
kindred
Differentiation
in locally
regulated markets

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Revenue GBP
1,259.6m
+11%

Gross winnings revenue from locally regulated markets
62%

Underlying EBITDA GBP
332.1m
+15%

Underlying EBITDA margin %
26%
+1pp

Earnings per share GBP
1.31
+79%

Free cash flow GBP
231.1m
-14%

Dividend per share GBP
0.337
+2%

Active B2C customers
3.4m
+6%

Gross winnings revenue from high-risk customers per Q4 2021
4.0%

eNPS Score
48
(90% GPTW)

Number of employees
2,055

Our KPIs on pages 8 and 9

About this report

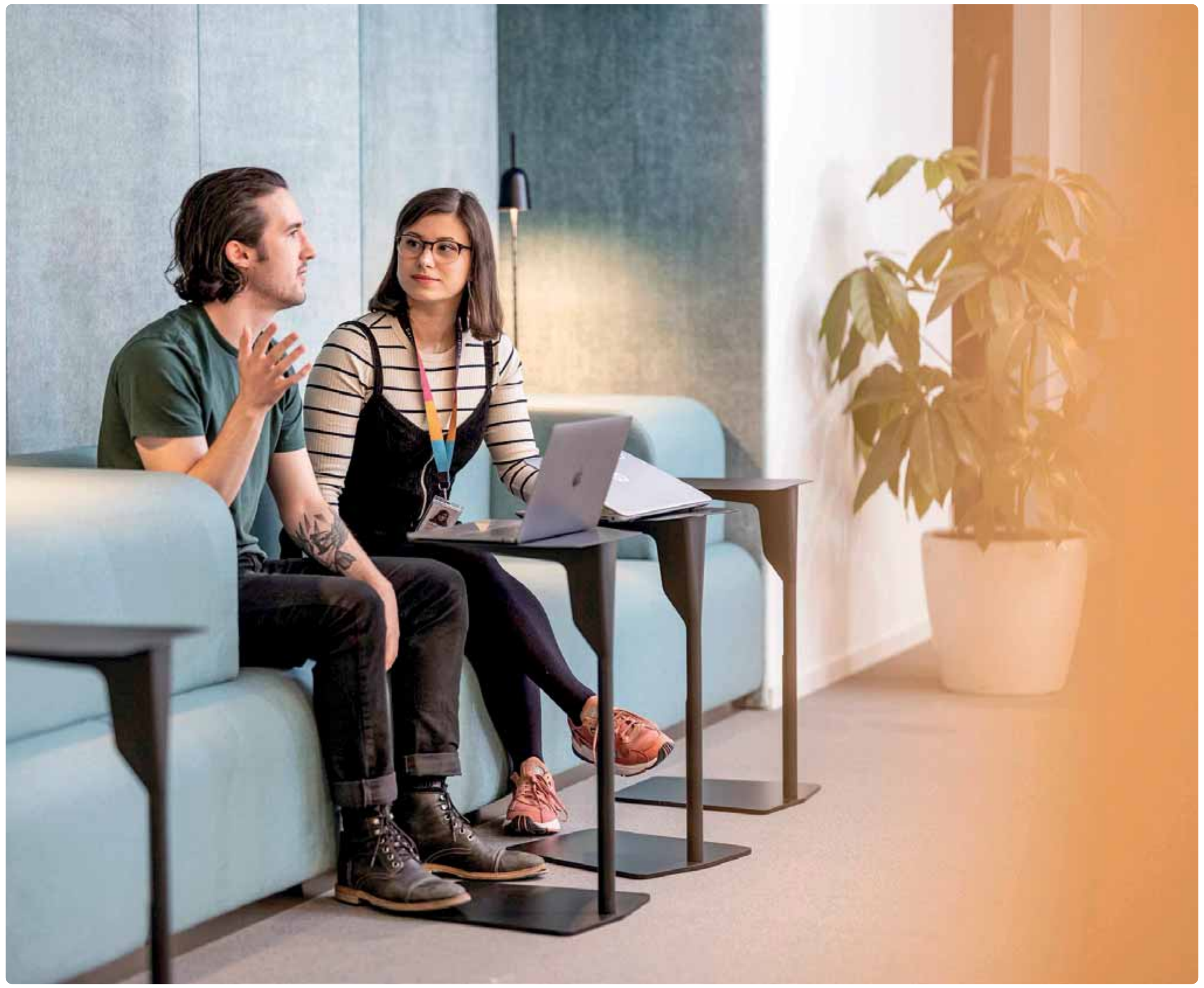
Kindred's Annual Report 2021 includes Kindred's full Sustainability Report for the first time. The Annual Report has been prepared in accordance with the listings requirements for Nasdaq Stockholm (Stockholmsbörsen), while the Sustainability Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards: Core Option. The report covers activities in the 2021 calendar year and numbers in both reports are for the year ending 31 December 2021 unless otherwise stated. You can find further supporting material at www.kindredgroup.com

visit: kindredgroup.com

Our purpose

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

To achieve our purpose, we lead by example, giving our players a superior experience while ensuring they feel safe and secure, confident they can enjoy the thrills, excitement and togetherness that represent gambling at its best. By investing in behavioural research, a thriving sports ecosystem and local community initiatives, we can bring value to society, contributing to improved health, wellbeing and positive long-term outcomes. Earning trust sustains our business, supports the sector and widens our impact by contributing positively to society.

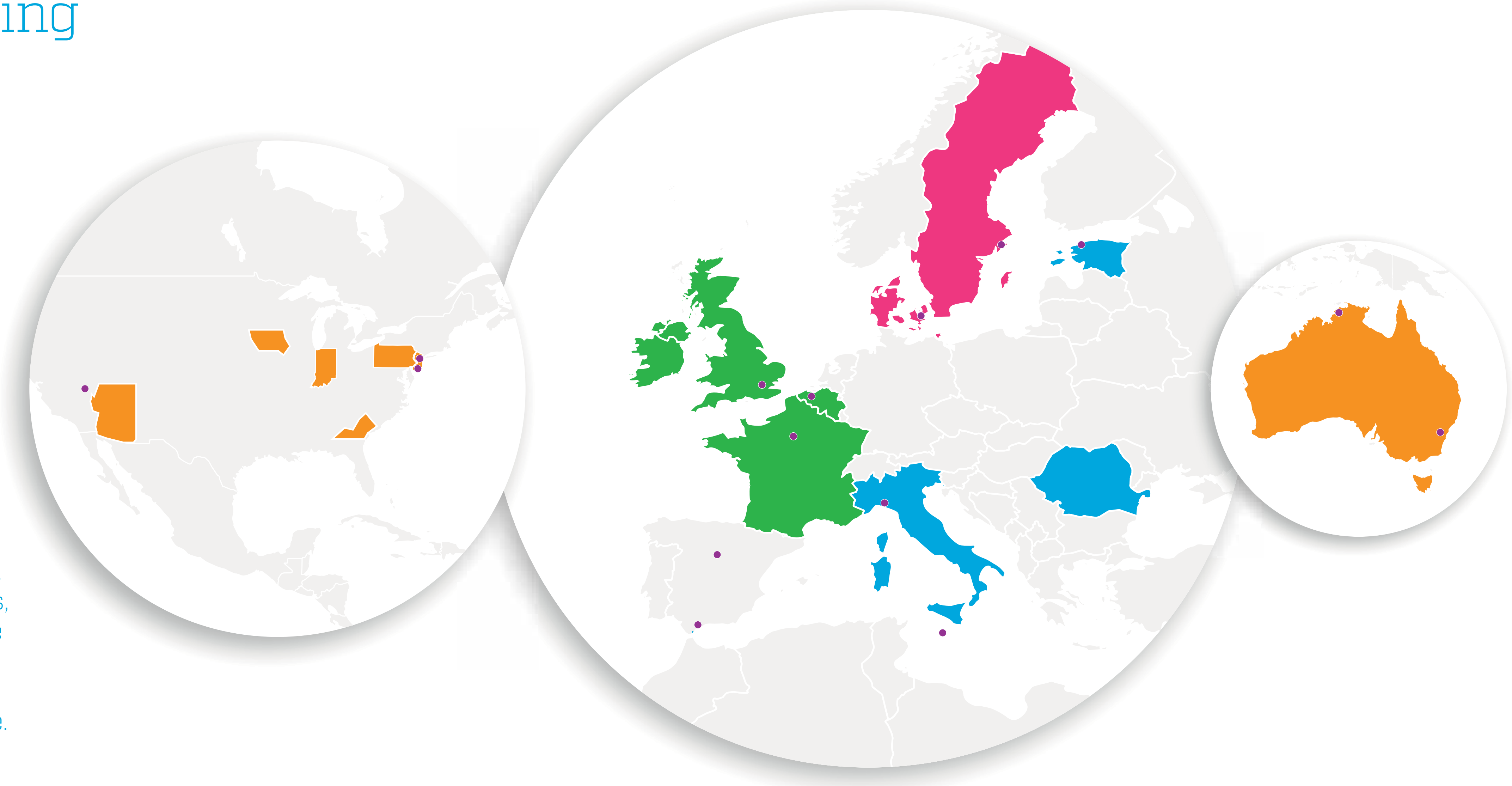


Kindred at a glance

Transforming gambling

Kindred Group is a digital entertainment pioneer, bringing together nine successful online gambling brands to form one of the world's largest online gambling providers. Our purpose is to continue to transform gambling by being a trusted source of entertainment that contributes positively to society.

Founded in 1997 to provide customers with a better and safer way to place a bet in today's digital world, Kindred Group (then as Unibet Group), quickly gained a loyal customer base. We changed the game, by offering customers a better gambling experience than traditional high-street operators. During the last 25 years, we have established significant market share in Europe, Australia and entered North America, based on providing our customers with a safe and fun entertainment experience.



A culture of trust

Our nine gambling brands are trusted by **millions of customers around the world.** Each brand has its own unique offering and identity, helping attract varied **customers with different needs.**

All our brands are built on our desire to offer customers thrilling entertainment. **The safety of our customers is at the heart of everything we do. We put a great focus** on responsible gambling, and have built **an extensive suite of tools and proprietary technology to help our customers control** their gambling behaviour. In 2021, we became the first global online gambling company to publically disclose our share of revenue from harmful gambling with a clear ambition to earn zero revenue from harmful gambling by 2023.

It takes all kinds of people to create a winning team. We succeed because we **allow our differences to strengthen and** enrich our culture. Our global team of two thousand people represents sixty-seven nationalities, united by five shared values **and our common purpose – together creating a unique culture that values the** contribution of every individual.

A bright future

Kindred remains at the forefront of new and existing growing global markets, with a profitable cash-generative business model and a record of profitable growth. **Our expansion into the exciting North American market represents huge potential. New technology promises to immerse our customers deeper into live** sports action, creating more opportunities to offer thrilling and safe gambling. With our approach driven by rich data, and our people bringing fresh ideas and renewed energy every day, we offer unique content **and a differentiated product offering. We're sure we will continue to delight our customers with great products – many we haven't even dreamed of..yet!**

Locally licenced markets

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

Nordics
- Denmark
- Sweden

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

North America and Australia

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

Australia
- Northern Territory

Our brands

Sports betting · Casino & games · Poker

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

Our products

	GWR (GBPm)	% share
Sports betting	547.2	44
Casino & games	648.7	52
Poker	30.8	2
Other	28.5	2
Total	**1,255.2**	**100**

Our regions

	GWR (GBPm)	% share
Nordics	287.8	23
Western Europe	798.4	63
Central, Eastern and Southern Europe	110.5	9
Other	58.5	5
Total	**1,255.2**	**100**

Our offices

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

Highlights of the year

A big summer of sport

Euro 2020 and the Tokyo Olympics, both postponed from the previous year, provided a solid foundation for our all-time high in yearly active customers and an opportunity to introduce new customers to our products.

Journey towards zero

In February we became the first operator to contribute to a fact-based discussion by disclosing our share of revenue from high-risk customers. Our road map includes concrete activities to progress towards zero, supported by improved detection technology and expanded assistance for customers around the world.

Acquisitions add strength

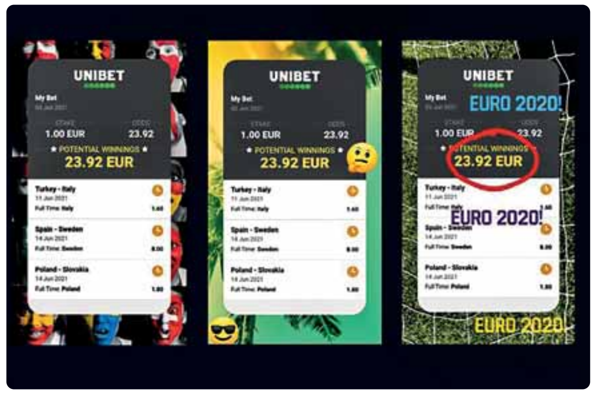
Acquiring Relax Gaming adds to our product innovation and differentiation capabilities, while the acquisition of Blancas Casino ensures our plans to solidify our operations and long-term commitments in Belgium.

Solid long-term ambitions

With a long-term objective to generate strong profits in locally regulated markets, and to form a basis for scalability, compliance and differentiation, we've identified five strategic themes to focus our operations and investments on in the coming years.

North American expansion continues

Through launches in Virginia, Iowa and Arizona, we're now live in six US states, with plans underway to continue our push through 2022, including launching in Canada.



Exciting product features

For Euro 2020 we offered some great features. Industry-first Watch & Bet allowed our customers to bet without leaving the live-streamed action, Betshare allowed players to customise their betting slip to share on social media, while BetBuilder, which allows more than one outcome from one event, became more popular.

All employee share plan

Guided by our values and in line with our people strategy, we updated our All Employee Share Plan in 2021. Employees sharing in the success of the company helps us enhance the reward package, improve employee engagement, and foster a sense of business ownership and responsibility.

New hybrid-working model

We introduced hybrid working during the pandemic. It aligns perfectly with our values, and we now train all managers to ensure we integrate it with the way employees work, and in an inclusive manner.

Chief executive's review

Executing on our strategy provides an exciting future

When we entered 2021, our priority was to reduce the transmission of COVID-19 in our communities. This meant restrictions on social contact and huge upheaval to our daily routines. Thankfully, ground-breaking collaboration between academics, governments, and corporations delivered vaccines that enabled us to fight the virus and start to return to a 'new normal'.

As a team and as a Group, we have experienced incredible achievements but also difficult challenges during the past year. We have taken important steps on our long-term strategy and we are today in a better position than ever to capture the exciting opportunities that lie ahead.

An active sports year despite the pandemic

We finally got to experience a great year of sports with both Euro 2020 and the Tokyo Olympics taking place a year late, and major leagues and tournaments back on the calendar. Apart from being great customer activation events they proved to be important culture-building opportunities for our colleagues who had spent over a year working from home. Kindred has its roots as a sportsbook company, and it becomes evident during major sports events how important these are for our culture. In a time when we cannot meet in person in the same way as before, culture truly is the glue that keeps us united.

Adopting a new hybrid way of working to attract talent

After two years of working from home due to restrictions we now seek to strike the right balance between remote and office work. During the year we entered a new 'hybrid-working' reality to cater for work-life post COVID-19. There is a significant opportunity to extend our employer appeal to a broader and more diverse talent base through a hybrid-working model. We need to continue to attract the very best talent in order to deliver on our strategic objectives and as our values, culture and personal growth opportunity have set us apart in the past, they must continue to do so in our new 'hybrid' future.

Embarking on a Journey towards zero harm

Our dedicated focus on being a leader in sustainability led us to an important decision in February 2021 when we became the first gambling operator to publicly report on our share of revenue from high-risk customers, with a clear ambition to reach zero revenue from gambling harm by 2023. Like the cooperation we have seen between researchers, authorities, and corporations to find a vaccine against the COVID-19 virus, we advocate greater cooperation between researchers, authorities, and the industry to tackle gambling disorder. The reporting is a fundamental part of our sustainability strategy and based on international research. It is a significant step for both Kindred and our industry, which is often maligned for a lack of transparency in this important area. I firmly believe that gambling can make a major positive contribution to our society and should only ever be a source of entertainment for our customers. Publishing our data will lead to a better-informed public debate and greater collaboration with partners and operators that want to join us on our Journey towards zero harm.

Focus on scale makes us resilient to future challenges

Our performance throughout the year has been strong with solid growth in revenue and an even better development on an underlying EBITDA level. The team has worked hard to improve cost-efficiencies and scale our operations, providing a solid foundation for profitable growth in locally licenced markets and putting us in a stronger financial position than ever before. With the necessary decision taken in September to stop accepting bets from Dutch residents, our dedicated focus on building a solid financial foundation demonstrated its worth. With our licence application submitted, I look forward to opening our doors to Dutch residents soon.

Digital shift accelerated by the pandemic

Like the Netherlands, local markets around the world continue to adopt modern licensing systems. The digital shift continues to provide new opportunities and fuel the growth of online industries – gambling included. The pandemic has accelerated the shift towards more digital behaviours from consumers and our business model is well positioned to capture this trend.

At the same time, regulatory and compliance requirements are increasing in their complexity, placing a greater burden on reputable operators to deliver equally complex technical solutions. Our size, experience and proprietary technology means we can meet these requirements. While we accept stricter regulations, and try to turn these into a competitive advantage, we also see an increased risk of a skewed market environment if the playing field becomes too unfair.

Increased product control and unique content allows us to differentiate

As competition increases in our markets, so does consumers' demand for exciting new experiences. Operators today provide similar products and services, making it increasingly difficult to stand out from the noise. Additionally, the growing adverse perception towards gambling advertising means that we need to adopt new ways to attract and retain customers. Securing greater control of our product offering, and thereby developing unique content and a unique experience to differentiate remains an important strategic focus area for us going forward.

The acquisition of Relax Gaming in October is a fundamental part of this strategy and an important addition to the Group, providing us with a top product capability and an impressive team. The knowhow and skills that Relax Gaming brings to Kindred will ensure we can further build on our proprietary product mix and deliver greater growth and resilience in both new and existing markets. Relax Gaming will remain independent from the Kindred B2C brands and continue to supply other top tier operators across its markets.

In early 2022, and part of the same strategic rationale, we communicated our intention to expand our award-winning proprietary 'Kindred Racing Product' into a full in-house Sportsbook platform. This exciting development reflects our long-term strategy to take more control of our end-to-end customer experience.

Our future is bright despite challenges

Looking ahead, I see an exciting future for Kindred. Over ten years ago we embarked on a strategy to transform ourselves and over time only operate in locally licensed markets. In 2020 we took the decision to adapt the organisation for this future based on scalability, compliance and differentiation. In the final quarter of 2021, we derived 77 per cent of our Gross winnings revenue from locally licenced markets and have proved we can be scalable in these markets with solid bottom line growth.

We will continue to push full steam ahead with our plans to excel in customer experience and product control through the development of our own Kindred Sportsbook Platform. This will be a transformative development for the Group, and we will bring our experience and proven development capabilities to bear in order to deliver a full in-house sportsbook across markets.

We have pushed through a difficult time and are ready to take on newly licenced markets such as the Netherlands in Europe, as well as further expansion in North America. Canada will be a great opportunity for us going forward with an attractive licence regulation, starting with Ontario, and a large addressable market.

Raising the bar as Individuals United

I am very eager to continue to build on our long-term strategy together with the excellent Kindred team. I could not be prouder of how everyone at Kindred has managed to work through the pandemic and continue to deliver strong return for our customers and owners. Together with the Relax Gaming team, as Individual United, we will continue to raise the bar in 2022 and ensure we live up to our purpose of 'transforming gambling by being a trusted source of entertainment that contributes positively to society'.

Henrik Tjärnström
CEO, Kindred Group plc

Malta, 11 March 2022

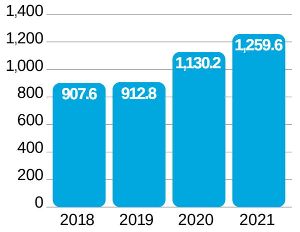
Key performance indicators

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

Financial

Revenue (GBP)

1,259.6m

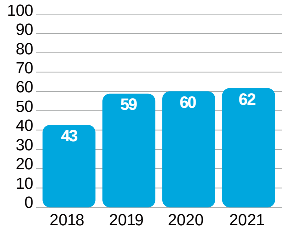


Definition: Gross winnings revenue (GWR) from the Group's B2C business plus other revenue from its newly acquired B2B business, Relax Gaming.

Performance: Revenue growth of over 11 per cent from the prior year's impressive numbers is a testament to continued growth of the Group's core business, achieved despite the temporary exit from the Dutch market impacting the fourth quarter. B2B revenues from the newly acquired Relax Gaming business contributed GBP 4.4 million during the year. The double digit growth, however, was driven by the B2C business which performed strongly across both the sports betting and casino & games segments, and across a wide range of markets.

Gross winnings revenue from locally regulated markets

62%

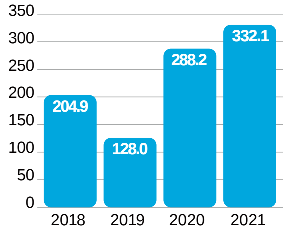


Definition: Gross winnings revenue from the Group's B2C business which is derived from locally regulated markets, as a percentage of total Gross winnings revenue.

Performance: An increase of two percentage points from the prior year as the Group strives for its ambition to be a locally regulated operator and to generate sustainable profits. The increase is supported by the temporary cessation of activity in the Dutch market, impacting the fourth quarter (with the fourth quarter metric increasing sharply to 77 per cent). Subject to licence application approval, on re-entering the Dutch market in the second quarter of 2022 the Group expects to even further increase this metric.

Underlying EBITDA[1,2,3] (GBP)

332.1m

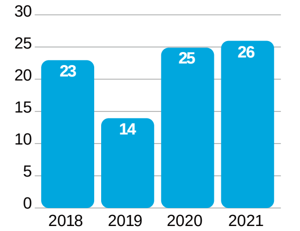


Definition: EBITDA before personnel restructuring costs, merger and acquisition costs, disputed regulatory sanction, other gains/(losses) and gain on remeasurement of previously held equity interest to fair value upon obtaining control.

Performance: Another record for underlying EBITDA, with growth of 15 per cent from the prior year. Revenue growth combined with the Group's continued focus on cost control and efficiencies, most notably through cost of sales and administrative expenses, have allowed this to be achieved, despite tough comparatives and the temporary exit from the Dutch market which impacted the fourth quarter of 2021.

Underlying EBITDA margin[1,2,3]

26%

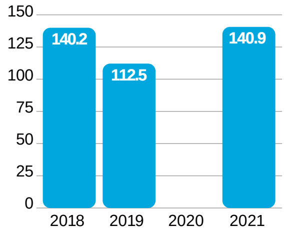


Definition: Underlying EBITDA as a percentage of revenue.

Performance: The Group continues to focus on building a scalable business model which will be vital for future growth and underlying EBITDA generation. The increase in margin from the prior year is a testament to these efforts as the Group's focus on identifying efficiencies across all cost areas is paying off. The increase has also been achieved despite the temporary exit from the Dutch market which impacted the fourth quarter of 2021.

Cash distribution to shareholders (GBP)

140.9m

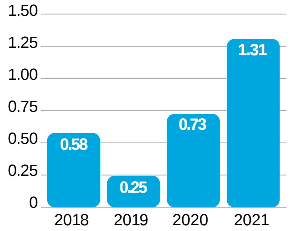


Definition: Ordinary dividends paid plus purchases of own shares.

Performance: Dividend payments in relation to the 2020 dividend totalling GBP 74.5 million, and treasury share purchases of GBP 66.4 million, were made during the year. In the prior year, no payments were made following the Board of Directors' withdrawal of its previous recommendation for the 2019 dividend following the uncertainty caused by COVID-19 at the beginning of 2020.

Earnings per share[1] (GBP)

1.31

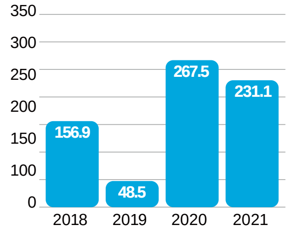


Definition: Profit after tax attributable to the equity holders of Kindred Group plc divided by the weighted average number of outstanding shares (see note 10 on page 149).

Performance: The positive impact seen on underlying EBITDA has flowed down the income statement, with earnings per share increasing by 79 per cent from the prior year. The metric is impacted in 2021 by a one-off gain of GBP 71.3 million, as a result of the Relax Gaming acquisition (see note 4 on pages 147 and 148). Excluding this significant item, the metric amounts to GBP 0.99, therefore still showing a significant increase from the prior year as the Group continues to add shareholder value.

Free cash flow[2] (GBP)

231.1m

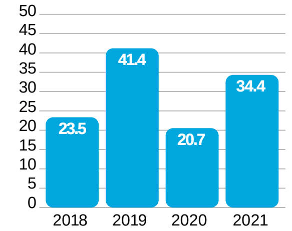


Definition: Net cash generated from operating activities, excluding movements in customer balances, less cash flows from investment activities (including acquisitions) and lease payments.

Performance: The Group continued to generate strong free cash flow in 2021, driven by the solid performance of the underlying business. The 14 per cent decrease from the prior year is mainly impacted by working capital movements which can fluctuate significantly. In 2021, it is primarily impacted by the difference in activity between the fourth quarter of 2020, boosted by the impact of COVID-19, and the fourth quarter of 2021, impacted by the reduction in activity following the cessation of activity in the Dutch market. There were also significant variations caused by the timing of the invoicing and payment of costs at the end of each year.

Capital expenditure on intangible assets (GBP)

34.4m



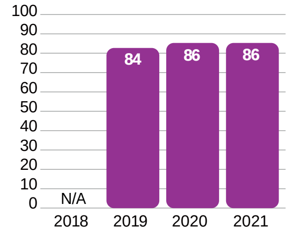
Definition: Capital expenditure on intangible assets, including capitalised development costs, computer software and long-term gambling licences (see note 11 on pages 150 to 152).

Performance: The Group continues to invest heavily in developing its platform, in order to deliver the best technology to its customers. Investment in 2021 has increased from 2020 due to focused employee headcount increases in the Group's Tech teams and additional development work on the Group's newly acquired B2B business. The remaining increase is attributable to global exclusivity rights on several slot games, expected to drive future revenue growth, and continued investment in licences to operate in the US market.

Non-financial

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

86%

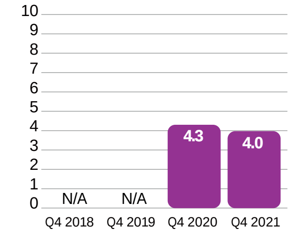


Definition: Customers who respond to a customer satisfaction survey that they believe a Kindred brand offers a trustworthy gambling experience. This is asked to customers across brands and markets. The percentage represents customers who respond 'strongly agree' and 'agree'.

Performance: The percentage of customers who believe Kindred offer a trustworthy gambling experience has remained at the same level as 2020 on 86 per cent.

Share of Gross winnings revenue from high-risk customers

4.0%

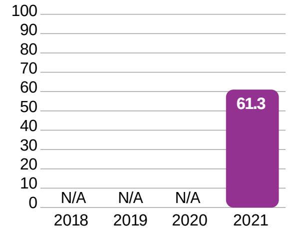


Definition: Customers who have closed their account due to addiction, or disclosed to Kindred that they have a gambling problem, or have self-excluded for 6 months or more. It also includes customers that have been detected by Kindred's player detection system (PS-EDS) for the highest risk.

Performance: The share of revenue from harmful gambling has fluctuated somewhat over the year. For the fourth quarter of 2021 the percentage was 4.0 per cent, slightly lower than 4.3 per cent for the fourth quarter of 2020.

Percentage of purchased electricity from renewable sources

61.3%

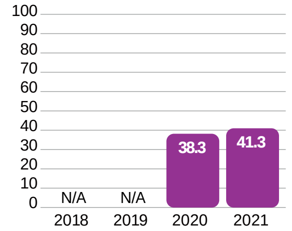


Definition: Percentage of purchased electricity generated from a renewable source.

Performance: In 2021, 61.3 per cent of our purchased electricity was generated from a renewable source. For the remaining electricity use, we have offset emissions by purchasing certificates for renewable electricity.

Contribution to sport through sponsorships and partnerships (GBP)

41.3m



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

Performance: Our spend on sport sponsorships has decreased slightly compared to 2020 due to some long-term contracts expiring in 2020.

1 2018 figures were reported prior to the adoption of IFRS 16 "Leases" on 1 January 2019 and are therefore not directly comparable to 2019 and 2020 figures.
2 Refer to note 30 on page 164 for the reconciliation of the Group's alternative performance measures to the most directly comparable measures reported in accordance with IFRS.
3 In 2021, the definition of underlying EBITDA has been updated. The comparative figures have been updated accordingly and are therefore not comparable to those reported in previous years. For more information, see note 30 on page 164.

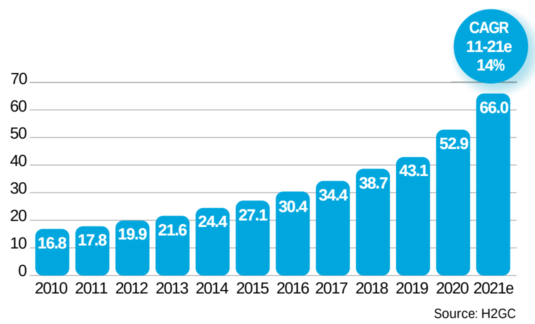
Six reasons to invest in the Kindred share

1

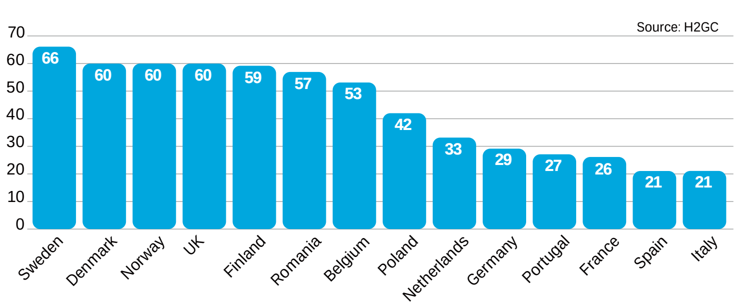
A large and growing underlying market

Driven by an accelerating shift from offline to online, Gross winnings revenue within the non-cyclical global online gambling market is estimated to show a compound annual growth rate (CAGR) of 10.3 per cent between 2021 and 2026. The global online gambling market is estimated at GBP 66 billion in 2021, corresponding to 31.7 per cent of the total global gambling market (estimated at GBP 208 billion).

Global online gambling market gross win (GBPbn)



Online gambling penetration in Europe 2020 (%)

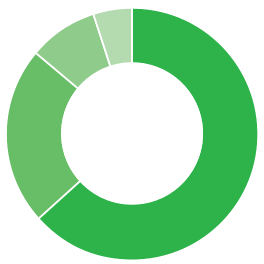


2

A leading online gambling operator with a diversified footprint

Kindred is the world's fourth largest online gambling operator in Gross winnings revenue, with 31.9 million registered customers. With technology as a common denominator, our revenue is diversified from a brand, product and geographical perspective, which underpins stability and enables scalability.

Kindred GWR by region 2021 (%)



- Western Europe: **63%**
- Nordics: **23%**
- Central, Eastern and Southern Europe: **9%**
- Other: **5%**

Kindred GWR by product 2021 (%)

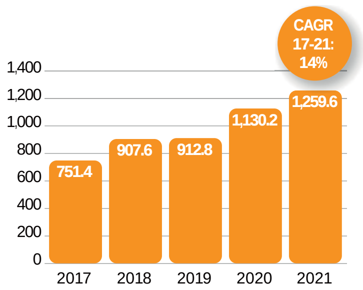
- Sports betting: **44%**
- Casino & games: **52%**
- Poker: **2%**
- Other: **2%**

3

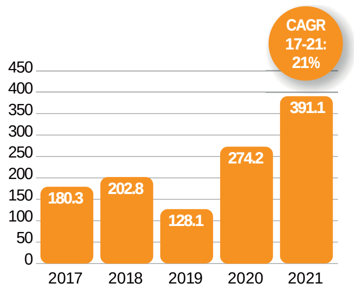
A solid foundation for continued long-term profitable growth

Kindred has a strong record of revenue growth with a CAGR of 23 per cent between 2011 and 2021 and operational efficiency. Through our data-driven approach and fully scalable platform, we build sustainable and long-lasting relationships. By utilising our strong brands and attractive products across our markets, we continue to grow our customer database and gain market share.

Kindred revenue (GBP m)



Kindred EBITDA (GBP m)



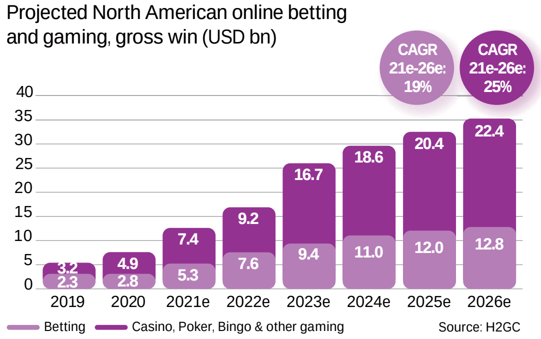
4

Well positioned to grow North America into one of our largest markets

North America is quickly becoming the world's largest regulated online gambling market, with an estimated market size of USD 35 billion by 2026. At the end of 2021, Kindred had conditional access to 11 of the top 30 states in the US in terms of population, and will expand into Canada with a direct market access licence in Ontario expected in Q2 2022. Through our selective state-by-state approach, local expertise and solid experience, we will continue to grow our multi-brand offer in the region with the aim of growing North America into one of our largest markets in the next few years.

Estimated North American online gambling

Projected North American online betting and gaming, gross win (USD bn)



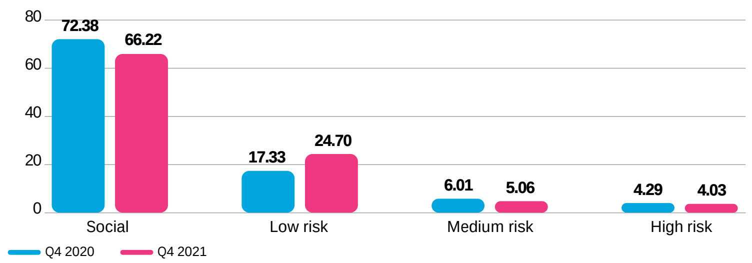
5

A determined focus on sustainability

Kindred's purpose is to transform gambling by being a trusted source of entertainment that contributes positively to society. One of our priority areas is responsible gambling, and through our sector-leading approach we aim to ensure we earn no revenue from harmful gambling by the end of 2023. Our efforts provide long-term profit support, reduce volatility and uncertainty, and strengthen our ability to attract and retain the best talent.

Journey towards zero

Share of revenue from customer risk level

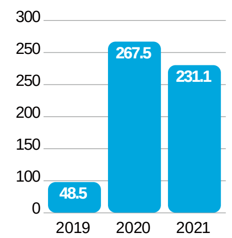


6

A profitable business model with strong underlying cash-flow generation

Kindred has a record of profitability and strong cash flow. The solid balance sheet and cash-flow generation allow for continued investments in both organic growth and selective acquisitions. The total pay-out ratio of dividends and share purchases should, over time, equal about 75 per cent of free cash flow*.

Kindred free cash flow (GBP m)



* Free cash flow is defined as cash flow from operations excluding movements in customer balances less cash flow from investment activities (including acquisitions) and payments for lease liabilities.

Trends in our marketplace

Kindred operates in the online betting and gaming markets, which together had a global value of GBP 66 billion in 2021 and are forecast to be worth GBP 73 billion in 2022.

When combined with lotteries, these markets form what is known as the online gambling industry. The digitalisation of society and local market regulation of online gambling are together creating major opportunities for operators that can adapt, and fund growth and innovation. We can summarise the key marketplace trends as follows.

A growing industry

In 2020, the online gambling market represented 28.7 per cent of the GBP 184.6 billion total global gambling market, a figure expected to have reached 31.7 per cent in 2021.

Even after almost 30 years, we consider the shift from offline to online as still in its early days, as the online industry grew at an annual pace of approximately 13 per cent in the past decade, while growth in the offline industry was broadly flat. The leap in market share of online from 17.1 per cent in 2019 to the 2020-21 figures was helped significantly by the enforced closure of many retail (ie. physical) gambling outlets due to the pandemic. However, while forecasts show the percentage of online is likely to drop slightly as retail reopens, the absolute market size continues to grow and the migration to online continues. In Europe, online was almost half the total market in 2020 and is forecast to maintain this level of share. Overall, online growth will also be driven by further product innovation and development, continued regulation, particularly in the US, and the growth of mobile gambling.

Local market regulation

The move to local market regulation and licensing systems for online gambling is an increasing trend across Europe and North America.

There has been a major recent shift to this throughout Europe, with the Netherlands being the latest, in 2021, and the last large market to do so. Regulations are often based on negative public perceptions of gambling. They focus on tighter controls on verification of participants and their circumstances, and restrictions on marketing and bonus offers, to try to curb excessive or harmful gambling. This increases complexity for operators, and squeezes margins through higher betting duties. It offers advantages to the larger operators in their ability to build the necessary infrastructure to meet the regulations, and to have the financial scale to absorb stricter requirements. Operators have adapted to the new market reality, which brings certainty and stability (and of course, player protection), and they work with regulators to ensure locally licensed operators remain the most attractive choice.

Digital entertainment and the generational shift

Our industry emerged in the mid-1990s when sports betting and casino games became available on computers. As such, it is part of the wider transformation of digital entertainment.

The accelerating digitalisation of societies is continuing to shift consumer behaviour online in many markets – for example, retail sales, travel bookings, news and information media – entertainment is no different. The generational shift also plays a part, and gambling customers more and more expect to be able to enjoy their gambling entertainment whenever, wherever and on whatever device they choose.

Opening up of the North American market

Following the repeal of the Professional and Amateur Sports Protection Act (PASPA) in the USA in 2018, different states are choosing whether and when to legalise and regulate online sports betting and gaming. Canada is now in the process of doing the same, with the most populous province, Ontario, to open its market first.

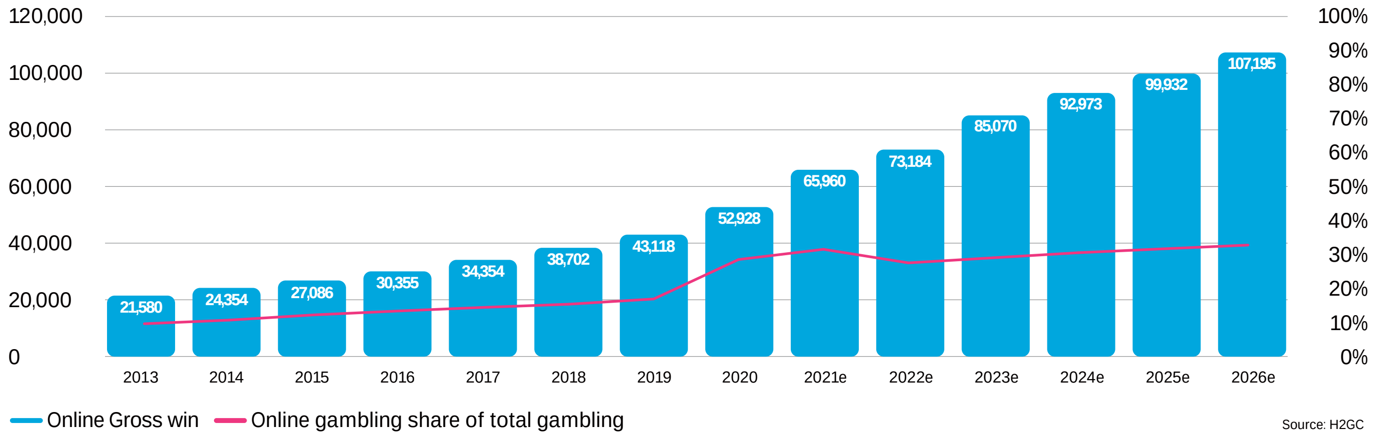
North America is generally regarded as the biggest market opportunity yet for the online gambling industry and, as such, is attracting some very ambitious and well-funded operators.

Market consolidation and changing supply-side dynamics

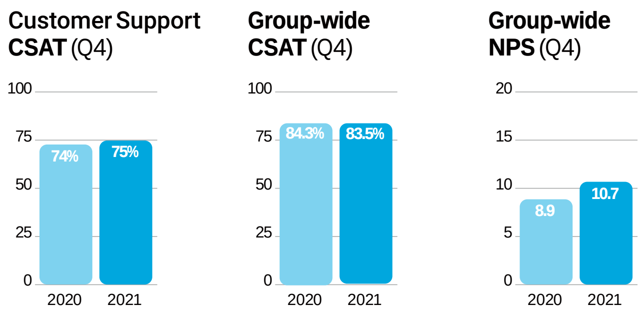
The average size of online gambling businesses is increasing, an established global trend as operators look for M&A opportunities that will bring the benefits of scale or as a means of entering a market.

Consolidation is also affecting supply-side dynamics. To date, many successful operators have marketed a consumer gambling experience built on products primarily sourced from B2B suppliers. Consolidation within the supply base, among other things, is leading to product commoditisation and lack of differentiation. This is leading to a trend for operators to bring product innovation and development in house.

Online gambling market size (GBP m) and share of total gambling (%)



Source: H2GC



CSAT: Customer Satisfaction

NPS: Net Promoter Score

How we create value

We're committed to transforming gambling by being a trusted source of entertainment that contributes positively to society.

What we aim to achieve

With a clear long-term strategic direction and investments into an outstanding, secure and safe gambling experience, we aim to achieve true value for all stakeholders.

Our market and what sets us apart

We operate in locally regulated markets in Europe, Australia and North America, with a multi-brand approach providing global scale and local relevance. We focus on a differentiated offering and active engagement in local communities.

Focused on great customer experiences

By putting our customers at the heart of everything we do, we constantly improve their digital entertainment experience.

Investing in innovation, technology and culture

Through significant investments into development of our proprietary technology, a unique product suite and our innovative culture, we ensure we remain at the forefront of our industry.

Committed to a safe gambling experience

Providing a safe and fair gambling experience builds trust with our customers and ensures they can enjoy gambling to its fullest. Therefore, we have an ambition to have zero revenue from harmful gambling by 2023.

The assets we use

Investing in, and efficiently using, strategically important assets will ensure we have everything we need to create value for our stakeholders.

Trusted relationships with customers and society

Earning and retaining a high degree of trust from our customers, and from society, is a necessity for us to operate effectively. We continually monitor our trust level and people's expectations of us.

Investment in technology

Online gambling is a high-tech industry and requires significant investments into tech and proprietary capabilities, such as Kindred Sportsbook Platform, as well as providing an excellent customer experience, to stay compliant and to keep customers safe.

A vibrant team and culture

With a diverse team of 67 nationalities across 18 markets, we have an engaged and multi-cultural team who contribute to a great 'Kindred Spirit'.

Financial strength

A non-cyclical and strong cash-generative business provides us with financial strength and the opportunity to grow.

The way we operate

We operate nine consumer-focused gambling brands that provide our customers with digital entertainment across product segments of sports betting, casino & games, and poker.

Sports betting

Our flagship sports betting brand Unibet provided odds on 419,000 events across 60 different sports and more than 270,000 horse and greyhound races in 2021. We provide this either through our proprietary betting product, Kindred Racing Platform, or through third-party suppliers such as Kambi.

Market position

Kindred was born as a sports betting company and has a market-leading position, across Europe and Australia. Entry barriers to sports betting are higher than other product segments.

Casino & games

We focus on local or hyper-local brands in the casino & games segment, as games are more generic due to the high number of suppliers and lower entry barriers. Through the acquisition of Relax Gaming, we can also offer unique content and games to customers across all markets.

Market position

Kindred's market position has improved since the acquisition of Relax Gaming, as we can now differentiate our product suite towards customers, and build proprietary games.

Poker

Our poker product remains strong, with a dedicated customer base. The Unibet Open remains a popular tournament within the poker community.

Market position

We have a strong position in the poker segment thanks to our unique product supplied exclusively to Kindred by Relax Gaming.

The value we create

As a global digital entertainment business, we create value for our stakeholders and society by operating a professional, efficient, scalable and responsible company.

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 customers stay in control.

75%
customer support satisfaction score in Q4

Value to employees

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

48
eNPS score (90% GPTW)

Value to shareholders

Our 51,170 shareholders receive a return on their investment in the form of an increase in share value and cash dividends.

37.3%
total return

Value to society

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

356.3m
GBP incurred in corporate 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.

2,248
business partners during 2021

Our strategy

Our strategic direction

Our strategic objective is to generate profitable growth in locally regulated markets. We have identified five strategic themes on which to focus our investments in the coming years, to ensure we can capitalise on the macro trends we have identified in these markets.

Achieving our purpose is the pinnacle to which our five strategic objectives are directed; it is the beacon we aspire to. Two objectives focus on a balanced portfolio of markets in different stages of maturity, while three objectives focus on the capabilities that will enable our success.

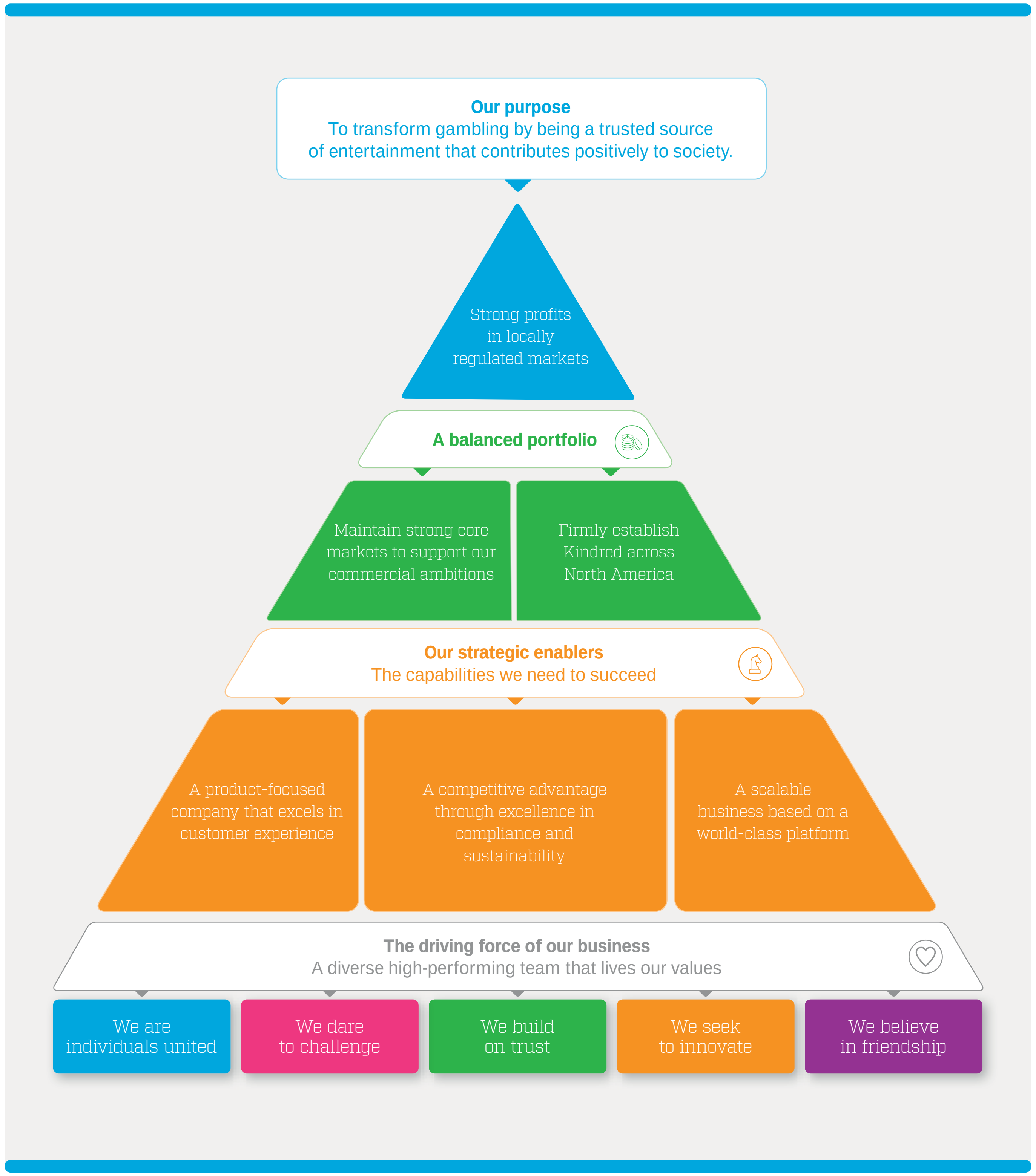
1. **Maintain strong core markets to support our commercial ambitions** A strong position and solid performance in our core markets, primarily in Europe generates profitable growth and strong cash flows to fuel our ambitions in other markets.

2. **Firmly establish Kindred across North America** We entered the US in 2019 and are expanding our business and our coverage gradually across North America, which includes some of the fastest-growing locally regulated markets in the world.

3. **A product-focused company that excels in customer experience** We offer customers thrilling and engaging experiences built on a broad range of gambling products and games. We will strengthen our product control and the ability to differentiate our offering.

4. **A competitive advantage through excellence in compliance and sustainability** We have a clear ambition to operate a sustainable business that thrives by adhering to local market regulations. In addition, we have a sector-leading approach to responsible gambling, an increasingly important focus for many governments as well as investors, customers and employees.

