

**KIN+CARTA**

**Building  
a world  
that works  
better for  
everyone**

# Welcome to the 2023 Annual Report



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

**Kin + Carta's** 1,800+ 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.

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We work with enterprise businesses to deliver technology, data, and experience transformation with a focus on value creation, inclusion, and environmental stewardship.

# Highlights

## Financial review

### Continuing operations<sup>1</sup>

#### Revenue

£195.9m -1%

#### Net revenue<sup>2</sup>

£192.0m +1%

#### Adjusted operating profit<sup>3, 4</sup>

£18.5m -17%

#### Adjusted profit before tax<sup>3, 4</sup>

£15.8m -23%

#### Adjusted basic earnings per share<sup>3, 4</sup>

8.7p -20%

#### Statutory operating (loss)<sup>5</sup>

(£19.3m)

#### Statutory (loss) before tax<sup>5</sup>

(£20.7m)

#### Statutory basic (loss) per share<sup>5</sup>

(10.8p)

#### Net debt (bank covenant basis)<sup>6</sup>

£21.0m (2022: £0.2m)

## ESG highlights

- First double-materiality assessment
- TCFD reporting progress
- IDEA launched in new markets, now active wherever Kin + Carta has a presence

### Recommended Cash Offer for Kin and Carta Plc

On 18 October 2023, it was announced that the boards of directors of Kelvin UK Bidco Limited ("Bidco"), a newly formed company owned indirectly by funds advised by Apax Partners LLP ("Apax"), and Kin + Carta had reached agreement on the terms and conditions of a recommended cash offer made by Bidco to acquire the entire issued share capital of Kin + Carta (the "Acquisition"). Under the terms of the Acquisition, Kin + Carta shareholders will be entitled to receive 110 pence in cash for each Kin + Carta share, valuing Kin + Carta at £203 million on a fully diluted basis. This represents a premium of 41% to the closing price on 17 October 2023. The Acquisition is conditional inter alia on approval by the Company's shareholders and certain regulatory approvals. Completion of the Acquisition is currently expected to take place in the first quarter of 2024.

<sup>1</sup> All consolidated income statement measures reflect the results from continuing operations. Discontinued operations in 2022 include the results of three businesses, Incite, Edit and Relish, which were divested in the period. Refer to note 8 of the Consolidated Financial Statements for details of discontinued operations.

<sup>2</sup> Net revenue is defined as revenue less project-related costs as shown on the consolidated income statement. Project-related costs comprise primarily of certain third-party expenses directly attributable to a project.

<sup>3</sup> Adjusted results exclude adjusting items to reflect how management assesses and monitors the ongoing financial performance of the Group. Refer to note 7 of the Consolidated Financial Statements for further details.

<sup>4</sup> Adjusted results for the year to 31 July 2022 have been restated to reflect the reclassification of the share-based payments charge from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

<sup>5</sup> Statutory results for the year to 31 July 2022 have been restated to reflect the restatement of depreciation on investment property, which arose following an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively.

<sup>6</sup> Net debt as a measure for bank covenant purposes. The reconciliation and definition is set out in the adjusted performance measures section.

<sup>7</sup> Like-for-like growth in relation to net revenue is defined as the net revenue from continuing operations at constant currency and excluding acquisitions when comparing the current period to the prior period.

<sup>8</sup> The reconciliation and definition is set out in the adjusted performance measures section.

<sup>9</sup> 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 weighted value of the qualified and targeted sales funnel.





