Focus on **regulated growth**

Kindred Group plc
Annual and Sustainability Report and Accounts 2023

kindred

home of:

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

Strategic report

Governance

Financial statements

Other

"Growing our share of revenue from locally regulated markets remains a major focus for us and we continue to demonstrate our ability to navigate complex local regulation, deliver a compelling customer proposition, and ultimately build further market share."

Nils Andén
Chief Executive Officer

At a glance
Transforming gambling

Kindred is one of the world's leading online gambling providers.

Our purpose is to transform gambling by being a trusted source of entertainment that contributes positively to societies wherever we operate. For over 25 years we have led the shift from traditional offline gambling to online, making it a more accessible form of entertainment.

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 on the desire to offer customers a thrilling and safe entertainment experience.

We provide our customers with gambling products across four categories: sports betting, casino & games, poker, and other (including bingo). Additionally, Kindred owns 93 per cent of Relax Gaming, a leading supplier of Slots, Bingo, and Table games. Kindred holds 13 local licenses across Europe and Australia.

Kindred provides a unique and differentiated entertainment offering to our customers through proprietary technology across all product segments.

Our 2023 financial highlights

Revenue GBP
1,210.5m
+13%

Free cash flow GBP
103.3m
+48%

Gross winnings revenue from locally regulated markets %
82%
(2022: 79%)

Active B2C customers
3.0m
(2022: 3.0m)

Underlying EBITDA GBP
204.5m
+58%

Gross winnings revenue from high-risk customers in Q4 2023 %
3.1%
(Q4 2022: 3.3%)

Underlying EBITDA margin %
17%
+5pp

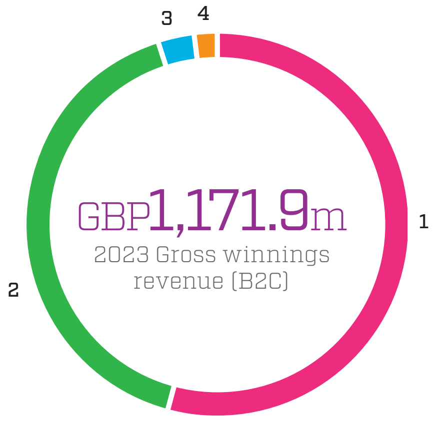
eNPS score
19
(2022: 48)

Earnings per share GBP
0.22
-59%

Number of employees
2,453
+5% (2022: 2,332)

Our products

Share of Gross winnings revenue (GWR) per product segment



1	Casino & games	57%
2	Sports betting	38%
3	Poker	3%
4	Other	2%

Find out more on pages 15 to 24

At a glance
continued

Our brands

kindred
home of:

UNIBET

32Red

MARIACASINO

VLAD CAZINO

kolikkopelit

HIGHROLLING STORSPELARE

CASINOHUONE

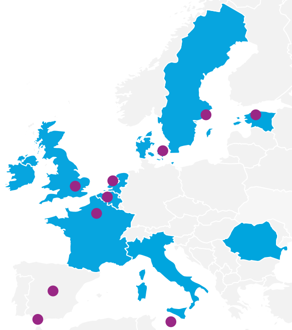
kolikkopelit

bingo.com

- Sports betting
- Casino & games
- Poker & other

Growth in locally regulated markets

Kindred is well diversified over a footprint of 13 licences in Europe and Australia*. In 2023, 82 per cent of Gross winnings revenue came from locally regulated markets.



Nordics

Denmark
Sweden

25% Share of GWR

5.1% Estimated annual market growth 2023-28e**

Central, Eastern and Southern Europe

Estonia
Italy
Romania

11% Share of GWR

10.5% Estimated annual market growth 2023-28e**

Western Europe

Belgium
France
Gibraltar
Ireland
Malta
Netherlands
United Kingdom

62% Share of GWR

4.5% Estimated annual market growth 2023-28e**

Other

Australia (through our licence in Northern Territory)

2% Share of GWR

5.4% Estimated annual market growth 2023-28e**

Our offices:

Amsterdam, Antwerp, Belgrade, Bengaluru, Copenhagen, Darwin, Gibraltar, London, Madrid, Malta, Paris, Stockholm, Sydney, Tallinn

* In 2023, Kindred also had B2C operations in North America. An exit process is underway and expectation is to have operations fully exited by the end of Q2 2024, subject to regulatory process.

** H2 Gambling Capital estimates

Chief Executive's review

Success in locally regulated markets

In what has been a very significant year for Kindred, I would like to begin by thanking my colleagues across the Group for their unwavering support and dedication throughout the year. Kindred is on a positive trajectory, and I am very excited about the path ahead.

Nils Andén
Chief Executive Officer

Chief Executive's review
continued

The geopolitical situation across Europe and other parts of the world continues to bring unrest, and during this time we have remained focused and supported each other when needed. Kindred is an extremely successful growth story over the years, partly thanks to our ability to come together as a team, and we remain committed to our purpose of transforming gambling by being a trusted source of entertainment that contributes positively to society.

A new chapter on the horizon

In April, Kindred's Board of Directors initiated a strategic review of the Group, with a view to exploring all options – including a sale of the business. Changes in management followed, including my appointment as Interim CEO, but the underlying business continued to perform well in key markets and remedial action was taken to address underperformance in other markets. I will address some of these actions shortly, but the strategic review resulted in a public cash offer in January 2024 for the entire Kindred Group from the French national operator La Française des Jeux. The Board has unanimously recommended that Kindred shareholders accept the offer, and completion of the process is expected to be in Q4 2024. While a successful completion of the acquisition will open the door to a completely new chapter for Kindred, after 20 years as a listed company on Nasdaq Stockholm, I and the entire Executive Management team believe that this is a positive outcome of the strategic review. To be successful in locally regulated markets requires scale, resources, and a long-term commitment.

> For operators to be competitive and successful in markets that adopt a local licence scheme, the playing field must be level and regulations must be upheld.

Dedicated focus on locally regulated markets

In the Netherlands, our re-entry into the re-regulated market has been a major success and testament to our ability to build profitability within a locally regulated framework in a relatively short period of time. We are still getting accustomed to the new market dynamics in the Netherlands, as is every other operator and the local regulator. However, I am delighted that we have achieved the number one position in the market, and we look forward to building further scale in a market that is projected to grow at 9 per cent CAGR until 2028, according to H2 Gambling Capital.

In the UK, our successful implementation of the customer affordability framework – which includes financial risk checks – has been well received and we continue to see above market growth. In consultation with the UK Gambling Commission, we will highlight the importance of a genuinely frictionless and tech-driven approach to affordability, with the objective of keeping customers safe and playing within a licensed framework. The UK is a key market for Kindred, and we are well positioned to continue to grow our market share.

Growing our share of revenue from locally regulated markets remains a major focus for us and we continue to demonstrate our ability to navigate complex local regulation, deliver a compelling customer proposition, and ultimately build further market share. There are promising signals that Finland will introduce a local licence scheme in the coming years, at which point I am convinced that we will be able to establish a firm footprint in the Finnish market and offer customers the thrilling and trusted source of entertainment that we bring to customers in all our other markets.

It's also clear that we have fallen short of our own expectations in some countries where we have significant market share and brand presence. In Belgium, adverse regulation hampered growth during 2023, and in Sweden we experienced slower growth than expected. I am convinced that we can return to above-market growth in both markets and actions to achieve this is already under way. However, for operators to be competitive and successful in markets that adopt a local licence scheme, the playing field must be level and regulations must be upheld. If this is not achieved, the purpose of a local licence, with all the positive aspects it brings to customers, communities and the industry, will risk failing. An important first step is an open, honest, and professional dialogue between licensed operators and the local regulators. Where this exists, the licensed gambling market always works.

Journey towards Zero revenue from harmful gambling

An important part of an open and honest dialogue, not only with regulators but with all stakeholders, is a conversation based on facts. We have always strived to be active and approachable when discussing harmful gambling, or when we are critiqued. We continue to focus our internal resources on reducing revenue from harmful gambling. If we look at our progress since 2020, we have reduced our share of high-risk revenue from 4.3 per cent down to 3.1 per cent in Q4, 2023.

While progress is certainly slower than we would like, I am confident that through further investment in technology and partnerships we will get close to achieving our ambition. As we stand on the precipice of artificial intelligence, I am excited at the potential of accelerating our work by harnessing innovative new technology.

Our dedication and firm commitment to the Journey towards Zero remains, and we will continue to report on our share of revenue from high-risk customers. We know this reduces the risk in our customer database and thus provides more sustainable revenue.

Providing a unique customer offering through proprietary products

Another significant cornerstone to improve efficiency in locally regulated markets is to build our own stack of proprietary products, and this has been a key strategic focus for many years. Simply put, proprietary products allow us greater control of the full customer experience, and we are able to de-risks our exposure to suppliers.

This makes our flagship project, the Kindred Sportsbook Platform (KSP), more important to us than ever. We are seeing that tactical development targeting locally regulated markets is happening all around us. With our diverse footprint in these markets, the ability to control our own product roadmap - in particular within the sports betting segment - is critical in order to stay ahead in these key markets, whilst enabling the flexibility to enter new ones.

It pleases me to say that at the time of writing, we have already launched a test product into production, in a controlled manner, for ongoing development throughout 2024. This is a significant milestone and one that has been delivered on time and in line with our original expectations. Following a period of test and build, we will begin rolling out to other key markets in earnest, from Q4.

With the peak year of investment in the project behind us, this production test launch heralds the start of now moving the project phase into normal operations.

A casino offering that is growing in importance

Growth across the casino & games segment has been strong. Now representing 57 per cent of our Gross winnings revenue, the product segment – with its stable and consistent margin – will be a fundamental enabler for further market growth this year.

During 2023, the casino team worked hard to optimise the segment without negatively impacting the player experience, demonstrating strong scalability and further growth potential.

On the poker and bingo front, stronger synergies were established with Relax Gaming, resulting in improvements to our player experience. The platform and products are in better shape than ever before, and we look forward to some exciting developments in 2024.

Our B2B operation continues to develop well through Relax Gaming, which had a stellar 2023. Relax Gaming added to its award-winning portfolio of games with the wildly successful 'Money Train 4'. Not only is it providing us with exclusive content that our customers can enjoy, but it is also showing impressive growth across Europe and their recent entry into the United States and the approval from the New Jersey regulator at the end of the year. Relax Gaming's scalability is hugely impressive, and its overall contribution to the Group's EBITDA continues to build year on year.

Exiting North America with a lot of learnings and experience

Our decision in 2019 to enter the US market was taken with a view to building our presence in the world's fastest-growing and most exciting market. With the repeal of the PASPA regulations the opportunities in the US were seen to be endless by operators, investors, and suppliers. Ultimately, the path to profitability in North America proved to be unreasonably long and significantly more investment was required in order to build sufficient scale. Our decision to exit North America in November 2023 was painful but correct. Our investment into building a truly global technology stack as part of the North American project will continue to directly support our growth plans in Europe and Australia.

The decision to exit North America was taken as part of a larger cost optimisation effort in order to refocus resources into our core European markets. This also meant that we had to make a number of trusted and respected colleagues redundant.

Delivering on our promises, and aiming higher

At the beginning of 2023, we promised to reach an underlying EBITDA of at least GBP 200 million by the end of the year - a fairly bold target at the time. I am extremely proud of everyone at Kindred as we managed to meet that target. Knowing that we can achieve what we set our mind to, as long as we remain focused and consistent, we have agreed with our Board to deliver an underlying EBITDA of GBP 250 million by the end of 2024. With a more robust cost structure, a focused growth strategy, and a dedicated focus on performance, I am confident we will achieve it. The fact that we will enjoy a summer with the UEFA Euros, Copa America, and the Olympics in Paris, is a bonus.

Nils Andén
CEO, Kindred Group plc

Malta, 13 March 2024

Industry trends

A regulated marketplace

Regulation and licensing is evolving fast across the world's leading markets, and the ability to manage this has become a key driver of innovation and a differentiator.

Current market trends

The macro market environment

The online gambling market continues to grow, as younger generations of customers increasingly expect to access their entertainment options whenever and wherever they happen to be, and on their device of choice. Today's customers also expect personalised content and a high-quality experience. This requires leading operators to maintain high levels of data expertise and product innovation, qualities often derived from scale or market consolidation.

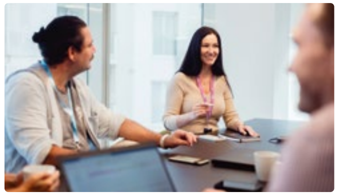
Regulation fit for the digital age

Following early regulation of the online gambling industry, individual markets are pursuing differentiated – and often complex – regulatory frameworks. With the pace of change in digital technology and all it can offer – both to the player and to the operator – influencing legislation, we are now in this second phase of local market regulations.

In 2023, 82 per cent of Kindred’s Gross winnings revenue came from these locally regulated markets, revenue that is sustainable over the longer term. As we move incrementally towards 100 per cent of revenue from regulated markets, we increasingly need to work within these volatile local regulatory environments. The challenges of this vary from market to market, but are generally increasing in intensity. We see exciting opportunities ahead, not only to manage this dynamic external environment for our own gain, but to help shape it by collaborating with the regulatory authorities.

Industry trends
continued

This activity plays out broadly in four themes



Margin squeeze

Margin squeeze is addressed by managing higher costs due to regulated revenues, betting duties, and regulatory compliance. Strategies include:

- Reducing cost of sales by optimising supplier mix, renegotiating terms, and leveraging synergies with Relax Gaming for exclusive games.
- Internalising our sportsbook via the Kindred Sportsbook Platform to switch from commission-based costs to scalable operating expenses (OPEX).
- Enhancing marketing efficiency to improve return on investment and protect gross margin.
- Cutting OPEX through a cost reduction initiative, including global headcount reduction, relocating roles to cost-effective locations like Bengaluru, and other non-staff cost savings.

Player experience

Different markets apply varying restrictions on our player experience. These can include:

- Mandatory deposit limits
- Loss limits
- Affordability frameworks
- Stake limits
- Specific limits for younger players
- Multi-product wallet splits
- Single customer view
- High-net-worth restrictions

To build and maintain a more sustainable customer base, we have a Priority Journey process that performs enhanced checks on customers at certain thresholds of spend. A successful Priority Journey creates a highly accurate view of the customer, building trust in our products and services, while enabling us to demonstrate high standards of customer compliance.

Advertising and marketing

There will continue to be restrictions on our marketing:

- Sponsorship bans
- Advertising bans
- Out-of-home advertising bans
- Blanket marketing restrictions
- Volume restrictions

This makes growing market share in such markets difficult, other than for the existing leading operators in each market. Here, brand awareness and community-building work can help customers understand and choose the licensed operators. It should be said that new customers generally do not know which operators are licensed or not, and so a ban on advertising can allow unlicensed gambling to flourish.

Bonuses and offering

There will continue to be restrictions on our bonuses and offering:

- Auto-spin bans
- Spin-speed restrictions
- Bonus bans
- Free-bet bans

In these scenarios, unlicensed operators are able to offer better incentives just one click away. Therefore, we need to stand out through product experience rather than bonuses, and continue to improve this in the following ways:

- KSP will enable us to offer sportsbook products differentiated from other operators.
- The Relax Gaming acquisition allows us to offer additional exclusive games and content.

Thriving in regulated markets

Kindred is one of a few leading operators adapting its business model to this new regulated reality. By successfully working within regulated markets, we can work with and influence the regulatory authorities and establish differentiation between licensed and unlicensed operators. We believe we can thrive in regulated markets due to higher barriers to entry, enabling a sustainable long-term business model.

In addition to working with regulators, we will also:

- Continue to develop products that can be adapted to local market requirements.
- Further build trust with local community stakeholders through our sponsorship models.
- Maintain a credible and fact-based dialogue with industry partners.
- Deliver a smooth customer experience that meets the requirements of local regulation.

Kindred's competitive advantages

On 22 January 2024, La Française des Jeux SA (FDJ) announced a public cash offer to the holders of Swedish Depository Receipts (SDRs) in Kindred Group plc to tender all their SDRs in the Company at a price of SEK 130 in cash per SDR. The Board of Directors of Kindred unanimously recommended that the shareholders of Kindred accept this offer. The acceptance period for the offer is expected to expire on 19 November 2024 and the potential completion of the offer is conditional upon several criteria.

A large and growing underlying market

10.7%

Global online gambling market compound annual growth rate 2023-2028

Supported by the strong and growing demand for online entertainment, Gross winnings revenue within the non-cyclical global online gambling market is projected by H2 Gambling Capital to show a compound annual growth rate (CAGR) of 10.7 per cent between 2023 and 2028. In 2023, the size of the global online gambling market was estimated at GBP 90.7 billion, corresponding to 29.6 per cent of the total global gambling market, according to the same market research firm. By 2028, H2 Gambling Capital expects the online share to have grown to 36.8 per cent.

A leading online gambling operator with a diversified footprint

GBP1.2bn

Annual revenues 2023 (2022: GBP 1.1bn)

With annual revenues of GBP 1.2 billion and a solid active B2C customer base of 3.0 million, Kindred is a leading online gambling operator. We are well diversified over 13 local licenses in Europe and Australia* and 9 brands. Unibet shines as our flagship brand, complimented by a suite of strong hyperlocal casino brands. 82 per cent of our Gross winnings revenue is locally regulated and as a result of the regulation carry lower operational risk. Thanks to our bespoke technology and scale, we can attract and retain profitable customers while mastering requirements and complexity, absorb costs and build sustainable success.

Solid foundation for continued long-term profitable growth

16.3%

Compound annual growth rate of Kindred revenue 2013-2023

Kindred has a strong record of revenue growth and operational efficiency. Through our scalable and bespoke technology platform, leading brands and attractive products, we provide our customers with a unique experience throughout long-lasting relationships. The cost reduction initiatives currently under way are enhancing scalability as we accelerate focus on market share gains in core markets. Crucial building blocks are Relax Gaming and the KSP as they enable high product quality and differentiation while adding to the Group's scalability and long-term profitability.

A determined focus on sustainability

3.1%

Share of GWR from high-risk customers in Q4 2023

Kindred holds a firm focus on sustainability and we are well on our way to obtaining around 90 per cent of our revenues from locally regulated markets, where authorities impose high demands. Our 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 have set an ambition to reach 0 per cent revenue from harmful gambling. Our efforts provide long-term profit support, reduce volatility and uncertainty, and strengthen our ability to attract and retain the best talent.

A profitable business with strong underlying cash flow generation

~75-100%

Pay-out ratio of free cash flow over time

Kindred has a track record of strong profitability and cash flow generation. The cost initiatives taken are enhancing Group scalability and the strong balance sheet allows for continued investments in both organic growth and selective acquisitions. Kindred has a solid history of capital returns to shareholders and the current distribution policy encompasses a total pay-out ratio of dividends and share purchases of ~75-100 per cent of free cash flow over time.**

* In 2023, Kindred also had operations in North America. An exit process is under way and the expectation is to have B2C operations fully exited by the end of Q2 2024, subject to regulatory process.

** 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.

Business model

How we create sustainable value

For over 25 years, our model has evolved in line with the online gambling sectors' competitive market environment. In the past decade this has meant increasingly moving towards operating in locally regulated markets. We aim to master the challenges better than our competitors and, with a clear, long-term strategic direction, continue to achieve true value for all stakeholders.

How we create value

What we aim to achieve

- Sustainable and thrilling entertainment
- A multi-brand approach based on local relevance
- Great customer experiences in 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-facing gambling brands
- Sports betting through our flagship brand, Unibet
- Casino & games, with a focus on local or hyper-local brands
- A strong poker product to complement the above
- Highly scalable 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.

83%
Customer satisfaction (CSAT) score

Value to employees

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

19
eNPS score

Value to shareholders

Our 38,479 shareholders receive a return on their investment in the form of an increase in share value and cash distribution.

GBP 108.1m
Cash distribution to shareholders 2023

Value to society

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

GBP 405m
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.

2,198
Business partners

How Kindred generates revenue

We focus on three product categories within our B2C business and our B2B business, Relax Gaming.

Three B2C product segments and B2B business Relax Gaming

Sports betting

We engage in bookmaking across a diverse range of sports and events. We make gains or losses based on the bets placed by customers, depending on the underlying outcomes of the event. Aiming to optimise margins, we are seeing an increase due to trends in the product and market mix.

Volatility

High, based on the outcome of events

Read more on page 19

Casino & games

A customer makes a wager on a casino game, and we generate a margin through the house edge (i.e. the mathematical advantage that assures us a return). In the two sub-segments, RNG (random number generator) and Live, we aim to enhance the margin sustainably, while at the same time reducing the cost of sales. We use over 100 different casino product suppliers as well as Relax Gaming, our in-house supplier.

Volatility

Medium (from low to high depending on the product)

Read more on page 15

Poker & other

In poker, a customer pays a rake (commission) to us for hosting a poker game, and the loyalty programmes (rake-backs) are dynamic and partly skill-based. In bingo, a customer places a bet and we generate a margin from the house edge. Our poker and bingo products are supplied exclusively by Relax Gaming.

Volatility

Low to medium

Read more on page 23

B2B (Relax Gaming)

Our B2B business – Relax Gaming – generates revenue through the aggregator channel and by offering its exclusive content to a diverse array of operators. The business is highly scalable, making an increasingly significant profit contribution to the Group.

Volatility

Low

Read more on page 18

From bets placed to profitability – how our income statement works

Stakes (turnover)

Less:
Customer winnings

=

Gross win

Less:
Promotional bonuses

=

Gross winnings revenue

+

B2B revenue

=

Revenue

Less:
Cost of sales

=

Gross profit

Less:
Marketing cost
and operational expenses

=

Underlying EBITDA

Our engagement with key stakeholder groups

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

	Customers	Employees	Investors	Partners	Communities	Regulators
Purpose	To provide the most exciting and trusted entertainment for our customers, while we work to improve player protection and education, and promote account integrity, while increasing gambling transparency and collaboration with players. Our ambition is to make gambling 100 per cent enjoyable, with no revenue from harmful gambling.	We want to attract and retain leading talent. Engagement and listening is vital to sustaining a high-quality workforce, so we can find the right solutions to topics such as hybrid working and training opportunities.	We provide a healthy return to 38,479 shareholders. We engage with them to provide information on our diverse operations and markets, and to understand their expectations and concerns.	Collaboration is key to the way we work. We work with suppliers, sports associations, expert advisers, lived-experience representatives and academia. As well as normal supplier–purchaser relationships, we also work with partners on benchmarking, training, research and protecting the integrity of customers and sports.	We look to improve community engagement, support local economic vitality and use a science-based approach in supporting the Paris Agreement in our carbon-reduction efforts. Establish a neutral public perception and a broad acceptance of "gambling as entertainment".	To retain licences and authority to operate, we strive to ensure our operations always to 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 points	Satisfaction surveys, customer-service communications, interventions (as appropriate), and customer experience research.	Surveys, external benchmarks, performance review meetings, exit interviews, succession planning, employee networks, training, and leadership development sessions.	Ongoing dialogue through multiple channels, quarterly reporting, investor meetings and events. Additional platforms include the AGM, webcasts, and other online interactions.	Contact through different forums, such as events and seminars, trade associations, individual meetings and policy discussions in each market.	We engage with people in sports teams, sporting events and other operations associated with sponsorships, equipment donations, award programmes and annual awareness surveys.	Contact through different forums, such as events and seminars, trade associations, individual meetings and policy discussions in each market.
Topics	– 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 customer experience	– Diversity, equity and inclusion – Employee engagement, development, and training – Internal training in compliance, responsible business conduct, sports integrity. – Establish a strong employer brand	– Information sharing, and ongoing dialogue about the industry and Kindred's business	– Transparency and collaboration – Engagement with experts – Promote partner insights – Customer experience and sports interaction – Sports integrity	– Community engagement – Responsible gambling – Community and workforce integration – Employment	– Regulatory compliance – Sustainable and responsible gambling practices – Licences and authorisations – Fair and sustainable market competition

Our strategy
A renewed focus on our core markets

We announced in November 2023 that we would renew our focus on our growing core markets and exit our North American operations. This will allow us to re-allocate resources to support growth in our core regulated markets, where we already have an established record of success.

Room for growth

While our footprint is large in Europe and Australia, there is ample room for growth. We hold leading positions in the Netherlands, France, Belgium and Sweden, but believe there is room for further growth in these markets. In addition, we have shown this year we have the capability to take market share, as we have done in the UK and Denmark. Concentrating our resources and funds on optimising these markets, and making the most of our brand awareness, will be an efficient strategy. In addition, forecasts suggest that most of our markets as a whole will continue to grow, and our plan is to exceed the combined annual growth rate of our core markets.

Total addressable market

6%

Kindred market portfolio

2025 financial targets

Total revenue

>£1.6bn*

Excluding North America, the implied underlying EBITDA target for 2025 remains as the communicated 21-22 per cent underlying EBITDA margin is expected to improve.

Free cash flow distribution

~75-100%

of free cash flow (after M&A)

CAPEX (as a % of revenue)

Stable

Despite Kindred Sportsbook Platform investment

Share of locally regulated GWR

~90%

A model for success in local markets

Most regulated European markets have stringent regulatory requirements, competitive landscapes and unique local characteristics that represent a barrier to entry for new operators. We have made substantial investments in time and marketing required to reach the levels of profitability in these regulated markets. We want to capitalize on that by increasing our focus on them. We have also gained the expertise, and a robust model, to apply to other markets in the future should they regulate, and should we want to expand into them. Our experience has shown that regulatory practices in other markets often follow those established in Europe.

Our priorities in 2024

Casino: We will continue to grow our casino & games segment through exclusive games, additional organic brands, and continued optimisation of casino margins.

Mid-value Customer segment: We want to pivot our businesses resources to focus on the profitable sustainable customers and focus less on unsustainable or unprofitable players. By doing this, we will grow our mid-value segment and thereby drive sustainable growth for our markets as a whole.

We expand on these themes on the next page

* In 2023, Kindred decided to exit North America and as a result of this does not expect to reach the previously communicated revenue target of GBP >1.6bn. The expectation is however to reach the implicit target for underlying EBITDA on the basis of the two prior targets of GBP >1.6bn revenue and 21-22% underlying EBITDA margin.

Our strategy

A renewed focus on our core markets: continued

Focus on casino & games

Casino growth is integral to achieving core market growth.

Within multi-product territories, the market for online casino is significantly larger and less volatile than for sportsbook. In addition, our eight non-Unibet brands are all casino brands, so improving casino allows us to take better advantage of this attractive brand portfolio. Therefore, we will refocus our efforts and resources on creating a better casino experience.

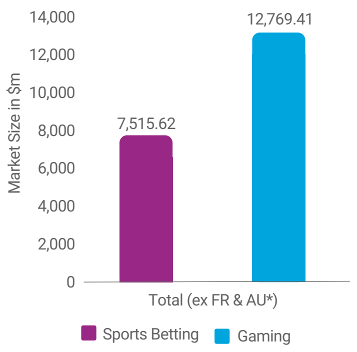
Our plans for casino

Where relevant, we will shift our local marketing and branding to be more casino-focused, to attract more active customers. We can also cross-sell casino games to sportsbook customers to grow revenue without having to increase our acquisition costs. Through Relax Gaming, we will create a unique casino experience, including exclusive games, while reducing our cost of sales. Following this, we can further enhance our improved casino offering by launching new brands.

A multi-brand approach

All our brands are profitable, demonstrating the benefits of a multi-brand approach. Having at least one casino brand in each market, including our hyper-local brands, enables us to better reach primary casino players, as customers enjoy playing with different brands. Therefore a wider brand portfolio would help us attract a greater share of players' spending. We want to introduce more casino brands and improve our multi-brand operations.

Interactive Gaming (Casino, Bingo and Poker) Vs Betting (Sports + Horse Racing) Market Size in 2023



* In France & Australia, we can only offer sportsbook for regulatory reasons.

The mid-value customer

The trend in our industry is that revenues from mid-value customers are stable or growing, yet revenues from high-net-worth (HNW) spenders are stable or declining.

Our performance in the UK and Denmark in recent years has demonstrated that we can lessen our dependence on HNW revenues by enhancing revenues from the mid-value segment and reducing losses from low-value customers. We aim to focus our resources on the mid-value segment of customers, to enable growth and optimise profitability and sustainability.

The unreliable highs and lows

As regulations tighten, operators are increasingly required to implement limits on deposits, losses, stakes and session times, as well as apply enhanced anti-money laundering and source-of-funds checks, and other checks and balances. In addition, increased reluctance to undergo these checks can prevent customers from playing with regulated operators.

At the other end of the scale, the cost of attracting and administering some customers can be higher than the revenue we gain. Therefore, we want to automate processes as much as possible for low-value customers and focus our resources on the mid-value segment.

The way forward

What we call the 'mid-value-customer pivot' is a change of business logic and processes away from a low-value, mass-market customer base towards a more sustainable customer profile. These are customers who have a profitable life-time value over the longer-term, but who play well within ranges that would not require extensive additional compliance checks. This mid-value pivot will be a lens through which we approach all improvements and organisational changes

Product segment reviews

Casino & games

Growth across the casino & games segment was our fastest growing product area across 2023. The strength of a growing casino product with a stable and consistent margin has created an exciting foundation to grow upon even further.

Casino growth is integral to achieving core market growth. Within multi-product territories, the market for online casino is significantly larger and less volatile than for sports betting.

Our eight non-Unibet brands are all casino brands, so improving casino allows us to take better advantage of this attractive brand portfolio. Going forward, as part of the renewed strategy we are focusing more of our efforts and resources on creating a better casino experience.

Our casino brands

kindred home of:

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

Key highlights

+7%

Casino & games Gross winnings revenue growth year on year

57%

Casino & games share of total Gross winnings revenue during 2023

Casino & games represented 57 per cent of total GWR in 2023, despite not being available in France and Australia due to regulations. We work with our industry's leading game suppliers to ensure we have the depth and quality of casino games our customers expect, and currently offer a portfolio of over 3,400 games from more than 120 game suppliers. We have also been releasing exclusive casino-game content through our Relax Gaming division (see case study).

Spotlight on the Netherlands

Our strong focus on product and customer experience in the Netherlands has put us in the number-one position in that market. Our Unibet brand is estimated to have approximately 20 per cent market share. According to the latest report from the Dutch regulator, casino is the dominant category in the market, and also the fastest growing. During 2023, we have worked closely with our suppliers to strengthen our product offering even further and we are differentiating within the market by offering a broad and exciting range of Kindred exclusive games.

Our leading casino markets*

1	Netherlands
2	UK
3	Finland
4	Romania

* Based on turnover.

Product segment reviews
Casino & games: continued

Alongside RNG (random number generator) games, we offer 'live' online casino across our market portfolio. We do this through seven studios offering a replica of a bricks-and-mortar casino, with human dealers and croupiers hosting tables for our most popular games including roulette and blackjack. These are offered in five languages, and include nine Unibet-branded games.

We operate nine customer-facing casino brands, with the Unibet brand dominating the share of revenue, and 32Red also generating a key share to support our growth in the UK market. Our hyper-local approach offers different products, languages and player support in each country to meet our customer demand and provide the best experience.

Scalable and profitable

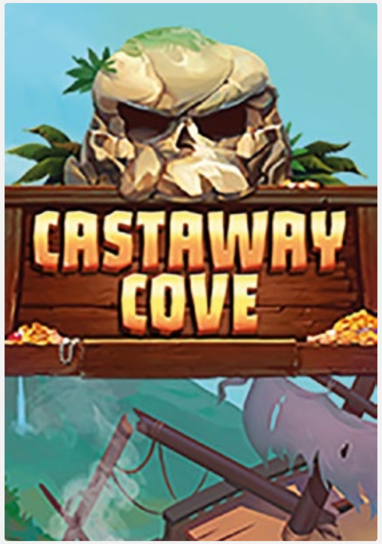
The casino & games margin has been improving significantly in recent years and we have plans to optimise it further. Our set return-to-player (RTP) percentage offers us stability of margin and offers players reassurance.

693 New games launched in 2023

56 Exclusive Games

Exclusive games

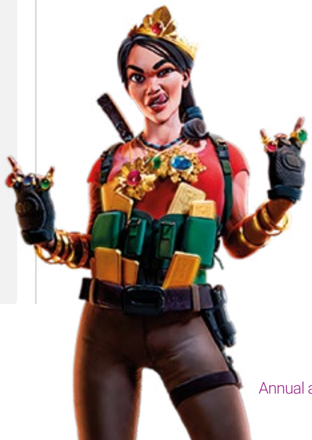
In 2023, we launched 693 games from 90 different suppliers (a 13 per cent year-on-year increase in games launched), and this high variety of content is vital to attracting, reactivating or retaining players. Even better is offering high-quality games no one else can provide. Through our in-house studio, Relax Gaming, we offered players seven fully exclusive titles this year, and launched 56 games that were exclusive either in a specific market, or for a period of time, before being released to competitors. These headline titles grab attention, help gain share from competitors and help generate a unique selling point for our brands.