5. **A scalable business based on a world-class platform** Size creates opportunities to reduce costs and increase efficiency of an organisation. We will continue to focus on developing a scalable technical platform and an operationally efficient organisation.

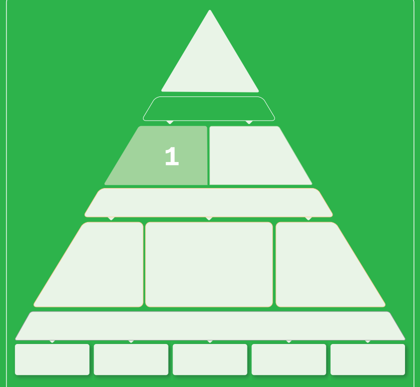


Our strategy
continued

1. A balanced, profitable portfolio in locally regulated markets

Always aim to have the best deal and products

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



Market trends targeted:

- A growing industry
- Local market regulation
- Digital entertainment and the generational shift

Our core engine

We refer to the regulated European and Australian markets as our core engine. These markets currently constitute most of our business, so building and maintaining a strong and profitable presence here is what fuels our North American investment and expansion ambitions. The engine therefore has to pull its weight, which entails a focus on a select number of markets where we aim to strengthen our leading positions and make the most of the growth opportunities we identify. Equally, in markets where the outlook doesn't necessarily justify further investment, we can nevertheless focus on being smart and efficient, and maintaining our profitability.

A range of success factors

In markets that regulate, or re-regulate, we maintain a watching brief, ready to act accordingly based on the measures that have ensured success in our other European markets. These include: partnerships with pro sports teams and tournaments; working with regulators to focus on reliability and responsibility; building on our first-mover status; making astute acquisitions; and establishing or maintaining a local community presence. Here we take a look at a selection of our successful core-engine markets.

France – supporting local sports, and a close relationship with the regulator

The French market has been regulated since 2010, with just sports, horse racing and poker allowed online – casino is prohibited. The foundation of our success is partnerships with top sports brands such as Paris Saint Germain in football and Stade Toulousain in rugby, as well as names in basketball, UFC and boxing. Importantly, we also contribute to grassroots sport, buying football kits for more than 10,000 amateur players every year.

More than 92% of online customers bet on mobile, and Unibet is the number one sportsbook app in France. We're also known as a responsible operator, working closely with the regulator and the sports federations to fight addiction, set limits for players, absorb and pay our taxes, and maintain a sports offer limited to the major outcomes.

Sweden – top sponsorship, while adapting marketing to the regulations

In January 2019, Sweden was regulated and we were granted a licence for online gambling. We now operate four successful brands: Unibet, MariaCasino, bingo.com and Storspelare. We solidified our presence as a top operator by taking over as primary sponsor of Swedish Elite Football's top two leagues – a milestone for both online gambling and football, as the previous sponsor for 85 years had been Sweden's legacy gambling monopoly.

We've successfully adapted to the regulated market in many ways. With our advanced data systems, we've been able to contribute to the sports bodies' efforts to eliminate match fixing, while we can also detect and direct those customers that need to take a break from gambling. In particular, from a commercial perspective, our marketing media mix is completely different from before regulation, allocating spending towards sponsorships and data-driven marketing rather than awarding bonuses. We have managed this transition while improving our profitability, demonstrating our success in a regulated environment.

Romania – using a regulated framework to our best advantage

Since its regulation six years ago, Romania has grown to be one of our key markets, where we operate Unibet and Vlad Cazino, a hyper-local casino brand. The regulatory framework allows for the conditional presence of our brands on almost all existing advertising channels.

Good cooperation with the regulators on this, and on responsible gambling initiatives, provides an excellent market framework that has contributed to our consistent growth – with revenues growing 158% from 2018 to 2021. The advertising restrictions that do exist within the regulations have led to our testing different campaigns and promotions, affording us a clear picture of which ones support growth and profitability. These include LED displays in Romanian football that help us reach a broader audience while allowing us to create measures of success and to invest where we see value.

No.1
France: Unibet is the no.1 sportsbook app

158%
Romania: revenue growth for Unibet and Vlad Cazino

Zero
UK: our tech is enabling an effective approach to safer gambling, with the aim of receiving zero revenue from harmful gambling. Read more on page 31

5 years
Australia: Unibet sponsor of Sydney Roosters, raising brand awareness

United Kingdom – growing acquisitions while benefitting society

In the UK market, the acquisitions of Stan James in 2015 and 32Red in 2017 brought high-quality talent and UK-market expertise to the Group, to which we've added our clear ability to accelerate the growth of acquired businesses, to continue to take market share. In 32Red, we have a clear intention to be the number-one casino brand in the UK, while Unibet is one of the UK's fastest-growing sports betting brands, using our in-house horse-racing product to its full potential.

We continue to proactively engage with the regulator and government to advocate for positive and effective change. We've reinvented the model of sponsorship so we benefit both the sports organisation and its community – for example, using the power of football to tackle men's mental health or working with Go Racing Green to ensure racing is inclusive. The launch of our Journey towards zero was widely covered in the UK media, and has led to our demonstrating how data and technology can enable a sophisticated and effective approach to safer gambling – a concept at the heart of our business model.

Australia – leading innovation and local partnerships

The Australian gambling market is a mature market, regulated since 2001. Our market entry came through acquiring Betchoice in 2012, and the industry and technical expertise we gained was critical in developing the EGR-award-winning Kindred Racing Platform (see case study on page 27), launched in mid-2019. The racing platform has been the driving force behind our local growth. Local sponsorship is also crucial to success, and Kindred's five-year sponsorship of one of Australia's premier rugby league teams, the Sydney Roosters, continues to provide strong brand awareness, along with our partnerships with leading racing trainers throughout the country.

Creating a positive message and giving back to the community is also important, and our Australian team promotes mental health with GOTCHA4LIFE and the Sydney Roosters. In addition, in February 2021, Kindred Australia was certified as one of Australia's best workplaces by Great Place To Work.

These initiatives continue to help our team provide context to all stakeholders on how we contribute to society through taxes, product fees and proactive measures like these.

Our strategy
continued

1. A balanced, profitable portfolio in locally regulated markets

Belgium – in at the beginning, and still leading

First-mover advantage. A strong media presence. A reliable operator with a clear focus on sustainable and responsible gambling. A local touch. Our story in Belgium brings together all the factors one needs for success in a regulated market.

5 years

In 2018, Unibet became shirt sponsor of one of Belgium's most illustrious football clubs, Club Brügge, which was followed by immediate success, with the club winning back-to-back league titles.

It starts in 2010, when the 1999 Belgian laws on games of chance were adapted to fit the new digital world. Online games of chance were required to become an extension of a 'bricks and mortar' counterpart in three categories – casino, arcade and sports. Given there were only nine casinos in Belgium, this rather limited the casino licences available. There was also an accompanying list of every citizen that was banned from participating in games of chance.

Unibet was the first big international platform to apply for a licence, receiving its online sports licence in July 2012 and the casino counterpart in that November. We set up initial and long-lasting partnerships with the biggest online newspapers, the national TV broadcasters and the football first division Pro League, with premium placements at all the games on Pay TV. Being the first to these crucial media deals was essential in establishing ourselves immediately as the number one operator in the market. By 2021, we had maintained that leadership, and we are still by far the most successful and well-known brand in Belgium. The year also saw a first for the Group, acquiring a 'bricks-and-mortar' casino, the Blankenberge casino – a clear signal to all stakeholders, particularly our customers, of our commitment to Belgium. We set the tone and we are here to stay.

In 2018 Unibet became shirt sponsor of one of Belgium's most illustrious football clubs, Club Brügge, which was followed by immediate success, with the club winning back-to-back league titles. But our sponsorship of the club extends beyond a logo on the shirt. We have been supporting Club Brügge's foundation, No Heart, No Glory, by funding for manual heart defibrillators for amateur football clubs. For the 2021-22 football season, Unibet became the main sponsor of a second major football club, Sporting Charleroi.

The entire online gambling sector has grown strongly in Belgium thanks to a combination of factors: a much-improved online customer experience and the growth in popularity of smartphones, as seen across many sectors, but also the advertising efforts of licensed operators. However, this has resulted in public and government lobbying, following the Euro 2016 football tournament, to limit this growth. Given our experience at an international level, and as market leader in Belgium, we have taken a lead in the debate on the value of a regulated market, emphasising the importance of responsible gambling. In 2018, Unibet broke new ground again, becoming the first operator to launch a television campaign fully dedicated to responsible-gambling messages, highlighting the many responsible-gambling tools we offer our customers.

Read more in Responsible Gambling on page 60

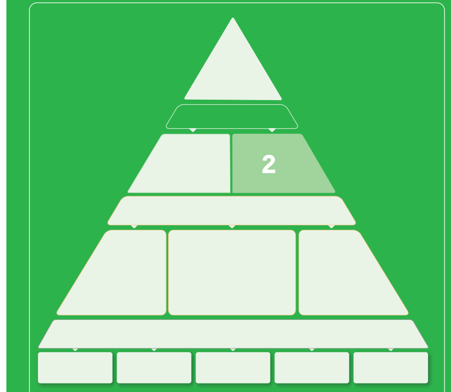
We favour a fact-based discussion that keeps in mind the sheer reality of today's digital world, where fair and safe gambling has a valid place in the entertainment mix. Therefore, we will continue to provide all relevant stakeholders with the data and analysis to support this position.

Our strategy
continued

2. A phased approach to North America

Always aim to have the best deal and products

We entered the US in 2019 and are expanding our business and our coverage gradually across North America, which includes some of the fastest-growing locally regulated markets in the world.



Market trends targeted:

- A growing industry
- Local market regulation
- Digital entertainment and the generational shift
- Opening up of the North American market
- Market consolidation and changing supply-side dynamics

The market opportunity

Following the overturning of the Professional and Amateur Sports Protection Act (PASPA) in 2018, individual US states began to legalise and regulate sports betting and casino, opening the doors to a potentially huge market. Canada has passed similar legislation, and now the North American market has the potential to become the largest locally regulated online gambling market in the world. This is undoubtedly the biggest opportunity our young industry has seen, and it is therefore attracting large, ambitious, well-funded participants to the market in something of a 'turf grab'. We know we perform well under regulation and believe we are well placed to capture a meaningful share of the market and to achieve strong growth.

Our take on it

In 2018, the conventional wisdom was that the largest market in the world was opening up, and there was a 'now or never' feel to the general rush for market entry. Now, just three years later, it is clear to all that each state is a different market, with different regulations to adhere to, a different operational set-up, and different types of customers who are interested in different product aspects or functionalities. What's more, unlike Europe, which regulated over a period of ten years or more, North America is opening up in a shorter space of time, and we have to make measured choices about potential profitability. Hence our phased approach – our strategy is one of selective expansion, which even so will require significant investment and a considered approach.

North American expansion

NJ PA

Phase 1 – 2018-19

Beachhead

We launched in our first states, securing market access to the key states of New Jersey and Pennsylvania. We opened on a third-party platform to ensure speed to market, while establishing and building our local team and north-east hub to begin building the Unibet brand.

IN VA IA AZ

Phase 2 – 2020-21

Expansion

Expansion westward through launches in Indiana, Virginia, Iowa and Arizona. The regulations require market-access partners and we have partnered up with leading local entities in each state. Expansion to date has been on third-party platforms, with a focus on product differentiation. We have been building our North American platform ready for migration.

ON IL OH

Phase 3

Operational excellence

Launching Kindred's platform in North America is a material and critical undertaking. After migrating New Jersey in 2022, we will roll out the platform across all other territories we are active in.

Our expansion will continue across other states we have access to, and the North American business will increasingly become core to Kindred Group.

CA

Phase 4

Profitable growth

Aiming to be live in half of the top 30 markets, the North American business will be at a point of scalable and profitable growth.

Unibet will be one of the key brands in the region, with market share of mid single digits.

A careful expansion

Rather than chase region-wide access, we've identified the opportunities most relevant for Kindred, cherry-picking our intended footprint, striving to hit our market-share targets by state, according to our business plans. We secure market access and awareness through partnerships with local entities such as casinos, tribes, lotteries and sports teams. At the same time, we are growing our North American organisation, building our operations with a mix of experienced Kindred European talent and local North American expertise. We are further integrating it with the Group, to ensure the full scope of Kindred's operational and technological capability is available.

Canada – the next frontier

Having passed legislation, regulations have now been drafted in Ontario for both sports betting and iGaming. We intend to launch on day one in the market, starting with Ontario. Our strategy will be similar to that in the US, cherry-picking the most appropriate provinces as they regulate to open up for business.

Ontario is expected to be a CAD 2.2 billion (Eilers & Krejcik) market at maturity, making it one of the largest in the world. It will almost certainly be the fifth largest market in North America after what are known as the big four US states (CA, TX, NY and FL). As these have yet to be fully regulated, by 2023, Ontario could be the largest regulated market in North America for a period of time. An added part of the appeal for Kindred is that we will not need a market access partner for Ontario – direct market access through the regulator will create even more favourable commercial conditions.

Kindred state launches, 2021

22 April, VA: We were awarded one of seven standalone mobile sports betting permits by the Virginia Lottery in Virginia, for the Unibet Interactive brand, offering direct market access. Virginia is one of the largest states in the US market, with mobile sport betting expected to reach over USD 371 million in annual revenues at maturity.

1 September, IA: We opened in our fifth state, Iowa, a second part of our multi-state partnership with Caesars Entertainment. The signed agreement is with Harrah's Council Bluffs Casino. As Unibet, we launched the mobile sportsbook app, both in Apple Store and Google Play Store, to coincide with the start of the football season.

9 September, AZ: We opened in our sixth state, Arizona, through a partnership with the Quechan Tribe of the Fort Yuma Indian Reservation. As Unibet, we first launched mobile sportsbook and retail shortly after. While Arizona is a year-round sporting destination, the launch tied in with the start of the football season.

A winning team

The Kindred culture is key to our success in Europe and Australia, and bringing that culture to the US was one of our main objectives. However, we recognised the need to mix our European knowledge with top local expertise, in what would be a completely new market for us. Fitting the team to the need, a core group of leaders moved from Europe to fill senior roles across management, marketing, finance and legal & compliance, whereas local hires include those heading regulatory affairs, product and various marketing positions. Currently the team is near 80 strong, based in offices in New York, New Jersey and Las Vegas.

Our strategy
continued

2. A phased approach to North America

Hyper-local marketing is key

Being a new brand in a highly competitive macro market, we aim to maximise our exposure in the specific regional markets we operate in. Therefore rather than seek nationwide deals, our marketing efforts are hyper-targeted, forming partnerships where we can tailor our exposure to the states we operate in.

In introducing the Unibet brand to the North American customer from scratch, a key focus is giving the customers reasons to trust. Therefore working with trusted and loved franchises is key to our strategy, which is why we have secured a range of partnerships with the big sporting names in our markets. Our partners include NFL franchises Philadelphia Eagles and Pittsburgh Steelers, NHL franchise New Jersey Devils, MLS franchise Philadelphia Union and NASCAR team Stewart-Haas Racing – this last one is a great example, where our current agreement with the Stewart-Haas Racing team sees our brand on the car only in races in markets where the Unibet brand is live.

We continue to innovate within our sponsorships, looking to create strong engagement with customers. For example, the newly launched live-dealer Steelers table games is a first in the industry – where customers in Pennsylvania can play their favourite casino table games immersed in a fully customised Steelers experience. These product innovations allow us to engage with our teams' fans, and their popularity is proven, as they rank in our top casino games.

5

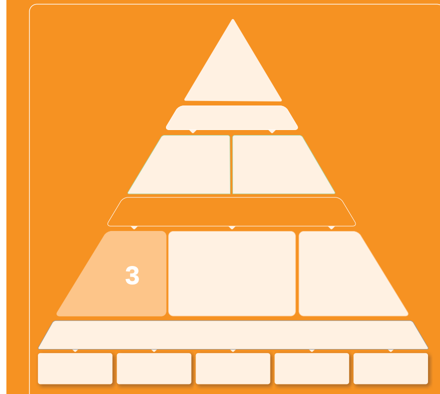
Five strategic partnerships with well-known franchises to build customer engagement

Our strategy
continued

3. Increase our focus on our products and the customer experience (CX)

Our strategic enablers – the capabilities we need to succeed

We offer customers thrilling and engaging experiences built on a broad range of gambling products and games. We will strengthen our product control and the ability to differentiate our offering.



Market trends targeted:

- Local market regulation
- Digital entertainment and the generational shift
- Market consolidation and changing supply-side dynamics

Aiming for greater differentiation

Kindred offers its customers thrilling and engaging experiences based on our broad range of gambling products and games, some shared by other operators and some unique to Kindred. We built our business on successful sales and marketing. The next stage of our growth and evolution will be to transform our business model and competitiveness through increased product control and differentiation – along with enhancing our successful focus on the customer experience.

The opportunity to do this – and the need – is driven by changing industry dynamics and the evolving regulatory landscape. Focusing on this changing environment is the new reality. Regulatory checks are altering traditional business models based on bonuses and marketing, while our increasingly maturing core markets are saturating on the supply side, where a high degree of product commoditisation and revenue share from a consolidating supplier base can become an issue.

Controlling the experience

We strongly believe the winners in this highly competitive, re-regulated reality will be those who excel in customer experience and product differentiation. With control of the front-end experience, we can meet our brand promise and offer what's important for the customer. In practice, this entails a reallocation of resources towards R&D and innovation, including investment in acquisitions, to build these strong capabilities. This doesn't necessarily mean taking in-house every part of the product value chain, but it means being in control of the plans and activities that create a competitive and differentiated product experience.

With such a strong focus on transforming from a sales to a CX organisation, we're placing more and more importance on what our customers want and expect from us. That means knowing what matters to our customers. We developed a Delivery Model, as well as data tools that tell us which areas of CX are most important to customer loyalty. In addition, the acquisition of Relax Gaming (read more on page 28) will bring us a games-development capability to strengthen our product offering and increase our ability to differentiate the customer experience, while also allowing us to take full control of our poker and bingo products.

Watch & Bet: a first for online gambling

In April, we launched Watch & Bet, a new live-streaming feature that lets Unibet mobile customers bet on live sports while watching the action – with no interruption to their viewing. Presented with a live-odds overlay, this is an industry first. It will be available in most of Unibet's European markets, initially on the two biggest in-play sports: football and tennis. The launch was exclusively on our iOS app, and we have now extended the service to our Android and mobile-web customers.

Live sports betting is an increasingly important growth area for both the industry and Unibet, and Watch & Bet will dramatically enhance the user experience. We are basing the marketing of the service on three qualities: fast, easy and fun. Fast, because it enables our customers to see the action and react to it instantly; easy, due to the clever, intuitive design; and fun, because it offers a new way to enjoy live sports viewing and betting.

Kindred Sportsbook Platform

In February 2022, we announced our intention to extend our award-winning 'Kindred Racing Platform' into a full proprietary sportsbook, reflecting our strategic intent to own greater end-to-end control of the customer experience.

Alongside this news, we announced an extension to our current supplier agreement with Kambi, running to the end of 2026. The arrangement provides operational security while we focus resources on building-out our in-house Sportsbook.

As we extend our global footprint, we see a greater need to provide a locally relevant offering to our customers. The experienced team behind the Kindred Racing Platform are well into the technical process of expanding the platform.
Read more on page 29.

Kindred Racing Platform celebrates a third year of growth

Launched in the UK in 2018, our proprietary racing platform is designed to offer the best possible experience in horse racing, greyhound racing and trotting, and virtual racing. Now an industry-leading product, Kindred Racing Platform has expanded rapidly to support local growth in many markets around the world. In the last year, KRP took bets in 13 different countries, while turnover increased by 31 per cent, the number of active users rose by 24.5 per cent, and the number of bets placed grew by 19 per cent.

19%
growth in the number of bets placed

In November the horse racing product won the EGR award for horse racing operator of the year

Our strategy
continued

3. Increase our focus on our products and the customer experience (CX)

Relax Gaming – an acquisition to strengthen product differentiation and customer experience

In October 2021, Kindred completed the acquisition of Relax Gaming, buying the two-thirds of the total outstanding shares we didn't already own, having invested in Relax Gaming since 2013. Relax Gaming was one of the few remaining independent product suppliers in online gaming, and supplies us with a range of great products within casino, poker and bingo. With an impressive technology platform, the business is growing strongly, and its model is highly scalable, returning high margins for additional volumes.

Securing full control of Relax Gaming's product platform is an important part of our long-term strategy. It will enhance customer experience as it enables us to build on our existing products, and provide our customers with unique new content that sets us apart from our competitors. We will be able to develop our own proprietary product portfolio with more in-depth solutions customised for Kindred. Ultimately, it gives us more control of our casino, poker and bingo products.

The acquisition gives us a B2B arm to complement our existing B2C business, and thus a wider position in the value chain. It should also bring cost synergies, and so additional value for the Group. At the same time, it's a great opportunity to broaden Relax Gaming's geographical footprint. As we enter the North American market, we see significant potential for Relax Gaming as a B2B content provider.

Relax Gaming has a large and growing customer base and will remain an independent organisation. It will keep its own management team and Board, who retain a small part ownership, and the freedom to continue supplying other operators. We will support the company in cementing a position as a leading B2B casino supplier, by further strengthening its first-class product offer, and by further broadening its B2B customer base, which already includes global tier-one players, local monopolies and specialist operators.

A proprietary sportsbook enables long-term control

In February 2022, Kindred announced the decision to expand the award winning proprietary 'Kindred Racing Platform' into a full Kindred Sportsbook Platform (KSP), which Kindred markets will move to over time.

Our strategic intention is to move away from being a sales and marketing led business, towards a product and CX focused organisation. A key part of this strategy is having more control of our product suite, as explained in the case study about our acquisition of Relax Gaming to the left, and thereby being able to differentiate on content and product experience. It will also significantly increase our ability to achieve benefits of scale across our operations.

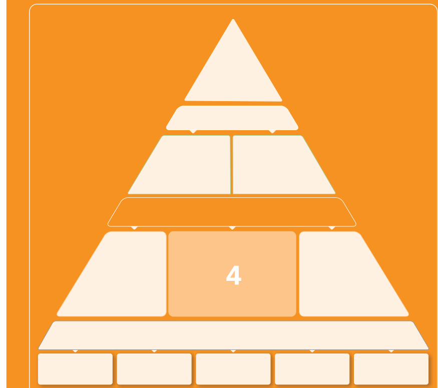
Since we launched the Kindred Racing Platform in 2018, it has outperformed on ambitious expectations and is now a significant contributor to our sportsbook offering. When we first started building the racing platform over eight years ago, we always had one eye on a possible future role in mainstream sports betting, so the foundation was laid some time ago for what we are working on now. It will come as no surprise that we are building on a lot of the well-worn principles from our racing platform, and with much of the backbone needed for sports betting already in place, we are well on our way towards having a competitive sports platform.

Overall, we feel strongly that reinforcing the connection with our customers by having that complete control over our product, both back end and client, is what is right for our business long-term. Additionally, we see our current and future partnerships evolving with our own proprietary aspirations.

4. A competitive advantage through excellence in compliance and sustainability

Our strategic enablers – the capabilities we need to succeed

We have a clear ambition to operate a sustainable business that thrives by adhering to local market regulations. In addition, we have a sector-leading approach to responsible gambling, an increasingly important focus for many governments as well as investors, customers and employees.



Market trends targeted:

- Local market regulation
- Digital entertainment and the generational shift

A sustainable business

Online gambling is subject to local regulation in an increasing number of countries, and we aim to thrive in these markets, and derive an increasing proportion of our revenues from them. While we may work to influence these regulations, once they are set, we adhere closely to them, and look to use them to create a competitive advantage. Aspects such as money laundering and responsible gambling are also on many government agendas, as well as being a focus for investors and employees, and for these issues we maintain a sector-leading approach.

We must balance the drive for revenue with the importance of corporate reputation, compliance and customer experience, and we are building a business fit for that purpose. A business that we can sustain, that moves proactively to solve complex compliance challenges, that contributes to improved industry perception, all the while being recognised by the public as a trusted provider of entertainment. Everyone at Kindred has a role to play in this.

Detecting suspicious sports betting

We work closely with all relevant stakeholders, such as law enforcement agencies and sports federations, to help eliminate match-fixing in sports. Trying to fix the outcome threatens the sports, entertainment and gambling industries, and we work hard to eliminate such criminal activity. Together with our suppliers, we monitor all bets placed to develop intelligence on suspicious or irregular betting, and follow a strict process in reporting it to local law enforcement, sports federations, and to the International Betting Integrity Association (IBIA).

Read more about this on page 72, and for information about anti-money laundering, page 79.

Compliance as a fundamental

The way we comply with regulations has a huge impact, regardless of the exact nature of the rules. Getting it right can be a source of significant competitive advantage. Therefore we put in a lot of work to ensure we excel at compliance, and maintain a number of systems that work in harmony. One is our Compliance Incident Process, which streamlines our approach to reporting incidents internally. Instead of reactive firefighting, we concentrate on the recurring root causes of incidents, making smart use of our data technology to avoid similar incidents in future. This dovetails with the Kindred Compliance Framework, which assigns who has the first line of responsibility for any given situation, creating accountability and transparency, and reducing the risk of issues getting lost in the system. The framework evolves as the business does, into new markets and activities. Finally, the Governance, Risk and Compliance Council is an acknowledgement of the complexity and scale of our business, decentralising the day-to-day work to those who report to the executive management, and establishing cross-departmental integration of the three functions in its title. All of the above is working smoothly, and evolving as a key enabler in strengthening the trust we have with consumers, employees, the public and politicians.

Making it a winner with customers

Regulatory restrictions that increase player protection must be regarded as a positive, but they do require us to take players through complex, cumbersome and often intrusive experiences and requests. However, solving these challenges is also an opportunity. The smarter we design customer journeys and touchpoints, whether for income or identity verification (see case study on pages 32 to 33), or a responsible gambling intervention, the bigger our advantage can become. We can win customers from competitors or protect them from unregulated offerings. What might look primarily like a compliance challenge, is also a commercial driver.

Validating our role in society

A related element to our strategy of compliance as a competitive advantage, is the one mentioned at the start, that of the perception of our industry. We acknowledge that, collectively, we are poorly perceived by elements of the media and public, which has the potential to affect relations with other stakeholders such as politicians and lenders, and is also the main reason for stricter regulation. While our direct control over regulations is limited, it is within our power to influence and shape the rules. Doing compliance well earns us the trust and legitimacy needed, as does our approach to responsible gambling.

At the same time, we must point out that the digital transformation of society has created the market ecosystem of online gambling we are part of, which is one of the few online sectors where Europe has a leading and pioneering position. We are a professional company, with high standards of compliance and governance, and strong data intelligence and consumer protection, creating high-quality jobs. The alternative is an unregulated black market, so the market needs a legal option. We are part of the solution.

To make these assertions requires an ambitious approach to corporate affairs, stepping up our engagement with relevant policy makers and other stakeholders. It also requires doing this on an industry-wide basis, becoming a leading force in uniting the industry behind a joint solution to our mutual challenge.

Journey towards zero

How do we improve the reputation of the industry, and influence policy? We differentiate ourselves through our sector-leading approach to responsible gambling. In February 2021, we started to communicate our Journey towards zero, by announcing the share of revenue derived from harmful gambling. We've set an ambition to achieve no revenue from harmful gambling by the end of 2023. Our aim is to raise awareness of how to prevent high-risk gambling in society and contribute to a fact-based dialogue on the matter. We update news of our share each quarter and publish it on our website.

How do we assess what's harmful gambling? Our Head of Responsible Gambling and Research, Maris Catania, co-published a peer-reviewed research paper that examines how published criteria for gambling disorder can be applied to online gambling behaviour. This forms the basis for the behavioural monitoring system used by our player-protection team. Our ultimate ambition is to make gambling safer and enjoyable for all our customers. For more information, see page 60.

Our strategy
continued

4. A competitive advantage through excellence in compliance and sustainability

Improving customer satisfaction

A major part of ensuring compliance – and our Journey towards zero revenue from harmful gambling – is verifying that every single player who registers is who they say they are, and has the means to play on our sites.

89%

satisfaction with the manual verification journey

Making the verification hurdle easier for customers

This involves customers having to upload identity documents. In Q4 2019, the manual verification process would generate our lowest customer satisfaction score, at 73 per cent. What's more, a staggering 32 per cent of manual documents were rejected, and only 45 per cent of those were re-uploaded, meaning we were losing a large chunk of potential players.

In 2020, in line with our strategic aims, we decided to start investigating this issue more deeply, to find ways to tangibly improve the verification experience. The overriding approach was to see this as a customer-experience imperative, rather than a compliance task. As a result of our data insights, we have invested a lot in digital onboarding technology to make a variety of improvements. These include prompts and written communications throughout the verification process – including visual 'how to' aids and explanations, and localised translations in some markets.

Customers love it...

The results have been impressive. At the end of 2021 we registered 89 per cent satisfaction with the manual verification journey, and reduced churn with a 20 per cent increase in document resubmission rates – and this is all on top of reduced complaints and queries about verification.

... and it's good for business

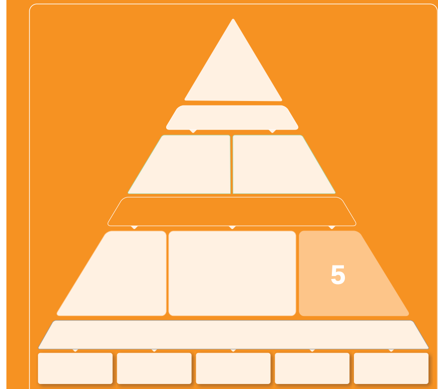
Each quarter, our Player Sustainability team needs to check documents manually due to address mismatch, and we've seen 222 per cent more engagement with our on-site verification banners. Through our CX Revenue Simulator – which we have developed to assess the monetary value of customer-experience improvements – we have estimated approximately GBP 1 million of added revenue as a result of improvements to our verification process.

Our strategy
continued

5. A scalable business based on a world-class platform

Our strategic enablers – the capabilities we need to succeed

Size creates opportunities to reduce costs and increase efficiency of an organisation. We will continue to focus on developing a scalable technical platform and an operationally efficient organisation.



Market trends targeted:

- A growing industry
- Local market regulation
- Opening up of the North American market

One efficient operating model

Our industry's ongoing shift towards locally regulated markets and stringent platform requirements is bringing many positives – such as stronger player protection, investor certainty and healthy competition. We can underline our strengths in these areas through our efforts to build a scalable and efficient organisation operating on one platform, and by continually evolving that platform to be world class. Bringing all Kindred's markets together, both technically and operationally, under one operating model, will lead to better security for customers, a more stable technology base, improved compliance, and a more effective way of working – all in a scalable solution.

Successfully managing increased complexity

A stable, secure and scalable platform across our markets will bring the following benefits:

- A one-platform solution makes it far easier to scale or simplify our differentiation strategy – multi-brand, multi-product and multi-geography.
- As locally regulated markets become more common, lean and efficient use of resources is critical to dealing with increased operational complexity, compliance costs and betting duties.
- As regulation increases, or as we enter new markets, we will be able to adapt quickly to evolving requirements.
- As we grow and acquire companies, we will be able to migrate new acquisitions efficiently onto our one platform.

Constantly improving

A constant focus on improving the effectiveness of our operating model – our processes, our systems and our organisational design – requires a broad shift in mindset towards smarter ways of working and solving issues through automation. Here are some of the technical – and human – initiatives that support our one-platform ambition.

Multi-factor authentication (MFA):
MFA is a necessity, and a crucial building block of the Kindred platform. It means we can ensure a completely safe and secure platform for our customers, underpinning trust in our products, processes and brands. With fraud attempts getting more sophisticated by the day, and regulations more complex, MFA ensures we can maintain customer integrity. Sometimes known as two-factor authentication, it is one of the strongest security controls for warding off attacks on customer accounts, and drastically reduces the risk of them being compromised. Essentially, MFA blends at least two separate factors, such as a password and fingerprints, or a one-time passcode to a phone. We already offer it in several key markets where locally familiar solutions are available, such as BankID in Sweden. We're introducing a generic, cross-market MFA option to add to the many other security controls we already have. Importantly, it's becoming a regulatory requirement for many markets, including New Jersey, where from autumn 2022, our customers will be able to opt in for two-factor authentication during registration, as well as on their account page.

Learn more about our cyber-security work on pages 68 to 69.

Kubernetes: The Kindred platform fully utilises Kubernetes technology to ensure a resilient solution for our customers. By migrating our platform to Kubernetes:

- our infrastructure teams can monitor and manage platform deployments and updates across brands, products and markets much quicker, delivering once, yet deploying everywhere
- it ensures we maintain the customer experience when traffic to our site and apps increases for big events, as Kubernetes automatically allocates additional resources
- we can add tools that provide additional security, resilience, performance and productivity gains, with aggressive timelines.

Accelerate graduate programme:
In September 2021, we took on our second annual batch of graduates for our Accelerate programme. We aim to be the employer of choice for young engineers in Stockholm and across Europe, to attract the talent we need for our one-platform strategy. Our graduates work full-time for six months in different teams, as well as working together as graduates on different projects and taking tailored learning modules. The programme contributes to our long-term ambition to grow and train our workforce to meet our growth targets. It's also a practical way for a junior engineer to enter a big company, while enabling us to hire people with fresh ideas and contemporary academic knowledge.

Our strategy
continued

5. A scalable business based on a world-class platform

Our proprietary platform will underpin growth in North America

With an initial focus on time to market, Kindred launched in the US operating on external technology.

The proprietary platform

Key to our ongoing success across North America will be the launch of our best-in-class proprietary platform, starting in New Jersey in the second half of 2022. We then aim for migration to all other live states during the following years.

A fundamental factor behind our success in Europe and Australia, our platform was designed by Kindred's tech teams to meet some of the Group's main objectives there, in a number of areas that are much the same in North America. As with different European countries, the regulations differ significantly state by state across the US, which puts pressure on the technology. Our platform is built purposely for locally regulated markets, designed to meet the differing requirements in every jurisdiction, and so allowing us to enter states with different regulatory requirements in a short period of time, which is a massive technological benefit. It also has a key focus on responsible gambling, with a wealth of features that can be a key differentiator in North America.

Plug and play

The Kindred platform is geared for multi-product and multi-brand operations, supporting our product and brand strategies. We can add new features once, and enable them for any or all regions, depending on the local market and regulations. The flexibility of the platform allows for fast and easy integration of these multiple products and features, whether casino games, payment options, customer care, responsible gambling or marketing functionalities. Our platform also gives us the flexibility to add new payment options faster, and differentiate ourselves with an all-round better payment experience for customers, as well as ensure all payment flows are within our system. In addition, we're able to adhere to the highest of standards, with the underlying people, process and technology being ISO27001-certified, all designed to help us improve the customer experience in North America.

Q3

Our proprietary platform will launch in New Jersey during Q3 2022

Operations diversified by brands, products and regions

A multi-brand approach

An effective multi-brand strategy means ensuring we have the right brands in the right markets, positioned to target different kinds of customers who have different needs. Our aim is to attract a larger and broader customer base in each market.

For markets that are regulated, in our experience the optimal combination is two brands, one sports-focused and one casino-focused. They each reach different types of customers, but with similar products, positioned differently. For example, customers who consider themselves sports customers may still play on casino products, but without necessarily choosing to visit a casino brand. Having three or more brands doesn't seem to help the average revenue per user (ARPU) overall, suggesting a cannibalisation of sales.

How our multi-brand approach supports our strategy

Growing our footprint Using different brands to attract customers with different needs brings us access to new customer segments, for example securing more of the addressable market≈for casino, which the Unibet brand cannot reach alone.

Increasing our share of wallet Customers tend to be active on more than one brand at a time, especially with casino, so multiple brands can achieve a higher overall ARPU.

Gaining economies of scale Spreading our investments in technology, data and our platform across multiple brands achieves efficiencies in marketing and operations for each brand.

Minimising risk Through a diversified portfolio of brands, we spread risk and avoid brand dilution of Unibet.

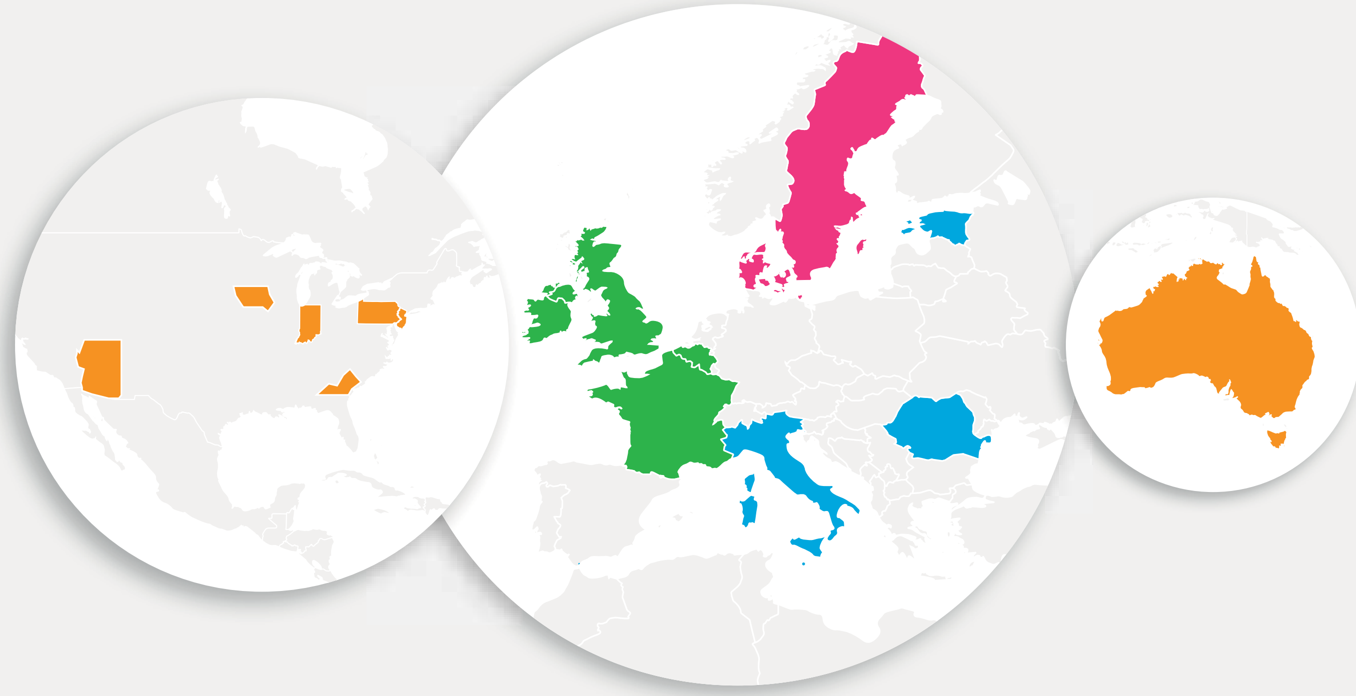
Seizing new opportunities A portfolio of brands brings the opportunity to test new ideas, trends, products or markets without affecting other brands and existing customers. It also allows us to adapt brands for local markets.

How it works in practice

Although there is no strict rigidity to the categorisation, we view our brands in three tiers to ensure more efficient operations. The Unibet brand is our strongest and most important asset, and our tier-1 brand, and we aim for it to be in the top three in each market. As such, we give it priority when allocating investment and resources, and in the service level it receives from central teams. The long-term aim is to have Unibet plus one casino brand in all markets where this is possible. These main casino brands in each market would be our tier-2 brands, often with a slightly more local approach to resourcing and investment. Tier-3 brands are those where we aim to maximise economies of scale by transferring innovations and successes from tier-1 and tier-2 investments, for the purpose of holding strategic positions in varied market segments.

Our regional diversification

We hold local gambling licences in a variety of countries across Europe and states across North America, as well as in Australia, with millions of registered players across these territories around the world. This diverse geographical footprint offers stability, as well as the opportunity to use our scale to transfer product, marketing and technical knowledge across markets.



Locally licenced markets

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

Nordics
- Denmark
- Sweden

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

North America and Australia

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

Australia
- Northern Territory

32Red: UK, Gibraltar, Ireland

bingo.com: Sweden, UK, .com

CASINOHUONE: .com

kolikkopelit: .com

MARIACASINO: Denmark, Sweden, Estonia, .com

OTTO KASINO: .com

STORSPILLER STORSPELARE: Sweden, .com

VLAD CAZINO: Romania

UNIBET

Europe: Sweden, Denmark, Belgium, Gibraltar, France, Estonia, Romania, Italy, UK, Ireland

Americas: USA

Rest of the World: Australia, .com

Our operations
continued

Diversified product strategy

Our multi-product approach complements the multi-brand approach. Sports income is seasonal to an extent, with a volatile margin due to the unpredictable nature of the outcomes, whereas casino and other games can provide the buffer, with a steady income throughout the year.

Sports betting

While we cover a wide array of sports, football accounts for the vast majority of our sports turnover and is the number-one sport in most of our markets. Key for customer attraction and retention is the perception that we have a wide range of betting options and offers. Racing is also an important product in certain markets, such as the UK and Australia (see case study on page 27), while esports is a crucial growth product that benefits from niche targeting.

Across the sports market as a whole, offering the best odds is a major driver while, in similar vein, uncompetitive odds is the main reason for churn. Often the odds offers and promotions are based on the sports teams we sponsor, and can be used to boost those relationships. Key to success is the in-play experience, and our point of differentiation is being able to offer more live sports content than our competitors, with better playback than other major streaming platforms. In addition, our Unibet customers can place bets without leaving the live stream, through our Watch & Bet feature.

Evolving our existing features – like BetBuilder, Cash Out and Combination Booster – and creating new ones, helps us stay competitive and respond quickly to trends. In addition, our free industry-leading predictor games enhance a player's experience and act as a retention and promotion tool. We also offer virtual sports (computer-generated animations) with fixed margins for customers to bet on, which by their nature prove to be a good cross-sell to casino games.

Casino

Our differentiation comes from offering a quality experience – we release only the games we believe our players will love, and we bring our commitment to responsible gambling to the fore. We work to meet customers' expectations for a personalised experience, across the product, and the 'lobby', where players can see the available games, as well as with our offers and communications, with our slot games tailored to players' profiles and preferences. Offering different languages helps support our more personal and local approach.

While we aim to develop more of our own content, almost all currently comes from leading game suppliers, and we work closely with them to ensure our players can be the first to play their games. Our 'live' casino experience offers Black Jack and Roulette tables, with tournaments, challenges and rewards in real time. Our 1,500+ slot games include classic and branded titles, with daily and hourly jackpots. Our overall aim is an entertaining experience, and we promote new games to players through additional incentives.

Poker

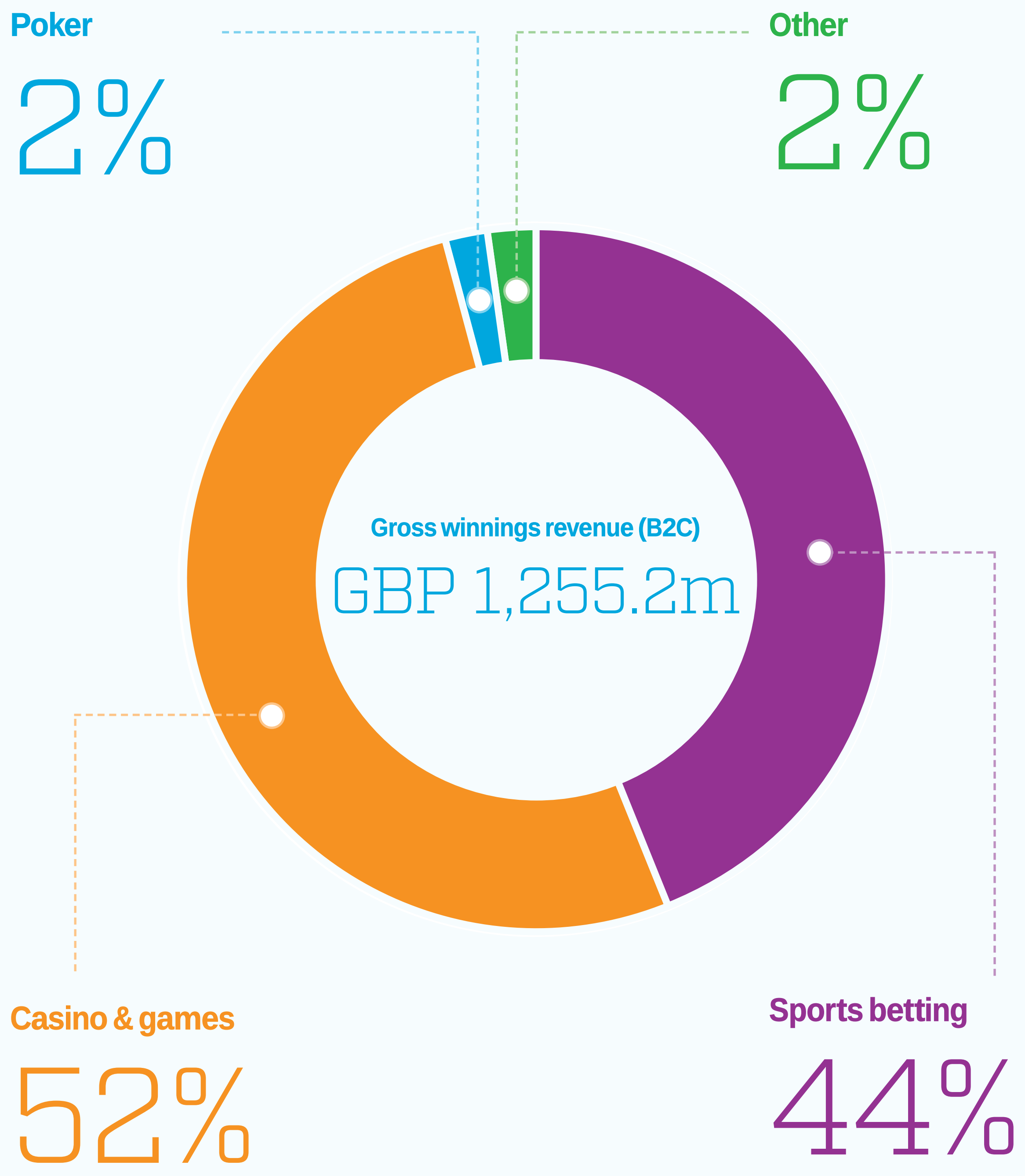
Our positioning in the market is to provide a fun poker experience in a secure community-style atmosphere, for recreational players to enjoy the skill of poker as if in a game with friends. Stakes range from EUR 1 to EUR 100, and while we challenge players, we aim to help them develop their poker skills through our expert poker ambassadors, who are active on social media.

Bingo and other games

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

A better customer experience

Our data confirms that customers who play on more than one product are more likely to stay with us for longer and be better customers. Therefore we take great care in how we position our products and cross-sell them, and offer all our products wherever possible.



Data-driven approach

We aim to be the most data-driven gambling company, measuring every action, personalising every experience and basing every decision on insight.

We use our leading data and analytics capabilities to establish measurement and insight within all business processes, provide access across the business to data and insights, and automate decision-making where possible.

We can divide our work into three broad outcomes:

Customer experience (CX) and product excellence: using our data and analytics capabilities to identify, predict and serve customer needs. We collect data about customers' every interaction with our sites and apps to understand where the customer experience works well and where it doesn't. We use these insights to help us decide what new features to develop and which existing ones to improve. Much of the customer experience is based on machine-learning solutions, such as our recommendation engines, which we use to personalise our casino and sports book lobbies. See case study to the right for further detail.

Marketing effectiveness: embedding measurement into all marketing investment decisions. We measure the impact of our marketing initiatives across all customer touchpoints to help optimise the return on our investments.

We use our data insights to determine what content and bonus offer to serve to a customer, and our real-time data capabilities ensure we serve these at the most relevant time for the customer. We are increasingly using machine learning to automate this process.

Legal, compliance and risk effectiveness: using data and analytics capabilities to automate processes and improve operational efficiency, handling increasing regulatory complexity without growing headcount. We use analytical techniques, including machine learning, to help:

- identify cases of money laundering
- identify fraudulent customer activity
- identify early signs of gambling disorder
- understand how customers use and interact with our responsible-gambling tools
- understand the effect of our responsible-gambling interventions on customer behaviour.

See our case study on pages 32 to 33, on player verification in the strategy section on compliance.

Stopping fraudsters in their tracks

Like other online gambling companies, we face a regular threat from people aiming to fraudulently exploit bonus and promotion offers for commercial gain. They use increasingly sophisticated methods and can quickly adapt their methods to evade our defences.

To tackle this, we developed our proprietary Fraud Detection Engine (FDE). The system contains a suite of algorithms that monitor customer activity in real time to spot suspicious behaviour.

The algorithms are a combination of rules developed with experts who understand the methods fraudsters use, and machine-learning methods that look for behaviour that's out of the ordinary. There are also algorithms that analyse multiple sources of data to try to link accounts that may belong to the same individual or syndicate. Everything takes place in real time, so as soon as we spot suspicious behaviour, the FDE sends alerts to our other systems for further investigation, and to prevent the defrauded funds being withdrawn.

Using data to understand what's most important for our customers

What keeps customers coming back is the experience they enjoy when they play, so we're placing more and more emphasis on what our customers want and expect from us, and what matters to them. But of course, there's so much more to the front end than meets the customer's eye, and building those underlying capabilities is vitally important to offering a personalised and relevant user experience. We've developed data insight tools that tell us which areas of the customer experience are most important to customer loyalty.