## Financial review

- Net revenue<sup>2</sup> of £192.0 million from continuing operations up 1% year-on-year ("YoY") and down 11% on a like-for-like<sup>7</sup> basis ("LFL") due to macroeconomic challenges
- Americas net revenue<sup>2</sup> grew 2% YoY (8% decline on a LFL basis<sup>7</sup>) to £134.8 million, representing 70% of Group net revenue
- Europe net revenue<sup>2</sup> declined 1% YoY (16% decline on a LFL<sup>7</sup> basis) to £57.2 million, representing 30% of Group net revenue
- Sales backlog<sup>9</sup> of £97 million, up 1% YoY, sales pipeline<sup>9</sup> of £110 million (FY22: £174 million) down in total, but up on a like-for-like basis which excludes the prior year's two unusually large but low probability opportunities in the UK
- Adjusted operating profit<sup>3</sup> of £18.5 million (FY22<sup>4</sup>: £22.4 million) reflecting previously announced market volatility and headwinds
- Statutory operating loss of £19.3 million (FY22<sup>5</sup>: loss £14.1 million) driven by non-cash goodwill impairment in the UK and acquisition-related charges of £34.1 million which are recorded as adjusting items
- Adjusted EBITDA<sup>3</sup> £22.8 million (FY22<sup>4</sup>: £26.3 million)
- Statutory basic loss per share was 10.8p (FY22<sup>5</sup>: 8.0p loss). Adjusted basic earnings per share<sup>3</sup> decreased by 20% from prior year to 8.7p<sup>4</sup>
- Adjusted operating cash inflow before working capital, interest and tax<sup>8</sup> of £23.9 million (FY22: inflow of £26.0 million)
- Statutory operating cash outflow before working capital, interest and tax of £1.1 million (FY22: inflow of £19.2 million). Reduction driven by FY23 acquisition-related deemed remuneration payments of £16.2 million (FY22: nil) and FY23 customer litigation costs of £3.6 million (FY22: £0.4 million)
- Net debt for bank covenant purposes<sup>6</sup> of £21.0 million (FY22: £0.2 million); net debt to adjusted EBITDA ratio 1.04 times (FY22: 0.01 times)

## Operational review

- Net revenue from key financial services, public sector, and agriculture industry sectors grew 21% YoY
- The Group's client concentration increased year on year. This includes the Company's largest client which comprises 25% of total net revenue compared to 12% in prior year
- The market slowed significantly in Q2, presenting fewer new business opportunities as companies scrutinised their project spending. Widespread macroeconomic volatility led to extended sales cycles, cautious client spending, and intense competition
- New client wins including America's largest automotive manufacturer, Japanese multinational technology company, S&P 400 automotive group, US National Veterinary Associates and £44.2 million of UK Public Sector contracts
- Acceleration of margin efficient nearshore delivery in Latin America and South East Europe to 40% of total delivery headcount
- c.£2 million annualised reduction in selling and admin costs improves cost structure
- Data & AI proposition scaled as priority launch partner for Google's generative AI platform, and as one of the first businesses to access Microsoft's generative AI platform
- **Kin + Carta** awarded 2023 Google Cloud Industry Solution Services Partner of the Year Award for Retail Digital Growth, and Sustainability Changemaker 2023 Microsoft US Partner of the Year Award
- Completion of Forecast Data Services acquisition, deepening data & AI capabilities
- Successful execution of Double Materiality Assessment and further ESG improvements

# Our business at a glance

## Kin + Carta is a digital transformation consultancy

We provide high-value digital transformation services to enterprise clients, using an efficient distributed delivery model, in partnership with the world's leading technology companies.

### Providing business critical technology and data services

For more info see page 22

Identify, prioritise and plan digital innovation and investments

Strategy + Innovation

Maximise the potential of data and artificial intelligence

Data + AI

Build and modernise mission critical cloud applications

Cloud + Platforms

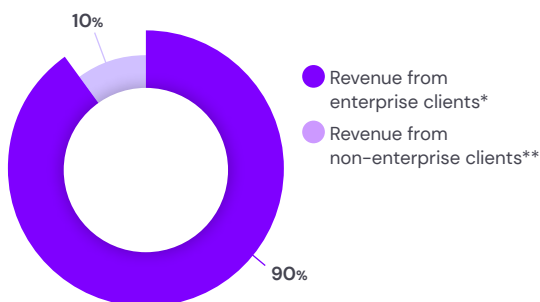
Design and build intelligent experiences powered by data

Experience + Product

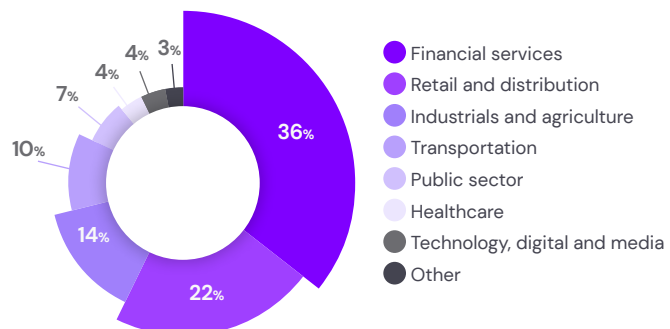
Support, grow and optimise valuable digital assets

Managed Services

### Net revenue by enterprise<sup>1</sup>



### Net revenue by sector<sup>1</sup>



\*Enterprise client profiles are c.\$1Bn+ in revenue and often multinational businesses. This includes government-backed Public Sector.

