our policies please see our website https://www.kindredgroup.com/sustainability/downloads-and-resources/?year=Policies

EU Taxonomy

In 2021, Kindred conducted an eligibility screening as defined by the Taxonomy Regulation and the EU Taxonomy Climate Delegated Act (EU) 2021/2139. Together with internal stakeholders and with support from external taxonomy experts, we conducted an eligibility screening. It was performed according to current recommendations, which resulted in three eligible economic activities, though not related to our main economic activities. The results were shared in the sustainability report for 2021. After performing additional analysis, and by looking into the technical criteria themselves, we have now revised our former position. The conclusion is that no economic activities performed by Kindred are eligible under the EU taxonomy. Kindred Group's main economic activity, i.e. providing casino, sportsbook and other games to its customers, is excluded from the taxonomy (Annex 2, supplementing Regulation (EU) 2020/852, paragraph 13.1. Kindred will continue to follow the development of the taxonomy closely and adapt reporting as needed with the upcoming release of the remaining four objectives with the taxonomy.

	GBP m	Proportion of taxonomy eligible economic activities (%)	Proportion of taxonomy non-eligible economic activities (%)
Revenue	1,068.7	0	100
CapEx	47.8	0	100
OpEx	227.4	0	100

GRI Index

Kindred Group plc has reported in accordance with the GRI Standards for the period 01/01/22 to 31/12/22. GRI 1 used: Foundation 2021. Applicable GRI Sector Standards: None applicable

GRI Standard	Disclosure	Pages/response
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Pages 2-3, back page
	2-2 Entities included in the organization's sustainability reporting	The report covers the whole Kindred Group
	2-3 Reporting period, frequency and contact point	Page 1, back page
	2-4 Restatements of information	We have revised the calculation of our greenhouse gas emissions
	2-5 External assurance	Pages 54, 77
	2-6 Activities, value chain and other business relationships	Pages 3, 5, 11, 21, 48, 54-55, 60, 65, 67-69, 93
	2-7 Employees	Pages 2, 76
	2-8 Workers who are not employees	There are no workers controlled by the organization who are not employees
	2-9 Governance structure and composition	Pages 87-88
	2-10 Nomination and selection of the highest governance body	Pages 81-87, 89, 102
	2-11 Chair of the highest governance body	Pages 81, 84, 87
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 87-88, 93
	2-13 Delegation of responsibility for managing impacts	Pages 54, 88
	2-14 Role of the highest governance body in sustainability reporting	Pages 54, 88
	2-15 Conflicts of interest	Pages 90, 92 See also para 87 (pdf p28) here: https://www.kindredgroup.com/globalassets/documents/corporate-governance-related-documents/articles-of-association-6-dec-2016-1.pdf
	2-16 Communication of critical concerns	Pages 54, 72, 88 Partial omission (GRI reference 2-16b): Number and nature of critical concerns are not published in the course of standard financial and governance reporting as required by the Swedish code. The SpeakUp line provides a channel of communication
	2-17 Collective knowledge of the highest governance body	Pages 77, 81-87, 102
	2-18 Evaluation of the performance of the highest governance body	Page 89
	2-19 Remuneration policies	Pages 104-106
	2-20 Process to determine remuneration	Pages 104-110
	2-21 Annual total compensation ratio	Page 110 We do not specifically report ratios. Reason for partial omission: our standard practice is to report change in remuneration and Group performance; see page 109 for details
	2-22 Statement on sustainable development strategy	Pages 10, 51
	2-23 Policy commitments	Pages 21, 54, 62-63, 68, 71-72 https://www.kindredgroup.com/globalassets/documents/sustainability-related-documents/kindred-group_-sustainability-policy-2022.pdf
	2-24 Embedding policy commitments	Pages 11-13, 20-21, 23-26, 44-46, 50-55, 59, 65-67, 69, 77
	2-25 Processes to remediate negative impacts	Pages 72, 88, 92 https://www.kindredgroup.com/globalassets/documents/sustainability-related-documents/whistleblower-policy-2021.pdf
	2-26 Mechanisms for seeking advice and raising concerns	Pages 72, 88, 92
	2-27 Compliance with laws and regulations	No significant instances of non-compliance with laws and regulations occurred
	2-28 Membership associations	Pages 54-55, 62
	2-29 Approach to stakeholder engagement	Pages 55, 112
	2-30 Collective bargaining agreements	Pages 112-113. Kindred employees are not subject to collective bargaining agreements but are entitled to a series of employee benefits and employee representation in the markets where we operate

GRI Index continued

GRI Standard	Disclosure	Pages/response
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our assessment aimed to identify impacts as described on p51 of this document, and on p57 of SR2021 (and also p14 of SR2020). It has included (i) stakeholder engagement with eight interviews people in various stakeholder groups, a survey of 7,000 Kindred customers in Sweden, Denmark Norway and Finland (2017), (ii) a benchmark of desktop research of publicly disclosed information from four peers/competitors, (iii) an assessment of mega-trends affecting our operating context, and (iv) a review of sustainability norms and standards such as SASB Casino and gaming standard, GRI media sector supplement, and RobecoSAM casinos and gaming standard. Stakeholders such as owners, customers, partners and key personnel were asked to rank 17 material topics. A final ranking was produced by our advisors PwC, and discussed in a senior level workshop (2017). The outcome of the workshop became a foundation for Kindred's sustainability report content development. More recent strategy analysis took these results into account, and were further validated by Kindred's executive management in 2022
	3-2 List of material topics	No substantive changes to material topics identified
Procurement practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 72 Impacts relate primarily to the low-level risk in our supply chains; our review of the impacts is ongoing
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Previous Sustainability Report (2021) p71. Local spending level remains stable. "Significant locations"" refers to countries of operation, "Local" refers to anywhere within each country
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 72, 112-113
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Pages 63, 66, 71-72
	205-3 Confirmed incidents of corruption and actions taken	No cases of corruption involving Kindred Group reported during 2022

GRI Standard	Disclosure	Pages/response
Anti-competitive behavior		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 66, 72, 112-113
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Pages 10, 65-67, 133. While in Sweden we were fined for failings in AML procedures (p10), no cases of anti-competitive behaviour involving Kindred Group are reported for 2022
Tax		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 47, 71, 91 Note, a detailed approach to tax is in place, however it is not a public document
GRI 207: Tax 2019	207-1 Approach to tax	Pages 71-72 We do not provide information on third-party sales, the data are not currently available due to commercial confidentiality clauses. Third party sales are logged for our Relax operations, but the amounts are not significant, and therefore not applicable here. Revenues from intra-group transactions with other tax jurisdictions: this is not applicable (in line with GRI Standards clause 2.3 on reasons for omission). Time period is 1st Jan 2022 to 31st Dec 2022
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 44, 54, 70
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 77
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 54, 70
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 77
	305-2 Energy indirect (Scope 2) GHG emissions	Page 77
	305-3 Other indirect (Scope 3) GHG emissions	Page 77
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 10-11, 21, 54, 68-69, 112
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 76

GRI Index continued

GRI Standard	Disclosure	Pages/response
Training and education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 10-11, 21, 44, 55
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pages 69, 77
Diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 45, 53, 55, 69, 112
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 69
Non-discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 45, 53, 112
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No instances of discrimination formally recorded at Kindred Group plc in the reporting period
Local communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 53-55, 65, 67, 69
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	100% – all sites provide paid leave for employees to devote to community engagement, gender impact assessments, and employee networks providing engagement and worker representation on employment topics such as health, safety, conditions, employee rights
Supplier social assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 72 Our review of supply chain risks and impacts is ongoing
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 72. All new suppliers are screened against the requirements of our Supplier Code of Conduct
Customer health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 58-60, 63, 67, 92-97
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents reported in the reporting period

GRI Standard	Disclosure	Pages/response
Marketing and labeling		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 51-52, 54-55, 67
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Pages 48, 59, 64-67
	417-3 Incidents of non-compliance concerning marketing communications	Pages 64, 66
Customer privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 21, 46, 51-52, 61-63, 93, 96
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no confirmed cases related to customer privacy in 2022

Notes to the Sustainability Report

Note 1. Information on employees and other workers

	2022			2021		
	Total headcount	permanent	temporary	Total headcount	permanent	temporary
Women	723	713	10	629	618	11
Men	1261	1245	16	1110	1097	13
Total	**1984**	**1958**	**26**	**1739**	**1715**	**24**
Nordics	405	393	12	351	342	9
Western Europe	1330	1322	8	1212	1200	12
Other	249	243	6	176	169	7
Total	**1984**	**1958**	**26**	**1739**	**1711**	**28**
		Full-time	**Part-time**		Full-time	Part-time
Women	723	704	19	629	628	1
Men	1261	1255	6	1110	1107	3
Total	**1984**	**1959**	**25**	**1739**	**1735**	**4**

The numbers in this table are excluding Relax Gaming and Blancas NV.

Note 2. Diversity of governance bodies and employees

	2022							2021						
	<25	26-30	31-35	36-40	41-50	>50	Total	<25	26-30	31-35	36-40	41-50	>50	Total
Board														
Women	0	0	0	0	1	1	2	0	0	0	0	1	1	2
Men	0	0	0	1	0	5	6	0	0	0	0	3	2	5
Executive management														
Women	0	0	0	2	0	0	2	0	0	0	1	1	0	2
Men	0	0	0	0	3	4	7	0	0	0	0	4	4	8
Senior management														
Women	0	0	2	3	6	0	11	0	0	0	4	6	0	10
Men	0	0	7	11	19	7	44	0	0	10	12	16	6	44
All other employees														
Women	51	131	230	143	118	37	710	44	129	180	130	98	36	617
Men	72	240	319	258	239	82	1210	66	223	261	235	201	72	1058

The numbers in this table are excluding Relax Gaming and Blancas NV.

Note 3. New employee hires and employee turnover

	2022							2021						
	<25	26-30	31-35	36-40	41-50	>50	Total	<25	26-30	31-35	36-40	41-50	>50	Total
Employee new hires														
Women	38	72	64	36	22	5	237	42	60	54	28	31	8	223
Men	63	114	103	62	43	14	399	71	83	71	54	36	10	325
Total	**101**	**186**	**167**	**98**	**65**	**19**	**636**	**113**	**143**	**125**	**82**	**67**	**18**	**548**
Nordics	6	30	34	15	9	5	99	4	15	22	14	14	1	70
Western Europe	80	127	103	59	39	9	417	103	105	78	48	40	11	385
Other	15	29	30	24	17	5	120	6	23	25	20	13	6	93
Total	**101**	**186**	**167**	**98**	**65**	**19**	**636**	**113**	**143**	**125**	**82**	**67**	**18**	**548**
Employee turnover														
Women	18	39	34	26	18	8	143	25	38	34	22	18	3	140
Men	27	65	54	51	37	13	247	30	51	77	40	25	10	233
Total	**45**	**104**	**88**	**77**	**55**	**21**	**390**	**55**	**89**	**111**	**62**	**43**	**13**	**373**
Nordics	1	11	16	12	6	0	46	1	5	21	14	12	2	55
Western Europe	40	81	58	55	40	17	291	50	64	77	45	27	8	271
Other	4	12	14	10	9	4	53	4	20	13	3	4	3	47
Total	**45**	**104**	**88**	**77**	**55**	**21**	**390**	**55**	**89**	**111**	**62**	**43**	**13**	**373**

	2022	2021
Hire rate	32%	32%
Turnover rate	18%	21%

The numbers in this table are excluding Relax Gaming and Blancas NV.

Notes to the Sustainability Report continued

Note 4. Average hours training by employee category

	2022	2021	2020
Average hours of training by gender			
Average hours of training per employee, all employees	15.05	19.86	9.67
Average hours of training per employee, women	16.71	17.60	11.56
Average hours of training per employee, men	15.36	22.88	9.40
Average hours of training by governance body			
Executive management	5.19	7.22	8.41
Senior management	18.11	30.78	7.69
Rest of employees	13.3	18.88	9.92
Average hours of training by function			
Commercial	12.87	7.34	6.82
Tech	12.81	36.19	9.77
Corporate	31.37	26.62	12.33
Product	9.72	11.90	4.95
Total hours of training, all employees	**39,056.9**	**47,125.30**	**20,881**
Average hours of training, all employees	**15.05**	**19.86**	**9.67**
Average cost (GBP) of external training per employee	133.54	92	102

The numbers in this table are excluding Relax Gaming and Blancas NV.

Note 5. Energy use, travel and emissions (tCO_2E)

	2022	2021	2020
Scope 1 emissions (operation of site facilities)	97.2	52.5	44.3
Scope 2 emissions (market based grid electricity purchased)	1,226.5	1,041.3	1,465.4
Scope 3 emissions (business travel, waste, commuting, procurement)	5,591.4	2,112.4	2,752.6
Total emissions	**6,915.1**	**3,206.2**	**4,262.3**
tCO_2e per employee	3.5	1.8	2.7
tCO_2e per revenue GBP million	6.5	2.5	3.9

	2022	2021	2020
Total	3,480,700	3,200,200	4,016,700
Ratio per employee	1,754	1,840	2,568,223
Ratio per gross winnings revenue (GBP million)	3,338	2,550	3,553,973

To be compliant with the Greenhouse Gas Protocol Corporate Standard, we used a third party to calculate the Group's CO_2e emissions.

All carbon footprints are expressed as an absolute amount in tCO_2e. Conversion of non-CO_2 greenhouse gases to CO_2e has been based upon DEFRA and IEA. Scope 2 emissions for electricity are reported using the market-based method. KPIs are also calculated using market-based approach. Separate data for heating and cooling is available for 2022. In 2022, there has been a focus to increase data quality, for instance supplier-specific data, use of fewer estimates and wider scope. This means that the emissions for previous years have been recalculated as well, allowing for better comparison. With our validated Science Based Target, our targets are calculated and measured according to the market-based approach with 2019 as a baseline. To ensure CO_2e data is collected on a timely and accurate basis, the CO_2e reporting year is a month ahead of the financial year. All data includes Relax Gaming and Blancas NV.

Governance

Introduction to governance

The Group has three decision-making bodies in a hierarchical relationship with one another: the Shareholders' meeting, the Board of Directors and the Chief Executive Officer (CEO).

Shareholders' meeting and Annual General Meeting

The Shareholders' meeting is the Group's highest decision-making body and a forum for shareholders to exercise influence. The Shareholders' meeting can decide on any Group issue which does not expressly fall within the exclusive competence of another corporate body. In other words, the Shareholders' meeting has a sovereign role over the Board of Directors and the CEO.

According to the Swedish Corporate Governance Code ('Swedish Code'), the control body is the statutory auditor, which is appointed by the Shareholders' meeting.

Each shareholder has the right to participate in the Shareholders' meeting and to vote according to the number of shares owned. Shareholders who are not able to attend in person can exercise their rights by proxy.

Minutes from the Shareholders' meetings can be found in the AGM and EGM section on www.kindredgroup.com.

For more information about the 2023 AGM, see page 166

Nomination Committee

The principal tasks of the Nomination Committee are to propose decisions to the Shareholders' meeting on election and remuneration issues concerning the Board of Directors and procedural issues for the appointment of the following year's Nomination Committee.

Regardless of how they are appointed, members of the Nomination Committee are to promote the interests of all shareholders. Members are not to reveal the content and details of nomination discussions.

Regular and systematic evaluation forms the basis for assessment of the performance of the Board, the CEO and the continuous development of their work.

The Nomination Committee report can be found on page 102. The Nomination Committee's Motivated Opinions can be found on the Group's website at www.kindredgroup.com.

Board of Directors

Kindred Group plc is incorporated and registered in Malta and listed on the Nasdaq Stockholm stock exchange. Therefore, Kindred Group plc applies the principles of the Swedish Code. In line with the recommendations provided by the Swedish Code, the Board of Directors is responsible for the overall strategy and direction of the Group. The Board is also responsible for the Group's organisation and the management of the Group's business, including satisfactory control of the Group's financial position and risks. The Swedish Code requires the majority of Board members to be independent. In this regard, Kindred Group's Board is entirely composed of non-executive Directors, with seven of the eight Directors being independent.

Remuneration Committee

The Remuneration Committee considers and evaluates remuneration arrangements for senior managers and other key employees and makes recommendations to the Board.

The Remuneration Committee report can be found on pages 103-109

Audit Committee

The Audit Committee advises and makes recommendations to the Board on matters including financial reporting, internal controls, risk management and appointment of statutory auditors. The role of the Committee is set out in its written terms of reference.

The Audit Committee report can be found on pages 91-92

Chief Executive Officer and Executive Committee

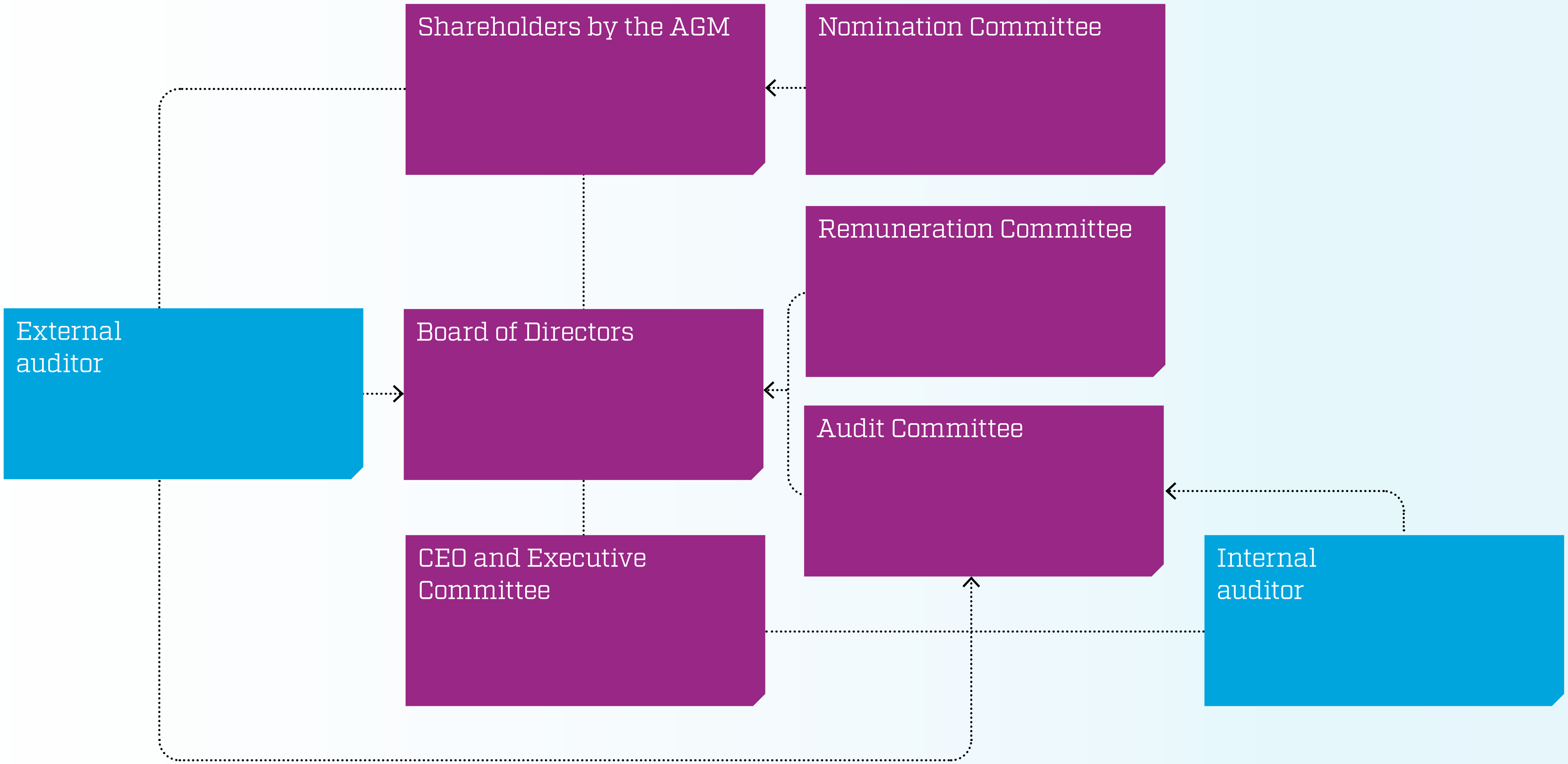
The CEO is responsible for the Group's day-to-day management together with the Executive Committee. The Executive Committee contributes to reviewing, identifying, evaluating and managing the significant risks applicable to the various areas of the Group's business and consists of the CEO and eight senior officers, two of whom are women.

Statutory auditor

The Group's statutory auditor is appointed by the Shareholders' meeting to audit the Group's annual accounts and accounting practices. The statutory auditor presents its annual audit report to the Audit Committee and the Board, as well as to the shareholders at the Annual General Meeting.

Introduction to governance continued

Corporate governance model



Board of Directors

An experienced team

Kindred Group's Board of Directors comprises an experienced team, committed to high standards of corporate governance and to its accountability to shareholders.

The mentioned Swedish Depositary Receipt (SDR) holdings include personal holdings, family holdings and holdings through companies in which Directors have an interest as at 15 February 2023.

Seven of the eight members are independent of the Group, its Executive Management and its major shareholders.

Evert Carlsson
Chairman of the Board, Chairman of the Remuneration Committee, Member of the Audit Committee, Member of the NA Committee

Swedish citizen.

Born 1956. Board member since 2021. Independent of the Group, its Executive Management and its major shareholders.

Holdings

37,000 Kindred Group plc SDRs.

Current assignments

Senior Lecturer in Finance at School of Economics, Business and Law in Göteborg. Chair of Dalsland Sparbank, Board member of PEG Capital.

Previous assignments

On the Board of Swedbank Robur and Chair of its Risk Committee, member of several Robur-associated nomination committees, co-founder of LifePlan. Education PhD in Finance.

Heidi Skogster
Board member, Member of the NA Committee

Finnish citizen.

Born 1978. Board member since 2021. Independent of the Group, its Executive Management and its major shareholders.

Holdings

1,627 Kindred Group plc SDRs.

Current assignments

iGaming Consultant.

Previous assignments

Head of Corporate Development EE Intressenter (prev. Cherry AB) (2019–20).

COO ComeOn Group (2017–19).

ComeOn Group/Cherry Merger (2016).

Betsson Group various positions (2007–16).

Board of Directors continued

Fredrik Peyron
Board member, Member of the Remuneration Committee

Swedish citizen.

Born 1967. Board member since 2021. Independent of the Group, its Executive Management and its major shareholders.

Holdings

3,500 Kindred Group plc SDRs.

Current assignments

Senior Vice President Regulatory Affairs & Group Communications at Swedish Match.

Previous assignments

General Counsel and Secretary of the Board at Autoliv Inc. and at Swedish Match.

Gunnel Duveblad
Board member, Chairman of the Audit Committee

Swedish citizen.

Born 1955. Board member since 2018. Independent of the Group, its Executive Management and its major shareholders.

Holdings

8,000 Kindred Group plc SDRs.

Current assignments

Chairman of the Board for Team Olivia Group AB and Ruter Dam. Board member of Dustin AB and Skirner AB.

Previous assignments

Board member of Sweco (2008–22).

Chairman of the Board for HiQ (2016–20).

Board member of PostNord (2007–18).

President of EDS North Europe (2002–06).

Various roles at IBM (1977–2002).

Peter Boggs
Board member, Chairman of the NA Committee

US citizen.

Born 1948. Board member since 2002. Independent of the Group, its Executive Management and its major shareholders.

Holdings

138,990 Kindred Group plc SDRs.

Current assignments

–

Previous assignments

President and COO of Grey Direct Worldwide (1991–2002).

Director of Ogilvy & Mather Direct Plc (1985–91).

Managing Director of Brown Direct Inc (1981–85).

President and CEO of NDMS Inc (1975–81).

Board of Directors continued

Erik Forsberg
Board member, Member of the Audit Committee, Member of the NA Committee

Swedish citizen.

Born 1971. Board member since 2019. Independent of the Group, its Executive Management and its major shareholders.

Holdings

10,000 Kindred Group plc SDRs.

Current assignments

Chairman of the Board of Collectia Group (Care DK Bidco Aps). Board member of Stillfront Group AB, Enento Group plc and Deltalite AB.

Previous assignments

CFO of Intrum (2011–18).

CFO of Cision (2008–11).

Business Area CFO and Group Treasurer at EF Education Group (2001–08).

Carl-Magnus Månsson
Board member, Member of the Remuneration Committee

Swedish citizen.

Born 1966. Board member since 2019. Independent of the Group, its Executive Management and its major shareholders.

Holdings

10,000 Kindred Group plc SDRs.

Current assignments

CEO of Iver Group since 2019.

Previous assignments

A number of global roles within Ericsson AB.

President and CEO of Acando AB (2009–19).

James H. Gemmel
Board member

US citizen.

Born 1985. Board member since 2022. Independent of the Group, and its Executive Management, but not its major shareholders. James H. Gemmel is a representative of Corvex Management, a major shareholder in Kindred Group.

Holdings

0 Kindred Group plc SDRs.

Current assignments

Partner at Corvex Management.

Previous assignments

Investment Analyst at Federated Hermes Inc.

Investment Analyst for the Prudent Bear Fund of David W. Tice & Associates.

Executive Committee

Delivering Kindred's vision

Kindred Group's Executive Committee consists of the CEO and eight senior officers.

The CEO is responsible for the Group's day-to-day management, together with the Executive Committee.

The mentioned Swedish Depositary Receipt holdings include personal holdings and family holdings as at 15 February 2023.

Henrik Tjärnström
Chief Executive Officer

Swedish citizen. Born 1970.

MSc in Industrial Engineering and Management from the Institute of Technology, Linköping University, Sweden.

Henrik joined the Board of Directors of Kindred Group (then Unibet Group) in 2003 and was part of the Board until he was appointed Chief Financial Officer in 2008 and CEO in 2010. Before joining Kindred Group, he was employed as Senior Financial Manager at Skanska Infrastructure Development AB from 2001 to 2008.

Holding:

1,868,485 Kindred Group plc SDRs, 257,087 performance share rights and 219,823 warrants.

Nils Andén
Chief Commercial Officer (Region 2)

Swedish citizen. Born 1980.

Studied marketing at the Stockholm School of Economics and Sociology at Stockholm University.

Nils joined Kindred Group in July 2020 as Chief Commercial Officer for Region 2. He has worked at Kindred in the past, holding a number of positions between 2006 and 2016 as Head of Poker and Head of Established Markets before spending the final four years as Chief Marketing Officer for the Unibet brand. Nils has also held positions as Chief Marketing Officer at CurrencyFair and as Director of Digital Marketing at GVC Group. He currently sits on the Board of EasyPark Group.

Holding:

0 Kindred Group plc SDRs, 87,335 performance share rights and 79,936 employee stock options.

Executive Committee continued

Elena Barber
Chief Marketing Officer

Russian and British citizen. Born 1983.

Degree in Marketing and Advertising from the International Academy of Business and Management in Moscow.

Elena has worked in the online gambling industry for around 18 years. Having held a number of key marketing positions, she now leads Kindred's Global Marketing Services team. Elena joined Kindred Group in 2010, and prior to her appointment as Chief Marketing Officer she led Kindred's Central Brand Marketing function.

Holding:

12,768 Kindred Group plc SDRs, 87,335 performance share rights and 79,936 employee stock options.

Erik Bäcklund
Chief Product Officer

Swedish citizen. Born 1976.

BA in Modern Languages and International Business from London South Bank University.

Erik joined Kindred Group in 2005 and was at first responsible for the Sportsbook PR bets area. After holding various positions in the Sportsbook department, he took up the role as Director of Sportsbook in 2010, before being appointed Chief Product Officer in 2020. Prior to joining Kindred Group, he worked for Kaos Entertainment Ltd and Siemens AG. Erik also sits on the Board of Relax Gaming.

Holding:

13,477 Kindred Group plc SDRs, 67,034 performance share rights and 79,936 employee stock options.

Rachel Randle-Williams*
Chief HR Officer

British citizen. Born 1985.

Bachelor of Arts in Media Theory and Practice from University of Sussex 2008 and Master of Arts in Digital Documentary Sussex 2009.

Rachel joined Kindred as Director of Organisation Effectiveness in 2019 and was appointed Chief HR Officer in October 2022. Before joining Kindred Group, Rachel was part of PepsiCo and Vodafone in various HR positions across talent, recruitment and organisation design.

Holding:

1,830 Kindred Group plc SDRs and 14,935 performance share rights.

* Rachel Randle-Williams assumed her position as Chief HR Officer on 1 October 2022, succeeding Gavin Hayward who held the position as Chief HR Officer during the first nine months of 2022.

Ewout Keuleers
Chief Legal and Compliance Officer

Belgian citizen. Born 1976.

Law degree from the Catholic University of Leuven (Belgium) and DESS on law and management of new technologies (Belgium).

Ewout has over 18 years of experience in the online gambling industry. He joined Kindred Group in 2006 and prior to his current position was the Group's General Counsel. He is a registered solicitor with the Law Society of England and Wales and is a member of the Institute of Risk Management as well as holding dual qualifications under both civil (Belgian attorney) and common law (solicitor).

Other assignments:

Non-executive Director International Betting Integrity Association (IBIA) and the European Association for the Study of Gambling (EASG).

Holding:

5,783 Kindred Group plc SDRs, 79,214 performance share rights and 79,936 employee stock options.

Executive Committee continued

Sören Thörnlund*
Chief Technology Officer

Swedish citizen. Born 1974.

MSc in Computer Science from the University of Linköping.

Sören has held various roles within Kindred Group since 2013, such as Tech Lead, Team Lead, Global Head of Development, and Director of Engineering. He has worked in the IT industry since 1999 and had a broad experience in the online gambling, pharmaceutical, telecom, and financial industries before joining Kindred.

Holding:

731 Kindred Group plc SDRs and 16,430 performance share rights.

Anne-Jaap Snijders
Chief Commercial Officer (Region 1)

Dutch citizen. Born 1971.

MSc in Economics, specialising in Marketing, from the University of Groningen.

Anne-Jaap has worked for over 20 years in sports, media and online gambling. In 2008, he joined Kindred Group to work as Marketing Manager for Western Europe. Having held a number of key marketing positions, he is Chief Commercial Officer for Region 1 since 2019.

Holding:

40,853 Kindred Group plc SDRs, 87,335 performance share rights and 79,936 employee stock options.

Johan Wilsby
Chief Financial Officer

Swedish citizen. Born 1966.

MSc in Finance and Marketing from the Stockholm School of Economics.

Johan has been the CFO for Kindred Group since September 2020. He was previously CFO for tech companies such as Tobii, Fingerprint Cards and Transmode. Prior to these CFO roles, Johan held a number of finance leadership roles at Microsoft and Hewlett Packard over a period of 20 years.

Holding:

13,500 Kindred Group plc SDRs, 87,335 performance share rights and 79,936 warrants.

* Sören Thörnlund assumed his position as Chief Technology Officer on 1 January 2023, succeeding Marcus Smedman who held the position as Chief Technology Officer throughout 2022.

Corporate governance statement

Kindred Group plc is the parent company of the Group, incorporated and registered in Malta and listed on Nasdaq Stockholm through Swedish Depository Receipts issued by Skandinaviska Enskilda Banken AB (publ).

Foreign companies whose shares or depository receipts are admitted to listing and trading on a regulated market in Sweden are required to apply either the Swedish Code of Corporate Governance ('Swedish Code') or the corporate governance code in force in the country in which the company has its registered office.

If the Group (including the company) does not apply the Swedish Code, it must include a statement describing in which important aspects the Group's conduct deviates from the Swedish Code.