How we use customer feedback data to help us achieve our ambitions

Each year, we collect approximately 433,070 survey responses from our players, guiding us on everything from what they are most and least satisfied with, to how easy it was for them to get a query resolved. These surveys produce a strong set of data to help us track our KPIs. We also feed this data into our project plans, to ensure we are providing what matters the most to customers. We have developed award-winning tools in house, accessible to all employees, that tell us the areas of CX that are most important to customer loyalty. We've even connected the dots between CSAT score increases and direct revenue impact. That means we know at any given time which projects will create the most customer value and business value.

How do we know if it's working?

If we're prioritising the projects that matter most to our customers, we should see that reflected positively in our KPIs. Each of our teams has a set of health metrics whereby the cumulative impact of work within that team is likely to have an effect, and these are built into each team's KPIs. Year on year, our group-wide Net Promoter Score has grown 1.8 percentage points and our group-wide CSAT score has decreased 0.8 percentage points.

Communicating the improvements to customers

When we know we've been successful in improving what matters most to our players, we let them know, targeting relevant segments with the news. These campaigns get much higher engagement rates than our normal communications to players, and serve as a powerful reactivation tool for players who left us due to issues with an experience we have since improved.

433,070
survey responses from our players

App-first – today's approach to market

We need to be where our customers want us to be, and increasingly that is through apps. In fact, 70 per cent of all internet time is now in-app, and our US mobile offer is app only. Therefore we're adopting an apps-first mentality, a deliberate and decisive shift in the way we approach our markets, especially new ones. Fortunately, we are able to split all our customer experience and satisfaction data by channel, so we can understand and prioritise the improvements that matter the most to our app users.

Customer choice of four channels

A diversified choice of channels means our customers can play where they want to play:

Mobile app: our fastest-growing channel, taking share from mobile web, and vital to North American expansion. Use will accelerate with the inclusion of real-money gambling (RMG) apps in Google Play. Netherlands re-regulation will reopen a strong app-first market.

Mobile web: our largest channel but decreasing in share as customers move to apps; however, an important hedge against any future app-store risk (as mentioned to the right).

Desktop web: our legacy channel, decreasing with mobile growth, but still relevant, especially to more-informed gamblers. Opportunities as competitors reduce support.

Physical retail: through US on-premises sportsbooks and our Belgian casino.

Rich data underpins our approach

With rich customer experience and satisfaction data, segregated by channel, we can focus our research, resources, development and strategy on our app-first ethos. Rules for App Store and Play Store change from time to time, and we have to create different apps for each, so this is another factor we have to build into the development process. We now have 50 developers and testers in five development locations, and maintain 28 different apps, including hybrid, fully native and wrappers. With our iOS apps in many markets already, once Google opened the Play Store to RMG apps in the US and several European markets in March 2021, we've been able to improve our app coverage in many more.

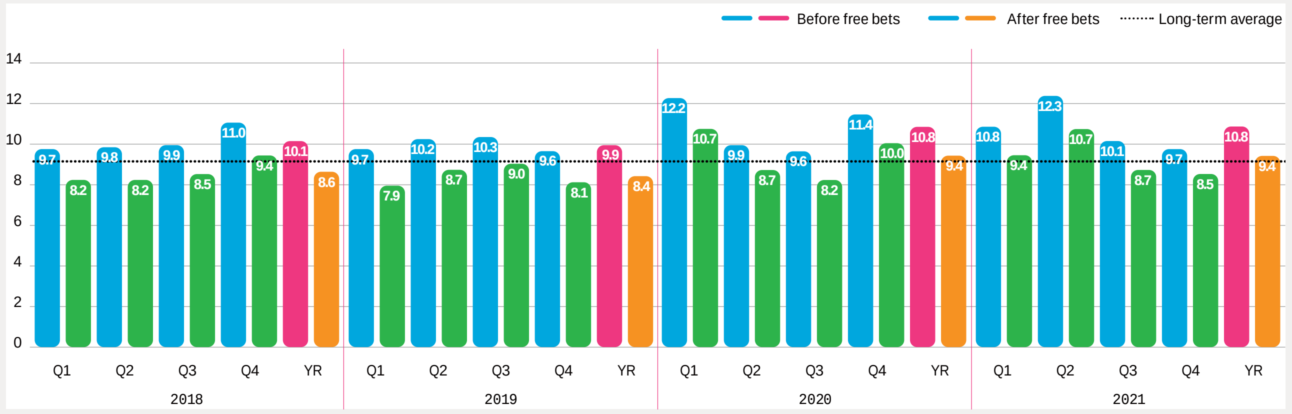
Financial review

Another record year for revenue and underlying EBITDA, as Kindred showcases the strength of its underlying business and its focus on scalability and strategic acquisitions.

Financial summary

GBP m	2021	2020
Sports betting	547.2	488.1
Other products – casino & games, poker and other	708.0	642.1
Gross winnings revenue	**1,255.2**	**1,130.2**
Other revenue	4.4	–
Revenue	**1,259.6**	**1,130.2**
Cost of sales	-506.0	-465.0
Gross profit	**753.6**	**665.2**
Marketing costs	-234.7	-203.6
Administrative expenses	-235.7	-234.0
Items affecting comparability	59.0	-21.8
Profit from operations	**342.2**	**205.8**
Underlying EBITDA	**332.1**	**288.2**
Underlying EBITDA margin (%)	**26%**	**25%**
Profit before tax	**338.4**	**193.1**
Profit after tax	**295.3**	**165.2**
Earnings per share (GBP)	**1.31**	**0.73**

Sports betting gross margin (2018 – 2021)



Total margin all products (2018 – 2021)

	2021 FY	2020 FY	2019 FY	2018 FY
Total margin all product segments – before free bets (%)[1]	5.0%	4.9%	5.1%	5.0%

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

Overall Group performance

2021 was another record year for Kindred Group, registering year-on-year increases across its key performance metrics, against the impressive 2020 comparatives. Underlying EBITDA was up GBP 43.9 million (+15 per cent) to GBP 332.1 million and earnings per share up by 79 per cent to GBP 1.31.

Despite the significant impact in the fourth quarter of the temporary cessation of activity in the Dutch market, the Group has increased its yearly active customers for its B2C business by 6 per cent to 3.4 million which has in turn helped to drive the 11 per cent increase in revenue from the prior year.

The Group has also continued focusing on building a scalable business model and identifying cost efficiencies in order to optimise its expenditure, with cost of sales and administrative expenses both increasing at slower rates than revenues and helping to contribute to the increase in underlying EBITDA and the increase in the underlying EBITDA margin from 25 to 26 per cent from the prior year.

The above growth is achieved despite the negative underlying EBITDA contribution of GBP 28.7 (2020: GBP 15.1) million from the US market. The US market continues to be a key strategic focus for the Group during the year and Gross winnings revenue amounted to GBP 25.2 (2020: GBP 23.8) million. The Group continues to invest in marketing which, despite contributing to a negative impact on underlying EBITDA in the short term, builds brand recognition, a sustainable active customer base and drives future market growth.

2021 can also be considered as a year of strategic acquisitions, with the addition of Blancas and Relax Gaming to the Group. These acquisitions will provide the Group with flexibility and diversification which are important for future business growth. More information on the acquisitions can be found in note 25 on pages 161 to 163.

Revenue

Total revenue in 2021 amounted to GBP 1,259.6 (2020: GBP 1,130.2) million. As well as the addition of GBP 4.4 million in other revenue from the Group's newly acquired B2B business, Relax Gaming, growth from the prior year was driven by Gross winnings revenue from its B2C business which continued to perform strongly and increased by 11 per cent.

The increase in Gross winnings revenue came from both the sports betting and casino & games segments, proving the success of the Group's diversified product approach. Gross winnings revenue from sports betting increased by 12 per cent and, with the sports betting margin after free bets of 9.4 per cent for 2021 landing in line with 2020 (see graph on previous page), the increase was wholly owing to increased customer activity and turnover. Revenue from other products (casino & games, poker and other) also increased by 10 per cent as prior year momentum for casino & games was somewhat maintained with COVID-19 restrictions continuing to impact offline activity during 2021.

The Group also continues to deliver on its strategic aim for sustainable growth from locally regulated markets, with Gross winnings revenue from these markets amounting to 62 (2020: 60) per cent of total Gross winnings revenue, a slight increase from the prior year. For the fourth quarter of 2021, this metric increased sharply to 77 per cent of Gross winnings revenue following the temporary cessation of activity in the Dutch market. This is expected to further increase in 2022, subject to licence application approval, on re-entering the Dutch market as the Group strives for its ambition to be a locally regulated operator and to generate sustainable profits.

Cost of sales

Cost of sales includes betting duties, marketing revenue share and other cost of sales.

Betting duties for the full year 2021 amounted to GBP 255.3 (2020: GBP 231.0) million. Although betting duties as a percentage of Gross winnings revenue can vary slightly due to market mix, the increase of 11 per cent from the prior year is in line with the increase in Gross winnings revenue and the fact that such revenue from locally regulated markets has only increased slightly. Overall cost of sales has grown at a slightly lower rate than total revenue as the Group achieves cost efficiencies within both marketing revenue share and other cost of sales, such as product commissions, thanks to its scalable operations and recent acquisitions.

Marketing costs

During 2021, marketing costs were GBP 234.7 (2020: GBP 203.6) million. Marketing costs have naturally increased from the prior year, following the temporary effect of COVID-19 on sporting events in 2020, and resulting lower marketing levels during 2020. With Euro 2020 taking place in 2021 marketing costs increased, as expected in key tournament years. The Group also continues to invest in marketing to drive future business growth, especially in the USA which is a key investment market. Although overall B2C marketing (including marketing revenue share within cost of sales) increased, B2C marketing as a percentage of Gross winnings revenue remains stable at 23 (2020: 23) per cent as the Group continues to focus on cost efficiencies in this area.

Financial review
continued

Administrative expenses

During 2021, total administrative expenses were GBP 235.7 (2020: GBP 234.0) million. This total includes the following:

- GBP 117.5 (2020: GBP 109.7) million of salary costs, with the increase from 2020 a result of the acquisitions of Blancas and Relax Gaming during 2021, as well as growth in headcount in selected investment areas across the rest of the existing business where we expect to see future benefit from further investment.
- GBP 69.3 (2020: GBP 63.7) million of other operating expenses, which increased from the prior year due to anticipated business growth, and the acquisitions made during 2021. The prior year comparatives were also lower than usual from the impact of COVID-19 on facility related costs.
- GBP 25.9 (2020: GBP 26.4) million of depreciation, spanning property, plant and equipment and right-of-use assets.
- GBP 23.0 (2020: GBP 34.2) million of amortisation. The significant decrease from 2020 is primarily relating to one-off costs of GBP 6.9 million in 2020 on discontinued brands, as previously reported, and assets from the 32Red acquisition in 2017 which were fully amortised by the end of the second quarter of 2020. Going forward amortisation will increase as a result of the amortisation of significant intangibles from the Relax acquisition, estimated at GBP 2.1 million each quarter.

Note 4 in the financial statements on pages 147 and 148 provides more analysis of administrative expenses, as well as items affecting comparability detailed below.

Underlying EBITDA

The definition of underlying earnings before interest, tax and depreciation and amortisation (EBITDA) has been updated in 2021 to remove previously reported foreign currency gains and losses on operating items, and the comparatives updated for ease of comparison. See note 30 on page 164 for further information. The increase of 15 per cent from 2020 to GBP 332.1 million in 2021 is testament to the growth in revenues and the Group's focus on scalability and cost efficiencies previously mentioned.

Items affecting comparability

The Group defines items affecting comparability as those items which, by their size or nature in relation to the Group, should be separately disclosed in order to give a full understanding of the Group's underlying financial performance, and aid comparison of the Group's results between years. In 2021, certain changes have been made to items affecting comparability and the relevant comparatives updated. See note 30 on page 164 for further information.

In 2021, items affecting comparability included the following:

- Personnel restructuring costs of GBP 1.0 (2020: GBP 4.2) million, with the decrease from 2020 a result of the previously reported operational efficiency measures which were predominantly carried out in 2020.
- Merger and acquisition costs of GBP 5.8 (2020: GBP 0.4) million, which in 2021 relate predominantly to the significant costs in connection with the Relax Gaming acquisition in October.
- The disputed regulatory sanction from the Swedish Gambling Authority of SEK 100.0 (GBP 8.0) million, recognised in 2020, which was reduced to SEK 50.0 million in 2021, with the reduction of the provision of GBP 4.2 million recognised as a credit to the income statement. See note 4 on pages 147 and 148.
- Other gains/(losses), with losses totalling GBP 9.7 (2020: GBP 1.4) million and primarily comprising foreign currency losses of GBP 8.7 (2020: GBP 1.4) million. These losses primarily relate to unrealised foreign currency differences from the retranslation of foreign currency current assets and liabilities, most notably the Group's significant cash balances.
- Gain on remeasurement of previously held equity interest to fair value upon obtaining control of GBP 71.3 (2020: nil) million. This is a non-cash fair value gain resulting from the Relax Gaming acquisition. In accordance with the relevant accounting standard, the Group was required to remeasure its previously held equity holding at the acquisition date to fair value. See note 25 on pages 161 to 163.

EBITDA and profit from operations

EBITDA for the full year 2021 was GBP 391.1 (2020: GBP 274.2) million and profit from operations for the full year 2021 was GBP 342.2 (2020: GBP 205.8) million, increases of 43 and 66 per cent respectively. The result was impacted by several key factors, as explained throughout this review, but significantly impacted in 2021 by the gain of GBP 71.3 (2020: nil) million on remeasurement of previously held equity interest to fair value upon obtaining control of Relax Gaming.

Net finance costs

Net finance costs (consisting of finance costs offset by finance income) amounted to GBP 5.2 (2020: GBP 5.8) million for 2021 and primarily comprise interest and fees on borrowings of GBP 4.6 (2020: GBP 4.9) million.

Profit after tax

Profit after tax for the full year 2021 was GBP 295.3 (2020: GBP 165.2) million, an increase of 79 per cent. If we exclude the fair value gain of GBP 71.3 million resulting from the Relax Gaming acquisition, the effective tax rate for the full year 2021 is slightly higher than the prior year. This is mainly due to more significant merger and acquisition costs during 2021, which are not allowable for tax purposes.

Other comprehensive income

Foreign currency losses on borrowings of GBP 8.7 million, reported in the consolidated income statement in 2020, refer to the revaluation of the Group's multicurrency facilities. On 1 January 2021, the Group implemented a net investment hedge relationship between its EUR and SEK multicurrency facilities and its foreign operations' net assets denominated in the same currencies. Accordingly, the foreign exchange differences on revaluation of the Group's facilities, where the hedge is deemed 'effective', were recognised in other comprehensive income as 'gains on net investment hedge' and amounted to a total gain of GBP 6.4 (2020: nil) million in 2021.

Other amounts reported within other comprehensive income, as 'currency translation adjustments taken to equity', 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 2021, remaining in a net cash position of GBP 87.0 (2020: GBP 104.7) million thanks to the continued strong results and cash flow generation in 2021. This is despite significant cash outflows in relation to two acquisitions, the 2020 dividend and significant share purchases during the year (as discussed in the following section).

The most significant non-current assets on the Group's balance sheet are goodwill and intangible assets. Goodwill has increased significantly during the year, primarily because of the acquisitions of Blancas (GBP 9.6 million) and Relax Gaming (GBP 154.7 million). Similarly, intangible assets, which comprise of assets acquired from business combinations as well as capitalised development costs, computer software and long-term gaming licences have also increased. Of the total increase of GBP 106.6 million, GBP 100.1 million is attributable to assets acquired from both the Blancas and Relax Gaming acquisitions. For further information on the movements in goodwill and intangible assets, see note 11 on pages 150 to 152.

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.

Aside from cash (discussed in the following section), the most significant current assets on the balance sheet relate to trade and other receivables and taxation recoverable. Trade and other receivables have increased as a result of new trade receivable balances for the Group following the acquisition of Relax Gaming, given its different operating model as a supplier of gaming operators. Taxation recoverable comprises corporate tax refunds due from tax authorities and the increase from the prior year is due to the timing of the receipt of these refunds. Although insignificant for 2021, the Group has entered into forward contracts at the end of 2021, which will be reported through the line financial assets at fair value through profit and loss going forward (or financial liabilities at fair value through profit and loss where necessary).

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

In November 2021, the Group signed a new EUR 216.7 million multi-currency revolving credit facility agreement with two Nordic banks. The agreement spans a three-year period, with a one-year extension option, and has an uncommitted accordion feature that permits, under certain conditions, an increase in total commitments up to EUR 325 million. At 31 December 2021, GBP 112.5 (119.0) million of the facility was utilised out of a total of GBP 182.1 (280.0) million. The total borrowings recognised in the statement of financial position of GBP 111.6 (118.3) million are reported net of the associated transaction fees which were incurred upon entering the facilities agreement and which are being expensed over its duration. See note 20 on pages 156 and 157 for more information. For more information on the movements in borrowings in the year, see the cash flow section.

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

Other financial liabilities at fair value through profit and loss relate solely to the contingent consideration recognised on the acquisition of Relax Gaming, as explained in further detail in note 25 on pages 161 to 163.

Trade and other payables amounted to GBP 162.2 (2020: GBP 166.3) million at 31 December 2021, decreasing from the prior year predominantly due to timings of invoices and payments. Provisions have decreased from GBP 17.6 million at the end of 2020 to GBP 13.4 million at the end of 2021. This is primarily the result of the reduction in the disputed regulatory sanction, explained further in the items affecting comparability section and note 4 on pages 147 and 148. Customer balances amounted to GBP 72.0 (2020: GBP 77.5) million at the end of the year. See note 19 on page 156 for more information.

Tax liabilities have increased by GBP 3.6 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 in relation to the development and acquisition of intangible assets. Intangible assets, excluding those arising from acquisitions, generally comprise development costs, computer software and licences. In 2021, intangible assets of GBP 34.4 (2020: GBP 20.7) million have been capitalised. The increase from the prior year is a result of increased capitalised development costs, as explained below, and additional costs of GBP 4.2 million for global exclusivity rights on several slot games, allowing these games to only be offered by Kindred, as well as gaming licences from the Group's continued expansion in the US market.

Capitalised development costs primarily represent capitalised salary costs for those working on the development and enhancement of the platform. In 2021, development expenditure of GBP 27.7 (2020: GBP 20.4) million was capitalised. The Group continues to invest heavily in the development of its platform, in order to deliver the best technology to its customers. Investment in 2021 has increased compared to 2020 in line with the employee headcount increases in the Group's Tech teams, and was also impacted by the acquisition of Relax Gaming and the development work being carried out within the Group's B2B business. During 2021, this development drove economic benefit through adapting to local licensing requirements, customer experience improvements, data analytics and information mining.

Cash flow

GBP 282.3 (2020: GBP 316.1) million in cash was generated from operating activities during 2021. Despite improved underlying performance (operating cash flows before movements in working capital increasing by GBP 47.8 million when compared to the full year 2020), the decrease from the prior year is primarily caused by movements in working capital and net income tax payments. Working capital movements were primarily impacted by the difference in activity between the fourth quarter of 2020, boosted by the impact of COVID-19, and the fourth quarter of 2021, impacted by the reduction in activity following the cessation of activity in the Dutch market. There were also significant variations caused by the timing of the invoicing and payment of costs at the end of each year.

Cash flows used in investing activities in 2021 were GBP 141.8 (2020: GBP 25.5) million. The increase in cash outflows from 2020 is predominantly due to the acquisitions of Blancas and Relax Gaming during 2021, and is boosted by the increase in capital investments, as explained above.

Cash flows used in financing activities in 2021 were predominantly impacted by share purchases totalling GBP 66.5 (2020: GBP nil) million as well as the payment of the 2020 dividend of GBP 74.5 (2020: GBP nil) million. There were no share purchases in 2020 and, as reported previously, the proposal by the Board to pay out a dividend during 2020 was withdrawn due to the uncertainty surrounding COVID-19. During 2020, there were also repayments of borrowings of GBP 115.1 million whilst the net impact from drawdowns and repayments of borrowings in 2021 was GBP nil.

The Group's ability to generate strong operating cash flows, together with the option to utilise the facilities it has available, gives flexibility for the Group to continue to consider a range of strategic opportunities and manage its liquidity accordingly.

Risks and risk management

At Kindred, we adopt a sensible risk-taking approach, which cannot be defined by one figure or formula.

We set the risk boundaries to align with the Group's strategy, values, policies, and company objectives. We continue to consider risks both individually and collectively to fully understand the risk landscape by analysing the correlation between risks. We then identify those that can impact or increase other risks and therefore are weighted appropriately.

Our approach depends on the type of risk, as follows:

- **Strategic risk:** Kindred carefully considers risks in pursuing the Group's growth and strategic ambitions.
- **Operational risk:** Kindred minimises risks relating to the implementation of the Group's objectives and is not afraid to take decisive action in our business operations that are designed to improve the customer experience.
- **Financial risk:** Kindred has adopted a prudent financing strategy to maintain sufficient financial headroom to continue investing in the pursuit of our strategic objectives. Kindred has also set very low tolerance levels with internal controls and financial reporting deviations.
- **Compliance risk:** Kindred strives for full compliance with all legal, regulatory and tax requirements and does not tolerate non-adherence to our corporate governance policies.

We have implemented the annual risk management cycle, which identifies key risks and developments that Kindred continues to address. This is done by making specific market risk assessments using bottom-up and top-down methodology approaches. Based on these assessments and an evaluation of the outcomes of risks already identified, we update the key risks.

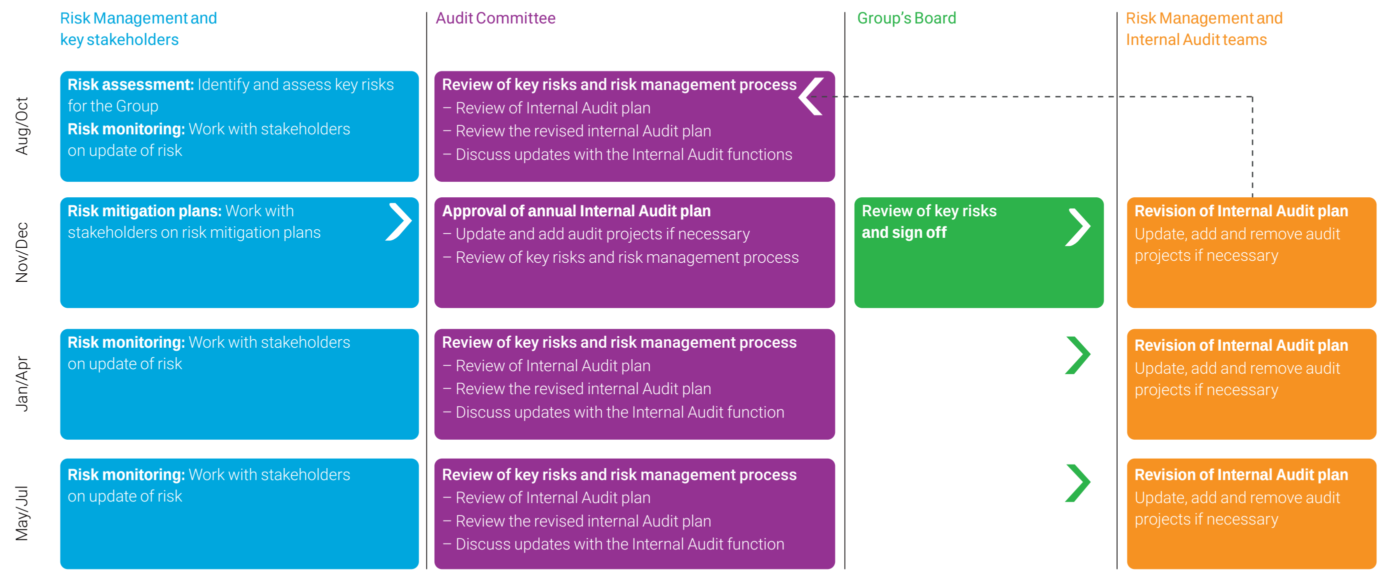
In 2021, we identified a number of risks which were classified and consolidated using a quantification method to weigh potential impacts and likelihoods of the various risks. In addition, they were benchmarked with our strategy, company objectives and markets (to include more general risks in the evaluation). The final key risk categories were reviewed by the Executive Management and approved by the Board.

During 2021, we monitored developments as an integral part of the performance management, internal controls and quarterly reporting cycles and then took the necessary actions to mitigate the identified risks.

While we focuse on managing existing risks, we always keep an eye on emerging risks and opportunities that can significantly impact our business. We also identified the increasing importance of information security and reinforced Kindred's operations against external threat. We were faced with home office situations across all offices due to the pandemic. This development led the Group to take actions from a governance point of view, including policy-setting, training, and specific reviews to strengthen the Group's networks.

In 2021, we worked with CEMAsys on a risk assessment to identify areas to mitigate as part of our commitment to the Task force on Climate-Related Financial Disclosures (TCFD) reporting and sustainability. The work that will be carried out in 2022 can create numerous opportunities by becoming more resource-efficient at our offices, creating internal stakeholder engagement, and, when possible, sourcing 100 per cent renewable energy.

Corporate governance model



Principal risks and uncertainties

The table below presents 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.

Increased risk — No movement in risk — Decreased risk

Compliance: Customer Compliance Management

Description

Kindred operates in multiple jurisdictions, and the operational work to de-risk customers has increased. The de-risking of customers with the least impact possible (retention based upon positive customer experience) while remaining fully compliant remains a priority.

Strategic Theme

Excel in Compliance & Sustainability

Mitigation Activities

Kindred has adopted a robust governance model and continues developing tools and automating processes to flag customers and take de-risk action at the appropriate time. Other controls include near-real-time alerts of risk indicators on customer accounts, a holistic customer data view, creating synergies between teams and departments, and educating and training employees.

Emerging Threats

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

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

Compliance: Regulatory Compliance and Governance Complexity

Description

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

Strategic Theme

Excel in Compliance & Sustainability

Mitigation Activities

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 or 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.

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.

Compliance: Tax and Tax-Related Risks

Description

Kindred operates in multiple jurisdictions and is subject to various national tax laws and compliance procedures, together with varying approaches taken by different tax authorities towards transfer pricing for cross-border businesses.

Strategic Theme

Excel in Compliance & Sustainability

Mitigation Activities

Kindred has a dedicated team stipulating internal controls to address tax-related risks. The department assists management in complying with tax requirements and monitoring the effectiveness of the internal tax-related controls as well as the tax position of Kindred.

Emerging Threats

Kindred is monitoring the international tax developments at the OECD and EU level addressing the implementation of the reform of the international tax system which aims at applying a global minimum level of taxation of 15 per cent to multinational enterprises from 2023. Kindred believes that a broad international agreement is necessary to deliver certainty and reduce the risk of unilateral measures being introduced by each jurisdiction. Although an accurate estimate of the financial effect, if any, of this proposed Directive cannot be made as yet, Kindred continues to monitor the developments on this reform.

Financial: Foreign Currency Exposure

Description

Kindred operates internationally and, in addition to GBP, is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Swedish krona, Norwegian krone, Danish krone, US dollar and Australian dollar.

Foreign exchange risk can arise through Kindred's daily operations, as well as in respect of significant assets and liabilities, including its credit facility when it draws down in currencies other than GBP.

Strategic Theme

Excel in Compliance & Sustainability

Mitigation Activities

Kindred's operating cash flows provide a partial natural hedge of operating currency risks, since deposits and pay-outs to customers are matched in the same currency. Kindred also matches the currencies of operating expenses to the Group's primary trading currencies where possible.

Kindred monitors currency exposures such as cash, customer balances, receivables and payables, and manages them within prescribed limits through the use of forward foreign exchange contracts, as approved by the Board of Directors.

Kindred uses hedge accounting to mitigate the risk of exposure to foreign currency movements on foreign denominated borrowings.

Kindred also continuously forecasts its future cash flows and will aim to draw down in currencies where it believes that the potential translation gains and losses arising may be offset by future operational cash flows in the same currency.

Emerging Threats

Because this is an externally driven risk, this is continually changing. External factors such as the pandemic or a potential sovereign debt crisis could have future impacts on the foreign exchange across our markets. The financial markets are currently experiencing high levels of volatility, and sovereign debt levels have reached record levels.

Financial: Odds/Trade

Description

The risk that Kindred will lose money on its business due to unfavourable outcomes or match-fixing on the events where Kindred offers odds.

Strategic Theme

Secure a strong core engine

Mitigation Activities

Risk management is the backbone of sports betting operations. Through its in-house expert resources and its Sportsbook supplier Kambi, Kindred adopts specific risk management policies that control the maximum risk exposure for each sport or event on which Kindred offers odds. The risk is spread across a large number of events and sports. The Sportsbook product is also subject to regular reviews to verify genuine play and placements of bets, making sure there is no indication of fraud.

Emerging Threats

Sports manipulation remains a constant threat, and Kindred remains committed to implementing further detection measures to mitigate such risk. Any suspicions will be directly reported to the authorities.

Operational: Cyber Threat and Information Security

Description

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

Strategic Theme

Achieve stronger scalability through operational efficiency and platform excellence

Mitigation Activities

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

More information can be found in our sustainability section, pages 69-72.

Emerging Threats

The increased pace of change in Kindred means we have to maintain the required culture and skillset to support our transformation initiatives. Externally, as customer behaviours and preferences change, we might have to accelerate or adapt our transformation programmes.

Principal risks and uncertainties
continued

Increased risk — No movement in risk — Decreased risk

Operational: Talent Attraction and Employee Safety

Description
Traditionally, our focus is on our strong expansion where Kindred is dependent on recruiting and educating new employees in various areas of the business. In addition, Kindred identified risks to grow digital tech capabilities that are a resource pool utilised by all major companies.

The COVID-19 pandemic and remote working have amplified the importance of addressing the wellbeing of Kindred's employees and the cultural changes it brings. With the constant changes, Kindred understands the risk of stress on its people, wellbeing and operations in general.

Mitigation Activities
Employee health and safety is pivotal. That is why Kindred has ensured to comply with local regulations across all our markets and emphasise employee satisfaction. Kindred deploys new HR initiatives to keep our people dedicated, motivated and aware of the importance of wellbeing and mental health. As a response to digital tech talent, Kindred established close connections with recruitment agencies and provides strong training programs.

Emerging Threats
The increased pace of change in Kindred means we have to maintain the required culture and skillset to support our transformation initiatives. However, the pandemic might make it more difficult due to the constant changes and opportunities within the employee market force, making it easier for potential employees to work remotely with big tech companies.

Strategic Theme
Secure a strong core engine

Strategic: Adverse Political and Regulatory Measures

Description
Adverse political and regulatory measures impacting our strategy could result in increased costs, create a competitive disadvantage or have a negative impact on Kindred's return on investment.

Mitigation Activities
Kindred actively addresses issues openly with policy makers and regulatory authorities to find mutually acceptable ways forward and create a sustainable regulatory environment that is aligned to customer demand and cross-border digital market reality. Kindred's compliance with existing regulations is embedded in the wider organisation.

Emerging Threats
Regulation is becoming geographically diverse with increases in protecting consumer behaviours further and fragmented regulation. Additionally, governments could seek to increase additional taxes to recover the costs of the pandemic.

Strategic Theme
Excel in Compliance & Sustainability

Strategic: Product Offering and Brand Reputation

Description
The quality of our product offering is key to Kindred's strategic objective of transforming Kindred into a Product and Customer Experience company. If Kindred fails to deliver against these objectives, it could be exposed to potential loss in revenues.

Mitigation Activities
Throughout the years, Kindred has built a strong reputation based on solid foundations, including the commitment to being a responsible partner focusing on compliance, safe gambling, player sustainability, and product quality. Kindred remains committed to creating a safe and secure gambling experience for Kindred's customers through its many brands. Brand reputation is in everything Kindred does and, to an extent, also ties to the industry in general.

Emerging Threats
The increased pace of change in Kindred means we have to maintain the required culture and skillset to support our initiatives. Externally, as customer behaviours and preferences change, Kindred might have to adapt to such needs constantly.

Strategic Theme
Secure a strong core engine

Strategic: 3rd Party Dependency

Description
Lack of control over the availability of external suppliers gives rise to the risk of either business disruption or sub-optimisation. As the industry evolves, the risk of supplier concentration increases; key suppliers acquire dominant or monopoly positions, creating a more significant dependency.

Mitigation Activities
Kindred mitigates the risk by largely reducing dependency on commercially viable single suppliers and working with multiple third-party suppliers. Kindred also works with various suppliers and exclusive content to diversify its product portfolio and have unique offerings to its customers.

Emerging Threats
The industry's pace of mergers and acquisitions continues to develop rapidly, notably in the US market with billion-dollar consolidation deals. Kindred needs to continue monitoring these developments.

Strategic Themes
Secure a strong core engine

Achieve stronger scalability through operational efficiency and platform excellence

Industry Specific: Negative Public Perception of the Industry

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

Mitigation Activities
Kindred remains fully committed to being a responsible partner and a leading actor in the ecosystem through several sustainability initiatives focusing on safer gambling and player sustainability.

Kindred also continues its commitment towards an open dialogue with regulators and its focus towards compliance, social responsibility, player sustainability and responsible gambling.

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

This includes ethically questionable (albeit legal) market behaviour by licensed operators which can hamper the industry's policy influence and lead to more restrictive regulation.

Strategic Theme
Excel in Compliance & Sustainability

Operational: Climate Risk

Description
Climate-related events could affect Kindred's offices and data centres, and cause disruptions to Kindred's employees, suppliers, communities and clients. This can also lead to additional direct and indirect costs, including increased costs for improving office resilience and higher insurance premiums. This can also impact attracting new talent, customers and investors, among others.

Mitigation Activities
Kindred worked with CEMAsys on a risk assessment to identify areas to mitigate as part of our commitment to TCFD reporting and sustainability. While the work is ongoing, Kindred can benefit from several opportunities by establishing scientific targets across the Group, becoming more resource-efficient at our offices, creating internal stakeholder engagement, and, when possible, sourcing 100 per cent renewable energy.

Emerging Threats
Climate risks are on the increase and have become a global challenge. While there is no one-size-fits-all approach, every person and entity needs to weigh their options based on their own unique set of circumstances. Kindred is committed in playing its part.

Strategic Theme
Excel in Compliance & Sustainability

Sustainability

Shared responsibility for sustainable outcomes.

We are leading the way in transforming gambling, working to offer our customers a superior experience while helping them feel safe and secure.

In practice, it means earning no revenue from harmful gambling, excellent online security, looking after our people, efficiency, compliance and a superior entertainment experience for every customer.

Being the change

Our purpose is to transform gambling by being a trusted source of entertainment that contributes positively to society. Our way of working is shaped by our operating values, and rooted in our heritage of 'offering players a better and safer way to gamble'.

Global advances in digital technologies, and the expansion of the gambling industry, have presented gambling as new entertainment for a wider online audience. This is our operating context and, as it changes, we adapt to any new challenges, such as continuing to manage our impacts on the environment and society. See page 14 to 15 for more on how our business model creates value.

"I firmly believe that gambling can make a major positive contribution to our society and should only ever be a source of entertainment"

Henrik Tjärnström, CEO

Over the past 20 years, we have brought together some of Europe's most successful online gambling brands – creating one of the largest online gambling companies in the world. Our growth, diversification and regional presence are notable, but so is our commitment to change.

Retail betting and casino games have been available digitally for around 30 years, and the online industry is growing annually at around 11 per cent. In 2021, the online gambling market represented almost a third of the total global gambling market. In 2021, we have expanded within sports betting, poker, casino and games, and bingo. See more on pages 26 to 27.

Our customers receive high-quality and secure digital entertainment, through an average of 50.5 million transactions daily. This level of interaction offers us a huge opportunity to help ensure gambling reaches a stage of maturity where we generate no revenue from harmful gambling.

Our research, detection and control methods demonstrate leadership in responsible gambling, and we work openly with regulators, consumers and academics. In 2021, our sixth Sustainable Gambling Conference (SGC) focused on 'Safer gambling: a shared responsibility', and covered high-priority topics such as responsible gambling and integrity.

In addition, our employee engagement saw a boost in 2021 as we adopted a new hybrid-working model and increased participation in the All Employee Share Plan (AESP). Further, we continued with our vital work to ensure regulatory compliance and cyber-security integrity. This was complemented by progress on sending our carbon emission targets for independent verification and formal acceptance as science-based, and an ongoing focus on community impacts, such as improving mental health.

61.3%
of our procured electricity was from renewable sources in 2021

79.2%
of our customers adopt a healthier gambling behaviour after their first detection in our behaviour monitoring system

48
employee Net Promoter Score (eNPS)

Sustainability at Kindred: long-term direction and ambitions

Responsible gambling

Long-term vision	Ambition	Focus areas:
Make gambling 100 per cent enjoyable.	No revenue derived from harmful gambling by 2023.	– Player protection and education – Research-based approaches – Transparency – Collaboration.

Maintaining integrity

Long-term vision	Ambition	Focus areas:
Maximise integrity and fairness in everything we do by preventing malicious cyber activities against our platform and player accounts and by expanding detection of and education on sports-betting integrity.	By 2025 we aim to achieve zero unmitigated exploitable vulnerabilities and zero compromised player accounts.	– Player account security – Trust in the platform – Education and collaboration on sports betting integrity.

Running a compliant business

Long-term vision	Ambition	Focus areas:
Be ahead of what is expected by using latest technology and innovation to achieve excellence in regulatory compliance and customer service.	Eliminate repetitive incidents to ensure no unmitigated material compliance incidents by 2025.	– Compliance – Anti-money laundering – Anti-corruption – Speak Up.

Being Kindred

Long-term vision	Ambition	Focus areas:
To be one of the world's highest-ranked inclusive employers.	Increase the proportion of senior leadership positions held by women to 50 per cent, by 2025.	– Values and culture – Diversity, equity and inclusion – Improve data on all types of diversity.

Contributing to our communities

Long-term vision	Ambition	Focus areas:
Equip our communities with the knowledge and resources to build a better future by supporting research and projects and playing our part in combatting climate change.	Procure all our electricity from renewable sources, where feasible, by the end of 2023.	– Community engagement – Local economic vitality – Science-based approach supporting Paris Agreement.

Sustainability governance

We explain governance of sustainability management in our corporate governance statement (page 102). The Board of Directors is responsible for reviewing our systems and internal control for sustainability practices (see page 106).

The Group Chief Human Resources Officer has overall responsibility for sustainability, and all members of the Executive Management team are responsible for specific areas of the sustainability framework. Our Board of Directors is responsible for ensuring we have the intellectual and financial resources to ensure strategic and operational decisions integrate sustainability considerations, for long-term value creation. Our sustainability framework comprises a set of principles, policies and procedures that allow us to manage performance across the five key pillars of our sustainability strategy (page 55).

Our Sustainability Council and our Governance, Risk and Compliance Council work to ensure we consider sustainability risk and opportunity when we develop strategy, we continue to make progress on our sustainability commitments, and that we have the capacity to respond to stakeholders appropriately. The Sustainability Council is sponsored by the Group Chief Executive Officer, and meets quarterly. The Council reports to the Executive Management team and the Board of Directors. Our Sustainability Manager is responsible for specific sustainability activities. In addition, our Remuneration Committee oversees the sustainability linked remuneration policy.

Group-level sustainability management approach

Our management approach is driven by regulatory compliance and our sustainability policy, both of which are underpinned by our values (page 17). See our corporate governance statement for governance of sustainability (page 102). The approach for managing all impacts aligns with our strategy (pages 16 to 17).

We comply with the European Gaming and Betting Association (EGBA) Code of Conduct on Responsible Marketing. We report in line with the Science-Based Targets initiative (SBTi) and CDP (formerly the Carbon Disclosure Project), and we have aligned our reporting with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). We have also reviewed how we align with the European Union Taxonomy[1] on sustainable activities. We have retained some practices relating to employee health introduced in response to the pandemic, for example our hybrid-working model. We adhere to data protection regulations, ensuring we deal carefully with personal information, and explain how we handle customers' personal information and what rights they have.

The sustainability information in this Annual Report is in accordance with Global Reporting Initiative (GRI) Standards: Core Option. It covers the 2021 calendar year, and data relates to the year ended 31 December 2021. We prepare and organise all performance data in-house, and evaluate performance using our internal control processes, overseen in line with our corporate governance arrangements. Testing agency eCOGRA audited all data used to track progress towards our commitments, although the sustainability information is not subject to formal independent third-party assurance. We describe specific management components in each section as appropriate.

External accreditations

MSCI AAA

Carbon Footprint

ESG Transparency Partner Nasdaq

CDP score B

Great Place to Work certified in Australia and UK

Best Workplace in Tech in UK

Best Workplace for Women in UK

Our Sustainability webpages www.kindredgroup.com/sustainability

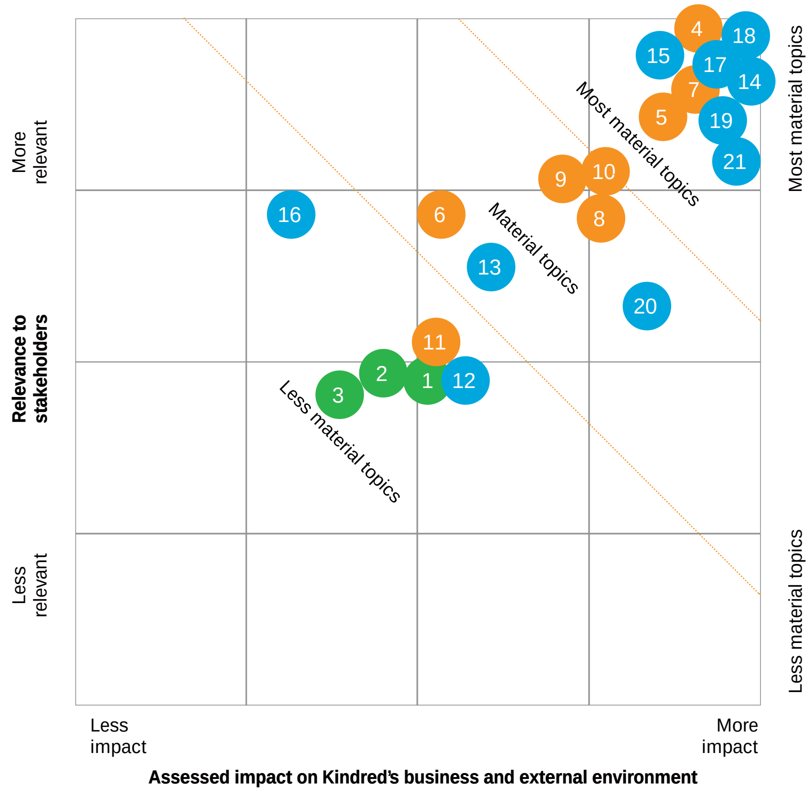
Our main corporate governance and sustainability policies www.kindredgroup.com/about/corporate-governance/policy-documents/?year=Policies

Sustainable Gambling Conference summary https://www.youtube.com/watch?v=eoUaZacbSjE

Materiality assessment

The selection of our material topics is governed by our materiality assessments (2017 and 2020), which provided a validated set of topics as shown in the matrix to the right. The assessment aligns with the materiality principle in the GRI Standards 2021 as well as with other recognised frameworks.

The assessment in 2020 sought an evaluation of the relevance and significance of more than 20 topics, factoring in external stakeholder priority and the impact of each topic on our business, as well as on the external environment and society. This involved interviews and surveys in five markets, with people from six stakeholder groups: customers, employees, owners, investors, business partners and industry associations (see table below). Page 14 of our previous Sustainability Report describes the outcomes of the stakeholder dialogues. A validation process involving Kindred management was used to review and ratify the assessment.



Stakeholder group	Material topics raised	Stakeholder dialogue
Owners and investors	– Responsible gambling and player protection – Ethical marketing – Customer data integrity	Interviews
Business partners	– Responsible gambling and player protection – Integrity in sports betting – Customer data integrity	Interviews
Employees	– Responsible gambling and player protection – Cyber security – Anti-money laundering	Web-based survey, interviews, workshop
Customers	– Cyber security – Customer data integrity – Anti-corruption	Web-based survey

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

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

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

1 This refers to an EU-wide unified classification system of environmentally sustainable activities that aims to eliminate inaccurate communications or marketing of financial products; the relevant regulation is designed to help investors and others to meet their disclosure obligations relating to investment assets.

Engaging with stakeholders

Alongside the external stakeholder engagement used in our materiality assessment, we interact with many people in our business operations. We know we cannot achieve our ambitions on our own, so we work with a diverse range of stakeholders to deliver progress on our sustainability strategy, and we continue to seek partnerships. Throughout the year, we run surveys, meetings and investor relations programmes, participate in industry seminars, and maintain contact through our customer support department and social media platforms. This helps us understand our stakeholders' views and how we can improve and create long-term value in a sustainable way.

Customers: satisfaction surveys, customer service communications, social media and other events allow us to track sentiment and opinion that help us create the best online gambling experience. In 2021 we had 433,070 responses to our customer satisfaction surveys.

Employees: employee surveys, performance review meetings, exit interviews and annual sustainability report development are some of the ways we track what people think of life at Kindred. This helps us attract and retain top talent, vital to achieve our responsible gambling commitments and our business goals. The Peakon survey achieved an 84 per cent response rate in 2021, while additional engagement on hybrid working and our AESP also took place in 2021.

Investors: ongoing engagement with investors, in line with listing requirements of Nasdaq Stockholm, helps their understanding of our strategy and performance. This includes individual meetings, the Annual General Meeting, webcasts and other online interactions as the primary channels of engagement.

Partners: we work with multiple partners, from the conventional direct business services to the expert specialists, such as gamblers with experience of harmful gambling, and other responsible gambling experts. Various forms of engagement take place, including standard contractual discussions through to benchmarking, training and participation at the annual Sustainable Gambling Conference.

Communities: we participate in the community in a variety of ways, including sponsorship of community projects, equipment donations, award programmes and annual awareness surveys. A flagship engagement event is our annual Sustainable Gambling Conference, which in 2021 welcomed regulators, researchers, therapists, industry representatives and other experts.

Contributing to the SDGs

The 17 UN Sustainable Development Goals (SDGs) are used to track progress to a more safe, secure, healthy, equitable and environmentally regenerative world by 2030. We have broadly mapped our operations to the goals, three of which are highly relevant, with four additional goals being moderately relevant. We have identified the targets within each SDG we contribute to the most, and have linked these to our own KPIs:

SDG 3 – Good health and well-being

Embraces the promotion of mental health and wellbeing. Our work on responsible gambling aligns well with this aspect of SDG 3. We track revenue from harmful gambling, customer use of control tools, the uptake of healthier gambling behaviour, the promotion of integrity in sport, and local community involvement. This also contributes to SDG 1 on eradicating poverty, and SDG 7 on affordable clean energy.

Materiality topic areas

SDG 8 – Decent work and economic growth

Embraces productive employment and decent work for all, equal pay for work of equal value, free of discrimination and inclusive of all forms of diversity. See Being Kindred (pages 80 to 83) on how our programmes on employee training, career development, diversity and equal opportunity align with this Goal. We track employee sentiment on employment conditions, and on Kindred as an employer. This also allows us to contribute to SDG 4 on quality education, and SDG 5 on gender diversity.

Materiality topic areas

SDG 16 – Peace, justice and strong institutions

Broadly related to eliminating financial and other organised crime and corruption. Our work on running a compliant business (pages 74 to 79) and maintaining integrity (pages 68 to 73) provide detail on our contributions to combatting money laundering, corruption and loss of sport betting integrity.

Materiality topic areas

Kindred United

As more colleagues continued to work from home, and face-to-face events became less common, our local Engagement Groups and Entertainment Committees merged to form our new Kindred United employee volunteer group.

Established in January 2021, Kindred United aims to find more creative ways of keeping our spirits high, recognising and rewarding colleagues, and staying connected throughout prolonged restrictions. Kindred United runs games and competitions, wellbeing activities, such as Afternoon Tea Talks, and lifestyle talks, such as a Financial Wellbeing Talk and Clinic.

With inclusion in mind, Kindred United members meet regularly to discuss how to improve employee experiences and inclusion in each location. They are also very active in the community, engaging our employees in community activities such as helping vulnerable people access food during lockdown, supporting a retired racehorse sanctuary, donating IT equipment and clearing litter for World Clean-up Day.

As more employees return to our offices, Kindred United will be instrumental in maintaining the engagement levels of employees who continue to work from home. Working closely with local management teams, HR, wellbeing champions, employee networks and facilities, Kindred United will continue to support us in building an inclusive and world-class culture. Its contribution helps external recognition, such as being awarded the UK's Best Workplaces in Tech by Great Place to Work UK for the third year running.

Sustainability
continued

Responsible gambling

Our long-term vision is to make gambling 100 per cent enjoyable.

Our ambition

No revenue derived from harmful gambling by 2023.

At a glance

Target	By when	Progress	Completed (C) Ongoing (O) Behind schedule (B)
Openly report on the percentage of revenue derived from harmful gambling to show progress towards our 0% ambition.	End 2021	In Q1 2021, we started communicating the percentage of revenue derived from harmful gambling in quarterly press releases and on our website, together with detailed information on our methodology.	(C)
Make improvements to the current responsible gambling tool box to assist sustainable gambling.	End 2021	We are constantly exploring and evaluating how we can replicate tools to have a consistent approach across all our brands.	(O)
Academically place our player monitoring system, PS-EDS, through peer review and collaboration with external researchers.	End 2021	Completion expected in 2022.	(O)
Ensure we commit a minimum of 5% of each marketing budget to safer gambling promotion.	End 2021	In 2021, 4.2 per cent of our marketing budget was directed at safer-gambling promotion.	(O)

Key data

4.0%
Gross winnings revenue from harmful gambling.