\*\*Non-enterprise client profiles are smaller in size than enterprise clients and are high-potential catalysts to new technologies, new sectors, or new markets.

<sup>1</sup> Continuing operations only. Discontinued operations in 2022 include the results of three businesses, Incite, Edit and Relish, which were divested in the period. Refer to note 8 of the Consolidated Financial Statements for details of the discontinued operations.

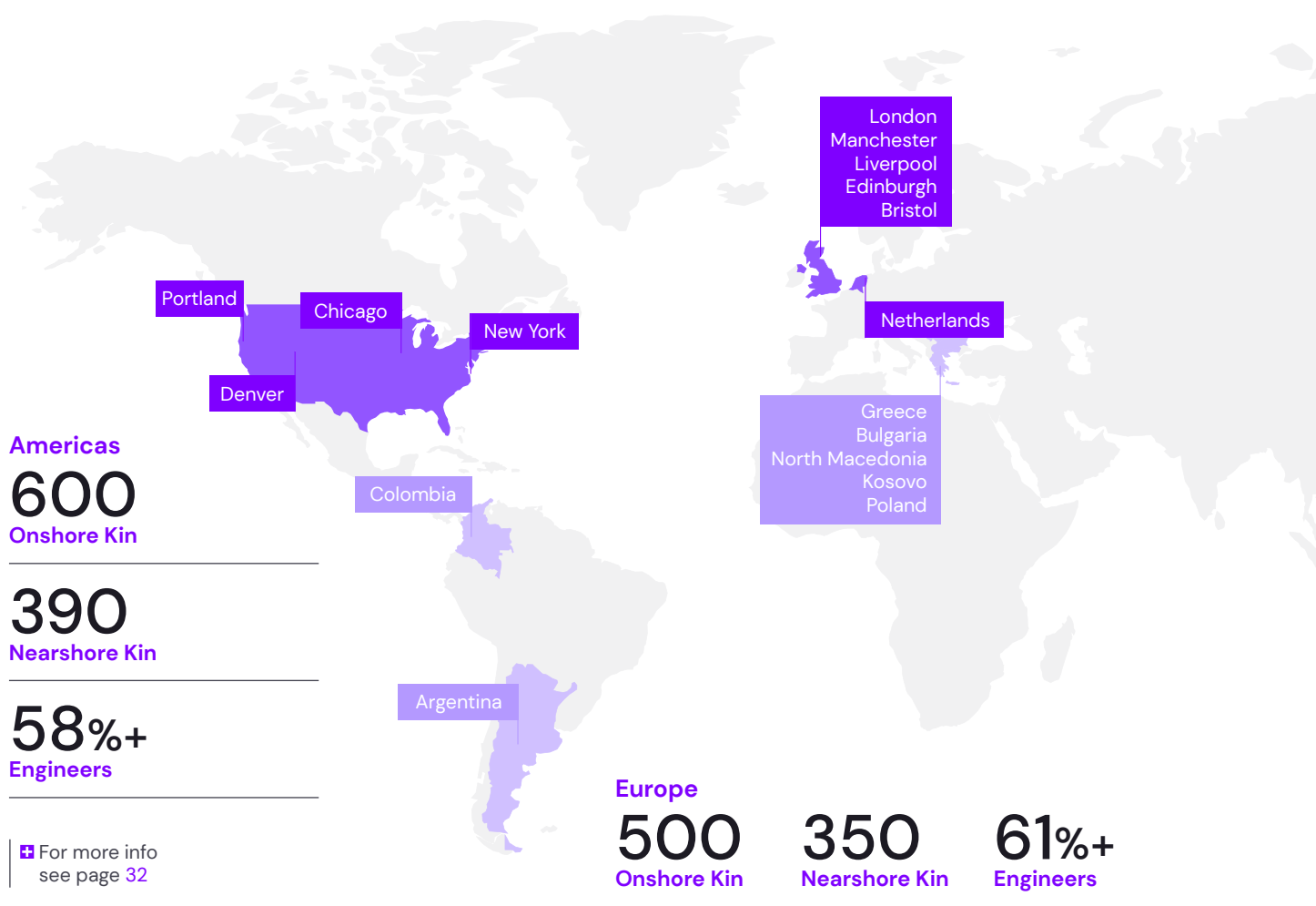
With over 1,800 Kin across three continents