One way we are optimising margins is investing in data science so we can create the best user experience. For example, we deploy algorithms to ensure each customer sees the most-appropriate content for their preferences – including new games and a 'recommended for you' section. We are planning to accelerate this personalisation next year to include more self-customisation for customers. Other platform improvements are mainly aiming to continue to enhance the customer experience, and to improve how we reward players.

Attracting sports betting customers to casino

We're keen to offer our sports betting customers the opportunity to play casino games and we do this in a number of ways. We show a casino tab at the bottom of every app page, and our algorithm will offer the casino games most likely to be played if the sports customer has no casino data. If they have played casino before, the last game they played is included within the sports betting quick access menu. We also offer the opportunity to play mini casino games from the sportsbook lobby.



Autonomy and control

In late 2021, Kindred acquired Relax Gaming, a supplier of online gambling products, with an outstanding product platform and game studio. This gives us greater autonomy and control of our casino, poker and bingo products and plans, an important part of our long-term strategy.

Together with drastically reducing our cost of sales, the integration of Relax Gaming has enabled us to create our own exclusive content and create genuine differentiation in our casino product. In addition, many Relax Gaming products are available on tier-one competitor sites, providing us with a highly scalable B2B business model. Our work with Relax Gaming has been progressing, and we will accelerate it even further next year, with its games contributing a greater share of revenue than before, and increasing market share in the USA. We released seven games bespoke to Kindred in 2023, with plans in place for many more.

+77%
EBITDA growth year on year

> 2023 was a very strong year for Relax Gaming. A year in which we reached new heights of scalability and success. Within 2023 Relax Gaming released some flagship game successes including the much anticipated Money Train 4 as well as compounding its position as a leading global jackpot provider with the most frequent wins in Dream Drop. Regulated markets growth continues to be a key strategic drive with our focus on key European markets, but also Relax Gaming signalled its global intent with its US first go live in New Jersey to close the year.
>
> **Simon Hammon**
> CEO Relax Gaming

Product segment reviews

Sports betting

Development of our proprietary in-house sportsbook continues at pace. During 2023, positive development of combination betting, including the popular BetBuilder product, delivered positive results.

Product segment reviews
Sports betting: continued

The sports betting market continues to expand rapidly, as do the customer choices within it. New technologies in data and personalisation, as well as the growth in popularity of apps, are increasing the attractiveness for players.

For operators, the sports betting margin is volatile due to the events' natural unpredictability and seasonal nature – but, over time, we have seen our average margin gradually increase.

Our sports betting brands

kindred home of: UNIBET 32Red

38%
Sports betting share of total Gross winnings revenue

111,868
Number of live streamed events to customers during 2023

We are a leader in customer experience and local product positioning. We attract and retain customers through attractive odds, a huge variety of betting options across the many sports, and an experience featuring high availability and combinations of outcomes – both pre-match and in-play. We have seen tremendous growth in customers placing combinations and accumulators, which are more profitable than single bets. Our popular BetBuilder product allows customers to build their own accumulator bets within a single match that we are streaming. We have also made navigational improvements during the year, and offer greater streaming options.

A wide range of exciting events

Football is the number-one sport in most of our markets, followed by tennis and basketball – but our betting portfolio also includes the chance to bet on events such as political elections, TV shows and global entertainment shows.

- **Football** is our bread and butter, and accounts for the majority of our sports revenues by quite some distance. The 'big three' competitions are the Premier League, La Liga and the Champions League, but many local leagues also feature and are an important attraction. The major international events are also key and the 2023 Women's World Cup was the most popular women's football event to date. It is vital that our players perceive us to have a wide offering, as a lack of offers tends to lead to churn and dissatisfaction.

> Our strategic emphasis on BetBuilder and combination bets yielded significant results. In 2023, we observed an increase in turnover from combination bets versus single bets, underscoring the success of our focused approach around combinability and packaging.
>
> **Johannes Nijboer**
> Head of Sportsbook Business Development

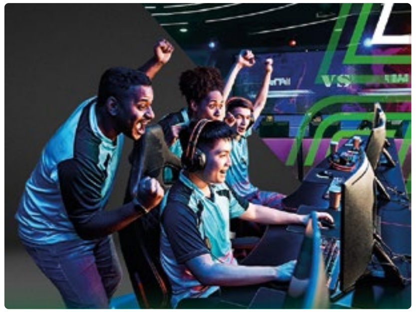
58%
Football as a contribution to total sports betting revenue.

- There's always a **tennis** match to enjoy onsite, and we stream all ATP, WTA and Grand Slams, offering them live on our site. With all the big tennis stars in attendance and five-set men's matches, the Grand Slams bring in good revenue.
- NBA **basketball** is a popular product, and benefits from streaming and a favourable time window (often at night in Europe). With 1,230 matches across the season, NBA is played almost every day.
- **Horse racing** is also an important product in certain territories, such as the UK, Australia and Sweden. We guarantee the best odds, alongside racing-form data and information, streamed races and results. We have a proprietary racing platform, the award-winning Kindred Racing Platform (KRP).
- **Ice hockey** is one of the most popular sports across the Nordic region and supports our localisation strategy. Our offering has increased in popularity through our BetBuilder product and our streaming proposition. We are also a partner to the NHL in expanding its fanbase in Sweden.

Product segment reviews
Sports betting: continued

— Czech Liga pro **table tennis** is our key 'filler' sport – that is, it's played all day long and we stream the matches. It's fast and fun, and matches finish within 20 minutes.

— **Esports** betting performs well with a younger audience. It requires niche targeting, and we offer an esports lobby with streaming and integrated stats. As with the table tennis, games like FIFA offer round-the-clock betting opportunities and finish quickly.



The best features and products

Innovation and evolution of existing and new features help us stay competitive and ensure we can respond quickly to the market. We've seen strong growth in the popularity of our BetBuilder product, which has an inherently higher sports betting margin than single bets. We have also introduced a range of improvements that make it easier than ever for players to place their combinations, such as expanding our bet offers and types, and increasing from 12 matches to 20 matches, and more. For 2024, we expect these combination trends to continue to grow, particularly in high-margin markets such as the Netherlands. Interest in individual player-related bet offers, such as goal scorer and shots on target, is booming, a trend from the US now making waves across Europe.

The best odds

Uncompetitive odds is the number-one reason for churn, so we ensure we offer market-leading or competitive odds on all leagues. In addition, we:

— offer time-limited, one-off promotions on key local events to give 'unbeatable' odds, a price differentiation that allows us to optimise local margins

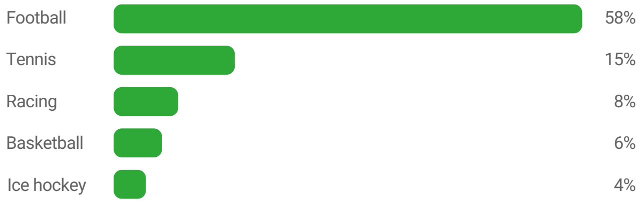
— use bonus tools to enhance pricing

— adapt our odds to local needs, whether through pricing strategies, local predictor games or supporting local sponsorships.

The best in-play experience

We offer a market-leading streaming portfolio, and the ability to place bets within the stream via our Watch&Bet product, setting us apart from the competition as the first company to offer this. There is a wide range of in-play bet offers available, and we localise and personalise the in-play experience – for instance, promoting local football leagues, or winter sports in the relevant markets.

Top sports ranks based on sportsbook GWR



> The technology we have used to power KSP is truly cutting edge and aligned to how we both view the future needs of the industry, as well as the ever-evolving customer expectations. It has been amazing to be part of this pioneering change and a pleasure to work alongside the skilled and passionate bunch of Kindred employees who have steered KSP to where it is today
>
> **Erik Backlund**
> Chief Product Officer

Our proprietary Kindred Sportsbook Platform

Having spent three years in meticulous development, Kindred's proprietary sportsbook platform (KSP) moved into a live production-testing environment in early 2024, establishing itself as a key component of our product and customer-experience strategy. Building on the many tried-and-tested principles of our award-winning Kindred Racing Platform (KRP) – which is already live in 12 markets – we will roll KSP out to all Kindred markets over time.

kindred Sportsbook

Having our own sports platform means we can quickly meet the changing needs of our customers, across all markets, and control the customer experience. The rationale behind the investment in our own tech includes growing revenue, optimising costs and maintaining security of supply.

The platform is already processing thousands of bets on real-life events in live test markets, and we are seeing clearly how our approach is going to pay off in both operational efficiencies and customer experience. KSP embraces the latest machine learning, automation and algorithmic decision-making technologies that will enable us to evolve in-play betting, create real-time customer relevance, customise rewards, and provide an experience adapted to local market requirements.

We are continuing to recruit top industry talent in both sportsbook and technology to pursue our ambition of a platform that's unparalleled in our sector in capability, scalability and supporting growth. With the launch of KSP, we will establish a true position of strength across our entire range of sports products.

Product segment reviews

Poker & bingo

Stronger synergies were established with Relax Gaming resulting in improvements to our player experience. The platform and products are in better shape than ever before.

Product segment reviews

Poker & Bingo: continued

Kindred's aim is to provide the best poker experience for the casual and recreational poker player, and our exclusive poker product is provided in house by Relax Gaming. Our longest serving Unibet poker ambassadors help us keep in touch with our players, and gather the feedback we need to continue improving the player experience.

We maintain involvement with our players through grass-roots initiatives that support local poker – for example, hosting the Swedish federation online championship in 2023. In addition, we organise major events, such as the Unibet Open, which ran for 23 days starting in October 2023, offering more than €1.1 million in total guaranteed prize money.

Our poker & bingo brands

kindred home of:

UNIBET

MARIACASINO

HIGHROLLING STORSPELARE

CASINOHUONE

bingo.com

Anytime, anywhere

We focus on mobiles, with full-feature iOS and Android apps and a mobile web solution where no download is required. Unibet offers our full poker product range on downloads to PC and Mac, iOS and Android apps, and is available on the web. Our other brands offer a similar variety of availability.

Maintaining integrity

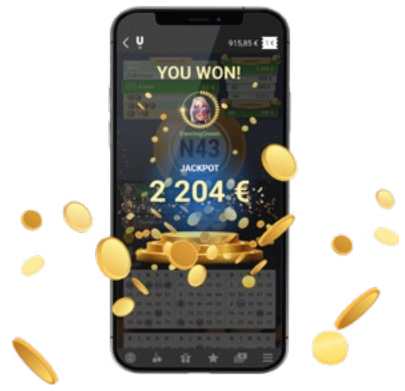
We do not allow any third-party software tools that give players an unfair advantage. We try to balance the skill level of the players so games run smoothly, everyone has a chance of winning.

Attracting and retaining

Our integrated promotions and loyalty system is designed to provide the right number of players to ensure enjoyable games, minimum waiting times and large enough prize pools. In addition, our two-year poker-data project has allowed us to build tools to measure player value, redesign our loyalty system, and reduce our bonus spend without seeing any negative effect.

5%

Poker and other products (including bingo) share of total Gross winnings revenue.



Offering variety

In October, we launched a completely new multi-table tournament (MTT) schedule with the aim of using tournaments primarily as an acquisition tool to other poker games that generate greater revenue. MTTs have a large prize pool and are attractive to casual players, so they are also a good way to reactivate lapsed players.

Another part of our refresh was a unified qualifier tree – one place to qualify for nearly every live event (live events feature human dealers in a studio set-up). This has allowed us to capitalise on a recent boom in live poker.

Spotlight on bingo

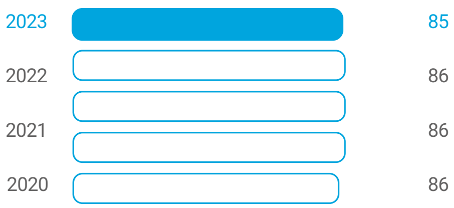
As with poker, our popular bingo product is provided by Relax Gaming. 2023 saw a new design and gameplay platform, while we continued to offer novel challenges, tournaments, giveaways and prizes every day of the week. Our bingo product is fully autonomous, ensuring differentiation from our competitors, and generates low-volatility margins. It is as popular as ever and an integral piece of our multi-product mix, offering sports and casino players who might like to play bingo, an option 100 per cent owned and controlled by Kindred.

Key performance indicators

Non-financial KPIs

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

85%

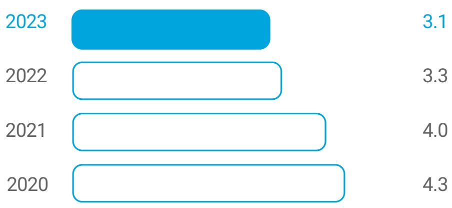


Definition
Customers who respond to a customer satisfaction survey saying that they believe a Kindred brand offers a trustworthy gambling experience. This is asked to customers across brands and markets. The percentage represents customers who respond 'strongly agree' and 'agree'.

Performance
The percentage of customers who believe Kindred offers a trustworthy gambling experience has remained strong at a similar level to 2022.

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

3.1%

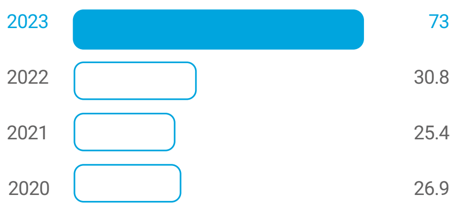


Definition
Customers who have closed their account due to addiction, or disclosed to Kindred that they have a gambling disorder, or have self-excluded for six months or more. It also includes customers who have been detected by Kindred's player detection system (PS-EDS) as being the highest risk.

Performance
The share of revenue from high-risk customers has continued to decrease year on year since reporting began. Throughout 2023, the share of revenue has marginally fluctuated but the trend continues to decrease.

Percentage of energy purchased from renewable sources (market-based)

73%

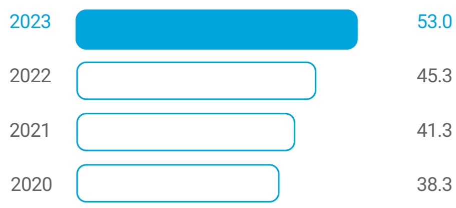


Definition
The percentage of renewable energy purchased from a renewable source.

Performance
The percentage of energy purchased from renewable sources has increased compared with 2022. This is as a result of increased purchasing of renewable energy certificates across our market locations.

Contribution to sport through sponsorships and partnerships (GBP)

53.0m



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 sports sponsorships increased by GBP 7.7 million in 2023 compared with the previous year.

Key performance indicators
continued

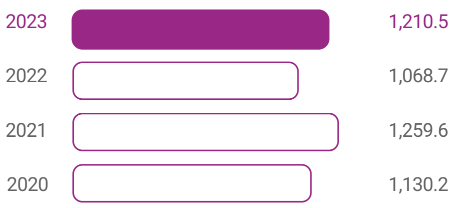
Financial KPIs

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)

1,210.5m

+13% from 2022



Definition

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

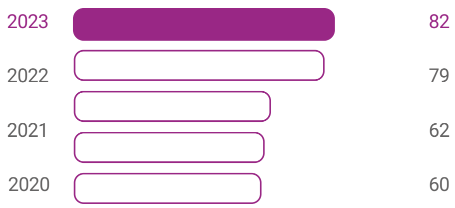
Performance

Revenue growth of 13 per cent from 2022 is driven by the B2C business, with strong growth in the Dutch market (following re-entry into the market in July 2022) and in the UK, as well as the casino segment. B2B revenues also performed very well, increasing by GBP 12.8 million (50 per cent) as the Relax Gaming business continues to grow from strength to strength.

Gross winnings revenue from locally regulated markets (%)

82%

+3pp from 2022



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.

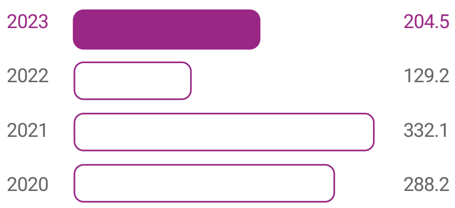
Performance

The Group continues to strive for its ambition to be a locally regulated operator generating sustainable profits. The increase of 3 percentage points from the prior year is primarily the result of the Group's growth in regulated markets, especially the Dutch market (following market re-entry).

Underlying EBITDA (GBP)

204.5m

+58% from 2022



Definition

EBITDA before items affecting comparability (see note 30 on page 128).

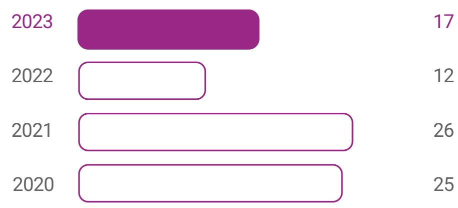
Performance

The significant 58 per cent increase in underlying EBITDA derives from a combination of the increase in revenues, which has improved the Group's scalability, as well as a significant focus on cost optimisation. It has also been supported by a significantly increased contribution from the highly scalable Relax Gaming business, by GBP 10.2 million (77 per cent).

Underlying EBITDA margin (%)

17%

+5pp from 2022



Definition

Underlying EBITDA as a percentage of revenue.

Performance

The Group continues to focus on building a scalable business model. Following a significant dip in the margin in 2022, as a result of the temporary loss of Dutch revenues, growth in this market has continued during 2023, allowing the Group to regain its scalability and improve margins. The Group's focus on optimising marketing and operational investments has also supported the improvement in this metric.

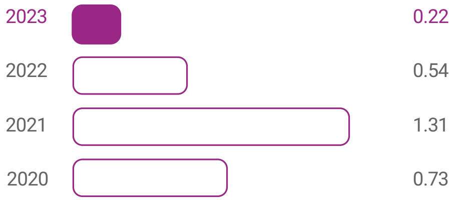
Key performance indicators
continued

Financial KPIs

Earnings per share (GBP)

0.22

-59% from 2022



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 112).

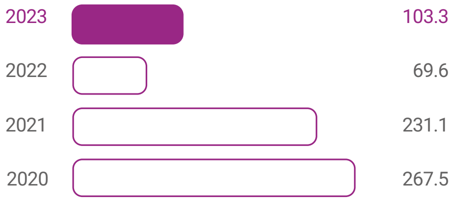
Performance

Despite the significant positive impact seen on underlying EBITDA when compared with the prior year, 2023 sees a substantial increase in items affecting comparability impacting the bottom line and causing earnings per share to decrease by 59 per cent. These items predominantly relate to the decision, announced in November 2023, to close the Group's North American operations, with the aim of improving profitability and ensuring continued shareholder value.

Free cash flow (GBP)

103.3m

+48% from 2022



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 128).

Performance

The Group generated solid free cash flow in 2023, and achieved growth of 48 per cent from the prior year. The increase was primarily driven by the improved performance, discussed on the previous page.

Cash distribution to shareholders (GBP)

108.2m

-8% from 2022

Definition

Ordinary dividends paid plus purchases of own shares.

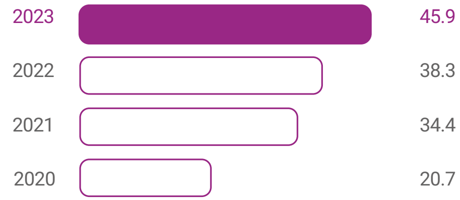
Performance

Dividend payments in relation to the 2022 dividend totalling GBP 74.0 million, and treasury share purchases of GBP 34.2 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)

45.9m

+20% from 2022



Definition

Capital expenditure on intangible assets, including capitalised development costs, computer software and long-term gambling licences (see note 11 on pages 113 to 115).

Performance

Following the announcement of the development of the Kindred Sportsbook Platform in 2022, the Group has continued to invest selectively in headcount in its tech teams to drive this project forward. As a result of this, and other key projects, capitalised development work has increased from the prior year.

Financial review

Revenue growth, improved scalability, and increased focus on cost optimisation significantly improved underlying EBITDA, while overall profitability was temporarily impacted by the announcement to close North American operations.

£1,210.5m
Revenue

£103.3m
Free cash flow

£204.5m
Underlying EBITDA

17%
Underlying EBITDA margin

Financial summary

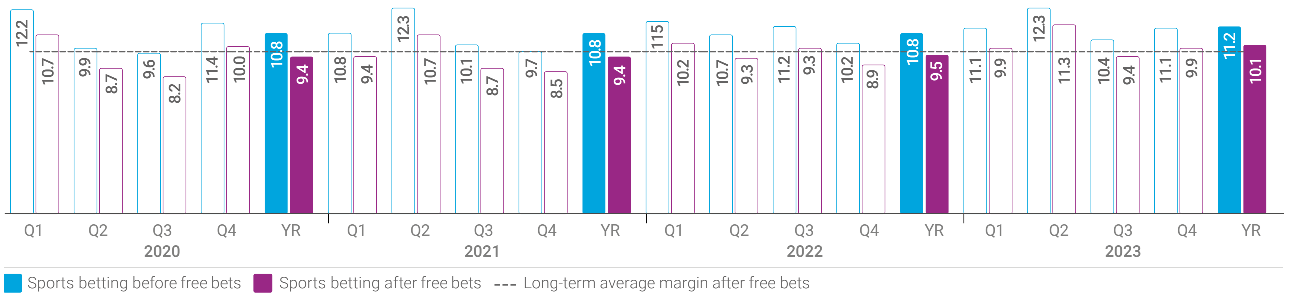
GBP m	2023	2022
Sports betting	446.1	439.8
Other products – casino & games, poker and other	725.8	603.1
Gross winnings revenue	**1,171.9**	**1,042.9**
Other revenue	38.6	25.8
Revenue	**1,210.5**	**1,068.7**
Cost of sales	-530.7	-484.9
Gross profit	**679.8**	**583.8**
Marketing costs	-220.7	-227.2
Administrative expenses	-318.2	-283.6
Items affecting comparability	-72.7	58.3
Profit from operations	**68.2**	**131.3**
Underlying EBITDA	**204.5**	129.2
Underlying EBITDA margin (%)	**17%**	12%
Profit before tax	**59.5**	126.8
Profit after tax	**47.2**	120.1
Earnings per share (GBP)	**0.22**	0.54

Total margin all products (2020–2023)

	2023 FY	2022 FY	2021 FY	2020 FY
Total margin all product segments – before free bets (%)[1]	**5.8%**	5.6%	5.0%	4.9%

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

Sports betting gross margin (2020–2023)



Financial review
continued

Overall Group performance

In 2023, revenue and underlying EBITDA grew by 13 and 58 per cent respectively from the prior year as the business returns to growth and demonstrates its scalability. Overall profitability, however, was impacted by significant items affecting comparability following the Group's announcement in November 2023 that its North American operations would be closed during the first half of 2024.

The increase in revenue was driven by the B2C business. Yearly active customers remained in line with 2022 at 3.0 million, but growth in the Dutch market (following re-entry into the market in July 2022) and in the UK, as well as strong growth in the casino segment, contributed to the increase. This was supported by a 50 per cent revenue increase from the B2B business, Relax Gaming.

The more significant underlying EBITDA increase is due to both increased revenues, which have improved the Group's scalability, and the significant focus on cost optimisation, across both marketing and operating expenses. It is also supported by an additional underlying EBITDA contribution of GBP 10.2 million from the highly scalable Relax Gaming business, a 77 per cent increase from the prior year.

Items affecting comparability amounting to a negative contribution of GBP 72.7 million have been recognised during the year, predominantly due to the decision taken to close the Group's North American operations. These include contract termination costs, personnel restructuring costs and impairment of assets. As a result, Group profitability has been significantly impacted, with profit after tax and earnings per share down by 61 and 59 per cent respectively compared with 2022.

Revenue

Total revenue in 2023 amounted to GBP 1,210.5 (2022: GBP 1,068.7) million, an increase of 13 per cent from the prior year.

Gross winnings revenue from the B2C business increased by 12 per cent, driven by the casino segment which now makes up 57 per cent of the 2023 total (4 percentage points higher than 2022). Growth was strong in both the Dutch and UK markets, although this was partially offset by the continued impact of regulatory measures in Belgium and Norway.

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 82 (2022: 79) per cent of total Gross winnings revenue. The Group maintains its ambition to be a locally regulated operator and to generate sustainable profits.

Other revenue (B2B) from Relax Gaming, amounted to GBP 38.6 (2022: GBP 25.8) million. This 50 per cent increase from the prior year clearly demonstrates that the business continues to perform extremely well and is growing significantly.

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 2023 amounted to GBP 318.0 (2022: GBP 272.8) million. The increase from the prior year, and as a percentage of Gross winnings revenue is due to market mix, with a higher proportion of revenues now coming from locally regulated markets, most notably in relation to the Dutch market following market re-entry.

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

Marketing costs

During 2023, marketing costs were GBP 220.7 (2022: GBP 227.2) 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 slightly from the prior year. On top of 2022 being a key football tournament year and somewhat distorting the comparatives, in 2023 there was significantly decreased investment in North America (to manage losses in the market and subsequently as a result of the announced market closure). There was also decreased investment in .com markets (due to regulatory changes) although these were partially offset by increased investment in the Netherlands (following market re-entry). The Group has also continued to optimise its marketing spend and drive for efficiencies in this area.

B2C marketing (including marketing revenue share within cost of sales) as a percentage of Gross winnings revenue has decreased to 22 (2022: 26) per cent in 2023. This is a result of the reduced marketing expenditure (explained above), and increased Gross winnings revenue.

Administrative expenses

During 2023, total administrative expenses were GBP 318.2 (2022: GBP 283.6) million. This total includes the following:

- GBP 164.1 (2022: GBP 140.8) million of salary costs, with the increase from 2022 being the result of selective headcount growth to recruit key talent to drive the business forward and annual salary increases. This includes key talent for the development of the proprietary sportsbook platform.
- GBP 90.5 (2022: GBP 86.6) million of other operating expenses. Increases from the prior year in certain costs linked to headcount growth and the development of the proprietary sportsbook platform, are offset by the cost optimisation actions taken.
- GBP 63.6 (2022: GBP 56.2) million of depreciation and amortisation expenses. The increase from 2022 is primarily additional amortisation charges from increased capitalisation of development work during 2023 and increased charges following the launch of the Group's proprietary platform in North America in the second quarter of 2023.

Note 4 in the financial statements on pages 109 and 110 provides more detailed analysis of administrative expenses.

Underlying EBITDA

The increase of 58 per cent from 2022 to GBP 204.5 million has resulted from the impact on revenue and costs described previously. The increase in underlying EBITDA margin by 5 percentage points to 17 per cent in 2023 demonstrates the improved scalability of the Group, as revenues have increased, and the result of cost optimisation actions taken. This is supported by the higher margin and highly scalable Relax Gaming business which has contributed underlying EBITDA of GBP 23.4 million for the year. Excluding the North American business, the Group's underlying EBITDA margin for 2023 is 19 per cent.

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 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 109 and 110.

In 2023, items affecting comparability included:

- GBP 9.6 (2022: GBP 0.3) million of personnel restructuring costs relating to organisational changes and cost optimisation actions taken to ensure that the Group optimises its headcount to create cost and operational efficiencies. These include costs relating to North American employees following the announced market closure.
- GBP 33.8 (2022: GBP 2.5) million of market closure and contract termination costs referring to contract termination costs and provisions for onerous contracts for the North American market, and customer claims.
- GBP 4.9 (2022: GBP nil) million of strategic review costs relating to costs being incurred by the Board of Directors in relation to the review of strategic alternatives announced on 26 April 2023.
- Other losses of GBP 3.4 (2022: gains of GBP 69.9) million comprising fair value, foreign currency and other gains and losses. Fair value gains in 2022 were significantly impacted by the reassessment of the fair value of the Relax Gaming contingent consideration, which resulted in a positive impact of GBP 80.4 million.
- GBP 20.8 (2022: GBP nil) million of impairment losses on assets relating to the decision to close the Group's North American operations and comprising impairment of intangible assets, property, plant and equipment and right-of-use assets. More information can be found in note 11 on pages 113 to 115.

EBITDA and profit from operations

EBITDA for 2023 was GBP 152.6 (2022: GBP 187.5) million and profit from operations was GBP 68.2 (2022: GBP 131.3) million, decreases of 19 and 48 per cent respectively. Despite the significant increase in underlying EBITDA, the above metrics were both impacted heavily by the sizeable items affecting comparability explained in the previous section, primarily in relation to the announced closure of the Group's North American operations.

Net finance costs

Net finance costs (consisting of finance costs offset by finance income) amounted to GBP 8.7 (2022: GBP 4.5) million for 2023 and primarily comprise interest and fees on borrowings of GBP 10.1 (2022: GBP 4.4) million. The increase from the prior year is caused by increased interest rates on borrowings in line with economic trends.

Profit after tax

Profit after tax for the full year 2023 was GBP 47.2 (2022: GBP 120.1) million, a decrease of 61 per cent. Following the Group's announcement of the closure of its North America operations, substantial items affecting comparability were reported in 2023 which negatively impact profit before tax. As a result, the effective tax rate for the full year 2023 has increased to 20.7 per cent. However, if we eliminate these one-off costs the recalculated effective tax rate would align closely with previous years.

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, foreign exchange differences on revaluation of the Group's facilities were recognised in other comprehensive income as gains/(losses) on net investment hedge, amounting to a gain of GBP 4.0 (2022: loss of GBP 1.6) 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 2023, remaining in a net cash position of GBP 27.4 (2022: GBP 39.2) million, despite significant cash outflows during the year in relation to the 2022 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 113 to 115, with the most notable exceptional movement during the year being the impairment of gaming licences and capitalised development costs due to the announced closure of the North American operations.

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 and impairment charges, with the latter again relating to the closure of the North American operations.

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. 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.

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

See note 20 on pages 120 and 121 for more detail on the Group's borrowings, amounting to GBP 141.8 (2022: GBP 135.5) million at the end of the year and 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.

Trade and other payables amounted to GBP 217.8 (2022: GBP 199.6) million at 31 December 2023, increasing from the prior year predominantly due to increased activity and the timings of invoices and payments. Provisions have increased from GBP 21.8 million at the end of 2022 to GBP 35.9 million at the end of 2023 as a result of additional provisions recognised for contract terminations and onerous contracts in North America, personnel restructuring and customer claims, explained further in note 18 on pages 119 and 120. Customer balances amounted to GBP 71.1 (2022: GBP 80.2) million at the end of the year. See note 19 on page 120 for more information.

48 per cent increase in free cash flow from 2022 to GBP 103.3million.

Other financial liabilities at fair value through profit and loss relate to the expected outflow following the exercise of put/call options by the minority shareholders of Relax Gaming. See note 25 on pages 127 and 128.

Tax liabilities have decreased by GBP 16.6 million from the prior year due to the timing of corporation tax payments.

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 2023, intangible assets of GBP 45.9 (2022: GBP 38.3) million were capitalised. The increase from the prior year is a result of increased capitalised development costs, as explained below.

Capitalised development costs primarily represent capitalised salary costs for those working on the development and enhancement of the platform. In 2023, development expenditure of GBP 45.4 (2022: GBP 36.9) million was capitalised. The Group continues to invest in the development of its platform, in order to deliver the best technology to its customers. The increase from 2022 correlates with the selective headcount increases to support the launch of its proprietary platform in North America and the development of its in-house sportsbook platform.

Cash flow

GBP 164.0 (2022: GBP 138.7) million in cash was generated from operating activities during 2023. The increase from the prior year is primarily caused by the increase in underlying EBITDA, but also 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 2023 were GBP 48.8 (2022: GBP 51.5) million. On top of the movements in capital investments previously discussed, 2023 was also impacted by the final earn-out payment for Relax Gaming of GBP 1.9 (2022: GBP 4.4) million and the repayment of the convertible bond from Kambi Group plc of GBP 6.5 (2022: GBP nil) million.

Cash flows used in financing activities in 2023 were predominantly impacted by share purchases totalling GBP 34.2 (2022: GBP 43.9) million, payment of the 2022 dividend of GBP 74.0 (2022: GBP 73.2) million as well as the net proceeds from drawdowns and repayments of borrowings of GBP 10.0 (2022: GBP 22.5) million.

Free cash flow for 2023 was GBP 103.3 (2022: GBP 69.6) 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.

Risks and risk management

Managing risks and uncertainties is integral to successfully executing the Group's strategic objectives and delivering long-term success. It provides a systematic approach to identifying, understanding and managing the Group's risks. It also provides greater certainty and confidence to the Group's stakeholders, employees, customers, suppliers and the communities in which we operate.

Further strengthened organisational risk management

The macro-environment continues to bring new challenges, war and geopolitical tensions, and high inflation pressures, as well as longer-term challenges such as climate change. 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.