Kindred Group's Board of Directors decided from the date the company's securities were first admitted to listing and trading on Nasdaq Stockholm, to apply the principles of the Swedish Code.

The Board of Directors

The Board of Directors of Kindred Group plc and the management of the Group are structured in accordance with the Swedish Code, with a CEO who is subordinate to the Board of Directors, which is in turn elected at the Annual General Meeting (AGM).

The following Directors elected at the AGM on 13 May 2022 served during the year and subsequently, unless otherwise stated:

Evert Carlsson Chairman	Heidi Skogster Non-executive
Peter Boggs Non-executive	Carl-Magnus Månsson Non-executive
Gunnel Duveblad Non-executive	Fredrik Peyron Non-executive
Erik Forsberg Non-executive	James H. Gemmel* Non-executive

The remuneration and interests of the Directors are shown on pages 106 and 109

Kindred Group's Board of Directors is collectively responsible for the success of the Group and for its corporate governance. The Board aims to provide entrepreneurial leadership of the Group within a framework of prudent and effective financial controls that enable risks to be assessed and managed.

As outlined on pages 81 to 83, the Board comprises the Chairman and seven Directors. The Swedish Code identifies the fundamental importance of independent non-executive Directors in ensuring the objective balance of a board, and sets out criteria to be considered in determining the independence of non-executive Directors. In accordance with Provision 4.4 of the Swedish Code, the Board considers seven of the eight non-executive Directors to be independent of the Group, its management and the Group's major shareholders. Brief résumés of the Board members can be found on pages 81 to 83.

To ensure effectiveness, the Board's composition brings together a balance of skills and experience appropriate to the requirements of the Group's business. The composition of the Board and recommendations for the appointment of Directors are dealt with by the Nomination Committee, and its activities are set out on page 102.

The Board is responsible to the shareholders for the Group's overall strategy and direction.

The CEO is responsible for the Group's day-to-day management.

The working procedures of the Board of Directors

The Group's governance principally lies with the Board, which is responsible for setting the overall Group strategy and direction, including budget, capital structure, material contracts, acquisitions, disposals, joint ventures, corporate governance and Group policies.

The Board and its Committees have written terms of reference, which include working procedures.

At least once a year, the Board reviews the relevance and appropriateness of the terms of reference and the reporting structure and instructions.

The terms of reference also address Board policies and procedures in relation to conflicts of interest that may arise in relation to any Director, including the timely disclosure to the other Directors of any potential conflict of interest. A Director who has an interest that may be in conflict with the interest of the Group may not participate in the Board's handling of the matter, meaning that such Director may not participate in the voting, nor be present at the meeting during such an agenda item or participate in the Board's deliberations. Such a Director shall be considered absent when determining whether the Board is quorate.

* At an Extraordinary General Meeting (EGM) held on 14 November 2022, James H. Gemmel was elected and appointed as a Director of Kindred Group plc with effect from 14 November 2022 for the period until the next AGM.

Corporate governance statement continued

The Board also has a process for approval of related party transactions in accordance with the EU Shareholders Rights Directive (SRD II).

The Board has a standard agenda, including receiving and considering reports from the CEO and the Chief Financial Officer (CFO) and from the Audit and Remuneration Committees. Where appropriate, matters are delegated to the Audit and Remuneration Committees and reports on their activities are included within this corporate governance statement.

Chairman's responsibilities

The Chairman is responsible for the leadership of the Board, setting its agenda, taking full account of the issues and concerns of Board members, ensuring effective communication with shareholders, taking the lead on Director induction and development, encouraging active engagement by all Directors and ensuring that the performance of individuals and of the Board as a whole, and its Committees, is evaluated regularly.

The Chairman ensures that the Board is supplied with accurate, timely and clear information. Directors are encouraged to update their knowledge of, and familiarity with, the Group through meetings with senior management. There is an induction process for new Directors.

The Company Secretary together with the CFO are also responsible for advising the Board, through the Chairman, on all corporate governance matters. Directors are encouraged to seek independent advice or training at the Group's expense where this will add to their understanding of the Group and in the furtherance of their duties.

At least once a year, the Board of Directors will review the strategy and visit some of the Group's office locations. The Board has a short meeting without the CEO or CFO at each Board meeting.

The Board of Directors has issued written instructions for the CEO, including a delegation policy. At least once a year the Board reviews the relevance and appropriateness of the instructions with the CEO.

The Board's work during 2022

The Board and its Committees generally meet every second month throughout the year. The number of Board and Committee meetings attended by each of the Directors during the year can be seen in the table on the next page.

At all meetings, the CEO and CFO report on business developments, financial performance and operations, and the Chief Legal and Compliance Officer reports on legal trends in the gambling market. On a quarterly basis the Director of Internal Audit reports any key findings and recommendations to the Audit Committee. The Chairman of the Audit Committee shares these findings and a summary of other covered items with the Board each quarter. Also quarterly, members of the Executive Committee and other senior managers attend meetings, when relevant, to update the Board on their respective areas of responsibility and to discuss potential actions. The Group Risk Manager reports annually on the risk aspects of the business.

The key items arising at Board meetings in 2022 were matters related to innovation, information technology, product management, strategy and business plans, financial reporting and projections, key policies and the new regulations in the Netherlands and the investments in KSP and North America. Over the course of 2022 and following the shareholders' approval at the Extraordinary General Meeting (EGM) held on 10 June 2022, the Board has begun rolling out and implementing the Group's share buy-back programme aimed at returning excess cash to the company's shareholders.

Group Management

For information about the Group Management team please see pages 84-86

The Group's whistle-blowing procedure

Kindred Group's whistle-blowing procedure, "Speak Up!", which is a safe, independent and confidential website managed by a third-party supplier, is monitored by the Audit Committee.

Sustainability

The Board of Directors has established relevant guidelines on the topic of sustainability for the Group, with the aim of ensuring its long-term capacity for value creation. Sustainability for Kindred Group has a number of different aspects:

- Responsible gambling
- A secure platform
- Product integrity
- A responsible business

Corporate policies in each area have been approved by the Board.

On the Executive Committee, the Chief HR Officer has executive responsibility for sustainability. Sustainability is a regular agenda item for the Board, allowing both for potential changes in policy or relevant regulation to be reviewed along with specific projects and initiatives.

For more information about sustainability within Kindred Group, please refer to pages 50-77

Corporate governance statement continued

Evaluation of the Board of Directors

An evaluation of the Board, when it takes place, is conducted in cooperation with the Nomination Committee, which then holds individual interviews with Board members. The performance evaluations of the Board are structured in such a way to ensure a balanced and objective review of the Directors' performance. Following a performance review, the Chairman is responsible for ensuring that the appropriate actions, such as training, are taken.

This evaluation is then reported to the Nomination Committee, assisting it in identifying and evaluating Board performance, competence, industry and international experience, diversity and expertise.

The Board monitors potential conflicts of interest very closely and has implemented controls and policies to avoid conflicts of interest involving any of the Group's Directors. These controls ensure that any Director with a direct or indirect interest in a particular matter does not vote nor participate in the Board's handling on that matter. Read more under the heading, "The working procedures of the Board of Directors", on pages 87 to 88.

	Board	Audit Committee	Remuneration Committee
Number of meetings held during the year	**21**	**5**	**4**
Name			
Evert Carlsson	21/21	4/5	4/4
Gunnel Duveblad	21/21	5/5	
Peter Boggs	20/21		2/4
Carl-Magnus Månsson	21/21		4/4
Erik Forsberg	20/21	5/5	
Fredrik Peyron	20/21		2/4
Heidi Skogster	20/21		
James H. Gemmel[1]	4/21		

1 Appointed at the EGM held on 14 November 2022.

Remuneration and Directors' and Officers' liability insurance

The AGM establishes the principles and the maximum amount of the Board of Directors' fees. A Director can, during a short period of time, supply consultancy services, but only if this is deemed more cost-effective and better quality than any external alternative. Any such consultancy fee is disclosed in the Remuneration Committee report on page 106. None of the Board of Directors hold share awards issued by the Group. Kindred Group has taken out Directors' and Officers' liability insurance for the full year covering the risk of personal liability for their services to the Group. Cover is in place for an indemnity level of GBP 5 million in aggregate.

Communication with owners and investors

In the interests of developing a mutual understanding of objectives, the Director – Corporate Development and Investor Relations has met regularly with owners and institutional investors to discuss the publicly disclosed performance of the Group and its future strategy. Institutional investors have also been able to meet the CEO, the CFO, line managers and other key persons of the Group.

The Board is kept informed of shareholder views and correspondence. Corporate and financial presentations are regularly made to fund managers, stockbrokers and the media, particularly at the announcement of interim and year-end results. Links to webcast presentations are published on the Group's website. All shareholders are invited to attend the AGM, where they have the opportunity to put questions to the Directors, including the Chairmen of the Board and/or Committees and to the CEO.

AGM procedures

At the AGM, separate resolutions are proposed for each substantially different issue to enable all to receive proper and due consideration. Each proposed Director is voted for individually and Kindred Group has a proxy voting system enabling shareholders who are unable to attend the AGM in person to use their voting power. Notice of the AGM and related papers are posted on the Group's website between four and six weeks in advance of the meeting. Further information on the activities of the Group and other shareholder information is available via Kindred Group's corporate website, www.kindredgroup.com.

AGM and EGM attendance

Because of the COVID-19 situation and in light of the instructions from the authorities, SDR holders used the option of proxy form voting instead of attending the AGM held on 13 May 2022, the EGM held on 10 June 2022 and the EGM held on 14 November 2022 in person. No members of the Board, the Nomination Committee or the statutory auditors were present, in accordance with the instructions from the authorities to keep distance from others both indoors and outdoors to prevent the spread of COVID-19. More information about the AGM can be found on page 166.

Corporate governance statement continued

The Board of Directors' report on internal control over financial reporting for the financial year 2022

Introduction

According to the Maltese Companies Act (Cap 386 of the laws of Malta) and the Swedish Code of Corporate Governance, the Board is responsible for internal control. This report has been prepared according to the Swedish Code of Corporate Governance Provisions 7.4 and is accordingly limited to internal control over financial reporting.

Description

a. Control environment

The Directors have ultimate responsibility for the system of internal controls and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable, and not absolute, assurance against material misstatement or loss.

b. Risk assessment

The Board is responsible for risk management of the Group, including to set the appropriate level of risk appetite. The CEO and the Executive Committee contribute to reviewing, identifying, evaluating and managing the risks applicable to their respective areas of business. Risks are reviewed and assessed on a regular basis by the CEO, the CFO, the Chief Legal and Compliance Officer, the Director of Internal Audit, the Audit Committee and the Board. The effectiveness of controls is considered in conjunction with the range of risks and their significance to the operating circumstances of individual areas of the business.

c. Control activities

The Board is responsible for all aspects of the Group's control activities.

The Audit Committee assists the Board in its review of the effectiveness of internal controls and is responsible for setting the strategy for the internal controls review. In doing so, it takes account of the organisational framework and reporting mechanisms embedded within the Group, the work of the Chief Legal and Compliance Officer and the work of the Director of Internal Audit.

Working throughout the Group, the role of the Chief Legal and Compliance Officer and the role of the Director of Internal Audit is to identify, monitor and report to the Board on the significant financial and operating risks faced by the Group and to provide assurance that it meets the highest standards of corporate governance expected by its stakeholders.

d. Information and communication

The Board receives regular formal reports from the Executive Committee concerning the performance of the business, including explanations for material variations from expected performance and assessments of changes in the risk profile of the business that have implications for the system of internal controls. In particular, the Board receives direct periodic reports from the CFO, the Chief Legal and Compliance Officer, and the Director of Internal Audit.

The Board also takes account of the advice of the Audit Committee, reports received from the external auditors, and any other related factors that come to its attention.

e. Monitoring

Further information concerning the activities of the Audit Committee in relation to the monitoring of Kindred Group's internal controls, including the review of the financial reports published quarterly and reports from the Internal Audit function, is contained in the Audit Committee report on the following page.

On behalf of the Board
Malta, 15 March 2023

Carl-Magnus Månsson
Director

Heidi Skogster
Director

Statement of compliance with the Swedish Corporate Governance Code

No separate auditor's report on the corporate governance statement is required under the Maltese regulations since the statement is being prepared in line with the principles of the Swedish Code.

The Directors confirm that they are in compliance with the Swedish Code of Corporate Governance.

Audit Committee report

Gunnel Duveblad
Chairman of the Audit Committee

The Audit Committee (the Committee) advises and makes recommendations to the Board on matters including financial reporting, internal controls and risk management, and also advises the Nomination Committee on the appointment of auditors. The role of the Committee is set out in its written terms of reference.

The Committee met five times during the year and currently comprises three independent non-executive Directors: Gunnel Duveblad, Evert Carlsson and Erik Forsberg. The Committee is chaired by Gunnel Duveblad who has extensive management and financial expertise from international businesses and as Chairman in other listed companies. Where appropriate, the Committee consulted with the CEO and the CFO regarding its proposals. The statutory auditors, PricewaterhouseCoopers (PwC), attended three of the meetings.

Responsibilities of the Audit Committee include monitoring the integrity of the financial statements of the Group. During the year, the Committee reviewed the Group's financial statements and formal announcements relating to the Group's financial performance before being presented to the Board. In doing so, it considered accounting policies, areas of judgement or estimation and reporting requirements, as well as matters brought to its attention by the external auditors.

Accounting and key areas of judgement

The main areas considered by the Committee in relation to 2022 are set out below:

Impairment assessment of goodwill

As a result of previous acquisitions, the Group has significant goodwill and other intangible assets with indefinite lives which need to be reviewed annually for impairment.

The full impairment assessment performed at the year end did not identify impairment indicators for any of the Group's cash-generating units. The Committee considered the assessments and work performed by management as well as the conclusions reached by the statutory auditor in these areas as part of their audit. The Committee is comfortable with the position taken by management and the sensitivity analysis performed.

Compliance with tax legislation

The Committee received regular updates from management on indirect tax and corporation tax as well as the judgements exercised in arriving at the effective corporation tax rate, recognition of corporation tax credits and the deferred tax recognised and disclosed. The Group operates in multiple jurisdictions and is subject to different national tax laws and regulations. The Committee discussed the key judgements in relation to the tax position taken and the basis on which deferred and current tax was recognised or disclosed. The Committee also considered the work done by management, assisted by external advisers and experts, along with the conclusions reached by PwC in this area as part of its audit and is comfortable with the position taken by management.

Audit Committee report continued

Compliance with laws and regulations

Compliance with laws and regulations in the online gambling industry has become increasingly complex given that the regulatory, legislative and fiscal regimes are territory-specific and continue to evolve.

The Committee evaluated the control environment and risk management processes in place to comply with licensing regulations, responsible gambling and anti-money laundering obligations. The Committee reviewed the Group's reports on litigation and regulatory matters provided by management and discussed the implications for the business and the financial impact (both actual and potential). The Committee discussed with PwC its work in respect of this area and is comfortable with the position taken by management and the accounting treatment of these matters in the financial statements.

Internal control and internal audit

The Committee is responsible for reviewing the Group's systems of internal control and risk management and its sustainability practices. It receives updates from the CFO and other senior managers on the ongoing initiatives to improve Kindred's internal control environment. The Committee is also responsible for the Group's whistle-blowing procedure, "Speak Up!", which is a safe, independent and confidential website managed by a third-party supplier.

During the year, the Group continued to formalise its internal control framework in respect of key financial process areas through a detailed Risk and Controls Matrix. The key processes were assessed on a regular basis and reported to the Audit Committee, including any mitigating actions taken by the business where applicable.

The Internal Audit department reports functionally to the Audit Committee and administratively to the CFO. The Director of Internal Audit has direct access to the Audit Committee at all times. The Internal Audit function acts as an independent and objective assurance provider to evaluate the effectiveness of internal controls and processes. Its work is performed in accordance with best practice guidelines from the Institute of Internal Auditors. The Audit Committee agrees the scope of Internal Audit work and receives reports on completed reviews. During the year, the Internal Audit department completed reviews in a number of areas including Group payroll, Procurement, Ransomware and ISO 27001.

Senior management is responsible for addressing and remediating any recommendations suggested by the Internal Audit department and these actions are tracked accordingly. The Audit Committee also evaluates the performance of the Internal Audit function. The Committee remains satisfied that the controls in place, and the review process overseen by management and the Director of Internal Audit, are effective in monitoring the established systems.

Statutory audit and other services

The Committee is responsible for making recommendations to the Nomination Committee in relation to the appointment of external auditors, monitoring their independence and objectivity, and for agreeing the level of remuneration and the extent of non-audit services.

During the year, PwC Malta reported to the Committee on the scope and timing of their audit work. The Committee has reviewed the performance of the external auditors and the level of non-audit fees paid during the year. These are disclosed in note 4 on page 134. The provision of non-audit services must be referred to the Committee for approval. By monitoring and restricting both the nature and quantum of non-audit services provided by the external auditors, the Committee seeks to safeguard auditor objectivity and independence.

Gunnel Duveblad
Chairman of the Audit Committee

General legal environment

Sustainable gambling with a common focus on customer affordability, game limits and wide-ranging advertising restrictions has become a red thread across major gambling jurisdictions. Gambling operators are more than ever faced with regulatory complexity but with the right investments and focus on a seamless customer journey, this can be turned into a global opportunity.

With the award of the Dutch licence and subsequent re-entry into the market in July 2022, Kindred confirmed its position as one of the leading European operators. With 79 per cent of Gross winnings revenue now coming from locally regulated markets in 2022, Kindred's belief in transparent and objective licensing regimes as the only viable means to achieve consumer protection remains strong. Recent developments in Norway, Finland and Poland underline the need to transition into open licensing regimes that are compatible with the fundamental freedoms of EU/EEA law and take the needs of today's consumer in the digital era into full consideration.

The work on the Digital Services Act (DSA), which imposes binding rules for content moderation and enforcement to safeguard the protection of minors, continued throughout 2022 with a strong focus on consumers with stricter rules for online marketplaces and targeted advertising. The Act will make it easier for (local) authorities to request the removal of advertising and content they deem illegal (such as advertising from .com operators in a local market). The DSA came into force on 16 November 2022 and Member States will be required to transpose the DSA into national legislation by 16 February 2024.

The European Commission issued a proposed regulation on Artificial Intelligence ("AI") in April 2021. On 6 December 2022, the act progressed one step towards becoming law when the Council of the EU adopted its amendments to the draft act. The aim with the AI package is to address the risks of AI while at the same time position Europe to play a leading role globally. For the gambling industry, AI facilitates betting by making the process much smoother and more accurate by the analysis of data, but it can also act as a safeguard for the adverse effects of the industry. It is possible that the law could enter into force by the end of 2023, prior to the next Parliament elections in 2024. The second half of 2024 is the earliest the regulation could become applicable to operators.

The European Committee for Standardization (CEN) proposal for a European-wide standard on markers of harm, to prevent risky and problem gambling, has been approved through a vote in December 2022. The work to create the standard is expected to commence in early 2023. A common industry standard will support both a fact-based debate and informed decision-making and will be directly beneficial to Kindred's Journey towards Zero. The responsible gambling committee in CEN will be overseeing the creation of standards for online gambling identified and proposed by regulatory authorities, operators, suppliers, or any other stakeholder for the benefit of the sector and its participants. While the final CEN standard will be a voluntary tool, it can also be made legally binding through legislation.

In July 2021, the European Commission presented a package of legislative proposals to strengthen the EU's anti-money laundering and countering the financing of terrorism (AML/CFT) rules. The legislative package also contains a proposal for the creation of a new EU authority to combat money laundering. The new EU AML Authority (AMLA) aims to transform AML/CFT supervision in the EU and to enhance cooperation among financial intelligence units. The AMLA will coordinate national authorities to ensure correct and consistent application of EU rules.

The new rules include the 6th Directive on AML/CFT which will replace the currently applicable Directive and contains provisions that will be transposed into national law in the respective Member States. The legislative package will be discussed by the European Parliament and Council. The AMLA is intended to be operational in 2024 and will commence its work of direct supervision once the 6th Directive on AML/CFT has been transposed and the new rules apply.

The Privacy Regulation, announced in February 2021, will not only cover personal data but also metadata and confidentiality requirements, and will apply to instant messaging apps, Voice over Internet Protocol (VoIP) platforms, and machine-to-machine communication. The Regulation is not expected to enter into force before mid or end of 2023, and a transitional period of 24 months means that any new regulations will not come into effect before mid or end of 2025. Kindred follows the impact this Regulation will have on the Group and the Gambling industry closely.

In 2021, the Organisation for Economic Co-operation and Development (OECD) and G20 Inclusive Framework released proposed Model Rules for a two-pillar international tax reform. The main focus recently has been on implementing the OECD Model Rules for a global minimum corporate tax rate of 15% (Pillar 2). On 12 December 2022, an agreement was reached at EU level on adopting a Directive implementing the global minimum corporate tax as from 2024. This is expected to give impetus for wider international consensus on the implementation of the OECD Model Rules for Pillar 2.

Pillar 1, Amount B, is another OECD initiative that seeks to standardise the remuneration of related parties that perform baseline marketing and distribution activities. The OECD released public consultation documentation in December 2022, and discussions are still ongoing. If an agreement is not reached, there will likely be an increase in unilateral tax legislative actions from individual jurisdictions (e.g. the US and EU largest economies) and increased complexity and uncertainty for large multinationals like Kindred.

General legal environment continued

At the domestic level, transfer pricing legislation is being introduced in Malta for years beginning on or after 1 January 2024. Additional transfer pricing documentation rules will apply in the United Kingdom from fiscal years beginning on or after 1 April 2023. These rules are expected to increase the reporting requirements for Kindred.

Australia

In 2022, various consumer protection measures were put into motion in Australia, including, among other things, the national self-exclusion register, which is expected to be implemented in mid-2023 and the implementation of seven responsible gambling messages across all advertisements, which is scheduled for implementation by March 2023. Australia's Northern Territory Racing Commission is also considering changes to its Responsible Gambling Code of Practice, with a new Code expected to be drafted in 2023. A federal inquiry, looking into the impact of online gambling on those experiencing gambling harm focusing on gamblers and children, took place towards the end of 2022 and a report is expected to be finalised in the first half of 2023. It is expected that further advertising restrictions may be implemented as a result of this inquiry. AUSTRAC, the AML regulator in Australia, has commenced enforcement on various online wagering companies on their compliance with AML rules. Consecutive investigations and external audits were ordered by AUSTRAC during the second half of 2022 across three online wagering companies. It is expected that AML investigations will likely continue across the rest of the online wagering industry in Australia.

Belgium

Much like 2021, 2022 has been an eventful year for the Belgian gambling industry. In October 2022, the Constitutional Court rejected a request to extend the scope of the current multi-product ban case law, thereby confirming the legality of the current online set-up of licensed operators. This ruling is important given the February 2022 law proposal from the Federal Government that proposes a hard multi-product ban whereby multi-product websites with single customer accounts and wallets would become prohibited. The Belgian Gaming Commission and trade association BAGO (Belgian Association of Gaming Operators) both advised against the proposal. A Parliamentary vote was scheduled at the end of May but did not take place as one of the majority parties withdrew its support. The proposal remains pending.

The Belgian Minister of Justice announced mid-December 2022 that the Belgian Government had agreed on the content of the Royal Decree on gambling advertising, previously communicated in May 2022. The decree will implement a near-total ban with marketing on TV, radio, out of home billboarding, online marketing (including personalised advertising) all banned as of 1 July 2023. The only marketing that will still be permitted will be on search engines (pay-per-click) and on licensed operators' own channels (websites and social media accounts). On 20 October 2022, a mandatory deposit limit of EUR 200 per week for all Belgian customers entered into force. The limit can be increased subject to a 72-hour waiting period and a check by the Belgian Gaming Commission in the national individual credit register of the National Bank of Belgium.

Following the annulment of the VAT levy on online gambling by the Constitutional Court in May 2018, Kindred initiated proceedings to recover the 15 million EUR paid between August 2016 and May 2018. In April 2022, the Brussels Court of 1st Instance ruled that the Belgian Government had to repay the full amount to Kindred, augmented with late payment interests. The Belgian Government appealed the decision, and the case remains pending. A final ruling could take up to six years.

Finally, on 1 October 2022, the Belgian self-exclusion scheme, EPIS, was extended to retail betting shops.

Finland

A new Finnish Lottery Act with inter alia stricter marketing rules entered into force on 1 January 2022. The new act enables the Finnish National Police Board to blacklist and block deposits to operators who actively market gambling services in violation of the Finnish Lotteries Act from 1 January 2023. So far only two non-EU based operators have been blacklisted by the Board.

In January 2023, the Finnish minister of European affairs expressed a broad cross-party support for the introduction of an online gambling licensing regime. The Finnish state monopoly Veikkaus has equally expressed its support for a licensing system. This is further echoed by Finland's largest political party – the National Coalition Party – that has taken an official position in favour of a licensing system in its political programme for the government negotiations after the general election in April 2023. The party has requested that an evaluation on the introduction of a licensing regime should be started before the general election, which is in line with a broader acknowledgment of the need for an assessment of a new future regulatory model in Finland.

A new Finnish Trade Association for Online Gambling has been established, which will act as the main point of contact with Finnish stakeholders, facilitating dialogue within the industry and consolidating industry viewpoints. It will create the link between industry and the regulator and, by doing so, allow for a structured, representative and transparent dialogue. A CEO has been employed who took up his position on 16 January 2023.

General legal environment continued

France

The regulation of online casinos is getting more traction due to the expansion of the illegal online casino market in France. Licensing is however not a high priority for the French Government and the timeline remains uncertain. Kindred remains hopeful that a legislative proposal could be tabled by 2024 and adopted in 2025.

In 2022, the regulator proceeded with the recommendation of advertising restrictions, including requests to limit the volume and frequency of the advertising as well as a universal bonus cap. It is likely that these recommendations will become binding on the back of its broader work on promotions and responsible gambling.

Finally, the regulator has strengthened its focus on responsible gambling in 2022 and has urged operators to make "substantial progress" in preventing excessive or pathological gambling. Operators have provided their strategies to prevent excessive gambling, promote player protection tools and show how they identify and support problem gamblers to the regulator. The regulator is expected to implement a set of actions, revolving around the protection of minors and the implementation of early systems to identify when players exhibit signs of problematic gambling or excessive play and to propose solutions to limit or even ban players, according to their risk profiles. The regulator is also expected to precise its definition of problematic gambling in the coming months which will be a baseline for the identification and support of problem gamblers.

Kindred continues to litigate about the interpretation of French tax legislation regarding the VAT treatment for fixed odds betting services and a first instance ruling is expected in the first half of 2023. Kindred continues with litigation against the *Pacte* law, which authorises the privatisation of Française des Jeux.

Germany

Kindred decided to withdraw its licence application for sportsbook and virtual slots licences and ceased all operations in Germany from 1 July 2022. Due to the licensing regime being unsustainable and the overall restrictive approach to gambling in Germany (with for instance very limited betting types and markets), Kindred made the strategic assessment to focus its efforts elsewhere for the time being.

Great Britain

The Gambling Review and the publication of a Gambling Review White Paper are delayed and remain outstanding following significant change within the UK Government. The new Prime Minister is keen to return to delivering on the 2019 manifesto (which included the Gambling Review) with the appointment of Michelle Donelan as Secretary of State for Digital, Culture, Media and Sport and Paul Scully as Parliamentary Under Secretary of State at DCMS with responsibility for gambling. Minister Scully has taken over the final stages of the Gambling Review and the publication of a Gambling Review White Paper and it is expected that he will want to take a view on some of the outstanding issues and that the White Paper may be published in early 2023.

The UK Gambling Commission has continued enforcement action throughout 2022, issuing fines and other sanctions including licence suspension for social responsibility and AML failures.

North America

On 4 April 2022, Kindred expanded its US venture to North America when it launched its Ontario operations after obtaining a licence from the Alcohol and Gaming Commission of Ontario (AGCO) and iGaming Ontario (iGO). Kindred further established its retail presence in Arizona through a partnership with Turf Paradise and entered into another tribal partnership with the Swinomish Tribe for the operation of retail sports betting at their Swinomish Casino & Lodge in Anacortes, Washington.

The rapid launches of new states continued in 2022 with Ohio, Maryland, Massachusetts, Kansas and various other states approving sports betting regulations. Despite the launch of online sports betting in New York in January 2022, no other major states managed to make any progress with the California proposal failing to pass the November 2022 ballot vote and Texas legislative work stalled until 2023. There was no progress in terms of iGaming (online casino) legislation either in 2022; Indiana appears the only credible candidate to table iGaming proposals in 2023.

Throughout 2022, Kindred focused on the launch of its proprietary Group platform in North America, with New Jersey currently going through the certification process. The platform is expected to be fully certified February/March 2023. Other states, including Pennsylvania, will subsequently move onto the Kindred platform.

In order to refocus its efforts in North America, and while awaiting the roll-out of iGaming regulations on a wider scale, Kindred decided not to renew its online sports betting license in Iowa and exited the market, as well as its partnership agreement with Caesars, on 20 December 2022.

General legal environment continued

Norway

The volatile enforcement and policy climate in Norway continued throughout 2022. In March 2022, the Norwegian parliament approved the new Gambling Act that will replace the existing Lottery Act, Gambling Act and Totalisator Act. The new Gambling Act provides the Norwegian Gaming Authority (NGA) with new tools for detecting, enforcing and sanctioning against online gambling operators and equally envisages strengthening the current exclusive rights of Norsk Tipping and Norsk Rikstoto to offer gambling. The new legislation entered into force in January 2023. The 2021 proposal to give the NGA power to order internet service providers (ISPs) to implement domain name system (DNS) blocking of websites to stop Norwegians from accessing foreign gambling operators' websites is expected to be revisited in 2023 but the fundamental concerns from a data protection and privacy point of view remain.

The current political consensus in Norway is to maintain the monopoly model with no major policy changes in sight in the near future. Kindred's priority focus remains on establishing a constructive and fact-based dialogue to initiate a policy shift towards sustainable regulation. The next general election will take place in 2025.

Kindred's appeal against the April 2019 order of the NGA to cease and desist from providing services in Norway was denied by the District Court in June 2022. Kindred has appealed the judgment to the Court of Appeal because it continues to fundamentally question the enforceability of the regulator's decision due to the inherent incompatibility of the Norwegian regime with EEA law. In September 2022, the NGA issued a decision according to which Kindred will be liable to pay a daily penalty in the amount of approximately NOK 1.2 million unless it complies with the 2019 cease and desist order. Kindred has appealed this decision, while simultaneously making certain changes to its commercial offering. On 9 December 2022, the NGA decided to pause the daily penalty as from 10 December 2022 until Kindred's appeal has been examined by the first appeal instance.

Sweden

In May 2022, the government proposed an extensive Bill on enhanced measures for a safer gambling market. The proposition included several measures, such as an adjusted requirement for moderation in marketing – although the Parliament said no to this proposal. Another significant part is the introduction of a B2B licence scheme in the Swedish gambling market with licensing requirements for gambling software providers. In a bid to eradicate illegal operators, the Bill equally introduces a promotion ban on illegal gambling and an extended advertising ban for unlicensed gambling operators. The Bill entered into force on 1 January 2023 and will enter into force regarding the B2B licence scheme on 1 July 2023.

In September 2022, the Swedish Gambling Authority (SGA) published a proposal for updated mandatory rules for player safety. The most significant change is a proposed ban on auto play. Following an industry consultation, a final version is expected to become effective during 2023.