#### Onshore

High-touch sales, consultancy and domestic delivery

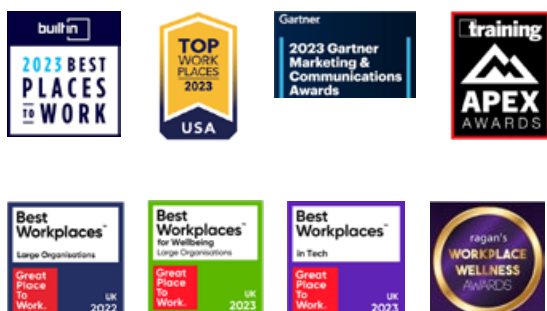
#### Nearshore

Scalable, margin-efficient, high-quality delivery



For more info  
see page 32

Working in a diverse and inclusive engineering culture



## Why Kin + Carta?

- Digitally native consultancy built to change and adapt
- Market leading data and advanced artificial intelligence capabilities
- Experts in modern software design and engineering
- Partnered with the world's leading technology companies
- Small enough to pivot quickly to changing market needs
- Large enough to take on our client's biggest challenges
- High-value domestic consultancy with margin efficient nearshore delivery
- Social responsibility as a supply and demand differentiator

# Our purpose framework

## Our values

### 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 to 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.

## Purpose: Building a world that works better for everyone

We use business as a force for good, measuring our impact on people, planet and profit, and ensuring inclusivity, sustainability and accessibility are integrated in what we do and how we do it.

G

## Governance

We have committed to continuous inquiry of what responsible business can achieve as we serve all of our stakeholders.

We are legally accountable to this commitment having changed our articles of association to become the first B Corp certified company on the London Stock Exchange.

S

## Social

### Empowered by people

Kin + Carta is committed to the continuous development of our talent teams by instilling the IDEA philosophy and principles that drive inclusion, diversity, equity and accessibility in the workplace.

People



E Environmental

S Social

G Governance

E

## Environmental

### Respecting our planet

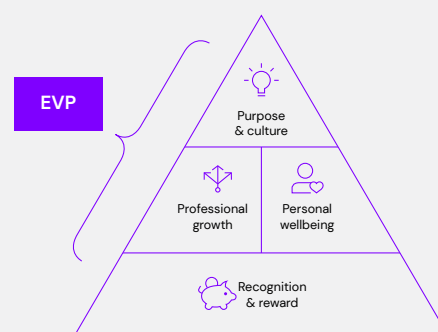
Understanding our contribution to global warming and other planetary crises is core to responsible business conduct. Measuring and managing our own emissions is the foundation upon which greater positive environmental impact will be built.

### Responsible return

Our clients want to work with businesses that reflect their values and operate in a responsible way. **Kin + Carta's** purpose and B Corp status are demand and supply differentiators that help fuel the growth of the business.

## Our cultural framework

Across **Kin + Carta**, we make a significant investment in creating a values-based environment that supports and develops our people. This empowering approach sets our people up to consult with our clients for the highest impact to customers and communities, with a keen emphasis on continuous improvement and learning at the level of both IQ and EQ.



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

For more info see page 64

## 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.



Governance



People



Community



Environment



Clients

For more info see page 47





# Chairman's statement



**“** *The leadership team took action to respond to swiftly deteriorating market conditions by refining the market focus of the business and prioritising client success.*

**John Kerr**  
Chairman

## Challenging year

The year proved to be challenging for the global economy and for many companies with the effects of inflation, higher interest rates and slowing economic growth creating uncertainty and lowering confidence. This had a material effect on the technology services market as clients re-evaluated investment levels and pace of delivery with far more caution and price sensitivity, which reduced the predictability and visibility of future revenue.

**Kin + Carta** was no exception to this trend, and the leadership team took action to respond to swiftly deteriorating market conditions by refining the market focus of the business and prioritising client success. The team also adjusted the business model towards lower cost nearshore delivery centres and adding critical skills in future-proof services such as data and artificial intelligence.