Raising the bar on risk management is a constant process, and the Group continues to enhance the risk management framework and strengthen the development of the risk area within the organisation for the future. Work carried out in 2023 included improving general knowledge and understanding of good risk management practices across the Group through business area workshops and a rollout of an online learning programme for all employees and improving the quality of business-level risk information covering a systematic update of business unit risk recording across all areas to facilitate the escalation process and collaboration across different departments.

Identifying the Group's risks

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

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.

Managing the Group's risks

Kindred's Risk Taxonomy is a comprehensive and evolving set of risk categories. The categories (strategic, operational, compliance, financial) are useful in deciding how to approach controls and in setting risk appetite. 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 empowered to manage their risks and 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 treatment plans across the year and perform reviews of the Group's risks which are presented quarterly to the Executive Management team and Audit Committee.

Principal risks and uncertainties

The tables on the following pages present 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.

Principal risks and uncertainties

Strategic

.Com markets and business continuity

Increasing

Principal risk/uncertainty

Kindred's priority continues to be to establish a constructive, data-driven and fact-based dialogue with policymakers to initiate a policy and legislative shift towards sustainable local regulation. There are a number of remaining European markets which still operate under a monopoly or have implemented a local licensing regime which Kindred considers to be incompatible with EU/EEA law. Kindred strives to have a constructive dialogue with local regulators and stakeholders in these markets but equally actively pursues ongoing litigations, for example in Norway, to initiate the required policy shift.

Owner

Chief Legal and Compliance Officer

How we manage and mitigate the risk

Kindred supports local licensing regimes whereby operators established in the EU/EEA can apply for a licence that is allocated in a fair and transparent manner and operate in the market in accordance with the fundamental freedoms that apply in the EU internal market.

Emerging threats

In 2023, we witnessed increased enforcement activity from local regulators in a number of .com markets. We also experienced the introduction of new licensing regimes, as for example in Hungary (despite various issues under EU law), and a clear path towards local regulation, as for example in Finland. This is expected to continue in 2024.

Strategic relevance

.Com markets are important for Kindred's Group profitability and for our overall footprint. We have a strategic aim to grow our revenue and profits from locally regulated markets. The target is to reach ~90 per cent of GWR from locally regulated markets by end of 2025.

Compliance

Adverse policy and regulatory measures

Increasing

Principal risk/uncertainty

Adverse policy and political measures impacting our strategy could result in increased costs and complexity, create a competitive disadvantage or have a negative financial impact. In 2024, we will see unprecedented impact from tax and regulation on the Kindred business, especially in our core markets such as the UK and the Netherlands. The emergence of taxation risks in 2024 is one to keep a close eye on.

Owner

Chief Legal and Compliance Officer

How we manage and mitigate the risk

Kindred works to address the main issues that will impact our business with policymakers and political authorities to both educate and promote our preferred solutions. Failing to do anything would lead to a passive acceptance of anything policymakers want to do.

Emerging threats

Challenging regulation is accelerating both in time and scope across all of our markets. From marketing and advertising we have moved very quickly to player limits and game design such that all aspects of our business are now under active political consideration somewhere. In 2024, we will face major policy change in our core markets: the UK (white paper process) and the Netherlands (limits, advertising, RG measures and likely more). We will also face a wave of taxation developments as governments look to our industry to generate revenue.

Strategic relevance

The ability of Kindred to execute its commercial strategy is contingent on understanding, managing and taking advantage of the external policy environment. The external environment around online gambling has never been more challenging and our licence to operate never more fragile. Corporate Affairs work is essential to support any form of longer-term business sustainability for Kindred.

Compliance

Regulatory compliance and governance complexity

Increasing

Principal risk/uncertainty

Failure to comply with laws and regulations could lead to a loss of trust, financial penalties and/or suspension of our licence to operate (not only in the jurisdiction of the sanction, but the knock-on effect across other regulated markets).

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 fully 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 fully compliant. Moving into new markets also presents additional risks.

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 such as: share price and thus market capitalisation; the ability to operate effectively in current and future markets; the risk of licence reviews; and the knock-on effects to other regulated markets.

Customer compliance management

Increasing

Principal risk/uncertainty

Kindred operates in multiple jurisdictions, and the operational work needed to manage customer risk has increased. If Kindred fails 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 near real-time alerts of risk indicators on customer accounts, a holistic customer data view, applying limits and restrictions when appropriate, creating synergies between teams and departments, and continuously 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 safe and responsible operations adds complexity to the Group's business due to multiple licences and requirements across different jurisdictions. At an EU level, the European Commission proposed an AML Regulation (similar to GDPR on privacy). This aims to introduce an EU single rulebook for AML, which will permit clearer and more directly applicable rules to be applied consistently across the EU. While there are risks in this regulation process, it does also provide an opportunity to reinforce 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

Operational

Talent re-balancing

Increasing

Principal risk/uncertainty

Kindred identifies a risk to short-term operational delivery while we execute planned headcount operating expenses reductions.

Owner

Chief HR Officer

How we manage and mitigate the risk

For teams that are impacted, we have comprehensively reviewed workloads to identify what needs to be reprioritised and/or redistributed to other teams.

We have also established a new office in Bengaluru, India, where there is a wide talent pool available at a lower cost to support our growth areas, in particular Tech.

We will be rolling out AI tools to support employees in becoming more efficient and effective, reducing time spent on non-value-add work.

Emerging threats

The increased pace of change in Kindred means we have to maintain the required culture and skillset to support our transformation initiatives. To mitigate this, our focus is on maintaining high employee engagement while driving up performance.

Strategic relevance

If we do not meet our cost reduction targets this has a direct impact on our ability to deliver our strategy.

Cybersecurity and tech resilience

Increasing

Principal risk/uncertainty

The principal risk/uncertainty regarding cybersecurity for online gambling businesses for 2023 has been the ransomware attack. Ransomware is a type of malicious software that encrypts the data and systems of the victim and demands a ransom for their decryption. Ransomware attacks can cause significant financial losses, reputation damage, regulatory fines and legal actions for online gambling businesses, as well as harm their customers, partners and suppliers.

Kindred Group has not sustained a ransomware attack; however, we remain mindful of its impact.

Owner

Chief Technology Officer

How we manage and mitigate the risk

Kindred Group maintains a cybersecurity risk management programme that is aligned to the business strategy. The security team updates the risk register using a wide range of information such as historical data, ongoing events, threat intelligence and probable future events in order to prioritise those risks which are most likely to eventuate and/or have the most impact to the organisation. Treatment options will be dependent on risk tolerance and appetite as well as the ability to remediate. Risk treatment plans are monitored for effectiveness and the risk register constantly updated to reflect the current circumstances of the organisation.

Emerging threats

As with previous years, DDoS has remained the most consistent style of attack and ransomware has remained the most impactful by threat actors in the online gambling space. While Kindred Group was not breached or suffered a ransomware attack, a competitor was breached by a ransomware group called "Scattered Spider" whose demands for a ransom were not met. The result of their breach was an estimated USD 100 million in lost earnings, demonstrating the destructive nature of the attack. Kindred Group has been the target of a considerable number of DDoS attacks and while they have been largely mitigated, there has been limited downtime associated with layer 7 attacks, mainly against the .fr business.

Threat actors are exploiting fundamental failings in organisations and their initial points of entry (breach) are often simplistic and unsophisticated (e.g. social engineering service desk).

Strategic relevance

Incidents resulting from the threats listed in this report (e.g. ransomware and DDoS) can cause financial losses, reputation damage, regulatory fines and legal action as well as harm Kindred Group customers, partners and suppliers. Therefore, cybersecurity is strategically relevant for maintaining the value, trust and continuity of the business.

Financial

Tax and tax-related risks

Increasing

Principal risk/uncertainty

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 Finance Operations 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 per cent (Pillar 2). On 12 December 2022, an agreement was reached at EU level on adopting a Directive implementing the global minimum tax as from 2024. The EU Directive had to be transposed into domestic legislation of the EU Member States by 31 December 2023. Malta opted to apply the derogation afforded by the EU Directive, allowing for a delay in implementation of the global minimum tax rules. For fiscal year 2024, Malta will not introduce the Income Inclusion Rule, Undertaxed Profits Rule or a qualified domestic top-up tax.

Pillar 1, another OECD initiative, has a twofold structure:

1. **Amount A** involves reallocating taxing rights to market jurisdictions but is limited to multinationals with revenues exceeding 20 billion euros.
2. **Amount B** standardises remuneration for related parties performing baseline marketing and distribution activities and applies to all multinationals subject to Country-by-Country Reporting (CbCR). Consultation documentation was released in December 2022, with further guidance published in 2023. The rules, as per the latest publications, exclude the provision of services from the scope. Additional work on the implementation guidelines is still ongoing.

At the EU level, the public country by country reporting directive aimed at increasing transparency and documentation requirements mandates public disclosure of tax and financial information for multi-national groups with over €750 million in global revenue. This applies to operations in EU states and 'non-cooperative jurisdictions'. The directive, which came into force on 21 December 2021, with transposition into domestic law required by 22 June 2023, includes a 'safeguard clause' allowing a deferral of reporting for up to five years under certain conditions. The first year of reporting will be the financial year beginning on or after 22 June 2024.

Domestically, Malta is introducing transfer pricing legislation from 1 January 2024. In the UK, additional transfer pricing documentation requirements were introduced for fiscal years beginning on 1 April 2023. These changes are likely to increase compliance burdens and administrative costs for taxpayers.

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. Finally, the lifting of COVID-19 restrictions is expected to result in the resumption of tax audit activities across several jurisdictions, creating additional pressure on 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.

Sustainability

Our ambitions focus on responsible and safe gambling, a secure platform and reinforcing the integrity of gambling products

Achieving our purpose, to transform gambling by being a trusted source of entertainment that contributes positively to society, requires us to ensure our stakeholders are aware of how we operate and govern our business. The framework described below is fundamental to Kindred, and managed through a series of sustainability programmes run across the business.

Sustainability at Kindred

Recognising stakeholders' needs

Sustainability is as dynamic as Kindred, CSRD presents an opportunity to define and value the work engrained across our business.

Rachel Randle-Williams
Chief Human Resources Officer

Kindred is continuously looking into how best to manage the impacts, risks and opportunities of sustainability.

To do so provides long-term commercial resilience, reduces market volatility, and puts us in a stronger position to attract and retain the best people. Examples of our work include our collaboration with universities and gambling-risk experts, our partnerships with professional sports clubs, and Kindred's Sustainable Gambling Conferences. This work helps us monitor the constantly evolving landscape of technical, regulatory and market impacts the gambling industry faces.

We recognise the expectations of many different stakeholders on environmental, social and governance (ESG) topics, as part of our wider sustainability narrative, and aim to meet their needs while achieving commercial success. Our purpose, with sustainability at its heart, is "to transform gambling by being a trusted source of entertainment that contributes positively to society". We therefore focus on a series of ambitions, such as the Journey towards Zero.

Behind the scenes, our governance, strategy and risk processes focus on what matters most, so we do not misdirect any resources, and continue to satisfy stakeholder expectations. In 2023, this included initiating a double materiality assessment in line with the emerging Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) adopted by the European Commission in July 2023. We look forward to reporting in line with the CSRD-ESRS in 2025, to cover the 2024 financial year.

Rachel Randle-Williams
Chief Human Resources Officer

3.1%
Share of Gross winnings revenue from high-risk players

21
Hours average response time to reported vulnerabilities

10
Sports betting events reported as suspicious

Sustainability at Kindred
continued

Our sustainability strategy

Our strategy, renewed in 2022, focuses on the topics most relevant to our stakeholders and our business. Our responsible gambling, product integrity and secure platform pillars are supported by the foundation of compliance, our people, our community and environmental management.

Responsible gambling

Ambition

Make gambling 100per cent enjoyable.

Target

No revenue derived from harmful gambling.

Focus areas

- Journey towards Zero
- Player protection
- Collaboration for impact

A secure platform

Ambition

Keep operations and customers safe at all times.

Target

By 2025, we aim to achieve zero unmitigated exploitable vulnerabilities and zero compromised player accounts.

Focus areas

- Cybersecurity
- Anti-money laundering (AML)

Product integrity

Ambition

Deliver fun, fair and transparent products.

Target

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

Focus areas

- 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

The focus areas relate to material topics identified through our last materiality assessment in 2022, in line with Global Reporting Initiative Universal Standards 2021. This approach evaluates the effect and significance our activities or business relationships might have on the economy, environment and people. We recognise that impacts can be real or potential, negative or positive, short term or long term, intended or unintended, and reversible or irreversible.

Our material topics are summarised as follows:

- **Responsible gambling**: player protection, innovation
- **A secure platform**: customer data integrity, cybersecurity
- **Product integrity**: product transparency, integrity in sports betting, ethical marketing
- **Responsible business**: employee engagement, diversity, equity and inclusion, employee development and training, community involvement, environmental management.

Governance and compliance are in place to manage a range of related risks and opportunities relating to anti-corruption, anti-money laundering, fair competition, financial stability, and responsible sourcing.

Sustainability at Kindred
continued

Sustainability governance

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

This governance approach oversees strategy development, and includes our response to operational challenges.

Our Sustainability Council and our Governance, Risk and Compliance Council ensure we consider sustainability risk and opportunity in strategic decisions, and that we can respond to all stakeholders. The Sustainability Council meets quarterly and reports to the Executive Management team. Our Remuneration Committee oversees the sustainability-linked remuneration policy. In 2023, the Sustainability Council agenda was aligned with the strategic framework to develop accountability and good reporting practices. The Sustainability Council also oversaw the initial review of the CSRD reporting requirements, which included a gap analysis and double materiality assessment.

Management approach

The governance and risk procedures described above are accompanied by a structured management approach covering actual or potential sustainability impacts, risks and opportunities. Our Head of Sustainability coordinates the delivery of our sustainability policy in line with our commercial strategy, and in compliance with regulations. Testing agency eCOGRA audited the processes and 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 approaches in each section of the sustainability reporting that follows. Engagement with stakeholders is essential to forming our strategy, running our business, and to achieving sustainable outcomes.

On responsible gambling and product integrity, 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, the integrity of our current sportsbook customer offering is supported by trusted provider and market-data specialists, Kambi; further, we comply with the disclosure requirements of the International Betting Integrity Association (IBIA).

On human resources, we uphold labour standards and protect human rights for the workforce and in the supply chain. We have a whistleblowing portal for employees, and manage responsible procurement through our Supplier Code of Conduct, supported by our Modern Slavery Statement. On the environment, our management and reporting is in line with the Science Based Targets initiative (SBTi), CDP, and European Union Taxonomy on sustainable activities.

We report in alignment with Global Reporting Initiative (GRI) Standards 2021. We collate and evaluate performance data using our internal control processes, in line with our corporate-governance procedures. The sustainability information relates to the calendar year ending 31 December 2023.

Please see more on compliance, p 33, stakeholder engagement, p 12, and our Corporate Governance statement, p 66

Please find our sustainability reporting supplement 2023: https://www.kindredgroup.com/gri-2023

For our main Governance and Sustainability policies: https://www.kindredgroup.com/sustainability/downloads-and-resources/resources/?year=Policies

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

> Becoming more efficient in the identification of impacts, risks and opportunities is essential to Kindred's Sustainability Management.

Nils Andén
Chief Executive Officer

Responsible gambling

Our ambition is to make gambling 100 per cent enjoyable.

To ensure customers are comfortable with the time and budget they spend on our site, we promote responsible gambling and offer a variety of control tools. Despite our efforts to create awareness and make tools available, there will still be customers who have difficulty in controlling their gambling behaviour. To support these customers, specifically in 2023, our main focus has been on improving detection and intervention as well as optimising control tools.

Journey towards Zero

Kindred pioneered the tracking and publication of Gross winnings revenue from harmful gambling. We also set ourselves an ambition: no revenue from harmful gambling. While we have made progress, there will always be complex factors that affect our ability to achieve this ambition. Our share of revenue in Q4 2023 from harmful gambling was 3.1 per cent. We will continue to communicate this information, and seek to learn and improve every day. For example:

- The process of gathering customer data requires time for substantial enhancements, integral to fostering a comprehensive and robust customer experience. Our commitment extends to the long-term enhancement of our customer compliance risk framework. This framework is instrumental in offering us a holistic view of our customers and identifying areas necessitating interventions and controls.
- Time lag: Most initiatives in responsible gambling (RG) take longer than initially anticipated to affect the Journey towards Zero output. We continue to be realistic about the context affecting the player environment. For example, early promotion of responsible gambling tools can immediately help the player, but customer education initiatives may not always have an immediate effect on the numbers.

- Tracking cause and effect: Measuring the impact of individual initiatives can be challenging and, while not unique to Kindred, tracing the root cause of an impact or outcome is not always possible.
- We recognise our efforts to ensure responsible gambling could be improved if there was alignment of approaches, or standardisation in the industry relating to detecting and protecting players at risk for gambling-related harm.

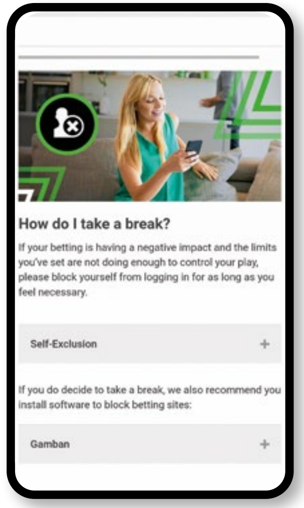
Our work has prevention at its heart. In communicating with customers, we aim to guide them away from unhealthy gambling. As a player decides to limit their gambling, we have a key role through early intervention to ensure a successful and safe experience.

Detecting those at risk

One of the focus areas for 2023 was on how we detect customers at risk of harmful gambling. We look into feedback from our RG specialists who handle the detection cases, monitor regulatory expectations, and learn from discussions within the industry.

We use these insights to refine the current model of our PS-EDS (Player Safety – Early Detection System). In addition to our established PS-EDS model, which is informed by an academic paper (Catania and Griffiths, 2021), we are also exploring and taking away learnings from our operational experts and further exploring different weightings on certain markers of harm to further ensure reliability in our detection.

Thus, in 2023, we continued to add new methods of detection. At the end of 2023, the proportion showing improved playing behaviour after detection was 87.4 per cent (2022: 82.1 per cent).



Sustainability at Kindred
continued

Responsible gambling

Better interventions, and sooner

We aim to detect players who might be at risk for problem gambling early, by observing changes in behaviour and supporting positive movement on the Gambling Risk Spectrum.

Kindred uses automated and human interventions that aim to reduce the number of customers with high-risk gambling behaviour. Effective interventions are those that assist customers to keep their level of gambling at a safe and social level.

Once the system detects a customer, it automatically determines the risk level. A low risk generally warrants an automated response only (in markets where automated interventions are in place). Medium risk requires a tailored human approach and high risk demands more restrictive action. Before determining the course of action, the RG specialist will profile the customer using flagged markers of harm, and other criteria such as age, and account history. Previous interaction with customer support and RG interventions are also considered, allowing us to apply a stepped care approach. Where a personal phone call is recommended, teams trained to the task will contact the customer to discuss harm reduction measures. Examples of restrictions include temporary exclusions from marketing communications, bonus blocks, enforced limits, 'deposit & play' blocks, or account suspension.

Customer risk groups

Sustainable players

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

Harmful players

We want zero revenue from high-risk players.

Social gambler
Low risk
Moderate risk
High risk

Sustainable customer relations allow for:

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

Unhealthy customer relations results in:

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

As a result of this, 87.4 per cent of the customers adopted healthier gambling behaviour in Q4 2023 (Q4 2022: 82.1). We consider a customer to show healthier behaviour when the risk score in the 30 days after detection and intervention is lower than in the 30 days before.

Reduced time from detection to manual intervention

Although all customers are monitored by our detection system, success depends on rapid response. Multiple initiatives contribute to cutting the delay between detection and action.

In 2023, we strengthened our structure by adding a formal Responsible Gambling governance team, alongside our AML governance team. Additionally, we created several market-specific 'player risk' teams, whose role is to combine the RG and AML aspects, to deliver a holistic customer risk assessment. This unified approach allows for more effective decision-making and action, fundamentally improving the risk assessment process.

Young adults

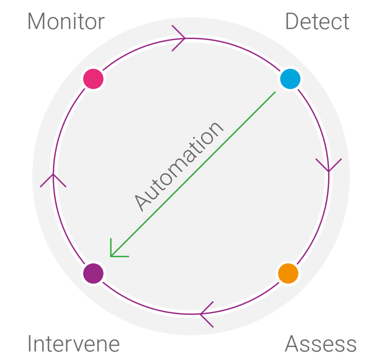
For young adults, we apply an overall stricter approach. First, we adapt the risk level, by increasing sensitivity to trigger a manual review earlier. Second, when we manually review a young adult, and determine the intervention, we take a more stringent approach.

Going further with automated interventions

While all customers showing medium to high risk of harmful gambling receive personalised support from a trained specialist, best practice includes the use of automated intervention. For example, if a player is betting more, using higher stakes, or playing late into the night, then our approach, supported by PS-EDS detection will pick it up so we can help the customer manage their activity. We apply automated interventions in an increasing number of markets.

The PS-EDS detects at-risk behaviour, automatically assigns a risk level, and triggers the appropriate response, as shown in the image below. Lower and medium risk behaviour triggers a pop-up message on the customer's account page.

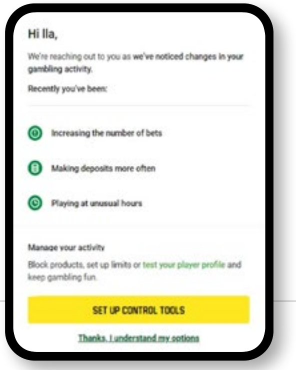
PS-EDS detection



Responsible gambling

Successful trials

Following comprehensive trials, we plan to go live with automated interventions on all our brands and markets in early 2024, in line with specific market requirements. Currently, 78.7 per cent of our customer base is covered by automated-intervention technology.



Enhanced control tools

We continuously review control tools available, to ensure they are helping customers to keep their gambling at a sustainable and controlled level. Many tools are required by regulators, but we complement these with additional resources.

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 better option for some, available for anything between 24 hours, five years or longer, depending on the market.

Collaboration

In 2023, we continued working with others in the industry, including treatment centres, researchers, trade bodies and educational groups. A highlight was once again our collaboration with EPIC Global Solutions, a trusted global partner based in the UK providing services designed to prevent risks of harm from gambling. Their expert consulting, training, and educational services harness the power of the 'lived experience of gambling addiction'.

In addition, we share data to support research and development. Some of the latest research, added in 2023, includes:

— Two peer-reviewed academic papers on product risk;
— Several PhD sponsorships.

The two research papers related to product risk, a regular theme of our Sustainable Gambling Conference:

— *Behavioural Markers of Harm and Their Potential in Identifying Product Risk in Online Gambling*, published in the International Journal of Mental Health and Addiction;
— *Behavioural Tracking and Profiling Studies Involving Objective Data Derived from Online Operators: A Review of the Evidence*, published in the Journal of Gambling Studies.

An important aim is that research creates a positive impact. In 2023, the UK Department for Digital, Culture, Media and Sport (DCMS) committee convened discussions on the proposed gambling regulations White Paper. Committee member Dr James Noyes mentioned the value of operators such as Unibet in providing crucial gambling data to inform policy discussions. Looking more widely at collaboration, selected new partnerships in 2023 include: (i) involvement in the European Committee for Standardisation (CEN) process to establish criteria for identifying markers of harm; (ii) work with Gamban refining the self-help tool that limits user access to gambling sites: and (iii) local-level work with quitgamble.com.

Next steps

Continuing our Journey towards Zero

The Journey towards Zero initiative includes localised strategies as well as the technical evolution of our detection model. Automated interventions take place in most of our markets supported by incentives for customers to make use of control tools to keep gambling at a fun and entertaining level.

Focused on responsible gambling

Promoting responsible gambling is a company-wide commitment at Kindred, integral to everyone's role in safeguarding players. We are continuing to make the iterative improvements necessary for Journey towards Zero. These include ongoing development of our detection methods, cross-brand tools, and better and faster interventions with our players.

Ongoing monitoring

We are committed to monitoring the impact our player-risk teams and detection systems have on effective intervention. We remain dedicated to consistently improving our training methods and internal collaboration to achieve our goals.

Responsible gambling

Recent research, evidence-based regulation

What is the relationship between mental illness and gambling addiction? How do we identify the type of player that Kindred doesn't want? Such important questions warrant well-researched, evidence-based policymaking.

We support regulation based on evidence, otherwise we end up with quick-fix solutions that ignore the needs of the most vulnerable people, with the most serious problems.

We recognise the value of open, democratic debate and evidence-based regulation. Part of this includes publishing research. A study we commissioned in 2023 was discussed at an open meeting during Danish Political Week, 2023. The study indicated the following:

- Gambling addiction often co-exists with other disorders, such as depression, anxiety, drug addiction and alcohol dependency.
- A more severe gambling addiction is often associated with a more severe degree of another disorder, such as depression.
- Gambling addiction can be both a forerunner and a consequence of mental disorders.
- The research is inconclusive about any dominant sequence of events; i.e. what comes first.

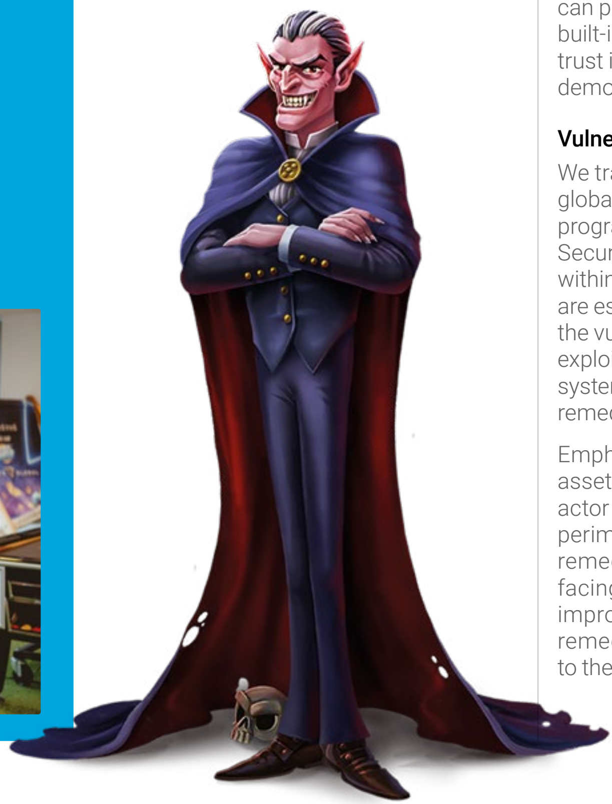
The multi-stakeholder debate supported negotiations relating to Danish legislation. We constantly seek to move the debate to a more factual footing, based on evidence and free of emotion. This event in Denmark is another step forward in the fight against gambling addiction and forging the path to responsible gambling.

Please see page 47 for detail on the related topic of product integrity, including responsible communications and marketing

A secure platform

Our ambition is to keep operations and customers safe at all times.

We safeguard customer data and protect our operating platform with advanced cybersecurity measures. We do this to maximise trust in Kindred, so customers, regulators and wider society can be confident that our products are safe and secure. Our teams of specialists block cyber-attacks, keep information systems secure, and maintain external certifications and wider controls to satisfy our anti-money laundering policy.



Cybersecurity

As threats change, we need advanced cybersecurity measures to keep our platform secure. We aim to limit the number of vulnerabilities in our system and protect our players' accounts from any attack or loss. Our goal is, by 2025, to have no unpatched critical vulnerabilities outside of established service level agreements (SLA) and no compromised player accounts that have multi-factor authentication enabled.

By stopping malicious actions against our platform and our players' accounts, we can provide enjoyable products with built-in integrity and fairness, to maximise trust in our secure platform, and to demonstrate resilience and leadership.

Vulnerability management

We track vulnerabilities through our global vulnerability remediation programme co-ordinated by the Cyber Security Incident Response team (CSIRT) within the Technology department. SLAs are established based on the criticality of the vulnerability and likelihood of exploitation. The CSIRT works with the system owners to ensure that remediations are applied within the SLA.

Emphasis is placed on public-facing assets (i.e. digital assets that a threat actor can see without compromising the perimeter of the network). We have remediated 97 per cent of externally facing vulnerabilities and have improved upon our median time to remediation, drastically reducing the risk to the Group of external compromise.

Our vulnerability management programme identifies vulnerabilities through automated scanning. Although automated scanning is effective at broadly identifying vulnerabilities quickly, it is often quite high level. To obtain a focused and detailed perspective on vulnerabilities, Kindred Group maintains a red team and a bug bounty programme ("good guy hacking"). In 2023, they found 137 vulnerabilities including five that were critical (2022: 25, two; 2021: 77, seven).

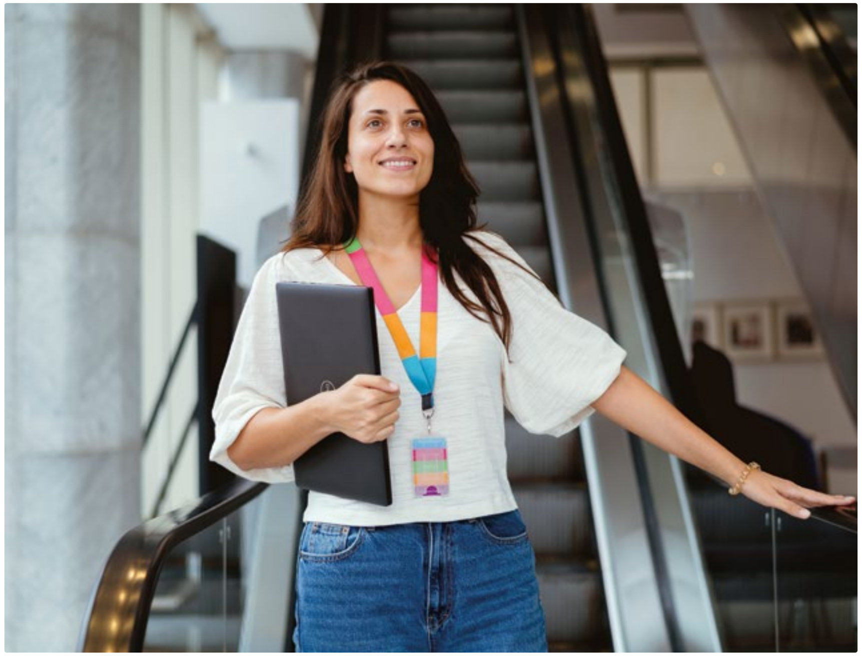
Our Group Security department ensures that our cybersecurity strategy and posture comply with external regulations wherever we operate. Kindred Group is ISO 27001 certification, PSI DSS level 1 compliant, maintains trusted introducer CSIRT accreditation through TF-CERT and adheres to all cybersecurity regulation within each market, which is independently audited on an annual basis.

Sustainability at Kindred
continued

A secure platform

Multi-factor authentication

The average internet user has around 240 accounts for different online services. If a customer uses the same username or password (credentials) for multiple services, it increases the likelihood that the credentials will be stolen or leaked from one of these services (sites), and thus possibly reused by an attacker elsewhere. Our goal is to offer all our players a security feature called multi-factor authentication (MFA), which increases player protection from this form of attack. We currently offer MFA in several markets and are continuing to roll out MFA across all brands and channels.



137 vulnerabilities

5 critical nature

21 Hours, average response time for any vulnerability

> Kindred's bug bounty programme has been vital for providing a cost-effective early detection of vulnerabilities.

Jacob Grönlund
Head of Cyber Security

Anti-money laundering

In our industry, commercial licences are exposed to risk of criminal activity. We monitor customers who try to use our platform for processing illicitly gained funds, laundering money or funding terrorism. We use specialist anti-money laundering (AML) techniques to identify suspicious customer behaviour and establish the origin of funds. We process tens of millions of online transactions each day, and monitor each one for any AML risk. If detected, we escalate the case to a dedicated team for further processing and liaise with the relevant authority.

Next steps

In 2024, we will shift our focus towards achieving better SLA compliance with the remediation of internal vulnerabilities. We will also be examining our approach to player authentication, which will include how we can expand the MFA offering to our players.

Product integrity

Our ambition is to offer fun, fair and understandable products.

This ambition involves watertight sportsbook integrity and no match-fixing. To maximise trust in sport means detecting suspicious activity effectively, promoting a healthy sporting culture, and responsible marketing. We want a positive impact for our customers and for us. The development of our new in-house sportsbook platform will allow an enhanced customer experience and greater end-to-end control of our product offering.

Coherent collaboration

Kindred's purpose is to be a trusted source of entertainment that contributes positively to society. This, in part, means working closely with regulators and governing bodies to identify and eliminate suspicious activity. We operate within a variety of regulatory environments in our efforts to prevent fraud and match-fixing. For example, as the main sponsorship partner to Swedish Elite Football (SEF), we work with Sweden's 32 elite male football clubs to educate players and coaches in safer gambling (see also below).