62.2%
of our customers deposit less after their first detection.

896
researchers, regulators, operators and other experts registered to attend the online Sustainable Gambling Conference.

We want all players to enjoy the thrill, excitement and united community spirit that represent gambling at its best, without experiencing harm.

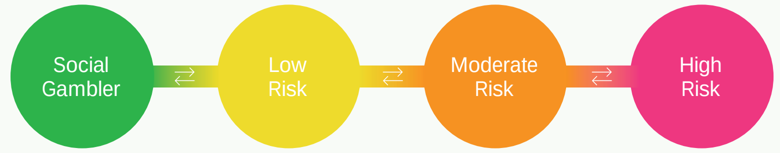
Our research into psychology, behaviour, and markers of harm help change gambling behaviour proactively, aiming to make gambling truly enjoyable for all players. This will help consumers avoid gambling-related harm, and reduce the negative social impact on those around them. It also supports regulatory compliance, and meets investor expectations. We work alongside our peers, regulators, researchers, and individuals who have experienced a gambling disorder. This leads to better transparency, science-based improvements to our systems and in the end, recreational gambling enjoyed by adults.

Performance 2021 – making gambling safer and more enjoyable

Around 98 per cent of Kindred customers enjoy our sports betting, casino and games responsibly. However, a small percentage of people experience harm due to gambling: physical, psychological, emotional and financial, affecting the lives of their friends and family. We continue to do all we can to prevent and minimise any harm caused by gambling. In 2021, we continued working with the scientific community and the care sector, sharing research data openly based on anonymised data that helps develop our technology. The results help us to ensure customers play safely, and that we comply with regulations and forge an entertainment culture based on a foundation of shared responsibility.

www.kindredgroup.com/sustainability/our-journeytowards-zero/

Actions for different risk groups, based on Kindred's Player Safety Early Detection System



No actions
Monitored by our player detection system as no markers of harm detected.

Proactive actions
Messages to encourage safer gambling tools; limits to control spending, time or taking a break.

14.8% of our customers use non-mandatory control tools.

Counteractive actions
Our team engages with customers using messages, e-mail, or calls to proactively support the use of control tools or take a longer break from our products or services.

79.2% improvement effect due to intervention.

Reactive actions
Different actions which range from a personalised call, or referral to third-party specialists, to help individuals with gambling-related harm. Those with markers of harmful gambling behaviour are excluded from all of our products and services and flagged to the relevant national exclusion scheme.

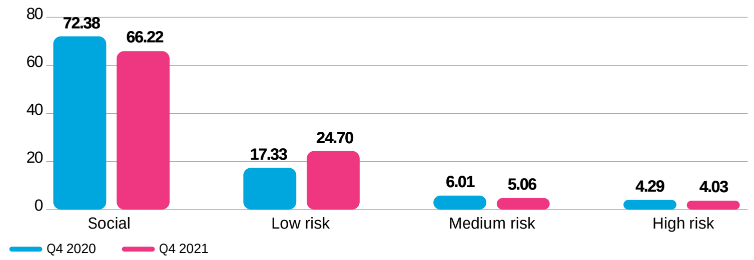
Journey towards zero

In 2021, we launched a new indicator to track Gross winnings revenue from high-risk customers. By the end of 2021, our share of revenue from harmful gambling was 4.0 per cent, down from 4.3 per cent in 2020. In this journey, we rely on total transparency: we openly report the Gross winnings revenue derived from harmful gambling, to show our progress towards zero by 2023. Kindred is the first operator to do this.

We also share our thinking, our methods, our research and the outcomes of our technology. Feedback on this has been positive. Our Sustainable Gambling Conference in October heard regulators' perspectives as part of a wide and contructive engagement on the matter. This was complemented by our expanded research collaborations and, once again, the experts with experience of gambling disorders who we rely on to test our approach and review our results.

Transparency is an important milestone, however, the percentage reduction is made possible through our constantly evolving technology and our diligent teams of experts, as described in the next section.

Share of revenue from customer risk level

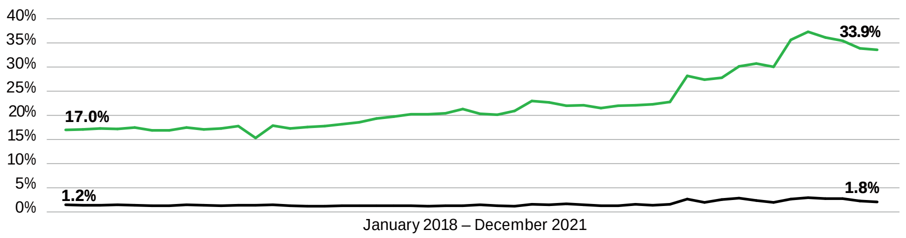


Sustainability
continued

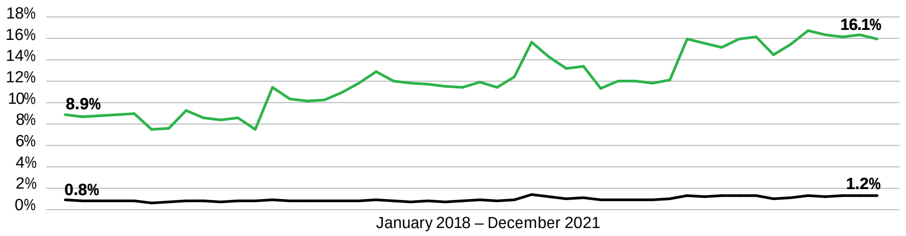
Responsible gambling

Our tools – usage in percentage of active customers		All customers % 2020	All customers % 2021	Customers detected in PS-EDS % 2020	Customers detected in PS-EDS % 2021
Deposit limits	Help our customers to stay in control of their spend	7.27	**9.04**	18.71	**34.49**
Reality checks	Help our customers to stay in control of their time with alerts at 30min, 60min, 90min intervals	1.79	**2.00**	2.09	**1.18**
Loss limit	Helps our customers control their gambling by setting a loss limit on any product	0.51	**0.65**	2.80	**2.56**
Self-exclusion > six months	Helps our customers stay in control by blocking access to their account for a set time period of more than six months or indefinitely	2.97	**3.93**	6.62	**7.17**
Self-exclusion < six months	Helps our customers stay in control by blocking access to their account for a set time period of less than six months	3.08	**4.00**	6.65	**12.70**
Product blocks	Let our customers take a break from specific products by restricting access for a set time period	1.39	**1.62**	5.71	**6.65**

Within customers detected in PS-EDS
Monthly % usage of self-exclusion (6+ months) compared to non-mandatory control tools (within all market active customers)



Within all market active customers
Monthly % usage of self-exclusion (6+ months) compared to non-mandatory control tools (within customers detected in PS-EDS)



Self exclusion — Voluntary control tools

The four gambling types, in detail https://www.kindredgroup.com/sustainability/our-journey-towards-zero/customer-risk-levels/

Digital tracking for customer protection

Through more than 20 years of technological excellence, we've been able to develop a digital profile of each customer's behaviour. Since 2012, our Player Safety – Early Detection System (PS-EDS) provides data that alerts our Responsible Gambling team if a customer shows markers of harm, such as chasing losses and winnings, declined deposits, reversed withdrawals, or excessive time spent betting or browsing our platforms. The technology applies an algorithm based on the fifth edition of a well-known mental health classification model called the Diagnostic and Statistical Manual of Mental Disorders (DSM-5). Combining DSM-5 with the widely-used Problem Gambling Severity Index (PGSI) has enabled us to evolve PS-EDS to blend behavioural indicators and financial criteria, allowing better detection of harmful gambling online.

In 2021, we improved the system even further by increasing the number of criteria we use from four to 24, with new criteria incorporating data from web analytics, risk calculations, and new data points. The outcome is better detection accuracy in the PS-EDS framework.

In October 2021, Kindred's Head of Responsible Gambling and Research, Maris Catania, and Professor Mark Griffiths, published additional peer-reviewed research on the thinking behind our behavioural monitoring system. The Player Protection team use the research on gambling disorder to identify potential markers of harm. See more on research collaboration below.

Once we know the behaviour patterns, and can identify when the customer starts to show signs of a gambling disorder, we can advise on, and provide, control tools, as described above left.

For more on how we identify harmful gambling https://www.kindredgroup.com/sustainability/our-journey-towards-zero/methodology/

Responsible gambling tools

In 2021, we increased the use of control tools to help all our customers, with a specific focus this year on the younger demographic (18-24 year-olds), for whom we have set up tailored approaches that have already provided benefits: early education on responsible gambling is an important part of our commitment.

If a customer shows signs of a gambling disorder, our expert Responsible Gambling team receives a message from the PS-EDS detection system. One of the specially trained analysts will decide the best approach to the customer: by e-mail, phone, or other communication tools available on our platforms. Where we detect a very high risk of harm, we quickly make contact with the customer; and we might also set limits on the account.

79.2%

of customers adopted a healthier approach to gambling after intervention from our Responsible Gambling team

In 2021, our team analysed 30,775 customer profiles in this way (2020: 26,997) and we sent 94,723 tailored messages (2020: 58,000). As a result, 79.2 per cent of these customers adopted more healthy gambling behaviour (2020: 76 per cent).

Nearly two thirds (62.2 per cent) of those we have contact with in this way deposit less, and 15 per cent set up a non-mandatory control tool in the following month. We list the tools in the table on the previous page.

Our research shows that voluntary approaches work best: self-regulation such as self-imposed limits is the most helpful tool, although self-exclusion may be the best option for some, available for anything between 24 hours and five years depending on the market. We always offer what local gambling regulation requires or recommends, and often go further, offering permanent self-exclusion and, in severe cases, closing the account ourselves.

We continually invest in additional control tools, including deposit limits and loss limits, or blocking certain products entirely. Also, our reality-check tool allows customers to receive a time check as well as a clear notification on financial gains or losses in a session. We also offer the well-known and free Gamban blocking software for anyone to use as they wish. It allows self-exclusion from over 30,000 online gambling websites (see box on page 66).

If a customer uses a control tool, they reduce their risk of harm; 14.8 per cent of our customers currently use at least one tool (2020: 12 per cent). Customers detected by our PS-EDS as being at risk of harm, and who we have contacted about their gambling, are able to self-regulate towards healthier gambling.

Finally, we are working on increased personalisation to enrich and tailor our approach to each customer's experience.

Human interaction

Our highly skilled Responsible Gambling team comprises dozens of full-time employees under the guidance of our Head of Responsible Gaming and Research. The analysts work on follow-up interventions to PS-EDS detection. For each customer detected, they build a profile, collate all relevant online-gambling behaviour information, and any data that can help them improve their assessment of the risk. Once they have accounted for all aspects of the case, and the risk level applied, they decide on the best harm-reduction measures, keeping in mind that each player is different. The human interaction is vital as we further automate our processes, as machine learning evolves in the PS-EDS, and as the player experience becomes more digitised and seamless.

Responsible marketing

Our marketing and advertising aligns with responsible business principles and practices, while still differentiating us from competitors. Responsible gambling, player protection and ethical marketing are high priorities for us and our stakeholders. Against a backdrop of ongoing research into a gambling disorder, we adopt a precautionary approach that aims to minimise risk.

Bettor Time

Additional tools for the customer include Bettor Time, an externally developed app for customers of any operator. We worked with Zafty and Assissa Consultancy Europe to develop the app to help customers stay in control of their gambling by monitoring their use of gambling apps on any android device (iOS to follow). The system can monitor even very subtle changes in activity that might be an early warning of a problem: for example, a player who regularly bets for two hours on a Saturday morning who suddenly plays at midnight on a Tuesday.

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

Gamban https://gamban.com/

Applying the DSM-5 Criteria for Gambling Disorder to Online Gambling Account-Based Tracking Data https://bit.ly/3BX7ryH

Sustainability
continued

Responsible gambling

In October 2021, the independent testing agency, eCOGRA, conducted an audit of our adherence to the European Commission Recommendation of 14 July 2014 on principles for the protection of consumers and players of online gambling services and for the prevention of minors from gambling online (2014/478/EU). The audit found us fully compliant with the recommendations.

Central to our approach are the following fundamental principles:

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

60 seconds with Mark Potter

Mark and his lived experience of a gambling disorder

Please tell us about yourself. I am a 40-year-old ex-professional rugby player. I live in St Helens in the north of England. I work as a specialist adviser to the industry to take the problem out of gambling.

Please describe your relationship with gambling. Like many people, it began as a way to pass the time, but then I got a big win. I wanted to replicate that feeling, which ultimately led to unsustainable gambling and then onto a disorder through a lack of understanding and awareness of the risks (this is what we try to do through our training and education programmes: help people better understand the risks associated with harmful play).

What makes the 'lived experience' – as an educational device – so powerful? It is authentic. It gives us a real-life perspective, it 'humanises' the player account, and helps Kindred staff empathise as they work to promote responsible and entertaining gambling. It allows operators to find ways to spot the early warning signs of addiction, which is vital for Kindred's business model as well as for players and their families.

When it comes to responsible, or sustainable, gambling, what makes Kindred stand out? Alongside their technology, it's the Kindred team: those people can literally save the day through supportive conversations on the phone or by text. They have the best player detection technology. They care. They are transparent. The roots of this are the CEO and the Board. Kindred's business, I believe, is built on sustainability not profitability; and it is viable because shareholders are enlightened – even as Kindred expands, they see responsible gambling as a differentiator.

What's the strangest thing you've ever bet on? That's a tough one! It was the human mascot race in the middle of the recent cricket T20 finals day 2010.

We are always looking for new ways to promote products in a responsible manner. Following up our successful responsible gambling campaign in 2020 with Mika Häkkinen, our Know Your Limits campaign, and our responsible gambling messaging in boxing, in 2021 we added a variety of new initiatives:

- In Sweden, through 2021 to 2022, a thousand professional football players and their coaches are doing online training in player responsibility and safer gambling. The training comes as a result of collaboration between Unibet and Swedish Elite Football (SEF) and is a part of Unibet's sponsorship agreement for the two Swedish leagues, Allsvenskan and Superettan.
- In France, we are the first gambling operator to use responsible gambling messaging via pitch-side LED advertising space.
- In Norway, we work with Team Carlsen for Magnus Carlsen to be our 'Journey towards Zero' ambassador from 2022 onwards.
- In Sweden, for the third year in a row, 30 Swedish clubs and associations received SEK 30,000 from 'The 30/30-fund', a CSR project founded by Unibet and Henrik Lundqvist.
- In the UK, we go beyond what is required, dedicating over 30 per cent of our sponsorship to promoting and educating on safer gambling and mental health. This includes messaging on the front of athletes' shirts, in 30 per cent of our LED advertising space and on the centre canvas in boxing.

Marketing through affiliate partners

The approach we take to our marketing is applied to marketing conducted by affiliate partners. We must maintain control of all our marketing outputs and so we select affiliates carefully. They are bound by our strict terms and conditions, including advertising guidelines.

They must broadcast responsible gambling messaging and positions consistently: each affiliate controls how it is done, but it must be in line with the terms and guidelines.

We do not tolerate any affiliate breaching these terms and conditions, and we use web-monitoring services to scan third-party sites continuously to ensure our brands are promoted correctly. We verify the individuals and companies that own and operate our affiliates in a similar way to our customers. In 2021, we recorded no significant breaches of terms and conditions by affiliates or influencers. Terms and conditions and affiliate advertising guidelines are publicly available.

Collaboration for impact

Collaboration between researchers and operators can create a positive impact in responsible gambling. This year we have added four research papers as part of our in-house portfolio, including one on persuasive technologies by a PhD student. We are developing new partnerships in 2022.

Such depth of expertise informs our responsible gambling training throughout the year. We also complement internal seminars by working with people who have experienced a gambling disorder, to bring the whole topic to life for our teams. See Mark Potter's experience in the box on page 64.

Specialist training at Kindred

Kindred Academy provides training for all employees on why we take responsible gambling seriously, how it helps our business, and why it is the right thing to do. Subjects include:

- the psychology of why people gamble
- different types of players and their behavioural traits
- gambling addiction and its impacts
- our approach to player sustainability, detection, intervention and PS-EDS
- protecting young and vulnerable customers
- Responsible gambling tools available to customers.

On top of this, our specialist Responsible Gambling teams, as well as many other customer-facing colleagues, receive external training from expert partners, such as EPIC Risk Management and Gamcare.

Affiliate terms, conditions and guidelines available at https://kindredaffiliates.com/terms-conditions/

Responsible gambling

Our Gamban partnership: shared responsibility in action.

In early 2021, we took an important industry step as the first North America-based operator to offer Unibet customers in North America the ability to block online gambling sites across devices.

We have a long-standing partnership with Gamban, since 2017 in Europe and Australia. While there is no regulatory pressure for gambling operators to offer blocking software in North America, we elected to go beyond compliance to offer increased protection to customers around the world.

Gamban is the most effective self-help tool for restricting access to gambling sites and applications. Its primary purpose is to stop Windows, MacOS, iOS and Android devices accessing gambling, casino and other related sites and apps. It also connects to treatment providers for addiction recovery assistance.

"We are proud to be the very first operator in the US to offer inter-state protection to our customers and we strongly believe this will be an important step for the industry."

Maris Catania, Head of Responsible Gambling and Research at Kindred Group, and Gamban Advisory Board member

Sustainable Gambling Conference

Our annual Sustainable Gambling Conference convened experts from across the industry to share ideas on how operators can offer a thrilling gambling experience that is also safe and responsible. The theme this year was 'Safer gambling: a shared responsibility'. We welcomed a range of participants from a variety of leading organisations.

The delegates agreed that the industry's profitability, even its very existence, depends on becoming sustainable, that there is an ongoing need for coherent practices and policies to manage impacts, and that collaboration and sharing of best practice is strong.

Overall, it is imperative that the industry's reputation is upheld, and that misconceptions are tackled by promoting a more constructive and fact-based dialogue.

For more on the Sustainable Gambling Conference visit https://www.sustainablegambling.com/

Next steps, future commitments

In the future we expect to extend our player detection system PS-EDS so that the variables and markers it detects are as close to real time as possible. We expect to refine even further the communications on gambling behaviour, and evolve the assistance packages in line with the risk levels. We are already working on nudge concepts for harm reduction, as discussed at the Sustainable Gambling Conference, and we expect this and other refinements to be available to all customers.

Sustainability
continued

Maintaining integrity

Our long-term vision is to maximise integrity and fairness in everything we do by preventing malicious cyber activities against our platform and player accounts, and by expanding our detection of, and education about, sports-betting integrity.

Our ambition

Deterring malicious cyber activities on our platform and, by 2025, we aim to achieve zero unmitigated exploitable vulnerabilities and zero compromised player accounts.

At a glance

Tracking 2021 progress towards existing commitments

Target	By when	Progress	Completed (C) Ongoing (O) Behind schedule (B)
1. Cyber security and customer data integrity			
Help our customers secure their account by offering cross-market, strong authentication capabilities starting with Kolikkopelit.	End 2021	SMS-based strong authentication capabilities now present on Kolikkopelit, with expansion in preparation on all other brands.	(C)
Implementation of the zero-trust model within our Kubernetes infrastructure (production infrastructure). This model treats all users and resources as potentially suspicious, continuously requiring the validation of entities for each activity and each computing session.	End 2021	This project has been postponed to 2022.	(B)
Raise the external confidence and trust in the Group Computer Security Incident Response Team (CSIRT) by being accredited by an established party. Through this process, we share internal documentation and processes to show the maturity level of the CSIRT. This accreditation will allow the CSIRT to be a recognised entity that can be trusted and seen as reliable by other CERT or CSIRT, improving information sharing capabilities.	End 2021	Registration complete, accreditation audit completed early 2021. New, internal Network Intrusion Detection System, and a fully self-sufficient Security Operation Centre.	(O)
2. Sports-betting integrity			
Continue strengthening our foundations including internal and external training, as well as further collaboration with regulatory and sports governing bodies.	End 2021	Ongoing partnership with International Betting Integrity Association, European Football for Development Network and more.	(C)
Continue to educate employees, organisations and sports clubs on sports-integrity processes and procedures, using our commercial and corporate partnerships.	End 2021	Integrity training in SEF sponsorship and employee training.	(C)

Key data

86% of our customers believe that Kindred brands offer a trustworthy gambling experience

77 vulnerabilities identified, resolved and remediated through the Kindred Bug Bounty programme

10 employees appointed to certified Privacy Champions

Our cyber security and sports-betting integrity help us gain the trust of customers, the regulators and society. Protecting our operating platform and safeguarding customer data results in a safe and secure platform, vital to customers' enjoyment.

This protection is also crucial for investors, business partners, and peers as there is a general increased rate of cyber-attacks. Externally, we continue to collaborate in the fight to reduce risks such as perceived loss of honesty of sports events, reduced interest in gambling products, and breakdown of the entire sports-betting entertainment chain.

Performance in 2021 – continued security, continued trust

We continued to provide resilient platform cyber security that assures each customer's account is safe with us, while at the same time providing a superior customer experience. We continue our ongoing investment in SBI technology, governance and collaborations.

1. Cyber security: trust comes from a secure platform

Mature enterprise cyber security depends on high quality, active detection of risk and response to threat. We are steadily increasing trust in our platform by intensifying its resilience to threats, while maintaining excellent levels of compliance.

We want to ensure we are not held back by any delay in regulations compared to the pace of growth of cyber threats. As governments become aware of the scale of information-security risk, we expect significant new developments in regulations. So while compliance is vital, we need to go further in blocking cyber-attacks. Compliance is a natural by-product of a strong cyber security strategy. In 2021, we received no non-conformities relating to cyber security.

International recognition for data protection

Since 2019 we have maintained our certification to international standards, such as ISO27001, across all our main markets. It is the internationally recognised specification for an information-security management system, which demonstrates to all interested parties, including regulatory bodies, that our data governance is watertight. As a result of this, in 2021, we maintained licences and increased efficiency in our Group Security operations. This process is supported by our Group Data Protection Officer.

Maintaining integrity

In addition, in 2021 we continued the accreditation process required for the Computer Security Incident Response Team (CSIRT). In parallel, we continued to improve our detection capabilities via a new internal Network Intrusion Detection System, making our Security Operation Centre fully self-sufficient.

Towards zero exploitable vulnerabilities

If there is a security gap, then it can be exploited: cyber security is a never-ending process of defending against possible attacks on all fronts. For the attacker, it is a matter of picking a single weak spot to get in.

The key to cyber-resilience is to manage such vulnerability. We do this with a mix of automated checks and manual reviews. We continuously check and resolve vulnerabilities in line with service-level agreements accounting for the severity and exploitability of the weakness.

The results of this monitoring show that we compare well with our industry. We are on par with our major peers, and can claim to be more capable than most. In line with our peers, we detect tens of thousands of vulnerabilities, most through automated scanning. The most critical vulnerabilities are revealed by penetration testing and 'red teaming' (in-house hacking).

Bug Bounty – security assessments by hackers

Our Bug Bounty programme comprises specialist security researchers testing our platform, websites and services for exploitable vulnerabilities. If they find one, then we pay them based on its severity. In 2021, we expanded the scope of the programme to several new brands, including Unibet France and 32Red. Critical vulnerabilities are rare, but a bounty hunter who finds one can receive several thousand dollars. We have operated our Bug Bounty programme for three years and we are known for the competitive rewards we offer. We are also highly respected on the HackerOne platform, where we attract highly-skilled researchers.

Through the programme, we identified 77 vulnerabilities in 2021, seven of a critical nature, which we have resolved and remediated (2020: 61, two).

Red Team exercise: thinking like the attackers

Cyber-crime can be lucrative, and cyber-attackers can be skilled, organised and dedicated people. As well as our Bug Bounty programme, we have an additional group of specialist internal hackers, known as Red Team, examining our detection and response capabilities by adopting adversarial behaviour, aggressively attacking critical sensitive targets in any way possible, as unobtrusively as possible. The first assessments began in 2021, looking at two major scenarios which revealed several security risks of varying levels of significance. The analysis has strengthened our entire system and has provided new expertise on complex cyber security risks; it will continue throughout 2022.

Excellent player-account security

Our vision is to give our customers confidence that their player account on our platform is as secure as their bank account. With that in mind, it is our ambition to have no compromised customer accounts by the end of 2025.

To reach this ambition, we have deployed several controls aiming at detecting and blocking attackers. These include, among other measures, the following:

- Bot-fingerprinting, to detect who is visiting our site, whether this is a human via a browser or a web bot pretending to be human and accessing areas it should not be able to.
- Captcha, a test used in computing to determine whether a user is human.
- Smart rate limiting, to prevent malicious intent from a bot or a human by delaying interaction and drastically reducing the efficiency of any attack.
- Reused password detection, where account information is reused to attempt to access more important accounts, where further damage can be done.

During 2021, we laid the foundation for our new authentication technologies, allowing the deployment of key security improvements such as multi-factor authentication (MFA) on our Kolikkopelit brand. MFA is one of the strongest security controls in the fight against attacks on customer accounts, such as credential stuffing or phishing.

In 2022, we will continue to deploy MFA across all our brands. In the upcoming years, we will continuously integrate new features, allowing our customers to step up the security on their accounts. They will be consolidated in a dedicated security portal and check-up service.

25
sports betting events reported as suspicious

51
educational, fictitious phising campaigns sent internally during 2021

Containment in less than two hours

In 2021, part of one of the frameworks we use to build our platform was found to be publicly accessible. Most of the information at risk of disclosure was generic, but a small additional risk was found relating to more-sensitive data in the memory of a server.

This was immediately raised as an incident and contained in less than two hours. Forensic investigation showed the issue arose two weeks prior to the report due to a configuration error, but no suspicious activity was logged during this period.

Sustainability
continued

Maintaining integrity

60 seconds with Jamie Parfet

Real-life Q&A with an 'ethical hacker'

Please tell us about yourself. I'm from the US and live in Sweden. I am a Senior Cybersecurity Specialist at Kindred.

What is an ethical hacker? It's someone who has permission to hack into a device or system that they don't own. Hackers learn their trade using all sorts of internet resources and hands-on practice, but it takes a very long time to build up the experience necessary to make it a full-time job.

What are the main benefits of employing ethical hackers for Kindred's business? A team of ethical hackers can think like the attackers, to stay one step ahead of them. The cyber security team continuously tests system infrastructure and application security, using penetration tests and red team operations.

What motivates a hacker? Most hackers, including myself, are driven by curiosity and the challenge! That feeling is extraordinarily satisfying, persevering through countless hours on something, not giving up. Money is undeniably a big motivator as well, it can be quite lucrative.

What tend to be the most vulnerable areas in an online business like Kindred? Legacy systems and third-party integrations: when your core business has existed on the internet for more than 20 years, there's a decent chance that a few systems have been neglected or unpatched. It's important to have a comprehensive understanding of your assets and to keep them up-to-date.

How many times a year do you change your own banking/email/ streaming passwords? Never. I use a password manager to generate and store unique passwords, so if my email password is stolen, there's no risk the thief would be able to log in to my online banking, each password is unique. I also use multi-factor authentication as much as possible to further reduce the likelihood that someone could compromise an account if they somehow stole its password.

2. Sports betting integrity: trusting in sport

Sports-betting integrity (SBI) is an important sustainability focus area. If the result of a sporting event is pre-determined, then the integrity of sport is lost, and with it a large part of its meaning and appeal for fans. We also see that regulators and governing bodies are increasing their focus on SBI and becoming more active in monitoring and identifying suspicious behaviour.

Match-fixing is a criminal act and we are fully committed to fighting it by promoting regulated and healthy betting. We work closely with our stakeholders, notably our Sportsbook provider, integrity and industry associations and more, to ensure the highest levels of risk management and integrity. Our Sportsbook team and Sportsbook Integrity team work closely with our supplier to ensure we act swiftly when detecting suspicious betting activity.

Detecting and reporting suspicious betting activity

As a digital operator, we monitor all bets placed to develop intelligence on suspicious or irregular betting activity, such as when market prices exceed our assessments of what is reasonable. We work with local authorities, regulators, policy makers, law enforcement agencies and sports federations to eliminate this criminal activity. In the course of our business, and to promote responsible gambling, we verify every customer deposit, withdrawal and game. On detecting suspicious sports-betting activity, we follow a strict process: inform local authorities and the relevant sports governing bodies, and report the event to the International Betting Integrity Association (IBIA), a non-profit body of the regulated betting industry. We co-founded the IBIA in 2005. Today, the IBIA represents 50 per cent of the regulated commercial online betting market globally and works closely with the world's leading sports federations, such as the International Olympic Committee, FIFA and UEFA. You can find details on how it works on page 28 of Kindred's Sustainability Report 2020. Evidence from the IBIA Monitoring & Alert Platform serves as the basis for an informed policy approach. We regularly provide in-depth research reports and position papers to policy makers.

In 2021, we reported 25 instances of suspicious sports-betting activity to the IBIA (2020: 19).

Sports integrity partnerships

- Founding member of the International Betting Integrity Association (IBIA).
- Member and sponsor, Fair Sport 4 All.
- Member of the UK Sports Betting Integrity Forum, covering all sports governing bodies in the UK.
- Co-operating with Anti-Doping Denmark, the secretariat of the Danish national anti-match-fixing platform.
- Contributing to the national anti-match-fixing platform through membership of the Branschföreningen för onlinespel (BOS) trade association.
- MOU with the International Tennis Integrity Association.

Other ways of collaborating on match-fixing are by sharing our insights and knowledge. As part of our sport sponsorships, we work to include training and awareness building in the clubs we sponsor.

Since 2020, we have worked with the European Football for Development Network, in sponsoring the development of a programme to raise awareness and prevent match-fixing. The programme includes a website and a code of conduct for clubs and players. In 2021, the programme was expanded to include an online learning tool aimed at professional and grassroot players to test and improve their knowledge of match-fixing, including creating awareness of the dangers of match-fixing, how to detect signs of match-fixing and how to report any suspicions. We continue to sponsor Fair Sport 4 All to create awareness, share best practice and develop new educational resources and work to integrate this into our sport sponsorship agreements.

Next steps, future commitments

We will further enhance cyber security with the use of multi-factor authentication on additional selected brands, plus continued Red Team assessments and specialist hacking.

We continue to manage sports-betting integrity using detection technology and new collaborations on policy development and further education.

Sustainability
continued

Running a compliant business

Our long-term vision is to ensure we stay ahead of what is expected by using the latest technology and innovation to achieve excellence in regulatory compliance and customer service.

Our ambition

Our near-term ambition is to eliminate repetitive incidents to ensure zero unmitigated material compliance incidents by 2025.

At a glance

Tracking 2021 progress towards existing commitments

Target	By when	Progress	Completed (C) Ongoing (O) Behind schedule (B)
Expand employee awareness and knowledge of gambling regulations and internal policies, so all employees understand compliance matters related to their roles, while ensuring everyone participates in identifying and mitigating compliance risks.	End 2021	Extensive engagement work and outreach to the wider business, including presentations, town halls, and more. We also continued to embed the Kindred Compliance Framework across the Group. This is a core part of our continuous compliance programme.	(O)
Encourage a practice of inter-departmental transparency and support employees in investing additional time and resources to following-up compliance incidents, by growing internal collaboration within Kindred's Compliance Incident Process.	End 2021	We have achieved complete internal transparency and engagement around incidents and their resolution.	(O)
Reinforce the compliance and governance model by adopting a set of techniques and methodologies to measure quality in all present and future processes, to act as a foundation for a value-adding quality-management system.	End 2021	We are looking to extend this commitment to 2023 as we look to further align to international ISO standards including ISO 37301:2021.	(O)

Key data

62%
Gross winnings revenue from locally regulated markets

50.5
million daily transactions on average per day

22
regulatory audits with all open points closed

We reinforce our competitive advantage through compliance and responsible business practices. To retain licences and authorisations to operate, our operations must always meet the highest professional, compliance and ethical standards. With a strong legacy in digital services, we stay alert to changes in online commerce, and make compliance a central part of how we transform gambling, and how gambling is perceived.

We strive to ensure that our operations always continue to meet the highest professional, compliance and ethical standards.

150
employees in our expert compliance teams

Performance in 2021 – achieving compliance

European online gambling operators are highly experienced in the digital service economy. Indeed, Kindred conducts around 50 million financial transactions a day and provides regularly updated content at scale. As we follow our strategy (page 16), we continue to satisfy market regulatory requirements, uphold professional standards and integrate ethics into management effectively.

Compliance always front of mind

We must balance the drive for revenue with the importance of corporate reputation, compliance and customer experience. We are constantly adapting the business to be fit for its purpose and to help improve industry perception, all the while being recognised by the public as a trusted provider of entertainment. Everyone at Kindred has a role to play in this. While the Kindred Compliance Framework is front and centre, it relies on our people to detect risk and prevent negative impacts from uncontrolled events.

Compliance Framework

The Kindred Compliance Framework (KCF) continues to provide resources to support proactive and continuous compliance work and reinforces well-defined first-line responsibilities. The transparency and accountability under the KCF ensures a strong employee focus on regulatory compliance. As we develop and expand the KCF further, we create an emphasis on combined organisational and individual responsibilities. We have more than 150 employees in our expert compliance teams, who educate and update on all aspects of compliance. They are specialists in operating in strict adherence to local and international regulations.

These functions are overseen by the Governance, Risk and Compliance Council, composed of senior leaders and key stakeholders who enable the business to continuously adapt efficiently to regulatory changes and growing complexity to drive risk and compliance governance throughout the Group. Our compliance governance is built on internationally recognised standards including ISO27001:2013, ISO19600 and ISO37301:2021, while our policies convey expectations and guidelines for operating in a responsible and transparent way.

Running a compliant business

60 seconds with Angelina Sliwowski

Regulatory Compliance Officer

1. What takes up most time in a typical week? There is no typical week; for example, I may be providing regulatory guidance for a new bonus mechanism or advising on changes to a responsible gaming tool, preparing a licence application for a new market or undergoing an external audit with external parties.

2. Have you seen your work evolve as sustainability rises up the corporate agenda? The Regulatory compliance team is directly involved with Kindred's annual ESG audit conducted by a third party, preparing information so the auditors can measure and evaluate our progress towards meeting our sustainability ambitions. Also, the Regulatory Compliance team has a seat at our Sustainability Council, making valuable contributions from the distinct perspective compliance has to offer in a highly regulated industry.

3. How would you describe the relationship with regulators? Regulators are one of our most important partners; strong and open relationships are essential. Our approach is one of dialogue to build trust and ensure we meet expectations at all times. We can proudly say that Kindred has a solid report with local regulators in each of our regulated jurisdictions.

4. What was the most challenging part of rolling out the Kindred Compliance Framework (KCF)? Identifying and formalising the business compliance ownership and transposing it into the KCF was a key step. Because we are such a large organisation, finding the right stakeholder can sometimes be difficult, but having the KCF has now addressed that. It was also a very positive exercise that allowed us to raise awareness of this new way of ensuring compliance.

5. When you play board games, do you let your family bend the rules? Board games are a very serious activity in my family and there is no way I will allow rule bending! … a bit like defending the interpretation of a requirement with a regulator!

Compliance outcomes for locally licensed markets

We aim to ensure that in such a highly-regulated industry, all our operations continue to meet the highest professional, compliance and ethical work standards. Kindred is licensed in 18 regulated jurisdictions, including Sweden, United Kingdom, Malta, and other European markets as well as Australia and in the US. In 2021, 62 per cent of our Gross winnings revenue was derived from locally regulated markets (2020: 60 per cent). We have also successfully run 22 different regulatory audits and reviews across an international landscape, that in many cases represents a condition of our gambling licence. Maintaining a clean-sheet record is key to our commitment to excelling in compliance. These outcomes are testimony to our people and infrastructure at work behind the scenes.

Compliance infrastructure

The management systems and technologies we have in place demonstrate that we are legally compliant wherever we operate, and running a legitimate, valid and responsible operation. Since compliance is key to success, we have some 'fundamentals' in place for managing our industry-leading compliance work.

Fundamentals required for compliance

Throughout our business, there are people responsible for ensuring every aspect of compliance. In effect, compliance becomes a 'living entity', adapting and evolving. We have a compliance register, naming who is responsible for compliance in each jurisdiction. We convey regulatory requirements to senior leaders across all business areas, who are ultimately responsible for operating within the laws and regulations that apply. The KCF is built upon the provisions and principles of ISO19600, ISO27001 and ISO37301 and we are looking to achieve ISO certification for the latter by 2023. The compliance department is ultimately responsible, and they provide training tailored to each function, and based on existing best practice. It is mainly online, but we recognise the benefit of human interaction, which is the backbone of our compliance approach.

Resolving incidents

Our Compliance Incident Process (CIP) establishes a policy and procedure intended to detect and prevent compliance incidents while providing a framework to analyse root causes and related risks centrally. Its primary goal is to resolve incidents, implement mitigation measures and eliminate recurring root causes. The data produced by CIP provides valuable insight into the performance of internal controls and processes, and areas for improvement, while allowing us to set strategic KPIs and objectives.

The Governance, Risk and Compliance Council (GRC-C) oversees all matters relating to business risk, compliance, trust and quality throughout the organisation. The GRC-C is composed of senior leaders representing key areas of the business, based on input from those directly involved in the work. The GRC-C operates under a strong mandate to ensure early identification and mitigation of risk and safeguard progress on related work.

The quality of our work and the progress we make towards our objectives, are all independently tested, together with the applicable internal controls, through the 22 different annual regulatory audits and external reviews.

See also page 30: Excellence in compliance and sustainability

Sustainability
continued

Running a compliant business

Tax

We generate government revenues through the taxes we pay, and we stimulate economic growth through higher production and a focus on innovation as well as through direct and indirect employment. In 2021, we made a total tax contribution of almost GBP 316 million (2020: GBP 272 million). Kindred is determined to fulfil its global tax obligations by operating in full compliance with all local and international tax laws as well as OECD transfer pricing guidelines. We pay taxes in accordance with local regulations in all the countries we operate in. We manage tax costs and risks carefully, and by reporting and paying taxes as due, we have established a reputation for being responsible and compliant.

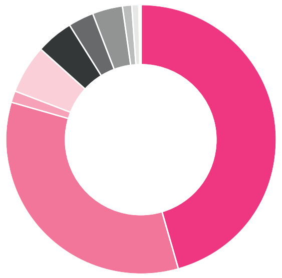
Generating government revenues through taxes*	2021	2020	2019
Nordics	**53**	39	32
Western	**202**	187	174
CES	**38**	26	15
Other	**22**	20	5
Group	**315**	272	226

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

Responsible procurement

Part of the underlying infrastructure supporting how we operate is our approach to procurement. While we are exposed to low levels of supply-chain sustainability risk, we purchase globally from a broad range of services and products. We aim to influence, where we can, the social and environmental standards of our business partners, suppliers and stakeholders. We apply our Supplier Code of Conduct to communicate what we expect from our suppliers regarding labour and human rights, health and safety, business ethics and the environment. We are carrying out our periodic review of our procurement-related sustainability impacts in 2022.

Total spend distribution by category of supplier (% share)



- Marketing **44.6%**
- Products **34.7%**
- Corporate **1.4**%
- Taxes and regulatory **5.7%**
- Tech services **4.8%**
- Consultants and contractors **2.9%**
- HR **3.8%**
- Other suppliers **1.2%**
- Professional Services **0.9%**

Policy downloads are available on our website https://www.kindredgroup.com/sustainability/downloads-and-resources/?year=Policies

795

reported suspected cases of money laundering to relevant authorities

Anti-money laundering (AML)

AML is an absolute priority for Kindred, and we keep improving our efforts to strengthen our AML framework through technological means and recruitment of specialised personnel. Our systems and controls are designed to identify customers that pose a risk of abusing Kindred's platform for the purpose of using illicitly gained funds, laundering money or funding terrorism across the various jurisdictions Kindred operates in. Money laundering and funding of terrorism is a criminal act, often with severe negative impacts for society.

Our e-commerce challenges are similar to those in banking. In 2021, we processed on average 50.5 million transactions a day (2020: 46 million). All were online and subject to strict anti-money laundering rules. A series of control systems monitor each transaction to determine risk. We require high-risk customers to provide information about their source of wealth and funds. Our AML expert team will seek to mitigate the risk through enhanced customer due diligence, and if a customer is deemed high risk and the risk cannot be mitigated, it will be escalated to the Group Money Laundering Reporting Officer (MLRO) and an official suspicious transaction report (STR) will be logged with the relevant authority if appropriate.

In 2021, we reported 795 suspected cases of money laundering (2020: 439) to the relevant authorities. Through 2021, our updated AML framework has been improving our detection capability using data-science models in monitoring and customer profiling, optimising our data and evidence gathering, and implementing a fully audited process.

All employees have annual AML training. The designated AML experts receive additional and frequent technical training on detecting and preventing money laundering. Our Group MLRO provides the CEO with regular reports on individual cases. The AML team is responsible for meeting the commitments in our global Anti-Money Laundering & Counter-Terrorism Financing Policy and Procedures, supported by research and other tools.

Customer identification

Customer identification is an important part of our AML work. National identification systems are used by customers to verify themselves on our site. Alternatively, customers can upload their ID-card details and other documents required. Furthermore, the level of due diligence increases proportionally with the customer's risk profile.

We integrate external affordability-information providers in the system, to provide a more accurate indication of whether a person actually can afford the activity on their accounts. Affordability indicators are an important tool, not only for anti-money laundering, but also for responsible gambling, ensuring no one is playing with money they do not have.

Fighting corruption

We do not tolerate corruption or bribery under any circumstances and require all employees to participate in regular anti-corruption and anti-bribery training. We enforce an employee-focused Global Bribery Policy and a Global Gift Policy to guide all employees. There have not been any reported breaches of these policies. This is supported by our Whistle-blowing Policy, described below.

Maintaining a transparent business

Employees have an important role in raising concerns about any form of malpractice in our organisation through Speak Up!, our whistle-blowing procedure, run by an independent agency. Concerns raised are reported quarterly to the Audit Committee, with one case reported in 2021. Both ongoing and closed cases are presented to the Board every quarter.

Next steps, future commitments

To allow us to deliver on our vision and keep our 'clean sheet' record, we will continue to expand employee awareness of compliance matters related to their roles, with an ongoing focus on the early identification of compliance risk.

A core activity in 2022 and beyond will be sharing best practice on compliance risk follow-up based on the outputs of our CIP, and continuing our alignment with the reuqirements of ISO37301.

We will also distribute, through 2022 and beyond, further information on techniques relating to working with a Quality Management System.

Finally in 2022, we will be repeating our training on anti-money laundering and consolidating our responsible procurement review.

Sustainability
continued

Being Kindred

Our long-term vision is to be one of the world's highest-ranked inclusive employers.

Our ambition

Achieve a 50:50 gender split in senior management by 2025.

At a glance

Tracking 2021 progress towards existing commitments

Target	By when	Progress	Completed (C) Ongoing (O) Behind schedule (B)
As part of our long-term ambition to achieve a 50:50 gender split in senior management, we will work to increase gender balance of senior leadership to 30:70.	End 2021	The gender split at Senior Management remains unchanged at 19:81 (19:81 in 2020), which is not satisfactory. However, our internal talent early indicators are positive. The internal succession pool saw a healthy increase from 15 per cent to an average of 35 per cent female across 2021. With extensive research into the availability of female talent, we have recalibrated our ambition of achieving gender parity to 2025 and invested in building a longer-term strategy to develop wider female talent pools both internally and externally.	(B)
Ensure that we embed inclusive leadership principles across the management group to expand availability of females in our leadership-development programme.	End 2021	Starting with a top-down approach in 2021, our Executive team completed an inclusive leadership programme and set commitments. Our Senior Leadership team then undertook their Inclusive Leadership programme. More than 50 per cent had completed the programme and set individual commitments by the end of October and the rest are scheduled to be completed by February 2022. This will then roll down to our management team.	(O)
Expand the sustainability element of the employee bonus structure to improve alignment with the sustainability framework.	End 2021	We have reviewed the current metrics, and have updated the responsible gambling metric to align to our 'Journey towards zero' ambition.	(C)
Evolve our employer-brand strategy and align to our purpose, to ensure we continue to attract key talent to support our strategy.	End 2021	We partnered with an external employer branding agency and delivered a project called 'the Kindred spirit' that articulates Kindred's employee promise and employer value proposition. This project consisted of material assessments, work groups, management interviews, live webinars and digital surveys.	(O)
Gather inclusion and equity data for all minority groups and work with internal employee networks to build a 2023 roadmap using this data.	Not set	In 2021, we enhanced our capabilities, engaged with expert advisers on best practices across our jurisdictions, and listened to our Employee Networks for their input into the approach. The revised HR system was online in Q1 2022.	(O)

Key data

67
nationalities represented in our employee group

47,125
employee hours dedicated to training

48
eNPS score (90 per cent GPTW)

As we expand geographically and commercially, our employees remain the constant force. The success of our company ultimately depends on building an inclusive environment for them to fully engage their skills and expertise to grow Kindred's performance. We will achieve our goals only if we can attract and retain the most talented professionals and be an employer of choice. In practice, this means embracing diverse perspectives, engaging with all employees, and cementing our culture of respect and personal development. 'Being Kindred' entails consolidating our successes so far and aiming for the highest standards of inclusivity: a skilled, diverse, and international team primed to achieve our purpose.

Performance in 2021 – nurturing success at work

To achieve our purpose and commercial strategy, in 2021 we focused our investment in recruitment and in training on diversity, equity and inclusion (DE&I). We continued to sharpen our focus on employee skills, matching customers' changing requirements, and ensured good communication with existing and future employees. The spotlight, overall, is on nurturing our culture: living our values, and being the number-one operator across all our markets.

Gender parity in senior management

The gender split at senior management remains unchanged at 19:81 (19:81 in 2020), which is not satisfactory. While our internal indicators are extremely positive, the external ratios and turnover rate at this level shows a bigger challenge than anticipated. Turnover is 5 per cent at this level, which, while positive for retention, poses a challenge in balancing the gender ratio. We have therefore recalibrated our ambition of achieving gender parity from 2023 to 2025 and agreed to review this annually, as well as to encompass other diverse groups as we build our data for ethnicity, LGBTQ+ and disability. In 2021, we continued to invest in building gender-balanced internal talent-development programmes and have widened the focus externally from pure attraction of females to include growth of external talent pools.

Diversity, equity & inclusion	2021	2020
All employees (% female)	**36**	35
Senior management (% female)	**19**	19
Executive management (% female)	**20**	20
Board of Directors (% female)	**29**	20

In 2021, we invested in extensive research to better understand our position in gender parity and consider turnover rates at this level, external availability of females and the gender ratio of internal successors.

High-potential development programmes

While 2021 brought continued challenges from COVID restrictions, we managed to run our Alchemy programme remotely. Our 2021 Future Senior Leader cohort consisted of 59:41 female to male. The delegates received modules from leading experts, and were able to build development plans supported by one-to-one coaching and cutting-edge psychometric tools. They were also able to connect with their peers to solve business challenges and raise their profile through mentoring from our senior leaders.

Through our research, we also identified a shortfall in successors at the level below senior management. Therefore, in 2021 we designed and launched a new programme – FuEL (Future Emerging Leaders), which was provided remotely. The cohort consisted of 30:70 female to male, and received coaching and mentoring support alongside learning modules targeted at the emerging leaders' level.

Through evaluation data and working with programme alumni, we have enhanced and developed these programmes for 2022, with a forecast increase in numbers of females.

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
continued

Being Kindred

External talent pools

In early 2021, we worked with a leading research company to investigate the availability of female talent globally, breaking down role profiles of senior management into different capabilities. This will help us cast the net beyond the gambling industry in the search for transferable capabilities. Some of our disciplines suit a gender-balanced target, but some are heavily male dominated. Therefore our longer-term strategy is to develop wider female talent pools externally in 2022. We are still committed to achieving gender parity, and we are now able to see which roles we will need to invest more effort in, to build diverse talent pipelines.

Establishing an inclusive leadership capability

In 2021, we focused on building this capability from the top down. One of the primary KPIs of this strategy was to increase the ratio of females identified as successors to senior management positions. Our initial selection process for the Alchemy in 2020 saw the ratio at 15:85 female to male. As a result of our inclusive-leadership programmes, we have seen a culture shift at senior-management level. The internal pool they identified as successors increased to 35:65 female to male across 2021, mirroring a growing rate of female talent pools.

In Q1 2021, our Executive team engaged in workshops with leading experts to create personal commitments to build inclusive-leadership practices in their functions. In Q2, our senior leadership team embarked on a three-part inclusive-leadership programme co-designed and run by leading DE&I experts and targeted on our current situation. By the end of October 2021, over 50 per cent of the senior leadership team had completed the programme and set individual commitments to support our strategy. The rest of the team completed the programme in February 2022.

We will continue to review our data and our commitments, and the programme will then roll down to our management team once we are confident that our senior leadership team has established inclusive-leadership capabilities.

Talent development	2021	2020
Average hours of training (per employee, all employees)	**19.86**	9.7
Average hours of training (per employee in senior management)	**30.78**	7.7

Our wider DE&I programme

As a tech business, we rely on growing and retaining solid subject-matter expertise. While it is critical we strive for diverse representation at leadership level, it is also imperative to ensure our network of subject-matter experts is balanced, to bring diverse thinking to how we innovate, make decisions and collaborate across our disciplines. Therefore, in 2021 we started to design a new programme aimed at our high-performing subject-matter experts. The Valued Expert programme is designed with the same strict diversity and selection criteria and the same opportunities for mentoring and coaching as our other programmes. The soft-skills elements are communication, collaboration and sharing knowledge. The learning element of this programme will be unique to the individual, will be run by external institutions and will be funded through a bursary.