For a business known for its focus on talent and culture, these steps have required some very difficult decisions to be taken to reduce headcount in some areas. However, these tough decisions have been necessary, in order to secure the future success of our clients and our people.

It is encouraging that enterprise businesses remain committed to long-term digital transformation roadmaps as they execute technology-driven plans to remain competitive. This maintained demand enables **Kin + Carta** to continue to grow pipeline. Although there are signs that the market environment is stabilising, we are minded to be cautious as the near-term environment remains unpredictable, as widely reported across the industry.

### Focus on clients

Our continued focus on serving our clients has served the Company well. Large enterprise clients account for an increasing share of the Company's revenue, with net revenue from our top 20 clients increasing by 20% year-on-year as we partner to deliver their most important technology initiatives.

In recent years, we have grown our nearshore presence in Latin America and in South East Europe. This enables clients to access high-value skills at a lower delivery cost, while helping the Company to achieve competitive rate structures in an increasingly price sensitive market, while maintaining high levels of service quality.

### Focus on people

As already indicated, it has been a challenging year for our employees, which included headcount reductions. The volatile market and changes we instituted challenged many leaders to embrace change and grow their roles, while continuing to deliver leading-edge work for our clients. This has allowed many of our best employees to gain valuable experience, while developing market-leading new skills. As a Company, we have also remained true to our B Corp principles – it remains a priority for us to attract and retain the best talent from all available sources.

I would like to extend my personal thanks and the thanks of the Board to all of our employees for their ongoing commitment and loyalty this past year; their contribution has been exceptional in a challenging environment.

**“** *Although there are signs that the market environment is stabilising, we are minded to be cautious as the near-term environment remains unpredictable.*

The entire leadership team has demonstrated agility and adaptability in a fast-evolving market and in particular, I would like to recognise the efforts of our Chief Executive Officer, Kelly Manthey, in her first year in the role. Kelly was confronted with the most challenging market environment the Company has faced in quite some time, and she responded in a way that underscored both her qualities and her ability to deliver at the highest level.

### Focus on performance

In previous communications to you, I have emphasised three key priorities, which remain unchanged:

- Focus – the Company has completed the transition to a pure-play digital transformation business following the divestment of non-core activities. The principle has been underlined by the continued focus on our most important clients.
- Geographic expansion – the Company has invested in acquiring lower cost nearshore capabilities in South East Europe and in building key capabilities in Latin America. As a result, the percentage of the Company's headcount based in nearshore locations increased to 40% during the year. We expect that this trend will continue.

- Partnerships – we have continued to invest in go-to-market relationships with technology and cloud service providers such as Microsoft and Google.

### 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 processes and systems to ensure oversight of the business meets the standards expected by our shareholders. The Board and its three sub-committees – Audit, Remuneration and Nomination – operate effectively.

During the year, Nigel Pocklington was appointed Senior Independent Director.

# Chairman's statement

## continued

### Recommended Cash Offer for Kin and Carta Plc

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We believe the offer to acquire **Kin + Carta** by Apax represents an excellent opportunity for the Company to accelerate ambitious growth plans and scale the business, building on the acquisition and integration of leading data and technology companies, the development of valuable technology partnerships, and the creation of a strong portfolio of enterprise clients.

I would like to thank the Board for its hard work and support to the new leadership team over the past year.

**John Kerr**

Chairman

1 November 2023



# Our business proposition

Our long-term drivers for scaling a successful, high performance DX consultancy

## Marketplace

Pure play digital transformation with a focus on data transformation and modern app development. Going to market at the intersection of industry sectors, digital transformation services, and the world's leading technology partners.

## Approach

The first certified B Corp company on the London Stock Exchange, **Kin + Carta** believe in business as a force for good, actively measuring impact on people, planet and profit, as a diverse and inclusive business.

## Growth History

**Kin + Carta** has grown organically at 15% CAGR\* from FY17 through to the end of FY23.

\* Compound annual net revenue growth rate from the start of FY17 to the end of FY23, excluding the impact of exiting non-digital-transformation business in Europe between FY17 and FY19.

## Clients

**Kin + Carta** serves a blue chip enterprise client base of global private sector businesses and national public sector government programmes. 90% of net revenue is from resilient enterprise clients.