In certain amateur leagues and unsanctioned events, there is greater risk of fraud. In 2023 we continued to review customer trends, risk exposure and commercial viability of betting on amateur leagues and events. We afford player-protection measures to all customers, whether they bet on amateur or professional leagues.

Our operational target is to oversee and enforce all areas susceptible to deviations and risks, focusing on compliance and education by the end of 2025. We are making good progress on a range of incentives, collaborations and guidance, and we look forward to adding more-detailed measures.

10

Number of sports betting events reported as suspicious (2022: 11)

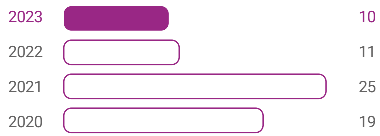
Detecting and reporting suspicious activity

In line with the target to manage product risk, the primary aim of our integrity strategy is prevention, with a goal to minimise the number of potentially fixed events we offer.

We work with local authorities, regulators, policymakers, law enforcement agencies and sports federations to eliminate suspicious, irregular and often, criminal, online activity. In the course of our business, we verify all customer deposits, withdrawals and games. We apply specific criteria to assess customer accounts and events, and we account for external reports from formal gambling control bodies.

Performance is improving. Suspicious activity we detect is reported to the authorities, the relevant sports governing bodies, and where appropriate the International Betting Integrity Association (IBIA), whose Monitoring & Alerts platform has become essential to maintaining sports betting integrity across the industry.

Incidents of suspicious sports betting



Where we operate, we monitor the risk of problematic matches and events and, in collaboration with relevant stakeholders mentioned above, we may exclude certain teams and players from our product offering. We apply the highest standards of risk management to upholding integrity.

The outreach work to mitigate risk includes training for professional players. See the Rangers FC example at page 48.

Product integrity

Safeguarding integrity in sport and communities

In November 2023, we announced gambling education sessions for Rangers FC players in Scotland. This is part of our model of sponsorship, and will benefit clubs and their communities as the work proceeds through 2024. The sessions will be led by EPIC Global Solutions, a safer-gambling consultancy that has worked with clubs, leagues and federations worldwide. Partnerships between gambling operators and clubs are vital to ensuring safe and enjoyable gambling in the licensed market.

> We realise the importance of safeguarding players and staff. That the sessions are led by former football players is a big advantage. We're grateful to Kindred for funding the sessions in Scotland on this matter.
>
> **Karim Virani**
> Chief Commercial Officer, Rangers FC.

We also provide ongoing training on integrity risk in esports, which have seen significant growth in recent years. While esports are generally low risk, we analyse the relevant player and market risks and have found no irregular activity.

Sportsbook integrity

The new in-house Kindred Sportsbook Platform (KSP) will give us better visibility of all bets made, and clarity in how the customer moves from placing bets to the bet being accepted.

Last year, we continued our work on ensuring product integrity aligned with responsible gambling and ethical sportsbook marketing. The KSP will strengthen this integrity. We are increasingly able to see betting trends and analysis, commercial performance and risk-exposure patterns more rapidly and clearly. While our current sportsbook provider offers significant detail, we will have the in-depth analysis we need much faster when KSP is in place. This will mean a better response when we detect a problem. Our agreement with our trusted sportsbook provider is active until 2026, so we will continue to use their B2B sports-betting services as KSP develops.

The enhanced visibility, customer profiling, market analysis and responsiveness will combine to improve our management of integrity, resulting in more positive impacts for customers and, importantly, for sporting culture.

Belgian operators agree a voluntary duty of care

Research indicates that 0.9 per cent of the Belgian population is at risk of gambling harm. The six members of the Belgian Association of Gaming Operators (BAGO) are rolling out a detection system, in line with a new voluntary duty of care requirement to prevent addiction and other problematic gaming more quickly. Also, BAGO will provide training for staff, engage with the Belgian Gaming Commission, and push for the government to make a Duty of Care mandatory for all legal gambling operators in Belgium, including the National Lottery.

> We want to offer a safe and legal form of entertainment. You simply don't build sustainable economic activity on the back of addictions.
>
> **Damien Thiéry**
> BAGO secretary general

Sustainability at Kindred
continued

Product integrity

We will roll out the KSP over a number of years. One of its features is a powerful alert system that can be configured to identify anomalous behaviour. In 2023, we fine-tuned the alert system specifications in line with jurisdictional requirements in our markets. We will integrate the fully developed KSP alert system into the platform during 2024. When market limits are breached, the system informs the KSP team who will then recommend any adjustments to pricing and review the integrity risks. During the year, we also ramped up the quant features of KSP, where machine learning improves the real-time analysis of the integrity and pricing outcomes.

Marketing with integrity

Responsible gambling, player protection and ethical marketing – including preventing minors from gambling online – are indispensable in how we run our business. Marketing practices align with our offer of safe and enjoyable products that contribute to our Journey towards Zero ambition (see page 41).

Last year, we set a priority to offer our customers improved product transparency and digital communications. This continues across our markets, and our products now reach a larger number of customers.

Our marketing meets regulatory requirements in our markets. We completed our eCOGRA eGAP audit in 2023 relating to consumer protection, fair gaming and responsible conduct[1]. Its findings showed us that to comply fully with international best practice requirements.

We also continued to keep our teams up to date with best practices. Training covers the relationship between integrity, responsible gambling and commercial marketing, governance, ethical marketing and partnership. An example of a responsible marketing partnerships is the More than Football Fund by EFDN and Unibet in the Netherlands. This aims to further strengthen the social power of clubs and increase the impact of projects. A professional football club is an important place where young and old, and people from different backgrounds, meet. The social activities of Dutch clubs promote an active and healthy lifestyle that contributes to both physical and mental health. Football clubs run many projects, for a growing number of participants, but financing these projects remains difficult. We operate in line with the EGBA code of conduct on responsible advertising for online gambling and related social media content.

Thanks to the More than Football Fund, Dutch EFDN members can apply for a grant from €2,500 to €10,000. Through this and Unibet Impact, EFDN wants to further strengthen social projects and co-operation between clubs.

Working with affiliates

We select all affiliates carefully and they are bound by our strict terms and conditions and advertising guidelines. This includes continuously scanning third-party websites to ensure our brands are promoted correctly. Our Commercial and Marketing teams ensure all marketing principles are followed.

Please see page 51 for more on educating professional clubs on product integrity collaboration

Our marketing principles are available on page 67 in the 2022 Annual and Sustainability Report and online at https://www.kindredgroup.com/sustainability/downloads-and-resources/resources/?year=Sustainability%20reports

Next steps

KSP

The new in-house Kindred sportsbook platform (KSP) will continue to develop through 2024, focusing on integrating the alert system into the platform, in readiness for full deployment in 2026.

We will continue the work with Swedish Elite Football (SEF) and Rangers FC in Scotland to educate players and coaches in safer gambling and to spread benefits to communities.

Continued development

To achieve our target product integrity deviations and risks, we will continue developing compliance and educational materials in greater detail.

More than Football

Finally, on responsible marketing, over the next twelve months we will be focusing on best practice training accompanied by our promotion of the More than Football Fund partnership with Unibet.

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

Foundations

Kindred's business depends on a set of fundamental values, principles, and effective organisational infrastructure.

This includes healthy and long-standing relationships with partners, colleagues and communities, based on trust and respect.

What we do is guided by policies and procedures – for example, our Sustainability Policy and our People Code of Conduct – supported by our corporate governance arrangements and risk management processes.

Our people: the talent to succeed

We develop people needed for our business, and aim to provide them with an outstanding employee experience. As we operate in a competitive marketplace, in 2023 we placed special attention on our Kindred leader hiring process, working towards our 50:50 gender split for shortlists and the roll-out of our inclusive leadership programme.

Our People mission for 2024 is to enable Kindred's profitable and sustainable growth through our high-performance culture. What this means is that we are focusing on high-performing, inclusive engaged leaders and teams with an Employee Value Proposition that attracts, engages and retains our workforce. An example of how we are enabling our people to thrive, is through the roll-out across Kindred of AI tools to support productivity and remove some of the mundane tasks that can slow the business down.

In 2023, we achieved a Group-wide attrition rate of 13 per cent (2022: 18 per cent); our target is below 17 per cent. In addition, we recruited 457 people, and reduced the time to hire by 28 per cent (target: 20 per cent).

We opened a tech hub in Bengaluru with the expectation to grow to 100 employees when fully operational. The Group's tech function now has teams in Europe, South East Asia and Australia.

Inclusive workplace

Our aim is to build a diverse, inclusive and equitable experience for everyone at Kindred.

We aim for a 50:50 gender split in senior management, and have continued to make progress. We also aim for 50:50 gender split in shortlists for vacancies in the top four management tiers, and an internal pipeline of female leaders.

The number of males (63 per cent) exceeds the number of females (37 per cent); at leadership level, females make up 29 per cent of executive roles and 37 per cent of non-executive roles.

We continue to work on our diversity programmes, for example taking feedback and suggestions from our network groups and implementing policy and progressing changes accordingly.

Diversity, equity and inclusion	2023	2022
All employees (% female)	**37**	37
Senior management (% female)	**24**	25
Executive management (% female)	**29**	29
Board of Directors (% female)	**12.5**	25

For data on our people please see our Sustainability Reporting Supplement online

Five reasons to join Kindred

Our Employee Value Proposition (EVP) aims to attract top talent by telling the Kindred story, showing our international presence, describing our multi-brand strategy, showing our investment in technology, and providing assurance over integrity, compliance and sustainability.
Key principles of our EVP:

1. **With each other, for each other:** When you join Kindred, you will be part of a collaborative, diverse, and inclusive team that has your best interest at heart.
2. **Our hybrid world:** Our hybrid world allows you to focus on your goals and responsibilities rather than how many hours you are online.
3. **Grow with us:** Your personal growth is the key to our success. We want to provide you with the right tools, optimal conditions and enough challenges for on-the-job development.
4. **Our success belongs to all of us:** We have a holistic view of reward at Kindred, providing a host of benefits and perks to support and enhance your employee experience that goes beyond what most other companies offer.
5. **A purposeful career:** When we strive for high profits and new goals in locally regulated markets, the rules and expectations for what we do economically, socially, and environmentally are raised.

Sustainability at Kindred
continued

Foundations

Future Kindred

It is critical we give our employees the tools to develop and succeed in a fast-changing industry. During 2023, each employee completed an average of 7.75 hours of learning time. Aiming to stay ahead of the learning needs of teams, in 2023 we completed a learning-needs analysis for every function and continue to develop clear career paths for employees across the Group.

Talent development	2023	2022
Average hours of training (per employee, all employees)	**7.75**	15.05
Average hours of training (per employee in senior management)	**4.62**	18.11

With our communities

Our community work generally relates to responsible gambling and product integrity. Please see a selection of projects and sponsorships relating to grass-roots community sports, mental-health support, or assistance to socially/economically disadvantaged members of our communities.

Community Collaborations

Title	Where	Activity	Outcome/impact 2023
Au Coeur du Sport	France	— Amateur sport supplies	— 400 amateur football and basketball clubs supplied sports kit and equipment during 2023, saving each club on average EUR 2,500
COUP DE COEUR	Belgium	— Health awareness project	
Gotcha 4 Life Cup 2023	Australia	— Community programmes with a focus on eliminating suicide	— A$100,000 donated to Gotcha 4 Life
iSavelives	Belgium	— No Heart/No Glory Foundation project for health awareness in sports	— New defibrillators and digital first-aid kits installed
Nolla Utanförskapet	Sweden	— Access to tech careers for young people	
Publikstödet	Sweden	— Our partnership with Svensk Elitfotboll (SEF) to distribute SEK20m to clubs	— Funds provided to Allsvenskan and Superettan clubs
Svensk Elitfotboll	Sweden	— Collaboration with Spelfriheten to raise gambling related issues among players and leaders	— Lectures for all 32 clubs' players and leaders about gambling addiction — Training of the clubs' integrity officers — Design a policy on gambling for money
Team talk	UK	— With Rangers FC, to support men in the Glasgow area in mental health and wellbeing	— 117 men supported to date, number of beneficiaries is growing
Unibet Impact	Netherlands	— Community work with sports clubs to strengthen the social power of sport, combat match-fixing, promote mental health, and improve viability of clubs. — Partnership fund with EFDN, More than Football Fund	— Create positive social, economic and human-rights impacts
Unicoach	Europe	— Youth sports academy annual donation	— 18.9 million SEK
Women in Racing	UK	— Develop the profile of women in of horse racing, support mothers returning to work	— Continued awareness, new grants in 2023, additional funding in the pipeline

Sustainability at Kindred
continued

Foundations

We continue our multi-year initiatives with, and make regular donations to, the following: Go Racing Green, HANDS and Gamble Aware.

In 2023, 99 Kindred colleagues volunteered in local community projects (2022: 109, 2021: 85).

Please see page 66 for more on corporate governance

Please see community related content in our Sustainable Gambling Conference, www.sustainablegambling.com.

Energy and greenhouse gas emissions

We aim to operate in an environmentally responsible manner, and energy management is increasingly important. By the end of 2023, 73 per cent of the electricity consumption under our control was from renewable sources (market-based), through the purchase of Renewable Energy Certificates.

Our response to risks related to climate change is informed by our CDP submission, our supply chain management programme, and the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

By the end of 2027, we aim to reduce absolute Scope 1 and 2 emissions by 90 per cent, and our Scope 3 emissions by 35 per cent, in alignment with our SBTi commitment. In 2023, our greenhouse gas emissions per employee decreased by 30.7 per cent compared to 2022, and our business travel represented 26.8 per cent of our total greenhouse gas emissions (2022: 29 per cent).

Greenhouse gas emissions (tCO_2e)

	2023	2022	2021
Scope 1 emissions (operation of site facilities)	84.1	97.2	52.5
Scope 2 emissions (market-based grid electricity purchased)	467	1,226.5	1,041.3
Scope 3 emissions (business travel, waste, commuting, procurement)	4,487.8	5,591.4	2,112.4
Total emissions	**5,038.9**	**6,915.1**	**3,206.2**

We used a third party to calculate the Group's CO2e emissions, in line with the Greenhouse Gas Protocol Corporate Standard. We report the absolute amount in tCO2e, the conversion to tCO2e of greenhouse gases other than CO2 is based upon DEFRA and IEA requirements. Scope 2 emissions are based on total electricity use of 3,477,537 kWh. KPIs are calculated using market-based approach. Our targets are calculated with 2019 as a baseline and were validated by the Science Based Target initiative in 2022. No assets fully under the control/ownership of Kindred are excluded from the carbon data analysis.

EU Taxonomy

All economic activities under the Taxonomy Regulation and their descriptions have been assessed ((financial data used: Turnover GBP 1,210.5 million (see note 3), CapEx GBP 58.6 million (see note 11, 12 and 13), OpEx GBP 90.5 million (see note 4)). A list of potential eligible activities was drafted and discussed with key stakeholders. The assessment against the technical screening criteria for all potential activities concludes that Kindred did not carry out such activities in 2023, and therefore does not operate any eligible activities. This eliminates any need for further assessment as specified in Regulation (EU) 2020/852 of the European Parliament and the Council. Kindred conducts eligibility screening as defined by the Taxonomy Regulation and the EU Taxonomy Climate Delegated Act (EU) 2021/2139. Kindred Group's main economic activity 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 including the UK Taxonomy.

For stakeholders who wish to review the detail behind the assessment, please contact our team using ir@kindredgroup.com.

20
Number of jurisdictions Kindred Group held a licence in at end of December 2023

78.8%
Employees completing training on anti-money laundering

26
Number of regulatory audits and reviews conducted

1 SPEAK UP
Speak Up! Concern raised with Audit Committee

Information required by the EU Taxonomy regulation is presented in the required format on pages 53 to 55.

Sustainability at Kindred
continued

EU Taxonomy

Turnover

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria									
Economic activities	Codes	Turnover	Proportion of turnover, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022	Category enabling activity	Category transitional activity
		(MGBP)	(%)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(%)	(E)	(T)
A. Taxonomy – Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which Enabling		0	0%														0%	E	
Of which Transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	%	%	%	%	%	%								0%		
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		0	0%	%	%	%	%	%	%								0%		
B. Taxonomy-Non-Eligible Activities																			
Turnover of Taxonomy-non-eligible activities (B)		1210.5	100%																
Total (A + B)		1210.5	100%																

	Proportion of turnover/Total turnover	
	Aligned per objective	Eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Sustainability at Kindred
continued

EU Taxonomy

CapEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria									
Economic activities	Codes	CapEx	Proportion of CapEx, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2022	Category enabling activity	Category transitional activity
		(MGBP)	(%)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(%)	(E)	(T)
A. Taxonomy – Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which Enabling		0	0%														0%	E	
Of which Transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	%	%	%	%	%	%								0%		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		0	0%	%	%	%	%	%	%								0%		
B. Taxonomy-Non-Eligible Activities																			
CapEx of Taxonomy-non-eligible activities (B)		58.6	100%																
Total (A + B)		58.6	100%																

	Proportion of CapEx/Total CapEx	
	Aligned per objective	Eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Sustainability at Kindred
continued

EU Taxonomy

OpEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria									
Economic activities	Codes	OpEx	Proportion of OpEx, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity
		(MGBP)	(%)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(Y;N)	(%)	(E)	(T)
A. Taxonomy – Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which Enabling		0	0%														0%	E	
Of which Transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	%	%	%	%	%	%								0%		
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		0	0%	%	%	%	%	%	%								0%		
B. Taxonomy-Non-Eligible Activities																			
OpEx of Taxonomy-non-eligible activities (B)		90.5	100%																
Total (A + B)		90.5	100%																

	Proportion of OpEx/Total OpEx	
	Aligned per objective	Eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Sustainability at Kindred
continued

Foundations

Compliance and customer service

We secure our operating licences and competitive advantage by meeting the highest professional, regulatory and ethical standards.

Our ambition is to eliminate repetitive incidents and ensure no unmitigated material compliance by the end of 2025. We are on track. In 2023, we again saw a reduction in material incidents, thanks to our focus on incident response, preventative measures, strong cybersecurity measures, development and quality-assurance practices, good change management, and monitoring of our platform.

A priority is to continuously improve our quality management system, to underpin regulatory compliance and customer service. The scope of this work is expanding over time across different functions in the business. Also, a focus on root cause analysis of incidents is now a default part of group-wide incident management: compliance with respect to sustainability ambitions and strategic goals is intact and under control.

The way we work is overseen by the Governance, Risk and Compliance Council (GRC-C), while our management and policies align with international standards such as ISO 27001:2013, ISO 19600, and ISO 37301:2021. The day-to-day work is administered using our Kindred Compliance Framework (KCF), which establishes organisational and individual responsibilities: our people detect risk and prevent negative impacts from uncontrolled events.

> A priority is to continuously improve our quality management system, to underpin regulatory compliance and customer service.
>
> **Sebatian Totorean**
> Regulatory Compliance Manager

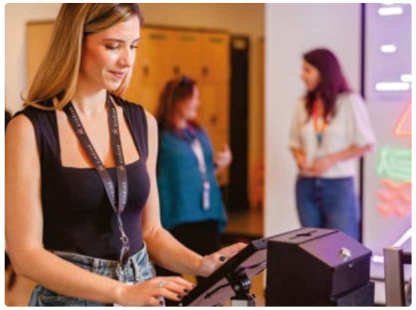
The management and effective governance of our compliance framework, incident management, and reporting is supported substantially by our Compliance Incident Process (CIP). Our fundamental ethos embraces timely and effective improvements and going beyond the minimum expected by our regulators. All colleagues received training on relevant compliance best practices, including the CIP. Through 2024, we will continue strengthening compliance management and governance including, for example, a ‘three lines of defence’ methodology and expanded outreach to regulatory authorities and other stakeholders.

Please see pages 5, 2, and 71 respectively for more on our regulated markets, gross winnings revenue derived from locally regulated markets, internal control audits, and regulatory audits.

Please see page 70 for more on taxation compliance and disclosures.

Please see page 46 for more on anti-money laundering.

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



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 (AGM)

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 that does not expressly fall within the exclusive competence of another corporate body, meaning 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 & EGM section on www.kindredgroup.com.

For more information about the 2024 AGM, see page 143.

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.

The members of the Nomination Committee are to promote the interests of all shareholders and 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 80. The Nomination Committee's Motivated Opinions can be found on the Group's website 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. As per 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 81-87.

Introduction to governance
continued

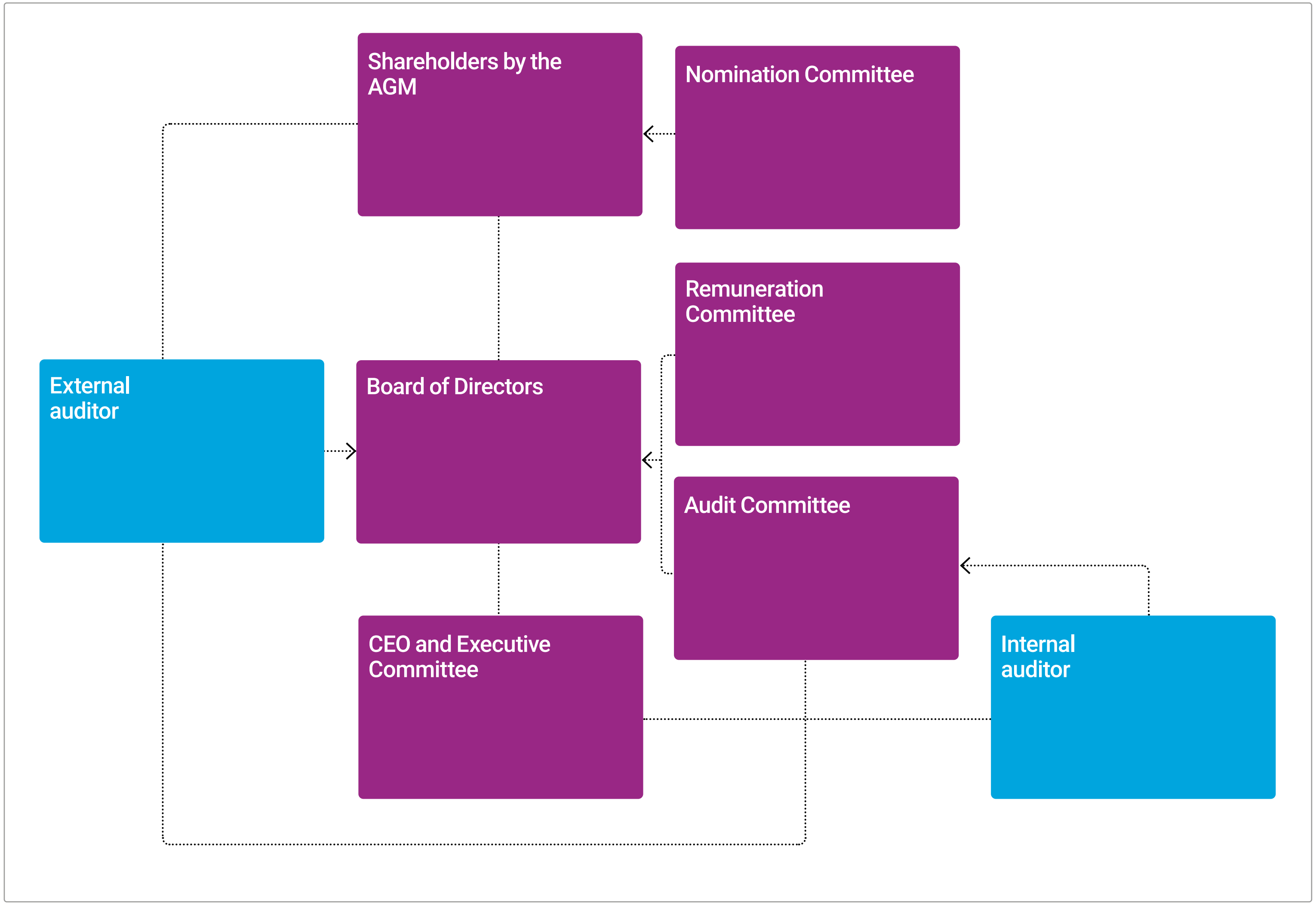
Audit Committee
The Audit Committee advises and makes recommendations to the Board on matters including financial reporting, internal controls, risk management and appointment of statutory auditors. The role of the Committee is set out in its written terms of reference.

The Audit Committee report can be found on pages 70-71.

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 reviews, identifies, evaluates and manages the significant risks applicable to the various areas of the Group's business and consists of the CEO and seven 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 AGM.

Corporate governance model



Board of Directors

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 Depository Receipt (SDR) holdings include personal, family, and holdings through companies in which Directors have an interest as of 15 January 2024.

A Board member's independence is determined by the following dimensions: independence of the Group, its management, and major shareholders of the Group.

Au Member of the Audit Committee

No Member of the Nomination Committee

Re Member of the Remuneration Committee

Chair

Evert Carlsson Re Au No
Chairman of the Board

Swedish citizen.

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

Holding
43,000 Kindred Group plc SDRs.

Current assignments
Senior Lecturer in Finance at School of Economics, Business and Law in Göteborg and Chair of Dalsland Sparbank.

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 Au
Board member

Finnish citizen.

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

Holding
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

James H. Gemmel Au
Board member

US citizen.

Born in 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.

Holding
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.

Cédric Boireau Re No
Board member

French citizen.

Born in 1988. Board member since 2023. Independent of the Group, its Executive Management and its major shareholders.

Holding
20,000 Kindred Group plc SDRs.

Current assignments
Adviser to SAS Premier Investissement and Non-Executive Director at XL Media.

Previous assignments
SAS Premier Investissement listed real estate development subsidiary Bassac, co-founder of Lagune Holding.

Jonas Jansson
Board member

Swedish citizen.

Born in 1969. Board member since 2023. Independent of the Group, its Executive Management and its major shareholders.

Holding
6,000 Kindred Group plc SDRs.

Current assignments
Self-employed private investor.

Previous assignments
COO of Kambi Group plc and Head of Trading of Unibet/Kindred.

Au Member of the Audit Committee
No Member of the Nomination Committee
Re Member of the Remuneration Committee
Chair

Board of Directors
continued

Andy McCue Re
Board member

British citizen.

Born in 1974. Board member since 2023. Independent of the Group, its Executive Management and its major shareholders.

Holding
2,900 Kindred Group plc SDRs.

Current assignments
Chair of the Board of Thérapie Clinic and Camile Thai.

Previous assignments
CEO of Paddy Power plc, CEO of The Restaurant Group plc, member of the Board of Betsson AB and Hostelworld plc.

Martin Randel Re
Board member

Swedish citizen.

Born in 1974. Board member since 2023. Independent of the Group, its Executive Management and its major shareholders.

Holding
35,000 Kindred Group plc SDRs.

Current assignments
Private investor in listed and private companies. Chairman of Instabee Holding, on the Board of Vitamin Well, Green Gold, EnginZyme, Dreamlake, Vionlabs and Dreams.

Previous assignments
10 years with McKinsey & Co., Co-Founder of Vitamin Well and Nshift/Unifaun.

Kenneth Shea Au
Board member

US citizen.

Born in 1958. Board member since 2023. Independent of the Group, its Executive Management and its major shareholders.

Holding
0 Kindred Group plc SDRs.

Current assignments
Director of Investments at Hamilton Point Investments, a real estate investment firm.

Previous assignments
Senior Managing Director of Guggenheim Securities and Bear, Stearns, & Co. Inc, responsible for the Gaming & Leisure investment banking practices, Managing Director of Pilot Growth, president of Coastal Capital and Managing Director of Icahn Capital.

Au Member of the Audit Committee
No Member of the Nomination Committee
Re Member of the Remuneration Committee
Chair

Executive Committee

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

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

The mentioned Swedish Depository Receipt holdings include personal holdings and family holdings as at 15 January 2024.

Nils Andén*
Chief Executive Officer

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 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
21,998 Kindred Group plc SDRs, 74,913 performance share rights and 165,561 employee stock options.

* Nils Andén assumed the position as Interim Chief Executive Officer on 17 May 2023, succeeding Henrik Tjärnström who held the position as Chief Executive Officer for almost 13 years. Nils was appointed permanent CEO on 7 February 2024.

Patrick Kortman*
Interim Chief Financial Officer

Swedish citizen. Born in 1979.

MSc in Economics with major in Finance from Hanken School of Economics.

Patrick joined Kindred Group in 2018 as Director of Corporate Development and Investor Relations. Before joining Kindred Group, Patrick worked in the financial industry as, among others, Senior Investment Manager at Ratos and Director at Nordea Bank Investment Banking Advisory. He is currently the Chairman of the Board of Hakonen Yhtiöt.

Holding
12,617 Kindred Group plc SDRs and 21,427 performance share rights.

* Patrick Kortman assumed his position as Interim Chief Financial Officer on 21 June 2023, succeeding Johan Wilsby who announced his departure on 15 May 2023.

Executive Committee
continued

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
34,885 Kindred Group plc SDRs, 62,232 performance share rights and 127,030 employee stock options.

Neil Banbury*
Interim Chief Commercial & Marketing Officer

British citizen. Born 1985.

BA in Economics from University of Nottingham.

Neil joined Kindred Group in September 2010 from Ernst & Young. After leading the Financial Planning & Analysis team, Neil moved to set up a new Strategic Planning & Analysis team. He worked on the development and execution of the group strategy. In 2017 Neil moved to Gibraltar to focus on Kindred's strategic ambitions in the UK and the integration of the acquired businesses, Stan James and 32Red. He was the General Manager for UK 2018-2023.

Holding:
25,705 Kindred Group plc SDRs and 23,289 performance share rights.

* Neil Banbury assumed his position as Interim Chief Commercial & Marketing Officer when the role was first created on 21 June 2023.

Usha Ganesan*
Interim Chief Finance Operations Officer

Canadian & British citizen. Born in 1976.

Bachelor of Commerce from Concordia University, Montreal Canada, member of the Chartered Professional Accountants of Canada (CPA Canada) and Masters of Business Administration (MBA) from École des Hautes Études Commerciales, Montreal, Canada.

Usha joined Kindred Group in June 2019, and before her current position, she was Director of Treasury and Financial Control. Usha has held several senior leadership finance roles in the last 15 years in numerous industries, including financial services, telecoms and software, all of which were private equity backed.

Holding:
0 Kindred Group plc SDRs and 19,201 performance share rights.

* Usha Ganesan assumed her position as Interim Chief Finance Operations Officer when the role was first created on 21 June 2023.

Executive Committee
continued

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 19 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:
24,468 Kindred Group plc SDRs,
62,232 performance share rights and
127,030 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:
5,921 Kindred Group plc SDRs,
23,028 performance share rights and
47,094 employee stock options.

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:
3,979 Kindred Group plc SDRs,
24,523 performance share rights and
47,094 employee stock options.

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 to apply the principles of the Swedish Code from the date the Company's securities were first admitted to listing and trading on Nasdaq Stockholm.

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 Chief Executive Officer (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 20 April 2023 served during the year and subsequently, unless otherwise stated:

Evert Carlsson Chairman	Heidi Skogster Non-executive
Andy McCue Non-executive	Cédric Boireau Non-executive
Martin Randel Non-executive	Jonas Jansson Non-executive
Kenneth Shea Non-executive	James H. Gemmel Non-executive

The remuneration and interests of the Directors are shown on pages 84 and 87.

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 60 to 62, 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 resumes of the Board members can be found on pages 60 to 62.

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 80.

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.

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.

Corporate governance statement
continued

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 is 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 2023

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 page 68.

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 and Controls reports any key findings and recommendations to the Audit Committee. The Chair 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 2023 were matters related to the Group's strategic review initiated by the Board that led to the unanimously recommend public offer from La Française des Jeux SA, together with specific operational initiatives including: (1) the controlled cessation of the Group's North American operations; (2) a reduction in headcount and operational costs; and (3) focus on profitable growth in core markets. In Q4 2023, the Company commenced a controlled exit from North America with the intention of fully ceasing operations by the end of the second quarter of 2024, subject to regulatory process. The exit from the Company's loss-making North American operations allows it to reallocate resources to drive growth in its core markets where we already have an established track record. The Board has also taken the decision to reduce its current global headcount by over 300 roles during 2024, including North America. It is anticipated that the net impact will be lower as some of these roles will be replaced in low-cost locations, and the Company will also continue to invest in growth initiatives. This should create a leaner organisation, enhance the Group's scalability, and improve focus on key growth initiatives. The full year 2024 operating expenses (including salaries) are expected to amount to approximately GBP 245 million. Taken together, expected annualised gross cost savings from exiting North America and reducing headcount and other operational costs are estimated to be approximately GBP 40 million.

Over the course of 2023 and following the shareholders' approval at the Extraordinary General Meeting (EGM) held on 17 May 2023, 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 63 to 65.

