

KIN+CARTA

Building a world that works better for everyone

Kin and Carta plc
Annual Report and Accounts
For the year ended 31 July 2022

Company number: 01552113

Certified



Corporation™

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Welcome to our Annual Report

Kin + Carta is a London Stock Exchange listed global digital transformation consultancy committed to working alongside clients to build a world that works better for everyone.

Kin + Carta's 2,000 consultants, engineers and data scientists around the world bring the connective power of technology, data and experience to the world's most influential companies – helping them to accelerate their digital roadmap, rapidly innovate, modernise their systems, enable their teams and optimise for continued growth. Headquartered in London and Chicago with offices across three continents, the borderless model of service allows for the best minds to be connected to collaborate on client challenges.

With purpose at its core, Kin + Carta became the first company listed on the London Stock Exchange to achieve B Corp certification. It meets high standards of verified social and environmental performance, public transparency and accountability to balance the triple bottom line of people, planet and profit.

Highlights

Financial highlights

Continuing operations¹

Net revenue^{2,3}

£190.3m +48%

Adjusted operating profit³

£18.9m +54%

Adjusted profit before tax³

£17.1m +65%

Adjusted basic earnings per share^{3,4}

8.7p +82%

Statutory (loss) before tax⁶

(£15.9m)

Statutory basic (loss) per share⁷

(8.2p)

Net debt⁵

£0.5m £19.2m

Continuing and discontinued operations

Net revenue^{2,3}

£196.2m +26%

Statutory profit before tax⁶

£9.8m

Statutory basic earnings per share (p)⁷

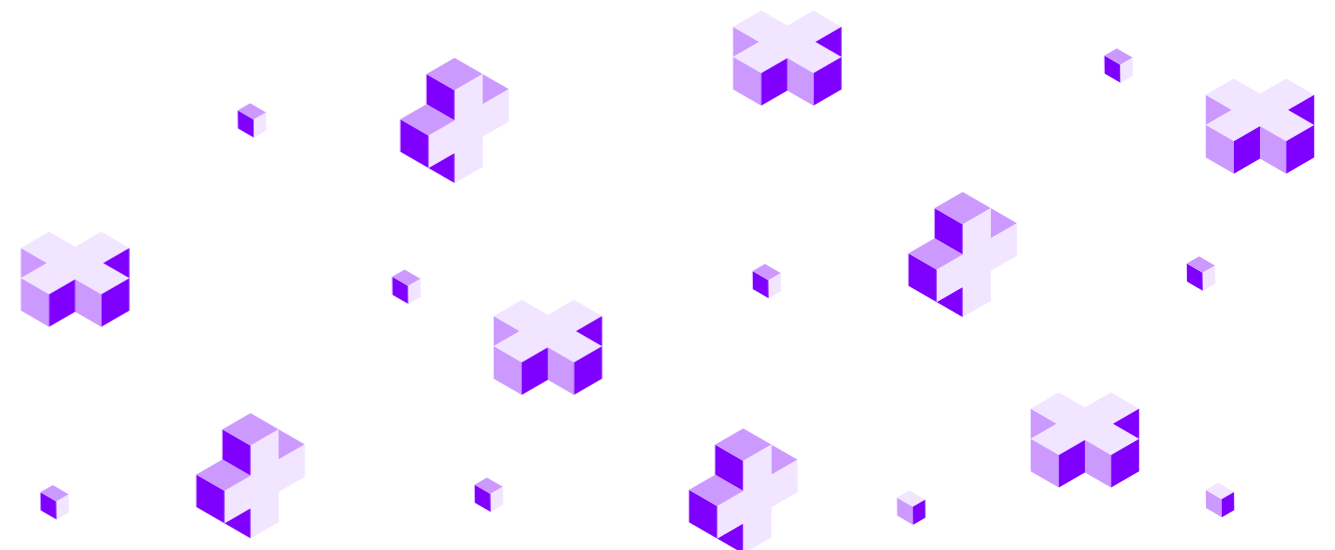
5.6p

- ¹ Results for the year ended 31 July 2021 have been restated to reflect: (i) a revised grouping of continuing and discontinued operations (note 8), and (ii) a change in accounting policy following adoption of the IFRS Interpretation Committee's agenda decision on Configuration and Customisation Costs in a Cloud Computing Arrangement. This change in accounting policy has increased the Group adjusted profit by £83,000 (note 2).
- ² Net revenue is defined as gross revenue excluding all direct costs and third-party expenses passed to clients.
- ³ Adjusted results exclude Adjusting Items to enhance understanding of the ongoing financial performance of the Group. Adjusting Items comprise: costs related to acquisitions, fair value gain from deemed sale on step acquisition, costs related to the Company's Defined Benefit Pension Scheme, restructuring and other charges, interest income, gain or loss on disposal of subsidiaries and the tax charge / credit related to these items (note 7).
- ⁴ This measure is defined as basic earnings per share after Adjusting Items. Further details are provided within the Alternative Performance Measures section.
- ⁵ Cash and cash equivalents less bank loans payable and US government loans payable under the Paycheck Protection Program.
- ⁶ This is the Group result before tax (see section "Impact of adjusting items on Group results" in note 7). Also see further details in the Basis of Preparation (note 1).
- ⁷ This is calculated by dividing the total profit for the period attributable to ordinary equity holders of the Company by the weighted average number of shares in issue during the period, excluding shares held as own shares by the Group.
- ⁸ Like-for-like growth in relation to net revenue is defined as the net revenue from operations at constant currency and excluding acquisitions when comparing the current period to the prior period.
- ⁹ Backlog is the value of client awards that have a signed contract, statement of work or an explicit verbal commitment to start work with no further permissions or conditions required. Pipeline is the value of the qualified and targeted sales funnel.
- ¹⁰ A reconciliation of the continuing adjusted operating profit to the adjusted operating cash inflow from continuing operations before working capital is provided under note 33.

- Net revenue of £190.3 million from continuing operations^{1,2} up 48% year-on-year ("YoY") and up 37% like-for-like⁸
 - Americas net revenue grew 55% YoY (49% organic) to £132.2 million, representing 69% of total net revenue
 - Europe net revenue grew 33% YoY (27% organic) to £58.1 million, representing 31% of total net revenue
- Record year-ending backlog⁹ (£96 million, up 35% YoY) and pipeline⁹ (£176 million, up 74% YoY)
- Adjusted profit before tax from continuing operations¹ grew 65% to £17.1 million³ (FY21: £10.3 million)
- Total loss before tax from continuing operations¹ of £15.9 million³ (FY21: loss of £5.8 million) due to typical acquisition and pension-related charges as well as lease related impairments and provisions
- Adjusted EPS from continuing operations¹ increased by 82% from prior year to 8.7p^{3,4}
- Adjusted operating cash inflow from continuing operations¹ before working capital of £25.9 million¹⁰ (FY21: inflow of £12.6 million) driven by higher EBITDA
- Balance sheet strengthened with net debt reduced to £0.5 million⁵ (31 July 2021: £19.2 million), after the effect of £5.6 million of share purchases by the employee benefit trust
- Legacy pension scheme accounting surplus increased to £38.7 million (31 July 2021: £19.3 million) following the April 2022 technical valuation
 - Pension in technical surplus of £5.4 million at the latest triennial date, 5 April 2022, with full hedge in place against interest rate and inflation risk

Operational highlights

- Completion of three DX acquisitions adding annualised net revenue of c.£19 million: software development consultancy Melon Group in Bulgaria, North Macedonia and Kosovo, commerce consultancy Loop Integration, and responsible artificial intelligence platform Octain
- Contract sizes rising, including a record \$90 million digital transformation contract with financial services client
- New client wins including six new UK Public Sector departments and notable multi-year commitments continue to underpin growth expectations
- 85% of top 20 clients buy two or more service lines, building resilience in strategic accounts
- Partnership channel grew 16% year-on-year with valuable 'managed partner' status awarded to **Kin + Carta** by Google, Microsoft and Amazon
- Organic development of new delivery hubs in Colombia and Greece
- Pricing power, homegrown junior talent (Kin Accelerator Programme) and the scaling of margin-efficient nearshore delivery is mitigating market salary inflation
- Employee value proposition is resonating in the talent market and keeping attrition below market rates
- Goal achieved to be the first certified B Corporation on the London Stock Exchange, and **Kin + Carta** named Microsoft Sustainability Changemaker Partner of the Year



About Kin + Carta: who we are

Kin + Carta is a technology, data and experience consultancy that believes in using business as a force for good.

We are at the forefront of a new class of digitally native firms built to deliver Digital Transformation 2.0, and we choose to do so as a socially responsible business that champions inclusion, diversity, equality and sustainability.

Building . . .

Kin + Carta builds sustainable technology that solves mission-critical enterprise problems, with a maker culture that values craft and consultancy excellence.

Read about our [strategy](#) on [pages 30 to 35](#)

Read about our [business model](#) on [pages 28 to 29](#)

Read about our [Santander case study](#) on [page 24](#)

. . . a world

Technology is transforming business processes and customer expectations, while attitudes to social and environmental responsibility demand new standards.

Read about our [marketplace](#) on [pages 16 to 21](#)

Read about our [Corteva case study](#) on [page 23](#)

Building a world that works better for everyone

that works better . . .

Digital transformation requires efficient processes, effective and accessible technology applications, democratic data, connected experiences and predictive, unbiased algorithms.

Read about our [investment case](#) on [page 10](#)

Read about our [Planning Inspectorate case study](#) on [page 27](#)

. . . for everyone

We use business as a force for good, measuring our impact on people, planet and profit, and ensuring accessibility, sustainability and inclusivity are core to our product and our business.

Read about our [responsible business](#) on [pages 60 to 99](#)

Read about [B Corp](#) on [page 60](#)

Read about our [healthcare study](#) on [page 22](#)

Our Kin and our Carta

Kin (noun)

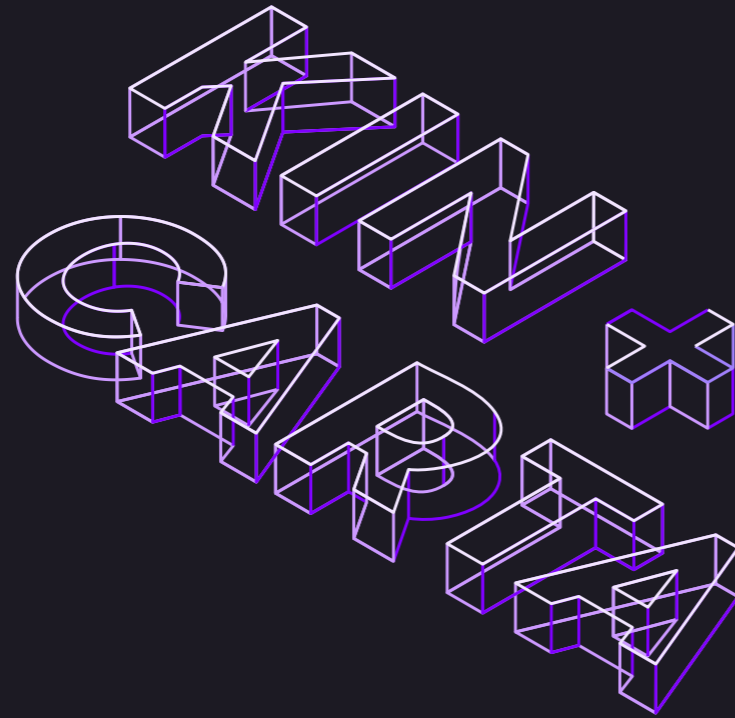
Family; connected people.

Kin represents Kin + Carta's emphasis on connection and collaboration.

Carta (noun)

Direction; showing the way.

Our map, underscoring Kin + Carta's mission to help our clients navigate the new digital world, while plotting a clear path to growth for our people and our shareholders.



See page 35 for more information

Our Kin and culture

We align our purpose, values, strategy and culture for the good of our staff, clients and communities, by consciously connecting Kin + Carta's values with promises that contextualise those commitments in our everyday business. This ensures their combined strength delivers a connected global mindset; one consistent thread throughout our business, regardless of practice, territory or region.

See pages 40 to 43 for more information

Our values

Connection Our connections are the enabler that allow us to build and to transform; to be more than the sum of our parts.

A connective mindset never stops learning; it brings the right minds to the problem and acts as a multiplier to the outcome.

Courage Every single day. This is the value that strengthens us to believe in better, and be brave enough to recognise that change starts from within.

Compassion If empathy can be passive, and altruism self-serving, compassion is active. It is our decision to do something, to stand for something and make a positive impact that defines us.

At a glance

What we do

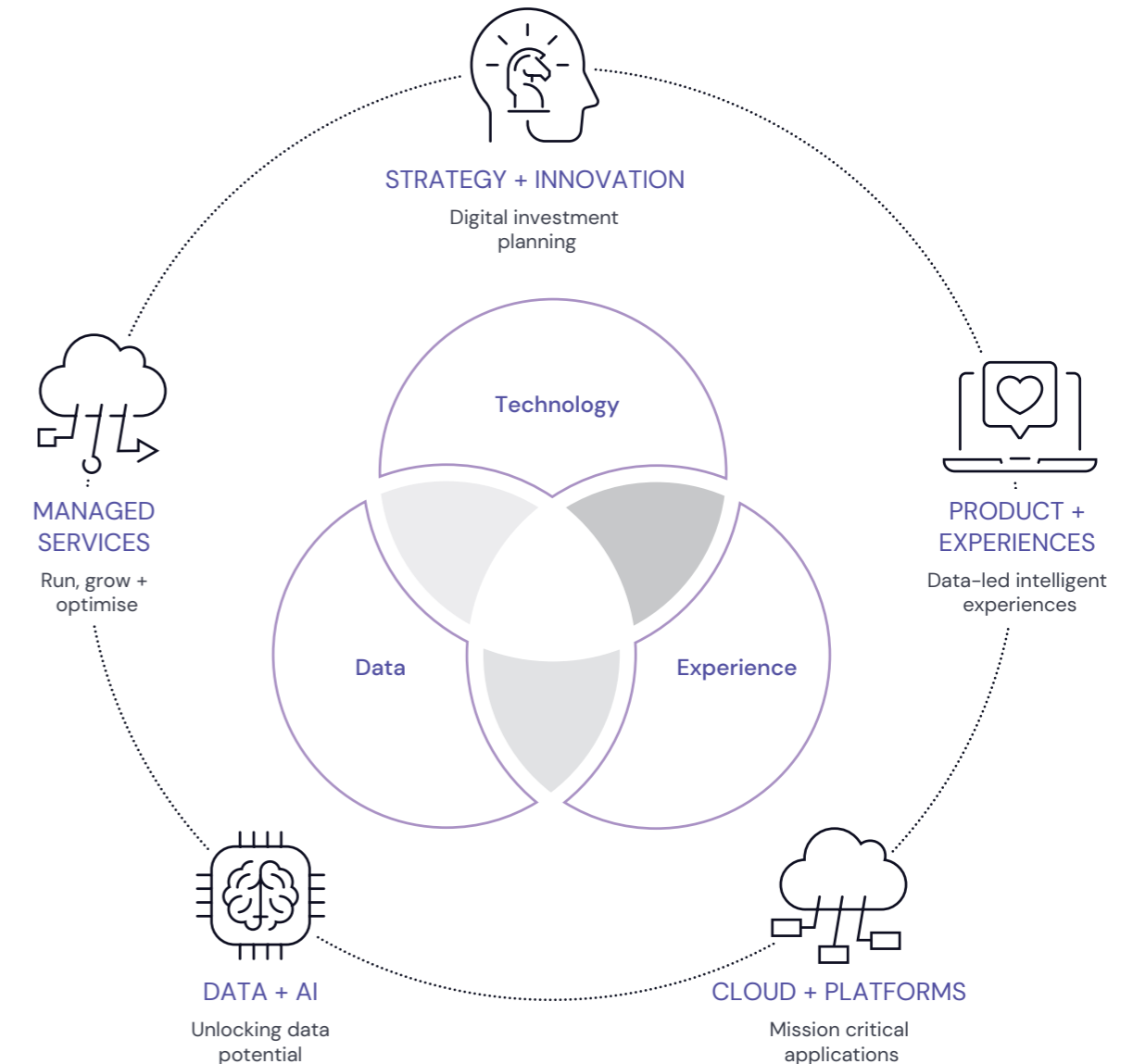
Kin + Carta is an industry driver and definer of Digital Transformation 2.0. We are a digitally native consultancy operating at the intersection of technology, data and experience to drive what we call "connected outcomes" for our clients.

The domains we serve

Technology, data and experience. The combination of these three critical domains of Digital Transformation gives Kin + Carta a powerful ability to leverage their intersections as value-multipliers in the pursuit of outcome-based enterprise transformation.

The outcomes we create

Five business-critical service lines drive connected outcomes for our clients across the full life cycle of product and platform ecosystems. Typically, there are four types of outcome that we deliver for our clients: Innovation; Modernisation; Enablement and Optimisation.



See page 20 for more information on our service lines

Our regions and business mix

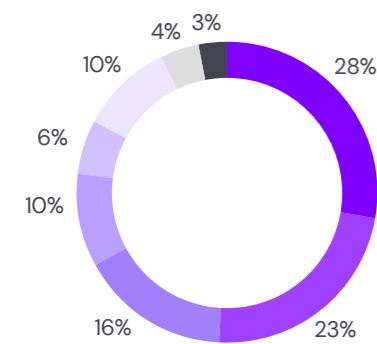
2,000 Kin across three continents

Kin + Carta is organised into two trading regions (Americas and Europe) with regional leadership and a globally aligned operating model.

Why Kin + Carta?

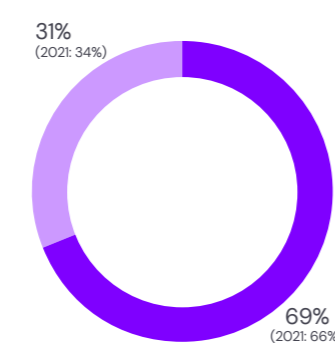
- Digitally native consultancy built to adapt to today's volatility.
- Experts in modern software design and engineering techniques.
- Small enough to pivot quickly to changing market needs.
- Large enough to take on our clients' biggest challenges.
- High value domestic consultancy with margin efficient global delivery.
- Social responsibility as a supply and demand differentiator.

Net revenue by sector¹



- Financial services
- Retail and distribution
- Industrial and agriculture
- Transportation
- Healthcare
- Technology, digital and media
- Public sector
- Other

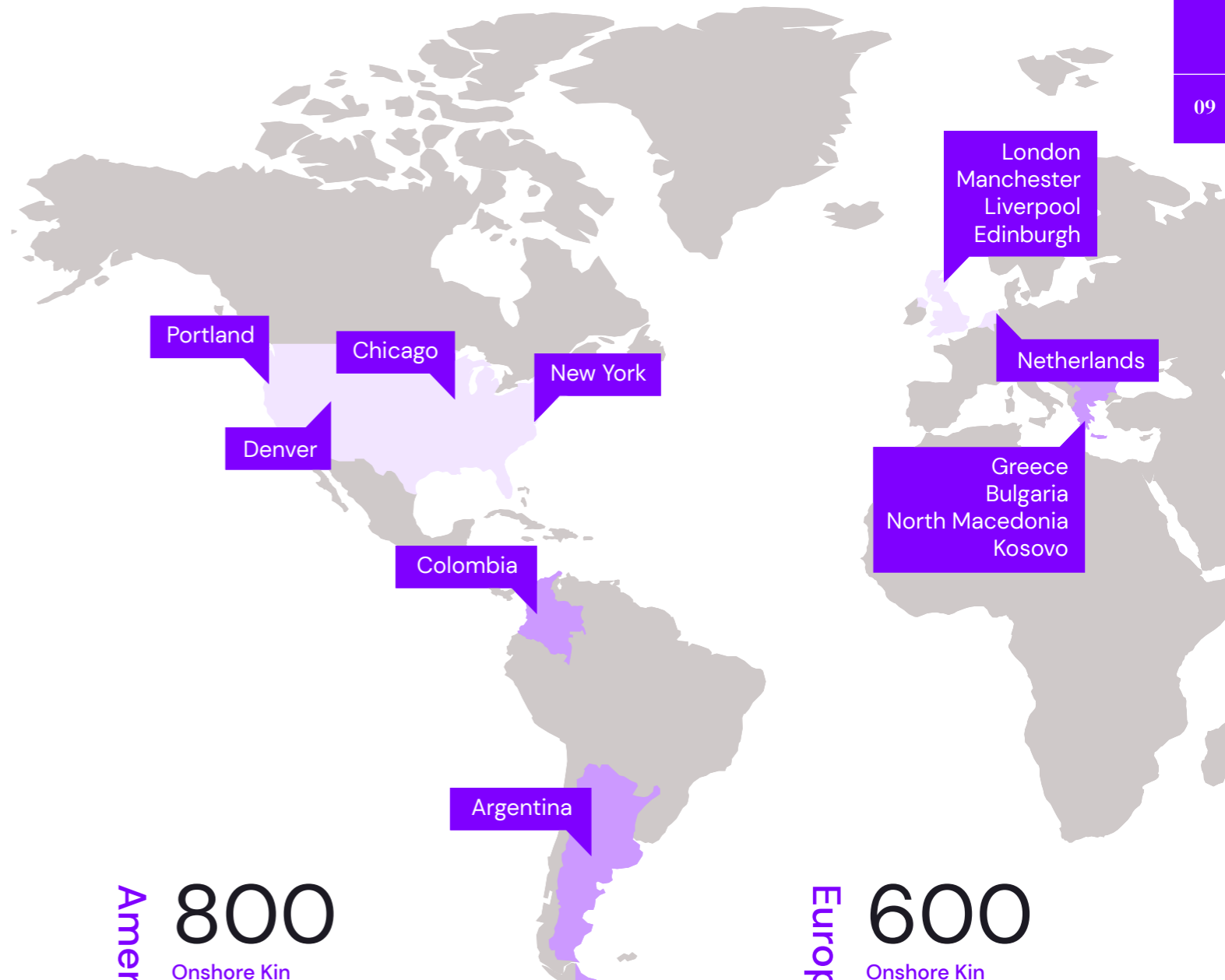
Net revenue by region¹



FY21 net revenue by region in brackets

¹ Continuing operations only. Continuing operations exclude the results of Incite Marketing Planning Limited, Incite New York LLC, Edit Agency Limited, Relish Agency Limited, The Health Hive (US) LLC, The Health Hive Group Limited and subsidiaries, and Pragma Consulting Limited (note 8).

See page 46 for an operational review of our Regions



Americas

800 Onshore Kin

250 Nearshore Kin

60%+ Engineers

Europe

600 Onshore Kin

350 Nearshore Kin

50%+ Engineers

Map Key:

- Onshore: high-touch sales, consultancy and domestic delivery
- Nearshore: scalable, margin-efficient, high-quality delivery

Investment case



01.

Digital transformation is driving increased budgets and the need for a new kind of outcome-focused technology consulting provider

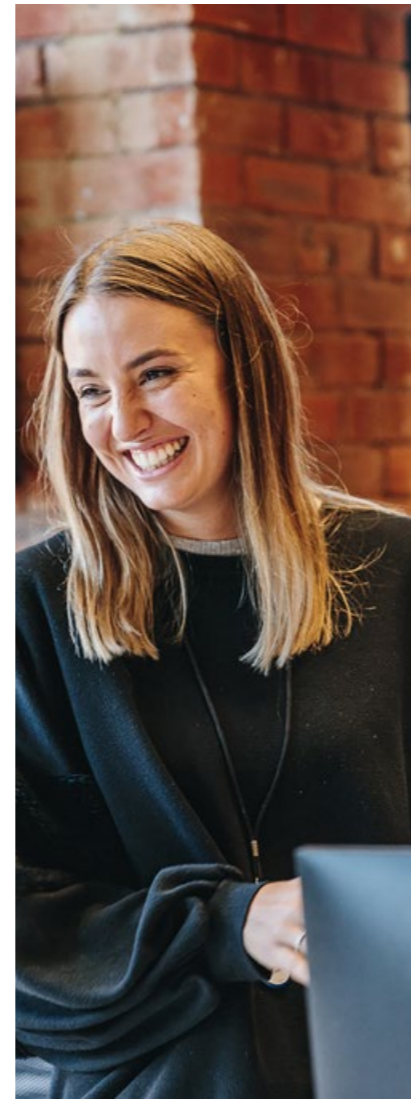
See pages 16 to 21 for more information



02.

Kin + Carta's growth will be sustained by a systematic multichannel approach to demand generation and client growth

See pages 28 to 38 for more information




03.

We believe we are tasked with building the technical foundation for tomorrow's society; and we are doing that through a socially responsible lens. This is helping Kin + Carta further differentiate in the competition for digital talent

See pages 60 to 99 for more information

Chairman's statement



 **John Kerr**
Chairman

The Company's business model is simple. Our people help our clients to be more successful by building technology that helps them to serve their customers more efficiently and effectively. We do it by hiring and developing outstanding people and deploying them in carefully assembled teams that work with our clients to deliver innovation and successful outcomes. Our core capabilities in software, data and innovation are in short supply in the marketplace and the leadership team has worked hard this year to carefully manage the balance of supply and demand.

I'm delighted to be able to report to you that by focusing on execution of this model, our company was among the top 20 performers measured by Total Shareholder Return relative to the FTSE All Share Index for the three year period to 31 July 2022.

Our core capabilities in software, data and innovation are in short supply in the marketplace and the leadership team has worked hard this year to carefully manage the balance of supply and demand.

Focus on digital transformation

The year had a number of defining factors:

- Kin + Carta has completed its transformation from a print and marketing company to a digitally native service company and has built a solid platform for future growth.
- The technology marketplace has changed as a consequence of the digital revolution and, accelerated by the COVID-19 pandemic, technology is now a core part of all leading companies and no longer a discretionary investment for our clients.
- High quality people are critical to service delivery and companies that can attract, retain and motivate great people to do great work are valued highly by clients.
- COVID-19 clearly established the concept of remote working and that high quality technology services can be delivered by distributed teams.

Chairman's statement

continued

- As we emerge from the pandemic, the market is returning to its pre-pandemic competitive condition and we are seeing the emergence of economic headwinds. I am confident that the executive team is set to manage carefully through these changing conditions.

The Company has implemented strategies over the past three years that have positioned it well to respond to these developments in the market. The foundations are established. The business is focused on the success of our clients, the success of our people, and the ways we continue to differentiate in the digital transformation market, while continually building what our clients need next; innovation in data and sustainability by making use of price-competitive global delivery models.

Focus on clients

Our net revenue growth of 48% speaks for itself. We have delivered for our clients and they have rewarded us by continuing to buy

our services and grow our mutual relationships. This is the basis of strong technology services businesses.

As our clients evolve from their post-pandemic positions, they face new macroeconomic challenges. In this environment, clients are searching for positive digital transformation business outcomes amid the disruption and the Company is focused on client success and strategic account growth.

Focus on people

- We have an intense focus on our Kin. We implemented steps to support them through the worst of the pandemic and we have now taken further key steps to develop and incentivise them:
- The introduction of the Kin Academy Programme to develop our new graduate joiners.
- The extension of our LTIP programme to offer incentives to an expanded group of leaders, which aligns the interests of our key people with those of our shareholders.

Focus on responsibility

I'd like to highlight the significant achievement during the year of **Kin + Carta** becoming the first company listed on the London Stock Exchange ("LSE") to achieve B Corp certification. This was a response to the aspirations of our people. Top talent wants to work with companies that have a purpose, that reflect their values and are good corporate citizens. We, at **Kin + Carta**, aspire to build a world that works better for everyone and our achievement of B Corp certification is a recognition of that.

This represents not only a significant achievement by the Company but it also reflects the commitment of the Company and the Board to responsible business practices, which demonstrate that we can grow and be profitable while also being committed to treating our people fairly and well and behaving responsibly in relation to the planet and the environment.

We were very proud to be invited to open the LSE on 2 December 2021, which represented a milestone on a significant and ongoing journey. I'd like to thank the entire team for their efforts in getting us there. It was a milestone but not a destination – we will continue to improve our responsible business practices and measure our progress.

Focus on performance

In all of my communications to you, I have emphasised three key priorities and those remain consistent for us:

Focus – during the year, we sold the final remaining businesses that did not fit with our digital transformation focus, which means that we are now a pure-play digital transformation business strengthened by data capabilities.

Geographic expansion – as we look forward, it seems likely that the economies in our main markets will be challenged by continuing shortages of talent coupled with inflationary pressures. Therefore, the Company has taken steps in the past year to secure a foothold in new jurisdictions. **Kin + Carta** now trades in nine countries across three continents, providing access to new pools of talent, and reducing the cost of delivery, helping us to respond to market demand and inflationary pressures:

- We invested £19.0 million to acquire the Melon Group, based in Bulgaria, North Macedonia and Kosovo which brought c. 300 new Kin into the Group at competitive daily average costs, helping to reduce our cost of delivery to clients.
- We have built additional nearshore delivery teams in Colombia and Greece. These teams have been built organically, funded through our own profit and loss account rather than by acquisition.

Partnerships – we took the decision some time ago to invest in building close working relationships with technology providers such as Google and Microsoft. In FY22, the partner channel grew 16% year-on-year.

Governance and change

Your Board remains committed to maintaining high standards of corporate governance. It comprises five Non-Executive Directors (including me, as Chairman) along with the Chief Executive Officer and the Chief Financial Officer. We have implemented systems to ensure oversight of the business meets the standards expected by our shareholders. The Board and its three sub-committees – Audit, Nomination and Remuneration – operate effectively. In August 2022, we conducted a review of the effectiveness of the Board, further information can be found on page 129.

All three of the sub-committees have been very active during the period:

- The Audit Committee conducted an external audit tender process, which is described on page 137. As a result of the tender, a resolution is being put forward at our AGM for shareholders to approve KPMG's appointment as external auditor for the year ending 31 July 2023.
- The Nomination Committee led the process to select the new Chief Executive Officer.
- The Remuneration Committee has overseen the redesign of the compensation schemes for the key Executives, the conclusions of which will be put to the shareholders at the AGM.

I would like to thank the Board for its hard work over the year.

Leadership continuity

During the year, J Schwan took the decision to retire from consulting and from the Board of **Kin + Carta**. J was the founder of Solstice, a digital product engineering and innovation firm acquired by the Company in 2015 and the foundation of **Kin + Carta Americas**. He then spent time as Group Chief Digital Officer before becoming Chief Executive Officer in 2018. I'd like to thank him for his contribution to **Kin + Carta** and his leadership through some of the most difficult circumstances imaginable over the past years. J led the transformation of the business on a challenging and ultimately successful journey. His contribution was immeasurable and the business is unrecognisable from its position when he took over.

I have much pleasure in welcoming his successor, Kelly Manthey, to the Board as Chief Executive Officer, following her success as Chief Executive Officer of **Kin + Carta Americas** (2020–2022). Kelly was the first recruit at Solstice and has been on the same journey as J. She has led **Kin + Carta Americas** since its establishment as a region and has delivered excellent financial results in that role while also integrating acquisitions such as Spire and Cascade Data Labs. We are delighted to appoint Kelly at a time when women Chief Executive Officer's of FTSE-listed companies sadly remain an exception. Kelly was the outstanding candidate for the role and the Board looks forward to her leading **Kin + Carta** on the next stage of the journey and taking us to new heights.

John Kerr Chairman

12 October 2022



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Strategic Report

The digital transformation industry

Digital transformation market landscape

Foundations for change

Enterprise businesses' digital transformation agendas and roadmaps have never been stronger.

The need for product and process innovation, modernisation, optimisation and enablement – key digital transformation outcomes – is business-critical as a pandemic-hardened market approaches a period of economic volatility.

Crucially, businesses need access to talent. Experienced, reliable, technically excellent engineering resource is in high demand and only the companies with authentic, attractive, flexible employee value propositions will attract and scale the best talent.

And as the change accelerates, the requirement for sustainable digital transformation solutions that save carbon, are accessible and inclusive, leverage green computing, and deliver on corporate responsible business commitments increases in lockstep.

Increasing demand for digital transformation

Macroeconomic pressures and recessionary fears are driving a change agenda already fuelled by rapidly changing consumer expectations.

Enterprise budgets are evolving to reflect an "always-on" attitude to global digital transformation investment across capital and operational expenditure in both private and public sectors.

As supply constraints diminish the ability to build engineering teams in-house, client organisations are looking to digitally native consultancies for access to engineering quality and leadership to supplement or replace their teams.



Growth

Increased velocity:

COVID-19 accelerated market demand. A market that was growing at 18% is now projected to grow at

20%

CAGR

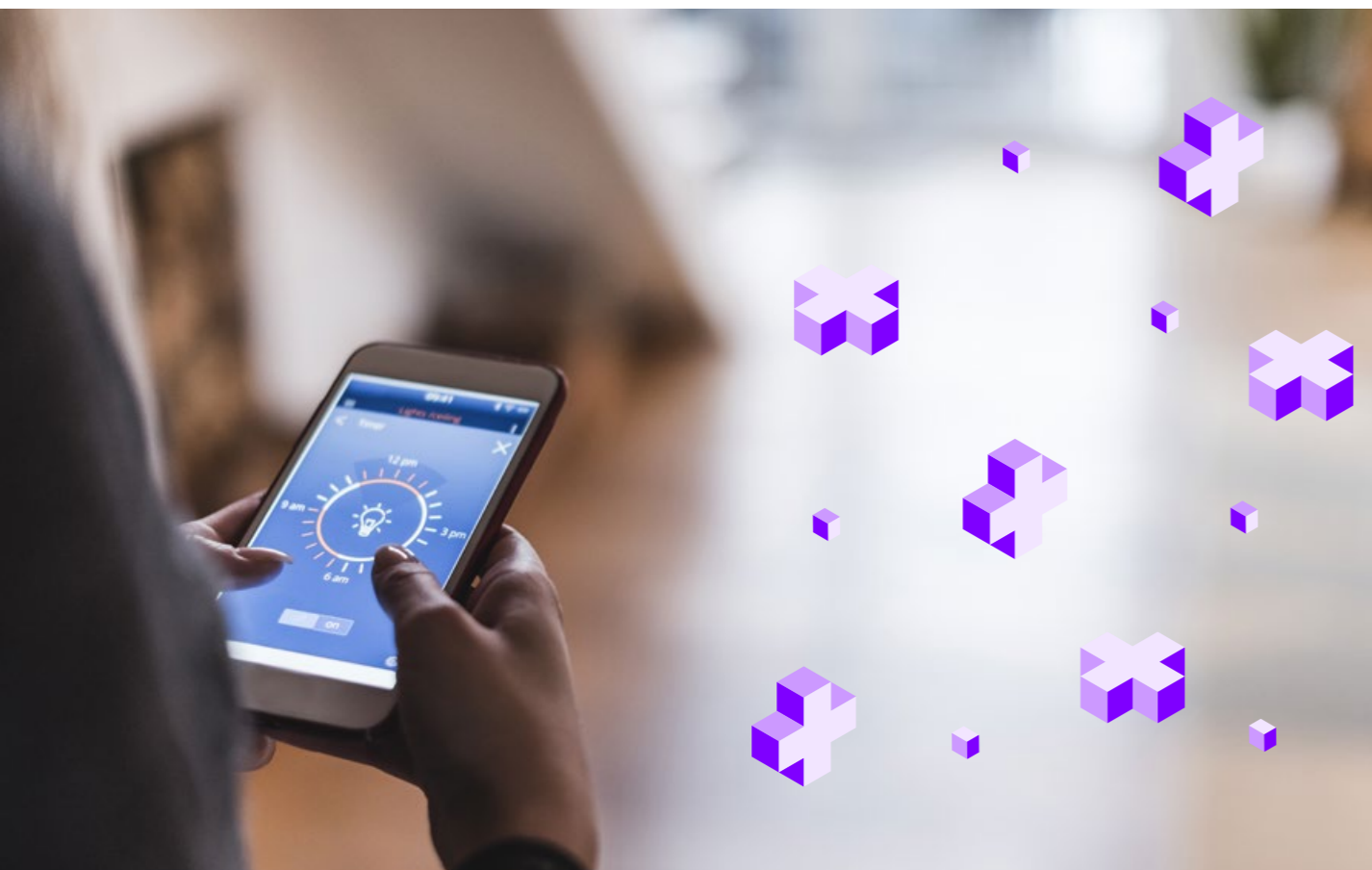
during the next seven years as businesses invest to build the differentiated digital value proposition at their companies¹.



Needs

Investment to:

Rethink the approach to **technology**.
Reassess the value of **data**.
Reconsider connected **experiences**.



Outcomes

Key DX objectives:

Innovation

New digital products, platforms and services.

Modernisation

Re-engineering of critical data and technology stacks.

Enablement

Giving our clients the tools, platforms and teams to scale.

Optimisation

Continuous improvement and managed services.



Peers

DX consultancies:

Pure-play digitally native.
Platforms, not portfolios.
Strong cloud partnerships.
Global with US focus.
Nearshore delivery models.

High growth, high P/E multiples

The digital transformation industry

continued

Market drivers

COVID-19

The pandemic accelerated enterprise digital transformation and bolstered demand. Businesses that had previously failed to invest in technology and processes that drive efficiency and effectiveness scrambled to maintain market share, and market leaders invested to protect and accelerate their positions. Ways of working and engagement models changed in favour of remote/distributed working.

How Kin + Carta is well placed to respond

Kin + Carta grew revenue and resource during the pandemic, capitalising on increased demand for digital transformation services. In FY22, high quality, margin-efficient nearshore delivery centres were expanded in Latin America and acquired in Europe to offer our clients depth of engineering excellence with competitive pricing. **Kin + Carta** focuses on pure-play digital transformation services in the domains of data, technology and experience that solve the market's biggest problems, and is recognised by industry analysts, clients and staff as a progressive, responsible and sustainable business. We partner with Google and Microsoft as well as with cutting edge software partners so we can deliver ambitious products and experiences on the cloud.

Digital-first consumers

As digitally native brands set the pace, customer expectations are rapidly evolving. Cross-platform speed, efficiency, connectedness and secure predictive data applications have become a baseline.

How Kin + Carta is well placed to respond

Kin + Carta builds intelligent, data-powered experiences enabled by cloud computing. We create the technical foundations for our clients' success and continuously run, grow and optimise those products and services to meet changing consumer and enterprise needs.

Industry competition

As businesses move to digital shopfronts for consumers and employees using similar technologies and partner ecosystems, the race to truly differentiate through digital experience, has accelerated.

How Kin + Carta is well placed to respond

The ability to connect our clients' data from source to product, empowering and optimising the experience, is a key differentiator. **Kin + Carta** data scientists and engineers unlock the value of our clients' data, innovating and executing with our engineering teams across a full portfolio of digital transformation service lines.

Workforce priorities

As demand grows, the shortage of experienced digital talent becomes more pertinent. Employees expect flexible working, clear career paths, inclusive and equitable policies crafted by employers who reflect their personal values. Businesses unable to demonstrate and evidence this outlook are failing to attract and retain the best digital talent in a supply-constrained market.

How Kin + Carta is well placed to respond

Kin + Carta's commitment to social responsibility and being an internationally recognised "best place to work" are notable workplace differentiators as we continue to attract and scale the highest quality digital talent. A strong employee value proposition ensures progressive policies, continuous career development, and an equitable, diverse employee experience. In FY22, **Kin + Carta** became the first B Corporation listed on the London Stock Exchange.

Macroeconomic pressures

Rising inflation, fuel prices, cost-of-living and supply chain disruption have created evolving macroeconomic considerations that the digital transformation industry is well placed to help mitigate for enterprise businesses. Manual tasks are being automated, data improvements are highlighting inefficiencies, and consumers expect connected, secure experiences. Those who fail to invest are preparing to fail.

How Kin + Carta is well placed to respond

For our clients, we bring cost-saving efficiencies with speed to value and clear return on investment. Our innovation is shaping the future of our clients' businesses and defining how they differentiate in a competitive market and pressured economic climate. Wage inflation has been absorbed by pricing adjustments with our clients, nearshore delivery ensures price competitiveness, and we have developed and executed a Kin Accelerator Programme to train and deploy diverse new talent onto client work.

94%

of Chief Executive Officers want to maintain or accelerate the already intense pace of digital transformation sparked by the pandemic¹

70%

of Chief Financial Officers expect digital technology to get more funding¹

¹ Source: 2022 Gartner CEO and Senior Business Executive Survey, Gartner webinar poll: CFOs 2022 Playbook for Enhancing Profitability and Driving Digital Acceleration, 2021 Gartner Candidate Panel Survey, Gartner Supply Chain's 2021 Customer Expectations Survey

The digital transformation industry

continued

Critical digital transformation domains

While investment in digital transformation has increased and the pace has accelerated, customers have foundational requirements underpinning their ambitions:

Rethink the approach to technology

How can our digital estate be more effective, more efficient, more sustainable, deliver a better customer experience and higher return on investment?

Reassess the value of data

How can we unlock the value of our data, securely democratise access to insights, and leverage the predictive analysis of responsible AI?

Reconsider connected experiences

How can our experiences be seamlessly connected, data-driven, personalised, and truly differentiating to deliver customer advocacy, loyalty and increase revenue?

Core digital transformation service lines

This change requires specialist domain expertise. At **Kin + Carta**, consulting and engineering craft are delivered through an interconnected portfolio of services lines that solve the most valuable problems in digital transformation:

Strategy + Innovation

Digital investment planning

- Cloud strategy
- Data strategy
- Product + Experience strategy
- Digital operations strategy

Product + Experiences

Data-led intelligent experiences

- Experience platform innovation
- Connected commerce
- Digital product innovation

Cloud + Platforms

Mission-critical apps

- Mission-critical app modernisation
- Cloud migration
- Commerce + content app modernisation

Data + AI

Unlocking data potential

- Data platforms
- Insights + AI
- Data products

Managed Services

Run, grow and optimise

- Managed intelligent experiences
- Cloud-managed services
- Application support

Our market and our customers

We partner with progressive senior leaders in blue-chip businesses who are aligned on the need for change, targeting the following industry verticals:



Healthcare

Giving people easier and better access to healthcare.

See our case study on healthcare on [page 22](#)



Industrials + Energy

Increased efficiency and productivity.

See our case study on Corteva on [page 23](#)



Financial Services

Leading digital customer experiences.

See our case study on Santander on [page 24](#)



Retail + Consumer

Multichannel connected commerce.

See our case study on Toolstation on [page 25](#)



Transportation

Data-driven customer-centric experiences.

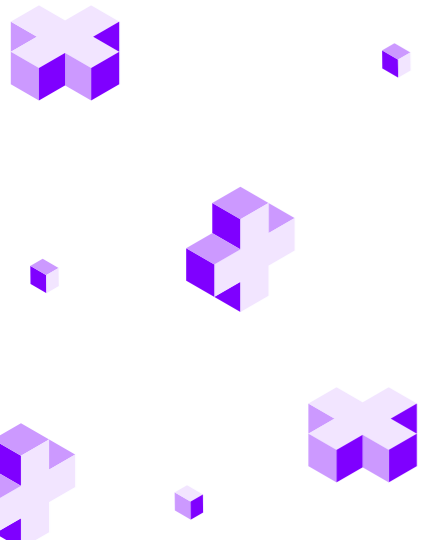
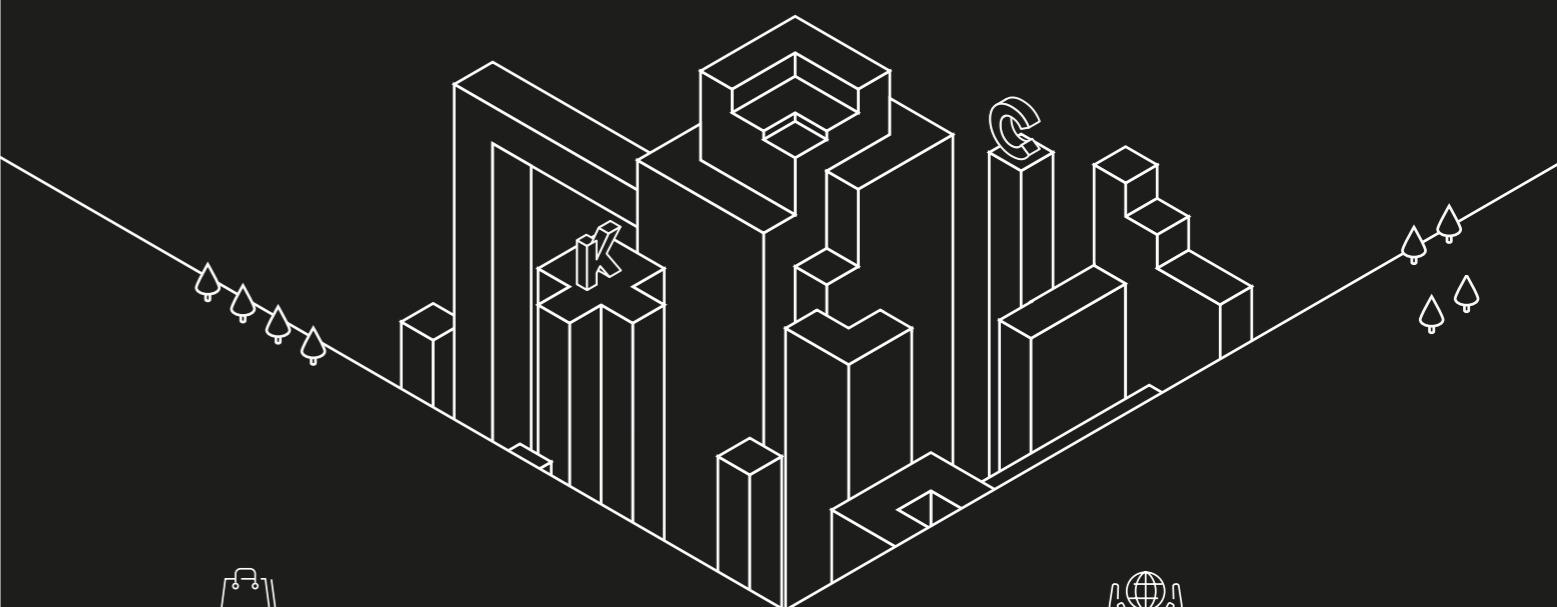
See our case study on Canadian National Railway on [page 26](#)



Public Sector

Service-oriented operating models for digital and data.

See our case study on the Planning Inspectorate on [page 27](#)



How we are building a world that works better for everyone

Healthcare

Working to give people easier and better access to healthcare

Problem

Kin + Carta worked with one of New York's not-for-profit health insurers, specialising in Medicaid, Medicare Advantage plans, long-term care plans, qualified health plans, and individual and small group plans to members in New York City and its surrounding areas. In late 2018, they were looking to reimagine the way that they interacted with their members. Grounded in a mission to be community-centric, incorporating digital touchpoints into their member journey represented both a tremendous opportunity and great risk. The opportunity was to engage in a new manner with their members and make it easier for them to understand their healthcare coverage and get better access to care. As they were an analogue business, the move to digital was a fundamental shift. With that in mind, Kin + Carta needed to ensure that the member and community focus that earned the client its reputation was enhanced by this move to digital.

Approach






Together, the client and Kin + Carta took a member-centric approach from the get-go. In the initial phase of the partnership, the team took a wide lens and interviewed members

across New York City and conducted focus groups to better understand how a mobile application might fit into the existing experience. Before a single line of code was written, we defined our target audience and aligned our metrics to the needs and desires of those members. To ensure continued alignment with those member needs, the Kin + Carta team consistently interviewed and tested its hypotheses and designs with members throughout development. Rather than releasing to the public all at once, Kin + Carta worked with the client and ran a series of Beta releases to identify both strengths and improvement opportunities for the product.

Outcome

The COVID-19 pandemic increased the urgency around helping members access care. Our team pivoted quickly and accelerated our launch to April 2020. Since launch, we have improved prospect and member communication through the development of a conversational toolkit, which allowed the client to connect with members during the pandemic. This omnichannel tool allows them to quickly adapt to their members' preferences and behaviours, further expanding digital conversation experiences in voice, chat, messaging and video.

Link to product type / service:

 Strategy + Innovation	 Product + Experiences
 Cloud + Platforms	 Data + AI
 Managed Services	

136,000+ users of the NY app as of 2022

4+ star ratings in both iOS and Android app stores

Continually improving features in development include a digital health incentive programme designed to increase plan awareness and use of preventative services

Industrials + Energy – Corteva



Increasing crop yields with Corteva through a pioneering app

330,000 different crop yields estimated more accurately

25,000+ downloads

700% increase in app usage

Problem

We live in a world where it's crucial to maximise the return we get from growing crops. The ability to estimate crop yields goes a long way to helping farmers achieve this, allowing them to plan, optimise their output and target problem areas. However, it can be difficult to make these forecasts and technology that relies on internet connectivity can be inoperable out in the fields. Long-standing client Corteva asked Kin + Carta to build a better solution.

Approach

We worked on creating an app that would give farmers the answers they needed through the use of mobile technology. Our team thought carefully about the data and technology that could deliver this through a simple-to-use app. We also considered how the app would be used offline and how to increase its functionality.

Outcome

Launched in summer of 2019, the Pioneer Seeds mobile app provides users with the ability to estimate crop yields by taking pictures of ears of corn. Efficiency is maximised with a multi-national code library that allowed Pioneer Seeds to be used on multiple products and in a variety of countries.


Our team utilised an open source machine learning platform that growers can run offline, meaning they can estimate corn crop yield in the field where internet connectivity can be challenging. Firebase Analytics was used to track user behaviour and prioritise features.

Daily enhanced satellite imagery from Planet Labs also allows growers and seed reps to target problem areas. Since its release, over 3,000,000 satellite images have been viewed.

Growers can now scan bag tags to create planting events, reducing friction in data entry. This digital bag tagging feature was previously located in a separate app. New features released allowed the sunsetting of two older mobile apps.

Pioneer Seeds is now the largest app that Corteva has launched. Farmers have estimated over 330,000 different crop yields more accurately and further into the future than before, gaining insights up to two months before harvest.

Link to product type / service:


Product + Experiences

Financial Services – Santander



Empowering Santander's people to deliver leading digital experiences for customers

33%

account growth
in nine months

Problem

Like many banks, Santander identified a lot of potential in optimising its digital channel experiences. It had identified certain challenges in delivering digital journeys, leveraging data and consistently applying leading software and agile practices. To support with this, Santander sought a partner to deliver the experience, best practice and organisational know-how required to make a step-change in performance.

Approach

We used our skills, knowledge and experience to provide a highly effective product-led transformation of a well established, mature channel for the bank, Retail Mobile.

40%

account
nearshore

Starting with assessing the current delivery practices, processes, ways of working and skills, we quickly designed and implemented a product operating model aligning cross-functional teams with the skills needed to deliver customer outcomes. We quickly delivered path-to-production improvements to reduce time to market and improve quality. We onboarded transformational leaders and ramped up squads across multiple digital channels, blending in nearshore team members to deliver high quality at scale.

Outcome

Santander now finds itself at the front of the pack in terms of a leading digital capability delivering high quality experiences for customers.

Industry leading

digital experiences

This is sustainable progress with an embedded team that has the confidence, knowledge and structure to continuously improve. **Kin + Carta** has now been asked to lead enablement for wider digital teams.

[Link to product type / service:](#)



Strategy +
Innovation



Product +
Experiences

Retail + Consumer – Toolstation

TOOLSTATION

Building Toolstation iOS and Android applications using Flutter

1.1

million orders

£27m

in revenue processed

4.8

stars across Play Store
and App Store

Problem

Toolstation is on a mission to expand its business across Europe by providing a leading experience for customers on its digital channels. It chose **Kin + Carta** based on our deep expertise in this area. Our job was to ensure the multi-channel experience was seamless while driving customers up the value chain and giving trade credit customers VIP status.

Approach

We built a class-leading ecommerce app with a frictionless experience from search to order in a few clicks. Our team leveraged new technologies to scale and reduce maintenance costs (cross-platform tech powering the proposition).

We also created a valuable product that people actually want to use via research and insights from key target audiences.

Outcome

With aligned ways of working and a combined focus on speed-to-value, our customer-centric teams delivered a robust experience that will scale with Toolstation as it goes from strength to strength.

In the UK, the app now accounts for 10% of Toolstation's sales and it is built to allow seamless international expansion beyond Netherlands, Belgium and France – the apps in those markets already take advantage of the single code base.

[Link to product type / service:](#)



Product +
Experiences



Transportation – Canadian National Railway Railway

Providing a single, seamless digital experience to Canadian National Railway's customers

5 apps merged into one modern digital experience

16 weeks to Beta launch from start of project

Problem

Amid growth and rising customer expectations, Canadian National Railway needed to deliver a single digital experience to customers looking to transport goods cost-effectively and with less harm to the environment. It sought to show its customers that it was changing with the times and that it made doing business "easy." **Kin + Carta** was required to create a simple, intuitive, cohesive, customer-centric experience. One that provided painless interactions to those requiring transportation services spanning the Atlantic, Pacific and Gulf of Mexico.

Approach

The **Kin + Carta** team developed a responsive, web-based, front-end application that allows users to track shipments on a map. Core

functionality included the ability to search, track and view equipment or shipments. Users would be able to filter shipment status including details of current location and route.

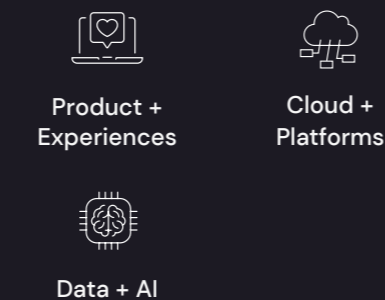
Google Analytics was implemented to enable feature flagging, application logging and to localise the code base for three languages. The user experience was further enhanced by rich map functionality, the ability to subscribe to notifications and harmonisation with the existing eBusiness experience.

Outcome

A customer Beta was launched within 16 weeks after initial discussions. Within one week, the Alpha release was launched to customers, meeting a key end-of-year milestone for the business.

We established an automated deployment pipeline to enable faster production releases more often and also implemented front-end analytics for the first time to enable real-time customer insights.

[Link to product type / service:](#)



Public Sector – Planning Inspectorate



Making the planning process better for everyone by enhancing the Planning Inspectorate's service offering

8 working software releases in eight weeks

40% more points delivered per sprint

Removing barriers

to enable teams to deliver on outcomes

Problem

Making a planning application in the UK can be a complicated process. This was accentuated by a digital offering that was no longer as efficient as the executive agency required and could result in errors. Development of this system needed agile practices and a range of expertise. The Planning Inspectorate wanted to work with an organisation to learn and understand industry best practice.

However, previous partners had struggled to understand Cloud Native and translate this to the existing process.

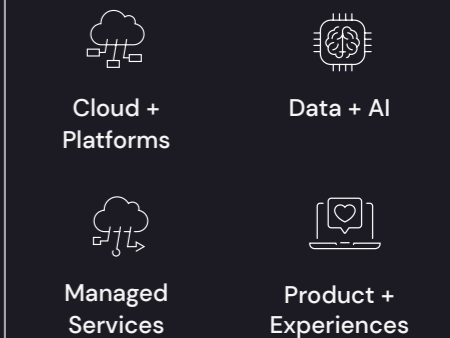
Approach

Kin + Carta partnered with the Planning Inspectorate to transform how the internal team worked and move to a service-oriented operating model for digital and data. Working as a blended team enabled us to evolve internal capabilities more effectively. We removed any siloed working practices so the solutions developed could be applied across multiple services. The revamped service will support modernising planning solutions to the cloud and change the focus to delivering real outcomes for all users.

Outcome

Teams are now delivering more value at a faster pace just weeks after handover. Improved team working includes information sharing and the reuse of software across Appeals, Applications and Back-Office services. We have also helped enhance user analysis and design, resulting in improved alignment of the solution from both a design and technical point of view. Overall, the Inspectorate is delivering a vastly improved service due to the changes that were implemented with the team having more transparent responsibilities and improved processes as well as greater creativity and proactivity.

[Link to product type / service:](#)



Business model

Why

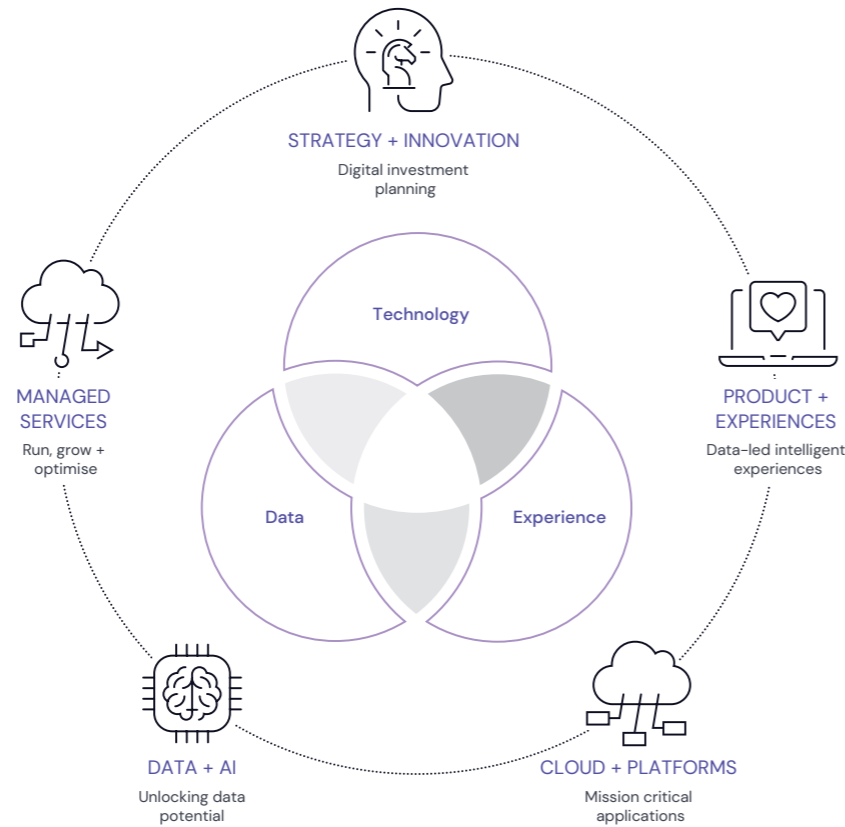
As demand for transformative digital services accelerates, Kin + Carta is . . .

Building a world that works better for everyone.

Read more about the digital transformation industry on pages 16 to 21

What

Focused on mission-critical services in the key domains of digital transformation.



Read more about our domains and service lines on page 20

With technology partnerships

Accelerating go-to-market and innovating in partnership with Microsoft, Google and other leading technology partners.

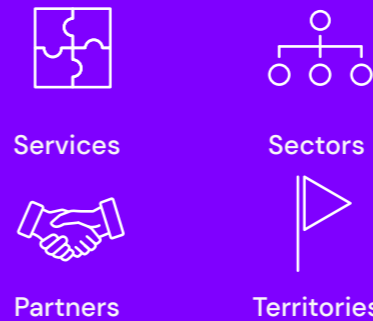
Read about our partnerships on pages 31 to 33



How

How we grow

There are four ways in which we scale Kin + Carta.



Read more about our strategy on pages 30 to 35

How we monetise our solutions

The significant majority of Kin + Carta revenue is time and materials consultancy delivered through agile methodologies. Service level agreements and recurring revenue is earned through managed services.

Read more on page 20

How we use business as a force for good.



The first B Corporation listed on the London Stock Exchange.

Read about Kin + Carta as a responsible business on pages 60 to 99

Read about our values and culture on pages 40 to 43

Value generated for:

Shareholders

Scaling, profitable business with strong track record in a growing sector with robust ESG credentials.

Clients

Delivery and enablement of connected, efficient and effective digital transformation products and services.

Employees

Diverse, inclusive and equitable employee value proposition, learning and development, career paths, all with clear commitment to responsibility.

Partners

Technical innovation on partner technologies, co-marketing thought leadership, and opportunity identification.

Communities

Offices as diverse as the communities they exist within, actively engaged in community engagement, philanthropy, and local charitable causes.

Environment

Triple bottom line commitment to measuring our impact on people, planet and profit as a globally certified B Corporation.

Read our Section 172 statement on pages 93 to 99

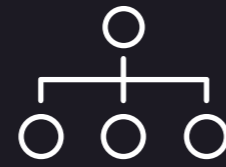
Our strategy

There are four ways in which we grow Kin + Carta



Services

The buoyant digital transformation market is constantly evolving. Kin + Carta's Chief Product Officers continually seek new opportunities to add complementary service lines and offerings to the portfolio of services that solve the most valuable problems in our clients' digital transformations.



Sectors

We approach industry vertical growth by tracking sector maturity curves, acquiring key domain knowledge and experience and targeting a new industry with a repeatable high value proposition brought to market with key technology partners.



Partners

Kin + Carta's partnership with Microsoft, Google and other leading technology partners allows us to innovate on the world's leading technologies, accelerate go-to-market with co-branded marketing, and identify mutually valuable opportunities.



Territories

Geographic growth that brings access to a new market, clients, capability or technology. In FY22, Kin + Carta has expanded organically into new markets (Greece and Colombia) building from the ground up, and executed high quality acquisitions in Bulgaria, North Macedonia, and Kosovo.

Read about our [recent acquisitions](#) on [page 37](#)

KIN + CARTA

Our strategy: Partnerships

Our partner strategy

Kin + Carta's partner strategy of aligning ourselves with the continued growth of the hyperscalers – Google, Microsoft, and AWS – is diversifying our revenue, building new capabilities, and supporting our clients' technology stacks. This top-line strategy will continue as "legacy application modernization remains a top 10 priority for CIO's with 36% indicating increased investment for 2022"¹. During the year, we have also focused on working with our hyperscalers' ecosystems. We have built relationships with partners that offer services aligned to our own, enabling them to act as referral or delivery partners as we compete with broader offerings. We expect continued growth in this area in FY23.

Our partnerships can be categorised into three areas:

Platform Partners

Microsoft, Google Cloud and Amazon Web Services ("AWS") – these are the public clouds that our clients want us to build their products in and with.

Product Partners

Optimizely, Headless, Confluent, Commercetools, Contentstack and Contentful – these are the products our clients want us to implement, integrate and provide services around and are based or built on our cloud platform partners.

Technical and Referral Partners

Apple, Nvidia, Adobe, Appian – these are the technical tools we use to create our solutions for our clients.

FY22 Partnership highlights:

- Overall year-on-year channel revenue grew by 16% and an outstanding 143% growth in revenue sold in our European region as it develops its maturity.
- 38% of Kin + Carta's new business opportunities came from the partner channel, and we continue to prioritise its growth.
- Kin + Carta was recognised with two Partner of the Year awards. We also achieved three specialisation designations and achieved or maintained managed partner status across portfolio and product partnerships.

See [page 91](#) for our [environmental and social risk policy for client and partner engagements](#)

1. How to Start and Drive Your Modernization Strategy (Gartner) – May 2022

The Gartner content described herein, (the "Gartner Content") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this Annual Report and the opinions expressed in the Gartner Content are subject to change without notice.

Our strategy: Partnerships continued

Platform partner FY22 highlights

Google Cloud

- Our revenue grew 14% year-on-year globally for the Google Cloud channel.
- We saw significant Google portfolio expansion in our UK market, with over 350% growth year-on-year.
- We diversified our revenue evenly across three Kin + Carta service lines: Data + AI, Cloud + Platforms, and Product + Experiences. Notably, we earned our first revenue from machine learning work across three different clients, which we expect to increase in FY23.
- We achieved two "Partner Specializations" in Google Partner Advantage and in Application Development and Data & Analytics, demonstrating proven expertise and success in building customer solutions using Google Cloud Platform ("GCP").
- We maintained the status of being a Google Cloud Premier Partner, reflecting our teams' ability to maintain the highest knowledge, support, and ingenuity standards when working with Google Cloud products.



- Microsoft revenue grew by 77% in the UK, bringing the region into sharper strategic focus going forward.
- Kin + Carta won the US "Sustainability Changemaker" Partner of the Year award. This category recognises a partner organisation that excels at providing innovative and unique services or solutions based on Microsoft technologies that help customers solve challenges of sustainable digital transformation. We won this award due to various achievements, including our support for Microsoft Cloud for Sustainability and future pipeline projects that help Microsoft clients realise their sustainability initiatives.
- We achieved our first "Advanced Specialization" for Microsoft Azure. Advanced Specializations validate a solution partner's deep knowledge, extensive experience, and expertise. Only partners that meet stringent criteria around customer success and staff skilling, as well as pass third-party audits, can earn an Advanced Specialization.
- We hold two "Solution Partner Designations" for Azure Data and AI and Digital and App Innovation.
- We maintained our Microsoft "Managed Partner" status in the US and UK.

Platform partner FY22 highlights



- 159% growth in our Headless / Amazon Web Services ("AWS") portfolio in the US as our strategic focus on it increases.
- Kin + Carta achieved AWS Advanced Tier Services Partner status; we became an official "managed partner" and were certified as an AWS Public Sector Partner in government and nonprofit. The AWS Advanced Tier Services status is only awarded to organisations that are proven to leverage skilled teams of certified technical professionals, who demonstrate expertise in AWS, and provide exceptional customer experiences. These accolades validate Kin + Carta's credentials and technical expertise in the market to create seamless, innovative digital transformation for our clients using AWS.
- As we start FY23, we continue to grow our pool of AWS-certified professionals specialising in AWS competencies such as AWS Lambda, Digital customer experience software, and Internet of Things ("IoT") Services.



- In October 2021, we were named Optimizely's "Partner of the Year" in the UK and Ireland. The Partner of the Year Award honours top-performing partners that have demonstrated outstanding business performance and excellence in the sales and delivery of Optimizely solutions.
- Kin + Carta is the only Optimizely partner globally with three "Optimizely MVPs" — individuals who bring their experience in technology and business forward in the spirit of open exchange of knowledge and creativity.

Headless

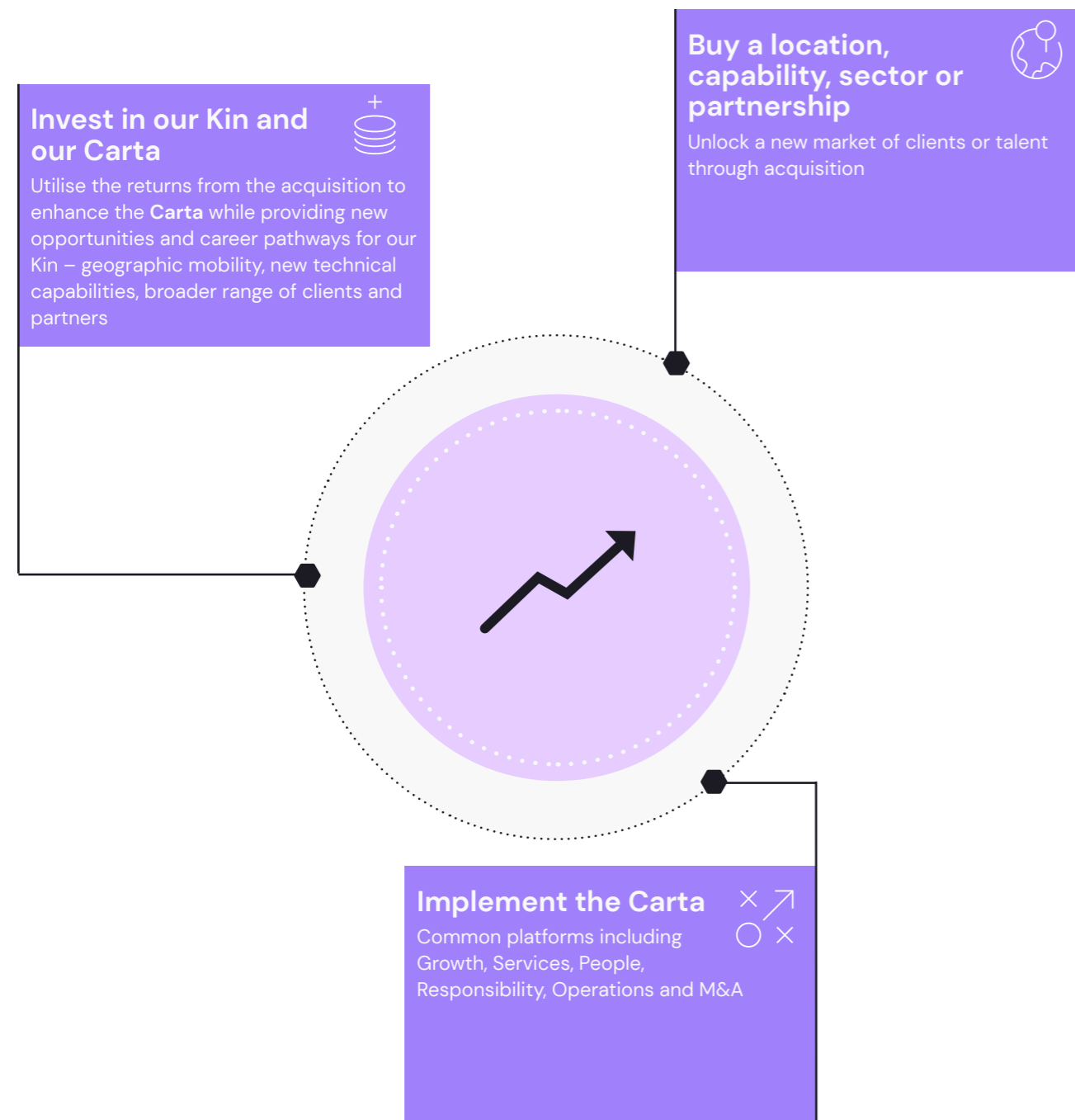
- Kin + Carta worked to meet another stringent set of certification and compliance standards to become a MACH Alliance member (Microservices, API-first, Cloud Native, and Headless).
- We were the first certified B Corp to join this group of independent technology companies dedicated to advocating for open, best-of-breed technology ecosystems.

Our strategy

continued

Acquisition integration and value acceleration

Scaling a modern software delivery platform with a single mission: building a world that works better for everyone



The Carta

Our six platforms provide globally aligned shared services, systems and business processes for the benefit of our existing trading regions and act as a key accelerator for new acquisitions.

Platform	Value created
Growth Platform Global sales, marketing, and partnerships, driving Kin + Carta's growth, market position and penetration among key target audiences and industry sectors.	For clients: Trusted, outcome-based relationships. For partners: Increased value through mutually beneficial value exchange. For shareholders: A systematic approach to driving organic net revenue growth.
Services Platform Innovation, go-to-market and scaling of business critical digital transformation service lines enabled by a global operating model that drives value and champions craft.	For clients: Specialist, connected, domain and sector leadership. For partners: Borderless craft opportunities and increased leadership paths. For shareholders: Increasing market differentiation and improving gross margins.
People Platform Industry-leading employee value proposition and experience with clear career paths and progressive learning and development #foreveryone.	For clients: The best digital talent in the market. For our people: Continuous learning and development with clear career paths in diverse and inclusive business. For communities: Diverse recruitment for under-represented communities. For shareholders: The specialist talent to scale the business globally.
Responsibility Platform Initiatives focused on enabling an inclusive, accessible and sustainable business, with positive impact for clients, employees and other key stakeholders, including the communities within which we exist.	For clients: A progressive environmental, social and corporate governance ("ESG") partner that reflects their values and commitments. For our people: Increased employee engagement and belonging, critical as a talent attractor. For communities: Supporting responsible business and positive impact initiatives. For shareholders: Substantiation of Kin + Carta's sustainable investment credentials.
Operations Platform Shared service functions, including legal, finance, HR operations, Connective Digital Services (IT) and business intelligence.	For our Executives: Integrated commercial and operational data to drive informed decision-making. For all commercial partners: Increasing efficiency of business relations. For acquisitions: A critical enabler of M&A evaluation, diligence and integration. For shareholders: Reducing risk and increasing operating margins.
M&A Platform Identifying, acquiring and integrating key acquisition target businesses or intellectual property.	For acquisitions: Positive acquisition experience and value-adding integration. For shareholders: Value generation through inorganic growth.