## Capability

Strategic acquisition and Data & AI proposition development have put **Kin + Carta** at the forefront of the high-demand data transformation market with advanced and proven artificial intelligence capabilities in partnership with Microsoft and Google.

## Delivery

Margin efficient distributed global delivery with high-quality nearshore delivery centres in Latin America (Argentina and Colombia), and South East Europe (Bulgaria, North Macedonia, Kosovo, and Poland).

## Culture

A differentiated and responsible approach to attracting, developing, and retaining the best talent in the market. Recognised as 'Best large firm to work for' 2023 by Consulting Magazine for a third consecutive year.

✚ For more info on Data & AI see page 26

✚ For more info on Global Delivery Model see page 32

✚ For more info on our culture see page 66

✚ For more info on Market overview see page 18



# Strategic Report





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**Read more about our  
responsible business  
on page 44**

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**Read more about our data  
case study  
on page 27**

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# Chief Executive Officer's statement



**“** *As the digital transformation market experienced widespread volatility, Kin + Carta used the disruption to accelerate operational change.*

**Kelly Manthey**  
Chief Executive Officer

FY23 was undoubtedly a challenging year. As the digital transformation market experienced widespread volatility, **Kin + Carta** used the disruption to accelerate operational change.

The market slowed significantly in the first half as clients responded to fears of a global recession and a prospective banking crisis. Sales-cycles lengthened, project ramp-up times extended and revenue slowed with the weakest areas comprising sub-enterprise scale-up clients or those companies more exposed to a drop in consumer spending. There were substantially fewer new business opportunities in the market as many companies paused spending. Fewer opportunities led to more intense price competition as our larger peers leveraged their scale and offshore operations. The net impact required a material reduction to our previous growth expectations.

Despite the volatile markets, we began the second half with a stronger order backlog and an expectation that organic growth and profitability would improve in

H2. Net revenue grew sequentially in Q3 and Q4 in line with reduced expectations, whilst the bottom-line beat expectations with a combination of assertive cost controls and a strong focus on clients. Net revenue for the year came in at £192.0m and although this was only marginally ahead of the FY22 result, it represents a resilient performance in what was an unexpectedly challenging marketplace. Statutory revenue for the year was £195.9m.

## **Focus on enterprise client foundation**

Our focus on clients was paramount. The client base strengthened, reflected in the makeup of our Top 20 clients and 90% of total revenue derived from enterprise grade businesses (organisations with excess of \$1 billion net revenue). In a highly competitive new business environment we took steps to better reflect our client's ecosystems with a connected go-to-market strategy across sectors, services, and technology partners. Consistency of high-performance consulting and delivery was enhanced by the development and application of

the 'Kin + Carta Way', a proprietary global delivery methodology built for our client's success that we will continue to expand in FY24.

While demand from existing enterprise clients was more resilient than the churn experienced from our smaller clients, winning new business remained challenging compared to prior years and we experienced continued volatility within the enterprise client base. Many of our top enterprise clients maintained or increased investment in their digital transformation roadmaps, and we saw a 20% increase in net revenue from our Top 20 global clients this year compared to our Top 20 clients in the prior year. Our largest client grew from 12% of net revenue last year to 25% of net revenue in FY23 which has been both a testament to their confidence in us and a risk to manage going forward. By continuing to focus on delivering for our clients, we also hope to manage the potential instability caused by executive turnover at some enterprise clients.

### Adding new enterprise wins

Despite the tougher new business market, significant wins were achieved. These included America's largest automotive manufacturer, a Japanese multinational technology company, S&P 400 automotive group, US National Veterinary Associates in the Americas, and £44.2 million of public sector wins in Europe including the UK Department for Education, Department for Work and Pensions, Department for Levelling-Up, Housing and Communities, and the BBC.

**“ Data & AI has been our fastest growing service line and we continue to see increased demand for the transformational data services that increase revenue, drive efficiencies and enable AI ambitions.**

### Accelerating cost reductions

Reorganisation around key industry sectors with sales, subject matter experts and delivery closer to clients, and an acceleration and expansion of nearshore delivery and operations capabilities helped to preserve our margins and improve our cost base. Latin America headcount scaled by 44% to 390 employees bolstered by the opening of new offices in Colombia and Buenos Aires. The integration of the prior year's acquisition of the Melon Group in Bulgaria, Kosovo and North Macedonia has progressed well, and we've opened a new shared services centre in Bulgaria to further improve operational costs.