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 Director of Internal Audit and Controls and the Chair of 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
- Maintaining integrity
- Running a compliant business
- Being Kindred
- Contributing to our communities

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 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 37 to 56 in this report.

Evaluation of the Board of Directors

In accordance with Provision 8.1 of the Swedish Code, the Board has a process to formally evaluate its own performance and that of its Committees. The performance of the Board and its Committees has been the subject of Board discussion, led by the Chairman, to consider the effectiveness against performance criteria and potential risks to performance. The evaluation is conducted in cooperation with the Nomination Committee, which holds individual interviews with Board members. The performance evaluations of the Board have been structured in such a way to ensure a balanced and objective review of the Directors' performance. Following this 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 page 66.

Board attendance

	Board	Audit Committee	Remuneration Committee
Number of meetings held during the year	**26**	**5**	**5**
Name			
Evert Carlsson	24/26	4/5	5/5
Peter Boggs[1]	9/26		
Cédric Boireau[2]	16/26		4/5
Gunnel Duveblad[1]	10/26	3/5	
Erik Forsberg[1]	9/26	3/5	
James H. Gemmel	26/26	3/5	
Jonas Jansson[2]	16/26		
Carl-Magnus Månsson[1]	10/26		1/5
Andy McCue[2]	16/26		4/5
Fredrik Peyron[1]	10/26		1/5
Martin Randel[2]	16/26		3/5
Kenneth Shea[2]	13/26	2/5	
Heidi Skogster	26/26	2/5	

1 Peter Boggs, Gunnel Duveblad, Erik Forsberg, Carl-Magnus Månsson and Fredrik Peyron resigned from their roles as non-executive Directors at the AGM on 20 April 2023.

2 Cédric Boireau, Jonas Jansson, Andy McCue, Martin Randel and Kenneth Shea were appointed as non-executive Directors at the AGM on 20 April 2023.

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 84. 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 10 million in aggregate.

Communication with owners and investors

In the interests of developing a mutual understanding of objectives, Investor Relations have 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 Chairpersons 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 attendance

At the AGM held on 20 April 2023, which was the first physical general meeting of the Company held since the outbreak of COVID-19, the Chairman, all members of the Board, the interim CEO, all members of the Nomination Committee and the statutory auditors were present. The AGM was held at Kindred's office in Sweden.

More information about the AGM can be found on page 143.

The Board of Directors' report on internal control over financial reporting for the financial year 2023

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 Chief Executive Officer 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 Chief Executive Officer, the Chief Finance Operations Officer, the Chief Legal and Compliance Officer, the Director of Internal Audit and Controls, 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 and Controls.

Working throughout the Group, the role of the Chief Legal and Compliance Officer and the role of the Director of Internal Audit and Controls 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 Chief Legal and Compliance Officer, and the Director of Internal Audit and Controls. 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, 13 March 2024

Evert Carlsson
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

James H. Gemmel
Chair 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 four non-executive Directors: James H. Gemmel, Evert Carlsson, Kenneth Shea and Heidi Skogster. Gunnel Duveblad and Erik Forsberg served on the Committee before stepping down at the AGM in April 2023. The Board considers three of these four non-executive Directors to be independent, with James H. Gemmel considered to be independent of the Group, and its Executive Management, but not its major shareholders.

The Committee is chaired by James H. Gemmel who has extensive management and financial expertise. Where appropriate, the Committee consulted with the CEO, the CFO and the Chief Finance Operations Officer 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 2023 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.

Compliance with laws and regulations

Compliance with laws and regulations in the online gambling industry is 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.

Attendance

	Meetings attended
James H. Gemmel	3/5
Evert Carlsson	4/5
Gunnel Duveblad	3/5
Erik Forsberg	3/5
Kenneth Shea	2/5
Heidi Skogster	2/5

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 Chief Finance Operations Officer 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 strengthen its internal control framework over financial reporting. The key controls were assessed on a regular basis and control gaps and mitigations were reported to the Audit Committee. In preparation for reporting under the Corporate Sustainability Reporting Directive, the internal controls team also started to create detailed internal control matrices on non-financial reporting.

The Internal Audit department reports functionally to the Audit Committee and administratively to the Chief Finance Operations Officer. The Director of Internal Audit and Controls 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 ESG, Priority Journey, UK Tax Controls (Senior Accounting Officer) 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 and Controls, 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 110. 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.

James H. Gemmel
Chair of the Audit Committee

General legal environment

The online gambling sector is evolving rapidly, driven by technology, regulatory changes, and player preferences. 2023 saw the implementation of more detailed and prescriptive regulations, in particular on advertising and responsible gambling measures, across a number of key European markets.

Finding the right balance with these all-encompassing regulations will be key in securing the customer's continued buy-in and participation in the legal market. The need for the industry to present a coherent, collective message focused on knowledge exchange and constructive collaboration with regulators and policymakers is more relevant than ever.

The European Commission package of legislative proposals to strengthen the EU's anti-money laundering framework and countering the financing of terrorism (AML/CFT) that was presented in July 2021 has taken further shape throughout 2023. The new EU AML Authority (AMLA) is intended to be operational in 2024 and will commence its supervision of EU financial institutions once the 6th Directive on AML/CFT has been transposed into national law. An EU single rulebook for AML/CFT with directly applicable rules is expected to be adopted by the European Parliament by April 2024 and the new rules are expected to enter into force in 2025-2026. The controversial provision on payments and performance of duplicate customer due diligence (CDD) for online gambling (at registration and at exceeding certain expenditure levels) has been removed but there remains a risk for double reporting across Member States. Kindred continues to collaborate with the European Gaming & Betting Association (EGBA) to engage in discussions with the relevant EU institutions.

As a result of a compliance review carried out in 2020, the Maltese regulator issued in December 2023 a Reprimand, an Administrative Penalty, and a request for remedial actions to be taken. Remedial actions have already been taken by Kindred for all the findings identified by the regulator in the intervening time, and work is ongoing to further enhance the solutions in place as part of Kindred's continuous improvement of its AML framework. A detailed description of these remedial actions and pending improvement points was presented to the regulator in January 2024.

A political agreement was reached between the European Commission, the European Parliament and the Council of the EU on the regulation on Artificial Intelligence (AI) in December 2023. A final text is expected to be formally adopted by the European Parliament and the Council of the EU in the first quarter of 2024, after which it will be published in the Official Journal of the European Union and enter into force later in 2024. The regulation establishes obligations for AI based on its potential risks and level of impact, introducing transparency requirements for general-purpose AI (GPAI) systems whilst requiring more stringent obligations for high-impact GPAI systems. The updated text also addresses foundation models, like ChatGPT, which did not exist at the time of the initial proposal. Kindred closely follows the evolution of AI for the industry to see how AI may contribute to, for example, responsible gambling practices.

The Digital Services Act (DSA) aims to set out harmonised rules for a safe, predictable and trusted online environment that facilitates innovation, and in which fundamental rights are effectively protected. The DSA contains up-to-date rules for the internet to enhance consumer protection by creating a safer online environment for European consumers, in particular, the prohibition of targeted advertising towards minors across many different age-gated sectors, including online gambling. The DSA entered into force throughout the EU on 16 February 2024. The DSA imposes a number of obligations on providers of so-called intermediary services, including designation of points of contact and mechanisms for notification of illegal content. What constitutes illegal content is subject to national law and is hence not defined in the DSA. Providers of intermediary services are subject to orders-to-act (such as take-down orders) in relation to illegal content. Overall, while the DSA's primary focus is not on online gambling specifically, its broader implications for online platforms and digital services can indirectly impact how gambling operators advertise and operate within the cross-border online space.

The work of the European Committee for Standardization (CEN) on creating a European standard on markers of harm for online gambling is ongoing and the Group is working towards the adoption of these standards within the regulatory frameworks of some key jurisdictions, underscoring its increasing relevance within the broader industry landscape. The collaboration between the industry, spearheaded by EGBA and CEN, in conjunction with select national standardisation bodies (NSBs), has culminated in the establishment of a comprehensive European standard concerning minimum gambling behavioural indicators, recognised as pivotal markers of harm. The standard will have a comprehensive list of markers of harm to help reduce gambling-related harm through the proactive detection of at-risk gambling. Kindred actively participates in these ongoing deliberations through their respective national bodies, underscoring the Company´s commitment to driving impactful change within the industry. The progress towards finalising this voluntary standard shows promise, with indications suggesting potential adoption by various regulatory authorities, reflecting its increasing relevance in the industry's landscape.

The EU's General Data Protection Regulation (GDPR) has become a benchmark for global data protection standards. However, since its entry into force, there has been a period of relative calm in the introduction of new EU-level data protection legislation. Despite this, the proposed ePrivacy Regulation, designed to strengthen electronic communications protection, remains in the negotiation phase after several years of consideration. The landscape of data protection in Europe, however, is far from static. Guidelines from the European Data Protection Board (EDPB), rulings from the

General legal environment
continued

Court of Justice of the European Union (CJEU), and the issuance of guidelines and decisions by national data protection authorities, as well as their different areas of focus, contribute to the complexity of data protection regulations.

In light of the international tax reform overseen by the Organisation for Economic Co-operation and Development (OECD), an EU Directive implementing a global minimum tax was transposed by the EU Member States into domestic legislation by 31 December 2023. Malta has opted to apply the derogation afforded by the EU Directive, allowing for a delay in implementation of the global minimum tax rules. For fiscal year 2024, Malta will not introduce the Income Inclusion Rule, Undertaxed Profits Rule or a qualified domestic top-up tax. The other pillar of the reform which involves reallocating taxing rights and country-by-country reporting has materialised in an EU Directive aimed at increasing transparency and documentation requirements that mandate public disclosure of tax and financial information for multinational groups with over EUR 750 million in global revenue. The Directive, with transposition into domestic law required by 22 June 2023, includes a "safeguard clause" allowing a deferral of reporting for up to five years under certain conditions. The first year of reporting will be the financial year beginning on or after 22 June 2024.

Domestically, Malta is introducing transfer pricing legislation from 1 January 2024. In the UK, additional transfer pricing documentation requirements were introduced for fiscal years beginning on 1 April 2023. These changes are likely to increase compliance burdens and administrative costs for taxpayers.

Australia

In 2023, various consumer protection measures were put into effect in Australia, including, the launch of the national self-exclusion register in August 2023 and the implementation of seven responsible gambling messages across all advertisements in March 2023. Australia's Northern Territory Racing Commission is also considering changes to the Responsible Gambling Code of Practice in 2024. A federal inquiry, looking into the impact of online gambling on those experiencing gambling harm, made 31 recommendations in June 2023. It is expected that further advertising restrictions may be implemented as a result of this inquiry and the Federal Government is expected to respond to the inquiry by the end of 2024.

Belgium

On 1 December 2023, the Belgian Gaming Commission renewed Kindred's licences for the exploitation of offline (B licence) and online (B+ licence) slot machine arcades for a nine-year term. As of 1 July 2023, the Royal Decree on gambling marketing entered into force. Many marketing channels have been materially restricted or will be restricted following a transition phase, including sport sponsorships. Further guidance on the interpretation and practical implementation of the restrictions is expected in 2024. Following years of political discussions, Federal Parliament adopted a law proposal in January 2024, which includes a hard multiproduct ban, whereby websites are to be fully split per licence and product, including separate accounts and wallets, and hyperlinks and cross-selling are banned. The proposal also imposes a universal age limit of 21, a bonus ban and additional advertising restrictions.
The proposal contains a six-month implementation period. Further regulatory changes are anticipated in 2024 with secondary regulations being drafted on customer registration and verification, and mandatory responsible gaming limits.

Finland

Following the April 2023 general elections, the prospects for a mid-term (2025-2026) re-regulation of the gambling market are positive, given broad political support. In 2023, the Ministry of Interior nominated a civil servant working group and a state secretary steering group which will draft legislation for a regulatory framework for an online licensing system in Finland. The political intention is to have a licensing system up and running by 1 January 2026. The proposal for a new Gambling Act is expected to be sent to Parliament for discussion and vote during spring 2025. A separate act regarding the establishment of an independent gaming authority is expected to be sent to Parliament by the end of 2024 so that the new authority can be established in 2025.

France

The French regulator is currently working on a responsible gambling framework with detailed requirements on player protection. The framework is expected to become effective during 2024. The French regulator published its PwC study on online casino in December 2023. The study will form the basis for further policy discussions in 2024. Any legislative action before 2025-2026 is unlikely at this point. The need for online casino regulation goes hand in hand with the growing presence of illegal websites from operators that lack French licences. Combatting unlicensed operators will be a clear regulatory focus for the next three years.

Kindred continues to litigate about the interpretation of French tax legislation regarding the VAT treatment for fixed odds betting and poker services. Following the dismissal of its appeals in March 2023, Kindred filed further appeals in May 2023 which are currently pending. The industry-wide litigation against the so-called PACTE law, which authorised the privatisation of La Française des Jeux SA (FDJ) and granted certain exclusive rights, was dismissed by the Administrative Supreme Court in July 2023. However, the Administrative Supreme Court confirmed that slot machines do not fall within the scope of the FDJ monopoly.

General legal environment
continued

Hungary

On 1 January 2023, the Hungarian Gambling Act was amended to introduce a licensing regime for online sports betting. While Kindred supports the introduction of a local regulatory framework, international operators are de facto excluded from the licensing process due to several requirements that are incompatible with EU law, including the requirement to have a local Hungarian branch. In August 2023, the Hungarian regulator issued a cease-and-desist order against Kindred and, subsequently, started blocking domain names. Kindred has appealed the order on the basis that the cease-and-desist violates the fundamental freedom to provide services, that the Hungarian licensing regime remains non-compliant with EU laws, and that the current regime does not provide a framework that would allow non-Hungarian based operators to enter the Hungarian market. Kindred previously successfully challenged the 2014 Hungarian online casino regime before the Court of Justice of the EU on similar grounds, rendering the regulations unenforceable. Kindred is equally pursuing an injunction to suspend enforcement (blocking) until a final ruling is issued by the court.

The Netherlands

The overall political climate in the Netherlands remains extremely volatile with a strong negative political sentiment towards the industry impacting recent policy discussions and changes. Following the November 2023 general elections, there is a clear majority in Parliament to introduce stricter regulation on advertising, player limits and duty of care in 2024. Both the Ministry of Justice and the Dutch Gaming Authority are expected to publish additional regulations on playing limits and duty of care in the first half of 2024. An amendment to raise the gambling tax by 1 percentage point to 30.5 per cent from 1 January 2024, was approved by Parliament in October 2023. Simultaneously, Parliament called upon the Government to do a study into the possibilities of introducing differentiation in the gambling tax between different types of games of chance. This study is expected in early 2024.

More stringent advertisement restrictions, effectively prohibiting untargeted advertisements, were introduced in the summer of 2023. Sponsorships will become prohibited from 1 July 2024 (regular sponsorships) and 1 July 2025 (sports sponsorships) respectively.

A number of legacy customer claims are currently pending before the local Dutch courts against a number of operators, including Kindred. All cases revolve around two primary arguments: (i) the nullity of the gambling contract between Kindred and the customer due to Kindred offering services to Dutch customers prior to October 2021 (when it did not hold a local licence); and (ii) the alleged violation by Kindred of its duty of care and the subsequent recovery of the customer's net losses.

North America

In November 2023, Kindred announced that it would exit the North American region with the expectations to have fully exited the seven states and provinces it operates in by the end of June 2024, subject to the regulatory process. That process is currently ongoing in close collaboration with the various regulators. Kindred is committed to making a controlled and professional exit whereby customers can seamlessly close their accounts and withdraw their funds.

Norway

In June 2023, the Court of Appeal dismissed Kindred's appeal against the April 2019 order of the Norwegian Gaming Authority for Kindred to cease and desist from providing services in Norway. In October 2023, the Supreme Court denied Kindred's request for leave to appeal, making the Court of Appeal's ruling final. Kindred has made significant changes to its commercial offering and is now merely passively available to Norwegian customers for whom it is not illegal to participate in online gambling services. Kindred's appeal against the Norwegian Gaming Authority's decision of September 2022, 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 cease-and-desist order, remains pending. The District Court of Oslo dismissed Kindred's appeal in December 2023, but Kindred intends to appeal against the judgment. The daily penalty has been suspended since December 2022.

Kindred's challenge of the validity of Norsk Rikstoto's licence to offer betting on horse racing, initiated in September 2022, has been referred to the EFTA Court to rule on a number of principal questions. A hearing was held in the EFTA Court in December 2023. A final hearing in the Oslo District Court is planned for June 2024.

In October 2023 a proposal on DNS-blocking was sent to the Norwegian Parliament for deliberation in 2024. The bill, which faces political opposition, would allow for the blocking of overseas gambling websites targeting Norwegian customers.

Romania

A Government Emergency Ordinance entered into force on 6 October 2023 introducing several amendments to the existing legislative framework, including the requirement to set up a permanent establishment in Romania, an increase in annual contributions for responsible gambling and an increase of the annual guarantee. The changes have come into force with immediate effect from the day the ordinance was published, save for the requirement to set up a permanent establishment in Romania which will become effective on 6 April 2024. Kindred is in the process of creating a permanent establishment in Romania. This is expected to be finalised in March 2024.

General legal environment
continued

Sweden

On 1 November 2023, Kindred's Swedish licences were renewed by the Swedish Gambling Authority (SGA) for a full five-year term expiring on 31 December 2028. In October 2023, the Swedish Government proposed an increase of 4 percentage points of the gambling tax, from 18 per cent to 22 per cent. The proposal, said to enter into force on 1 July 2024 if approved, will be deliberated in the Parliament during early spring 2024. In September 2023, the SGA published a proposal for updated mandatory rules for player safety, including a ban on auto play. Following a consultation, the draft was withdrawn, and an updated proposal is expected to be published in 2024.

The matter regarding the warning and fine imposed by the SGA on Kindred for alleged bonus violations in early 2019 is pending before the Administrative Court of Appeal in Jönköping. In June 2021 the Administrative Court in Linköping issued a ruling in which the fine was halved. The ruling from the Administrative Court of Appeal is expected to be delivered before summer 2024.

In May 2023, Kindred received a permit for gambling software from the SGA. This permit ensures the seamless operation of our Kindred Racing Platform in Sweden and sets the stage for the upcoming launch of the Kindred Sportsbook Platform.

United Kingdom

During 2023, the Department for Digital, Culture, Media & Sport and the Gambling Commission have, through the Gambling Review White Paper, introduced the most comprehensive reforms to the gambling sector since the Gambling Act was introduced in 2005. The various White Paper consultations on financial risk checks, including a requirement to undertake a credit reference check on all UK customers to determine whether there are indicators of financial vulnerability, stake limits, and a more granular approach to obtaining consent to marketing communications on product and channel level, closed during 2023. In addition, the Department for Digital, Culture, Media & Sport completed a consultation on a new statutory levy (1 per cent of gross gaming revenue) to fund research, education and treatment of gambling disorders. The input and proposals are currently under review and the Gambling Commission is expected to publish its proposals during spring 2024, which are expected to be implemented at the end of 2024.

Other

The Maltese Gaming Act was amended on 16 June 2023 by virtue of the so-called Bill 55. The newly passed law orders the Maltese courts to refuse recognition and/or enforcement in Malta of a foreign judgement or decision based on an action against a gaming operator licensed by the Malta Gaming Authority if the action conflicts with or undermines the legality of the Maltese framework and is related to an activity that is lawful in terms of the Maltese Gaming Act and the other regulatory instruments applicable to the Malta Gaming Authority's licensees. Matters involving the application of Bill 55 are pending before Maltese courts. The application of Bill 55 is particularly important considering the increasing number of customer litigations in and subsequent enforcement efforts by Germany, Austria and the Netherlands.

In Italy, various operators, including Kindred, lodged an appeal with the Council of State in June 2023 against the COVID tax introduced in May 2020 and which the regulator maintained for 2023. Kindred was obliged to pay the tax on 7 August 2023. In February 2024, the Council of State ruled in favour of Kindred, confirming the unlawfulness of the Italian Customs Agency measure. As a result of the ruling, Kindred is therefore entitled to receive EUR 235 thousand.

Shareholder information

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

Kindred's information channels

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 and on-demand in connection with Kindred's interim and year-end reports. We also offer a subscription service for receiving press releases and financial reports by email.

The next AGM will be held on 26 April 2024. You can find information about the AGM, together with an archive of the AGM minutes dating back to 2014, in the website's Corporate Governance section.

Investor Relations activities

Kindred Group's Investor Relations team strives to ensure that 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 SDR.

During 2023, Kindred Group interacted with the financial community through roadshows, conferences and individual meetings, in virtual and physical settings. Common topics discussed include the journey towards regaining the market-leading position in the Netherlands, the continued development of Kindred Sportsbook Platform, regulatory impacts across core select markets and the strategic review initiated by the Board of Directors on 26 April 2023.

The share

Kindred Group plc's issued share capital as at 31 December 2023 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 2023, the market capitalisation amounted to approximately SEK 20.1 billion, equivalent to GBP 1.6 billion (2022: SEK 23.6 billion, equivalent to GBP 1.9 billion)*. The price of the SDR fell by 14.1 per cent excluding dividends during the year, while OMX Stockholm 30 Index rose by 17.3 per cent excluding dividends. The highest price for Kindred's SDR in 2023 was SEK 137.0, noted on 24 May, and the lowest price was SEK 82.4 on 29 November.

Trading volumes

In 2023, 36.6 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 number of SDRs traded during the year was 45.4 per cent for Cboe, 12.2 per cent for LSE Group and 5.8 per cent for other exchanges.

Average daily trading of Kindred's SDRs on Nasdaq Stockholm amounted to approximately 1.5 million and average daily turnover was SEK 167.0 million. During 2023, the turnover velocity of the SDR on Nasdaq Stockholm was 61 per cent compared with the average turnover velocity of 48 per cent for Nasdaq Stockholm.

Dividend policy and dividend for 2023

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 of 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 129).

Following the announced public cash offer from La Française des Jeux, and the way the offer is structured, where any dividends prior to settlement of the offer would reduce the offer price accordingly, the Board of Directors do not propose a dividend in respect of the financial year 2023.

In 2023, no dividend was paid on the shares/SDRs held by Kindred Group (2022: nil).

* Based on 215,008,190 number of shares (corresponding to the total number of shares outstanding reflected through SDRs of 230,126,136 as of 31 December 2023, excluding treasury shares of 15,117,946 as of 31 December 2023).

Shareholder information
continued

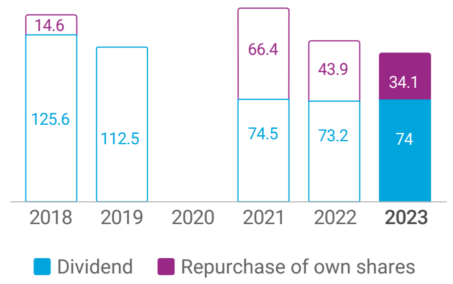
Share repurchase programme

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, 19,972,218 own shares have been purchased, of which 3,833,000 were purchased during 2023.

In 2023, 1,236,733 (2022: 549,365) of the shares/SDRs held by the Group were used in connection with the Group's share plan. At 31 December 2023, the Group held 15,117,946 of the 230,126,200 issued shares, representing 6.6 per cent of the total number of shares.

Cash distribution to shareholders

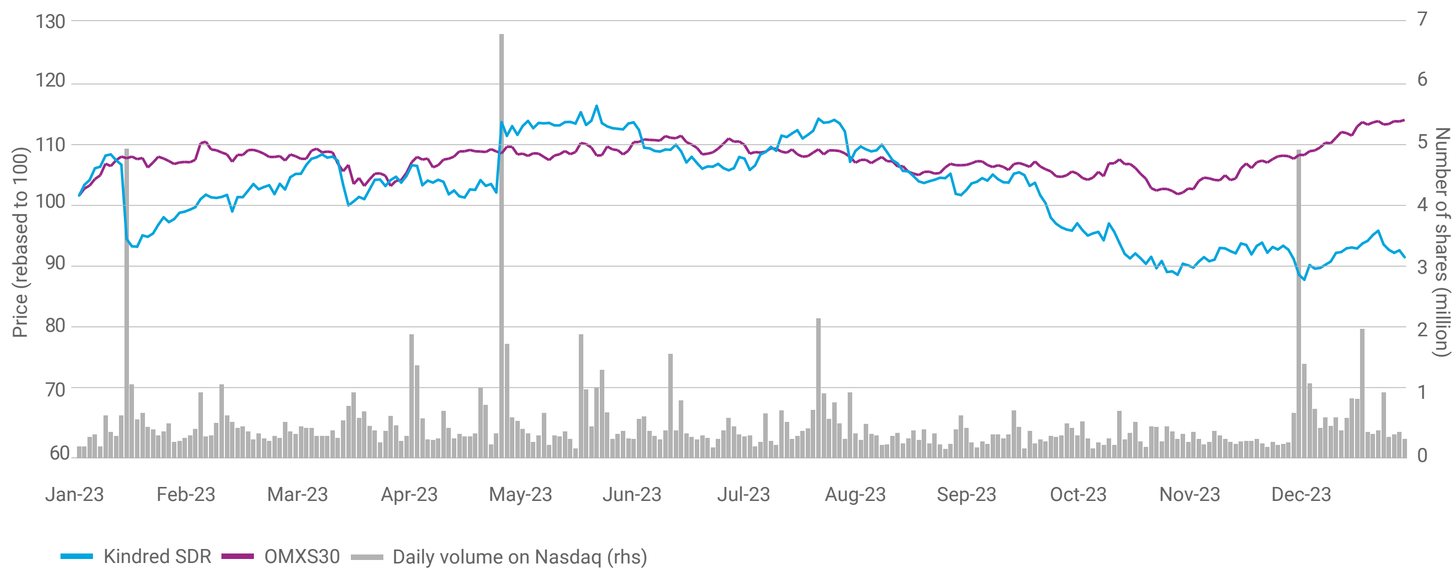
(GBP million)



Public cash offer from La Française des Jeux SA

On 22 January 2024, La Française des Jeux SA (FDJ) announced a public cash offer to the holders of Swedish Depository Receipts (SDRs) in Kindred Group plc to tender all their SDRs in the Company at a price of SEK 130 in cash per SDR. The Board of Directors of Kindred unanimously recommended that the shareholders of Kindred accept this offer. The acceptance period for the offer commenced on 20 February 2024 and is expected to expire on 19 November 2024. The completion of the offer is conditional upon several criteria, which include receiving all required regulatory approvals and the amendment of Kindred's articles of association.

Kindred Group: Share price performance and daily Nasdaq volume



Source: Infront

Shareholder information
continued

Ownership structure

At the end of 2023, Kindred Group plc had 38,479 known shareholders. The 15 largest shareholders registered directly or as a group with Euroclear Sweden, the Swedish Central Securities Depository, accounted for 56.3 per cent of the outstanding capital/voting rights.*

15 largest shareholders as of 31 December 2023

Shareholder	Number of shares	Share of share capital/votes %	Accumulated %
Corvex Management LP	34,522,588	15.0%	15.0%
Capital Group	27,882,178	12.1%	27.1%
Kindred Group Plc	15,117,946	6.6%	33.7%
Premier Investissement SAS	8,684,154	3.8%	37.5%
Eminence Capital	7,231,684	3.1%	40.6%
Veralda Investment Ltd	4,904,200	2.1%	42.7%
Blackstone	4,709,228	2.1%	44.8%
Avanza Pension	4,333,581	1.9%	46.7%
Unionen	4,137,109	1.8%	48.5%
Nordea Funds	3,648,764	1.6%	50.1%
BlackRock	3,377,879	1.5%	51.6%
TIN	3,100,000	1.3%	52.9%
Epoch	3,079,859	1.3%	54.2%
Life Insurance Skandia	2,711,300	1.2%	55.4%
Janus Henderson Investors	2,033,985	0.9%	56.3%
Total top 15	**129,474,455**	**56.3%**	
Others	100,651,745	43.7%	
Total	**230,126,200**	**100.0%**	

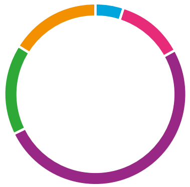
Source: Kindred and Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Ownership distribution by holding as of 31 December 2023

Holding	Number of shareholders	Number of shares	Share of share capital/votes %
1–10,000	38,078	15,320,222	6.7%
10,001–100,000	307	8,659,838	3.8%
100,001–500,000	53	10,606,426	4.6%
500,001–1,000,000	14	10,200,725	4.4%
1,000,001–	27	148,276,731	64.4%
Anonymous	N/A	37,062,258	16.1%
Total	**38,479**	**230,126,200**	**100.0%**

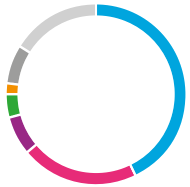
Source: Kindred and Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Ownership distribution by type as of 31 December 2023



Swedish Institutional Ownership	5%
Swedish Private Individual Ownership	12%
Foreign Institutional Ownership	51%
Other	16%
Anonymous Ownership	16%

Ownership distribution by country as of 31 December 2023



United States	43%
Sweden	21%
Malta	7%
France	4%
Cyprus	2%
Others	7%
Anonymous Ownership	16%

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).

* 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 2023 were ABG Sundal Collier, Bank of America, Berenberg, Carnegie, Deutsche Bank, DNB, Jefferies, Morgan Stanley and Pareto Securities.

Share data

Share data (GBP)	2023	2022	2021	2020	2019
Earnings per share	**0.22**	0.54	1.31	0.73	0.25
Earnings per share after dilution	**0.21**	0.54	1.30	0.72	0.25
Dividend per share[1]	**0.00**	0.35	0.34	0.33	0.00
Dividend yield at year end (%)[2]	**0.0%**	4.0%	3.8%	4.6%	0.0%
Dividend pay-out ratio (%)[3]	**0.0%**	109.4%	33.3%	28.0%	0.0%
Total pay-out ratio (%)[4]	**104.7%**	168.2%	61.0%	0.0%	232.0%
Free cash flow per share	**0.48**	0.32	1.02	1.18	0.21
Free cash flow per share after dilution	**0.47**	0.31	1.01	1.17	0.21
Net cash/(net debt) per share	**0.12**	0.17	0.38	0.46	(0.67)
Net cash/(net debt) per share after dilution	**0.12**	0.17	0.38	0.45	(0.67)
Market capitalisation year end (GBP bn)[5]	**1.57**	1.88	1.97	1.64	1.06
Number of shares at year end[6]	**230,126,200**	230,126,200	230,126,200	230,126,200	230,126,200
Diluted number of shares at year end[7]	**232,018,730**	232,074,281	231,405,713	232,089,717	231,864,044
Weighted average number of outstanding shares	**215,590,888**	220,068,616	226,149,236	227,023,775	226,669,514
Weighted average number of diluted outstanding shares	**218,047,809**	222,094,481	227,767,325	229,084,006	228,384,165

1 Dividend for the financial year. Following the announced public cash offer and the way the offer is structured, the Board of Directors do not propose a dividend in respect of the financial year 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 purchase of own shares) as a percentage of free cash flow.

5 Calculation method has been updated in the current year and the comparatives have been updated accordingly.

6 At 31 December 2023, the total issued shares were 230,126,200. Of these, 15,117,946 shares were held by the Group as a result of previous repurchase programmes.

7 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 124 to 127.

Financial reporting timetable 2024–2025

Report	Reporting period	Publication date
Interim report	Jan 1–31 Mar 2024	24 April 2024
Interim report	Jan 1–30 Jun 2024	24 July 2024
Interim report	Jan 1–30 Sep 2024	25 October 2024
Year-end report	Jan 1–31 Dec 2024	12 February 2025
Annual and Sustainability Report	2024	March 2025

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
Chair 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 the Board.

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 particularly considered the requirements regarding the versatility, resolve, business acumen and industrial knowledge of the Board.

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. It is the Nomination Committee's position 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.

The Nomination Committee's Motivated Opinion can be found on Kindred Group's website, www.kindredgroup.com. The Nomination Committee for the 2024 AGM has held four meetings during 2023 in which minutes were taken, in addition to interviews with incumbent and potential Board members.

At the AGM on 20 April 2023, it was decided that the Nomination Committee for the 2024 AGM should consist of not less than four and not more than five members. The Nomination Committee for the 2024 AGM consists of Keith Meister, Corvex Management LP (Chairman); Michael Fitzsimmons, Eminence Capital LP; Cédric Boireau, Premier Investissement SAS; Mattias Lindahl, Veralda Investment Ltd and Evert Carlsson, Kindred's Chairman of the Board (co-opted member).