In 2021, as a result of our Self ID and Safeguarding projects, we are now able to gather data from our employees on which groups they identify as belonging to. We can apply the same measures as we do for gender, to other employee groups. Our new categories include ethnicity, sexual orientation, gender identity and disability. Working with a leading global law firm as part of our Self ID project, we identified the wider set of demographics we are able to gather, and investigated the legal requirements in each country. We have configured our HR system so we can gather data from our existing employees and new starters. We will be taking a country-by-country approach, starting with the UK in Q1 2022. We have also invested in a better tool for real-time pay-gap reporting and will expand gender pay-gap reporting globally, from just in the UK. Eventually we will roll the concept out during 2022 across all demographics and their intersections. This will enable us to garner real-time insights on reward and remuneration in addition to our existing data, and enhance our DE&I strategy even further.

Hybrid working

In 2021, we rolled out our approach to hybrid working, having ensured we could provide the right framework and support for our employees: to work in the most effective and efficient way, while supporting each other in achieving our company objectives. We built a set of hybrid-working principles and embarked on building 'team charters' that set out how different teams will approach their work. We supported our managers with drop-in sessions and workshops on building an inclusive hybrid mindset, and continue to roll out training on how to manage in a hybrid world. We will continue to review our effectiveness as we gain more insights into what works best.

We currently have four employee networks at Kindred: The BAME Network, WomenKind, LGBTQ+ and The Disability and Neurodiversity Network. In their second year, the networks exist to ensure employees can get support and can have honest conversations on their work-life experience. All networks have committed to four overarching themes: educate, celebrate, support and include. Since their inception, the networks continue to grow and have been able to highlight areas of success in the organisation, but also areas that need improvement. They have been essential to enhancing a culture of inclusivity and ensuring employees can be their true selves at work.

Employee networks

4
employee networks

140
network members

14
DE&I network events carried out in 2021

An example of our networks' influence is WomenKind creating a mentoring scheme which pairs women with senior members of the organisation. We will continue to grow and develop our networks and create opportunities to celebrate intersectionality through bringing them together. In 2021, we had our first all-network event, which agreed how allies can support network members, and built a charter for how the networks can work together.

Culture Calendar

Recognising the importance of celebrating different backgrounds, cultures and beliefs, each year we plan global events for key dates in our Culture Calendar. The calendar is created with our employee networks, HR, our wellbeing champions, facilities and Kindred United to ensure the activities we plan bring a sense of inclusion for everyone. In 2021, we had a fantastic year of events, stories and educational sessions, adapted for hybrid working, including celebrating Black History Month UK for the second year running. This included inspirational talks from well-known black role models, and music and other events both celebratory and educational – reinforcing the importance of allyship.

The Culture Calendar has allowed us to highlight celebrations and mark dates that are important to our colleagues and friends, such as Diwali, Pride, International Women's Day, Mental Health Week and Disability History Month. The calendar continues to grow with requests to mark events that are important to our employees. We have also had employees from all levels – including our executive team – come forward to tell their very personal stories to raise awareness and remove stigma.

Events in the Culture Calendar are carried out across our offices with support from our Kindred United employee groups. You can read more about Kindred United on page 59.

Employee wellbeing

We want to sustain our organisation by sustaining our people, so wellbeing is an important issue. In 2021, we saw an increase in the need to support employees. We increased the number of mental-health first aiders and provided training for managers. Our executive team supported activity and raised awareness of the need to destigmatise mental health. We also work with our communities in this area, such as working with local mental-health charities that support the sports industry.

We offer an extensive package of benefits to support our employees' health and wellbeing, including private healthcare and a wellbeing allowance. We will always invest in this area and we have been recognised by Great Place to Work with an award in Excellence in Wellbeing over several years.

Evolving employee engagement

In 2021, we changed how we track workplace quality and employee engagement and switched from the Great Place To Work (GPTW) programme to Peakon, a tool to track the employee Net Promoter Score (eNPS). Our inaugural eNPS score is 48, broadly equivalent to 91 per cent on the GPTW scale (our 2020 GPTW score was 82 per cent). This broad GPTW score is complemented by increases in other scores from 2020 for the percentage of employees who feel that our corporate values reflect who we are today and for the percentage of employees who feel that they are treated fairly regardless of their gender, which is up two percentage points.

In 2022, we aim to continue building on the foundations we have, to open more lines of communication, and do more to support wellbeing and mental health.

Next steps, future commitments

In 2022, we will work to build external Gender Talent Pipelines for critical roles and enhance our Senior Leader selection process. We will also globalise our Gender Pay Gap reporting in real time and widen to additional demographics. We will continue our work to achieve a 30:70 gender split in Senior Management. Furthermore, we will work to strengthen our position for engagement and inclusion in the consumer industry (based on the All-in Index, Peakon, and other external benchmarks) and we will build a company-wide view of wider group demographics to inform our 2023 roadmap.

Sustainability
continued

Contributing to our communities

Our long-term vision is to equip our communities with the knowledge and resources to build a better future through enhancing wellbeing by supporting research and projects, and to play our part in combatting climate change.

Our ambition

Our near-term ambition to combat climate change is to procure all our electricity from renewable sources, where feasible, by the end of 2023.

At a glance

Tracking 2021 progress towards existing commitments

Target	By when	Progress	Completed (C) Ongoing (O) Behind schedule (B)
Ensure we integrate partnership with EFDN or we integrate engagement in other community projects in our sponsorship agreements to increase community involvement in our markets.	End 2021	The EFDN objectives are accounted for in sponsorships, such as the Swedish Elite Football league (SEF).	(C)
Increase the number of employees who use their sustainability days by 50 per cent, with 2019 as base.	End 2022	Deadline extended due to the pandemic.	(O)
Have renewable energy powering our offices in the locations we can.	End 2023	At the end of 2021, we met 61.3 per cent of our electricity needs with renewable power sources.	(O)
Have certificates for renewable energy to cover the whole Kindred Group energy consumption, including data centres.	End 2023	Certificates in 2021 cover 100 per cent.	(O)

Key data

B
Kindred retained its CDP (formerly Carbon Disclosure Project) score

30%
reduction in CO_2e emissions per employee

41.3m
GBP contributed to sports sponsorships and social partnerships

Over the past few years, we have supported the wellbeing of our communities, places and people, primarily by providing knowledge and resources. We want to play a part in our local communities, and believe we can do this through our sponsorships and by sharing knowledge and experience where we can add value. Looking more broadly at our impact on society, we believe in improving our energy performance in line with climate science, by improving energy efficiency and switching to renewable power.

Performance in 2021 – an ongoing positive contribution

We continued to contribute positively to society, and generated local economic impacts through sports sponsorships. In a virtuous cycle, strong communities mean healthier sports clubs, from grass-roots upwards. We want to be a trusted source of legitimate forms of community support, and we keep a constant look out for new ways to contribute, often led by sponsorships and other partnerships.

Contributing to our local communities

Many of our support initiatives are multi-year, working with various charities and sports clubs to reduce social disadvantage. Through our sponsorships, we invest in community programmes such as Team Talk, Hemmaklubben, and Go Racing Green, and we make charitable donations to relevant organisations such as HANDS and Gamble Aware. We also conduct and support relevant research under our Responsible Gambling programme, and provide engagement opportunities through the Sustainable Gambling Conference.

Our long-term partnerships include the '30/30 Fund' supporting various sports in Sweden such as ice hockey, handball and gymnastics, or Unicoach donations of GBP 1.2 million (SEK 15 million) annually to one of the largest youth academies, also in Sweden. Examples of our community investment projects include Team Talk on mental-health support, Au Coeur du Football for equipment donations, and our historic partnership with Swedish Elite Footbal (SEF). You can find further details on our website.

Other work in 2021 included groups of employees volunteering in various initiatives, for example, our ongoing work with Swedish NGO Nolla Utanförskapet ('End Exclusion') which works to increase access for young people to relevant tech skills such as programming. We will run our second full programme in 2022. Other projects in 2021 embraced diversity and inclusion in the community – for example, in Denmark, where our Unibet team, together with FC Copenhagen football club, celebrated WorldPride using an on-shirt design to emphasise human rights.

Two years ago, we initiated our partnership with Women in Racing (WiR) to raise awareness of the challenges working mothers face returning to work, including a research study to make recommendations to the industry. In 2021, we initiated part two of our partnership, which will achieve the recommendations made by the research.

We offer our employees three extra paid days of leave each year to support local communities. In 2021, 85 employees used these sustainability days to support various local projects (2020: 42). However, pandemic restrictions continue to affect the ability of employees to make use of their sustainability days. We aim to increase the use of these days again in 2022.

Support for a struggling club

As a sponsor, collaborations with football clubs can be a legitimate form of support that contributes to the club as well as the community. Through 32Red, we've worked hard to support Derby County Football Club in the UK. We brought forward sponsorship payments to help the club manage its finances, an affirmation of our commitment to the club and its Team Talk mental-health project, which supported 161 men in 2021. Finance and sponsorship from the betting sector is an important part of the financing of the English Football League.

Contributing to our communities

60 seconds with Tallulah Lewis

Chair of Women in Racing (WiR)

Please tell us about Women in Racing. We are a membership organisation set up in 2009 to boost the profile of women in the sport of horse racing, to encourage senior appointments across the industry, to promote the health of the sport, and to be an attractive sector for women.

What makes corporate community investment so exceptional, in your experience? While community investment comes from many sources such as governments, foundations and the public, knowing that we are supported by companies with a commercial investment in the sport is powerful: it shows they are invested in the long-term success of the industry.

And how does Kindred benefit from such projects? Sharing our research and data helps influence how Kindred interacts with its staff, on mentoring for instance, and supports Kindred staff over the long term.

More people are opening up to mental-health checks, and de-stigmatising mental illness – why is this happening now? It's to do with conversation: one person opening up makes others feel comfortable they can share their story, and receive the support as appropriate.

When did you first come across a community project, what impact did it have on your life? Before I became chair of Women in Racing I was a member. I really benefited from the support offered through its networking events and the mentor programme. I wouldn't be where I am today without that support.

Expanding our work with EFDN

We have partnered with the European Football for Development Network (EFDN) to use the power of sport to bring social change. Kindred is a community partner to EFDN, the first innovative platform for European clubs, leagues and FAs to cooperate on community and social responsibility in European football. With the support from Kindred, EFDN has been able to strengthen its support to its members and launch a new Florence programme which makes it possible for ill people to attend a match or visit a stadium from their home. Also, we continued through 2021 to ensure we integrate this partnership (along with other community projects) in our sponsorship agreements as a means to enable positive community impacts in our markets.

See page 73 in the Maintaining integrity section for more on EFDN

See page 60 for more on mental health of customers, in the Responsible gambling section.

Reducing our carbon footprint

Responsible use of natural resources is part of our positive contribution to society. We offer our products and services online only, but as a growing business, our absolute carbon emissions, while relatively small-scale, will also grow. We routinely carry out updates and reviews of energy contracts and site leases, make all employees aware of energy efficiency, and apply a precautionary approach to potential negative environmental impacts.

In December 2021, we continued the process to align our carbon-reduction targets with the Science Based Target initiative (SBTi), in line with the Intergovernmental Panel on Climate Change (IPCC) 1.5C and 2C ambitions. Our science-based analysis focused on cutting carbon emissions from our offices and data centres (Scopes 1 and 2), and from business travel, employee commute and more (Scope 3).

Following energy efficiency, we look to switch to renewable power sources where feasible, though in some locations specific characteristics of the energy system and market may limit the available options, for example in Malta. We will then look to offset hard-to-abate emissions, using an accredited third-party and through projects that meet the requirements of the Verified Carbon Standard. At the end of 2021, 61.3 per cent of our purchased electricity came from renewable sources. In 2021, we set new science-based targets. By the end of 2027, we aim to reduce absolute Scope 1 and 2 emissions (market-based) by 90 per cent (2019 base year). Allowing for distortions from the pandemic, we also aim to reduce our Scope 3 by 35 per cent, by 2027 (2019 base year). In 2021, we again offset our entire carbon footprint. As discussed in our risk section (page 49), we have developed our analysis and disclosures to enable our reporting to meet the requirements of the Taskforce on Climate-related Financial Disclosures (TCFD), set up by the UK Financial Stability Board. In 2021, we have also conducted an eligibility screening to the EU Taxonomy regulation and the EU Taxonomy Climate Delegated Act (EU) 2021/2139. This screening showed that three of our activities are taxonomy-eligible. See page 93 for an overview of taxonomy-eligible activities.

In 2021, we were pleased to maintain our CDP score of B[1].

Our greenhouse-gas emissions mainly relate to business travel, leased premises and third-party data centres. See the table on page 93 for further detail. In 2021, we reduced our carbon emissions per employee by 30 per cent (2020: 52 per cent). In 2021, business travel represented 10.4 per cent of our carbon footprint (2020: 42 per cent), and we recorded a 78 per cent year-on-year decrease in travel-related CO_2e emissions (2020: -76 per cent), calculated based on the market based approach. This decrease is mainly due to the pandemic. Also, following the launch of our hybrid-working policy, employees are reporting a good balance between productivity and flexibility in their working lives.

1 CDP is a globally recognised rating for carbon management in industry; its score indicates a company's ability to monitor, quantify and improve its carbon emissions; "A" is the best possible score.

TCFD detail can be found in the Risk Management section, page 49

See more on SBTi at www.sciencebasedtargets.org

Next steps, future commitments

Continued focus on community projects with key partnerships.

Expand Kindred United employee-volunteering initiative.

Sustainability
continued

GRI content index

This report has been prepared in accordance with the GRI Standards: Core option.

GRI Standard	Disclosure	Page(s)/ Response
GRI 102 (2016) General Disclosures	**Organisational profile**	
	102-1 Name of the organization	Kindred Group plc
	102-2 Activities, brands, products, and services	Pages 2-3
	102-3 Location of headquarters	Back cover
	102-4 Location of operations	Pages 2-3
	102-5 Ownership and legal form	Pages 102, 113
	102-6 Markets served	Pages 2-3, 10-11, 18-19, 22-23, 38-39
	102-7 Scale of the organization	Pages 2-3, 8-9, 12-13, 15, 44, 91-93
	102-8 Information on employees and other workers	Pages 91-92
	102-9 Supply chain	Page 78
	102-10 Significant changes to the organization and its supply chain	No significant changes to the organisation's size, structure, ownership or supply chain
	102-11 Precautionary Principle or approach	See sustainability policy on kindredgroup.com/about/corporate-governance/policy-documents
	102-12 External initiatives	Pages 56, 58, 62, 63, 73, 86-87, 92
	102-13 Membership of associations	Page 64, 66, 73, 86, 92
	Strategy	
	102-14 Statement from senior decision-maker	Pages 6-7
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behavior	Pages 1-2, 17, 30-31, 54-56, 72-73, 80-83, 94
	Governance	
	102-18 Governance structure	Page 56
	Stakeholder Engagement	
	102-40 List of stakeholder groups	Pages 57-58
	102-41 Collective bargaining agreements	Page 122. Kindred employees are not subject to collective bargaining agreements but are entitled to a series of employee benefits and channels of representation in the markets where we operate.
	102-42 Identifying and selecting stakeholders	Pages 42-43, 49-50, 54, 57-58, 65, 67, 73, 85-86
	102-43 Approach to stakeholder engagement	Pages 56-58
	102-44 Key topics and concerns raised	Page 57-58
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	The report covers the whole Kindred Group
	102-46 Defining report content and topic Boundaries	Page 57
	102-47 List of material topics	Page 57
	102-48 Restatements of information	We have revised the calculation process for our greenhouse gas emissions, previous figures are updated accordingly.
	102-49 Changes in reporting	Not applicable
	102-50 Reporting period	Inside front cover
	102-51 Date of most recent report	15 March 2021
	102-52 Reporting cycle	Inside front cover
	102-53 Contact point for questions regarding the report	Sustainability Manager anna.jein@kindredgroup.com
	102-54 Claims of reporting in accordance with the GRI Standards	Page 56
	102-55 GRI content index	Pages 88-90
	102-56 External assurance	Inside front cover, pages 56, 64

Top specific Disclosures

Material topic(s)	GRI Standard and disclosure reference	Page(s)/Response
Anti-corruption	GRI 103 (2016) Management Approach 103-1, 2 & 3	Pages 79, 92, 94, 105-107, 109-112
	GRI 205: Anti-Corruption 2016 205-2 Communication and training about anti-corruption policies and procedures	Pages 79, 122
	GRI 205: Anti-Corruption 2016 205-3 Confirmed incidents of corruption and actions taken	Page 79. No cases of corruption involving Kindred Group reported during 2021.
Anti-money laundering	Management approach and own indicator Suspected incidents of money laundering reported	Pages 79
Financial stability and Regulatory Stability	Management approach and own indicator Ongoing review of financial control, regulatory compliance and corporate governance integrity	Pages 74-76, 102-104, 105, 106
Fair competition	Management approach and own indicator Maintaining monitoring of compliance with fair competition rules	Pages 30-31, 40, 74-75
Tax transparency	GRI 207-1, 207-2, 207-3 (2019) Management Approach	Page 15, 18-19, 49-53, 57-58, 78-79, 102-112, 121, 148-150. Note, our detailed approach to tax is in place, however it is not a public document.
	GRI 207 (2019) Tax Disclosure 207-4 Country-by-country reporting	Pages 2, 8, 18-19, 39, 46, 58, 81-82, 90, 109-112, 129, 134, 140-142. We do not provide information on third-party sales, the data are not currently available due to commercial confidentiality clauses. Revenues from intra-group transactions with other tax jurisdictions: this is not applicable (in line with GRI Standards clause 2.3 on reasons for omission). Time period is 1st Jan 2021 to 31st Dec 2021.
Green buildings, energy management and responsible business travel	GRI 103 (2016) Management Approach 103-1, 2 & 3	Pages 49, 53, 56-58, 86-87, 92-93, 100-101
	GRI 302 (2016) Energy 302-1 Energy consumption within the organization	Pages 87, 93
	GRI 305 (2016) Emissions 305-1 Direct (Scope 1) GHG emissions	Page 93
	GRI 305 (2016) Emissions 305-2 Energy indirect (Scope 2) GHG emissions	Page 93
	GRI 305 (2016) Emissions 305-3 Other indirect (Scope 3) GHG emissions	Page 93
Waste management	GRI 103 (2016) Management Approach 103-1, 2 & 3 306-1 & 306-2 Management Approach 2020 306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts GRI 306 (2020) Waste 306-3 Waste generated	A waste management review found no significant waste impacts, including potential impacts of electronic waste. All waste is from offices, and handled by commercial service providers under licence governed by national regulations. We separate our waste for recycling in our main hubs. Our data show a waste total 12.9 tCO_2e in 2021 comprising residual office waste, paper and organic waste. This data includes figures based on estimates. We do not produce hazardous waste.
Environmental Compliance	GRI 103 (2016) Management Approach 103-1, 2 & 3	Page 56, 86-87, 94, 103
	GRI 307 : Environmental Compliance 201 307-1 Non-compliance with environmental laws and regulations	No non-compliance identified
Employee engagement, training and development, and diversity and equality	GRI 103 (2016) Management Approach 103-1, 2 & 3	Pages 49, 52, 56, 94, 101-103
	GRI 401 (2016) Employment 401-1 New employee hires and employee turnover	Page 91-92
	GRI 404 (2016) Training and Education 404-1 Average hours of training per year per employee	Page 92
	GRI 405 (2016) Diversity and Equal Opportunity 405-1 Diversity of governance bodies and employees	Pages 91, 98-101
Community involvement management	GRI 103 (2016) Management Approach 103-1, 2 & 3	Page 94
	GRI 413 (2016) Local Communities 413-1 Operations with local community engagement, impact assessments, and development programs	100% – all sites provide paid leave for employees to devote to community engagement, gender impact assessments, and employee networks providing engagement and worker representation on employmemnt topics such as health, safety, conditions, employee rights.

Sustainability
continued

GRI content index

Top specific Disclosures

Material topic(s)	GRI Standard and disclosure reference	Page(s)/Response
Responsible sourcing	GRI 103 (2016) Management Approach 103-1, 2 & 3	Pages 56, 94
	GRI 414 (2016) Supplier Social Assessment 414-1 New suppliers that were screened using social criteria	Pages 78-79
Responsible gambling and player protection	GRI 103 (2016) Management Approach 103-1, 2 & 3	Pages 7, 15-17, 31, 49, 50-53, 54-58, 61, 67, 72, 94
	GRI 416 (2016) Customer Health and Safety 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Pages 11, 60-63, 68, 73. No incidents reported.
	GRI 419 (2016) Socioeconomic Compliance 419-1 Non-compliance with laws and regulations in the social and economic area	Pages 74-79
Innovation	Management approach and own indicator Maintain investment and application of innovation in compliance, integrity and responsible gambling	Pages 61-63, 68-73, 75-76
Ethical marketing, product transparency and integrity in sports betting	GRI 103 (2016) Management Approach 103-1, 2 & 3	Pages 54-56, 65-67, 72-73, 94, 101-103
	GRI 417 (2016) Marketing and Labeling 417-1 Requirements for product and service information and labeling	Pages 63-67, 72-73
	GRI 417 (2016) Marketing and Labeling 417-3 Incidents of non-compliance concerning marketing communications	16 incidents have been addressed with immediate remediation and improvement work and where necessary also self-reported to the relevant authorities.
Customer data integrity and IT security	GRI 103 (2016) Management Approach 103-1, 2 & 3	Pages 32-33, 42-43, 51, 69, 94
	GRI 418 (2016) Customer Privacy 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2021, we have had two confirmed cases related to customer privacy. One case has been closed with no regulatory action and one is remaining under investigation.
	Management approach and own indicator Significant incidents of IT security breaches	Pages 68-71

Notes to the Sustainability Report

Note 1. Information on employees and other workers

	Total headcount	of which Permanent	of which Temporary
Women	629	618	11
Men	1,110	1,097	13
Total	**1,739**	**1,715**	**24**
Nordics	351	342	9
Western Europe	1,212	1,200	12
Other	176	169	7
Total	**1,739**	**1,711**	**28**
		Full-time	**Part-time**
Women	629	628	1
Men	1,110	1,107	3
Total	**1,739**	**1,735**	**4**

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

Note 2. Diversity of governance bodies and employees

	Age group <25	26-30	31-35	36-40	41-50	>50	Total
Board							
Women	0	0	0	0	1	1	2
Men	0	0	0	0	3	2	5
Executive Management							
Women	0	0	0	1	1	0	2
Men	0	0	0	0	4	4	8
Senior Management							
Women	0	0	0	4	6	0	10
Men	0	0	10	12	16	6	44
All other employees							
Women	44	129	180	130	98	36	617
Men	66	223	261	235	201	72	1058

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

Note 3. New employee hires and employee turnover

Employee new hires	Age group <25	26-30	31-35	36-40	41-50	>50	Total
Women	42	60	54	28	31	8	223
Men	71	83	71	54	36	10	325
Total	**113**	**143**	**125**	**82**	**67**	**18**	**548**
Nordics	4	15	22	14	14	1	70
Western Europe	103	105	78	48	40	11	385
Other	6	23	25	20	13	6	93
Total	**113**	**143**	**125**	**82**	**67**	**18**	**548**

Employee turnover	Age group <25	26-30	31-35	36-40	41-50	>50	Total
Women	25	38	34	22	18	3	140
Men	30	51	77	40	25	10	233
Total	**55**	**89**	**111**	**62**	**43**	**13**	**373**
Nordics	1	5	21	14	12	2	55
Western Europe	50	64	77	45	27	8	271
Other	4	20	13	3	4	3	47
Total	**55**	**89**	**111**	**62**	**43**	**13**	**373**

Hire rate	32%
Turnover rate	21%

The numbers in these tables are excluding Relax Gaming and Blancas NV.

Sustainability
continued

Notes to the Sustainability Report

Note 4. Average hours of training per employee category

	2018	2019	2020	2021
Average hours of training by gender				
Average hours of training per employee, all employees	14.48	12.24	9.67	19.86
Average hours of training per employee, women	17.66	14.74	11.56	17.60
Average hours of training per employee, men	15.64	12.11	9.40	22.88
Average hours of training by governance body				
Executive Management	9.67	5.61	8.41	7.22
Senior Management	32.82	10.25	7.69	30.78
Rest of employees	13.85	12.33	9.92	18.88
Average hours of training by function				
Commercial	11.99	9.03	6.82	7.34
Tech	10.95	11.87	9.77	36.19
Corporate	13.17	12.43	12.33	26.62
Product	8.35	8.47	4.95	11.90
Total hours of training, all employees	**29,985**	**25,755**	**20,881**	**47,125**
Average hours of training, all employees	**14.48**	**12.24**	**9.67**	**19.86**
Average cost of external training per employee	GBP 259	GBP 120	GBP 102	GBP 132.2

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

Note 5. External initiatives and memberships

Initiatives and memberships	Industry association memberships
	Founding member, European Gaming and Betting Association (EGBA)
	Founding member, Belgian Association of Gaming Operators, (BAGO)
Founding member, International Betting Integrity Association (IBIA)	Founding member, Branschföreningen för Onlinespel (BOS)
Member of the United Kingdom Sports Betting Integrity Forum	Founding member, Norsk Bransjeforening for Onlinespill (NBO)
Memorandum of Understanding FIFA	Founding member, Danish Online Gambling Association (DOGA)
Memorandum of Understanding Anti-Doping Denmark	American Gaming Association (AGA)
Memorandum of Understanding International Tennis Integrity Agency	Asociatia Organizatorilor de Jocuri de Noroc la Distanta (AOJND)
Memorandum of Understanding Rugby Football Union	Association Française du Jeu en Ligne (AFJEL)
	Support for the Protect Integrity campaign by EU athletes
Protect Integrity	Betting and Gaming Council (BGC)
	Deutscher Sportwettenverband (DSWV)
CDP Disclosure Insight Action	Netherlands Online Gambling Association (NOGA)
	Gibraltar Betting and Gaming Association (GBGA)
	iGaming European Network (iGEN)
	Italian gambling industry association (LOGiCO)
	Malta Remote Gaming Council (MRGC)
	Österreichische Vereinigung für Wetten und Glücksspiel (OVWG)

Note 6. Energy usage, travel and emissions[1]

Energy usage, travel and emissions	2020/21	2019/20	2018/19	2017/18
CO_2 emissions (tonnes CO_2e)				
Scope 1 – Operation of site facilities	52.5	44.3	146.2	12.1
Scope 2 – Grid electricity purchased	1,783.6	1,939.2	2,248.0	2,329.4
Scope 3 – Business travel, waste, commute, purchase and transport of IT	843.3	1,481.9	5,483.6	3,938.2
Total emissions	**2,679.4**	**3,465.4**	**7,877.7**	**6,279.7**
Tonnes CO_2e emissions per employee	1.5	2.2	4.7	4.3
Tonnes CO_2e emissions per revenue GBP million	2.1	3.1	8.6	6.9

Electricity use (kWh)	2020/21	2019/20	2018/19	2017/18	% change
Total electricity use (kWh)	6,374,000	6,657,100	5,838,000	5,606,400	-4.25%
Energy ratio (electricity kWh per employee)	3,665	4,256	3,504	3,827	-27.11
Energy ratio (electricity kWh per GBP m of Gross winnings revenue)	5,059	5,890	6,396	6,177	-14.11%

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

All carbon footprints are expressed as an absolute amount in tCO_2e. Conversion of non-CO_2 greenhouse gases to CO_2e has been based upon DEFRA 2020 and IEA 2020. Scope 2 emissions for electricity are calculated using the location-based method, KPIs are also calculated using location-based approach. Similarly to 2021, no separate data for heating and cooling is available for 2022. Combustion of natural gas to heating is included for one office due to the decision to include data for the consumption of fossil fuels.

We have offset our entire carbon footprint in 2021 by supporting a Verified Carbon Standard project. The report has not been subjected to independent third-party assurance. In 2021, the emissions have been calculated with more accurate emission factors and we have added estimates for waste as well as data for purchase and transportation of IT equipment to scope 3. This means that the emissions for previous years have been recalculated as well, allowing for better comparison.

1 To ensure CO_2e data is collected on a timely and accurate basis, the CO_2e reporting year is a month ahead of the financial year. All data is excluding Relax Gaming and Blancas NV.

Total Taxonomy-eligible activities for the entire group

Economic activity	NACE code	Turnover	CapEx	OpEx
Computer programming, consultancy and related activities (8.2.)	J62.0.1	0.2%	7.7%	5.2%
Acquisition and ownership of buildings (7.7.)	J62.0.9			
	L68.2.0			

Kindred has conducted an eligibility screening as defined by the Taxonomy Regulation and the EU Taxonomy Climate Delegated Act (EU) 2021/2139. By evaluating Kindred's economic activities against the activities listed in the climate change mitigation and climate change adaptation technical screening criteria, we have assessed that three of our activities linked to turnover, CapEx or OpEx are Taxonomy-eligible. Compliance with substantial contribution, DNSH and minimum safeguard criteria have not yet been evaluated, as taxonomy alignment on these is a requirement from FY2022 onwards.

Turnover

Turnover for the Group represents total revenue on the consolidated income statement on page 130. Percentages calculated in relation to individual entities relate to their contribution to the Group turnover and therefore exclude any intra-group transactions.

OpEx

Operating expenses for the Group represents total consolidated salaries and other operating expenses disclosed within the consolidated income statement on page 130. Percentages calculated in relation to individual entities relate to their contribution to the Group operating expenses and therefore exclude any intra-group transactions.

Capital expenditure for the Group represents additions in relation to property, plant and equipment and other intangible assets disclosed within notes 11 and 12 on pages 150 and 152. Additions include those resulting from business combination while other movements such as depreciation, amortisation and impairment are excluded.

CapEx

Capital expenditure for the Group represents additions in relation to property, plant and equipment and other intangible assets disclosed within notes 11 and 12 on pages 150 and 152. Additions include those resulting from business combination while other movements such as depreciation, amortisation and impairment are excluded.

Notes to the Sustainability Report

Note 7. Management approach to sustainability topics

Responsible gambling

Our Sustainability Policy (2018) lists 16 commitments, and provides the direction and main pillars of activity; it is supported by our Responsible Gambling research and technology strategy.

Sustainability Policy and other policy downloads https://www.kindredgroup.com/sv/sustainability/downloads-and-resources/?year=Policies

Maintaining integrity

In addition to our management approach on general data and privacy compliance, our corporate governance section (pages 96 to 108) describes Board-level supervision and monitoring of cyber security, assisted by our risk management, Audit Committee and internal control processes. Central to the approach is our GDPR Policy, our cyber security strategy, our enhanced security standards, and emergency preparedness procedures. On sports-betting integrity, Kindred operates a 'See something, say something' approach, accompanied by thorough reporting to the relevant sports governing bodies, and formal partnership with International Betting Integrity Association (IBIA) and the European Football for Development Network (EFDN) for long-term collaborations.

https://www.kindredgroup.com/globalassets/documents/corporate-governance-related-documents/kindred-gdpr-policy-20180531.pdf

Running a compliant business

In addition to our management approach relating to licensing and regulatory requirements across our markets, our Group-wide Governance, Risk and Compliance Council meets all relevant obligations and oversees the Kindred Compliance Framework. Ownership of compliance is embedded in every role in the organisation, supported by the Kindred Compliance Incident Process. Kindred systems and controls are designed to repel money launderers and other criminals from the platform, and we train all employees to prevent and detect such activity. We also train all staff on our Global Bribery Policy and Global Gift Policy. Through the Global Whistle-blowing Policy, we encourage employees to report instances or suspected instances of bribery. We promote modern and sustainable re-regulation in certain markets, to secure the highest standards of player protection and wider social objectives.

Sustainability Policy and other policy downloads https://www.kindredgroup.com/sv/sustainability/downloads-and-resources/?year=Policies

Being Kindred

In addition to the Group-level management approach, our Human Resources Policy ensures we focus on training and development, hybrid working, employee benefits and share plan, gender pay-gap reporting, employee engagement, employee data privacy, health, safety and organisational effectiveness. Our Employee Code of Conduct guides how all at Kindred should work, while our employee satisfaction survey tracks employee opinion. Our employee value proposition (EVP) underpins all recruitment.

Group sustainability management approach, page 56

Kindred corporate governance pages 96 to 108

Kindred's values https://www.kindredgroup.com/about/purpose--values/

Sustainability Policy, Whistle-blowing Policy and other policy downloads https://www.kindredgroup.com/sv/sustainability/downloads-and-resources/?year=Policies

Corporate strategy

Contributing to our communities

Our Group Sustainability Policy commits us to supporting communities through employee volunteering, local initiatives and match-funded charitable causes, using an approach relevant to regional or local conditions. We formally evaluate and govern progress in line with the Group corporate governance arrangements (pages 96 to 108). The Policy commits us to diligent resource management, principally energy, the performance of which we evaluate against formal targets with carbon disclosure, in line with internationally recognised frameworks. Our entire approach to climate risk is informed by the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

Sustainability Policy and other policy downloads https://www.kindredgroup.com/sv/sustainability/downloads-and-resources/?year=Policies

Governance

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98 _ Board of Directors
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Introduction to governance

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

Shareholders' meeting and Annual General Meeting

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

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

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

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

For more information about the 2022 AGM, see page 166.

Nomination Committee

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

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

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

The Nomination Committee report can be found on page 108. 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 Corporate Governance Code (the 'Code'). In line with the recommendations provided by the 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 Code requires the majority of Board members to be independent. In this regard, Kindred Group's Board is entirely composed of independent non-executive Directors.

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 116-120.

Audit Committee

The Audit Committee advises and makes recommendations to the Board on matters including financial reporting, internal controls, risk management and the 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 106-107.

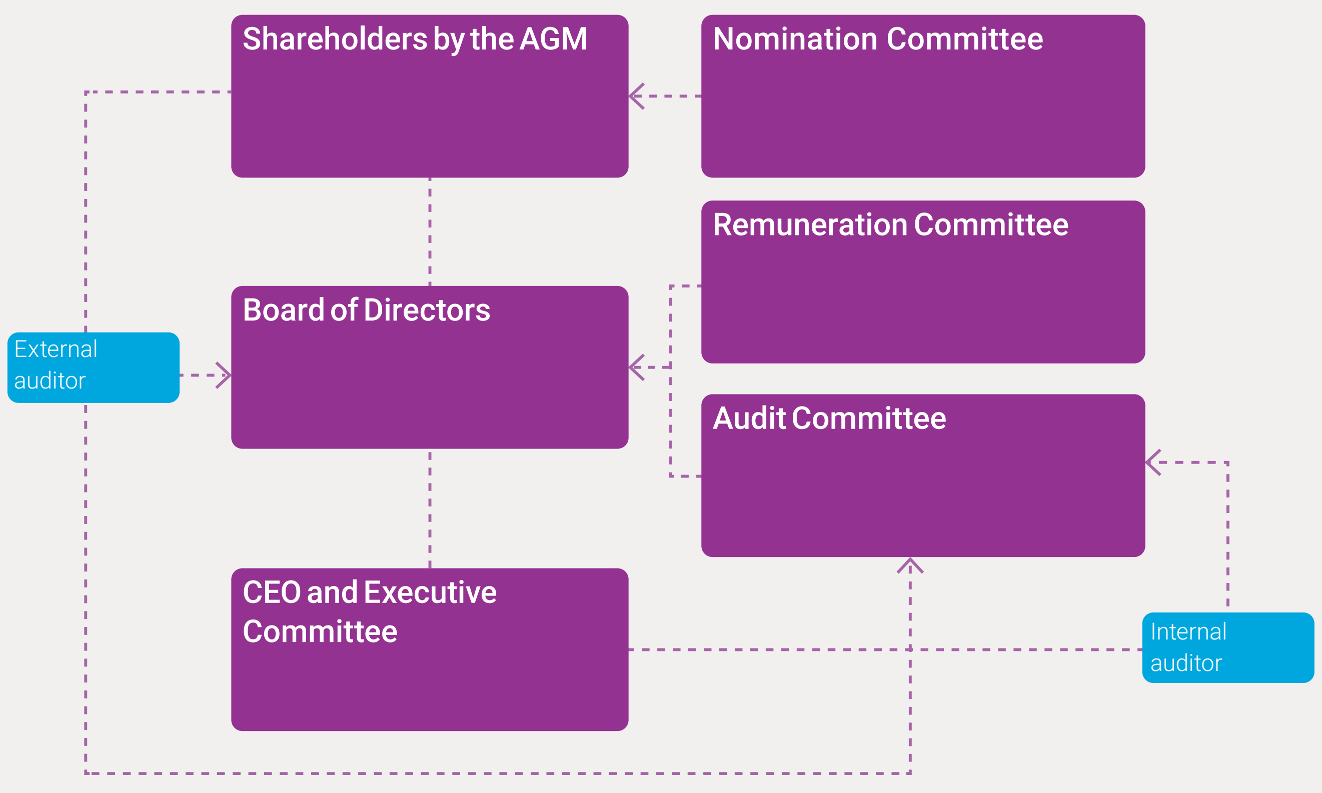
Chief Executive Officer and Executive Committee

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

Statutory auditor

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

Corporate governance model



Board of Directors

An experienced team, committed to high standards of corporate governance.

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

The mentioned Swedish Depositary Receipt (SDR) holdings include personal holdings, family holdings and holdings through companies in which Directors have an interest as at 15 February 2022.

All members are independent of the Group, its management and major shareholders of the Group.

Evert Carlsson

Chairman of the Board, Chairman of the Remuneration Committee, Member of the U.S. Committee

Swedish citizen.
Born 1956. Board member since 2021. Independent.

Holdings

17,000 Kindred Group plc SDRs.

Current assignments

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

Previous assignments

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

Heidi Skogster

Board member

Finnish citizen.
Born 1978. Board member since 2021. Independent.

Holdings

1,627 Kindred Group plc SDRs.

Current assignments

Co-founder of a start-up business in performance-based marketing.

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.

Fredrik Peyron

Board member

Swedish citizen.
Born 1967. Board member since 2021. Independent.

Holdings

3,500 Kindred Group plc SDRs.

Current assignments

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

Previous assignments

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

Gunnel Duveblad

Deputy Chairwoman of the Board, Chairwoman of the Audit Committee, Member of the U.S. Committee

Swedish citizen.
Born 1955. Board member since 2018. Independent.

Holdings

8,000 Kindred Group plc SDRs.

Current assignments

Chairperson of the Board for Team Olivia Group AB and Ruter dam.
Board member of Dustin AB, Sweco AB and Skirner AB.

Previous assignments

Chairperson of the Board for HiQ (2016-20).
Board member of PostNord (2007-18).
President of EDS North Europe (2002-06).
Various roles at IBM (1977-2002).

Peter Boggs

Board member, Chairman of the U.S. Committee, Member of the Remuneration Committee

US citizen.
Born 1948. Board member since 2002. Independent.

Holdings

138,990 Kindred Group plc SDRs.

Current assignments

–

Previous assignments

President and COO of Grey Direct Worldwide (1991-2002).
Director of Ogilvy & Mather Direct Plc (1985-91).
Managing Director of Brown Direct Inc (1981-85).
President and CEO of NDMS Inc (1975-81).

Erik Forsberg

Board member, Member of the Audit Committee

Swedish citizen.
Born 1971. Board member since 2019. Independent.

Holdings

10,000 Kindred Group plc SDRs.

Current assignments

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

Previous assignments

CFO of Intrum (2011-18).
CFO of Cision (2008-11).
Business Area CFO and Group Treasurer at EF Education Group (2001-08).

Carl-Magnus Månsson

Board member, Member of the Remuneration Committee

Swedish citizen.
Born 1966. Board member since 2019. Independent.

Holdings

10,000 Kindred Group plc SDRs.

Current assignments

CEO of Iver Group since 2019.

Previous assignments

A number of global roles within Ericsson AB.
President and CEO of Acando AB (2009-19).

Executive Committee

Kindred Group's Executive Committee consists of the CEO and eight senior officers, of whom one is a woman.

The Chief Executive Officer is responsible for the Group's day-to-day management, together with the Executive Committee. The mentioned Swedish Depositary Receipt holdings include personal holdings and family holdings as at 15 February 2022.

Henrik Tjärnström
Chief Executive Officer

Swedish citizen.
Born 1970.

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

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

Holding:
1,791,709 Kindred Group plc SDRs and 241,359 performance share rights.

Nils Andén
Chief Commercial Officer (Region 2)

Swedish citizen.
Born 1980.

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

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

Holding:
0 Kindred Group plc SDRs and 64,728 performance share rights.

Elena Barber
Chief Marketing Officer

Russian and British citizen.
Born 1983.

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

Elena has worked in the online gambling industry for around 17 years. Having held a number of key marketing positions, she now leads Kindred's Global Marketing Services team. Elena joined Kindred Group in 2010, and prior to her appointment as Chief Marketing Officer she led Kindred's Central Brand Marketing function.

Holding:
7,566 Kindred Group plc SDRs and 74,016 performance share rights.

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 responsible for the Sportsbook PR bets area before being appointed Chief Product Officer 15 years later in 2020. He took up the role as Group Head of Sportsbook in 2009. Erik also oversaw several in-house initiatives across the business, including the development and launch of the proprietary Kindred Racing Platform. Prior to joining Kindred Group, he worked for Kaos Entertainment Ltd and Siemens AG.

Holding:
5,358 Kindred Group plc SDRs and 52,167 performance share rights.

Gavin Hayward
Chief HR Officer

British citizen.
Born 1964.

Higher National Diploma in Business and Finance, and a Postgraduate Diploma in HR Management from Manchester University.

Gavin has over 30 years of HR experience gained in a variety of sectors. Gavin was appointed Chief HR Officer of Kindred Group in 2012. Before joining Kindred Group, Gavin was part of Siemens plc over a period of ten years. He has worked at Board level within multi-site and multinational organisations and has worked with HR management at both strategic and operational level. Gavin is a Fellow of the Chartered Institute of Personnel and Development.

Holding:
20,843 Kindred Group plc SDRs and 80,208 performance share rights.

Ewout Keuleers
Chief Legal & Compliance Officer

Belgian citizen.
Born 1976.

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

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

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

Holding:
1,643 Kindred Group plc SDRs and 64,347 performance share rights.

Marcus Smedman
Chief Technology Officer

Swedish citizen.
Born 1969.

Studied Electronics and Computer Science at Uppsala University.

Marcus has been a part of Kindred Group since 2011. Since then he has held various roles as Team Leader, Head of Development Australia and Head of Development Global. In January 2015, Marcus was appointed CTO responsible for Kindred's Tech strategy and operations globally. Marcus has worked in the IT industry since the mid-1990s, working as a Java developer, team lead, development manager and more.

Holding:
11,000 Kindred Group plc SDRs and 80,208 performance share rights.

Anne-Jaap Snijders
Chief Commercial Officer (Region 1)

Dutch citizen.
Born 1971.

MSc in Economics, specialisation Marketing.

Anne-Jaap has worked for over 20 years in sports, media and online gambling. In 2008, he joined Kindred Group to work as Marketing Manager for Western Europe. He has since been General Manager for Belgium, Germany, Romania and Australia before taking on his current role.

Holding:
14,063 Kindred Group plc SDRs and 95,689 performance share rights.

Johan Wilsby
Chief Financial Officer

Swedish citizen.
Born 1966.

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

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

Holding:
8,500 Kindred Group plc SDRs and 64,728 performance share rights.

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 Depositary Receipts issued by Skandinaviska Enskilda Banken AB (publ).

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

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

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

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, who is in turn elected at the Annual General Meeting (AGM).

Anders Ström
Chairman

On 12 May 2021, Anders Ström resigned from his role as Director and Chairman of Kindred Group plc with immediate effect.

The following Directors elected at the AGM on 12 May 2021 served during the year and subsequently, unless otherwise stated:

Evert Carlsson
Chairman

Peter Boggs
Non-executive

Gunnel Duveblad
Non-executive

Erik Forsberg
Non-executive

Heidi Skogster
Non-executive

Carl-Magnus Månsson
Non-executive

Fredrik Peyron
Non-executive

The remuneration and interests of the Directors are shown on pages 118 and 120.

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 98 to 99, the Board comprises the Chairman and six 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 all of the non-executive Directors to be independent of the Group, its management and the Group's major shareholders. Brief résumés of the Board members can be found on pages 98 to 99.

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 108.

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

The Chief Executive Officer 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 Chief Executive Officer and the Chief Financial Officer (CFO) and from the Audit and Remuneration Committees. Where appropriate, matters are delegated to the Audit and Remuneration Committees and reports on their activities are included within this corporate governance statement.

Chairman's responsibilities

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

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

The Company Secretary together with the Head of Investor Relations 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 2021

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

At all meetings, the CEO reports on the business developments and operations. The Chief Legal and Compliance Officer reports on legal trends in the gaming market and the Group Risk Manager reports annually on the risk aspects of the business. Quarterly, the Head of Internal Audit reports any key findings and recommendations to the Audit Committee. The Chair of the Audit Committee shares these findings with the Board each quarter. Members of the Executive Committee and other senior managers also attend meetings, when relevant, to update the Board on their areas of responsibility and to discuss future plans.

The key items arising at Board meetings in 2021 were matters related to innovation, information technology, product management, strategy and business plans, budgets, forecasts, key policies and the new regulations in the Netherlands and the USA. To closer monitor the development in the USA, the Board has appointed Peter Boggs, Gunnel Duveblad and Evert Carlsson to its US Committee. Over the course of 2021 and following the shareholders' approval at the Extraordinary General Meeting (EGM) held on 10 June 2021, the Board has begun rolling out and implementing the Group's share buy-back programme.

Group Management

For information about the Group Management team please see pages 100-101.

The Group's whistle-blowing procedure

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

Sustainability

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

- Responsible gambling
- 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 both for potential changes in policy or relevant regulation to be reviewed along with specific projects and initiatives.

For more information about sustainability within Kindred Group, please refer to pages 54 to 94 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 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.

Corporate governance statement
continued

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

The Board monitors potential conflicts of interest very closely and has implemented controls and policies to avoid conflicts of interest involving any of the Group's Directors. These controls ensure that any Director with a direct or indirect interest in a particular matter does not vote nor participate in the Board's handling on that matter. Read more under the heading, "The working procedures of the Board of Directors", on pages 102 to 103.

	Board	Audit Committee	Remuneration Committee
Number of meetings held during the year	22	5	4
Name			
Anders Ström, (outgoing) Chairman[1]	10/22		
Evert Carlsson, (incoming) Chairman[2]	12/22		3/4
Peter Boggs	21/22		4/4
Gunnel Duveblad	22/22	5/5	
Erik Forsberg	22/22	5/5	
Heidi Skogster[2]	12/22		
Carl-Magnus Månsson	21/22		4/4
Fredrik Peyron[2]	12/22		

1 Anders Ström resigned from the Board of Directors at the 2021 AGM in May.
2 Evert Carlsson, Heidi Skogster and Fredrik Peyron were appointed to the Board of Directors at the 2021 AGM in May.

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 118. None of the Board of Directors hold share awards issued by the Group. Kindred Group has taken out Directors' and Officers' liability insurance for the full year covering the risk of personal liability for their services to the Group. Cover is in place for an indemnity level of GBP 5 million in aggregate.

Communication with owners and investors

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

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

Because of the COVID-19 situation and in light of the instructions from the authorities, SDR holders used the option of proxy form voting instead of attending the AGM held on 12 May 2021 and the EGM held on 10 June 2021 in person. No members of the Board, the Nomination Committee or the statutory auditors were present, in accordance with the instructions from the authorities to keep distance from others both indoors and outdoors to prevent the spread of COVID-19. More information about the AGM can be found on page 166.

The Board of Directors' report on internal control over financial reporting for the financial year 2021

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 Financial Officer, the Chief Legal and Compliance Officer, the Head of Internal Audit, the Audit Committee and the Board. The effectiveness of controls is considered in conjunction with the range of risks and their significance to the operating circumstances of individual areas of the business.

c. Control activities

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

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

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

d. Information and communication

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

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

e. Monitoring

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

On behalf of the Board

Malta, 11 March 2022

Evert Carlsson

Chairman and Director

Gunnel Duveblad

Deputy Chairwoman and Director

Statement of compliance with the Swedish Corporate Governance Code

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

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

Audit Committee report

Gunnel Duveblad

Deputy Chairwoman of the Board, Chairwoman 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 two independent non-executive Directors: Gunnel Duveblad and Erik Forsberg. The Committee is chaired by Gunnel Duveblad who has extensive management and financial expertise from international businesses and as Chairperson in other listed companies. Where appropriate, the Committee consulted with the Chairman of the Board, the CEO and the Chief Financial 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 2021 are set out below:

Impairment assessment of goodwill

As a result of previous acquisitions (including both Casino Blankenberge and Relax Gaming in 2021), the Group has significant goodwill and other intangible assets with indefinite lives which need to be reviewed annually for impairment.

During the year, the Group reassessed the identification of its cash-generating units to which these assets are allocated for the purpose of the impairment assessment. The full impairment assessment subsequently performed at the year end did not identify impairment indicators for any of the Group's cash-generating units. The Committee considered the assessments performed by management and the work done and 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.