In December 2022, Sweden published a Bill on measures to strengthen payment blocking and further combat match-fixing, enabling operators and sports associations to process personal data to counter match-fixing. The amendments to the Swedish gambling law is expected to take effect on 1 July 2023.

Following Kindred's appeal of the fine imposed by the SGA for alleged bonus violations in early 2019, which was halved by the Administrative Court in Linköping in June 2021, a court of appeals ruling is expected in early 2023. The litigation was initiated as Kindred disagreed with the interpretation of the bonusing rules by the SGA. The sanction fee does not become enforceable until a final judicial decision has been issued.

On 23 November 2022 Kindred received a warning and a sanction fee of SEK 10.9 million from the SGA for shortcomings in its work against money laundering and financing of terrorism. Anti-money laundering is a priority in Kindred's compliance and sustainability framework and Kindred has implemented several improvements since 2021 to further strengthen its processes and procedures, which were acknowledged by the SGA. Kindred has decided not to appeal the decision of the SGA.

General legal environment continued

The Netherlands

Kindred was awarded a remote gambling licence from the Dutch Gambling Authority on 8 June 2022 and launched the "Unibet" brand on 4 July 2022. On 1 July 2022 a ban was introduced to prohibit the use of role models in advertising. Moreover, additional stringent advertisement restrictions are under review by the Dutch Council of State. These include a ban on all forms of untargeted advertisements (expected in the second quarter of 2023), a ban on non-sports related sponsorships (expected on 1 January 2024) and a full ban on all types of sponsorships (expected on 1 January 2025). A motion to increase the base gambling tax from 29 per cent to 29.5 per cent has been adopted and has become effective on 1 January 2023.

Other

An Italian court ruled on 8 November 2021 that Kindred's licence was to be extended until 31 December 2022. Given the local Italian law of 29 December 2022 no. 197, the gambling licences expiring on 31 December 2022, have now been onerously extended until 31 December 2024.

On 12 December 2022, the Danish Gambling Authority confirmed the renewal of Kindred's licence applications, one for online casino and one for sports betting. This means that Kindred is granted the right to offer its services to Danish consumers until the end of 2027.

On 2 December 2022, the new Irish Gambling Regulation Bill 2022 was published. This transformative legislation will repeal existing laws governing gambling in Ireland and provide for the establishment of a new modern and comprehensive licensing and regulatory regime, which will be overseen by the "Gambling Regulatory Authority of Ireland". The Bill has started its passage through the parliamentary process and the Government's objective is that it will be enacted into law and operational by the end of 2023.

Shareholder information

Kindred's information channels

A broad range of information about Kindred Group's operations, activities and results can be found on the Group website, www.kindredgroup.com.

The Investors section of the website offers information about Kindred as an investment, the Group's financial performance and the Kindred share/SDR. Here you will find press releases and downloadable annual and interim reports, including webcasts in English, accessible live in connection with Kindred's interim and year-end reports, as well as on demand. We also offer a subscription service for receiving press releases and financial reports by mail.

The next Annual General Meeting will be held on 20 April 2023. You can find information about the Annual General Meeting, together with an archive of the Annual General Meetings' Minutes dating back to 2014, in the website's Corporate Governance section.

Investor Relations activities

Kindred Group's Investor Relations team strives to ensure representatives of the capital markets have good access to information about the Group, while conducting ongoing dialogue with investors and analysts. The aim is to provide relevant, up-to-date and timely information, while increasing interest in the Kindred share/SDR.

During 2022, Kindred Group interacted with the financial community through individual meetings as well as roadshows and conferences, mainly in virtual settings. Common topics discussed were the state of affairs and performance in the Netherlands, the North American expansion, the macro-economic impact and regulatory risks and matters.

Kindred Group also held a Capital Markets Day in London on 14 September 2022. At the event, CEO Henrik Tjärnström and CFO Johan Wilsby were joined by members of the Executive Management team as well as key managers and provided a detailed update of Kindred's strategic direction, operations and financial performance. In connection with this, Kindred presented financial targets for 2025, being revenue of above GBP 1.6 billion, an underlying EBITDA margin of around 21 to 22 per cent and an updated distribution policy of approximately 75–100 per cent of free cash flow (after M&A activities) over time.

The share

Kindred Group plc's issued share capital as at 31 December 2022 comprised 230,126,200 ordinary shares, each with a par value of GBP 0.000625. All ordinary shares carry equal voting rights and rights to share in the assets and profits of the Group.

Listing of SDRs

Kindred Group plc is listed on Nasdaq Stockholm through 230,126,136 SDRs (64 ordinary shares are not listed) issued by Skandinaviska Enskilda Banken AB (publ). One SDR represents one ordinary share with equal voting rights to the ordinary shares. On 8 June 2004, the SDRs were listed on the O-list of the Stockholm Stock Exchange (Stockholmsbörsen). Since 1 January 2016, the SDRs have been listed on Nasdaq OMX Stockholm, Large cap. The trading symbol is KIND SDB and the ISIN code is SE0007871645.

Share price performance

At year-end 2022, the market capitalisation amounted to approximately SEK 25.0 billion, equivalent to GBP 2.0 billion (2021: SEK 24.8 billion, equivalent to GBP 2.0 billion). The price of the SDR rose by 0.8 per cent excluding dividends during the year, while OMX Stockholm 30 Index fell by 15.6 per cent excluding dividends. The highest price for Kindred's SDR in 2022 was SEK 114.8, noted on 13 December, and the lowest price was SEK 74.3 on 28 April.

Trading volumes

In 2022, 43.9 per cent of total trading volume of the Kindred SDR was handled through the Nasdaq Stockholm trading platform. The approximate distribution of trade between other exchanges in the number of SDRs traded during the year was 39.6 per cent for Cboe, 12.5 per cent for LSE Group and 4.0 per cent for other exchanges.

Average daily trading of Kindred's SDRs on Nasdaq Stockholm amounted to approximately 1.8 million and average daily turnover was SEK 172.9 million. During 2022, the turnover velocity of the SDR on Nasdaq Stockholm was 86 per cent compared with the average turnover velocity of 56 per cent for Nasdaq Stockholm.

Shareholder information continued

Dividend policy and dividend for 2022

Kindred's dividend policy is to generate a stable ordinary dividend in absolute GBP-denominated terms, paid in two equal tranches in the second and fourth quarter. In addition, Kindred will, over time, complement dividends with share purchases. The total pay-out of dividends and share purchases will be based on an assessment taking into account Kindred's financial position, capital structure and future investment needs, including acquisition opportunities. The total pay-out ratio of dividends and share purchases should over time equal approximately 75–100 per cent of free cash flow. Free cash flow is defined as net cash generated from operating activities, excluding movements in customer balances, less cash flows from investment activities (including acquisitions) and lease payments (see note 30 on page 153).

In respect of the financial year 2022, the Board of Directors has recommended an ordinary dividend of GBP 0.345 per share/SDR, equal to a total dividend of approximately GBP 75.0 million (2021: GBP 73.2 million). If approved at the Annual General Meeting, the dividend will be paid out in two equal tranches, in the second quarter and the fourth quarter of 2023.

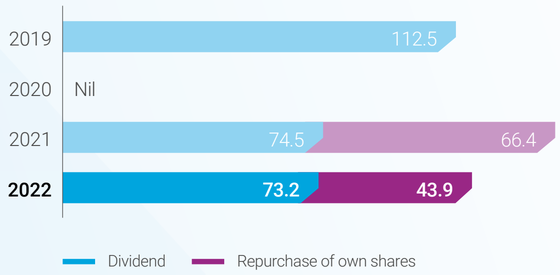
In 2022, no dividend was paid on the shares/SDRs held by Kindred Group (2021: nil).

Share repurchase programme

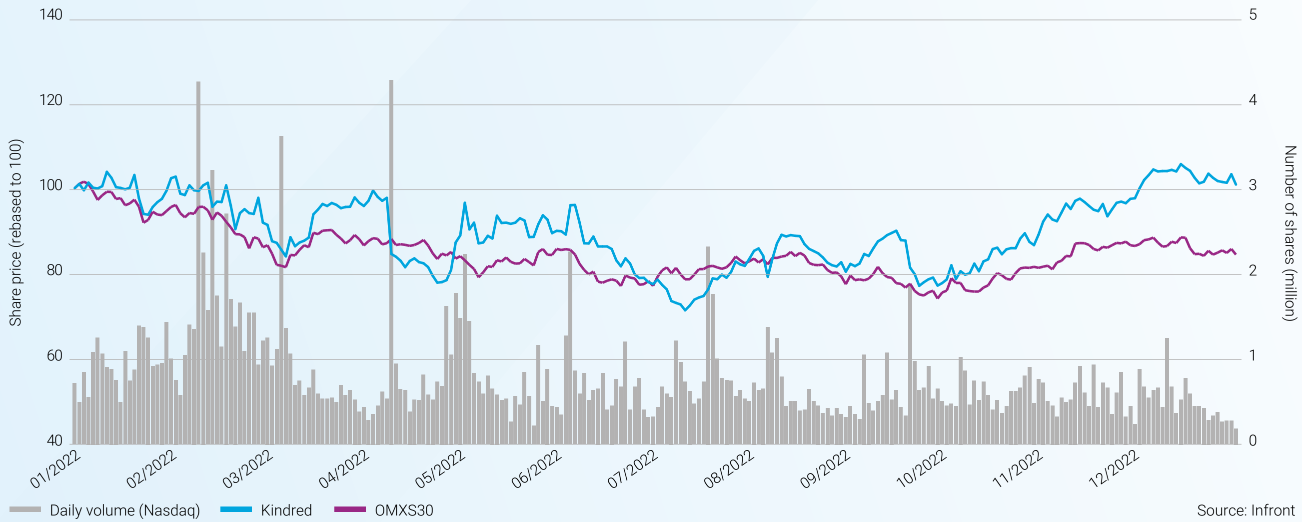
Kindred's history of a strong balance sheet and good cash flow has enabled capital transfer to shareholders in addition to regular dividends. Since 2007, 16,139,218 shares have been repurchased, of which 5,584,205 were repurchased during 2022.

In 2022, 549,365 (2021: 1,453,519) of the shares/SDRs held by the Group were used in connection with the Group's share plan. At 31 December 2022, the Group held 12,521,679 of the 230,126,200 issued shares, representing 5.4 per cent of the total number of shares.

Cash distribution to shareholders (GBP million)



Kindred Group: Share price performance and daily Nasdaq volume



Source: Infront

Shareholder information continued

Ownership structure

At the end of 2022, Kindred Group plc had 45,786 known shareholders. The 15 largest shareholders registered directly or as a group with Euroclear Sweden, the Swedish Central Securities Depository, accounted for 58.9 per cent of the outstanding capital/voting rights.*

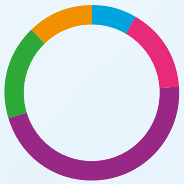
15 largest shareholders as of 31 December 2022

Shareholder	Number of shares	Share of share capital/votes %	Accumulated %
Corvex Management LP	34,522,588	15.0%	15.0%
Capital Group	30,638,980	13.3%	28.3%
Kindred Group Plc	12,521,499	5.5%	33.8%
Premier Investissement SAS	8,684,154	3.8%	37.6%
Unionen	6,550,000	2.9%	40.5%
Veralda Investment Ltd	5,904,200	2.6%	43.1%
Avanza Pension	5,863,135	2.5%	45.6%
Third Swedish National Pension Fund	5,319,155	2.3%	47.9%
BlackRock	4,426,862	1.9%	49.8%
Epoch	4,218,100	1.8%	51.6%
Nordea Funds	4,040,056	1.8%	53.4%
TIN Funds	3,900,000	1.7%	55.1%
Life Insurance Skandia	3,752,872	1.6%	56.7%
Staffan Persson	2,621,230	1.1%	57.8%
Janus Henderson Investors	2,560,685	1.1%	58.9%
Total top 15	**135,523,516**	**58.9%**	
Others	94,602,684	41.1%	
Total	**230,126,200**	**100.0%**	

Ownership distribution by holding (SDR) as of 31 December 2022*

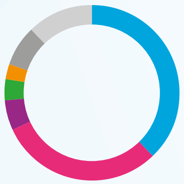
Holding	Number of shareholders	Number of shares	Share of share capital/votes %
1–10,000	45,328	19,752,587	8.6%
10,001–100,000	369	10,195,808	4.4%
100,001–500,000	54	11,490,484	5.0%
500,001–1,000,000	10	7,048,633	3.1%
1,000,001–	25	153,721,479	66.8%
Anonymous	N/A	27,917,209	12.1%
Total	**45,786**	**230,126,200**	**100.0%**

Ownership distribution by type as of 31 December 2022*



Swedish Institutional Ownership	8.4%
Swedish Private Individual Ownership	15.5%
Foreign Institutional Ownership	46.5%
Other	17.5%
Anonymous Ownership	12.1%

Ownership distribution by country as of 31 December 2022*



United States	37.8%
Sweden	30.5%
Malta	5.5%
France	3.9%
Cyprus	2.6%
Others	7.6%
Anonymous Ownership	12.1%

* Source: Kindred and Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Shareholder information continued

Analyst coverage

Banks conducting an active coverage of the Kindred share at year end 2022 were ABG Sundal Collier, Bank of America, Berenberg, Carnegie, Deutsche Bank, DNB, Jefferies, Morgan Stanley and Pareto Securities.

Share data

Share data (GBP)	2022	2021	2020	2019	2018
Earnings per share	**0.54**	1.31	0.73	0.25	0.58
Earnings per share after dilution	**0.54**	1.30	0.72	0.25	0.58
Dividend per share[1]	**0.35**	0.34	0.33	0.00	0.50
Dividend yield at year end (%)[2]	**4.0%**	3.8%	4.6%	0.0%	7.0%
Dividend pay-out ratio (%)[3]	**109.4%**	33.3%	28.0%	0.0%	72.5%
Total pay-out ratio (%)[4]	**168.2%**	61.0%	0.0%	232.0%	89.4%
Free cash flow per share	**0.32**	1.02	1.18	0.21	0.69
Free cash flow per share after dilution	**0.31**	1.01	1.17	0.21	0.69
Net cash/(net debt) per share	**0.17**	0.38	0.46	(0.67)	(0.36)
Net cash/(net debt) per share after dilution	**0.17**	0.38	0.45	(0.67)	(0.36)
Market capitalisation year end (GBP bn)	**1.99**	2.03	1.66	1.08	1.64
Number of shares at year end[5]	**230,126,200**	230,126,200	230,126,200	230,126,200	230,126,200
Diluted number of shares at year end[6]	**232,074,281**	231,405,713	232,089,717	231,864,044	231,434,971
Weighted average number of outstanding shares	**220,068,616**	226,149,236	227,023,775	226,669,514	227,043,853
Weighted average number of diluted outstanding shares	**222,094,481**	227,767,325	229,084,006	228,384,165	228,348,308

1 Dividend for the financial year (2022 = Board of Director's proposal, subject to approval at the Annual General Meeting 20 April 2023).

2 Dividend for the financial year as a percentage of SDR closing price year end.

3 Dividend per share for the financial year as a percentage of free cash flow per share.

4 Total cash distribution to shareholders (i.e. ordinary dividends paid plus repurchase of own shares) as a percentage of free cash flow.

5 At 31 December 2022, the total issued shares were 230,126,200. Of these, 12,521,679 shares were held by the Group as a result of previous repurchase programmes.

6 The dilution is impacted by outstanding awards, options and warrants under the Group's long-term share incentive plans, as laid out in note 22 to the consolidated financial statements on pages 147 to 150.

Financial reporting timetable 2023–2024

Report	Reporting period	Publication date
Interim report	Jan 1–Mar 31 2023	April 26 2023
Interim report	Jan 1–Jun 30 2023	July 25 2023
Interim report	Jan 1–Sep 30 2023	October 26 2023
Year end report	Jan 1–Dec 31 2023	February 7 2024
Annual and Sustainability Report	2023	March 2024

Subscriptions

To subscribe to Kindred's press releases and financial reports by email please register on the Kindred website, www.kindredgroup.com.

Nomination Committee report

Keith Meister
Chairman of the Nomination Committee

The main responsibility of the Nomination Committee is to submit proposals to the AGM on electoral and remuneration issues of the Board of Directors and, where applicable, procedural issues for the appointment of the following year's Nomination Committee.

The Nomination Committee, which is independent from the Board, reviews the structure, size and composition of the Board and is responsible for identifying and nominating candidates to fill Board vacancies as and when they arise. The Nomination Committee is guided by the Swedish Corporate Governance Code to lead the process for Board appointments and present recommendations to the AGM thereon.

In its evaluation of the Board, the Committee holds individual interviews with the Board members and with the CEO.

In its assessment of the Board's evaluation, the Committee has given particular consideration to the requirements regarding the breadth and versatility of the Board, as well as the requirement to strive for gender balance. In accordance with the Swedish Corporate Governance Code, the Committee subscribes to the view that the composition of the Board should reflect the different qualifications, backgrounds and areas of expertise that are required for the implementation of Kindred Group's strategy in an international, highly complex and shifting legal environment with high demands on player safety and responsible gambling. The Nomination Committee is of the opinion that diversity as defined by the Swedish Corporate Governance Code is important in order to achieve a well-functioning composition of the Board of Directors and extra effort is put into obtaining a Board composition with such diversity and especially with respect to gender balance.

The Nomination Committee's Motivated Opinions can be found on Kindred Group's website, www.kindredgroup.com

The Nomination Committee for the 2023 AGM has held four meetings during 2022 in which minutes were taken, in addition to interviews with incumbent and potential Board members. At the AGM on 13 May 2022, it was decided that the Nomination Committee for the 2023 AGM should consist of not less than four and not more than five members.

The Nomination Committee for the 2023 AGM consists of Keith Meister, Corvex Management LP (Chairman); Cédric Boireau, Premier Investissement SAS (Bassac); Peter Lundkvist, AP3 (Third Swedish National Pension Fund); Anders Ström, Veralda Investment Ltd; and Evert Carlsson, Chairman of the Board of Directors (co-opted member).

Keith Meister
Chairman of the Nomination Committee

Remuneration Committee report

Evert Carlsson
Chairman of the Remuneration Committee

On behalf of the Kindred Remuneration Committee, I am pleased to present our 2022 remuneration report. This report includes both a summary of our remuneration guidelines as approved by the shareholders at the 2022 AGM and the remuneration paid out in 2022 in accordance with these guidelines.

Kindred Remuneration Committee

The Committee consists of Evert Carlsson (Chairman), Carl-Magnus Månsson and Fredrik Peyron. Peter Boggs served on the Committee before stepping down in May 2022, replaced by Fredrik Peyron.

The Committee held four meetings during 2022.

The Director of Reward acted as secretary to the Committee and the CEO, CFO and CHRO were co-opted on an ad-hoc basis to provide advice and support on remuneration-related issues. Where required on specific projects, the Committee was also supported by external advisers.

Pay and performance

The CEO and Executive Management team participated in an annual bonus scheme for 2022. The performance measures were based on Group EBITDA, aggregated Group customer experience and sustainability targets. The resulting annual bonus for the 2022 financial year, paid in 2023, was 63 per cent of target for the CEO.

Our 2019 Performance Share Plan (PSP) vested in full in May 2022 as the targets set for the period were fully met. A new PSP grant was also made in June 2022 to executives, senior managers and key employees within Kindred Group. Performance measures for the 2022 grant were the same as for the 2021 grant: Gross contribution (revenue less cost of sales and marketing costs), free cash flow per share and EBITDA. This was the final grant we will do under the current PSP mandate; we will be seeking approval for a new PSP at 2023's AGM, which will have a similar, but simplified, structure.

We also made a new grant in 2022 of the current All Employee Share Plan (AESP), which was introduced in 2021 to run in parallel with the next strategic cycle for the business. This scheme is aimed at all permanent employees of the Group, with the exception of members of the Executive Management team. We aim to make the third and final grant for the current AESP in 2023.

Finally, following approval at 2022's AGM, we introduced a new stock option programme for executives, which will run over a 2022–2025 period, with annual option grants from 2022 through 2024. This scheme will represent 50 per cent of their overall long-term incentive plan composition and will provide a direct link to performance and share price development, with the remaining 50 per cent weighted towards PSP, which is geared towards retention and long term value creation. Executives based in Sweden will receive warrants instead of employee stock options, for which they will receive a subsidy from the Group. Our shareholding policy was also updated in 2022, setting out new minimum requirements for executives.

Looking forward

As mentioned above, at 2023's AGM we will be seeking approval for a new PSP for executives and senior management. Beyond that, we do not anticipate any material changes to our remuneration strategy and existing guidelines. However, we will of course closely monitor shareholder voting and continue constructive dialogue with our investors.

Evert Carlsson
Chairman of the Remuneration Committee

Remuneration Committee report continued

Remuneration guidelines

The remuneration of the CEO is based on the remuneration guidelines as adopted by the AGM on 12 May 2021.

Remuneration principles to support Kindred's long-term business strategy and sustainability

A successful implementation of our remuneration policy will ensure that Kindred can attract and retain the best people, enabling us to execute our business strategy and serve our long-term interests, including our sustainability goals. The policy of the Board is to attract, retain and motivate the best management by rewarding them with competitive compensation packages linked to the Group's financial and strategic objectives. The compensation packages are designed to be competitive, but importantly, also fair and reasonable in comparison with companies of a similar size, industry and international scope, and to strike the appropriate balance between risk and reward.

The short-term and long-term incentive plans are designed to support key business strategies and financial objectives and contribute to creating a strong, sustainable performance for the Group. The performance measures used for short and long-term incentive plans are closely linked to our strategic objectives for sustainable growth. Performance measures, as well as any corresponding targets, are reviewed annually by the Committee to ensure that they continue to drive the right behaviours in executive managers and create value for our shareholders.

Remuneration guidelines by element

The components of remuneration for the Executive Management team comprise base salary, short-term and long-term incentive plans, pension and other benefits. The remuneration guidelines do not apply to share-based incentive plans, which are subject to a separate resolution at the AGMs.

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary levels, incentive structures and employment conditions for other employees of the company have also been considered.

Base salary

Executive managers receive base salaries based on position, responsibilities, performance and competencies.

Short-term incentives

Short-term incentives for the Group typically take the form of annual bonuses and are paid in cash. Maximum variable cash-based incentives are capped at 150 per cent of base salary.

Awards for any short-term incentive plans are contingent on financial measures, such as EBITDA (aggregated across the Group), as well as customer experience, sustainability measures and business critical objectives. The Remuneration Committee selects the performance measures, targets and relative weightings at the start of each year to ensure strong alignment with business strategy and that targets are sufficiently stretching. The measures and targets are then reviewed and approved by the Board. Achievement of targets is assessed and formal approval for payment of awards is sought following the publication of the relevant period's financial results.

Long-term incentives

Long-term incentives for the Group align the interests of executives with those of shareholders by granting performance shares and share options as a reward for delivery of long-term performance objectives and for creating value for stakeholders. Performance measures, weightings and targets for these selected measures are set at the start of the three-year performance/vesting period by the Remuneration Committee to ensure they continue to support Kindred's long-term strategy. The measures and targets are then reviewed and approved by the Board. Performance measures may include, but are not limited to, financial and share-price related measures.

Pension

Pension arrangements for the CEO and the other members of the Executive Management team are provided in the form of defined contribution plans and are competitive and appropriate in the context of market practice in the applicable country of executives' employment or residence and total remuneration.

Other benefits

Other benefits that may be provided are in accordance with market practice in the applicable country of executives' employment or residence and may change from time to time. Executive Management team members may be eligible for benefits such as health insurance, life insurance, travel allowance, relocation support (where applicable) and to participate in whatever all-employee plans may be offered at any given point.

Remuneration Committee report continued

Share ownership guidelines

The Board of Directors believes that the Executive Management team will most effectively pursue the long-term interests of our shareholders if they are shareholders themselves. As a result, share ownership guidelines were introduced in 2021. We updated this further in 2022 and our current policy in force requires that the CEO and other members of the Executive Management team build up and maintain the equivalent of 200 per cent of their net annual base salary in Kindred shares in order to comply with these guidelines. They need to do this within six years of their date of appointment or adoption of the policy, whichever is the later. Until the minimum threshold of 200 per cent is met, executives must retain 100 per cent of any long-term incentive plan vest in net shares.

Employment contract, termination of employment and severance pay

Executive contracts are typically with indefinite duration but may be offered on occasion for a fixed term. Upon termination of employment, the notice period may not exceed 12 months. Fixed cash salary during the notice period and any severance pay may, combined, not exceed an amount equivalent to two years' salary.

Upon termination of employment, a non-compete clause may restrict the employee from engaging in a competing business. The non-compete clause restriction covers no more than 12 months following termination of employment. During the non-compete clause period, Kindred may pay the former employee an amount corresponding to no more than 60 per cent of 12 months' salary.

The decision-making process to determine, review and implement the remuneration guidelines

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose remuneration guidelines for the CEO and the Executive Management. Proposals for new remuneration guidelines shall be prepared at least every fourth year and submitted to the AGM. The remuneration guidelines shall be in force until new guidelines are adopted by the AGM. The Remuneration Committee shall also monitor the annual implementation of these guidelines. In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration.

Malus and clawback

The Board of Directors, under exceptional circumstances, may limit or cancel payments of variable remuneration provided that such actions are deemed reasonable (malus). The Board of Directors shall also have the possibility, under applicable law or contractual provisions and subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (clawback).

Deviation from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in an individual case there are special circumstances where a deviation is necessary in order to serve the Group's long-term interests, including its sustainability, or to ensure the Group's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in respect of remuneration-related matters for the CEO and the Executive Management. This includes any resolutions to temporarily deviate from the guidelines.

2022 remuneration

All members of the Board of Directors are elected at the AGM and their remuneration is recommended by the Nomination Committee, conditional upon approval at the AGM.

The Group does not operate any form of retirement benefits or pension scheme for any member of the Board of Directors and thus no contributions are made in respect of any Board Director. All members of the Board of Directors have rolling service contracts without notice periods.

The Remuneration Committee has reviewed all components of the CEO's compensation, namely base salary and performance-related salary, in line with external market benchmark data. As part of the annual process, the Remuneration Committee has reviewed and ensured that the remuneration is in full compliance with the remuneration policy.

All information concerning emoluments and interests of the Board of Directors is presented on the basis of continuity from the date of their appointment to the Board of Directors of the Kindred Group. Total emoluments of the Board of Directors and the CEO who served during the year are set out in the following tables.

Remuneration Committee report continued

Board of Directors' remuneration 2021–2022

Directors	Board fees GBP 000	Audit Committee fees GBP 000	North America Committee fees GBP 000	Remuneration Committee fees GBP 000	2022 Total GBP 000	2021 Total GBP 000
Anders Ström, Chairman[1]	–	–	–	–	–	95.1
Evert Carlsson, Chairman[2]	186.3	15.9	11.4	23.3	236.9	137.4
Peter Boggs	61.9	–	21.0	4.8	87.7	93.0
Gunnel Duveblad	76.6	33.9	4.7	–	115.2	109.7
Erik Forsberg	61.9	24.2	6.7	–	92.8	81.7
James H. Gemmel[3]	8.1	–	–	–	8.1	–
Carl-Magnus Månsson	61.9	–	–	13.6	75.5	74.3
Fredrik Peyron[2]	61.9	–	–	8.9	70.8	38.3
Heidi Skogster[2]	61.9	–	6.7	–	68.6	38.3
Total	**580.5**	**74.0**	**50.5**	**50.6**	**755.6**	**667.8**

1 Anders Ström resigned from the Board of Directors at the AGM on 12 May 2021.

2 Evert Carlsson, Fredrik Peyron and Heidi Skogster were appointed to the Board of Directors at the AGM on 12 May 2021.

3 James H. Gemmel was appointed to the Board of Directors at an EGM on 14 November 2022.

CEO's remuneration 2022

	Fixed salary[1] GBP 000	Other remuneration[2] GBP 000	Variable salary[3] GBP 000	Stock- related benefits[4] GBP 000	Total pension cost GBP 000	Total GBP 000	Proportion of fixed/ variable remuneration
Henrik Tjärnström	557.6	639.5	659.5	505.9	179.3	2,541.8	54:46

1 The annual fixed salary includes vacation salary and paid vacation days.

2 Other remuneration represents the gross subsidy paid in 2022 in order to fund the purchase of warrants issued as per the terms of the 2022 Stock Option Plan.

3 Variable salary represents the short term incentive/annual bonus relating to the 2021 performance year, paid out in 2022. The annual bonus relating to the 2022 performance year, due to be paid out in 2023, is approximately GBP 281,251 (subject to the foreign exchange rate at the date of payment as salary is paid in SEK).

4 Cost for share-based incentive programmes are accounted for according to IFRS 2 "Share-based payments". If the expected cost of the programme is reduced, the previous recorded cost is reversed and an income is recorded in the income statement.

Remuneration Committee report continued

2022 short-term incentives (STI)

The CEO participated in an annual bonus scheme for 2022. The measures were based on Group EBITDA (60 per cent) and other business critical non-financial measures, namely a Group customer experience measure (20 per cent) and a Group sustainability measure (20 per cent).

The Group's Customer Experience measure is an aggregation of customer experience scores across all brands and markets. Kindred's customer experience score is the result of every interaction a customer has throughout their journey with Kindred and is an important indicator of how we perform.

The Sustainability measure was introduced in 2020 to encourage our employees to engage in sustainability activities and secure deeper integration into business operations. It is measured by a sustainability index that is linked to various measures and targets set for the performance year. The metrics used for 2022 for the index are: a) level of customer trust as measured through customer experience scores; b) level of employee trust as measured through an annual engagement survey; and c) (reduction of) percentage of revenue derived from harmful gambling in line with our commitment to responsible gambling.

Assessment of 2022 STI conditions for the CEO

Performance condition	Weighting	2022 result vs target
Group EBITDA	60%	55%
Group Customer Experience (CX)	20%	75%
Group Sustainability	20%	75%

Long-term incentives (LTIP)

Vesting of 2019 PSP

In May 2019, Kindred Group made a PSP grant. The performance measures used were EBITDA, Gross contribution (revenue less cost of sales and marketing costs) and free cash flow per share. Targets were set for each measure relating to the three-year period of the scheme (2019–21). The 2019 PSP grant vested in 2022 in full as the agreed targets for the business performance were fully met, as shown below.

Details of the targets achieved: Performance condition	Achievement vs target over 2019–21	PSP result
EBITDA	138%	100% (capped)
Gross contribution	118%	100% (capped)
Free cash flow	153%	100% (capped)

PSP

A new PSP grant was made in June 2022 to executives, senior managers and key employees within Kindred Group totalling 698,813 share awards. The PSP performance measures are non-market based, providing participants with a high degree of alignment to Group performance. For executives, the PSP represents 50 per cent of their LTIP remuneration, with the remaining 50 per cent weighted against a new stock options/warrants plan introduced in 2022. PSP awards will depend on the Group achieving financial performance targets over three financial years, establishing a clearer link between how the Group performs and the value that the PSP can deliver. These targets are Gross contribution (revenue less cost of sales and marketing costs), free cash flow per share and EBITDA, and will be measured on an aggregated basis between the full year 2022 and the full year 2024 so that performance in each financial year will be important. Aggregated performance against the targets and the resulting allocation of PSP awards will be disclosed after the full year 2024. The total charge recognised in 2022 in relation to the Group's PSPs was GBP 3.9 (2021: GBP 3.0) million.