Keith Meister
Chair of the Nomination Committee

Remuneration Committee report

Evert Carlsson
Chair of the Remuneration Committee

Attendance

	Meetings attended
Evert Carlsson	5/5
Cédric Boireau	4/5
Carl-Magnus Månsson	1/5
Andy McCue	4/5
Fredrik Peyron	1/5
Martin Randel	3/5

On behalf of the Kindred Remuneration Committee, I am pleased to present our 2023 remuneration report. This report includes both a summary of our remuneration guidelines as approved by the shareholders at the 2023 AGM and the remuneration paid out in 2023 in accordance with these guidelines.

Kindred Remuneration Committee

The Committee consists of Evert Carlsson (Chair), Cédric Boireau, Andy McCue, and Martin Randel. Carl-Magnus Månsson and Fredrik Peyron served on the Committee before stepping down in April 2023.

The Committee held five meetings during 2023.

The Director of People Experience and Reward acted as secretary to the Committee and the CEO and Chief HR Officer 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.

2023 in context

Following the AGM in April 2023, the Board of Directors initiated a review of strategic alternatives to explore different opportunities for Kindred Group in order to maximise shareholder value. At this time Kindred's longstanding CEO, Henrik Tjärnström, decided to exit the business in May 2023 and was replaced (on an interim capacity initially) by Nils Andén who has held a number of executive positions at Kindred and with other operators, and brings a wealth of industry experience with his appointment. Kindred also had a number of other changes at executive level during 2023, most notably following a review of marketing and commercial operations, which resulted in those teams being brought together under one function in order to drive growth and increase the Group's flexibility.

Towards the end of the year, there was an update on the strategic review, announcing both a restructure of the business in order to drive operational efficiency as well as signalling Kindred's intention to exit from North American markets in a phased approach during the first half of 2024. As of the time of writing, Kindred Group has received a conditional offer of acquisition which has effectively brought the strategic review to a close as we seek the support of our shareholders on the proposed new direction for the business. Irrespective of the outcome of this process and any potential corporate event, we remain confident that the changes that we have made set Kindred up for a period of profitable growth throughout 2024 and beyond.

Pay and performance

The CEO and Executive Management team participated in an annual bonus scheme for 2023. The performance measures were based on Group EBITDA targets, customer experience and employee engagement scores, and achievement against our headline sustainability target for 2023 whereby the ultimate goal is to derive zero per cent of revenue from harmful gambling (our 'Journey towards Zero'). The resulting annual bonus for the 2023 financial year, paid in 2024, was 73.5 per cent of target for the CEO.

Our 2020 Performance Share Plan (PSP) vested in full in June 2023 as the targets set for the performance period (2020-2022) were fully met. Following the re-approval of the PSP at 2023's AGM, a new grant was also made in July 2023 to executives, senior managers and key employees within Kindred Group. This new scheme has a simplified structure whereby vesting of the awards is wholly dependent on achievement against aggregated Group EBITDA targets set for the performance period (2023-2025).

In 2023, we also made the final grant 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 who are excluded. We are discontinuing the AESP from 2024 in favour of annual bonuses for all permanent employees, which will provide a heightened focus on relevant targets for teams and will support a culture of high performance across the Group.

Finally in 2023, we made another grant to executives in the stock option programme that we introduced in 2022. 2023 options would be due to vest after a maturity cycle of three years, following which executives will have an additional six-month period in which to exercise them. The options scheme represents 50 per cent of executives' overall long-term incentive plan (LTIP) composition and provides a direct link to performance and share price development, with the remaining 50 per cent of LTIP weighted towards the PSP, which is geared towards retention and long-term value creation.

Looking forward

As mentioned above, Kindred Group has received a conditional offer to acquire the business. Whilst the future of the Group goes through a period of uncertainty, we will review our approach for short- and long-term incentives for Kindred's executives and senior management, and may need to adapt it accordingly based on the circumstances. Beyond this, we do not anticipate any material changes to our remuneration strategy and existing guidelines at this time. However, we will of course closely monitor shareholder voting and continue constructive dialogue with our investors.

Evert Carlsson
Chair of the Remuneration Committee

Remuneration guidelines

The remuneration of the CEO (and Kindred's Executive Management team) is based on the remuneration guidelines as adopted at 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.

The CEO's annual base salary as at 31 December 2023 was GBP 400,000.

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.

The CEO's long-term incentive grants in 2023 totalled the equivalent of one times annual base salary.

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.

The CEO's company pension contribution as at 31 December 2023 was 10 per cent of base salary.

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.

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.

The CEO's shareholding in Kindred Group plc as at 31 December 2023 was approximately 75 per cent of net annual base salary.

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 at 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). There were no such situations that occurred during 2023.

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.

2023 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 2022–2023

Directors	Board fees GBP 000	Audit Committee fees GBP 000	North America Committee fees GBP 000	Remuneration Committee fees GBP 000	2023 Total GBP 000	2022 Total GBP 000
Evert Carlsson, Chairman	197.0	21.2	11.0	22.4	251.6	236.9
Peter Boggs[1]	23.0	–	7.5	–	30.5	87.7
Cédric Boireau[2]	45.8	–	–	7.8	53.6	–
Gunnel Duveblad[1]	23.0	12.8	–	–	35.8	115.2
Erik Forsberg[1]	23.0	9.2	3.8	–	36.0	92.8
James H. Gemmel	65.2	20.8	7.8	–	93.8	8.1
Jonas Jansson[2]	45.8	–	15.1	–	60.9	–
Carl-Magnus Månsson[1]	23.0	–	–	5.2	28.2	75.5
Andy McCue[2]	45.8	–	–	7.8	53.6	–
Fredrik Peyron[1]	23.0	–	–	5.2	28.2	70.8
Martin Randel[2]	45.8	–	–	7.8	53.6	–
Kenneth Shea[2]	45.8	13.5	7.8	–	67.1	–
Heidi Skogster	65.2	13.5	3.2	–	81.9	68.6
Total	**671.4**	**91.0**	**56.2**	**56.2**	**874.8**	**755.6**

1 Peter Boggs, Gunnel Duveblad, Erik Forsberg, Carl-Magnus Månsson and Fredrik Peyron resigned from their roles as non-executive Directors at the AGM on 20 April 2023.

2 Cédric Boireau, Jonas Jansson, Andy McCue, Martin Randel and Kenneth Shea were appointed as non-executive Directors at the AGM on 20 April 2023.

CEO's remuneration 2023

	Fixed salary[1] GBP 000	Variable salary[2] GBP 000	Stock- related benefits[3] GBP 000	Total pension cost GBP 000	Total GBP 000	Proportion of fixed/ variable remuneration
Nils Andén *(interim – from 17 May 2023)*	251.3	–	252.8	25.1	529.2	52:48
Henrik Tjärnström *(former – until 17 May 2023)*	205.3	268.6	987.7	65.7	1,527.3	18:82

1 The annual fixed salary includes vacation salary and paid vacation days and has been pro-rated here to reflect remuneration paid whilst in post as CEO.

2 Variable salary represents the short-term incentive/annual bonus relating to the 2022 performance year, paid out in 2023. The annual bonus relating to the 2023 performance year for the current CEO (Nils Andén), due to be paid out in March 2024, is GBP 138,342. The remuneration reported for Nils Andén does not include that which relates to his position as Chief Commercial Officer between 1 January 2023 and 16 May 2023.

3 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.

2023 short-term incentives (STI)

The CEO participated in an annual bonus scheme for 2023. The measures were based on Group EBITDA (60 per cent), aggregated group customer experience and employee engagement scores (20 per cent), and achievement against our group sustainability metric 'Journey towards Zero' (20 per cent) through which we aim to reduce the percentage of revenue derived from harmful gambling.

The Group's Customer Experience measure is an aggregation of customer experience scores across all brands and markets, and we also have an element of the bonus geared towards employee experience and engagement scores, as measured through an employee Net Promoter Score (eNPS).

Assessment of 2023 STI conditions for the CEO

Performance condition	Weighting	2023 result vs target
Group EBITDA	60%	97.5%
Group Customer Experience (CX) and Employee Engagement	20%	0.0%
Group Sustainability (reduction of revenue derived from harmful gambling i.e. 'Journey towards Zero')	20%	75.0%

Long-term incentives (LTIP)

Vesting of 2020 Performance Share Plan (PSP)

In June 2020, Kindred Group made a PSP grant. The performance conditions used for Executive Management were 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 (2020–2022). The 2020 PSP grant vested in 2023 in full as the agreed targets for the business performance were fully met, as shown below:

Details of the targets achieved: Performance condition	Weighting of Performance Condition	Achievement vs target over 2020–2022	PSP result
Gross contribution	50%	118%	100% (capped)
Free cash flow per share	50%	151%	100% (capped)

Performance Share Plan

Following the approval at the 2023 AGM of a new five-year mandate to run our PSP, a grant was made in July 2023 to executives, senior managers and key employees within Kindred Group totalling 380,201 share awards. For executives, the PSP award represents 50 per cent of their LTIP remuneration, with the remaining 50 per cent weighted against a stock options plan introduced in 2022. PSP awards will depend on the Group achieving financial performance targets (EBITDA) over three financial years, establishing a clearer link between how the Group performs and the value that the PSP can deliver. EBITDA performance will be measured on an aggregated basis between the full year 2023 and the full year 2025 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 2025. The total charge recognised in 2023 in relation to the Group's PSPs was GBP 4.2 (2022: GBP 3.9) million.

Stock Option Plan

A new grant of employee stock options was also made in 2023. The plan was introduced in 2022 and is designed for the CEO and senior executives to participate whereby 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 and can be exercised during a six-month exercise period following the three-year maturity period from the date of grant. The total value of the allocation of stock options is equivalent to approximately 50 per cent of the annual fixed salary for each participant. The options issued under the 2023 stock option plan entitle participants to a maximum of 274,001 Kindred SDRs.

Long-term incentive plan – awards/options outstanding for the CEO

The following tables provide a full overview of the long-term incentives that have vested during 2023, as well as any long-term incentive awards/options granted in the past years but remaining unvested as of 31 December 2023.

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]
2023 PSP	2023–2025	01/07/2023	01/07/2026	28,179	–	–
2022 PSP	2022–2024	01/06/2022	01/06/2025	22,607	–	–
2021 PSP	2021–2023	01/06/2021	01/06/2024	24,127	–	–
2020 PSP	2020–2022	17/06/2020	18/06/2023	40,601	40,601	21,451

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

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 options at 1 January 2023	Share options granted during the year	Share options forfeited during the year	Share options exercised during the year	Outstanding share options at 31 December 2023
2023 stock option plan	01/07/2023	01/07/2025 up to and including 31/12/2026	140.19	–	85,625	–	–	85,625
2022 stock option plan	01/06/2022	01/06/2025 up to and including 30/11/2025	118.40	79,936	–	–	–	79,936

1 In accordance with the scheme structure, the exercise price will be adjusted downwards to reflect the average annual dividend declared in the three-year financial period spanning the option vesting cycle (e.g. 2022-2024 for the 2022 stock option plan).

Directors' and CEO's interests

The Directors' and CEO's beneficial interests in the shares/SDRs of Kindred Group plc as at 31 December 2023 are set out below:

Directors	Ordinary shares/SDRs at 31 December 2023	Ordinary shares/SDRs at 31 December 2022
Evert Carlsson, Chairman	43,000	37,000
Cédric Boireau	20,000	–
James H. Gemmel	–	–
Jonas Jansson	6,000	–
Andy McCue	2,900	–
Martin Randel	35,000	–
Kenneth Shea	–	–
Heidi Skogster	1,627	1,627
Total	**108,527**	**38,627**

CEO	Ordinary shares/SDRs at 31 December 2023	Ordinary shares/SDRs at 31 December 2022
Nils Andén	21,998	–

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:

	2018/19	2019/20	2020/21	2021/22	2022/23	2023
CEO remuneration[1,3]	5.4%	-9.2%	-0.8%	81.0%	-79.2%	529.2
EBITDA	-36.8%	114.1%	42.6%	-52.1%	-18.6%	152.6
Average employee remuneration[2]	0.3%	13.1%	-14.8%	8.5%	5.4%	57.3

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 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.

3 CEO remuneration solely relates to the current CEO and is therefore only included from the date of appointment on 17 May 2023.

Evert Carlsson
Chair of the Remuneration Committee

Malta, 13 March 2024

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 2023.

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, which 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, Relax Gaming. 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 25 to 27.

A detailed financial review is also set out on pages 28 to 31.

Results and dividends

The consolidated income statement is set out on page 93 and shows profit after tax for the year of GBP 47.2 (2022: GBP 120.1) million. The parent company income statement is set out on page 130 and shows profit after tax for the year of GBP 12.6 (2022: GBP 122.3) 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 to 100 per cent of free cash flow (as defined in note 30 on page 129).

Following the announced public cash offer from La Française des Jeux (see significant events after the year end), and the way the offer is structured, where any dividends prior to settlement of the offer would reduce the offer price accordingly, the Board of Directors do not propose a dividend in respect of the financial year 2023.

For the 2022 financial year, the total dividend amounted to GBP 74.4 million, or GBP 0.345 per share/SDR, and was paid out during 2023.

More details on the dividend policy can be found on page 76.

Shares/SDRs held by the Group and parent company

Between 9 February and 24 March 2023, under the buy-back mandate received at the Extraordinary General Meeting (EGM) on 10 June 2022, 2,286,000 shares/SDRs were purchased at a total price of SEK 253.8, or GBP 20.1, million.

Between 23 May and 22 June 2023, under the buy-back mandate received at the EGM on 17 May 2023, 1,547,000 shares/SDRs were purchased at a total cost of SEK 189.9, or GBP 14.1, million.

In total in 2023, 3,833,000 shares/SDRs were purchased at a total cost of SEK 443.7, or GBP 34.2, million.

During the year, 1,236,733 (2022: 549,365) 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 2023 was 230,126,200 of which 15,117,946 are held by the Group and parent company, representing 6.6 per cent of the total number of issued shares.

Significant events during 2023

On 12 January 2023, as part of its trading update for the fourth quarter of 2022, the Group communicated non-recurring indicative guidance for underlying EBITDA for the full year 2023, estimating that it would reach at least GBP 200 million, assuming a long-term average sports betting margin.

On 23 March 2023, Kindred announced that it had concluded regulatory reviews by the UK Gambling Commission of its Unibet and 32Red brands in relation to historical anti-money laundering (affordability) and social responsibility shortcomings. As a result, Kindred received a warning from the Commission and subsequently paid GBP 7.1 million, which had been fully provided for in the fourth quarter of 2022.

At the Annual General Meeting (AGM) on 20 April 2023, the shareholders approved the election of five new Board members (with four current Board members having declared that they would not stand for re-election).

On 20 April 2023, Kindred announced that it had expanded its North American retail footprint by launching in Washington State, phase one of its partnership with the Swinomish Tribe.

On 26 April 2023, Kindred announced that its Board of Directors had decided to initiate a review of strategic alternatives focused on maximising shareholder value. As part of this strategic process, the Board of Directors would consider all potential alternatives that could deliver value for the Company's shareholders, including a merger or sale of the Company (in whole or in part) or other possible strategic transactions.

On 10 May 2023, Kindred announced it had launched its proprietary tech platform in New Jersey, following approval from the New Jersey Division of Gaming Enforcement on 17 April 2023.

On 15 May 2023, Kindred announced that Johan Wilsby would leave his position as Chief Financial Officer later in the year. Subsequently, on 21 June 2023, Kindred announced that Patrick Kortman had, effective immediately, assumed the role of Interim Chief Financial Officer.

On 17 May 2023, Kindred announced that CEO Henrik Tjärnström had resigned, effective immediately and that the Board of Directors had appointed Nils Andén as Interim CEO, also effective immediately.

On 11 July 2023, Kindred announced it had launched its proprietary tech platform in Pennsylvania on 10 July.

During the third quarter of 2023, Kindred decided that it would exit its partnership agreement in Ohio. As a result, the Group incurred a one-off cost of USD 5 (GBP 4) million, which was paid in full during the third quarter.

As part of the Relax Gaming acquisition in October 2021, a put/call option structure was put in place. This structure allows the minority shareholders of Relax Holding Limited to sell their shares to Kindred, and Kindred to buy their shares, at a pre-agreed time period in the future and with a pre-defined valuation methodology. As a result of the exercise of put/call options in October 2023, Kindred's ownership of Relax Holding Limited will rise to over 99 per cent once the transactions are finalised in 2024. The exercise has been recognised in the consolidated balance sheet, with a current estimated liability to be paid in 2024 of GBP 24.7 million.

This amount is subject to change as certain elements of the calculation will not be known until the closing date of the transaction, and it is subject to the audited performance of Relax Gaming for the 2023 financial year.

On 29 November 2023, Kindred announced that its management team, with support from the Board, had identified actions to accelerate profitable growth. These include the controlled cessation of North American operations, a reduction in headcount and operational costs, and increased focus on profitable growth in core markets. The total cost impact in the 2023 consolidated income statement (within items affecting comparability) associated with the market closure is GBP 43.2 million, which includes contract termination costs, personnel restructuring costs and impairment losses on assets. The current expected total cash outflow from the closure is GBP 15 million.

On 29 November, Kindred communicated non-recurring indicative guidance for underlying EBITDA for the full year 2024, estimating that it would reach at least GBP 250 million (based on market growth expectations, and the announced interim strategic review update on the same day).

Significant events after the year end

On 22 January 2024, La Française des Jeux SA (FDJ) announced a public cash offer to the holders of Swedish Depository Receipts (SDRs) in Kindred Group plc to tender all their SDRs in the Company at a price of SEK 130 in cash per SDR. The Board of Directors of Kindred unanimously recommended that the shareholders of Kindred accept this offer.

The acceptance period for the offer is from 20 February 2024 to 19 November 2024. The completion of the offer is also conditional upon several criteria, which include receiving all required regulatory approvals and the amendment of Kindred's articles of association (as detailed below).

FDJ does not intend to materially alter the operations of Kindred following the implementation of the offer, other than the exit from the Norwegian market and those other non-regulated markets with no ongoing path to regulation. This is in line with Kindred's ambition to be a locally regulated operator.

Directors' report
continued

Following the announced offer, Kindred communicated that it is still committed to its underlying EBITDA target of GBP 250 million for the full year 2024. Further costs associated with the strategic review, and specifically this transaction, are expected in 2024 as a result but they cannot be reliably estimated at this stage. The offer is not expected to have any impact on Kindred's financing or its financial covenants. For further details, please see the relevant press release, dated 22 January 2024.

On 22 January 2024, it was announced that an EGM of Kindred Group plc would be held on 16 February 2024 seeking approval that the current memorandum and articles of association of Kindred Group plc be replaced in their entirety by new memorandum and articles of association. The main proposed change to the articles of association relates to the inclusion of a new article providing squeeze-out rights of an offeror, in line with the conditions of the above offer from FDJ. As the approval requirements were not met at the meeting on 16 February 2024, it was announced that a second EGM would be convened on 15 March 2024 to take a fresh vote on the proposal.

On 7 February 2024, Kindred's Board of Directors announced that Nils Andén had been appointed as permanent CEO of Kindred Group, effective immediately.

In January 2024, the Group was subject to three compliance assessments by the UK Gambling Commission (UKGC) as part of the ongoing supervisory process. The Group has since received the compliance assessments findings reports. For two of the three compliance assessments, the UKGC has indicated that, taking into account the nature of the findings (including specific areas of significant concern), both assessments will be escalated to the enforcement team within the UKGC for them to consider if further investigation is required. As of the date of signing these financial statements, the final outcome of these visits is not yet known.

Future developments

The Group continues to be 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. A licence was granted from the Malta Gaming Authority in December 2023 and the product has already been launched in a live test market with certain invited customers, with the plan for all Kindred markets to move onto the platform over time.

As announced on 29 November 2023, the controlled cessation of the Group's North American operations will take place during the first half of 2024. This closure aims to re-allocate financial and tech resources towards existing core markets in order to capitalise on core market potential and gain market share which is the Group's future focus.

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 32 to 36. Further information on financial and capital risk management can be found in notes 2C and 2D on pages 105 to 106.

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 45.6 (2022: GBP 36.9) million of development expenditure and expensed research costs of GBP 36.3 (2022: GBP 35.8) 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.

Sustainability

A review of the Group's environmental and community activities, as well as required disclosures on the EU taxonomy, are included in the Sustainability section on pages 37 to 56.

Directors and their interests

The following Directors served during the year and subsequently, unless otherwise stated:

Evert Carlsson	Non-executive Chairman
Peter Boggs[1]	Non-executive
Cédric Boireau[2]	Non-executive
Gunnel Duveblad[1]	Non-executive
Erik Forsberg[1]	Non-executive
James H. Gemmel	Non-executive
Jonas Jansson[2]	Non-executive
Carl-Magnus Månsson[1]	Non-executive
Andy McCue[2]	Non-executive
Fredrik Peyron[1]	Non-executive
Martin Randel[2]	Non-executive
Kenneth Shea[2]	Non-executive
Heidi Skogster	Non-executive

1 Peter Boggs, Gunnel Duveblad, Erik Forsberg, Carl-Magnus Månsson and Fredrik Peyron resigned from their roles as non-executive Directors at the AGM on 20 April 2023.

2 Cédric Boireau, Jonas Jansson, Andy McCue, Martin Randel and Kenneth Shea were appointed as non-executive Directors at the AGM on 20 April 2023.

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 84 and 87.

Directors' report
continued

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
— 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.

The consolidated and parent company financial statements of Kindred Group plc for the year ended 31 December 2023 are included in this Annual and Sustainability Report and Accounts 2023, 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.

Signed on behalf of the Board of Directors, as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual and Sustainability Report and Accounts 2023, by:

Evert Carlsson
Director

Heidi Skogster
Director

Malta, 13 March 2024

Financial statements

Consolidated income statement

For the year ended 31 December

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Revenue	3	1,210.5	1,068.7
Betting duties	3	-318.0	-272.8
Marketing revenue share	3	-37.7	-41.8
Other cost of sales	3	-175.0	-170.3
Cost of sales		**-530.7**	**-484.9**
Gross profit		**679.8**	**583.8**
Marketing costs	4	-220.7	-227.2
Salaries	4	-164.1	-140.8
Other operating expenses	4	-90.5	-86.6
Depreciation of property, plant and equipment	4	-11.1	-14.0
Depreciation of right-of-use assets	4	-13.8	-12.1
Amortisation of intangible assets	4	-38.7	-30.1
Total administrative expenses	4	**-318.2**	**-283.6**
Underlying profit before items affecting comparability		**140.9**	**73.0**
Personnel restructuring costs	4	-9.6	-0.3
Regulatory sanctions	4	-0.2	-8.0
Market closure and contract termination costs	4	-33.8	-2.5
Subsidy for warrants, incentive programme	4	–	-0.8
Strategic review costs	4	-4.9	–
Other (losses)/gains	4	-3.4	69.9
Impairment losses	4	-20.8	–
Profit from operations	3	**68.2**	**131.3**

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Finance costs	6	-11.3	-5.9
Finance income	7	2.6	1.4
Profit before tax		**59.5**	**126.8**
Income tax expense	8	-12.3	-6.7
Profit for the year		**47.2**	**120.1**
Profit is attributable to:			
Owners of Kindred Group plc		46.5	119.9
Non-controlling interests		0.7	0.2
Profit for the year		**47.2**	**120.1**
Basic earnings per share, GBP	10	0.22	0.54
Diluted earnings per share, GBP	10	0.21	0.54

More detailed definitions can be found on page 142. The notes on pages 98 to 129 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Profit for the year	47.2	120.1
Other comprehensive income		
Currency translation adjustments taken to equity	-13.3	21.8
Gains/(losses) on net investment hedge	4.0	-1.6
Total comprehensive income for the year	**37.9**	**140.3**
Total comprehensive income for the year attributable to:		
Owners of Kindred Group plc	37.2	139.8
Non-controlling interests	0.7	0.5
Total comprehensive income for the year	**37.9**	**140.3**

Currency translation adjustments taken to equity relate 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 142. The notes on pages 98 to 129 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 December

(GBP m)	Note	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	12	15.0	19.1
Right-of-use assets	13	36.9	49.7
Goodwill	11	433.4	438.4
Other intangible assets	11	256.2	270.4
Deferred tax assets	21	55.7	47.9
Convertible bond	24	–	6.8
Other non-current assets		3.8	3.5
		801.0	**835.8**
Current assets			
Taxation recoverable		58.7	70.8
Trade and other receivables	16	64.4	66.5
Financial assets at fair value through profit and loss	15	–	1.1
Cash and cash equivalents	29	240.3	254.9
		363.4	**393.3**
Total assets		**1,164.4**	**1,229.1**

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 2023 was 1.151 (2022: 1.127).
The notes on pages 98 to 129 are an integral part of these consolidated financial statements.
The consolidated financial statements on pages 93 to 129 were authorised for issue by the Board of Directors on 13 March 2024 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 2023, by:

Evert Carlsson
Director

Heidi Skogster
Director

(GBP m)	Note	As at 31 December 2023	As at 31 December 2022
Equity and liabilities			
Capital and reserves			
Share capital	23	0.1	0.1
Share premium	23	81.5	81.5
Currency translation reserve	23	16.3	25.6
Reorganisation reserve	23	-42.9	-42.9
Retained earnings		446.8	524.9
Total equity attributable to the owners		**501.8**	**589.2**
Non-controlling interests		5.8	5.8
Total equity		**507.6**	**595.0**
Non-current liabilities			
Borrowings	20	141.8	135.5
Lease liabilities	13	25.9	37.8
Deferred tax liabilities	21	27.5	30.4
Provisions	18	1.9	1.9
		197.1	**205.6**
Current liabilities			
Trade and other payables	17	217.8	199.6
Customer balances	19	71.1	80.2
Deferred income	15	5.3	5.9
Tax liabilities		90.5	107.1
Lease liabilities	13	15.3	13.6
Other financial liabilities at fair value through profit and loss	15	25.7	2.2
Provisions	18	34.0	19.9
		459.7	**428.5**
Total liabilities		**656.8**	**634.1**
Total equity and liabilities		**1,164.4**	**1,229.1**

Consolidated statement of changes in equity

For the year ended 31 December

		Attributable to owners of Kindred Group plc							
(GBP m)	Note	Share capital	Share premium	Currency translation reserve	Reorganisation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022		**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**
Comprehensive income									
Profit for the year		–	–	–	–	46.5	**46.5**	0.7	**47.2**
Other comprehensive income									
Currency translation adjustments taken to equity		–	–	-13.3	–	–	**-13.3**	–	**-13.3**
Gains on net investment hedge		–	–	4.0	–	–	**4.0**	–	**4.0**
Total comprehensive income		–	–	**-9.3**	–	**46.5**	**37.2**	**0.7**	**37.9**
Transactions with owners									
Employee share schemes – value of employee services	22	–	–	–	–	-4.0	**-4.0**	–	**-4.0**
Acquisition of non-controlling interest shares	25	–	–	–	–	-24.7	**-24.7**	–	**-24.7**
Treasury share purchases	23	–	–	–	–	-34.2	**-34.2**	–	**-34.2**
Disposal/utilisation of treasury shares	23	–	–	–	–	12.7	**12.7**	–	**12.7**
Dividends paid	9	–	–	–	–	-74.4	**-74.4**	-0.7	**-75.1**
Total transactions with owners		–	–	–	–	**-124.6**	**-124.6**	**-0.7**	**-125.3**
At 31 December 2023		**0.1**	**81.5**	**16.3**	**-42.9**	**446.8**	**501.8**	**5.8**	**507.6**

The notes on pages 98 to 129 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Operating activities			
Profit from operations		68.2	131.3
Adjustments for:			
Depreciation of property, plant and equipment	12	11.1	14.0
Depreciation of right-of-use assets	13	13.8	12.1
Amortisation of intangible assets	11	38.7	30.1
Impairment losses	4	20.8	–
Loss on disposal of intangible assets		1.1	0.9
Loss on disposal of property, plant and equipment	4	0.1	0.1
Other losses/(gains)		1.8	-78.0
Share-based payments	22	8.7	7.4
Decrease/(increase) in trade and other receivables		1.7	-14.5
Increase in trade and other payables, including customer balances and provisions		25.4	54.5
Cash flows from operating activities		**191.4**	**157.9**
Net income taxes paid		-27.4	-19.2
Net cash generated from operating activities		**164.0**	**138.7**
Investing activities			
Acquisition of subsidiaries, net of cash acquired		-0.4	–
Settlement of contingent consideration	25	-1.9	-4.4
Interest received		2.5	0.7
Settlement of convertible bond	24	6.5	–
Purchases of property, plant and equipment	12	-9.6	-9.5
Development and acquisition costs of intangible assets	11	-45.9	-38.3
Net cash used in investing activities		**-48.8**	**-51.5**

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Financing activities			
Interest paid		-9.8	-5.6
Interest paid on lease liabilities	13	-1.2	-1.2
Repayment of lease liabilities		-13.1	-11.9
Dividend paid to shareholders	9	-74.0	-73.2
Dividend paid to non-controlling interest	9	-0.7	-0.6
Treasury share purchases	23	-34.2	-43.9
Sale of warrants, incentive programme	22	–	0.4
Proceeds from borrowings	20	95.6	76.7
Repayment of borrowings	20	-85.6	-54.2
Net cash used in financing activities		**-123.0**	**-113.5**
Net decrease in cash and cash equivalents		**-7.8**	**-26.3**
Cash and cash equivalents at the beginning of the year		**254.9**	**270.6**
Effect of foreign exchange rate changes		-6.8	10.6
Cash and cash equivalents at the end of the year	29	**240.3**	**254.9**

The notes on pages 98 to 129 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 (including in the eventuality that a change of control in the Group occurs, in light of the announced offer from FDJ). 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

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – amendments to IAS 8;
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and, with the exception of the amendments to IAS 12 in respect of Pillar Two Model Rules, are not expected to significantly affect the current or future periods.

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB has amended the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes as described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes, to the extent it can be reliably measured.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2023 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 material 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.

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 103 for subsequent measurement of the Group's contingent consideration.

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 (losses)/gains.

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. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. For detailed information on the Group's accounting policy in relation to hedging activities refer to page 104.

The assets and liabilities of the Group's foreign operations are translated on consolidation at the 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) as Gross winnings revenue meets the definition of gains or losses. Open betting positions are carried at fair value, and net gains and losses arising on these positions are recognised in Gross winnings revenue.

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.

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. Gross winnings revenue from poker comprises commission earned or fees charged for the provision of the poker game and is recognised on conclusion of each poker game.

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. Gross winnings revenue from bingo comprises fees charged for participation in a bingo game and is recognised when the game has concluded. Other product revenues represent gambling services provided within the financial period.

(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. Revenue is recognised when the Group satisfies its promise to provide gaming services to the customer.

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 three 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.

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 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. Further information on cash-generating units is provided in note 11. 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.

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

(a) The Group as a lessee

The Group's leases predominantly relate to its offices in Malta and other territories, and small items of equipment.

Rental contracts are typically made for fixed periods but may have 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 remeasurement of the lease term, the Group considers those leases with option and break clauses that are due within the next two years.

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.

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 and any lease payments made in advance of the lease commencement date (net of any incentives received).

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 lease liability is initially measured at the present value of the future lease payments, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate at the lease commencement date. 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.

(b) The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. 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 page 107.

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 (losses)/gains.

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

Cash and cash equivalents include 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.

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 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 put/call option liabilities, 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 (losses)/gains.

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, with any subsequent gains or losses on remeasurement taken to the consolidated income statement within other (losses)/gains.

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 and contingent liabilities

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. Further information on provisions can be found in note 18.

Contingent liabilities are disclosed when the Group has a possible legal or constructive obligation as a result of past events for which the outcome is uncertain, or a present obligation as a result of past events for which the amount cannot be reliably estimated.

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.

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 100 and 101. The carrying value of these assets are shown in the table in note 11 on page 113. 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 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

As highlighted on pages 72 to 75, the Group operates in a number of markets in which its operations may be subject to legal and regulatory risks (including in respect of continued developments in Norway). 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' and 'customer claims 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 101. 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 2023 is GBP 70.3 (2022: GBP 55.3) million.

Put/call option arrangements

The Group exercises judgement in determining the fair value of liabilities as a result of put/call option arrangements. Total put/call option liabilities at 31 December 2023 amounted to GBP 24.7 (2022: GBP nil). See note 15 for further information on the nature of the judgements made in relation to this balance during the year.

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 33 to 36.

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 incur losses 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 2023, the rate of exchange of the euro weakened against GBP by 2.1 per cent (from a rate of EUR 1.127 per GBP to a rate of EUR 1.151 per GBP). The rate of exchange of the Swedish krona weakened against GBP by 1.8 per cent (from a rate of SEK 12.540 per GBP to a rate of SEK 12.768 per GBP). These movements in some of the Group's principal trading currencies contributed to the overall foreign exchange gain on operations, which is recognised within other losses/(gains) in note 4 on pages 109 and 110.

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.

At the year end, the Group has access to a multi-currency revolving loan facility, of which GBP 80.4 million is unused (see note 20 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.