Our strategic priorities

In 2022, as we built the foundations of Kin + Carta, our strategic priorities were focused on the Carta, a collection of shared platforms that drive efficient growth and accelerate the integration of acquisitions.



Growth

Global sales, marketing, and partnerships, driving Kin + Carta's growth, market position and penetration among key target audiences and industry sectors.

2022 objective

Increase resilient and recurring revenue by launching a partnership-aligned managed service offering; deepening partner relationships and increasing managed service revenue.

Progress this year

Global and regional leadership has been appointed to drive the managed services proposition, refine the operating model and accelerate scale through partner-alignment and nearshore delivery.

Global managed services revenue is approximately 5.5% of net revenue for FY22. It is approximately 1% of net revenue in the Americas, and 15% of net revenue in Europe. Revenue overall for FY22 grew (370% in Americas, and 14% in Europe).

Link to KPIs



Services

Innovation, go-to-market, and scaling of business-critical digital transformation service lines enabled by a global operating model that drives value and champions craft.

2022 objective

Embed and leverage the new global operating model to support the delivery and continued innovation of service offerings; increasing organic revenue by 20%.

Progress this year

Global organic revenue increased by 37%. Business-critical digital transformation service lines, service offerings, and practices have been refined and aligned to a global operating model.

Processes for identifying new service offerings have been established to ensure ongoing innovation.

Link to KPIs



People

Industry-leading employee value proposition and experience with clear career paths and progressive learning and development #foreveryone.

2022 objective

Establish an internal learning and development brand MVP ("minimum viable product") by creating a programme for two entry-level new hire cohorts, reshaping the profile of our workforce. In addition, launch multiple learning paths for more experienced Kin to continue delivering on our EVP.

Progress this year

Our Kin Accelerator Programme ("KAP") exceeded expectations with a total of seven cohorts launched globally in FY22. KAP was a profitable path to bring diverse, junior talent to the organisation.

We launched an additional training curriculum for existing employees – People Leader training was provided across our practices, service lines, and platforms.

Link to KPIs



Link to KPIs:

- 1 Like-for-like net revenue growth at constant currency
- 2 Adjusted operating profit margin
- 3 Net revenue predictability
- 4 Number of £1 million clients
- 5 Employee net promoter score
- 6 Mean gender pay gap



Responsibility

Initiatives focused on enabling an inclusive, accessible and sustainable business, with positive impact for clients, employees, and other key stakeholders including the communities within which we exist.

2022 objective

Measure and improve inclusivity, accessibility and sustainability in all service lines, ensuring client work is delivered through responsible methods.

Progress this year

The Responsibility Platform was established and organised around Inclusion, Diversity, Equity and Awareness ("IDEA"), philanthropy and the environment. Positive impact project scoring, and service line engagement was activated.

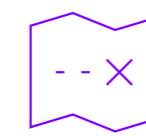
A Responsible Business Bootcamp with a focus on IDEA has been implemented for employee onboarding. This ensures that all employees have an understanding of our IDEA values and shows them which affinity groups and support systems are available to them.

Ambitious responsibility goal completed, becoming the first publicly traded B Corp on the London Stock Exchange.

Link to KPIs



Read more about our KPIs on [pages 48 to 50](#)



Operations

Shared service functions, including legal, finance, HR operations, Connective Digital Services (IT) and business intelligence.

2022 objective

Improve 'digitised' maturity state, by completing core Kin + Carta (excluding new acquisitions) Force, Business Intelligence ("BI") and Human Resources Information System ("HRIS") implementations in partnership with the Regions for efficient delivery and higher operating margin.

Progress this year

The initial roll out of two financial and operational software applications – Planful and Force – has been implemented in the Americas and Europe (excluding FY22 acquisitions) improving maturity in the Americas and Europe.

BI was improved and legal processes were digitised. Supplier Management and Employee Experience ("EX") processes were automated. Launched our new global HRIS, which replaces disparate systems and unites our processes.

Single sign-on was implemented on core systems. Operating profit and operating expenditure as percentage of net revenue increased year-on-year.

Link to KPIs



M&A

Identifying, acquiring and integrating key acquisition target businesses or intellectual property.

2022 objective

Establish a global M&A platform that acquires and integrates new businesses, and grows nearshore headcount to 25%.

Progress this year

The M&A Platform was established, acquiring nearshore European delivery business, Melon Group. The business is located in Bulgaria, Kosovo and North Macedonia and adds 300 nearshore employees taking nearshore headcount to 29%.

The remaining 50% interest in Loop Integration was acquired, expanding commerce capabilities, along with Octain, which provides clients advanced insight, predictions and recommendations governed by socially responsible AI principles.

Link to KPIs



Our strategic priorities

continued

In 2023, with the foundations of Kin + Carta established and the business moving from transformation to scaling profitable growth, the structure of our strategic priorities evolves for the new financial year.

Optimise the foundation

Data and process efficiency

Optimise and enhance the global systems that drive operational efficiency

Focus on core

How we win

Optimise brand positioning to supply and demand conditions

Client success

Focus on strategic account growth and delivery standards

Kin success

Develop craft and delivery skills through the Communities of Practice closest to the work

Focus on what clients need next

Unlocking the value of data

Increase global revenue from data consultancy, services, and delivery

Sustainability

Operationalise new commitment to help our clients save 1,000,000 tonnes of CO₂ by 2027

Global delivery

Scale distributed delivery, increase nearshore delivery and explore offshore M&A



Aligning purpose, values, strategy and culture

Our values

Building a world that works better for everyone.

Connection

Our connections enable us to build and to transform; to be more than the sum of our parts.

A connective mindset never stops learning; it brings the right mind to the problem, and acts as a multiplier to the outcome.

Courage

Every single day.

This is the value that strengthens us to believe in better, and be brave enough to recognise that change starts from within.

Compassion

If empathy can be passive, and altruism self-serving, compassion is active.

It is our decision to do something, to stand for something and make a positive impact that defines us.



Our promise

Connective

Connection drives transformation

This is our "how", our value multiplier, and how we create better business outcomes for our clients.

Our blended model draws on data, technology and experience specialists to create the four connected outcomes of innovation, modernisation, enablement and optimisation.

This isn't by chance.

Unlike many of our competitors, our structures and platforms are designed to deploy borderless connections for the benefit of our clients, rather than a dependency on clients to nurture alliances and share knowledge between holding-group business units.

A connected world. No dead ends. No full stops.

Kin + Carta was founded with a unifying perspective; the more connected we are, the stronger we are. This is our first value:

Connection.

Adaptive

Adaptability drives resilience

Innovate at the speed of demand. Build technology ecosystems that scale. Democratise data to release value.

Making these choices together allows us to navigate complex new tech frontiers without losing touch of what makes an everyday difference:

Easier.

Faster.

Connected.

Our empowered teams value agility, craft, quality and effectiveness. We challenge by being open to the idea that there may be another way, not a blinkered belief that our way is the only way.

Progress advances further than petulance, collaboration is a baseline and momentum is measurable.

To deliver our pathfinder promise at a global scale, we partner with the brands that are building the infrastructure of tomorrow, today.

In parallel, we build and acquire new capabilities, technologies and locations, enabled by the **Carta**, a platform ecosystem that drives scalable growth and invests back into our Kin.

Better doesn't stand still.

To think differently; to take our clients by the hand and lead them into the unknown, we have to show **Courage.**

Responsible

Responsible business matters

We believe that business should be used as a force for good.

Today's digital platforms, products and experiences need to be designed and built with a moral compass at the centre.

Inclusion and Diversity isn't a programme, it's an imperative and a competitive advantage.

Everyone has the right to be themselves and to bring themselves, to be respected equally for who they are. To live, work, and enjoy a safe and nurturing community that values and supports them. Everyone.

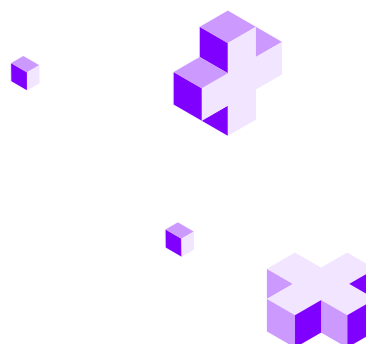
Our work must be as inclusive as our workplaces, and our workplaces must be as diverse as the communities they exist within.

We have to hold ourselves to account.

Kin + Carta is a certified B Corp, meeting high standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

The ability to see beyond our own lived experiences and recognise those of others is at the heart of our final Kin + Carta value

Compassion.

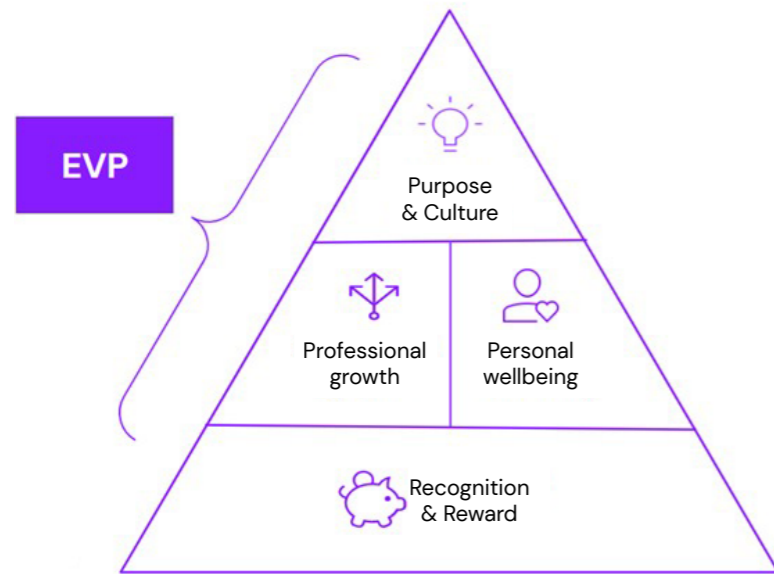


Aligning purpose, values, strategy and culture continued

Culture

Across Kin + Carta, we make a significant investment in creating a value-based environment that supports and develops our people. These values enable our people to thrive in their work and build strong client relationships, while also creating an environment that fosters collaboration and the support of our communities.

Our employee value proposition ("EVP") is focused on enhancing culture and employee experience.



See pages 65 to 71 for further detail on our EVP and matters relating to our people

Examples of how we are embedding this for our people include:

Purpose and culture

- Enabling and supporting external connections.
- Intentionally facilitating a borderless organisation.

- Providing opportunities for employees to work on meaningful projects and on-the-job coaching that allows them to enhance and apply their skills.

promoting positive mental health, offering wellbeing tips and resources.

- Paid therapy sessions and mental health first aider training to support colleagues' mental health.

Professional growth

- Kin Accelerator Programmes globally.
- Leadership programmes for women and minorities.

Personal wellbeing

- Health scheme to encourage healthy living.
- Hosting a range of talks and webinars with external experts

Recognition and reward

- Global pay equity programme.
- Increasing the pool of employees eligible for LTIP awards.

How our values and culture contribute to the success of our strategy

Our values and culture help us deliver our brand promises of being connective, adaptive, and responsible, and our purpose to build a world that works better for everyone. Through our values, promises and purpose, we use our global organisation as a force for good to deliver innovative digital products and services across data, technology and experience throughout our Regions, with our clients and inside our communities.

Monitoring our culture

We monitor culture to understand behaviours and sentiment throughout Kin + Carta and provide an opportunity to address any misalignment with the intended culture. Our mechanisms for monitoring culture include:

- Group and Regional Chief Executive Officer office hours that allow any Kin to drop in for a video conference conversation to discuss any topic of their choosing. This helps maintain alignment between our senior leadership and the wider workforce.

- Half-yearly employee engagement ("eNPS") and diversity and inclusion surveys (see page 50 for information on our eNPS).
- Kin Council dedicated to listening to the voices of employees and making changes. Our Kin Council is formed of people from across the business who help to inform us of employee sentiment on matters relating to key decisions and internal projects across Kin + Carta. This maintains alignment between our culture, values and delivery of our strategy. A key achievement of the Kin Council this year was clarifying and influencing the hybrid working policy.

An award-winning workplace

We take great pride in receiving company awards that showcase our successes in areas such as workplace and culture, and technical areas, such as product and service development.



Chief Executive Officer's review



“
The foundations of our global digital transformation consultancy are now well established, enabling profitable and sustainable growth across new and established trading regions.”



Kelly Manthey

Chief Executive Officer

Market growth

Kin + Carta's pure-play focus on the business-critical digital transformation sector positions us for continued growth during a period of economic volatility.

With the DX sector forecast to continue growth at a CAGR of over 20% (2022-30), the rate of client DX spend is expected to maintain its velocity during a period of economic disruption. Gartner research indicates that "94% of CEOs want to maintain or accelerate the already intense pace of digital transformation sparked by the pandemic, and 70% of CFOs expect digital technology to get more funding, with the imperative for organisations being placing the right digital bets at the right cost."¹

Strengthened foundations

The foundations of our global digital transformation consultancy are now well established, enabling profitable and sustainable growth across new and established trading regions. In the first half, the divestment of the remaining non-core businesses completed our transformation to become a DX specialist. The

proceeds of those divestments were invested in the acquisition of three pure-play DX businesses: software engineering consultancy, Melon Group, commerce consultancy, Loop Integration, and responsible AI platform, Octain. These acquisitions added new talent funnels and high value capabilities to satisfy the strong demand we see from our clients. Alongside Melon Group's footprint in Bulgaria, North Macedonia and Kosovo, additional talent funnels were organically built in Greece and Colombia to serve our clients' demand for blended domestic and nearshore teams at a competitive price point.

Our go-to-market service lines, shaped to solve the most challenging DX problems, have been aligned to one global operating model, delivering innovation, modernisation, enablement and optimisation outcomes to our clients efficiently and consistently.

To ensure continued access to the highest quality digital talent, Kin + Carta's Employee Value Proposition ("EVP") was reimaged for hybrid working, keeping attrition below market benchmarks in all

Regions, and the Kin Accelerator Programme ("KAP") was established for entry-level training and deployment.

Investment in the processes, platforms and systems that increase operational efficiency, notably Enterprise Resource Planning ("ERP"), Human Resources Information System ("HRIS"), and Kin + Carta's Operations Platform will drive improvements in operating margin as we scale globally, and remain an investment focus for FY23 and beyond.

I am especially proud that our commitment to responsible business continued to scale through client and partner sustainability initiatives, achieving recognition as the first B Corp on the London Stock Exchange, and winning Microsoft's 2022 "Sustainability Changemaker" Partner of the Year Award.

Continued growth

Last year we outlined a plan to leverage four dimensions of growth through services, partnerships, geography and industry sectors, and I am pleased to share that the successful execution of this plan in FY22 has underpinned 48% net revenue growth year-on-year to £190.3 million (37% like-for-like).

In our trading regions, Americas' net revenue grew 55% year-on-year (49% organic) to £132.2 million and Europe net revenue grew 33% year-on-year (27% organic) to £58.1 million. We saw continued growth from the partner channel (38% of new business opportunities in FY22) and scaling deal values as strategic combinations of service lines, technology partners, and industry sector knowledge build resilient revenue through long-term client partnerships. FY22 saw the largest DX deal in Kin + Carta's history with a \$90 million contract in the financial services sector.

A record year-ending backlog of £96 million, up 35% year-on-year, underlines continued strong demand across all service lines, technology partnerships and industry sectors, positioning us well to continue the momentum of this growth. In FY21, we announced that we expected to double organic net revenue by FY25. A year later, I am pleased to share that we are on track to deliver this milestone by FY24, a year ahead of schedule.

This year, we achieved 65% year-on-year growth in adjusted profit before tax from continuing operations to £17.1 million (FY21: £10.3 million), setting the scene for the next phase of Kin + Carta's scaling story.

Scaling profitably and responsibly

In FY23, we will continue investment in the foundational systems, platforms and processes that further enhance operational and cost efficiency.

We will enhance our core, focusing on the connected relationship between service line (e.g. Kin + Carta Cloud + Platforms), technology partner (e.g. Google), and industry sector (e.g. healthcare); a key driver of resilient revenue, client growth, and differentiation. At a time of disruption for our clients, we will maintain and enhance the delivery experience that enables our clients' success, and the employee experience that has proven to attract and retain the world's leading digital talent.

The importance of data transformation services will continue to rise. Kin + Carta's investments ahead of the curve are well placed to build intelligent enterprises, enabling our clients to democratise their data, realise the value of their data assets and deliver market-differentiating data-

driven experiences. For example, in the last year, our data centre of excellence has worked with a global coffee retailer to help it understand its data across loyalty, supply chain, commerce and marketing. Operating across this data spectrum allows Kin + Carta to deploy the value chain, cross-selling service lines, accessing new areas of the client's business and building resilient revenue within strategic accounts.

In FY22, we expanded our nearshore presence to complement our domestic capabilities and provide more options for our clients. When we diversify the delivery mix by incorporating nearshore capabilities, experience tells us that client budgets stretch further, engagement lifecycles expand, and high-value domestic resources are freed to start new projects. Consequently, accelerating nearshore delivery remains a significant opportunity to better serve our clients while enhancing our margins.

Our FY23 M&A ambitions expand to evaluate offshore delivery; a third lever to scale high quality managed services that grow and run our clients' products and services. Our increasing value to clients will be the blend of domestic, nearshore and offshore delivery options configured to their evolving needs. In addition, we continue to target acquisitions that will provide us further geographic scale, new digital capabilities, and the potential for a transformative deal, underpinned by robust processes for deal identification and evaluation.

As architects and engineers of digital transformation, we have a central role to play in our clients' sustainability journeys. In FY23, we are making a new commitment to our clients as we help them deliver on their ESG agendas.

¹ Source: 2022 Gartner CEO and Senior Business Executive Survey, Gartner webinar poll: CFOs 2022 Playbook for Enhancing Profitability and Driving Digital Acceleration, 2021 Gartner Candidate Panel Survey, Gartner Supply Chain's 2021 Customer Expectations Survey © 2022_Gartner, Inc. All rights reserved. CTMKT 1879401

Chief Executive Officer's review continued

We pledge to help our clients save 1,000,000 metric tonnes of CO₂ by FY27 through the implementation of progressive green computing, responsible and sustainable technology practices, cloud migration services and the measurable decarbonisation of our clients' digital estates.

Championing innovation for our clients during a downturn is an accelerant to their recovery that we shall continue to deliver. In FY23, investment will continue in service line, technology partnership and industry vertical innovation as we push new technology horizons.

Regions

Americas

FY22 was a year of accelerated growth for our Americas region.

Strong demand drove regional net revenue growth of 55% year-on-year (49% organic) to £132.2 million, with 31 new clients added, nine with an annual run rate over \$1 million. In line with our global delivery strategy, 68% of new hires in the Americas region were in the Latin America territory, bolstering nearshore delivery capability, including 77 Kin in our newest office in Bogota, Colombia.

Industry sector progress included continued scaling of agriculture, notable gains in financial services (including a record \$90 million contract), and innovative work in retail and quick service restaurants. Acquisition of the remaining 50% of joint-venture Loop Integration boosted commerce capabilities, while the IP acquisition of Octain artificial intelligence ("AI") accelerated our clients' paths to unlocking the value from their data.

Following a comprehensive search and selection process, Adam Hasemeyer, formerly President of Kin + Carta's West Territory, has been appointed Group Chief Executive Officer, Americas.

Europe

The integration of the two separate UK businesses (the prior Create and Connect pillars) was completed in FY22. In FY23, we now have one UK trading legal entity, one set of employee and client contracts, a single instance of our ERP platform, integrated functional teams (e.g. sales, finance and operations) and integrated delivery practices. This Integration Playbook will be used again as we integrate Melon Group into the European business.

In FY22, the region saw net revenue increase 33% year-on-year (27% organic) to £58.1 million, with 15 new clients driving 18% of net revenue. UK Public Sector grew to 6% of net revenue in FY22, forecast to double in FY23 following notable multi-year commitments and the winning of six new government departments. Financial Services continued to scale, closing FY22 with a £6 million, 12-month commitment from Santander for Kin + Carta to run and optimise retail and business banking mobile applications.

Executing on our global delivery strategy, the acquisition of Melon Group brought a 300-strong team of high quality, margin-efficient web, mobile, and data specialists working across Bulgaria, North Macedonia and Kosovo, to bolster regional capacity in line with demand, and in addition to organic expansion in Greece.

Growth execution

The foundation for growth is established, thanks in no small part to my predecessor, J Schwan, who had the vision and execution to lead the transformation of Kin + Carta into the global, B Corp certified, digitally native DX consultancy that drives our clients' success today. As we now take the business beyond transformation to scaled profitable growth, it is the strength and depth of our leadership team, the talent and diversity of our people, and the calibre of our clients that fill me with confidence and excitement for the path ahead.

Now we build. We build a higher standard of consultancy with the success of our clients and our people at its core. We build the products, services and innovation that our clients need next. We build responsibly, upholding our environmental and sustainability commitments.

It is my honour to lead Kin + Carta forward as we build a world that works better for everyone.

Kelly Manthey

Chief Executive Officer

12 October 2022



Key performance indicators

We use a broad range of financial and non-financial measures to monitor our progress in delivering our strategy to create long-term sustainable value for our stakeholders.

Our strategic priorities:



Growth



Services



People



Responsibility

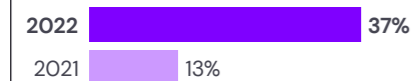


Operations



M&A

1 Like-for-like net revenue growth at constant currency¹



Definition

Like-for-like net revenue growth at constant currency indicates the increase of net revenue compared to the previous year excluding any acquisition effect during the current year and at constant currency rate of exchange. This measure identifies the underlying net revenue growth trend. This excludes the impact of the Loop Integration and Melon Group acquisitions in February 2022 and May 2022 respectively and the annualisation effect of the Cascade Data Labs acquisition in the prior financial period. Like-for-like net revenue is presented at a constant currency rate of exchange in order to neutralise any fluctuations generated by foreign exchange movement during the year.

Progress this year

Last year, we outlined a plan to leverage four dimensions of growth through Services, Sectors, Partners and Territories and the successful execution of this plan in FY22 has driven organic net revenue growth of 37% year-on-year.

Link to strategic priorities



Link to risks



2 Adjusted operating profit margin^{1, 2}



Definition

Percentage of adjusted operating profit over net revenue. Adjusted operating profit margin is the measure used by the Global and Regional Leadership Team to evaluate Kin + Carta's performance and allocate resources.

Progress this year

Compared to FY21, the higher adjusted profit is due to revenue growth and managing our cost base, resulting in a decrease in total operating expenses as a percentage of net revenue.

Link to strategic priorities



Link to risks



3 Net revenue predictability¹



Definition

A measure that shows net revenue generated by those clients with a tenure of three years or more. Revenue tends to be more predictable when derived from clients with longer tenures.

Progress this year

Having focused on growing long-term established relationships with our top clients, some £144.0 million (76%) of our net revenue comes from existing clients who had a tenure of three years or more (2021: £92.8 million / 71%).

Link to strategic priorities



Link to risks



4 Number of £1 million clients¹



Definition

A measure that shows the number of clients from whom Kin + Carta generates more than £1 million revenue individually in each financial year. These are key clients who contribute materially towards our growth.

Progress this year

In 2022, there were 40 clients from whom Kin + Carta generated more than £1 million revenue individually (2021: 30). This diversity provides a robust foundation for growth.

Link to strategic priorities



Link to risks



¹ Continuing operations only. Continuing operations exclude the results of Incite Marketing Planning Limited, Incite New York LLC, Edit Agency Limited, Relish Agency Limited, The Health Hive (US) LLC, The Health Hive Group Limited and subsidiaries, and Pragma Consulting Limited (note 8).

² Adjusted results exclude adjusting items to enhance understanding of the ongoing financial performance of the Group. Adjusting items comprise: costs related to acquisitions, fair value gain from deemed sale on step acquisition, costs related to the Company's Defined Benefit Pension Scheme, restructuring and other charges, interest income, gain or loss on disposal of subsidiaries and the tax charge / credit related to these items (note 7).

Link to Risks:

- 1 Economy and volatility
- 2 Our people
- 3 Growth
- 4 Client concentration
- 5 Integration

- 6 Scalability
- 7 Information, cyber security and systems
- 8 Data protection
- 9 Being a responsible business
- 10 Operational resilience

- 11 Laws and regulations
- 12 Pandemic shocks
- 13 Legacy Defined Benefit Pension Scheme
- 14 Financing

Key performance indicators

continued

5 Employee Net Promoter Score ("eNPS")¹



Definition

eNPS is based on employees' likelihood to recommend Kin + Carta as an employer. We believe employee engagement is an indirect measurement of both employee happiness and business performance. Measuring engagement ensures that, as the firm scales globally and acquisitions are integrated, we have a consistent way to track the overall wellbeing and collective feeling of our employees.

Progress this year

Our eNPS score has increased markedly in FY22, from +21 to +32, with increases seen across both Regions. As a result, we have surpassed our target for the year of +25, and are approaching our longer-term goal of +35. While mindful of fluctuations in this metric in line with economic cycles, we are confident that we will continue to see improvements in our eNPS as we grow and provide further development opportunities for our Kin.

Link to strategic priorities



Link to risks



6 Mean gender pay gap¹



Definition

An equality measure that shows the difference in average earnings between women and men.

Progress this year

FY22 has seen a deterioration in our gender pay gap of 4ppts, largely driven by the need to recruit engineers quickly to meet demand, which has affected the gender demographic and fee scales of the appropriate talent.

Link to strategic priorities



Link to risks



¹ Continuing operations only. Continuing operations exclude the results of Incite Marketing Planning Limited, Incite New York LLC, Edit Agency Limited, Relish Agency Limited, The Health Hive (US) LLC, The Health Hive Group Limited and subsidiaries, and Pragma Consulting Limited (note 8).

² Adjusted results exclude adjusting items to enhance understanding of the ongoing financial performance of the Group. Adjusting items comprise: costs related to acquisitions, fair value gain from deemed sale on step acquisition, costs related to the Company's Defined Benefit Pension Scheme, restructuring and other charges, interest income, gain or loss on disposal of subsidiaries and the tax charge / credit related to these items (note 7).

Chief Financial Officer's review



Chris Kutsor

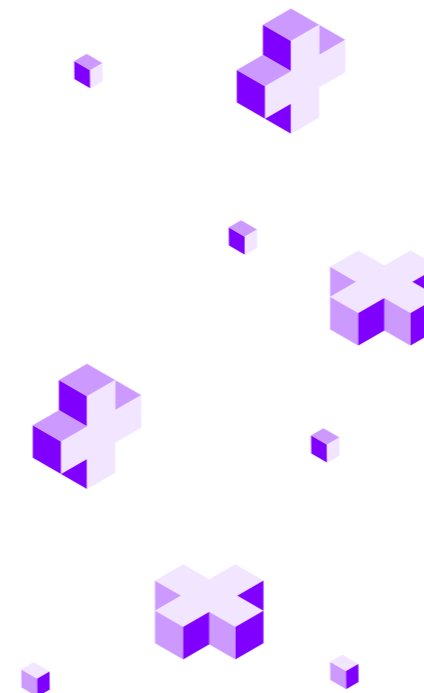
Chief Financial Officer and Chief Operating Officer

Group net revenue from continuing operations of £190.3 million was up 48% on the prior year, driven by strong growth in both Regions. Organic net revenue at constant currency rates was up 37%. Acquisitions in the financial year added £7.4 million of net revenue (annualised c. £18 million) and favourable currency movements contributed a further £4.2 million of the net revenue increase.

Adjusted operating margin from continuing operations was 9.9% for the period (FY21: 9.5%), inclusive of a net £0.4 million increase in expense associated with the accounting policy change on SaaS software implementation costs adopted in the period. The Company is continuing to invest in core operations systems using SaaS software, which will have an adverse impact on EBITDA in FY23 of c. £1 million when compared to the previous accounting treatment of capitalising such costs.

Adjusted profit before tax from continuing operations rose by 65% to £17.1 million (FY21: £10.3 million). The higher adjusted profit is due to strong revenue growth and careful management of our cost base, resulting in a decrease in total operating expenses as a percentage of net revenue.

Higher employee costs have been the norm around the world for the past twelve months, and the Company has taken active steps to mitigate this dynamic. We have increased prices by 5% on average to 75% of our tenured client base, and new client rates are transacted at significantly higher base prices reflecting the current market conditions. At an employee level, we have increased our junior resources and responded to employee demand for hybrid working by rolling out a comprehensive Employee Value Proposition whilst achieving Best Place to Work recognition across all territories. In addition, we have continued to scale our margin-enhancing nearshore delivery capabilities through both organic development and the acquisition of Melon Group in Bulgaria, North Macedonia and Kosovo.



Chief Financial Officer's review continued

Compared to FY21, adjusted profit before tax shows a substantial increase both before and after removing the effects in the prior year of income and expenses associated with government assistance programmes and the repayment in H2 FY21 of salaries which were sacrificed in FY20, as summarised below.

	Year to 31 July 2022 £'m	Restated* Year to 31 July 2022 £'m
Continuing operations adjusted PBT as reported	17.1	10.3
US PPP forgiveness income	-	(4.5)
Project costs funded by government assistance programme	-	3.0
Salary sacrifice repayment	-	2.0
Adjusted PBT excluding items above	17.1	10.8

*Restated to classify Edit and Relish as discontinued operations. 2021 includes Edit, Relish, Incite, Hive and Pragma as discontinued operations.

The total loss before tax from continuing operations in the period was £15.9 million (FY21: loss of £5.8 million), which is stated after net adjusting cost items of £32.9 million (FY21: £16.2 million). Adjusting items in the current period include:

- £21.0 million related to acquisitions which is comprised of: £13.2 million of consideration required to be treated as remuneration for the acquisitions of Cascade Data Labs, Spire, Melon Group, Loop Integration and Octain; £6.4 million related to the amortisation of acquired intangibles; and £1.4 million of acquisition-related costs.
- a credit of £1.6 million following the deemed disposal of the 50% joint venture stake previously held in Loop Integration, as a result of the purchase of the remaining 50% of the joint venture, and corresponding to the step up to fair value of the existing holding.
- £8.3 million of restructuring costs, comprised of £6.2 million in respect of the impairment and empty property costs related to a partial closure of leased premises in Chicago, £0.4 million related to litigation

of a customer dispute, and £1.7 million of severance charges in respect of restructuring across the Group.

- £5.5 million of charges to operating profit relating to the Company's legacy Defined Benefit Pension Scheme, including a £3.9 million past service charge for guaranteed minimum pensions, as well as an interest credit of £0.3 million on the Scheme surplus.

Details are provided within note 7 and the "Alternative performance measures" section.

Regional performance

Americas' net revenue grew 55% year-on-year to £132.2 million, which accounted for 69% of the total Group net revenue. Adjusted operating profit grew 56% year-on-year to £22.9 million, with operating profit margin in line with the prior year at 17.9%. Gross margins expanded by 1.2% (120 basis points) year-on-year, largely driven by new business wins that were secured at a higher margin than the regional average.

Europe's net revenue grew 33% year-on-year to £58.1 million, which accounted for 31% of FY22 total Group net revenue. Adjusted operating profit of £4.0 million was lower year-on-year as a result of lower operating margin (7.0% vs 10.0% in FY21). The lower margin is due to a higher number of contractors associated with rapid growth and the higher costs of those contractors associated with the tight labour market, particularly in the UK. Recent actions have substantially improved both the contractor to permanent employee mix and associated margins. The recent trend of improved margins is expected to continue into FY23 as we change the shape of our workforce in the UK and benefit from our distributed nearshore delivery capability through the recent acquisition of Melon Group.

The increase in corporate costs was contained to 18%, driving operating leverage and improving our Group operating profit percentage from 9.5% to 9.9%, despite the headwinds of divesting approximately £6.6 million of annualised operating profit associated with the non-core disposals.

Acquisitions

Acquisitions include Octain, which was completed in December 2021, the acquisition of the remaining 50% of our joint venture, Loop Integration, completed in February 2022, and the Melon Group, completed in May 2022. Total consideration paid in FY22 was £20.1 million, net of cash acquired, with the potential for an additional £9.2 million to be paid over the next three years contingent upon achieving revenue or EBITDA and revenue growth targets.

- Through Octain, we acquired the intellectual property of an ethical, machine learning data platform that provides custom artificial intelligence models for our clients.

- Loop Integration is a Chicago-based full-stack e-commerce consultancy that generated net revenue of US\$9.3 million and US\$1.8 million of adjusted operating profit for the year ended 31 December 2021.
- Melon Group provides margin-efficient nearshore software engineering in Bulgaria, North Macedonia and Kosovo with c. 300 engineers, which has been growing net revenue at 20%+ in recent years. Melon Group generated revenues of €9.0 million and operating profit of €2.2 million for the year ended 31 December 2021.

The incremental operating profit impact to **Kin + Carta** of Loop Integration post-acquisition was the remaining half of Loop Integration's total results, as we previously recorded 50% of Loop Integration's profits on a single line under adjusted other income using the equity accounting method.

Capital allocation

The Company remains disciplined in its approach to the allocation of capital with the overriding objective being to enhance shareholder value by delivering sustainable growth. Our capital allocation framework remains unchanged and prioritises investing in growth.

Given the scale of the DX opportunity in front of us and the significant opportunity to grow the business, the Company is focused on reinvesting capital for both organic and inorganic growth, aligned with our strategy. Consequently, our framework remains unchanged and prioritises:

- Organic investment to accelerate growth.
- Meaningful acquisitions, whilst maintaining a prudent level of financial gearing.

- A normalised net debt/EBITDA ratio in a range of 0-2.0x (excluding temporary M&A impacts).

In addition, given the scale of the opportunity, the Board has decided not to pay dividends for the foreseeable future.

The emphasis is on growth that delivers significant shareholder value through scale and return on capital, whilst remaining mindful of prudent pension support. We continuously assess our medium to long term plans, which take account of investment in the business, growth prospects, cash generation and leverage.

Balance sheet and cash flow

Net assets grew by £40.9 million over the year to £126.1 million. The increase in the legacy pension Scheme surplus to £38.7 million, net of tax, contributed £13.3 million of the increase, with net income through the primary income statement providing a further increase of £9.8 million, and other increases in equity of £17.8 million, primarily related to equity additions to fund acquisitions of £15.8 million, as well as employee incentive transactions and currency revaluation of dollar-denominated net assets, partially offset by the purchase of shares into our EBT to hedge future vesting of employee equity awards.

The cash inflow from operations before working capital of £18.4 million for FY22 is up 34% on the prior year, due to the strong growth in net revenue and related EBITDA generation. The net working capital outflow of £7.0 million reflects mostly an increase in receivables related to revenue growth. On a continuing operations basis, before the cash effect of adjusting items and working capital movements, we saw

an operating cash inflow of £25.9 million (refer to note 33), which is an increase of £13.3 million on the prior year. Cash flows related to finance charges decreased slightly with the reduction in net debt, partly offset by higher borrowing rates. Tax cash outflows were reduced by the utilisation of prior year tax losses and tax refunds in the UK.

Investing cash inflow of £21.0 million includes the proceeds from divestments of Incite, Edit and Relish businesses, which generated £34.3 million, partially offset by acquisition outflows of £11.9 million related to Octain, Loop Integration and Melon Group. Included within financing cash flows are lease payments, which were slightly lower than the prior year at £3.8 million following the divestments, and £5.6 million was used to purchase treasury shares for the Employee Benefit Trust to satisfy future vesting of employee share awards.

The resulting free cash inflow was used to pay down bank debt. As a result, we ended the year with the balance sheet significantly de-gearing and a net debt position of £0.5 million compared to a net debt position of £19.2 million at 31 July 2021.

Pension

The IAS19 pension accounting surplus increased at 31 July 2022 to £38.7 million from £19.3 million at 31 July 2021 due to increases in interest rates and updated demographic assumptions. We have provisionally agreed with the trustees to reduce the portion of the asset portfolio allocated to growth assets from 40% at 31 July 2021, with the balance likely to be invested in investment grade credit assets to help meet pension cash flows or whose movement broadly matches the value of pension liabilities (UK government bonds). Around 14% of total assets was

Chief Financial Officer's review continued

allocated to equities at 31 July 2022, with the balance of the growth portfolio invested in return seeking credit, alternatives, property and commodities. The Scheme remains approximately fully hedged against interest rate and long-term inflation rate risk, and was in a technical surplus of £5.4 million at 5 April 2022, the triennial valuation date. The difference between the accounting and technical measures of the surplus relates principally to the assumption on improvements in future member mortality, where the technical provisions incorporate an additional level of prudence, as well as differences in the discount rates used for the liability.

As there is a surplus, statutory deficit repair contributions are no longer required by the Scheme, but the Company has agreed to pay £2.5 million of voluntary contributions during the period August 2022 until April 2025, in addition to £0.4 million per annum towards trustee expenses, in order to accelerate the time to a state of "low dependency" of the Scheme upon Kin + Carta.

The very recent high volatility in UK gilts had little effect on the Scheme technical funding level due to prudent levels of liquidity and hedging. As at 30 September 2022, the Scheme could tolerate a further increase in the UK gilt curve up to approximately 3.2% before exhausting its gilt collateral. The increase in gilt yields has the effect of reducing the Scheme solvency deficit and therefore, if the increase is sustained, reducing the cost of eventual risk transfer.

Credit facility

We extended by the term of our £85 million committed revolving credit facility by one year with all four lender banks in the period and the facility is now committed until September 2026. Our liquidity position remains very strong, with

a negligible level of net bank debt at 31 July 2022, limited pension-related commitments, reduced finance lease obligations, deferred consideration on acquisitions payable in cash of less than £13 million, and only modest current claims on our future operating cash flows beyond growth-related investment in working capital. Taking into account the effect of the acquisitions completed in the year, our pro forma leverage ratio (net debt to adjusted EBITDA) was 0.01X at 31 July 2022. We have substantial undrawn capacity on our credit facility and it is anticipated that this will be used in part to fund further acquisitions over the remaining term of the facility. We have the option to fund between 50% and 75% of deferred payments on previous acquisitions with new equity.

Summary

FY22 has been another year of material progress for Kin + Carta.

From an operational perspective, we completed three acquisitions, the most significant being Melon Group in Bulgaria, North Macedonia and Kosovo. This, combined with the organic development of offices in both Greece and Colombia substantially boosts our expertise, capacity and margin enhancing options as we look to scale the business globally. We have also demonstrated the ability to hire and retain the best available talent in what is a changing workplace and we have enhanced our Employee Value Proposition as well as launching the Kin Accelerator Programme in both Regions. Our B Corp status and ongoing commitment to responsible business underpin these initiatives.

Our liquidity and balance sheet position remains very strong. Taking into account the effect of the acquisitions completed in the year, our balance sheet is de-gearred (pro forma net debt to adjusted EBITDA of 0.01X at 31 July 2022). We benefit from a low level of debt, limited pension-related commitments, reduced lease obligations, deferred consideration on acquisitions payable in cash of less than £13 million at 31 July 2022, and only modest claims on our future cash flows beyond growth-related investment.

We are also tracking ahead of our previously stated ambition to double organic net revenue within four years. We now anticipate achieving this in FY24 rather than FY25. When coupled with selective acquisitions, we continue to achieve meaningful scale with double-digit growth, improved cash generation, better operational efficiencies and expanding margins. Notwithstanding the macroeconomic backdrop, the Company is in excellent shape and performing as expected.

Chris Kutsor

Chief Financial Officer and Chief Operating Officer

Alternative performance measures ("APMs")

The full year results include both statutory and adjusted results. Management believes that the adjusted results reflect the underlying performance of the business, how the business is managed on a day-to-day basis and allow for a consistent and meaningful comparison.

The APMs are aligned to our strategy, are used to measure the performance of our business and are the basis for remuneration.

The adjusted results exclude the items listed below as their inclusion could distort the understanding of the performance for the year and the comparison with prior years.

Key adjustments for adjusted operating profit, profit before tax and EPS

Adjusted operating profit is calculated by adding back the following costs: contingent consideration required to be treated as remuneration; amortisation of acquired intangibles; acquisition and integration costs; interest income and costs related to the Company's Defined Benefit Pension Scheme; impairment, lease modification and empty property costs; customer litigation; redundancies and other charges; and the fair value gain from deemed sale on step acquisition. The tax effects of these adjustments are reflected in the adjusted tax charge. The adjustments are detailed below:

1. Acquisition costs consist of contingent consideration required to be treated as remuneration, and increases in deferred consideration – our acquisitions, where deferred consideration arises, are structured such that the consideration is contingent on continued employment within the Group and the level of financial performance achieved post-completion.

Under IFRS 3 this is treated as an expense and, therefore, part of the statutory result. Where the purchase price has been determined and there is a subsequent increase or decrease arising from the payment of deferred consideration under IFRS 3 this is required to be expensed. We do not consider either of these items to be part of the underlying trading performance.

2. Amortisation of acquired intangibles and impairments – the amortisation and impairment of assets acquired through business combinations are excluded from adjusted results. These costs are acquisition related and are not part of the underlying trading performance of the business.
3. Acquisition and integration costs – costs of £1.5 million (2021: £1.0 million) were incurred as part of the acquisition and integration of Datorium (the legal entity that owns Octain, the responsible artificial intelligence platform), Loop Integration and Melon Group and in respect of other acquisition and divestment-related activities in the period.
4. Administrative expenses related to St Ives Defined Benefit Pension Scheme – the Scheme was closed to new members in 2002 and ceased future accrual in 2008. There are now only two employees who are members of the Scheme and still employed by the Group. The costs of the Scheme including administration costs, past service costs related to Guaranteed Minimum Pension ("GMP") and the pension finance income are not considered to be part of the ongoing performance of the Group and they are excluded from the performance measures. As such they are treated as adjusting items.

5. Impairment, lease modification and empty property costs – these are costs incurred following a decision to vacate a significant portion of the Group's leasehold property in Chicago from September 2022 and to exercise a break on the whole lease in November 2026. The charges and credits include:
 - a. An impairment charge on the related right of use asset
 - b. Contractually unavoidable future expenses relating to the business rates and maintenance charges of the leasehold property
 - c. Credit associated with the lease modification, which reduced the lease liability due to the decision to exercise the break clause
6. Customer litigation – relates to external legal advisor costs in defence of a claim brought by a former client. These costs are considered one-off in nature, and therefore have been classified as adjusting.
7. Redundancies and other charges – include staff severance across the Group's Regions, following the change to a regional structure, merger of the two UK trading businesses and the costs of simplifying the Group's legal structure through the liquidation of a number of legal entities.
8. Fair value gain from deemed sale on step acquisition – The acquisition of the remaining 50% of Loop Integration, where in line with IFRS 3, this has been accounted for as a disposal, followed by a full acquisition. The notional disposal of the existing 50% gives rise to a step up to fair value of the previously held investment.

Alternative performance measures (“APMs”) continued

The analysis of adjusting items from continuing operations is set out below:

	Year to 31 July 2022 £'000	Restated* Year to 31 July 2021 £'000
Contingent consideration required to be treated as remuneration	13,229	4,956
Amortisation of acquired intangibles	6,390	7,527
Acquisition and integration costs	1,421	966
Administrative expenses related to St Ives Defined Benefits Pension Scheme	5,492	2,542
Impairment, lease modification and empty property costs	6,264	181
Customer litigation	380	-
Redundancies and other charges	1,693	-
Fair value gain from deemed sale on step acquisition	(1,621)	-
Total Adjusting Items added back to the total operating profit	33,248	16,172
Pension finance credit	(340)	(21)
Total Adjusting Items added back to the total profit before tax	32,908	16,151
Tax related to Adjusting Items	(3,603)	(1,738)
Total Adjusting Items added back to the total profit after tax	29,305	14,413

* Restated to classify Edit and Relish as discontinued operations. 2021 includes Edit, Relish, Incite, Hive and Pragma as discontinued operations.

The key APMs frequently used by the Group for continuing operations are:

Net revenue: The measure is defined as revenue less project-related costs as shown on the consolidated income statement. Project-related costs comprise primarily of third-party pass-through expenses and direct costs attributable to a project.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Revenue	197,123	137,321
Project-related costs	(6,846)	(8,402)
Net revenue	190,277	128,919

Like-for-like net revenue at constant currency: The measure is defined as the net revenue from continuing operations when comparing the current period to the prior period at constant currency rate of exchange excluding the effects of acquisition.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Net revenue	190,277	128,919
Impact of acquisitions*	(10,057)	-
Effect of constant currency**	(4,202)	-
Like-for-like net revenue	176,018	128,919
Like-for-like net revenue increase %	37%	

* Where there is no comparable net revenue in the prior period, this amounts to an impact from acquisition. This comprises six months' trading from Loop Integration (£5.0 million) three months' of Melon Group (£2.4 million) and removed five months' of Cascade Data Labs trading (£2.7 million).

**The impact of retranslating FY22 net revenue at the FY21 average exchange rate.

Adjusted operating profit: This measure is defined as the operating profit or loss less adjusting items.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Total operating loss	(14,355)	(3,904)
Add back total Adjusting Items excluding pension finance charge and tax	33,248	16,172
Adjusted operating profit	18,893	12,268

Like-for-like adjusted operating profit at constant currency: The measure is defined as the adjusted organic operating profit from continuing operations when comparing the current period to the prior period at constant currency rate of exchange, excluding the effects of acquisition or disposal.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Adjusted operating profit	18,893	12,268
Impact of acquisition in current period*	(2,056)	-
Effect of constant currency**	(582)	-
Like-for-like Adjusted operating profit	16,255	12,268
Like-for-like Adjusted operating profit increase %	33%	

* The prior period has been adjusted to remove the impact of the FY22 acquisitions. The acquisition impact includes six months' of Loop Integration trading and three months' of Melon Group trading. Additionally, five months' of FY22 Cascade Data Labs was removed as there was no comparable revenue in FY21.

**The impact of retranslating FY22 net revenue at the FY21 average exchange rate.

Adjusted profit before tax: This measure is defined as the Group net profit or loss before tax from continuing operations excluding adjusting items.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Statutory loss from operations	(15,852)	(5,836)
Add back total Adjusting Items before tax	32,908	16,151
Adjusted profit before tax	17,056	10,315

Adjusted profit after tax: This measure is defined as the Group profit or loss after tax from continuing operations excluding adjusting items.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Statutory loss after tax from continuing operations	(14,198)	(6,273)
Add back total Adjusting Items after tax	29,305	14,413
Adjusted profit after tax	15,107	8,140

Adjusted basic earnings per share from continuing operations: This measure is defined as basic earnings per share after adjusting items.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Adjusted profit after tax	15,107	8,140
Weighted number of shares ('000)	173,700	169,985
Adjusted basic earnings per share (pence)	8.70	4.79

Alternative performance measures (“APMs”) continued

Adjusted operating margin: This measure is defined as basic earnings per share after adjusting items.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Net revenue	190,277	128,919
Adjusted operating profit	18,893	12,268
Adjusted operating margin	9.9%	9.5%

Adjusted EBITDA: This measure is calculated using the preceding 12 months' results and is defined as the adjusted operating profit or loss before depreciation, amortisation, finance expense and taxation. The covenant adjustment includes an adjustment to present on a “frozen GAAP” pre-IFRS 16 basis.

The adjusted EBITDA for 2022 has been determined on the basis of continuing operations solely for the purpose of calculating the ratio of bank net debt to EBITDA for bank covenant purposes.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Adjusted operating profit	18,893	15,028*
Add: depreciation and amortisation	10,547	13,192
Less: amortisation of intangibles classified as Adjusting Items	(6,390)	(7,527)
Adjusted EBITDA	23,050	20,693
Covenant adjustment	(1,817)	(1,072)
Adjusted EBITDA for covenant purposes	21,233	18,496

*The 2021 Adjusted operating profit excludes Hive, Pragma and Incite as discontinued operations, but has not been restated.

Net debt: This measure is calculated as the total of loans and other borrowings excluding finance leases, less cash and cash equivalents.

	31 July 2022 £'000	31 July 2021 £'000
Loans	13,148	64,218
Cash and cash equivalents	(12,609)	(44,971)
Net debt	539	19,247

For the measurement of the bank covenants, cash, cash equivalents and borrowings denominated in currencies other than GBP Sterling are translated at an average rate over the preceding 12 months rather than at the period end spot rate used in the Consolidated Balance Sheet. Borrowings drawn under the US Paycheck Protection Program are excluded from the calculation. The reconciliation between balance sheet net (cash)/debt and the covenant measure is as follows:

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Net debt	539	19,247
Foreign exchange difference between spot rate and average rate	(353)	848
Deduct Paycheck Protection Program loan	-	(1,853)
Net debt for leverage covenant purposes	186	18,242

Net debt to adjusted EBITDA for bank covenant purposes: This measure is calculated by dividing net debt for covenant purposes by adjusted EBITDA for covenant purposes. The adjusted EBITDA is based on the total of continuing and those discontinued operations that were not divested at the balance sheet date.

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Adjusted EBITDA for covenant purposes	21,233	18,496
Net debt for covenant purposes	186	18,242
Net debt to Adjusted EBITDA for covenant purposes	0.01	0.99

A responsible business

An introduction to responsible business at Kin + Carta

Bringing our purpose to life

At **Kin + Carta**, we are striving to build a world that works better for everyone. This purpose means our commitment to corporate social responsibility (which we refer to as "responsible business") is woven through **Kin + Carta's** business and operations. We achieve this by considering our impact, positive or negative, our stakeholders and implementing improvements on an ongoing basis across our business practices, policies, products and services.

This "A responsible business" section on pages 60 to 99 serves as our annual impact report, a key reporting commitment of **Kin + Carta** as a certified B Corp. It demonstrates **Kin + Carta's** progress on responsible business matters quantitatively through KPIs and qualitatively through summarising key achievements and areas of focus in the year.

B Corp

During the year, **Kin + Carta** became the first company listed on the London Stock Exchange to be certified as a B Corp, businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. Two years ahead of our target, we achieved our ambition to be one of the world's leading publicly traded triple bottom line businesses (with a focus on people and planet as well as profit).

We were delighted with this external recognition and validation of the progress we have made in the area of responsible business, but view this as just a milestone on our continuing journey to improve and enhance our impact.

B Corp impact areas

As a B Corp, we recognise five key impact areas, being governance and four primary stakeholder groups: our people, community, environment, and clients.



People



Community



Environment



Governance



Clients

Our Triple Bottom Line Initiative: giving consideration to people, planet and profit

People



People



Community

Planet



Environment

Profit



Clients

Governance



Governance

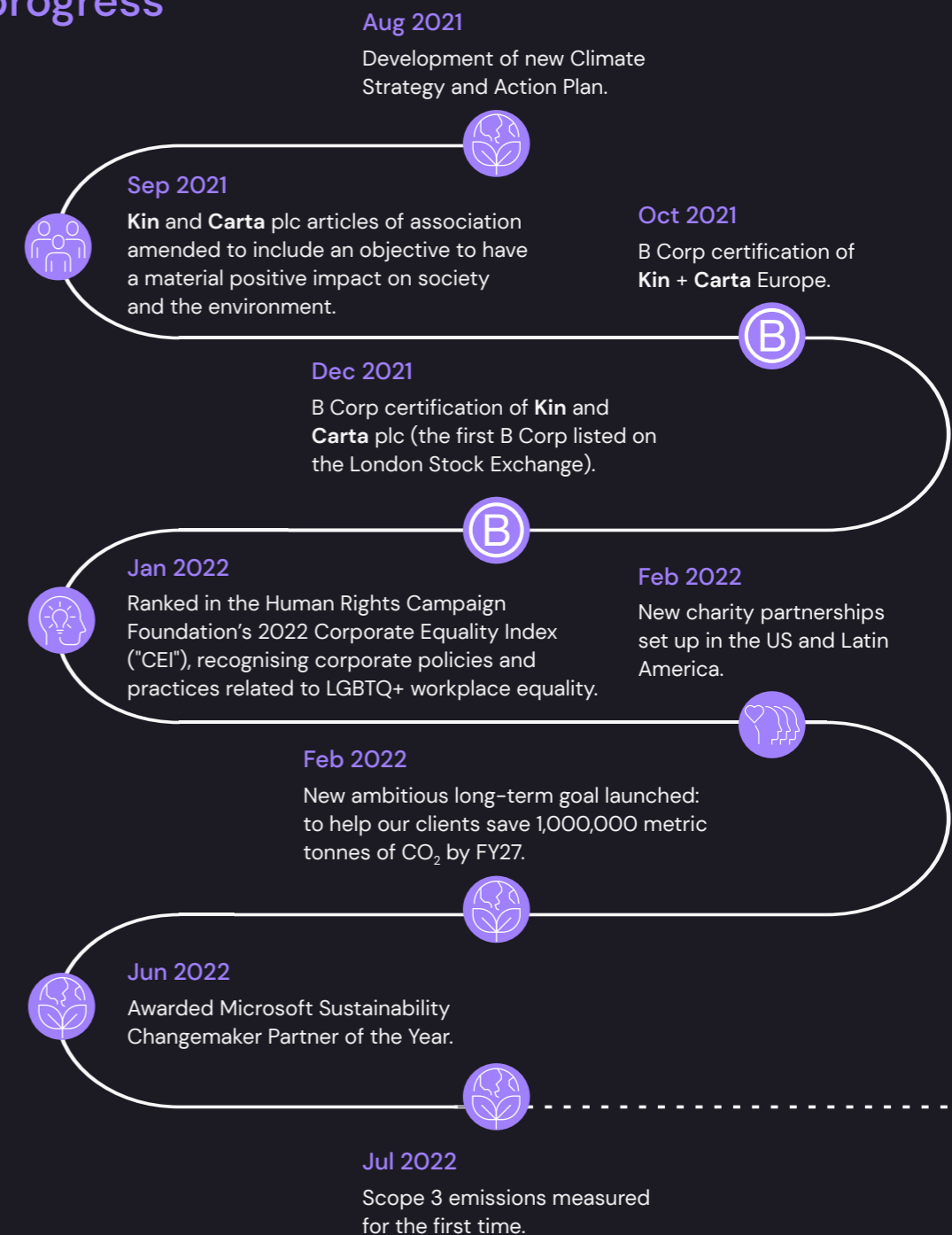
Our ambitions

Our responsible business strategy is to drive positive social and environmental change in everything we do, from the solutions we deliver for clients to our employee experience and the impact we have in our local and regional communities.

Kin + Carta's key goals in this area are to be an internationally recognised best place to work, and to help our clients save 1,000,000 metric tonnes of CO₂ by FY27.

We seek to achieve these goals by organising our Responsibility Platform around IDEA, philanthropy and the environment and setting short-term objectives and targets in these areas.

Our progress



A responsible business continued

Responsible business KPIs

Introduced in 2021, our responsible business KPIs, associated with our People and Responsibility Platforms, help us goal-set and measure progress in non-financial strategic areas of focus across the business.

Summary of our performance this year

We have achieved our target in six out of the eight measures. The two areas where we did not meet our target – mean gender pay gap and equivalent % of net profit raised for charity – will receive increased focus in FY23. The tables on pages 62 to 64 explain the movements in our metrics and highlight events impacting performance.

Employee net promoter score ("eNPS")¹

Definition

eNPS is based on employees' likelihood to recommend **Kin + Carta** as an employer. We believe employee engagement is an indirect measurement of both employee happiness and business performance. Measuring engagement ensures that as the firm scales globally and acquisitions are integrated, we have a consistent way to track the overall wellbeing and collective feeling of our employees.

Performance commentary

Our eNPS score has increased markedly in FY22, from +21 to +32, with increases seen across both Regions. As a result, we have surpassed our target for the year of +25, and are approaching our longer-term goal of +35. While mindful of fluctuations in this metric in line with economic cycles, we are confident that we will continue to see improvements in our eNPS as we grow and provide further development opportunities for our Kin.

+32

FY22 Outcome

+25

FY22 Target

+21

FY21 Outcome

+35

FY23 Target

Link to stakeholders



Percentages of employees promoted per annum¹

Definition

A metric for career progression, which is an important part of our responsibility as an employer.

Performance commentary

Almost a third of employees were promoted during FY22. This exceeded our target and is reflective of the progression and development of our Kin. Further, during a year of intense competition for digital talent, promotion acted as a key talent retention mechanism.

In FY23, we consider the promotion of 20% of our Kin to be an appropriate and sustainable target.

29%

FY22 Outcome

20%

FY22 Target

18%

FY21 Outcome

20%

FY23 Target

Link to stakeholders



Link to stakeholders



People



Communities



Environment



Client

Mean gender pay gap¹

Definition

An equality measure that shows the difference in average earnings between women and men.

Performance commentary

FY22 has seen a deterioration in our gender pay gap of 4ppts, largely driven by the need to recruit engineers quickly to meet demand, which has affected the gender demographic and fee scales of the appropriate talent.

18%

FY22 Outcome

14%

FY22 Target

14%

FY21 Outcome

16%

FY23 Target

Link to stakeholders



Percentage of employees identifying as Asian, Black, Latinx or other non-white¹

Definition

A measure to demonstrate our commitment to diversity, where we aim to have teams that are representative of the communities in which they work.

Performance commentary

We continue to progress our IDEA agenda, with an increase in ethnic minority representation across our workforce to 28% of the total in FY22.

28%

FY22 Outcome

25%

FY22 Target

24%

FY21 Outcome

31%

FY23 Target

Link to stakeholders



Equivalent % of net profit raised for charity¹

Definition

An indication of our philanthropic contribution, comprising cash donations, funds raised in Company initiatives and time volunteered at charge-out rates.

Performance commentary

Despite a 34% increase in total equivalent charitable contributions to over £250,000, we did not achieve our target 2% of net PBT due to the significant increase in PBT versus the prior year, shortfall in volunteer time and cash donations compared to the plan. We will look to work more closely with our philanthropic partners in FY23 to achieve our target.

1.5%

FY22 Outcome

2.0%

FY22 Target

1.5%

FY21 Outcome

2.0%

FY23 Target

Link to stakeholders



¹ Continuing operations only. Continuing operations exclude the results of Incite Marketing Planning Limited, Incite New York LLC, Edit Agency Limited, Relish Agency Limited, The Health Hive (US) LLC, The Health Hive Group Limited and subsidiaries, and Pragma Consulting Limited (note 8).

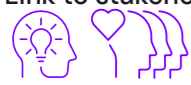
A responsible business

continued

Net number of jobs added per annum as a percentage of total¹

Definition	Performance commentary	17%	
Providing new careers in emerging areas of technology is an important part of making our communities live and thrive. This measure excludes job growth through acquisitions.	We have continued to organically grow our teams to provide employment opportunities in each of our locations and exceeded our target for the year.	FY22 Outcome	
		15%	33%
		FY22 Target	FY21 Outcome
		19%	
		FY23 Target	

Link to stakeholders



Carbon intensity¹

Definition	Performance commentary	5.2	
Tonnes of CO ₂ per £m revenue – allows us to measure our carbon footprint as we grow.	In this first year of measuring and reporting on Scope 3 emissions (specifically the Kin + Carta material categories of purchased goods and services, and business travel) in addition to Scope 1 and 2, we are pleased that our carbon intensity is lower than target, at 5.2 tonnes per £m revenue. We will look to reduce our intensity as we grow through new policies and discussions with suppliers.	FY22 Outcome	
		10	0.9
		FY22 Target	FY21 Outcome ²
		4	
		FY23 Target	

Link to stakeholders



Total revenue from positive impact projects^{1,3}

Definition	Performance commentary	£16.5m/9%	
Revenue from positive impact projects or workstreams, being those which have a beneficial and measurable social or environmental effect, through the development and implementation of a new technological capability, service, product, or infrastructure.	Positive impact revenue has grown significantly in 2022, driven by projects in the healthcare, energy, and the not-for-profit sectors. In FY23, we aim to maintain the proportion of our revenue derived from positive impact projects as our net revenue continues to grow.	FY22 Outcome	
		£7m	£7.9m/6%
		FY22 Target	FY21 Outcome
		9%	
		FY23 Target	

Link to stakeholders



¹ Continuing operations only. Continuing operations exclude the results of Incite Marketing Planning Limited, Incite New York LLC, Edit Agency Limited, Relish Agency Limited, The Health Hive (US) LLC, The Health Hive Group Limited and subsidiaries, and Pragma Consulting Limited (note 8).

² Excludes Scope 3.

³ Updated KPI to include percentage of net revenue earned from positive impact projects in addition to total cash amount.

Our people

Introduction

We value our people and recognise that our success is generated by the talent and experts in our teams. As a result, we prioritise recruiting, retaining and progressing the best people across Kin + Carta. Throughout the year, we have continued to increase the number of people working across our service offerings, creating new development opportunities and enhancing their skills and experience by collaborating with colleagues across our many locations.

Onboarding process

The feeling of connection drives deeper relationships between our Kin, which help them feel supported, confident and ready to perform their role and job duties at Kin + Carta, ultimately impacting our employee experience, retention, client relationships, and team morale.

Our current virtual onboarding experience welcomes and celebrates new Kin globally, highlighting opportunities to learn, connect and build confidence. Results across 2022 demonstrate that our new starters are both engaged and content with the experience, showing up to 80% satisfaction.

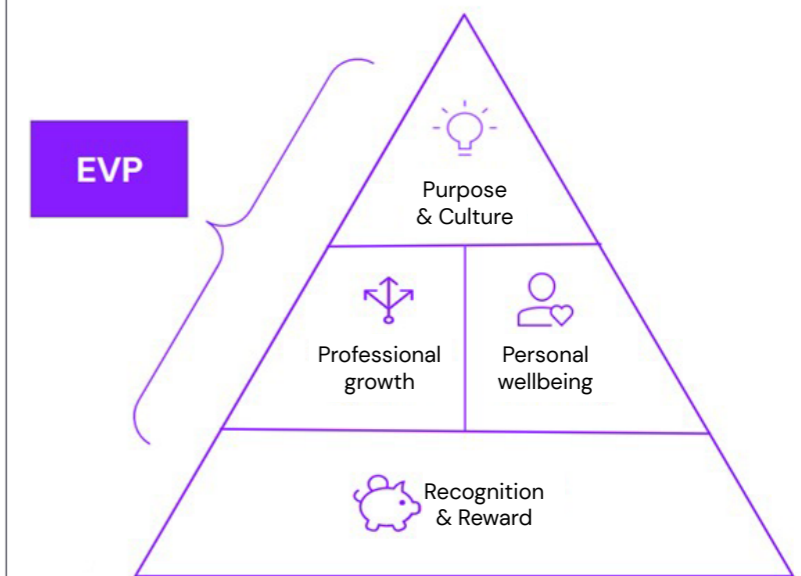
In our new financial year, as we continue to invest in our onboarding experience, we will be adding cohort communities to strengthen our connections and sense of belonging, enhance new hires' self-driven mindset with automated services, and provide enhanced soft skills training to help new Kin build courage, curiosity, and confidence.

Employee experience

Across Kin + Carta, we make a significant investment in creating an environment for our people that demonstrates our core values: connection, compassion and courage. These values enable our people to strive in their work and build strong client relationships, while also creating an environment that fosters enjoyment and the support of our communities.

We continue to clearly articulate and live our employee value proposition ("EVP") – the theme of which is Connecting Curious Minds. Our EVP is all about providing Kin with:

- opportunities to learn;
- tools to help them embrace new challenges;
- a global connective of experts who happily share their knowledge; and
- meaningful coaching and feedback to help them advance their career.



1,766

Number of employees as at 31 July 2022¹

1,739

Full time

Employees by contract type as at 31 July 2022¹

19.25%

Staff turnover for the year ended 31 July 2022¹

27

Part time

¹ For these purposes, employee refers to an individual engaged under a contract of service and, therefore, does not include our contingent workforce.

A responsible business continued

Our EVP has four key building blocks akin to Maslow's hierarchy of needs.

The development and implementation of our EVP is in line with our long-term goal to become an internationally recognised best place to work. With our EVP framework providing our guiding principles, we continue to invest in core areas of employee experience including:

- **Recognition and reward:** a hygiene factor with an important focus on rewarding people fairly and equitably, celebrating excellence, and promoting learners, connectors and teachers.
- Global pay equity programme.
- Increasing the pool of employees eligible for LTIP awards.
- Introduced Moments that Matter, a programme that empowers our People Leaders to recognise, acknowledge, and memorialise important events that happen within their employees' lives.
- Launched several other new and revamped recognition programmes including birth or adoption of a child, Kin in mourning, and birthdays + anniversaries.

Personal wellbeing: recognising the healing power of connections and enabling wellbeing initiatives.

- Employee assistance programme.
- Mindfulness sessions.
- Hosting a range of talks and webinars with external experts promoting positive mental health, offering wellbeing tips and resources.

Professional growth: how we engineer learning and teaching opportunities for our people.

- Junior talent accelerator programmes.
- Enhancing learning paths for more experienced people.
- Providing opportunities for employees to work on meaningful projects and on-the-job coaching that allows them to enhance and apply their skills.
- Encouraging completion of partner certification programmes.
- Lunch and learn sessions to support the continued development of cutting-edge technical skills.
- Leadership development in various forms including coaching, our leadership accelerator programme, and unconscious bias training.

Purpose and culture:

- Empowering external connections to build a world

that works better for everyone, focusing on enabling people to work on purposeful projects.

- We support communities of purpose and practice, and we strive to facilitate a borderless organisation.

Employee experience and culture highlights

- We launched our new global HRIS ("Human Resources Information System"). This replaced our previous disparate systems used across **Kin + Carta**, providing us with a single system for numerous activities, giving more power to our people and uniting our processes.
- Our eNPS score saw significant improvement in our recent survey, with a positive increase to a score now of +32. There is still more to be done as we continue to focus our efforts on becoming recognised as a "Best Place to Work."
- We launched a new wellbeing support programme for our people in Europe, partnering with wellbeing professionals to offer access to wellbeing programmes, on-site wellbeing management and on-demand therapy and coaching.

IDEA – Inclusion, Diversity, Equity and Awareness

Our IDEA vision

At **Kin + Carta**, we exist to make the world work better for everyone through our commitment to Inclusion, Diversity, Equity and Awareness. As part of our goal to become a true triple bottom line and socially responsible business, we pledge to seek out diverse perspectives, celebrate differences and build a culture where everyone is empowered to bring their authentic self to work. We believe in using our platform and resources to break down structural inequality. We vow to be a force for good, both within **Kin + Carta** and throughout our local communities.

Our IDEA guiding ambitions

We will know we have succeeded when:

- Our teams are as diverse as the population in the regions in which we operate.
- People are paid equitably for equal work.
- Employees feel they can bring their authentic selves to work.
- IDEA is a sustainable and ingrained part of how we do business.
- We are IDEA leaders in the technology community.

Read our **IDEA strategy**: <https://www.kinandcarta.com/en/idea/>

Our IDEA in 2022

Strategic action objective	Progress in 2022
Our teams are as diverse as the population in the regions in which we operate.	After reviewing and improving our hiring practices last year, we learned that we needed to increase the diversity at the top of our recruiting funnel. As a result, we chose to invest significantly in the enhancement of our employer branding so that more job seekers would proactively seek out Kin + Carta providing a broader, more diverse pool of candidates.
People are paid equitably for equal work.	We continue to run a full pay equity analysis every six months. In addition, for FY22, we began Group-wide tracking and reporting of the rate and frequency of promotions for different demographic groups including by legal gender (Group-wide) and also for ethnicity (US only).
Employees feel as if they can bring their authentic selves to work.	The IDEA theme for the year was allyship and increasing active bystanders. To meet this theme, we set up a monthly calendar of events, targeted towards education and using your voice to call out inequality when seen. Throughout the year, we have run over 50 successful events, leading to 81% of our Kin stating that they can be their authentic selves at work.
IDEA is a sustainable and ingrained part of how we do business.	As we're growing Kin + Carta , we need to ensure all Kin have the tools to support each other in creating a safe and inclusive environment. This was achieved with a focus on onboarding new starters and reducing the barriers to entry to get involved in the IDEA team by easy sign-up options.
We are IDEA leaders in the technology community.	This year, we have been strengthening our relationship with the British Interactive Media Association ("BIMA") – a non-profit organisation specifically targeted at supporting the next generation of digital professionals. This has included: <ul style="list-style-type: none"> • Four of our Kin being named in the BIMA 100. • Taking part in a Digital Day where the team went into schools across the UK to encourage young people to discover a career in digital. • Two of our Kin on the BIMA council, which has an objective to promote inclusiveness and ensure representation.

Employee experience case study: Kin + Carta Labs: Sustainability Challenge

Kin + Carta recently hosted a six-month hackathon for its employees centred on solving problems at the intersection of technology and sustainability. The Sustainability Challenge resulted in four digital products that covered challenges of social, environmental, and economic forms of sustainability with over 200 contributors.

The Sustainability Challenge provided a space for Kin to explore new technologies, new roles, and new

ways of working, all in a value-centred way. The four teams spanned globally across six offices and were supported with a contextual readout about sustainability challenges, recommended team structures, and operational support to ensure that they could explore the intersection of technology and sustainability in fruitful, frictionless ways. Each team was coached and given feedback, through the application process until delivery.

A responsible business

continued

Our affinity groups

Our affinity groups provide a space for all our Kin and their allies to connect, grow, and cultivate an inclusive culture. The affinity groups provide support, resources, advocacy, external outreach to community not-for-profits, and promote internal education.

The affinity groups, listed below, are empowered to make substantial changes to **Kin + Carta** as a whole by influencing Company policy, compensation and delivery.

BAME

Purpose: to provide support to **Kin + Carta** employees from black, Asian, mixed and other minority ethnic groups.

Black+ Kin

Purpose: to identify, organise and connect black technologists, to build community, foster trust and exchange ideas to equip all its members with the requisite knowledge to flourish at **Kin + Carta** and beyond.

LGBTQIA+

Purpose: to provide an open, safe, inclusive space and community committed to a continuous process of understanding and challenging all forms of oppression, primarily focusing on under-represented orientations and expressions of one's sex, gender, and sexuality.

Mental Health

Purpose: to actively support our Kin with their mental health and wellbeing.

Parents' Group

Purpose: to build a best-in-the-world workplace for all parents and caregivers.

Philanthropy

Purpose: to support and facilitate Company and country-wide charity initiatives and partners.

Universal Access

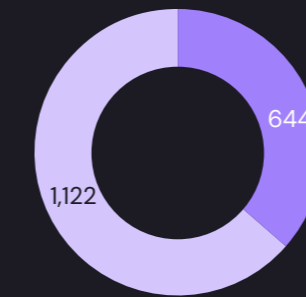
Purpose: to smash physical, digital, and communication access and inclusion barriers for all team members.

Women's Group

Purpose: to provide a place where women and allies can chat about interesting topics, share experiences and learn from one another.

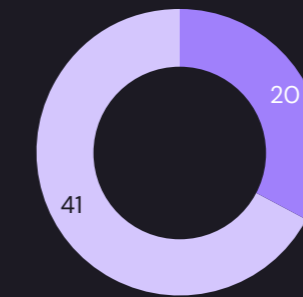
The gender diversity of our employees as at 31 July 2022

All employees



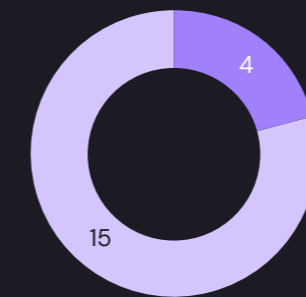
● Female
● Male

Senior management's direct reports



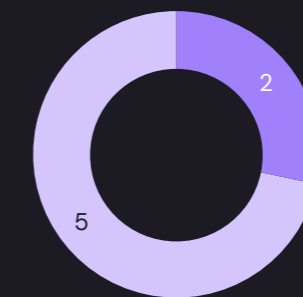
● Female
● Male

Senior managers



● Female
● Male

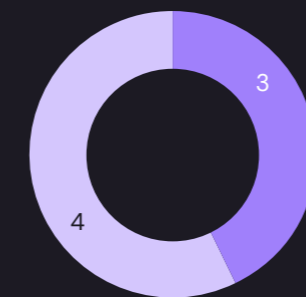
Board



● Female
● Male

For the period from 1 August 2022 to the date of this report, being 12 October 2022

Board



● Female
● Male

For these purposes:

- Employee refers to an individual engaged under a contract of service and, therefore, does not include our contingent workforce
- Senior manager refers to the members of the Founder's Circle (other than **Kin** and **Carta** plc Directors and the Company Secretary), in accordance with the Code. The Founder's Circle is **Kin + Carta's** global and regional leadership group

For information on ethnic diversity, see the KPI "Percentage of employees identifying as Asian, Black, Latinx or other non-white" on page 63.