2022 stock option plan

The 2022 stock option plan is designed as a three-year stock option plan directed to CEO and senior executives where each stock option entitles the participant to purchase one Kindred SDR at a price of 120 per cent of the Kindred SDR price at the grant date. The options are granted freely in other locations outside of Sweden (employee stock options), while participants in Sweden purchase the warrants at market value. The premium for the warrants in Sweden will be fully subsidised through an additional salary payment and the subsidy is paid upfront and structured as a retention tool by requiring the participants to pay back the subsidy if they leave the Group before exercise. All options can be exercised during a six-month exercise period after the maturity date three years after grant. The total value of the allocation of stock options is equivalent to 50 per cent of the annual fixed salary for each participant. The options and warrants issued under the 2022 stock option plan entitle to a maximum of 779,375 Kindred SDRs.

Remuneration Committee report continued

AESP

In 2020, the Board approved a new AESP linked to the strategic cycle for the business for the next three years. This scheme was rolled out in 2021 and is aimed at all permanent employees of the Group, with the exception of members of the Executive Management team. New grants were made during 2022. Grants are being made for each of the three years of the business strategy cycle (2021–2023), the awards for which will vest after a 24-month period from grant, subject to achievement against EBITDA targets set for the Group. We are making partial awards each year at the end of the third quarter for mid-year joiners whose awards will then vest over an 18-month period (aligning with the vest date for the full award and subject to the same performance condition). The total number of share awards outstanding at 31 December 2022 is 1,139,750. The total amount expensed is recognised over a 24-month or 18-month period for the full and partial awards respectively for each year's grant. The total charge recognised in 2022 for the 2021 and 2022 AESPs was GBP 3.4 (2021: GBP 1.9) million.

Long-term incentive plan – awards/warrants outstanding for the CEO

The following tables provide a full overview of the long-term incentives that have vested during 2022, as well as any long-term incentive awards/warrants granted in the past years but remaining unvested as of 31 December 2022.

Performance share plans

Name of plan	Performance period	Award date	Vesting date	No. of awards granted	No. of shares vested (gross)[1]	No. of shares vested (net)[2]
2022 PSP	2022–2024	01/06/2022	01/06/2025	62,169	–	–
2021 PSP	2021–2023	01/06/2021	01/06/2024	73,115	–	–
2020 PSP	2020–2022	17/06/2020	18/06/2023	121,803	–	–
2019 PSP	2019–2021	23/05/2019	24/05/2022	46,441	46,441	19,876

1 Gross number of shares vested is the shares vested prior to deductions for tax and other withholdings, such as social security and intermediary fees.

2 Net number of shares vested is the shares received after deductions for tax and other withholdings.

Stock option plan – share warrants

N.B. references below to options refer to warrants unless otherwise stated.

Main terms & conditions of stock option plan				Information about the reported financial year				
Name of plan	Award date	Exercise period	Exercise price[1] (subscription price, in SEK)	Outstanding share warrants at 1 January 2022	Warrants granted during the year	Warrants forfeited during the year	Warrants exercised during the year	Outstanding share warrants at 31 December 2022
2022 stock option plan	01/06/2022	01/06/2025 up to and including 30/11/2025	118.4	–	219,823	–	–	219,823

1 Exercise price will be adjusted downwards to reflect the average annual dividend declared in the 2022–2024 financial period, in accordance with scheme structure.

Remuneration Committee report continued

Directors' and CEO's interests

The Directors' and CEO's beneficial interests in the shares/SDRs of Kindred Group plc as at 31 December 2022 are set out below:

Directors	Ordinary shares/SDRs at 31 December 2022	Ordinary shares/SDRs at 31 December 2021
Evert Carlsson, Chairman	37,000	7,000
Peter Boggs	138,990	138,990
Gunnel Duveblad	8,000	8,000
Erik Forsberg	10,000	10,000
James H. Gemmel	–	–
Carl-Magnus Månsson	10,000	10,000
Fredrik Peyron	3,500	–
Heidi Skogster	1,627	1,627
Total	**209,117**	**175,617**

CEO	Ordinary shares/SDRs at 31 December 2022	Ordinary shares/SDRs at 31 December 2021
Henrik Tjärnström	1,868,485	1,791,709

Comparative overview of the change in remuneration and Group performance

The following table provides a comparative overview of the change in annual CEO remuneration, average annual employee remuneration and Group performance:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022
CEO remuneration[1]	-6.6%	5.4%	-9.2%	-0.8%	81.0%	2,541.8
EBITDA	12.5%	-36.8%	114.1%	42.6%	-52.1%	187.5
Average employee remuneration[2]	7.6%	0.3%	13.1%	-14.8%	8.5%	54.3

1 The total remuneration includes, among other items, the variable salary that was paid out in the corresponding year and the accounting value of the share-based incentive programmes according to IFRS 2 "Share-based payments". The comparative absolute numbers used for 2017–2018 differ to what has been previously reported following a change in the calculation to include the accounting value of the share-based incentive programmes from 2019.

2 Total employee costs (excluding social security costs and the CEO's remuneration) divided by the average number of employees minus one as reported in the notes to the consolidated financial statements of the relevant years. Variable salary for employees differs to that reported for the CEO as it comprises amounts accrued, rather than paid.

Evert Carlsson
Chairman of the Remuneration Committee
Malta, 15 March 2023

Directors' report

The Directors present their annual report on the affairs of Kindred Group plc, together with the audited consolidated and parent company financial statements and the auditor's report, for the year ended 31 December 2022.

Principal activities

Kindred Group is one of the largest publicly quoted online gambling operators in Europe.

The Group's primary business is its B2C online gambling business, with 33.9 million registered customers worldwide at 31 December 2022. The B2C business operates across Europe, Australia and North America and offers sports betting (including horse racing), casino & games, poker and other products (including bingo) through several brands.

The Group also has a complementary B2B business (following the acquisition of Relax Gaming in 2021). Relax Gaming is a leading iGaming product supplier, supplying other top tier operators across its markets.

The principal activity of the parent company, Kindred Group plc, is the holding of investments in subsidiary companies which operate the Group's B2C and B2B gambling businesses as well as related ancillary services.

Parent company and subsidiaries

Kindred Group plc is a public limited company and is registered and headquartered in Malta. The company's registration number is C 39017.

The principal subsidiaries and associated undertakings that affect the results and net assets of the Group in the year are listed in note 14 to the consolidated financial statements.

Business review

The strategic report contains an operational overview of the business for the year. More information can also be found on the Group's website, www.kindredgroup.com.

The strategic report also includes an assessment of key financial and non-financial performance indicators on pages 37 to 39.

A detailed financial review is also set out on pages 40-43

Results and dividends

The consolidated income statement is set out on page 115 and shows profit after tax for the year of GBP 120.1 (2021: GBP 295.3) million. The parent company income statement is set out on page 154 and shows profit after tax for the year of GBP 122.3 (2021: GBP 147.4) million.

The Group's and parent company's dividend policy is to generate a stable ordinary dividend in absolute GBP-denominated terms, paid in two equal tranches in the second and fourth quarters, complemented over time with share purchases. The total pay-out of dividends and share purchases will be based on an assessment taking into account the Group's financial position, capital structure and future investment needs, including acquisition opportunities, and should over time equal approximately 75–100 per cent of free cash flow (as defined in note 30 on page 153).

For the 2022 financial year, the Board of Directors proposes an ordinary dividend of GBP 0.345 (2021: GBP 0.337) per share/SDR, equal to a total dividend of approximately GBP 75.0 (2021: dividend paid of GBP 73.8) million.

More details on the dividend policy and the dividend for 2022 can be found on page 99

Shares/SDRs held by the Group and parent company

Between 10 February and 11 May 2022, under the buy-back mandate received at the Extraordinary General Meeting (EGM) on 10 June 2021, 3,029,000 shares/SDRs were purchased at a total price of SEK 300.0, or GBP 23.9, million.

Between 1 August and 31 December 2022, under the buy-back mandate received at the EGM on 10 June 2022, 2,555,205 shares/SDRs were purchased at a total price of SEK 248.8, or GBP 20.0, million.

In total in 2022, 5,584,205 shares/SDRs were purchased at a total price of SEK 548.8, or GBP 43.9, million.

During the year, 549,365 (2021: 1,453,519) of the total shares/SDRs held by the Group and parent company were used in connection with the vesting of the Group and parent company's share plans.

The number of issued shares at 31 December 2022 was 230,126,200 of which 12,521,679 are held by the Group and parent company, representing 5.4 per cent of the total number of issued shares.

Significant events during 2022

On 8 February 2022, Kindred announced the development of a complete in-house sportsbook platform – the Kindred Sportsbook Platform (KSP) – reflecting the Group's long-term strategy to gain greater end-to-end control of its product offering and customer experience. A new agreement was signed with its trusted partner, Kambi, to use their B2B sports betting services until the end of 2026 while the platform is in development.

Directors' report continued

On 3 March 2022, Kindred announced its continued expansion in Arizona, having teamed up with Turf Paradise and obtained nine retail licences (being Limited Event Wagering Operator licences) to operate sports betting in Arizona.

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.

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 became Kindred's twentieth local licence and represented an important step in the Group's ambition to increase its share of profits from locally regulated markets.

On 14 September 2022, Kindred held its Capital Markets Day in London. Members of Kindred's management team presented the Group's strategic direction, markets, products and financial performance to the investors, financial analysts and media who attended the event. In connection with this, Kindred presented financial targets for 2025, as disclosed on page 12.

On 24 October 2022, Kindred announced that it had signed an agreement with the Swinomish Tribe in Anacortes, Washington. Pending licence and regulatory approvals, the Unibet & Swinomish Sportsbook will be launched at the Swinomish Casino & Lodge. The initial phase of the agreement spans six years, with the possibility of extending for an additional five-year term.

On 23 November 2022, Kindred received a warning and sanction fee of SEK 10.9 million (GBP 0.9 million) from the Swedish Gambling Authority (SGA) for shortcomings in its work against money laundering and financing of terrorism from January 2019 to February 2022. Improved processes have been put in place since the investigation took place Kindred fully shares the SGA's ambition to prevent money laundering and terrorist financing and would welcome increased clarity from the SGA and the legislation on what objective and effective AML risk parameters should be considered when assessing a customer's risk profile.

On 15 December 2022, Kindred announced that it had utilised the one-year extension option of the revolving facility agreement previously signed in November 2021, extending the existing financing until November 2025. The total committed facilities were increased by EUR 40.0 million to EUR 256.7 million by utilising the accordion feature and the group of lenders was broadened. Further information is available in note 20 on pages 143 to 144.

In order to refocus its efforts in North America, and while awaiting the roll-out of iGaming regulations on a wider scale, Kindred decided not to renew its online sports betting license in Iowa and exited the market, as well as its partnership agreement with Caesars, on 20 December 2022.

On 22 December 2022, the Nomination Committee for the 2023 AGM communicated certain proposals to be considered at the AGM in April 2023. These proposals, to be in place until the AGM 2024, included the election of five new Board members (with four current Board members declaring that they would not stand for re-election).

In Norway, Kindred has appealed the April 2019 cease and desist order from the Norwegian Gaming Authority (NGA) to the Court of Appeal during the year, as it questions the enforceability of the regulator's decision due to the inherent incompatibility of the Norwegian regime with EEA law. Further information can be found on page 96. Enforcement of the coercive fine issued by the NGA during the year is suspended while Kindred's appeal is being considered and this suspension remains at the date of this report.

Significant events after the year end

Under the share purchase mandate, approved at the EGM on 10 June 2022, 1,222,000 SDRs have been purchased at a total cost of SEK 134.9 million between 9 February 2023 and 3 March 2023.

Future developments

The Group is fully focused on the development of its proprietary sportsbook platform, KSP, and will continue to invest in the short term in order that it can realise the associated cost efficiencies in future years, with the plan for all Kindred markets to move onto the platform over time.

The North American market also remains a key focus as the largest opportunity for future regulated growth. At the end of 2022, the Group was live in six states/provinces, with conditional access to other states. Going forward, the principal focus in North America is the launch of the Group's own platform, allowing significant improvements to the customer experience and more flexibility over the product offering. The platform is expected to go live in New Jersey during the Spring of 2023, with Pennsylvania to follow in the second quarter.

Directors' report continued

Principal risks and uncertainties

Detailed information on the Group and parent company's overall risk management process and policies, as well as a full list of the Group and parent company's principal risks and uncertainties can be found on pages 45 to 49. Further information on financial and capital risk management can be found in notes 2C and 2D on pages 128 to 130.

Research and development

The Group capitalises significant costs in relation to the development and enhancement of its core IT platform in order to deliver the best technology to its customers. During the year, the Group capitalised GBP 36.9 (2021: GBP 27.7) million of development expenditure and expensed research costs of GBP 35.8 (2021: GBP 25.1) million to the consolidated income statement.

Employees

The Group is committed to promoting and supporting equality of opportunity in the workplace, with policies fully inclusive of all employees regardless of the sex, age, ethnicity, nationality, social background, disability or long-term health conditions, sexual orientation, gender identity, expression or reassignment, marital status, religion or belief of an employee.

The Group also complies with all applicable national and international laws within human and labour rights in the locations in which it operates. These include but are not limited to minimum age, minimum salary, union rights and forced labour as well as the United Nations Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

The Group recognises the importance of ensuring that employees are kept informed of the Group's performance, activities and future plans.

A review of the Group's environmental and community activities is included in the Sustainability section on pages 50 to 77.

Directors and their interests

The following Directors served during the year and subsequently, unless otherwise stated:

Evert Carlsson	Non-executive Chairman
Peter Boggs	Non-executive
Gunnel Duveblad	Non-executive
Erik Forsberg	Non-executive
James H. Gemmel	Non-executive
Carl-Magnus Månsson	Non-executive
Fredrik Peyron	Non-executive
Heidi Skogster	Non-executive

At an EGM on 14 November 2022, James H. Gemmel was appointed as non-executive Director.

Each of the company's Directors is required under the Articles of Association to retire at each AGM, but unless the Directors have agreed otherwise, they are eligible for re-election.

The interests of the Directors are shown on pages 106 and 109

Statement of Directors' responsibilities for the financial statements

The Directors are required by the Malta Companies Act (Cap 386 of the laws of Malta) to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal controls as they determine it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Malta Companies Act (Cap 386 of the laws of Malta). They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report continued

The consolidated and parent company financial statements of Kindred Group plc for the year ended 31 December 2022 are included in this Annual and Sustainability Report and Accounts 2022, which is published in European Single Electronic Format (ESEF) and PDF, both available on the Group's website. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Disclosure of information to the auditors

So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group and parent company's auditors in connection with preparing their report) of which the Group and parent company's auditors are unaware and the Directors have taken all the steps that they should take as Directors in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

Independent auditors

The auditors, PwC Malta, have indicated their willingness to continue in office and a proposal to re-appoint them has been sent to the Nomination Committee.

Signed on behalf of the Board of Directors, as per the Directors' Declaration on ESEF Annual Financial Reports submitted in conjunction with the Annual and Sustainability Report and Accounts 2022, by:

Carl-Magnus Månsson
Director

Heidi Skogster
Director

Malta, 15 March 2023

Financial statements

Consolidated income statement

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Revenue	3	1,068.7	1,259.6
Betting duties	3	-272.8	-255.3
Marketing revenue share	3	-41.8	-52.0
Other cost of sales	3	-170.3	-198.7
Cost of sales		**-484.9**	**-506.0**
Gross profit		**583.8**	**753.6**
Marketing costs	4	-227.2	-234.7
Salaries	4	-140.8	-117.5
Other operating expenses	4	-86.6	-69.3
Depreciation of property, plant and equipment	4	-14.0	-14.8
Depreciation of right-of-use assets	4	-12.1	-11.1
Amortisation of intangible assets	4	-30.1	-23.0
Total administrative expenses	4	**-283.6**	**-235.7**
Underlying profit before items affecting comparability		**73.0**	**283.2**
Personnel restructuring costs	4	-0.3	-1.0
Merger and acquisition costs	4	–	-5.8
Regulatory sanctions	4	-8.0	4.2
Market closure and contract termination costs	4	-2.5	–
Subsidy for warrants, incentive programme	4	-0.8	–
Other gains/(losses)	4	69.9	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	4	–	71.3
Profit from operations	3	**131.3**	**342.2**

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Finance costs	6	-5.9	-6.2
Finance income	7	1.4	1.0
Share of profit from associate	14	–	1.4
Profit before tax		**126.8**	**338.4**
Income tax expense	8	-6.7	-43.1
Profit for the year		**120.1**	**295.3**
Profit is attributable to:			
Owners of Kindred Group plc		119.9	295.3
Non-controlling interests		0.2	–
Profit for the year		**120.1**	**295.3**
Earnings per share, GBP	10	0.54	1.31
Diluted earnings per share, GBP	10	0.54	1.30

All the above amounts relate to continuing operations.

More detailed definitions can be found on page 167. The notes on pages 120 to 153 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Profit for the year	120.1	295.3
Other comprehensive income		
Currency translation adjustments taken to equity	21.8	-18.0
(Losses)/gains on net investment hedge	-1.6	6.4
Total comprehensive income for the year	**140.3**	**283.7**
Total comprehensive income for the year is attributable to:		
Owners of Kindred Group plc	139.8	283.8
Non-controlling interests	0.5	-0.1
Total comprehensive income for the year	**140.3**	**283.7**

All the above amounts relate to continuing operations.

The currency translation adjustment relates primarily to foreign currency retranslation of goodwill and acquired intangibles and the net investment in the subsidiaries, to the closing exchange rate for each year.

More detailed definitions can be found on page 167. The notes on pages 120 to 153 are an integral part of these consolidated financial statements.

Consolidated balance sheet

(GBP m)	Note	As at 31 December 2022	As at 31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	12	19.1	23.7
Right-of-use assets	13	49.7	53.7
Goodwill	11	438.4	428.5
Other intangible assets	11	270.4	255.3
Deferred tax assets	21	40.0	27.4
Convertible bond	24	6.8	6.4
Other non-current assets		3.5	3.1
		827.9	**798.1**
Current assets			
Taxation recoverable		70.8	96.4
Trade and other receivables	16	66.5	52.3
Financial assets at fair value through profit and loss	15	1.1	0.1
Cash and cash equivalents	29	254.9	270.6
		393.3	**419.4**
Total assets		**1,221.2**	**1,217.5**

(GBP m)	Note	As at 31 December 2022	As at 31 December 2021
Equity and liabilities			
Capital and reserves			
Share capital	23	0.1	0.1
Share premium	23	81.5	81.5
Currency translation reserve	23	25.6	5.7
Reorganisation reserve	23	-42.9	-42.9
Retained earnings		524.9	514.9
Total equity attributable to the owners		**589.2**	**559.3**
Non-controlling interests		5.8	5.9
Total equity		**595.0**	**565.2**
Non-current liabilities			
Borrowings	20	135.5	111.6
Lease liabilities	13	37.8	43.5
Deferred tax liabilities	21	22.5	22.4
Other financial liabilities at fair value through profit and loss	15	–	38.3
Provisions	18	1.9	2.3
		197.7	**218.1**
Current liabilities			
Trade and other payables	17	199.6	162.2
Customer balances	19	80.2	72.0
Deferred income	15	5.9	4.8
Tax liabilities		107.1	131.1
Lease liabilities	13	13.6	11.9
Other financial liabilities at fair value through profit and loss	15	2.2	41.1
Provisions	18	19.9	11.1
		428.5	**434.2**
Total liabilities		**626.2**	**652.3**
Total equity and liabilities		**1,221.2**	**1,217.5**

All the above amounts relate to continuing operations.

The official closing middle rate of exchange applicable between the presentation currency (GBP) and the Euro issued by the European Central Bank as at 31 December 2022 was 1.127 (2021: 1.190). The notes on pages 120 to 153 are an integral part of these consolidated financial statements. The consolidated financial statements on pages 115 to 153 were authorised for issue by the Board of Directors on 15 March 2023 and were signed on its behalf, as per the Directors' Declaration on the ESEF Annual Financial Report submitted in conjunction with the Annual and Sustainability Report and Accounts 2022, by:

Carl-Magnus Månsson
Director

Heidi Skogster
Director

Consolidated statement of changes in equity

(GBP m)	Note	Share capital	Share premium	Currency translation reserve	Reorganisation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of Kindred Group plc							
Balance at 1 January 2021		**0.1**	**81.5**	**17.2**	**-42.9**	**356.2**	**412.1**	**–**	**412.1**
Comprehensive income									
Profit for the year		–	–	–	–	295.3	**295.3**	–	**295.3**
Other comprehensive income									
Currency translation adjustments taken to equity		–	–	-17.9	–	–	**-17.9**	-0.1	**-18.0**
Gains on net investment hedge		–	–	6.4	–	–	**6.4**	–	**6.4**
Total comprehensive income		**–**	**–**	**-11.5**	**–**	**295.3**	**283.8**	**-0.1**	**283.7**
Transactions with owners									
Employee share schemes– value of employee services	22	–	–	–	–	-6.1	**-6.1**	–	**-6.1**
Treasury share purchases	23	–	–	–	–	-66.4	**-66.4**	–	**-66.4**
Disposal/utilisation of treasury shares	23	–	–	–	–	10.4	**10.4**	–	**10.4**
Dividends paid	9	–	–	–	–	-74.5	**-74.5**	–	**-74.5**
Non-controlling interests on acquisition of subsidiary	25	–	–	–	–	–	**–**	6.0	**6.0**
Total transactions with owners		**–**	**–**	**–**	**–**	**-136.6**	**-136.6**	**6.0**	**-130.6**
At 31 December 2021		**0.1**	**81.5**	**5.7**	**-42.9**	**514.9**	**559.3**	**5.9**	**565.2**
Comprehensive income									
Profit for the year		–	–	–	–	119.9	**119.9**	0.2	**120.1**
Other comprehensive income									
Currency translation adjustments taken to equity		–	–	21.5	–	–	**21.5**	0.3	**21.8**
Losses on net investment hedge		–	–	-1.6	–	–	**-1.6**	–	**-1.6**
Total comprehensive income		**–**	**–**	**19.9**	**–**	**119.9**	**139.8**	**0.5**	**140.3**
Transactions with owners									
Employee share schemes – value of employee services	22	–	–	–	–	2.1	**2.1**	–	**2.1**
Sale of warrants, incentive programme	22	–	–	–	–	0.4	**0.4**	–	**0.4**
Treasury share purchases	23	–	–	–	–	-43.9	**-43.9**	–	**-43.9**
Disposal/utilisation of treasury shares	23	–	–	–	–	5.3	**5.3**	–	**5.3**
Dividends paid	9	–	–	–	–	-73.8	**-73.8**	-0.6	**-74.4**
Total transactions with owners		**–**	**–**	**–**	**–**	**-109.9**	**-109.9**	**-0.6**	**-110.5**
At 31 December 2022		**0.1**	**81.5**	**25.6**	**-42.9**	**524.9**	**589.2**	**5.8**	**595.0**

The notes on pages 120 to 153 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Operating activities			
Profit from operations		131.3	342.2
Adjustments for:			
Depreciation of property, plant and equipment	12	14.0	14.8
Depreciation of right-of-use assets	13	12.1	11.1
Amortisation of intangible assets	11	30.1	23.0
Loss on disposal of intangible assets		0.9	0.2
Loss on disposal of property, plant and equipment	4	0.1	–
Other (gains)/losses		-78.0	-70.3
Foreign currency gain on dividend		–	0.6
Share-based payments	22	7.4	4.3
(Increase)/decrease in trade and other receivables		-14.5	2.4
Increase/(decrease) in trade and other payables, including customer balances and provisions		54.5	-12.1
Cash flows from operating activities		**157.9**	**316.2**
Net income taxes paid		-19.2	-33.9
Net cash generated from operating activities		**138.7**	**282.3**
Investing activities			
Acquisition of subsidiaries, net of cash acquired	25	–	-97.0
Settlement of contingent consideration	25	-4.4	–
Interest received		0.7	0.2
Purchases of property, plant and equipment	12	-9.5	-10.6
Development and acquisition costs of intangible assets	11	-38.3	-34.4
Net cash used in investing activities		**-51.5**	**-141.8**

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Financing activities			
Interest paid		-5.6	-4.3
Interest paid on lease liabilities	13	-1.2	-1.3
Repayment of lease liabilities		-11.9	-10.4
Dividend paid to shareholders	9	-73.2	-74.5
Dividend paid to non-controlling interest	9	-0.6	–
Treasury share purchases	23	-43.9	-66.4
Sale of warrants, incentive programme	22	0.4	–
Proceeds from borrowings	20	76.7	133.7
Repayment of borrowings	20	-54.2	-133.7
Net cash used in financing activities		**-113.5**	**-156.9**
Net decrease in cash and cash equivalents		**-26.3**	**-16.4**
Cash and cash equivalents at the beginning of the year		**270.6**	**300.5**
Effect of foreign exchange rate changes		10.6	-13.5
Cash and cash equivalents at the end of the year	29	**254.9**	**270.6**

The notes on pages 120 to 153 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1: Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs EU), applicable interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Maltese Companies Act (Cap 386).

The consolidated financial statements have been prepared under the historical cost convention, subject to modification where appropriate by the revaluation of financial assets and liabilities at fair value through profit or loss. The individual parent company financial statements have been prepared and are included in this Annual and Sustainability Report and Accounts.

Although the Group is in a net current liability position, the Group has a solid financial position with strong liquidity and low leverage. The Group generates strong cash flows and it is therefore expected that sufficient funds will be available for its ongoing operations as well as the repayment of its liabilities, including its borrowings. The Group also has access to further funds by means of the unused portion of its revolving credit facility, as disclosed further in note 20. The Group has complied with all of the facility covenant requirements during the year and forecasts show that continued compliance with these covenants is expected. The Directors have reviewed the financial position of the Group, together with its forecasted cash flows and financing facilities available, and have a reasonable expectation that the Group has adequate resources to continue in operational existence for a minimum of 12 months following the signing date of these consolidated financial statements. For this reason they continue to adopt the going concern basis in preparing these consolidated financial statements.

The preparation of financial statements in conformity with IFRSs EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2B.

(a) New and amended standards and interpretations adopted by the Group

There are no new standards and amendments adopted by the Group for the first time for the financial year commencing 1 January 2022 that had a material impact on the amounts recognised in prior periods or that are expected to materially affect the current or future periods.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2022 and not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory and have not been early adopted by the Group. They are not expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

2A: Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Kindred Group plc (the company) and entities controlled by the company (its subsidiaries) made up to 31 December each year. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group. All inter-company transactions and balances between Group companies are eliminated on consolidation.

All associate entities are accounted for by applying the equity accounting method. The Group's policy surrounding associates is outlined on page 124 and they are discussed further on page 140.

Business combinations

Subsidiaries are consolidated, using the purchase method of accounting, from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Acquisition-related costs are expensed as incurred.

Contingent consideration is classified either as equity or a financial liability and recognised at fair value at the acquisition date. See accounting policy for financial liabilities on page 126 for subsequent measurement of the Group's contingent consideration.

Notes to the consolidated financial statements continued

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement within items affecting comparability.

The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively.

Foreign currencies

The Group operates in Malta and in a number of international territories. The presentation currency of the consolidated financial statements is GBP since that is the currency in which the shares of the company are denominated.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, being the functional currency.

Transactions in currencies other than the functional currency of an entity are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in the consolidated income statement for the year. Gains and losses arising on operations are recognised within other gains/(losses).

The Group holds derivatives, in the form of foreign exchange forward contracts, which are not classified as hedges. These are held in order to hedge certain foreign exchange exposures across the Group. No hedge accounting is applied to these derivatives, which are carried at fair value with changes being recognised in the consolidated income statement within other gains/(losses).

The Group uses hedge accounting, in the form of a net investment hedge relationship between its EUR and SEK borrowings and its foreign operations' net assets denominated in the same currencies. For detailed information on the Group's accounting policy in relation to hedging activities refer to page 126.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the exchange rate on the date of the transaction. Exchange differences arising on the translation of subsidiary reserves are recognised in other comprehensive income and transferred to the Group's currency translation reserve.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised within the Group's currency translation reserve. Translation differences relating to inter-company balances which form part of the net investment in foreign operations are also included within the Group's currency translation reserve.

Revenue recognition

The Group provides both business-to-consumer (B2C) services and business-to-business (B2B) services.

(a) B2C

Within its B2C segment, the Group provides online gambling services across the following product segments: sports betting, casino & games, poker and other.

The Group considers Gross winnings revenue on sports betting and casino & games to be out of scope of IFRS 15 Revenue from Contracts with Customers (IFRS 15), and accounts for those revenues under IFRS 9 Financial Instruments (IFRS 9).

Gross winnings revenue on sports betting is defined as the net gain or loss from bets placed after the cost of promotional bonuses within the financial period. Deferred income, representing revenue which can be measured reliably but where transactions have not closed at the balance sheet date, is recognised at fair value with gains or losses recognised in the consolidated income statement.

Within casino & games, the Group defines Gross winnings revenue as the net gain from bets placed after the cost of promotional bonuses in the financial period.

Gross winnings revenues from the poker and other product segments are accounted for within the scope of IFRS 15. Given the nature of these revenue streams, they are not considered to require significant judgement over the identification of performance obligations, transaction price or timing of revenue recognition.

Poker Gross winnings revenue reflects the net income (rake) earned from poker games completed after the cost of promotional bonuses within the financial period.

Other Gross winnings revenues include those from bingo and other products. Bingo Gross winnings revenues are recognised as the net gain from bets placed after the cost of promotional bonuses in the financial period. Other product revenues represent gambling services provided within the financial period.

Notes to the consolidated financial statements continued

(b) B2B

Within its B2B segment, the Group provides services in relation to software solutions and product development for the gambling industry.

For B2B revenue from the sale of the Group's own games and Silver Bullet content (partnering with third party studios to distribute their games), revenue is recognised as the gross amount of consideration received. This is recognised when the amounts of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

B2B revenue that relates to the resale of other third-party content is recognised when the Group satisfies its promise to arrange for the services to be provided by the supplier. As the Group has concluded that it is an agent for the purpose of these transactions, amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group bases any estimates made on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Chief Executive Officer and the Executive Committee who, subject to authorisation by the Board, make strategic decisions.

Share-based employee remuneration

The Group operates several equity-settled share-based compensation plans under which Group companies receive services from employees as consideration for equity instruments (performance shares or share options) in Kindred Group plc. The fair value of the employee services received in exchange for the grant of performance shares or share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the performance shares or share options granted, including market performance conditions and the impact of any non-vesting conditions, and excluding the impact of any service or vesting conditions. Non-market performance and service conditions are included in assumptions about the number of share-based payments that are expected to vest. The total amount expensed is recognised over the vesting period of the share-based payments, which is between one and a half and four years.

At the end of each reporting period, the Group revises the estimates of the number of share-based payments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When share-based payments vest, the company may issue new shares. Proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Items affecting comparability

The Group defines items affecting comparability as those items which, by their size or nature in relation to both the Group and individual segments, should be separately disclosed in order to give a full understanding of the Group's underlying financial performance and aid comparability of the Group's results between years.

Retirement benefit costs and pensions

The Group does not operate any defined benefit pension schemes for employees or Board Directors. Certain Group companies make contributions to defined contribution pension schemes for employees on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The Group does not provide any other post-retirement benefits.

Taxation

The tax expense represents the sum of the tax currently payable and movements in the deferred tax provision.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is expected that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Notes to the consolidated financial statements continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer expected that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged in other comprehensive income in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax may be offset where appropriate.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is deemed to be the excess of the following over the fair value of the net identifiable assets acquired:

— consideration transferred;
— amount of any non-controlling interest in the acquired entity; and
— acquisition-date fair value of any previous equity interest in the acquired entity.

Goodwill is carried at cost, less accumulated impairment losses.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses.