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

	2023	2022
Carrying amount (non-current borrowings) (GBP m)	142.6	83.5
EUR carrying amount (m)	EUR 137.0	EUR 62.0
SEK carrying amount (m)	SEK 300.0	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)	-4.0	1.6
Change in value of hedged item used to determine hedge effectiveness (GBP m)	4.0	-1.6
Weighted average hedged rate for the year (EUR:GBP)	1.151	1.170
Weighted average hedged rate for the year (SEK:GBP)	13.222	12.467

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. In relation to cash and cash equivalents, this is managed through the use of a large number of banking and payment solution providers. See note 2F on page 107.

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 2023, the current liabilities of the Group exceeded the current assets by GBP 96.3 (2022: GBP 35.2) 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 2023, the unused revolving loan facility available to be drawn on was GBP 80.4 (2022: GBP 91.0) 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 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 2023			As at December 2022		
(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	5.3	–	–	5.9	–	–
Trade and other payables[1]	211.5	–	–	193.6	–	–
Customer balances	71.1	–	–	80.2	–	–
Lease liabilities	14.9	27.3	0.2	13.6	39.7	0.3
Contingent consideration	–	–	–	2.2	–	–
Borrowings	10.0	151.1	–	7.8	157.9	–
Put/call option liabilities	24.7	–	–	–	–	–
Total	**337.5**	**178.4**	**0.2**	**303.3**	**197.6**	**0.3**

1 Excluding non-financial liabilities, being other taxation and social security.

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 121. The net cash to EBITDA ratio at 31 December 2023 was GBP 0.18 (2022: GBP 0.21). 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.

2F: Impairment and credit quality of financial assets

The Group has two types of financial asset 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.

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 2023 as a result of bank failures. No expected loss allowance has been booked in the current or prior year as the amounts are deemed to be immaterial.

The credit ratings of the Group's principal banking partners at 31 December 2023 and 2022, based on publicly reported Fitch ratings, are as follows:

(GBP m)	As at 31 December 2023	As at 31 December 2022
AA-	63.9	68.9
A+	43.8	44.9
A	7.2	9.8
A-	6.3	13.5
BBB+	0.1	0.1
BBB	2.8	2.5
BBB-	24.9	24.2
Not rated[1]	91.3	91.0
Total cash and cash equivalents	**240.3**	**254.9**

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.

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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 within this note.

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 below). 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.

The operating segments during the years ended 31 December 2023 and 31 December 2022 are as follows:

31 December 2023 (GBP m)	Kindred Group excluding Relax Gaming (B2C)[1]	Relax Gaming (B2B)	Eliminations	Total
Gross winnings revenue (B2C)	1,168.3	–	3.6	**1,171.9**
Other revenue (B2B)	–	51.7	-13.1	**38.6**
Total revenue	**1,168.3**	**51.7**	**-9.5**	**1,210.5**
Betting duties	-318.0	–	–	**-318.0**
Marketing revenue share	-37.7	–	–	**-37.7**
Other cost of sales	-175.5	-8.0	8.5	**-175.0**
Gross profit	**637.1**	**43.7**	**-1.0**	**679.8**
Marketing costs	-219.5	-1.2	–	**-220.7**
Total administrative expenses	-295.7	-22.5	–	**-318.2**
Items affecting comparability	-72.6	-0.1	–	**-72.7**
Profit from operations	**49.3**	**19.9**	**-1.0**	**68.2**

1 During the year ended 31 December 2023, impairment losses of GBP 20.8 million were recognised within items affecting comparability. These impairment losses relate to the Group's North American operations and can therefore be attributed to the Kindred Group excluding Relax Gaming (B2C) segment above. For more information, please refer to note 11.

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**

Further analysis of the B2C business by region during the years ended 31 December 2023 and 31 December 2022 can be seen below:

31 December 2023 (GBP m)	Western Europe	Nordics	Central, Eastern and Southern Europe	Other	Kindred Group excluding Relax Gaming (B2C)
Gross winnings revenue (B2C)	707.5	284.6	123.4	52.8	**1,168.3**
Betting duties	-244.5	-33.1	-20.1	-20.3	**-318.0**
Marketing revenue share	-23.8	-6.0	-4.2	-3.7	**-37.7**
Other cost of sales	-80.2	-56.0	-23.4	-15.9	**-175.5**
Gross profit	**359.0**	**189.5**	**75.7**	**12.9**	**637.1**

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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**

Further analysis of the B2C business by product can be seen below:

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Sports betting	446.1	439.8
Casino & games	664.3	550.5
Poker	34.4	29.7
Other	23.5	21.4
Gross winnings revenue (B2C)	**1,168.3**	**1,041.4**

4: Expenses by nature

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Betting duties	318.0	272.8
Marketing revenue share	37.7	41.8
Other cost of sales	175.0	170.3
Marketing costs	220.7	227.2
Administrative expenses		
Salary costs (research costs)	36.3	35.8
Other salary costs	127.8	105.0
Total salaries	164.1	140.8
Fees payable to statutory auditors	1.2	1.2
Loss on disposal of property, plant and equipment	0.1	0.1
Loss on disposal of intangible assets	0.2	0.3
Other	89.0	85.0
Other operating expenses	90.5	86.6
Depreciation of property, plant and equipment	11.1	14.0
Depreciation of right-of-use assets	13.8	12.1
Amortisation of intangible assets	38.7	30.1
Total administrative expenses	**318.2**	**283.6**
Items affecting comparability		
Personnel restructuring costs	9.6	0.3
Regulatory sanctions	0.2	8.0
Market closure and contract termination costs	33.8	2.5
Subsidy for warrants, incentive programme	–	0.8
Strategic review costs	4.9	–
Other losses/(gains)	3.4	-69.9
Impairment losses	20.8	–
Total items affecting comparability	**72.7**	**-58.3**

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In 2023, items affecting year-on-year comparison included the following:

- Personnel restructuring costs of GBP 9.6 (2022: GBP 0.3) million. These costs relate to organisational changes and cost optimisation actions that are being taken to ensure that the Group optimises its headcount to create cost and operational efficiencies. These costs also include the impact on employees in North America, following the announcement in November 2023 that the Group's North American operations will be closed in 2024.
- Regulatory sanctions of GBP 0.2 (2022: GBP 8.0) million. In 2022, GBP 0.9 (SEK 10.9) million related to a sanction fee received from the Swedish Gambling Authority (SGA), while GBP 7.1 million pertained to an estimated fine to be received following regulatory reviews by the UK Gambling Commission. Both amounts were settled during 2023.
- Market closure and contract termination costs of GBP 33.8 (2022: GBP 2.5) million relate to contract termination costs and provisions for onerous contracts for the North American market and customer claims. Some contract negotiations are still ongoing and therefore costs included are a current expectation of the final cost and could be subject to change. Customer claims are not considered to be a part of the Group's core business, as a result of the closure of the markets where such claims are received, and are therefore recognised within items affecting comparability.
- Strategic review costs of GBP 4.9 (2022: GBP nil) million relating to costs incurred by the Board of Directors in relation to the review of strategic alternatives announced on 26 April 2023.
- Other losses of GBP 3.4 (2022: gains of GBP 69.9) million comprise:
  - Fair value losses of GBP 5.3 (2022: gains of GBP 78.8) million primarily in relation to forward contracts. In 2022, fair value gains were significantly impacted by the reassessment of the fair value of the Relax Gaming contingent consideration, which resulted in a positive impact of GBP 80.4 million.
  - Foreign currency gains of GBP 3.6 (2022: losses of GBP 8.9) million. Foreign currency gains and 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.
  - Other losses of GBP 1.7 (2022: GBP nil) million where a technical issue led to customer overpayments, following a mistake by one of Kindred's long-term partners. This is the expected maximum impact to Kindred after receipt of certain reimbursements.
- Impairment losses on assets of GBP 20.8 (2022: GBP nil) million relate to the decision announced in November 2023 to close the Group's North American operations during 2024. Asset impairment charges comprise impairment of intangible assets, impairment of property, plant and equipment and impairment of right-of-use assets. More information can be found in note 11.

In addition to items seen in the current year, in 2022 items affecting year-on-year comparison included a charge of GBP 0.8 million in connection with an employee long-term incentive plan, which takes the form of warrants. In 2022, a subsidy was provided to the employees under this plan to cover personal tax payments and this cost, which was unrecoverable for the Group, was recognised in full.

Fees payable to the statutory auditors, the PricewaterhouseCoopers network, can be broken down as follows:

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Annual statutory audit	1.0	0.9
Non-audit services	0.2	0.3
	1.2	**1.2**

The annual statutory audit fee includes fees for the local statutory audits of some of the Group's subsidiaries.

Non-audit services include the interim review, permissible tax compliance and other services.

5: Salaries

Salaries can be broken down as follows:

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Gross wages	126.3	107.3
Employee share schemes – value of employee services (see note 22)	8.0	7.4
Employee warrants (see note 22)	0.1	0.1
Social security costs	20.4	18.0
Pension costs	9.3	8.0
	164.1	**140.8**

The remuneration of the Directors and CEO is disclosed within the Remuneration Committee report on page 84.

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Average employee numbers are provided below:

Average number of employees for the year	Year ended 31 December 2023	Year ended 31 December 2022
Finance, legal, administration and management	492	494
Marketing (including trading)	607	502
Customer services	350	341
Research and development	1,051	877
	2,500	**2,214**

6: Finance costs

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Interest and fees payable on bank borrowings	10.1	4.7
Interest on lease liabilities	1.2	1.2
	11.3	**5.9**

7: Finance income

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Interest receivable on convertible bond and bank deposits	2.2	0.8
Foreign exchange gains on dividend	0.4	0.6
	2.6	**1.4**

8: Income tax expense

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Current tax:			
Income tax expense		23.3	20.1
Deferred tax:			
Deferred tax credit	21	-11.0	-13.4
Total tax expense		**12.3**	**6.7**

Income tax in Malta is calculated at a basic rate of 35 (2022: 35) per cent of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax expense for the year can be reconciled to the profit as per the consolidated income statement as follows:

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Profit before tax	59.5	126.8
Taxation at the basic income tax rate of 35 (2022: 35) per cent	20.8	44.4
Effects of:		
Tax recoverable[1]	-41.8	-35.1
Overseas tax rates	-3.1	-5.3
Items of income/expenditure not taxable/deductible[2]	13.6	-19.3
Other[3]	22.8	22.0
Total tax expense	**12.3**	**6.7**

1 The tax recoverable of GBP 41.8 (2022: GBP 35.1) 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 2023 figure is the tax effect resulting from the impairment losses of GBP 20.8 (2022: GBP nil) million on assets relating to the closure of the Group's North American operations (refer to notes 4 and 11 for further information on the closure of the Group's North American operations). With reference to the 2022 figure, this includes the tax effect of an adjustment to the fair value of Kindred's investment in Relax Holding Limited amounting to GBP 76.8 million (refer to note 25 for further information on the acquisition of the Relax Gaming Group).

3 Included in other is an amount of GBP 18.0 (2022: GBP 19.5) million which represents the net 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 the 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 2023	Year ended 31 December 2022
Deferred tax charge in relation to:		
Share-based payments	0.3	–
Total income tax recognised directly in equity	**0.3**	**–**

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9: Dividend

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Dividend paid GBP 0.345 (2022: GBP 0.337) per share	74.4	73.8

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 76.

Following the announced public cash offer from La Française des Jeux (see note 31 on page 129), and the way the offer is structured, where any dividends prior to settlement of the offer would reduce the offer price accordingly, the Board of Directors do not propose a dividend in respect of the financial year 2023.

Dividends paid out to non-controlling interests during the year amounted to GBP 0.7 (2022: GBP 0.6) 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 2023	Year ended 31 December 2022
Earnings		
Earnings attributable to the owners of Kindred Group plc for the purposes of basic and diluted earnings per share	46.5	119.9
Number of shares		
Weighted average number of outstanding shares for the purposes of basic earnings per share	215,590,888	220,068,616
Effect of dilutive potential ordinary shares – share awards and share options	2,456,921	2,025,865
Weighted average number of outstanding shares for the purposes of diluted earnings per share	218,047,809	222,094,481
Earnings per share GBP		
Earnings per share	0.22	0.54
Diluted earnings per share	0.21	0.54

The nominal value per share is GBP 0.000625 (2022: GBP 0.000625).

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 2022		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**
Additions		–	45.6	0.2	–	0.1	–	**45.9**
Additions – through business combinations		–	–	–	–	0.3	–	**0.3**
Disposals		–	-16.4	-3.4	–	-1.7	–	**-21.5**
Currency translation adjustment		-5.7	-1.6	-0.3	-0.6	-1.4	-1.6	**-5.5**
At 31 December 2023		**447.3**	**214.4**	**5.3**	**58.9**	**39.1**	**152.5**	**470.2**
Accumulated amortisation								
At 1 January 2022		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**
Charge for the year	4	–	33.6	0.5	1.5	3.1	–	**38.7**
Impairment losses recognised in the year		–	5.3	–	–	11.7	–	**17.0**
Disposals		–	-16.1	-3.4	–	-0.9	–	**-20.4**
Currency translation adjustment		-0.7	-0.8	-0.2	-0.3	-0.3	-0.3	**-1.9**
At 31 December 2023		**13.9**	**121.8**	**4.6**	**47.2**	**20.5**	**19.9**	**214.0**
Net book value								
At 31 December 2023		**433.4**	**92.6**	**0.7**	**11.7**	**18.6**	**132.6**	**256.2**
At 31 December 2022		438.4	87.0	1.1	13.5	34.9	133.9	**270.4**

Goodwill and other intangible assets were subject to foreign currency adjustments as shown in the table on the previous page and explained within the Group's accounting policies outlined in note 2A on pages 100 and 101.

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 page 101. The amortisation periods for all other intangible assets are outlined in note 2A on page 101.

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. 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. The Group's cash-generating units identified (which are in line with those identified in 2022) are outlined below:

CGU	Goodwill (GBP m)	Other intangible assets with indefinite lives (GBP m)	Description
Group operations	170.0	41.5	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. Following the migration of the US states of New Jersey and Pennsylvania to the Kindred platform during 2023, these states are now considered a part of the Group Operations CGU (until such point that the operations are closed during 2024, as announced in November 2023).
Solfive	5.6	–	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	–	–	Certain states in the North American business (with the exception of New Jersey and Pennsylvania noted above) have service agreements with third parties to host their platforms. As these platforms are hosted independently of Kindred Group's platform, the cash inflows are generated independently. All intangible assets within this CGU are definite lived. Once the Group's North American operations are closed during 2024 (following the announcement in November 2023), this CGU will no longer be applicable for the Group.
Relax Gaming	157.0	31.2	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	**433.4**	**132.6**	

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As at 31 December 2023, the total goodwill of GBP 433.4 million and the total other intangible assets with indefinite lives of GBP 132.6 million were tested for impairment on a value-in-use basis. The value-in-use calculation was based on the 2024 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.

	As at December 2023				As at December 2022			
(GBP m)	Group operations	Solfive	32Red	Relax Gaming	Group operations	Solfive	32Red	Relax Gaming
EBITDA margin (per cent)[1]	18.3–28.3	12.0–13.1	30.0–34.3	45.8–54.5	18.5–24.8	12.1–13.0	26.2–30.2	47.0–64.3
Risk adjusted discount rate (per cent)[2]	10.9	10.9	10.2	12.6	12.3	12.3	11.6	13.6
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 discount rates disclosed are pre-tax rates that have been calculated using the CGU's pre-tax weighted average cost of capital (WACC) and adjusted for specific risks relating to the relevant segments and the countries in which they operate.
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 345.0 million. A decrease in EBITDA of 34 per cent in the first five years (corresponding to a decrease in the EBITDA margin of 7 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 24.1 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 instead performed an impairment indicator assessment which took into consideration internal and external factors, but primarily the Group's announcement in November 2023 that its North American operations would be closed down during 2024. As a result of this assessment, a significant amount of assets within the North American CGU were deemed to be impaired. The impairment losses, totalling GBP 20.8 million for the year, are included within items affecting comparability in the consolidated income statement and can be broken down as follows:

— Impairment of intangible assets of GBP 17.0 million (see notes 4 and 11), primarily relating to gaming licences and platform development.
— Impairment of property, plant and equipment of GBP 1.9 million (see notes 4 and 12), primarily relating to the Group's North American offices and certain retail operations.
— Impairment of right-of-use assets of GBP 1.9 million (see notes 4 and 13), relating to the Group's North American offices.

Notes to the consolidated financial statements
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12: Property, plant and equipment

(GBP m)	Note	Computer hardware	Office equipment, fixtures and fittings	Total
Cost				
At 1 January 2022		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**
Additions		7.8	1.8	**9.6**
Disposals		-13.7	-2.1	**-15.8**
Currency translation adjustment		-1.1	-0.6	**-1.7**
At 31 December 2023		**50.3**	**38.3**	**88.6**
Accumulated depreciation				
At 1 January 2022		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**
Charge for the year	4	7.5	3.6	**11.1**
Disposals		-13.6	-2.1	**-15.7**
Impairment		0.2	1.7	**1.9**
Currency translation adjustment		-0.7	-0.4	**-1.1**
At 31 December 2023		**38.5**	**35.1**	**73.6**
Net book value				
At 31 December 2023		**11.8**	**3.2**	**15.0**
At 31 December 2022		12.2	6.9	19.1

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 2023	As at 31 December 2022
Right-of-use assets (net)	**36.9**	**49.7**
Lease liabilities:		
Current	15.3	13.6
Non-current	25.9	37.8
	41.2	**51.4**

Additions to the right-of-use assets during the 2023 financial year were GBP 3.0 (2022: GBP 3.4) million, relating to a new property lease in Malta, while remeasurements resulted in increases of GBP 1.2 (2022: GBP 4.9) million. Impairments of the right-of-use assets of GBP 1.9 million (2022: GBP nil) were recognised following the Group's decision to close the North American operations. 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 2023	Year ended 31 December 2022
Depreciation of right-of-use assets	13.8	12.1
Interest expense (included in finance costs)	1.2	1.2
Expense relating to short-term leases (included in other operating expenses)	1.6	2.0
Income from subleasing right-of-use assets (included in other operating expenses)	1.1	1.1

The total cash outflow for leases in 2023 was GBP 15.9 (2022: GBP 15.1) million. Total future cash outflows in relation to leases not yet commenced, but to which the Group is committed, amount to GBP nil (2022: GBP 2.5) million.

14: Subsidiaries and associated companies

Details of the Group's principal subsidiaries at 31 December 2023 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%
Geerit BVBA	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%
Kindred Individuals Private Limited	India	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%
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%

Name of subsidiary	Place of incorporation	Proportion of ownership and voting power %
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 2023 was unchanged from 2022.

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 2023			As at 31 December 2022		
(GBP m)	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets						
Derivatives	–	–	**–**	1.1	0.2	**1.3**
Financial liabilities						
Contingent consideration	–	–	**–**	–	2.2	**2.2**
Put/call option liabilities	–	24.7	**24.7**	–	–	**–**
Deferred income	–	5.3	**5.3**	–	5.9	**5.9**
Derivatives	1.0	–	**1.0**	–	–	**–**

There were no significant changes in classification of fair value of financial assets and financial liabilities since 31 December 2022. There were also no transfers between the fair value levels since 31 December 2022.

Valuation techniques used to determine fair values

(a) Level 2 financial instruments

Derivatives

Foreign currency forward contracts representing a liability of GBP 1.0 (2022: asset of GBP 1.1) 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

This relates to the embedded option of GBP nil (2022: GBP 0.2) million on the convertible bond issued by Kambi (classified within convertible bond on the balance sheet). The convertible bond was fully settled in 2023 (see note 24 for further detail) but, prior to this, expected cash inflows were estimated based on the terms of the agreement, as well as the Group's knowledge of the business and how the current economic environment is likely to impact it.

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 5.3 (2022: GBP 5.9) million at the year end.

Put/call option liabilities

As part of the Relax Gaming acquisition, a put/call option arrangement was agreed which enables the Group to acquire the remaining minority shareholdings (see note 25). The fair values of the put/call option liabilities are based on specific financial inputs according to the terms of the agreement. The amount is subject to change as certain elements of the calculation will not be known until the closing date of the transaction, and it is subject to the audited performance of Relax Gaming for the 2023 financial year. For the year ended 31 December 2023, the fair value of the total put/call option liabilities amounted to GBP 24.7 (2022: GBP nil) million, all of which is expected to be settled in cash within 12 months of the reporting date.

Contingent consideration

The final earn-out payment was made to Relax Gaming during 2023, based on the final audited performance of the company for the 2022 financial year. The final payment totalled GBP 1.9 million and the remaining unused balance previously provided was released as a credit in the consolidated income statement, presented within other (losses)/gains within items affecting comparability. In the prior year, expected cash outflows were 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 was fair valued using a discount rate commensurate with the riskiness of the expected pay-out.

16: Trade and other receivables

(GBP m)	As at 31 December 2023	As at 31 December 2022
Due within one year:		
Trade receivables	2.9	3.0
Other receivables	35.5	30.3
Prepayments	26.0	33.2
	64.4	**66.5**

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.

17: Trade and other payables

(GBP m)	As at 31 December 2023	As at 31 December 2022
Due within one year:		
Trade payables	22.2	18.4
Other taxation and social security	6.3	6.0
Other payables	1.8	2.2
Accruals	187.5	173.0
	217.8	**199.6**

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

(GBP m)	As at 31 December 2023 Current	Non-current	Total	As at 31 December 2022 Current	Non-current	Total
Property provisions	1.4	1.9	**3.3**	1.3	1.9	**3.2**
Employee provisions	6.1	–	**6.1**	0.7	–	**0.7**
Operational provisions	6.0	–	**6.0**	16.4	–	**16.4**
Customer claims provisions	9.2	–	**9.2**	1.5	–	**1.5**
Contract termination and onerous contract provisions	11.3	–	**11.3**	–	–	**–**
	34.0	**1.9**	**35.9**	**19.9**	**1.9**	**21.8**

Property provisions

In relation to office lease agreements, 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. In relation to the concession agreement between Blancas and the City of Blankenberge, this comprises amounts provided where 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 four years' time when these leases are not renewed. Of the remaining cash outflows in relation to the concession agreement, GBP 1.4 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 seven 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 on communication to the employee and considered utilised on 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.

Customer claims provisions

Customer claims provisions relate to legal claims from customers. They are not considered to be a part of the Group's core business, as a result of the closure of the markets where such claims are received, and are therefore recognised within items affecting comparability. The Group maintains its position surrounding the legality of the claims provided and these claims are subject to ongoing legal process, however provisions have been recorded in line with the requirements of IAS 37. Management estimates these provisions based on historic trends, any other current information known, as well as the best estimate of the most likely outcome. As disclosed in note 2B, the basis for these provisions is subjective and inherently uncertain and dependent on management's best estimates.

Contract termination and onerous contract provisions

These provisions relate solely to the Group's decision, announced in November 2023, to exit its North American operations during 2024. They relate to fees that are required to be paid for terminating certain supplier contracts, or where supplier contracts will become onerous because the services procured will cease to provide any benefit to the Group once the market closes. Management estimates the provision based on the terms of supplier agreements where possible, but the estimate is also based on ongoing supplier negotiations and therefore could differ from the final outflow required. Given that the North American operations are due to be closed within the first half of 2024, the cash outflows are expected to occur over the next 12 months.

Movements in provisions

Movements in provisions during the financial year are set out below:

(GBP m)	Property provisions	Employee provisions	Operational provisions	Contract termination and onerous contract provisions	Total[1]
At 1 January 2023	3.2	0.7	16.4	–	**20.3**
Additional provisions recognised	–	8.3	0.6	11.3	**20.2**
Amounts utilised during the year	–	-2.6	-9.6	–	**-12.2**
Unused amounts reversed	–	-0.3	-1.2	–	**-1.5**
Foreign exchange movements	0.1	–	-0.2	–	**-0.1**
At 31 December 2023	**3.3**	**6.1**	**6.0**	**11.3**	**26.7**

1 The total opening and closing balances do not include amounts relating to customer claims provisions of GBP 1.5 million and GBP 9.2 million respectively. No movements are therefore shown for this class of provision (as allowed for by IAS 37) as it is deemed that this would seriously prejudice the position of the entity.

Additional employee provisions relate to personnel restructuring activities linking to the organisational changes and cost optimisation actions taken, and include the impact on employees in North America following the announced market closure.

Operational provisions utilised in the year primarily relate to payments made for regulatory sanctions provided for and disclosed in the prior year, being GBP 0.9 million from the SGA and GBP 7.1 million from the UK Gambling Commission.

Additional provisions for contract terminations and onerous contracts relate solely to the Group's decision, announced in November 2023, to exit its North American operations during 2024, as explained previously in this note.

19: Customer balances

Customer balances of GBP 71.1 (2022: GBP 80.2) 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 2023	As at 31 December 2022
AUD	4%	4%
DKK	4%	4%
EUR	49%	48%
GBP	18%	18%
SEK	8%	7%
USD	5%	4%
Other	12%	15%
	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 2023	As at 31 December 2022
GBP	–	52.0
EUR	118.3	53.9
SEK	23.5	29.6
Total borrowings	**141.8**	**135.5**

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 allowing 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 currently 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. The total committed facilities currently stand at 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 2023, the balance of the facility utilised was GBP 142.6 (2022: GBP 136.6) million out of a total of GBP 223.0 (2022: GBP 227.6) million. The total borrowings recognised in the consolidated balance sheet of GBP 141.8 (2022: GBP 135.5) million are reported net of associated transaction fees which have been incurred and paid, and which are being expensed over the duration of the facility agreement.

The borrowings are unsecured and the fair value of the borrowings equals the carrying amount as the impact of discounting is not material.

Repayments

Following the utilisation of the one-year extension option during 2022, as explained above, the facility is currently 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, following the changes to the facility noted above in 2022, is currently 2.5 per cent per annum.

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Covenants

The 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 2023, 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 2022	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**
Net cash flows	10.0	-14.3	**-4.3**
Lease acquisitions and remeasurements	–	4.2	**4.2**
Other non-cash movements	0.3	1.0	**1.3**
Foreign exchange movements	-4.0	-1.1	**-5.1**
At 31 December 2023	**141.8**	**41.2**	**183.0**

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	Leases[2]	Other[2]	Total[2]
At 1 January 2022								
Deferred tax liabilities		–	–	–	-16.8	-8.2	-5.7	**-30.7**
Deferred tax assets		8.9	3.0	11.2	–	8.8	3.8	**35.7**
Credit/(charge) to income for the year	8	11.1	1.0	2.0	0.6	-0.4	-0.9	**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**	**-7.9**	**-5.6**	**-30.4**
Deferred tax assets		**20.0**	**4.0**	**13.4**	**–**	**8.1**	**2.4**	**47.9**
Credit/(charge) to income for the year	8	10.6	–	-0.1	0.4	0.6	-0.5	**11.0**
Other balance sheet movements[1]		–	–	–	–	–	-0.3	**-0.3**
Currency translation adjustment		–	–	-0.1	0.1	–	–	**–**
At 31 December 2023								
Deferred tax liabilities		**–**	**–**	**–**	**-16.4**	**-5.5**	**-5.6**	**-27.5**
Deferred tax assets		**30.6**	**4.0**	**13.2**	**–**	**6.3**	**1.6**	**55.7**

1 Included in other balance sheet movements for 2022 is an amount of GBP 0.7 million in relation to prior year acquisitions.
2 Certain comparative figures have been reclassified in order to conform with the current year's presentation.

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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.

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

(GBP m)	As at 31 December 2023	As at 31 December 2022
Deferred tax liabilities	-27.5	-30.4
Deferred tax assets	55.7	47.9
Net assets	**28.2**	**17.5**

At 31 December 2023, the Group had unutilised tax losses of GBP 456.4 (2022: GBP 380.7) million from its principal operating entities available for offset against future profits. The amount of unutilised tax losses as at 31 December 2023 for which a deferred tax asset has been recognised is GBP 123.1 (2022: GBP 124.6) 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, Kindred South Dev Pty Ltd and Lucky Points Pty Ltd., for which there is insufficient evidence of reversal. The total unutilised tax losses, for which no deferred tax asset has been recognised, do not have a specific expiry date, except for those of Unibet Interactive Inc. Unibet Interactive Inc.'s federal tax losses can be carried forward indefinitely, however, its state tax losses will start to expire if not utilised by 2039.

The aggregate amount of other deductible temporary differences as at 31 December 2023 for which a deferred tax asset has been recognised is for the amount of GBP 102.6 (2022: GBP 86.8 based on current year disclosure) million. This includes a deductible temporary difference in respect of unvested share awards for the amount of GBP 3.1 (2022: GBP 4.1) million of which GBP 7 thousand (2022: 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 36.7 (2022: GBP 25.9) million. This amount includes a deductible temporary difference arising on unused capital losses of Kindred Group plc of GBP 33.5 (2022: GBP 23.6) 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.

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 European Commission has announced that five Member States have provided the relevant notification in terms of Article 50 of the Directive of their intention to delay the application of the Income Inclusion Rule ('IIR') and Undertaxed Profits Rule ('UTPR') on the basis that they have no more than twelve ultimate parent entities of groups which would fall within the scope of the Directive. Out of the five Member States that have applied the said derogation, Malta is one of such Member States and hence the Maltese entities of the Group would fall under such derogation. This is in line with the 2024 Maltese Budget Speech in which the Maltese Minister of Finance had announced that Malta will not introduce an IIR, an UTPR, or a Qualified Domestic Minimum Top-Up Tax ('QDMTT') in 2024 and in line with LN 32 of 2024.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Pillar Two legislation has been enacted, or substantively enacted, by or around the Group's current financial year end in a number of jurisdictions in which the Group operates. This legislation will be effective for the Group's financial year beginning 1 January 2024. Given the proximity of enactment to the current financial year end, the Group is still in the process of assessing potential exposure to Pillar Two income taxes with reference to latest financial information available including tax filings, country-by-country reporting and financial statements available for the constituent entities of the Group. The potential exposure to Pillar Two income taxes cannot be reasonably estimated at this stage.

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 2023, 1,236,733 share awards vested from within the 2020 Group Performance Share Plan and the 2021 All Employee Share Plan. 752,694 share awards and options lapsed or were cancelled during 2023.

The total charge for the year relating to employee share-based payment plans was GBP 8.7 (2022: GBP 7.4) million. The total charge for 2023 is different to that disclosed in note 5 as a portion of the charge has been recognised as personnel restructuring costs within items affecting comparability. This is for those employees who are no longer employed by the Group but have retained some share awards that are due to vest on a future date.

The amount recognised in the consolidated statement of changes in equity in respect of employee share-based payment plans of GBP -4.0 (2022: GBP 2.1) million comprises the charge above, offset by the utilisation of treasury shares for vestings during the year of GBP -12.7 (2022: GBP -5.3) 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 (for the 2021 and 2022 financial years) or 1 April (for the 2023 financial year) and vest after a 24-month period. Subsequent half-year grants are made six months after each initial grant, on 1 September (for the 2021 and 2022 financial years) or 1 October (for the 2023 financial year), 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. Grants made in each year have targets measured on an aggregate basis between the full year of grant and the following year so that performance in each financial year will be important. Aggregated performance against the targets and the resulting allocation of AESP awards are disclosed after the full year of vesting.

On 1 March 2023, the 2021 AESP vested in full. The assessment of the actual business performance against the target condition, EBITDA, confirmed that all targets over the two financial years 2021–2022 had been achieved at greater than 100 per cent. The results for the 2021 AESP are summarised below and the total number of share awards vested was 362,200.

Performance targets	Achievement vs target over 2021–2022	AESP result
EBITDA	124%	100% (capped)

During 2023, under the 2023 AESP scheme, 816,800 awards were granted on 1 April 2023 and 58,800 awards on 1 October 2023.

The total charge recognised in 2023 in relation to the Group's AESPs was GBP 4.3 (2022: GBP 3.4) million; of the 2023 amount, GBP 1.9 million was recognised in relation to the 2023 AESP.

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 and had a 10-year mandate. At the 2023 AGM, a new five-year mandate to continue the Group PSP schemes was approved.

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. 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. The performance targets set for awards granted under the initial scheme mandate, up until the 2022 grant, are EBITDA, gross contribution (revenue, less cost of sales and marketing costs) and free cash flow per share. For the 2023 grant and future grants under the new mandate, the target is based on a simplified structure whereby vesting of the awards is wholly dependent on EBITDA.

On 19 June 2023, the 2020 PSP vested in full. The assessment of the actual business performance against the target conditions confirmed that all targets over the three financial years 2020–2022 had been achieved at greater than 100 per cent. The results for the 2020 PSP are summarised below and the total number of share awards vested was 874,533.