Relax Gaming acquisition accounting

On 1 October 2021, Kindred completed the acquisition of the remaining outstanding shares in Relax Gaming, a business that Kindred had been invested in since 2013. In accordance with the relevant accounting standards, management has performed a fair value assessment of the acquired net assets of Relax Gaming at the date of acquisition, a fair value assessment of the earn-out, a remeasurement of the Group's previously held equity holding in Relax Gaming, and an assessment of non-controlling interests on acquisition. As a result, provisional goodwill of GBP 154.7 million was recognised on acquisition date. The Committee considered the fair value assessment to ensure this was accurate, complete and in line with the IFRS 3 Business Combinations requirements. The Committee also considered the work done and the conclusions reached by PwC in this area as part of its audit and is comfortable with the position taken by management.

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 and 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 gaming industry has become increasingly complex given that the regulatory, legislative and fiscal regimes are territory-specific and continue to evolve.

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

Internal control and internal audit

The Committee is responsible for reviewing the Group's systems of internal control and risk management and its sustainability practices. It receives updates from the Chief Financial 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 has enhanced the formalisation of its internal control framework in respect of key financial process areas through the introduction of a detailed Risk and Controls Matrix. The results of the assessment performed were regularly reported to the Audit Committee, including any mitigating actions taken by the business where applicable.

The Internal Audit department reports functionally to the Audit Committee and administratively to the Chief Financial Officer. The Head of Internal Audit has direct access to the Audit Committee at all times. The Internal Audit function acts as an independent and objective assurance provider to evaluate the effectiveness of internal controls and processes. Its work is performed in accordance with best practice guidelines from the Institute of Internal Auditors. The Audit Committee agrees the scope of Internal Audit work and receives reports on completed reviews. During the year, the Internal Audit department completed reviews in a number of areas inlcuding GDPR and US key financial controls.

Senior management is responsible for addressing and remediating any recommendations suggested by the Internal Audit department. 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 Head of Internal Audit, are effective in monitoring the established systems.

Statutory audit and other services

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

During the year, PwC Malta reported to the Committee on its audit strategy and the scope of 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 148. The provision of non-audit services must be referred to the Committee where it is likely to exceed a pre-determined threshold. Any work that falls below that threshold must be pre-approved by the Chief Financial Officer. 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.

Nomination Committee report

Thomas Gür

Chairman of the Nomination Committee

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

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

In its evaluation of the Board, the Committee holds individual interviews with the Board members and with the CEO. The Nomination Committee also utilises an independent consultant to evaluate the Board as input for the review.

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

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

The Nomination Committee for the 2021 AGM conducted five meetings in which minutes were taken, in addition to interviews with incumbent and potential board members. At the AGM on 12 May 2021, it was decided that the Nomination Committee for the 2022 AGM should consist of not less than four and not more than five members.

The Nomination Committee for the 2022 AGM consists of Thomas Gür – Veralda (chairperson), Peter Lundkvist – Tredje AP-fonden, Erik Sprinchorn – TIN Fonder, Helena Hagberg – Skandia, Evert Carlsson – chairman of the Board of Directors of Kindred (co-opted member).

The Committee for the 2022 AGM has during 2021 held three meetings in which minutes were taken.

Photo credit: Ernst Henry

Remuneration Committee report

Evert Carlsson

Chairman of the Remuneration Committee

A report on Directors' remuneration and the activities of the Remuneration Committee is set out on pages 116 to 120.

General legal environment

With a number of key markets introducing long-awaited online gambling legislation in 2021, sustainable regulation that is fact-based and has the customer at heart remains a key priority for Kindred Group.

With two major European markets launching their long-awaited licensing process (the Netherlands and Germany) and the USA continuing its ambitious sports betting journey following the 2018 PASPA repeal, 2021 was a year full of exciting opportunities. While the industry made important progress in relation to responsible gaming initiatives and self-imposed advertising restrictions, the negative public perception towards online gambling remains omnipresent and has resulted in additional restrictions such as marketing limitations, bonus bans, financial limits for the customer and blank limits on gameplay level across various key markets. The industry still has a long road ahead to turn the tide and Kindred has, now more than ever, taken on a leadership role by continuing to build on its Journey towards zero and communicate transparently about its milestones in the hopes of creating a constructive dialogue between all actors in the field.

While gambling continues to remain a low (political) priority for the EU Commission, various horizontal legislative initiatives have been taken that (in)directly impact the sector. The work on the Digital Services Act (DSA), which imposes binding rules for content moderation and enforcement to safeguard the protection of minors, continued throughout 2021 with a strong focus on consumers, with stricter rules for online marketplaces and targeted advertising. The DSA includes the cross-border enforcement of national orders, where a Member State can force any other Member State to take down content that is legal in the territory of the latter. This could potentially impact sports-related content that is deemed illegal in certain Member States. The DSA was adopted by the European Parliament in January 2022, triggering the start of trialogue negotiations which will be concluded by the second half of 2022.

In May 2021, the EU issued draft regulations aimed specifically at the development and use of Artificial Intelligence (AI) that would apply to any AI system used or providing outputs within the European Union, including chatbots, customer segmentation systems and other AI mechanisms. Depending on the risk categorisation, systems will be prohibited or subject to extensive requirements regarding human oversight, transparency, cyber-security, risk management, data quality, monitoring, and reporting obligations. Enforcement could include fines of up to EUR 30 million or 6 per cent of global revenue, making penalties even heftier than those incurred by violations of GDPR. The use of prohibited systems and the violation of the data-governance provisions when using high-risk systems will incur the largest potential fines. The timeline for adoption and implementation is unclear at this point.

The European Committee for Standardisation (CEN) has officially put a proposal for a standard on markers of harm, to prevent risky and harmful gambling on the table. This will be directly beneficial to Kindred's K2 strategy and Journey towards zero. The responsible gambling committee in CEN will be overseeing the creation of standards for online gambling identified and proposed by regulatory authorities, operators, suppliers, or any other stakeholder for the benefit of the sector and its participants. The aim is to agree on an indicative list of behavioural elements to prevent harm.

The Council of the EU, EU Parliament and EU Commission agreed that its Anti-Money Laundering (AML) Policy has been largely ineffective due to the lack of direct applicability causing fragmentation between Member States' approaches and granularity in the existing aquis that has allowed for divergent interpretations. The EU Commission has proposed a legislative package that is part of an Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing. This directly applicable regulation will determine how AML is to be conducted in the EU Member States going forward and is expected to apply as of 2025. The proposal consists of four elements: (i) establishment of the Authority for AML and CFT (AMLA), (ii) prevention of the use of the financial system for AML and CFT purposes, (iii) implementation of the 6th AML Directive and (iv) revision of the regulation on information accompanying the transfer of funds, including crypto. While the AML regime for gambling will not change, changes to the horizontal framework will certainly affect the sector. The EU Commission is also preparing its 3rd Supranational risk assessment which could see a change in the high-risk classification for online gambling given the efforts undertaken to combat money laundering in the sector.

In February 2021, the Council of the EU announced it had adopted a consolidated version of the ePrivacy regulations proposal which will create a comprehensive set of rules for electronic communications, the privacy of end users, the confidentiality of their communications, and the integrity of their devices. The regulations will not only cover personal data but also metadata and confidentiality requirements, and will apply to instant messaging apps, Voice over Internet Protocol (VoIP) platforms, and machine-to-machine communication. The ePrivacy Regulation is not expected to enter into force before 2023. A potential transitional period of 24 months means that any new regulations would not come into effect before 2025.

In 2021, material progress was made in relation to the taxation of digital services with the Organisation for Economic Cooperation and Development (OECD) reaching an agreement in October 2021 on the reform of the international tax system. On 20 December 2021, the OECD published detailed rules to assist in the implementation of the reform to the international tax system, which will ensure Multinational Enterprises are subject to a minimum 15 per cent tax rate from 2023. Two days later the EU Commission released the proposal for a Council Directive to ensure a global minimum level of taxation is introduced for multinational groups operating in the Union. See note 21 for more details.

General legal environment
continued

Sweden

2021 was characterised by the introduction of new measures and prolonged COVID-related restrictions for the Swedish market. As part of Sweden's measures to protect the public during the COVID-19 pandemic, the government extended the 2020 introduced deposit limits, bonus caps and mandatory session limits until 14 November 2021. Additional non-COVID-related sports betting restrictions, including a ban on betting on rule violations such as yellow cards and on football outside of the top four divisions of the domestic leagues, also entered into force on 1 January 2021. In September 2021, the Swedish Gambling Authority issued a 'duty of care' guidance, calling for operators to ensure social and health standards in the gambling business, including conducting a thorough risk assessment of customers to review and analyse player profiles, continuous monitoring of players' game behaviour and pattern, analysing communication and contact with players to identify signs of excessive gambling, applying restrictions on players and training employees about risk factors and indicators of excessive gambling. Additional consumer protection measures are expected to be presented in March 2022. The Swedish government is also preparing a proposal for increased marketing moderation, possibly based on risk classification of products (expected to enter into force during the first half of 2023), as well as a proposal on match-fixing and unlicensed gambling.

Following Kindred's appeal of the fine imposed by the Swedish Gaming Authority (SGA) for alleged bonus violations in early 2019, the fine was halved by the Administrative Court in Linköping in June 2021. Kindred appealed the ruling because it continues to disagree with the interpretation of the bonusing rules by the SGA and is awaiting a ruling on the permission to appeal. The sanction fee does not become enforceable until a final judicial decision has been issued. Kindred equally challenged the SGA's decision against Kindred in relation to its implementation of the temporary deposit limit, ordering Kindred to introduce amendments. The Administrative Court overturned the SGA's decision in its judgement on 1 April 2021 and the SGA's request for appeal was rejected after which Kindred reverted to its original implementation of the temporary measures.

The Netherlands

Following the long-awaited entry into force of the Remote Gambling Bill on 1 April 2021, the Dutch online gambling market officially opened on 1 October 2021. Online operators that fell within the scope of the so-called cooling-off motion, which introduced a 33-month cooling-off period for online operators actively targeting Dutch customers prior to licensing, were excluded from submitting a licence application until expiry of their cooling-off period. Kindred decided to close its services to Dutch residents on 30 September 2021 due to policy changes communicated by the Dutch Minister for Legal Protection on 20 September 2021 until a licence is awarded to service the Dutch market under the Dutch Remote Gambling Act. Kindred's focus has been on preparing a high-quality licence application which was submitted in Q4 2021 and Kindred is now looking forward to being awarded a Dutch licence subject to approval and enter the market in Q2 2022. Meanwhile, policy makers are calling for extensive marketing restrictions due to the volume and tonality of advertisement campaigns, which will be decided upon in the coming months.

Belgium

2021 was a year full of political movement in the gambling industry with calls for additional restrictions on advertisement, game limits and changes to the structural set-up of licensed websites. In July 2021, the Council of Ministers approved a draft amendment to the October 2018 royal decree that will lower the default weekly online gambling spending limit from €500 to €200 per website, which can only be increased subject to a check in the national credit register. The amendment could enter into force as early as Q2 2022. The Council of Ministers also approved another draft royal decree to extend the national self-exclusion register (Excluded Persons Information System (EPIS)) to betting shops but it is unclear when exactly it will enter into force. On the back of the long-standing litigation about the ban on the accumulation of online gambling licences and the operation of a multiproduct website, the Council of Ministers has put forward a proposal regarding the separation of online licences by 1 July 2022 which would see the introduction of a separate website per product (one website for sports betting, one for casino and one for dice games) with separate customer wallets and no hyperlinks between the various websites. Considering the various legal and practical challenges, the Belgian Gaming Commission has been asked to provide advice and its views to the Belgian government on the multiproduct ban. In addition, new marketing restrictions based on product risk could be introduced in 2022 and there is an ongoing discussion about increasing the minimum age to 21 for all gambling products (excluding the National Lottery).

On 1 April 2021, Kindred completed the acquisition of 100 per cent of the shares in Blankenberge Casino-Kursaal (Blancas) NV, which operates Casino Blankenberge in Belgium. The acquisition solidifies Kindred's long-term operations and commitments in Belgium and allows Kindred to continue to offer an attractive offering to Belgian customers.

Blancas was awarded a new casino licence (15 years) in December 2020 and a new online sports betting licence (9 years) was granted to Kindred in January 2021. While both licences are currently the subject of new annulment requests before the Council of State (in addition to its online dice game licence) as is the case with various Belgian operators, Kindred is actively working to mitigate any risks to its business continuity.

After the annulment of the 21 per cent VAT levy for online gambling by the Constitutional Court in May 2018, Kindred challenged the non-retroactive recovery aspect of the ruling and the refusal of the tax authorities to reimburse the VAT payments made before the Brussels court of first instance. A ruling (first instance) is not expected before Q2 2022.

Norway

The volatile enforcement and policy climate in Norway continued throughout 2021 and new regulatory initiatives illustrate Norway's desire to shield the domestic market. With the introduction in 2020 of a more stringent payment transaction ban obliging Norwegian banks and financial institutions to investigate, block and provide information about payment transactions to and from foreign gambling operators, Norwegian banks have started to actively enforce these rules in 2021. In June 2021, the Ministry of Culture submitted the draft Gambling Act to Parliament, providing the Norwegian Gaming Authority with new tools for detecting, enforcing and sanctioning against online gambling operators. The draft equally envisages to strengthen the current exclusive rights of Norsk Tipping and Norsk Rikstoto to offer gambling. The new Gambling Act will replace the existing Lottery Act, Gambling Act and Totalisator Act. If approved, the new legislation is expected to enter into force in the summer of 2022. In September 2021, the Norwegian government presented a proposal for new legislation to give the Norwegian gambling regulator power to order internet service providers (ISPs) to implement domain name system (DNS) blocking of websites to stop Norwegians from accessing foreign gambling operators' websites. If approved, the new legislation is expected to enter into force early in 2023.

In September 2021, general elections were held in Norway introducing a new centre/left minority government consisting of the Labour Party and the Centre Party. Despite having the Conservative, Liberal and Progressive Parties in the opposition, there is a broad political consensus to maintain the current monopoly model with no major policy changes in sight in the near future. Kindred's priority focus remains on establishing a constructive and fact-based dialogue to initiate a policy shift towards sustainable regulation.

Following the April 2019 order of the Norwegian Gaming Authority against Kindred to cease and desist from providing services in Norway, Kindred appealed the decision to the Oslo District Court. Kindred fundamentally questions the enforceability of the regulator's decision due to the inherent incompatibility of the Norwegian regime with EEA law.

Great Britain

With the appointment of a new gambling minister in September 2021, the political debate around affordability checks and a 'single customer view' to share data across multiple operators to detect gambling disorder has taken centre stage. This aligns with the Gambling Review process which started in 2021 and is expected to result in a Gambling Review White Paper, expected to be published in early 2022. The details remain to be seen, but the White Paper is expected to address the following issues: requirements around controlling excessive spend, restrictions around sports sponsorships and advertising, a ban on certain types of customer incentives, a new gambling ombudsman, stake limits and a potential Responsible Gaming Levy. The discussion around additional advertising restrictions aligns with the UK Advertising Standards Authority's call for operators to make better use of audience and media tools to minimise under-18 exposures to gambling ads.

The UK Gambling Commission has continued enforcement action throughout 2021, issuing various fines for social responsibility and AML failures. Former Culture Secretary Oliver Dowden appointed Marcus Boyle as the next chair of the Gambling Commission for a term of five years in 2021 and it was recently announced that Andrew Rhodes, interim CEO at the UK Gambling Commission, is expected to be appointed on a permanent basis. This will bring stability to the regulator, which is expected to continue enforcement action through 2022.

Finland

A proposal for amendments to the Lotteries Act was sent out for public consultation in January 2021. The proposal inter alia contains a provision for blocking of stakes and deposits to and withdrawals from operators who actively market gambling services in violation of the Finnish Lotteries Act. The government submitted its proposal to Parliament but received harsh criticism due to the ineffectiveness, integration complexity and cost of maintenance of these measures. In addition, there are clear constitutional law concerns given the restriction of consumer freedoms. Due to these concerns, the above-mentioned proposal regarding blocking of deposits to and withdrawals from certain operators was changed and limited to only cover blocking of deposits to such operators. Other proposals relate to more stringent regulations for slot machines and increased focus on beneficiary funding. Despite the opposition, the proposal was approved in December 2021 with more stringent marketing rules to enter into force from 1 January 2022 and payment blocking to become effective from 1 January 2023.

Despite public calls to revisit the Finnish regime, the re-regulation of the Finnish market is unlikely to be proposed under the current government. The next general elections will be held in April 2023.

Germany

With the entry into force of the new 2021 Interstate Treaty on Gambling on 1 July 2021, an important regulatory page was turned in Germany. In October 2021, 35 operators were granted online sports betting licences while Kindred is awaiting a decision on its own licence application for sports betting and slots. Kindred discontinued its poker offer in Q4 2021. Market operations have experienced a number of challenges since with stringent implementation deadlines, hefty game limits and product restrictions (including a maximum monthly deposit limit of EUR 1,000 across all operators) and the launch of a nationwide player blocking system. The first formal evaluation of the treaty is scheduled by the end of December 2023.

While sports betting, slots and poker are regulated at a federal level, online casinos, which were previously banned, are left to the discretion of every German federal state. The states may decide to operate them under state monopoly or to issue time-limited licences, the number of which may not exceed the number of licences available to land-based casinos. Several states have indicated they are keen to implement casino legislation and three states introduced formal licensing proposals which are working their way through the legislative processes.

General legal environment
continued

Despite a formal attempt to overturn the five per cent tax on betting stakes for a more viable regime, the Federal Fiscal Court ruled that the tax rate is not unconstitutional and sufficiently 'moderate'. Next to the tax on betting stakes, a 5.3 per cent turnover tax on online slots and poker is levied.

North America

2021 was a key year for the expansion of sports betting in the United States with key states such as New York, Florida and Maryland adopting long-awaited sports betting legislation. Kindred continued its market entry ambitions by obtaining one of the seven highly coveted online-only licences in Virginia following a competitive tender process and launched its Virginia site on 28 April 2021. Kindred subsequently moved on to Iowa, as part of its market access agreement with Caesars Entertainment, and launched its Iowa site on 1 September 2021. Kindred also obtained one of the ten available tribal licences in Arizona, under its partnership with the Quechan Tribe of the Fort Yuma Indian Reservation, which also includes California. Unibet launched its Arizona site in record time on 9 September 2021, the first day of market opening, and also opened its retail sportsbook lounge in the Quechan casino in Yuma on 1 December 2021. While no US state implemented iGaming (online casino) legislation in 2021 and progress is slow overall, a number of states, including Indiana, are expected to table iGaming proposals in 2022. This would be a significant development for Kindred's operations in the US with both New Jersey and Pennsylvania leading the way as full product markets. As part of its targeted approach and the ambitious market access deals it has entered into, Kindred maintains solid entry opportunities in a number of states that have implemented sports betting legislation or are moving towards regulation and Kindred continues to monitor the developments in other US states.

With the enactment of internet gaming legislation in Ontario late 2020 and the regulation of single-event sports betting in Canada, following the adoption of an amendment to the federal Criminal Code in June 2021, Kindred has expanded its reach into Ontario, becoming a truly North American venture. Ontario presents a huge opportunity for Kindred as the fifth largest state/province in North America with a full product scope from day one (sports betting and iGaming) and direct access. With the adoption of the internet gaming regulations in July 2021, Kindred has initiated the licence application process and is working diligently with the Alcohol and Gaming Commission of Ontario (AGCO) and the newly established iGaming Ontario (iGO) ahead of market opening on 4 April 2022.

Other

Following a decision by the Italian regulator not to extend the term of online gambling licences which expired in April 2021, an Italian court ruled on 8 November 2021 that Kindred's licence was to be extended until 31 December 2022. This will give Kindred and other operators more time to await the details of the licence tender for the 40 available online licences with a minimum licence fee of EUR 2.5 million.

In October 2021, an outline of the new Irish Gambling Regulation Bill was published, detailing the framework for the future regulation of all forms of gambling services in Ireland as well as the establishment of a new independent regulator, the Gambling Regulatory Authority of Ireland. It is expected that the legislation will be drafted in 2022 and enacted in early 2023, prior to the expiry of the current betting licences which are due to expire on 30 June 2023.

Kindred continues to litigate about the interpretation of French tax legislation regarding the VAT treatment for fixed odd betting services and is expecting a first instance ruling in Q1 2022.

Kindred also currently has open reviews by both the UK Gambling Commission and the Financial Intelligence Analysis Unit in Malta. Management has been and will continue cooperating with the relevant authorities by supplying them with any additional requested information. These reviews, which are expected within the industry, are ongoing and fully accounted for based on the information available to date, although a final outcome is only expected to be known during the first half of 2022.

Shareholder information

Kindred's information channels

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

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

The next Annual General Meeting will be held on 13 May 2022. You can find information about the Annual General Meeting, together with an archive of the Annual General Meetings' Minutes dating back to 2014, in the website's Corporate Governance section.

IR activities

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

During 2021, Kindred Group interacted with the financial community through individual meetings as well as roadshows and conferences, almost exclusively in virtual settings. Overarching topics discussed were the impact of the pandemic, the situation in the Netherlands as well as other regulatory matters, the US expansion and sustainability.

The share

Kindred Group plc's issued share capital as at 31 December 2021 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 SDRs 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. Kindred Group also has a liquidity guarantee agreement with Carnegie Bank AB.

Share price performance

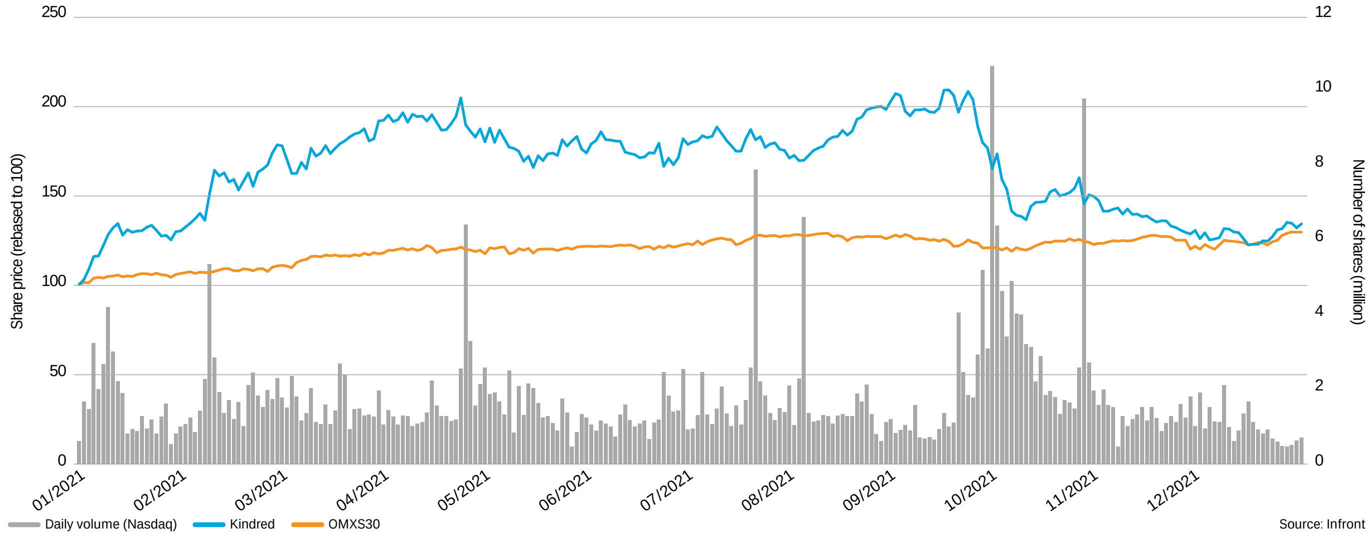
At year-end 2021, the market capitalisation amounted to approximately SEK 24.8 billion, equivalent to GBP 2.0 billion (2020: SEK 18.5 billion, equivalent to GBP 1.6 billion). The price of the SDR rose by 33.7 per cent excluding dividend during the year, while OMX Stockholm 30 Index rose by 29.1 per cent excluding dividends. The highest price for Kindred's SDR in 2021 was SEK 168.9, noted on 17 September, and the lowest price was SEK 81.6 on 4 January.

Trading volumes

In 2021, 53.0 per cent of total trading volume of the Kindred SDR was handled through the Nasdaq Stockholm trading platform. The approximate distribution of trade between other exchanges in the number of SDRs traded during the year was 37.1 per cent for Cboe, 5.8 per cent for LSE Group and 4.1 per cent for other exchanges.

Average daily trading of Kindred's SDRs on Nasdaq Stockholm amounted to approximately 1.7 million and average daily turnover was SEK 228.1 million. During 2021, the turnover velocity of the SDR on Nasdaq Stockholm was 187 per cent compared with the average turnover velocity of 55 per cent for Nasdaq Stockholm.

Kindred Group: share price performance and daily Nasdaq volume



Source: Infront

Shareholder information
continued

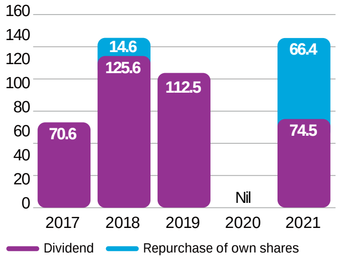
Dividend policy and dividend for 2021

Kindred's dividend policy is to generate a stable ordinary dividend in absolute GBP-denominated terms, paid in two equal tranches in the second and fourth quarter. In addition, Kindred will, over time, complement dividends with share purchases. The total pay-out of dividends and share purchases will be based on an assessment taking into account Kindred's financial position, capital structure and future investment needs, including acquisition opportunities. The total pay-out ratio of dividends and share purchases should, over time, equal about 75 per cent of free cash flow. Free cash flow is defined as cash flow from operations excluding movements in customer balances less cash flow from investment activities (including acquisitions) and payments for lease liabilities (see note 30 on page 164).

In respect of the financial year 2021, the Board of Directors has recommended an ordinary dividend of GBP 0.337 per share/SDR, equal to a total dividend of approximately GBP 75.0 million (2020: GBP 75.0 million). If approved at the Annual General Meeting, the dividend will be paid out in two equal tranches, in the second quarter and the fourth quarter of 2022.

In 2021 no dividend was paid on the shares/SDRs held by Kindred Group (2020: nil).

Cash distribution to shareholders (GBP m)



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, 10,555,013 shares have been repurchased, of which 5,969,000 were repurchased during 2021.

In 2021, 1,453,519 (2020: 255,163) of the shares/SDRs held by the Group were used in connection with the Group's share plan. At 31 December 2021, the Group held 7,486,839 of the 230,126,200 issued shares, representing 3.3 per cent of the total number of shares.

Ownership structure

At the end of 2021, Kindred Group plc had 51,170 known holders of SDRs. The 15 largest shareholders registered directly or as a group with Euroclear Sweden, the Swedish Central Securities Depository, accounted for 45.2 per cent of the outstanding capital/voting rights.*

15 largest shareholders as of 31 December 2021*

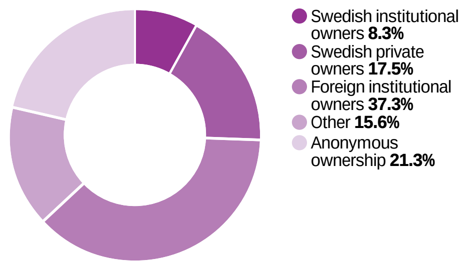
Shareholder	Number of shares/ SDRs	Share of share capital/votes %	Accumulated %
Capital Group	35,274,612	15.33	15.33
Bassac GP	8,534,154	3.71	19.04
Kindred Group Plc	7,486,839	3.25	22.29
Avanza Pension	6,871,558	2.99	25.28
Unionen	6,600,000	2.87	28.15
Third Swedish National Pension Fund	6,573,302	2.86	31.01
Veralda Investment Ltd	5,904,200	2.57	33.58
BlackRock	4,646,805	2.02	35.60
Nordea Funds	4,549,163	1.98	37.58
TIN Funds	4,300,000	1.87	39.45
Goldman Sachs Asset Management	2,876,653	1.25	40.70
Janus Henderson Investors	2,835,055	1.23	41.93
Fidelity Investments (FMR)	2,542,401	1.10	43.03
APG Asset Management	2,537,046	1.10	44.13
Life Insurance Skandia	2,502,435	1.09	45.22
Total top 15	**104,034,223**	**45.22**	
Others	126,091,977	54.78	
Total	**230,126,200**	**100.00**	

Ownership distribution by holding (SDR) as of 31 December 2021*

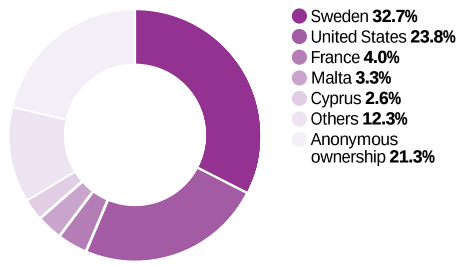
Holding	Number of shareholders	Number of SDRs	Share of share capital/votes %
1 – 10,000	50,646	22,213,951	9.7
10,001 – 100,000	417	11,644,352	5.1
100,001 – 500,000	68	14,283,438	6.2
500,001 – 1,000,000	13	10,190,473	4.4
1,000,001 –	26	122,731,845	53.3
Anonymous	–	49,062,077	21.3
Total	**51,170**	**230,126,136****	**100.0**

** 64 ordinary shares are not listed through SDRs.

Ownership distribution by type as of 31 December 2021*



Ownership distribution by country as of 31 December 2021*



* 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).

Analyst coverage

Banks conducting an active coverage of the Kindred share at year end 2021 were ABG Sundal Collier, Carnegie, Deutsche Bank, DNB and Pareto Securities. In January 2022, coverage was initiated by Berenberg Bank.

Share data

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

1 Dividend for the financial year.
2 Dividend for the financial year as a percentage of SDR closing price year end.
3 Dividend per share for the financial year as a percentage of free cash flow per share.
4 Total cash distribution to shareholders (i.e. ordinary dividends paid plus repurchase of own shares) as a percentage of free cash flow.
5 At 31 December 2021, the total issued shares were 230,126,200. Of these, 7,486,839 shares were held by the Group as a result of previous repurchase programmes.
6 The dilution is the result of PSP programmes for 2019, 2020 and 2021 and AESP for 2021.

Remuneration Committee report

On behalf of the Kindred Remuneration Committee, I am pleased to present our 2021 remuneration report. This report includes both a summary of our remuneration guidelines as approved by the shareholders at the 2021 AGM, and the remuneration paid out in 2021 in accordance with these guidelines.

Kindred Remuneration Committee

The Committee consists of Evert Carlsson (Chair), Carl-Magnus Månsson, and Peter Boggs.

The Committee held four meetings during 2021.

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

Pay and performance

The CEO and Executive Management team participated in an annual bonus scheme for 2021. The performance measures were based on Group EBITDA, aggregated Group customer experience and sustainability targets. The resulting annual bonus for the 2021 financial year, paid in 2022, was 156.6 per cent of target for the CEO.

Our 2018 Performance Share Plan (PSP) vested in full in June 2021 as the targets set for the period were fully met. A new PSP grant was also made in June 2021 to executives, senior managers and key employees within Kindred Group. Performance measures for the 2021 grant were the same as for the 2020 grant: Gross contribution (Gross winnings revenue less cost of sales and marketing costs), free cash flow per share and EBITDA.

Our 2020 LTIP (which commenced in 2016) vested in March 2021 and the targets were fully met. We also introduced a new All Employee Share Plan during 2021 linked to 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.

Looking forward

In 2022, we will closely monitor shareholder voting and continue dialogue with our investors.

On behalf of the Committee, I thank all shareholders for the support in 2021.

Evert Carlsson

Chair of the Remuneration Committee

Remuneration guidelines

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

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

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

The short-term and long-term incentive plans are designed to support key business strategies and financial objectives and contribute to creating 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 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 Annual General Meetings.

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

Base salary

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

Short-term incentives

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

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

Long-term incentives

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

Pension

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

Other benefits

Other benefits that may be provided are in accordance with market practice in the applicable country of executives' employment or residence and may change from time to time. Executive Management 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 members will most effectively pursue the long-term interests of our shareholders if they are shareholders themselves. As a result, share ownership guidelines have been introduced. Our policy requires that the CEO maintains one times net base salary and other Executive Management members maintain 0.5 times net base salary to comply with these guidelines.

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 twelve 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 twelve 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 twelve 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. Proposal for new remuneration guidelines shall be prepared at least every fourth year and submitted to the Annual General Meeting. The remuneration guidelines shall be in force until new guidelines are adopted by the Annual General Meeting. The Remuneration Committee shall also monitor the annual implementation of these guidelines. In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration.

Malus and clawback

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

Deviation from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in an individual case there are special circumstances where a deviation is necessary in order to serve the Group's long-term interests, including its sustainability, or to ensure the Group's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in respect of remuneration-related matters for the CEO and the Executive Management. This includes any resolutions to temporarily deviate from the guidelines.

Remuneration Committee report
continued

2021 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 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 Kindred Group. Total emoluments of the Board of Directors and the CEO who served during the year are set out in the following tables.

Board of Directors remuneration 2020-21

Directors	Board fees GBP 000	Audit Committee fees GBP 000	US Committee fees GBP 000	Remuneration Committee fees GBP 000	2021 Total GBP 000	2020 Total GBP 000
Anders Ström, Chairman[3]	95.1	–	–	–	95.1	260.0
Evert Carlsson, Chairman[2]	115.0	–	8.3	14.1	137.4	–
Hélène Barnekow[1]	–	–	–	–	–	17.2
Peter Boggs	59.0	–	21.3	12.7	93.0	89.0
Gunnel Duveblad	65.6	31.4	12.7	–	109.7	99.0
Erik Forsberg	59.0	22.7	–	–	81.7	79.0
Stefan Lundborg[1]	–	–	–	–	–	71.7
Carl-Magnus Månsson	58.8	–	–	15.5	74.3	69.7
Fredrik Peyron[2]	38.3	–	–	–	38.3	–
Heidi Skogster[2]	38.3	–	–	–	38.3	–
Total	**529.1**	**54.1**	**42.3**	**42.3**	**667.8**	**685.6**

1 Hélène Barnekow resigned from the Board of Directors at the AGM on 12 May 2020, and Stefan Lundborg resigned on 4 December 2020.
2 Evert Carlsson, Fredrik Peyron and Heidi Skogster were appointed to the Board of Directors at the AGM on 12 May 2021.
3 Anders Ström resigned from the Board of Directors at the AGM on 12 May 2021.

CEO remuneration 2021

	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
Henrik Tjärnström	568.0	296.4	417.2	122.5	1,404.1	49:51

1 The annual fixed salary includes vacation salary and paid vacation days.
2 The variable salary paid out in 2021 is based on 2020 performance. The variable salary for 2021 performance to be paid out in 2022 is approximately GBP 648,896 (subject to the foreign exchange rate at the date of payment as salary amounts are paid in SEK).
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.

2021 short-term incentives (STI)

The CEO participated in an annual bonus scheme for 2021. The measures were based on Group EBITDA (60%), and other business critical non-financial measures, namely a Group customer experience measure (20%), and a Group sustainability measure (20%).

The Group's Customer Experience measure is an aggregation of customer experience scores across all brands and markets. Kindred's customer experience score is the result of every interaction a customer has throughout their journey with Kindred and is an important indicator of how we perform.

The Sustainability measure was introduced in 2020 to encourage our employees to engage in sustainability activities, and secure deeper integration into business operations. It is measured by a sustainability index which is linked to various measures and targets set for the performance year. The metrics used for 2021 for the index are: i) level of customer trust, ii) share of customers who change their gambling behaviour after detection by Kindred's Player Safety team, and iii) level of employee trust as measured through an annual engagement survey.

Assessment of 2021 STI conditions for the CEO

Performance condition	Weighting	2021 result vs target
Group EBITDA	60%	200%
Group Customer Experience (CX)	20%	75%
Group Sustainability	20%	108%

Long-term incentives (LTIP)

Vesting of 2018 Kindred Performance Share Plan

In June 2018 Kindred Group made a Performance Share Plan (PSP) grant. The performance measures used were EBITDA, Gross contribution (Gross winnings revenue less 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 (2018-20). The 2018 PSP grant vested in 2021 in full as the agreed targets for the business performance were fully met.

Details of the targets achieved:Performance condition	Achievement vs target over 2018-20	PSP result
EBITDA	116%	100% (capped)
Gross contribution	107%	100% (capped)
Free cash flow	126%	100% (capped)

Vesting of 2020 LTIP

In October 2016 Kindred Group made an All Employee Share Plan grant ('2020 LTIP'). The performance measure used was EBITDA. The 2020 LTIP grant vested in 2021 in full as the agreed targets for the business performance were fully met.

Details of the targets achieved:Performance condition	Achievement vs target for 2020 period	PSP result
EBITDA	172%	100% (capped)

PSP

A new Performance Share Plan grant was made in June 2021 to executive managers and key employees within Kindred Group totalling 543,695 share awards. The PSP performance measures are non-market based, providing participants with a high degree of alignment to Group performance. PSP awards will depend on the Group achieving financial performance targets over three financial years, establishing a clearer link between how the Group performs and the value that the PSP can deliver. These targets are Gross contribution (Gross winnings revenue less cost of sales and marketing costs), free cash flow per share and EBITDA, and will be measured on an aggregated basis between the full year 2021 and the full year 2023 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 2023. The total charge recognised in 2021 in relation to the Group's PSPs was GBP 3.0 (2020: GBP 1.9) million.

2021 All Employee Share Plan

In 2020, the Board approved a new All Employee Share Plan (AESP) linked to the strategic cycle for the business for the next three years. This scheme was rolled out during 2021 and is aimed at all permanent employees of the Group, with the exception of members of the Executive Management team. Grants will be made for each of the next three years (2021-23), the full awards for which will vest after a 24-month period, subject to achievement against EBITDA targets for the Group. We will also be making partial awards each year at the end of Q3 for mid-year joiners whose awards will vest over an 18-month period (aligning with the vest date for the full award and subject to the same performance condition). The total number of share awards outstanding at 31 December 2021 was 450,100. The total amount expensed is recognised over a 24-month or 18-month period for the full and partial awards respectively for each year's grant. The total charge recognised in 2021 in relation to the 2021 AESP was GBP 1.9 million (2020: nil).

Long-term incentive plan awards outstanding for the CEO

The following table provides a full overview of the long-term incentives that have vested during 2021, as well as any long-term incentive awards granted in the past years but remaining unvested as of 31 December 2021.

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]
2021 PSP	2021-2023	01/06/2021	01/06/2024	73,115	–	–
2020 PSP	2020-2022	17/06/2020	18/06/2023	121,803	–	–
2019 PSP	2019-2021	23/05/2019	24/05/2022	46,441	–	–
2018 PSP	2018-2020	01/06/2018	02/06/2021	28,236	28,236	11,541
2020 LTIP	2017-2020	03/10/2016	26/03/2021	40,616	40,616	17,383

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.

Directors' and CEO's interests (audited)

The Directors' and CEO's beneficial interests in the shares/SDRs of Kindred Group plc as at 31 December 2021 are set out below:

Directors	Ordinary shares/SDRs at 31 December 2021	Ordinary shares/SDRs at 31 December 2020
Evert Carlsson, Chairman	7,000	–
Peter Boggs	138,990	138,990
Gunnel Duveblad	8,000	8,000
Erik Forsberg	10,000	10,000
Carl-Magnus Månsson	10,000	10,000
Fredrik Peyron	–	–
Heidi Skogster	1,627	–
Total	**175,617**	**166,990**

CEO	Ordinary shares/SDRs at 31 December 2021	Ordinary shares/SDRs at 31 December 2020
Henrik Tjärnström	1,791,709	1,762,339

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:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021
CEO remuneration[1]	70.2%	-6.6%	5.4%	-9.2%	-0.8%	1,404.1
EBITDA	49.4%	12.5%	-36.8%	114.1%	42.6%	391.1
Average employee remuneration[2]	7.4%	7.6%	0.3%	13.1%	-14.8%	50.1

1 The total remuneration includes, amongst 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 2016–2018 differ to what has been previously reported following a change in the calculation to include the accounting value of the share-based incentive programmes from 2019.
2 Total employee costs (excluding social security costs and the CEO's remuneration) divided by the average number of employees minus one as reported in the notes to the consolidated financial statements of the relevant years. Variable salary for employees differs to that reported for the CEO as it comprises amounts accrued, rather than paid.

Evert Carlsson
Chair of the Remuneration Committee
Malta, 11 March 2022

Directors' report

The Directors present their annual report on the affairs of Kindred Group plc, together with the audited consolidated financial statements and auditor's report, for the year ended 31 December 2021.

Principal activities

Kindred Group is one of the largest independent publicly quoted online gaming operators in Europe.

Its primary business is its B2C online gaming business, with nearly 32 million registered customers worldwide as at 31 December 2021. The Group's B2C business operates across Europe, Australia and North America and offers sports betting (including horse racing), casino & games, poker and other products (including bingo) through several brands.

Following the acquisition of Relax Gaming in 2021, the Group now also has a complementary B2B business. Relax Gaming is a leading iGaming product supplier, supplying other top tier operators across its markets.

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 which 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 and 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 8 and 9.

A detailed financial review is also set out on pages 44 to 48.

Results and dividends

The consolidated income statement is set out on page 130 and shows the result for the year. The profit after tax for the year was GBP 295.3 (2020: GBP 165.2) million.

The Group's current 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. In addition, the Group will over time complement dividends with share buybacks. The total pay-out of dividends and buybacks will be based on an assessment taking into account the Group's financial position, capital structure and future investment needs, including acquisition opportunities. The total pay-out ratio of dividends and buybacks should over time equal about 75 per cent of free cash flow (as defined in note 30 on page 164).

For the 2021 financial year, the Board of Directors propose an ordinary dividend of GBP 0.337 (2020: GBP 0.330) per share/SDR, equal to a total dividend of approximately GBP 75 million.

More details on the dividend policy and the dividend for 2021 can be found on page 114.

Shares/SDRs held by the Group

Between 1 March and 30 April 2021, under the buy-back mandate received at the Extraordinary General Meeting (EGM) on 11 June 2020, 1,317,000 shares/SDRs were purchased at a total price of SEK 190.0, or GBP 16.2, million.

Between 26 July and 17 December 2021, under the buy-back mandate received at the EGM on 10 June 2021, 4,652,000 shares/SDRs were purchased at a total price of SEK 600.0, or GBP 50.2, million.

In total in 2021, 5,969,000 shares/SDRs were purchased at a total price of SEK 790.0, or GBP 66.4, million. The purpose of these share purchases is to return excess cash to Kindred's shareholders.

During the year, 1,453,519 (2020: 255,163) of the total shares/SDRs held by the Group were used in connection with the vesting of the Group's share plans.

The number of issued shares at 31 December 2021 was 230,126,200 of which 7,486,839 are held by the Group, representing 3.3 per cent of the total number of issued shares.

Significant events during 2021

On 8 February 2021, as part of its "journey towards zero", Kindred published its first report on its share of revenue derived from high-risk customers, which is now published on a quarterly basis. See page 61 for more information.

On 1 April 2021, Kindred completed the acquisition of 100 per cent of the shares in Blankenberge Casino-Kursaal NV (Blancas) which operates Casino Blankeberge in Belgium, from The Rank Group Plc. See note 25 on pages 161 and 162.

On 30 September 2021, Kindred announced that it had taken the decision to temporarily cease activity in the Dutch market as of that date, and later in October 2021 confirmed that this would remain the case until a Dutch licence was awarded. In November 2021, Kindred submitted its application for a local licence with the process progressing as planned. Subject to licence application approval, the Group looks forward to contributing to a sustainable gambling industry in the Netherlands.

On 1 October 2021, Kindred completed the acquisition of the remaining outstanding shares in Relax Gaming, following the intial announcement of the intended acquisition on 2 July. See note 25 on pages 162 and 163.

On 11 November 2021, Kindred announced that it had signed a new EUR 216.7 million multi-currency revolving credit facility agreement with two Nordic banks. The agreement spans a three-year period, with a one-year extension option, and has an uncommitted accordion feature that permits, under certain conditions, an increase in total commitments up to EUR 325 million. The loan proceeds will be used to refinance the amounts outstanding under Kindred's existing facilities agreement and for the Group's general corporate purposes. See note 20 on pages 156 and 157 for more information.

There were also a number of key developments for Kindred in the US market during 2021, including:

- The announcement of a partnership with the Quechan Tribe of the Fort Yuma Indian Reservation to secure market access to California and Arizona on 9 February 2021.
- The awarding of one of the seven available direct market access mobile sports betting permits in Virginia from the Virginia Lottery on 22 April 2021, and launching in the market on 28 April 2021.
- Launching in its fifth state, Iowa, on 1 September 2021.
- Launching in its sixth state, Arizona, on 9 September 2021.

Significant events after the year end

On 8 February 2022, Kindred announced that it is developing its proprietary award-winning Kindred Racing Platform into a complete in-house Sportsbook platform. This reflects Kindred's long-term strategy to gain greater end-to-end control of its product offering and customer experience. Kindred has also signed a new agreement with its trusted partner, Kambi, to use their B2B sports betting services until the end of 2026.

On 9 February 2022, Kindred announced a new share purchase programme under the buy-back mandate received at the EGM on 10 June 2021. The programme is running between 10 February 2022 and 12 May 2022 and amounts to a total of up to SEK 300.0 million. Between 10 February 2022 and 10 March 2022, 865,000 shares/SDRs were purchased at a total price of SEK 86.4 million.

Following the escalation of the geopolitical tensions in Russia and Ukraine during February 2022, whilst the Group is not directly exposed to these jurisdictions, management will continue to actively monitor the situation and will assess any impact as it is deemed to arise.

On 3 March 2022, Kindred announced that it had teamed up with Turf Paradise and had obtained nine Limited Event Wagering Operator licences to operate sports betting in Arizona.

Future developments

Following the launch of the new local licensing regime in the Netherlands on 1 October 2021, the Group remains committed to succeeding in the Dutch market and submitted its application for a local licence in November 2021. Subject to licence approval, as is usual for the launch into new locally regulated markets, initial margin pressures are expected due to betting duties, compliance costs and marketing investments. However, Kindred looks forward to becoming a sustainable operator in the Netherlands and to contributing positively to Dutch society.

The North American market remains the largest opportunity for future regulated growth for the Group. At the end of 2021, the Group was live in six US states, with conditional access to 11 states, covering a third of the US population. This is, of course, reliant upon sustainable legislation. Going forward, the Group's focus in the US is to solidify Kindred's global operating model, in terms of both customer experience and the use of the Group's proprietary platform. Subject to licence approval, the Group also plans to launch in Ontario, Canada, in 2022.

Principal risks and uncertainties

Detailed information on the Group's overall risk management process and policies, as well as a full list of the Group's principal risks and uncertainties can be found on pages 49 to 53.

Further information on financial and capital risk management can be found in notes 2C and 2D on pages 142 to 144.

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 27.7 (2020: GBP 20.4) million of development expenditure, and expensed research costs of GBP 25.1 (2020: GBP 18.9) million to the consolidated income statement.

Employees

The Group is committed to equality of opportunity in all aspects of employment regardless of the gender, marital status, gender reassignment status, disability, race, national origin, ethnic origin, colour, nationality, sexual orientation, religion, belief or age of an employee.

The Group also complies with all applicable national and international laws within human and labour rights in the locations in which it operates. These include but are not limited to minimum age, minimum salary, union rights and forced labour as well as the United Nations Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

The Group recognises the importance of ensuring that employees are kept informed of the Group's performance, activities and future plans.

A review of the Group's environmental and community activities is included in the Sustainability section on pages 54 to 94.

Directors and their interests

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

Anders Ström	Non-executive (outgoing) Chairman
Evert Carlsson	Non-executive (incoming) Chairman
Peter Boggs	Non-executive
Gunnel Duveblad	Non-executive
Erik Forsberg	Non-executive
Carl-Magnus Månsson	Non-executive
Fredrik Peyron	Non-executive
Heidi Skogster	Non-executive

On 12 May 2021, Anders Ström resigned from his role as non-executive Chairman with immediate effect. On the same day, Evert Carlsson was appointed as non-executive Chairman and Heidi Skogster and Fredrik Peyron were appointed as non-executive Directors.

The interests of the Directors are shown on pages 118 and 120.

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 as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The consolidated financial statements of Kindred Group plc for the year ended 31 December 2021 are included in this Annual and Sustainability Report and Accounts, which is published in hard-copy printed form and also 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's auditors in connection with preparing their report) of which the Group'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's auditors are aware of that information.

Independent auditors

The auditors, PwC Malta, have indicated their willingness to continue in office, and a proposal to re-appoint them has been sent to the Nomination Committee.

On behalf of the Board

Evert Carlsson
Chairman and Director

Gunnel Duveblad
Director

Malta, 11 March 2022

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 consolidated financial statements (the "financial statements") give a true and fair view of the consolidated financial position of Kindred Group plc (the "Company") and its subsidiaries (the "Group") as at 31 December 2021, and of its consolidated 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, set out on pages 130 to 165, comprise:

- the Consolidated income statement and Consolidated statement of comprehensive income for the year ended 31 December 2021;
- the Consolidated balance sheet as at 31 December 2021;
- the Consolidated statement of changes in equity for the year then ended;
- the Consolidated cash flow statement for the year then ended; and
- the notes to the Consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

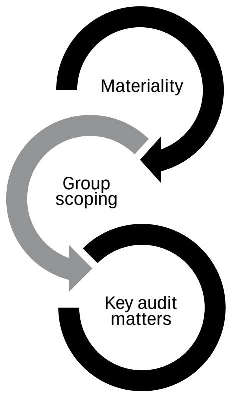
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (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 2021 to 31 December 2021, are disclosed in note 4 to the financial statements.