For information on other key demographic information related to our people, see page 65.

A responsible business continued

IDEA initiatives

IDEA-related global policy creations and updates in the year

We introduced the following policies:

- **Travel for Medical Care policy:** If Kin find themselves in a position where non-routine medical care is not available within a reasonable distance of their home, **Kin + Carta** will assist by covering some of the related travel costs.
- **Transitioning at Work policy:** This policy provides a guide for employees, People Leaders, and team members of someone transitioning gender and provides guidance on matters like building an action plan and updating workplace records.
- **Medical + Surgical Leave policy:** To complement the above, we are expanding our sickness absence policies to give Kin up to 12 weeks' fully paid leave for medical procedures and surgeries.
- **Bereavement policy:** This forms part of our Compassionate

Leave policy, which we have updated to include support for miscarriages and pregnancy terminations for any reason.

Mental health team and programme

We grew the mental health team to over 35 qualified Mental Health First Aiders based in the Europe region. All of our Mental Health First Aiders ("MHFA") have been trained by Mental Health First Aid England.

There is also a smaller task force that focuses on the day-to-day leadership of the MHFA team. The task force dedicates time to create helpful resources and promote positive mental health within **Kin + Carta**. They also run sessions in conjunction with an external provider, That Day, focused on personal growth.

We have recently revamped our mental health provision internally and notable achievements include:

- Onboarding of new MHFAs.
- A revamped internal mental health website where Kin can access various resources to support mental health.

- Improved support mechanisms for our Kin.
- Free anonymous therapy sessions for any Kin within the UK, Netherlands and Greece – with plans to expand to our other jurisdictions.
- Weekly external sessions hosted by That Day around the topics of mental health and wellbeing.
- Collaboration with the IDEA team to align on their themes when possible.

Equal opportunities

We are committed to providing equal opportunities to all employees and job applicants. When recruiting and promoting people, we give full and fair consideration to all populations based on their competencies, strengths and potential. Grounded in our IDEA and Anti-Harassment, Discrimination and Bullying policies, we have embedded practices to embrace and encourage our Kin's differences, such as age, sex, disability, gender identity, medical conditions, race, religion and sexual orientation, to ensure no one receives less favourable treatment on the grounds of those characteristics. For example, we train interviewers in unconscious bias and fair hiring practices and we make reasonable adjustments to support our employees' physical and mental wellbeing needs. Employees who become disabled during their working life will remain in employment wherever possible, and will be assisted with occupational rehabilitation and retraining. Wherever practicable, **Kin + Carta** will modify procedures or equipment to maximise an individual's full capabilities.

Health and safety management

Kin + Carta's Health, Safety + Environmental Management ("HS+E") governance and diligence is managed through our HS+E Management System, which is based on the plan, do, check, act model. This management system comprises:

- HS+E framework policy and supplementary policies on the protection of people and the environment.
- Register of our compliance obligations.
- Environmental aspects, impact risks and opportunities assessment.
- Health and safety risk assessments.
- Setting of objectives and targets.

- Operational controls, such as building inspections, testing and maintenance.
- Emergency planning arrangements for fire and first aid.
- HS+E performance reports.
- Internal policy and procedure auditing and evaluation of compliance with our HS+E obligations.

Accident incident rate and accident severity rate

One work-related accident was reported for the year, achieving our Accident Incident Rate ("AIR") target of less than three. While the accident ended our two-year zero accident trend, it was anticipated that a return to the office following COVID-19 restrictions would result in such adverse events.

Our Accident Severity Rate ("ASR") was 74 (2021: 26). Our ASR figures include absences that have resulted from work-related stress and was within our target of less than 100. Our Employee Experience and Office Management teams continue to support our Kin by providing aforementioned Mental Health First Aiders, workshops on resilience and mindfulness, and mental health surveys.

Accident Incident Rate: <1 Target rate: ≤3

Accident Incident Rate ("AIR") — All classes of work-related injury accident.

Headcount includes agency workers but excludes contractors and other third parties. AIR is calculated as total accidents x100,000/total worked hours. Cases of stress are included in the accident severity rate, but excluded from incident data.

Accident severity rate: 74 Target rate: <100

Accident Severity Rate ("ASR") — Total lost hours due to any work-related injury, accident or work-related stress case counted from the next scheduled shift or working day. Hours are as recorded using a standard working day. Total worked hours includes hours worked by agency workers but excludes contractors and other third parties. ASR is calculated as total lost hours x100,000/total worked hours.



A responsible business

continued

Communities

At **Kin + Carta**, we are committed to helping our local communities through inclusive recruitment, ethical procurement, charitable initiatives and other types of engagement as we believe it benefits our business, as well as the local population and environment.

Across our regions we engage in charitable projects in local communities through individual fundraising, volunteering efforts, pro bono projects, and Company donations. These contributions have covered a broad range of deserving causes and the provision of time has ranged from practical volunteering activities to strategic advice for charities.

In addition, we engage with local organisations in our recruitment processes, to ensure broad representation in our candidate pools, and encourage recruitment from under-represented populations.

We have various initiatives to support our communities, including:

- Regional targets for the contribution of an equivalent percentage of net profits to charities through the donation of voluntary or pro bono time, money and funds raised in **Kin + Carta** initiatives.
- Establishment of local and global philanthropy committees to facilitate effective community and charitable involvement.
- Matching the total charitable contribution made by the Chairman forgoing a proportion of his fees.
- Operating a Give As You Earn scheme, introduced in 2020, through which our people in England and Scotland can donate to charity directly from payroll tax efficiently.
- Guidance to procurement managers to buy locally where possible.

During FY22, our philanthropy activities included:

- Setting up regional charity partnerships in the Americas:
 - US: we partner with Techbridge Girls, which is re-engineering STEM education for BIPOC girls.
 - South America: we partner with Por Igual Mas, which promotes the recognition of people with disabilities.
- Continuing our UK charity partnership with CodeYourFuture, which provides coding training for refugees and disadvantaged people.
- Support for Ukraine through giving pro bono technical support to a charity providing psychological support for people in Ukraine.

- Almost £100,000 of Company cash donations to our regional charity partners and other charities.
- Over 1,000 hours of volunteer time contributed to philanthropic activities across **Kin + Carta**.
- Grassroots initiatives in all of our offices, which support local charities through participation in events and fundraising.

Supplier management

Confirming compliance with our Supplier Code of Conduct continues to be a key part of the global procurement process, ensuring that all new suppliers, and those whose contracts are being renewed, meet high standards of ethical behaviour.

A core element of promotion of responsible business with our suppliers is maintaining well-established practices, supported by our policies:

- See [page 88](#) for information on our [anti-bribery and corruption policy](#)
- See [page 90](#) for information on our [ethical and sustainable procurement policy](#)
- See [page 91](#) for information on our [modern slavery policy](#)
- See [page 90](#) for information on our [supplier code of conduct](#)

Case Study:

Providing digital support for CodeYourFuture, our Europe charity partner

During the second half of the year, several members of our European team worked closely with our regional charity partner, CodeYourFuture, on a pro bono basis. CodeYourFuture ("CYF") provides coding training for refugees and other disadvantaged people.

Kin + Carta's support involved helping CYF software development trainees learn about design, working with the charity's digital team to improve the organisation's website and helping to develop a new user experience insight ("UXI") programme.

Our initial involvement was to provide user experience ("UX") and design mentoring to software development trainees across the CYF programme, specifically graduation projects, which ranged

from designing websites to apps. To help make CYF's coding programme even more work-ready, **Kin + Carta** instructed the trainees on designing user-centric experiences and applying user interface ("UI") design principles.

In addition to this student mentoring support, several of our team also worked closely with the charity's Head of Digital to consider how to improve the CYF website. Using our expertise across UX, data intelligence, and copywriting, we ran a discovery project that provided CYF with a heuristic analysis of its website, followed by the provision of wireframes and website copy.

Having made good progress on the website, CYF asked us to focus on its newly-launched UX/UI course, a new and ambitious area for the charity – and somewhere we could leverage our skills to help deliver a successful programme. The team

was proud to help CYF create the UX/UI course's structure, content, and goals. To further ensure course success, we also ran a mentoring and consultation programme for the UX/UI trainees, where we reviewed and guided their projects. The trainees needed an approachable resource they could rely on when needed, so we adopted an open-door policy to provide assistance, which proved vital.

We're delighted that some trainees recently graduated from the UX/UI course and are now creating portfolios as part of their career guidance. Although their journeys in UX/UI have only just started, with the course CYF provided, the graduates have some foundations to build on, and will hopefully soon start successful careers in digital.



A responsible business continued

Human rights

At Kin + Carta, we are committed to equality, fair practices and human rights. As a responsible business, we must operate legally, ethically and with integrity to deliver high-quality equitable and sustainable service to all our stakeholders.

We have several policies to help us achieve this:

- See [page 92](#) for information on our [code of ethics](#)
- See [page 92](#) for information on our [inclusion, diversity, equity and awareness policy](#)
- See [page 91](#) for information on our [modern slavery policy](#)
- See [page 88](#) for information on our [speak up policy](#)

Human rights in the workplace

In recognition of the right to private and family life, Kin + Carta has a flexible working policy, driven by the understanding that we

should all have the opportunity to take ownership of our own work-life balance to support personal needs and aspirations. Everyone is entitled to benefit from working flexibly, as long as they are meeting expectations with regards to performance and operate within the parameters of the policy. Line managers monitor an employee's flexible hours to ensure that, inter alia, it continues to fit both the individual's needs and the needs of the team. Furthermore, our US offices have an unlimited holiday policy to support work-life balance and mental wellbeing.

We also firmly believe that everyone has the right to a standard of living adequate for their health and wellbeing, so we are committed to fair and equitable pay. For our UK-based businesses, this includes compliance with the National Living Wage.

Human Rights Campaign Foundation's 2022 Corporate Equality Index

During the year, Kin + Carta received a score of 90 out of 100 on the Human Rights Campaign Foundation's 2022 Corporate Equality Index ("CEI"), the United States' foremost benchmarking survey and report measuring corporate policies and practices related to LGBTQ+ workplace equality. Kin + Carta joins the ranks of 1,271 major US businesses that were also ranked in the 2022 CEI.

- See [pages 65 to 71](#) for information on practices related to our [people and inclusion, diversity, equity and awareness \("IDEA"\)](#)



Our planet Our environmental framework

Our commitment to minimising the environmental impact of Kin + Carta's operations continues with the development of new policies and frameworks, including a Climate Strategy and Action Plan.

A summary of our environmental management policies and frameworks can be found at the end of this Strategic Report:

- See [page 90](#) for information on our [climate strategy and action plan](#)
- See [page 90](#) for information on our [ethical and sustainable procurement policy](#)
- See [page 91](#) for information on our [environmental and social risk policy for client and partner engagements](#)
- See [page 89](#) for information on our [health, safety and environment framework](#)

In addition, our reporting in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures can be found on pages 78 to 85.

No environmental incidents were reported during the year.

How we are measuring, and reducing carbon emissions

We are measuring our Scope 1, 2 and 3 carbon emissions using the methodology detailed in the adjacent "energy and carbon reporting" section.

In the year, measures to reduce energy consumption included:

- Moving internal data centres to sustainable cloud partners.
- Continuously running optimisations for cloud size efficiency.
- Transitioning towards hybrid flexible working resulting in reduced commuting.

Our ongoing work to reduce consumption includes:

- Improving corporate travel management.
- Continuously reviewing operational efficiencies in offices, such as adjustments in heating, ventilation and air conditioning ("HVAC") settings.
- Procuring renewable energy tariffs in territories where this is technically possible and where Kin + Carta directly controls procurement.

Energy and carbon reporting

Kin + Carta's carbon emissions for 2021/22 have been calculated using the 2022 UK DEFRA greenhouse gas emission factors (as specified by the UK Environment Agency). These emissions calculations have been used to determine the tonnes of carbon dioxide equivalent (tCO₂e) produced. Calculating the tCO₂e allows different greenhouse gases to be compared on a like-for-like basis relative to one unit of CO₂. Where available, energy data was collected from invoices and meter readings; where this data was not available, the consumption was estimated by an external carbon consultancy. Estimates used the pro-rata method and previous year's data. Some overseas sites have been estimated based on floor area and average use for similar buildings. Travel data was obtained through expense claims and travel management companies.

Our carbon reporting is aligned with the Greenhouse Gas ("GHG") Protocol methodology. This protocol establishes comprehensive global standardised frameworks to measure and manage emissions from private sector operations, value chains and mitigation actions. The framework has been in use since 2001, and forms a recognised structured format to calculate a carbon footprint. The scope of emissions calculated included; electricity, natural gas, direct mileage, indirect mileage, and upstream goods and services. No mandatory emissions have been excluded from the data.



A responsible business

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Carbon emissions and energy consumption 2022

	UK and offshore	Global (excluding UK and offshore)	% UK
Scope 1 emissions (tCO ₂ e)	6.71	61.12	9.9
Scope 2 emissions (tCO ₂ e)	51.10	72.44	41.4
Total Scope 1 and 2 emissions (tCO ₂ e)	57.81	133.55	30.2
Total Scope 1 and 2 energy consumption (kWh)	298,889	1,555,667	16.1

Global Scope 3 emissions (tCO₂e) 829

Energy consumption split (UK and overseas)

	kWh energy consumed				tCO ₂ e emitted				Intensity ratio (of Scopes 1+2)	
	Electricity	Natural gas	Transport	Upstream goods and services	Total	Scope 1	Scope 2	Scope 3		
2022	638,813	350,004	16,320	1,005,816	2,010,953	68 (7%)	124 (12%)	829 (81%)	191	0.97
2021	632,949	41,340	5,754	N/A*	680,043	9	148	N/A*	157	0.87
2020	1,915,113	193,858	172,986	N/A*	2,281,957	78	490	N/A*	567	3.38

* Not reported in previous years.

The intensity ratio has been calculated as: tCO₂e produced per million pounds of turnover. The intensity ratio excludes Scope 3 emissions.

Case Study:

Our new commitment to the planet

In 2022, the Board considered and approved a new strategic goal for Kin + Carta:

To help our clients save **1,000,000** metric tonnes of CO₂ by FY27.

This commitment is both an acknowledgement of the climate crisis and our understanding of the significant role technology can play in decarbonising our world. The IT sector contributes 3.7% to global CO₂ emissions – a similar amount to aviation¹. Therefore, it is vitally important to build digital products in less carbon intensive ways.

Digital and data products also have a special role to play in helping the world track progress towards global targets such as the UNSDGs, which include carbon emission reduction targets.

The target figure was chosen because it will be difficult to achieve but not impossible – the type of challenge we thrive on accepting.

Making an impact

We can directly support our clients to decarbonise by helping them build a more efficient digital estate. Internally, we are focusing on developing training programmes that educate our people on how to practise their craft in more carbon efficient ways.

We can also assist our clients in building digital products and experiences that empower decarbonisation within their businesses. Often this will require new, innovative products that harness the power of an organisation's data, drive insights from that data, and highlight areas of carbon inefficiency.

Progress so far

We have just begun our journey towards the new goal, we have defined the scope of measurement in the work we do and set yearly and quarterly targets. A newly appointed Global Sustainability Manager has accountability for operationalisation and reporting to the Board on progress against the goal. Measuring performance against this target will include standardised measurements of digital estate efficiency gains as well as carbon reduced by way of digital experience. Additionally, members of our delivery teams will participate in a structured training programme that educates them of the importance of carbon reduction in IT and will include current research from organisations including the Green Software Foundation.

¹ Lean ICT: Towards Digital Sobriety – The Shift Project (2019)



A responsible business

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Task Force on Climate-Related Financial Disclosures

Reporting in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures

We report below on the four thematic areas set out in the Task Force on Climate-Related Financial Disclosures' ("TCFD") recommendations: governance, strategy, risk management, and metrics and targets. Kin + Carta has complied with the requirements of LR 9.8.6R(8) by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

Theme	
Governance	<p>Disclose the organisation's governance around climate-related risks and opportunities:</p> <p>a. Describe the Board's oversight of climate-related risks and opportunities.</p> <p>b. Describe management's role in assessing and managing climate-related risks and opportunities.</p> <p>The Kin + Carta Executive Directors have overall responsibility for climate-related risks and opportunities, with oversight of key policies related to environmental and climate matters, including our Climate Strategy and Action Plan ("CSAP"), and the Kin + Carta risk register. During the year, climate-related matters were reported at two of seven Board meetings, one relating to the CSAP and the other relating to performance against responsible business KPIs, which includes sustainability matters. A key outcome of the Board's oversight during the year was the Board's approval of our new goal to help our clients save 1,000,000 metric tonnes of CO₂ by 2027. Management considered the operationalisation of the goal and appointed a Global Sustainability Manager to lead the initiative (see page 77 for more information).</p> <p>Management across the business is responsible for assessing and reporting on climate-related risks, establishing and monitoring metrics and targets to support the achievement of our climate-related goals, as well as identifying and implementing opportunities to work with clients and partners on climate-related projects. Specifically:</p> <ul style="list-style-type: none"> • Our Climate Task Force was formed during the year to focus on climate-related matters, including assessing, reviewing and reporting on business-wide climate-related risks and opportunities. A summary of the task force's activities is disclosed on page 87. • Our Environmental and Social Risk Review Board is responsible for reviewing any client or partnership opportunity where an environmental or social risk in a project brief or activities of a client or partner has been identified during opportunity qualification. A summary of the review board's activities is disclosed on page 87. <p>The risk assessment process undertaken by management is outlined on page 80. Further, within acquisition due diligence, management performs a high-level assessment of a potential acquisition target's responsible business practices, using a set of targeted qualitative questions covering a range of social and environmental impacts to guide the process. This provides Kin + Carta with an understanding of the acquisition target's current practices, along with insight into the management's awareness of and approach to responsible business matters, including climate and sustainability-related practices. This, alongside consideration of other key diligence matters, such as the target's financials and technical capabilities, forms part of the acquisition opportunity qualification process and management's recommendation to the Board of whether to proceed with an acquisition.</p> <p>Executive Director and senior management's remuneration is linked to performance against climate change goals. Their reward packages include fixed pay, a bonus as a percentage of fixed pay and eligibility to participate in the Long Term Incentive Plan ("LTIP"). 10% of the 2021/22 bonus is tied to performance against responsible business KPIs, which include carbon intensity and total revenue from positive impact projects. 20% of the 2020/21 LTIP award is tied to B Corp re-certification in 2024, coupled with an increase in weighted net corporate score (demonstrating improvement in underlying ESG operations and metrics, including environmental matters). See pages 142 to 172 for more information on the annual bonus and LTIP.</p>

Theme

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material:

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The context of our strategy

The Intergovernmental Panel on Climate Change ("IPCC") has concluded that the world must reach net zero emissions by around 2050 to limit global warming to 1.5°C above pre-industrial levels and avoid the worst consequences of climate change¹.

To meet this urgent challenge, we recognise the key role digital technologies play in helping to mitigate climate change. For example, artificial intelligence and the internet of things can improve energy management in all sectors, increase energy efficiency and promote the adoption of many low-emission technologies. We also acknowledge the need for strong governance of digitalisation to avoid inadvertent negative trade-offs across sustainability goals, for example, increases in electronic waste¹.

It is in this context that we have developed our climate strategy and consider the transitional and physical climate-related risks and opportunities for Kin + Carta.

Our climate strategy

At Kin + Carta, we are committed to play our part in helping to address climate change. Our key initiatives are to:

- Support the transition to a low-carbon economy: During the year, we set a new goal to help our clients save 1,000,000 metric tonnes of CO₂ by 2027 (for further information, see page 77).
- Reduce our environmental impact: We monitor our carbon footprint and hold ourselves accountable to reducing our environmental impact through our carbon intensity ratio KPI (for further information, see page 64) and our carbon neutral and net-zero greenhouse gas ambitions, outlined in more detail on page 85.

Together, these are our "Carbon Reduction Initiatives."

¹ IPCC (2022). Summary for Policymakers. In: Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.). Cambridge University Press, Cambridge, UK and New York, NY, USA. doi: 10.1017/9781009157926.001.

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Climate-related risks and opportunities over the short, medium and long term

We outline below a high-level summary of **Kin + Carta**'s material climate-related risks and opportunities over the short, medium and long term, along with the potential impacts these could have. These risks and opportunities are determined according to **Kin + Carta**'s risk management model. This process includes identifying and assessing risk events, and the potential impact and likelihood of these risks materialising on both an inherent and residual basis. Only those risks and opportunities that could have a material impact on the business have been included below. This was determined according to the rating assigned to each risk event, being a multiple of a) the likelihood of the risk event occurring and b) the potential impact determined by a combination of the qualitative and/or quantitative measurement. This assessment is informed by external data sources, such as the IPCC's reports on climate change, and internal reference points including **Kin + Carta**'s sustainability and subject-matter experts.

Timeframe key:

- Short term (S): 0 - 3 years
- Medium term (M): 3 - 10 years
- Long term (L): 10+ years

Material climate-related transition risks and their associated impacts

Description	Risks, opportunities and impacts	Mitigations
Market and technology shift Timeframe: S, M, L <ul style="list-style-type: none"> • Client preferences for sustainable products may change demand for Kin + Carta's products and services. 	<p>Risks</p> <p>An inability to effectively capture the opportunity for sustainable digital products (e.g. due to the inability to upskill existing Kin or recruit appropriately skilled talent to meet the pace of demand) could result in a loss of revenue and demand.</p> <p>Opportunity</p> <p>Systemic changes related to decarbonisation may increase demand for Kin + Carta's services for solutions that address our clients' climate goals. Kin + Carta has appointed a Global Sustainability Manager to lead the client-focused environmental initiatives.</p>	<ul style="list-style-type: none"> • We are investing in positive impact services (see page 86 for more information).
Reputation and sentiment Timeframe: S, M, L <ul style="list-style-type: none"> • Socio-cultural and behavioural changes may occur in sentiment toward sustainability, resulting in stakeholder activism and/or changes in stakeholder sentiment. 	<p>Risks</p> <p>Misalignment of Kin + Carta's broader sustainability agenda to stakeholder sentiment, and underachievement of that agenda, could harm Kin + Carta's reputation and result in, for example, demand-side risk with clients not engaging due to a failure to meet "know your client" criteria. This would impact Kin + Carta's ability to generate revenue.</p>	<ul style="list-style-type: none"> • Our Carbon Reduction Initiatives. • Our Environmental and Social Risk Review Board (for more information, see page 87). • B Corp certification, demonstrating third-party verification of Kin + Carta's responsible business practices in areas including the environment. This positions us well to demonstrate our responsible business credentials to stakeholders as sentiment changes.

For completeness, and to aid the understanding of the climate-related scenario planning disclosures on pages 83 and 84, we summarise below examples of additional risks and opportunities considered as part of the risk assessment process, which were not considered to be material due to their low risk rating. We continue to monitor their impact and likelihood to assess whether their materiality classification needs to change.

Examples of other climate-related risks monitored by Kin + Carta

Legal, policy and regulatory

This climate-related transition risk contemplates:

- Carbon pricing such as carbon taxes and voluntary removal and offset costs, and programmes that encourage changes in consumer behaviour.
- Enhanced climate governance through national or international regulations to provide overall direction, setting targets, mainstreaming climate action across all policy domains and enhancing regulatory certainty.

Financial

This climate-related transition risk contemplates:

- Changing requirements for securing financial resources due to financiers' increased focus on ensuring financial flows shift towards supporting net zero targets as well as systemic changes to financing and economic structure (e.g. national green finance strategies).
- High inflation (e.g. due to businesses incurring additional costs associated with undertaking climate-related mitigation activities and passing these on to consumers).

Physical environment

This climate-related physical risk contemplates:

- Extreme weather conditions occurring more frequently and more severely, e.g. floods, heatwaves, thunder/tropical storms, wildfires, hail storms, extreme wind speeds, droughts, freezing conditions and winter precipitation, that may impact our offices, local infrastructure (e.g. power) and displace our people, which could lead to additional expenditure and/or cause business disruption and loss of customer service and revenue.

A responsible business

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How actual and potential climate-related risks and opportunities have impacted the business, strategy and financial planning.

Business and strategy

Our new medium-term goal to help our clients save 1,000,000 metric tonnes of CO₂ by 2027 is the key area of business and strategic planning regarding climate-related risks and opportunities. It seeks to address risks and opportunities related to market and technology shifts through a focus on providing service offerings that help our clients build a more efficient digital estate and reduce their carbon emissions by way of digital experience, while also providing structured training opportunities for our delivery teams to upskill and educate them on carbon reduction in IT. This goal, and our initial plans to operationalise it in our business, are described in more detail on page 77. In addition, in 2022/23, we will review business continuity plans to address physical risks and conduct detailed planning on how we will reduce our carbon footprint (including emissions reductions milestones towards our target of having net zero emissions by 2027). The emissions reductions focus will be on our areas of significant (though still relatively low level) emissions, including a focus on using renewable energy in our offices, review of our business travel policy, and emissions by suppliers in the purchased goods and services category.

Financial planning and analysis

Kin + Carta considers actual and potential climate-related risks and opportunities in its financial planning through considering their impacts on the viability of the business, the potential impairment of value of business assets and the potential for contingent liabilities to arise. Currently, Kin + Carta considers that climate-related risk will not have a material financial impact on these matters as summarised in the table below. Further, as part of our responsible business commitments, we have defined targets related to carbon neutrality and the associated offsetting initiatives are incorporated into the 2022/23 budget; again, these amounts are immaterial.

Examples of potential climate-related risks considered in financial planning and analysis

Assessment summary

Financial viability

The Company may not be viable in the medium term because of the effect of climate-related transition risks.

As explained in the viability statement on pages 176 and 177, the viability analysis includes a number of stress tests, which include scenarios that may be impacted by climate-transition risk (e.g. a significant downturn in revenue, which may arise from a market and technology shift or a change in reputation and sentiment). As noted in the viability statement, the results of the viability analysis show that the stress test scenarios that include impacts arising from, inter alia, the material climate-change transition risks are unlikely to threaten the viability of the business over the period covered by the forecast.

Impairment of business assets

Assets owned by the business may need to be impaired because of climate-related matters.

The impact of climate-related matters on Kin + Carta's business assets (e.g. physical assets, long-term assets and other principal trading assets) was undertaken. It was concluded that Kin + Carta's business assets had a low level of exposure to climate-related matters and it was therefore not considered material to significant judgements and estimates.

Contingent cash outflows

Crystallisation of contingent liabilities may lead to cash outflows because of climate-related matters.

Consideration was given to the Company's Legacy Defined Benefit Pension Scheme (described in note 27), which is invested in a broad range of assets, and the potential impacts on Kin + Carta should the assets fail to perform due to climate-related risks. Based on current regulations, the mitigating activities, which include the reduced exposure to assets with higher climate-related risks, were considered to reduce the risk of cash outflows because of climate-related matters to an immaterial level.

Scenario planning

Scenario analysis is beneficial to both the Company and its wider stakeholders, including investors, as it enhances the understanding of:

- The risks and opportunities to the Company in a transition to a low-carbon economy.
- The resilience of the Company's business model and strategy to climate change.

In our first year of climate-related scenario planning, we have used qualitative analysis to consider two climate-related scenarios, outlined below. We have used a <2°C warming scenario (SSP 1-2.6) as it is aligned to the objectives of the Paris Agreement. We have used a ~4°C warming scenario (SSP 5-8.5) as a potentially stressful but plausible scenario¹:

Scenario	Intergovernmental Panel on Climate Change SSP 1-2.6	Intergovernmental Panel on Climate Change SSP 5-8.5
Description	Very low GHG emissions with minimal challenges to mitigation and adaptation. This scenario assumes rapid policy, regulatory, technological and market changes by 2030 to restrict emissions to a level which limits global warming to <2°C. Examples of the types of changes include the application of carbon pricing schemes to reduce emissions across various sectors, increased climate governance to provide an overall direction and to mainstream climate action across policy domains, and an increasing awareness within society on climate change resulting in a change in stakeholder sentiment.	Very high GHG emissions with high challenges to mitigation and low challenges to adaptation. This scenario assumes limited policy or regulatory support for emission reduction, leading to a world with increasing physical climate change impacts. It envisages a world that places increasing faith in innovation to produce rapid technological progress and development ² . The scenario leads to global warming of 4°C, resulting in gradual, chronic changes in temperature and precipitation patterns, as well as more frequent and intense extreme weather events.
Outcome	<2°C warming	~4°C warming
Risks	<p>The greatest risks associated with this scenario are transitional. Specifically, macroeconomic financial risk as extensive global climate change mitigation efforts are projected to increase expenditure (e.g. carbon pricing and/or investment in sustainable initiatives) across the wider economy, resulting in inflation. This could increase our cost base through the inflation impacts on salaries and other operating costs. Further risks of this scenario include:</p> <ul style="list-style-type: none"> • The rapid pace of market and technology shifts to provide low-carbon or net-zero carbon digital solutions, posing a risk if Kin + Carta cannot effectively capture the opportunity. • Reputation and sentiment, with impact projected across all key stakeholder groups and the strongest of which forecast to be associated with changes in investor requirements. 	<p>The greatest risks associated with this scenario are physical. The unprecedented extreme weather conditions would have serious impacts on human systems, ecosystems and associated services. The severe disruptions, damage and dislocation of people envisaged in this scenario would provide an extreme challenge to both Kin + Carta's business operations (posing risk to revenue if our delivery is negatively impacted) and those of our clients (posing risk of bad debt if our clients are significantly exposed to the negative effects of climate change). Other risks are transitional and include market and technology shifts due to the increasing faith in innovation to produce rapid technological progress and development.</p>
Risk analysis time frame	2030	2030

¹ Schellnhuber, H. J., Hare, W., Serdeczny, O., Adams, S., Coumou, D., Frieler, K., Martin, M., Otto, I. M., Perrette, M., & Robinson, A. (2012). Turn down the heat: why a 4 C warmer world must be avoided. Worldbank. <http://documents.worldbank.org/curated/en/865571468149107611/Turn-down-the-heat-why-a-4-C-warmer-world-must-be-avoided>.

² O'Neill, B., Kriegler, E., Ebi, K., Kemp-Benedict, E., Riahi, K., Rothman, D., van Ruijven, B., van Vuuren, D., Birkmann, J., Kok, K., Levy, M., & Solecki, W. (2017). The Roads Ahead: Narratives for Shared Socioeconomic Pathways describing World Futures in the 21st Century. Global Environmental Change, 42, 169-180.

A responsible business

continued

Research was conducted to determine the impacts on transition and physical risks that could affect Kin + Carta as a result of each climate scenario; the material risks summarised on page 80 and the other risks summarised on page 81 were used as an initial framework. Through interactions with key business leaders, including our Head of Responsible Business, Head of Risk Management and Global Sustainability Manager, we considered the potential impacts of the manifestations of those risks on Kin + Carta. Risks were disclosed in the scenario table if their risk score was medium-high or above.

Resilience

Overall, the assessment through this scenario planning exercise suggests that Kin + Carta's existing mitigations (referenced alongside the material risks on page 80) manage some of the risks in the two scenarios. For example, a commonality to both scenarios is the market and technology shift, driving increased innovation and technological progress. Our current mitigating activity to support the transition to a low-carbon economy through our goal to help our clients save 1,000,000 metric tonnes of CO₂ by 2027 would provide a degree of protection in both scenarios. We considered that Kin + Carta is better positioned to adapt to the <2°C warming scenario (SSP 1-2.6) due to our current mitigations being most closely aligned to the transitional risks foreseen in this scenario, particularly our existing actions to mitigate against legal, policy and regulatory risks and reputation and sentiment risks (e.g. our Carbon Reduction Initiatives). The continued implementation of these mitigations, and appropriate adaptations to them as global sustainability efforts evolve, requires ongoing investment in resource and expertise. The ~4°C warming scenario (SSP 5-8.5) revealed higher disruption due to extreme physical environment challenges. In this scenario, there would be the greatest need to rely upon robust business continuity plans and to diversify our geographic delivery locations to reduce our risk exposure to localised extreme weather events. Our ongoing global expansion efforts reduce this risk exposure.

Theme

Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks:

- Describe the organisation's processes for identifying and assessing climate-related risks.
- Describe the organisation's processes for managing climate-related risks.
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Kin + Carta has established a "Three Lines of Defence" risk management model to identify, monitor and manage all risks, including climate-related risks (see pages 100 and 101 for more information). The first line of defence is the senior leadership team who are responsible for day-to-day business operational supervision, and are required to review all current and developing risks that could impact on the achievement of strategic objectives, including ESG and climate-related risks. This process includes identifying and assessing risk events, and the potential impact and likelihood of these risks materialising on both an inherent and residual basis. This process is used to determine the significance of all risks facing Kin + Carta, including climate-related risks, whereby each risk is assigned a rating. This rating is a multiple of a) the likelihood of the risk event occurring and b) the potential impact determined by a combination of the qualitative and/or quantitative measurement. The analysis is informed by regular communication with our internal and external stakeholders with consideration given to regulatory, reputational, and physical risks, together with opportunities to improve our engagement with clients. Through this process, Kin + Carta has identified climate-related risks, resulting in intense weather conditions and natural disasters, as an emerging risk.

We also recognise the potential regulatory and reputational risks associated with the transition to a low-carbon economy. Therefore, our Environmental and Social Risk Review Board serves as a key part of the second line of defence and evaluates material ESG risks in our client and partnership engagements, and corresponding mitigation activities.

The third line of defence is Kin + Carta's Internal Assurance team, providing an independent and objective view on the adequacy and effectiveness of the internal control environment.

Theme

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material:

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.
- Describe the targets used by the organisation to manage climate-related risks and opportunities.

The key metrics used to assess climate-related risks and opportunities and monitor the progress of our Carbon Reduction Initiatives are tabled below, alongside associated targets for each. This is our first year reporting on these metrics; in future years we will include prior year comparators to allow for trend analysis.

Metric	FY22 Outcome	FY23 Target
GHG Emissions (Scope 1, 2, 3) (tCO ₂ e)	1,021	1,000
Carbon intensity (tCO ₂ e / £m revenue) (includes Scope 3 emissions; excludes carbon offsets)	5.2	4
Climate-related positive impact project revenue (£m / % of total revenue) ¹	£4.6m / 2.4%	3%

¹ From FY23 onwards, we will report climate-related positive impact revenue as a % of total revenue.

We have set a Group-wide net-zero GHG emissions target to be achieved by the end of 2027, with an interim carbon neutral target to be achieved by the end of 2023. In relation to our ambition to be carbon neutral by the end of 2023, we have included the estimated cost to offset our Group-wide emissions in our FY23 budget. In relation to our net-zero goal, our FY22 task was to measure accurately our Scope 1, 2 and 3 GHG emissions (which are disclosed on page 76). Having achieved this, our next objective is to review the areas which contribute significantly to our carbon footprint and form detailed plans on how emissions in those areas can be reduced. This will be part of a broader plan setting out how we can achieve net-zero GHG emissions and which will include the associated financial and strategic impacts.

For more information on our [Scope 1, 2, and 3 GHG emissions](#), see [page 76](#).

For more information on our [carbon intensity ratio](#), see [page 64](#).

For information on our [broader positive impact project revenue responsible business KPI](#), which includes work for clients that has social benefits, see [page 64](#).

A responsible business continued

Clients Sustainable and accessible services

The responsible business agenda is now a focus for most businesses, and will only become more important with time as high levels of accessibility and sustainability become market requirements rather than desired outcomes. As a result, our continued emphasis on providing services to our clients which meet their responsible business – as well as societal and environmental – needs puts us in a strong position to deliver on this agenda, as well as providing additional project opportunities for Kin + Carta.

Across all of our service lines and Regions, 2022 saw an increased focus on the type and level of responsible client service offerings that we can provide, with a continued use of the lenses of diversity, inclusion, accessibility and environmental sustainability.

These include accessible research methods and balanced representation, wider adoption of inclusive design principles, reducing bias in AI algorithms, reduced energy use through migration to cloud and improved operational efficiency, and data-driven waste reduction. In addition, the adoption of our new medium-term goal to help our clients save 1,000,000 metric tonnes of CO₂ (as set out in detail on page 77), brings additional attention and intention to this area of our business, in particular through the introduction of a new role, Global Sustainability Manager, and we look forward to progressing our service proposition as well as client delivery success over the coming years.

We strive to introduce these elements of responsible business into client conversations at the earliest stage, with a view to encouraging clients to help us build digital products in the most inclusive, ethical, accessible and

energy efficient ways. We are working more and more with clients across sectors and regions to understand their needs in order to provide the relevant, focused products and services which deliver on their own goals.

Positive impact projects

We continue to track positive impact projects (defined using a bespoke methodology which considers the sector, the project scope, capabilities leveraged, and the outcome intention) and the revenue earned from them. We saw increased revenue from these positive social or environmental impact projects over the past year, from £7.9 million (6% of total revenue) in 2021 to £16.5 million in 2022 (which represents 9% of total revenue). The main sectors we work in to deliver these types of projects are healthcare, not-for-profit, energy, and agricultural technology.

See pages 22 and 26 for examples of our positive impact client work with a healthcare company (positive community impact) and Canadian National Railways (positive environmental impact).

In addition to our project initiatives, a core element of our promotion of responsible business with our clients is maintaining well-established practices, supported by our policies:

See pages 88 to 92 for information on our Anti-Bribery and Corruption Policy, Code of Ethics, and Environmental and Social Risk Policy for Client and Partner Engagement.

Governance

The Board is collectively responsible for leading Kin + Carta, promoting its long-term success, and generating value for its stakeholders, including shareholders and wider society. It is the principal decision-making body for all significant matters affecting Kin + Carta, and it has implemented a governance framework, summarised on pages 122 to 124, to establish clear expectations and common understandings of the roles, responsibility and authority of the Board, its committees and individual members.

In decision making, the Board assesses shareholder and stakeholder interests from the perspective of the long-term sustainable success of the Company. This requires it to manage any conflicts between short-term interests and the long-term impacts of its decisions, at all times having regard to the Company's purpose to build a world that works better for everyone. For further information, see our Section 172 statement on pages 93 to 99.

Articles of association

In September 2021, Kin + Carta's shareholders passed a special resolution to amend its Articles

to include an objective to have a material positive impact on society and the environment.

The practical effect of the amendment to the Articles is the formalisation of the Company's pre-existing commitment to responsible business culture and practices by explicitly embedding into the Articles a requirement that Directors adopt a "triple bottom line" approach to decision making, seeking to balance considerations around people, profit and planet. It is also consistent with the increasing focus on responsible business practices and behaviours by companies in the UK, and further afield, through initiatives such as the UK Green Finance Strategy and the EU Sustainable Finance Action Plan.

Committees and working groups

Across Kin + Carta we have forums designated to support our responsible business practices and priorities. Examples include:

Climate Task Force

Formed in 2021 to focus on climate-related matters including assessing, reviewing and reporting on business-wide climate-related risks and opportunities.

During the year, it established the responsibility assignment matrix to allow reporting against the metrics set out in the Climate Strategy Action Plan ("CSAP"). The CSAP is described on page 90.

Environmental and Social Risk Review Board

Formed in 2021 to review any new client or partnership opportunity where an environmental or social risk in a project brief or activities of a client or partner has been identified during opportunity qualification.

During the year, it received 11 referrals from Kin and convened seven meetings to discuss opportunities spanning various industries from defence to gambling. Informed by briefing papers prepared by the Head of Responsible Business with input from internal subject-matter experts, the review board authorised the progression of the majority of opportunities, while two were disqualified. Where a client or partner worked in a high risk sector, a key decision-making factor was whether the opportunity would materially reduce that client or partner's negative social or environmental impact. The associated Environmental and Social Risk Policy for Client and Partner Engagements is described on page 91.



Responsible business governance highlights

- **B Corp certification:** Kin + Carta received B Corp certification and was named a 2022 Best for the World™ B Corp™ in recognition of its exceptional positive impact on governance.
- **Articles:** Amended our articles of association ("Articles") to include an objective to have a material positive impact on society and the environment.
- **Global governance structure:** Established our global governance structure for our Responsibility Platform, organised around IDEA, Philanthropy and the Environment.
- **FTSE4Good Index Series:** In 2022, Kin and Carta plc became a constituent of the FTSE4Good Index Series. This follows an independent assessment according to the FTSE4Good criteria. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance ("ESG") practices.



A responsible business

continued

Policies

We have a range of policies and codes that support our commitment to conducting business responsibly for all of our stakeholders and apply consistent governance standards across Kin + Carta. For the purposes of the Non-Financial Reporting Regulations, these include, but are not limited to:

Anti-bribery and corruption

<p>Policy Anti-Bribery and Corruption</p>	<p>Description Sets out standards in areas such as the prohibition of facilitation payments, political donations, and minimum standards in relation to charitable donations, and gifts and entertainment.</p>	<p>Policy embedding, due diligence and outcomes Issued Group-wide with recipients required to confirm they acknowledge and understand the policy. Senior management team is responsible for implementing standards and enforcing them throughout the Group. Furthermore, senior managers respond to an internal controls questionnaire that includes questions on engagements with politically exposed people and client jurisdictions. This is reviewed by the Internal Audit function on an annual basis. 2022 annual review found all businesses within Kin + Carta to be deemed low risk.</p>
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Associated stakeholders



<p>Policy Speak Up (whistleblowing)</p>	<p>Description Outlines the procedures and channels for our people to confidentially raise any concerns about suspected misconduct in confidence without fear of retaliation.</p>	<p>Policy embedding, due diligence and outcomes Issued Group-wide with recipients required to confirm they acknowledge and understand the policy. During the year there were three allegations of whistleblowing. Two instances related to employment matters and one related to company credit card irregularities. Thorough investigations of the allegations were conducted, led by the Company Secretary and Head of Internal Audit, and action was taken accordingly.</p>
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Associated stakeholders



Environmental, social and community matters

<p>Policy Charitable Giving</p>	<p>Description Sets out the framework through which Kin + Carta donates time, fundraising efforts, knowledge, skills and money to charitable organisations.</p>	<p>Policy embedding, due diligence and outcomes Due diligence undertaken on charity partnerships that involve donations, fundraising or volunteering over specified thresholds. Policy framework was followed in the selection of regional charity partnerships for Kin + Carta US (Techbridge Girls) and Kin + Carta Latin America (Por Igual Mas) in 2022. Continued the relationship between CodeYourFuture and Kin + Carta Europe, which was established in 2021 following the application of the policy framework (see page 73 for our case study on CodeYourFuture).</p>
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Associated stakeholders



<p>Policy Health Safety + Environment Framework</p>	<p>Description Defines the areas that are particularly important to our business, and explains the mechanisms we use to meet our commitments to improve performance. The policy statement is supported by our Health, Safety + Environment Framework, which outlines how Kin + Carta manages health, safety and environmental matters, including responsibilities and arrangements.</p>	<p>Policy embedding, due diligence and outcomes Compliance with our policy and legal obligations is internally audited. No environmental incidents were reported during the year. For information on our accident incident rates and accident severity rates, see page 71.</p>
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Associated stakeholders



Link to stakeholders



People



Communities



Environment



Client



Suppliers

A responsible business

continued

Environmental, social and community matters

Policy	Description	Policy embedding, due diligence and outcomes
Supplier Code of Conduct	Sets high mandatory standards and behaviours required from our suppliers related to their treatment of employees, health, safety and environment, conduct of business and ethical standards of behaviour. Sets out supportive desirable behaviours to encourage improvements in practices (e.g. supplier commitments to paying the living wage, measurements of carbon footprint and greenhouse gas emissions, and commitments to reduce or offset emissions).	The Supplier Code of Conduct assessment is embedded into our procurement process. Each new supplier to Kin and Carta plc and existing supplier that renewed business with Kin + Carta in 2022 completed the assessment and in the majority of cases met our criteria. Where any non-compliance with mandatory requirements has been flagged, discussions were had with the supplier to understand the reasons and agree alternative, equal standards as appropriate.

Associated stakeholders



Policy	Description	Policy embedding, due diligence and outcomes
Climate Strategy and Action Plan ("CSAP")	Sets out the framework through which Kin + Carta approaches governance, strategy, risk management and metrics to address climate-related risks and opportunities.	Approved in September 2021, the CSAP includes commitments for scheduled reporting on performance against the key metrics and targets to the Board. For information on our environmental metrics and KPIs, see page 85.

Associated stakeholders



Policy	Description	Policy embedding, due diligence and outcomes
Ethical and Sustainable Procurement	Promotes the purchase of goods and services that minimise negative or enhance positive impacts on the environment and society while meeting our business requirements. Seeks to achieve benefits for both the people in our supply chain by minimising any risk of social exploitation, and for the environment by reducing resource usage and considering optimum performance efficiency wherever possible.	Policy has been communicated to all office management and other relevant procurement staff, who make the majority of purchases in the categories referenced therein.

Associated stakeholders



Environmental, social and community matters

Policy	Description	Policy embedding, due diligence and outcomes
Environmental and Social Risk Policy for Client and Partner Engagements	Provides a decision-making and assessment framework for prospective client engagements in sectors that are likely to have a higher environmental and/or social risk and negative impact. Encourages meaningful conversations with prospective clients about their current and intended plans to reduce any of their negative environmental and social impacts, and where Kin + Carta may work with those clients on any such plans.	Policy and process revised and improved during 2022 following employee feedback. Assessments undertaken during the opportunity qualification process. Declined a small number of client opportunities that did not comply with the risk criteria as set out in the policy.

Associated stakeholders



Human rights

Policy	Description	Policy embedding, due diligence and outcomes
Modern Slavery	Sets our zero-tolerance approach to any form of modern slavery in recognition that slavery and human trafficking is a violation of fundamental human rights. Annual Kin + Carta Statement on Modern Slavery outlines the actions taken to address the risks of modern slavery and human trafficking in our operations, supply chain, and customer and client relationships. Our Modern Slavery Statement is available to view on our website www.kinandcarta.com/en/modern-slavery-act/ .	Suppliers confirm via Supplier Code of Conduct assessment that they comply with all applicable human rights and equity laws, and laws prohibiting modern slavery, and that they adhere to our Modern Slavery policy. Kin + Carta policies and values reinforce our expectation that any concerns be highlighted using the appropriate reporting channels, and management are to act accordingly. No incidents of Modern Slavery were reported or identified during the year.

Associated stakeholders



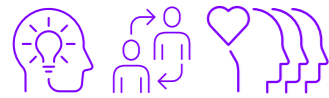
A responsible business

continued

Our people

Policy	Description	Policy embedding, due diligence and outcomes
Code of Ethics	<p>Sets out the ethical values and compliance framework for the execution of our organisational purposes and ensuring professional integrity.</p> <p>Kin + Carta is to adhere to the code in all business endeavours and community support initiatives to ensure it operates legally, ethically and in accordance with the approved Kin + Carta operational policies.</p> <p>The code includes commitments to safeguard the interests of our stakeholders.</p>	<p>Issued Group-wide, and we reinforce the Kin + Carta values that support the code through "setting the tone from the top" with our Board and senior leadership team's actions and communications.</p>

Associated stakeholders



Policy	Description	Policy embedding, due diligence and outcomes
Inclusion, Diversity, Equity and Awareness ("IDEA")	<p>Sets out Kin + Carta's commitment to fostering, cultivating and preserving a culture of IDEA. Outlines Kin + Carta's diversity initiatives, employees' responsibility to treat others with dignity and respect, and exhibit conduct that reflects inclusion. Identifies the processes that employees should follow in the event of a breach of the IDEA policy and initiatives.</p>	<p>IDEA principles integrated into day-to-day business, for example in Group-wide recruitment and retention practices.</p> <p>IDEA metrics reported at both subsidiary and Kin + Carta Board meetings.</p> <p>See page 67 for information on our 2022 IDEA progress.</p>

Associated stakeholders



Section 172

Stakeholder engagement

When providing direction to the Company on strategic opportunities and challenges, our Directors must perform their duties under the Companies Act and articles of association. This includes considering our impact on our key stakeholders. Our ability to engage and work constructively with these stakeholders underpins the long-term success and sustainability of **Kin + Carta**.

A key purpose of this report is to demonstrate the manner in which these duties have been discharged, with particular focus on the duty to promote the long-term success of the Company for the benefit of its members as a whole, and the Company's additional objective to have an overall material positive impact, through its business and operations, on society and the environment, taking into account the range of factors and stakeholders identified in section 172 of the Companies Act, and the Company's articles of association. In accordance with our articles of association, stakeholder interests are considered in the same manner as shareholder interests when making strategic decisions that will affect the Company's members.

Our approach

At **Kin + Carta**, our purpose is to build a world that works better for everyone. We are connective, understanding that at the intersections between experiences, data and technology we can create practices to win personally and professionally. We take courage to be adaptive, look ahead, learn and stay curious, with a compassionate and responsible mindset that recognises our impact on the world, and the need to come up with new solutions in our local communities and beyond.

These values support our purpose. They reflect the importance our Board places on considering our stakeholders in key business decisions and how they are fundamental to our ability to drive value creation over the longer term, allowing us to be adaptive and seek responsible ways to improve and grow.

Set out overleaf is an overview of how our Directors satisfy their duties and how we live our values for each of our key stakeholder groups: our clients, our communities, our environment, our partners, our people, our shareholders and our suppliers. We set out the interests of each stakeholder group, our tailored approach to engaging with them and how this engagement has shaped Board decision making and discussions, along with an overview of how we have promoted responsible business with each stakeholder. Further information can also be found throughout the Strategic Report and in our summary of the 2022 key focuses of the Board set out in the Governance Report.

A responsible business

continued

Stakeholder	Why do they matter?	What are their key priorities?	How do we engage?	What were the key impacts?
Our clients	For our business to prosper and have a long-term sustainable future, it is essential that we provide products and services that meet the needs of our clients and the market.	Our clients seek a holistic service offering, supported by deep technical knowledge delivered at competitive rates, developing long-term partnerships, building their brand and performance, credibility and trust and sustainable and ethical business practices (including anti-bribery and corruption, environmental responsibility, human rights, and modern slavery matters).	<p>Our Kin maintain close dialogues with our clients at all levels of the organisation, from their Chief Executive Officer to procurement teams to allow us to listen to our clients, understand their needs and provide the products and services they want.</p> <p>At monthly subsidiary Board meetings, Kelly Manthey, our Chief Executive Officer, and Chris Kutsor, our Chief Financial Officer and Chief Operating Officer, receive reports on matters related to key clients including operational updates, the health of the relationship and related opportunities and threats.</p> <p>Briefings to the Board of Kin and Carta plc summarise key client developments, keeping the Board abreast of significant relationship matters and broader trends. The Board also receives deep-dive presentations on key client engagements several times a year.</p>	<p>The Board approved acquisitions during the year to satisfy client priorities, including:</p> <ul style="list-style-type: none"> Melon Group, which expands Kin + Carta's nearshore software development capacity, enabling high value and lower cost delivery for Kin + Carta's global clients. Octain, which provides clients advanced insight, predictions and recommendations governed by socially responsible AI principles. Alongside the December 2020 acquisition of data science company Cascade Data Labs, it supports services to our clients including quick and accurate prediction of supply chain shortages and measurement of customer retention, to aid data-driven decision making. <p>Kin + Carta launched its five service lines with focused business critical DX service offerings, delivered by 13 new practices, to provide a holistic service offering to clients.</p>
Our communities and environment	<p>The local communities of our office and home-working locations are the ecosystems within which our current and prospective people and their families, and many of our clients, suppliers, partners and shareholders live and work.</p> <p>Our communities include the wider environment. We must be intentional about our impacts on the world around us, from the code we write and the platforms we build to the energy we use to get there. We recognise our responsibility to bring the strategies of sustainability and digital transformation together to build and design digital products and services that are sustainable and energy efficient.</p>	Our community and environmental priorities include environmentally sustainable digital transformation, inclusive recruitment, products and services, ethical procurement and charitable initiatives.	<p>We participated in the Vision 2045 leadership summit, which featured some of the world's most innovative businesses working together to advance the United Nations' Sustainable Development Goals. We were proud to have the opportunity to share our learnings and gain insight from others.</p> <p>We engage with our communities through the donation of time, advice and money to charities. Our regional philanthropy committees work with our charity partners and other local organisations to identify and deliver fundraising and pro bono initiatives which often support local disadvantaged populations.</p> <p>Following the achievement of our previous core Responsibility Platform goal – to achieve B Corp certification for Kin and Carta plc – management proposed a new Responsibility Platform goal to help our clients save 1,000,000 metric tonnes of CO₂ by FY27. This goal was proposed following leadership review of strategic priorities and climate-related opportunities in relation to Kin + Carta having a positive impact on the planet and is consistent with our focus on sustainable digital transformation.</p>	<p>During the year, we developed inclusivity, accessibility and sustainability strategies for all service lines.</p> <p>The Board considered and approved our new Responsibility Platform goal to help our clients save 1,000,000 metric tonnes of CO₂ by FY27. Management considered the operationalisation of the goal and appointed a Global Sustainability Manager to lead the initiative. For more information on this goal, see page 77.</p> <p>In philanthropy, we established two new regional charity partnerships, with Techbridge Girls in the US and Por Igual Mas in Latin America, in order to provide more focus to our community efforts.</p>

A responsible business

continued

Stakeholder	Why do they matter?	What are their key priorities?	How do we engage?	What were the key impacts?
Our partners	<p>We partner with the world’s leading technology providers, Google, Microsoft, Amazon Web Services (“AWS”) and their ecosystem partners to assist in supporting our shared enterprise clients. These partnerships diversify our revenues, build our capabilities and support our clients’ technology stacks. Our deep partnerships extend across cloud providers, data analytics tools, e-commerce platforms, and artificial intelligence and machine learning tools.</p>	<p>Our partners look to us for the depth of our industry knowledge, technical expertise and credentials, range of capabilities, ability to solve challenges of sustainable digital transformation, excellent service and our meaningful relationships with our clients.</p>	<p>Our Global Partner Development Managers maintain close dialogue with our partners and jointly focus on maintaining a balance across the four mechanisms of channel activation: bringing opportunities from our clients to partners, partners bringing opportunities to us, going to market jointly to find clients together, and working with joint partners to expand our reach and relationships.</p> <p>We engage in partner certification and specialisation programmes to demonstrate our competency and technical ability in our partners’ products and services.</p> <p>Briefings to the Board summarise key partner developments and KPIs, keeping the Board abreast of significant relationship matters and broader trends.</p>	<p>Kin + Carta won the US “Sustainability Changemaker” Partner of the Year award in recognition of innovative and unique services or solutions based on Microsoft technologies that help customers solve challenges of sustainable digital transformation. We won this award for reasons including our support for Microsoft Cloud for Sustainability and future pipeline projects that help Microsoft clients realise their sustainability initiatives.</p> <p>We achieved new specialisation awards including:</p> <ul style="list-style-type: none"> Advanced Specialization for Microsoft Azure. Google Partner Specializations in Google Partner Advantage in Application Development and Data & Analytics.
Our people	<p>Our people are fundamental in offering our clients a wealth of knowledge, creativity and expertise to support their outcome-focused needs. We value our people and recognise our success is generated by the talent and experts in our teams.</p>	<p>The primary needs of our people fall into four categories:</p> <ul style="list-style-type: none"> Recognition and reward, including global pay equity and externally benchmarked remuneration. Personal wellbeing, including access to support services for staff. Professional growth, including training and qualifications. Purpose and culture, including working on purposeful projects and enabling external connections to build a world that works better for everyone. 	<p>Our Kin across all levels of the organisation have multiple channels through which they can engage with the Board, senior leadership and other colleagues, including:</p> <ul style="list-style-type: none"> Group and Regional Chief Executive Officer office hours that allow any Kin to drop in for a video conference conversation to discuss any topic of their choosing. Half-yearly employee engagement (“eNPS”) and diversity and inclusion surveys. Kin Council dedicated to listening to the voice of employees and making changes. Workforce Advisory Panel, with panel members including Nigel Pocklington (Independent Non-Executive Director), Kelly Manthey, Daniel Fattal (Company Secretary), the Director of Global Employee Experience Operations and the Head of Responsible Business. <p>Reporting and feedback channels to the Board include:</p> <ul style="list-style-type: none"> Regular updates on people matters and eNPS scores and findings following half-yearly surveys. Reports and presentations from the Head of Diversity and Inclusion on IDEA matters. Our Director of Global Employee Experience Operations supporting the Remuneration Committee to continue to strengthen the alignment between global total reward strategy for our people and remuneration for Executive Directors, and how both deliver Company purpose and strategy. 	<p>Kin + Carta’s employee value proposition was clearly articulated, with a corresponding Kin Council dedicated to listening to the voice of employees and making changes, including clarifying and influencing the hybrid working policy.</p> <p>We increased the number of global affinity groups at Kin + Carta to eight (see page 68 for further information on our affinity groups).</p> <p>Launched a new wellbeing support programme with access to services including on-demand therapy and coaching.</p>

A responsible business

continued

Stakeholder	Why do they matter?	What are their key priorities?	How do we engage?	What were the key impacts?
Our shareholders	Our shareholders are investors in, and owners of, our business, providing the capital we need to invest in and grow Kin + Carta .	Our shareholders are interested in the stable financial and ESG performance of Kin + Carta and its growth prospects. They consider how our governance arrangements support the pursuit of our strategic objectives, and how the implementation of our strategy impacts people and the planet, in addition to profit. They value transparency in any communication with them.	<p>Principal engagement mechanisms include:</p> <ul style="list-style-type: none"> • Meetings and calls with Directors (including John Kerr, Chair of the Board and Nomination Committee, and Nigel Pocklington (Chair of the Remuneration Committee). • Investor presentations. • The AGM, which the Chairman, Executive Directors, and Chairs of each Board committee attend to facilitate engagement with a broad range of shareholders. • Annual Report. • Stock Exchange announcements. <p>At Board meetings, investor relations updates are provided to allow a clear, common understanding of the views of our shareholders. Our Board also monitors movements in the share register to maintain an understanding of our investors' profiles.</p>	<p>To mitigate against macroeconomic factors, we:</p> <ul style="list-style-type: none"> • Expanded our nearshore software development capacity through acquiring Melon Group, enabling margin-efficient, lower cost, high quality delivery and intend to create a Global Business Service centre at their headquarters in Bulgaria from which certain Operations Platform services will be performed. • Introduced higher pricing and more junior talent (Kin Accelerator Programme) to mitigate market salary inflation and macroeconomic cost pressures. • Launched a partnership-aligned Managed Services offering across both our Regions to increase resilient and recurring revenue.
Our suppliers	Our suppliers provide goods, services and expertise to Kin + Carta that support our infrastructure, internal capabilities, agility and, in turn, our growth.	Our suppliers have regard to several factors when considering a business relationship with Kin + Carta , including: the success of our business, developing long-term, fair business relationships, credibility and trust, ethics (including anti-bribery and corruption, human rights and modern slavery), our responsible sourcing requirements, and terms and conditions (including payment terms).	We are committed to building strong working relationships with our suppliers, ensuring that together we are aligned on quality, ethics, delivery, innovation, risk and compliance. We actively engage with our suppliers through various means to achieve this, including: maintaining ongoing dialogue, scheduling regular check-ins, performing retrospective reviews and undertaking Supplier Code of Conduct assessments.	We rolled out a global procurement programme, which incorporates a holistic review of each supplier across commercial and financial considerations, risk, data protection, information security and social responsibility.

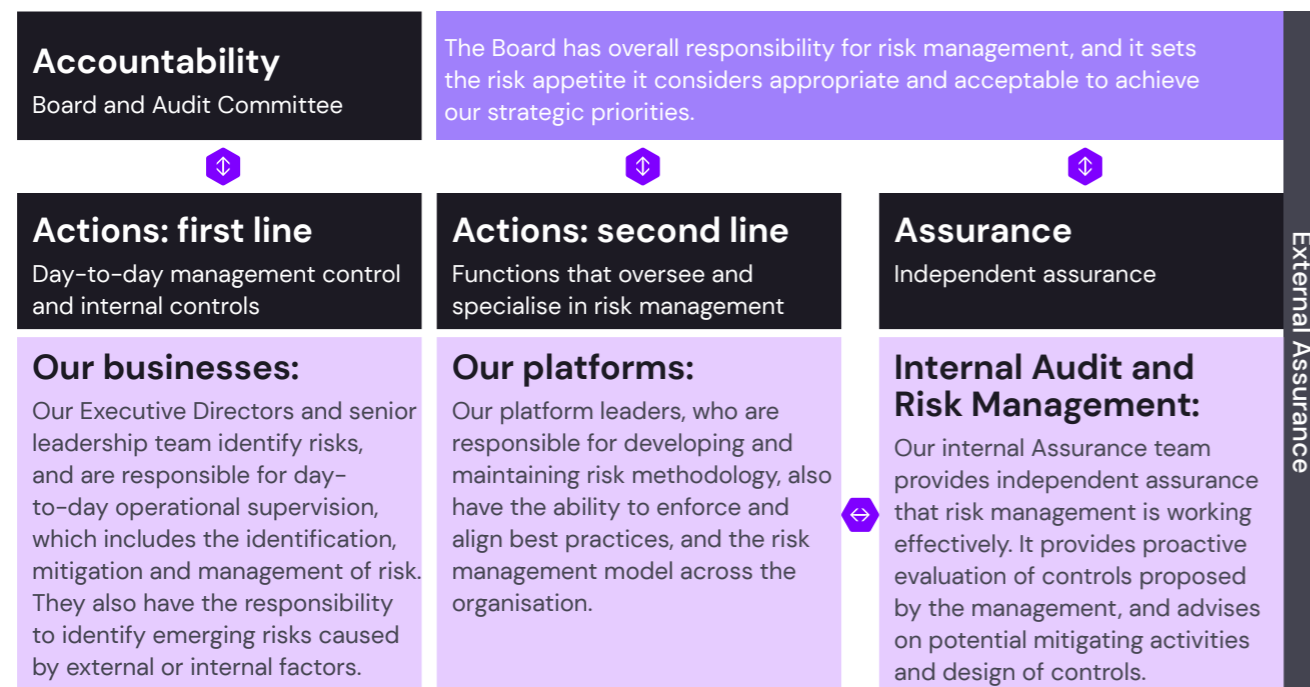
Risk management

Our approach

Identifying and managing risks and uncertainties is central to achieving our strategic priorities and our long-term success. Kin + Carta's risk management framework is overseen by the Board and reviewed by the Audit Committee at least once a year or when there are significant changes affecting Kin + Carta's risk profile. It aims to ensure consistency and acts as a primary tool for monitoring and reporting risks across Kin + Carta.

Kin + Carta has policies and procedures in place to ensure that risks and emerging threats that may impact the business in the longer term are identified, evaluated and managed at the appropriate level within the organisation.

Our risk management framework



Identify risks

Risks pertinent to the businesses are considered by the Executive Directors during monthly presentations by each of our Regions. The presentations are a key "bottom-up" mechanism through which emerging risks, which may present longer-term challenges, are identified and existing principal risks are discussed. The presentations include an update on the regional forecasts, pipeline, current market conditions, strategic direction and consideration to potential strengths, weaknesses, opportunities and threats facing the businesses. The Executive Directors also evaluate and determine which principal existing and emerging risks warrant further exploration and escalation to the Board.

The review of top-down principal existing and emerging risks involves the Board considering specific risk matters at each Board meeting and any significant matters arising from the businesses' monthly reviews being highlighted to the Board. The Board undertakes reviews and discussions on emerging and existing risks, as well as trends, opportunities and challenges facing the business. Risks are recorded with a full analysis where warranted, and risk owners are nominated who have authority and responsibility for assessing and managing these risks.

The Board assigns a risk tolerance level appropriate for each of the principal risks. They are defined as Low, Cautious, Open and High.

Manage risks

During the risk evaluation process, a risk owner is assigned to each risk and they are accountable for implementing necessary processes and controls to manage the risk to an acceptable level as set out by the Board.

For each existing and emerging risk reported to the Board, severe but plausible scenarios are contemplated to provide additional insight into the potential threats.

This approach to risk management ensures that we manage not only near-term risk but also have better risk management strategies in place to allow Kin + Carta to achieve its strategic goals in the long term.

The longer-term viability of the Company has been assessed by the Board over a three-year period during the year. Details of this review are on pages 176 and 177.

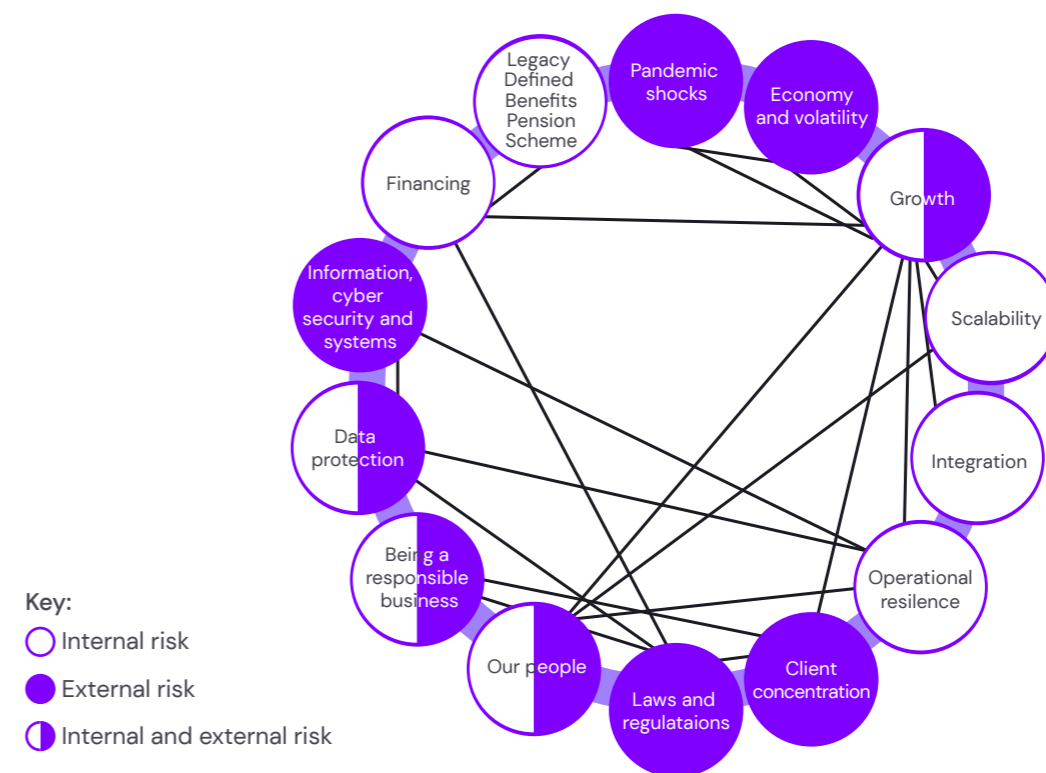
Whistleblowing procedures, aligned with the Bribery Act 2010, are

embedded across Kin + Carta and allow employees to report suspected breaches of law or regulations or other malpractice. Kin + Carta has implemented an Anti-Bribery and Corruption policy which extends to all Kin + Carta

business dealings and transactions in all countries in which it or its businesses operate (for further information, read about our Speak Up and Anti-Bribery and Corruption policies on page 88).

Principal risk interdependencies

We continue to consider risks both individually and collectively in order to fully understand the potential impacts to Kin + Carta. By analysing the interaction of multiple risks, we can identify those that have the potential to impact or increase other risks and ensure these are weighted appropriately. The diagram below shows the principal risk interdependencies.



Emerging risks

We also face uncertainties where an emerging risk may potentially impact us in the future. We continue to track the following global events that we classify as top emerging risks to our business and assess the likelihood and impact of these risks as new information emerges:

- Impact of significant inflation and evolving economic uncertainties driven by geopolitical events.

- Invasion of Ukraine and unrest in Kosovo.
- Potential usage of cyber activities to support geopolitical agendas.
- Increased regulatory action on personal data international transfers.
- COVID-19 and potential future pandemic shocks that might have an impact on Kin + Carta's operations.
- Climate-related risks resulting in intense weather conditions and natural disasters.

The Board is also mindful of the potential impact of the pace of change in the DX market, along with the recent changes in senior management, and has considered this in its review of the principal risks.

Additionally, the Board continues to focus on key areas that are closely linked to the strategic priorities including responsible business matters, evolving our proposition to meet and exceed our clients' expectations and supporting our people.

Risk management

continued

Principal risks

The table on pages 102 to 110 details **Kin + Carta's** principal risks, key mitigating activities in place to address them and their relevance to the strategic priorities set by the Board. The changes in the risk ratings from the Board's assessment in the prior year have also been highlighted.

102

1. Economy and volatility
<p>Description</p> <p>Challenging economic and political conditions may inhibit growth and create uncertainty. This could lead to volatility in earnings. It could also impact the outcome of strategic priorities set by the Board.</p> <p>Several shocks such as higher than expected inflation worldwide, invasion of Ukraine, worse than expected slowdown in China, coupled with issues arising from political instability, have hit a world economy already weakened by the pandemic.</p> <p>While the business has long-term contracts with clients, the level of spend is predominantly at the client's discretion rather than being derived from guaranteed sales volumes.</p> <p>A worsening of the global economic climate could lead to an increase in our cost base, attrition in employees and wellbeing of our people.</p>
<p>Mitigating activities</p> <p>Diversification into markets that are capable of delivering growth with an increasing number of diverse companies.</p> <p>Offering a highly relevant suite of digital transformation service lines across areas of Strategy + Innovation, Cloud + Platforms, Product + Experiences, Data + AI and Managed Services to our clients, collaborating with strategic partners where appropriate.</p> <p>Secure more long-term client relationships and contracts with a greater emphasis on recurring revenue.</p> <p>Continue to invest in nearshore and offshore expansion to limit the impact on Kin + Carta's margin and an ongoing review of Kin + Carta's cost base.</p> <p>Increase our global footprint which will give us the flexibility to take advantage of favourable local economic climate.</p>
<p>Trend</p> <p>↑</p>

2. Our people
<p>Description</p> <p>Attracting and retaining talent is a key priority for Kin + Carta as it continues to expand and invest in new and innovative service lines and fulfil client demand.</p> <p>Failure to attract and retain people due to the highly competitive environment for top talent in local markets would impact the ability of the business to deliver the services sought by our clients and support the growth of the business.</p>
<p>Mitigating activities</p> <p>Strong emphasis on culture and responsibility, which are part of our strategic priorities where initiatives are focused on supporting a diverse, inclusive and responsible business, with an exceptional employee experience.</p> <p>Continued focus on enhancing employee experience in all relevant areas of our EVP framework (as detailed on pages 65 and 66).</p> <p>Succession planning for senior management.</p> <p>Launching a new global HRIS ("Human Resources Information System") providing us with a single system for numerous activities, giving more power to our people and uniting our processes.</p> <p>Tracking of eNPS scores and continued efforts on becoming recognised as a "best place to work".</p> <p>Launching wellbeing support programmes.</p> <p>Integrating our Kin from newly acquired businesses onto common platforms and cohort communities to help them feel supported and part of Kin + Carta.</p>
<p>Trend</p> <p>↔</p>

Trend:

- ↑ Increase
- ↓ Decrease
- ↔ No change

3. Growth
<p>Description</p> <p>Growth is core to Kin + Carta's long-term strategy. This includes organic growth driven by strategic initiatives and inorganic growth driven by acquisitions.</p> <p>Growth channels may be underinvested or not pursued in the right locations or sectors with the right service offering and may therefore fail to deliver growth.</p> <p>Failure to adhere to compliance related to newly introduced service offerings.</p>
<p>Mitigating activities</p> <p>Monitoring three distinct but complementary growth channels which focus on:</p> <ol style="list-style-type: none"> Existing enterprise client base New business channel Partnerships channel <p>These channels are underpinned by four growth levers; Services, Partners, Sectors and Territories (see page 30 for further information on our growth model).</p> <p>Investment in our people, bringing new service lines to market and targeting new locations.</p> <p>Linking growth targets to incentives for the majority of our people within the business.</p> <p>Targeting clients from new geographic markets through the acquisition of businesses with similar ethos to Kin + Carta, while our M&A Platform helps integrate the newly acquired businesses to realise synergies.</p> <p>Our priorities are the US and expanding nearshore delivery capabilities in Latin America and Europe.</p>
<p>Trend</p> <p>↔</p>

103

4. Client concentration
<p>Description</p> <p>Kin + Carta holds relationships with a number of key clients and is a strategic partner to these clients. Should Kin + Carta lose several of its largest key clients in a short time period, this could have a significant impact on its revenue, profits and people.</p>
<p>Mitigating activities</p> <p>Our largest clients have multiple, bespoke services and solutions being delivered to different client stakeholders, and usually with different budgets. We encourage our clients to think strategically about their future direction and differentiation and how, together, we can make the world work better for their customers. This approach also distinguishes Kin + Carta's offering from its competitors.</p> <p>These services also typically have various statements of work associated with them with varying lengths of time and completion dates. We strive to achieve or exceed service level agreements with clients.</p> <p>There is continuous effort by our leaders in the Growth Platform to diversify the range of clients across its key operating territories and sectors.</p> <p>Devising acquisition strategy that targets business with a strong addressable client base and with cross-selling opportunities.</p> <p>Continuous monitoring of client KPIs such as net revenue predictability, top 30 clients' spend and client longevity.</p>
<p>Trend</p> <p>↔</p>

Risk management

continued

Principal risks continued

5. Integration

Description

Following the recent acquisitions of Melon Group and Loop Integration, failure to integrate these businesses into **Kin + Carta's** operating model could manifest in the form of temporary challenges as cultures are merged and common practices are implemented.