Intangible assets identified as a result of a business combination are dealt with at fair value in line with IAS 38 and are brought onto the consolidated balance sheet at the date of acquisition. Where they arise as a result of the acquisition of a foreign entity, they are treated as assets of the acquired entity and are translated at the closing rate.

(a) Development costs

Internally generated development costs are recognised at cost only if all of the following criteria are met:

(i) an asset is created that can be identified;
(ii) there is an intention to complete and use the asset;
(iii) there is the ability and internal resource to complete and use the asset;
(iv) there is the technical feasibility to complete and use the asset;
(v) it is probable that the asset created will generate future economic benefits; and
(vi) the development cost of the asset can be measured reliably.

Internally generated development costs are amortised on a straight-line basis over three to five years. Amortisation of the asset begins when development is complete and the asset is available for use. During the period of development, the asset is tested for impairment annually.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Expenditure on research activities is also recognised at cost as an expense in the period in which it is incurred.

Development costs arising out of business combinations relate to the acquisition of Relax Gaming and comprise development of its platform and games. These assets are amortised on a straight-line basis over five years, as the Directors believe this to be their useful life.

(b) Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the software. These costs are amortised on a straight-line basis over their estimated useful life of three years. Costs associated with maintaining computer software are expensed as incurred.

(c) Customer relationships

Customer relationships have arisen as a result of business combinations and relate to both customer databases associated with the Group’s B2C business and operator relationships associated with its B2B business. Customer databases are amortised on a straight-line basis over three years, and operator relationships on a straight-line basis over 10 years, as the Directors believe these to be their useful lives.

(d) Gambling licences

Gambling licences comprise longer-term licences required for operating in certain markets (predominantly North America), the concession agreement held by Casino Blankenberge with the City of Blankenberge and global exclusivity rights on slot games (allowing these games to only be offered by the Group). Gambling licences are capitalised on the basis of the costs incurred to acquire them. These costs are amortised on a straight-line basis over their respective lifetimes, ranging from two to 15 years.

(e) Brands and domains

Brands and domains have predominantly arisen as a result of business combinations. Brands include Maria, 32Red and Relax Gaming, as well as some of the iGame collection of brands, while domains predominantly refers to the Bingo.com and iGame domains. Brands and domains are considered to have indefinite lives as there is no foreseeable limit to the period

Notes to the consolidated financial statements continued

over which these assets are expected to generate net cash inflows and are therefore not subject to amortisation. Instead they are subject to annual impairment tests, allocated to cash-generating units alongside goodwill.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, i.e. cash-generating units. Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Associated companies

Associated companies are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Investments in associated companies have been reported according to the equity method. This means that the Group's share of income after taxes in an associated company is reported as part of the Group's consolidated income statement. Investments in such a company are reported initially at cost and then increased, or decreased, to recognise the Group's share of the profit or loss of the associated company after the date of acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Gains or losses on transactions with associated companies, if any, have been recognised to the extent of unrelated investors' interests in the associate.

Accounting policies of associate companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to working condition for its intended use.

Depreciation is charged so as to write off the cost, less the estimated residual value, of the assets over their estimated useful lives, using the straight-line method, on the following bases:

- Office equipment, fixtures and fittings: three to 10 years
- Computer hardware: three years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within administrative expenses in the consolidated income statement.

The residual values of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If any impairment is identified in the carrying value of an asset, it is written down to its recoverable amount.

Leases

The Group's leases predominantly relate to its offices in Malta and other territories but also relate to small items of equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices. As a practical expedient, IFRS 16 permits a lessee to account for any lease and associated non-lease components as a single arrangement instead of separating the non-lease components. The Group has applied this practical expedient.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, restoration costs and any lease payments made in advance of the lease commencement date (net of any incentives received).

Notes to the consolidated financial statements continued

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are reviewed, and adjusted as required, but at least annually.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received and adjusts for items specific to each lease, such as the term, country and currency.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, lease liabilities are measured at amortised cost using the effective interest rate method. The liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments, such as changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset, the exception being when the carrying amount of the right-of-use asset has been reduced to zero and any excess is then recognised in the consolidated income statement.

Lease payments can also change when there are changes to an index or a rate used to determine those payments, such as changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate.

Payments associated with short-term leases of premises and equipment are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them. The Group classifies financial assets at inception as financial assets at amortised cost or financial assets at fair value through profit or loss. They are presented as current assets to the extent they are expected to be settled within 12 months after the end of the reporting period.

Financial assets at amortised cost comprise trade and other receivables, cash and cash equivalents, and loan instruments of convertible bonds in the consolidated balance sheet. On initial recognition, financial assets at amortised cost are measured at fair value net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. For details on the impairment and credit quality of financial assets at amortised cost refer to note 2F on pages 130 and 131.

Financial assets at fair value through profit or loss include derivative financial instruments and are measured initially at fair value, with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured and gains and losses are recognised in the consolidated income statement within other gains/(losses).

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. See note 15 for further information on financial assets.

Cash and cash equivalents and finance income

Cash and cash equivalents includes cash in hand, deposits held at call with banks, payment solution providers and other short-term highly liquid investments with original maturities of three months or less. Included in cash and cash equivalents are funds not available for use by the Group for daily operations. These are primarily funds which are designated by the Group to cover certain customer balances, as required by local laws and regulations.

Finance income is recognised on bank balances using the effective interest method as and when it accrues.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from

Notes to the consolidated financial statements continued

equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Dividend distribution

Dividends are recognised as a liability in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid.

Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost or as financial liabilities at fair value through profit or loss, as appropriate. They are presented as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial liabilities at amortised cost comprise trade and other payables, customer balances and borrowings. These are recognised initially at fair value net of transaction costs (or issue costs associated with borrowings). They are subsequently measured at amortised cost using the effective interest rate method. Interest and other fees in relation to borrowings are recognised in finance costs in the consolidated income statement.

Financial liabilities at fair value through profit and loss include contingent consideration, derivative financial instruments and deferred income and are measured initially at fair value, with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the consolidated income statement within other gains/(losses).

The Group derecognises a financial liability when the obligation specified in the contract or arrangement is discharged, cancelled or expires. See note 15 for further information on financial liabilities.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign exchange forward contracts to hedge its risks associated with foreign currency fluctuations. These are considered 'held for trading' and as such, hedge accounting is not applied. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on remeasurement are taken to the consolidated income statement within other gains/(losses).

Derivative financial instruments are classified as assets where their fair value is positive or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value of non-current provisions is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised within other operating expenses in the consolidated income statement.

Hedging activities

The Group uses hedge accounting, in the form of a net investment hedge, to mitigate the risk of exposure to foreign currency movements on foreign currency denominated borrowings.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in gains on net investment hedge within other comprehensive income and accumulated in the currency translation reserve in equity. These are then reclassified to the consolidated income statement when the foreign operation is partially disposed of or sold.

The Group assesses the 'effectiveness' of the net investment hedge in accordance with the requirements of IFRS 9 and accordingly the unrealised gains and losses arising on the retranslation of the Group's borrowings are recognised in other comprehensive income where the net investment hedge is deemed to be 'effective'. Gains and losses are reported within the consolidated income statement, within finance costs or finance income, to the extent that the hedge is ineffective.

Notes to the consolidated financial statements continued

2B: Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill and other intangible assets

The Group tests annually whether goodwill and other intangible assets with indefinite lives have suffered any impairment, in accordance with the accounting policy stated on pages 123 and 124. The carrying value of these assets are shown in the table in note 11 on page 136. The recoverable amount of cash-generating units has been determined based on value-in-use calculations which require the use of estimates such as EBITDA margin, the risk adjusted discount rate and the long-term growth rate.

Income taxes

The Group is subject to income tax in numerous jurisdictions. Due to the increased complexity of the Group and the international tax environment, determining the Group's provision for income taxes is subject to enhanced complexity and uncertainty that requires significant estimation and judgement. This may give rise to uncertain tax treatments that may require the recognition of current and/or deferred taxes in line with IFRIC 23. The Group has recognised tax provisions that are based on management's best prediction of the resolution of the uncertainty after taking into consideration all available information and, where appropriate, after taking external advice. Due to the uncertainty of such provisions it is possible that, at a future date, an adjustment to the carrying amount of the liability recorded as a result of this estimation may be required. Refer to note 8 for further details.

The digitalisation of the economy has also brought new tax challenges to companies operating in this sector whose established business models - in line with industry practice - are under greater scrutiny from tax authorities. In very recent years, enquiries and contact with tax authorities have become more frequent and an integral part of compliance management.

Should uncertain tax treatment subsist as at the financial year end, the Group will consider whether it is probable that a taxation authority will accept the uncertain tax treatment adopted by the Group. The Group will consider whether each uncertain tax treatment should be considered separately or whether to consider them together based on the Group's assessment of what gives a better prediction of the resolution of the uncertainty.

When determining the probability that the taxation authority will accept the uncertain tax treatment, the Group assumes that the taxation authority will examine all amounts reported to it and will have full knowledge of all related information during their examination.

Legal and regulatory environment

The Group operates in a number of markets in which its operations may be subject to legal and regulatory risks, (including in respect of recent developments in Norway), as highlighted on pages 93 to 97. In such circumstances, the potential outcome can often be unknown and therefore the Group routinely makes estimates of the financial impact, as disclosed in 'operational provisions' within note 18. These estimates are made using management's experience and current knowledge of the situation as well as benchmarks against other items of a similar nature in the market.

Capitalisation of development costs

The Group capitalises internally generated development costs, these being salary costs for those working on the development and enhancement of its platform, in line with the relevant accounting policy on page 123. There is a certain degree of judgement in assessing the criteria for recognising these intangible assets, such as the probability that the asset created will generate future economic benefits, and for continuing to ensure that they still meet these criteria. Systems and controls are in place in order to contain this judgement via tracking of each project. The net book value of these internally generated development costs at 31 December 2022 is GBP 55.3 (2021: GBP 36.7) million.

Valuation of intangible assets in business combinations

The Group exercises judgement in determining the fair value of acquired intangibles on business combinations. Such assets include brands, customer relationships, domains and capitalised development costs. The judgements made are based on recognised valuation techniques, such as the Relief from Royalty Method for brands, recognised industry comparative data and the Group's industry experience and specialist knowledge. See note 11 for additional information.

Contingent consideration in business combinations

The Group exercises judgement in determining the fair value of contingent consideration as part of a business combination. Total contingent consideration at 31 December 2022 is GBP 2.2 (2021: GBP 79.4) million. See note 15 for further information on the nature of the judgements made in relation to this balance during the year.

Notes to the consolidated financial statements continued

2C: Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the Group's markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial risk management is managed by the Finance team reporting through the Treasury Risk Management Committee to the Board of Directors. The Board of Directors supervises strategic decisions, including the management of the Group's capital structure. For more information on the Group's principal risks, please refer to pages 45 to 49.

Market risk

Market risk relates to the risk that changes in prices, including odds, foreign currency exchange rates and interest rates, will impact the Group's income or the value of its financial instruments. Market risk management refers to managing and controlling the Group's exposures to market risk to ensure these are within acceptable limits, while at the same time ensuring that returns are optimised.

(a) Price risk

Price risk is the risk that the Group will lose money on its B2C business due to unfavourable outcomes on the events where the Group offers odds. The Group has adopted specific risk management policies that control the maximum risk level for each sport or event where the Group offers odds. The results of the most popular teams in major football leagues comprise the predominant price risk. Through diversification, which is a key element of the Group's business, the risk is spread across a large number of events and sports.

In respect of betting on other products, the Group does not usually incur any significant financial risk, except for the risk of fraudulent transactions considered within credit risk.

(b) Foreign currency exchange risk

The Group operates internationally and, in addition to GBP sterling, is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Swedish krona, US dollar, Norwegian krone, Danish krone and Australian dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The spread of the Group's operations, including material revenue and expenses denominated in many different currencies and taking into account the fact that customers can trade with the Group in currencies other than the currency of their territory of residence, makes it impractical to isolate the impact of single currency movements on the results from operations.

During 2022, the rate of exchange of the euro strengthened against GBP by 5.3 per cent (from a rate of EUR 1.190 per GBP to a rate of EUR 1.127 per GBP). The rate of exchange of the Swedish krona weakened against GBP by 2.8 per cent (from a rate of SEK 12.199 per GBP to a rate of SEK 12.540 per GBP). These movements in some of the Group's principal trading currencies contributed to the overall foreign exchange loss on operations, which is recognised within other gains/(losses) in note 4 on pages 133 and 134.

The Group's operating cash flows provide a partial natural hedge for operating currency risks, since deposits and pay-outs to customers are matched in the same currency.

The Group monitors currency exposures on items such as cash and cash equivalents, customer balances, trade and other receivables and trade and other payables, and manages them within prescribed limits through the use of foreign exchange forward contracts, as approved by the Board of Directors. These are held in order to hedge the aforementioned foreign exchange exposures across the Group. No hedge accounting is applied to these derivatives, which are carried at fair value with changes being recognised in the consolidated income statement. Additional foreign exchange disclosures for customer balances are also contained in note 19 on page 143.

At the year end, the Group has access to a multi-currency revolving loan facility, of which GBP 91.0 million is unused (see note 20 on pages 143 and 144 for more information). At such time that the Group draws down further on the facility, a currency translation exposure may arise.

Hedge of net investment in foreign operations

The Group uses hedge accounting, in the form of a net investment hedge, to mitigate the risk of exposure to foreign currency movements on foreign currency denominated borrowings. As detailed in note 20, this is in relation to the elements of the Group's borrowings at the end of the financial year denominated in EUR and SEK.

These gains and losses are recognised in other comprehensive income where the net investment hedge is deemed to be 'effective'. To the extent that the hedge is ineffective, the gains and losses are reported within the consolidated income statement, within finance costs or finance income.

Notes to the consolidated financial statements continued

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

	2022	2021
Carrying amount (non-current borrowings) (GBP m)	83.5	81.6
EUR carrying amount (m)	EUR 62.0	EUR 62.0
SEK carrying amount (m)	SEK 371.0	SEK 371.0
Hedge ratio	1:1	1:1
Change in carrying amount of borrowings as a result of foreign currency movements since 1 January, recognised in other comprehensive income (GBP m)	1.6	-6.4
Change in value of hedged item used to determine hedge effectiveness (GBP m)	-1.6	6.4
Weighted average hedged rate for the year (EUR:GBP)	1.170	1.165
Weighted average hedged rate for the year (SEK:GBP)	12.467	11.834

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

(c) Interest rate risk

The Group is exposed to market interest rate fluctuations on its floating rate debt. Increases in EURIBOR (or equivalent interbank offered rates for debt denominated in other currencies) would increase the interest cost of any outstanding and future drawings from its revolving credit facility; however, such increases would not be expected to have a significant impact on the Group.

The substantial majority of the Group's liquid resources are held in short-term accounts in order to provide the necessary liquidity to fund the Group's operations, so there is no significant exposure to interest rate risk in respect of the Group's interest-bearing assets and liabilities.

Credit risk

The Group manages credit risk on a group-wide basis.

The Group manages credit risk in relation to cash and cash equivalents by using a large number of banking and payment solution providers. See note 2F on pages 130 and 131.

Regarding its B2C business, the Group does not offer credit to any customers, therefore the only exposure to credit risk in respect of its sports betting business arises in the limited trading activities that it occasionally conducts with other parties in order to lay off its exposure. In respect of betting on other products, the Group works with a small number of partners and at any time may have a small degree of credit exposure.

The principal credit risk that the Group faces in its gambling operations comes from the risk of fraudulent transactions and the resulting chargebacks from banks and other payment providers. The Group has a fraud department (within the Player Sustainability team) that is independent of its Finance function and that investigates each case that is reported and also monitors the overall level of such transactions in connection with changes in the business of the Group, whether in terms of new markets, new products or new payment providers.

Regarding its B2B business, the Group is exposed to credit risk in respect of its trade receivable balances, where counterparties defaulting on their obligations could result in a financial loss to the Group. The Group manages its counterparty risk by monitoring the ageing of their trade receivables and limiting services to those who are outside of the standard payment terms.

Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and availability of funding for the business. The Group always maintains cash balances in excess of customer balances. As at 31 December 2022, the current liabilities of the Group exceeded the current assets by GBP 35.2 (2021: GBP 14.8) million. The Group ensures adequate liquidity through the management of rolling cash flow forecasts, the approval of investment decisions by the Board and the negotiation of appropriate financing facilities. These forecasts show that the Group is in a positive cash flow position. As at 31 December 2022, the unused revolving loan facility available to be drawn on was GBP 91.0 (2021: GBP 69.6) million. The Group also monitored adherence to debt covenants that related to the facilities in accordance with the conditions of those instruments and has been fully compliant with such conditions. See note 20 on pages 143 and 144 for more information on the Group's facilities and covenants.

The table below analyses the Group's financial liabilities based on the remaining period at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. See also notes 15 and 17 for further information on the Group's financial liabilities.

	As at December 2022			As at December 2021		
(GBP m)	Less than 1 year	Between 1 and 5 years	5+ years	Less than 1 year	Between 1 and 5 years	5+ years
Deferred income	5.9	–	–	4.8	–	–
Trade and other payables[1]	193.6	–	–	157.4	–	–
Customer balances	80.2	–	–	72.0	–	–
Lease liabilities	13.6	39.7	0.3	13.1	44.9	0.8
Contingent consideration	2.2	–	–	42.0	42.0	–
Borrowings	7.8	157.9	–	3.3	121.1	–
Total	**303.3**	**197.6**	**0.3**	**292.6**	**208.0**	**0.8**

1 Excluding non-financial liabilities, being other taxation and social security.

Notes to the consolidated financial statements continued

2D: Capital risk management

The Group's capital comprises cash and cash equivalents, borrowings and total equity attributable to the owners.

The Group's objective in managing capital is to ensure that it has sufficient liquidity to manage its business and growth objectives while maximising return to shareholders through the optimisation of the use of debt and equity. Liquidity is necessary to meet the Group's existing general capital needs, fund the Group's growth and expansion plans, and undertake certain capital markets activities, including the repayment of debt and investing activities.

The Group has historically met its liquidity needs through cash flows generated from operations and external financing activities. The latter is generally sought to finance business development activities, such as acquisitions, with the Board making all relevant decisions on investment opportunities and whether to take on further external financing. The Group's current objective is to meet all of its current liquidity and existing general capital requirements from the cash flow generated from operations and to optimise its capital structure and cost of capital.

The Group measures and monitors its leverage primarily through use of the net cash/(net debt) to EBITDA ratio, as one of the financial covenants under its revolving credit facilities detailed on page 144. The net cash to EBITDA ratio at 31 December 2022 was GBP 0.21 (2021: GBP 0.22). The Group has been fully compliant with all covenants under the facilities agreements during the year and expects to remain compliant throughout the lifetime of the facilities.

2E: Fair value estimation

The carrying value less expected loss allowances of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. For further information on fair value estimates, see note 15 on page 141.

2F: Impairment and credit quality of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- current and non-current receivables measured at amortised cost (including the convertible bond); and
- cash and cash equivalents, consisting primarily of amounts held with banks and payment providers measured at amortised cost.

The Group considers the probability of default on initial recognition of an asset, of which all of the above were considered to have low credit risk upon initial recognition. The Group then considers whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information, including:

- external credit ratings (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations; and
- significant changes in the behaviour of the counterparty, such as the status of payments.

Regardless of the analysis above, an increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Financial assets, including trade receivables, are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan. The Group assesses a loan or receivable for write-off when a debtor fails to make contractual payments more than 120 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The assessment of loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. No significant changes to estimation techniques or assumptions were made during the reporting period.

Notes to the consolidated financial statements continued

The amount of the expected loss allowance is the difference between the assets' carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate.

The principal credit risk for the Group is in relation to cash and cash equivalents. Cash and cash equivalents are measured at 12-month expected credit losses because credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group uses a large number of banks and payment solution providers in order to provide maximum access to markets and convenience for customers and also to ensure that credit risk in banking relationships is spread. The Group continually monitors its credit risk with banking partners and did not incur any losses during 2022 as a result of bank failures.

The credit ratings of the Group's principal banking partners at 31 December 2022 and 2021, based on publicly reported Fitch ratings, are as follows:

(GBP m)	As at 31 December 2022	As at 31 December 2021
AA-	68.9	25.8
A+	44.9	110.0
A	9.8	18.1
A-	13.5	13.2
BBB+	0.1	0.7
BBB	2.5	28.0
BBB-	24.2	–
Not rated[1]	91.0	74.8
Total cash and cash equivalents	**254.9**	**270.6**

1 Not rated primarily consists of payment solution providers where credit risk is managed by maintaining a spread of the Group's funds across a number of industry-established providers.

The maximum exposure to credit risk for cash and cash equivalents, and trade and other receivables, is represented by their carrying amount.

3: Operating segments

Management has determined the operating segments based on the reports provided by the CEO and Executive Committee to the Board, which are used to make strategic decisions.

The Group's operations are split into two operating segments, being Kindred Group excluding Relax Gaming, which consists of its B2C revenue streams, and Relax Gaming, which consists of its B2B revenue streams.

The B2C operating segment derives its revenues from the following product segments: sports betting, casino & games, poker and other (which includes bingo and other products). Due to the scale of the B2C business, additional analysis is undertaken internally in order to make strategic decisions. Management considers the B2C business primarily from a regional perspective, emphasising the primary role of territory management in driving the business forward. Products are also an important part of the Group's operational matrix. The information on this subset of segments has also been provided on the following page.

The B2B operating segment derives its revenues from software solutions and product development for the gambling industry and its performance is not reviewed, nor strategic decisions taken, based on geographic footprint.

The primary measure used by the CEO and the Executive Committee to assess the performance of operating segments is profit from operations (as defined on the following page). For operating segments within the B2C business, the primary measure used for regional analysis is gross profit, excluding central overheads incurred in support of the integrated operating model applied by the Group, since any allocation would be arbitrary. For product analysis, the primary measure is Gross winnings revenue in line with the Group's internal reporting. The Group operates an integrated business model and does not allocate either assets or liabilities of the operating segments in its internal reporting.

Notes to the consolidated financial statements continued

The operating segments during the years ended 31 December 2022 and 31 December 2021 are as follows:

31 December 2022 (GBP m)	Kindred Group excluding Relax Gaming (B2C)	Relax Gaming (B2B)	Eliminations	Total
Gross winnings revenue (B2C)	1,041.4	–	1.5	**1,042.9**
Other revenue (B2B)	–	35.7	-9.9	**25.8**
Total revenue	**1,041.4**	**35.7**	**-8.4**	**1,068.7**
Betting duties	-272.8	–	–	**-272.8**
Marketing revenue share	-41.8	–	–	**-41.8**
Other cost of sales	-172.1	-5.6	7.4	**-170.3**
Gross profit	**554.7**	**30.1**	**-1.0**	**583.8**
Marketing costs	-226.0	-1.8	0.6	**-227.2**
Total administrative expenses	-265.4	-18.2	–	**-283.6**
Items affecting comparability	58.3	–	–	**58.3**
Profit from operations	**121.6**	**10.1**	**-0.4**	**131.3**

31 December 2021 (GBP m)	Kindred Group excluding Relax Gaming (B2C)	Relax Gaming (B2B)	Eliminations	Total
Gross winnings revenue (B2C)	1,255.2	–	–	**1,255.2**
Other revenue (B2B)	–	6.5	-2.1	**4.4**
Total revenue	**1,255.2**	**6.5**	**-2.1**	**1,259.6**
Betting duties	-255.3	–	–	**-255.3**
Marketing revenue share	-52.0	–	–	**-52.0**
Other cost of sales	-200.4	-0.4	2.1	**-198.7**
Gross profit	**747.5**	**6.1**	**–**	**753.6**
Marketing costs	-234.5	-0.2	–	**-234.7**
Total administrative expenses	-233.5	-2.2	–	**-235.7**
Items affecting comparability	60.5	-1.5	–	**59.0**
Profit from operations	**340.0**	**2.2**	**–**	**342.2**

Further analysis of the B2C business by region during the years ended 31 December 2022 and 31 December 2021 can be seen below:

31 December 2022 (GBP m)	Western Europe	Nordics	Central, Eastern and Southern Europe	Other	Kindred Group excluding Relax Gaming (B2C)
Gross winnings revenue (B2C)	573.3	303.4	110.9	53.8	**1,041.4**
Betting duties	-198.5	-34.1	-17.9	-22.3	**-272.8**
Marketing revenue share	-22.8	-8.6	-5.0	-5.4	**-41.8**
Other cost of sales	-70.6	-63.7	-21.9	-15.9	**-172.1**
Gross profit	**281.4**	**197.0**	**66.1**	**10.2**	**554.7**

31 December 2021 (GBP m)	Western Europe	Nordics	Central, Eastern and Southern Europe	Other	Kindred Group excluding Relax Gaming (B2C)
Gross winnings revenue (B2C)	798.4	287.8	110.5	58.5	**1,255.2**
Betting duties	-184.6	-30.5	-16.9	-23.3	**-255.3**
Marketing revenue share	-28.9	-11.9	-5.9	-5.3	**-52.0**
Other cost of sales	-105.2	-60.4	-21.6	-13.2	**-200.4**
Gross profit	**479.7**	**185.0**	**66.1**	**16.7**	**747.5**

Further analysis of the B2C business by product can be seen below:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Sports betting	439.8	547.2
Casino & games	550.5	648.7
Poker	29.7	30.8
Other	21.4	28.5
Gross winnings revenue (B2C)	**1041.4**	**1,255.2**

Notes to the consolidated financial statements continued

4: Expenses by nature

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Betting duties	272.8	255.3
Marketing revenue share	41.8	52.0
Other cost of sales	170.3	198.7
Marketing costs	227.2	234.7
Administrative expenses		
Salary costs (research costs)	35.8	25.1
Other salary costs	105.0	92.4
Total salaries	140.8	117.5
Fees payable to statutory auditors	1.2	0.9
Loss on disposal of property, plant and equipment	0.1	–
Loss on disposal of intangible assets	0.3	0.2
Other	85.0	68.2
Other operating expenses	86.6	69.3
Depreciation of property, plant and equipment	14.0	14.8
Depreciation of right-of-use assets	12.1	11.1
Amortisation of intangible assets	30.1	23.0
Total administrative expenses	**283.6**	**235.7**
Items affecting comparability		
Personnel restructuring costs	0.3	1.0
Merger and acquisition costs	–	5.8
Regulatory sanctions	8.0	-4.2
Market closure and contract termination costs	2.5	–
Subsidy for warrants, incentive programme	0.8	–
Other gains/(losses)	-69.9	9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	–	-71.3
Total items affecting comparability	**-58.3**	**-59.0**

As explained within the accounting policy note on page 122, the Group defines items affecting comparability as those items which, by their size or nature in relation to both the Group and individual segments, should be separately disclosed in order to give a full understanding of the Group's underlying financial performance and aid comparability of the Group's results between years.

In 2022, items affecting year-on-year comparison included the following:

— Personnel restructuring costs of GBP 0.3 (2021: GBP 1.0) million.

— Regulatory sanctions with a total cost of GBP 8.0 (2021: credit of GBP 4.2) million. In 2022, GBP 0.9 (SEK 10.9) million relates to a sanction fee received from the Swedish Gambling Authority (SGA) in relation to deemed shortcomings in work against money laundering and financing of terrorism, whilst GBP 7.1 million pertains to a fine that Kindred expects to receive following regulatory reviews by the UK Gambling Commission. The latter amount provided is based on current discussions with the Commission. The credit of GBP 4.2 million in 2021 relates to the reduction of a fine received from the SGA in 2020 and disputed by Kindred, as previously reported. After an appeal, in 2021 the fine was reduced by 50 per cent to SEK 50.0 million. Kindred continues to appeal against the fine and it is only once a final judicial decision has been issued that a fine, if any, becomes payable. At the year end, Kindred maintains a full provision for its current exposure of GBP 4.0 million in relation to this fine.

— Market closure and contract termination costs of GBP 2.5 (2021: GBP nil) million. GBP 1.9 million refer to costs for the North American market, predominantly relating to the Group's exit from the Iowa market. GBP 0.6 million relates to the closure of the German market on 1 July 2022 and includes both personnel costs and the write-off of capitalised development deemed to have no future benefit.

— A charge of GBP 0.8 (2021: GBP nil) million in connection with a new employee long-term incentive plan, which takes the form of warrants. A subsidy was provided upfront to the employees under this plan to cover personal tax payments and this cost, which is unrecoverable for the Group, has been recognised in full. For more information see note 22 on pages 147 to 150.

— Other gains/(losses) comprising of foreign currency losses of GBP 8.9 (2021: GBP 8.7) million and fair value gains of GBP 78.8 (2021: losses of GBP 1.0) million, which relate to the contingent consideration arising on the acquisition of Relax Gaming and forward contracts. The foreign currency losses primarily relate to unrealised foreign currency differences from the re-translation of foreign currency current assets and liabilities, including both cash and customer balances. Fair value gains predominantly related to the reassessment of the fair value of the Relax Gaming contingent consideration, which resulted in a positive impact of GBP 80.4 million. For full detail of this reassessment, see note 25 on page 151.

Notes to the consolidated financial statements continued

In addition to items seen in the current year, 2021 items affecting year-on-year comparison included:

- Merger and acquisition costs of GBP 5.8 million, primarily in relation to the acquisition of Relax Gaming on 1 October 2021.
- A gain on the remeasurement of the previously held equity interest in Relax Gaming to fair value upon obtaining control on the acquisition date of 1 October 2021. This remeasurement was required under IFRS 3, Business Combinations, as the acquisition was deemed a 'business combination achieved in stages'. The acquisition date fair value of the Group's interest in Relax Gaming immediately before obtaining control was GBP 76.2 million and, as a result, the Group recognised a non-cash fair value gain of GBP 71.3 million.

Fees payable to the statutory auditors, the PricewaterhouseCoopers network, can be broken down as follows:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Annual statutory audit	0.9	0.7
Non-audit services	0.3	0.2
	1.2	**0.9**

The annual statutory audit fee includes fees for the local statutory audits of some of the Group's subsidiaries.

Non-audit services includes the interim review, permissible tax compliance and other services.

5: Salaries

Salaries can be broken down as follows:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Gross wages	107.3	91.6
Employee share schemes – value of employee services (see note 22)	7.4	4.3
Employee warrants (see note 22)	0.1	–
Social security costs	18.0	15.3
Pension costs	8.0	6.3
	140.8	**117.5**

The remuneration of the Directors and CEO is disclosed within the Remuneration Committee report on page 106.

Average employee numbers are provided below:

Average number of employees for the year	Year ended 31 December 2022	Year ended 31 December 2021
Finance, legal, administration and management	494	494
Marketing (including trading)	502	476
Customer services	341	359
Research and development	877	685
	2,214	**2,014**

6: Finance costs

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Interest and fees payable on bank borrowings	4.7	4.9
Interest on lease liabilities	1.2	1.3
	5.9	**6.2**

7: Finance income

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Interest receivable on convertible bond and bank deposits	0.8	0.4
Foreign exchange gains on dividend	0.6	0.6
	1.4	**1.0**

8: Income tax expense

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Current tax:			
Income tax expense		20.1	33.6
Deferred tax:			
Deferred tax (credit)/expense	21	-13.4	9.5
Total tax expense		**6.7**	**43.1**

Income tax in Malta is calculated at a basic rate of 35% (2021: 35%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the consolidated financial statements continued

The tax expense for the year can be reconciled to the profit per the consolidated income statement as follows:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Profit before tax	126.8	338.4
Taxation at the basic income tax rate of 35 (2021: 35) per cent	44.4	118.4
Effects of:		
Tax recoverable[1]	-35.1	-47.8
Overseas tax rates	-5.3	-22.8
Items of income/expenditure not taxable[2]	-19.3	-15.9
Uncertain tax positions[3]	–	-0.7
Other[4]	22.0	11.9
Total tax expense	**6.7**	**43.1**

1 The tax recoverable of GBP 35.1 (2021: GBP 47.8) million represents Malta tax refundable in accordance with applicable fiscal legislation on intra-group dividends distributed during the year and the Malta tax that shall be recoverable upon distribution of unremitted earnings.