Our audit approach

Overview



- Overall group materiality: GBP 8.7 million, which represents 5% of the average profit before tax for the preceding three years adjusted for non-recurring income of GBP 71.3 million arising in 2021 from the gain on remeasurement of previously held equity interest in Relax Gaming to fair value upon obtaining control.

- 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
- Acquisition accounting in respect of Relax Gaming

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	GBP 8.7 million
How we determined it	5% of the average profit before tax for the preceding three years adjusted for non-recurring income of GBP 71.3 million arising in 2021 from the gain on remeasurement of previously held equity interest in Relax Gaming to fair value upon obtaining control
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 arising in 2021. 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 430,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 meetings with the component teams, 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.

Independent auditor's report
To the Shareholders of Kindred Group plc
continued

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.

Key audit matter	How our audit addressed the Key audit matter
Impairment assessments for goodwill Refer to page 106 (Audit Committee Report), note 2A (Summary of significant accounting policies), note 11 (Intangible assets). IAS 36 'Impairment of Assets' requires that Goodwill and other indefinite lived intangible assets are subject to an impairment review at least annually, or more frequently when there is evidence of a trigger event. IAS 36 also requires a number of specific disclosures in respect of the impairment assessment. During the year, the Group reassessed its accounting policy for the identification of its cash-generating units (CGUs) in view of its rapid expansion across various markets, both through organic growth and acquisitions, including the most recent acquisition, Relax Gaming. As a result of this assessment, the cash-generating units identified are the Group operations, Solfive, 32Red, USA and Relax Gaming. The Group has goodwill of GBP 428.5 million. When performing the annual impairment review of goodwill as at 31 December 2021, 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 assessed the appropriateness of management's determination of the CGUs and concluded this to be appropriate. 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 2022 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 2021. 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).
Consideration of liabilities arising from non-compliance with laws and regulations Refer to page 106 (Audit Committee Report), pages 109 to 112 (General Legal Environment) and note 2B (Critical accounting estimates and judgements). The international legal and licencing framework for digital gaming is territory specific, and in some territories this remains uncertain. Regulations are developing and this evolving environment makes compliance an increasingly complex area with territory specific regulations, responsible gambling and anti-money laundering obligations. Given the potential for litigation and licence withdrawal, the risk of non-compliance with digital gaming laws and licence regulations could give rise to material fines, penalties, legal claims or market exclusion. There is also a reputational and financial risk together with a going concern risk should any future changes or interpretation of the law mean that the business may not be able to continue to operate in certain territories.	We assessed how management monitors legal and regulatory developments and their assessment of the potential impact on the financial statements. We read, where relevant, external legal and regulatory advice sought by the Group. We also inquired of management and obtained confirmation letters from the Group's external legal advisers about any known instances of material breaches in regulatory or licence compliance that needed to be disclosed or required accruals or provisions to be recorded. Whilst acknowledging that there are instances where this becomes a judgemental area, in particular in instances where there are open assessments by the respective regulators, we found that the Group had an appropriate basis of monitoring and accounting for these matters in the financial statements and the resultant disclosures in the financial statements were appropriate.
Recognition and disclosure of tax charges and provisions Refer to page 106 (Audit Committee Report) and note 2B (Critical accounting estimates and judgements). The Group operates across borders and is subject to regulations such as corporation tax and indirect tax in a number of jurisdictions. We focused on this matter as the taxation environment is complex and can change quickly and could result in material exposure to liabilities.	We discussed with management and their tax specialists how the Group manages and controls each individual company across the various territories and jurisdictions in which it operates and assessed how the local tax obligations are determined. We also obtained and read relevant tax correspondence with the respective tax authorities, together with any external tax advice obtained by the Group to assist them in supporting their tax position. With input from our tax specialists across the various key jurisdictions in which the Group operates, we assessed the key judgements with respect to the tax positions taken. We obtained evidence to support the provisions and consider these to reflect management's best estimate. We found the overall position adopted in the financial statements and the related disclosures in respect of corporation tax and indirect taxes to be appropriate.

Key audit matter	How our audit addressed the Key audit matter
Acquisition accounting in respect of Relax Gaming Refer to page 106 (Governance Section), note 2B (Critical accounting estimates and judgements) and note 25 (Business combinations). On 1 October 2021, the Group completed the acquisition of the remaining outstanding shares in Relax Holding Limited and its subsidiaries ("Relax Gaming") for a consideration of GBP 159.2 million, including a contingent consideration of GBP 79.7 million. The transaction attributed a total value to the outstanding shares of approximately EUR 295 million (Equity Value). The Group was required to remeasure its previously held equity holding in Relax Gaming of 33.4% at the acquisition date. The fair value at acquisition date of the Group's interest in Relax Gaming immediately before obtaining control was GBP 76.2 million. The Group's carrying amount at the acquisition date was GBP 4.9 million giving rise to a fair value gain of GBP 71.3 million. Accounting for the acquisition required a fair value exercise to assess the assets and liabilities acquired including valuing any separately identifiable intangible assets and the resulting goodwill. Management identified GBP 82.8 million of identifiable intangible assets, in respect of brand, development costs and customer relationships. The residual goodwill arising from this acquisition amounted to GBP 154.7 million. We focused on this matter due to the significance of management assumptions and judgements exercised. The identification and valuation of intangible assets can be a particularly subjective process. Any difference to these assumptions could cause a material misstatement.	We assessed management's calculation in respect of the recognised gain of GBP 71.3 million on remeasurement resulting upon fair valuing the previously held equity interest upon obtaining control and the related accounting entry in line with the requirements of IFRS 3. We performed procedures on the Group's purchase price allocation as follows: – Audited the Group's valuation of assets and liabilities acquired and the methods used for these valuations; – Assessed management's judgements and estimates made in preparing these valuations, including the key assumptions applied such as the growth rate and discount rate, and the useful economic lives assigned to the intangible assets; and – Assessed whether the accounting principles and disclosures in the annual report are in accordance with IFRSs. From the procedures performed set out above, we did not find any significant differences in the identified intangible assets and the arising values recognised in the financial statements. As a result of our work, we determined that the acquisition of Relax Gaming has been appropriately accounted for and disclosed. Refer to note 25 to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Strategic report section, the Sustainability section, the Governance section and the Other information 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 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 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.

Independent auditor's report
To the Shareholders of Kindred Group plc
continued

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 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 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Group's trade, customers and suppliers, and the disruption to its business and the overall economy.
- 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.

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

The Annual and Sustainability Report and Accounts 2021 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 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 2021 and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 121 to 123) 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.

Other matters

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.

We report separately on the parent company financial statements of Kindred Group plc for the year ended 31 December 2021.

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 17 years.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Simon Flynn
Partner

11 March 2022

Consolidated income statement

(GBP m)	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	3	1,259.6	1,130.2
Betting duties	3	-255.3	-231.0
Marketing revenue share	3	-52.0	-53.6
Other cost of sales	3	-198.7	-180.4
Cost of sales		**-506.0**	**-465.0**
Gross profit		**753.6**	**665.2**
Marketing costs	4	-234.7	-203.6
Salaries	4	-117.5	-109.7
Other operating expenses	4	-69.3	-63.7
Depreciation of property, plant and equipment	4	-14.8	-15.1
Depreciation of right-of-use assets	4	-11.1	-11.3
Amortisation of intangible assets	4	-23.0	-34.2
Total administrative expenses	4	**-235.7**	**-234.0**
Underlying profit before items affecting comparability		**283.2**	**227.6**
Personnel restructuring costs	4	-1.0	-4.2
Merger and acquisition costs	4	-5.8	-0.4
Disputed regulatory sanction	4	4.2	-8.0
Other gains/(losses) – net	4	-9.7	-1.4
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	4	71.3	–
Impairment losses	11	–	-7.8
Profit from operations	3	**342.2**	**205.8**
Finance costs	6	-6.2	-6.2
Finance income	7	1.0	0.4
Foreign currency losses on borrowings		–	-8.7
Share of profit from associate	14	1.4	1.8
Profit before tax		**338.4**	**193.1**
Income tax expense	8	-43.1	-27.9
Profit for the year		**295.3**	**165.2**
Profit is attributable to:			
Owners of Kindred Group plc		295.3	165.2
Non-controlling interests		–	–
Profit for the year		**295.3**	**165.2**
Earnings per share, GBP	10	1.31	0.73
Diluted earnings per share, GBP	10	1.30	0.72

More detailed definitions can be found on page 167. The notes on pages 135 to 165 are an integral part of these financial statements.

Consolidated statement of comprehensive income

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Profit for the year	295.3	165.2
Other comprehensive income		
Currency translation adjustments taken to equity	-18.0	9.2
Gains on net investment hedge	6.4	–
Total comprehensive income for the year	**283.7**	**174.4**
Total comprehensive income for the year is attributable to:		
Owners of Kindred Group plc	283.8	174.4
Non-controlling interests	-0.1	–
Total comprehensive income for the year	**283.7**	**174.4**

All the above amounts relate to continuing operations.

The currency translation adjustment relates primarily to foreign currency retranslation of goodwill and acquired intangibles and the net investment in the subsidiaries, to the closing exchange rate for each year.

Consolidated balance sheet

(GBP m)	Note	Year ended 31 December 2021	Year ended 31 December 2020
Assets			
Non-current assets			
Goodwill	11	428.5	273.9
Other intangible assets	11	255.3	148.7
Investment in associate	14	–	3.6
Property, plant and equipment	12	23.7	28.4
Right-of-use assets	13	53.7	61.3
Deferred tax assets	21	27.4	28.4
Convertible bond	24	6.4	6.9
Other non-current assets		3.1	2.3
		798.1	**553.5**
Current assets			
Trade and other receivables	16	52.3	46.9
Financial assets at fair value through profit and loss	15	0.1	–
Taxation recoverable		96.4	91.4
Cash and cash equivalents	29	270.6	300.5
		419.4	**438.8**
Total assets		**1,217.5**	**992.3**
Equity and liabilities			
Capital and reserves			
Share capital	23	0.1	0.1
Share premium	23	81.5	81.5
Currency translation reserve	23	5.7	17.2
Reorganisation reserve	23	-42.9	-42.9
Retained earnings		514.9	356.2
Total equity attributable to the owners		**559.3**	**412.1**
Non-controlling interests		5.9	–
Total equity		**565.2**	**412.1**
Non-current liabilities			
Borrowings	20	111.6	118.3
Lease liabilities	13	43.5	50.2
Provisions	18	2.3	0.6
Other financial liabilities at fair value through profit and loss	15	38.3	–
Deferred tax liabilities	21	22.4	5.3
		218.1	**174.4**
Current liabilities			
Lease liabilities	13	11.9	12.1
Trade and other payables	17	162.2	166.3
Provisions	18	11.1	17.0
Customer balances	19	72.0	77.5
Deferred income	15	4.8	5.4
Other financial liabilities at fair value through profit and loss	15	41.1	–
Tax liabilities		131.1	127.5
		434.2	**405.8**
Total liabilities		**652.3**	**580.2**
Total equity and liabilities		**1,217.5**	**992.3**

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 2021 was 1.190 (2020: 1.112). The notes on pages 135 to 165 are an integral part of these financial statements. The financial statements on pages 130 to 165 were authorised for issue by the Board of Directors on 11 March 2022 and were signed on its behalf by:

Evert Carlsson
Chairman and Director

Gunnel Duveblad
Director

Consolidated statement of changes in equity

		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 2020		0.1	81.5	8.0	-42.9	187.3	**234.0**	–	**234.0**
Comprehensive income									
Profit for the year		–	–	–	–	165.2	**165.2**	–	**165.2**
Other comprehensive income									
Currency translation adjustments		–	–	9.2	–	–	**9.2**	–	**9.2**
Total comprehensive income		**–**	**–**	**9.2**	**–**	**165.2**	**174.4**	**–**	**174.4**
Transactions with owners									
Share awards – value of employee services	22	–	–	–	–	0.2	**0.2**	–	**0.2**
Equity-settled employee benefit plan	22	–	–	–	–	1.8	**1.8**	–	**1.8**
Disposal/utilisation of treasury shares	23	–	–	–	–	1.7	**1.7**	–	**1.7**
Total transactions with owners		**–**	**–**	**–**	**–**	**3.7**	**3.7**	**–**	**3.7**
At 31 December 2020		**0.1**	**81.5**	**17.2**	**-42.9**	**356.2**	**412.1**	**–**	**412.1**
Comprehensive income									
Profit for the year		–	–	–	–	295.3	**295.3**	–	**295.3**
Other comprehensive income									
Currency translation adjustments taken to equity		–	–	-17.9	–	–	**-17.9**	-0.1	**-18.0**
Gains on net investment hedge		–	–	6.4	–	–	**6.4**	–	**6.4**
Total comprehensive income		**–**	**–**	**-11.5**	**–**	**295.3**	**283.8**	**-0.1**	**283.7**
Transactions with owners									
Share awards – value of employee services	22	–	–	–	–	1.1	**1.1**	–	**1.1**
Equity-settled employee benefit plan	22	–	–	–	–	-7.2	**-7.2**	–	**-7.2**
Treasury share purchases	23	–	–	–	–	-66.4	**-66.4**	–	**-66.4**
Disposal/utilisation of treasury shares	23	–	–	–	–	10.4	**10.4**	–	**10.4**
Dividends paid	9	–	–	–	–	-74.5	**-74.5**	–	**-74.5**
Non-controlling interests on acquisition of subsidiary	25	–	–	–	–	–	–	6.0	**6.0**
Total transactions with owners		**–**	**–**	**–**	**–**	**-136.6**	**-136.6**	**6.0**	**-130.6**
At 31 December 2021		**0.1**	**81.5**	**5.7**	**-42.9**	**514.9**	**559.3**	**5.9**	**565.2**

The notes on pages 135 to 165 are an integral part of these financial statements.

Consolidated cash flow statement

(GBP m)	Note	Year ended 31 December 2021	Year ended 31 December 2020
Operating activities			
Profit from operations		342.2	205.8
Adjustments for:			
Depreciation of property, plant and equipment	12	14.8	15.1
Depreciation of right-of-use assets	13	11.1	11.3
Amortisation of intangible assets	11	23.0	34.2
Impairment losses recognised in the year	11	–	7.8
Loss on disposal of intangible assets	4	0.2	0.2
Fair value adjustments		-70.3	–
Foreign currency gain on dividend	7	0.6	–
Share-based payments	22	3.0	1.9
Equity-settled employee benefit plan	22	1.3	1.8
Decrease/(increase) in trade and other receivables		2.4	-1.3
(Decrease)/increase in trade and other payables, including customer balances and provisions		-12.1	51.0
Cash flows from operating activities		**316.2**	**327.8**
Net income taxes paid		-33.9	-11.7
Net cash generated from operating activities		**282.3**	**316.1**
Investing activities			
Acquisition of subsidiaries, net of cash acquired	25	-97.0	–
Interest received		0.2	0.4
Purchases of property, plant and equipment	12	-10.6	-5.2
Development and acquisition costs of intangible assets	11	-34.4	-20.7
Net cash used in investing activities		**-141.8**	**-25.5**
Financing activities			
Interest paid		-4.3	-4.9
Interest paid on lease liabilities	13	-1.3	-1.3
Repayment of lease liabilities		-10.4	-11.3
Dividend paid	9	-74.5	–
Treasury share purchases	23	-66.4	–
Proceeds from borrowings	20	133.7	–
Repayment of borrowings	20	-133.7	-115.1
Net cash used in financing activities		**-156.9**	**-132.6**
Net (decrease)/increase in cash and cash equivalents		**-16.4**	**158.0**
Cash and cash equivalents at the beginning of the year		**300.5**	**137.8**
Effect of foreign exchange rate changes		-13.5	4.7
Cash and cash equivalents at the end of the year	29	**270.6**	**300.5**

The notes on pages 135 to 165 are an integral part of these 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 financial statements have been prepared separately and are not included in this Annual and Sustainability Report and Accounts.

The Group has a solid financial position with strong liquidity and low leverage. The Group also generates strong cash flows and it is 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 financial statements. For this reason they continue to adopt the going concern basis in preparing these consolidated financial statements.

The preparation of financial statements in conformity with IFRSs EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2B.

(a) New and amended standards and interpretations adopted by the Group

There are no new standards and amendments adopted by the Group for the first time for the financial year commencing 1 January 2021 that had a material impact on the amounts recognised in prior periods or that are expected to materially affect the current or future periods.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2021 and not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory and have not been early adopted by the Group. They are not expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

2A: Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Kindred Group plc (the Company) and entities controlled by the Company (its subsidiaries) made up to 31 December each year. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group. All inter-company transactions and balances between Group companies are eliminated on consolidation.

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 contingent consideration on page 140 for subsequent measurement.

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement within items affecting comparability.

The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively.

All associate entities are accounted for by applying the equity accounting method. The Group's policy surrounding associates is outlined on page 138 and they are discussed further on pages 153 and 154.

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.

2A: Summary of significant accounting policies continued

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, being the functional currency.

Transactions in currencies other than the functional currency of an entity are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in the consolidated income statement for the year. Gains and losses arising on operations are recognised within other gains/(losses).

The Group holds derivatives, in the form of foreign exchange forward contracts, which are not classified as hedges. These are held in order to hedge certain foreign exchange exposures across the Group. No hedge accounting is applied to these derivatives, which are carried at fair value with changes being recognised in the consolidated income statement within other gains/(losses).

Unrealised gains and losses arising on the retranslation of the Group's foreign currency denominated borrowings were recognised within finance costs or finance income up until 31 December 2020. From 1 January 2021, the Group implemented a net investment hedge relationship between its EUR and SEK borrowings and its foreign operations' net assets denominated in the same currencies. For detailed information on the Group's accounting policy in relation to hedging activities refer to page 141.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the exchange rate on the date of the transaction. Exchange differences arising on the translation of subsidiary reserves are recognised in other comprehensive income and transferred to the Group's currency translation reserve.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised within the Group's currency translation reserve. Translation differences relating to inter-company balances which form part of the net investment in foreign operations are also included within the Group's currency translation reserve.

Revenue recognition

Following the acquisition of Relax Gaming on 1 October 2021, as well as the previously provided business-to-consumer (B2C) services, the Group now also provides business-to-business (B2B) services.

(a) B2C

Within its B2C segment, the Group provides online gaming services across the following: sports betting, casino & games, poker and other products.

Gross winnings revenue on sports betting is defined as the net gain or loss from bets placed after the cost of promotional bonuses within the financial period. Deferred income, representing revenue which can be measured reliably but where transactions have not closed at the balance sheet date, is recognised at fair value with gains or losses recognised in the consolidated income statement.

Within casino & games, the Group defines Gross winnings revenue as the net gain from bets placed after the cost of promotional bonuses in the financial period.

The Group considers Gross winnings revenues on sports betting and casino & games to be derivative financial instruments.

Poker Gross winnings revenue reflects the net income (rake) earned from poker games completed after the cost of promotional bonuses within the financial period.

Other Gross winnings revenues include those from bingo and other products. Bingo Gross winnings revenues are recognised as the net gain from bets placed after the cost of promotional bonuses in the financial period. Other product revenues represent gaming 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 gaming industry.

For B2B revenue from the sale of the Group's own content, revenue is recognised as the gross amount of consideration received. This is recognised when the amounts of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity.

B2B revenue that relates to the resale of 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) in Kindred Group plc. The fair value of the employee services received in exchange for the grant of performance shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the performance shares granted, including market performance conditions and the impact of any non-vesting conditions, and excluding the impact of any service or vesting conditions. Non-market performance and service conditions are included in assumptions about the number of share-based payments that are expected to vest. The total amount expensed is recognised over the vesting period of the share-based payments, which is between one and a half and four years.

At the end of each reporting period, the Group revises the estimates of the number of share-based payments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When share-based payments vest, the Company may issue new shares. Proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Items affecting comparability

The Group defines items affecting comparability as those items which, by their size or nature in relation to both the Group and individual segments, should be separately disclosed in order to give a full understanding of the Group's underlying financial performance, and aid comparability of the Group's results between years.

Items affecting comparability include personnel restructuring costs, merger and acquisition costs, a disputed regulatory sanction, other gains/(losses) – which includes both foreign exchange and fair value gains and losses, gain on remeasurement of a previously held equity interest to fair value upon obtaining control (in relation to the acquisition of Relax Gaming) and impairment losses.

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.

2A: Summary of significant accounting policies continued

(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.

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 ten years, as the Directors believe these to be their useful lives.

(d) Gaming licences

Gaming licences comprise longer-term licences required for operating in certain markets (predominantly the US), 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). Gaming 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 eight to fifteen 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 refer 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. Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Associated companies

Associated companies are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Investments in associated companies have been reported according to the equity method. This means that the Group's share of income after taxes in an associated company is reported as part of the Group's consolidated income statement. Investments in such a company are reported initially at cost and then increased, or decreased, to recognise the Group's share of the profit or loss of the associated company after the date of acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Gains or losses on transactions with associated companies, if any, have been recognised to the extent of unrelated investors' interests in the associate.

Accounting policies of associate companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to working condition for its intended use.

Depreciation is charged so as to write off the cost, less the estimated residual value, of the assets over their estimated useful lives, using the straight-line method, on the following bases:

- Office equipment, fixtures and fittings: three to ten years
- Computer hardware: three years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within administrative expenses in the consolidated income statement.

The residual values of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If any impairment is identified in the carrying value of an asset, it is written down to its recoverable amount.

Leases

The Group's leases predominantly relate to its offices in Malta and other territories but also relate to small items of equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices. The Group has elected to split the lease components into their lease and non-lease components based on their relative stand-alone prices.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, restoration costs and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are reviewed, and adjusted as required, but at least annually.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received and adjusts for items specific to each lease, such as the term, country and currency.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, lease liabilities are measured at amortised cost using the effective interest rate method. The liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments, such as changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset, the exception being when the carrying amount of the right-of-use asset has been reduced to zero and any excess is then recognised in the consolidated income statement.

Lease payments can also change when there are changes to an index or a rate used to determine those payments, such as changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate.

Payments associated with short-term leases of premises and equipment are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Financial assets

The Group classifies its financial assets at fair value through profit or loss or at amortised cost. The classification depends on the purpose for which the financial assets were acquired. The Group determines the classification of its financial assets at initial recognition.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2A: Summary of significant accounting policies continued

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of options on convertible loan instruments and foreign exchange forward contracts, which are both treated as derivatives. For foreign exchange forward contracts, the Group classifies these as 'held for trading' where these do not meet the hedge accounting criteria. Financial assets at fair value through profit or loss are initially recognised at fair value with any transaction costs expensed in the consolidated income statement. These assets are subsequently remeasured at fair value with any gains or losses recognised in the consolidated income statement within other gains/(losses). 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.

(b) Financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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. Those with maturities greater than 12 months after the balance sheet date are classified as non-current assets. Financial assets at amortised cost are initially recognised at fair value plus transaction costs.

At each balance sheet date the Group assesses on a forward-looking basis the expected credit losses associated with its financial assets at amortised cost. See note 2F for further information.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. 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.

Cash and cash equivalents, and finance income

Cash and cash equivalents includes cash in hand, deposits held at call with banks, payment solution providers and other short-term highly liquid investments with original maturities of three months or less. Included in cash and cash equivalents are funds not available for use by the Group for daily operations. These are primarily funds which are designated by the Group to cover certain customer balances, as required by local laws and regulations.

Finance income is recognised on bank balances using the effective interest method as and when it accrues.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from 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

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group derecognises a financial liability from its balance sheet when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

They are presented as current liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are carried on the consolidated balance sheet at fair value with gains or losses recognised in the consolidated income statement.

Deferred income

Deferred income, representing revenue which can be measured reliably but where transactions have not closed at the balance sheet date, is classified as a financial liability at fair value through profit and loss. It is initially recognised at fair value, and subsequently remeasured to fair value with gains or losses recognised in the consolidated income statement.

Contingent consideration

Contingent consideration has arisen from the acquisition of Relax Gaming during 2021. At the acquisition date contingent consideration is recognised at fair value, with subsequent changes in fair value recognised in the consolidated income statement. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition.

Derivative financial instruments

Derivative financial instruments, being foreign exchange forward contracts, which do not meet the hedge accounting criteria are classified as 'held for trading' for accounting purposes and are initially recognised at fair value, and subsequently remeasured to fair value with gains or losses recognised in the consolidated income statement within other gains/(losses).

(b) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised in finance costs.

Borrowings and finance costs

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated income statement over the period of the borrowings using the effective interest method. Borrowings are classified 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.

Interest and other fees in relation to borrowings are recognised in finance costs in the consolidated income statement.

Trade and other payables and customer balances

Trade and other payables and customer balances are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value of non-current provisions is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised within other operating expenses in the consolidated income statement.

Hedging activities

The Group uses hedge accounting, in the form of a net investment hedge, to mitigate the risk of exposure to foreign currency movements on foreign currency denominated borrowings.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in gains on net investment hedge within other comprehensive income and accumulated in the currency translation reserve in equity. These are then reclassified to the consolidated income statement when the foreign operation is partially disposed of or sold.

The Group assesses the 'effectiveness' of the net investment hedge in accordance with the requirements of IFRS 9 and accordingly the unrealised gains and losses arising on the retranslation of the Group's borrowings are recognised in other comprehensive income where the net investment hedge is deemed to be 'effective'. Gains and losses are reported within the consolidated income statement, within finance costs or finance income, to the extent that the hedge is ineffective.

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 137 and 138. The carrying value of these assets are shown in the table in note 11 on page 150. 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

2B: Critical accounting estimates and judgements continued

to the carrying amount of the liability recorded as a result of this estimation may be required. Refer to note 8 for further details.

Should uncertain tax treatment subsist as at the financial year end, the Group will consider whether it is probable that a taxation authority will accept the uncertain tax treatment adopted by the Group. The Group will consider whether each uncertain tax treatment should be considered separately or whether to consider them together based on the Group's assessment of what gives a better prediction of the resolution of the uncertainty. When determining the probability that the taxation authority will accept the uncertain tax treatment, the Group assumes that the taxation authority will examine all amounts reported to it and will have full knowledge of all related information during their examination.

Legal and regulatory environment

The Group operates in a number of markets in which its operations may be subject to legal and regulatory risks, as highlighted on pages 109 to 112. In such circumstances, the potential outcome can often be unknown and therefore the Group routinely makes estimates of the financial impact, as disclosed in 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, being salary costs for those working on the development and enhancement of its platform, in line with the relevant accounting policy on page 138. 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 2021 is GBP 36.7 (2020: GBP 27.5) million.

Valuation of intangible assets in business combinations

The Group exercises judgement in determining the fair value of acquired intangibles on business combinations. Such assets include brands, customer relationships, domains and capitalised development costs. The judgements made are based on recognised valuation techniques such as the Relief from Royalty Method for brands, recognised industry comparative data and the Group's industry experience and specialist knowledge. See note 11 for additional information.

Contingent consideration in business combinations

The Group exercises judgement in determining the fair value of contingent consideration as part of a business combination. Total contingent consideration at 31 December 2021 is GBP 79.4 (2020: GBP nil) million. 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 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 50 to 53.

Market risk

Market risk is the risk that the Group will lose money on its B2C business due to unfavourable outcomes on the events where the Group offers odds. The Group has adopted specific risk management policies that control the maximum risk level for each sport or event where the Group offers odds. The results of the most popular teams in major football leagues comprise the predominant market 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 overleaf.

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 2021, the rate of exchange of the euro weakened against GBP by 7.0 per cent (from a rate of EUR 1.112 per GBP to a rate of EUR 1.190 per GBP). The rate of exchange of the Swedish krona weakened against GBP by 9.3 per cent (from a rate of SEK 11.161 per GBP to a rate of SEK 12.199 per GBP). These movements in some of the Group's principal trading currencies contributed to the overall foreign exchange loss on operations which is recognised within other gains/(losses) in note 4 on pages 147 and 148.

The Group's operating cash flows provide a partial natural hedge for operating currency risks, since deposits and pay-outs to customers are matched in the same currency.

The Group monitors currency exposures on items such as cash and cash equivalents, customer balances, trade and other receivables and trade and other payables, and manages them within prescribed limits through the use of foreign exchange forward contracts, as approved by the Board of Directors. These are held in order to hedge the aforementioned foreign exchange exposures across the Group. No hedge accounting is applied to these derivatives, which are carried at fair value with changes being recognised in the consolidated income statement. Additional foreign exchange disclosures for customer balances are also contained in note 19 on page 156.

At the year end, the Group has access to a multi-currency revolving loan facility, of which GBP 69.6 million is unused (see note 20 on page 156 for more information). At such time that the Group draws down further on the facility, a currency translation exposure related to that financial liability may arise.

Hedge of net investment in foreign operations

From 1 January 2021, 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. Up until 31 December 2020, these gains and losses were recognised within the consolidated income statement and amounted to a loss of GBP 8.7 million for the 2020 financial year. From 1 January 2021, 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:

	2021	2020
Carrying amount (non-current borrowings) (GBP m)	**81.6**	–
EUR carrying amount (m)	**EUR 62.0**	–
SEK carrying amount (m)	**SEK 371.0**	–
Hedge ratio	**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)	**-6.4**	–
Change in value of hedged item used to determine hedge effectiveness (GBP m)	**6.4**	–
Weighted average hedged rate for the year (EUR:GBP)	**1.165**	–
Weighted average hedged rate for the year (SEK:GBP)	**11.834**	–

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

Interest rate risk

The Group is exposed to market interest rate fluctuations on its floating rate debt. Increases in EURIBOR (or equivalent interbank offered rates for debt denominated in other currencies) would increase the interest cost of any outstanding and future drawings from its revolving credit facility; however, such increases would not be expected to have a significant impact on the Group.

The substantial majority of the Group's liquid resources are held in short-term accounts in order to provide the necessary liquidity to fund the Group's operations, so there is no significant exposure to interest rate risk in respect of the Group's interest-bearing assets and liabilities.

Credit risk

The Group manages credit risk on a group-wide basis.

The Group manages credit risk in relation to cash and cash equivalents by using a large number of banking and payment solution providers. See note 2F on the next page.

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 gaming 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 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 its 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 2021, the current liabilities of the Group exceeded the current assets by GBP 14.8 (2020: current assets exceeded current liabilities by GBP 33.0) 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

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continued

2C: Financial risk management continued

position. As at 31 December 2021, the unused revolving loan facility available to be drawn on was GBP 69.6 (2020: GBP 160.0) 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 on pages 156 and 157 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 2021			As at December 2020		
(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	4.8	–	–	5.4	–	–
Trade and other payables[1]	157.4	–	–	158.7	–	–
Customer balances	72.0	–	–	77.5	–	–
Lease liabilities	13.1	44.9	0.8	12.1	45.1	8.1
Contingent consideration	41.1	38.3	–	–	–	–
Borrowings	3.3	121.1	–	3.7	120.9	–
Total	**291.7**	**204.3**	**0.8**	**257.4**	**166.0**	**8.1**

1 Excluding non-financial liabilities, being other taxation and social security. 2020 numbers have also been updated in line with the changes described in note 32.

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 156. The net cash to EBITDA ratio at 31 December 2021 was GBP 0.22 (2020: GBP 0.38). The Group has been fully compliant with all covenants under the facilities agreements during the year, and expects to remain compliant throughout the lifetime of the facilities.

2E: Fair value estimation

The carrying value less expected loss allowances of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. For further information on fair value estimates, see note 15 on page 154.

2F: Impairment and credit quality of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- current and non-current receivables measured at amortised cost; 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 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 2021 as a result of bank failures.

The credit ratings of the Group's principal banking partners at 31 December 2021 and 2020, based on publicly reported Fitch ratings, are as follows:

(GBP m)	As at 31 December 2021	As at 31 December 2020
AA-	25.8	13.2
A+	110.0	149.1
A	18.1	1.2
A-	13.2	5.3
BBB+	0.7	2.4
BBB	28.0	13.4
BB+	–	2.5
Not rated[1]	74.8	113.4
Total cash and cash equivalents	**270.6**	**300.5**

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.

Following the acquisition of Relax Gaming during the year, and the introduction of a new B2B revenue stream to complement its existing B2C revenue stream, management revisited and updated its internal reporting processes for the purpose of making strategic decisions, and subsequently redefined its operating segments.

The Group's operations are now split into two operating segments, being Kindred Group excluding Relax Gaming, which consists of the B2C revenue streams, and Relax Gaming which consists of the B2B revenue streams. The B2B revenue streams reported for the year relate to the 3-month period since the acquisition of Relax Gaming on 1 October 2021

The B2C operating segment derives its revenues from online sports betting, casino & games, poker and other products (including bingo and other games). Due to the scale of the B2C business, additional analysis is undertaken internally in order to make strategic decisions. Management considers the B2C business primarily from a regional perspective, emphasising the primary role of territory management in driving the business forward. Products are also an important part of the Group's operational matrix. The information on this subset of segments has also been provided on the following page.

The B2B operating segment derives its revenues from software solutions and product development for the gaming 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 from 2021 is profit from operations (as defined on the following page). For operating segments within the B2C business, the primary measure used for regional analysis is gross profit, excluding central overheads incurred in support of the integrated operating model applied by the Group, since any allocation would be arbitrary. This is also applicable for the 2020 operating segments by region. 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.

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3: Operating segments continued

The operating segments during the year ended 31 December 2021 are as follows:

31 December 2021 (GBP m)	Kindred Group excluding Relax Gaming (B2C)	Relax Gaming (B2B)	Eliminations	Total
Gross winnings revenue (B2C)	1,255.2	–	–	**1,255.2**
Other revenue (B2B)	–	6.5	-2.1	**4.4**
Total revenue	**1,255.2**	**6.5**	**-2.1**	**1,259.6**
Betting duties	-255.3	–	–	**-255.3**
Marketing revenue share	-52.0	–	–	**-52.0**
Other cost of sales	-200.4	-0.4	2.1	**-198.7**
Gross profit	**747.5**	**6.1**	**–**	**753.6**
Marketing costs	-234.5	-0.2	–	**-234.7**
Total administrative expenses	-233.5	-2.2	–	**-235.7**
Items affecting comparability	60.5	-1.5	–	**59.0**
Profit from operations	**340.0**	**2.2**	**–**	**342.2**

Further analysis of the B2C business by region during the year ended 31 December 2021 can be seen below:

31 December 2021 (GBP m)	Nordics	Western Europe	Central, Eastern and Southern Europe	Other	Kindred Group excluding Relax Gaming (B2C)
Gross winnings revenue (B2C)	798.4	287.8	110.5	58.5	**1,255.2**
Other revenue (B2B)	–	–	–	–	**–**
Total revenue	**798.4**	**287.8**	**110.5**	**58.5**	**1,255.2**
Betting duties	-184.6	-30.6	-16.9	-23.3	**-255.3**
Marketing revenue share	-28.9	-11.9	-5.9	-5.3	**-52.0**
Other cost of sales	-105.2	-60.4	-21.6	-13.2	**-200.4**
Gross profit	**479.7**	**185.0**	**66.1**	**16.7**	**747.5**

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

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Sports betting	547.2	488.1
Casino & games	648.7	579.0
Poker	30.8	32.9
Other	28.5	30.2
Gross winnings revenue (B2C)	**1,255.2**	**1,130.2**

The operating segments during the year ended 31 December 2020 were as follows:

31 December 2020 (GBP m)	Nordics[1]	Western Europe	Central, Eastern and Southern Europe	Other[1]	Total
Gross winnings revenue (B2C)	268.2	705.4	101.8	54.8	**1,130.2**
Betting duties	-26.8	-169.2	-15.7	-19.3	**-231.0**
Marketing revenue share	-11.7	-31.1	-6.1	-4.7	**-53.6**
Other cost of sales	-52.9	-97.1	-18.7	-11.7	**-180.4**
Gross profit	**176.8**	**408.0**	**61.3**	**19.1**	**665.2**
Marketing costs					**-203.6**
Administrative expenses					**-234.0**
Items affecting comparability					**-21.8**
Profit from operations					**205.8**

1 During the year ended 31 December 2020, impairment losses of GBP 7.8 million were recognised within items affecting comparability. GBP 3.9 million relates to impairment of the Betchoice goodwill and can be attributed to the other reporting segment, while the remaining GBP 3.9 million relates to impairment of goodwill from the Guildhall acquisition and can be attributed to the Nordics reporting segment. For more information, please refer to note 11.

4: Expenses by nature

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Betting duties	255.3	231.0
Marketing revenue share	52.0	53.6
Other cost of sales	198.7	180.4
Marketing costs	234.7	203.6
Administrative expenses		
Salary costs (research costs)	*25.1*	*18.9*
Other salary costs	*92.4*	*90.8*
Total salaries	117.5	109.7
Fees payable to statutory auditors	*0.9*	*0.9*
Loss on disposal of intangible assets	*0.2*	*0.2*
Other	*68.2*	*62.6*
Other operating expenses	69.3	63.7
Depreciation of property, plant and equipment	14.8	15.1
Depreciation of right-of-use assets	11.1	11.3
Amortisation of intangible assets	23.0	34.2
Total administrative expenses	**235.7**	**234.0**
Items affecting comparability		
Personnel restructuring costs	1.0	4.2
Merger and acquisition costs	5.8	0.4
Disputed regulatory sanction	-4.2	8.0
Other (gains)/losses – net	9.7	1.4
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	-71.3	–
Impairment losses	–	7.8
Total items affecting comparability	**-59.0**	**21.8**

As explained within the accounting policy note on page 137, 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.

4: Expenses by nature continued

In 2021, items affecting year-on-year comparison included the following:

- Personnel restructuring costs of GBP 1.0 (2020: GBP 4.2) million as the Group finalised its previously communicated programme to optimise its headcount to ensure it was appropriately structured for future growth.
- Merger and acquisition costs of GBP 5.8 (2020: GBP 0.4) million, primarily in relation to the acquisition of Relax Gaming on 1 October 2021.
- Following the recognition of a provision for a disputed regulatory sanction in 2020, relating to the decision by the Swedish Gambling Authority to issue Kindred with a fine of SEK 100.0 (GBP 8.0) million, Kindred appealed the decision to the Swedish Administrative Court. In 2021, the fine was reduced by 50 per cent to SEK 50.0 million, with the reduction of the provision of GBP 4.2 million recognised as a credit to the income statement. Subsequently, Kindred has applied for permission to appeal this decision and it is only once a final judicial decision has been issued that a fine, if any, becomes payable. At the year end, Kindred maintains a full provision for its current exposure.
- Other (gains)/losses, which predominantly comprise foreign currency losses of GBP 8.7 (2020: GBP 1.4) million. These foreign currency losses primarily relate to unrealised foreign currency differences from the retranslation of foreign currency current assets and liabilities, including both cash and customer balances. Fair value adjustments on contingent consideration in relation to the Relax Gaming acquisition and on forward contracts, both new in the year, are also included in this balance.
- A gain on the remeasurement of the previously held equity interest in Relax Gaming to fair value upon obtaining control on the acquisition date of 1 October 2021. This remeasurement was required under IFRS 3, Business Combinations, as the acquisition was deemed a 'business combination achieved in stages'. The acquisition date fair value of the Group's interest in Relax Gaming immediately before obtaining control was GBP 76.2 million and, as a result, the Group recognised a non-cash fair value gain of GBP 71.3 million. See note 25 on pages 161 to 163 for further information.

In addition to items seen in the current year, in 2020 items affecting year-on-year comparison included:

- Impairment losses of GBP 7.8 million. GBP 3.9 million is impairment of the Betchoice goodwill, following the Group's reassessment of its carrying value as a result of COVID-19. The remaining GBP 3.9 million is against goodwill that arose from the Guildhall acquisition in 2008, and is as a result of the Group rationalising its brand portfolio. For more information see note 11 on pages 150 to 152.

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

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Annual statutory audit	0.7	0.7
Non-audit services	0.2	0.2
	0.9	**0.9**

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

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

5: Salaries

Salaries can be broken down as follows:

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Gross wages	91.6	88.0
Share award charge – value of employee services (see note 22)	3.0	1.9
Equity-settled employee benefit plan (see note 22)	1.3	1.8
Social security costs	15.3	12.4
Pension costs	6.3	5.6
	117.5	**109.7**

The remuneration of the Directors and CEO is disclosed within the Remuneration Committee report on page 118.

Average employee numbers are provided as below:

Average number of employees for the year	Year ended 31 December 2021	Year ended 31 December 2020
Finance, legal, administration and management	494	437
Marketing (including trading)	476	534
Customer services	359	250
Research and development	685	411
	2,014	**1,632**

6: Finance costs

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Interest and fees payable on bank borrowings	4.9	4.9
Interest on lease liabilities	1.3	1.3
	6.2	**6.2**

7: Finance income

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Interest receivable on convertible bond and bank deposits	0.4	0.4
Foreign exchange gains on dividend	0.6	–
	1.0	**0.4**

8: Income tax expense

(GBP m)	Note	Year ended 31 December 2021	Year ended 31 December 2020
Current tax:			
Income tax expense		33.6	33.7
Deferred tax:			
Deferred tax expense/(credit)	21	9.5	-5.8
Total tax expense		**43.1**	**27.9**

Income tax in Malta is calculated at a basic rate of 35 (2020: 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 per the consolidated income statement as follows:

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Profit before tax	338.4	193.1
Taxation at the basic income tax rate of 35 (2020: 35) per cent	118.4	67.6
Effects of:		
Tax recoverable[1]	-47.8	-53.5
Overseas tax rates	-22.8	-14.9
Items of income/expenditure not (taxable)/deductible[2]	-15.9	11.6
Uncertain tax positions[3]	-0.7	4.9
Other[4]	11.9	12.2
Total tax expense	**43.1**	**27.9**

1 The tax recoverable of GBP 47.8 (2020: GBP 53.5) 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 2021 figure is: (i) an accounting profit amounting to GBP 71.3 million which represents a notional fair value of Kindred's investment in Relax Holding Limited immediately prior to the business combination (refer to note 25 for further information on the acquisiton of the Relax Gaming Group); and (ii) an amount of GBP 4.2 million which represents a partial reversal of a provision that was recognised in the prior year in relation to the fine issued by the Swedish Gambling Regulator amounting to GBP 8.0 million. Additionally an amount of GBP 5.6 (2020: GBP 2.9) million represents the effect of assets that are not eligible for tax depreciation.

3 Uncertain tax positions for 2021 represent the reversal of those recognised in 2020 in relation to potential additional tax payable in line with IFRIC 23.

4 Included in other for the financial year ended 31 December 2021 is an amount of GBP 9.8 (2020: 6.4) million which represents losses realised by entities of the Group on which no deferred tax has been recognised. The residual items included in other have not been separately disclosed in view that, individually, they are not material.

The income tax recognised directly in equity during the year is as follows:

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Deferred tax credit in relation to:		
Share-based payments	-0.2	-0.1
	-0.2	**-0.1**

9: Dividend

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Dividend paid GBP 0.330 (2020: GBP nil) per share	74.5	–

Details of the current dividend (and share purchase) policy can be found on page 114.

The Board of Directors is proposing a final dividend in respect of the financial year ended 31 December 2021 of GBP 0.337 per ordinary share/SDR, equal to a total dividend of approximately GBP 75 million. If approved at the AGM on 13 May 2022, the instalments will be paid out in two equal tranches in May and November 2022.

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 2021	Year ended 31 December 2020
Earnings		
Earnings attributable to the owners of Kindred Group plc for the purposes of basic and diluted earnings per share	295.3	165.2
Number of shares		
Weighted average number of outstanding shares for the purposes of basic earnings per share	226,149,236	227,023,775
Effect of dilutive potential ordinary shares – share awards	1,618,089	2,060,231
Weighted average number of outstanding shares for the purposes of diluted earnings per share	227,767,325	229,084,006
Earnings per share GBP		
Earnings per share	1.31	0.73
Diluted earnings per share	1.30	0.72

The nominal value per share is GBP 0.000625 (2020: GBP 0.000625).

11: Intangible assets

(GBP m)	Goodwill	Other intangible assets: Development costs	Computer software	Customer relationships	Gaming licences	Brands and domains	Total
Cost							
At 1 January 2020	281.2	93.5	12.8	43.7	15.4	121.1	**286.5**
Additions	–	20.4	0.3	–	–	–	**20.7**
Disposals	–	-6.5	-0.1	–	–	–	**-6.6**
Currency translation adjustment	7.4	0.4	0.6	0.8	-0.4	3.2	**4.6**
At 31 December 2020	**288.6**	**107.8**	**13.6**	**44.5**	**15.0**	**124.3**	**305.2**
Additions	–	27.7	1.0	–	5.7	–	**34.4**
Additions – through business combinations (see note 25)	164.3	37.1	–	14.9	17.3	30.8	**100.1**
Disposals	–	-12.4	-5.6	–	–	–	**-18.0**
Currency translation adjustment	-10.6	-1.2	-0.5	-1.2	-0.1	-4.1	**-7.1**
At 31 December 2021	**442.3**	**159.0**	**8.5**	**58.2**	**37.9**	**151.0**	**414.6**
Accumulated amortisation							
At 1 January 2020	5.9	61.5	10.4	41.2	0.6	13.1	**126.8**
Charge for the year	–	22.3	1.3	2.5	1.2	6.9	**34.2**
Impairment losses recognised in the year	7.8	–	–	–	–	–	**–**
Disposals	–	-6.3	-0.1	–	–	–	**-6.4**
Currency translation adjustment	1.0	0.1	0.6	0.8	-0.1	0.5	**1.9**
At 31 December 2020	**14.7**	**77.6**	**12.2**	**44.5**	**1.7**	**20.5**	**156.5**
Charge for the year	–	19.6	0.9	0.4	2.1	–	**23.0**
Disposals	–	-12.2	-5.6	–	–	–	**-17.8**
Currency translation adjustment	-0.9	-0.3	-0.5	-1.0	–	-0.6	**-2.4**
At 31 December 2021	**13.8**	**84.7**	**7.0**	**43.9**	**3.8**	**19.9**	**159.3**
Net book value							
At 31 December 2021	**428.5**	**74.3**	**1.5**	**14.3**	**34.1**	**131.1**	**255.3**
At 31 December 2020	273.9	30.2	1.4	–	13.3	103.8	**148.7**

Goodwill and other intangible assets were subject to foreign currency adjustments as shown in the above table and explained within the Group's accounting policies outlined in note 2A on pages 137 and 138.

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 the next page. In 2021, the acquisitions of Blankenberge Casino-Kursaal NV (Blancas NV) in April and Relax Gaming in October have resulted in provisional goodwill of GBP 9.6 million and GBP 154.7 million respectively being recognised on the consolidated balance sheet at the acquisition date. The Relax brand was also fair valued in accordance with the relevant accounting standard and amounted to GBP 30.8 million at the acquisition date. The Group expects to keep the Relax Gaming brand indefinitely, due to its strength and position in the iGaming market, and accordingly an indefinite useful life was assumed.

The acquisitions of Blancas NV and Relax Gaming also resulted in the addition of significant assets with definite lives.

Following the acquisition of Blancas NV, which operates the Casino Blankeberge in Belgium, the Group fair valued their concession agreement with the city of Blankenberge at GBP 17.3 million at the acquisition date. This has been classified within gaming licences and amortised over 15 years.

As a result of the Relax Gaming acquisition, customer relationships in relation to its B2B operations were recognised and are being amortised over ten years. Development costs were also recognised, representing the platform on which Relax Gaming's games are supplied to its customers and the technology related to Relax Gaming's own developed games. Both of these acquired intangibles are amortised over five years.

The amortisation periods for all other intangible assets are outlined in note 2A on pages 137 and 138.

Impairment review

Goodwill and other intangible assets with indefinite lives

Goodwill and other intangible assets with indefinite lives are allocated by management to cash-generating units for the purpose of impairment testing.

Other intangible assets that have indefinite lives include significant brands acquired through business combinations and key trading domains either acquired through business combinations or separately purchased.

The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill and other intangible assets with indefinite lives arose. The units to which goodwill and other intangible assets with indefinite lives are allocated are reviewed for appropriateness each year. In 2021, the Group reassessed its accounting policy for the identification of its cash-generating units in view of its rapid expansion across various markets, both through organic growth and acquisitions, including the most recent acquisition, Relax Gaming. As a result of this assessment, the cash-generating units identified are outlined below:

CGU	Goodwill (GBP m)	Other intangible assets with indefinite lives (GBP m)	Description
Group operations	170.5	41.2	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. The Australian product and associated platform are also now deemed not to constitute a separate instance of the Group platform and therefore Betchoice (the Australian regulated market) is considered to be a part of the Group operations CGU from 2021. In 2020, the Betchoice CGU had no assets with indefinite lives. It was also determined that Blancas NV, the Belgium land-based casino acquired in 2021, should not be treated as a separate CGU and is part of the Group operations CGU.
Solfive	5.4	–	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.
USA	–	–	The US business has service agreements with third parties to host its platforms. As the platforms are hosted independently to that of Kindred Group's platform, the cash inflows are generated independently. All intangible assets within the US CGU are definite lived.
Relax Gaming	151.8	30.2	The 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	**428.5**	**131.3**	

As at 31 December 2021, the total goodwill of GBP 428.5 million and the total other intangible assets with indefinite lives of GBP 131.3 million were tested for impairment on a value-in-use basis. The value-in-use calculation was based on the 2022 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 were as follows:

(GBP m)	As at December 2021: Group operations	Solfive	32Red	Relax Gaming	As at December 2020: Group operations	Solfive	32Red
EBITDA margin (per cent)[1]	17.0–28.4	10.4–11.6	23.4–32.5	53.6–55.2	17.3–26.0	10.1–12.6	5.8-24.1
Risk adjusted discount rate (per cent)[2]	11.3	11.3	10.6	11.4	10.6	10.6	10.0
Long-term growth rate (per cent)[3]	2.0	2.0	2.0	2.0	2.0	2.0	2.0

1 Pre-tax EBITDA margin, based on past performance and management's expectations of market development.
2 The rate has been reassessed and calculated using the CGU's pre-tax weighted average cost of capital (WACC), adjusted for specific risks relating to the relevant segments and the countries in which they operate. The 2021 discount rates disclosed are pre-tax rates.
3 Weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

11: Intangible assets continued

Based on the Group's impairment review no indication of impairment has been identified on the separate cash-generating units.