This has led to an increase in the risk rating.

Mitigating activities

Stringent selection criteria for pursuing acquisitions that fit within the **Kin + Carta** strategy and culture. A defined structured plan and dedicated integration team for the integration of new acquisitions.

Identifying and facilitating resource requirements to manage the changes.

Our responsible business initiatives encourage greater collaboration across **Kin + Carta** with a common goal, while our employee experience programmes foster an aligned culture with shared values across the business. **Kin + Carta** continues to identify areas for assimilation and integration to create a solid platform for growth through a responsible business lens.

Trend



6. Scalability

Description

Achieving scalability is important in order to pursue a high growth strategy in a profitable and sustainable way. While included as a risk, achieving greater scalability is also an opportunity for the business.

Scale requires investment in sales, systems and tools, people and operations. This adds cost and complexity in the near term, which is expected to earn a payback with growth.

Digital transformation businesses may not have sufficient scale within their sectors to secure substantial customer contracts. Without sufficient scale, our businesses may find it more challenging to secure larger client contracts.

Mitigating activities

Investing in digitising and upgrading our systems and processes under the Operations Platform to achieve efficiencies and drive best practices and thus a scalable offering.

Continued investment in our Services and M&A Platforms, acquisition of high growth digital transformation businesses and greater focus on securing longer-term contracts and revenue from partner-aligned managed services.

Trend



7. Information, cyber security and systems

Description

The inability to identify and contextually control access to critical data and platforms based upon device ownership and device security health is the most significant threat to our business.

Failure to adequately secure and control access to third-party devices used by our Kin as **Kin + Carta** scales globally could lead to breach of stakeholder contractual agreements, in violation of data sovereignty, possible theft of our intellectual property resulting in reputational and financial damage. Furthermore the limitations of access and device control, especially as a digital transformation business, increasingly exposes **Kin + Carta** to the impact of hacking and ransomware.

Visibility of tracking activities in respect of data handling and system usage on our, or third-party, platforms as well as to adequately protect, prevent and respond to a cyber threat or unauthorised access to our systems and devices is paramount to our business. Failure to actively manage and respond to these activities in a timely manner would expose **Kin + Carta** to non-compliance with the applicable local data protection laws, reputational damage, fines, compensation or damages, disruption to the business and/or the loss of information for our clients and our people.

Kin + Carta relies on multiple third-party platforms to communicate and deliver the services to our clients. A disruption to the availability of multiple services at a point in time could have a significant impact on **Kin + Carta's** finances and reputation.

Evolving cyber threat landscape continues to generate vulnerability to all businesses globally with additional threats to regions directly or indirectly affected by geopolitical events.

Mitigating activities

The CDS team is responsible for actively identifying risks, designing internal controls and implementing change across all parts of the Company.

CDS has been focused upon maturing policy and people. These controls are effective for managing current known risks. For evolving risks and stakeholder requirements **Kin + Carta** continue to assess and invest in digital platforms to modernise and strengthen the IT infrastructure and to generate further return on investment such as multi-factor authentication and single sign-on solutions.

The evolution of our digital ecosystem incorporates a degree of platform diversity to provide availability of data and communication tools thereby reducing reliance and impact from a single vendor or system.

Accompanied with an independent cloud backup for our core platforms, the additional focus to utilise our client environments reduces impact to project timelines due to unforeseen outages.

Trend



Risk management

continued

Principal risks continued

8. Data protection

Description

Regulatory changes

The evolution of privacy laws around the globe with previously unregulated territories now being regulated and existing regulations reinforced and broadened to cover new technologies, processing methods and international transfers. This includes increased activity of data privacy regulators within the EU, UK divergence from the European GDPR, and further state level privacy legislation in the US.

This leads to an increased number of applicable data privacy laws within our scope, and, while many of these laws share the same genesis, there are unique elements to all which increase the risk of infraction.

The partial funding of the Information Commissioner's Office ("ICO") by fines threatens its impartiality and increases risk of fines for any business investigated.

The enhanced threat of data breaches is raised as **Kin + Carta** extends its search for talent and engagements into new regions.

Technology changes

Acceptance of previously "new" technology now being in place as standard (e.g. biometric access) increases risk of moving the business into regulated areas which increase the risk of accidental infraction and punishment.

Data

The loss or theft of critical and sensitive data such as personally identifiable information could have a significant impact from a reputational, contractual, regulatory and financial standpoint. This, combined with the change in working practices and behaviour, has significantly increased the risk profile of our business.

Mitigating activities

The Data Protection Officer is responsible for Group-wide compliance with data protection legislation, and putting in place guidance, training and processes.

Our data protection framework is closely linked to our Connective Digital Services ("CDS") and Services Platform with continuous efforts to ensure the data we process remains secure and confidential. The framework is reviewed on an ongoing basis to ensure **Kin + Carta** has robust processes to adhere to local regulations.

Growth of the team to ensure more trained individuals are available to review and protect the business.

Increased legal support both internally and externally to assist with the assessment of new and changing regulation and activities.

Onboarding training for new hires and employee training reinforce awareness and ensure proper processes are followed.

Trend



9. Being a responsible business

Description

Risk of misalignment of expectations in respect of our culture, values and ESG, together with our commitment to the triple bottom line initiatives with our stakeholders, could result in lost business opportunities, adverse effect on our share price and failure to attract and retain the necessary talent.

Mitigating activities

Alignment throughout the business to demonstrate that **Kin + Carta's** purpose is to build a world that works better for everyone.

People and Responsibility Platforms that span across **Kin + Carta**, covering employee experience, B Corp and IDEA initiatives, which are embedded into **Kin + Carta's** culture through grassroots participation across the business.

Launching projects such as embedding inclusivity, accessibility and sustainability within our service line strategies and helping our clients with positive impact projects seeks to ensure client work is delivered through responsible methods.

Monitoring of the responsible business KPIs that are set out in the "A responsible business" section (pages 62 to 64).

Trend



10. Operational resilience

Description

Services may not meet clients' expectations or an unplanned event can impact our ability to deliver services to the client.

Kin + Carta may not be able to stay ahead of the technological advances in its three core domains: technology, data and experience.

By providing new innovation solutions to our clients, there is a risk of failure to deliver and embed new capabilities within the business.

Mitigating activities

Focus on a highly relevant suite of digital transformation service lines to complement the talent of our people.

The Chief Strategy Officer along with leaders of the Services Platform are focused on continuous evolution of our service lines. In the current year, we appointed Regional Service Line and Practice Leaders in the Americas and Europe regions who are senior experts in their areas and they continue to enhance **Kin + Carta's** delivery framework.

Acquisitions can complement or expand **Kin + Carta's** service offerings.

Focus on our three key areas of technology, data and experience. Providing new innovative solutions in support of our clients' evolving technology needs. Also we continue to work with clients to understand their future requirements and viability of the new technology to ensure we are investing in relevant future capabilities.

We continue to invest in our people with an emphasis on improving and developing our capability.

Trend



Risk management

continued

Principal risks continued

11. Laws and regulations

Description

Kin + Carta's growth strategy includes geographic expansion of operations in new territories in Latin America and Europe. As a result, **Kin + Carta** is subject to a range of local and international laws and regulations.

Also, introducing new service lines, entering into new sectors as well as retaining B Corp certification requires **Kin + Carta** to adhere to additional frameworks.

Failure to comply with or promptly respond to the applicable laws and regulations could lead to fines, penalties, restriction in trading activities and would cause reputational and financial damage to **Kin + Carta**.

Mitigating activities

Kin + Carta maintains in-house Data Protection, Finance, Corporate Governance, Connective Digital Services ("CDS" or IT) and Legal functions who are subject matter experts and help define policies and processes in order to maintain governance and compliance standards across **Kin + Carta**. External consultants are also used to advise on local legal and regulatory requirements.

Our global policies, as set out in the "A responsible business section" (see pages 88 to 92), provide guidance to our people on our ("positive impact approach") to behave ethically, comply with all applicable local and international laws and regulations, and adhere to the mandatory requirements as defined in the policies at all times.

The M&A team, together with subject matter experts, continue to develop a framework of processes when moving into a new geographic area working with local consultants when required.

Trend



12. Pandemic shocks

Description

As a result of the COVID-19 pandemic, **Kin + Carta** has adopted new ways of working including hybrid working practices for our Kin, and the way we deliver services to our clients.

Should a new virus or a vaccine resistant-virus emerge then the risk including revenue loss and cyber and data security might increase.

Mitigating activities

Our agile, digital ways of working enable **Kin + Carta** to adapt quickly to change.

Activation of cost management programmes across the business.

Regular dialogue with employees and wellbeing initiatives with new hybrid working practices.

New business targets are focused on industries that are likely to be less negatively impacted by pandemics.

Utilising pandemic-specific government schemes, if required.

Kin + Carta continues to adapt its business continuity plans to respond to future shocks.

In general the COVID-19 pandemic has accelerated the growth of the digital transformation market and **Kin + Carta** has been well placed to take advantage of this opportunity.

Trend



13. Legacy Defined Benefit Pension Scheme

Description

The Scheme surplus/deficit is impacted by changes in Scheme asset values, and by changes in other key financial assumptions – most significantly the expected inflation rate and the discount rate derived from UK Government gilt yields, as well as changes in demographic assumptions, such as expected mortality, rates of pension commutation and transfers of members out of the Scheme. The 2022 triennial technical valuation showed a surplus of £5.6 million as at 5 April 2022. A return to a technical deficit could lead to a resumption of the need for deficit repair in cash contributions by the Company to the Scheme.

The Scheme deploys a liability driven investment strategy which includes the use of derivative instruments linked to UK interest rates. Continued high volatility in the market for UK public debt securities could cause liquidity constraints, as the Scheme meets counterparty demands for collateral and margin calls on related interest rate derivative instruments, which could lead to reductions in the levels of hedging practically achieved.

The strength of the sponsoring employer's covenant in relation to the Scheme could be adversely impacted by the shortfall of the consolidated net assets of the Group (£126 million excluding the pension accounting surplus, net of related tax, at 31 July 2022) versus the Scheme's solvency deficit, a measure of the deficit in an insolvency scenario (£117 million at 5 April 2022 as per the 2022 valuation).

Mitigating activities

The Scheme was in a technical surplus at 5 April 2022 and is now fully hedged against interest and inflation risks. Following the move into a technical surplus, the Company has agreed with the Trustees to increase the proportion of Scheme assets invested in instruments that match the variation in the value of the Scheme liabilities or which match expected cash flows, from 60% to 70% in order to reduce the volatility of the Scheme surplus. Although the Scheme was in surplus as at 5 April 2022, the Company agreed to pay a further £3 million of voluntary contributions after that date, in order to accelerate the point at which the Scheme reaches a state of low dependency on the Company corresponding to full funding at a funding rate of gilts +0.5% by 2030.

The Scheme manages liquidity carefully, and was able to navigate the very high volatility seen in the UK gilt market in September 2022 without any need to liquidate those Scheme assets which provide a Scheme hedging function in order to meet margin calls on interest rate derivatives with hedging counterparties. The hedging strategies remained intact in this high stress scenario which avoided excessive fluctuation in the Scheme funding level.

The solvency deficit has halved since the last triennial valuation, standing at £117 million at 5 April 2022 (£237 million at 5 April 2019). This is also an estimate of the cost of Scheme "buyout", a full transfer of the Company's obligations to an insurer. New risk transfer solutions are emerging, most significantly pension "superfunds" which could allow a full transfer of the Company's obligations at a lower value than an insurer would require. It is likely that, if current trends continue, a full risk transfer would become affordable in the next five to seven years.

The Scheme is fully hedged against interest and inflation risks. Also a significant proportion of its assets are invested in matching assets in order to manage investment risk.

Regular engagement with the Trustee directors in discussions on **Kin + Carta**'s performance.

Work with an external advisor and follow regulatory compliance.

Trend



Risk management

continued

Principal risks continued

14. Financing

Description

Kin + Carta's ability to trade may be compromised by a lack of cash funds.

Ability to finance working capital and carry out operations is fundamental to the business.

Ability to fund the remaining contingent consideration in respect of recent acquisitions.

Inadequate financing to appropriately fund selective acquisitions or reinvest in Growth, Services, Operations, People and Responsibility Platforms.

Mitigating activities

Kin + Carta secured an extension of the Revolving Credit Facility of £85 million until September 2026. Should there be strain on **Kin + Carta's** liquidity, there are cost management programmes in place to limit the impact.

The leadership team prioritises areas of investment that align with our strategic priorities set by the Board.

Management undertakes the following activities to monitor the liquidity of the business:

- Reviews to assess the headroom on liquidity and banking covenants for potential acquisition targets.
- Conducts half-yearly "going concern" reviews and longer-term viability assessments.
- Ongoing monitoring of **Kin + Carta's** performance against its banking covenants with a target of Net Debt/EBITDA ratio below 2.0x.
- Monthly reviews of forecasts, working capital, cash forecasts and headroom on banking covenants.
- Periodically reviews **Kin + Carta's** financial KPIs with its bankers.

Trend



This Strategic Report on pages 16 to 110 was approved by the Board of Directors and signed on its behalf by:

Kelly Manthey

Chief Executive Officer

12 October 2022



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Governance

Board of Directors



N

John Kerr
Chairman

Appointed to the Board

22 July 2019 as Non-Executive Chairman Designate and subsequently Chairman on 5 December 2019.

Career

John previously acted as Chief Executive Officer of Deloitte Consulting, leading the creation of Deloitte Digital, the first dedicated digital consulting business. He grew the business organically and by strategic acquisition. John was also Managing Partner of Innovation and Talent, Deloitte, where he drove numerous societal initiatives, including the provision of mentoring to school pupils in disadvantaged areas and the creation of the BrightStart Apprenticeship programme. He has extensive experience of working with client boards throughout his 40-year career in professional services.

John holds a BA from the University of Strathclyde and is a member of the Institute of Chartered Accountants of Scotland.

Relevant skills and experience

John brings to the Board strong leadership skills along with considerable business and senior board-level expertise. He has extensive experience in building and scaling consulting businesses, and in helping with the development of digital capabilities, having led the creation of Deloitte Digital. This enables John to contribute wide-ranging global, strategic and advisory knowledge and insight to the Board, and to support **Kin + Carta** on its growth journey.

John has gained valuable insight and experience through holding senior roles in Deloitte and through his experience on other boards, strengthening his ability to facilitate Board discussions that consider a wide range of stakeholders and their interests in a balanced manner.

Other roles

John is Chairman of LC Financial Holdings Limited and CMSPI Limited. He also serves as a Trustee of Plan International UK.

Other Directors who served during the period

Helen Stevenson, Senior Independent Director, stepped down from the Board on 14 December 2021.

J Schwan, Chief Executive Officer, stepped down from the Board on 31 July 2022.

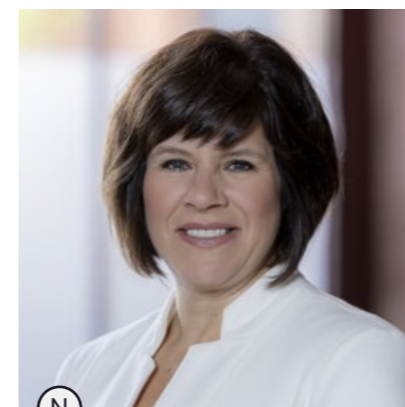
Committee membership

● Chair of the committee

Ⓐ Member of the Audit Committee

Ⓐ Member of the Nomination Committee

Ⓐ Member of the Remuneration Committee



N

Kelly Manthey
Chief Executive Officer

Appointed to the Board

1 August 2022.

Career

Kelly was appointed Chief Executive Officer on 1 August 2022.

She is a visionary leader who has been at the forefront of digital transformation for more than 25 years. She has a proven track record in driving double-digit growth for digital consulting businesses.

Kelly began her career as a software developer at Accenture's emerging technologies lab, joining Solstice (the digital product engineering and innovation firm at the core of our Americas business) as the first recruit in 2006, and rising to be its Chief Executive Officer in 2018.

Relevant skills and experience

She has been central to **Kin + Carta's** strategy and growth from the inception of the brand, transitioning Solstice from a product

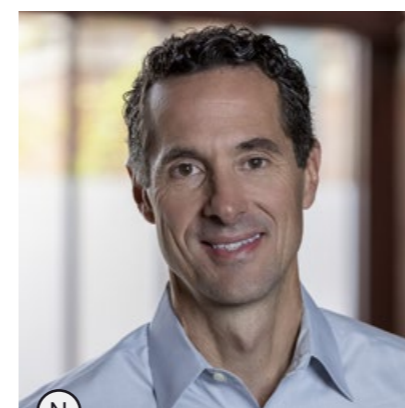
development start-up into an enterprise digital transformation consultancy. She led the business through the cultural, structural, and growth strategy changes needed for the next stage of scale to compete, grow and win.

Under Kelly's leadership, **Kin + Carta Americas** has been recognised as Fast Company's Best Workplaces for Innovators, Consulting Magazine's Best Large Firms to Work For, and Fortune Magazine's Best Places to Work.

Kelly has been recognised in The Consulting Report's Top 25 Women Leaders in IT Services, Crain's Chicago Business Tech 50, and is an active advocate for inclusion, diversity, and raising the visibility of women in the technology sector.

Other roles

Kelly also sits on the Board of Directors for Skills for Chicagoland's Future.



N

Chris Kutsor
Chief Financial Officer and
Chief Operating Officer

Appointed to the Board

17 June 2019.

Career

Chris was appointed Chief Financial Officer in June 2019, and additionally Chief Operating Officer on 1 August 2022. He has led finance organisations spanning billion-dollar operations, venture capital investing and strategic sales functions. Prior to joining **Kin + Carta**, Chris most recently served as the Investor Relations Officer of a global Fortune 500 technology firm. He holds an MBA in Strategy and Finance from The University of Chicago Booth School of Business.

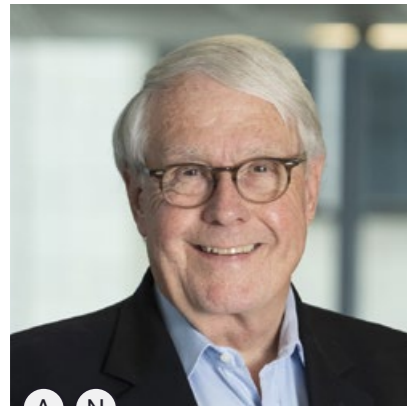
Relevant skills and experience

Chris is a seasoned executive with proven financial leadership in the technology sector. He brings to the Board broad financial expertise and a strong history of managing effective relationships with the institutional investor community and media.

Other roles

Chris serves as a Board Director to First Light USA, LLC, a privately held technology development company.

Board of Directors continued



A N

David Bell

Independent Non-Executive Director

Appointed to the Board

4 August 2018.

Career

David served as Chief Executive Officer of two of the world's largest advertising marketing services companies, NYSE-listed True North and Interpublic Group. He was also Chief Executive Officer of Bozell Worldwide, which he helped grow to a top-ten global agency. From 2006 to 2009, David was a senior adviser to Google and has held a similar position with AOL/Oath. David was elected by his peers into the Advertising Hall of Fame in the USA in 2007 and, in 2013, the Hall of Fame established the David Bell Award, which is given to one inductee who has best demonstrated this level of service.

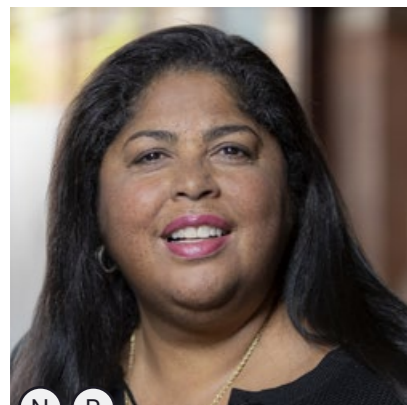
David was an independent director at Time Inc. between 2014 and 2018 and has previously served on numerous other US-listed company boards, as well as many growth stage companies in the marketing and media technology sectors.

Relevant skills and experience

David's extensive experience in digital media is an asset to the Board, contributing to the development and implementation of its digital transformation growth strategy. He also has deep knowledge of the US market, which is a key geography for the business.

Other roles

David is currently an Independent Director of Creative Realities Inc..



N R

Maria Gordian

Independent Non-Executive Director

Appointed to the Board

1 November 2021.

Career

Maria is a highly experienced professional services executive with more than 25 years of management consulting and business leadership experience. She is currently a leader in Bain & Company's Diversity, Equity and Inclusion ("DEI") practice and serves as head of its global DEI sub-committee to the board. Additionally, Maria is a partner in Bain's Healthcare practice, where she advises clients on creating growth strategies, identifying M&A opportunities and leading geographic expansion efforts across a range of healthcare sectors, including hospitals, pharmaceuticals, biotech and medical device companies. Prior to her time at Bain, Maria worked at another global consulting firm, where she was a partner and leader in its Pharmaceutical and Medical Product practice and helped build the firm's global Research & Development group.

Maria's previous experience also includes the Hospital of the University of Pennsylvania, where she was a

Radiology Fellow and Robert Wood Johnson Clinical Scholar, as well as her training at Harvard Medical School affiliated hospitals where she was a Radiology Resident. Maria completed her BA at Harvard University, before achieving her MD at Tufts University School of Medicine, and an MBA from The Wharton School of the University of Pennsylvania.

Relevant skills and experience

Maria has extensive business experience including executive leadership at Bain, which, coupled with her academic and clinical background in medicine, makes her a unique and rare executive with a diverse perspective on how to scale and enhance businesses across the globe. Maria's strong leadership experience in DEI practice enhances her contributions to matters related to Kin + Carta's People and Responsibility Platforms.

Other roles

Maria is a partner in Bain & Company's Healthcare and DEI practices, and the head of its global Diversity, Equity and Inclusion sub-committee and is a member of the Bain board.



A N R

Michele Maher

Independent Non-Executive Director

Appointed to the Board

15 May 2019.

Career

Michele most recently served as Chief Financial Officer of Hogg Robinson Group plc. She trained with KPMG and held various positions at technology solutions company, Dell.

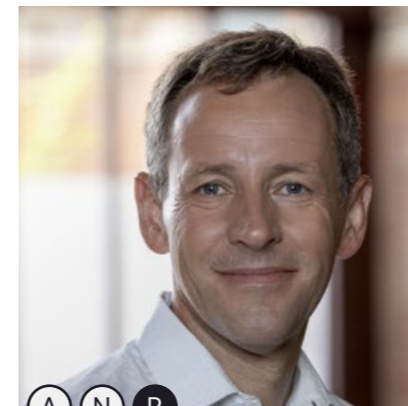
Michele is a Fellow of the Institute of Chartered Accountants of Ireland and holds an Executive MBA from Cranfield.

Relevant skills and experience

Michele is a chartered accountant and provides the Board and the Audit Committee with relevant financial expertise, gained through an established career in senior finance and management roles across a range of business sectors. This comprehensive experience makes her ideally suited to chair the Audit Committee and to act as its financial expert, a position she took on in October 2019.

Other roles

Michele has no other appointments to disclose.



A N R

Nigel Pocklington

Independent Non-Executive Director

Appointed to the Board

1 June 2016.

Career

Nigel is Chief Executive Officer of Good Energy Group plc, one of the UK's first suppliers of 100% renewable electricity and a leading player in digital energy products and services. Prior to joining Good Energy, he served as Chief Commercial Officer of Moneysupermarket.com Group plc. He spent seven years in global senior roles with Expedia Inc's Hotels.com brand. Early in his career, Nigel spent a decade at Pearson plc, including a period leading the digital operations of the Financial Times.

Relevant skills and experience

Nigel has strong, relevant and current commercial experience at a senior management level in a

variety of global digital businesses, ranging from global e-commerce to financial technology. He previously acted as executive sponsor of Moneysupermarket's Employee Resource Group focused on diversity and inclusion, which enhances the contribution he makes as the Non-Executive Director appointed to our Workforce Advisory Panel. He currently serves as Chair of the Remuneration Committee. Nigel's experience gained from his membership of that committee for over two years prior to being its chair, combined with his understanding of employee and investor viewpoints, make him well suited to chairing the Remuneration Committee.

Other roles

Nigel is Chief Executive Officer of Good Energy Group plc.

Committee membership

- Chair of the committee
- Member of the Audit Committee

- Member of the Nomination Committee
- Member of the Remuneration Committee

Corporate governance report

Implementation of the Code

Compliance with the Code

As a company listed on the London Stock Exchange, Kin + Carta is required to explain how it has applied the principles of the Code and complied with the Code's provisions throughout the financial year ended 31 July 2022. A copy of the Code is publicly available on the website of the Financial Reporting Council ("FRC"), www.frc.org.uk.

During the year, we have complied with the provisions of the Code in all respects, save for:

- Provision 12 related to the appointment of a Senior Independent Director. On 14 December 2021, Helen Stevenson, Senior Independent Director, stepped down from the Board having served for nine years. Given the changes to the composition of the Board described on pages 138 to 141, the Board considered the most appropriate course of action to be to appoint a Senior Independent Director following those changes and subsequent annual evaluation of the Board which took place in August 2022. Therefore, the provision related to the appointment of a Senior Independent Director has not been satisfied for the period from 15 December 2021. A process to fill this role is well underway and is expected to be concluded shortly. Since Helen's resignation, both the Chairman and Independent Non-Executive Director, Nigel Pocklington, have engaged with shareholders and each non-executive Director has provided a sounding board for the Chairman as and when required.
- Provision 38 related to the alignment of the pension contribution rates for Executive Directors with those available to the workforce. Throughout the year, the pension of the Chief Financial Officer was aligned to that offered to the majority of employees (currently 5% of salary) whereas the pension of the Chief Executive Officer, J Schwan, was 15% and, therefore, not aligned. From 1 August 2022 to the date of this report, the Company has complied with this provision as the pension of both the Chief Executive Officer, Kelly Manthey, and Chief Financial Officer, Chris Kutsor, were aligned to that offered to the majority of employees.

The table below describes where commentary on how the principles of the Code have been applied can be found.

1. Board leadership and company purpose	Page(s)
The role of the Board	120
Purpose, values and culture	40 to 43
Resources and controls	100 to 110
Shareholder and stakeholder engagement	60 to 99
Workforce policies and practices	88 to 92
2. Division of responsibilities	Page(s)
Board composition	121
Division of responsibilities	123
Ensuring the Board functions effectively and efficiently	128 and 129
3. Composition, succession and evaluation	Page(s)
Appointments and succession planning	141
Skills, experience and knowledge	121
Evaluation	129
Diversity	140
4. Audit, risk and internal control	Page(s)
Independence and effectiveness of internal and external audit functions	135 to 137
Fair, balanced and understandable assessment	133
Risk management and internal controls	100 to 110
5. Remuneration	Page(s)
Designing remuneration policies and practices to support strategy and long-term success	147
Executive remuneration	142 to 172
Remuneration outcomes and independent judgement	158 to 172
Workforce engagement on remuneration	157

Governance at a glance

Highlights

- Kin + Carta received B Corp certification and was named a 2022 Best for the World™ B Corp™ in recognition of its exceptional positive impact on governance
- Amended the Company's articles of association to include specified wording committing to a "triple bottom line" approach to business
- Kin + Carta became a constituent of the FTSE4Good Index Series. This follows an independent assessment according to the FTSE4Good criteria. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong, environmental, social and governance ("ESG") practices

Deep-dive presentations to the Board on key business areas including:

- Data + AI service line
- Partnerships

Employee net promoter score ("eNPS")¹

+32

(2021: +21)

¹ Continuing operations only. Continuing operations exclude the results of Incite Marketing Planning Limited, Incite New York LLC, Edit Agency Limited, Relish Agency Limited, The Health Hive (US) LLC, The Health Hive Group Limited and subsidiaries, and Pragma Consulting Limited (note 8).

Major Board decisions

- Approved the divestments of Edit, Incite and Relish
- Approved the acquisitions of Melon Group, Loop Integration and Octain
- Approved the appointments of Maria Gordian as Non-Executive Director and Kelly Manthey as Chief Executive Officer
- Conducted an external audit tender (led by the Audit Committee) and approved the appointment of KPMG as the Company's new external auditor commencing for the year ending 31 July 2023

Governance enhancements

- Approved new Group Delegation of Authorities
- Established our global governance structure for our Responsibility Platform, organised around IDEA, Philanthropy and the Environment
- Single sign-on was implemented across core IT systems to enhance cyber and information security



Corporate governance report

continued

Role of the Board

The Board is collectively responsible for leading the Company, promoting its long-term success, generating value for shareholders and contributing to wider society. As such, it is the principal decision making body for all significant matters affecting the Group; its key responsibilities are summarised on page 123. In making these decisions, the Board assesses shareholder and stakeholder interests from the perspective of the long-term sustainable success of the Company. This requires it to manage any conflicts between short-term interests and the long-term impacts of its decisions, at all times having regard to the Company's purpose to build a world that works better for everyone. You can read more about how the Board engages with our employees, clients, suppliers, partners and other stakeholders, and the impact of this engagement on decision making, in our section 172 statement and "A responsible business" section on pages 60 to 99 of our Strategic Report.

Board membership

The composition of the Board is key to its effectiveness in successfully directing **Kin + Carta** to achieve its strategic priorities and in promoting its long-term sustainable success. The Board is satisfied that it has an effective and appropriate balance of diversity, experience, knowledge and skills, and that each Director makes a positive contribution to discussions and decision making. This is aided by clear expectations and common understandings of the roles, responsibility and authority of the Board, its committees and individual members. A summary of the roles and responsibilities of the Board and its committees, Chairman, Chief Executive Officer, Senior Independent Director and Non-Executive Directors are set out on pages 123 and 124.

The Board considers that, throughout the year, each of the Company's Non-Executive Directors was independent in their role and free from any business or other relationship that could materially interfere with the exercise of their judgement. In reaching this opinion, the Board considered the nature of the Non-Executive Directors' other appointments, any potential conflicts of interest they have identified and their length of service. Their individual circumstances were assessed against those that are likely to impair a Non-Executive Director's independence, as set out in the Code.

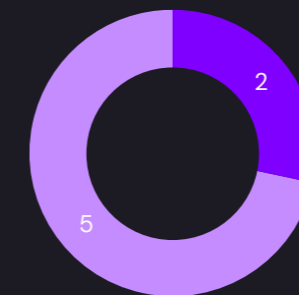
During the year, John Kerr (our Chairman), met with the Non-Executive Directors individually, facilitating open discussions on the strategic direction of **Kin + Carta** and performance of management and individual Executive Directors against agreed strategic priorities.

The Board's membership throughout the year and the Directors' attendance at scheduled meetings of the Board is set out in the table on page 128.

The Company's articles of association set out detailed provisions for the appointment, reappointment and retirement of Directors. In accordance with the Code, all of the Directors at the date of this report will retire at the forthcoming AGM and seek re-election, with the exception of Kelly Manthey, whose appointment as Chief Executive Officer took effect from 1 August 2022 and who will, therefore, seek election at the forthcoming AGM.

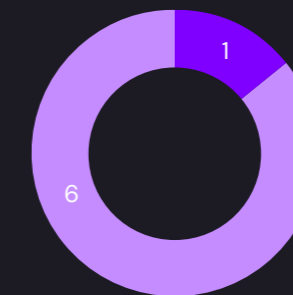
Board composition as at 31 July 2022

Board gender diversity as at 31 July 2022



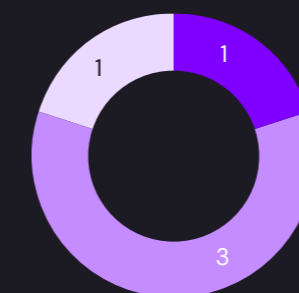
- Female
- Male

Board ethnicity as at 31 July 2022



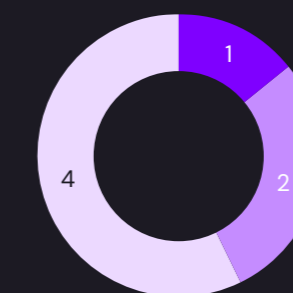
- Ethnic minority
- White

Chair and Non-Executive Director tenure as at 31 July 2022



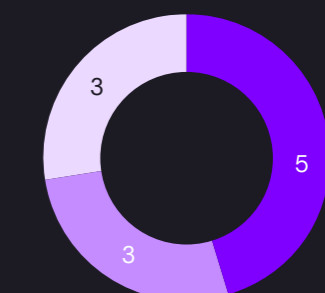
- 0-3 years
- 3-6 years
- 6+ years

Independence as at 31 July 2022



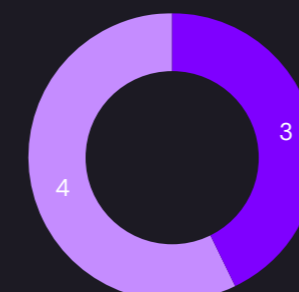
- Chair - independent on appointment
- Executive Director
- Non-Executive Director - independent

Key skills and experience as at 31 July 2022



- Digital innovation and technology
- Finance, accounting and investor relations
- People skills

Board gender diversity for the period from 1 August 2022 to the date of this report, being 12 October 2022



- Female
- Male

Corporate governance report

continued

External board appointments and conflicts of interest

Each Director keeps the Chairman and the Board informed of any proposed external appointments or other significant commitments as they arise. These are monitored to ensure that each Director has sufficient time to meet their responsibilities to the Company. Each Director's biography and external appointments are set out on pages 114 to 117. During the year, there were no material changes to the Directors' external appointments or other significant commitments.

In accordance with the provisions of section 175 of the Companies Act, the Company has procedures to deal with the situation where a

Director has a conflict of interest and the Board regularly reviews conflict authorisation. Directors do not take part in discussions on matters in which they have a potential conflict, and they may be requested to leave a meeting at which a matter in which they may be conflicted is to be discussed. No conflicts of interest were identified during the period.

Our governance framework

To ensure it maintains an appropriate level of oversight, the Board delegates certain roles and responsibilities to its three committees: Audit, Nomination and Remuneration. Membership of these committees consists primarily of our Non-Executive Directors and, in some cases, the Chairman.

The Nomination Committee makes recommendations for appointments to the Board and its committees.

The activities of the committees during the year are explained in more detail on pages 130 to 172. The minutes of each committee meeting are circulated to all Directors. Each committee's terms of reference are documented and agreed by the Board; they are available to view in the governance section of our website: investors.kinandcarta.com.



The Board

The Board's key responsibilities include:

- establishing the purpose and values of **Kin + Carta**
- debating and agreeing the Group's strategy, long-term business objectives and risk appetite
- approving acquisitions, divestments and major capital projects
- approving the Group's annual budget, dividend proposals and financial statements
- promoting the highest standards of corporate governance
- ensuring the Group has the necessary resources, processes, controls and culture in place to deliver Group strategy and promote long-term growth

Audit Committee

Key responsibilities include:

- monitoring the integrity of the financial reporting process, including reviewing the appropriateness of any judgements and estimates taken in preparing the financial statements
- monitoring and reviewing the effectiveness of the internal and external audit functions
- reviewing the effectiveness of the risk management systems and monitoring of internal controls

Nomination Committee

Key responsibilities include:

- evaluating the size, structure and composition of the Board and its committees, having regard to the diversity, experience, knowledge and skills of Board members, and the future challenges affecting the business
- reviewing the results of the Board performance evaluation process that relate to the composition of the Board
- considering length of service of the Board as a whole
- overseeing succession planning
- the identification and nomination of candidates to fill Board and committee positions and recommending the re-election of Directors

Remuneration Committee

Key responsibilities include:

- determining practices and policy on executive and senior management remuneration that support strategy and promote **Kin + Carta's** long-term sustainable success
- aligning executive remuneration, bonuses, long-term incentive arrangements and other benefits to **Kin + Carta's** purpose and values, and the successful delivery of the Group's long-term strategy, having regard to workforce remuneration

Corporate governance report

continued

Key responsibilities

Chairman	<ul style="list-style-type: none"> • setting the Board's agenda, in consultation with the Company Secretary • shaping the culture in the boardroom and ensuring it promotes challenge and debate • encouraging all Directors to maximise their contributions to the Board by drawing on their skills, knowledge and experience • engaging and fostering relationships, both inside and outside the boardroom, e.g. with major shareholders and key stakeholders • promoting high standards of governance, including through Board inductions, allowing adequate time for discussion of all agenda items, ensuring there is a timely flow of high-quality information to the Board and its committees, and that the training and development needs of Directors are supported • leading the Board evaluation process • ensuring compliance with all corporate governance requirements with explanations for any non-compliance
Chief Executive Officer	<ul style="list-style-type: none"> • proposing strategic priorities to the Board and then leading, and taking advice from, the Group's senior leadership team in implementing the agreed strategy • ensuring the Board understands the view of senior leadership on business issues • managing the Group's day-to-day business, within the authorities delegated by the Board • maintaining senior level contact with clients • executive responsibility, in conjunction with the Chief Financial Officer, for the half-year and preliminary results statements • overall responsibility for communication of Company performance and expectations to shareholders, analysts and press • promoting the Group's People and Responsibility Platforms in a way that encourages responsible business and protects the health and safety of employees and those involved in the Group's activities. This includes executive responsibility for the responsible business KPIs that cover areas of strategic focus related to client, community, environmental and people matters
Chief Financial Officer and Chief Operating Officer	<ul style="list-style-type: none"> • providing strategic financial leadership to the Group and day-to-day management of the finance function • responsible for our global Operations Platform, which includes Finance, Legal, Employee Experience, Connective Digital Services (IT) and Risk Management • oversee the scaling of operations in pursuit of further financial and operational effectiveness • responsible for Investor Relations
Senior Independent Director	<ul style="list-style-type: none"> • acting as an experienced sounding board for the Chairman • being available as a trusted intermediary for other Board members and shareholders • leading the annual evaluation of the Chairman by other Non-Executive Directors • carrying out orderly succession planning of the Chair's role in conjunction with the Nomination Committee • meeting with major shareholders for a balanced understanding of their issues and concerns and supporting the Chair in ensuring these are shared with the Board
Non-Executive Directors	<ul style="list-style-type: none"> • providing constructive challenge, effective guidance and advice to the Board and committees (as applicable) • holding management to account in monitoring their success in achieving the agreed strategy through sound judgement and objectivity • devoting time to understand the Group, its business and workforce, and the key market trends and opportunities it faces

Board activity

The Chairman, with support from the Company Secretary, sets the Board agenda primarily focused on strategy and growth, performance, our people, and accountability, and ensures that the Group's key stakeholders are considered throughout its discussions.

All Directors have full and timely access to the relevant information needed to enable them to properly discharge their responsibilities and have unrestricted access to other executives within the business to discuss any matter of concern. The Executive Directors brief the Board on their regular meetings with the senior leadership team, covering matters related to strategy alignment and Group expansion, performance, key clients, sales growth, risks and people matters. All Directors receive agenda and papers in advance of each meeting. Following the meeting, minutes are recorded and actions followed up.

Where appropriate, the Directors may obtain independent professional advice in respect of their duties to the Board and its committees at the Company's expense. Each Director also has access to the advice and services of the Company Secretary, who advises the Board on corporate governance matters and has responsibility for ensuring that Board procedures are observed.



Corporate governance report

continued

Link to Strategic Priorities

- ① Growth
- ② Services
- ③ People
- ④ Responsibility
- ⑤ Operations
- ⑥ M&A

2021/22 key focuses of the Board: how governance contributes to strategy

	People and responsible business	Governance, risk and controls	Strategy and business	Finance
Link to strategic priorities	③ ④	① ② ③ ④ ⑤ ⑥	① ② ③ ④ ⑤ ⑥	① ⑤ ⑥
Key activities and discussions in 2021/22	<ul style="list-style-type: none"> Received updates on responsible business matters, including progress against KPIs. Considered a new ambitious goal for the Responsibility Platform following the achievement of the prior goal (to receive B Corp certification for Kin + Carta). Received summaries on employee engagement and experience, including culture and IDEA initiatives. Considered talent matters and incentive proposals for the wider workforce. Considered recruitment and associated matters across Kin + Carta, including attrition rates and reasons. Considered salary inflation and mitigations. 	<ul style="list-style-type: none"> Attended to regulatory disclosures, which included the review and approval, according to the Audit Committee's recommendations, of the Annual Report and Accounts, and half and full-year results announcements. Considered reports on governance and regulatory matters, including data protection, cybersecurity and changes to legislation. Conducted a robust assessment of the principal and emerging risks facing the Group, and the effectiveness of the internal controls and risk management systems. Considered Board succession planning. Conducted an external audit tender process. Oversaw the ongoing simplification of the legal structure of the Group. 	<ul style="list-style-type: none"> Received reports from the Chief Executive Officer on performance against the strategic priorities. Considered updates on the Regions, along with key client and strategic partner developments. Received presentations on the market environment, scaling and nearshore expansion initiatives. Discussed and approved strategic business initiatives, including acquisitions and divestments. Held a Board Strategy Day to focus on areas of strategic importance, including scaling the business, expansion initiatives, and key trends in the digital transformation market. 	<ul style="list-style-type: none"> Discussed performance versus budget, reviewed the capital allocation framework, and reviewed trends and KPI performance throughout the year. Considered the Company's financial position, liquidity headroom, banking covenants and realistic downside scenarios. Considered the financing arrangements for the acquisitions of Melon Group, Loop Integration and Octain. Considered macroeconomic inflationary pressure and mitigations. Received updates on the St Ives Defined Benefit Pension Scheme and its technical valuations and journey plan to low dependency. Considered the settlement mechanisms in respect of employee share plan vestings and exercises. Considered the segmental reporting requirements of the Group.
Key outcomes	<ul style="list-style-type: none"> Earned B Corp certification for Kin + Carta. Approved our new Responsibility Platform goal: to help our clients save 1,000,000 metric tonnes of CO₂ by FY27 (our "Carbon Reduction Goal"). Launched our new global HRIS ("Human Resources Information System"), which replaced previous disparate systems and unites our processes. Offered all-employee share schemes to the UK and US workforces and increased the maximum monthly savings amount in both countries. Launched the Kin Accelerator Programme – an entry-level training programme – with seven cohorts, which brought diverse, junior talent to Kin + Carta. Won Microsoft's US "Sustainability Changemaker" Partner of the Year award in recognition of innovative and unique services or solutions based on Microsoft technologies that help customers solve challenges of sustainable digital transformation. 	<ul style="list-style-type: none"> Approved the appointments of Maria Gordian as Non-Executive Director and Kelly Manthey as Chief Executive Officer. Strengthened and standardised practices related to Information Security and Digital Defence matters, including the roll out of single sign-on to protect company assets. Approved the appointment of KPMG as the Company's new external auditor commencing for the year ending 31 July 2023. Placed dormant legal entities in members' voluntary liquidation. Digitised our Legal engagement process to support compliance and increase time and cost efficiencies. Commenced a significant procurement and controls project to consolidate software tools to realise cost and business efficiencies. 	<ul style="list-style-type: none"> Launched the service lines, with focused business critical DX service offerings (see page 20). Increased nearshore capacity organically through the establishment of a nearshore facility in Colombia. Completed the acquisition of Melon Group, which expands Kin + Carta's nearshore software development capacity, enabling high value and lower cost delivery for Kin + Carta's global clients. Completed the acquisition of Octain, which provides clients advanced insight, predictions and recommendations governed by socially responsible AI principles. Completed the divestments of Edit, Incite and Relish, completing our journey to a pure-play DX focused business. Launched a Digital Intelligence capability within CDS, which utilises data to create reports and aid in key decision making for the business. 	<ul style="list-style-type: none"> Allotment of shares to satisfy the consideration related to the acquisitions of Melon Group and Loop Integration. Continued the roll-out of FinancialForce, a cloud financial accounting and software application. Approved the budget allocation, capital allocation framework and key investment areas for 2022/23. Renewed the Group's multi-currency credit facility agreement. Conducted an operational expenditure and expenses review. Legacy St Ives Defined Benefit Pension Scheme is, subject to audit, in a modest technical surplus following triennial valuation dated April 2022, and agreed a further reduction in scheme assets allocated to risk investments from 40% to 30%. Approved that the Group report three segments: Americas, Europe and Corporate.
Key priorities for 2022/23	<ul style="list-style-type: none"> To operationalise our Carbon Reduction Goal. To maintain emphasis on attracting and developing the world's leading digital talent through a market-leading EVP, exceptional craft practices, and a commitment to the ongoing career success of our Kin. 	<ul style="list-style-type: none"> To achieve a "digitised maturity state" by implementing new, and scaling existing, systems. To continue to oversee the simplification of the legal structure of the Group. 	<ul style="list-style-type: none"> To continue to pursue acquisition opportunities aligned to Kin + Carta's proposition and operating model. To continue to invest in our partnerships with some of the world's largest and fastest-scaling technology organisations, and focus on our other growth levers. To consider, and where appropriate, constructively challenge, matters related to the 2022/23 strategic priorities described on page 38. 	<ul style="list-style-type: none"> To continue to monitor the Company's performance versus budget, financial position, liquidity headroom, banking covenants and realistic downside scenarios. To consider the extension of the Group's multi-currency credit facility agreement by a further year. To monitor the return on investments made within the business. To implement processes and initiatives to realise the savings opportunities identified from the operational expenditure and expenses review.

Corporate governance report

continued

Board and committee meetings and attendance

The Board meets at regular intervals to enable it to fulfil its role and discharge its duties effectively. During the year, the Board held seven scheduled Board meetings. It also convened one further time and held a number of ad hoc meetings, principally in connection with acquisition-related activity.

Senior management make regular presentations to the Board to apprise it on the markets and how they serve them, trends, growth opportunities, and future challenges and how they propose to address them. Their attendance provided an additional opportunity for the Non-Executive Directors to engage directly with the senior leadership team and challenge management's thinking on discussion items, particularly strategic implementation.

Directors' attendance at scheduled Board and committee meetings during the year was as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
David Bell	7/7	3/3	4/4	–
Maria Gordian ¹	5/5	–	3/3	2/2
John Kerr	7/7	–	4/4	–
Chris Kutsor	7/7	–	4/4	–
Michele Maher	7/7	5/5	4/4	4/4
Nigel Pocklington	7/7	5/5	4/4	4/4
J Schwan	7/7	–	4/4	–
Helen Stevenson ²	3/3	2/2	1/1	2/2

○ Meetings attended

● Meetings convened

¹ Maria Gordian was appointed to the Board on 1 November 2021.

² Helen Stevenson stepped down from the Board on 14 December 2021.

This table only details attendance at meetings in the scheduled annual meeting calendar; other ad hoc meetings were held during the year. This table is based on each Director's maximum possible attendance at these meetings.

Throughout the year, at least three Independent Non-Executive Directors served on each of the Audit, Nomination and Remuneration Committees.

Facilitating Board effectiveness

Inducting and training Directors

On appointment, each Director receives an induction tailored to their skill set, previous experience and knowledge of the markets in which the Group operates. The induction is designed to broaden the Directors' understanding of the Group, its strategic priorities, its key stakeholders and engagement mechanisms, as well as the legal and regulatory framework that it operates in. Meetings with our people, including the executive and senior leadership team, provide insight into the culture of the Group, and our main areas of business activity and their associated risks. Training is provided on the duties and responsibilities of being a director of a listed company.

Since 1 August 2021, two Directors have been appointed to the Board:

- On 1 November 2021, Maria Gordian was appointed as an Independent Non-Executive Director.
- On 1 August 2022, Kelly Manthey was appointed Chief Executive Officer. She previously served within the Group as Chief Executive Officer of **Kin + Carta Americas** (2020–2022) and of Solstice (the digital product engineering and innovation firm at the core of **Kin + Carta Americas**; 2018–2020).

Through their inductions, both Maria and Kelly received a presentation from the Company's corporate lawyers on listed company obligations and directors' duties. To tailor their inductions further, Maria had introductory meetings with key members of the senior management team to enhance her knowledge of the business. Kelly also met with the Company Secretariat function to expand her knowledge on Group-wide governance and corporate administration matters.

Evaluating the performance of the Board, its Directors and committees

The effectiveness of the Board is key to successfully leading **Kin + Carta** to achieve its strategic priorities. Regular monitoring and constructive review of the Board's performance is an important factor in surfacing and addressing any issues that may inhibit effectiveness and to prompt the open discussion that facilitates entrepreneurial thinking.

The Board is mindful of the FRC's Guidance on Board Effectiveness recommendation that smaller listed companies consider periodic externally facilitated Board evaluations. With the last external evaluation having been undertaken in 2017, the Board will keep under review when it is most appropriate and beneficial to hold a further external evaluation especially in light of recent Board changes. Each year, the Board considers the most appropriate mechanism for conducting its annual Board effectiveness review. In 2022, internally facilitated effectiveness evaluations of the Board and its committees were undertaken via questionnaire, led by John Kerr (Chairman) and supported by Daniel Fattal (Company Secretary). As the Board considered the most appropriate course of action to be to appoint a new Senior Independent Director following the annual evaluation, the Company Secretary assisted with the 2022 review of the performance of the Chairman and discussed the feedback with the Directors. A summary of the 2022 effectiveness review findings and actions identified is disclosed below. These actions will be carried out within the 2022/23 financial year. Following its effectiveness review, the Board confirms that all Directors standing for re-election continue to perform effectively and demonstrate commitment to their roles.

	Matters arising from the 2022 effectiveness evaluation	Actions identified
Board	Board meeting agenda	While people matters are discussed at each Board meeting as part of the updates presented by the Regional Chief Executive Officers, the Board considered it would be most effective to have people matters as a separate agenda item with a specific report covering this topic in order to provide a holistic overview and additional focus
	Communication outside of Board meetings	Enhance communications outside of Board meetings by considering, on a case-by-case basis, the most effective mechanism for the discussion of ad hoc matters
	Board papers	While recognising the significant improvements in the quality of the information provided in Board papers as the business has evolved, further enhancements were identified and will be implemented
Audit Committee	No actions were identified for the Audit Committee	
Nomination Committee	No actions were identified for the Nomination Committee	
Remuneration Committee	Communication and process related to event driven matters	Enhance communications and process around event driven matters that are not part of the annual remuneration schedule

Audit Committee report



Michele Maher

Independent Non-Executive Director

Current members:

- Michele Maher (Chair)
- David Bell
- Nigel Pocklington

Membership changes during the year:

- On 14 December 2021, Helen Stevenson resigned as Senior Independent Director and ceased to act as a member of the committee.
- On 3 March 2022, David Bell was appointed a member of the committee.

Meetings held:

5

For details of Audit Committee members' attendance at meetings during the year, see page 128.

2022 key achievements:

- Considered the segmental reporting requirements of the Group and determined it appropriate that the Group report three segments for 2022: Americas, Europe and Corporate.
- Considered the cash-generating units of the Group and determined it appropriate that the Group test for goodwill impairment by reference to three cash-generating units ("CGUs") for 2022: Americas, Europe (excluding Melon Group), and Melon Group.
- Conducted an external audit tender process and recommended to the Board that, following the completion of the 31 July 2022 audit, KPMG be appointed external auditor for the new financial year.
- Considered the acquisition accounting of Melon Group, Loop Integration and Octain and determination of deferred consideration in respect of the Cascade Data Labs acquisition.
- Reviewed financial controls, including those designed to mitigate fraud.

2023 areas of focus:

In addition to the recurring matters on the committee's rolling agenda, the committee expects to:

- Consider the control environment in the context of the Group's ongoing growth and expansion, including the increasing use of nearshore in financial processes.
- Consider new disclosure requirements and narrative reporting guidance.



Chair's introduction

On behalf of the Audit Committee, I am pleased to present its report for the year ended 31 July 2022.

The committee has reviewed a number of areas within the Group's financial statements, including key areas of judgement, critical accounting policies, provisioning and any changes in these areas or policies. These areas include acquisition accounting and the valuation of retirement benefit obligations. This work, together with the insight from PwC, Kin + Carta's external auditors, has ensured the correct focus of the committee's discussions and a high standard of decision making. The judgement areas are set out in this report.

Through the activities of the committee, described in this report, the Board confirms that it has reviewed the effectiveness of the Company's internal systems

of control and risk management, covering all material controls including financial, operational and compliance controls, and that there were no material failings identified, which require disclosure in this Annual Report. The review of the control systems includes an evaluation by the committee of the effectiveness of the internal and external audit functions. We are pleased to report that these reviews concluded that the functions were operating effectively, and collectively provide assurance of Kin + Carta's internal financial controls, regulatory compliance and financial reporting. Detail of the effectiveness reviews of the internal and external audit functions is set out on pages 135 and 136.

Michele Maher

Chair of the Audit Committee

12 October 2022

Audit Committee report

continued

Role of the committee

The Audit Committee is responsible for the effective governance of the Group's financial reporting, including the adequacy of financial disclosures and gaining assurance around the processes that support it, including external audit, internal control, risk management and legal and regulatory compliance.

The committee carries out the functions required by DTR 7.1.3R of the FCA's Disclosure Guidance and Transparency Rules and it is authorised by the Board to carry out any activity within its terms of reference.

Committee membership

The Audit Committee members are all Independent Non-Executive Directors. I chair the committee and bring recent and relevant financial expertise, having been Chief Financial Officer of Hogg Robinson Group plc until its sale in 2018, and a Fellow of the Institute of Chartered Accountants. The Board is satisfied that all members bring extensive expertise to the Audit Committee and, as a whole, have competence relevant to the sectors in which **Kin + Carta** operates.

Key activities

The committee held five meetings in the year, at which it:

- Considered the external auditors' reports to the committee, their fees and their independence, including an assessment of the appropriateness to conduct any non-audit work.
- Analysed the effectiveness of the external audit by reviewing replies to questionnaires completed by management and Audit Committee members.
- Conducted an external audit tender process in respect of the financial year ending 31 July 2023 and recommended to the Board that KPMG be appointed for the new financial year.
- Ensured the integrity of the financial reporting process was upheld.
- Considered significant accounting and reporting matters pertinent to the preparation of the half-year results and the Annual Report and Accounts.
- Considered an assessment of the Group's longer-term viability.
- Received a report setting out the going concern review undertaken by management.
- Reviewed the Melon Group, Loop Integration and Octain acquisition accounting and determination of deferred consideration in respect of the Cascade Data Labs acquisition.
- Considered discontinued operations classifications in view of the divestments of Edit, Incite and Relish.
- Considered the segmental reporting requirements of the Group and determined it appropriate that the Group report three segments for 2022: Americas, Europe and Corporate.
- Considered the cash-generating units of the Group and determined it appropriate that the Group test for goodwill impairment by reference to three cash-generating units ("CGUs") for 2022: Americas, Europe (excluding Melon Group), and Melon Group.
- Considered the impact on the Group of the IFRS Interpretations Committee agenda decision on Configuration and Customisation Costs in a Cloud Computing Arrangement.
- Reviewed the Group's trading updates and half-year results prior to release.
- Considered key new mandatory reporting requirements for the year ended 31 July 2022, including reporting in accordance with the Task Force on Climate-Related Disclosures ("TCFD") Recommendations and Recommended Disclosures, and preparing and filing the Annual Report and Accounts in structured electronic format.
- Agreed an internal audit and assurance plan with the Group's Head of Internal Audit and the Head of Risk Management.
- Considered risk and assurance reports from the Head of Internal Audit and Head of Risk Management.
- Monitored the quality of work performed by the Internal Audit function and analysed the effectiveness of the function by reviewing replies to questionnaires completed by management and Audit Committee members.
- Considered the appropriateness of the Group's risk management process, including the results of an internal controls questionnaire, completed by management within the Regions.
- Received the Group's updated bribery risk register and considered the effectiveness of recommendations by Internal Audit.
- Assisted the Board with the review of the Group's Risk Register together with the current and future mitigating activities, which are linked to the **Kin + Carta** strategic priorities.
- Reviewed key controls policies, including Anti-Bribery and Corruption, Speak Up (whistleblowing), and Non-Audit Services and confirmed they remained fit for purpose.

Financial reporting: fair, balanced and understandable

As part of its review of this Annual Report and Accounts, the committee considered whether the report is fair, balanced and understandable (noting the Code's reference to position, as well as performance, business model and strategy). In particular, the committee considered the process by which the Annual Report and Accounts were prepared, the appropriateness of the level of detail in the narrative reporting and balance between describing potential risks and opportunities, judgemental items, and noted the robust year-end processes and controls in place, including:

- Regular engagement with, and feedback from, senior management on proposed content.
- Feedback from external parties (corporate reporting specialists, remuneration advisors, external auditors) to enhance the quality of our reporting.
- Internal verification of non-financial factual statements, key performance indicators and descriptions used within the narrative to monitor the accuracy, integrity and consistency of the messages conveyed in the Annual Report and Accounts.
- The outcome of reviews performed by the external auditors.

This work enabled the committee to provide positive assurance to the Board to assist them in making the statement required by the Code.

Significant financial issues

The committee has assessed whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements in respect of significant financial issues. The committee considered accounting papers, which provided details on the main financial reporting judgements and classifications, which were addressed as shown in the table on pages 134 and 135.

Audit Committee report

continued

Significant issues considered	How the committee addressed these issues
The assessment of the carrying value of goodwill (£76.9 million) and intangible assets (£20.4 million)	<p>The committee received reports in relation to the assessment of the carrying value of the goodwill for each cash-generating unit ("CGU"). The committee considered key judgements including the discount rate, terminal growth rates and the future cash flow forecast of each CGU to which goodwill and investments are allocated, based upon the projected forecasts approved by the Board.</p> <p>The committee considered reports on the carrying value of acquired intangible assets where there were indicators of impairment, such as loss of clients, maintenance of proprietary techniques and trademarks. The committee also reviewed disclosures where a reasonably possible change indicated a material impairment.</p> <p>The committee was satisfied with the assumptions applied to support the carrying value of goodwill of £76.9 million and intangible assets of £20.4 million. The conclusion of the review and the key assumptions are disclosed in the notes to the consolidated financial statements.</p>
The classification of Adjusting Items (£8.7 million before tax)	<p>The Board uses Adjusted results as the measure of the ongoing financial performance of the Group's businesses and excludes such items that are considered to distort the comparison of the trading performance of the Group, and across its businesses. The Audit Committee assessed the classification of these Adjusting Items according to their nature and value, in line with ESMA and the FRC Guidance ("APMs"). The committee reviewed reports outlining the accounting policy on the classification of Adjusting Items and satisfied itself with the treatment applied.</p> <p>The accounting policy on Adjusting Items can be found in note 7 to the consolidated financial statements, and in the Alternative Performance Measures section on pages 55 to 59.</p>
The valuation of the St Ives Defined Benefits Pension Scheme (£38.7 million surplus)	<p>The valuation of the St Ives Defined Benefits Pension Scheme (the "Scheme") is judgemental mainly due to underlying assumptions, used to determine the Scheme's liability. This includes assumptions such as the discount rate, inflation and life expectancy of the Scheme members at the balance sheet date. The committee reviewed reports from management outlining the assumptions used, and agreed with those assumptions as outlined in note 27. The assumptions presented to the Audit Committee by management are underpinned by actuarial advice. The Audit Committee considered the suitability of the actuary.</p>
Going concern basis for the financial statements and viability statement	<p>The committee reviewed and challenged management's assessment of forecast cash flows including sensitivity to trading and expenditure plans, and for the potential impact of uncertainties. The committee also considered the Group's financing facilities and future funding plans. The committee was satisfied that the application of the going concern basis for the preparation of the financial statements continued to be appropriate, and recommended the approval of the viability statement to the Board. The going concern conclusion can be found on page 174 and the viability statement can be found on pages 176 and 177.</p>
Accounting treatment of acquisitions	<p>Following the acquisition of Octain, Loop Integration and Melon Group in the year, the committee considered the allocation of the purchase price payable amongst the fair value of acquired net assets, which includes acquired intangible assets and goodwill. In addition, the committee considered the treatment of deferred consideration as deemed remuneration. The committee was satisfied with the treatment applied.</p>
Discontinued operations	<p>The committee considered the status of businesses sold within the year. The committee agreed that the classification of Incite, Edit and Relish in both years and, in the prior year, Pragma and Hive as discontinued operations was appropriate.</p>
Segmental reporting	<p>The committee considered the definition of the Group's operating segments and determined that it was appropriate to move to segmental reporting based on geographical regions (Americas, Europe and corporate), reflecting the way the business is managed.</p>

Significant issues considered	How the committee addressed these issues
Changes in accounting policy	<p>The committee considered the application of the IFRS Interpretation Committee's decision on Cloud Computing to the Group results and considered it appropriate to restate the prior year results reflecting the application of the new treatment retrospectively. Details of the restatement can be found in note 2 to the consolidated financial statements,</p>
Impairment of property, plant and equipment	<p>The committee considered the accounting impact of the decision to partially vacate leased premises in Chicago, USA, and to exercise the break clause to terminate the lease early in 2026, and agreed that it was appropriate to take an impairment charge on the related right-of-use asset, a provision for unavoidable contractual costs linked to the premises with no economic value, and to write back the lease liability in respect of the period after the break date.</p>

Internal Audit – Assurance functions

The Internal Audit function and Head of Risk Management (together, "Assurance") provide independent and objective assurance over the Group's risk management and internal controls. Assurance establishes an annual internal audit and assurance plan based on discussions with management and assessments of the risks inherent in the Group's activities. The activities of the Assurance function are reported to the Audit Committee and provide assurance to management and the committee that the system of internal control achieves its objectives and highlights areas for improvement. The Assurance function consists of the Head of Internal Audit and the Head of Risk Management, both qualified accountants who, as necessary, draw on additional resources from professional services firms.

During the year, the Assurance function performed work on the Group's internal controls: reviewing the control environment and conducting testing of key controls. Control testing of accounts receivable, accounts payable, payroll and credit control cycles took place at selected sites, according to the audit cycle.

Additional reviews included:

- A review of the first deferred consideration for Cascade Data Labs.
- A review of the new HRIS platform.
- An assessment of contractor compliance across the Regions.
- A review of spend across the Group, covering expenses, credit cards and supplier spend.
- Risk assessments covering new and emerging trends, including the war in Ukraine.
- An initial review of the recent acquisition, Melon Group.

High-risk issues identified within audit reports and risk register reviews, together with corrective actions and current and future mitigations, were considered in detail at the meetings of the Audit Committee.

During the year, the Audit Committee undertook an evaluation of the effectiveness of the Internal Audit function. The process involved the completion of three questionnaires containing assertions of best practice – one by members of the Audit Committee, one by members of the management of Group Finance, and another completed by the management of Finance within each Region.

The areas covered included:

- responsiveness;
- communication;
- skills and technical knowledge;
- scope of audit work undertaken; and
- Internal Audit as an effective agent for change.

The review concluded that the Internal Audit function was operating effectively and performed well in responding to changes in the organisation, its Regions and associated risks.

Risk management and internal control

The Board is responsible for setting the Group's risk appetite and its system of internal control, including financial, operational and compliance controls and risk management, and for reviewing the effectiveness of those controls. The system of internal control is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss, fraud or breaches of laws and regulations.

A key responsibility of the committee is to review Kin + Carta's internal financial controls and internal control and risk management systems.

Audit Committee report

continued

Annual review of the effectiveness of the systems of internal control

Management is responsible for establishing and maintaining adequate internal controls and the Board, supported by the Audit Committee, has responsibility for ensuring the effectiveness of those controls. The committee reviewed the process by which management assessed the control environment, in accordance with the requirements of the Guidance on Risk Management, Internal Control, and related Financial and Business Reporting published by the FRC.

The review for the year ended 31 July 2022 was supported by the Company Secretary and Internal Audit function. In addition, during the year, the committee received regular reports from Internal Audit and the Head of Risk Management (together, "Assurance") on the effectiveness of the Group's internal controls and risk management system, and reports from the external auditors on matters identified during its statutory audit work.

The review process included consideration of the effectiveness of control functions and practices, such as:

- Risk being monitored and reported on by the senior management of each Region.
- The role of the Head of Risk Management who has responsibility for providing expertise, challenge, advice and escalation with regard to noteworthy risk issues and developments.
- Regular management meetings within each Region as appropriate.
- The Group's Internal Audit function, whose work plan is closely linked to the risk management framework.

- The presentation to the committee of the findings of an annual internal control questionnaire, supplemented by a half-year questionnaire, which is completed by each Region, reviewed by the Head of Internal Audit and supplied to the external auditors. Any inconsistencies identified with the Group's established corporate governance frameworks are disclosed to the Audit Committee.
- The role of the Connective Digital Services (IT) function in digital defence and data security in strengthening and standardising practices to unify Kin + Carta's approach, and mitigate information security and data-loss risk.

This process resulted in the Board concluding, following a recommendation from the Audit Committee, that the Group had effective risk management and internal control processes in place.

Effectiveness of the external auditors

During the year, the committee undertook an assessment of the effectiveness of the external audit process for the year ended 31 July 2021. The process involved the completion of two questionnaires containing assertions of best practice – one by each member of the Audit Committee, and another completed by the management of each subsidiary. The areas covered included:

- The audit planning process.
- Audit execution.
- Communication.
- Adding value.
- Reporting.
- Timeliness.
- Focus.

The results were then reviewed by the Audit Committee and Chief Financial Officer and discussed with the external auditor. The completed questionnaires showed in aggregate that the external audit had achieved a majority of the assertions in each area of focus. Areas of improvement that had been noted were addressed at the Audit Committee meetings during the year and continued to be implemented throughout the external audit for the year.

Provision of non-audit services

The committee's policy on the engagement of the external auditors for non-audit services, which reflects applicable law and regulation and the FRC Ethical Standard for Auditors, sets out the circumstances in which the external auditors may be permitted to undertake non-audit services and the services that are not permitted under any circumstances, such as the provision of internal audit outsourcing and tax advice.

The Chief Financial Officer has authority to approve the permitted services up to £25,000, with permitted services between £25,001 to £50,000 requiring the Chief Financial Officer to consult with the Chair of the Audit Committee, and any permitted services to the value of £50,001 and above requiring the approval of the Audit Committee.

The committee has satisfied itself that this policy has been appropriately applied. In the financial year ended 31 July 2022, non-audit fees of £45,000 were incurred (as disclosed in note 5 to the consolidated financial statements). The non-audit fees were in respect of the review of the half-year results only, which is standard practice.

Safeguarding the external auditors' independence

The committee considered the robustness of PwC's safeguards and procedures to counter threats or perceived threats to their objectivity, the application of their independence policies and their adherence to the revised Ethical Standard published by the FRC, which the Company's Policy on Non-Audit Services complies with. In all these respects, the committee was satisfied with PwC's objectivity and independence. The committee is satisfied that there are no relationships between the Company and PwC, its employees or its affiliates that may reasonably be thought to impair the auditors' objectivity and independence. The committee met with PwC without any Executive Director or management present to ensure that no restrictions are placed on the scope of their audit and to offer the external auditors opportunities to discuss any items they may not wish to raise with the Executives being present.

The Company has complied with the Competition and Markets Authority's Statutory Audit Services Order 2014 for the financial year under review in respect to audit tendering and the provision of non-audit services. Following an external audit tender, PwC was appointed as the Company's external auditors in 2018, with effect from the financial year ended 31 July 2019. The external auditors' appointment is reviewed regularly in accordance with applicable law and regulation and the Financial Reporting Council's ("FRC") Ethical Standard for Auditors. Brian Henderson served as the Lead Audit Partner for the financial year ended 31 July 2022; his second year acting as Lead Audit Partner. As disclosed in this Audit Committee report, the Company retendered its external audit engagement during

the year and the Board approved the appointment of KPMG as the Company's new external auditor commencing for the year ending 31 July 2023.

Tender for the external audit engagement

During the year, the Committee conducted a tender process for the external audit engagement for Kin + Carta's financial year ending 31 July 2023.

Desktop due diligence was conducted to confirm which firms would be invited to participate in the audit tender. The following factors were considered:

- Experience of auditing comparable organisations.
- Size and scale.
- Audit quality record.
- International presence.
- Cultural alignment and ESG matters.

As part of the due diligence, the Company also sought assurance that each firm would be capable of being independent before being appointed auditor.

Based on this exercise, firms were shortlisted for the tender and issued with invitation to tender letters.

The audit tender was overseen by the Audit Committee, which agreed on the objectives and desired outcomes, and approved the design of the process. The Audit Committee was assisted by a working group consisting of the Chief Financial Officer, the Deputy Chief Financial Officer, the Regional Chief Financial Officers, the Head of Risk Management, the Head of Internal Audit, the Group Company Secretary, and the Chief Strategy Officer. The audit tender was designed to implement a selection process that was efficient, fair and effective. The participating firms had clearly identified internal points

of contact, a structured series of meetings and access to a virtual data room to download company information. Evaluation was conducted using a standardised scorecard to assess each firm's commitment, competence and cultural compatibility.

At the conclusion of the process, the Audit Committee recommended a preferred choice to the Board from two shortlisted firms. KPMG was recommended as the preferred choice based on the commitment, competence and cultural compatibility that it demonstrated throughout the tender process. After considering the Audit Committee's recommendation, the Board approved the appointment of KPMG as the Company's new external auditor commencing for the year ending 31 July 2023, subject to the approval of shareholders at the 2022 Annual General Meeting.

Nomination Committee report



John Kerr Chairman

Current members:

- John Kerr (Chair)
- David Bell
- Chris Kutsor
- Maria Gordian
- Michele Maher
- Kelly Manthey
- Nigel Pocklington

Membership changes during the year:

- Helen Stevenson stepped down on 14 December 2021 and Maria Gordian was appointed on 1 November 2021.
- J Schwan stepped down on 31 July 2022 and Kelly Manthey was appointed on 1 August 2022.

Meetings held:

4

For details of Nomination Committee members' attendance at meetings during the year, see page 128.

2022 key achievements:

- Recommended to the Board the appointment of a new Non-Executive Director, Maria Gordian, to replace Helen Stevenson, who retired at the 2021 AGM having completed a nine-year term on the Board.
- Having completed the succession planning for all other senior management roles last year, except for the Chief Executive Officer role, the Committee undertook succession planning for the Chief Executive Officer role (see page 141 for further information).
- Recommended to the Board the appointment of Kelly Manthey as Chief Executive Officer to replace J Schwan who retired from the Board with effect from 31 July 2022.