Performance targets	Achievement vs target over 2020–2022	PSP result
EBITDA	139%	100% (capped)
Gross contribution	118%	100% (capped)
Free cash flow per share	151%	100% (capped)

On 1 July 2023, Kindred Group granted 380,201 new PSP awards to senior management and key employees (2023 PSP). These grants will vest in July 2026 and are subject to achieving business performance targets over the three financial years 2023–2025 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 2023 in relation to the Group's PSPs was GBP 4.2 (2022: GBP 3.9) million; of the 2023 amount, GBP 0.4 million was recognised in relation to the 2023 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. In 2022, for members of the Executive Management team not based in Sweden, stock options were granted, while those based in Sweden received the equivalent in the form of warrants, which are disclosed in more detail later in this note. In 2023, all members of the Executive Management team were granted stock options. On 1 July 2023, Kindred Group granted 274,001 share options. These grants will vest in July 2026 and are subject to achieving business performance targets over the three financial years 2023–2025 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 2023 in relation to the Group's share options was GBP 0.2 (2022: GBP 0.1) million; of the 2023 amount, GBP 0.1 million was recognised in relation to the 2023 stock 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	17 Jun 2020	1 Jun 2021	1 Jun 2022	1 Jul 2023	1 Jun 2022	1 Jul 2023	1 Mar 2021	1 Sep 2021	1 Mar 2022	1 Sep 2022	1 Apr 2023	1 Oct 2023
Average share price prior to grant GBP	–	–	–	–	98.67	116.83	–	–	–	–	–	–
Exercise price GBP	–	–	–	–	118.40	140.19	–	–	–	–	–	–
Number of employees	174	190	203	106	6	5	1,567	298	1,732	340	2,042	195
Shares under award/option	1,072,865	543,695	698,813	380,201	479,616	274,001	470,400	60,300	779,400	102,900	816,800	58,800
Vesting period (years)	3	3	3	3	3.5	3.5	2	1.5	2	1.5	2	1.5
Expected volatility %	64	41	44	36	28	41	54	41	43	45	41	34
Award/option life (years)	3	3	3	3	3.5	3.5	2	1.5	2	1.5	2	1.5
Expected life (years)	3	3	3	3	3.5	3.5	2	1.5	2	1.5	2	1.5
Risk-free rate %	–	–	–	–	1.38	3.12	–	–	–	–	–	–
Expected dividends expressed as dividend yield %	3.94	2.63	4.17	4.13	–	–	2.78	2.41	4.37	4.83	3.82	4.52
Fair value per award/option GBP	3.97	11.59	7.13	7.38	1.25	2.34	11.22	13.21	7.07	6.49	8.36	7.12

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.

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The reconciliation of awards and options movements during the year ended 31 December 2023 is shown below:

PSP	2023 Number	2022 Number
Outstanding at 1 January	2,085,882	2,093,415
Vested	-874,533	-549,365
Granted	380,201	698,813
Lapsed	-300,236	-156,981
Outstanding at 31 December	**1,291,314**	**2,085,882**

AESP	2023 Number	2022 Number
Outstanding at 1 January	1,139,750	450,100
Vested	-362,200	–
Granted	875,600	882,300
Lapsed	-212,650	-192,650
Outstanding at 31 December	**1,440,500**	**1,139,750**

Options	2023 Number	2022 Number
Outstanding at 1 January	479,616	–
Granted	274,001	479,616
Lapsed	-239,808	–
Outstanding at 31 December	**513,809**	**479,616**

The grants under the PSPs 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 1.0 years and 2.0 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. In 2022, for members of the Executive Management team based in Sweden, these were in the form of warrants. In 2023, as mentioned above, all members of the Executive Management team were granted stock options and therefore no warrants were sold.

On 1 June 2022, the Group 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 was used to determine the value. As the warrants were 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 subsidised 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 were to leave the Group during the three-year vesting period for the subsidy, the Group could 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.

The total expense recognised in 2023 in relation to the subsidy was GBP 0.3 (2022: GBP 0.8) million. In 2023, the remainder of the expense (which was being deferred over the vesting period, as above) was recognised. This is due to the relevant members of the Executive Management team ceasing to be employed by the Group, but with no claw back of the net subsidy.

The reconciliation of warrants movements during the year ended 31 December 2023 is shown below:

Warrants	2023 Number	2022 Number
Outstanding at 1 January	299,759	–
Granted	–	299,759
Outstanding at 31 December	**299,759**	**299,759**

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 2023 were fully exercised, the nominal share capital of the company would increase by a total maximum of GBP 2,215.86 (2022: GBP 2,503.13) by the issue of a total maximum of 3,545,382 ordinary shares (2022: 4,005,007 ordinary shares), corresponding to 2 per cent (2022: 2 per cent) of the capital and votes in the company. Usually, when the Group's share schemes vest, the Group utilises its treasury shares and therefore dilution is not affected.

23: Share capital and reserves

(a) Share capital

(GBP)	As at 31 December 2023	As at 31 December 2022
Authorised:		
At 31 December – 1,600,000,000 (2022: 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 (2022: 230,126,200) ordinary shares of GBP 0.000625 each	143,829	143,829

As at 31 December 2023, the total amount of issued shares in Kindred Group plc was 230,126,200 with a par value of GBP 0.000625. Of these, 15,117,946 shares (2022: 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 exercised the share purchase mandate, which was approved at the Extraordinary General Meeting (EGM) on 10 June 2022. Between 9 February and 24 March 2023, 2,286,000 SDRs purchased at a total cost of SEK 253.8, or GBP 20.1 million.

Subsequently, the Board of Kindred Group plc started exercising the share purchase mandate, which was approved at the EGM on 17 May 2023. Between 23 May and 22 June 2023, 1,547,000 SDRs were purchased at a total cost of SEK 189.9, or GBP 14.1 million.

During 2023, 1,236,733 purchased shares were used in connection with the vesting of the Group's share schemes:

— In March 2023, 874,533 purchased shares were used in connection with the vesting of the 2021 AESP.
— In June 2023, 362,200 purchased shares were used in connection with the vesting of the 2020 PSP.

(b) Share premium

There was no movement in share premium in 2023, nor in the previous year.

(c) Reorganisation reserve

This reserve of GBP -42.9 (2022: 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 16.3 (2022: GBP 25.6) million is a non-distributable reserve. Included within the currency translation reserve at 31 December 2023 is GBP 8.8 (2022: GBP 4.8) million in relation to the cumulative effective portion of the current hedging relationship.

(e) Non-controlling interest

During the year ended 31 December 2023, the Group paid dividends totalling GBP 0.7 (2022: GBP 0.6) 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. Following an amendment to the agreement and restatement of the bond in February 2022, the bond was due to mature in January 2027. However, in May 2023, the convertible bond was repaid in full by Kambi.

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). In accordance with the terms of the purchase agreement, earn-out payments would become payable, subject to Relax Gaming achieving certain earnings thresholds.

Following confirmation of the final audited performance of Relax Gaming for the 2022 financial year, the final earn-out payment was made during the second quarter of 2023. The final payment totalled GBP 1.9 (EUR 2.2) million and, as a result, GBP 0.3 million of the unused balance previously provided was released as a credit in the consolidated income statement, presented within other (losses)/gains within items affecting comparability.

Notes to the consolidated financial statements
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As part of the Relax Gaming acquisition, a put/call option structure was put in place. This structure allows the minority shareholders to sell their shares to Kindred, and Kindred to buy their shares, at a pre-agreed time period in the future (beginning in October 2023) and with a pre-defined valuation methodology. As a result of the exercise of put/call options in October 2023, Kindred's ownership of Relax Gaming will rise to over 99 per cent once the transactions are finalised in 2024. The exercise of the put/call options has been recognised in the consolidated balance sheet (within other current financial liabilities at fair value through profit and loss), with a current estimated liability to be paid in 2024 of GBP 24.7 million. Further information on the estimation of the fair value of the liability can be found in note 15. The Group continues to recognise the non-controlling interest on the consolidated balance sheet as the risk and rewards of ownership of the remaining shares are not transferred to the Group until completion.

26: Capital commitments

The Group has entered into contracted non-current asset expenditure of GBP 0.1 (2022: GBP 2.3) million as at 31 December 2023, primarily relating to commitments for computer hardware.

27: Related party transactions

Related party transactions for the year ended 31 December 2023 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 84.

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 72 to 75.

29: Cash and cash equivalents

Included within the total cash and cash equivalents balance at 31 December 2023 of GBP 240.3 (2022: GBP 254.9) million is GBP 82.2 (2022: GBP 89.8) 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 2023	Year ended 31 December 2022
Gross profit		**679.8**	**583.8**
Marketing costs	4	-220.7	-227.2
Salaries	4	-164.1	-140.8
Other operating expenses	4	-90.5	-86.6
Underlying EBITDA		**204.5**	**129.2**
Personnel restructuring costs	4	-9.6	-0.3
Regulatory sanctions	4	-0.2	-8.0
Market closure and contract termination costs	4	-33.8	-2.5
Subsidy for warrants, incentive programme	4	–	-0.8
Strategic review costs	4	-4.9	–
Other (losses)/gains	4	-3.4	69.9
EBITDA		**152.6**	**187.5**
Revenue		1,210.5	1,068.7
Underlying EBITDA margin		**17%**	**12%**

Notes to the consolidated financial statements
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(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Cash and cash equivalents	29	240.3	254.9
Customer balances	19	-71.1	-80.2
Unrestricted cash		**169.2**	**174.7**
Less: Borrowings	20	-141.8	-135.5
Net cash		**27.4**	**39.2**
EBITDA		152.6	187.5
Net cash to EBITDA ratio		**0.18**	**0.21**

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Net cash generated from operating activities		**164.0**	**138.7**
Purchases of property, plant and equipment	12	-9.6	-9.5
Development and acquisition costs of intangible assets	11	-45.9	-38.3
Interest paid on lease liabilities		-1.2	-1.2
Repayment of lease liabilities		-13.1	-11.9
Adjust for: customer balance movement		9.1	-8.2
Free cash flow		**103.3**	**69.6**

31: Events after the reporting period

On 22 January, La Française des Jeux SA (FDJ) announced a public cash offer to the holders of Swedish Depository Receipts (SDRs) in Kindred Group plc to tender all their SDRs in the company at a price of SEK 130 in cash per SDR. The Board of Directors of Kindred unanimously recommended that the shareholders of Kindred accept this offer.

The acceptance period for the offer is from 20 February 2024 to 19 November 2024. The completion of the offer is also conditional on several criteria, which include receiving all required regulatory approvals and the amendment of Kindred's articles of association (as detailed below).

FDJ does not intend to materially alter the operations of Kindred following the implementation of the offer, other than the exit from the Norwegian market and those other non-regulated markets with no ongoing path to regulation. This is in line with Kindred's ambition to be a locally regulated operator.

Following the announced offer, Kindred communicated that it is still committed to its underlying EBITDA target of GBP 250 million for the full year 2024. Further costs associated with the strategic review, and specifically this transaction, are expected in 2024 as a result but they cannot be reliably estimated at this stage. The offer is not expected to have any impact on Kindred's financing or its financial covenants. For further details, please see the relevant press release, dated 22 January 2024.

On 22 January, it was announced that an Extraordinary General Meeting (EGM) of Kindred Group plc would be held on Friday 16 February 2024, seeking approval that the current memorandum and articles of association of Kindred Group plc be replaced in their entirety by a new memorandum and articles of association. The main proposed change to the articles of association relates to the inclusion of a new article providing squeeze-out rights of an offeror, in line with the conditions of the above offer from FDJ. As the approval requirements were not met at the meeting on 16 February 2024, it was announced that a second EGM would be convened on Friday 15 March 2024 to take a fresh vote on the proposal.

In January 2024, the Group was subject to three compliance assessments by the UK Gambling Commission (UKGC) as part of the ongoing supervisory process. The Group has since received the compliance assessments findings reports. For two of the three compliance assessments, the UKGC has indicated that, taking into account the nature of the findings (including specific areas of significant concern), both assessments will be escalated to the enforcement team within the UKGC for them to consider if further investigation is required. As of the date of signing these financial statements, the final outcome of these visits is not yet known.

These post balance sheet events do not require any change in the amounts included in the 2023 financial statements.

32: Comparative information

Certain comparative figures relating to deferred tax assets and deferred tax liabilities (following amendments to IAS 12 Income Taxes) disclosed in the main components of these financial statements have been reclassified to conform to the current year presentation.

Income statement – parent company

For the year ended 31 December

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Revenue		105.3	82.7
Administrative expenses	3	-1.4	-1.3
Underlying profit before items affecting comparability		**103.9**	**81.4**
Impairment losses	3	-67.3	–
Strategic review costs	3	-4.9	–
Other gains	3	0.1	73.1
Losses on disposal of investments	3	–	-17.8
Profit from operations		**31.8**	**136.7**
Finance costs	4	-10.1	-4.4
Finance income	5	0.4	0.6
Profit before tax		**22.1**	**132.9**
Income tax expense	6	-9.5	-10.6
Profit for the year		**12.6**	**122.3**

Statement of comprehensive income – parent company

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Profit for the year		12.6	122.3
Other comprehensive income			
Gains/(losses) on net investment hedge	2C	4.0	-1.6
Total comprehensive income for the year		**16.6**	**120.7**

The notes on pages 134 to 141 are an integral part of these financial statements.

Balance sheet – parent company

As at 31 December

(GBP m)	Note	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
Investments in subsidiaries	7	789.9	829.1
Other non-current assets		0.1	0.1
		790.0	**829.2**
Current assets			
Taxation recoverable		40.6	63.6
Financial assets at fair value through profit and loss	14	24.7	–
Trade and other receivables	9	0.1	–
Cash and cash equivalents	10	0.1	0.7
		65.5	**64.3**
Total assets		**855.5**	**893.5**
Equity and liabilities			
Capital and reserves			
Share capital	11	0.1	0.1
Share premium	11	81.5	81.5
Currency translation reserve	11	8.8	4.8
Retained earnings		303.6	390.9
Total equity		**394.0**	**477.3**

(GBP m)	Note	As at 31 December 2023	As at 31 December 2022
Non-current liabilities			
Borrowings	12	141.8	135.5
		141.8	**135.5**
Current liabilities			
Trade and other payables	13	295.0	278.5
Other financial liabilities at fair value through profit and loss	14	24.7	2.2
		319.7	**280.7**
Total liabilities		**461.5**	**416.2**
Total equity and liabilities		**855.5**	**893.5**

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 2023 was EUR 1.151 (2022: 1.127).

The notes on pages 134 to 141 are an integral part of these financial statements.

The financial statements on pages 130 to 141 were authorised for issue by the Directors on 13 March 2024 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 2023, by:

Evert Carlsson
Director

Heidi Skogster
Director

Statement of changes in equity – parent company

For the year ended 31 December

(GBP m)	Note	Share capital	Share premium	Currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2022		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	16	–	–	–	2.1	**2.1**
Sale of warrants, incentive programme	16	–	–	–	0.4	**0.4**
Treasury share purchases	11	–	–	–	-43.9	**-43.9**
Disposal/utilisation of treasury shares	11	–	–	–	5.3	**5.3**
Dividends paid	15	–	–	–	-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**
Comprehensive income						
Profit for the year		–	–	–	12.6	**12.6**
Other comprehensive income for the year		–	–	4.0	–	**4.0**
Total comprehensive income		**–**	**–**	**4.0**	**12.6**	**16.6**
Transactions with owners						
Employee share schemes – value of employee services	16	–	–	–	-4.0	**-4.0**
Treasury share purchases	11	–	–	–	-34.2	**-34.2**
Disposal/utilisation of treasury shares	11	–	–	–	12.7	**12.7**
Dividends paid	15	–	–	–	-74.4	**-74.4**
Total transactions with owners		**–**	**–**	**–**	**-99.9**	**-99.9**
At 31 December 2023		**0.1**	**81.5**	**8.8**	**303.6**	**394.0**

The notes on pages 134 to 141 are an integral part of these financial statements.

Cash flow statement – parent company

For the year ended 31 December

(GBP m)	Note	Year ended 31 December 2023	Year ended 31 December 2022
Operating activities			
Profit from operations		31.8	136.7
Adjustments for:			
Impairment losses		67.3	–
Share-based payments		8.7	7.4
Other gains		-0.2	-76.8
Non-cash investment movements		-28.1	-87.2
Increase in trade and other receivables		-24.6	-0.1
Increase in trade and other payables		6.3	68.3
Cash flows from operating activities		**61.2**	**48.3**
Net income taxes received		48.2	54.0
Net cash generated from operating activities		**109.4**	**102.3**
Investing activities			
Settlement of contingent consideration		-1.9	-4.4
Net cash used in investing activities		**-1.9**	**-4.4**
Financing activities			
Interest paid		-9.9	-5.3
Dividends paid	15	-74.0	-73.2
Treasury share purchases	11	-34.2	-43.9
Sale of warrants, incentive programme	16	–	0.4
Proceeds from borrowings	12	95.6	76.7
Repayment of borrowings	12	-85.6	-54.2
Net cash used in financing activities		**-108.1**	**-99.5**
Net decrease in cash and cash equivalents		**-0.6**	**-1.6**
Cash and cash equivalents at the beginning of the year		0.7	2.3
Cash and cash equivalents at the end of the year	10	**0.1**	**0.7**

The notes on pages 134 to 141 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 (including in the eventuality that a change of control in the Group occurs, in light of the announced offer from FDJ). For this reason, they continue to adopt the going concern basis in preparing these company financial statements.

2A: Summary of material 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.

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 and the put/call option liabilities.

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 values 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 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.

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.

Notes to the parent company financial statements
continued

Market risk

(a) Foreign currency exchange risk

The company's biggest foreign currency risk 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).

At the year end, the company also has access to a multi-currency revolving loan facility, of which GBP 80.4 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:

	2023	2022
Carrying amount (non-current borrowings) (GBP m)	142.6	83.5
EUR carrying amount (m)	EUR 137.0	EUR 62.0
SEK carrying amount (m)	SEK 300.0	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)	-4.0	1.6
Change in value of hedged item used to determine hedge effectiveness (GBP m)	4.0	-1.6
Weighted average hedged rate for the year (EUR:GBP)	1.151	1.170
Weighted average hedged rate for the year (SEK:GBP)	13.222	12.467

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 2023, the current liabilities of the company exceeded the current assets by GBP 254.2 (2022: GBP 216.4) million, with the most significant current liabilities of the company being its intercompany liabilities of GBP 292.3 (2022: GBP 278.1) million and the put/call option liabilities of GBP 24.7 million (2022: GBP nil). 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 2023, the unused revolving loan facility available to be drawn on was GBP 80.4 (2022: GBP 91.0) 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, 13 and 14 for further information on the company's financial liabilities.

	As at 31 December 2023	
(GBP m)	Less than 1 year	Between 1–5 years
Amounts due to subsidiaries (note 13)	292.3	–
Accruals (note 13)	2.7	–
Borrowings (note 12)	10.0	151.1
Put/call option liabilities (note 2B and note 14)	24.7	–
Total	**329.7**	**151.1**

Notes to the parent company financial statements
continued

(GBP m)	As at 31 December 2022 Less than 1 year	Between 1–5 years
Amounts due to subsidiaries (note 13)	278.1	–
Accruals (note 13)	0.4	–
Borrowings (note 12)	7.8	157.9
Contingent consideration (note 2B and note 14)	2.2	–
Total	**288.5**	**157.9**

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 106 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 in 2023 consist of the put/call option liabilities and in 2022 consisted of the contingent consideration on the acquisition of Relax Gaming. For more information on the classification and the valuation techniques used to determine their fair values, see note 14 to the parent company financial statements and note 15 of the consolidated financial statements.

3: Expenses by nature

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Administrative expenses		
Directors' remuneration	0.9	0.8
Other operating costs	0.5	0.5
Total administrative expenses	**1.4**	**1.3**
Items affecting comparability		
Impairment losses	67.3	–
Strategic review costs	4.9	–
Other gains	-0.1	-73.1
Losses on disposal of investments	–	17.8
Total items affecting comparability	**72.1**	**-55.3**

All auditors' remuneration is borne by a subsidiary and not recharged. The company does not have any employees.

Impairment losses of GBP 67.3 (2022: GBP nil) million relate to the impairment of investments in subsidiaries, being the company's North American subsidiaries following the decision announced in November 2023 to close the Kindred Group's North American operations during 2024. See note 7 for more information.

Strategic review costs of GBP 4.9 (2022: GBP nil) million relate to costs being incurred by the Board of Directors in relation to the review of strategic alternatives announced on 26 April 2023.

Other gains comprise foreign currency losses of GBP 0.1 (2022: GBP 3.7) million and fair value gains of GBP 0.2 (2022: GBP 76.8) million. In 2022, fair value gains were significantly impacted by the reassessment of the fair value of the Relax Gaming contingent consideration, which resulted in a positive impact of GBP 80.4 million.

Losses on disposal of investments in 2022 relate to the liquidation of subsidiary companies during the year, being 32Red London Limited, Unibet Alderney Limited and Global Services (Channel Islands) Limited.

4: Finance costs

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Interest and fees payable on bank borrowings	10.1	4.4

Finance costs on bank borrowings include renewal, agency and commitment fees.

Notes to the parent company financial statements
continued

5: Finance income

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Foreign exchange gain on dividend payment	0.4	0.6

6: Income tax expense

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Current tax:		
Current tax expense (at 35 per cent)	35.0	28.8
Amounts recoverable on intra-group dividend income	-25.5	-21.1
Deferred tax:		
Deferred tax charge (note 8)	–	2.9
Total tax charge	**9.5**	**10.6**

The tax on the company's profit before tax differs (2022: differs) from the theoretical amount that would arise using the basic tax rate as follows:

(GBP m)	Year ended 31 December 2023	Year ended 31 December 2022
Profit before tax	22.1	132.9
Tax on profit at 35 (2022: 35) per cent	7.7	46.5
Tax effect of:		
Impairment provision	23.6	–
Amounts recoverable on intra-group dividend income	-25.5	-21.1
Expenses/income not deductible/taxable for tax purposes	3.7	-17.7
Reversal of prior year deferred tax asset	–	2.9
Total tax charge	**9.5**	**10.6**

7: Investments in subsidiaries

	GBP m
Cost of investments:	
At 1 January 2022	2,625.0
Additional investments in subsidiaries	79.8
Share award charge allocated to subsidiaries (note 16)	7.4
At 31 December 2022	2,712.2
Additional investments in subsidiaries	19.4
Share award charge allocated to subsidiaries (note 16)	8.7
At 31 December 2023	**2,740.3**
Provision for impairment:	
At 1 January 2022	1,883.1
Charged to income statement	–
At 31 December 2022	1,883.1
Charged to income statement	67.3
At 31 December 2023	**1,950.4**
Net book value:	
At 31 December 2023	**789.9**
At 31 December 2022	829.1

The additional investments in subsidiaries during 2023 relate to:

- Increase in share capital totalling GBP 0.2 (2022: GBP nil) million. These relate to the company's subsidiaries Kindred IP Limited and Kserol Limited.
- A capital contribution of GBP 19.2 (USD 24.0) million in Unibet Interactive Inc. 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

The additional provision for impairment in 2023 of GBP 67.3 (2022: GBP nil) million relates to the company's North American subsidiaries, Unibet Interactive Inc. and Unibet ON Inc. As part of the company's annual impairment review (detailed in notes 2A and 2B), and primarily as a result of the Kindred Group's announcement in November 2023 that its North American operations would be closed down during 2024, these investments were deemed to be fully impaired. The impairment losses are recognised within items affecting comparability in the income statement.

In the opinion of the Directors, the value of investments in subsidiary undertakings is not less than the aggregate amount of GBP 789.9 (2022: GBP 829.1) 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. 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 2023 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.

8: Deferred tax asset

	GBP m
At 1 January 2022	2.9
Charged to the income statement (note 6)	-2.9
At 31 December 2022	**–**
Charged to the income statement (note 6)	–
At 31 December 2023	**–**

A deductible temporary difference arising on unused capital losses amounting to GBP 8.2 million that was recognised as at 31 December 2021 was derecognised during 2022, resulting in a credit to the income statement of GBP 2.9 million in 2022.

Deferred tax assets at 31 December 2023 and 2022 consist of:

(GBP m)	As at 31 December 2023	As at 31 December 2022
Unused capital losses	–	–

9: Trade and other receivables

(GBP m)	As at 31 December 2023	As at 31 December 2022
Other receivables	0.1	–
	0.1	**–**

At 31 December 2023, 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.

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 2023	As at 31 December 2022
Cash at bank and in hand	0.1	0.7

11: Share capital and reserves

(a) Share capital

(GBP)	As at 31 December 2023	As at 31 December 2022
Authorised		
At 31 December – 1,600,000,000 (2022: 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 (2022: 230,126,200) ordinary shares of GBP 0.000625 each	143,829	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 2023, 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 8.8 (2022: GBP 4.8) million is a non-distributable reserve. The total balance in both 2023 and 2022 relates to the cumulative effective portion of the current hedging relationship.

Notes to the parent company financial statements
continued

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 2023	As at 31 December 2022
GBP	–	52.0
EUR	118.3	53.9
SEK	23.5	29.6
Total borrowings	**141.8**	**135.5**

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 allowing 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 currently 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. The total committed facilities currently stand at 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 2023, the balance of the facility utilised was GBP 142.6 (2022: GBP 136.6) million out of a total of GBP 223.0 (2022: GBP 227.6) million. The total borrowings recognised in the balance sheet of GBP 141.8 (2022: GBP 135.5) million are reported net of the associated transaction fees which have been incurred and paid, and which are being expensed over the duration of the facility agreement.

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 2022	111.6
Net cash flows	22.5
Other non-cash movements	-0.2
Foreign exchange movements	1.6
At 31 December 2022	**135.5**
Net cash flows	10.0
Other non-cash movements	0.3
Foreign exchange movements	-4.0
At 31 December 2023	**141.8**

13: Trade and other payables

(GBP m)	As at 31 December 2023	As at 31 December 2022
Amounts due to subsidiaries	292.3	278.1
Accruals	2.7	0.4
	295.0	**278.5**

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

14: Financial instruments

Fair value hierarchy

The company'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. All financial assets and financial liabilities at fair value through profit and loss are deemed to be level 3, inputs which are not based on observable market data.

There were no significant changes in classification of fair value of financial assets and financial liabilities since 31 December 2022. There were also no transfers between the fair value levels since 31 December 2022.

Notes to the parent company financial statements
continued

Valuation techniques used to determine fair values for level 3 financial instruments

Put/call option assets and liabilities

As part of the Relax Gaming acquisition, a put/call option arrangement was agreed which enables the company to acquire the remaining minority shareholdings (see note 25 to the consolidated financial statements). The fair values of the put/call option assets and liabilities are based on specific financial inputs according to the terms of the agreement. The amount is subject to change as certain elements of the calculation will not be known until the closing date of the transaction, and it is subject to the audited performance of Relax Gaming for the 2023 financial year. For the year ended 31 December 2023, the total put/call option assets and liabilities amounted to GBP 24.7 (2022: GBP nil) million. The put/call option liabilities are expected to be settled in cash within 12 months of the reporting date. On the closing date of the transaction, the put/call option asset balance will convert into an investment in subsidiary.

Contingent consideration

The final earn-out payment was made to Relax Gaming during 2023, based on the final audited performance of the company for the 2022 financial year. The final payment totalled GBP 1.9 million and the remaining unused balance previously provided was released as a credit in the income statement, presented within other gains within items affecting comparability. In the prior year, expected cash outflows were estimated based on the terms of the agreement entered into as part of the Relax Gaming acquisition, as well as the company's knowledge of the business and how the current economic environment is likely to impact it. The contingent consideration was fair valued using a discount rate commensurate with the riskiness of the expected pay-out.

15: Dividends

(GBP m)	2023	2022
Dividend paid	74.4	73.8
Dividend per share (GBP)	0.345	0.337

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 76.

Following the announced public cash offer from La Française des Jeux (see note 19 on page 141), and the way the offer is structured, where any dividends prior to settlement of the offer would reduce the offer price accordingly, the Board of Directors do not propose a dividend in respect of the financial year 2023.

16: 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 8.7 (2022: GBP 7.4) 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.

17: Contingent liabilities

As at 31 December 2023 and 31 December 2022, the company, in its capacity as the parent company, had given guarantees to provide financial support to certain subsidiaries.

18: Related party transactions

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 payables in note 13.

Key management personnel compensation, consisting of Directors' remuneration, is disclosed in note 3 and in the Remuneration Committee report on page 84. As at the year end, GBP nil (2022: GBP 8,213) was owed to the Directors in respect of these services.

Notes to the parent company financial statements
continued

19: Events after the reporting period

On 22 January, La Française des Jeux SA (FDJ) announced a public cash offer to the holders of Swedish Depository Receipts (SDRs) in Kindred Group plc to tender all their SDRs in the company at a price of SEK 130 in cash per SDR. The Board of Directors of Kindred unanimously recommended that the shareholders of Kindred accept this offer.

The acceptance period for the offer is from 20 February 2024 to 19 November 2024. The completion of the offer is also conditional on several criteria, which include receiving all required regulatory approvals and the amendment of Kindred's articles of association (as detailed below).

FDJ does not intend to materially alter the operations of Kindred following the implementation of the offer, other than the exit from the Norwegian market and those other non-regulated markets with no ongoing path to regulation. This is in line with Kindred's ambition to be a locally regulated operator.

Following the announced offer, Kindred communicated that it is still committed to its underlying EBITDA target of GBP 250 million for the full year 2024. Further costs associated with the strategic review, and specifically this transaction, are expected in 2024 as a result but they cannot be reliably estimated at this stage. The offer is not expected to have any impact on Kindred's financing or its financial covenants. For further details, please see the relevant press release, dated 22 January 2024.

On 22 January, it was announced that an Extraordinary General Meeting (EGM) of Kindred Group plc would be held on Friday 16 February 2024, seeking approval that the current memorandum and articles of association of Kindred Group plc be replaced in their entirety by new memorandum and articles of association. The main proposed change to the Articles of Association relates to the inclusion of a new Article providing squeeze-out rights of an offeror, in line with the conditions of the above offer from FDJ. As the approval requirements were not met at the meeting on 16 February 2024, it was announced that a second EGM would be convened on Friday 15 March 2024 to take a fresh vote on the proposal.

These events after the reporting period do not require any change in the amounts included in the 2023 financial statements.

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 & 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 cash (net debt) to EBITDA ratio: Net cash/(net debt) at the balance sheet date divided by EBITDA for the year to that date.

Number of active customers: The total customers who have placed a bet with Kindred Group at any time during the year.

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

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.

Annual General Meeting

The Annual General Meeting of Kindred Group plc will be held at 10.00 CEST on 26 April 2024 at Kindred's Stockholm office located at Regeringsgatan 25 in Stockholm, Sweden.

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 2024 on the following dates:

24 April 2024	24 July 2024	25 October 2024	12 February 2025
Interim Report January–March	**Interim Report** January–June	**Interim Report** January–September	**Full Year Report 2024**

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 view of the Group and the Parent Company's financial position as at 31 December 2023, 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 2023;
- the Consolidated balance sheet as at 31 December 2023;
- 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, comprising material accounting policy information and other explanatory information;
- the Parent Company income statement and Parent Company statement of comprehensive income for the year ended 31 December 2023;
- the Parent Company balance sheet as at 31 December 2023;
- 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, comprising material accounting policy information 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).

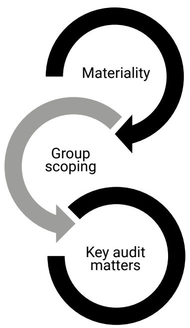
The non-audit services that we have provided to the Parent Company and its subsidiaries, in the period from 1 January 2023 to 31 December 2023, are disclosed in note 4 to the consolidated financial statements.

Independent auditor's report
continued

To the Shareholders of Kindred Group plc

Our audit approach

Overview



- Overall group materiality: GBP 7.3 million, which represents 5% of the average profit before tax for the preceding three years adjusted for non-recurring income and/or expenses.

- 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 7.3 million
How we determined it	5% of the average profit before tax for the preceding three years adjusted for non-recurring income and/or expenses
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 and/or expenses. 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 360,000 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 note 2A (Summary of material 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 433.4 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 2023, 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 2024 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 assessments. 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 2023. 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

Refer to 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 in note 2B) and the customer claims provisions (as described further in note 18) continue to highlight further uncertainties affecting the Group.

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.

How our audit addressed the Key audit matter

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 continued 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 or where estimates are made by management relating to customer claims, 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

Refer to 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.

How our audit addressed the Key audit matter

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.

The tax related disclosures in the financial statements were also deemed 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 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 2023, 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 2023 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 2023* 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 2023 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 19 years.

Ian Curmi
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

13 March 2024

Notes

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Printed by Pureprint Group.

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