In the US CGU there are currently no assets with indefinite lives that require an annual impairment review. The Group has performed an impairment indicator assessment which took into consideration internal and external factors, including the long-term nature of its investment in the US, the infancy of the US market and a review of the Group's US market performance against expectations. As a result of this assessment, no impairment indicators were identified.

The Board believes that there are no cash-generating units where reasonably possible changes to the underlying assumptions exist that would give rise to impairment.

During the previous year ended 31 December 2020, goodwill and other intangible assets with indefinite lives were subject to the following adjustments:

- As a result of the rationalisation of its brand portfolio, the Group decided to discontinue certain brands in 2020 to benefit from focusing resources on its remaining brands and to reduce organisational complexity. Accordingly, those brands were designated as intangible assets with definite lives and a non-recurring, non-cash amortisation charge of GBP 6.9 million was taken against them.
- In March 2020, the Group also reassessed the fair value of acquired intangibles, as a result of COVID-19, which resulted in an impairment loss of GBP 3.9 million against the Betchoice goodwill, meaning it was then fully written down.
- The Group also recognised an impairment loss against the Group operations cash-generating unit of GBP 3.9 million, relating to the goodwill which was initially recognised as part of the Guildhall acquisition in April 2008, as these underlying operations have been discontinued.

12: Property, plant and equipment

(GBP m)	Note	Computer hardware	Office equipment, fixtures and fittings	Total
Cost				
At 1 January 2020		38.0	35.3	**73.3**
Additions		4.8	0.4	**5.2**
Disposals		-0.3	–	**-0.3**
Currency translation adjustment		2.6	1.3	**3.9**
At 31 December 2020		**45.1**	**37.0**	**82.1**
Additions		9.7	0.9	**10.6**
Additions – through business combinations	25	0.6	0.5	**1.1**
Disposals		-0.7	-0.4	**-1.1**
Currency translation adjustment		-3.0	-1.5	**-4.5**
At 31 December 2021		**51.7**	**36.5**	**88.2**
Accumulated depreciation				
At 1 January 2020		25.3	11.4	**36.7**
Charge for the year	4	7.9	7.2	**15.1**
Disposals		-0.3	–	**-0.3**
Currency translation adjustment		1.8	0.4	**2.2**
At 31 December 2020		**34.7**	**19.0**	**53.7**
Charge for the year	4	7.7	7.1	**14.8**
Disposals		-0.7	-0.4	**-1.1**
Currency translation adjustment		-2.2	-0.7	**-2.9**
At 31 December 2021		**39.5**	**25.0**	**64.5**
Net book value				
At 31 December 2021		**12.2**	**11.5**	**23.7**
At 31 December 2020		10.4	18.0	28.4

13: Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

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 2021	As at 31 December 2020
Right-of-use assets (net)	**53.7**	**61.3**
Lease liabilities:		
Current	11.9	12.1
Non-current	43.5	50.2
	55.4	**62.3**

Additions to the right-of-use assets during the 2021 financial year were GBP 1.6 (2020: GBP nil) million, relating to the right-of-use assets acquired as part of the Relax Gaming acquisition. Remeasurements of the right-of-use assets resulted in increases of GBP 5.3 (2020: GBP 4.8) million. The other factors impacting the right-of-use assets were depreciation (as per the table below) and foreign exchange movements.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. 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. Extension and termination options are included in a number of leases. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

(b) Amounts recognised in the consolidated income statement and consolidated cash flow statement

The consolidated income statement shows the following amounts relating to leases:

(GBP m)	Year ended 31 December 2021	Year ended 31 December 2020
Depreciation of right-of-use assets	11.1	11.3
Interest expense (included in finance costs)	1.3	1.3
Expense relating to short-term leases (included in other operating expenses)	2.0	2.0
Income from sub-leasing right-of-use assets (included in other operating expenses)	0.8	0.5

The total cash outflow for leases in 2021 was GBP 13.7 (2020: GBP 14.6) million. Total future cash outflows in relation to leases not yet commenced, but to which the Group is committed, amount to GBP 1.5 (2020: nil) million.

14: Subsidiaries and associated companies

Details of the Group's principal subsidiaries at 31 December 2021 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership and voting power %
Betchoice Corporation Pty Ltd	Australia	100%
Kindred South Development Pty Ltd	Australia	100%
Unibet Australia Pty Ltd	Australia	100%
Blankenberge Casino-Kursaal NV	Belgium	100%
Kindred Belgium NV	Belgium	100%
Star Matic BVBA	Belgium	100%
Kindred Denmark ApS	Denmark	100%
Kindred Estonia OU	Estonia	100%
Relax Tech Services Oü	Estonia	93%
Relax Tech Finland Oy	Finland	93%
Kindred France SAS	France	100%
32 Red Limited	Gibraltar	100%
Kindred (Gibraltar) Limited	Gibraltar	100%
Platinum Gaming Limited	Gibraltar	100%
Relax Gaming (Gibraltar) Ltd	Gibraltar	93%
Firstclear Limited	Great Britain	100%
Kindred (London) Limited	Great Britain	100%
Kindred Services Limited	Great Britain	100%
Relax Gaming International Ltd	Isle of Man	93%
Kindred Italy SRL	Italy	100%
Kindred IP Limited	Malta	100%
Lexbyte Digital Limited	Malta	100%
Maria Holdings Limited	Malta	100%
Moneytainment Media Limited	Malta	100%
Relax Gaming Ltd	Malta	93%
Relax Holding Ltd	Malta	93%
Spooniker Ltd.	Malta	100%
SPS Betting France Limited	Malta	100%
Trannel International Limited	Malta	100%
Unibet (Belgium) Limited	Malta	100%
Unibet (Denmark) Limited	Malta	100%
Unibet (Germany) Limited	Malta	100%
Unibet (Holding) Limited	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 AB	Sweden	100%
Relax Tech Sweden AB	Sweden	93%
Unibet Interactive Inc.	USA	100%

With the exception of subsidiaries acquired during the year, the proportion of ownership and voting power in 2021 was unchanged from 2020.

On 1 October 2021, the Group acquired a further interest in Relax Holding Limited which had previously been recognised as an associated company (see note 25 on pages 162 and 163 for more information). Since the acquisition date, the Group owns 93% of the company and its subsidiaries, and these have been

Notes to the consolidated financial statements
continued

14: Subsidiaries and associated companies continued

consolidated into the Kindred Group accordingly. The movements in the Group's interest in its associate is shown below, which amounts to an interest of nil (2020: 33.4) per cent as at 31 December 2021, due to this now being classified as an investment in subsidiary:

(GBP m)	2021	2020
Carrying value at 1 January	3.6	1.8
Share of profit from associate	1.4	1.8
Disposal of associate following business combination achieved in stages (see note 25)	-5.0	–
Carrying value at 31 December	**–**	**3.6**

15: Financial instruments

Financial assets and liabilities measured at amortised cost

The Group's financial assets measured at amortised cost consist of loans and other non-current and current financial assets. At 31 December 2021, trade and other receivables of GBP 24.0 (2020: GBP 21.7) million were considered to be fully recoverable. The Group does not carry any expected credit losses for receivables or hold any collateral as security for its receivables. See note 2F for more information on the impairment of financial assets.

The Group's financial liabilities measured at amortised cost consist of borrowings, lease liabilities and other current liabilities.

The carrying value of the Group's financial assets and financial liabilities approximated their fair values at the year end.

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 December 2021			As at December 2020		
(GBP m)	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets						
Derivatives	0.1	0.1	**0.2**	–	0.1	**0.1**
Financial liabilities						
Contingent consideration	–	79.4	**79.4**	–	–	**–**
Deferred income	–	4.8	**4.8**	–	5.4	**5.4**

There were no significant changes in classification of fair value of financial assets and financial liabilities since 31 December 2020. There were also no transfers between the fair value levels since 31 December 2020.

Valuation techniques used to determine fair values

(a) Level 2 financial instruments

Derivatives

Foreign currency forward contracts of GBP 0.1 (2020: GBP nil) million are considered 'over-the-counter' derivatives and are therefore not traded in active markets. These contracts have been fair valued using observable forward exchange rates corresponding to the maturity of the contract.

(b) Level 3 financial instruments

Derivatives

For the embedded option of GBP 0.1 (2020: GBP 0.1) million on the convertible bond issued by Kambi (classified within convertible bond on the balance sheet), expected cash inflows are estimated based on the terms of the agreement (see note 24 for further detail), as well as the Group's knowledge of the business and how the current economic environment is likely to impact it. There are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined.

Deferred income

Fair value changes in deferred income are minimal, including those attributable to credit risk. The Group determines the amount of fair value changes attributable to credit risk by determining the changes due to inputs based on unobservable market data, such as historical sports betting margins, and deducting those changes from the total change in fair value when significant. The Group believes this approach appropriate as changes in other factors are not deemed significant. Although the final value will be determined by future betting outcomes, there are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined. Deferred income was GBP 4.8 (2020: GBP 5.4) million at the year end.

Contingent consideration

Expected cash outflows are estimated based on the terms of the agreement entered into as part of the Relax Gaming acquisition (see note 25 for further detail), as well as the Group's knowledge of the business and how the current economic environment is likely to impact it. The contingent consideration has been fair valued using a discount rate commensurate with the riskiness of the expected pay-out. For the year ended 31 December 2021, total contingent consideration amounted to GBP 79.4 (2020: GBP nil) million, of which GBP 41.1 million is expected to be paid within 12 months of the reporting date and GBP 38.3 (2020: nil) million expected to be paid in 2023.

16: Trade and other receivables

(GBP m)	As at 31 December 2021	As at 31 December 2020
Due within one year:		
Trade receivables	2.7	–
Other receivables	21.3	21.7
Prepayments	28.3	25.2
	52.3	**46.9**

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 2021	As at 31 December 2020
Due within one year:		
Trade payables	19.0	12.8
Other taxation and social security	4.8	7.6
Other payables	1.9	0.5
Accruals	136.5	145.4
	162.2	**166.3**

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

18: Provisions

	As at 31 December 2021			As at 31 December 2020		
(GBP m)	Current	Non-current	Total	Current	Non-current	Total
Property provisions	0.8	2.3	3.1	–	0.6	**0.6**
Employee provisions	0.5	–	0.5	0.6	–	**0.6**
Operational provisions	9.8	–	9.8	16.4	–	**16.4**
	11.1	**2.3**	**13.4**	**17.0**	**0.6**	**17.6**

Property provisions

This comprises amounts provided for the reinstatement of properties to their original condition, if required in the terms of agreements entered into by the Group. These relate to both office lease agreements and the concession agreement between Blancas and the City of Blankenberge, whereby the Group is obliged to invest certain amounts into the interior and exterior of the casino building. Management estimates the provisions based on the terms of the relevant agreement or third-party expert information of expected costs, which could differ from the final outflow required. For office leases, the remaining cash outflows are expected to occur in six years' time when these leases are not renewed. Of the remaining cash outflows in relation to the concession agreement, GBP 0.8 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 nine years' time.

Employee provisions

Employee provisions relate to personnel restructuring costs and other employee-related provisions which are applicable under local regulations. Personnel restructuring provisions are recognised upon communication to the employee and considered utilised upon payment. Management estimates the provision based on the terms of the individual's employment contract, but this could differ from the final outflow required. The cash outflows are expected to occur over the next 12 months. Other employee-related provisions are estimated based on the requirements of the particular laws and regulations within each location. Exact timing is unknown, due to their nature, but these are expected to occur over the next 12 months.

Operational provisions

Operational provisions are provisions directly related to the regulated nature of the Group's activities and relate to litigations, anti-money laundering regulation, gaming taxes or items of a similar nature. Management estimates these provisions based on historic trends, any other current information known, as well as the best estimate of the most likely outcome. By the nature of these estimations, final outflows may differ from the current provision. The cash outflows are expected to occur over the next 12 months.

See note 2A for the Group's accounting policy in relation to provisions.

18: Provisions continued

Movements in provisions

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

(GBP m)	Property provisions	Employee provisions	Operational provisions	Total
At 1 January 2021	0.6	0.6	16.4	**17.6**
Additional provisions recognised	2.6	1.0	4.2	**7.8**
Amounts utilised during the year	–	-0.5	-1.3	**-1.8**
Unused amounts reversed	–	-0.6	-8.7	**-9.3**
Foreign exchange movements	-0.1	–	-0.8	**-0.9**
At 31 December 2021	**3.1**	**0.5**	**9.8**	**13.4**

Additions of GBP 2.6 million to property provisions relate to the concession agreement between Blancas and the City of Blankenberge as previously explained.

Additional operational provisions relate to various ongoing matters, including recent reviews by the UK Gambling Commission and the Financial Intelligence Analysis Unit in Malta. The unused amounts reversed of GBP 8.7 million predominantly relate to the reduction of the provision of GBP 4.2 million in relation to the fine received in 2020 from the Swedish Gambling Authority, as disclosed in more detail in note 4.

19: Customer balances

Customer balances of GBP 72.0 (2020: GBP 77.5) 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 2021	As at 31 December 2020
AUD	5%	4%
DKK	4%	4%
EUR	48%	52%
GBP	20%	15%
NOK	6%	7%
SEK	8%	8%
USD	4%	4%
Other	5%	6%
	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 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 2021	As at 31 December 2020
GBP	30.0	29.3
EUR	51.2	55.8
SEK	30.4	33.2
Total borrowings	**111.6**	**118.3**

On 11 November 2021, Kindred Group plc entered into a new EUR 216.7 million multi-currency revolving credit facility agreement with two Nordic banks. The loan proceeds have been used to refinance the amounts outstanding under its existing facilities agreement and, going forward, will be used for the Group's general corporate purposes.

As at 31 December 2021, the balance of the facility utilised was GBP 112.5 (2020: GBP 119.0) million out of a total of GBP 182.1 (2020: GBP 280.0) million. The total borrowings recognised in the statement of financial position of GBP 111.6 million are reported net of the associated transaction fees which were incurred and paid upon entering the agreement and which are being expensed over its duration.

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

Repayments

The new facility is for an initial term of three years from the date of the agreement and is repayable in full on 11 November 2024; however, it also includes a one-year extension option. The previous facilities were repayable in full by 23 July 2022; however, as disclosed above, these were repaid using the loan proceeds from the new facility during the year.

Interest

Interest accrues on each advance under the new 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 of 2.2 per cent per annum. The applicable margin for the previous facility was 2.0 per cent per annum.

Covenants

In line with the previous agreement, the new facility agreement is also subject to financial undertakings, principally in relation to leverage ratio and other certain customary covenants which will regulate Kindred and its subsidiaries' ability to, among other things, incur additional debt, grant security interests, give guarantees and enter into any mergers. At 31 December 2021, 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 contracted terms at any such time.

Reconciliation of movements in liabilities arising from financing activities

(GBP m)	Borrowings	Leases	Total
At 1 January 2020	225.4	65.0	**290.4**
Net cash flows	-115.1	-12.6	**-127.7**
Lease acquisitions and remeasurements	–	4.8	**4.8**
Other non-cash movements	-0.7	1.3	**0.6**
Foreign exchange movements	8.7	3.8	**12.5**
At 31 December 2020	**118.3**	**62.3**	**180.6**
Net cash flows	–	-11.7	**-11.7**
Lease acquisitions and remeasurements	–	6.9	**6.9**
Other non-cash movements	-0.3	1.3	**1.0**
Foreign exchange movements	-6.4	-3.4	**-9.8**
At 31 December 2021	**111.6**	**55.4**	**167.0**

21: Deferred tax

The following are the deferred tax liabilities and assets (prior to offset) recognised by the Group and movements thereon during the current and prior reporting year:

(GBP m)	Note	Unremitted earnings	Property, plant and equipment	Tax losses	Intangible assets	Other	Total
At 1 January 2020							
Deferred tax liabilities		–	–	–	-3.6	-2.3	**-5.9**
Deferred tax assets		7.3	1.5	9.6	0.9	4.2	**23.5**
Credit to income for the year	8	3.3	0.9	0.2	0.5	0.9	**5.8**
Credit directly to equity	8	–	–	–	–	0.1	**0.1**
Currency translation adjustment		0.2	0.2	0.3	-0.1	-1.0	**-0.4**
At 31 December 2020							
Deferred tax liabilities		**–**	**–**	**–**	**-2.7**	**-2.6**	**-5.3**
Deferred tax assets		**10.8**	**2.6**	**10.1**	**0.4**	**4.5**	**28.4**
(Charge)/credit to income for the year	8	-1.8	0.6	1.3	-6.7	-2.9	**-9.5**
Credit directly to equity	8	–	–	–	–	0.2	**0.2**
Other balance sheet movements[1]		–	–	–	-8.0	-0.3	**-8.3**
Currency translation adjustment		-0.1	-0.2	-0.2	0.2	–	**-0.3**
At 31 December 2021							
Deferred tax liabilities		–	–	–	**-16.8**	**-5.6**	**-22.4**
Deferred tax assets		**8.9**	**3.0**	**11.2**	**–**	**4.3**	**27.4**

1 Included in other balance sheet movements is an amount of GBP 8.0 million in relation to acquistions of the Relax Gaming Group and Blancas NV.

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 2021	As at 31 December 2020
Deferred tax liabilities	-22.4	-5.3
Deferred tax assets	27.4	28.4
Net assets	**5.0**	**23.1**

The deferred tax balances include deferred tax assets of GBP 14.9 (2020: GBP 11.2) million and deferred tax liabilities of GBP 1.3 (2020: GBP nil) million that are expected to be recovered or settled within 12 months.

At 31 December 2021, the Group had unutilised trading tax losses of GBP 142.7 (2020: GBP 141.0) million from its principal operating entities available for offset against future profits. The amount of unutilised tax losses as at 31 December 2021 for which a deferred tax asset has been recognised is GBP 101.3 (2020: GBP 94.7) million. No deferred tax asset has been recognised in respect of the remaining unutilised tax losses due to insufficient evidence of their reversal in future periods.

21: Deferred tax continued

The tax losses for which no deferred tax asset has been recognised arose principally from historical losses of Kindred France SA, the Australian sub-group, and most recently Unibet Interactive Inc., for which there is insufficient evidence of reversal. In total, these losses represent GBP 41.4 (2020: GBP 46.3) million of the total unutilised tax losses disclosed above. There is no specific expiry date of the total remaining unutilised trading tax losses for which no deferred tax asset has been recognised.

The aggregate amount of other deductible temporary differences at 31 December 2021 for which deferred tax assets have been recognised is GBP 41.3 (2020: GBP 43.9) million. This includes a deductible temporary difference in respect of unvested share awards amounting to GBP 3.0 (2020 GBP 4.0) million, of which GBP 1.2 (2020: GBP 0.5) million has been credited directly to equity. The aggregate amount also includes a deductible temporary difference arising on unused capital losses of Kindred Group plc amounting to GBP 8.2 (2020: GBP 8.2) million on which a deferred tax asset has been recognised as it is expected that taxable capital gains will be available against which the deductible temporary difference can be utilised. A deferred tax asset has not been recognised for other deductible temporary differences of GBP 14.0 (2020: GBP 3.0) million.

Global minimum level of taxation

A proposal for a Council Directive on ensuring a global minimum level of taxation for multinational groups in the Union (2021/0433 CNS) (the 'proposed Directive' or the 'Directive') was released by the European Commission on 22 December 2021. According to Article 55 of this proposed Directive, Member States shall bring into force the provisions necessary to comply therewith by 31 December 2022 and shall apply those provisions from 1 January 2023 (with some exceptions which are effective from 1 January 2024). The proposed Directive follows closely the OECD/G20 Inclusive Framework on BEPS agreement and sets out how the principles of the 15 per cent effective tax rate, agreed by 137 countries, will be applied in practice within the EU. It includes a common set of rules on how to calculate this effective tax rate, so that it is properly and consistently applied across the EU.

The proposed rules will apply to any large group, both domestic and international, with combined annual financial revenues of more than EUR 750 million, and with a constituent entity of a Multinational ('MNE') Group situated in an EU Member State. Government entities, international or non-profit organisations, pension funds or investment funds that are parent entities of a multinational group fall outside the scope of the Directive.

In accordance with the proposed Directive, the effective tax rate is established per jurisdiction by dividing taxes paid by the entities in the jurisdiction by their aggregated adjusted qualifying income. The net qualifying income is generally ascertained by reference to the financial net accounting income as per the financial accounting standards applied by the jurisdiction of the ultimate parent entity, subject to certain book-to-tax adjustments. If the effective tax rate for the constituent entities located in a jurisdiction is below the minimum rate (15 per cent) then a top-up tax amount is applied. The allocation of the top-up tax amount to a specific (or number of) jurisdiction(s) depends on a number of factors, including whether the jurisdiction of the ultimate parent entity, intermediate parent entity, or partially-owned parent entity are located in a jurisdiction that apply a qualified income inclusion rule. If no jurisdiction applies a qualified income inclusion rule, then the top-up tax amount is allocable to different jurisdictions using a formulary apportionment (the undertaxed payments rule). The rules provide for an exclusion of minimal amounts of income (known as the 'de minimis' exclusion) to reduce the compliance burden, which means that when the revenues and the profits in a jurisdiction are under a certain minimum amount, no top-up tax will be charged on the profits of the group earned in this jurisdiction, even when the effective tax rate is below 15 per cent. Moreover, companies will be able to exclude from the top-up tax an amount of income that is determined in accordance with a pre-defined substance formula (based on a percentage of tangible assets and employees).

The issuance of this proposed Directive is not considered as 'substantively enacted' for the purpose of the computation of income tax in terms of IAS 12. Accordingly, for the current financial year, income tax and deferred tax continue to be computed using the applicable tax rates. An accurate estimate of the financial effect, if any, of this proposed Directive cannot be made as yet.

22: Share-based payments

The Group operates a number of share-based payment schemes as set out within this note. During 2021, 1,453,519 share awards vested from within the 2020 long-term incentive plans and the 2018 Group Performance Share Plan. The total charge for the year relating to employee share-based payment plans was GBP 4.3 (2020: GBP 3.7) million.

2020 long-term incentive plans (2020 LTIP)

In 2016, Kindred Group's Board approved a long-term incentive plan for all employees and the Executive Management team (2020 All Employee Share Plan and 2020 Executive Management Incentive Scheme). As a result, 1,481,866 share awards were granted to existing employees on 3 October 2016, with subsequent grants made pro rata to new employees. The awards were subject to achieving a business performance target for EBITDA in the 2020 financial year and continued employment.

Awards under this scheme vested in full on 31 March 2021. The assessment of the actual business performance against the target condition, EBITDA, in the 2020 financial year confirmed that this had been achieved at greater than 100 per cent. The results for the 2020 LTIP are summarised below and the total number of share awards vested was 1,189,899.

Performance target	Achievement vs. target 2020	2020 LTIP result
EBITDA	172%	100% (capped)

The total charge recognised in 2021 in relation to the 2020 LTIP was GBP -0.6 (2020: GBP 1.8) million.

2021 All Employee Share Plan (2021 AESP)

At the end of 2020, Kindred Group's Board approved the 2021 AESP, a new all employee share plan linked to the three-year strategic cycle of the business. The scheme is aimed at all permanent employees of the Group, with the exception of the Executive Management team. Initial grants will be made to all eligible employees on an annual basis in the financial years 2021 to 2023 and will vest after a 24-month period. The first initial grant was made on 1 March 2021. Subsequent half-year grants will be made six months after the intial grant, only to new employees within that six-month period, and these will vest after an 18-month period to coincide with the initial grant for that year. All grants are subject to the achievement of Group EBITDA targets and continued employment. During 2021, under this scheme, 470,400 awards were granted on 1 March 2021 and 60,300 awards on 1 September 2021.

The total charge recognised in 2021 in relation to the 2021 AESP was GBP 1.9 (2020: GBP nil) million.

The amount recognised in the consolidated statement of changes in equity in respect of both all employee share plans mentioned above of GBP -7.2 (2020: GBP 1.8) million comprises the charges above, offset by the utilisation of treasury shares for the vesting during 2021 of GBP 8.5 (2020: GBP nil) million.

Performance Share Plan (PSP)

The introduction of the Group PSP, regarding the granting of future performance share rights to senior management and key employees, was approved at the 2013 AGM.

The PSP performance measures are non-market-based conditions providing participants with a high degree of alignment to the Group's performance. They are based on continued employment and achieving business performance targets over three financial years. The targets set are EBITDA, Gross contribution (revenue, less cost of sales, less marketing costs), and free cash flow per share. Grants made in each year have targets measured on an aggregate basis between the full year of grant and the two successive years so that performance in each financial year will be important. Aggregated performance against the targets and the resulting allocation of PSP awards are disclosed after the full year of vesting.

On 2 June 2021, the 2018 PSP grants vested in full. The assessment of the actual business performance against the target conditions confirmed that all targets over the three financial years 2018-20 had been achieved at greater than 100 per cent. The results for the 2018 PSP are summarised below and the total number of share awards vested was 263,620.

Performance targets	Achievement vs. target over 2018-20	PSP result
EBITDA	116%	100% (capped)
Gross contribution	107%	100% (capped)
Free cash flow	126%	100% (capped)

On 1 June 2021, Kindred Group granted 543,695 new PSP awards to senior management and key employees (2021 PSP). These grants will vest in June 2024 and are subject to achieving business performance targets over the three financial years 2021-23 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 2021 in relation to the Group's PSPs was GBP 3.0 (2020: GBP 1.9) million; of the 2021 amount GBP 1.0 million was recognised in relation to the new 2021 PSP.

The amount recognised in the consolidated statement of changes in equity in respect of this scheme of GBP 1.1 (2020: GBP 0.2) million comprises the charge above, offset by the utilisation of treasury shares for the vesting during 2021 of GBP 1.9 (2020: GBP 1.7) million.

Grants made under the PSP, 2020 LTIP and 2021 AESP 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]				2020 LTIP awards[1]	2021 AESP awards[1]	
Grant date	1 Jun 2018	23 May 2019	17 Jun 2020	1 Jun 2021	3 Oct 2016	1 Mar 2021	1 Sep 2021
Average share price prior to grant GBP	–	–	–	–	–	–	–
Exercise price GBP	–	–	–	–	–	–	–
Number of employees	178	198	174	190	1,125	1,567	298
Shares under award	368,316	717,334	1,072,865	543,695	1,481,866	470,400	60,300
Vesting period (years)	3	3	3	3	4	2	1.5
Expected volatility %	25	33	64	41	32	54	41
Award life (years)	3	3	3	3	4	2	1.5
Expected life (years)	3	3	3	3	4	2	1.5
Risk-free rate %	–	–	–	–	–	–	–
Expected dividends expressed as dividend yield %	5.68	8.46	3.94	2.63	3.28	2.78	2.41
Fair value per award GBP	8.17	4.55	3.97	11.59	6.28	11.22	13.21

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' terms to maturity, based on the three-year maturity rate offered by Riksbanken at the respective dates of each grant.

Notes to the consolidated financial statements
continued

22: Share-based payments continued

The reconciliation of awards movement during the year ended 31 December 2021 is shown below:

PSP	2021 Number	2020 Number
Outstanding at 1 January	1,932,421	1,355,846
Vested	-263,620	-255,163
Granted	543,695	1,080,605
Lapsed	-119,081	-248,867
Outstanding at 31 December	**2,093,415**	**1,932,421**

2020 LTIP	2021 Number	2020 Number
Outstanding at 1 January	1,213,161	1,509,592
Vested	-1,189,899	–
Granted	4,375	64,081
Lapsed	-27,637	-360,512
Outstanding at 31 December	**–**	**1,213,161**

2021 AESP	2021 Number	2020 Number
Outstanding at 1 January	–	–
Vested	–	–
Granted	530,400	–
Lapsed	-80,300	–
Outstanding at 31 December	**450,100**	**–**

The grants under the PSPs, long-term incentive plans and all employee share plans are at nil cost and 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 outstanding at the year end is estimated to be 1.4 years.

Dilution effects

227,018 share awards lapsed or were cancelled during 2021. If all share-based programmes are fully exercised, the nominal share capital of the Company will increase by a total maximum of GBP 1,589.70 (2020: GBP 1,965.99) by the issue of a total maximum of 2,543,515 ordinary shares (2020: 3,145,582 ordinary shares), corresponding to 1 per cent (2020: 1 per cent) of the capital and votes in the Company.

The principal terms of the share-based payment schemes are set out below.

PSP

Under the PSP, share awards are granted to employees of the Company and any subsidiary companies. These awards vest based on the successful completion of performance targets agreed by the Board. The awards are shares or SDRs and not options, therefore there is no exercise price associated with the awards. All other principal terms of the scheme, including responsibility, exercise periods, changes of control, scheme and individual limits, are set out below.

Responsibility for operation

The PSP scheme is operated by the Board of Directors of the Company, through the Remuneration Committee appointed by the Board, which consists of non-executive Directors of the Company.

Eligibility

An individual is eligible to be granted an award only if they are an employee of a participating company.

Grant of awards

Awards may be granted at the discretion of the Board of Directors, or the Remuneration Committee, to selected employees. Awards are not pensionable or transferable.

Individual limits

The Board of Directors will decide the maximum number of ordinary shares or SDRs which may be granted under the PSP to individual participants.

Scheme limit

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 the PSP scheme and all other employees' share schemes operated by the Company. This limit does not include awards which have lapsed or been surrendered.

The rules of the PSP scheme allow the Board of Directors to grant awards on the basis that they will vest only to the extent that certain performance conditions have been satisfied. Awards may, however, vest in certain circumstances. These include, for example, an employee leaving because of ill health, retirement, redundancy or death. On cessation of employment for other reasons, awards will normally lapse.

Change of control, merger or other reorganisations

Awards may generally vest early on a takeover, scheme of arrangement, merger or other corporate reorganisation. Alternatively, participants may be allowed or, in certain cases, required to exchange their awards for awards over shares in the acquiring company.

Issue of shares

Any ordinary shares issued on the vesting of awards will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

2020 LTIP and 2021 AESP

The principal terms of the PSP are applicable for the 2020 LTIP and the 2021 AESP.

23: Share capital and reserves

(a) Share capital

(GBP m)	As at 31 December 2021	As at 31 December 2020
Authorised:		
1,600,000,000 (2020: 1,600,000,000) ordinary shares of GBP 0.000625 each	1,000,000	1,000,000
At 31 December	**1,000,000**	**1,000,000**
Issued and fully paid up:		
At 1 January and 31 December – 230,126,200 (2020: 230,126,200) ordinary shares of GBP 0.000625 each	**143,829**	**143,829**

As at 31 December 2021, the total amount of issued shares in Kindred Group plc was 230,126,200 with a par value of GBP 0.000625. Of these, 7,486,839 shares are held by the Group as a result of previous purchase programmes. When these shares are purchased or subsequently utilised, the impact is reflected within retained earnings.

During the year, the Board of Kindred Group plc started exercising the share purchase mandate, which was approved at the Extraordinary General Meeting on 11 June 2020. Between 1 March 2021 and 30 April 2021, 1,317,000 SDRs were purchased at a total cost of SEK 190.0, or GBP 16.2, million.

Subsequently, the Board of Kindred Group plc started exercising the share purchase mandate, which was approved at the Extraordinary General Meeting on 10 June 2021. Between 26 July 2021 and 17 December 2021, 4,652,000 SDRs were purchased at a total cost of SEK 600.0, or GBP 50.2 million.

During 2021, the total amount of purchased shares that were used in connection with the vesting of Group share plans was 1,453,519:

- In March 2021, 1,189,899 purchased shares were used in connection with the vesting of the 2020 long-term incentive plans.
- In June 2021, 263,620 purchased shares were used in connection with the vesting of the 2018 performance share plan.

(b) Share premium

There was no movement in share premium in 2021, nor in the previous year.

(c) Reorganisation reserve

This reserve of GBP -42.9 (2020: 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 5.7 (2020: GBP 17.2) million is a non-distributable reserve. At 31 December 2021, GBP 6.4 (2020: GBP nil) million in relation to the cumulative effective portion of the current hedging relationship is held within the Group's currency translation reserve.

24: Convertible bond

In connection with the disposal of Kambi in May 2014, the Group subscribed to a GBP 6.0 million convertible bond issued by Kambi. On 31 May 2018, the convertible bond was amended and restated with a principal amount of EUR 7.5 million bearing an interest rate of 3 per cent. The bond has an embedded contingent option to provide change of control protection to both the Group and Kambi. The option can only be exercised on the occurrence of limited trigger events. The fair value of the option at 31 December 2021 was GBP 0.1 (2020: GBP 0.1) million. There is no indication of impairment of the convertible bond at the year end.

25: Business combinations

Blankenberge Casino-Kursaal NV

On 1 April 2021, Kindred Group acquired 100 per cent of the issued share capital of Blankenberge Casino-Kursaal NV (Blancas), which operates Casino Blankeberge in Belgium, from the Rank Group Plc (an unrelated third party). The results of Blancas have been consolidated since this date.

Blancas is the licence holder and operator of Casino Blankenberge, which is one of the nine land-based casinos operating in Belgium. Blancas recently successfully renewed its casino licences with the Belgian Gaming Commission as well as the concession agreement with the city of Blankenberge for a 15-year period which started in January 2021. The acquisition will solidify Kindred's long-term operations and commitments in Belgium and will allow Kindred to continue to offer an attractive offering to Belgian customers.

In line with relevant accounting standards, the figures outlined below are considered provisional.

The total acquisition price was GBP 25.6 million on a cash free and debt free basis and was settled in cash. Kindred has provisionally fair valued the net assets of Blancas NV at the acquisition date, including the concession agreement which has been provisionally valued at GBP 17.3 million, and as a result provisional goodwill of GBP 9.6 million has been recognised on the consolidated balance sheet at the acquisition date.

Since the acquisition date Blancas has contributed GBP 0.2 million of underlying EBITDA.

25: Business combinations continued

The balance sheet of Blancas at the date of acquisition is set out below:

(GBP m)	Carrying values pre-acquisition	Provisional fair value
Intangible assets	0.9	17.3
Property, plant and equipment	0.5	0.5
Other non-current assets	0.9	0.9
Trade and other receivables	0.8	0.8
Cash and cash equivalents	5.5	5.5
Trade and other payables	-2.3	-2.3
Customer balances	-0.1	-0.1
Provisions	-0.2	-1.1
Net assets acquired	**N/A**	**21.5**
Provisional goodwill	N/A	9.6
Consideration	**N/A**	**31.1**

Goodwill represents the result of expected synergies from combining operations of the acquiree and the acquirer.

Intangible assets represent immediate access to the Blancas concession agreement, which represents one of the key differences between the pre-acquisition carrying values and the subsequent provisional fair values in the table above.

Relax Gaming

On 1 October 2021, Kindred completed the acquisition of the remaining outstanding shares in Relax Holding Limited and its subsidiaries (Relax Gaming), a leading and rapidly growing B2B iGaming supplier, incorporated in Malta. Kindred has been invested in Relax Gaming since 2013 and the transaction has meant that Kindred has acquired the remaining 66.6 per cent of the outstanding shares. The acquisition accelerates Kindred's strategy to increase its focus on product and customer experience by strengthening Kindred's product control and product differentiation capabilities. The results of Relax Gaming have been consolidated since 1 October 2021.

As a 'business combination achieved in stages', the Group was required to remeasure its previously held equity holding in Relax Gaming, of 33.4 per cent, at the acquisition date. The acquisition date fair value of the Group's interest in Relax Gaming immediately before obtaining control was GBP 76.2 million and, as a result, the Group recognised a fair value gain of GBP 71.3 million. This gain is a non-cash item and has been reported within items affecting comparability in the consolidated income statement.

On completion of the transaction, all existing employee share option programmes in Relax Gaming were exercised and Relax Gaming's management retains an ownership of 7 per cent of the total fully diluted shares in the company. As a result, non-controlling interests are now presented in the consolidated financial statements and valued as their proportionate share in the recognised amounts of Relax's net assets. Kindred's ownership in Relax Gaming after the transaction is 93 per cent of the total fully diluted shares. There is a put/call option structure in place which allows management to sell their shares to Kindred, and Kindred to buy management's shares, in the future. This structure includes a pre-agreed time period and applies a pre-defined valuation methodology.

Details of the purchase consideration are as follows:

	GBP m
Cash paid	79.5
Contingent consideration	79.7
	159.2

EUR 92.9 million (or GBP 79.5 million) was settled in cash, which includes the initial consideration for the remaining outstanding shares of approximately EUR 85 million and approximately EUR 8 million for the acquisition of the newly issued shares in Relax from its management.

Earn-out payments that may become payable in 2022 and 2023, subject to Relax Gaming achieving certain earnings thresholds, have been provisionally fair valued in accordance with relevant accounting standards to EUR 93.1 million (or GBP 79.7 million) at the acquisition date and disclosed as other financial liabilities at fair value through profit and loss in the consolidated balance sheet.

The acquired net assets, as set out in the table below, have been fair valued on acquisition date in accordance with the relevant accounting standards and are considered provisional:

(GBP m)	Carrying values pre-acquisition	Provisional fair value on acquisition
Intangible assets	4.9	82.8
Property, plant and equipment and right-of-use assets	2.2	2.2
Other non-current assets	0.1	0.1
Trade and other receivables	7.3	7.3
Cash and cash equivalents	8.1	8.1
Other liabilities[1]	-9.2	-9.9
Deferred tax liabilities	–	-3.9
Net assets acquired	**13.4**	**86.7**
Fair value of the previously held equity interest	N/A	-76.2
Non-controlling interests	N/A	-6.0
Goodwill	N/A	154.7
Consideration	**N/A**	**159.2**

1 Other liabilities includes trade and other payables, provisions, lease liabilities and tax liabilities.

Provisional goodwill of EUR 180.8 million (or GBP 154.7 million) has been calculated using the fair value of the previously held equity interest, consideration and non-controlling interests, less the fair value of identifiable net assets.

Goodwill represents the result of expected synergies from combining operations of the acquiree and the acquirer. Moreover, all new customers that Relax will acquire after the closing date as well as any new games that Relax will develop and launch post-closing date have not been included in the valuation of respectively customer relationships and development costs assets but are rather captured as part of goodwill.

The intangible assets acquired from Relax Gaming include the Relax Gaming brand, its customer relationships, the platform on which Relax games are supplied to its customers and the technology related to Relax Gaming's own developed games.

The intangible assets acquired can be analysed as follows and represent the majority of the difference between the pre-acquisition carrying values and the subsequent provisional fair values in the table above:

(GBP m)	Provisional fair value on acquisition
Brand	30.8
Development costs (distribution platform and games)	37.1
Customer relationships	14.9
	82.8

Since the acquisition date, Relax Gaming has contributed GBP 4.4 million of revenue and GBP 3.7 million of underlying EBITDA to Kindred Group's consolidated numbers.

Overall, 2021 was a record year for Relax Gaming in terms of revenue and underlying EBITDA, reflecting the success of its highly scalable business model. Revenue for the full year 2021 amounted to EUR 28.9 million, growth of 31 per cent from the full year 2020, and underlying EBITDA was EUR 13.0 million, representing an underlying EBITDA margin of 45 per cent. These numbers are Relax Gaming standalone numbers for the full year and do not correspond to what is included within Kindred Group's full year consolidated financial statements.

Acquisition-related costs of GBP 5.8 million have been charged to the income statement and disclosed as items affecting comparability.

26: Capital commitments

The Group has entered into contracted non-current asset expenditure of GBP 2.6 (2020: GBP 0.2) million as at 31 December 2021.

27: Related party transactions

For details of Directors' and Executive Committee remuneration, please refer to the Remuneration Committee report on page 118. As at the year end, GBP nil (2020: GBP nil) was owed to the Directors in respect of these services.

As disclosed in note 14, up until 30 September 2021 Kindred Group plc had a 33.4 per cent interest in its associate, Relax Holding Limited. Relax Holding Limited and its subsidiaries (Relax Gaming) were therefore considered to be related parties of Kindred Group plc. On 1 October 2021, following the acquisition of Relax Gaming by Kindred Group, Relax Holding Limited and its subsidiaries are now subsidiaries of Kindred Group, and transactions between the two parties are intercompany transactions which are eliminated on consolidation. The transactions are therefore no longer disclosed as related party transactions within this note. Related party transactions, up until the date at which Relax Gaming became a part of Kindred Group, are disclosed below:

- The Relax Gaming Group provided certain brands and subsidiaries within Kindred Group with B2B online gaming services, being the supply of its casino, bingo and poker products as well as some related development. The total amount of services procured amounted to GBP 6,824,232 (2020: GBP 8,443,187).
- In February 2018, Kindred Group plc agreed to provide a loan facility to Relax Holding Limited for a maximum value of EUR 1.0 million, expiring in April 2020. In line with the loan agreement, interest and fees accrued on the loan balance. In April 2020, the loan agreement was amended and extended for a further two years, with a new expiry date of April 2022. Subsequently, in 2020 the full loan balance was repaid and, as at 31 December 2021, the remaining balance owed to the Group was GBP nil (2020: GBP nil).

At the date at which Relax Gaming became a part of Kindred Group, the remaining balance owed by or to the Group in respect of the above transactions was GBP nil (at 31 December 2020: GBP nil).

Other related party transactions during the year ended 31 December 2021 totalled GBP 6,295 (2020: GBP 63,733). This relates to marketing services provided by Football United International Limited, a company in which one of Kindred Group's board members, who served during the year, has an interest. The balance due to Football United International Limited was GBP nil (2020: GBP nil) as at 31 December 2021.

28: Contingent liabilities

Currently, the Group has not provided for certain potential claims arising from the promotion of gaming activities in certain jurisdictions. 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 109 to 112.

29: Cash and cash equivalents

Included within the total cash and cash equivalents balance at 31 December 2021 of GBP 270.6 (2020: GBP 300.5) million is GBP 76.6 (2020: GBP 77.5) 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.

Notes to the consolidated financial statements
continued

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 2021	Year ended 31 December 2020[1]
Gross profit		**753.6**	**665.2**
Marketing costs	4	-234.7	-203.6
Salaries	4	-117.5	-109.7
Other operating expenses	4	-69.3	-63.7
Underlying EBITDA[1]		**332.1**	**288.2**
Personnel restructuring costs	4	-1.0	-4.2
Merger and acquisition costs	4	-5.8	-0.4
Disputed regulatory sanction	4	4.2	-8.0
Other gains/(losses) – net	4	-9.7	-1.4
Gain on remeasurement of previously held equity interest to fair value upon obtaining control	4	71.3	–
EBITDA		**391.1**	**274.2**
Revenue		1,259.6	1,130.2
Underlying EBITDA margin[1]		**26%**	**25%**

1 In 2021, the definition of underlying EBITDA has been updated to exclude the previously reported foreign currency gain/(loss) on operating items (now reported in the consolidated income statement as part of the line other gains/(losses)). As the Group operates internationally, its results are naturally impacted by currency fluctuations which can be volatile between quarters. The Group believes that this update will enhance comparability for users. The 2020 comparatives for underlying EBITDA and the underlying EBITDA margin above have been updated to reflect this change.

(GBP m)	Note	Year ended 31 December 2021	Year ended 31 December 2020
Cash and cash equivalents	29	270.6	300.5
Customer balances	19	-72.0	-77.5
Unrestricted cash		**198.6**	**223.0**
Less: Borrowings	20	-111.6	-118.3
Net cash		**87.0**	**104.7**
EBITDA		391.1	274.2
Net cash to EBITDA ratio		**0.22**	**0.38**

(GBP m)	Note	Year ended 31 December 2021	Year ended 31 December 2020
Net cash generated from operating activities		**282.3**	**316.1**
Purchases of property, plant and equipment	12	-10.6	-5.2
Development and acquisition costs of intangible assets	11	-34.4	-20.7
Interest paid on lease liabilities		-1.3	-1.3
Repayment of lease liabilities		-10.4	-11.3
Adjust for: customer balance movement		5.5	-10.1
Free cash flow		**231.1**	**267.5**

31: Subsequent events

On 8 February 2022, Kindred announced that it is developing its proprietary award-winning Kindred Racing Platform into a complete in-house Sportsbook platform. This reflects Kindred's long-term strategy to gain greater end-to-end control of its product offering and customer experience. Kindred has also signed a new agreement with its trusted partner, Kambi, to use their B2B sports betting services until the end of 2026.

On 9 February 2022, Kindred announced a new share purchase programme under the buy-back mandate received at the Extraordinary General Meeting on 10 June 2021. The programme is running between 10 February 2022 and 12 May 2022 and amounts to a total of up to SEK 300.0 million. Between 10 February 2022 and 10 March 2022, 865,000 shares/SDRs were purchased at a total price of SEK 86.4 million.

Following the escalation of the geopolitical tensions in Russia and Ukraine during February 2022, whilst the Group is not directly exposed to these jurisdictions, management will continue to actively monitor the situation and will assess any impact as it is deemed to arise.

On 3 March 2022, Kindred announced that it had teamed up with Turf Paradise and had obtained nine Limited Event Wagering Operator licences to operate sports betting in Arizona.

These post balance sheet events do not require any change in the amounts included in the 2021 financial statements.

32: Comparative information

Certain comparative figures disclosed in the main components of these financial statements have been reclassified to conform to the current-year presentation, as noted below:

(i) The Group's jackpot liability has been reclassifed from provisions to trade and other payables to better reflect the nature of the balance.

(GBP m)	As previously reported	Reclassification	As currently reported
Trade and other payables	162.1	4.2	166.3
Provisions (within current liabilities)	21.2	-4.2	17.0

(ii) Management incentive costs relating to acquisitions, previously recognised as a separate line item within items affecting comparability, have been merged into the line merger and acquisition costs within items affecting comparability.

(GBP m)	As previously reported	Reclassification	As currently reported
Management incentive costs relating to acquisitions	0.4	-0.4	–
Merger and acquisition costs	–	0.4	-0.4

(iii) Amortisation of intangible assets that arose on acquisition and accelerated amortisation of intangible assets that arose on acquisition have been moved from items affecting comparability to administrative expenses. These are included within the line item amortisation of intangible assets.

(GBP m)	As previously reported	Reclassification	As currently reported
Total administrative expenses	224.1	9.9	234.0
Total items affecting comparability	31.7	-9.9	21.8

Annual General Meeting

The Annual General Meeting of Kindred Group plc will be held at 10.00 CET on 13 May 2022, at Kindred's Stockholm office located at Regeringsgatan 25 in Stockholm, Sweden. The Annual General Meeting will be held without participation in person and shareholders are encouraged to exercise their votes via postal voting.

Right to participate

Holders of Swedish Depositary Receipts who wish to vote at the AGM must be registered at Euroclear Sweden AB on 29 April 2022 and notify Skandinaviska Enskilda Banken AB (publ) of their intention to be voting at the AGM no later than 12.00 CET on 9 May 2022, by filling in the enrolment form provided at www.kindredgroup.com/AGM, "Representation and voting form for AGM 2022". The form must be completed in full and delivered electronically.

Please note that conversions to and from SDRs and ordinary shares will not be permitted between 29 April and 16 May 2022.

Dividend

The Board of Directors propose a dividend of GBP 0.337 (2020: GBP 0.330) per share/SDR, to be paid to holders of ordinary shares and SDRs. If approved at the AGM, the dividend is expected to be distributed on 20 May 2022 and 18 November 2022 and amounts to a total proposed distribution of GBP 75.0 (2020: GBP 75.0) million.

Please see page 114 for further details regarding the Group's dividend policy.

Financial information

Kindred Group plc's financial information is available in Swedish and English. Reports can be obtained from Kindred Group's website, www.kindredgroup.com or ordered by email at ir@kindredgroup.com. Distribution will be via email.

Annual reports can be ordered through the website, www.kindredgroup.com or ordered by email at ir@kindredgroup.com.

Kindred Group will publish financial reports for the financial year 2022 on the following dates:

Interim Report January – March, on 28 April 2022
Interim Report January – June, on 22 July 2022
Interim Report January – September, on 28 October 2022
Full Year Report 2022, on 8 February 2023

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.

GPTW score: Percentage of employees who agree or strongly agree to the question 'taking everything into account, I would say that Kindred is a great place to work'.

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 debt to EBITDA ratio: Net debt at the balance sheet date divided by EBITDA for the year to that date.

Number of active customers: The total registered customers who have placed a bet with Kindred Group at any time during the year.

Number of registered customers: The total number of customers on Kindred Group's customer databases.

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

Turnover: Total amount of stakes placed on sporting events and games.

Underlying EBITDA: EBITDA before personnel restructuring costs, merger and acquisition costs, disputed regulatory sanction, other gains/(losses) and gain on remeasurement of previously held equity interest to fair value upon obtaining control.

Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.

Unrestricted cash: Total cash at the balance sheet date less customer balances.

Weighted average number of diluted outstanding shares: Calculated as the weighted average number of ordinary shares outstanding and potentially outstanding (i.e. including the effects of the vesting of all share awards) during the year.

Weighted average number of outstanding shares: Calculated as the weighted average number of ordinary shares outstanding during the year.