2023 areas of focus:

- Following the changes to the Board referenced above, consider further succession planning.

Chair's introduction

On behalf of the Nomination Committee, I am pleased to present its report for the year ended 31 July 2022.

Inclusion, Diversity, Equity and Awareness ("IDEA")

At Kin + Carta, we believe it's everyone's job to make the world work better. That goes far beyond technology and efficiency. It starts with a foundation of equity, inclusion, and the deliberate unbundling of systematic constraints that exist within our society.

The committee and Board are committed to sustainable social change, particularly in areas of IDEA, and are fully supportive of the increasing focus on the composition of Boards and the emphasis on diversity. In recognition that diversity within the boardroom and across the Group is important to our success, improving adaptability, agility and supporting long-term growth and sustainability, the Company has a Board Diversity Policy, which the committee periodically reviews in



line with best practice guidance. Within this report, we explain how the committee has considered IDEA throughout its operations.

Succession planning

During the year, the committee recommended to the Board the appointment of Kelly Manthey as Chief Executive Officer, as outlined on page 141.

The committee has discharged its other principal duties by:

- Ensuring that an appropriate review of Board, committee and Director effectiveness was undertaken.
- Considering whether the Non-Executive Directors were sufficiently independent for corporate governance purposes.

- Approving the responsibilities of the Chairman, the Chief Executive Officer and Senior Independent Director.

John Kerr Chair of the Nomination Committee

12 October 2022

Nomination Committee report

continued

Role of the committee

The principal role of the committee is to lead the process for Board appointments and make recommendations to the Board. It considers candidates for Executive or Non-Executive Director positions in order to maintain an appropriate balance of diversity, experience, independence and knowledge on the Board. The committee engages in succession planning to ensure that the Board is appropriately refreshed and considers the findings of the annual Board effectiveness review, and how those outcomes may impact Board composition.

Committee membership

The committee comprises a majority of independent Non-Executive Directors. It is important to our Board that the selection process is appropriate to the particular circumstances and that any decision made to nominate a new member of the Board is collective.

Focuses of the Nomination Committee in 2022

Inclusion, diversity, equity and awareness

In 2022, the Board revised its Diversity Policy, following a recommendation from the committee.

The Board Diversity Policy is available to view in the governance section of our website: investors.kinandcarta.com. The policy recognises that diversity of the Board's gender, ethnicity and other under-represented groups can have a positive impact on Board debate and the quality of decision making. We outline below the measurable objectives of the policy and our progress towards achieving them.

Board Diversity Policy objectives	Progress ¹
To ensure that the proportion of women on the Board is at least 40% and that this is maintained going forward.	The proportion of women on the Board is 43%.
To ensure that the proportion of women members of each of the Audit Committee, Nomination Committee and Remuneration Committee is at least 33% and that this is maintained going forward.	The proportion of women membership of the committees is: <ul style="list-style-type: none"> Audit Committee: 33% Nomination Committee: 43% Remuneration Committee: 67%
To ensure that at least one of the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director is a woman and that this is maintained going forward.	The Chief Executive Officer is a woman.
To ensure that at least one Board member is from an ethnic minority and that this is maintained going forward.	There is one Board member from an ethnic minority background.

¹ All metrics presented as of the date of this report, 12 October 2022.

To support the achievement of our policy objectives and to develop a diverse executive pipeline, we commit to the following practices:

- **Assist in the development of high-calibre candidates by encouraging a broad range of senior individuals within the business to take on additional roles to gain valuable Board experience.** A key outcome of this was Kelly Manthey's promotion to Chief Executive Officer, which follows her career path as Chief Executive Officer of Kin + Carta Americas (2020-2022) and Chief Executive Officer of Solstice (the digital product engineering and innovation firm at the core of Kin + Carta Americas; 2018-2020). During her tenure as Chief Executive Officer of Kin + Carta Americas, Kelly presented to the Board on numerous occasions.
- **To encourage executive search firms to produce diverse "long-lists" for Board positions that include candidates from under-represented groups and a balanced proportion of male and female candidates.** A key outcome of this was the appointment of Maria Gordian as Non-Executive Director in November 2021.

Our IDEA commitment

Aligned with our People and Responsibility Platforms, we are committed to creating an industry-leading employee experience. By recognising and embracing the benefits of a diverse workforce across the Group, we seek to develop further as an organisation and as the best possible place to work.

Details of our commitments to IDEA, including our vision, guiding ambitions and strategic action objectives, can be found on pages 67 to 70. These initiatives are intended to build a culture where everyone is empowered to bring their

authentic self to work and serve to develop a diverse pipeline by breaking down structural inequality.

The diversity of the Board, senior management and their direct reports and Group employees is set out within our Strategic Report on page 69.

Performance evaluation

In 2022, internally facilitated effectiveness evaluations of the Board and its committees were undertaken. The committee considered the evaluation findings and identified actions, which are described in more detail on page 129 along with an overview of the process.

Succession planning and Board appointment

The Code stipulates that the Board should establish a Nomination Committee to "ensure plans are in place for orderly succession to both the Board and senior management positions". The Nomination Committee seeks to ensure that the Board's composition, and that of its committees, is appropriate to discharge its duties effectively and successfully direct Kin + Carta to achieve its strategic objectives. During the year, the Nomination Committee considered the Board's composition, including the tenure of Directors, diversity and the collective attributes of the Board, such as experience, knowledge and skills.

The Nomination Committee continues to review Board composition to ensure that there is effective succession planning at Board level. The Nomination Committee reviewed its established succession plans, in particular for management succession should a vacancy arise; succession candidates for all senior leadership roles, excluding the Chief Executive Officer role, were identified. During the year, the process of establishing succession plans for the Chief Executive Officer role was undertaken by a delegation of the Nomination Committee (the "Sub-Committee"). The Sub-Committee comprised of David Bell, Maria Gordian, John Kerr and J Schwan.

Having identified a list of potential successors to this role internally, an external advisor, Russell Reynolds (which has no connections with Kin + Carta or its Directors), was engaged to perform a desktop survey of the market and provide a list of potential external candidate profiles for consideration and to allow the Sub-Committee to benchmark attributes against the potential internal candidates. The Sub-Committee reviewed the external profiles and concluded that the internal candidate profiles met our criteria and were at least as strong as the external individuals and decided to base succession planning around them. The assessment process concluded that all internal candidates were strong

and the Sub-Committee, supported by the Nomination Committee, recommended that the Board approve Kelly Manthey to be designated the succession candidate for the role of Chief Executive Officer if and when that role became available. Kelly demonstrated a number of attributes that the Sub-Committee recognised as important and was able to provide evidence of where she has prior experience in relevant areas (e.g. understanding the challenges and having prepared a comprehensive plan for the business). Following the resignation of J Schwan, the Board approved the appointment of Kelly Manthey as Chief Executive Officer on the recommendation from the Nomination Committee in line with the succession plan, which had been established.

As detailed in last year's Annual Report, following the external recruitment process to identify a new Non-Executive Director in view of Helen Stevenson's retirement having completed her tenure of nine years on the Board, the Board approved the appointment of Maria Gordian on the recommendation of the Nomination Committee. Maria's appointment was effective from 1 November 2021.

In 2023, the committee will continue to consider the effective composition of the Board generally and its committees, having regard to the findings of the 2022 Board effectiveness evaluation.

Board appointment process

Preparation	Candidate identification	Selection and recruitment
<ul style="list-style-type: none"> • Define a shortlist of external search consultancies. • Identify the preferred provider and agree scope and terms. 	<ul style="list-style-type: none"> • Define role and candidate profile. • Undertake an initial search. • Identify a longlist of potential internal and external candidates. • Conduct initial interviews led by two members of the Nomination Committee. 	<ul style="list-style-type: none"> • Shortlist preferred candidates. • Board interviews. • Nomination Committee makes recommendation to the Board based on merit, and against the objective criteria set out in the role and candidate profile. • Board to consider and, if thought fit, approve the appointment recommended by the Nomination Committee.

Directors' remuneration report



Nigel Pocklington

Chair of the Remuneration Committee

Current members:

- Nigel Pocklington (Chair)
- Michele Maher
- Maria Gordian

Membership changes during the year:

- On 14 December 2021, Helen Stevenson resigned as Senior Independent Director and a member of the Board and ceased to act as a member of the committee.
- On 3 March 2022, Maria Gordian was appointed a member of the committee.

Meetings held:

4

For details of Remuneration Committee members' attendance at meetings during the year, see page 128.

2022 key achievements:

- Undertook a comprehensive review of the Remuneration Policy, including consultation with shareholders regarding changes to our Directors' Remuneration Policy, which will allow us to be more competitive in recruiting and retaining key talent in the primary talent markets in which **Kin + Carta** operates, which is predominantly the US technology sector, while recognising our status as a London Stock Exchange listed company.
- Further reviewed remuneration arrangements for the wider workforce during the year, in particular the allocation of share-based awards to employees below Board to ensure that we have the right frameworks to attract and retain the talent we need to thrive in the digital talent market, particularly in the US.
- Considered the remuneration arrangements for FY22 and approved the targets for the 2022 bonus and December 2021 LTIP awards.

2023 areas of focus:

- Continue to consider remuneration arrangements to ensure they remain supportive of value creation for shareholders, support **Kin + Carta's** strategy, while enabling us to recruit and retain the talent we need to succeed, while recognising our status as a London Stock Exchange listed company.

At a glance

Summary for Executive Directors' performance and remuneration for 2022

- 2022 annual bonus pay-out of 96% of maximum reflecting exceptional financial and strategic performance during the year.
- 2019–22 LTIP award vesting 86% of maximum reflecting exceptional share price growth over the three-year performance period.

Implementation for 2023

- Appointment of Kelly Manthey, previously Group Chief Executive – Americas, as Chief Executive Officer from 1 August 2022. Her salary for the role has been set at \$525,000, in line with J Schwan's salary as Chief Executive Officer.
- Salary increase for Chris Kutsor to \$405,000 (+14%) reflecting the expansion of the scale and scope of his role to include both Chief Financial Officer and Chief Operating Officer responsibilities, and the continuing pace of salary change across the wider workforce and our key talent markets in the US technology sector.
- New Remuneration Policy being put to shareholders for approval at 2022 AGM to improve the competitiveness of our remuneration arrangements in our key talent market, the US technology sector, while balancing shareholder expectations as a London Stock Exchange listed company.
- Maximum annual bonus of up to 150% salary (previously 100% of base salary), based 35% on net revenue growth, 35% on adjusted PBT target, 20% on strategic/personal objectives and 10% on ESG-related measures. Further details are disclosed on page 160.
- LTIP grants of up to 225% of salary on an annual basis, 275% of base salary in exceptional circumstances (previously up to 125% of base salary on an annual basis, 200% in exceptional circumstances). LTIP awards to be granted with vesting based 50% on relative TSR, 20% on ESG-related measures, 15% on growth in adjusted net revenue and 15% on growth in adjusted PBT. The targets for these awards are disclosed on pages 160 and 161.

Letter from Chair of the Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 July 2022. This report is split into three parts: this 'annual statement', the new 'remuneration policy report', which will be put to shareholder approval at the 2022 AGM and an 'annual report on remuneration'. The annual report on remuneration provides details of the amounts earned in respect of the year ended 31 July 2022 and how the Remuneration Policy, subject to shareholder approval, will be implemented in the year ending 31 July 2023.

The Remuneration Committee's key role is to set the broad policy for remunerating the Executive Directors and recommend a Remuneration Policy that supports the creation of value for shareholders and the delivery of the Group's strategic priorities. The committee is mindful of the scrutiny around executive remuneration and seeks to adopt best practice where appropriate taking into account its position in the FTSE SmallCap.

Business context

Kin + Carta has continued to execute on its growth strategy. For the year ended 31 July 2022, we saw like-for-like net revenue growth of 37% and adjusted profit before tax has increased from £10.3 million to £17.1 million.

We completed the divestment of the non-core Ventures businesses and enhanced our nearshore delivery capabilities following the acquisition of Melon Group in Bulgaria, North Macedonia and Kosovo.

Remuneration Policy

The main focus of the committee during the year was a full review of its Remuneration Policy (the "Policy"). The focus of the review was to ensure that the Policy provided sufficient flexibility to enable us to recruit and retain key executives in the primary talent markets in which **Kin + Carta** operates, which is predominantly the US technology sector.

The Company has been completely transformed over the past few years, and the balance of our operations has continued to shift towards the US, where both of our Executive Directors and most of our senior commercial talent are based. Almost 70% of our revenue and profit now come from the US market and our direct peer set is global IT technology services, which are mainly listed on US stock exchanges.

Our primary remuneration challenge is that the reward markets in the US and the UK are very different, with the US market having a far greater emphasis on long-term incentive opportunity than in the UK, particularly in the technology sector in which we operate. As we are a talent-focused business, trying to operate in the US technology market with a UK listed remuneration model significantly inhibits our ability to deliver a talent experience that allows us to retain and recruit the talent we need to continue to successfully grow the business and deliver returns to investors.

In this context, we are, therefore, proposing to increase the maximum annual bonus and LTIP opportunities for Executive Directors. The maximum annual bonus would increase from 100% to 150% of salary, and the maximum LTIP opportunity would increase from 125% of salary (200% in exceptional circumstances) to 225% of salary, with an exceptional limit of 275% of salary.

Directors' remuneration report

continued

Although these changes would help to support our ability to recruit and retain talent, these opportunity levels would still position our Chief Executive Officer pay below the lower quartile versus US peers and the committee will continue to keep our approach to pay under review as the size and complexity of the business continues to increase.

We are not proposing to make any changes to the performance measures. The annual bonus for FY23 will, therefore, be based 35% on net revenue growth, 35% on adjusted PBT target, 20% on strategic/personal objectives and 10% on ESG-related measures and the 2022 LTIP awards will be based 50% on relative TSR, 20% on ESG-related measures, 15% on growth in adjusted net revenue and 15% on growth in adjusted PBT.

Central to this Policy review was a detailed and constructive shareholder consultation process with our largest shareholders. These conversations were very helpful to the committee and the feedback that we received has shaped the final proposals outlined in this report. In particular, as a direct result of these discussions, we have reduced the maximum variable pay opportunities available from those that we had originally considered.

As a certified B Corp, a key part of the committee's considerations has been how value is shared between our shareholders, our management team and our wider staff as well as how we contribute to society more broadly. We already have, and are intending to make further increases to LTIP awards across our wider workforce. This is in response to competing for global technology talent to remain

competitive against, in particular, our US technology peers. In 2021 we increased the number of employees receiving share awards to 322, up from just 69 in 2018, 79 in 2019 and 167 in 2020 as the business shifted into the US centric technology sector. We will continue expanding that population where possible, taking into account affordability, and where talent markets require, we will continue to operate within the enhanced dilution limit of 12.5% of share capital in a rolling 10-year period as agreed by shareholders at the 2021 AGM.

Board changes

J Schwan

As announced on 20 July 2022, J Schwan stepped down from the Board and retired and stepped down as Chief Executive Officer with effect from 31 July 2022. J will remain with the business during his notice period until the end of January 2023, providing handover services and supporting Kelly and the Board. J will be treated as a good leaver for incentive purposes. Given his dedication and contribution over his tenure as Chief Executive Officer, successfully steering the business through a period of unparalleled change, in addition to his support during the handover period to allow a smooth transition in leadership, the committee considered that this treatment is appropriate. Further details of the arrangements applied in respect of his remuneration have been detailed within the payments for loss of office section on page 169 and comply with the Remuneration Policy.

Kelly Manthey

Kelly Manthey joined the Board as Chief Executive Officer with effect from 1 August 2022. Her salary on appointment was set at \$525,000, the same as J received for the Chief Executive Officer role. While we understand shareholder guidance that the base salary for a new incumbent should be set below that of the previous officer, given the **Kin + Carta** Chief Executive Officer's salary has not been increased for seven years and our need to pay competitively in the US technology market, the committee believe that this salary positioning is appropriate. Kelly's pension was set at 5% of salary, in line with the rate of pension offered to the majority of the wider workforce. Kelly's variable pay opportunities will be in line with the proposed Policy changes i.e. for 2023 a maximum annual bonus of 150% of base salary and a maximum LTIP award of 225% of base salary.

Chris Kutsor

From 1 August 2022, Chris' responsibilities were expanded to include both the Chief Financial Officer and Chief Operating Officer roles. To reflect this additional responsibility, and the continuing pace of salary change across the wider workforce and our key talent markets in the US technology sector, Chris' salary was increased by 14% to \$405,000. This compares to a 12% increase for US resident employees in 2022/23 and 10% increase for the full **Kin + Carta** workforce in 2022/23.

Performance and reward for 2022

The strong performance for 2022 has resulted in a payout of 96% of the maximum bonus award for the Executive Directors. The committee judged that:

- The 35% of bonus opportunity based on adjusted PBT was achieved in full. The restated adjusted PBT growth target range (restated to exclude divestments (Edit, Incite and Relish) and include prorated contributions from acquisitions (Melon Group and Loop Integration)) was £13.9 million to £15.4 million (with full payout of 35% of salary if adjusted PBT of £15.4 million was achieved or exceeded). Actual adjusted PBT for the year was £16.1 million and, therefore, this target was achieved in full.
- The 35% of bonus opportunity based on net revenue was achieved in full. The net revenue growth target range was 20% to 40% (with full payout of 35% of salary if the 40% stretch was achieved or exceeded). Actual net revenue growth for the year was 42% and, therefore, this target was achieved in full.
- The 20% of bonus opportunity based on strategic objectives, relating to growth, services, people, responsibility, operations and expansion, was met 92.5%. Therefore, 18.5% out of 20% was achieved. Details of the strategic objective outcomes are described in detail on page 163.
- The 10% of bonus opportunity based on environmental, social and governance ("ESG") matters was met 75%. Therefore, 7.5% out of 10% was achieved. Details of the ESG outcomes are described in detail on page 164.

In determining the bonus outcome, the committee reviewed performance in the round, in particular the significant increase to net revenue and adjusted PBT growth, and the experience of our wider stakeholders during the year, and considered that a 96% bonus award was appropriate. Further details have been disclosed on pages 163 and 164.

The annual report on remuneration also gives detail of the LTIP awards granted in December 2019, which vest in December 2022. The relative TSR target (50% of the award) and growth in net revenue from 2018/19 to 2021/22 target (25% of the award) were met in full. In the case of relative TSR, out of 562 companies, we were ranked 17, which is a remarkable achievement. The target relating to the growth in PBT from 2018/19 to 2021/22 (25% of the award) was partially satisfied, with 42% of this portion of the award vesting. Therefore, the LTIP award will vest at 86%. Further details are provided on pages 164 and 165. The committee considered that the outcomes under the bonus and LTIP elements of the Policy were appropriate given the outstanding performance achieved, and no discretion was exercised.

Looking forward

I am grateful for the input provided by our shareholders during the year. We continue to value any feedback from shareholders and hope to receive your support for our new Policy and our Annual Remuneration Report at the forthcoming AGM.

Nigel Pocklington

Chair of the Remuneration Committee

12 October 2022

Directors' remuneration report

continued

Policy report

Directors' Remuneration Policy

This section of the report sets out the Remuneration Policy (the "Policy") for Executive and Non-Executive Directors, which will be put forward for shareholder approval at the 2022 AGM on 1 December 2022. The committee intends that the Policy will come into effect from the date of the AGM and is intended to apply for a period of up to three years.

Overview of Remuneration Policy

The committee's Policy for the remuneration of the Company's Executive Directors is that it should be structured so as to attract and retain executives of a high calibre with the skills and experience necessary to develop the Company successfully. It aims to recommend strategies that support the creation of long-term value for shareholders and reflect and support the delivery of the Company's strategic priorities, while taking due account of market best practice.

When determining levels of remuneration, the committee periodically reviews the remuneration practices adopted by appropriate comparator companies both in the market generally both in the US and the UK and in the same business sector as the Company i.e. the technology sector. Both of our Executive Directors are based in the US where the majority of our business and growth potential is and the committee took this into account when determining our new policy.

The committee believes that a significant portion of the remuneration package of senior executives should be linked to performance, while ensuring that an appropriate balance is struck between (i) fixed and variable pay; (ii) short-term and long-term variable pay; and (iii) the delivery of rewards in cash and shares. The committee will regularly review the Company's remuneration policies to ensure that these policies neither encourage nor reward inappropriate operational risk taking that may be to the detriment of shareholders' interests and that these remuneration policies are, therefore, compatible with the Company's general risk policies and systems.

The Policy table on pages 148 to 153 sets out the key aspects of the Company's Remuneration Policy for Executive Directors.

How the new Remuneration Policy aligns with the 2018 UK Corporate Governance Code

The Code sets out principles against which the committee should determine the Remuneration Policy for executives. A summary of the principles and how the revised Kin + Carta Remuneration Policy reflects these is set out below:

Principle	Approach
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The committee operates a consistent remuneration approach that is well understood both internally and externally with investors. Consultation with shareholders on the revisions to the Policy has been undertaken.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Company operates a UK market standard remuneration structure that is familiar to all stakeholders.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Each year, incentive targets will be set, which the committee believes are stretching and achievable within the risk appetite set by the Board. The committee retains discretion to override formulaic incentive outcomes if they do not accurately, or fairly, reflect the underlying performance of the business. Incentive schemes include recovery provisions that allow for recovery in circumstances such as gross misconduct, calculation error, reputational damage or corporate failure arising from poor risk management to ensure that malus and clawback provisions are sufficiently wide-ranging.
Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The committee maintains clear annual caps on incentive opportunities and will use its available discretion if necessary. Details of the range of possible values of remuneration opportunities and other limits or discretions can be found on page 154 and in the Policy table.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The committee ensures performance metrics continue to be clearly aligned with the Group's strategy each year, maintaining an appropriate balance between base pay, short and long-term incentive opportunities and between financial and non-financial goals.
Alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	Bonus and incentive schemes are reviewed by the committee to ensure consistency with the Group's purpose, values and strategy.

Directors' remuneration report

continued

Executive Directors' Remuneration Policy

The following table sets out the elements of our Executive Director remuneration and how each element operates, as well as the maximum opportunity of each element and, where relevant, the approach to performance measures.

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Basic salary

Purpose and link to strategy

To provide competitive fixed remuneration that will attract and retain key employees of a high calibre and which reflects their experience and position in the Company.

Operation

Normally reviewed annually with increases effective from 1 August; salaries are normally paid monthly. Increases may be awarded at other times if appropriate.

In setting salaries, the committee typically takes into account the following:

- the size and complexity of the organisation;
- the size and complexity of the role;
- the individual's skills, experience, performance and overall contribution to the business;
- pay and conditions across the workforce;
- external economic factors such as inflation;
- market practice for similar roles in comparable organisations;
- the impact of any base salary increase on the total remuneration package; and
- any other factors that the committee considers are relevant.

Maximum potential value

No maximum salary or salary increase has been set, although increases are generally in line with the range (in percentage of salary terms) awarded across the Group.

In accordance with normal practice at all levels in all parts of the Group, increases above this level (in percentage of salary terms) may be made in certain circumstances such as:

- promotion or where there is a change in scope or increase in responsibilities of an individual's role;
- an individual's development or performance in role;
- a change in the size and complexity of the Group;
- significant market movement; and
- where an Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, larger increases may be awarded to move salary positioning closer to typical market level as the Executive Director gains experience and performance warrants this.

Performance metrics

Not applicable.

Benefits

Purpose and link to strategy

To provide market competitive, yet cost effective, benefits to attract and retain high calibre executives.

Operation

Benefits generally include provision of a car, or cash in lieu of car and fuel allowance, and private medical and life assurance cover.

The Committee may introduce other benefits to the Executive Directors if this is considered appropriate taking into account the individual's circumstances, the nature of the role and practice for the wider workforce.

Reasonably incurred expenses will be reimbursed. The Company may meet any tax liabilities that may arise on expenses.

Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing benefits may be provided (such as housing, schooling etc).

Maximum potential value

While the Remuneration Committee has not set a maximum level of benefits that Executive Directors may receive, the value of benefits is set at a level which the Remuneration Committee considers appropriate, taking into account market practice and individual circumstances.

The maximum overall cost of total benefit provision may vary each year subject to changes in the Company's insurance premiums or changes to the terms of the benefits provided.

Performance metrics

Not applicable.

Pension

Purpose and link to strategy

To provide market competitive, yet cost-effective benefits.

Operation

Only basic salary is pensionable.

A Company contribution to a defined contribution pension scheme, a personal pension or provision of a cash payment in lieu of a pension contribution (or combination of such) may be provided at the discretion of the committee.

Maximum potential value

Maximum pension contribution will normally be no more than that offered to the majority of employees (currently 5% of salary).

Performance metrics

Not applicable.

Annual bonus

Purpose and link to strategy

Incentivises achievement of annual objectives, which support the short-term performance goals of the Company.

Operation

Awards are based on performance as determined by the committee, typically measured over one financial year. Pay-out levels are normally determined by the committee after the year end.

Payments under the annual bonus plan are normally subject to compulsory payment of any bonus earned over 50% of maximum (on an after tax basis) in the Company's shares under the Company Deferred Bonus Shares ("DBS") arrangement, which are subject to a holding period of two years. Deferred shares will generally be forfeited if a Director leaves the Group (unless in certain good leaver situations or if the committee determines otherwise). The committee reserves the discretion to disapply deferral in exceptional circumstances such as where the amount deferred is too small to make deferral practicable.

Dividends and/or dividend equivalents are payable on the deferred bonus shares during the two-year holding period. The number of additional shares may be calculated assuming the reinvestment of dividends on such basis as the committee determines.

Payments and awards in relation to the annual bonus are subject to malus and clawback provisions, further details of which are included as a note to the Policy table.

Maximum potential value

150% of basic salary.

Performance metrics

The committee reviews the choice of annual bonus measures and targets each year to ensure they reflect the key performance indicators of the business at that time.

Targets are normally set annually and aligned with key financial, strategic and/or individual personal targets (including ESG targets) with the weightings between these measures determined by the committee each year considering the Group's priorities at the time. At least 50% of any bonus will be earned for achieving challenging financial targets aligned with the Company's key performance indicators (e.g. adjusted PBT or EPS). A minority may be subject to achieving non-financial targets, including ESG, strategic and/or personal objectives, which reflect the key priorities of the role at the time.

Normally, once a threshold level of performance is achieved against a target, a bonus payment of up to 25% of maximum is triggered, rising to 100% of maximum for meeting (or exceeding) the maximum target(s) set.

Measurement of financial metrics is made on the basis of audited figures. Where strategic/personal targets are set, it may not always be practicable to set these using a sliding scale and alternative approach may, therefore, be used.

The Committee has the discretion to adjust performance targets/set different measures if events occur outside of management's control or where the target no longer satisfies its original purpose to ensure that pay is aligned with performance.

The committee has discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards (including down to zero) if the vesting outcomes are not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where performance targets are no longer considered appropriate or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

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Directors' remuneration report

continued

Long-term incentives

Purpose and link to strategy

Incentivises Executives to achieve superior financial growth and returns to shareholders over the longer term.

Provides alignment with shareholders through awards of shares.

Promotes retention of key individuals.

Operation

Awards can be in the form of an option, a conditional award or a forfeitable award.

Eligibility to receive awards is at the discretion of the committee each year.

An LTIP award may be made shortly after an appointment (subject to the Company not being in a prohibited period) subject to the permitted maximum.

Awards are normally made on an annual basis and normally vest three years from grant subject to continued employment and the satisfaction of challenging performance targets.

A two-year holding period following LTIP vesting applies to grants to Executive Directors. In total, this results in a five-year combined vesting and holding period.

Participants benefit from the value of dividends and/or dividend equivalents paid over the vesting period to the extent that awards vest at the time that awards are exercised. The number of additional shares may be calculated assuming the reinvestment of dividends on such basis as the committee determines.

Awards are subject to malus and clawback provisions, further details of which are included as a note to the Policy table.

Maximum potential value

Awards with a face value of up to 225% of basic salary in respect of any financial year or 275% if the committee believes there are exceptional circumstances.

Performance metrics

Performance is usually measured over a three-year period.

Performance measures for LTIP awards will include financial measures (which may include, but are not limited to, total shareholder return ("TSR"), revenue, PBT, cash flow, returns) and may include strategic measures (which may include ESG measures).

Under each measure, and subject to the committee's discretion to override formulaic outturns, threshold performance will result in up to 25% of maximum vesting for that element, increasing to 100% for maximum performance.

The Committee has the discretion to adjust performance targets/set different measures if events occur outside of management's control or where the target no longer satisfies its original purpose to ensure that pay is aligned with performance.

The committee has discretion to adjust the formulaic LTIP outcomes both upwards (within the plan limits) and downwards (including down to zero) if the vesting outcomes are not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where performance targets are no longer considered appropriate or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Share ownership guidelines

Purpose and link to strategy

To provide alignment between Executives and shareholders.

Operation

The committee operates shareholding guidelines of 200% of salary for the Chief Executive Officer and 150% of salary for other Executive Directors.

The net of tax number of deferred bonus shares or vested shares under the Company's LTIP will normally be required to be retained until the guideline is met.

Maximum potential value

Not applicable.

Performance metrics

Not applicable.

Post-employment share ownership guidelines

Purpose and link to strategy

To provide continued alignment between Executives and shareholders on stepping down from the Board.

Operation

The committee normally expects Executive Directors to maintain a level of shareholding for 12 months after stepping down from the Board, equal to the lower of their shareholding at the time of leaving the business and their in-post share ownership guideline.

Post-employment share ownership guidelines will exclude individually purchased shares and shares relating to incentives granted prior to the 2020 AGM. The committee will retain discretion about the application of post-employment share ownership guidelines in individual cases, including waiving this guideline if it is not considered to be appropriate in the specific circumstances.

Maximum potential value

Not applicable.

Performance metrics

Not applicable.

All-employee share schemes

Purpose and link to strategy

Encourages long-term shareholding in the Company.

Operation

Kin + Carta operates all-employee schemes in the UK and the US, with invitations made by the committee under the UK HMRC-approved Sharesave Scheme and under the US Employee Stock Purchase Plan.

Executive Directors may participate in the all-employee scheme that operates in their country of residence on the same terms as other employees of the Group.

Maximum potential value

Sharesave Scheme: as per HMRC limits (current maximum monthly savings towards share purchases is limited to £500 per calendar month).

Employee Stock Purchase Plan: monthly savings towards share purchases with a maximum value of as per prescribed limits (currently US\$25,000) per calendar year, based on the market value of the Company's ordinary shares at grant).

Performance metrics

Not applicable.

Notes to the Policy table

1. **Remuneration across the Group** – While the Remuneration Policy for Executive Directors is designed having had regard to the Policy for employees across the Group as a whole, there are some differences in the structure for senior employees that the committee believes to be necessary to reflect the different levels of responsibility within the Company. The following key differences exist between the Company's Policy for the remuneration of Executive Directors and its approach to the payment of employees generally:
 - there is an increased emphasis on performance-related pay and, in particular, for share-based incentives at the Executive Director level;
 - eligibility to participate in and the maximum opportunity in relation to an annual bonus vary, based on individual role and local practice;
 - participation in the LTIP is limited to the Executive Directors and certain selected senior managers and/or key individuals; and
 - benefits offered to other employees vary by location to take account of relevant market conditions and local practice.

Directors' remuneration report

continued

2. **Performance measures** – The choice of the performance metrics and range of targets applicable to the annual bonus plan for Executive Directors reflect the committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of robust performance relating to the Group's financial key performance indicators and, where appropriate, specific individual/strategic objectives (including ESG objectives). Performance metrics applicable to the LTIP are selected to support Company strategy and provide shareholder alignment. Targets applying to the annual bonus and LTIP are reviewed annually, based on a range of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.
3. **Shareholding guideline** – The share ownership guideline levels are detailed in the Policy table. The shares that an Executive Director may count towards the in-employment and post-employment shareholding guideline include: those held in the name of the Director; those held in the name of the Director's spouse, civil partner, partner or children; any shares held in a family trust for the benefit of the Director and/or their spouse, civil partner, partner or children; and any shares held in a personal pension plan on behalf of the Director. The committee may, in its absolute discretion, approve the holding of shares by alternate means (e.g. shares held under a deferred share bonus award) and, if permitted, on such terms determined by the committee, acting fairly and reasonably. The net of tax number of deferred bonus shares or vested shares under the Company's LTIP will normally be required to be retained until the guideline is met.
4. **Previously approved payments** – For the avoidance of doubt, the Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the 2022 Remuneration Policy set out in the document where the terms of the payment were agreed (i) before the policy came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' Remuneration Policy in force at the time they were agreed or were otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes, "payments" includes the committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.
5. **Plan rules** – The committee operates the annual bonus, LTIP, Sharesave Scheme and Employee Stock Purchase Plan, in accordance with their rules, local taxation guidance (e.g. HMRC and the Internal Revenue Code) and, where relevant, the Listing Rules. To ensure these incentive plans operate in an efficient manner, the committee retains a number of standard market practice discretions, which include:
 - determining the eligibility to participate in the plans;
 - determining the timing of grant of awards and any payments;
 - the size of awards and payments, although with quantum restricted to those detailed in the Policy table and the respective plan rules;
 - the determination of whether the performance conditions have been met and the resulting vesting/pay out;
 - dealing with a change of control (e.g. the timing of testing performance targets) or restructuring of the Group;
 - determining a good or bad leaver for incentive plan purposes, based on the rules of each plan and the appropriate treatment chosen;
 - adjustments required in certain capital events such as rights issues, corporate restructuring events and special dividends; and
 - the annual review of performance conditions for the annual bonus plan and LTIP.

In some circumstances, such as a material acquisition/divestment of a Group business, or a change in Accounting Standards and Interpretations, which mean the original performance conditions are no longer appropriate, the committee can adjust the targets, set different measures and alter weightings as necessary, to ensure the conditions achieve their original purpose and are not materially less difficult to satisfy.

6. **Malus and Clawback** – Payments and awards under the annual bonus and LTIP are subject to malus and clawback provisions, which can be applied to both vested and unvested awards. Malus and clawback provisions will apply for a period of at least two years after payment or vesting. Circumstances in which malus and clawback may be applied include a material misstatement of the Company's financial position, fraud or gross misconduct on the part of the award-holder, an error in calculating the award outcome, actions leading to serious reputational damage or corporate failure arising from poor risk management.

Participants in the annual bonus and LTIP will be required to acknowledge their understanding and acceptance of the malus and clawback provisions as a pre-condition to participating in these schemes. The committee is satisfied that the malus and clawback provisions are appropriate and enforceable.

Policy review process

The committee undertook a review of the Directors' Remuneration Policy to ensure that it is appropriate to support our strategy. The process the committee went through was as follows: (i) the committee considered the Company's strategy and the changes required to the policy to ensure that we were able to recruit and retain executives of the calibre required to deliver this strategy and drive high levels of performance; (ii) the committee sought advice from its independent remuneration consultant in developing the Policy including in relation to current investor sentiment; (iii) when determining the new Policy the committee ensured it addressed the factors of Provision 40 of the Code, namely clarity, simplicity, risk, predictability, proportionality and alignment to culture; (iv) the committee reviewed the wider workforce remuneration and incentives to ensure the approach to Executive remuneration is appropriate in this context; (v) the committee consulted with Executive Directors and other relevant members of senior management on the proposed changes to the policy; and (vi) the committee conducted a full consultation exercise with major shareholders and investor bodies on the changes. The committee was mindful in its deliberations on the new Remuneration Policy of any potential conflicts of interest and sought to minimise them through an open and transparent internal consultation process, by seeking independent advice from its external advisors and by undertaking a full shareholder consultation exercise.

Changes to the remuneration policy

The key changes to the Policy approved by shareholders at the AGM on 23 December 2020 are:

- Increased maximum bonus award from 100% to 150% of salary; and
- Increased maximum LTIP award from 125% of salary (or 200% in exceptional circumstances) to 225% of salary with an exceptional limit of 275% of salary.

Other changes have been made to the wording of the Policy to increase flexibility, to aid operation, to increase transparency and to reflect typical market practice.

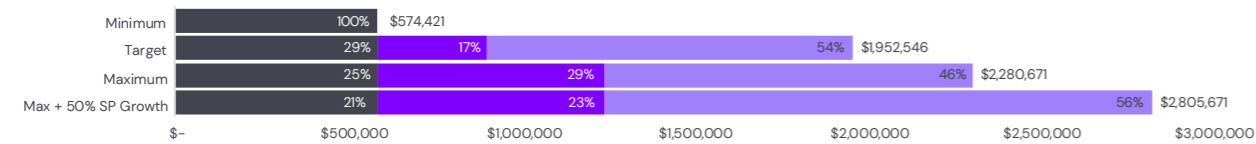
Directors' remuneration report

continued

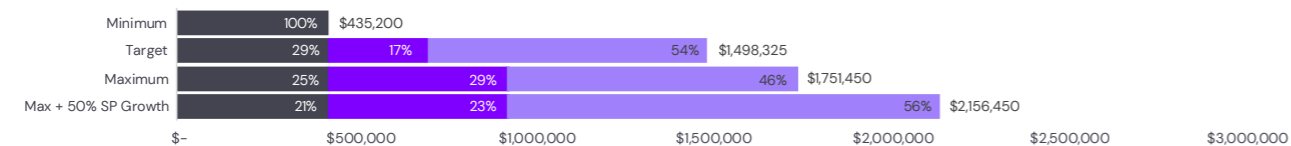
Reward scenarios

The chart below shows how the composition of each of the Executive Director's remuneration packages varies at different levels of performance under the Policy set out on pages 146 to 153, as a percentage of total remuneration opportunity and as a total value.

K Manthey



C Kutsor



● Fixed remuneration ● Annual bonus ● LTIP

Fixed pay comprises the 2022/23 basic salary and expected pension contributions, and a value for benefits (using the value for the year ended 31 July 2022 as a proxy). Incentive opportunities reflect implementation for 2022/23. The assumptions used in the above at the 'on-target' performance level are: (i) 50% of maximum bonus is earned; and (ii) 50% of the maximum LTIP award vests. The maximum performance level assumes the full bonus is earned and the LTIP award vests in full. No share price growth is included under the first three scenarios; however, the fourth scenario includes the impact of a hypothetical 50% increase in share price on the value of the LTIP in accordance with the reporting regulations.

Approach to recruitment and promotions

Basic salary levels will be set on appointment after having had due regard to the Company's general Remuneration Policy but adjusted, as appropriate, to reflect the experience and calibre of the individual and the market rates for similar roles in comparable organisations. If it is considered appropriate to appoint a new Director on a below market salary (e.g. in the event of an internal promotion), they may be the subject of a series of increases to a desired salary positioning over an appropriate time frame, subject to performance in post.

Pension contributions will be aligned in percentage of salary terms with the pension offered to the majority of employees at the time of appointment (currently 5% of base salary). Where an Executive Director is required to relocate from their home location to take up their role, the committee may provide assistance with relocation (either via one-off or ongoing payments or benefits). Benefits arrangements would generally be in line with those offered to current Executives but it may be necessary to tailor these to reflect for example, local market norms and local legislation.

The annual bonus maximum will normally be in line with current Executive Directors (i.e. 150% of basic salary), pro-rated for the period of service. Depending on the timing of the appointment, the committee may use different performance measures, targets and weightings to that of the current executives for the first year of service.

An LTIP award may be made shortly after an appointment (subject to the Company not being in a prohibited period) subject to the permitted maximum. The total maximum variable remuneration that may be awarded in respect of recruitment is 425% of salary (excluding buy-out awards referred to below).

Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the committee may offer compensatory payments or awards, in such form as the committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting time frame of forfeited opportunities. When determining any such buy-out, the guiding principle would be that awards would generally be on a like-for-like basis unless this is considered by the committee not to be practical or appropriate. Awards may be facilitated under the existing incentive plans where possible, but also using Rule 9.4.2. of the Listing Rules, if necessary.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment.

Service contracts and loss of office payments

Summaries of the Executive Directors' contracts are disclosed below. These contracts are held at the registered office and are available for inspection.

Executive	Date of service contract	Notice period
Kelly Manthey	1 August 2022	12 months
Chris Kutsor	9 May 2019	6 months

It is the Company's policy that Executive Directors should serve under rolling service contracts of 12 months' duration or less, and that there should be no special provisions for compensation in the event of termination (neither in the normal course nor following a change in control of the Company) and that any compensation payments made should take account of the Director's duty to mitigate their loss. The Executive Directors' current service contracts all comply with this policy.

The Remuneration Committee reviews the contractual terms for new Executive Directors to ensure these reflect best practice.

In summary, the contractual provisions are as follows:

Provision detailed terms

Notice period:	Up to 12 months
Termination payment:	Limited to a maximum of basic salary and benefits (including pension), normally paid monthly and subject to mitigation but may be paid in a lump sum if the committee determines that this is appropriate
Change of control:	No Executive Director's contract contains additional provisions in respect of a change of control

The service contract for any new appointment would be made on similar terms to those described above.

In a leaver event, the following payments may also be made to departing Executive Directors:

- any share-based entitlements granted to an Executive Director under a Company share plan will be determined based on the relevant plan rules. In certain prescribed circumstances, however, such as death, ill-health, disability, retirement or other circumstances at the discretion of the committee, a 'good leaver' status may be applied. Under the LTIP, for good leavers, future awards will normally be tested for performance over the full performance period and be reduced pro-rata to reflect the proportion of the performance period actually served, rounded-up to the next complete financial year, with Remuneration Committee discretion to determine that awards vest at an earlier date and/or to disapply time pro-rating. Vested LTIP awards, which are subject to an additional holding period, will typically be retained and released at the end of the holding period, with committee discretion to treat otherwise. Under the DBS, in certain prescribed circumstances, awards will be retained in connection with a leaver event (such as death or permanent disability or any other reason permitted by the Remuneration Committee);
- a pro-rata bonus may be payable for the period of service in certain prescribed good leaver circumstances and in other circumstances at the discretion of the committee and subject to the achievement of the relevant performance targets;
- at the discretion of the Remuneration Committee, a contribution to reasonable outplacement costs in the event of termination of employment. The committee also retains the ability to reimburse reasonable legal costs incurred in connection with a termination of employment; and
- any payment for statutory entitlements or by way of settlement of any claim arising in connection with the cessation of employment.

Directors' remuneration report

continued

Non-Executive Directors Remuneration Policy

Executive Directors may not accept an appointment outside the Company without prior permission of the Board. The extent to which any fees are retained by the individual or are remitted to the Company will be considered on a case-by-case basis. No Executive Director currently holds an external non-executive appointment on the Board of a publicly listed company.

Chairman and Non-Executive Directors

The following sets out the fee policy for the Chairman and Non-Executive Directors:

Purpose and link to strategy

To attract and retain high calibre individuals without prejudice to the application of independent views.

Operation

Non-Executive Directors' remuneration is decided by the Executive Directors and the Chairman; the Chairman's fee is set separately by the committee.

The fee level is reviewed at appropriate intervals by the committee, taking into account time commitment, the experience and calibre of the individuals and personal contribution and fee levels at other companies of a similar size and complexity.

Any increases in fees also take account of any increases payable to Executive Directors and to the general workforce.

Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for chairmanship of Board committees.

Additional fees may also be paid for other Board responsibilities or roles or time commitment, such as for holding the position of Senior Independent Director. The Company may pay an additional fee to a Non-Executive Director should the Company require significant additional time commitment in exceptional circumstances.

Fees are normally paid in cash.

Neither the Chairman nor any of the other Non-Executive Directors are eligible to participate in any of the Group's incentive arrangements.

Reasonably incurred expenses will be reimbursed. The Company may meet any tax liabilities that may arise on expenses.

Additional benefits may be introduced if considered appropriate.

Maximum potential value

These fees may be revised periodically in line with the Company's policy. Given the periodic nature of the review any increases (as a % of total fees) may be greater than that awarded to the wider workforce in any particular year.

The maximum aggregate fees are set in accordance with the Company's articles of association, currently £500,000.

Performance metrics

Not applicable.

All Directors, including the Chairman and Non-Executive Directors, are subject to annual re-election at the AGM. The Chairman and Non-Executive Directors' letters of appointment are kept at the registered office and are available for inspection. The letters of appointment are summarised as follows:

Non-Executive Director	Date of letter of appointment	Notice period
David Bell	10 July 2018	3 months
Maria Gordian	1 November 2021	1 month
John Kerr	17 July 2019	3 months
Michele Maher	24 April 2019	3 months
Nigel Pocklington	4 March 2016	3 months

No other remuneration is payable to a Non-Executive Director on termination of an appointment.

In recruiting a new Non-Executive Director, the committee will use the Policy as set out on pages 156 and 157.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year at a meeting immediately following the AGM. This feedback, plus any additional feedback received from time to time, is then considered as part of an annual review of the Remuneration Policy.

In addition, the committee seeks to proactively engage directly with major shareholders and their representative bodies and takes their views seriously. In the event that the committee wishes to make material changes to the Remuneration Policy, appropriate dialogue will take place with the Company's major shareholders in advance.

This year, the committee undertook a review of the Remuneration Policy. Having developed a proposed policy, the committee consulted with all major shareholders and key institutional investors were invited to provide feedback on the proposals. The committee will seek to engage directly with major shareholders and their representative bodies should any material changes be proposed to be made to the Remuneration Policy.

Consideration of employment conditions elsewhere in the Group

While the Company does not formally consult with employees on matters of executive remuneration, it does consider the general basic salary increase for the broader UK employee population when determining the annual salary review for the Executive Directors. The committee is also made aware of employment conditions within the wider Group, including a general overview of variable pay plan outcomes. Additionally, it is the decision making body for all-employee share plans. The committee also considers environmental, social and governance issues, and risk when reviewing executive pay quantum and structure.

There has been engagement with the workforce to explain how executive remuneration aligns with wider company pay policy. For example, a series of communications have taken place with the wider workforce related to share plans and how they align with the Company's aspirations, the Executive Director remuneration and that of the wider workforce.

Directors' remuneration report

continued

Annual report on remuneration

The following section provides details of how **Kin + Carta's** Remuneration Policy was implemented during 2021/22, how we intend to implement the Remuneration Policy for 2022/23 is detailed on pages 160 to 172.

Membership of the committee

Michele Maher, Nigel Pocklington, Helen Stevenson (to 14 December 2021) and Maria Gordian (from 3 March 2022), all Independent Non-Executive Directors, served on the committee during the year. The committee is chaired by Nigel Pocklington. The number of meetings held, attendances and a description of the principal matters considered by the committee in carrying out its duties during the year are described on pages 142 to 145.

During the year under review, the committee, where appropriate, sought advice and assistance from Daniel Fattal (Company Secretary), and members of the Board, including John Kerr (Chairman), David Bell (Non-Executive Director), J Schwan (Chief Executive Officer to 31 July 2022), and Chris Kutsor (Chief Financial Officer and Chief Operating Officer) in connection with carrying out its duties. None of these persons took part in decisions relating specifically to their own remuneration.

Role of the committee

The committee is responsible for determining and agreeing with the Board the overall Remuneration Policy and its implementation, including setting the individual remuneration packages and contractual arrangements for the Executive Directors, senior management and the Chairman, which support the creation of value for shareholders and the delivery of the Group's strategic priorities.

The committee is mindful of the intense scrutiny around Executive remuneration and seeks to keep abreast of and adopt best practice where appropriate, taking into account its position in the FTSE SmallCap.

When undertaking its duties, the committee also ensures that due account is taken of pay and employment conditions throughout the Group by keeping abreast of matters such as: (i) the general level of salary increases (if any) applied throughout the Group; (ii) the levels of bonuses paid (and bonus opportunity offered) to the workforce as a whole; and (iii) any widespread changes that are proposed to Group-wide employment conditions.

The full terms of reference for the committee are available on the Company's website: investors.kinandcarta.com.

Committee's advisors

Deloitte LLP have been retained as independent advisors to the committee since 2021, following a competitive tender process. Deloitte is one of the founding members of the Remuneration Consulting Group, details of which can be found on the Remuneration Consulting Group's website: remunerationconsultantsgroup.com.

Deloitte reported directly to the chair of the Remuneration Committee. The fees paid to Deloitte in relation to advice provided to the committee for 2022 were £91,500 (2021: £38,200), on a time and materials basis.

The committee has reviewed the advice provided by Deloitte during the year and is satisfied that the advice has been objective and independent. The lead Remuneration Committee advisors have no other connection with **Kin + Carta** or its Directors.

Summary of activities

During the year, the committee:

- approved outcomes of bonuses for the Executive Directors in respect of 2020/21;
- approved the Directors' remuneration report for 2020/21;
- approved the grant of awards in December 2021 under the Company's 2020 LTIP to certain senior managers and the performance conditions attached to their vesting;
- approved the structure of the Executive Directors' bonus scheme for 2021/22;
- discussed the Executive Directors' salaries and pension provision for 2022/23;
- discussed the Chairman's and Non-Executive Directors' fees for 2022/23;
- undertook a review of the Remuneration Policy, including consideration of award levels and incentive structures; and
- consulted with major shareholders on the Remuneration Policy to be put to shareholder vote at the 2022 AGM.

Summary of shareholder voting

The following table shows the results of the last binding vote on the Remuneration Policy at the 2020 AGM and the advisory vote on the 2020/21 Directors' remuneration report at the 2021 AGM:

Resolution	Votes for (note 1)	% for (note 1)	Votes against	% against	Total votes cast	Votes withheld
Remuneration Policy – 2020 AGM	110,739,306	87.18%	16,290,885	12.82%	127,030,191	789,119
Remuneration Report – 2021 AGM	116,564,447	87.65%	16,430,573	12.35%	132,995,020	4,994

Note 1: Includes "discretionary" votes.

Directors' remuneration report

continued

Implementation of Remuneration Policy for 2022/23

The following section provides details of how we intend to implement the Remuneration Policy for 2022/23, subject to shareholder approval at the 2022 AGM.

Basic salary

The committee reviewed the Executive Directors' salaries for 2022/23 as follows:

	From 1 August 2022	From 1 August 2021	% increase
Kelly Manthey (appointed 1 August 2022)	US\$525,000	N/A	–
Chris Kutsor	US\$405,000	US\$354,250	14.0%

As disclosed in the Annual Statement on page 144, the increase awarded to Chris Kutsor represents the increased scope of his responsibilities from 1 August 2022 as Chief Financial Officer and Chief Operating Officer, and the committee's ongoing commitment to retain the market rate of employee pay in a highly competitive talent market. The average salary increase across the Group for 2022/23 is 10%; for US resident employees only, the average is 12%.

Pension and benefits

No changes in pension contribution rates or benefits provision to the Executive Directors are to be applied during the year.

Kelly Manthey and Chris Kutsor will receive pension contributions of 5% of base salary, in line with the rate applied to the majority of the wider workforce.

Annual bonus

As discussed in the Annual Statement on page 143, bonus opportunities for Executive Directors will be 150% of salary, with any amount earned over 50% of maximum deferred in shares for two years. The bonus will be based on a combination of financial, strategic and ESG measures, weighted 70%, 20% and 10% respectively.

As always, the committee will consider overall business performance in approving any payouts at the end of the financial year.

A summary of performance measures and weightings is included in the table below:

Measure	Weighting
2022/23 adjusted PBT	35%
2022/23 net revenue	35%
Strategic objectives	20%
Environmental, social and governance ("ESG") matters	10%

In the event of any material acquisition or divestment, the committee would adjust the adjusted PBT and adjusted net revenue targets for the acquisition or divestment. The Board considers the targets for the annual bonus to be commercially sensitive and, therefore, will not be disclosing these prospectively. However, it is intended that retrospective disclosure, including any such adjustment of targets, will be provided in next year's Directors' remuneration report. In setting adjusted PBT and adjusted net revenue targets for the year, the committee reviews a range of internal and external reference points to ensure that targets are appropriately stretching yet achievable.

Long-term incentive awards in 2022/23

LTIP awards for Executive Directors in the 2022/23 financial year will be made in line with proposed Remuneration Policy as discussed in the annual statement on page 143. The 2022/23 LTIP award level for Chief Executive Officer and Chief Financial Officer will be 225% of salary.

These awards will be subject to relative TSR, net revenue, adjusted PBT and ESG targets, assessed over three years to 31 July 2025, as set out on pages 160 and 161. Any vesting will be subject to the committee's overall discretion. All vested shares will be subject to a two-year holding period.

Measure	Weighting	Targets	Performance measurement period
TSR relative to the FTSE All-Share	50%	0% vesting below median performance 25% vesting for performance in line with median 100% vesting for upper quartile performance or greater Straight-line vesting between these points	1 August 2022 to 31 July 2025 (three-month averaging)
ESG targets	20%	Establish carbon measurement framework (5% weighting) Define and execute client engagement model (5% weighting) Measure 100,000 to 400,000 tonnes of carbon savings from client work (10% weighting), as follows: 0% vesting below 100,000 tonnes 10% vesting for 400,000 tonnes and above Straight-line vesting between these points	1 August 2022 to 31 July 2025
Growth in net revenue (CAGR)	15%	0% vesting below 12% p.a. 25% vesting for 12% p.a. 100% vesting for 24% p.a. or more Straight-line vesting between these points	Net revenue in 2024/25 as compared to 2021/22
Growth in adjusted PBT (CAGR)	15%	0% vesting below 24% p.a. 25% vesting for 24% p.a. 100% vesting for 34% p.a. or more Straight-line vesting between these points	Adjusted PBT in 2024/25 as compared to 2021/22

In the event of any material acquisition or divestment, the committee would adjust the adjusted PBT and net revenue targets for the acquisition or divestment.

Non-Executive Director Remuneration Policy for 2022/23

Base fee levels for the Chairman and Non-Executive Directors are currently £130,000 p.a. and £42,500 p.a. respectively, with an additional fee for the Audit and Remuneration Committee chairs of £7,500 p.a. and a fee for acting as the Senior Independent Director of £5,000 p.a.; John Kerr (Chairman) will forego £10,000 p.a. of his fee, which the Company donates, together with a matching sum from the Company, to registered charities.

There will be no change to these fee levels for 2022/23.

Directors' remuneration report

continued

Remuneration payable to Directors for the year ended 31 July 2022

Directors' single figure table (audited)

Set out below, in a single figure, is the total remuneration of all Directors for the financial year ended 31 July 2022 and financial year ended 31 July 2021.

Director		Basic salary/fee (note 1) £'000	Taxable benefits (note 2) £'000	Bonus (note 3) £'000	Share plans vesting (note 4) £'000	Pension benefits (note 5) £'000	Total £'000	Total fixed £'000	Total variable £'000
Executive Directors									
J Schwan (note 6)	2021/22	398.6	35.2	382.7	684.3	59.8	1,560.6	493.6	1,067.0
	2020/21	385.2	14.9	385.2	938.7	57.8	1,790.4	457.9	1,332.5
Chris Kutsor (note 6)	2021/22	269.0	16.0	258.2	1,432.4	13.4	1,989.0	298.4	1,690.6
	2020/21	238.4	14.5	238.4	62.6	11.9	565.8	264.8	301.0
Non-Executive Directors									
David Bell	2021/22	42.5	–	–	–	–	42.5	42.5	–
	2020/21	42.5	–	–	–	–	42.5	42.5	–
Maria Gordian (note 9)	2021/22	31.9	–	–	–	–	31.9	31.9	–
	2020/21	–	–	–	–	–	–	–	–
John Kerr (note 7)	2021/22	120.0	–	–	–	–	120.0	120.0	–
	2020/21	120.0	–	–	–	–	120.0	120.0	–
Michele Maher	2021/22	50.0	–	–	–	–	50.0	50.0	–
	2020/21	50.0	–	–	–	–	50.0	50.0	–
Nigel Pocklington	2021/22	50.0	–	–	–	–	50.0	50.0	–
	2020/21	50.0	–	–	–	–	50.0	50.0	–
Helen Stevenson (note 8)	2021/22	17.7	–	–	–	–	17.7	17.7	–
	2020/21	47.5	–	–	–	–	47.5	47.5	–

Note 1: Cash paid or payable in respect of the relevant period.

Note 2: Taxable benefits constitute additional payments in lieu of the provision of a company car, fuel benefit and, for J Schwan, tax equalisation to compensate for unrelieved double tax suffered. For Chris Kutsor, the 2020/21 taxable benefits figure has been restated from £7.3k to £14.5k.

Note 3: This is the amount of cash bonus paid in respect of the financial year.

Note 4: Figures for "share plans vesting" are based on the number of shares vesting for performance periods substantially completed as at year end. In the 2020/21 Directors' remuneration report, the potential value of the 2018 LTIP award was calculated using the average share price for the three months ending 31 July 2021, being 222.9p. For J Schwan, whose 2018 LTIP award vested during the year, the 2018 LTIP figures in the table above have been restated to reflect the actual number of 2018 LTIP awards, which vested on 19 November 2021 using the share price on the day of vesting (being 327.0p). The restated value provides a difference of 104.1p per vested share in comparison to the estimate contained in the 2020/21 Directors' remuneration report on page 164, which was £639.9k. The proportion of the restated value in the single figure table for these awards which is attributable to share price growth is 31.8%. For Chris Kutsor, the 2020/21 figure reflects the vesting of 39,867 Restricted Stock Units ("RSUs") on 15 March 2021 (the share price on the day of vesting being 157.0p); he did not receive a 2018 LTIP award as he was not employed by Kin + Carta on the date of grant. Chris Kutsor's RSU awards were made in connection with his appointment to the Board in 2019 and were subject to continued employment.

The 2019 LTIP award is expected to vest at 86% of maximum, detailed further on pages 164 and 165. The potential value of the 2019 LTIP award was calculated using the average share price for the three months ending 31 July 2022, being 199.2p. The awards were granted on 17 December 2019, when the five-day average share price prior to the date of grant was 100.14p. Between the grant date and the estimated share price, the proportion of the value disclosed in the single figure table attributable to share price growth is 49.7%. The 2022 figure for Chris Kutsor also reflects the vesting of 39,867 RSUs on 14 March 2022, which were subject to continued employment, and his Option over 358,803 shares with an exercise price of 110.5p per share, which vested on 14 March 2022. These were made in connection with his appointment to the Board in 2019 as detailed on page 165. For these two awards, the value shown is based on the share price on vesting of 249.5p.

Note 5: Pension benefits paid or payable in respect of the year are satisfied by part payment into a Group Personal Pension Plan and part payment as cash in lieu of pension for J Schwan and Chris Kutsor.

Note 6: The remuneration of J Schwan and Chris Kutsor is denominated in US Dollars and has been converted for the purposes of the single figure table using the average £:\$ exchange rate in the year of 1.317 (2021: 1.363).

Note 7: John Kerr has elected to forego £10,000 p.a. of his fee of £130,000 p.a. The Company donates this sum withheld, together with a matching sum from the Company, to registered charities.

Note 8: Helen Stevenson stepped down from the Board as Non-Executive Director on 14 December 2021. Her remuneration in the single figure table above is up to this date.

Note 9: Maria Gordian was appointed to the Board as Non-Executive Director on 1 November 2021. Her remuneration in the single figure table above is from this date.

Incentive outcomes for the year ended 31 July 2022 (audited)

Annual bonus

Executive Directors' bonuses for the year ended 31 July 2022 provided for a payment of up to 100% of salary, with the performance measures weighted as follows:

Measure	Weighting
2022 adjusted PBT	35%
2022 adjusted net revenue	35%
Strategic objectives	20%
ESG	10%

The following provides the performance measures targets, together with the outturns for 2021/22.

Financial measures (70% of maximum)

Measure	Threshold target (25% of maximum)	Mid-target (50% of maximum)	Maximum target (100% of maximum)	Actual performance	Bonus earned as a % of base salary
Adjusted PBT*	£13.9 million	£14.4 million	£15.4 million	£16.1 million	35%
Adjusted net revenue growth	20%	26.7%	40%	42%	35%
Total					70%

* The PBT target was restated to exclude divestments (Edit, Incite and Relish) and include prorated contributions from acquisitions (Melon Group and Loop Integration) made during the year after the original target was set. This approach reflects our remuneration principles and is consistent with practice in prior years.

The outcome – full vesting under the adjusted PBT and adjusted net revenue growth measures – is considered appropriate by the committee taking into account broader financial and operational performance over the year.

Strategic objectives (20% of maximum)

Each Executive Director may earn up to 20% of salary for the achievement of stretching strategic objectives, which for 2021/22 related to the following initiatives: Growth; Services; People; Responsibility; Operations; and Expansion. Both Executive Directors were assessed as having achieved their objectives in part to 92.5%, with the committee noting in particular the following:

- For the Growth objective, we successfully launched a Managed Service offering in both Americas and Europe. However, the target for global Managed Service revenue to account for 16% of total net revenue was not achieved. The Growth objective has been 75% met.
- For the Services objective, new Service Lines, Service Offerings, and Practices have been identified and activated contributing to the organic revenue increase by 37% year-on-year versus 2020/21, compared to a target of 20%. The Services objective has been 100% met.
- For the People objective, a total of seven Kin Accelerator Programme cohorts were launched (US: four; Europe: two; Latin America: one), compared to a target of four cohorts. The People objective has been 100% met.
- For the Responsibility objective, we successfully developed and launched a client-focused sustainability audit for key clients and partners and developed a positive impact project scoring methodology in order to identify, which projects, or parts of projects, have a positive impact. The Responsibility objective has been 100% met.
- For the Operations objective, several tools and systems were rolled out, including a new budget and consolidation tool, a HR information system and digitalised various operational processes aimed at enhancing operational efficiency throughout the organisation. The Operations objective has been 100% met.
- For the Expansion objective, we added £3 million of incremental EBITDA through acquisition, which was below the £6 million of incremental EBITDA target. However, the target to acquire a nearshore business for the European region was achieved through the acquisition of Melon Group, and in turn, the nearshore headcount target of 25% of total headcount was also achieved by reaching 29%. The Expansion objective has been 80% met.

Therefore, 18.5% out of 20% was achieved.

Directors' remuneration report

continued

ESG (10% of maximum)

In addition to the adjusted PBT, adjusted net revenue and strategic objectives, each Executive Director may earn up to 10% of salary for achieving the Responsible Business KPI targets for the year. This measure was assessed as being 75% achieved; the outcome of each target is disclosed on pages 62 to 64. Therefore, 7.5% out of 10% was achieved.

Based on these achievements, the committee has agreed to award the Executive Directors annual bonuses equivalent to 96% of salary in respect of 2021/2022, of which amounts over 50% of maximum will be deferred in Company shares in line with the Remuneration Policy.

The committee believed the overall outcome was appropriate based on the Group's performance during the year and no discretion was exercised.

2019 LTIP vesting in December 2022 (audited)

For the 2019 LTIP award granted on 17 December 2019, the awards are subject to the achievement of performance measures. Vesting of the 2019 LTIP awards is detailed in the table below:

Measure	Weighting	Targets	Performance period	Outcome	Vesting %
TSR relative to the FTSE All Share	50%	0% vesting for below median performance 25% vesting for median performance 100% vesting for upper quartile performance or greater Straight-line vesting between these points	1 August 2019 to 31 July 2022 (three-month averaging)	Above upper quartile ¹	100%
Growth in net revenue (CAGR)	25%	0% vesting below 6% p.a. 25% vesting for 6% p.a. 100% vesting for 12% p.a. or more Straight-line vesting between these points	Net revenue in 2021/22 compared to 2018/19	14.2% ²	100%
Growth in adjusted PBT (CAGR)	25%	0% vesting below 4% p.a. 25% vesting for 4% p.a. 100% vesting for 10% p.a. or more Straight-line vesting between these points	Adjusted PBT in 2021/22 compared to 2018/19	5.4% ³	42%
Total vesting					86%

¹ The Company achieved a TSR ranking of 17 out of 562 companies, at the top end of the upper quartile.

² Net revenue in 2021/22 of £162.7 million versus net revenue in 2018/19 of £109.4 million, both values have been adjusted to take into account performance of divested and acquired entities.

³ Adjusted PBT in 2021/22 of £16.2 million versus adjusted PBT in 2018/19 of £13.8 million, both values have been adjusted to take into account performance of divested and acquired entities.

Accordingly, the total number of LTIP shares that vested in relation to the performance period completed as at the period end, and which are reflected in the single figure table on page 162, is detailed in the table below.

	Date of grant	Total number of shares	% shares vesting for performance	Number of awards vesting	Total value on vesting (note 1)	Transfer of award/earliest vesting date
J Schwan	17 Dec 2019	399,440	86%	343,518	£684,288	17 Dec 2022
Chris Kutsor	17 Dec 2019	486,946	86%	418,773	£834,196	17 Dec 2022

Note 1: The potential value of the 2019 LTIP award was calculated using the average share price for the three months ending 31 July 2022, being 199.2p.

The committee believed the vesting outcome of the 2019 LTIP award was appropriate in light of the Group's performance over the performance period and no discretion was exercised. The award is subject to a two-year holding period.

2019 RSUs and 2019 Options vesting in March 2022 (audited)

As disclosed in 2019/20 Directors' remuneration report, in order to facilitate the recruitment of Chris Kutsor in June 2019, the committee agreed a balanced buy-out package to compensate him for incentives forfeited on leaving his previous employer, which included an award of 119,601 restricted stock units ("RSUs") and an option to acquire 358,803 shares at an exercise price of 110.5p per share (the "Option"). Reflecting the time horizons of the awards being replaced, it was agreed that the RSUs would vest in three equal tranches in March 2020, 2021 and 2022 subject to continued employment with the Group and the Option would vest after three years in March 2022.

Having satisfied the vesting criteria in March 2022, the final tranche of RSUs and the Option vested to Chris Kutsor. A summary of the awards vesting, which are reflected in the single figure table on page 162, is as follows:

	Award type	Date of grant	Total number of units	% units vesting	Number of units vesting	Option price per share	Share price on vesting	Total value on vesting	Transfer of award/earliest vesting date
Chris Kutsor	RSUs	17 June 2019	39,867	100%	39,867	N/A	249.5p	£99,468	14 Mar 2022
Chris Kutsor	Option	17 June 2019	358,803	100%	358,803	110.5p	249.5p	£498,736	14 Mar 2022

Scheme interests awarded during the 2022 financial year (audited)

Long-Term Incentive Plan ("LTIP")

On 7 December 2021, J Schwan and Chris Kutsor were granted awards under the Company's LTIP, as follows:

	Date of grant	Shares over which awards granted	Face value of share awards granted (£) (note 1)	% of salary awarded
J Schwan	7 Dec 2021	266,040	£791,735	200%
Chris Kutsor	7 Dec 2021	179,513	£534,231	200%

Note 1: Face value is based on a share price of 297.6p (the five-day average prior to the date of grant). For both J Schwan and Chris Kutsor, the award level was calculated using a similar five-day average £:\$ exchange rate of 1.1326.

As disclosed last year, the committee granted these awards at the exceptional limit of 200% of salary to provide an enhanced incentive to our senior team to continue to deliver exceptional growth to investors, and the opportunities at the time from Kin + Carta to continue to develop into a robust digital business.

Awards granted vest on relative TSR, ESG metrics linked to B Corp recertification, growth in net revenue and growth in adjusted PBT, assessed over the three years to 31 July 2024. As disclosed in last year's report, these targets have been set to include appropriate challenge for the exceptional award level. Any vesting will be subject to the committee's overall discretion. Vested shares will be subject to a two-year holding period.

Directors' remuneration report

continued

A summary of the performance conditions is shown in the table below:

Measure	Weighting	Targets	Performance measurement period
TSR relative to the FTSE All-Share	50%	0% vesting below median performance 25% vesting for performance in line with median 100% vesting for upper quartile performance or greater Straight-line vesting between these points	1 August 2021 to 31 July 2024 (three-month averaging)
ESG targets	20%	ESG targets linked to B Corp recertification (as required by B Lab every three years), coupled with increase in weighted net Corporate score (demonstrating improvement in underlying ESG operations and metrics).	1 August 2021 to 31 July 2024
Growth in net revenue (CAGR)	15%	0% vesting below 10% p.a. 25% vesting for 10% p.a. 100% vesting for 20% p.a. or more Straight-line vesting between these points	Net revenue in 2023/24 as compared to 2020/21
Growth in adjusted PBT (CAGR)	15%	0% vesting below 15% p.a. 25% vesting for 15% p.a. 100% vesting for 20% p.a. or more Straight-line vesting between these points	Adjusted PBT in 2023/24 as compared to 2020/21

In the event of any material acquisition or divestment, the committee would adjust the revenue and PBT targets to ensure only out performance of the acquisition/divestment is rewarded.

Awards are subject to a malus and clawback provision, which will enable the committee to reclaim value that should not have been received in the event that, if within the two-year period following the year of vesting, a material misstatement of the Company's financial results relating to the year of vesting is identified. In such circumstances, a clawback would be based on the extent to which the first vesting was overpaid based on new information.

Deferred Bonus Shares ("DBS")

As reported last year, the 2020/21 annual bonus was achieved at 100% of maximum. In line with the Remuneration Policy, payments over 50% of the maximum are in the form of the Company's shares under the DBS arrangement, which are subject to a holding period of two years.

Accordingly, awards were granted under the DBS in respect of the annual bonus for 2020/21 on 3 November 2021, details of the grant are disclosed in the Directors' outstanding share incentive awards table on page 171.

Percentage change in remuneration of Directors and employees

The table on page 167 shows the annual percentage change in each Director's salary/fees, benefits and bonus, and the average percentage change in the same remuneration over the same period in respect of the employees of the Company on a full-time equivalent basis for the periods 2019 to 2020, 2020 to 2021 and 2021 to 2022.

The analysis is based on the average earnings per employee (median of employee pay) in order to avoid distortions to the Group's total wage bill because of the movements in the number of employees. The comparator group used is all Kin and Carta plc employees. The remuneration of J Schwan and Chris Kutsor is reported on a constant currency in the table on page 167 to eliminate the impact of exchange rate fluctuations. Maria Gordian was appointed during the year ended 31 July 2022 and, accordingly, has been excluded from the table on page 167.

		Average employee	J Schwan	Chris Kutsor	David Bell	John Kerr	Michele Maher	Nigel Pocklington
Salary/fees ¹	2022	7.0%	–	9.0%	–	–	–	–
	2021	9.1%	–	–	–	(0.4)%	2.5%	–
	2020 ¹	4.0%	–	–	–	0.4%	18.0%	7.0%
Taxable benefits ²	2022	3.7%	125.5%	10.0%	N/A	N/A	N/A	N/A
	2021	(6.4)%	–	(9.9)%	N/A	N/A	N/A	N/A
	2020	0.0%	(26.2)%	5.9%	N/A	N/A	N/A	N/A
Annual bonus ³	2022	(9.6)%	(4.0)%	4.6%	N/A	N/A	N/A	N/A
	2021	231.4%	n/a ³	n/a ³	N/A	N/A	N/A	N/A
	2020	(91.0)%	(100.0)%	n/a	N/A	N/A	N/A	N/A

¹ As detailed in last year's Annual Report on Remuneration, all Directors volunteered a temporary reduction in their salary/fees for the three months ended 30 June 2020. All Directors had volunteered a 20% reduction to their salary/fees for this period, with the exception of J Schwan, who volunteered a 50% reduction to his salary. The Directors' salary reductions were repaid in 2021 following a return to growth and strong performance against strategic objectives and after all other employees who had volunteered a temporary reduction in salary had been repaid.

² Taxable benefits constitute additional payments in lieu of the provision of a company car, fuel benefit, and, for J Schwan, tax equalisation.