2 Included in the 2022 figure is the tax effect of GBP 76.9 (2021: GBP 71.3) million which represents an adjustment to the fair value of Kindred's investment in Relax Holding Limited (refer to note 25 for further information on the acquisition of the Relax Gaming Group). Additionally an amount of GBP 2.3 (2021: GBP 5.6) million represents the effect of assets that are not eligible for tax depreciation.

3 Uncertain tax positions for 2021 represent the reversal of those recognised in 2020 in relation to potential additional tax payable in line with IFRIC 23.

4 Included in Other is an amount of GBP 19.5 (2021: GBP 9.8) million which represents losses realised by entities of the Group on which no deferred tax has been recognised. The residual items included in Other have not been separately disclosed in view that, individually, they are not material.

The income tax recognised directly in equity during the year is as follows:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Deferred tax credit in relation to:		
Share-based payments	–	-0.2
	–	**-0.2**

9: Dividend

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Dividend paid GBP 0.337 (2021: GBP 0.330) per share	73.8	74.5

As the dividend is paid out in SEK, a foreign currency difference arises between the dividend declared in GBP, and recognised in the consolidated statement of changes in equity (in line with the above numbers), and that shown in the consolidated cash flow statement which reflects the actual cash outlay.

Details of the current dividend (and share purchase) policy can be found on page 99.

The Board of Directors is proposing a final dividend in respect of the financial year ended 31 December 2022 of GBP 0.345 per ordinary share/SDR, equal to a total dividend of approximately GBP 75.0 million. If approved at the AGM on 20 April 2023, the instalments will be paid out in two equal tranches in May and November 2023.

Dividends paid out to non-controlling interests during the year amounted to GBP 0.6 (2021: GBP nil) million.

10: Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Earnings		
Earnings attributable to the owners of Kindred Group plc for the purposes of basic and diluted earnings per share	119.9	295.3
Number of shares		
Weighted average number of outstanding shares for the purposes of basic earnings per share	220,068,616	226,149,236
Effect of dilutive potential ordinary shares – share awards and share options	2,025,865	1,618,089
Weighted average number of outstanding shares for the purposes of diluted earnings per share	222,094,481	227,767,325
Earnings per share GBP		
Earnings per share	0.54	1.31
Diluted earnings per share	0.54	1.30

The nominal value per share is GBP 0.000625 (2021: GBP 0.000625).

Notes to the consolidated financial statements continued

11: Intangible assets

(GBP m)	Note	Goodwill	Other intangible assets: Development costs	Computer software	Customer relationships	Gambling licences	Brands and domains	Total
Cost								
At 1 January 2021		288.6	107.8	13.6	44.5	15.0	124.3	**305.2**
Additions		–	27.7	1.0	–	5.7	–	**34.4**
Additions – through business combinations		164.3	37.1	–	14.9	17.3	30.8	**100.1**
Disposals		–	-12.4	-5.6	–	–	–	**-18.0**
Currency translation adjustment		-10.6	-1.2	-0.5	-1.2	-0.1	-4.1	**-7.1**
At 31 December 2021		**442.3**	**159.0**	**8.5**	**58.2**	**37.9**	**151.0**	**414.6**
Additions		–	36.9	0.4	–	1.0	–	**38.3**
Disposals		–	-12.1	-0.1	–	–	–	**-12.2**
Currency translation adjustment		10.7	3.0	–	1.3	2.9	3.1	**10.3**
At 31 December 2022		**453.0**	**186.8**	**8.8**	**59.5**	**41.8**	**154.1**	**451.0**
Accumulated amortisation								
At 1 January 2021		14.7	77.6	12.2	44.5	1.7	20.5	**156.5**
Charge for the year	4	–	19.6	0.9	0.4	2.1	–	**23.0**
Disposals		–	-12.2	-5.6	–	–	–	**-17.8**
Currency translation adjustment		-0.9	-0.3	-0.5	-1.0	–	-0.6	**-2.4**
At 31 December 2021		**13.8**	**84.7**	**7.0**	**43.9**	**3.8**	**19.9**	**159.3**
Charge for the year	4	–	25.4	0.7	1.4	2.6	–	**30.1**
Disposals		–	-11.3	–	–	–	–	**-11.3**
Currency translation adjustment		0.8	1.0	–	0.7	0.5	0.3	**2.5**
At 31 December 2022		**14.6**	**99.8**	**7.7**	**46.0**	**6.9**	**20.2**	**180.6**
Net book value								
At 31 December 2022		**438.4**	**87.0**	**1.1**	**13.5**	**34.9**	**133.9**	**270.4**
At 31 December 2021		428.5	74.3	1.5	14.3	34.1	131.1	**255.3**

Goodwill and other intangible assets were subject to foreign currency adjustments as shown in the above table and explained within the Group's accounting policies outlined in note 2A on pages 123 and 124.

Goodwill, some brands and domains arising on business combinations, together with any separately acquired brands or domains, have an indefinite useful life and are therefore not subject to amortisation but are reviewed for impairment annually, or more frequently if events require, as described on pages 123 and 124. The amortisation periods for all other intangible assets are outlined in note 2A on page 123.

Notes to the consolidated financial statements continued

Impairment review

Goodwill and other intangible assets with indefinite lives

Goodwill and other intangible assets with indefinite lives are allocated by management to cash-generating units for the purpose of impairment testing.

Other intangible assets that have indefinite lives include significant brands acquired through business combinations and key trading domains either acquired through business combinations or separately purchased.

The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill and other intangible assets with indefinite lives arose. The units to which goodwill and other intangible assets with indefinite lives are allocated are reviewed for appropriateness each year. As a result, in 2022 the Group renamed its USA cash-generating unit to North America to reflect its launch into the newly-licenced Ontario (Canada) market during the year. The Group's cash-generating units identified are outlined below:

CGU	Goodwill (GBP m)	Other intangible assets with indefinite lives (GBP m)	Description
Group operations	171.7	42.1	The Group's key business asset – the Kindred platform – is considered the lowest level of assets that generate independent cash flows and accordingly the Group's operations in territories that are serviced by the single instance of Kindred Group's platform are considered to be part of one 'Group operations' CGU.
Solfive	5.7	–	Previously acquired online gambling business which continues to operate on a substantially separate basis, with no dependency on or interaction with the main Kindred Group platform. It generates independent cash inflows from a third-party platform and is thus determined to be a separate CGU.
32Red	100.8	59.9	Previously acquired online gambling business which continues to operate on a substantially separate basis, with no dependency on or interaction with the main Kindred Group platform. It generates independent cash inflows from a third-party platform and is thus determined to be a separate CGU.
North America	–	–	The North American business has service agreements with third parties to host its platforms. As the platforms are hosted independently to that of Kindred Group's platform, the cash inflows are generated independently. All intangible assets within this CGU are definite lived.
Relax Gaming	160.2	31.9	The previously acquired game producer, Relax Gaming, constitutes different business activity to that of Kindred Group. Relax Gaming produces and licenses in-house developed and third-party games through a B2B operational model. It has a separate active market for its outputs and is not dependent on any other revenue streams or single instances of platforms within Kindred Group and is thus determined to be a single separate CGU.
Total	**438.4**	**133.9**	

Notes to the consolidated financial statements continued

As at 31 December 2022, the total goodwill of GBP 438.4 million and the total other intangible assets with indefinite lives of GBP 133.9 million were tested for impairment on a value-in-use basis. The value-in-use calculation was based on the 2023 budget approved by the Board and extrapolated pre-tax projections over four years. These projections were allocated to the above cash-generating units using growth rates and assumptions consistent with the Group's experience and industry and in line with the Group's strategy and plans. The key assumptions used by management in the value-in-use calculations to support the overall impairment assessment as approved by the Board are shown in the table below. Risk-adjusted discount rates have increased from the prior year to reflect increased market interest rates as a result of changes in the wider economic environment.

	As at December 2022				As at December 2021			
(GBP m)	Group operations	Solfive	32Red	Relax Gaming	Group operations	Solfive	32Red	Relax Gaming
EBITDA margin (per cent)[1]	18.5–24.8	12.1–13.0	26.2–30.2	47.0–64.3	17.0–28.4	10.4–11.6	23.4–32.5	53.6–55.2
Risk adjusted discount rate (per cent)[2]	12.3	12.3	11.6	13.6	11.3	11.3	10.6	11.4
Long-term growth rate (per cent)[3]	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

1 Pre-tax EBITDA margin, based on past performance and management's expectations of market development.
2 The rate has been reassessed and calculated using the CGU's pre-tax weighted average cost of capital (WACC), adjusted for specific risks relating to the relevant segments and the countries in which they operate. The 2022 discount rates disclosed are pre-tax rates.
3 Weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

Based on the Group's impairment review, no indication of impairment has been identified on the separate cash-generating units.

In performing its assessment of the carrying value of goodwill and other intangibles, the Board believes there is one cash-generating unit, Relax Gaming, where possible changes to the underlying assumptions might lead to the recoverable amount equalling its carrying value. As a result, sensitivity analyses have been performed. The recoverable amount of the Relax Gaming cash-generating unit exceeds the carrying value of Relax Gaming assets by EUR 355.6 million. A decrease in EBITDA of 51 per cent in the first five years (corresponding to a decrease in the EBITDA margin of 13 percentage points on average for the same period) would lead to the recoverable amount of the Relax Gaming cash-generating unit equalling its carrying amount. A pre-tax increased risk adjusted discount rate of 25.7 per cent would lead to the recoverable amount of the Relax Gaming cash-generating unit equalling its carrying amount.

The Board believes that there are no other cash-generating units where reasonably possible changes to the underlying assumptions exist that would give rise to impairment.

In the North American cash-generating units, there are currently no assets with indefinite lives that require an annual impairment review. The Group has performed an impairment indicator assessment which took into consideration internal and external factors, including the long-term nature of its investments, the infancy of the North American market and a review of market performance against expectations. As a result of this assessment, no impairment indicators were identified.

Notes to the consolidated financial statements continued

12: Property, plant and equipment

(GBP m)	Note	Computer hardware	Office equipment, fixtures and fittings	Total
Cost				
At 1 January 2021		45.1	37.0	**82.1**
Additions		9.7	0.9	**10.6**
Additions – through business combinations		0.6	0.5	**1.1**
Disposals		-0.7	-0.4	**-1.1**
Currency translation adjustment		-3.0	-1.5	**-4.5**
At 31 December 2021		**51.7**	**36.5**	**88.2**
Additions		7.8	1.7	**9.5**
Disposals		-2.0	–	**2.0**
Currency translation adjustment		-0.2	1.0	**0.8**
At 31 December 2022		**57.3**	**39.2**	**96.5**
Accumulated depreciation				
At 1 January 2021		34.7	19.0	**53.7**
Charge for the year	4	7.7	7.1	**14.8**
Disposals		-0.7	-0.4	**-1.1**
Currency translation adjustment		-2.2	-0.7	**-2.9**
At 31 December 2021		**39.5**	**25.0**	**64.5**
Charge for the year	4	7.5	6.5	**14.0**
Disposals		-1.9	–	**-1.9**
Currency translation adjustment		–	0.8	**0.8**
At 31 December 2022		**45.1**	**32.3**	**77.4**
Net book value				
At 31 December 2022		**12.2**	**6.9**	**19.1**
At 31 December 2021		12.2	11.5	23.7

13: Leases

The Group's leases predominantly relate to its offices in Malta and other territories. Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group.

Leases as a lessee

The table below shows the right-of-use assets and corresponding lease liabilities recognised on the consolidated balance sheet. All recognised right-of-use assets relate to the Group's premises.

(GBP m)	As at 31 December 2022	As at 31 December 2021
Right-of-use assets (net)	**49.7**	**53.7**
Lease liabilities:		
Current	13.6	11.9
Non-current	37.8	43.5
	51.4	**55.4**

Additions to the right-of-use assets during the 2022 financial year were GBP 3.4 (2021: GBP 1.6) million, relating to new leases in North America and the Netherlands. Remeasurements of the right-of-use assets resulted in increases of GBP 4.9 (2021: GBP 5.3) million. The other factors impacting the right-of-use assets were depreciation (as per the table below), currency translation adjustments and minimal disposals.

The movement in lease liabilities can be seen in detail in the reconciliation of movements in liabilities arising from financing activities in note 20.

The consolidated income statement shows the following amounts relating to leases:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Depreciation of right-of-use assets	12.1	11.1
Interest expense (included in finance costs)	1.2	1.3
Expense relating to short-term leases (included in other operating expenses)	2.0	2.0
Income from sub-leasing right-of-use assets (included in other operating expenses)	1.1	0.8

The total cash outflow for leases in 2022 was GBP 15.1 (2021: GBP 13.7) million. Total future cash outflows in relation to leases not yet commenced, but to which the Group is committed, amount to GBP 2.5 (2021: GBP 1.5) million.

Notes to the consolidated financial statements continued

Lease options

Some leases contain extension and break options to provide operational flexibility. These options are held by the Group and not by the lessors. The Group assesses whether it is reasonably certain to exercise these options at lease commencement date.

When assessing the remeasurements of the lease term, the Group considers those leases with option and break clauses that are due within the next two years.

14: Subsidiaries and associated companies

Details of the Group's principal subsidiaries at 31 December 2022 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership and voting power %
Betchoice Corporation Pty Ltd	Australia	100%
Kindred South Development Pty Ltd	Australia	100%
Unibet Australia Pty Ltd	Australia	100%
Blankenberge Casino-Kursaal NV	Belgium	100%
Kindred Belgium NV	Belgium	100%
Star Matic BVBA	Belgium	100%
Unibet ON Inc	Canada	100%
Kindred Denmark ApS	Denmark	100%
Kindred Estonia OU	Estonia	100%
Relax Tech Services Oü	Estonia	93%
Relax Tech Finland Oy	Finland	93%
Kindred France SAS	France	100%
32 Red Limited	Gibraltar	100%
Kindred (Gibraltar) Limited	Gibraltar	100%
Platinum Gaming Limited	Gibraltar	100%
Relax Gaming (Gibraltar) Ltd	Gibraltar	93%
Firstclear Limited	Great Britain	100%
Kindred (London) Limited	Great Britain	100%
Kindred Services Limited	Great Britain	100%
Relax Gaming International Ltd	Isle of Man	93%
Kindred Italy SRL	Italy	100%
Kindred IP Limited	Malta	100%
Lexbyte Digital Limited	Malta	100%
Maria Holdings Limited	Malta	100%
Moneytainment Media Limited	Malta	100%

Name of subsidiary	Place of incorporation	Proportion of ownership and voting power %
Optdeck Service Limited	Malta	100%
Relax Gaming Ltd	Malta	93%
Relax Holding Ltd	Malta	93%
Spooniker Ltd	Malta	100%
SPS Betting France Limited	Malta	100%
Trannel International Limited	Malta	100%
Unibet (Belgium) Limited	Malta	100%
Unibet (Denmark) Limited	Malta	100%
Unibet (Germany) Limited	Malta	100%
Unibet (Holding) Ltd	Malta	100%
Unibet (Italia) Limited	Malta	100%
Unibet Services Limited	Malta	100%
Relax Tech Services DOO	Serbia	93%
Kindred Spain Tech, S.L.	Spain	100%
Kindred People AB	Sweden	100%
PR Entertainment (I Stockholm) AB	Sweden	100%
Relax Tech Sweden AB	Sweden	93%
Kindred Nederland B.V.	The Netherlands	100%
Unibet Interactive Inc.	USA	100%

The proportion of ownership and voting power in 2022 was unchanged from 2021.

On 1 October 2021, the Group acquired a further interest in Relax Holding Limited, the Group's only associated company. After the acquisition, the Group owned 93% of the company and its subsidiaries and they were therefore consolidated into the Kindred Group accordingly from that date. Since the 1 October 2021 the Group therefore no longer holds investments in any associates. The movements in the Group's investments in associated companies during the years ending 31 December 2022 and 2021 are shown below:

(GBP m)	2022	2021
Carrying value at 1 January	–	3.6
Share of profit from associate	–	1.4
Disposal of associate following business combination achieved in stages	–	-5.0
Carrying value at 31 December	**–**	**–**

Notes to the consolidated financial statements continued

15: Financial instruments

Fair value hierarchy

The Group's financial assets and liabilities measured at fair value through profit and loss have been classified into levels depending on the inputs used in the valuation technique, as follows:

— Level 1: quoted prices for identical instruments;
— Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
— Level 3: inputs which are not based on observable market data.

A summary by level is provided below:

	As at 31 December 2022			As at 31 December 2021		
(GBP m)	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets						
Derivatives	1.1	0.2	**1.3**	0.1	0.1	**0.2**
Financial liabilities						
Contingent consideration	–	2.2	**2.2**	–	79.4	**79.4**
Deferred income	–	5.9	**5.9**	–	4.8	**4.8**

There were no significant changes in classification of fair value of financial assets and financial liabilities since 31 December 2021. There were also no transfers between the fair value levels since 31 December 2021.

Valuation techniques used to determine fair values

(a) Level 2 financial instruments

Derivatives

Foreign currency forward contracts of GBP 1.1 (2021: GBP 0.1) million are considered 'over-the-counter' derivatives and are therefore not traded in active markets. These contracts have been fair valued using observable forward exchange rates corresponding to the maturity of the contract.

(b) Level 3 financial instruments

Derivatives

For the embedded option of GBP 0.2 (2021: GBP 0.1) million on the convertible bond issued by Kambi (classified within convertible bond on the balance sheet), expected cash inflows are estimated based on the terms of the agreement (see note 24 for further detail), as well as the Group's knowledge of the business and how the current economic environment is likely to impact it. There are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined.

Deferred income

Fair value changes in deferred income are minimal, including those attributable to credit risk. The Group determines the amount of fair value changes attributable to credit risk by determining the changes due to inputs based on unobservable market data, such as historical sports betting margins, and deducting those changes from the total change in fair value when significant. The Group believes this approach appropriate as changes in other factors are not deemed significant. Although the final value will be determined by future betting outcomes, there are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined. Deferred income was GBP 5.9 (2021: GBP 4.8) million at the year end.

Contingent consideration

Expected cash outflows are estimated based on the terms of the agreement entered into as part of the Relax Gaming acquisition, as well as the Group's knowledge of the business and how the current economic environment is likely to impact it. The contingent consideration has been fair valued using a discount rate commensurate with the riskiness of the expected pay-out. For the year ended 31 December 2022, the total contingent consideration amounted to GBP 2.2 (2021: GBP 79.4) million, all of which is expected to be paid within 12 months of the reporting date. This amount is subject to the audited performance of Relax Gaming for the 2022 financial year and therefore is still subject to change. If the relevant earnings metric ended up being lower by approximately 2 per cent, the balance of the contingent consideration could fall as low as GBP nil.

16: Trade and other receivables

(GBP m)	As at 31 December 2022	As at 31 December 2021
Due within one year:		
Trade receivables	3.0	2.7
Other receivables	30.3	21.3
Prepayments	33.2	28.3
	66.5	**52.3**

Trade and other receivables do not include material items that are impaired nor past due on the reporting date. No interest is charged on the receivable balance. The Group does not have collateral over these balances. Due to the short-term nature of trade and other receivables, their carrying amount is considered to be the same as their fair value. No estimated credit loss has been booked in respect of these receivables as any resulting credit loss is deemed immaterial.

Notes to the consolidated financial statements continued

17: Trade and other payables

(GBP m)	As at 31 December 2022	As at 31 December 2021
Due within one year:		
Trade payables	18.4	19.0
Other taxation and social security	6.0	4.8
Other payables	2.2	1.9
Accruals	173.0	136.5
	199.6	**162.2**

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

18: Provisions

	As at 31 December 2022			As at 31 December 2021		
(GBP m)	Current	Non-current	Total	Current	Non-current	Total
Property provisions	1.3	1.9	**3.2**	0.8	2.3	**3.1**
Employee provisions	0.7	–	**0.7**	0.5	–	**0.5**
Operational provisions	17.9	–	**17.9**	9.8	–	**9.8**
	19.9	**1.9**	**21.8**	**11.1**	**2.3**	**13.4**

Property provisions

This comprises amounts provided for the reinstatement of properties to their original condition, if required in the terms of agreements entered into by the Group. These relate to both office lease agreements and the concession agreement between Blancas and the City of Blankenberge, whereby the Group is obliged to invest certain amounts into the interior and exterior of the casino building. Management estimates the provisions based on the terms of the relevant agreement or third-party expert information of expected costs, which could differ from the final outflow required. For office leases, the remaining cash outflows are expected to occur in five years' time when these leases are not renewed. Of the remaining cash outflows in relation to the concession agreement, GBP 1.3 million is expected to be paid in less than 12 months from the reporting date with the remainder expected to be paid between two and eight years' time.

Employee provisions

Employee provisions relate to personnel restructuring costs and other employee-related provisions which are applicable under local regulations. Personnel restructuring provisions are recognised upon communication to the employee and considered utilised upon payment. Management estimates the provision based on the terms of the individual's employment contract, but this could differ from the final outflow required. The cash outflows are expected to occur over the next 12 months. Other employee-related provisions are estimated based on the requirements of the particular laws and regulations within each location. Exact timing is unknown, due to their nature, but these are expected to occur over the next 12 months.

Operational provisions

Operational provisions are provisions directly related to the regulated nature of the Group's activities and relate to litigations, anti-money laundering regulation, gambling taxes or items of a similar nature. Management estimates these provisions based on historic trends, any other current information known, as well as the best estimate of the most likely outcome. By the nature of these estimations, final outflows may differ from the current provision. The cash outflows are expected to occur over the next 12 months.

See note 2A for the Group's accounting policy in relation to provisions.

Movements in provisions

Movements in each class of provisions during the financial year are set out below:

(GBP m)	Property provisions	Employee provisions	Operational provisions	Total
At 1 January 2022	3.1	0.5	9.8	**13.4**
Additional provisions recognised	–	0.4	10.0	**10.4**
Amounts utilised during the year	–	-0.2	-0.4	**-0.6**
Unused amounts reversed	–	–	-1.6	**-1.6**
Foreign exchange movements	0.1	–	0.1	**0.2**
At 31 December 2022	**3.2**	**0.7**	**17.9**	**21.8**

Additional operational provisions relate to various ongoing matters, the largest being in relation to regulatory sanctions received, or expected to be received. These regulatory sanctions refer to those from the SGA (sanction of GBP 0.9 million received during the year) and the UK Gambling Commission (GBP 7.1 million expected to be received). Both of these items are discussed in more detail in note 4 on pages 133 and 134.

Notes to the consolidated financial statements continued

19: Customer balances

Customer balances of GBP 80.2 (2021: GBP 72.0) million, in relation to the Group's B2C operations, are repayable on demand, subject to the terms and conditions as described on the Group's websites. The following table shows the split by currency of customer balances:

	As at 31 December 2022	As at 31 December 2021
AUD	4%	5%
DKK	4%	4%
EUR	48%	48%
GBP	18%	20%
NOK	7%	6%
SEK	7%	8%
USD	4%	4%
Other	8%	5%
	100%	**100%**

Certain third-party suppliers used by the Group in its non-sports betting operations use either EUR or USD as their standard currency and therefore the above analysis does not represent the spread of customer balances by territory. The Group's operating cash flows provide a partial natural hedge for operating currency risks, since deposits and pay-outs to customers are broadly matched in the same currency.

20: Borrowings

The carrying amounts of the Group's borrowings are due in more than one year (in line with the prior year) and denominated in the following currencies:

(GBP m)	As at 31 December 2022	As at 31 December 2021
GBP	52.0	30.0
EUR	53.9	51.2
SEK	29.6	30.4
Total borrowings	**135.5**	**111.6**

On 11 November 2021, Kindred Group plc entered into a EUR 216.7 million multi-currency revolving credit facility agreement with two Nordic banks. The facility was committed for a period of three years, with a one-year extension option, and the agreement included an uncommitted accordion feature of EUR 108.3 million that would allow an increase in total commitments up to EUR 325.0 million.

During 2022, the Group utilised the one-year extension option, with the full facility now repayable on 11 November 2025. At the same time, using a third international bank, the Group utilised EUR 40.0 million of the accordion feature. This takes the total committed facilities to a total of EUR 256.7 million, with the possibility to, under certain conditions, increase the total to the EUR 325.0 million outlined in the original facilities agreement.

As at 31 December 2022, the balance of the facility utilised was GBP 136.6 (2021: GBP 112.5) million out of a total of GBP 227.6 (2021: GBP 182.1) million. The total borrowings recognised in the statement of financial position of GBP 135.5 (2021: GBP 111.6) million are reported net of the associated transaction fees which were incurred and paid upon entering the agreement and which are being expensed over its duration.

The borrowings are unsecured and the fair value of the borrowings equals the carrying amount as the impact of discounting is not material.

Notes to the consolidated financial statements continued

Repayments

The facility, entered into in November 2021, was for an initial term of three years from the date of the agreement and repayable in full on 11 November 2024. Following the utilisation of the one-year extension option during 2022, as explained above, the facility is now repayable in full on 11 November 2025.

Interest

Interest accrues on each advance under the facilities agreement at the rate per annum which is the sum of EURIBOR (or equivalent interbank offered rates for debt denominated in other currencies) plus the applicable margin. The applicable margin for the facility entered into on 11 November 2021 was 2.2 per cent per annum, however, following the changes to the facility noted above in 2022, the applicable margin was increased to its current level of 2.5 per cent per annum. The applicable margin for the previous facility, up until 11 November 2021, was 2.0 per cent per annum.

Covenants

In line with the previous agreement, the new facility agreement is also subject to financial undertakings, principally in relation to leverage ratio and other certain customary covenants which will regulate Kindred and its subsidiaries' ability to, among other things, incur additional debt, grant security interests, give guarantees and enter into any mergers. At 31 December 2022, Kindred Group was in compliance with these undertakings. The Group anticipates continued full compliance and that if the facility is further utilised in the future, it will be repaid in accordance with the contracted terms at any such time.

Reconciliation of movements in liabilities arising from financing activities

(GBP m)	Borrowings	Leases	Total
At 1 January 2021	118.3	62.3	**180.6**
Net cash flows	–	-11.7	**-11.7**
Lease acquisitions and remeasurements	–	6.9	**6.9**
Other non-cash movements	-0.3	1.3	**1.0**
Foreign exchange movements	-6.4	-3.4	**-9.8**
At 31 December 2021	**111.6**	**55.4**	**167.0**
Net cash flows	22.5	-13.1	**9.4**
Lease acquisitions and remeasurements	–	8.2	**8.2**
Other non-cash movements	-0.2	1.1	**0.9**
Foreign exchange movements	1.6	-0.2	**1.4**
At 31 December 2022	**135.5**	**51.4**	**186.9**

Notes to the consolidated financial statements continued

21: Deferred tax

The following are the deferred tax liabilities and assets (prior to offset) recognised by the Group and movements thereon during the current and prior reporting year:

(GBP m)	Note	Unremitted earnings	Property, plant and equipment	Tax losses	Intangible assets	Other	Total
At 1 January 2021							
Deferred tax liabilities		–	–	–	-2.7	-2.6	**-5.3**
Deferred tax assets		10.8	2.6	10.1	0.4	4.5	**28.4**
(Charge)/credit to income for the year	8	-1.8	0.6	1.3	-6.7	-2.9	**-9.5**
Credit directly to equity	8	–	–	–	–	0.2	**0.2**
Other balance sheet movements[1]		–	–	–	-8.0	-0.3	**-8.3**
Currency translation adjustment		0.1	-0.2	-0.2	0.2	–	**-0.3**
At 31 December 2021							
Deferred tax liabilities		**–**	**–**	**–**	**-16.8**	**-5.6**	**-22.4**
Deferred tax assets		**8.9**	**3.0**	**11.2**	**–**	**4.3**	**27.4**
Credit/(charge) to income for the year	8	11.1	1.0	2.0	0.6	-1.3	**13.4**
Other balance sheet movements[1]		–	–	–	-0.4	-0.4	**-0.8**
Currency translation adjustment		–	–	0.2	-0.3	–	**-0.1**
At 31 December 2022							
Deferred tax liabilities		**–**	**–**	**–**	**-16.9**	**-5.6**	**-22.5**
Deferred tax assets		**20.0**	**4.0**	**13.4**	**–**	**2.6**	**40.0**

1 Included in other balance sheet movements is an amount of GBP 0.7 (2021: GBP 8.0) million in relation to prior year acquisitions.

Certain deferred tax assets and liabilities may have been offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the consolidated financial statements continued

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

(GBP m)	As at 31 December 2022	As at 31 December 2021
Deferred tax liabilities	-22.5	-22.4
Deferred tax assets	40.0	27.4
Net assets	**17.5**	**5.0**

At 31 December 2022, the Group had unutilised tax losses of GBP 380.7 (2021: GBP 259.9) million from its principal operating entities available for offset against future profits. The amount of unutilised tax losses as at 31 December 2022 for which a deferred tax asset has been recognised is GBP 124.6 (2021: GBP 101.3) million. No deferred tax has been recognised in respect of the remaining unutilised tax losses due to insufficient evidence of their reversal in future periods.

The tax losses for which no deferred tax asset has been recognised arose from losses of Unibet Interactive Inc., Kindred France SA and the Australian sub-group which comprises Unibet Australia Pty Ltd, Betchoice Corp Pty Ltd and Kindred South Dev Pty Ltd, for which there is insufficient evidence of reversal. There is no specific expiry date of the total remaining unutilised tax losses for which no deferred tax asset has been recognised.

The aggregate amount of other deductible temporary differences as at 31 December 2022 for which a deferred tax asset has been recognised is for the amount of GBP 52.7 (2021: GBP 41.3) million. This includes a deductible temporary difference in respect of unvested share awards for the amount of GBP 4.1 (2021: GBP 3.0) million of which GBP 1.2 (2021: GBP 1.2) million has been credited directly to equity. A deferred tax asset has not been recognised for other deductible temporary differences for the amount of GBP 25.9 (2021: GBP 14.0) million. This amount includes a deductible temporary difference arising on unused capital losses of Kindred Group plc of GBP 23.6 (2021: GBP 19.4) million that is not being recognised as it is uncertain whether taxable capital gains will be available against which the deductible temporary difference can be utilised. On this basis, a deductible temporary difference arising on unused capital losses amounting to GBP 8.2 million that was recognised as at 31 December 2021 has been derecognised during the current financial year.

Global minimum level of taxation

On 15 December 2022, the Council of the European Union reached unanimous agreement to implement the EU Minimum Tax Directive. The final text of the Council Directive on ensuring a global minimum level of taxation for multinational and large-scale domestic groups in the Union (EU 2022/2523) (the 'Directive') was released by the European Commission on 22 December 2022.

According to Article 56 of the Directive, Member States shall bring into force the provisions necessary to comply therewith by 31 December 2023 and shall apply those provisions in respect of fiscal years beginning from 31 December 2023 (with the exception of some measures which will be effective from fiscal years beginning from 31 December 2024).