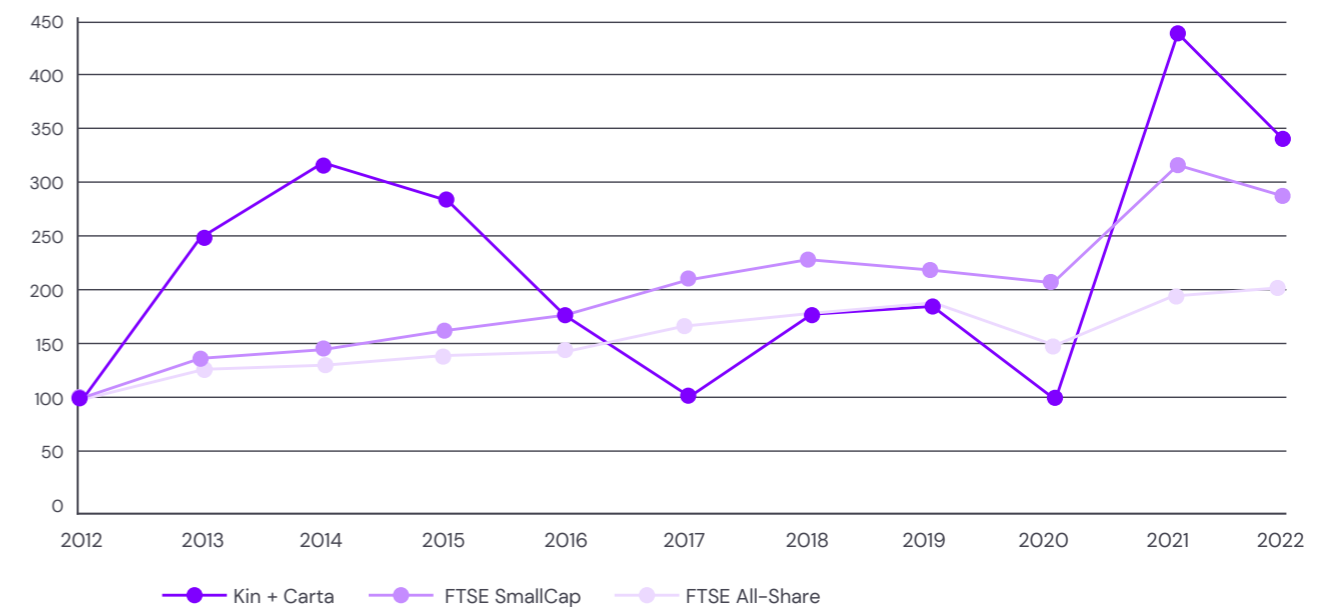
Non-Executive Directors do not receive any additional taxable benefits. Annual bonus figures show any bonus earned during the respective financial year. Non-Executive Directors are not eligible to participate in the bonus scheme.

³ The bonus for 2020/21 paid out in full reflecting performance during the year. There was no bonus paid for 2019/20 and, therefore, it is not possible to calculate the percentage change.

⁴ Helen Stevenson retired from the Board on 14 December 2021 and therefore has been excluded from the table above.

Review of past performance

The chart below illustrates the Company's Total Shareholder Return for the ten years ended 31 July 2022, relative to the performance of the FTSE SmallCap Index and FTSE All-Share Index. Both the FTSE SmallCap and the FTSE All-Share represent broad equity indices of which the Company has been a constituent member for the majority of the period shown and, therefore, have been selected as comparators for this reason.



Directors' remuneration report

continued

The table below details the Chief Executive Officer's single figure of remuneration over the same ten-year period:

	2013 Patrick Martell	2014 Patrick Martell	2015 Matt Armitage	2016 Matt Armitage	2017 Matt Armitage	2018 Matt Armitage	2019 J Schwan	2020 J Schwan	2021 J Schwan	2022 J Schwan
Total remuneration £'000	1,335.0	1,648.4	1,133.5	477.8	478.2	878.6	582.9	469.4	1,790.4	1,560.6
Annual bonus as a percentage of maximum	96.3	100.0	69.7	Nil	Nil	100.0	25.0	Nil	100.0	96.0
LTIP vesting as a percentage of maximum	93.9	98.5	100.0	Nil	Nil	Nil	N/A	Nil	70.0	86.0

Relative importance of spend on pay

This table shows overall expenditure on pay, excluding employer's NICs, for all employees and shareholder distributions (payments of dividends), with the percentage change in each. There were no share buy backs during the year.

	2022 £'000	2021 £'000	Percentage change performance
Overall expenditure on pay for continuing operations	161,904	109,543	47.8%
Dividends paid in the year (including share buy backs)	-	-	-

Chief Executive Officer pay ratio

UK legislation requires companies with 250 employees or more to publish information on the pay ratio of the Group Chief Executive Officer to UK employees. In line with this requirement, the table below shows the ratio of Chief Executive Officer total pay to that of three employees indicative of lower quartile (P25), median (P50) and upper quartile (P75) pay received during the financial years ended 31 July 2020 to 31 July 2022 and includes basic salary, pension, and the value received from incentive plans. On average, the Group employed 610 UK employees during the financial year ended 31 July 2022 (2021: 764).

Financial year	Calculation methodology	Lower quartile (P25)	Median (P50)	Upper quartile (P75)
2022	Option A	36.4:1	25.4:1	17.4:1
2021	Option A	39.2:1	28.0:1	19.5:1
2020	Option A	12.1:1	8.6:1	5.9:1

We have chosen Option A under the Regulations for the calculation, which takes into consideration the full-time equivalent basis of all UK employees and provides a representative result of employee pay conditions across the Company. Total full-time equivalent remuneration for all UK employees has been calculated on the same basis as used in the single figure table for our Chief Executive Officer and covers the whole 2022 financial year. Total compensation figures have been checked to ensure the employees identified at each quartile are representative of pay at these levels in the organisation. The committee believes the median pay ratio for 2022 is consistent with the Group's wider policies on employee pay, reward and progression policies for the Company's UK employees taken as a whole. The median pay ratio was lower in 2020 compared with 2021 and 2022 due to variations in variable pay received by the Chief Executive Officer. The decrease in the CEO pay ratio in 2022 compared to 2021 is attributable to an increase in the UK employees' remuneration at the boundaries of the quartiles.

A summary of the salaries and total single figures of remuneration for the relevant individuals is included in the table below:

Pay level	Chief Executive	Lower quartile (P25)	Median (P50)	Upper quartile (P75)
Salary	£398,633	£41,600	£60,900	£73,500
Single figure of remuneration	£1,560,641	£42,848	£61,366	£89,440

A significant proportion of the Chief Executive Officer's total remuneration is delivered in variable remuneration (i.e. bonus and LTIP). In order to drive alignment with shareholders, the value ultimately received from LTIP awards is linked to stretching company performance targets and long-term share price movement. As a result, the pay ratio is likely to be driven largely by the Chief Executive Officer's LTIP outcome (and secondly the bonus outcome) and may, therefore, fluctuate significantly on a year-to-year basis reflecting the Company's performance.

Payments for loss of office in the year (audited)

As disclosed in the annual statement, J Schwan stepped down from the Board and his role as Chief Executive Officer with effect from 31 July 2022. J Schwan will remain with the business during his notice period until 31 January 2023 as a special advisor, receiving his salary of US\$525,000 p.a. and taxable benefits until that date.

J Schwan retained his DBS award from the bonus earned for the financial year ending 2020/21. This award will vest at the normal time.

J Schwan retained his awards under the LTIP granted in 2019, 2020 and 2021. These awards will vest at the originally envisaged time subject to the satisfaction of the applicable performance measures assessed over the original performance periods and a pro-rata reduction to his termination date. As J will have been in employment for the entire vesting period of the 2019 LTIP award (as well as in office for the entire performance period), these will not be reduced for time pro-rating. The awards will remain subject to a two-year holding period following vesting. The proration of LTIP awards is disclosed in the table below.

Other than as set out above, no payments for loss of office to former Directors were made in the year.

Proration of J Schwan's LTIP awards

Date of Grant	Number of shares subject to award	Normal vesting date	Maximum number of shares capable of vesting
17 December 2019	399,440	17 December 2022	399,440
27 November 2020	390,757	27 November 2023	283,689
7 December 2021	266,040	7 December 2024	101,893
Total	1,056,237		785,022

Directors' remuneration report

continued

Payments to past Directors (audited)

There have been no payments to past Directors other than those disclosed in previous years.

Share ownership guidelines and Directors' interests in the share capital of the Company (audited)

Shareholding guidelines are in place that require Executive Directors to acquire a holding equivalent to 200% of basic salary for the Chief Executive Officer and 150% of basic salary for the Chief Financial Officer. These levels are considered appropriate to ensure that there is robust long-term alignment achieved between Executive Directors and shareholders. The net of tax number of deferred bonus shares or vested shares under the Company's LTIP will normally be required to be retained until the guideline is met. Directors' share dealings must be conducted in accordance with the Company's Share Dealing Policy.

Interests of Directors and their connected persons in 10p ordinary shares (fully paid) of the Company at 31 July 2022 were as follows:

	Unexercised share options	Unvested LTIP awards (subject to performance conditions)	Unvested deferred bonus share awards	Unvested ESPP awards	Beneficial holding 31 July 2022	Beneficial holding 31 July 2021	Expressed as a percentage of annual basic salary (note 1)
Executive (notes 2 and 3)							
J Schwan (note 2)	–	1,056,237	72,131	–	3,016,679	7,657,487	1,409%
Chris Kutsor	358,803	908,356	44,652	1,809	388,972	304,453	269%
Non-Executive							
David Bell	–	–	–	–	84,486	84,486	–
John Kerr	–	–	–	–	112,359	112,359	–
Michele Maher	–	–	–	–	28,089	28,089	–
Nigel Pocklington	–	–	–	–	21,235	21,235	–
Helen Stevenson (note 3)	–	–	–	–	62,255	62,255	–
Maria Gordian	–	–	–	–	–	–	–

Note 1: Calculated by reference to: the number of unvested deferred bonus share awards added to beneficial holdings; the mid-market closing price of the Company's ordinary shares on 29 July 2022 (187.2p), being the last business day of the financial year; and the Director's annual rate of basic salary. The basic salary of J Schwan and Chris Kutsor is denominated in US Dollars and has been converted for the purposes of this table using the average £:\$ exchange rate in the year of 1.317.

Note 2: J Schwan's 2020 and 2021 LTIP awards will be prorated as described in "Payments for loss of office in the year (audited)" on page 169.

Note 3: Helen Stevenson stepped down from the Board on 14 December 2021, her share interests shown in the table above is as at the date of her stepping down from the Board.

Note 4: Kelly Manthey was appointed Chief Executive Officer on 1 August 2022. As of 31 July 2022, Kelly Manthey had a beneficial interest over 169,754 ordinary shares in the Company, representing 79.3% of her Chief Executive Officer's salary, which is denominated in US Dollars, calculated pursuant to the mid-market closing price of the Company's ordinary shares on 29 July 2022 and the average £:\$ exchange rate in the year referenced under note 1 above.

From 31 July 2022 to 11 October 2022, there were no changes to the above stated holdings.

Directors' outstanding share incentive awards (audited)

Details of the share options held by Directors who served during the year are shown below. All options were granted under the LTIP for nil consideration.

Type of award (note 1)	Date of award	Exercise price for options	Balance at 31 July 2021	Awarded during year	Exercised during year (note 2 and 3)	Lapsed during year (note 3)	Balance at 31 July 2022	Vesting date	Expiry date	Status
J Schwan										
LTIP ⁴	19 Nov 18	–	410,088	–	(287,061)	(123,027)	–	19 Nov 21	19 Nov 28	Vested and exercised
LTIP ^{3,4}	17 Dec 19	–	399,440	–	–	–	399,440	17 Dec 22	17 Dec 29	Unvested
LTIP ⁴	27 Nov 20	–	390,757	–	–	–	390,757	27 Nov 23	27 Nov 30	Unvested
LTIP ⁴	7 Dec 21	–	–	266,040	–	–	266,040	7 Dec 24	7 Dec 31	Unvested
DBS ⁶	1 Nov 21	–	–	72,131	–	–	72,131	1 Nov 23	1 Nov 31	Unvested
			1,200,285	338,171	(287,061)	(123,027)	1,128,368			
Chris Kutsor										
RSU ²	17 June 19	–	39,867	–	(39,867)	–	–	–	–	Vested and exercised
OPT ⁵	17 June 19	£1.105	358,803	–	–	–	358,803	14 Mar 22	17 June 29	Vested and unexercised
LTIP ^{3,4}	17 Dec 19	–	486,946	–	–	–	486,946	17 Dec 22	17 Dec 29	Unvested
LTIP ⁴	27 Nov 20	–	241,897	–	–	–	241,897	27 Nov 23	27 Nov 30	Unvested
LTIP ⁴	7 Dec 21	–	–	179,513	–	–	179,513	7 Dec 24	7 Dec 31	Unvested
DBS ⁶	1 Nov 21	–	–	44,652	–	–	44,652	1 Nov 23	1 Nov 31	Unvested
ESPP ⁷	15 Nov 21	\$3.315	–	1,809	–	–	1,809	2 Dec 22	2 Dec 22	Unvested
			1,127,513	225,974	(39,867)	–	1,313,620			

Note 1: LTIP = Long Term Incentive Plan, RSU = Restricted Share Unit (Chris Kutsor buy-out awards only), OPT = Share Options (Chris Kutsor buy-out awards only), DBS = Deferred Bonus Scheme, ESPP = Employee Stock Purchase plan.

Note 2: Details of RSUs vesting to Chris Kutsor in March 2022 are included on page 165. Chris retained these shares in full.

Note 3: Details of the December 2019 LTIP, which was tested for performance at the year end and expected to vest at 86% of the maximum award in December 2022, is included on pages 164 and 165.

Note 4: 2018 LTIP, 2019 LTIP, 2020 LTIP and 2021 LTIP award performance conditions are detailed on the Company's Investor site: <https://investors.kinandcarta.com/governance/remuneration/default.aspx>.

Note 5: Details of OPT performance conditions are disclosed on page 89 of the 2018/19 Annual Report and Accounts.

Note 6: Awards are subject to continued employment over two-years.

Note 7: Details of the right to acquire shares pursuant to the ESPP are included on page 172.

In the event of any material acquisition or divestment, the committee would adjust the targets to ensure only out performance of the acquisition/divestment is rewarded. Vesting of awards is subject to overall committee discretion.

The market price of Kin and Carta plc ordinary shares of 10p each at 29 July 2022, being the last business day of the financial year, was 187.2p and the range during the financial year 2022 was 169p to 348p.

Directors' remuneration report

continued

Share options – Sharesave Scheme and Employee Stock Purchase Plan (audited)

There are no outstanding Sharesave options in respect of Directors.

Chris Kutsor has the right to acquire 1,809 shares in the Company on 2 December 2022 at a purchase price of US\$3.315 per share, pursuant to the Company's Employee Stock Purchase Plan ("ESPP").

Dilution

Under the ESOS 2001, LTIP 2020, the Employee Stock Purchase Plan and the Sharesave Scheme, awards of options over no more than an aggregate 12.5% of the Company's issued share capital may be granted over new issue shares in any rolling ten-year period (with awards made under any other share plans also being counted).

As at 31 July 2022, excluding lapsed options and options exercised and satisfied from utilising existing issued shares, options over 15,501,612 shares (8.7% of the Company's issued share capital) have been exercised through new shares or remain outstanding under all share plans and so count towards this limit.

Approved by the Board and signed on its behalf by

Nigel Pocklington

Chair of the Remuneration Committee

12 October 2022

Directors' report

The Directors present their Directors' report and the audited consolidated financial statements for the year ended 31 July 2022. The Corporate governance report set out on pages 118 to 129 also forms part of this report.

Details of significant events since the balance sheet date are contained in note 39 to the financial statements.

An indication of likely future developments in the business of the Company, including trends and opportunities and risks are included in the Strategic Report.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 28 to the financial statements.

Additional information

The Company's share capital consists of ordinary shares, as set out in note 30 to the financial statements. The shares carry a right to vote but no rights to fixed income. On a show of hands at a general meeting, every member present in person and every duly appointed proxy shall have one vote and on a poll, every member present in person or by proxy shall have one vote for every ordinary share held or represented. The notice of meeting specifies deadlines for exercising voting rights and each share carries the right to one vote at general meetings. All shares are fully paid. There are no specific restrictions on the size of a shareholding nor on the transfer of shares. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and voting rights.

Details of employee share schemes are set out in note 34. Shares held by the Employee Benefit Trust abstain from voting.

The appointment and replacement of Directors of the Company is governed by the Company's articles of association, the Code, the Companies Act and related legislation. The Company's articles of association may only be amended by a special resolution of shareholders at a general meeting. Directors are elected or re-elected by ordinary resolution at a general meeting of shareholders.

The Board may appoint a Director, but anyone so appointed must be elected by ordinary resolution at the next general meeting. All Directors are subject to annual re-election at the AGM with the exception of Kelly Manthey who will seek election at the AGM following her appointment as Chief Executive Officer on 1 August 2022.

Annual General Meeting

The 41st AGM of the Company will be held on 1 December 2022. The notice of meeting is included in a separate document sent to shareholders.

Auditors

Each of the Directors of the Company has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Change of control and the Company's credit facility

In the event of a change of control of the Company, the terms of the Group's revolving credit facility require the consent of the lenders to continue the overall facility.

During the year, the Group successfully extended the credit facility of £85 million that will expire in September 2025 on terms broadly in line with the previous agreement. Subsequent to 31 July 2022, the Group extended the credit facility for one extra year to September 2026. The banking group consists of Bank of Ireland, Citigroup Global Markets, Fifth Third Bank, and HSBC UK Bank plc.

Corporate governance

The corporate governance statement as required by the FCA's Disclosure Guidance and Transparency Rules (DTR 7.2) comprises the "Additional Information" section of the Directors' report and the Corporate governance report on pages 118 to 129 of this Annual Report.

Directors' and Officers' liability insurance and Directors' indemnities

The Company maintains Directors' and Officers' liability insurance, which gives appropriate cover for legal action brought against its Directors. The Company has also granted indemnities to each of its Directors (on identical terms) who served during the period, to the extent permitted by law and the Company's articles of association, in respect of liabilities incurred by virtue of their office. Qualifying third-party provisions for the benefit of its Directors (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 July 2022 and to the date of this report.

Directors' report

continued

Directors and their share interests

The Directors of the Company who were in office during the financial year, including Director changes that have occurred during the year and up to the date of this report, are named on pages 114 to 117, along with the biographical details of the current Directors.

The Directors' interests in ordinary shares of the Company are set out in the table on page 170 within the Directors' remuneration report.

Employment policies, equal opportunities, employee communication and diversity

The Group is committed to providing equal opportunities with regard to employment, free from discrimination and harassment and in a healthy and safe working environment. Details of how we deliver on these commitments to our employees are provided in our "A responsible business" section on pages 65 to 71.

Environment

Information relating to the environment, greenhouse gas emissions and energy consumption, including climate-related disclosures consistent with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations and recommended disclosures, is set out in our "A responsible business" section on pages 75 to 85.

FCA Listing Rules – compliance with Listing Rule 9.8.4R

There are no disclosures required by LR 9.8.4R.

Human rights

Information relating to human rights is set out in our "A responsible business" section on page 74.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, which can be found on pages 16 to 111. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's review on pages 52 to 54. In addition, note 29 to the financial statements includes the Group's objectives, policies and processes for managing its interest rate risk, foreign exchange risk, credit risk, liquidity risk and capital risk.

In order to assess the Group's ability to continue to trade as a going concern and to be viable over the medium term, detailed business and cash flow forecasts covering a three-year period from 1 August 2022 have been prepared based on "bottom up" inputs from the individual business units. The resulting projected debt levels, debt leverage and interest cover ratios have been compared to limits prevailing under current borrowing facilities in order to ensure that the Group has sufficient liquidity to continue to trade over this time horizon.

In addition to the detailed central business forecast, a number of stress scenarios have also been modelled to assess the Group's ability to cope with such scenarios without breaching covenant ratios or debt volume limits (see the viability statement on pages 176 and 177 for further information). The Group projects that it will continue to operate within lender limits in the central forecast case and would also stay within limits in the stress scenarios even where all of the stress scenarios occur simultaneously.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a minimum of 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Internal control and risk management systems

A description of the main features of the Group's internal control and risk management systems in relation to the financial reporting process can be found in the Strategic Report on pages 100 to 110.

Major interests in shares

The Company had been notified, in accordance with the FCA's Disclosure Guidance and Transparency Rules (DTR 5), of the holdings of voting rights in its shares set out in the following table.

	As at 31 July 2022	
	Number of voting rights	Percentage of issued share capital carrying voting rights*
Abrdn plc	15,078,864	8.48%
Aegon N.V.	9,042,907	5.08%
Allianz Global Investors GmbH	8,415,289	4.73%
Cannacord Genuity Group Inc.	8,817,770	4.96%
FIL Limited	12,633,518	7.10%
Jupiter Fund Management plc	17,410,845	9.79%
Kabouter Management, LLC	6,814,194	3.83%
Lombard Odier Asset Management (Europe) Limited	8,560,377	4.81%
M&G plc	8,666,293	4.87%
NN Group N.V.	8,051,366	4.53%

* Percentage based on ordinary shares in issue, excluding treasury shares, as at 31 July 2022.

Between 1 August 2022 and 12 October 2022, the Company received notifications of interests pursuant to the FCA's Disclosure Guidance and Transparency Rules (DTR 5):

- We received a further notification from Cannacord Genuity Group Inc. on 19 August 2022, which notified an increase in their voting rights to 9,231,752 (representing 5.19% of Kin + Carta's issued share capital carrying voting rights).

Directors' report

continued

Political donations

The Company made no political donations during the year (2021: £nil) and the Board has no intention to seek shareholders' approval to permit the Board to make political donations.

Share capital

As at 31 July 2022, the Company had 177,960,679 ordinary shares in issue with a nominal value of 10p each, representing 100% of the total issued share capital. The Company holds 90,637 of its ordinary shares in treasury. Therefore, the total number of voting rights in the Company as at 31 July 2022 was 177,870,042.

Between 1 August 2022 and 11 October 2022, the Company allotted a total of 30,228 ordinary shares. Following these allotments, at 11 October 2022, the Company had 177,990,907 ordinary shares in issue with a nominal value of 10p each, representing 100% of the total issued share capital. The Company continues to hold 90,637 of its ordinary shares in treasury. Therefore, the total number of voting rights in the Company as at 11 October 2022 was 177,900,270.

Powers of Directors to issue or buy back the Company's shares

At the 2021 AGM, shareholders approved authorities:

- for the Directors to allot shares up to an aggregate nominal amount of £5,753,386 generally, with a further authority to allot additional shares up to an aggregate nominal amount of £5,753,386 where the allotment is in connection with a rights issue only. Under this authority, the Company allotted a total of 3,519,290 shares relating to consideration payments for Melon Group and Loop Integration and 1,895,668 shares to satisfy share award vestings and exercises during the year (2021: 3,755,961); and

- for the Company to make market purchases of its own shares up to a maximum of 17,260,158 shares. The Company did not purchase any of its own shares, nor has it reissued shares held in treasury during the year (2021: nil).

These authorities expire at the conclusion of the forthcoming AGM and approval will be sought from shareholders for similar authorities to be given for a further year.

Strategic Report

The Strategic Report can be found on pages 16 to 111. The Strategic Report includes a description of the business model, KPIs, section 172 statement, disclosures regarding environmental matters (including carbon emissions and energy consumption reporting) and the principal risks affecting the Group.

Certain sections of this Annual Report contain forward-looking statements with respect to the strategy, financial condition, results, operations and businesses of the Group or markets in which the Group operates. These statements involve risk and uncertainty because they depend on circumstances that occur in the future and relate to specific events, not all of which are within the Group's control. Although the Group believes that the expectations reflected in such forward-looking statements are reasonable, there are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statement. Nothing in the Annual Report should be construed as a profit forecast or an invitation to deal in the ordinary shares of **Kin + Carta**.

Results and dividends

The Group's statutory loss before taxation from continuing operations for the year amounted to £15.9 million (2021: statutory loss of £5.8 million). The Directors have decided not to recommend the payment of a final dividend for 2022; the Group is prioritising growth and its Capital Allocation framework reflects the focus on both organic growth investments and selective acquisition targets, while keeping dividends on hold for the foreseeable future.

Viability statement

In accordance with provision 31 of the Code, the Directors have assessed the Group's viability over a three-year period, having taken account of the Company's current position and principal risks. Given the fast-changing nature of many of the markets in which the Company operates, a three-year assessment period, which is in alignment with our medium-term planning horizon, was selected to provide management and the Board sufficient visibility of the future.

At the balance sheet date, the Group had a multicurrency revolving credit facility of £85 million with an expiry date of September 2025. Subsequent to the balance sheet date, the Group successfully extended the credit facility of £85 million that will expire in September 2026 on the same terms as the previous agreement. The Directors believe that the revolving credit facility, expiring in September 2026, is at a level sufficient to meet the liquidity requirements of the business through to at least July 2025.

The viability analysis was performed by preparing a high-level, integrated financial forecast over the three-year period and running a number of potentially stressful, yet plausible, scenarios against this base case scenario, starting from 31 July 2022. The base case model prepared by the Directors was based on management's best estimates of future trading at the time of the assessment. The base case assumed strong net revenue growth in the financial year ending in 2023 compared to the financial year ended in 2022, with a commensurate increase in operating profit. The related scenarios reflected the estimated financial impact of adverse events associated with the principal risks outlined in the Risk management section on pages 100 to 110, and included mitigating actions where these would be under the Group's control.

The event reflected in the stress scenarios with the greatest financial impact on the Group comprised a general reduction of up to 20% in net revenue, relative to the base case scenario, across all the businesses to reflect continuing challenging and uncertain economic conditions. The majority of the Group's costs relate to staff and, in such a scenario, the Group would undertake cost avoidance measures by delaying new hires and staff commissions linked to sales growth, and staff bonuses linked to operating profit would be payable at a substantially reduced level. In addition, the Group would avoid other costs by reducing expenditure on IT and capital items. Amounts payable to the legacy St Ives Defined Benefit Pension Scheme are linked to free cash flow generated by the Group for FY22.

In addition to the stress scenario outlined previously, other scenarios were also modelled, including a decline of up to five basis points in the gross margin percentage achieved by the Group over the course of the forecast period arising from salary cost inflation pressures that might not be passed on to customers. A further scenario was modelled reflecting an increase of five days in the average time taken by customers to settle trading balances due to the Group.

In addition to an assessment of the impact that the stress scenarios could have on the Company's debt leverage ratio and absolute level of net debt if they were to occur individually, the impact of a combination of the stress scenarios occurring simultaneously was also modelled to test the results of a particularly high-stress, combined case. This combined case also took account of potential mitigations available to the business.

There were no breaches of the covenants in any of the scenarios modelled, either individually or combined. The Directors, therefore, concluded that the Group is viable over the three-year assessment period.

By order of the Board

Daniel Fattal

Company Secretary

12 October 2022

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

The Group has also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been

followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in the "Board of Directors" section of the Annual Report on pages 114 to 117 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted

international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;

- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

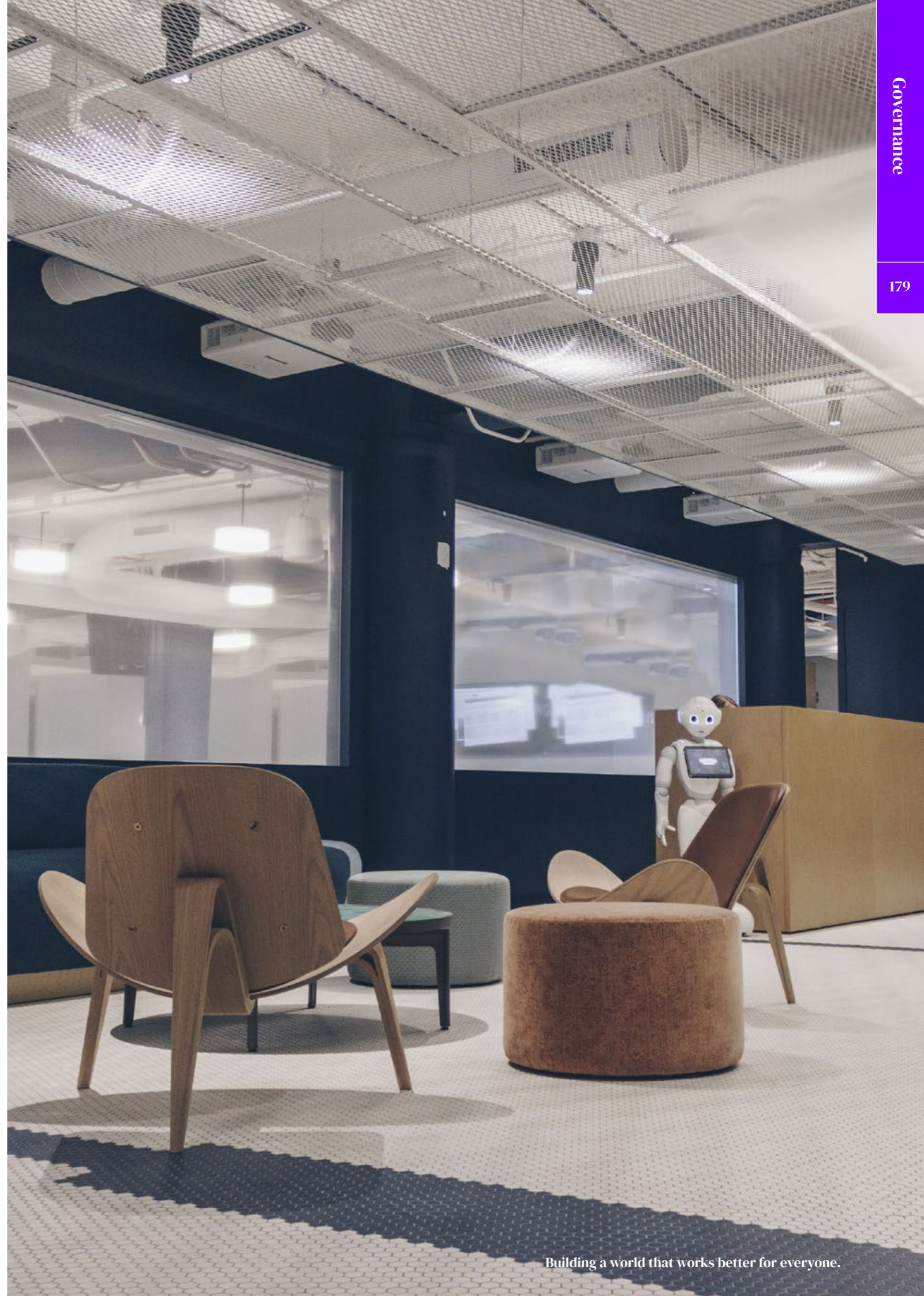
In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This responsibility statement was approved by the Board of Directors on 12 October 2022 and is signed on its behalf by

Kelly Manthey
Chief Executive Officer
12 October 2022

Chris Kutsor
Chief Financial Officer
12 October 2022



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Financials

Independent auditors' report to the members of Kin and Carta plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Kin and Carta plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 July 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 July 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in Note 1 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Overall Group materiality: £853,000 (2021: £730,000), based on 5% of adjusted profit before tax from continuing activities (2021: 5% of the three-year average adjusted profit before tax from continuing activities).
- Overall Company materiality: £810,000 (2021: £694,000), based on 0.5% of the net assets of the Company capped at 95% of Group overall materiality.
- The Kin and Carta plc Group consists of trading entities in the United Kingdom, the United States and Eastern Europe, in addition to smaller operations in South America, and various holding companies and dormant entities.
- We performed a full scope audit over the financially significant components of the Group: Kin and Carta UK Limited ("K&C UK"), Kin and Carta Scotland Limited ("K&C Scotland"), Solstice Consulting LLC ("Solstice"), SpireMedia, Inc. ("Spire"), Cascade Data Labs LLC ("Cascade") and Kin and Carta plc due to their financial significance to the consolidated results. To ensure sufficient coverage obtained over the Group's results and balance sheet, audit procedures were also performed over specific financial statement line items in the opening and closing balance sheet for Melon AD and its subsidiaries ("Melon").
- Our audit scoping resulted in coverage of 93% of adjusted profit before tax from continuing operations.

Key audit matters

- Revenue recognition (Group)
- Carrying value of goodwill and other intangible assets (Group)
- Valuation of retirement benefit obligations and scheme assets (Group and Company)
- Accounting for acquisitions (Group)
- Carrying value of investments and recoverability of intercompany receivables (Company)

Materiality

- Overall Group materiality: £853,000 (2021: £730,000) based on 5% of adjusted profit before tax from continuing activities (2021: 5% of the three-year average adjusted profit before tax from continuing activities).
- Overall Company materiality: £810,000 (2021: £694,000) based on 0.5% of the net assets of the Company capped at 95% of Group overall materiality.
- Performance materiality: £640,000 (2021: £547,000) (Group) and £608,000 (2021: £520,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent auditors' report to the members of Kin and Carta plc continued

Key audit matter

Revenue recognition (Group)

Refer to Note 2 (Accounting Policies) and Note 3 (Revenue).

The Group recognises revenue either on a time and materials basis or in accordance with the stage of completion of the contract activity. There is limited judgement involved in the time and materials contracts, but more judgement in connection with stage of completion revenue. The stage of completion is determined relative to the total number of hours expected to be required to complete the work or provide the services, or alternatively, to the project milestones achieved as at year-end compared to the contracted project milestones. Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as accrued income and where recorded revenue is less than amounts invoiced to clients, the difference is classified as deferred income.

Consideration needs to be given to projects in progress at year end requiring significant judgement in respect of the stage of completion and the associated revenue and profit margin to be recognised.

The total amount of revenue and margin to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as:

- variations to the original contract terms;
- cost overruns; and
- scope changes that require further negotiation and settlement.

Variations can arise from changing client specifications, changes in pricing (including discounts given), changes to the job based on unforeseen circumstances, as well as from inefficiencies on the part of either party.

There is therefore judgement to be applied in determining the impact of these changes and the timing of recognising amounts to be recovered from such changes and any additional work performed. Thus there is a risk that contract revenue is not recognised in the correct period or that revenue and associated profit margin is misstated.

Revenue recognition has been included as a key audit matter as this is an area of significant audit effort to ensure sufficient testing is performed across the underlying client contracts, and that the judgement applied in terms of revenue recognition for incomplete projects and/or contract modifications is appropriate.

How our audit addressed the key audit matter

We understood management's policies and their controls for recording revenue through performance of walkthroughs of the finance and operational processes.

We performed substantive testing of revenue contracts across the full scope components as follows:

- Reviewed a sample of the terms and conditions attached to revenue contracts to understand the existence of the enforceable right to be paid for work and evaluated management's judgements used to determine the timing of recognition of revenue.
- Target tested a number of contracts, including those with significant revenue recognised in the year or with significant contract assets or contract liabilities at the year end, and a further non-statistical sample was tested, selected on a haphazard basis.
- For contracts where revenue is recognised based on time spent by staff with fixed contract fees: we tested the hours completed and obtained an understanding from project managers as to the basis for the budgeted hours, challenged management's assumptions, evaluated the outturn of management's previous estimates and agreed the actual hours incurred post-year end to the forecast for the period.
- For contracts where revenue is recognised based on time spent by staff at agreed contractual rates: we tested the hours spent by agreeing to timesheets and agreed the hourly rates applied to the contract terms.
- For contracts where revenue is recognised based on project milestones: we tested that milestones had been delivered to the clients by obtaining evidence of delivery from project managers, obtained an understanding of the status of milestones in progress, challenged management's assumptions and evaluated the outturn of previous estimates.
- We also assessed how the project managers determined that the stage of completion was correctly calculated by obtaining their calculations and agreeing the inputs to supporting evidence and correspondence with customers.
- To assess whether revenue and profit is accurately recorded and to test the timing of recognition of revenue, we challenged management's judgements on the completeness of work for a sample of contracts by checking original contracts, amendments to contracts, where applicable (e.g. due to agreed changes in scope), and checking that there was evidence that the contractual milestones had been reached.

For those contracts with significant modifications in the year, we challenged management's judgement on whether the remaining services are distinct from those already performed on ongoing contracts with the same customer.

No significant issues arose from the results from our work.

Key audit matter

Carrying value of goodwill and other intangible assets (Group)

Refer to Note 2 (Accounting Policies) and Note 18 (Goodwill and Other Intangible Assets).

At the year end, the Group had goodwill of £76.9m and other intangible assets of £20.4m.

The Group operates in competitive markets, where customers' discretionary expenditure on marketing, communications and innovation is subject to budgetary constraints and market pressures. As such the business is subject to the risk of loss of key customers and/or decline in demand and pressures on pricing.

Management has performed an impairment assessment by calculating the value in use ('VIU') for the cash generating unit ('CGU') to support the carrying value of the goodwill and other intangible assets. We focused on this area as the determination of whether an impairment charge is necessary involves significant estimates about the future results of each CGU.

How our audit addressed the key audit matter

We considered the carrying value of the Group's intangible assets compared to its market capitalisation which gives an indication of the overall value of the Group, noting that the market capitalisation as at the year-end supports the overall valuation.

Our work over the impairment assessment included the following procedures:

- We tested the mathematical accuracy of the underlying calculations.
- We compared past results to those budgeted to assess the quality of management's forecasting. We considered management's ability to forecast was appropriate to support the basis upon which the future cash flows have been prepared.
- We assessed the key assumptions in the calculations being revenue growth and expected profit margin. In assessing these assumptions, we considered external market growth forecasts as well as internal analysis of the forecast revenue. We considered the forecasts had been prepared on a supportable basis.

We also tested:

- management's assumption in respect of the long-term growth rates in the forecasts by comparing them to long term average growth rates of the UK and US economies and obtaining advice from our valuations specialists; and
- the discount rates applied, by assessing the cost of capital used in the forecasts and comparable organisations and obtaining advice from our valuations specialists.

We performed sensitivity analysis in respect of key assumptions to determine at what level changes in these would result in impairment and reviewed management's disclosures in relation to reasonable possible changes in assumptions and the impact on headroom.

We were satisfied the assumptions used in the assessment of impairment of goodwill and other intangibles were reasonable and that adequate disclosure is provided in the financial statements.

Independent auditors' report to the members of Kin and Carta plc continued

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of retirement benefit obligations and scheme assets (Group and Company)</p> <p>Refer to Note 2 (Accounting Policies) and Note 27 (Retirement Benefits)</p> <p>Gross pension assets as at 31 July 2022 are £341.3m (2021: £419.8m) and gross pension liabilities are £302.6m (2021: £400.5m) resulting in a net surplus of £38.7m (2021: £19.3m).</p> <p>The Group's adviser, Buck Consulting, has performed a valuation of the pension scheme assets and liabilities as at 31 July 2022 in accordance with IAS 19.</p> <p>We focused on this area as the valuation of retirement benefit liabilities involve significant judgement and estimation with regards to the setting of assumptions (including inflation, discount rate, GMP and mortality rates), and small changes in these assumptions can result in material impacts on the liabilities.</p> <p>Additionally, the St Ives Defined Benefits Pension Scheme includes investments in a number of Pooled Investment Vehicles ('PIVs'), a number of which are deemed to be complex funds resulting in a lack of independent data against which to validate valuations supplied by the underlying investment managers and accordingly the valuation of these assets was also an area of focus.</p>	<p>Given the complexity involved in the valuation of retirement benefit obligations and the size and nature of the assets and liabilities, we engaged our subject matter experts to assist us in the audit of this matter.</p> <p>We reviewed the assumptions and methodologies used by the Group's adviser, Buck Consulting, to value the pension scheme liabilities as at 31 July 2022 in accordance with IAS 19 to ensure these were appropriate given the composition of the scheme. This included understanding the underlying methodology applied and ensuring this was in line with acceptable methodology for the type of scheme and reviewing key assumptions in line with our expected ranges. We also considered the sensitivity of the overall liability to changes in these underlying assumptions. With regards to the GMP adjustment, we obtained data from the scheme actuary and reperformed calculations at an aggregated level to confirm appropriateness of the assumption applied.</p> <p>We concluded that the assumptions used in the valuation of the liabilities are materially within our indicative ranges, both individually and in aggregate, for the duration of the scheme.</p> <p>For the valuation of the pension scheme assets, and in particular the PIVs, our procedures included:</p> <ul style="list-style-type: none"> • Testing of the fair value of assets through agreement of each asset category to independent sources where possible, considering both corroborative evidence and contradictory evidence; and • Where independent data supporting asset valuations was not available due to the nature of the assets, we performed additional procedures including reviewing the most recent audited financial statements of the fund. <p>Our work did not identify any significant adjustments in this area.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Accounting for the acquisition of Melon and step-up accounting in Loop (group)</p> <p>Refer to Note 2 (Accounting Policies) and Note 12 (Acquisitions).</p> <p>During the year two material acquisitions have been completed. The Group acquired 100% of the issued stock of Melon AD, a software development business with operations in Bulgaria, North Macedonia and Kosovo. The Group also increased its holding in Loop from 50% to 100% which changed from a joint arrangement which would be fully disposed of with the subsequent full acquisition recognised.</p> <p>Management have determined the valuation of acquired intangible assets at the acquisition date using a number of significant assumptions and judgements, including selection of the discount rate, forecasting of after-tax cash flows and the attrition rates used in multi-period excess earnings method (MEEM) approach. These assumptions and judgements impact the allocation of the purchase price on the balance sheet.</p> <p>Management also exercised judgement and used accounting estimates when determining the deferred consideration treated as deemed remuneration.</p> <p>We consider this to be a key audit matter due to the level of judgement applied by management in calculating the value of goodwill and other intangibles recognised on acquisition.</p>	<p>We obtained management's fair value calculations and evaluated the key judgements and estimates made by management in determining the fair value of the net assets acquired:</p> <ul style="list-style-type: none"> • We engaged valuation experts to assess the methodology and key assumptions applied by management to identify and value the intangible assets acquired; • We verified the consideration paid and payable under the terms of the transaction to the Share Purchase Agreement; • We assessed the appropriateness of the fair value of the contingent consideration at the acquisition date; • We assessed underlying forecasts supporting the valuation of intangible assets; and • For the assets and liabilities acquired, we tested a sample of items to supporting documentation and recalculated estimates to gain assurance over the fair value of the opening balance sheet. <p>In respect of the deferred consideration:</p> <ul style="list-style-type: none"> • We performed an analysis of IFRS 3 requirements and concluded that the recognition of deemed remuneration is appropriate as there is a direct link to continued employment in the sale and purchase agreement for certain employees. • We reviewed the forecast results for reasonableness versus historical performance in order to assess management's calculations for deferred consideration, and concluded the assumptions are consistent with those used in the model for evaluation of intangible assets. <p>Finally, we reviewed the disclosures for compliance with IFRS 3 'Business Combinations'.</p>

Independent auditors' report to the members of Kin and Carta plc continued

Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of investments and recoverability of intercompany receivables (company)</p> <p>Refer to Note 1 (Accounting Policies), Note 8 (Investments) and Note 10 (Debtors) of the Company financial statements.</p> <p>As at 31 July 2022, the Company has an investment in the subsidiaries of the Group of £183.0m (2021: £72.0m), loans to subsidiaries of £20.8m (2021: £103.8m) and intercompany debtors of £10.1m (2021: £7.6m).</p> <p>The carrying value of the Company's investments in subsidiaries and intercompany receivables represents 82% of the Company's total assets.</p> <p>Due to their materiality in the context of the Company financial statements as a whole these are considered to be the areas on which increased audit effort is required.</p>	<p>We assessed the investment values and intercompany receivables against the net assets of the investments to identify whether the carrying values are supported by the asset position of the subsidiary.</p> <p>Where the carrying amount exceeded the net asset value of the subsidiary, our procedures were focused on management's value in use calculations including evaluation of key assumptions used and the mathematical accuracy of the calculations including the assessment of expected credit losses. The value in use calculations are consistent with those assessed in support of the carrying value of goodwill and other intangible assets as detailed above.</p> <p>The work we performed did not highlight any issues regarding the recoverability of the carrying value of investments, intercompany loans or intercompany debtors at the balance sheet date.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate. The Kin and Carta plc Group consists of trading entities in the United Kingdom and the United States, in addition to smaller operations in South America, and various holding companies and dormant entities. We performed a full scope audit over the financially significant components (K&C UK, K&C Scotland and Kin and Carta plc in the UK, and Solstice, Spire and Cascade in the US), and testing of significant balances within the opening and closing balance sheet for Melon in order to ensure sufficient coverage was obtained. In addition, we also performed testing over any other untested balances that were considered material to the consolidated balance sheet. Analytical review procedures were performed by the Group engagement team over all out of scope components. All work was performed by the UK based Group engagement team. Our audit scoping gave us coverage of 93% of adjusted profit before tax from continuing operations.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£853,000 (2021: £730,000).	£810,000 (2021: £694,000).
How we determined it	5% of adjusted profit before tax from continuing activities (2021: 5% of the three-year average adjusted profit before tax from continuing activities)	0.5% of the net assets of the Company capped at 95% of Group overall materiality
Rationale for benchmark applied	Adjusted profit before tax from continuing operations is a primary measure used by management and shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. This measure provides us with a consistent year on year basis for determining materiality based on trading performance and eliminates the impact of non-recurring items. In the prior year, we used a three-year average adjusted profit before tax figure due to the volatility in results arising from the impacts of COVID-19 on the business. In the current year, we have reverted to using the adjusted profit before tax for the year as the impacts of COVID-19 are now considered to be minimal.	Net assets is an appropriate benchmark for determining the materiality of the Company, which is a holding Company and non-trading.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £260,000 and £694,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £640,000 (2021: £547,000) for the Group financial statements and £608,000 (2021: £520,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £42,500 (Group audit) (2021: £36,000) and £40,500 (Company audit) (2021: £34,700) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Kin and Carta plc continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the facility agreement to ensure we understand the associated terms including covenants;
- Reviewing management's going concern assessment, including agreeing to board approved budgets, understanding the key assumptions underpinning the forecasts, challenging these assumptions with reference to past performance of the group, external data points and considering management's historical forecasting accuracy to ensure management's assessment of forecast liquidity and covenant compliance is appropriate. The mathematical accuracy of the model was also tested;
- Agreement of the net debt position used in the going concern assessment to supporting documentation;
- Discussions with management relating to potential downside scenarios and the impact these have on the covenant and liquidity headroom, including agreeing the impact to management's calculations; and
- Review of board meeting minutes and discussions with the Audit Committee to ensure that all known facts and circumstances, including potential external factors, have been considered in management's assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the "Reporting on other information" section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent auditors' report to the members of Kin and Carta plc continued

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to GDPR and other data protection regulations and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation in relevant jurisdictions and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve reported results and potential management bias in accounting estimates, since management are incentivised on profit-based measures. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiries of management and the in-house legal team to understand internal processes with regards to compliance with laws and regulations and to understand whether there have been any instances of non-compliance;
- Obtained a confirmation from external legal counsel as to the status of an ongoing claim from a client;
- Review of minutes of Board meetings and Internal Audit reports for identification of risks and potential non-compliance;
- Review of legal expenses incurred in the year and testing of a sample of legal expenses to underlying invoices to understand the nature of the expense;
- Review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identification of journal entries considered to be unusual e.g. postings to unusual account combinations or by unexpected users and testing of these journals to supporting documentation; and
- Addressing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness, testing accounting estimates (due to the risk of management bias) and evaluating the business rationale of any significant transactions outside of the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 29 November 2018 to audit the financial statements for the year ended 31 July 2019 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 July 2019 to 31 July 2022.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12 October 2022

Consolidated income statement

	Note	Year ended 31 July 2022			Restated* Year ended 31 July 2021		
		Adjusted Results £'000	Adjusting Items (Note 7) £'000	Statutory Results £'000	Adjusted Results £'000	Adjusting Items* (Note 7) £'000	Statutory Results £'000
Continuing operations:							
Revenue	3	197,123	–	197,123	137,321	–	137,321
Project-related costs		(6,846)	–	(6,846)	(8,402)	–	(8,402)
Net revenue		190,277	–	190,277	128,919	–	128,919
Cost of service		(105,398)	–	(105,398)	(69,269)	–	(69,269)
Gross profit		84,879	–	84,879	59,650	–	59,650
Selling costs		(16,412)	–	(16,412)	(12,674)	–	(12,674)
Administrative expenses		(50,016)	(7,565)	(57,581)	(39,877)	(2,723)	(42,600)
Share of results of joint arrangement		442	–	442	700	–	700
Other operating income	5	–	1,621	1,621	4,469	–	4,469
Property Impairment and related empty costs	7	–	(6,264)	(6,264)	–	–	–
Amortisation of acquired intangibles		–	(6,390)	(6,390)	–	(7,527)	(7,527)
Contingent consideration treated as remuneration		–	(13,229)	(13,229)	–	(4,956)	(4,956)
Acquisition and integration costs		–	(1,421)	(1,421)	–	(966)	(966)
Operating profit/(loss)	5	18,893	(33,248)	(14,355)	12,268	(16,172)	(3,904)
Net pension finance income	9	–	340	340	–	21	21
Other finance expense	10	(1,837)	–	(1,837)	(1,953)	–	(1,953)
Profit/(loss) before tax	4	17,056	(32,908)	(15,852)	10,315	(16,151)	(5,836)
Income tax (charge)/credit		(1,949)	3,603	1,654	(2,175)	1,738	(437)
Net profit from continuing operations		15,107	(29,305)	(14,198)	8,140	(14,413)	(6,273)
Net profit from discontinued operations	8	1,184	22,797	23,981	4,790	4,261	9,051
Net profit for the period		16,291	(6,508)	9,783	12,930	(10,152)	2,778
Attributable to:							
Shareholders of the Parent Company		16,291	(6,508)	9,783	12,930	(10,152)	2,778
Basic earnings/(loss) per share (p)							
Continuing operations	14	8.70	(16.87)	(8.17)	4.79	(8.48)	(3.69)
Discontinued operations	14	0.68	13.12	13.80	2.82	2.51	5.33
Continuing and discontinued operations	14	9.38	(3.75)	5.63	7.61	(5.97)	1.64
Diluted earnings/(loss) per share (p)							
Continuing operations	14	8.42	(16.87)	(8.17)	4.79	(8.48)	(3.69)
Discontinued operations	14	0.66	12.71	13.37	2.73	2.43	5.16
Continuing and discontinued operations	14	9.08	(3.75)	5.46	7.52	(5.97)	1.58

*The FY21 results have been restated to reflect:

- a revised grouping of continuing and discontinued operations. Refer to note 8 for details.
- a change in accounting policy, following adoption of the IFRS IC's agenda decision on Configuration and Customisation Costs in a Cloud Computing Arrangement. This change in accounting policy has decreased adjusted administrative expenses £103,000 with a related tax credit of £20,000.

The restatements above have consequential amendments to the amounts disclosed in note 4 Segment Reporting, note 5 Operating Profit/(loss) and note 18 Goodwill and Other Intangible assets, note 11 Tax (charge)/ credit, note 26 Deferred Tax and note 33 Notes to the Consolidated Cash Flow Statement.

Consolidated statement of other comprehensive income

	Year to 31 July 2022 £'000	Restated* Year to 31 July 2021 £'000
Profit for the period	9,783	2,778
Items that will not be reclassified subsequently to profit or loss:		
Actuarial profit on defined benefits pension scheme	20,335	17,877
Tax charge on items taken through other comprehensive income	(6,209)	(3,401)
	14,126	14,476
Items that may be reclassified subsequently to profit or loss:		
Transfers of losses on cash flow hedges	13	52
Losses on cash flow hedges	(54)	(13)
Foreign exchange gains/(losses)	4,366	(492)
Tax charge on items taken through other comprehensive income	(1,105)	–
	3,220	(453)
Other comprehensive income for the period	17,346	14,023
Total comprehensive income for the period attributable to shareholders of the Parent Company	27,129	16,801
Attributable to shareholders of the Parent Company	27,129	16,801
Total comprehensive income for the period	27,129	16,801

* The FY21 results have been restated following a change in accounting policy, from the adoption of the IFRS IC's agenda decision on Configuration and Customisation Costs in a Cloud Computing Arrangement. This change in accounting policy has increased the 2021 net profit by £83,000.

Consolidated statement of changes in equity

	Share capital £'000	Additional paid-in capital* £'000	ESOP reserve £'000	Treasury shares £'000	Share option reserve £'000	Hedging, translation and revaluation reserve £'000	Other reserves £'000	Restated** (Accumulated deficit)/ Retained earnings £'000	Total Equity* £'000
Balance at 1 August 2020	16,876	82,316	(68)	(163)	1,797	1,908	85,790	(42,954)	59,712
Change of accounting policy (net of tax) (Note 2.(x))**	-	-	-	-	-	-	-	(507)	(507)
Restated total equity as at 1 August 2020	16,876	82,316	(68)	(163)	1,797	1,908	85,790	(43,461)	59,205
Profit for the year	-	-	-	-	-	-	-	2,778	2,778
Other comprehensive (expense)/income	-	-	-	-	-	(453)	(453)	14,476	14,023
Total comprehensive income	-	-	-	-	-	(453)	(453)	17,254	16,801
Shares issued to settle consideration for acquisitions	360	4,197	-	-	(2,919)	-	1,278	-	1,638
Shares issued to settle employee share options	19	-	-	-	(129)	-	(129)	110	-
Recognition of share-based contingent consideration deemed as remuneration	-	-	-	-	1,881	-	1,881	-	1,881
Hyperinflation revaluation	-	-	-	-	-	128	128	-	128
Purchase of own shares	-	-	(59)	-	-	-	(59)	-	(59)
Settlement of share-based payment using own shares	-	-	59	-	(38)	-	21	(21)	-
Recognition of share-based payments	-	-	-	-	1,944	-	1,944	-	1,944
Tax on share-based payments	-	-	-	-	1,220	-	1,220	-	1,220
Balance at 31 July 2021	17,255	86,513	(68)	(163)	3,756	1,583	91,621	(26,118)	82,758
Profit for the year	-	-	-	-	-	-	-	9,783	9,783
Other comprehensive income	-	-	-	-	-	3,220	3,220	14,126	17,346
Total comprehensive income	-	-	-	-	-	3,220	3,220	23,909	27,129
Dividends paid	-	-	-	-	-	-	-	(38)	(38)
Shares issued to settle consideration for acquisitions	352	7,843	-	-	-	-	7,843	-	8,195
Shares issued to settle employee share options	190	303	(17)	-	(1,242)	-	(956)	1,098	332
Purchase of own shares	-	-	(5,593)	-	-	-	(5,593)	-	(5,593)
Settlement of share-based payment using own shares	-	-	353	-	-	-	353	-	353
Recognition of share-based payments	-	-	-	-	3,118	-	3,118	-	3,118
Recognition of share-based contingent consideration deemed as remuneration	-	-	-	-	7,593	-	7,593	-	7,593
Tax on share-based payments	-	-	-	-	(318)	-	(318)	-	(318)
Hyperinflation revaluation	-	-	-	-	-	176	176	-	176
Reclassification to retained earnings	-	(5,357)	-	-	-	-	(5,357)	5,357	-
Balance at 31 July 2022	17,797	89,302	(5,325)	(163)	12,907	4,979	101,700	4,208	123,705

* Additional paid-in capital includes share premium, merger reserve and capital redemption reserve (note 32).

**The FY21 results have been restated following a change in accounting policy, after adopting the IFRS IC's agenda decision on Configuration and Customisation Costs in a Cloud Computing Arrangement. This change in accounting policy has increased the accumulated deficit at 31 July 2021 by £424,000 (At 31 July 2020 £507,000).

Consolidated balance sheet

Company number 01552113

	Note	31 July 2022 £'000	Restated* 31 July 2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	15	10,559	14,027
Investment property	17	4,169	4,438
Goodwill	18	76,935	68,372
Other intangible assets	18	20,435	14,548
Investment in joint arrangement	19	-	1,080
Retirement benefit surplus	27	38,748	19,267
Other non-current assets	20	101	28
Deferred tax assets	26	7,625	3,524
		158,572	125,284
Current assets			
Trade and other receivables	20	45,393	36,862
Derivative financial instruments	21	2	13
Income tax receivable		-	559
Cash and cash equivalents	20	12,609	44,971
Assets held for sale	8	-	7,099
		58,004	89,504
Total assets		216,576	214,788
Liabilities			
Current liabilities			
Lease liabilities	16	2,806	2,823
Loans	23	-	1,853
Trade and other payables	22	32,968	30,617
Derivative financial instruments	21	454	-
Income tax payable		3,168	514
Deferred income	24	5,159	6,631
Deferred consideration payable	12	6,944	-
Provisions	25	477	538
Liabilities associated with assets held for sale	8	-	7,552
		51,976	50,528
Non-current liabilities			
Lease liabilities	16	10,052	12,490
Loans	23	13,148	62,365
Deferred consideration payable	12	2,155	1,888
Provisions	25	4,206	829
Deferred tax liabilities	26	11,334	3,930
		40,895	81,502
Total liabilities		92,871	132,030
Net assets		123,705	82,758
Capital and reserves			
Share capital	30	17,797	17,255
Other reserves	32	101,700	91,621
Retained earnings/(accumulated deficit)		4,208	(26,118)
Total equity		123,705	82,758

*The 31 July 2021 balance sheet has been restated following a change in accounting policy on adoption of the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. This change in accounting policy decreased the group's accumulated deficit by £83,000 in 2021. The impact of the change on other intangible assets is disclosed in note 18.

These financial statements on pages 194 to 198 were approved by the board of directors on 12 October 2022 and signed on its behalf by

Kelly Manthey
Chief Executive Officer

Chris Kutsor
Chief Financial Officer

Consolidated statement of cash flows

	Note	Year ended 31 July 2022 £'000	Restated* Year ended 31 July 2021 £'000
Operating activities			
Cash generated from operations	33	12,127	10,764
Interest paid		(1,014)	(1,660)
Income taxes paid		(1,341)	(3,382)
Net cash generated from operating activities		9,772	5,722
Investing activities			
Purchase of property, plant and equipment		(1,336)	(1,332)
Proceeds on disposal of subsidiaries	8	34,269	12,630
Cost of acquisitions in period	12	(11,932)	(4,380)
Deferred consideration for acquisitions made in prior periods		–	(1,656)
Net cash generated from investing activities		21,001	5,262
Financing activities			
Purchase of own shares		(5,593)	(59)
Proceeds from share issues		332	–
Dividends paid		(38)	–
Lease payments	16	(3,812)	(4,214)
(Decrease)/increase in bank loans and US Government Loans	33	(54,190)	15,024
Net cash (used in)/generated from financing activities		(63,301)	10,751
Net (decrease)/increase in cash and cash equivalents		(32,528)	21,735
Cash and cash equivalents at beginning of the period		44,971	24,408
Effect of foreign exchange rate changes		166	(1,172)
Cash and cash equivalents at end of the period	20	12,609	44,971

Included in the figures above are the following cash flows from discontinued operations:

		Year ended 31 July 2022 £'000	Restated* Year ended 31 July 2021 £'000
Net cash (used in)/generated from operating activities		(1,862)	7,788
Net cash generated from investing activities		34,255	12,548
Net cash used in financing activities		(542)	(1,504)
Net increase in cash from discontinued operations		31,851	18,832

*Results have been restated to show a revised grouping of continuing and discontinued operations. Further details are in note 8.

Notes to the consolidated financial statements

1. General information

Kin and Carta plc is a public limited company incorporated and domiciled in the United Kingdom (“UK”) and registered in England and Wales under the Companies Act 2006. The address of the registered office is The Spitfire Building, 71 Collier Street, London, N1 9BE. The nature of the Group’s operations and its principal activities are set out in the “Chief Executive Officer’s” review, pages 44 to 46.

Basis of preparation

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with the UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applied in the European Union. These consolidated financial statements (“the financial statements”) are presented in Sterling as this is the currency of the primary economic environment in which the Group operates.

The consolidated financial statements have been prepared on a historical cost basis, except for the remeasurement to fair value of investment property and certain financial assets and liabilities as described in the accounting policies below. The accounting policies have been applied consistently throughout the Group.

The results for the year ended 31 July 2021 have been restated to reflect the results of the Incite, Edit and Relish businesses as discontinued operations. The statutory results column (“Statutory Results”) in the Consolidated Income Statement is presented after Adjusting Items, see note 7.

New accounting standards and interpretations adopted during the year

During the year the group adopted the IFRS IC’s agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. Refer to note 2(x) for details. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

At the date of authorisation of these financial statements, the following Accounting Standards and IFRCs were applicable to companies with a July 2022 year end. The Group has not applied these standards in the preparation of the consolidated financial statements and their impact on the group is considered immaterial:

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16**
 - Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.
 - Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

The above amendments are effective from 1 January 2022.

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient**
As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Notes to the consolidated financial statements continued

1. General information (continued)

Going concern

On 5 September 2022 the group agreed the extension of its committed GBP 85 million multicurrency revolving credit facility with four lender banks for a further year, to 26 September 2026.

At 31 July 2022, the Group had drawn £13.1 million (31 July 2021: £62.4 million) on its credit facility, leaving an unutilised commitment of £71.9 million (2021: £22.6 million). Refer to note 23 for details. The Group had cash and cash equivalents of £12.6 million (2021: £45.0 million) at that date.

The proceeds from divestments of Incite, Edit and Relish businesses generated £34 million, partially offset by acquisition outflows of £11.8 million related to £0.2 million for Octain, £1.8 million for Loop and £9.8 million for Melon Group, net of cash acquired. The resulting free cash inflow was used to pay down bank debt. As a result, we ended the year with a net debt position of £0.5 million compared to a net debt position of £19.2 million at 31 July 2021.

At 31 July 2022, the ratio of net debt to Adjusted EBITDA for bank covenant purposes was 0.05 times (2021: 0.99 times). The Group projects that it will continue to operate within covenant limits and has sufficient liquidity in both the base case forecast and in the severe but plausible downside scenario.

Therefore, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a minimum of twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Viability statement

In order to assess the Group's ability to continue to trade as a going concern and to be viable over the medium term, detailed business and cash flow forecasts covering a three-year period ("viability period") from 1 August 2022 have been prepared by the Directors based on "bottom up" inputs from the individual business units.

To assess our financial viability, we have modelled a number of sensitised scenarios to assess the financial impact of the principal business risks identified on pages 100 to 110 of this Annual Report. In addition to an assessment of the effects on debt leverage and debt volume of individual risks, a combination of all the risk impacts occurring simultaneously was modelled (the combined scenario) to test the results of a particularly high stress scenario. We have assessed the stress before and after the impact of mitigating actions, which are under the control of the Group, and which would be taken in such a scenario.

The covenants and headroom on the facility were reforecasted based on each scenario.

Conclusion

Taking into account the base forecast for the business over the three year period ending 31 July 2025, the adverse financial impact of events linked to the principal risks identified for the Group and the mitigating actions under its control, the Group should be able to continue to operate within the bank credit facilities available to it and the covenants under which it operates if any of the events associated with identified risks came to pass, or if all of them occurred simultaneously, under the assumptions we applied.

Overall, the Directors consider the Group well-placed to manage its business risks successfully, having taken into account the current economic outlook, the possible consequences of principal risks facing the business in severe but plausible scenarios, and the effectiveness of any mitigating actions on the Group's profitability and liquidity.

On the basis of these and other matters considered and reviewed by the Board during the year, the Directors have reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 July 2025.

2. Accounting policies

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings) for each period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the results of subsidiaries to bring their accounting policies into line with those of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The Group had joint arrangements during the period. A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

The consolidated financial statements include the Group's share of results of its joint venture on an equity accounting method. See the Joint Arrangements accounting policy note below for details.

(b) Adjusting Items

Statutory results ("Statutory Results") presented in the Consolidated Income Statement include Adjusting Items.

Income statement items are presented in the middle column under the heading "Adjusting Items" where they do not form part of the underlying trading activities of the Group or, in the opinion of the Directors, their separate presentation enhances understanding of the financial performance of the Group.

The results, excluding Adjusting Items, are presented in the Consolidated Income Statement under the heading "Adjusted Results", in order to provide a consistent and comparable view of the performance of the Group.

Furthermore, the Adjusted Results are aligned to the Group's strategy and are used to measure the financial performance of the Group's businesses and are the basis for remuneration. Further details can be found under the Adjusted Performance Measure section and note 7.

Items included as Adjusting Items are as follows:

Costs related to acquisitions

The Group has grown both organically with the development of new operating subsidiaries and through acquisition. However, there is significant inconsistency between the accounting treatment of the goodwill and intangibles associated with the acquisition of businesses and those generated internally. On an unadjusted basis, a business acquired under IFRS 3 would report substantially lower operating profits and a lower return on capital than the businesses that have been developed by the Group, thus making comparison of performance of the group and segment difficult.

Therefore, the following items are recorded as Adjusting Items to provide a more realistic and comparable view of the group and enhance the clarity of the performance of the Group to readers of the accounts:

- (i) Amortisation charges related to intangible assets identified through acquisition accounting;
- (ii) Expenses related to contingent consideration required to be treated as remuneration for acquired businesses;
- (iii) Charges and credits arising from the re-estimation of deferred consideration payable in respect of acquisitions; and
- (iv) Charges related to the acquisition and integration of businesses or the setting up of new subsidiaries (see integration costs below).

These items are shown as part of separate captions within operating profit on the face of the income statement.

Notes to the consolidated financial statements continued

2. Accounting policies (continued)

St Ives Defined Pension Benefit Scheme income/expense

The Scheme was closed to new entrants in April 2002 and to the accrual of future benefits in August 2008. Given the substantial change in the composition of the Group over the last eight years, with a significant number of site closures and disposals of businesses that employed Scheme members, only two scheme members were still employed by the Group at 31 July 2022, representing less than 0.1% of the total Scheme membership. After the closure of the Scheme, all the in-service members at that time were transferred to a defined contribution scheme. Payments to the defined contribution scheme are expensed to the Consolidated Income Statement and are treated as part of Adjusted Results and not as an Adjusting Item. Therefore, the Group classifies the income/(expense) relating to the Scheme as an Adjusting Item.

Restructuring and other costs

- **Redundancies, restructuring costs and empty property costs**

Redundancies and restructuring costs that are non-recurring in the individual businesses, and that in aggregate are significant in size, are recorded as Adjusting Items. Careful consideration is applied by management in assessing whether these costs relate to the restructure of a business within the Group or redundancies in the normal course of business, which are not treated as Adjusting Items. Redundancies and restructuring costs related to the closure or disposal of a site are recorded within this caption. Empty property costs comprise expenses relating to the maintenance and security of leasehold property or property owned by the Group, from which no ongoing activity takes place (further details surrounding empty property costs can be found below). The costs do not relate to the ongoing trading activities of the Group and are, therefore, recorded as Adjusting Items.

- **Operating results of a site arising after a formal decision on its closure**

Operating results from non-continuing sites, where that site does not meet the definition of a discontinued operation under IFRS 5 – Non Current Assets Held for Sale and Discontinued Operations include revenue, operational and overhead expenses incurred after a formal decision on a site's closure has been taken. These items also include settlement of onerous leases, costs related to the transfer of assets and professional fees related to closure of the site. These items exclude the costs of redundancies and restructuring, which relate to sites from which ongoing trading activities take place. The above items are recorded as Adjusting Items on the basis that they do not form part of the on-going trading activities of the Group.

- **Non-cash impairment charges related to goodwill and other assets**

Impairment charges related to non-current assets are non-cash items which do not occur in the normal course of business and tend to be significant in size and irregular in nature. The presentation of this item as an Adjusting Item further enhances the understanding of the ongoing trading performance of the Group.

- **Customer litigation costs**

Customer litigation costs include legal costs in defence of claims from customers involving material disputes and any related insurance recovery. The costs and potential insurance recovery are considered one-off in nature and material, and are recorded as Adjusting Items.

- **Corporate structure simplification costs**

Corporate structure simplification costs include the costs of placing dormant companies into liquidation and preparing targeted companies for liquidation. The costs are considered one off in nature and material, therefore, have been recorded as Adjusting Items.

- **Gain or loss associated with disposal of trade, subsidiaries or assets**

The gain or loss on disposal of trade, subsidiaries or assets tends to be significant in size and irregular in nature. The disposal of property, plant and equipment is primarily associated with closed sites or businesses that have been disposed of by the Group. Therefore, the gain or loss on the disposal of these assets is treated as an Adjusting Item.

Gains or losses on business as usual (normal course of business) disposals are not considered adjusting events.

When reviewing these items, the Directors considered the guidelines issued by the Financial Reporting Council ("FRC") and the European Securities and Markets Authority ("ESMA").

2. Accounting policies (continued)

A reconciliation of Statutory Results to Adjusted Results can be found in the Consolidated Income Statement. Further details relating to the Adjusting Items are available in note 7.

(c) Revenue recognition

Revenue from supply of goods and services is measured at the fair value of consideration received or receivable, and comprises amounts receivable for goods and services, net of trade discounts, up-front payments, VAT and other sales-related taxes.

Revenue is recognised once contractual performance obligations have been delivered, in accordance with the terms of the contractual agreement. Contracts can have a single or series of different deliverables and, over time, revenue is recognised as each contractual obligation is satisfied. Discounts and other incentives are recognised over the period of the contracts to which they relate.

For services performed on an over-time basis, e.g. where the terms of the contract have provision for licensing the product on a subscription basis, revenue is recognised evenly over the period of contractual term as the performance obligations are satisfied evenly over the term of subscription. Generally, the performance obligations are satisfied over time as service is rendered.

For services that are linked to delivering of goods to fulfil the contract, revenue is recognised when the goods are delivered, in line with meeting the contractual and performance obligations. The goods can be delivered in full or in part quantities.

For performance obligations that are satisfied over time, the Group uses either input or output methods, to measure progress for each performance obligation, depending on the particular arrangement. In the majority of cases, relevant output measures such as the completion of project milestones set out in the contract are used to assess proportional performance. Where this is not the case, then an input method based on costs incurred to date is used to measure performance. The primary input of substantially all work performed is represented by staff costs. As a result of the relationship between labour and cost there is normally a direct correlation between costs incurred and the proportion of the contract performed to date.

Typically, customers are not entitled to refunds across the Group, the above methods are deemed to be appropriate in identifying the point of transfer of goods and services for revenue recognition.

Payment terms for customer payments across the Group vary, with the majority of terms being 60 to 90 days. In some exceptional circumstances, the Group amend payment terms to between zero and 30 days. The Group generally is paid by customers in arrears for its services; however, some work is invoiced in advance.

Net revenue:

Net revenue is calculated as revenue less project-related costs as shown in the Consolidated Income Statement. Project-related costs comprise primarily third-party pass-through expenses and direct costs attributable to a project. These costs typically include amounts payable to external suppliers where they are engaged, at the Group's discretion, to perform a specific part of the performance obligation under a contract with the client, other than the costs of certain freelance contractors and agency staff. Cost of service includes the costs of direct employed staff, freelance contractors and agency staff who are engaged in the delivery of performance obligations under client contracts.

Accrued and deferred income:

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement.

In certain cases, payments are received from customers prior to satisfaction of performance obligations and recognised as deferred income on the Group's Consolidated Balance Sheet. These balances are considered contract liabilities and are typically related to prepayments for third-party pass-through expenses and direct costs that are incurred shortly after billing.

Notes to the consolidated financial statements continued

2. Accounting policies (continued)

(d) Investment properties

Investment properties are properties that are held to earn rental income and are stated at cost less accumulated depreciation.

Depreciation is charged on buildings at between 2% and 4% per annum, so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. Land, which is part of investment properties, is not depreciated.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Income Statement in the period in which the property is derecognised.

(e) Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of the acquisition. Fair value is finalised within 12 months of the date of the acquisition. The goodwill arising on acquisition is allocated to the group of cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. A cash-generating unit represents the lowest level at which goodwill is monitored by the Group's Board of Directors for internal management purposes. Goodwill is not amortised but reviewed for impairment annually in accordance with the impairment of goodwill policy set out in note 2. Goodwill impairment is recorded in a separate line within operating profit in the Consolidated Income Statement.

Other intangible assets – customer relationships

Customer relationships identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition. They are amortised over their estimated useful lives, which is generally two to ten years.

Other intangible assets – proprietary techniques

Proprietary techniques identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition. They are amortised over their estimated useful life which is generally three to ten years.

Other intangible assets – trademarks

Trademarks identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition. They are amortised over their estimated useful lives, which is generally two to ten years.

Other intangible assets – computer software

Computer software that is not integral to an item of property, plant or equipment is classified as an intangible asset and is held on the Consolidated Balance Sheet at cost less amortisation and impairments. These assets are amortised over their estimated useful lives, which is generally two to five years.

All intangible assets with finite lives are amortised on a straight-line basis. Intangible assets amortisation is recognised immediately as an expense in the Consolidated Income Statement. Amortisation of intangibles arising in the context of an acquisition is recorded on a separate line within operating profit. Amortisation of other intangibles is recorded within Administrative expenses.

2. Accounting policies (continued)

(f) Property, plant and equipment

Freehold buildings	2–4%
Long leases	Period of lease
Plant and machinery	10–33.3%
Fixture, fittings and equipment	10–33.3%
Motor vehicles	20–25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

(g) Impairment of property, plant, equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

Fair value less costs to sell is determined by the arm's length sale price between knowledgeable willing parties less costs of disposal.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense in the Consolidated Income Statement and is recorded within administrative expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only in so far as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods.

(h) Impairment of goodwill

The recoverable amount of the group of cash-generating units, to which goodwill has been allocated, is tested for impairment annually on a consistent date during each financial period, or more frequently when such events or changes in circumstances indicate that it may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Any impairment is recognised immediately in the Consolidated Income Statement. Impairments of goodwill are not subsequently reversed.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Notes to the consolidated financial statements continued

2. Accounting policies (continued)

(i) Tax

The tax expense in the Consolidated Income Statement comprises tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income and expense that are taxable or deductible in other periods 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 at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases 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 probable that taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise on non-deductible goodwill or from the initial recognition (other than business combinations) of other assets or 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, 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 is reduced to the extent that it is no longer probable 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 is realised. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in the Consolidated Statement of Comprehensive Income or when it relates to items that are charged or credited to the Consolidated Statement of Comprehensive Income or directly to the Consolidated Statement of Changes in Equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax are recognised in the Consolidated Income Statement, except when they relate to items that are recognised in the Consolidated Statement of Comprehensive Income or directly to the Consolidated Statement of Changes in Equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(j) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the constructive or legal obligation, and its value can be reliably estimated. When a provision needs to be released, the provision is taken back to the Consolidated Income Statement within the line item where it was initially booked. Provisions are discounted to present value using a risk-free rate where the impact of discounting is deemed to be immaterial.

Provisions for repairs

Provisions for repairs are made where the Group is committed under the terms of the lease to make repairs to leasehold property. The provision is made for the estimated cost over the period of the lease.

Provisions for reorganisation and onerous leases

Provisions for restructuring costs and onerous lease costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties or onerous contracts related to closed/ discontinued operations.

2. Accounting policies (continued)

(k) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies other than Sterling are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the exchange rate ruling at that date.

Exchange differences are recognised in the Consolidated Income Statement in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from, or payable to, a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore, forming part of the net investment in the foreign operation), which are recognised initially in the Consolidated Statement of Comprehensive Income and reclassified to the Consolidated Income Statement on disposal or partial disposal of the net investment.

Foreign currency differences arising on translation or settlement of monetary items are recognised in the Consolidated Income Statement.

The results of overseas subsidiaries with functional currencies other than Sterling are translated into Sterling at the average rate of exchange ruling in the period. The average exchange rate for each functional currency is calculated as an average of the Sterling exchange rate ruling at the end of each monthly period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated at each period end. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Sterling at exchange rates ruling at the date the fair value was determined. Exchange gains and losses arising on the retranslation of non-monetary assets and liabilities are recognised directly in a separate component of the Consolidated Statement of Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the period-end closing rate.

(l) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial instruments in the following categories:

Financial instrument category	Note	Measurement	Fair value measurement hierarchy*
Trade and other receivables	20	Amortised cost	N/A
Cash and cash equivalents	20	Amortised cost	N/A
Trade and other payables	22	Amortised cost	N/A
Derivative financial instruments	21	Fair value through profit and loss	2
Deferred consideration payable	12	Fair value through profit and loss	3
Bank borrowings	23	Amortised cost	N/A

*The fair value measurement hierarchy is only applicable for financial instruments measured at fair value.

Notes to the consolidated financial statements continued

2. Accounting policies (continued)

Fair value measurements, where applicable, are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group's primary categories of financial instruments are listed below:

Trade and other receivables

All trade receivables held by the Group are financial assets held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows. Trade receivables are initially recognised at fair value and will subsequently be measured at amortised cost less allowances for impairment.

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises expected credit losses for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds receivable, net of direct issue costs. Finance charges are accounted for on an accruals basis in the Consolidated Income Statement using the effective interest rate method and are included in creditors to the extent that they are not settled in the period in which they arise.

Other long-term financial assets

Unlisted shares held by the Group are classified as being other long-term financial assets and are stated at fair value. Fair values of unlisted shares are calculated with reference to exit price. Gains or losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Consolidated Income Statement for the period.

The Group holds investments in equity instruments and has made the irrevocable designation to measure these at fair value through other comprehensive income ("FVTOCI") as they are not held for trading.

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange for the purchase of subsidiaries, goods and services denominated in foreign currencies and the sale of goods and services similarly denominated.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not hold or issue derivative financial instruments for speculative purposes.

2. Accounting policies (continued)

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges of forecast transactions are recognised directly in equity and the ineffective portion is recognised immediately in the Consolidated Income Statement.

If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognised, the associated gains and losses on the derivative that had previously been recognised in equity are included in the initial measurements of the asset or liability. For the hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in the Consolidated Income Statement in the same period as gains or losses are recognised on the hedged item.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity and the ineffective portion is recognised immediately in the Consolidated Income Statement. Gains or losses accumulated in equity are included in the Consolidated Income Statement when the foreign operations are disposed of.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the Consolidated Income Statement for the period. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the Consolidated Income Statement.

Those derivatives that are not designated as hedges are classified as held for trading and gains and losses on those instruments are recognised immediately in the Consolidated Income Statement. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Deferred/contingent consideration payable

Deferred/contingent consideration payable and consideration required to be treated as remuneration in respect of acquired businesses are typically determined based on a multiple of future incremental EBITDA, and the related amounts are based on forecasts that have been derived from the most recent budgets and forecasts. Any change in the fair value of the outcome is recognised in the Consolidated Income Statement as an Adjusting Item. The deferred consideration payable and accrued contingent consideration required to be treated as remuneration are recognised as financial liabilities, where amounts are expected or required to be cash settled. Where amounts are settled by future issuance of **Kin** and **Carta** plc shares, amounts required to settle the liability are recorded in equity.

The Directors consider that the carrying value of all financial assets and liabilities is approximately equal to their fair value, except for investment properties, which are recorded at amortised cost. The fair value of these assets is disclosed in note 17.

(m) Retirement benefits

The Group operates both defined benefit and defined contribution schemes for its employees. Payments to the defined contribution schemes are expensed to the Consolidated Income Statement as they fall due.

For the St Ives Defined Benefit Pension Scheme (the "Scheme") full actuarial calculations are carried out every three years using the projected unit credit method and updates are performed for each financial period end. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the Consolidated Income Statement and presented in the Consolidated Statement of Comprehensive Income.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligations and as reduced by the fair value of the Scheme's assets.

Any asset resulting from this calculation is recognised in the Consolidated Balance Sheet, as the Group has an unconditional right to a refund of any surplus in the defined benefit pension scheme at the end of the Scheme's duration.

Notes to the consolidated financial statements continued

2. Accounting policies (continued)

Past service cost is recognised at the earlier of when the planned amendment or curtailment occurs and when the entity recognises related restructuring costs or termination benefits.

Given the closure of the Scheme and the change in the composition of the Group, the Board has concluded that the Scheme's income and expenses do not relate to the underlying trading activities of the Group. Furthermore, the underlying assumptions used in the Scheme's valuation are determined by reference to external market data (notably discount and inflation rates) that are outside the Group's control and can vary significantly between periods. The Group's accounting policy is, therefore, to record the income and expenses related to the Scheme as an Adjusting Item.

Defined benefit income and expenses are split into four categories:

- gains and losses on curtailments and settlements and costs incurred in the running of the Scheme;
- net pension finance charge;
- past service costs including Guaranteed Minimum Pension ("GMP") costs; and
- remeasurement of gains and losses.

The Group presents the first three components of the Scheme's costs within Adjusting Items in its Consolidated Income Statement and the remeasurement costs within the Consolidated Statement of Comprehensive Income. The GMP costs reflect further adjustment in the current year following a granular member-by-member review in the current year and, in the prior year, an adjustment to reflect the impact of GMP adjustment in respect of members who transferred out of the scheme.

(n) Share-based payments

The Group makes equity-settled share-based payments to certain employees, which are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Statement of Change in Equity reserves. The fair value of share options issued is measured using a binomial model, for the effects of non-transferability, exercise restrictions and behavioural considerations.

SAYE and ESPP share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

The cumulative expense is reversed when an employee in receipt of the share options terminates service prior to the completion of vesting period. Where the terms of an equity-settled award are modified on termination of the employment, the total fair value of the share-based payments is recorded in the Consolidated Income Statement.

(o) Employee Share Ownership Plan ("ESOP")

As the Group is deemed to have control of its ESOP trust, it is included in the consolidated Group financial statements. The ESOP's assets and liabilities are included on a line-by-line basis in the Group financial statements. The ESOP's investment in the Group's shares is deducted from equity in the Consolidated Balance Sheet as if they were treasury shares and presented in the ESOP reserve.

(p) Leases

The Group applied IFRS 16 with a date of initial application of 1 August 2019. IFRS 16 requires lessees to account for all leases on the balance sheet, recognising a right-of-use asset and a lease liability at the lease commencement date. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of the ownership of the asset to the Group. Under IFRS 16, the Group recognised a right-of-use asset and lease liability i.e. all leases are recognised on the Consolidated Balance Sheet.

2. Accounting policies (continued)

At transition, the lease liabilities were measured at the present value of the remaining lease payments using the Group's incremental borrowing rate of 5% as at 1 August 2019. The right-of-use assets were measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's borrowing rate at 1 August 2019. The Group used the following practical expedients when applying IFRS 16:

- Adjusted the right-of-use assets for any onerous lease provisions immediately before the date of initial application rather than perform an impairment review;
- Applied the exemption not to recognise a right-of-use asset or lease liability for leases of low value or with lease terms with less than 12 months remaining at 1 August 2019; and
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Changes in accounting policy for leases

The Group leases a number of offices and equipment, and rental contracts typically run for fixed periods of three to eleven years. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

For any new contracts entered into on or after 1 August 2019, the Group considers whether a contract is, or contains, a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets the following criteria:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use.

At the lease commencement date, the Group recognises the lease as a right-of-use asset and a corresponding liability in the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any restoration costs at the end of the lease and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets 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. 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, discounted using the interest rate implicit in the lease if that rate is readily available, or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

Each lease payment is allocated between the reduction of the lease liability and finance cost. The finance cost is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a term of 12 months or less. Extension and termination options are included in a number of property leases across the Group. These options are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Leases that do not meet the criteria under IFRS 16 leases are classified as either short-term or low value leases. Rental costs under these leases are charged to the Consolidated Income Statement in equal amounts over the terms of the lease. In the event that lease incentives are received to enter into these leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Notes to the consolidated financial statements continued

2. Accounting policies (continued)

(q) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed by the Group, together with the equity instruments equivalent to the mid-market share price on the date of completion, in exchange for control of the acquiree. Acquisition-related costs are recognised in the Consolidated Income Statement as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset, liability or equity are accounted for in accordance with relevant IFRSs.

Contingent amounts payable to selling shareholders who continue to be employed by the Group, but which is automatically forfeited upon termination of employment, is classified as remuneration for post-combination services and is recorded in the Consolidated Income Statement. The contingent payment is satisfied in cash and equity instruments equivalent to the mid-market share price on the date of the consideration payable.

The cash-settled contingent amounts treated as remuneration for post-combination services is recognised in accordance with IAS 19 Employee Benefits and has been recorded as deferred consideration payable in the Consolidated Balance Sheet. At each balance sheet date, the Group revises its estimate for the contingent amounts payable that is to be settled in cash. The impact of the revision, if any, is recognised in the Consolidated Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Consolidated Balance Sheet.

The equity-settled contingent amounts payable treated as remuneration for post-combination services is recognised in accordance with IFRS 2 Share-based Payments, and is recorded in equity reserves. Further details can be found in the share-based payments accounting policy. At each balance sheet date, the Group revises its estimate of the consideration payable that is to be settled in shares. The impact of the revision, if any, is recognised in the Consolidated Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date that the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

(r) Joint arrangements

Joint arrangements are entities where no one party is able to exercise overall control in which the Group has an interest. The Group's share of the post-tax results of its joint arrangements is included in the Consolidated Income Statement using the equity method of accounting. Where the Group transacts with a joint arrangement, profits and losses are eliminated to the extent of the Group's interest in the joint arrangement.

2. Accounting policies (continued)

Investments in joint arrangements are carried in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity, less any provision for impairment.

(s) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of amortised cost and fair value less costs of disposal. Non-current assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. The Group classifies assets as held for sale and when these conditions below have been met:

- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active programme to locate a buyer is initiated, and the sale is highly probable, within 12 months of classification as held for sale;
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; and
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

For assets that were classified as held for sale on 31 July 2021, the conditions above were met (note 8).

(t) Discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use. A component of the Group is classified as a discontinued operation if:

- it represents a separate major line of business or geographical area of operation;
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale as a discontinued operation.

The trading results of a discontinued operation together with any gains or loss from the disposal of the operation is reported separately as discontinued operations in the Consolidated Income Statement. Further information can be found in the Goodwill and other intangibles note below.

(u) Grant income

The Group recognises income from government grants only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. Grant income is recognised as other operating income in the Consolidated Income Statement.

(v) Critical accounting judgements and key sources of estimation uncertainty

In the course of applying the Group's accounting policies, the following estimations and accounting judgements have been made, which could have a significant effect on the results of the Group were they subsequently found to be inappropriate.

Critical accounting judgements

Adjusting items

In the opinion of the Directors, separate presentation of Adjusting Items and APMs provides useful information in the understanding of the financial performance of the Group and its businesses. The classification of Adjusting Items requires management judgement after considering the nature and intentions of a transaction. The Group's definitions of Adjusting Items are outlined within the Group accounting policies under the "Adjusting Items" section above. These definitions have been applied consistently period-on-period. Further details are provided in note 7.

Assets held for sale

The reclassification of businesses as Assets held for sale involves a judgement of the likelihood of a sale taking place within 12 months of the balance sheet date, which is not entirely within the control of the Group.

Notes to the consolidated financial statements continued

2. Accounting policies (continued)

Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units for which goodwill has been identified. In arriving at the value-in-use, the forecast of future cash flows of cash-generating units and selection of appropriate discount rates is required to calculate present values, a process which involves estimation. The recoverability analysis indicates that the value-in-use supports the carrying amount of goodwill. The situation will be monitored closely should future developments indicate that adjustments are appropriate. The carrying value of goodwill at the balance sheet date was £76.9 million (2021: £68.4 million). A sensitivity analysis can be found in note 18.

Impairment of acquired intangibles

The Group considers the recoverability of acquired intangibles, which are included within the Consolidated Balance Sheet at £20.4 million (2021: £14.5 million). The key areas of consideration when assessing the recoverability of these assets are in relation to the discount rates, terminal growth rates, budgets and forecasts to be applied to forecast cash flows. A sensitivity analysis can be found in note 18.

Purchase price allocation for acquisitions

Accounting for an acquisition typically involves the allocation of a significant portion of the purchase price to the fair value of assets, which do not have a historical cost base, such as customer relationships, proprietary techniques and trademark, as well as the estimation of useful economic lives for these assets. The determination of value of these assets and their useful lives involves valuation techniques dependent on estimation of future cash flows, which are uncertain. The allocation of the purchase price for the Cascade Data Labs acquisition in the period is set out in note 12.

Contingent Consideration

The calculation of consideration payable in relation to past acquisitions, which is contingent upon future performance, requires the estimation of future revenues and costs and is subject to uncertainty. An analysis of contingent consideration payable can be found in note 12.

Retirement benefit obligations

The calculation of retirement benefit obligations requires estimates to be made of discount rates, inflation rates, future salary and pension increases, the effects of compliance with statutory provisions for GMP, and mortality. The net surplus in the Consolidated Balance Sheet for the retirement benefit scheme was £38.7 million (2021: surplus of £19.3 million). A sensitivity analysis can be found in note 28.

(w) Segment information

Following changes in how the Group is managed, from 1 August 2021 the Group changed the presentation of its segment information, to a regional structure, which is made up of the following segments; Americas, Europe and Corporate. Refer to note 4.

From 1 August 2021, the Group segments are:

- Americas – the segment generates its revenue from offering digital transformation services to clients. The segment's results are from the Group's subsidiaries that provide services to clients from businesses with operating locations in the Americas.
- Europe – the segment generates its revenue from offering digital transformation services to clients. The segment's results are from the Group's subsidiaries that provide services from businesses with operating locations in Europe.
- Corporate – the segment includes the group's investment holding companies, which include Kin and Carta plc. The segment incurs the Group's corporate costs.

The above operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Board of Kin + Carta plc appoints the Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO"), who together assess the financial performance and position of the Group, to make strategic decisions for the Group. The CEO and CFO have been identified as being the CODM for the Group. Refer to note 4 Segment Reporting for details.

2. Accounting policies (continued)

(x) Changes in accounting policies

Change in accounting policy in response to IFRS IC agenda decision on Configuration and Customisation ("CC") costs in a cloud computing arrangement

The Group previously accounted for Configuration and Customisation ("CC") costs in a cloud computing arrangement as 'intangible assets – computer software', amortised over a period of two to five years. Following the IFRS IC agenda decision on configuration and customisation costs in a Cloud Computing Arrangement in March 2021, the Group has reconsidered its accounting treatment. The Group has adopted the treatment set out in the IFRS IC agenda decision not to capitalise CC costs but to record them as an expense in the Consolidated Income Statement on the basis that the Group does not control the software that was configured and customised. This change in accounting treatment has been accounted for retrospectively and comparative information has been restated. The impact of this change is disclosed in the table below.

Change in accounting policy and presentation: Cloud computing

	31 July 2021 £'000	Cloud Computing: Increase/(decrease) £'000	31 July 2021 (Restated) £'000
Balance sheet (extract)			
Other intangible assets	15,072	(524)	14,548
Deferred tax liabilities	(4,030)	100	(3,930)
Net assets	83,182	(424)	82,758
Accumulated deficit	(25,693)	(424)	(26,117)
Total equity	83,182	(424)	82,758

	31 July 2021 £'000	Impact of Cloud Computing £'000	31 July 2021 (Restated) £'000
Consolidated Income Statement (extract)			
Administrative expenses	(39,980)	103	(39,877)
Profit before tax	10,212	103	10,315
Income tax charge	(2,013)	(20)	(2,033)
Net profit/(loss) from continuing operations	8,199	83	8,282
Net profit from discontinued operations	4,862	–	4,862
Adjusting items after tax	(10,366)	–	(10,366)
Net profit for the period	2,695	83	2,778
Profit is attributable to:			
Shareholders of the Parent Company	2,695	83	2,778
	2,695	83	2,778

	31 July 2021 £'000	Impact of Cloud Computing £'000	31 July 2021 (Restated) £'000
Statement of comprehensive income (extract)			
Profit for the period	2,695	83	2,778
Other comprehensive income for the period	14,023	–	14,023
Total comprehensive income for the period	16,718	83	16,801
Total comprehensive income for the period is attributable to:			
Shareholders of the Parent Company	16,718	83	16,801
	16,718	83	16,801

Notes to the consolidated financial statements continued

2. Accounting policies (continued)

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was an increase of 0.049 pence and 0.047 pence per share respectively.

The restatements further affected some of the amounts disclosed in note 7 Adjusting Items, note 4 Segment Reporting, note 5 Operating Profit/(loss) and note 18 Goodwill and Other Intangible assets, note 11 Tax (charge)/ credit, note 26 Deferred Tax and note 33 Notes to the Consolidated Cash Flow Statement.

3. Revenue

An analysis of the Group's revenue as defined by International Financial Reporting Standard 15 - 'Revenue' is as follows:

	2022 £'000	Restated* 2021 £'000
Continuing operations:		
Rendering of services	197,123	137,321
Discontinued operations:		
Rendering of services	10,116	43,038
Continuing and discontinued operations:		
Rendering of services	207,239	180,359

Net revenue by region is under note 4.

*Results have been restated to show a revised grouping of continuing and discontinued operations. Further details are in note 8.

4. Segment reporting

Following a change to a regionally focused approach to management of the Group, segment information is presented on a regional basis, with a separate corporate segment for certain costs, which are not allocated directly to the operating regions.

The Group reports its results through the following segments:

- Americas – this segment generates revenue from services offered to our global clients by our operating businesses which are located in the Americas.
- Europe – the segment generates revenue from services offered to global clients by our operating businesses which are located in Europe.
- Corporate – the segment includes the corporate costs which are not allocated directly to the operating regions, including the costs of the Board.

The above operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief Executive Officer and Chief Financial Officer who are primarily responsible for the assessment of the performance of the Group.

Results from continuing and discontinued operations for the current period:

	Year to 31 July 2022			Total £'000
	Europe £'000	Americas £'000	Corporate costs £'000	
Continuing operations:				
Revenue	61,772	154,037	(18,686)	197,123
Net revenue	58,050	132,227	-	190,277
Operating profit/(loss) before Adjusting Items	4,045	22,878	(8,030)	18,893
Adjusting Items	(5,454)	(21,566)	(6,228)	(33,248)
Operating (loss)/profit	(1,409)	1,312	(14,258)	(14,355)
Net pension finance income				340
Other finance expense				(1,837)
Statutory loss from operations				(15,852)
Income tax credit				1,654
Statutory loss after tax from continuing operations				(14,198)
Discontinued operations:				
Statutory net profit for the period from discontinued operations				23,981
Continuing and discontinuing operations:				
Statutory net profit for the period from continuing and discontinued operations				9,783

Revenue in the corporate costs column comprises the elimination of revenue between the Americas and Europe operating segments.

Notes to the consolidated financial statements continued

4. Segment reporting (continued)

Results from continuing and discontinued operations for the prior period:

	Restated* Year to 31 July 2021			
	Europe £'000	Americas £'000	Corporate costs £'000	Total £'000
Continuing operations:				
Revenue	46,591	97,851	(7,121)	137,321
Net revenue	43,725	85,194	-	128,919
Operating profit/(loss) before Adjusting Items	4,368	14,710	(6,810)	12,268
Adjusting Items	(2,648)	(10,342)	(3,182)	(16,172)
Operating profit/(loss)	1,720	4,368	(9,992)	(3,904)
Net pension finance income				21
Other finance expense				(1,953)
Statutory loss from operations				(5,836)
Income tax charge				(437)
Statutory net loss from continuing operations				(6,273)
Discontinued operations:				
Statutory net profit for the period from discontinued operations				9,051
Continuing and discontinuing operations:				
Statutory net profit for the period from continuing and discontinued operations				2,778

*The results for the year ended 31 July 2021 have also been restated following:

- a change in accounting policy, after adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. This change in accounting policy has increased the statutory net profit from continuing operations by £83,000 in 2021. Refer to note 2x.
- and to show a revised grouping of continuing and discontinued operations. Further details are in note 8.

Other information

	Year to 31 July 2022		
	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Capital additions	4,796	14	4,810
Depreciation and amortisation charges	10,545	332	10,877
Impairment charges	6,207	-	6,207

	Restated* Year to 31 July 2021		
	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Capital additions	3,388	120	3,508
Depreciation and amortisation charges	12,065	1,126	13,191
Impairment charges	456	-	456

*The results for the year ended 31 July 2021 have also been restated to reflect:

- a change in accounting policy, after adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. This change in accounting policy has increased the 2021 statutory net profit from continuing operations by £83,000 in 2021. Refer to note 2(x).
- a revised grouping of continuing and discontinued operations. Further details are in note 8.

4. Segment reporting (continued)

Geographical split of revenue

Operations

Net revenue by geographical area is based on the location where the provision of goods and services has been provided.

	31 July 2022 £'000	Restated* 31 July 2021 £'000
Continuing operations		
United States of America	132,230	93,870
United Kingdom	55,607	34,927
Rest of the world	2,440	122
Net revenue from continuing operations	190,277	128,919
Discontinued operations		
United States of America	631	5,950
United Kingdom	5,239	21,024
Rest of the world	24	408
Net revenue from discontinued operations	5,894	27,382
Total		
United States of America	132,861	99,821
United Kingdom	60,869	55,951
Rest of the world	2,441	529
Total net revenue	196,171	156,301

One customer contributed 11.8% (2021: 12.8%) of the group net revenue for the year.

*Results have been restated to show a revised grouping of continuing and discontinued operations. Further details are in note 8.

Notes to the consolidated financial statements continued

5. Operating profit/(loss)

Profit/(loss) from operations, related to continuing operations has been arrived at after charging/(crediting):

	2022 £'000	Restated* 2021 £'000
Auditor's remuneration		
Audit fees:		
- Audit of the Company accounts	450	317
- Audit of the accounts of the Company's subsidiaries	55	247
	505	564
Other assurance related services	45	45
Total fees paid to the auditors	550	609
Staff costs (note 6)	161,904	111,369
Depreciation of property, plant and equipment (note 15) – continuing operations	3,886	2,944
Depreciation of property, plant and equipment (note 15) – discontinued operations	238	1,109
Depreciation of investment property (note 17)	269	269
Amortisation of acquired intangible assets (note 18) – continuing operations	6,390	7,562
Amortisation of acquired intangible assets (note 18) – discontinued operations	94	1,141
Impairment of non-current assets (note 4) – continuing operations	6,207	456
Operating lease rentals – land and buildings	204	443
Government Grant Income		
Amounts forgiven under PPP loan scheme	–	(4,541)

US Government grant income (PPP loan scheme) is credited to Adjusted Other income within the Americas Segment.

*The results for the year ended 31 July 2021 have been restated to reflect:

- a change in accounting policy, after adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. The impact of this change is in note 2(x).
- a revised grouping of continuing and discontinued operations. Further details are in note 8.

6. Staff costs

The average monthly number of employees (including executive directors) was:

	2022 Number	Restated* 2021 Number
Continuing Operations		
Operations	1,464	913
Sales	89	78
Administration	301	213
Continuing Operations	1,854	1,204
Discontinued Operations	199	236
Continuing and Discontinued Operations	2,053	1,440

*Restated to classify Edit and Relish as discontinued operations. 2021 includes Edit, Relish, Incite, Hive and Pragma as discontinued operations.

	2022 £'000	Restated* 2021 £'000
Continuing Operations		
Wages and salaries	136,779	98,015
Social security costs	9,684	6,820
Other pension costs	4,276	2,554
	150,739	107,389
Share-based contingent consideration deemed as remuneration	7,721	1,881
Share-based payment charge including social security costs	3,444	2,099
Continuing Operations	161,904	111,369
Discontinued Operations	3,268	16,169
Continuing and Discontinued Operations	165,172	127,538

*Restated to classify Edit and Relish as discontinued operations. 2021 includes Edit, Relish, Incite, Hive and Pragma as discontinued operations.

Notes to the consolidated financial statements continued

7. Adjusting Items

Adjusting Items disclosed on the face of the Consolidated Income Statement included in respect of continuing and discontinued operations are as follows:

Expense/(income)	2022 £'000	Restated* 2021 £'000
Continuing operations		
Costs related to acquisitions		
Amortisation of acquired intangibles	6,390	7,527
Contingent consideration required to be treated as remuneration	13,229	4,956
Acquisition and integration costs	1,421	966
	21,040	13,449
Fair value gain from deemed sale on step acquisition		
Step up in value on notional disposal	(1,621)	–
	(1,621)	–
St Ives Defined Benefit Pension Scheme costs		
Scheme administrative costs	787	773
Past service cost (GMP equalisation uplift)	3,884	604
Other related costs	821	1,165
	5,492	2,542
Restructuring and other charges		
Impairment of property, plant and equipment	6,207	154
Costs associated with empty properties	4,462	27
Credit associated with lease modification	(4,405)	–
Redundancies and other charges	1,693	–
Customer litigation	380	–
	8,337	181
Adjusting Items before interest and tax	33,248	16,172
Net pension finance income in respect of defined benefit pension scheme	(340)	(21)
Adjusting Items before tax	32,908	16,151
Income tax credit	(3,603)	(1,738)
Continuing operations Adjusting Items after tax	29,305	14,413
Discontinued operations Adjusting Items net profit after tax	(22,797)	(4,261)
Continuing and discontinued Adjusting Items after tax	6,508	10,152

*Restated to classify Edit and Relish as discontinued operations. 2021 includes Edit, Relish, Incite, Hive and Pragma as discontinued operations.

Continuing operations

Costs related to acquisitions made in the current and prior periods

- Amortisation of acquired intangibles – charges relating to the amortisation of acquired customer relationships, proprietary techniques and trademarks amounted to £6.4 million in the year. These are recorded within the Americas Europe excluding Melon, and Melon's segments.
- Contingent consideration required to be treated as remuneration – during the year, charges relating to contingent consideration deemed as remuneration of £13.2 million (2021: £5.0 million) were recorded in the Consolidated Income Statement as Adjusting Items. The charges in the year arose in respect of the acquisitions in the current year; Loop £1.2 million, Melon £0.9 million and Octain £0.2 million. Cascade and Spire, which were acquired in prior periods, had charges in the current year of £9.0 million (2021: £2.9 million) and £1.9 million (2021: £2.1 million). These are recorded within the Americas, Europe excluding Melon, and Melon segments.
- Acquisition and integration costs – costs of £1.4 million (2021: £1.0 million) were incurred as part of the acquisition and integration of Datorium, Loop and Melon and in respect of other acquisition and divestment-related activities in the period.

7. Adjusting Items (continued)

Fair value gain from deemed sale on step acquisition

On 14 February 2022, the Group acquired the remaining 50% interest in Loop. Refer to note 12, Acquisitions. Loop was carried on the Group's balance sheet as an investment in joint arrangements, equity accounted at 50% of its net asset value, giving a carrying value of £1.4 million. The acquisition has been accounted for as a disposal followed by a full acquisition in line with IFRS3. The notional disposal of the existing 50% gives rise to a step up to fair value of the investment resulting in a gain of £1.6 million, which has been recorded through the Consolidated Income Statement as an Adjusting Item. This fair value gain is acquisition-related and material, therefore, has been included as an Adjusting Item in the Americas segment.

St Ives Defined Benefit Pension Scheme costs

The Scheme charges include administrative service costs of £0.8 million; £3.9 million of further past service costs related to GMP equalisation following a detailed review on a member-by-member basis of the additional costs arising out of the Lloyds case (prior year adjustment to allow for members who have transferred out of the scheme); and costs incurred directly by the Company in relation to running the Scheme, most significantly the levy payable to the Pension Protection Fund, of £0.8 million. Net finance income associated with the pension is classified as an adjusting item. These items are recorded in the corporate segment.

Restructuring items and other charges

- Impairment of right-of-use assets* – following a decision to vacate a significant portion of the Group's leasehold property in Chicago from September 2022 and to exercise a break on the whole lease in November 2026, an impairment charge on the related right-of-use asset of £6.2 million (2021: £nil) was taken and recorded as an adjusting item because of its material size and non-recurring nature. The costs are recorded in the Americas segment.
- Costs associated with empty properties* – Empty property costs of £4.5 million (2021: £nil) comprise contractually unavoidable future expenses relating to the business rates and maintenance charges of a leasehold property in Chicago, USA following a decision to partially vacate the premises from September 2022. The costs do not relate to the ongoing trade of the Group and are, therefore, recorded as Adjusting Items. Refer to note 25 Provisions for details. The impairment costs of £0.2 million in the prior year relate to computer equipment and a property lease termination in the UK both under a restructuring program that commenced in the 2020 financial year and is now complete.
- Credit associated with lease modification* – following the decision to exercise a break clause on the Chicago leased premises at the earliest break date in November 2026. The credit is recorded within the Americas segment.
- Redundancy and other costs* – £1.7 million (2021: £nil) relate to staff severance costs associated with the initial phase of a restructure of the business in the current year following the switch to a fully regionally based organisation, and the costs of simplifying the Group's legal structure leading to the liquidation of a number of legal entities. The restructuring has continued into the first quarter of FY23 and further restructuring charges including those linked to the transition of certain roles to nearshore centres will be incurred in the first half of FY23. They are recorded in the Americas, Europe and Corporate segments.
- Customer litigation costs* – in the current year, the Group incurred £0.4 million (2021: £nil) in external legal advisor costs in defence of a claim brought by a former client for breach of contract. The Group is resisting the claim and the legal advice taken indicates that the Group has a reasonable chance of success. Therefore, no provision has been made for further losses related to the claim. Given the material and non-recurring nature of these costs, they have been classified as adjusting items. They are recorded in the Americas segment.

Tax

In the current period, the tax credit of £3.6 million (2021: £1.7 million) relates to the items noted above. In the current and prior year no tax credit is recorded in respect of the deemed remuneration charges in respect of current or prior year acquisitions and, or on acquisition costs.

Notes to the consolidated financial statements continued

8. Discontinued operations

Current period divestments

Discontinued operations in the current period include the results of three businesses, which were divested in the period:

Incite – on 28 September 2021, the Group completed the sale of Incite, a strategic marketing and planning consultancy for a consideration of £15.1 million before adjustments for cash, debt and working capital items. After adjustments for cash, debt and working capital, and costs, net cash proceeds arose on the sale of Incite of £14.6 million at completion, with a further £1.0 million received on 31 July 2022, which is not contingent on business performance. The net gain on divestment of Incite is £15.2 million and this has been recorded in Adjusting Items.

Relish – on 4 November 2021, the Group completed the sale of Relish, a product sampling agency specialising in the beauty and fast-moving consumer goods sectors, for a consideration of £5.6 million before costs and customary adjustments for cash, debt and working capital. The net gain recorded in Adjusting Items relating to the sale is £3.5 million.

Edit – on 12 November 2021, the Group completed the sale of Edit, a marketing services company, for a consideration of £12.5 million before costs and customary adjustments for cash, debt and working capital. The net gain recorded in Adjusting Items relating to the sale is £5.4 million.

Prior period divestments

The restated 2021 results for discontinued operations comprise the results of the five businesses divested since 1 August 2020: Pragma, Hive, Incite, Edit and Relish.

In addition to the results of the three businesses noted above, which were divested in the current period, prior period discontinued operations include the results of Pragma, a commercial retail space consulting business and Hive, a healthcare communications consultancy, both of which were divested in the prior period.

Pragma – on 31 August 2020, Pragma was divested for a consideration of £0.25 million, before adjustments for cash, debt and working capital items, received in cash at completion. The loss on disposal of Pragma of £0.2 million is recorded within Adjusting Items.

Hive – on 16 December 2020, Hive was divested for a consideration of £13.8 million before adjustments for cash, debt and working capital items received in cash at completion. After adjustments for cash, debt and working capital, net proceeds from Hive of £12.35 million were received in the prior year. The gain on disposal of Hive of £5.4 million is recorded within Adjusting Items.

8. Discontinued operations (continued)

The results of the discontinued operations for the year were as follows:

	2022 £'000	Restated* 2021 £'000
Revenue	10,116	43,038
Net revenue	5,894	27,382
Gross Profit	3,545	15,807
Selling costs	(693)	(2,989)
Administrative expenses	(1,398)	(6,523)
Operating profit before Adjusting Items	1,454	6,295
Interest charges	(32)	(210)
Profit before tax before Adjusting Items	1,422	6,085
Income tax charge	(238)	(1,295)
Profit after tax before Adjusting Items	1,184	4,790
Adjusting Items from discontinued operations		
Gain on divestment of discontinued operations	24,059	5,171
Amortisation of acquired intangibles	(94)	(1,124)
Release of provision	265	-
Adjusting Items before tax	24,230	4,047
Tax (charge)/credit on Adjusting Items	(1,433)	214
Adjusting Items after tax	22,797	4,261
Profit from discontinued operations		
Profit after tax before Adjusting Items	1,184	4,790
Adjusting Items	22,797	4,261
Total profit after tax	23,981	9,051

*Prior year has been restated to classify Incite, Relish and Edit as discontinued operations.

Notes to the consolidated financial statements continued

9. Net pension finance income

	2022 £'000	2021 £'000
Investment income on defined benefit pension scheme assets (note 27)	6,850	5,479
Interest costs on defined benefit pension scheme obligations (note 27)	(6,510)	(5,458)
	340	21

The increase in net pension finance income arose because of the increase in the level of the accounting surplus under IAS19.

10. Other finance expense

	2022 £'000	Restated* 2021 £'000
Interest on bank overdrafts and loans	415	1,004
Finance lease interest	732	682
Bank arrangement fee relating to current bank revolving facility	690	267
	1,837	1,953

Prior year has been restated to classify Edit and Relish as discontinued operations.

During the year, the revolving credit facility was amended and extended until September 2025. After the balance sheet date the facility was extended for a further 12 months to September 2026.

11. Income tax (charge)/credit

Income tax on the profit/(loss) as shown in the Consolidated Income Statement is as follows:

	2022 £'000	Restated* 2021 £'000
Continuing operations:		
Total current tax (charge) / credit:		
Current period	(2,447)	(2,209)
Adjustments in respect of prior periods	984	(50)
Total current tax charge	(1,463)	(2,259)
Deferred tax on origination and reversal of temporary differences:		
Deferred tax credit	3,123	2,107
Adjustments in respect of prior periods	(6)	(285)
Total deferred tax credit	3,117	1,822
Total income tax credit/(charge)	1,654	(437)

11. Income tax (charge)/credit (continued)

	2022 £'000	Restated* 2021 £'000
Discontinued operations:		
Total current tax charge:		
Current period	(1,479)	(666)
Adjustments in respect of prior periods	(192)	(451)
Total current tax charge	(1,671)	(1,117)
Deferred tax on origination and reversal of temporary differences:		
Deferred tax credit	–	(158)
Adjustments in respect of prior periods	–	194
Total deferred tax credit	–	36
Total income tax charge	(1,671)	(1,081)

	2022 £'000	Restated* 2021 £'000
Continuing and discontinued operations:		
Total current tax charge:		
Current period	(3,926)	(2,875)
Adjustments in respect of prior periods	792	(501)
Total current tax charge	(3,134)	(3,376)
Deferred tax on origination and reversal of temporary differences:		
Deferred tax credit	3,123	1,949
Adjustments in respect of prior periods	(6)	(91)
Total deferred tax credit	3,117	1,858
Total income tax charge	(17)	(1,518)

Prior year has been restated to include Incite, Edit and Relish as discontinued operations, and include the effect of adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. Refer to note the Change in accounting policy note 2(x).

Income tax on the profit/(loss) from continuing operations before and after Adjusting Items is as follows:

	2022 £'000	Restated* 2021 £'000
Tax charge on adjusted profit before tax	(1,949)	(2,175)
Tax credit on adjusting items	3,603	1,738
Total income tax credit/ (charge)	1,654	(437)

Notes to the consolidated financial statements continued

11. Income tax (charge)/credit (continued)

The tax credit/(charge) for continuing operations can be reconciled to the loss before tax shown in the Consolidated Income Statement as follows:

	2022 £'000	Restated* 2021 £'000
Loss before tax from continuing operations	(15,852)	(5,836)
Tax calculated at a rate of 20.7% (2021: 20.6%)	3,278	1,200
Expenses not deductible for tax purposes	(3,579)	(2,121)
Effect of tax deductible goodwill	758	707
Credit on research and development activities	96	208
Re-assessment of tax losses	320	19
Adjustments in respect of prior periods	781	(450)
Total income tax credit/(charge)	1,654	(437)

Income tax as shown in the Consolidated Statement of Comprehensive Income is as follows:

	2022 £'000	Restated* 2021 £'000
Current tax on foreign exchange movements	(1,105)	–
Deferred tax on origination and reversal of temporary differences	(6,209)	(3,401)
Total income tax charge	(7,314)	(3,401)

The income tax charge in the current and the prior year relate to the actuarial gains arising on the St Ives Defined Benefit Pension Scheme.

Income tax as shown in the Consolidated Statement of Changes in Equity is as follows:

	2022 £'000	Restated* 2021 £'000
Deferred tax on origination and reversal of temporary differences	(318)	1,220

Income tax charges and credits in the current and prior year relate to the difference between the intrinsic value of the vested portion of employee share options at the balance sheet date and their fair market value at the date of grant.

Statutory UK and US tax rates

The UK statutory rate of 19% has been used for computation of UK corporate income tax liabilities and has been reflected in the calculation of deferred tax balances at the balance sheet date. The Bulgaria statutory rate of 10% has been used for computation of the Bulgaria corporate income tax liabilities and has been reflected in the calculation of deferred tax balances at the balance sheet date. The tax charges related to US subsidiaries have been calculated using a rate of 28.51% (2021: 28.51%), which includes the federal rate of 21% and the US state level income tax rates vary from 0% to 8% (2021: 0% to 8%). We expect the Group's FY23 effective tax rate to be 22%.

Blended tax rates

The Group's adjusted effective rate of underlying taxes fell to 11.4% from 20% versus the prior year due to:

- Recognition and utilisation of historical UK tax losses.
- Whilst there has been an increase in US based profits which have a marginal tax rate of c.28% compared to the UK rate of 19%, the US average tax rate is reduced by the tax deductible goodwill associated with US acquisitions. The resulting effective US federal and state rate is 21%. The US federal statutory corporation tax rate is 21% (2021: 21%).

12. Acquisitions

Datorium

On 22 December 2021, the Group acquired 100% of the issued membership units of Datorium, LLC, a Californian company that owns Octain, a responsible AI data platform ("Octain"). Octain provides clients advanced insight, predictions and recommendations governed by socially responsible AI principles. The Group paid £0.2 million of initial consideration in December 2021, in cash, and there is deferred consideration of up to £0.7 million contingent on additional net revenue from the platform, up to 100% of which may be settled in Kin and Carta plc ordinary shares at the Group's discretion. The deferred consideration is payable after three years. The surplus of consideration over the estimated fair value considered to equate to historical net assets of £0.2 million has been allocated to goodwill. The goodwill amount is expected to be deductible for tax purposes.

Loop Integration ("Loop")

On 14 February 2022, the Group acquired the remaining 50% of the membership units of Loop Integration LLC, an e-commerce consultancy, that it did not previously own. The total amount paid in the current period in respect of the acquisition was £3.2 million. That comprised the initial cash consideration paid in February 2022 of £1.8 million, net of cash acquired, and a further payment of £0.6 million was made in April 2022, both of which were determined by reference to the adjusted EBITDA achieved by Loop for the year ended 30 December 2021.

Further amounts are payable dependent upon the growth in adjusted net revenue for the 12 months ending 31 December 2022 and 12 months ending 31 December 2023 respectively. The related deferred consideration vests between March 2023 and December 2026. Up to 75% of the deferred consideration payable may be settled in shares of Kin and Carta plc at the Company's discretion. The total consideration payable, including contingent consideration payable, which is deemed as remuneration, is capped at £6.0 million.

Provisional purchase price allocation

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	2022		
	Historical net assets £'000	Fair value adjustments £'000	Fair value of net assets £'000
Customer relationship portfolio	–	2,919	2,919
Property, plant and equipment	21	–	21
Trade and other receivables	2,539	–	2,539
Bank balances and cash	1,043	–	1,043
Trade and other payables	(968)	–	(968)
Net assets acquired	2,635	2,919	5,554
Total consideration*			6,868
Goodwill			1,314

*The total consideration is made up of:

	Total non-contingent deemed consideration £'000
Deemed consideration following revaluation of the 50% shareholding that was held by the Group in Loop	3,334
Consideration paid during the period	3,180
Estimated future consideration payable in cash and shares	354
	6,868

Notes to the consolidated financial statements continued

12. Acquisitions (continued)

Prior to the purchase of the remaining 50% of Loop on 14 February 2022, the Group's 50% shareholding in Loop was equity accounted as an investment in joint arrangements, carried on the Group's balance sheet at its net asset value of £1.4 million (refer to note 19). The purchase of the remaining 50% of the shareholding in Loop was accounted for as a step acquisition under IFRS 3. Therefore, at acquisition date, the 50% shareholding the Group previously held was revalued to its fair value of £3.3 million. The step up in value of the pre-existing 50% stake in Loop from £1.4 million to its fair value of £3.3 million has been recorded as a gain through the income statement as an Adjusting Item, under the Americas segment.

The goodwill that arose on the combinations can be attributed to the value of future growth from new customers and the assembled workforce. The gross contractual amount for trade receivables due is £2.9 million, equal to their fair value.

Upon acquisition, a deferred tax liability arises in relation to the customer relationship portfolio and a deferred tax asset arises in respect of the tax deductible goodwill. The deferred tax asset is recognised up to the value of the liability and netted off against the liability where appropriate.

The fair value of the total amounts paid and payable are as follows:

	Non-contingent consideration £'000	Deemed Remuneration £'000	Total consideration £'000
Cash consideration payments made in the current period	2,870	–	2,870
Consideration paid in shares in the current period	310	299	609
Estimated future consideration payable in cash and shares	354	2,621	2,975
Total consideration	3,534	2,920	6,454

The acquisition had the following impact on cash outflows in the current period:

	2022 £'000
Cash consideration	2,870
Less cash acquired	(1,043)
Investing cash outflows	1,827

Revenue and profit contribution

Loop contributed net revenue of £5.0 million and adjusted operating profit of £1.2 million to the group for the period from 14 February 2022 to 31 July 2022. Loop Integration contributed adjusted operating profit of £0.4 million for the period 1 August 2021 to 13 February 2022, while it was a joint arrangement.

If the acquisition had occurred on 1 August 2021, Loop would have contributed net revenue and adjusted operating profit of £8.8 million and £2.1 million respectively, for the year ended 31 July 2022 to the Group.

12. Acquisitions (continued)

Melon

On 9 May 2022, the Group completed the acquisition of Melon AD, a software engineering business. The total cash outflow in the current period in respect of the acquisition was £9.8 million. That comprised the initial consideration paid in May 2022 of £19.4 million, net of cash acquired, of which £7.6 million was settled by the issue of 3,251,861 shares in **Kin** and **Carta** plc, with the balance of £11.4 million settled in cash, both of which were determined by reference to the adjusted EBITDA achieved for the 12 months ended 31 December 2021.

Further amounts are payable in respect of the growth in adjusted EBITDA for the 12 months ended 31 December 2022 and the 12 months ended 31 December 2023 respectively. The related deferred consideration vests between March 2023 and December 2025. Up to 60% of the deferred consideration payable may be settled in shares of **Kin** and **Carta** plc at the Company's discretion. The total consideration payable, including contingent consideration payable, which is deemed as remuneration, is capped at £23.5 million.

Provisional purchase price allocation

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	2022		
	Historical net assets £'000	Fair value adjustments £'000	Fair value of net assets £'000
Customer relationship portfolio	–	7,562	7,562
Trademarks	–	961	961
Software	25	–	25
Property, plant and equipment	1,056	–	1,056
Trade and other receivables	1,710	–	1,710
Bank balances and cash	1,539	–	1,539
Trade and other payables	(2,295)	–	(2,295)
Deferred tax liabilities	–	(819)	(819)
Net assets acquired	2,035	7,704	9,739
Total consideration			19,444
Goodwill			9,705

The goodwill that arose on the combination can be attributed to the value of future growth from new customers and the assembled workforce. The gross contractual amounts for trade receivables due is £1.7 million, equal to their fair value.

Upon acquisition, a deferred tax liability arises in relation to the customer relationship portfolio and the trademark.

The fair value of the total amounts paid and payable are as follows:

	Non-contingent consideration £'000	Deemed Remuneration £'000	Total consideration £'000
Cash consideration payments made in the current period	11,386	–	11,386
Consideration paid in shares in the current period	7,598	–	7,598
Estimated future consideration payable in cash and shares	460	5,623	6,083
Total consideration	19,444	5,623	25,067

Notes to the consolidated financial statements continued

12. Acquisitions (continued)

The acquisition had the following impact on cash outflows in the current period:

	2022 £'000
Cash consideration	11,386
Less cash acquired	(1,539)
Investing cash outflows	9,847

Investing cash outflows related to the acquisitions

The three acquisitions (Melon, Loop and Octain) had the following impact on investing cash outflows in the current period:

	2022 £'000
Melon	9,847
Loop	1,827
Octain	258
Investing cash outflows related to acquisitions	11,932

Revenue and profit contribution

Melon contributed net revenue of £2.4 million and adjusted operating profit of £0.4 million to the group for the period from 9 May 2022 to 31 July 2022.

If the acquisition had occurred on 1 August 2021, the pro forma contribution to the consolidated net revenue and adjusted operating profit for the year ended 31 July 2022 would have been £9.6 million and £2.0 million respectively.

Contractual commitments for consideration linked to acquisitions:

At 31 July 2022, the Group had the following contractual commitments in relation to acquisitions:

Acquired entity	Contractual commitments					Total £'000
	Spire £'000	Cascade Data Labs £'000	Octain £'000	Loop £'000	Melon Group £'000	
Accrued as a liability as at 31 July 2022	2,783	4,731	146	638	801	9,099
Recorded in equity as at 31 July 2022	2,722	6,064	-	738	513	10,037
	5,505	10,795	146	1,376	1,314	19,136
FY23 estimated charge	1,306	3,565	233	877	2,434	8,415
FY24 estimated charge	-	1,025	233	480	1,531	3,269
FY25 estimated charge	-	139	88	140	345	712
FY26 estimated charge	-	-	-	18	-	18
Total estimated future charges for deemed remuneration	1,306	4,729	554	1,515	4,310	12,414
Total estimated future payments in respect of past acquisitions	6,811	15,524	700	2,891	5,624	31,550
Expected to be settled in cash	3,494	6,127	700	722	2,249	13,292
Expected to be settled in shares	3,317	9,397	-	2,169	3,375	18,258
Total	6,811	15,524	700	2,891	5,624	31,550

12. Acquisitions (continued)

All amounts shown will be determined initially in US Dollars or Euros and are, therefore, subject to future currency fluctuation when measured in British pounds. Total amounts for each acquisition are subject to maximum caps measured in Pounds Sterling. The level of deferred consideration is contingent upon future performance for all acquisitions other than Spire, so actual amounts payable may be less than the amounts shown if performance is less than expected. Completion amounts and deferred amounts in respect of those acquisitions, which have already been settled in the current or prior periods, are not included in the table above.

The amounts shown as "expected to be settled in shares" correspond to the maximum proportion that may be settled in shares of **Kin** and **Carta** plc, assuming the maximum contracted consideration amount is payable. The Company may alternatively, at its sole discretion, settle any portion of the "expected to be settled in shares" amounts in cash, other than the amounts related to the remaining Spire deferred consideration, which must be settled in shares. The shares in respect of the share amount shown for Spire were allotted in February 2021, but are subject to a reverse vesting mechanism and will be fully vested in February 2023. No shares have been allotted in respect of the other "expected to be settled in shares" amounts.

13. Dividends

No final dividend is proposed. The total dividend for the year is nil per share (2021: £nil per share). Where employee share options which accrued dividends from prior periods were exercised in the period, the dividends were paid to the staff upon exercise of the options. £38,000 of such option-linked dividends were paid in the year, as noted in the cash flow statement.

14. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2022 Number of shares '000	2021 Number of shares '000
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	173,700	169,985
Effect of dilutive potential ordinary shares:		
Share options	5,628	5,419
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	179,328	175,404

On 14 February 2022, the Group allotted 267,429 shares in **Kin** and **Carta** plc to the former shareholders of Loop and on 16 May 2022, 3,251,861 shares were allotted to the former shareholders of Melon, in both cases to settle a portion of the consideration payable in respect of their acquisition by the Group (refer to note 12).

A further 1,895,743 shares were issued to settle employee share option exercises in the year. All the allotted shares have been included in the calculation of the weighted average number of shares for the year ended 31 July 2022.

Notes to the consolidated financial statements continued

14. Earnings per share (continued)

	2022		Restated 2021	
	Earnings/(loss) £'000	Earnings/(loss) per share pence	Earnings/(loss) £'000	Earnings/(loss) per share pence
Continuing Operations:				
Earnings/(loss) and basic earnings/(loss) per share				
Adjusted earnings and adjusted basic earnings per shares	15,107	8.70	8,140	4.79
Adjusting Items	(29,305)	(16.87)	(14,413)	(8.48)
Loss and basic loss per share	(14,198)	(8.17)	(6,273)	(3.69)
Loss and diluted loss per share				
As there is a statutory loss after tax, the effect of the dilutive potential ordinary shares has been disregarded for the related diluted loss per share calculations, since its incorporation into the calculations would be anti-dilutive.				
Discontinued Operations:				
Earnings/(loss) and basic earnings/(loss) per share				
Adjusted earnings and adjusted basic earnings per share	1,184	0.68	4,790	2.82
Adjusting Items	22,797	13.12	4,261	2.51
Earnings and basic earnings per share	23,981	13.80	9,051	5.33
Earnings/(loss) and diluted (loss)/earnings per share				
Adjusted earnings and adjusted diluted earnings per share	1,184	0.66	4,790	2.73
Adjusting Items	22,797	12.71	4,261	2.43
Earnings and diluted earnings per share	23,981	13.37	9,051	5.16
Continuing and discontinued operations				
Earnings/(loss) and basic earnings/(loss) per share				
Adjusted earnings and adjusted basic earnings per share	16,291	9.38	12,930	7.61
Adjusting Items	(6,508)	(3.75)	(10,152)	(5.97)
Earnings and basic earnings per share	9,783	5.63	2,778	1.64
Earnings/(loss) and diluted earnings/(loss) per share				
Adjusted earnings and adjusted diluted earnings per share	16,291	9.08	12,930	7.37
Adjusting Items	(6,508)	(3.75)	(10,152)	(5.79)
Earnings and diluted earnings per share	9,783	5.46	2,778	1.58

Adjusted earnings is calculated by adding back Adjusting Items, as adjusted for tax, to the (loss)/profit for the period.

Prior year figures have been restated to include the effect of adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement, and the to show a revised grouping of continuing and discontinued operations. Further details are in note 8.

15. Property, plant and equipment

	Land and buildings Long leases £'000	Plant and machinery £'000	Fixtures, fittings, equipment and motor vehicles £'000	Right of use buildings £'000	Right of use plant and machinery £'000	Right of use vehicles £'000	Total £'000
Cost or valuation:							
At 1 August 2020	3,962	2,935	2,190	28,676	42	16	37,821
Additions	46	1,125	161	2,094	–	–	3,426
Disposals	(1,238)	(1,485)	(636)	(491)	–	–	(3,850)
Revaluation	56	149	85	–	–	–	290
Reclassification	–	(44)	44	–	–	–	–
Reclassified to assets held for sale	(467)	–	(819)	(4,698)	–	–	(5,984)
Foreign exchange	(70)	(245)	(126)	(873)	–	–	(1,314)
At 31 July 2021	2,289	2,435	899	24,708	42	16	30,389
Additions	15	1,211	109	3,475	–	–	4,810
Acquisitions	–	155	166	640	–	–	961
Disposals	(1,257)	(696)	(268)	(9,380)	(42)	(16)	(11,659)
Revaluation	59	293	44	–	–	–	396
Reclassification	–	140	–	–	–	–	140
Foreign exchange	60	236	224	2,042	–	–	2,562
At 31 July 2022	1,166	3,774	1,174	21,485	–	–	27,599
Accumulated depreciation and impairment:							
At 1 August 2020	2,264	1,818	1,289	14,698	27	11	20,107
Charge for the period	333	849	340	2,512	14	5	4,053
Impairment	–	45	111	300	–	–	456
Revaluation	48	84	26	–	–	–	158
Disposals	(1,231)	(1,485)	(625)	(491)	–	–	(3,832)
Reclassification	–	(22)	22	–	–	–	–
Reclassified to assets held for sale	(336)	–	(698)	(3,024)	–	–	(4,058)
Foreign exchange	(50)	(156)	(88)	(228)	–	–	(522)
At 31 July 2021	1,028	1,133	377	13,767	41	16	16,362
Charge for the period	136	947	297	2,743	1	–	4,124
Revaluation	55	159	35	–	–	–	249
Disposals	(436)	(623)	(229)	(9,791)	(42)	(16)	(11,137)
Impairment	–	–	–	6,207	–	–	6,207
Reclassification	–	119	–	–	–	–	119
Foreign exchange	28	227	178	683	–	–	1,116
At 31 July 2022	811	1,962	658	13,609	–	–	17,040
Net book value:							
At 31 July 2022	355	1,812	516	7,876	–	–	10,559
At 31 July 2021	1,261	1,302	522	10,941	1	–	14,027

Notes to the consolidated financial statements continued

15. Property, plant and equipment (continued)

The disposal lines include fully depreciated property, plant and equipment. Details of the Group's divestments are in note 8.

Acquisitions include the property, plant and equipment consolidated following through the acquisition of Melon and Loop.

Revaluation relates to the hyperinflation adjustment recorded against property plant and equipment in Argentina.

Impairment of right-of-use buildings – following the decision to partially vacate premises in Chicago, USA and to exercise a break on the same lease earlier than anticipated at the inception of the lease, an impairment charge on the related right-of-use assets of £6.2 million (2021: £nil) was taken and recorded in adjusting items under the Americas Segment, as set out in note 7.

16. Leases

The Group has leases for land and buildings, and plant and machinery. These leases are included in Property Plant and Equipment, with the exception of short-term and low value leases, the costs of which are expensed as they arise.

The movement in the lease liabilities relating to right-of-use assets for the Group is as follows:

	2022 £'000	2021 £'000
At 1 August	15,313	19,779
Acquisitions	640	–
Additions	1,928	2,094
Repayments	(3,812)	(4,114)
Disposals	(763)	–
Modification: increase due to extension	1,547	–
Modification: reduction due to planned exercise of break clause	(4,401)	(306)
Interest expense	756	893
Reclassified to liabilities relating to assets held for sale	–	(2,212)
Foreign exchange	1,650	(821)
At 31 July	12,858	15,313
– Current liabilities	2,806	2,823
– Non-current liabilities	10,052	12,490

Acquisitions in the current period include leases over premises in Sofia, Bulgaria; Skopje, North Macedonia; and Pristina, Kosovo brought into the Group with the acquisition of Melon in the period. Disposals in the current period reflect the removal of leases connected to the Edit business, which was divested in the period. Additions in the current period relates to the inception of a new lease in Denver, USA. The modification due to extension relates to a lease in London, UK following the decision not to exercise a break, which had been anticipated at the inception of the lease. The modification leading to a reduction is due to the decision to exercise a break clause on the lease of the premises in Chicago, USA, which had not been anticipated at the inception of the lease.

16. Leases (continued)

The following expenses/(incomes) were recognised in the Consolidated Income Statement for continuing operations:

	2022 £'000	Restated* 2021 £'000
Continuing operations		
Short-term lease expense	204	443
Depreciation of right-of-use assets	2,596	1,811
Reduction in lease liability due break clause	(4,401)	(306)
Impairment of property-related assets	6,207	–
Net charges to operating profit	4,606	1,948
Interest expense	732	682
Net charges included in adjusted profit before tax	5,338	2,630

*Restated to classify Edit and Relish as discontinued operations. 2021 includes Edit, Relish, Incite, Hive and Pragma as discontinued operations.

The following lease-related cash flows were recognised in the Consolidated Cash Flow Statement:

	2022 £'000	Restated 2021 £'000
Continuing operations	(3,267)	(3,462)
Discontinued operations	(545)	(752)
Total cash outflow for leases	(3,812)	(4,214)

The maturity of lease obligations were as follows:

	2022 £'000	2021 £'000
Amounts payable:		
Within one year	2,806	2,823
In two to five years	10,051	7,171
After five years	–	5,319
Lease liabilities at 31 July	12,857	15,313

Notes to the consolidated financial statements continued

17. Investment property

	Investment Property £'000
Cost:	
At 1 August 2021	8,144
Additions	–
At 31 July 2022	8,144
Accumulated depreciation:	
At 1 August 2021	3,706
Charge	269
At 31 July 2022	3,975
Net book value:	
At 31 July 2022	4,169
At 31 July 2021	4,438

As at 31 July 2022, the Directors consider that the fair value of the investment property is not materially different from its net book value of £4.2 million. An amount in relation to rental income from investment properties of £0.8 million (2021: £0.8 million) has been recognised in the Consolidated Income Statement, recorded as a credit to Adjusted administrative expenses.

The Group has freehold land included within the £4.2 million with a net book value of £0.2 million (2021: £0.2 million). These assets have not been depreciated.

18. Goodwill and other intangible assets

	£'000
Cost and carrying amount of goodwill:	
At 1 August 2020	68,010
Acquisition of businesses	2,182
Reclassified to assets held for sale	(601)
Foreign exchange	(1,219)
At 31 July 2021	68,372
Acquisition of businesses	11,244
Disposals	(5,990)
Foreign exchange	3,309
At 31 July 2022	76,935

Acquisition of businesses in the year comprises the balances arising on the purchase of Octain, Loop and Melon (refer to note 12). Disposal movements relate to the goodwill associated with Edit, which was divested in the year. The positive exchange rate movement of £3.3 million (2021: negative £1.2 million) is associated with the goodwill balance held in respect of the Americas and Melon, which are denominated in US Dollars and Euros respectively.

Changes in the Group's cash generating units

Following the move to manage the Group regionally completed in the year (refer to note 4), the level at which operating performance and cash flows are forecast and monitored has consequently changed to regional reporting. Therefore the historical goodwills associated with acquisitions in each of the regional segments have been consolidated into a single cash generating unit ("CGU") for each region with the exception of Melon, which arose following the acquisition in the year. For the year ended 31 July 2022, the Group had three CGUs: Americas, Europe excluding Melon and Melon.

18. Goodwill and other intangible assets (continued)

The goodwills for Solstice, Spire, Cascade, Octain and Loop were combined into a single figure and tested in the current year against a single CGU, **Kin + Carta Americas** ("Americas") corresponding to the level at which cash flows are budgeted, reported and monitored for that region. Similarly, the goodwills for AmazeRealise and The App Business were consolidated into one figure for testing at the level of CGU called "Europe excluding Melon", corresponding to the level at which cash flows are budgeted, reported and monitored for that region. The Melon goodwill (refer to note 12) was tested for impairment under a separate CGU, "Melon", as its cash flows are independently budgeted and monitored.

At 31 July 2022, the individual goodwill balances aggregated to the three CGUs were:

	2022 £'000	2021 £'000
Goodwill		
Solstice	15,564	13,633
Spire Digital	7,891	6,907
Cascade Data Labs	2,493	2,182
Loop	1,383	–
Octain	257	–
Americas CGU	27,588	22,722
AmazeRealise (previously referred to as Connect)	31,294	31,294
The App Business (previously referred to as Create)	8,378	8,378
Europe excluding Melon CGU	39,672	39,672
Melon CGU	9,675	–
Edit CGU	–	5,978
Total	76,935	68,372

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

Assumptions

The recoverable amount of CGUs is determined using a value-in-use calculation. The key assumptions for the value-in-use calculations are those regarding discount rates, terminal growth rates and cash flow forecasts in the medium term. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The Group prepares cash flow forecasts derived from five-year forecasts. These include Board-approved two-year forecasts for the financial periods 2023 and 2024, and forecasts based on a nominal revenue growth rate of 2.0% for the financial periods 2025, 2026 and 2027. A terminal nominal growth rate of 2% (2021: 2%) has been used in the value-in-use calculation to derive the terminal value for each CGU. The terminal growth assumption was applied for all CGUs tested via a value-in-use calculation.

The pre-tax discount rate used for **Kin + Carta Europe excluding Melon** (the CGU which includes the goodwills arising on the businesses formerly known as AmazeRealise and The App Business respectively), was 13.5% (2021: 10.8%). The pre-tax discount rate used for **Kin + Carta Americas** (the CGU which contains the goodwills arising on the acquisitions of Solstice, Spire, Cascade, Loop and Octain) was 15.2% (2021: 11.4%). The pre-tax discount rate used for Melon was 13.2%.

The key assumptions used in the value-in-use calculations and the sensitivities to short-term revenue growth and pre-tax discount rate assumptions are detailed below. Revenue drives the underlying profitability of the CGUs and is a KPI we use to measure growth. The pre-tax discount rate measures the Group's cost to capital. Capital is needed to drive growth through acquisitions and funding of working capital.

Notes to the consolidated financial statements continued

18. Goodwill and other intangible assets (continued)

	Value-in-use assumptions:		Sensitivity of value-in-use to changes in key assumptions:	
	Pre-tax discount rate	Excess of value-in-use over carrying value (£'000)	A reduction of the growth in revenue of 5% (£'000)	An increase in pre-tax discount by 2% (£'000)
Americas	15.2%	247,443	216,932	209,775
Europe excluding Melon	13.5%	37,976	26,672	25,320
Melon	13.2%	3,732	2,035	456

Reasonably possible changes in key assumptions:

The impairment test did not highlight any impairment of goodwill. The table above shows the impact on the value-in-use of a reduction of 5% in the growth of revenue and, separately, of an increase in the pre-tax discount rate to 17.2% for the Americas CGU, 15.5% for the Europe excluding Melon CGU and 15.2% for Melon. The table shows that neither a reasonably possible reduction in the revenue growth rate of 5% nor an increase in the discount rate by 2% would result in an impairment of any of the CGUs.

Other intangible assets

	Restated* Computer software £'000	Customer relationships £'000	Proprietary techniques £'000	Trademarks £'000	Restated* Total £'000
Cost:					
At 1 August 2020*	4,690	31,455	52,279	3,895	92,319
Acquisitions	–	2,322	–	–	2,322
Additions*	19	–	–	–	19
Disposals	(3,031)	(11,713)	(15,066)	(1,296)	(31,106)
Foreign exchange	(7)	(208)	(917)	(126)	(1,258)
At 31 July 2021	1,671	21,856	36,296	2,473	62,296
Acquisitions	–	10,871	–	972	11,843
Disposals	(1,426)	(11,241)	(214)	(344)	(13,225)
Reclassification	(140)	–	–	–	(140)
Foreign exchange	15	726	2,203	291	3,235
At 31 July 2022	120	22,212	38,285	3,392	64,009
Accumulated amortisation:					
At 1 August 2020*	4,651	28,228	34,615	3,504	70,998
Charge for the period*	35	2,937	5,336	395	8,703
Disposals	(3,031)	(11,713)	(15,066)	(1,296)	(31,106)
Foreign exchange	(6)	(167)	(544)	(130)	(847)
At 31 July 2021	1,649	19,285	24,341	2,473	47,748
Charge for the period	–	2,565	3,703	216	6,484
Disposals	(1,426)	(11,241)	(214)	(344)	(13,225)
Reclassification	(119)	–	–	–	(119)
Foreign exchange	16	631	1,736	303	2,686
At 31 July 2022	120	11,240	29,566	2,648	43,574
Net book value:					
At 31 July 2022	–	10,972	8,719	744	20,435
At 31 July 2021	22	2,571	11,955	–	14,548

*The FY21 results have been restated following a change in accounting policy, after adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. This change in accounting policy has resulted in the net book value of computer software assets being reduced by £524,000.

18. Goodwill and other intangible assets (continued)

All research and development costs were expensed in the current and prior period. Acquisitions in the current period consist of assets arising in the context of the acquisitions of Loop and Melon.

Customer relationship assets include customer contracts, order backlogs and non-contractual customer relationships. Proprietary techniques include models, algorithms and processes that are used to generate revenue from customers. These assets are recorded at fair value at the date of acquisition and are amortised over their estimated useful lives. Material customer relationships and proprietary techniques are disclosed below.

	Remaining Amortisation Period (Months) at 31 July 2022	2022 £'000	2021 £'000
Customer relationships:			
Melon	33	6,988	–
Loop	31	2,732	–
Cascade	17	1,252	1,870
Spire	–	–	285
AmazeRealise	–	–	321
Edit	–	–	95
		10,972	2,571

Customer relationships related to Melon and Loop arose in the context of the acquisition of these entities in the current period as detailed in note 12.

	Remaining Amortisation Period (Months)	2022 £'000	2021 £'000
Proprietary techniques:			
The App Business	42	4,301	5,533
AmazeRealise	19	1,387	2,263
Solstice	31	2,820	3,424
Spire	4	211	735
		8,719	11,955

	Remaining Amortisation Period (Months)	2022 £'000	2021 £'000
Trademarks:			
Melon	9	744	–
		744	–

Trademarks arose from the acquisition of Melon (refer to note 12).

Notes to the consolidated financial statements continued

19. Investment in joint arrangement

	2022 £'000
Balance at 1 August 2021	1,080
Disbursement from joint arrangement	(147)
Share of results of joint arrangement	442
Disposal	(1,401)
Foreign exchange	26
Balance at 31 July 2022	–

The Group previously held a 50% interest in Loop Integration LLC (“Loop”), incorporated in Illinois, USA. The business is an e-commerce consultancy specialising in Hybris software integration. On 14 February 2022, the Group acquired the remaining 50% interest in Loop and accounted for the step acquisition as a disposal followed by a purchase of 100% of the equity of Loop. The deemed disposal gave rise to a gain of £1.6 million, corresponding to the step up in value from the share of book equity to fair value for the 50% stake already held at the point of purchasing the remaining 50%. The gain is recorded as an Adjusting Item within other income and expense within the Americas segment. The entity’s results have been fully consolidated in the Group’s results from the date of acquisition of the remaining 50%.

20. Other financial assets

	2022 £'000	2021 £'000
Trade and other receivables		
Amounts receivable for the sale of goods and services	30,094	23,161
Less: provision for impairment of trade receivables	(2,996)	(1,768)
Trade receivables	27,098	21,393
Accrued income	15,195	13,196
Other receivables	110	52
Prepayments and other assets	2,990	2,221
	45,393	36,862

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

	2022 £'000	2021 £'000
Non-current assets		
Other receivables	101	28

	2022 £'000	2021 £'000
Cash and cash equivalents		
Cash and cash equivalents	12,609	44,971

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair value.

21. Derivative financial instruments

	2022 £'000	2021 £'000
Derivative financial assets		
Forward foreign currency contracts	2	13
	2022 £'000	2021 £'000
Derivative financial liabilities		
Forward foreign currency contracts	454	–

All forward foreign currency contracts are designated and effective as hedging instruments. Further disclosures can be found under note 29.

22. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	4,693	6,565
Accruals for goods and services	7,713	7,178
Other taxes, social security and employee related liabilities	20,076	16,275
Other payables	486	599
	32,968	30,617

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

23. Loans

	2022 £'000	2021 £'000
Loans		
Current liabilities		
US Government loans	–	1,853
Non-current liabilities		
Bank loans – revolving credit facility	13,148	62,365
Total loans	13,148	64,218

Bank loans – revolving credit facility

The Group’s revolving multi-currency credit facility of £85.0 million was renewed in September 2021, until September 2025 and extended in August 2022 for a further year to September 2026. Up to £10.5 million can be drawn as an overdraft facility. As at 31 July 2022, interest on loan drawdowns is charged at SOFR plus a margin of 1.70% (LIBOR plus a margin of 1.75%). The interest rate on loan drawdowns depends on the ratio of the Group’s net debt Adjusted EBITDA on a pre-IFRS 16 basis including the pro forma effect of acquisitions and disposals. Interest on overdraft drawdowns is charged at an average rate of 2.00% (2021: 2.00%) over the UK base rate.

As at 31 July 2022, the Group’s outstanding loans within this facility were £13.1 million (2021: £62.4 million). The undrawn portion of this facility at 31 July 2022 was £71.9 million (2021: £22.6 million).

US Government loans

In May 2020, the Group received £6.7 million in unsecured loans under the Paycheck Protection Program (“PPP”) provided by the US Government, provided as part of the US CARES Act. £4.5 million of the PPP loan was forgiven by the US Government in FY21 and was recorded in adjusted other income. The remaining loan balance of £1.9 million after currency effects outstanding at 31 July 2021, and which bore an interest rate of 1%, was repaid by May 2022.