The primary rule of the Directive is the Income Inclusion Rule ('IIR') and in terms of the EU Directive will become effective from financial years beginning from 31 December 2023 and the secondary rule included in the Directive is the Undertaxed Profit Rule ('UTPR') and will become effective as from financial years beginning from 31 December 2024. The general aim of these rules is to establish a minimum effective tax rate of 15 per cent for in-scope multinational groups.

The Directive follows closely the OECD/G20 Inclusive Framework on BEPS agreement and sets out how the principles of the 15 per cent effective tax rate, agreed by 138 countries, will be applied in practice within the EU. It includes a common set of rules on how to calculate this effective tax rate so that it is properly and consistently applied across the EU. The EU Directive also includes a derogation which provides that Member States which do not have more than 12 ultimate parent entities of groups that are within the scope of the EU Directive may elect not to apply the IIR and the UTPR for 6 consecutive fiscal years beginning from 31 December 2023. The Directive will apply to any large group, both domestic and international, with combined annual financial revenues of more than EUR 750 million in at least two of the previous four fiscal years and with a constituent entity of a Multinational ('MNE') Group situated in an EU Member State. Government entities, international or non-profit organisations, pension funds or investment funds that are parent entities of a multinational group fall outside the scope of the Directive. In accordance with the Directive, the effective tax rate is established per jurisdiction by dividing qualifying taxes of entities in the jurisdiction by their aggregated adjusted qualifying income. The net qualifying income should in general be ascertained by reference to the financial net accounting income as per the financial accounting standards applied by the jurisdiction of the ultimate parent entity, subject to certain book-to-tax adjustments.

If the effective tax rate for the constituent entities located in a jurisdiction is below the minimum rate (15 per cent) then a top-up tax amount is applied. The allocation of the top-up tax amount to a specific (or number of) jurisdiction(s) depends on a number of factors, including whether the jurisdiction of the ultimate parent entity, intermediate parent entity or partially-owned parent entity are located in a jurisdiction that applies a qualified IIR. If no jurisdiction applies a qualified income inclusion rule, then the top-up tax amount is allocable to different jurisdictions using a formulary apportionment under the UTPR (the undertaxed payments rule).

Notes to the consolidated financial statements continued

The rules provide for an exclusion of minimal amounts of income (known as the 'de minimis' exclusion) to reduce the compliance burden, which means that when the revenues and the profits in a jurisdiction are under a certain minimum amount, no top-up tax will be charged on the profits of the group earned in this jurisdiction, even when the effective tax rate is below 15 per cent. Moreover, companies will be able to exclude from the top-up tax an amount of income that is determined in accordance with a predefined substance formula (based on a percentage of tangible assets and employees). The implementation of the Directive with effect from fiscal years commencing from 31 December 2023 is not considered as 'substantively enacted' for the current financial year for the purpose of the computation of income tax in terms of IAS 12 as the said Directive still needs to be transposed into national law by the various EU Member States. Accordingly, for the current financial year, income tax and deferred tax continue to be computed using the applicable tax rates. An accurate estimate of the financial effect, if any, of this Directive cannot be made as yet.

22: Long-term share incentive plans

Share-based payments

The Group operates a number of share-based payment schemes as set out within this note. During 2022, 549,365 share awards vested from within the 2019 Group Performance Share Plan and the total charge for the year relating to employee share-based payment plans was GBP 7.4 (2021: GBP 4.3) million. 349,631 share awards and options lapsed or were cancelled during 2022.

The amount recognised in the consolidated statement of changes in equity in respect of employee share-based payment plans of GBP 2.1 (2021: GBP -6.1) million comprises the charge above, offset by the utilisation of treasury shares for vestings during the year of GBP -5.3 (2021: GBP -10.4) million.

All Employee Share Plan (AESP)

At the end of 2020, Kindred Group's Board approved a new all employee share plan linked to the three-year strategic cycle of the business. The scheme includes all permanent employees of the Group, with the exception of the Executive Management team. Initial grants are made to all eligible employees on an annual basis on 1 March in the financial years 2021 to 2023 and vest after a 24-month period. Subsequent half-year grants are made six months after each initial grant, on 1 September, only to new employees within that six-month period, and these will vest after an 18-month period to coincide with the initial grant for that year. All grants are subject to the achievement of Group EBITDA targets and continued employment. During 2022, under the 2022 AESP scheme, 779,400 awards were granted on 1 March 2022 and 102,900 awards on 1 September 2022.

The total charge recognised in 2022 in relation to the Group's AESPs was GBP 3.4 (2021: GBP 1.9) million; of the 2022 amount, GBP 1.6 million was recognised in relation to the 2022 AESP.

Prior to the AESP discussed above, the Group had a long-term incentive plan for all employees and the Executive Management team (2020 LTIP) which vested in March 2021. The total charge recognised in 2022 in relation to the 2020 LTIP was GBP nil (2021: GBP -0.6) million.

Performance Share Plan (PSP)

The introduction of the Group PSP, regarding the granting of future performance share rights to senior management and key employees, was approved at the 2013 AGM.

The PSP performance measures are non-market-based conditions providing participants with a high degree of alignment to the Group's performance. They are based on continued employment and achieving business performance targets over three financial years. The targets set are EBITDA, Gross contribution (revenue, less cost of sales and marketing costs) and free cash flow per share. Grants made in each year have targets measured on an aggregate basis between the full year of grant and the two successive years so that performance in each financial year will be important. Aggregated performance against the targets and the resulting allocation of PSP awards are disclosed after the full year of vesting.

On 24 May 2022, the 2019 PSP vested in full. The assessment of the actual business performance against the target conditions confirmed that all targets over the three financial years 2019–21 had been achieved at greater than 100 per cent. The results for the 2019 PSP are summarised below and the total number of share awards vested was 549,365.

Performance targets	Achievement vs target over 2019–21	PSP result
EBITDA	138%	100% (capped)
Gross contribution	118%	100% (capped)
Free cash flow	153%	100% (capped)

On 1 June 2022, Kindred Group granted 698,813 new PSP awards to senior management and key employees (2022 PSP). These grants will vest in June 2025 and are subject to achieving business performance targets over the three financial years 2022–24 and continued employment. The targets for these plans were approved by the Remuneration Committee and the Board of Directors. The total amount expensed is recognised over the vesting period of the plan, which is three years.

The total charge recognised in 2022 in relation to the Group's PSPs was GBP 3.9 (2021: GBP 3.0) million; of the 2022 amount, GBP 0.8 million was recognised in relation to the 2022 PSP.

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Stock option plan – share options

Following approval at the 2022 AGM, a new stock option programme was introduced for the Executive Management team, with annual grants to be made from 2022 through to 2024. For members of the Executive Management team not based in Sweden, stock options are granted, whilst those based in Sweden receive the equivalent in the form of warrants, which are disclosed in more detail later in this note. On 1 June 2022, Kindred Group therefore granted 479,616 share options. These grants will vest in June 2025 and are subject to achieving business performance targets over the three financial years 2022–2024 and continued employment. The targets for these plans were approved by the Remuneration Committee and the Board of Directors. The total amount expensed is recognised over the vesting period of the plan, which is three years.

The total charge recognised in 2022 in relation to the Group's share options was GBP 0.1 (2021: GBP nil) million, all of which related to the 2022 options grant.

Grants made under the PSP, AESP and share options share-based payment arrangements are valued using the Black-Scholes option-pricing model. The fair value of grants and the assumptions used in the calculation are as follows:

	PSP awards[1]				Share options	AESP awards[1]			
Grant date	23 May 2019	17 Jun 2020	1 Jun 2021	1 Jun 2022	1 Jun 2022	1 Mar 2021	1 Sep 2021	1 Mar 2022	1 Sep 2022
Average share price prior to grant GBP	–	–	–	–	98.67	–	–	–	–
Exercise price GBP	–	–	–	–	118.40	–	–	–	–
Number of employees	198	174	190	203	6	1,567	298	1,732	340
Shares under award/option	717,334	1,072,865	543,695	698,813	479,616	470,400	60,300	779,400	102,900
Vesting period (years)	3	3	3	3	3.5	2	1.5	2	1.5
Expected volatility %	33	64	41	44	28	54	41	43	45
Award/option life (years)	3	3	3	3	3.5	2	1.5	2	1.5
Expected life (years)	3	3	3	3	3.5	2	1.5	2	1.5
Risk-free rate %	–	–	–	–	1.38	–	–	–	–
Expected dividends expressed as dividend yield %	8.46	3.94	2.63	4.17	–	2.78	2.41	4.37	4.83
Fair value per award/option GBP	4.55	3.97	11.59	7.13	1.25	11.22	13.21	7.07	6.49

1 An award is a legally enforceable conditional right to receive a number of the company's ordinary shares during a period in the future.

The expected volatility is based on the standard deviation of the Group's share price over a year, prior to the grant date. The risk-free rates of return applied to the grants are the approximate implicit risk-free interest rates for the awards' and options' terms to maturity, based on the three-year maturity rate offered by Riksbanken at the respective dates of each grant.

Notes to the consolidated financial statements continued

The reconciliation of awards and options movements during the year ended 31 December 2022 is shown below:

PSP	2022 Number	2021 Number
Outstanding at 1 January	2,093,415	1,932,421
Vested	-549,365	-263,620
Granted	698,813	543,695
Lapsed	-156,981	-119,081
Outstanding at 31 December	**2,085,882**	**2,093,415**

2020 LTIP	2022 Number	2021 Number
Outstanding at 1 January	–	1,213,161
Vested	–	-1,189,899
Granted	–	4,375
Lapsed	–	-27,637
Outstanding at 31 December	**–**	**–**

AESP	2022 Number	2021 Number
Outstanding at 1 January	450,100	–
Granted	882,300	530,400
Lapsed	-192,650	-80,300
Outstanding at 31 December	**1,139,750**	**450,100**

Options	2022 Number	2021 Number
Outstanding at 1 January	–	–
Granted	479,616	–
Outstanding at 31 December	**479,616**	**–**

The grants under the PSPs, 2020 LTIP and AESPs are at nil cost therefore the weighted average exercise price for rights outstanding at the beginning and end of the year, exercised, granted and lapsed during the year is GBP nil.

The weighted average remaining contractual life of share awards and share options outstanding at the year end is estimated to be 1.2 years and 2.4 years respectively.

Other long-term share incentive plans

Stock option plan – share warrants

As mentioned above, following approval at the 2022 AGM, a new stock option programme was introduced for the Executive Management team, with annual grants to be made from 2022 through to 2024. For members of the Executive Management team based in Sweden, these are in the form of warrants. On 1 June 2022, the Group therefore sold warrants to the CEO and other members of the Executive Management team based in Sweden.

The warrants issued granted an entitlement to acquire no more than 299,759 Kindred SDRs. Each warrant gives the holder the right to, during a period from 1 June 2025 to 30 November 2025, subscribe to one new Kindred SDR at 120 per cent of the Kindred SDR price at the grant date. The warrants are issued on market terms and the Black & Scholes model is used to determine the value. As the warrants are purchased by the participants and can be retained by the participant should they leave the Group, they are not treated under IFRS 2 and are therefore not included within the Group's employee share schemes–value of employee services expense.

The Kindred Group subsidises the participants' purchase of warrants by granting the participants compensation corresponding to 100 per cent, net after taxes, of the warrants purchased by the participant. Such subsidy was paid out at the time of purchase of the warrants. If the participant leaves the Group during the three-year vesting period for the subsidy, the Group may under certain circumstances claw back the net subsidy.

As a result, the employee compensation expense in relation to the net subsidy is being recognised in the consolidated income statement over the vesting period. However, as discussed in note 4 on pages 133 and 134 the portion of the subsidy in relation to personal tax payments for the participant are not subject to claw back and have therefore been recognised in full within the consolidated income statement during the year. The total expense recognised in 2022 in relation to the subsidy was GBP 0.8 (2021: GBP nil) million.

The reconciliation of warrants movements during the year ended 31 December 2022 is shown below:

Warrants	2022 Number	2021 Number
Outstanding at 1 January	–	–
Granted	299,759	–
Outstanding at 31 December	**299,759**	**–**

Notes to the consolidated financial statements continued

Dilution effects

At any time, not more than 5 per cent of the issued ordinary share capital of the company may be issued or be issuable under all long-term share incentive programmes operated by the company. This limit does not include awards which have lapsed or been surrendered.

If all long-term share incentive programmes in place at 31 December 2022 were fully exercised, the nominal share capital of the company would increase by a total maximum of GBP 2,503.13 (2021: GBP 1,589.70) by the issue of a total maximum of 4,005,007 ordinary shares (2021: 2,543,515 ordinary shares), corresponding to 2 per cent (2021: 1 per cent) of the capital and votes in the company.

23: Share capital and reserves

(a) Share capital

(GBP)	As at 31 December 2022	As at 31 December 2021
Authorised:		
At 31 December – 1,600,000,000 (2021: 1,600,000,000) ordinary shares of GBP 0.000625 each	1,000,000	1,000,000
Issued and fully paid up:		
At 1 January and 31 December – 230,126,200 (2021: 230,126,200) ordinary shares of GBP 0.000625 each	143,829	143,829

As at 31 December 2022, the total amount of issued shares in Kindred Group plc was 230,126,200 with a par value of GBP 0.000625. Of these, 12,521,679 shares are held by the Group as a result of previous purchase programmes. When these shares are purchased or subsequently utilised, the impact is reflected within retained earnings.

During the year, the Board of Kindred Group plc started exercising the share purchase mandate, which was approved at the Extraordinary General Meeting (EGM) on 10 June 2021. Between 10 February 2022 and 11 May 2022, 3,029,000 SDRs were purchased at a total cost of SEK 300.0, or GBP 23.9, million.

Subsequently, the Board of Kindred Group plc started exercising the share purchase mandate, which was approved at the EGM on 10 June 2022. Between 1 August 2022 and 22 December 2022, 2,555,205 SDRs were purchased at a total cost of SEK 248.8, or GBP 20.0, million.

During 2022, 549,365 purchased shares were used in connection with the vesting of the 2019 performance share plan.

(b) Share premium

There was no movement in share premium in 2022, nor in the previous year.

(c) Reorganisation reserve

This reserve of GBP -42.9 (2021: GBP -42.9) million arises in the consolidated financial statements as a result of the application of the principles of predecessor accounting to the Group reorganisation in 2006. The reorganisation reserve represents the differences between the share capital and non-distributable reserves of Kindred Group plc and the share capital and non-distributable reserves of the former parent company, Kindred Services Limited (formerly UGP Limited). This reserve does not arise in the separate financial statements of the parent company and therefore has no impact on distributable reserves.

(d) Currency translation reserve

This reserve of GBP 25.6 (2021: GBP 5.7) million is a non-distributable reserve. Included within the currency translation reserve at 31 December 2022 is GBP 4.8 (2021: GBP 6.4) million in relation to the cumulative effective portion of the current hedging relationship.

(e) Non-controlling interest

During the year ended 31 December 2022, the Group paid dividends totalling GBP 0.6 (2021: GBP nil) million to non-controlling interests.

24: Convertible bond

In connection with the disposal of Kambi in May 2014, the Group subscribed to a GBP 6.0 (EUR 7.5) million convertible bond issued by Kambi and bearing an interest rate of 3 per cent. On 31 May 2018, the bond was amended and restated with a maturity date of 1 January 2024 and, on 8 February 2022, the bond was again amended and restated with a new maturity date of 1 January 2027.

The bond has an embedded contingent option to provide change of control protection to both the Group and Kambi. The option can only be exercised on the occurrence of limited trigger events. The fair value of the option at 31 December 2022 was GBP 0.2 (2021: GBP 0.1) million. There is no indication of impairment of the convertible bond at year end.

Notes to the consolidated financial statements continued

25: Business combinations

Relax Gaming

On 1 October 2021, Kindred completed the acquisition of the remaining outstanding shares in Relax Holding Limited and its subsidiaries (Relax Gaming). The results of the acquired group have been consolidated since 1 October 2021.

In accordance with the terms of the purchase agreement, earn-out payments would become payable in 2022 and 2023, subject to Relax Gaming achieving certain earnings thresholds. The earn-out payments were provisionally fair valued to GBP 79.7 million at the acquisition date and disclosed as other financial liabilities at fair value through profit and loss in the consolidated balance sheet.

A first earn-out payment of GBP 4.4 (EUR 5.2) million was made during the second quarter of 2022, based on Relax Gaming's performance for the 2021 financial year. The fair value of the remaining contingent consideration continued to be reassessed throughout the year, based on expected performance for the 2022 financial year against target thresholds, and it was determined that these thresholds would not be fully met. Although Relax Gaming is performing and growing well during 2022, this assessment is based on Relax Gaming not meeting the ambitious earn-out thresholds agreed with the selling shareholders at the acquisition date. As a result, a total amount of GBP 80.4 million was released from the total contingent consideration balance during the year ended 31 December 2022. This has been recognised as a credit in the consolidated income statement and is presented within other gains/(losses) within items affecting comparability.

The balance of the contingent consideration in the consolidated balance sheet at 31 December 2022 amounts to GBP 2.2 (EUR 2.5) million and is expected to be paid out during the second quarter of 2023. This amount is subject to the audited performance of Relax Gaming for the 2022 financial year and therefore is still subject to change. If the relevant earnings metric ended up being lower by approximately 2 per cent, the balance of the contingent consideration could fall as low as GBP nil.

Blankenberge Casino-Kursaal NV

On 1 April 2021, Kindred Group acquired 100 per cent of the issued share capital of Blankenberge Casino-Kursaal NV (Blancas), which operates Casino Blankeberge in Belgium, from the Rank Group Plc (an unrelated third party).

The total acquisition price was GBP 25.6 million on a cash-free and debt-free basis and was settled in cash. At the acquisition date, Kindred fair valued the net assets of Blancas at GBP 21.5 million and, as a result, goodwill of GBP 9.6 million was recognised on the consolidated balance sheet. As at 31 December 2022, there have been no fair value changes to the net assets or goodwill previously recorded.

Since the acquisition date, the only movements in the goodwill balance relate to currency translation differences. For the year ended 31 December 2022, total currency translation differences amounted to a gain of GBP 0.5 (2021: loss of GBP 0.1) million, leaving a remaining balance of GBP 10.0 (2021: GBP 9.5) million as at 31 December 2022.

26: Capital commitments

The Group has entered into contracted non-current asset expenditure of GBP 2.3 (2021: GBP 2.6) million as at 31 December 2022, primarily relating to commitments for computer hardware.

27: Related party transactions

Related party transactions for the year ended 31 December 2022 relate to the Group's subsidiary undertakings and its key management personnel, which comprises members of the Executive Committee and the Board of Directors.

Transactions and outstanding balances between the parent and its subsidiaries (direct and indirect), and between those subsidiaries, have been eliminated on consolidation and are not disclosed in this note.

For details of Directors' and CEO remuneration, please refer to the Remuneration Committee report on page 106. As at the year end, GBP 8,213 (2021: GBP nil) was owed to the Directors in respect of these services.

Up until 30 September 2021, Kindred Group plc had a 33.4 per cent interest in its associate, Relax Holding Limited. Relax Holding Limited and its subsidiaries were therefore considered to be related parties of Kindred Group plc. On 1 October 2021, following the acquisition of Relax Gaming by Kindred Group, Relax Holding Limited and its subsidiaries are now subsidiaries of Kindred Group and transactions between the two parties are intercompany transactions which are eliminated on consolidation. The transactions are therefore no longer disclosed as related party transactions within this note.

Related party transactions in 2021, up until the date at which Relax Gaming became a part of Kindred Group, relate to the Relax Gaming Group providing certain brands and subsidiaries within Kindred Group with B2B online gambling services, being the supply of its casino, bingo and poker products as well as some related development. The total amount of services procured amounted to GBP 6,824 for the period January to September 2021. At the date at which Relax Gaming became a part of Kindred Group, the remaining balance owed by or to the Group in respect of the above transactions was GBP nil.

Other related party transactions during the year ended 31 December 2021 totalled GBP 6,295. This relates to marketing services provided by Football United International Limited, a company in which one of Kindred Group's Board members, who served during the year, has an interest. The balance due to Football United International Limited was GBP nil as at 31 December 2021.

Notes to the consolidated financial statements continued

28: Contingent liabilities

Currently, the Group has not provided for certain potential claims arising from the promotion of gambling activities in certain jurisdictions on the basis that the outflow of resources required to settle these claims is uncertain and the amount cannot be reliably estimated. Based on current legal advice, the Directors do not anticipate that the outcome of proceedings and potential claims, if any, will have a material adverse effect upon the Group's financial position. Further details on the legal environment can be found in the General legal environment section on pages 93 to 97.

29: Cash and cash equivalents

Included within the total cash and cash equivalents balance at 31 December 2022 of GBP 254.9 (2021: GBP 270.6) million is GBP 89.8 (2021: GBP 76.6) million of funds that are not available for use by the Group for daily operations. These are primarily funds which are designated by the Group to cover certain customer balances, as required by local laws and regulations.

30: Reconciliation of alternative performance measures

The Group presents the following alternative performance measures because they provide owners and investors with additional information about the performance of the business which the Board of Directors considers 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 following tables show the reconciliation of the Group's alternative performance measures to the most directly comparable measures reported in accordance with IFRS.

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Gross profit		583.8	**753.6**
Marketing costs	4	-227.2	-234.7
Salaries	4	-140.8	-117.5
Other operating expenses	4	-86.6	-69.3
Underlying EBITDA		**129.2**	**332.1**
Personnel restructuring costs	4	-0.3	-1.0
Merger and acquisition costs	4	–	-5.8
Regulatory sanctions	4	-8.0	4.2
Market closure and contract termination costs	4	-2.5	–
Subsidy for warrants, incentive programme	4	-0.8	–
Other gains/(losses)	4	69.9	-9.7
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	4	–	71.3
EBITDA		**187.5**	**391.1**
Revenue		1,068.7	1,259.6
Underlying EBITDA margin		**12%**	**26%**

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Cash and cash equivalents	29	254.9	270.6
Customer balances	19	-80.2	-72.0
Unrestricted cash		**174.7**	**198.6**
Less: Borrowings	20	-135.5	-111.6
Net cash		**39.2**	**87.0**
EBITDA		187.5	391.1
Net cash to EBITDA ratio		**0.21**	**0.22**

Notes to the consolidated financial statements continued

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Net cash generated from operating activities		**138.7**	**282.3**
Purchases of property, plant and equipment	12	-9.5	-10.6
Development and acquisition costs of intangible assets	11	-38.3	-34.4
Interest paid on lease liabilities		-1.2	-1.3
Repayment of lease liabilities		-11.9	-10.4
Adjust for: customer balance movement		-8.2	5.5
Free cash flow		**69.6**	**231.1**

31: Events after the reporting period

Under the share purchase mandate, approved at the EGM on 10 June 2022, 1,222,000 SDRs have been purchased at a total cost of SEK 134.9 million between 9 February 2023 and 3 March 2023.

These post balance sheet events do not require any change in the amounts included in the 2022 financial statements.

32: Comparative information

Certain comparative figures disclosed in the main components of these consolidated financial statements have been reclassified to conform to the current-year presentation.

Share-based payment transactions were previously recognised across two lines in the primary statements, however these have now been merged into one single line.

Consolidated statement of changes in equity

(GBP m)	As previously reported	Reclassification	As currently reported
Share awards – value of employee services	1.1	-1.1	–
Equity-settled employee benefit plan	-7.2	7.2	–
Employee share schemes – value of employee services	–	-6.1	-6.1

Consolidated cash flow statement

(GBP m)	As previously reported	Reclassification	As currently reported
Equity-settled employee benefit plan	1.3	-1.3	–
Share-based payments	3.0	1.3	4.3

Income statement – parent company

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Revenue		82.7	167.1
Administrative expenses	3	-1.3	-0.9
Underlying profit before items affecting comparability		**81.4**	**166.2**
Merger and acquisition costs	3	–	-4.8
Other gains/(losses)	3	73.1	-1.7
Losses on disposal of investments	3	-17.8	–
Profit from operations		**136.7**	**159.7**
Finance costs	4	-4.4	-4.6
Finance income	5	0.6	0.6
Profit before tax		**132.9**	**155.7**
Income tax expense	6	-10.6	-8.3
Profit for the year		**122.3**	**147.4**

Statement of comprehensive income – parent company

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Profit for the year		122.3	147.4
Other comprehensive income			
(Losses)/gains on net investment hedge	2C	-1.6	6.4
Total comprehensive income for the year		**120.7**	**153.8**

The notes on pages 158 to 165 are an integral part of these financial statements.

Balance sheet – parent company

(GBP m)	Note	As at 31 December 2022	As at 31 December 2021
Assets			
Non-current assets			
Investments in subsidiaries	7	829.1	741.9
Deferred tax assets	8	–	2.9
Other non-current assets		0.1	0.1
		829.2	**744.9**
Current assets			
Taxation recoverable		63.6	95.9
Trade and other receivables	9	–	0.5
Cash and cash equivalents	10	0.7	2.3
		64.3	**98.7**
Total assets		**893.5**	**843.6**
Equity and liabilities			
Capital and reserves			
Share capital	11	0.1	0.1
Share premium	11	81.5	81.5
Currency translation reserve	11	4.8	6.4
Retained earnings		390.9	378.5
Total equity		**477.3**	**466.5**

(GBP m)	Note	As at 31 December 2022	As at 31 December 2021
Non-current liabilities			
Borrowings	12	135.5	111.6
Other financial liabilities at fair value through profit and loss		–	38.3
		135.5	**149.9**
Current liabilities			
Trade and other payables	13	278.5	186.1
Other financial liabilities at fair value through profit and loss		2.2	41.1
		280.7	**227.2**
Total liabilities		**416.2**	**377.1**
Total equity and liabilities		**893.5**	**843.6**

The official closing middle rate of exchange applicable between the presentation currency (GBP) and the euro issued by the European Central Bank as at 31 December 2022 was EUR 1.127 (2021: 1.190).

The notes on pages 158 to 165 are an integral part of these financial statements.

The financial statements on pages 154 to 165 were authorised for issue by the Directors on 15 March 2023 and were signed on its behalf, as per the Directors' Declaration on the ESEF Annual Financial Report submitted in conjunction with the Annual and Sustainability Report and Accounts 2022, by:

Carl-Magnus Månsson
Director

Heidi Skogster
Director

Statement of changes in equity – parent company

(GBP m)	Note	Share capital	Share premium	Currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2021		0.1	81.5	–	367.7	**449.3**
Comprehensive income						
Profit for the year		–	–	–	147.4	**147.4**
Other comprehensive income for the year		–	–	6.4	–	**6.4**
Total comprehensive income		**–**	**–**	**6.4**	**147.4**	**153.8**
Transactions with owners						
Employee share schemes – value of employee services	15	–	–	–	-6.1	**-6.1**
Treasury share purchases	11	–	–	–	-66.4	**-66.4**
Disposal/utilisation of treasury shares	11	–	–	–	10.4	**10.4**
Dividends paid	14	–	–	–	-74.5	**-74.5**
Total transactions with owners		**–**	**–**	**–**	**-136.6**	**-136.6**
At 31 December 2021		**0.1**	**81.5**	**6.4**	**378.5**	**466.5**
Comprehensive income						
Profit for the year		–	–	–	122.3	**122.3**
Other comprehensive income for the year		–	–	-1.6	–	**-1.6**
Total comprehensive income		**–**	**–**	**-1.6**	**122.3**	**120.7**
Transactions with owners						
Employee share schemes – value of employee services	15	–	–	–	2.1	**2.1**
Sale of warrants, incentive programme	15	–	–	–	0.4	**0.4**
Treasury share purchases	11	–	–	–	-43.9	**-43.9**
Disposal/utilisation of treasury shares	11	–	–	–	5.3	**5.3**
Dividends paid	14	–	–	–	-73.8	**-73.8**
Total transactions with owners		**–**	**–**	**–**	**-109.9**	**-109.9**
At 31 December 2022		**0.1**	**81.5**	**4.8**	**390.9**	**477.3**

The notes on pages 158 to 165 are an integral part of these financial statements.

Cash flow statement – parent company

(GBP m)	Note	Year ended 31 December 2022	Year ended 31 December 2021
Operating activities			
Profit from operations		136.7	159.7
Adjustments for:			
Foreign currency gain on dividend		–	0.6
Share-based payments		7.4	4.3
Other (gains)/losses		-76.8	1.1
Non-cash investment movements		-87.2	-133.0
(Increase)/decrease in trade and other receivables		-0.1	0.3
Increase in trade and other payables		68.3	41.3
Cash flows from operating activities		**48.3**	**74.3**
Net income taxes received		54.0	43.7
Net cash generated from operating activities		**102.3**	**118.0**
Investing activities			
Settlement of contingent consideration		-4.4	–
Net cash used in investing activities		**-4.4**	**–**
Financing activities			
Interest paid		-5.3	-4.2
Dividends paid	14	-73.2	-74.5
Treasury share purchases	11	-43.9	-66.4
Sale of warrants, incentive programme	15	0.4	–
Proceeds from borrowings	12	76.7	133.7
Repayment of borrowings	12	-54.2	-133.7
Net cash used in financing activities		**-99.5**	**-145.1**
Net decrease in cash and cash equivalents		**-1.6**	**-27.1**
Cash and cash equivalents at the beginning of the year		2.3	29.4
Cash and cash equivalents at the end of the year	10	**0.7**	**2.3**

The notes on pages 158 to 165 are an integral part of these financial statements.

Notes to the parent company financial statements

1: Basis of preparation

These parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs EU), applicable interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Maltese Companies Act (Cap 386). The parent company financial statements have been prepared under the historical cost convention, subject to modification where appropriate by the revaluation of financial assets and liabilities at fair value through profit or loss.

Although the company is in a net current liability position, the Kindred Group as a whole has a solid financial position with strong liquidity and low leverage. The Group generates strong cash flows and it is therefore expected that sufficient funds will be available for the company's ongoing operations as well as the repayment of its liabilities, including its borrowings and intercompany liabilities. The company also has access to further funds by means of the unused portion of its revolving credit facility, as disclosed further in note 12. The company has complied with all of the facility covenant requirements during the year and forecasts show that continued compliance with these covenants is expected. The Directors have reviewed the financial position of the company, together with its forecasted cash flows and financing facilities available, and have a reasonable expectation that the company has adequate resources to continue in operational existence for a minimum of 12 months following the signing date of these financial statements. For this reason, they continue to adopt the going concern basis in preparing these company financial statements.

2A: Summary of significant accounting policies

Reference is made to note 2A to the consolidated financial statements, with any differences in accounting policies between the Group and the parent company (company) stated below.

Revenue

The company's principal activity is to act as a holding company and accordingly revenue relates to dividend income received from its subsidiaries. Dividend income is recognised when the company's right to receive payment is established.

Investments in subsidiaries

Investments in subsidiaries are accounted for by the cost method of accounting, net of any impairment losses. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Such provisions are recognised as an expense in the period in which the impairment is identified.

The results of subsidiaries are reflected in these financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

Investments in associated companies

Investments in associated companies are accounted for by the cost method of accounting, net of any impairment losses. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Such provisions are recognised as an expense in the period in which the impairment is identified.

The results of associated companies are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

Financial instruments

The company applies the policies for financial assets and financial liabilities in line with the Group, with the addition of intercompany balances.

Share-based employee remuneration

The grant by the company of performance share awards and share options to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent company financial statements.

At the end of each reporting period, the company revises the estimates of the number of share-based payments that are expected to vest. It recognises the impact of the revision to original estimates, if any, as an adjustment to the investment in its subsidiary undertakings.

2B: Critical accounting estimates and judgements

Reference is made to note 2B and note 15 of the consolidated financial statements in relation to the contingent consideration.