The Directors consider that the carrying amount of the loans approximates to their fair value.

Notes to the consolidated financial statements continued

24. Deferred income

	2022 £'000	2021 £'000
Deferred income	5,159	6,631

All the deferred income recorded at 31 July 2021 was recognised as revenue in the current reporting period and all deferred income recorded at 31 July 2022 is expected to be recognised as revenue in the 12 months after 31 July 2022.

25. Provisions

	Provision for repairs £'000	Provision for reorganisation £'000	Total £'000
Balance at 1 August 2020	1,080	1,429	2,509
Charged to the Consolidated Income Statement	46	120	166
Utilised during the period	(246)	(797)	(1,043)
Release	–	(133)	(133)
Transfer	(130)	130	–
Reclassified to liabilities held for sale	(129)	–	(129)
Currency	–	(3)	(3)
Balance at 31 July 2021	621	746	1,367
Charged to the Consolidated Income Statement	32	4,458	4,490
Utilised during the period	(203)	(32)	(235)
Divested	–	(614)	(614)
Released	(225)	(100)	(325)
Balance at 31 July 2022	225	4,458	4,683
Current	–	477	477
Non-current	225	3,981	4,206
	225	4,458	4,683

Provision for repairs

Where the Group is committed under the terms of a lease to make repairs to leasehold premises, a provision for repairs is made for these estimated costs over the period of the lease. It is anticipated that these liabilities will crystallise between 2023 and 2026.

Provision for reorganisation

The provision for reorganisation comprises onerous property, redundancy and other costs. The provision will be utilised when the restructuring completes or where the obligations associated with onerous properties are fully discharged.

During the year, a provision was made for the onerous property costs of premises occupied in Chicago, USA, following the decision in July 2022 to partially vacate the premises in September 2022 and to exercise a break clause to terminate the lease in 2026 earlier than originally anticipated, which will trigger a penalty payable at the modified exit date in 2026. The long-term provisions have been recorded at a value discounted at the time value of money, using a discount rate of 5%.

The divested movement figure relates to provisions carried in the Edit business, which was divested in the current period as detailed in note 8.

26. Deferred tax

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% for UK operations (2021: 19%) and 28.51% for US operations (2021: 28.51%).

Deferred tax assets and liabilities are classified in the balance sheet as follows:

	2022 £'000	Restated* 2021 £'000
Deferred tax assets	(7,625)	(3,524)
Deferred tax liabilities	11,334	3,930
	3,709	406

*The 31 July 2021 balance sheet has been restated following a change in accounting policy on adoption of the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. Refer to note 2(x).

The net movement in the net deferred tax liabilities is as follows:

	2022 £'000	2021 £'000
At the beginning of the period 1 August 2020	406	19
Acquisitions	1,021	–
Disposal	(82)	8
Credit to the Consolidated Income Statement	(3,118)	(1,858)
Items taken to Other Comprehensive Income	6,210	3,401
Items taken directly to equity	(250)	(1,220)
Reclassified to liabilities relating to assets held for sale	–	60
Foreign exchange	(478)	(4)
At the end of the period 31 July	3,709	406

Notes to the consolidated financial statements continued

26. Deferred tax (continued)

The individual movements in deferred tax liabilities/(assets) are as follows:

	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Rolled over capital gains £'000	Revenue tax losses £'000	Short-term timing differences £'000	Share options £'000	Acquired intangible assets £'000	Total £'000
Balance at 1 August 2020	(1,066)	(280)	77	–	(204)	(2)	1,494	19
Disposal – discontinued operations	8	–	–	–	–	–	–	8
(Credit)/charge to the Consolidated Income Statement	513	242	–	–	(455)	(542)	(1,616)	(1,858)
Items taken directly to Other Comprehensive Income	–	3,401	–	–	–	–	–	3,401
Items taken directly to equity	–	–	–	–	–	(1,220)	–	(1,220)
Reclassified to liabilities relating to assets held for sale	–	–	–	–	60	–	–	60
Foreign exchange	124	–	–	–	–	–	(128)	(4)
Balance at 31 July 2021	(421)	3,363	77	–	(599)	(1,764)	(250)	406
Disposal – discontinued operations	(82)	–	–	–	–	–	–	(82)
(Credit)/charge to the Consolidated Income Statement	188	135	–	(103)	(1,525)	(242)	(1,571)	(3,118)
Items taken directly to Other Comprehensive Income	–	6,210	–	–	–	–	–	6,210
Items taken directly to equity	–	–	–	–	–	(250)	–	(250)
Acquisitions	–	–	–	–	–	–	1,021	1,021
Foreign exchange	(81)	–	–	–	–	–	(397)	(478)
Balance at 31 July 2022	(396)	9,708	77	(103)	(2,124)	(2,256)	(1,197)	3,709

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

On 23 September 2022, the UK Government announced that the main rate of corporation tax would no longer increase to 25% with effect from 1 April 2023, but would instead stay at 19%. This change was not substantively enacted by the balance sheet date and therefore the deferred tax remains measured at 25%. Had the change been enacted, this would have decreased the deferred tax charge in other comprehensive income by £2.3m. It would also have decreased the deferred tax liability at 31 July 2022 by £2.3m.

Unrecognised gross tax losses, all of which have an unlimited life, are as follows:

	2022 £'000	2021 £'000
Unrecognised trading losses	–	1,891
Unrecognised capital losses	15,357	15,357
	15,357	17,248

27. Retirement benefits

Defined contribution schemes

The Group operates defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees. Payments to the schemes are expensed to the Consolidated Income Statement as they fall due. The total expense recognised in the Consolidated Income Statement for continuing operations of £4.3 million (2021: £2.9 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 31 July 2022, contributions of £1.0 million (2021: £1.0 million) due in respect of the 2022 reporting period had not been paid over to the schemes. The amounts were paid over subsequent to the balance sheet date, within the requisite time limits.

St Ives Defined Benefit Pension Scheme

The Group operates the St Ives Defined Benefit Pension Scheme (the "Scheme") with assets held in separate trustee administered funds. Pension benefits are linked to a member's final salary at retirement and their length of service. The Scheme was closed to new entrants from 6 April 2002, and closed to future benefit accruals with effect from 31 August 2008. The Scheme is a registered scheme under UK legislation and is contracted out of the State Second Pension. The Scheme has one current participating employer, **Kin** and **Carta** plc. The Scheme was established from 30 September 1988 under trust and is governed by the Scheme's trust deed and rules dated 23 April 1991 and subsequent amendments. The directors of St Ives Pension Scheme Trustees Limited (the "Trustees") are responsible for the operation and the governance of the Scheme, including making decisions regarding the defined benefit pension scheme's funding and investment strategy in conjunction with the Company.

The Scheme's triennial technical valuation prepared by XPS Pensions Limited determines the cash deficit repair contributions payable by the Group. The last formal valuation showed a technical surplus of £5.6 million at 5 April 2022.

The bid value of the scheme's assets as at 31 July 2022 was provided by Schroders Solutions.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations are as follows:

	2022 per annum	2021 per annum
Discount rate	3.50%	1.65%
Expected rate of inflation	3.15%	3.20%
Expected rate of salary increases	nil	nil
Future pension increases	3.05%	3.10%

Assumed life expectancies for retirement at age of 65 are as follows:

	2022		2021	
	Male	Female	Male	Female
Members retiring immediately	20.7	23.5	21.1	23.1
Members retiring in 20 years time	22.0	25.0	22.4	24.6

Notes to the consolidated financial statements continued

27. Retirement benefits (continued)

The amount recognised in the Consolidated Balance Sheet in respect of the Scheme is as follows:

	2022 £'000	2021 £'000
Present value of funded obligations	302,586	400,514
Fair value of scheme assets	341,334	419,781
Retirement benefit surplus	38,748	19,267

Amounts recognised in the Consolidated Income Statement in respect of the Scheme as Adjusting Items are as follows:

	2022 £'000	2021 £'000
Scheme administrative costs (note 7)	787	773
Interest costs on defined benefit pension scheme obligations (note 9)	6,510	5,458
Investment income on defined benefit pension scheme assets (note 9)	(6,850)	(5,479)
Past service cost (note 7)	3,884	604
	4,331	1,356

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the Scheme are as follows:

	2022 £'000	2021 £'000
Net measurement – losses / (gains) – financial	102,115	(7,827)
Net measurement – losses / (gains) – experience	5,986	(3,755)
Net measurement – (gains) / losses – demographic	(11,802)	1,263
Return on assets, in excess of interest income recorded in the Consolidated Income Statement	(75,964)	28,196
	20,335	17,877

Changes in the present value of the Scheme obligations are as follows:

	2022 £'000	2021 £'000
Opening defined benefit obligation	400,514	395,547
Interest cost	6,510	5,458
Net measurement – losses – financial	(102,115)	7,827
Net measurement – (gains)/losses – demographic	(5,986)	(1,263)
Net measurement – losses/(gains) – experience	11,802	3,755
Benefits paid	(12,023)	(11,414)
Past service cost	3,884	604
Closing defined benefit obligation	302,586	400,514

27. Retirement benefits (continued)

The Group has an unconditional right to a refund of any surplus at the end of the Scheme's duration.

Changes in the fair value of the Scheme assets are as follows:

	2022 £'000	2021 £'000
Opening fair value of scheme assets	419,781	396,628
Interest income on scheme assets	6,850	5,479
Return on assets, excluding interest income, recorded in the Consolidated Statement of Comprehensive Income	(75,964)	28,196
Contributions by employer	3,477	1,665
Benefits paid	(12,023)	(11,414)
Scheme administrative cost	(787)	(773)
Closing fair value of scheme assets	341,334	419,781

The fair value of the Scheme assets at the balance sheet date is analysed as follows:

	Value at 31 July 2022 £'000	Value at 31 July 2021 £'000
Equity instruments	46,514	109,652
Bonds	218,724	266,194
Other	76,096	43,935
	341,334	419,781

The Scheme's assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by the Group. Included within the scheme assets noted above are £146.0m (2021: £175.3m) relating to pooled investment vehicles under a fiduciary management arrangement.

The Scheme exposes the Group to actuarial risks such as market (investment) risk, interest rate risk, inflation risk and longevity risk. The defined benefit pension scheme does not expose the Group to any unusual scheme-specific or company-specific risk.

Investment risk: the Scheme holds some of its investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide the best returns over the long term, any short-term volatility could cause additional funding to be required. Derivative contracts are used from time to time, which would limit losses in the event of a fall in equity markets.

Interest rate risk: the Scheme's liabilities are assessed using market rates of interest to discount the liabilities and are therefore subject to any volatility in the movement of the market rate of interest. The net interest income or expense recognised as an Adjusting Item in the Consolidated Income Statement is also calculated using the market rate of interest. The Scheme's swap investments are expected to provide a degree of protection from any movement in the market rate of interest.

Inflation risk: a significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a hedge against inflation over the long term, rising inflation over the short term could lead to an increase in the deficit. The Scheme's swap investments are expected to provide a degree of protection from any short-term inflationary movements.

Longevity risk: in the event that members live longer than assumed, the liabilities may be understated, thus increasing any deficit.

Notes to the consolidated financial statements continued

27. Retirement benefits (continued)

A sensitivity analysis of the principal assumptions used to measure the defined benefit pension obligation as at 31 July 2022 is analysed as follows. Based on the assumptions set out above, the impact on the present value of the defined benefit obligations of changing the following individual assumptions (with all other assumptions remaining unchanged) is set out below. Assumption changes in the opposite direction would reduce liabilities by a similar magnitude.

	Change in assumption	Change £'000	31 July 2022 £'000
Discount rate	Reduce by 0.25%	11,389	313,975
Rate of Inflation (RPI)	Increase by 0.25%	9,014	311,600
Assumed life expectancy at age 65	Increase by 1 year	11,854	314,440

Approximately 40% of the plan assets were invested in return-seeking assets at 31 July 2022, providing a higher level of return over the longer period.

Derivative instruments are in place to protect against significant falls in asset values and changes in interest and inflation rates. The fiduciary managers of the Scheme's assets maintain sufficient levels of liquidity reserves to be able to meet collateral calls from derivative counterparties linked to fluctuations of the market value of those derivatives. This liquidity reserve helps the Scheme to avoid having to sell those assets which provide strategic hedges on interest rate and inflation rate risk. As part of the scheme's liability driven investment strategy, c. 50% of the scheme's assets were held in UK government debt instruments at 31 July 2022. There was an unusually high level of volatility in UK government bond markets in the latter part of September 2022. Despite this high volatility, the scheme held the inflation and interest rate hedging in this period. The Scheme's fiduciary managers estimate that UK 10 year gilt yields would have to increase to 7.5% before the gilt collateral, which provides security to derivative counterparties and which contributes to the interest rate hedging function, is exhausted.

The liabilities of the Scheme are based on the current value of expected benefit payment cash flows to members of the Scheme over the next 75 years. The average duration of the liabilities is approximately 16 years. The Group paid deficit repair contributions of £3.0 million in 2022 (2021: £1.0 million). The sponsor is currently in discussions with the trustees about a secondary funding objective for the Scheme, to set a target date for the Scheme to be funded on a "low dependency" basis, which would involve further derisking of Scheme assets and, consequently, a significantly reduced probability of the Scheme falling back into a technical deficit due to risk asset performance. The funding assumption to measure the Scheme's liability on this basis is gilts +0.5%. Although there was a technical surplus at 5 April 2022, the date of the last triennial valuation, the Company has agreed to pay voluntary fixed contributions of £1.5 million in FY23, £0.6 million in FY24 and £0.4 million in FY25. These should help to accelerate the Scheme's journey to a state of low dependency, and reduce the proportion of assets allocated to return-seeking investments further. The Company also paid £0.4 million towards the cost of running the Scheme and £0.1 million of contributions in respect of the additional cost of staff who took early retirement on unreduced pensions, an option available to a small portion of the membership.

The Scheme has one current participating employer: **Kin and Carta** plc, (the "sponsor") which is responsible for paying all contributions to the Scheme. The sponsor has an unconditional right to a refund of any surplus in the defined benefit pension scheme at the end of the Scheme's duration. The sponsor is also liable for all the liabilities on wind-up or withdrawal from the Scheme in accordance with the Scheme's trust deed and rules. The strong trading of the Company in the current year, the reduction of its financial debt, and the Scheme's move into a technical surplus improved the strength of the Group's covenant over the Scheme. The value of the s75 solvency deficit, which represents the estimated cost of a full transfer of all the sponsor's obligations for the Scheme to an insurer (a 'buy out'), as measured at the most recent value reduced to £117 million at 5 April 2022 compared to £238 million at the previous valuation date, 5 April 2019. Recent movement in gilt rates have likely reduced the buy out value further since 5 April 2022, and other risk transfer solutions are coming onto the market that might, in time, allow all the Scheme risks to be transferred from the Company at a lower cost than an insurer buy out.

28. Financial instruments

The financial instruments by category and maturity profile as at 31 July 2022 are as follows:

Financial instrument category	Note	2022 Amortised cost £'000	2021 Amortised cost £'000	2022 Fair value through profit and loss £'000	2021 Fair value through profit and loss £'000	Maturity profile
Trade and other receivables	20	45,393	36,862	–	–	Less than 12 months
Cash and cash equivalents	20	12,609	44,971	–	–	Less than 12 months
Trade and other payables	22	32,968	30,617	–	–	Less than 12 months
Derivative financial instruments – assets	21	–	–	2	13	Less than 12 months
Derivative financial instruments – liability	21	–	–	454	–	Less than 12 months
Deferred consideration payable	12	–	–	6,944	–	Less than 12 months
Deferred consideration payable	12	–	–	2,155	1,888	More than 12 months
US Government loans	23	–	1,853	–	–	Less than 12 months
Bank borrowings	23	13,148	62,365	–	–	Less than 12 months

The maturity profile is based on the remaining period between the balance sheet date and the contractual maturity date of the Group's financial assets/liabilities at 31 July 2022, based on contractual undiscounted receipts/payments.

29. Financial risk management

The Group's Treasury function is responsible for managing the Group's exposure to financial risk and operates within a defined set of policies and procedures reviewed and approved by the Board.

These risks include market risk (including currency risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk). The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

At the 2022 period end, the Group's borrowings consisted of loan drawdowns under the Group's revolving multi-currency credit facility. As at 31 July 2022, the Group's revolving multi-currency borrowings were set to mature within one to three months. The loan drawdowns are interest bearing and are recorded on an undiscounted basis. Under the terms of the facility, the Group has the right to renew these borrowings until the expiration of the facility.

Interest rate risk

The Group carries a cash flow risk where there are changes in the interest rate levied on the Group's borrowings as currently interest on the Group's borrowings is at floating rates. The Group finances its operations through a mixture of retained earnings and bank borrowings. Group policy is to constantly review the exposure risk to interest rate fluctuations in relation to the risk as a proportion of Group earnings and, wherever possible, with matching short-term deposits of surplus funds. The Group is not subject to fair value interest rate risk as the majority of debt is at floating rates.

Notes to the consolidated financial statements continued

29. Financial risk management (continued)

Interest rate management

An analysis of financial assets and liabilities exposed to interest rate risk by currency is set out below:

Financial assets subject to interest rate risk

	2022 £'000	2021 £'000
US Dollar	10,090	9,911
Sterling	788	34,096
Euro	924	340
Argentine Peso	623	616
Other	184	8
	12,609	44,971

The Group's financial assets comprise cash and cash equivalents, all of which attract interest.

Financial liabilities subject to interest rate risk are as follows:

	2022 £'000	2021 £'000
Sterling bank loans	–	30,000
US Dollar bank loans	13,148	32,365
	13,148	62,365

The Group's bank liabilities comprise loan borrowings, which bear interest at floating rates based upon Sterling and US Dollar SOFR, and overdraft borrowings, which bear interest at floating rates based upon UK bank base rate.

The Group's finance lease liabilities are not subject to interest rate risk.

Interest rate sensitivity analysis

The analysis shows the additional charge to the Consolidated Income Statement assuming that the amount of the liability outstanding at the balance sheet date was outstanding for the entire period. This analysis excludes US Government loans (see note 23):

	2022 £'000	2021 £'000
Assumed Sterling SONIA (2021: GBP LIBOR) change of 1%	–	300
Assumed US Dollar SOFR (2021: USD LIBOR) change of 1%	131	324

The changes would not have impacted other equity reserves as all interest bearing financial assets and liabilities are subject to floating interest rates and their fair values do not fluctuate with changes in interest rates.

Foreign exchange risk

From time to time, the Group enters into contracts to supply material services to customers trading in the following regions:

- Europe at prices denominated in Euros
- USA at prices denominated in US Dollars

29. Financial risk management (continued)

Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to cover specific foreign currency payments and receipts and to manage the risk associated with anticipated sale and purchase transactions. Forward foreign exchange contracts have been used to hedge the exchange rate risk arising from these commitments, which are designated as cash flow hedges. As at 31 July 2022, the aggregate amount of unrealised gains under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on trade receivables and anticipated sale transactions amounted to £39,000. It is anticipated that the sales receipts will occur in the 12 months following the balance sheet date.

The Group also hedges, in certain circumstances, amounts payable to the former shareholders of companies it has acquired in respect of deferred consideration payable, where the value of such consideration is calculated based on a currency other than the functional currency of the acquiring entity. During the year, the Company hedged the amounts payable in respect of deferred consideration of Cascade Data Labs, the value of which was effectively fixed in British pounds, with a forward exchange contract. The hedge maturity date is the end of September 2022 and "mark-to-market" revaluation of the derivative instrument has been recorded as an Adjusting Item expense in the income statement as part of the Americas segment, under the contingent consideration caption.

The following table details the forward currency contracts outstanding at the period end:

	Average contracted exchange rate Sterling: foreign currency	Foreign currency LC '000	Contract value £'000	Notional value £'000
Sell Euros (up to 12 months)	1.20	500	417	419
Sell US dollars (up to 12 months)	1.21	843	696	693
Sell US dollars (up to 12 months)	1.26	15,799	12,529	12,983

Exchange rate sensitivity analysis

As at 31 July 2022, 16.0 million US Dollars were drawn on the revolving credit facility.

The Group also faces foreign currency exposures on other assets and liabilities denominated in currencies other than the functional currency of its subsidiaries. In the normal course of business, the Group closely monitors its subsidiaries' net asset balances dominated in other currencies and where a potential and material foreign exchange loss risk is identified, the Group will hedge this exposure with its financial institutions.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Balance Sheet are net of provision for impairment of trade receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group's credit risk is relatively low as the Group maintains credit insurance for all of its UK and US operations up to a maximum aggregate claim in any one year of £7.5 million. In addition, its UK subsidiaries' sales are principally with a large number of counterparties and customers in the UK, and are denominated in Sterling.

Before accepting any new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly.

Included in the Group's trade receivables balance are debtors with a carrying amount of £10.5 million (2021: £2.4 million), which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Notes to the consolidated financial statements continued

29. Financial risk management (continued)

Ageing of impaired receivables:

	2022 £'000	2021 £'000
Between 0 and 59 days	499	159
Between 60 and 89 days	86	252
Between 90 and 119 days	21	11
120 days and above	133	506
	739	928

Movement in provision for impairment of trade receivables

	2022 £'000	2021 £'000
Balance at the beginning of the period	928	1,031
Impairment losses recognised	95	93
Impairment losses reversed	(284)	(196)
Balance at the end of the period	739	928

Consideration of expected credit losses

In determining the recoverability of a trade receivable, the Group considers any change in the quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated, and being covered by credit insurance arrangements. Accordingly, the Directors believe that there is no further credit provision required in excess of the provision for impairment of trade receivables already recognised.

Liquidity risk

The Group's policy is to maintain flexibility with respect to its liquidity position, by utilising short-term cash deposits and, where necessary, short-term bank borrowings for working capital and longer-term borrowings for capital expenditure requirements. The Group has access to a revolving credit facility of £85.0 million. Up to £10.5 million of this facility can be drawn as an overdraft facility. The facility will expire in September 2026. The contractual maturities of drawn down borrowings, as well as undrawn facilities, are detailed in note 23.

Capital risk management

The Group manages its capital to ensure that entities in the Group will each be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. The Board have reviewed and discussed the Group's funding requirements and concluded that the Group is well served by its current funding arrangements and do not see any need to adjust the Group's capital in order to meet its objectives.

Interest on loan drawdowns is charged at LIBOR plus a margin of 1.70%. The interest rate on loan drawdowns depends on the ratio of the Group's net debt to Adjusted EBITDA on a pre-IFRS 16 basis. Interest on overdraft drawdowns is charged at an average rate of 2.00% (2021: 2.00%) over the UK base rate, and nil% (2021: nil%) over the US base rate, dependent on the currency of the loan. There were no USD denominated overdrafts during the year.

The Group is subject to covenants on its borrowings (further discussed in the financial review section, in the CFO Report), which could be considered an externally imposed capital requirement. The Board continually monitors the Group's performance against its banking covenants and undertakes monthly reviews of working capital, cash forecasts, and headroom on banking covenants.

At the period end, the Group's leverage ratio for bank covenant purposes was 0.05 times (2021: 0.99 times) against a maximum limit of 2.5 times, and interest cover was 18.5 times (2021: 14.7 times) against a minimum of 4 times. The Group has fully complied with the requirements of these covenants during the period under review and expects to continue to do so.

30. Share capital

	Number of shares	Ordinary shares of 10p each £'000
Issued and fully paid:		
At 1 August 2021	172,545,721	17,255
Issued during the period	5,414,958	542
At 31 July 2022	177,960,679	17,797

All authorised and issued share capital is represented by equity shareholdings. The number of authorised and issued **Kin** and **Carta** plc ordinary shares as at 11 October 2022 was 177,990,907. 3,251,861 fully vested shares were issued in the period to satisfy consideration payable to the former shareholders of Melon AD and 267,429 fully vested shares were issued in the period to satisfy consideration payable to the former shareholders of Loop Integration LLC, both of which were acquired in the current year. 1,895,688 shares were issued in the year to satisfy employee share option exercises under LTIP, SAYE and ESPP plans.

31. Additional paid-in capital

	Share premium £'000	Merger Reserve £'000	Capital redemption reserve £'000	Total £'000
Balance at 1 August 2020	71,888	9,190	1,238	82,316
Shares issued during the period	4,197	–	–	4,197
Balance at 31 July 2021	76,085	9,190	1,238	86,513
Reclassification to Retained Earnings	–	(5,357)	–	(5,357)
Shares issued during the period	303	7,843	–	8,146
Balance at 31 July 2022	76,388	11,676	1,238	89,302

The additional paid in capital includes share premium, the capital redemption reserve and the merger reserve. The capital redemption reserve represents the purchase by the Company of **Kin** and **Carta** plc ordinary shares in prior periods. The merger reserve is derived from acquisitions made in prior periods as well as reflecting the premium on shares issued for consideration on acquisition during the period. During the current period, there was a reclassification from the merger reserve to retained earnings following the divestments of entities, which accounted for a portion of the merger reserve in prior periods. The addition to the merger reserve in the period related to the share premium on share issues for consideration as part of the acquisition of Loop, and Melon: £0.6 million and £7.2 million respectively.

Additional details of the shares issued are in note 32 Other reserves.

32. Other reserves

Other reserves in the Consolidated Statement of Changes in Equity is made up of additional paid in capital as detailed in note 31 above along with the following:

ESOP reserve representing **Kin** and **Carta** plc ordinary shares held in the Company's Treasury and the Company's Employee Benefit Trust ("EBT"). Treasury shares consisting of 90,637 **Kin** and **Carta** plc ordinary shares were held at 31 July 2022 (31 July 2021: 90,637 shares). In addition, 2,489,665 **Kin** and **Carta** plc ordinary shares (31 July 2021: 40,756 shares) were held by the **Kin** and **Carta** Employee Benefit Trust as at 31 July 2022. 1,957,692 **Kin** and **Carta** plc ordinary shares were purchased by the EBT after 31 July 2022 to satisfy future vesting of employee awards. All shares held in the EBT are expected to be used to settle awards vesting in the 24 months following the balance sheet date.

Share option reserve representing the cumulative charge related to the unvested options granted to Group's employees over **Kin** and **Carta** plc ordinary shares.

Hedging and translation reserve, which includes amounts relating to foreign translation differences arising on the retranslation of reserves due to the Group's presentation in Sterling and the mark to market of hedging instruments designated as cash flow hedges.

Notes to the consolidated financial statements continued

33. Notes to the consolidated cash flow statement

Reconciliation of cash generated from operations

	2022 £'000	Restated* 2021 £'000
Operating (loss) / profit from continuing operations	(14,355)	2,818
Operating profit from discontinued operations	25,684	3,433
Operating profit	11,329	6,251
Adjustments for:		
Depreciation of property, plant and equipment	4,392	4,322
Amortisation of intangible assets	6,484	8,870
Impairment loss	6,207	456
Loss on disposal of property, plant and equipment	72	-
Share of profit from joint arrangement	(442)	(700)
Disbursement from joint arrangement	147	440
Share-based payment charge	3,118	1,944
Forgiveness of US Government loans	-	(4,541)
Gain on disposal of subsidiaries	(24,059)	(5,171)
Fair value gain from deemed sale on step acquisition	(1,621)	-
Non-cash reductions in lease liabilities	(4,401)	(306)
Increase/(decrease) in retirement benefit obligations	1,194	(287)
Net increase in contingent consideration required to be treated as remuneration	13,228	3,342
Increase/(decrease) in provisions	3,551	(877)
Operating cash inflows before movements in working capital	19,199	13,743
Increase in receivables	(8,054)	(13,736)
Increase in payables	939	10,379
Increase in deferred income	43	378
Cash generated from operations	12,127	10,764

* Prior year figures have been restated to include the effect of adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement, and the to show a revised grouping of continuing and discontinued operations. Refer to note 5.

The table below reconciles the continuing operations adjusted operating profit to the adjusted operating cash inflow from continuing operations before working capital. Refer to the CFO Review.

	2022 £'000	Restated* 2021 £'000
Adjusted operating profit	18,893	12,268
Depreciation of property, plant and equipment	4,155	3,213
Share of profit from joint arrangement (note 19)	(442)	(700)
Disbursement from joint arrangement	147	440
Share-based payment charge	3,118	1,944
Forgiveness of US government loans	-	(4,541)
Adjusted operating cash inflow from continuing operations before working capital	25,871	12,624

* Prior year figures have been restated to include the effect of adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement, and the to show a revised grouping of continuing and discontinued operations. Refer to note 5.

33. Notes to the consolidated cash flow statement (continued)

Analysis of financing liabilities

	1 August 2021 £'000	Draw down £'000	Repayment £'000	Foreign exchange losses £'000	31 July 2022 £'000
Current liabilities					
US Government loans	1,853		(2,052)	199	-
Non-current liabilities					
Bank loans – Revolving credit facility	62,365	23,988	(76,125)	2,920	13,148
Total financing liabilities	64,218	23,988	(78,177)	3,119	13,148

Cash and cash equivalents (which are presented as a single class of assets on the face of the Consolidated Balance Sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

The effective interest rates on cash and cash equivalents are based on current market rates.

34. Share-based payments

The Company operates a number of share-based payment schemes for certain employees of the Group.

Long-term Incentive Plan 2010 ("LTIP")

Executive Directors and certain members of senior management have been granted nil-cost share options under the Company's LTIP. Details of the LTIP are included on pages 150, 165 and 166 of the Directors' remuneration report.

	2022 '000	2021 '000
Number of options		
Outstanding at the beginning of the period	7,475	5,856
Granted during the period	2,745	3,583
Lapsed during the period	(1,324)	(1,812)
Exercised during the period	(1,305)	(152)
Outstanding at the end of the period	7,591	7,475
Exercisable at the end of the period	210	22
Estimated % of options vesting over next three years	68%	64%

The fair value of the options granted in the current period under the LTIP were measured using a Black-Scholes options pricing model. The inputs to the model are:

	LTIP
Weighted average mid-market share price (pence)	2.91
Weighted average exercise price (pence)	£nil
Expected life	3 years
Expected volatility	58.34%
Risk-free rate	2.00%
Dividend yield	0.03%
Weighted average fair value of the options (pence)	2.91

Notes to the consolidated financial statements continued

34. Share-based payments (continued)

CSOP incentive

Executive Directors and certain members of senior management have been granted share options at market value under the Company's CSOP. Details of the CSOP are included on pages 150 and 165 of the Directors' remuneration report.

	2022 '000	2021 '000
Number of options		
Outstanding at the beginning of the period	3,124	–
Granted during the period	–	3,379
Lapsed during the period	(785)	(255)
Exercised during the period	(194)	–
Outstanding at the end of the period	2,145	3,124
Exercisable at the end of the period	–	–
Estimated % of options vesting over next three years	87%	64%

The fair value of the options granted in the prior period under the CSOP were measured using a Black-Scholes options pricing model. The inputs to the model are:

	CSOP
Weighted average mid-market share price (pence)	0.67
Weighted average exercise price (pence)	0.67
Expected life	3 years
Expected volatility	52.48%
Risk-free rate	2.00%
Dividend yield	0.03%
Weighted average fair value of the options (pence)	0.22

Save As You Earn Share Option Plan ("Sharesave Plan")

The Company has granted share options to eligible employees under an HMRC-approved all-employee Sharesave Plan. Details of the plan are included on page 150 of the Directors' remuneration report.

A reconciliation of the movement in the share options is shown below:

	Number of options		Weighted average exercise price	
	2022 '000	2021 '000	2022	2021
Outstanding at the beginning of the period	251	453	0.83	0.83
Granted during the period	426	–	2.33	–
Lapsed during the period	(82)	(202)	0.83	0.83
Exercised during the period	(130)	–	0.83	–
Outstanding at the end of the period	465	251	2.18	0.83
Exercisable at the end of the period	46	4	–	–
Estimated % of options vesting in the future years	100%	100%		

34. Share-based payments (continued)

Employee Stock Purchase Plan ("ESPP Plan")

The Company has granted share options to eligible employees under an Employee Stock Purchase Plan. Details of the plan are included on page 150 of the Directors' remuneration report.

A reconciliation of the movement in the related share options is shown below:

	Number of options		Weighted average exercise price	
	2022 '000	2021 '000	2022	2021
Outstanding at the beginning of the period	161	–	0.92	–
Granted during the period	148	161	2.46	0.92
Lapsed during the period	(47)	–	0.92	–
Exercised during the period	(124)	–	0.94	–
Outstanding at the end of the period	138	161	2.72	0.92
Exercisable at the end of the period	–	–	–	–
Estimated % of options vesting in the future years	93%	88%		

The grant price of the options under the ESPP is fixed in dollars and so the exercise price is subject to currency fluctuations when measured in pounds Sterling.

The fair value of the options granted in the prior period under the ESPP were measured using a Black-Scholes options pricing model. The inputs to the model are:

	ESPP
Weighted average mid-market share price (pence)	2.46
Weighted average exercise price (pence)	2.46
Expected life	3 years
Expected volatility	49.86%
Risk-free rate	2.00%
Dividend yield	0.03%
Weighted average fair value of the options (pence)	1.22

The Group recognised a charge of £3.4 million in the current year (2021: charge of £2.0 million) relating to equity-settled share-based payments other than in the context of acquisitions. The exercise price of options outstanding at 31 July 2022 ranges between £nil and £2.72.

Share-based contingent consideration required to be treated as remuneration

The Group recognised a charge for share-based payment of £7.7 million (2021: £1.9 million) relating to contingent consideration for acquisitions, which is recorded as part of deemed remuneration within Adjusting Items (note 7) under the Americas and Melon reporting segments.

Notes to the consolidated financial statements continued

35. Hedging and translation reserves

Hedging reserve and translation reserve

The reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges and the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being Sterling.

Losses transferred from the hedging and translation reserves into Consolidated Income Statement during the period are included in the following line items in the Consolidated Income Statement:

	2022 £'000	2021 £'000
Revenue	(39)	(13)

Cash flow hedge accounting has not been applied to the forward currency contract entered into in the period to hedge CDL deferred consideration as set out in note 21 above. The mark to market revaluation of the related derivative instrument, resulting in a loss of £456,000, has been recorded through the Consolidated Income Statement as an adjusting item.

36. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. No material related party transactions have been entered into during the period, which might reasonably affect the decisions made by the users of these financial statements.

No executive officers of the Company or their associates had transactions with the Group during the period.

Loop Integration LLC

The Group previously held a 50% interest in Loop Integration LLC ("Loop Integration"), incorporated in Delaware, USA. On 14 February 2022 the Group purchased the remaining 50% interest. Refer to note 12.

Prior to the purchase of the remaining 50% interest, the Group received distributions of £0.2 million (2021: £0.4 million) from Loop Integration. Further details of the amounts the group earned from Loop Integration prior to the purchase are disclosed in note 12.

Simoleon LLC

SpireMedia, Inc (d.b.a. **Kin** and **Carta** Denver) a 100% subsidiary was acquired by the Group in November 2019. Simoleon LLC ("Simoleon") used to provide office space to **Kin** and **Carta** Denver in a lease that ended in December 2020. Simoleon LLC is partly controlled by Adam Hasemeyer and Michael Gellman with another third party, and they also controlled **Kin** and **Carta** Denver before it was acquired by the Group. Mr Hasemeyer and Mr Gellman became employees of the Group following the acquisition of Spire. During the year, **Kin** and **Carta** Denver paid USD Nil (2021: USD 114,570) to Simoleon LLC for office space. There were no outstanding amounts due to Simoleon LLC at 31 July 2022.

Aggregate Directors' remuneration

The Group considers the Directors of **Kin** and **Carta** plc to be the key management personnel whose remuneration is disclosed in the Directors' remuneration report, under the Corporate Governance section.

37. List of undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the registered office address is disclosed below, as at 31 July 2022.

Subsidiaries

The subsidiary undertakings below are wholly owned and, unless otherwise stated, the share capital disclosed comprises ordinary shares (or the local equivalent thereof); which are directly or indirectly held by **Kin** and **Carta** plc. These undertakings were controlled by the Group on 31 July 2022, and their results are fully consolidated into the Group's financial statements.

As of 31 July 2022, the principal subsidiaries were as follows:

Principal subsidiaries	Note	Place of incorporation	Nature of business
Cascade Data Labs, LLC	h	United States of America	Digital Transformation
Datorium, LLC	n, p	United States of America	Digital Transformation
Frakton SH.PK	j	Kosovo	Digital Transformation
Kin and Carta Colombia S.A.S	l	Colombia	Digital Transformation
Kin and Carta Greece Μονοπρόσωπη Ι.Κ.Ε.	m, p	Greece	Digital Transformation
Kin and Carta Partnerships Limited	a	England and Wales	Digital Transformation
Kin and Carta Partnerships LLC	e, p	United States of America	Digital Transformation
Kin and Carta Scotland Limited	d,	Scotland	Digital Transformation
Kin and Carta UK Limited	a,	England and Wales	Digital Transformation
Loop Integration LLC	c,p	United States of America	Digital Transformation
Melon EAD	i,	Bulgaria	Digital Transformation
Melon Technologii DOOEL	k	Macedonia	Digital Transformation
Solstice Consulting LLC	e, p	United States of America	Digital Transformation
Solstice Mobile Argentina Srl	f	Argentina	Digital Transformation
SpireMedia, Inc.	g, q	United States of America	Digital Transformation
Kin and Carta Colombia Holdings S.A.S	l	Colombia	Holding company
Kin and Carta Group Limited	a	England and Wales	Holding company
Kin and Carta Americas Holdings LLC	c, p, v	United States of America	Holding company
Kin and Carta Investments Limited	a	England and Wales	Treasury company
Kin and Carta Manager (Holding Companies) LLC	c, p	United States of America	Provision of management services
Kin and Carta Manager (Operations) LLC	c, p	United States of America	Provision of management services
Kin and Carta Manager Holdings LLC	c, p	United States of America	Holding company
Kin and Carta Marketing Services (Delaware) LLC	c, p	United States of America	Holding company
Realise Holdings Limited	d	Scotland	Holding company
Solstice Consulting Argentina LLC	c, p	United States of America	Holding company
Solstice Consulting Latin America LLC	c, p	United States of America	Holding company

Non-trading subsidiaries

	Note	Place of incorporation
Amaze Limited	a	England and Wales

Notes to the consolidated financial statements continued

37. List of undertakings (continued)

Amaze (Europe) Limited	a	England and Wales
Amaze Communication Services Limited	a	England and Wales
Amaze (Holdings) Limited	a	England and Wales
Amaze Communication Services (Holdings) Limited	a	England and Wales
Amaze Technology Limited	a	England and Wales
Branded3 Search Limited	a, t	England and Wales
Fripp, Sandeman and Partners Limited	a	England and Wales
Kin and Carta Advisory LLC	c, p	United States of America
Kin and Carta Former HoldCo Limited	a	England and Wales
Kin + Carta Limited	a	England and Wales
Kin and Carta Marketing Planning Singapore Pte. Ltd (in liquidation)	b	Singapore
Kin and Carta Marketing Services (Singapore) Pte. LLC (in liquidation)	b	Singapore
Kin and Carta Services UK Limited	a, u	England and Wales
Occam DM Limited	a, o	England and Wales
Okana Systems Limited	a, r	England and Wales
Pollen Health (US) LLC	p	United States of America
Response One Holdings Limited	a, s	England and Wales
SouthWest Mailing Limited (in liquidation)	a	England and Wales
St Ives Blackburn Limited (in liquidation)	a	England and Wales
St Ives Burnley Limited (in liquidation)	a	England and Wales
St Ives Direct Edenbridge Limited (in liquidation)	a	England and Wales
St Ives Direct Leeds Limited (in liquidation)	a	England and Wales
St Ives Financial Limited (in liquidation)	a	England and Wales
St Ives Pension Scheme Trustees Limited	a	England and Wales
St Ives Westerham Press Limited (in liquidation)	a	England and Wales

37. List of undertakings (continued)

- a. Registered office: The Spitfire Building, 71 Collier Street, London, N1 9BE
- b. Registered office: 8 Marina View, #40-04/05, Asia Square Tower 1, Singapore 018960"
- c. Registered office: 200 Bellevue Parkway, Suite 210, Wilmington, Delaware 19809, United States.
- d. Registered office: Exchange Tower, 19 Canning Street, Edinburgh EH3 8EH. On 22 September 2022 **Kin** and **Carta** Scotland Limited's and Realise Holdings Limited's registered office address changed from Quay House, 142 Commercial Street, Edinburgh EH6 6LB.
- e. Registered office: 100 N. LaSalle, Suite 500, Chicago, Illinois 60602-3554, United States
- f. Registered office: Solstice Argentina, Aguirre 1169, Ciudad Autonoma de Buenos Aires, Argentina
- g. Registered office: 7700 E. Arapahoe Road, Suite 220 Centennial, CO 80112, United States
- h. Registered office: 8130 SW Beaverton-Hillsdale Hwy, Portland, OR 97225, United States
- i. Registered Office: Sofia 1113, Slatina district, 20 Kosta Lulchev Street, 3rd floor
- j. Registered Office: Bekim Fehmiu Str. Arting Building, 5th Floor, Pristina, Kosovo
- k. Registered Office: 1737 Street no.32, Municipality Centar, Skopje, Macedonia
- l. Registered Office: Carrera 16 #97 Piso 8 Bogotá, 97-46 Edificio Torre, 97 Piso 8, Bogotá, Colombia Barrio Chicó, Colombia
- m. Registered Office: 62 Kifissias Avenul, Maroussi, 15125 , Greece
- n. Registered Office: 385 Homer Ave, Palo Alto CA 94301, United States
- o. Ordinary, A Preferred Ordinary, B Ordinary, C Ordinary, D Ordinary, Deferred Ordinary
- p. Membership interest
- q. Class A Common Stock
- r. Ordinary and A Ordinary
- s. A Ordinary, B Ordinary
- t. Ordinary, Ordinary-A, Ordinary-B
- u. On 30 August 2022, **Kin** and **Carta** Advise Europe Limited changed its name to **Kin** and **Carta** Services UK Limited

38. Contingent liabilities

During the year, a former client brought a claim against the company for breach of contract in the US. The claim, which is for a total of USD 4.1m is currently being heard in a US court of arbitration. The Company believes it has a reasonable chance of success based on legal advice received. The loss is thought not to be probable and no provision has been made by the Company at 31 July 2022 for further cash costs associated with the case. £0.4 million of legal costs were incurred in the current period in respect of the claim which are recorded as an Adjusting Item in the Americas segment.

39. Post-balance sheet events

On 5 September 2022 the Group agreed the extension of its committed £85 million multicurrency revolving credit facility with four lender banks for a further year. The facility is now committed until September 2026.

Post year end, the Employee Benefit Trust purchased 1,957,652 ordinary shares in Kin and Carta plc to settle the future vesting of employee share awards which are expected to vest in the next 24 months.

Company balance sheet

Company number 01552113

	Note	31 July 2022 £'000	Restated* 31 July 2021 £'000
Fixed assets			
Intangible assets	6	–	21
Tangible assets	5	111	–
Investment property	7	4,318	4,587
Investments	8	203,853	175,871
Retirement benefit surplus	13	38,748	19,267
		247,030	199,746
Current assets			
Debtors	9	12,062	8,312
Cash at bank and in hand		2,492	22,485
Derivative financial instruments	10	2	13
		14,556	30,810
Creditors: Amounts falling due within one year			
Trade and other creditors	11	(7,524)	(15,558)
Derivative financial instruments	10	(454)	–
Net current assets/liabilities		6,578	15,252
Total assets less current liabilities		253,608	214,998
Creditors: Amounts falling due after more than one year			
Bank loans and overdrafts	12	–	(30,000)
Provisions for liabilities	14	–	(12)
Deferred taxation	17	(9,387)	(2,530)
Net assets		244,221	182,456
Capital and reserves			
Called up share capital	15	17,796	17,255
Share premium account	15	76,389	76,085
Other reserves	16	19,185	13,878
Profit and loss account		130,851	75,238
Total equity		244,221	182,456

*The 31 July 2021 balance sheet has been restated following a change in accounting policy on adoption of the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. This change in accounting policy decreased the company's retained earnings by £365,000 in 2021. The impact of the change on other intangible assets is disclosed in note 6.

The profit for the financial year for the Company was £35.1 million (2021: £3.0 million).

These financial statements on pages 264 and 265 were approved by the board of directors on 12 October 2022 and signed on its behalf by

Kelly Manthey
Chief Executive Officer

Chris Kutsor
Chief Financial Officer

Company statement of changes in equity

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Capital Redemption Reserve £'000	ESOP reserve £'000	Treasury shares £'000	Share option reserve £'000	Restated* Profit and loss account £'000	Total £'000
Balance at 31 July 2020	16,876	71,888	9,190	1,238	(68)	(163)	1,722	58,030	158,713
Change of accounting policy*								(422)	(422)
Restated total equity as at 31 July 2020	16,876	71,888	9,190	1,238	(68)	(163)	1,722	57,608	158,291
Profit for the year	–	–	–	–	–	–	–	3,065	3,065
Other comprehensive expense:									
Actuarial gain on defined benefits pension scheme	–	–	–	–	–	–	–	14,476	14,476
Total comprehensive expense	–	–	–	–	–	–	–	17,541	17,541
Group's acquisitions	360	4,197	–	–	–	–	(2,919)	–	1,638
Shares issued to settle employee share options	19	–	–	–	–	–	(129)	110	–
Purchase of own shares	–	–	–	–	(59)	–	–	–	(59)
Settlement of share-based payment using own shares	–	–	–	–	59	–	(38)	(21)	–
Recognition of share-based payments	–	–	–	–	–	–	1,944	–	1,944
Recognition of share-based contingent consideration deemed as remuneration for a subsidiary	–	–	–	–	–	–	1,881	–	1,881
Tax on share-based payments	–	–	–	–	–	–	1,220	–	1,220
Balance at 31 July 2021	17,255	76,085	9,190	1,238	(68)	(163)	3,681	75,238	182,456
Profit for the year	–	–	–	–	–	–	–	35,070	35,070
Other comprehensive income									
Actuarial gain on defined benefits pension scheme	–	–	–	–	–	–	–	14,126	14,126
Total comprehensive income	–	–	–	–	–	–	–	49,196	49,196
Dividends paid	–	–	–	–	–	–	–	(38)	(38)
Shares issued to settle consideration for the Group's acquisitions	352	–	7,843	–	–	–	–	–	8,195
Shares issued to settle employee share options	189	304	–	–	(17)	–	(1,242)	1,098	332
Purchase of own shares	–	–	–	–	(5,593)	–	–	–	(5,593)
Settlement of share-based payment using own shares	–	–	–	–	353	–	–	–	353
Recognition of share-based payments	–	–	–	–	–	–	3,118	–	3,118
Recognition of share-based contingent consideration deemed as remuneration for a subsidiary	–	–	–	–	–	–	5,953	–	5,953
Reclassification to retained earnings	–	–	(5,357)	–	–	–	–	5,357	–
Tax on share-based payments	–	–	–	–	–	–	249	–	249
Balance at 31 July 2022	17,796	76,389	11,676	1,238	(5,325)	(163)	11,759	130,851	244,221

* The 31 July 2021 balance sheet has been restated following a change in accounting policy on adoption of the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. The impact of the change on other intangible assets is disclosed in note 6.

The balance of the retained profit and loss at 31 July 2020 has been restated following a change in accounting policy, after adopting the IFRS IC's agenda decision on Configuration and Customisation Costs in a Cloud Computing Arrangement. This change in accounting policy has decreased retained earnings at 31 July 2021 by £365,000 (At 31 July 2020: £422,000).

Notes to the Company financial statements

1. Accounting policies

Kin and Carta plc is a public company limited by shares incorporated and domiciled in the United Kingdom ("UK") and registered in England and Wales under the Companies Act 2006. The address of the registered office is The Spitfire Building, 71 Collier Street, London, N1 9BE.

The separate financial statements of the company are presented as required by the Companies Act 2006 as applicable to companies using FRS 101 'Reduced Disclosure Framework'. The financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The separate financial statements have been prepared on a historical cost basis, except for the remeasurement to fair value of investment property, see note 7. The directors consider that the carrying value of all financial assets and liabilities is approximately equal to their fair value.

Financial Reporting Standard 1 – reduced disclosure exemptions

The Company is taking advantage of the applicable disclosure exemptions permitted by FRS 101 in its financial statements, which are summarised below:

Standard	Disclosure exemption
IFRS 2, 'Share-based Payment'	Para 45(b) – number and weighted average exercise prices of share options Para 46–52 – fair value disclosures for share options
IFRS 7, 'Financial Instruments: Disclosures'	Full exemption
IFRS 13, 'Fair Value Measurement'	Para 91–99 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities
IAS 1, 'Presentation of the Financial Statements'	Para 10(d) – statement of cash flows Para 10(f) – a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective statement of items in its financial statements, or when it reclassifies items in its financial statements Para 16 – statement of compliance with all IFRS Para 38 – present comparative information in respect of paragraph 79(a)(iv) of IAS 1 Para 38A – requirement for minimum of two primary statements, including cash flow statements Para 38B–D – additional comparative information Para 40A–D – requirements for a third statement of financial position Para 111 – cash flow statement information Para 134–136 – capital management disclosures
IAS 7, 'Statement of Cash Flows'	Full exemption
IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'	Para 30 & 31 – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective
IAS 24, 'Related Party Disclosures'	Para 17 and 18A – key management compensation The requirements to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The equivalent disclosures are given in the consolidated financial statements on pages 194 to 198 and notes 1 to 39.

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows.

1. Accounting policies (continued)

Going concern

The company's net asset position increased by £61.7 million to £244.2 million. During the year the company reduced its external loans payable by £30 million to £nil (31 July 2021: £30 million) and had a £2.5 million cash balance at 31 July 2022.

The Company guarantees the loans and overdrafts of its subsidiary undertakings. At 31 July 2022, the aggregate potential liability for the Company under this guarantee amounted to £13.1 million (2021: £67.2 million). The aggregate value of overdraft liabilities related to those subsidiaries which are guaranteed by the Company amounted to £nil (2021: £nil).

At 31 July 2022, there was no loan or overdraft secured against the assets of the Company (2021: £nil). The directors consider that the carrying amount of the loans and overdrafts approximates their fair value.

The Company has guaranteed amounts payable to certain property landlords and suppliers of its trading subsidiaries. The maximum aggregate liability under these financial guarantees is £11.4 million (2021: £16.8 million).

The Company has access to the Group's multi-currency credit facility of £85 million (2021: £85 million) that was extended to September 2026 on 5 September 2022. The Company's access to the credit facility is dependent on the Group meeting the covenant requirements put in place by the Group's lender banks. At 31 July 2022, and date of approving the Company and Group financial statements, the Company and Group were in compliance with the lender banks' covenant requirements. At 31 July 2022, the Group's ratio of net debt to Adjusted EBITDA for bank covenant purposes was 0.01 times (2021: 0.99 times). The Group projects that it will continue to operate within covenant limits and has sufficient liquidity in both the base case forecast and in the severe but plausible downside scenario.

The Company participates in the Group's centralised treasury arrangements and so shares the banking arrangements with its subsidiaries. The directors have performed an assessment on the Company's ability to recover intercompany debtors and recoverability of investments in its subsidiaries, concluding that they are recoverable. Considering this and the key risks that are relevant to the Company as detailed on pages 100 to 110 of the Group's annual report, the Directors deemed that there were no material uncertainties surrounding going concern. On that basis, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

The principal accounting policies adopted are the same as those set out in note 2 to the Consolidated Financial Statements except as noted below. The accounting policies have been applied consistently throughout the financial statements.

(a) Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. Loans to subsidiaries are classified as investments where they are long term funding in nature.

(b) Critical accounting judgements and key sources of estimation uncertainty

In the course of applying the Group's accounting policies the following estimations and accounting judgements have been made which could have a significant effect on the results of the Group were they subsequently found to be inappropriate.

Carrying value of investments

The assessment of the carrying value of investments requires the estimation of future cash flows from the businesses owned and operated by the subsidiaries which compose the Company's investments. These forecast cash flows are subject to uncertainty and if the actual cash flows are lower than those forecast, this could result in an impairment in the investments.

Retirement benefits obligations

The calculation of retirement benefits obligations requires estimates to be made of discount rates, inflation rates, future salary and pension increases and mortality. The net surplus in the Consolidated Balance Sheet for the retirement benefits scheme was £38.7 million (2021: £19.3 million). A sensitivity analysis can be found in note 28 to the Consolidated Financial Statements.

Notes to the Company

financial statements continued

2. Profit from operations

As permitted by Section 408 of the Companies Act 2006, no profit and loss account of the Company is included in these financial statements. The profit for the financial year for the Company was £35.1 million (2021: £3.0 million).

3. Auditors' remuneration

Fees paid to the auditors in respect of their audit of the Company were £450,000 (2021: £317,000).

4. Employee information

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Administration	74	59
	2022 £'000	2021 £'000
Wages and salaries	8,370	7,370
Social security costs	432	273
Other pension costs	267	251
	9,069	7,894

Disclosure of individual Directors' remuneration, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Conduct Authority are shown in the tables in the Directors' remuneration report on pages 142 to 172 and form part of these parent company financial statements. Further details of share-based payments are contained in note 34 in the notes to the consolidated financial statements.

5. Tangible assets

	Land and buildings Short leases £'000	Plant and machinery £'000	Fixtures, fittings, equipment and motor vehicles £'000	Right of use buildings £'000	Total £'000
Cost:					
At 1 August 2020	822	375	406	2,772	4,375
Disposals	(822)	(375)	(406)	(2,772)	(4,375)
At 31 July 2021	-	-	-	-	-
Additions	-	124	-	-	124
Reclassification	-	140	-	-	140
At 31 July 2022	-	264	-	-	264
Accumulated depreciation and impairment:					
At 1 August 2020	822	318	296	2,772	4,208
Charge	-	12	-	-	12
Disposals	-	45	110	-	155
Impairment	(822)	(375)	(406)	(2,772)	(4,375)
At 31 July 2021	-	-	-	-	-
Charge	-	34	-	-	34
Reclassification	-	119	-	-	119
At 31 July 2022	-	153	-	-	153
Net book value:					
At 31 July 2022	-	111	-	-	111
At 31 July 2021	-	-	-	-	-

Reclassification comprises plant and machinery that was previously included in software.

Notes to the Company

financial statements continued

6. Intangible assets

	Software £'000
Cost:	
At 01 August 2020*	195
Additions	19
Disposals	(74)
At 31 July 2021	140
Reclassification	(140)
At 31 July 2022	-
Accumulated amortisation and impairment:	
At 01 August 2020*	174
Charge	19
Disposals	(74)
At 31 July 2021	119
Reclassification	(119)
At 31 July 2022	-
Net book value:	
At 31 July 2022	-
At 31 July 2021	21

*The figures at 1 August 2020 and 31 July 2021 and the prior year additions and amortisation charges have been restated following a change in accounting policy, adopting the IFRS IC's agenda decision on configuration and customisation costs in a Cloud Computing Arrangement. Costs which were previously capitalised and amortised over five years are now charged to P&L as they arise. The effect of the change was to decrease intangible assets at 31 July 2020 by £520,000 and at 31 July 2021 by £450,000.

Reclassification comprises plant and machinery that was previously included in software.

7. Investment property

	Investment Property £'000
Cost:	
At 31 July 2021 and 31 July 2022	7,944
Accumulated depreciation and impairment:	
At 31 July 2020	3,087
Charge	270
At 31 July 2021	3,357
Charge	269
At 31 July 2022	3,626
Net book value:	
At 31 July 2022	4,318
At 31 July 2021	4,587

At 31 July 2022, the fair value of the investment property is not materially different from its net book value of £4.3 million.

Within Investment Property, the Company has freehold land with a net book value of £0.2 million (2021: £0.2 million), these assets have not been depreciated. Rental income of £0.8 million (2021: £0.8 million) in relation to the investment properties have been recorded to the profit and loss account in the current year.

8. Investments

All of the below are unlisted investments. The principal trading subsidiaries are listed in note 37 of the consolidated financial statements.

	Shares in subsidiaries at cost £'000	Loans to subsidiaries £'000	Total £'000
At 1 August 2020	66,590	142,578	209,168
Capital contribution	5,000	-	5,000
Reversal of impairments	450	-	450
Loan advances	-	12,212	12,212
Loan repayments	-	(48,046)	(48,046)
Foreign exchange revaluation	-	(2,913)	(2,913)
At 31 July 2021	72,040	103,831	175,871
Capital contribution	111,453	(50,750)	60,703
Impairments	(450)	(330)	(780)
Loan advances	-	12,126	12,126
Loan repayments	-	(46,992)	(46,992)
Foreign exchange revaluation	-	2,925	2,925
At 31 July 2022	183,043	20,810	203,853

The capital contributions made during the year relate to **Kin** and **Carta** Group Limited, **Kin** and **Carta** Investments Limited and **Kin** and **Carta** UK Limited. This consisted of cash contributions made to the companies as well reclassification of loans to equity.

The impairment made during the year relates to the investment in Fripp, Sandeman and Partners Limited as this investment was deemed to be irrecoverable.

9. Debtors

	2022 £'000	2021 £'000
Within one year		
Trade Debtors	36	11
Amounts owed by Group undertakings	10,054	7,617
Other debtors	102	74
Prepayments and accrued income	1,870	610
	12,062	8,312

Amounts owed by Group undertakings are repayable on demand. They are non-interest bearing and unsecured.

Notes to the Company

financial statements continued

10. Derivative financial instruments

	2022 £'000	2021 £'000
Derivative financial assets		
Forward foreign currency contracts	2	13
Derivative financial liabilities		
Forward foreign currency contracts	454	-

In the period the Company entered into a derivative contract on behalf of Cascade Data Labs. All costs associated with this have been recharged to Cascade.

11. Creditors

	2022 £'000	2021 £'000
Trade and other creditors:		
Amounts owing to Group undertakings	1,248	8,034
Trade creditors	720	900
Corporation tax payable	92	1,755
Tax and social security	227	276
Other creditors	2,740	375
Accruals and deferred income	2,497	4,218
	7,524	15,558
Amounts falling due after more than one year:		
Bank loans and overdrafts (note 12)	-	30,000
Deferred tax (note 17)	9,387	2,615
	9,387	32,615

Amounts owed by group undertakings are repayable on demand. They are non-interest bearing and unsecured.

12. Borrowings and finance obligations

	2022 £'000	2021 £'000
Amounts falling due after more than one year		
Bank loans	-	30,000

The Company has access to the Group's multi-currency credit facility of £85 million and was refinanced in September 2021. This facility is committed until September 2026, of which up to £10.5 million can be drawn as an overdraft facility. Interest on loan drawdowns is charged at SONIA plus a margin of 1.70%. The interest on loan drawdowns is depending on the ratio of the Group's net debt to EBITDA excluding Adjusting Items. Interest on overdraft drawdowns is charged at an average rate of 2.00% (2021: 2.00%) over the UK base rate.

As at 31 July 2022, the Company had no drawing on the facility, but the Group's outstanding loans within this facility were £13.1 million (2021: £62.4 million). The undrawn portion of this facility at 31 July 2022 was £71.9 million (2021: £22.6 million).

12. Borrowings and finance obligations (continued)

The company is subject to the Group covenants on its borrowings, specifically maximum permitted limits on leverage, measured quarterly as Group net borrowings divided by trailing 12 month Adjusted Group EBITDA, and minimum permitted limits on interest cover, measured quarterly as Adjusted Group EBIT divided by group interest charges. Both covenants are measured on a pre-IFRS 16 'frozen GAAP' basis and include pro forma adjustments for acquisitions and disposals. At the year end, the Group's leverage ratio for bank covenant purposes was 0.05 times (2021: 0.99 times) against a maximum limit of 2.5 times, and interest cover was 18.5 times (2021: 14.7 times) against a minimum of 4 times. The Group has fully complied with the requirements of these covenants during the year under review and expects to continue to do so.

13. Retirement benefits

	2022 £'000	2021 £'000
Retirement benefit surplus	38,748	19,267

The Company participates in both the defined benefit and defined contribution schemes operated by the Group. The assets and liabilities of the defined benefit scheme are held in separate trustee-administered funds. The pension costs are based on pension costs across the Group as a whole. For the defined contribution scheme, the income statement charge represents contributions payable.

The Group is required to account for the defined benefit scheme under International Accounting Standard 19 – Employee Benefits ('IAS 19'). The IAS 19 disclosures are included in note 27 of the notes to the consolidated financial statements.

14. Provisions for liabilities

	2022 £'000	2021 £'000
Provision for repairs	-	12

The provision for repairs as at 31 July 2021 related to the dilapidation of a property for which the Company was responsible. The full amount was utilised during the year.

15. Called up share capital and share premium account

	Number of shares	Ordinary shares of 10p each £'000	Share premium account £'000
Issued and fully paid at 1 August 2020	168,760,056	16,876	71,888
Share issue	3,785,665	379	4,197
At 31 July 2021	172,545,721	17,255	76,085
Share issue	5,414,958	541	303
At 31 July 2022	177,960,679	17,796	76,388

All authorised and issued share capital is represented by equity shareholdings. The number of authorised and issued Kin and Carta plc ordinary shares as at 11 October 2022 was 177,990,907. 3,251,861 fully vested shares were issued in the period to satisfy consideration payable to the former shareholders of Melon AD and 267,429 fully vested shares were issued in the period to satisfy consideration payable to the former shareholders of Loop Integration LLC, both of which were acquired in the current year. 1,895,688 shares were issued in the year to satisfy employee share option exercises under LTIP, SAYE and ESPP plans.

Notes to the Company

financial statements continued

16. Other reserves

The movements in reserves are disclosed in the Company's Statement of Changes in Equity. At 31 July 2022, the Company held a portfolio of treasury shares consisting of 90,637 (2021: 90,637) **Kin** and **Carta** plc ordinary shares.

During the current period there was a reclassification from the merger reserve to retained earnings following the divestments of entities which accounted for a portion of the merger reserve in prior periods.

ESOP reserve representing **Kin** and **Carta** plc ordinary shares held in the Group's Employee Benefit Trust. A portfolio of treasury shares consisting of 2,489,655 **Kin** and **Carta** plc ordinary shares held by the Company as at 31 July 2022 (2021: 90,637 **Kin** and **Carta** plc ordinary shares). 2,399,018 shares were purchased in the period to satisfy awards which are expected to vest in the 24 months following the balance sheet date.

17. Deferred tax

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 19% (2021: 19%).

Net deferred tax balances are classified as deferred tax liabilities in the balance sheet. The net movement in the deferred tax liabilities is as follows:

	2022 £'000	2021 £'000
At the beginning of the period 1 August	2,530	146
Charge to the Income Statement	896	203
Items taken to Other Comprehensive Income	6,210	3,401
Items taken directly to equity	(249)	(1,220)
At the end of the period 31 July	9,387	2,530

The individual movements in deferred tax liabilities/(assets) are as follows:

	Investment Property £'000	Retirement benefit obligations £'000	Short-term timing differences £'000	Share options £'000	Losses £'000	Total £'000
Balance at 1 August 2020	897	(209)	(99)	(443)	–	146
Charge/(credit) to the Income Statement	139	83	12	(31)	–	203
Items taken directly to Other Comprehensive Income	–	3,401	–	–	–	3,401
Items taken directly to equity	–	–	–	(1,220)	–	(1,220)
Balance at 31 July 2021	1,036	3,275	(87)	(1,694)	–	2,530
Charge/(credit) to the Income Statement	(71)	247	–	823	(103)	896
Items taken directly to Other Comprehensive Income	–	6,210	–	–	–	6,210
Items taken directly to equity	–	–	–	(249)	–	(249)
Balance at 31 July 2022	965	9,732	(87)	(1,120)	(103)	9,387

18. Related party transactions

Details on related party transactions can be found in note 36 to the Consolidated Financial Statements.

As noted under the accounting policies, the company is taking advantage of the exemption with regards to separate disclosure of related party transactions.

19. Post balance sheet events

On 5 September the Group agreed the extension of its committed £85 million multicurrency revolving credit facility with four lender banks for a further year. The facility is now committed until September 2026.

Post-year end, the Employee Benefit Trust purchased 1,957,652 ordinary shares in **Kin** and **Carta** plc to settle the future vesting of employee share awards which are expected to vest in the next 24 months.

19. Statement of guarantee

The Company has signed a statement of guarantee in respect of the liabilities of a number of subsidiary companies as at 31 July 2022 under section 479C of the Companies Act 2006. As a result, the following subsidiaries are exempt from the requirements of the UK Companies Act 2006 in relation to the audit of individual accounts for the year ended 31 July 2022 by virtue of s479A of that Act:

Company	Company registration number
Amaze Limited	2830448
Amaze (Europe) Limited	6418202
Amaze (Holdings) Limited	6417738
Amaze Communication Services (Holdings) Limited	2670935
Amaze Communication Services Limited	2051287
Amaze Technology Limited	06385430
Branded3 Search Limited	6479012
Fripp, Sandeman and Partners Limited	1284879
Kin + Carta Limited	11403627
Kin and Carta Scotland Limited	SC172507
Kin and Carta Services UK Limited	11442056
Kin and Carta Former Holdco Limited	6831479
Kin and Carta Group Limited	08417677
Kin and Carta Investments Limited	00190460
Kin and Carta Partnerships Limited	09569438
Occam DM Limited	05095081
Okana Systems Limited	3877530
Realise Holdings Limited	SC306420
Response One Holdings Limited	6724581
St Ives Pension Scheme Trustees Limited	02286545

Corporate information

Further information about the Group can be found on our website kinandcarta.com.

This year's Annual Report and Accounts, as well as copies of past years' Annual Reports and Accounts, half year statements and shareholder circulars, are available to view and download from our investor website. Regulatory announcements and press releases made during the year, and in past years, are also available to view in the Regulatory News section of the investor website investors.kinandcarta.com.

Shareholding enquiries

The Company's share register is maintained by Link Group, who are able to deal with shareholders' queries, including in respect of any of the following matters:

- transfer of shares;
- change of name or address;
- registering the death of a shareholder;
- lost share certificates;
- lost or out of date dividend warrants; and
- the payment of dividends directly into a bank or building society accounts.

Their contact details are: **Kin and Carta** plc Shareholder Services, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL United Kingdom.

Link's shareholder helpline telephone number is 0371 664 0300. If you are outside the United Kingdom, please call +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Link's lines are open between 9.00am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Alternatively, you can email your query to our registrars at enquiries@linkgroup.co.uk although, for legal reasons, they may subsequently require you to confirm any instruction in writing.

Unauthorised brokers ("boiler room scams")

Shareholders should be very wary of any unsolicited calls or correspondence offering to buy or sell shares at a discounted price. These calls are typically from fraudsters operating "boiler rooms". Boiler rooms use increasingly sophisticated means to approach investors and often leave their victims out of pocket. If you are concerned that you may have been targeted by fraudsters please contact the FCA Consumer Helpline on 0800 111 6768.

Cautionary statement

This Annual Report and Accounts contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of **Kin and Carta** plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

AGM	Annual general meeting
AI	Artificial intelligence
API	Application programming interface
APM	Alternative performance measure
Articles	The articles of association of Kin and Carta plc
AWS	Amazon Web Services
B Corporation or B Corp	A globally recognised assessment framework to assist companies to become more responsible by considering the impact of their decisions on their clients, community, people, suppliers and the environment
BIPOC	Black, indigenous and people of colour
BI	Business intelligence
Board	The Board of Directors of Kin and Carta plc
CAGR	Compound annual growth rate
Cascade Data Labs	Cascade Data Labs, LLC, a data science firm, organised in Oregon and acquired by the Group on 23 December 2020
Code	FRC's UK Corporate Governance Code published in July 2018, a copy of which can be found on the Financial Reporting Council's website (frc.org.uk)
Companies Act	Companies Act 2006 (as amended)
Company	Kin and Carta plc, a public limited company incorporated in England and Wales with registered number 1552113, whose registered office is at The Spitfire Building, 71 Collier Street, London, N1 9BE
COVID-19	The pandemic of the severe acute respiratory syndrome coronavirus 2 that causes coronavirus disease 2019
CDS	Connective Digital Services (a team within our Operations Platform, who provide information technology services to the Group including digital defence, digital development opportunities, and digital experiences)
DBS	Deferred Bonus Scheme
Dollar or \$	Unless otherwise specified, all references to Dollars or \$ Dollar symbol are to the currency of the US
DX	Digital transformation
Edit	Edit Agency Limited, a company incorporated in England and Wales with registered number 3624881, sold by the Group on 12 November 2021
eNPS	Employee net promoter score
EPS	Earnings per share
ESG	Environmental, social and corporate governance
EU	European Union
EVP	Employee value proposition
EX	Employee experience
FRC	Financial Reporting Council
FTSE All-Share	The aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap indices
GHG	Greenhouse gas
GMP	Guaranteed minimum pensions
Hive	The Health Hive Group Limited and its subsidiaries and The Health Hive (US) LLC, being healthcare communications businesses, sold by the Group on 16 December 2020
HRIS	HR information system

Glossary continued

IAS	International Accounting Standards
IDEA	Inclusion, diversity, equity and awareness
IFRS	International Financial Reporting Standards
Incite	Incite Marketing Planning Limited, a company incorporated in England and Wales with registered number 3909059, and Incite New York LLC, a company formed in Delaware, sold by the Group on 28 September 2021
IoT	Internet of things
IPCC	Intergovernmental Panel on Climate Change
IT	Information technology
Kin + Carta Americas or Americas	Cascade Data Labs, Kin and Carta Colombia S.A.S., Loop Integration, Spire, Solstice Consulting LLC, and Solstice Mobile Argentina Srl
Kin + Carta Europe or Europe	Kin and Carta Greece Μονοπρόσωπη Ι.Κ.Ε, Kin and Carta UK Limited and Melon Group
Kin + Carta or Group	The Company and its subsidiary undertakings
KAP	Kin Accelerator Programme
KPI	Key performance indicator
Loop Integration	Loop Integration LLC, an e-commerce consultancy, formed in Delaware and previously a joint venture until the Group's acquisition of the remaining 50% on 14 February 2022
LSE	London Stock Exchange
LTIP	Long-term incentive plan
M&A	Mergers and acquisitions
MACH	Microservices based, API-first, Cloud-native SaaS and Headless ecosystem technology
Melon Group	Melon EAD (incorporated in Bulgaria), Melon Tehnologii DOOEL (incorporated in North Macedonia) and Frakton SH.PK (incorporated in Kosovo), providers of digital transformation services, acquired by the Group on 9 May 2022
MHFA	Mental Health First Aider(s)
Octain or Datorium	The responsible AI platform, Octain, owned by the California formed limited liability company Datorium, LLC, acquired by the Group on 22 December 2021
Pragma	Pragma Consulting Limited, a leading commercial advisor for investors and operators in mixed use, airports and retail property, sold by the Group on 31 August 2020
PwC	PricewaterhouseCoopers LLP
Regions	Kin + Carta Americas and Kin + Carta Europe
Relish	Relish Agency Limited, a company incorporated in England and Wales, with registered number 11456907, sold by the Group on 4 November 2021
ROI	Return on investment
SaaS	Software as a service
Scheme	St Ives Defined Benefit Pension Scheme
Solstice or Kin and Carta U.S.	Solstice Consulting LLC (d.b.a. Kin and Carta U.S.), a digital transformation consulting firm, organised in Illinois
Spire or Kin and Carta Denver	SpireMedia Inc. (d.b.a. Kin and Carta Denver), a digital transformation consulting firm, organised in Colorado and acquired by the Group on 26 November 2019
SSP	Shared socioeconomic pathway
Triple bottom line	Giving consideration to people, profit and planet
UI	User interface
UNSGDs	The United Nations' Sustainable Development Goals, adopted by the United Nations in 2015 as a universal call to action to inter alia end poverty and protect the planet
UX	User experience
Ventures	Our former Ventures arm was comprised of: Edit, Hive, Incite, Pragma and Relish. All Ventures companies were divested between 2020 and 2021



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