Additional estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the parent company financial statements in the next financial year are discussed below:

Impairment of investments in subsidiaries

The company's principal assets are investments in subsidiaries. The company is required periodically to assess whether such assets have suffered impairment in accordance with the accounting policy described in note 2A. The carrying value of investments in subsidiary undertakings are reviewed for impairment on an annual basis. The recoverable amount is determined based on their value in use. The use of this method requires the estimate of

Notes to the parent company financial statements continued

future cash flows expected to arise from the continuing operation of the subsidiaries and the choice of a suitable discount rate in order to calculate the present value. Actual outcomes could vary significantly from these estimates. Please see note 7 for further details.

2C: Financial risk management

Financial risk factors

The company's activities potentially expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management approach, covering risk exposures for all Group undertakings, focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the company's financial performance. Financial risk management is managed by the Finance team reporting through the Treasury Risk Management Committee to the Board of Directors. The Board of Directors supervises strategic decisions, including the management of the Group's capital structure.

Market risk

(a) Foreign currency exchange risk

The company's biggest foreign currency risk therefore arises from its financial assets and liabilities which are denominated in a currency that is not the company's functional currency (GBP). This risk relates primarily to its borrowings (denominated in both SEK and EUR) and its contingent consideration (denominated in EUR).

At the year end, the company also has access to a multi-currency revolving loan facility, of which GBP 91.0 million is unused (see note 12 for more information). At such time that the company draws down further on the facility, a further currency translation exposure may arise.

Hedge of net investment in foreign operations

The company uses hedge accounting, in the form of a net investment hedge, to mitigate the risk of exposure to foreign currency movements on foreign currency denominated borrowings. As detailed in note 12, this is in relation to the elements of the company's borrowings at the end of the financial year denominated in EUR and SEK. These gains and losses are recognised in other comprehensive income where the net investment hedge is deemed to be 'effective'. To the extent that the hedge is ineffective, the gains and losses are reported within the income statement, within finance costs or finance income.

The effects of the foreign currency-related hedging instruments on the company's financial position and performance are as follows:

	2022	2021
Carrying amount (non-current borrowings) (GBP m)	83.5	81.6
EUR carrying amount (m)	EUR 62.0	EUR 62.0
SEK carrying amount (m)	SEK 371.0	SEK 371.0
Hedge ratio	1:1	1:1
Change in carrying amount of borrowings as a result of foreign currency movements since 1 January, in other comprehensive income (GBP m)	1.6	-6.4
Change in value of hedged item used to determine hedge effectiveness (GBP m)	-1.6	6.4
Weighted average hedged rate for the year (EUR:GBP)	1.170	1.165
Weighted average hedged rate for the year (SEK:GBP)	12.467	11.834

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

(b) Interest rate risk

The company is exposed to market interest rate fluctuations on its floating rate debt. Increases in EURIBOR (or equivalent interbank offered rates for debt denominated in other currencies) would increase the interest cost of any outstanding and future drawings from its revolving credit facility; however, such increases would not be expected to have a significant impact on the company.

Credit risk

Credit risk for the company primarily arises from trade and other receivables, which are deemed to be immaterial, and cash and cash equivalents. Credit risk in relation to cash balances is managed at a Group level by maintaining a spread of the company's funds across a number of industry established providers.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding for the business. As at 31 December 2022, the current liabilities of the company exceeded the current assets by GBP 216.4 (2021: GBP 128.5) million, with the most significant current liabilities of the company being its intercompany liabilities of GBP 278.1 million. The company ensures adequate liquidity through the management of rolling cash flow forecasts, the approval of investment decisions by the Board of Directors and the negotiation of appropriate financing facilities. As at 31 December 2022, the unused revolving loan facility

Notes to the parent company financial statements continued

available to be drawn on was GBP 91.0 (2021: GBP 69.6) million. The company also monitored adherence to debt covenants that relate to its facilities in accordance with the conditions of those instruments and has been fully compliant with such conditions. See note 20 of the consolidated financial statements for more information on the facilities and covenants.

The table below analyses the company's financial liabilities based on the remaining period at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. See also notes 2B, 12 and 13 for further information on the company's financial liabilities.

	As at 31 December 2022	
(GBP m)	Less than 1 year	Between 1–5 years
Trade payables (note 13)	–	–
Amounts due to subsidiaries (note 13)	278.1	–
Accruals (note 13)	0.4	–
Borrowings (note 12)	7.8	157.9
Contingent consideration (note 2B)	2.2	–
Total	**288.5**	**157.9**

	As at 31 December 2021	
(GBP m)	Less than 1 year	Between 1–5 years
Trade payables (note 13)	3.0	–
Amounts due to subsidiaries (note 13)	181.9	–
Accruals (note 13)	1.2	–
Borrowings (note 12)	3.3	121.1
Contingent consideration (note 2B)	42.0	42.0
Total	**231.3**	**163.1**

2D: Capital risk management

The company's capital comprises cash and cash equivalents, borrowings and total equity attributable to the owners.

The company's objectives in respect of capital risk management are to safeguard the company's ability to continue as a going concern (see note 2C) in order to provide returns for shareholders while maintaining an appropriate capital structure. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue shares or sell assets.

The company's capital structure is managed in the context of the Group. See note 2D to the consolidated financial statements on page 130 for more information.

2E: Fair value estimation

The carrying value of the company's financial assets and financial liabilities approximated their fair values at the year end.

The company's financial liabilities at fair value through profit and loss consist of the contingent consideration on the acquisition of Relax Gaming. For more information on its classification and the valuation techniques used to determine its fair value, see note 15 of the consolidated financial statements.

3: Expenses by nature

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Administrative expenses		
Directors' remuneration	0.8	0.7
Other operating costs	0.5	0.2
Total administrative expenses	**1.3**	**0.9**
Items affecting comparability		
Merger and acquisition costs	–	4.8
Other (gains)/losses	-73.1	1.7
Losses on disposal of investments	17.8	–
Total items affecting comparability	**-55.3**	**6.5**

All auditors' remuneration is borne by a subsidiary and not recharged. The company does not have any employees.

Merger and acquisition costs during 2021 primarily related to the acquisition of Relax Gaming on 1 October 2021. There were no such costs during 2022.

Other gains/(losses), comprise foreign currency losses of GBP 3.7 (2021: GBP 0.6) million and fair value gains of GBP 76.8 (2021: losses of GBP 1.1) million. Fair value gains predominantly related to the reassessment of the fair value of the Relax Gaming contingent consideration, which resulted in a positive impact of GBP 80.4 million. For full detail of this reassessment, see note 25 to the consolidated financial statements on page 151. Foreign currency losses primarily relate to the retranslation of the contingent consideration, and certain corporation tax assets, denominated in euros.

Losses on disposal of investments relates to the liquidation of subsidiary companies during the year. See note 7 for more details.

Notes to the parent company financial statements continued

4: Finance costs

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Interest and fees payable on bank borrowings	4.4	4.6

Finance costs on bank borrowings include renewal, agency and commitment fees.

5: Finance income

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Foreign exchange gain on dividend payment	0.6	0.6

6: Income tax expense

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Current tax:		
Current tax expense (at 35%)	28.8	58.4
Amounts recoverable on intra-group dividend income	-21.1	-50.1
Deferred tax:		
Deferred tax charge (note 8)	2.9	–
Total tax charge	**10.6**	**8.3**

The tax on the company's profit before tax differs (2021: differs) from the theoretical amount that would arise using the basic tax rate as follows:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Profit before tax	132.9	155.7
Tax on profit at 35%	46.5	54.5
Tax effect of:		
Amounts recoverable on intra-group dividend income	-21.1	-50.1
Expenses/income not deductible/taxable for tax purposes	-17.7	3.9
Reversal of prior year deferred tax asset	2.9	–
Total tax charge	**10.6**	**8.3**

7: Investments in subsidiaries and associated companies

	GBP m
Cost of investments:	
At 1 January 2021	2,410.6
Additional investments in subsidiaries	210.1
Share award charge allocated to subsidiaries (note 15)	4.3
At 31 December 2021	2,625.0
Additional investments in subsidiaries	79.8
Share award charge allocated to subsidiaries (note 15)	7.4
At 31 December 2022	**2,712.2**
Provision for impairment:	
At 1 January 2021	1,883.1
Charged to income statement	–
At 31 December 2021	1,883.1
Charged to income statement	–
At 31 December 2022	**1,883.1**
Net book value:	
At 31 December 2022	**829.1**
At 31 December 2021	741.9

The additional investments in subsidiaries during 2022 relate to capital contributions of GBP 24.8 (USD 31.0) million and GBP 55.0 million to Unibet Interactive Inc. and Spooniker Ltd respectively.

In 2021, the additional investments were significant as a result of the acquisition of Blankenberge Casino-Kursaal NV (GBP 31.1 million), the acquisition of Relax Holding Limited and its subsidiaries (GBP 160.8 million) and capital contributions to Unibet Interactive Inc and Kindred IP Limited totalling GBP 18.2 million.

During the year there were also disposals of investments in subsidiaries relating to the liquidations of 32Red London Limited, Unibet Alderney Limited and Global Services (Channel Islands) Limited. The nominal investment values were minimal and therefore cannot be seen in the above table. As a result of these liquidations, losses on the disposal of investments of GBP 17.8 million are recognised within items affecting comparability in the income statement.

Notes to the parent company financial statements continued

In the opinion of the Directors, the value of investments in subsidiary undertakings is not less than the aggregate amount of GBP 829.1 (2021: GBP 741.9) million. This assessment is based on the value in use calculated with reference to the discounted cash flow forecasts for each of the reporting segments of the Group as set out in note 11 of the consolidated financial statements. In performing its assessment, the Board believes there is one cash-generating unit, Relax Gaming, where possible changes to the underlying assumptions might lead to the recoverable amount equalling its carrying value. As a result, sensitivity analyses have been performed. The recoverable amount of the investment in Relax Holding Limited exceeds the carrying value of the investment by EUR 431.1 million. A decrease in EBITDA of 60 per cent in the first five years (corresponding to a decrease in the EBITDA margin of 18 percentage points on average for the same period) would lead to the recoverable amount equalling its carrying amount. A pre-tax increased risk adjusted discount rate of 33.1 per cent would lead to the recoverable amount equalling its carrying amount.

The Board believes there are no cash-generating units where reasonably possible changes to the underlying assumptions exist that would give rise to impairment.

The principal subsidiaries, held directly or indirectly by the company, at 31 December 2022 are disclosed in note 14 of the consolidated financial statements.

Non-cash investment movements recognised in the cash flow statement relate to payments for investments in the company's subsidiaries that are made by one of its other subsidiaries on its behalf. These transactions are therefore non-cash intercompany transactions.

On 1 October 2021, the company acquired a further interest in Relax Holding Limited, its only associated company. After the acquisition, the company owned 93 per cent of the company and its subsidiaries and they were therefore recognised as investments in subsidiaries accordingly from that date. Since 1 October 2021, the company therefore no longer holds investments in any associates. The movements in the company's investments in associated companies during the years ending 31 December 2022 and 2021 are shown below:

(GBP m)	Year ended 31 December 2022	Year ended 31 December 2021
Carrying value at 1 January	–	1.6
Disposal of associates following business combination achieved in stages	–	-1.6
Carrying value at 31 December	**–**	**–**

8: Deferred tax asset

	GBP m
At 1 January 2021	2.9
Charged to the income statement (note 6)	–
At 31 December 2021	**2.9**
Charged to the income statement (note 6)	-2.9
At 31 December 2022	**–**

A deductible temporary difference arising on unused capital losses amounting to GBP 8.2 million that was recognised as at 31 December 2021 has been derecognised during the current financial year, resulting in a credit to the income statement of GBP 2.9 million.

Deferred tax assets at 31 December 2022 and 2021 consist of:

(GBP m)	As at 31 December 2022	As at 31 December 2021
Unused capital losses	–	2.9

9: Trade and other receivables

(GBP m)	As at 31 December 2022	As at 31 December 2021
Amounts due from subsidiaries	–	0.5
	–	**0.5**

At 31 December 2022 and 2021, all receivables were considered to be fully performing. No interest is charged on the receivable balance. The company does not hold any collateral as security over these balances. Due to the short-term nature of the other receivables, their carrying amount is considered to be the same as their fair value. No estimated credit loss has been booked in respect of these receivables. Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

10: Cash and cash equivalents

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

(GBP m)	As at 31 December 2022	As at 31 December 2021
Cash at bank and in hand	0.7	2.3

Notes to the parent company financial statements continued

11: Share capital and reserves

(a) Share capital

(GBP)	As at 31 December 2022	As at 31 December 2021
Authorised		
At 31 December – 1,600,000,000 (2021: 1,600,000,000) ordinary shares of GBP 0.000625 each	1,000,000	1,000,000
Issued and fully paid up:		
At 1 January and 31 December – 230,126,200 (2021: 230,126,200) ordinary shares of GBP 0.000625 each	143,839	143,829

For more detail on the company's share capital and its holdings of its own shares, please see note 23 to the consolidated financial statements.

(b) Share premium

There was no movement in share premium in 2022, nor in the previous year. The share premium arose as a result of various share allotments in previous years.

(c) Currency translation reserve

This reserve of GBP 4.8 (2021: GBP 6.4) million is a non-distributable reserve. The total balance in both 2022 and 2021 relates to the cumulative effective portion of the current hedging relationship.

12: Borrowings

The carrying amounts of the company's borrowings are due in more than one year (in line with the prior year) and are denominated in the following currencies:

(GBP m)	As at 31 December 2022	As at 31 December 2021
GBP	52.0	30.0
EUR	53.9	51.2
SEK	29.6	30.4
Total borrowings	**135.5**	**111.6**

On 11 November 2021, Kindred Group plc entered into a EUR 216.7 million multi-currency revolving credit facility agreement with two Nordic banks. The facility was committed for a period of three years, with a one-year extension option, and the agreement included an uncommitted accordion feature of EUR 108.3 million that would allow an increase in total commitments up to EUR 325.0 million.

During 2022, the Group utilised the one-year extension option, with the full facility now repayable on 11 November 2025. At the same time, using a third international bank, the Group utilised EUR 40.0 million of the accordion feature. This takes the total committed facilities to a total of EUR 256.7 million, with the possibility to, under certain conditions, increase the total to the EUR 325.0 million outlined in the original facilities agreement.

As at 31 December 2022, the balance of the facility utilised was GBP 136.6 (2021: GBP 112.5) million out of a total of GBP 227.6 (2021: GBP 182.1) million. The total borrowings recognised in the balance sheet of GBP 135.5 million are reported net of the associated transaction fees which were incurred and paid upon entering the agreement and which are being expensed over its duration.

The borrowings are unsecured and the fair value of the borrowings equals the carrying amount as the impact of discounting is not material.

For more information on the revolving credit facility, including repayment terms, interest and covenants, please see note 20 of the consolidated financial statements.

Reconciliation of movements in borrowings:

(GBP m)	GBP m
At 1 January 2021	118.3
Other non-cash movements	-0.3
Foreign exchange movements	-6.4
At 31 December 2021	**111.6**
Net cash flows	22.5
Other non-cash movements	-0.2
Foreign exchange movements	1.6
At 31 December 2022	**135.5**

13: Trade and other payables

(GBP m)	As at 31 December 2022	As at 31 December 2021
Trade payables	–	3.0
Amounts due to subsidiaries	278.1	181.9
Accruals	0.4	1.2
	278.5	**186.1**

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the parent company financial statements continued

14: Dividends

(GBP m)	2022	2021
Dividend paid	73.8	74.5
Dividend per share (GBP)	0.337	0.330

As the dividend is paid out in SEK, a foreign currency difference arises between the dividend declared in GBP, recognised in the statement of changes in equity (in line with the above numbers), and that shown in the cash flow statement which reflects the actual cash outlay.

Details of the current dividend (and share purchase) policy can be found on page 99.

The Board of Directors is proposing a final dividend in respect of the financial year ended 31 December 2022 of GBP 0.345 per ordinary share/SDR, equal to a total dividend of approximately GBP 75.0 million. If approved at the AGM on 20 April 2023, the instalments will be paid out in two equal tranches in May and November 2023.

15: Long-term employee share incentive plans

See note 22 of the consolidated financial statements for full detail of the company's long-term employee share incentive plans.

For share-based payments, none of the award/option holders are employees of the parent company and the expense calculated under IFRS 2 in relation to these awards has been charged in the relevant employing companies of the award/option holders. Therefore, there is no charge in the statement of comprehensive income of the parent company for the year relating to employee share-based payment plans. The Group IFRS 2 charge of GBP 7.4 (2021: GBP 4.3) million for the year is recognised in the separate financial statements of the company's subsidiaries employing the award/option holders and this amount is therefore recorded as an increase in the company's investment in subsidiaries in note 7 and as an increase in the company's reserves.

16: Contingent liabilities

As at 31 December 2022 and 31 December 2021, the company, in its capacity as the parent company, had given guarantees to provide financial support to certain subsidiaries.

17: Related party transactions

Up until 30 September 2021, the company had a 33.4 per cent interest in its associate, Relax Holding Limited. Relax Holding Limited and its subsidiaries were therefore considered to be related parties of the company. As explained in note 7, on 1 October 2021, following the acquisition of Relax Holding Limited by Kindred Group plc, Relax Holding Limited and its subsidiaries became subsidiaries of the company and any transactions between the two parties from this date are no longer considered as related party transactions and are no longer disclosed within this note.

Dividend income received from shares in subsidiaries is disclosed in the income statement. Dividend payments and payments related to the company's borrowings are administered by a fellow group company. Amounts outstanding at the year end arising from these transactions are included within trade and other receivables and trade and other payables in notes 9 and 13 respectively.

Key management personnel compensation, consisting of Directors' remuneration, is disclosed in note 3 and in the Remuneration Committee report on page 106. As at the year end, GBP 8,213 (2021: GBP nil) was owed to the Directors in respect of these services.

18: Events after the reporting period

Under the share purchase mandate, approved at the EGM on 10 June 2022, 1,222,000 SDRs have been purchased at a total cost of SEK 134.9 million between 9 February 2023 and 3 March 2023.

These events after the reporting period do not require any change in the amounts included in the 2022 financial statements.

Notes to the parent company financial statements continued

19: Comparative information

Certain comparative figures disclosed in the main components of these financial statements have been reclassified to conform to the current-year presentation.

Share-based payment transactions were previously recognised across two lines in the primary statements, however these have now been merged into one single line.

Statement of changes in equity

(GBP m)	As previously reported	Reclassification	As currently reported
Share awards – value of employee services	1.1	-1.1	–
Equity-settled employee benefit plan	-7.2	7.2	–
Employee share schemes – value of employee services	–	-6.1	-6.1

Cash flow statement

(GBP m)	As previously reported	Reclassification	As currently reported
Equity-settled employee benefit plan	1.3	-1.3	–
Share-based payments	3.0	1.3	4.3

Annual General Meeting

The Annual General Meeting of Kindred Group plc will be held at 10.00 CEST on 20 April 2023 at Kindred's Stockholm office located at Regeringsgatan 25 in Stockholm, Sweden.

Right to participate

Holders of Swedish Depositary Receipts who wish to vote at the AGM must be registered in the register kept by Euroclear Sweden AB by 10 April 2023 and notify Skandinaviska Enskilda Banken AB (publ) of their intention to vote at the AGM no later than 17.00 CEST on 10 April 2023, by filling in the enrolment form provided on www.kindredgroup.com/AGM. The form must be completed in full and delivered electronically.

Please note that conversions to and from SDRs and ordinary shares will not be permitted between 7 April 2023 and 28 April 2023.

Dividend

The Board of Directors propose a dividend of GBP 0.345 (2021: GBP 0.337) per share/SDR to be paid to holders of ordinary shares and SDRs. If approved at the AGM, the dividend will be distributed in May and November 2023 and amounts to a total proposed distribution of GBP 75.0 (2021: dividend paid of GBP 73.8) million.

Please see page 99 for further details regarding the Group's dividend policy.

Financial information

Kindred Group plc's financial information is available in Swedish and English. Reports can be downloaded from Kindred Group's website, www.kindredgroup.com. Kindred Group only provides digital copies of its financial reports.

Kindred Group will publish financial reports for the financial year 2023 on the following dates:

Interim Report January–March on 26 April 2023
Interim Report January–June on 25 July 2023
Interim Report January–September on 26 October 2023
Full Year Report 2023 on 7 February 2024

Definitions

Average number of employees: Average number of employees for the year based on headcount at each quarter end.

B2B: Business-to-business.

B2C: Business-to-consumer.

Compound annual growth rate (CAGR): A measure of growth over multiple time periods assuming all revenues are reinvested at the end of each year.

Diluted earnings per share: Profit after tax attributable to the equity holders of Kindred Group plc adjusted for any effects of dilutive potential ordinary shares outstanding divided by the weighted average number of diluted outstanding shares.

Dividend per share: Dividend proposed or paid divided by the number of outstanding shares at the balance sheet date.

Earnings per share: Profit after tax attributable to the equity holders of Kindred Group plc divided by the weighted average number of outstanding shares.

EBITDA: Profit from operations before depreciation, amortisation and impairment losses.

eNPS: Based on the question 'How likely is it that you would recommend Kindred as a place to work?', this score reflects the percentage of promoters (replied 9–10) minus the percentage of detractors (replied 0–6).

Free cash flow: Net cash generated from operating activities, excluding movements in customer balances, less cash flows from investment activities (including acquisitions) and lease payments.

Free cash flow per share: Net cash generated from operating activities, excluding movements in customer balances, less cash flows from investment activities (including acquisitions) and lease payments divided by the weighted average number of outstanding shares.

Gross profit: Revenue less cost of sales.

Gross winnings revenue (GWR): Revenue from the Group's B2C business. GWR on sports betting is defined as the net gain or loss from bets placed. Within casino and games, the Group defines GWR as the net gain from bets placed and Poker GWR reflects the net income (rake) earned from poker games completed. GWR across all products is reported net of the cost of promotional bonuses.

Net cash (net debt): Total cash at the balance sheet date less customer balances and borrowings.

Net cash (net debt) per share: Total cash at the balance sheet date less customer balances and borrowings divided by the number of ordinary shares at the balance sheet date.

Net debt to EBITDA ratio: Net debt at the balance sheet date divided by EBITDA for the year to that date.

Number of active customers: The total registered customers who have placed a bet with Kindred Group at any time during the year.

Number of registered customers: The total number of customers on Kindred Group's customer databases.

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

Turnover: Total amount of stakes placed on sporting events and games.

Underlying EBITDA: EBITDA before personnel restructuring costs, merger and acquisition costs, regulatory sanctions, market closure and contract termination costs, subsidy for warrants – incentive programme, other gains/(losses) and gain on remeasurement of previously held equity interest to fair value upon obtaining control.

Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.

Unrestricted cash: Total cash at the balance sheet date less customer balances.

Weighted average number of diluted outstanding shares: Calculated as the weighted average number of ordinary shares outstanding and potentially outstanding (i.e. including the effects of the vesting of all share awards) during the year.

Weighted average number of outstanding shares: Calculated as the weighted average number of ordinary shares outstanding during the year.

Independent auditor's report

To the Shareholders of Kindred Group plc

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the "financial statements") of Kindred Group plc give a true and fair value of the Group and the Parent Company's financial position as at 31 December 2022, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Kindred Group plc's financial statements comprise:

- the Consolidated income statement and Consolidated statement of comprehensive income for the year ended 31 December 2022;
- the Consolidated balance sheet as at 31 December 2022;
- the Consolidated statement of changes in equity for the year then ended;
- the Consolidated cash flow statement for the year then ended;
- the notes to the Consolidated financial statements, which include significant accounting policies and other explanatory information;
- the Parent Company income statement and Parent Company statement of comprehensive income for the year ended 31 December 2022;
- the Parent Company balance sheet as at 31 December 2022;
- the Parent Company statement of changes in equity for the year then ended;
- the Parent Company cash flow statement for the year then ended; and
- the notes to the Parent Company financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Parent Company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

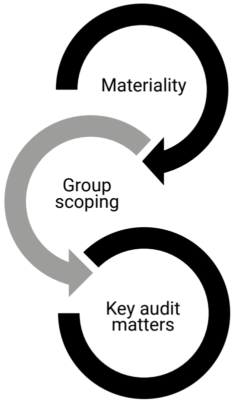
The non-audit services that we have provided to the Parent Company and its subsidiaries, in the period from 1 January 2022 to 31 December 2022, are disclosed in note 4 to the consolidated financial statements.

Independent auditor's report continued

To the Shareholders of Kindred Group plc

Our audit approach

Overview



- Overall group materiality: GBP 8.5 million, which represents 5% of the average profit before tax for the preceding three years adjusted for non-recurring income.

- PwC Malta is the group auditor with responsibility for the oversight of planning, execution and completion of the audit, and is supported by a number of other component network audit teams who perform procedures in accordance with the instructions provided by the group auditor.

- Impairment assessments for goodwill
- Consideration of liabilities arising from non-compliance with laws and regulations
- Recognition and disclosure of tax charges and provisions

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	GBP 8.5 million
How we determined it	5% of the average profit before tax for the preceding three years adjusted for non-recurring income.
Rationale for the materiality benchmark applied	We continue to use profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. Given the volatility of results however, we applied an average of the preceding three years, adjusted for non-recurring income. We chose 5% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above GBP 420,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report continued

To the Shareholders of Kindred Group plc

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at components by us, or component auditors operating under our instruction.

The components included within our scope of audit were determined based on the individual component's contribution to the Group's key financial statement line items (in particular profit or loss before tax and total assets and/or liabilities), and considerations relating to aggregation risk within the Group.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We issued formal written instructions to all component auditors setting out the audit work to be performed by each of them and maintained regular communication with them throughout the audit cycle. These interactions included attending certain component clearance meetings, as well as reviewing and assessing any matters reported. The Group engagement team also reviewed selected audit working papers for certain in-scope component teams.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessments for goodwill

Key audit matter	How our audit addressed the Key audit matter
Refer to page 91 (Audit Committee Report), note 2A (Summary of significant accounting policies), note 11 (Intangible assets). IAS 36 'Impairment of Assets' requires that Goodwill and other indefinite lived intangible assets are subject to an impairment review at least annually, or more frequently when there is evidence of a trigger event. IAS 36 also requires a number of specific disclosures in respect of the impairment assessment. The Group has goodwill of GBP 438.4 million across four of its five cash-generating units, being Group operations, Solfive, 32Red and Relax Gaming. The North America CGU does not hold any goodwill. When performing the annual impairment review of goodwill as at 31 December 2022, management determined that the goodwill was fully recoverable. Such trigger and impairment assessments involve a significant degree of estimation, in particular with respect to the cash flow forecasts.	We obtained the annual trigger and impairment assessments performed by management. A key component of our work was to consider the budgets and cash flow forecasts prepared by management, as outlined below. This was supplemented by specific procedures on the key assumptions used. We agreed the 2023 cash flow forecasts in the impairment models to the latest Board approved budgets. For the remaining periods covered by the models we evaluated the assumptions (including growth rates, EBITDA margins and discount rates) in the forecasts and considered the evidence available to determine whether the forecasts were reasonable and supportable. We, together with our valuation experts, determined that the application of the key assumptions was considered to be reasonable. We performed a sensitivity analysis on the level of cash flows, the risk adjusted discount rate, growth rate and margin used in the impairment assessment. As part of our work, we assessed the accuracy of management's historic forecasting ability when considering the assumptions used within the value in use model. In particular, we assessed each CGU's historical performance including actual results for 2022. We assessed the appropriateness of the disclosures as required by IAS 36 in respect of the goodwill and considered these to be reasonable. Refer to note 11 (Intangible assets).

Independent auditor's report continued

To the Shareholders of Kindred Group plc

Consideration of liabilities arising from non-compliance with laws and regulations

Key audit matter	How our audit addressed the Key audit matter
Refer to page 91 (Audit Committee Report), pages 93 to 97 (General Legal Environment) and note 2B (Critical accounting estimates and judgements). The international legal and licencing framework for digital gaming is territory specific, and in some territories this remains uncertain. Regulations are developing and this evolving environment makes compliance an increasingly complex area with territory specific regulations, responsible gambling and anti-money laundering obligations. Given the potential for litigation and licence withdrawal, the risk of non-compliance with digital gaming laws and licence regulations could give rise to material fines, penalties, legal claims or market exclusion. Developments in Norway (as described further on page 96 and Note 2B to the consolidated financial statements) continue to highlight further uncertainties in this jurisdiction. There is also a reputational and financial risk together with a going concern risk should any future changes or interpretation of the law mean that the business may not be able to continue to operate in certain territories.	We assessed how management monitors legal and regulatory developments and their assessment of the potential impact on the financial statements. We read, where relevant, external legal and regulatory advice sought by the Group (including in respect of recent developments in Norway). We also inquired of management and obtained confirmation letters from the Group's external legal advisers about any known instances of material breaches in regulatory or licence compliance that needed to be disclosed or required accruals or provisions to be recorded. Whilst acknowledging that there are instances where this becomes a judgemental area, in particular in instances where there are open assessments by the respective regulators, we found that the Group had an appropriate basis of monitoring and accounting for these matters in the financial statements and the resultant disclosures in the financial statements were appropriate.

Recognition and disclosure of tax charges and provisions

Key audit matter	How our audit addressed the Key audit matter
Refer to page 91 (Audit Committee Report) and note 2B (Critical accounting estimates and judgements). The Group operates across borders and is subject to regulations such as corporation tax and indirect tax in a number of jurisdictions. We focused on this matter as the taxation environment is complex and can change quickly. Further, the potential of differing interpretations of tax laws and regulations by tax authorities in countries where the Group operates could result in a material exposure to liabilities.	We discussed with management and their tax specialists how the Group manages and controls each individual company across the various territories and jurisdictions in which it operates and assessed how the local tax obligations are determined. We also obtained and read relevant tax correspondence with the respective tax authorities, together with any external tax advice obtained by the Group to assist them in supporting their tax position. With input from our tax specialists, we assessed the key judgements with respect to the tax positions taken. We obtained evidence to support the provisions and consider these to reflect management's best estimate. We found the overall position adopted in the financial statements and the related disclosures in respect of corporation tax and indirect taxes to be appropriate.

We have no key audit matters to report with respect to our audit of the Parent Company financial statements.

Independent auditor's report continued

To the Shareholders of Kindred Group plc

Other information

The directors are responsible for the other information. The other information comprises the Strategic report section, the Sustainability section, the Governance section and the Other section (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report continued

To the Shareholders of Kindred Group plc

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS")

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) – the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Annual Financial Report of Kindred Group plc for the year ended 31 December 2022, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

— Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
— Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
— Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Annual Financial Report for the year ended 31 December 2022 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Independent auditor's report continued

To the Shareholders of Kindred Group plc

Other reporting requirements

The *Annual and Sustainability Report and Accounts 2022* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual and Sustainability Report and Accounts 2022* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements. With respect to the information required by paragraphs 8 and 11 of the Sixth Schedule to the Act, our responsibility is limited to ensuring that such information has been provided.	In our opinion: — the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and — the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: — adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. — the financial statements are not in agreement with the accounting records and returns. — we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report continued

To the Shareholders of Kindred Group plc

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 5 October 2005. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 18 years.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Simon Flynn
Partner

15 March 2023

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kindred

Kindred Group plc
Level 6, The Centre, Tigne Point, Silema TPO 0001, Malta

Tel: +356 213 3532

Company No: C39017
Registered Malta
Registered Office
c/o Camilleri Presiosi
Level 2, Valletta Buildings
South Street, Valletta VLT 1103, Malta

www.kindredgroup.com