### Leading with what's next: Data and AI

Last year I told you that the importance of data transformation services would continue to rise. In FY23, Data & AI has been our fastest growing service line and we continue to see increased demand for the transformational data services that increase revenue, drive efficiencies and enable AI ambitions. **Kin + Carta's** data & AI capabilities have deepened with the acquisition of Forecast Data Services in Europe, bringing high performance data scientists and engineers, an enterprise client base, specialist nearshore teams in Poland, and valuable relationships with the universities that fuel supply of talent.

In spite of the volatile conditions, we continued to innovate. As a priority launch partner for Google generative AI, and with early access to Microsoft's generative AI platform, our engineers guided enterprise clients through the use cases that make generative AI a viable and powerful tool for their businesses. Our role is to assess, enhance and deploy technologies that drive value for our clients, and we will continue to be at the forefront of the generative AI wave by favouring building, experimentation and optimisation over thought leadership and hype cycle.

AI is not a standalone technology. It is dependent on a complementary data ecosystem, and this is where generative AI enthusiasm will translate to material revenue in the short to medium term.

**Kin + Carta's** data & AI proposition is a direct enabler of generative AI ambitions, starting with core data foundations and governance, then the application of enterprise analytics and insights, building custom data products that provide differentiation for our clients, and the deployment of machine learning and artificial intelligence to enterprise use cases. It is because of **Kin + Carta's** end-to-end capabilities across this domain, developed with the world's leading technology partners Microsoft and Google, that we are being trusted to lead the development of generative AI strategy and execution for global enterprise clients.

# Chief Executive Officer's statement continued

## Strengthened technology partner relationships

Big Tech is quickly evolving to put themselves in the strongest position to capitalise on AI and the strength of **Kin + Carta's** relationships with technology partners continues to be a key value driver. This year **Kin + Carta** was named *Cloud Partner of the Year* in Retail by Google, while Microsoft awarded **Kin + Carta** *Partner of the Year Sustainability Changemaker* for the second consecutive year. Further progress in the MACH partner ecosystem (micro-services, API-led, cloud native and headless), and data domain specialists like Databricks ensure that our clients benefit from leadership in the most progressive platforms.

## A winning and responsible culture

**Kin + Carta's** commitment to B Corp principles and operating as a higher standard, more responsible consulting business continues to shape progress. MSCI and Sustainalytics ESG ratings have improved in FY23, climate disclosure TCFD (Task force for Climate-related Financial Disclosure) reporting has been delivered, and the Company has successfully completed its first double materiality assessment. **Kin + Carta's** vibrant IDEA (Inclusion Diversity Equity and Accessibility) programme focused on 'responsibility in the everyday' driving progress in IDEA engagement, standards and integration across the business.

The Company's employee experience, founded on a high-performance and conscientious engineers' culture, was widely recognised across our regions and offices including:

- *Consulting Magazine's* 'Best firms to work for'.
- *Women's Choice Awards* 'Best companies to work for'.
- *Great Places to Work Awards* 'Best workplaces for tech, wellbeing and as a large organisation'.
- *Top Places to Work*, for 'leadership, purpose and values, professional development, employee wellbeing, compensation and benefits'.

The speed and effectiveness of our response to market disruption is a measure of the professionalism and agility that our leadership team have embodied this year. I am deeply proud of their innovation, empathy and resolve during an extremely complex period.

**Kelly Manthey**

Chief Executive Officer

1 November 2023









# Market overview

## Market context

### Macro headwinds

Global economic volatility slowed growth across the market as sales cycles lengthened and projects took longer to ramp-up. Cautionary client spend resulted in smaller, more incremental deals as businesses moved to protect cash. Enterprise organisations seized the opportunity to fast-track reorganisation and restructuring, further tempering progress. As global interest rates rose, tech scale-ups lost funding, and lowering consumer confidence affected budgets in industry sectors closest to the disruption. Conversely, well-funded and resilient sectors like financial services and the public sector continued to deliver their digital transformation roadmaps.

### Our response

Improvements to the cost structure were executed in all regions. Selling and administrative costs were driven by the acceleration of nearshore delivery and migration of operations headcount nearshore, bolstered by a restructure of domestic US/UK headcount to further drive nearshore adoption. Pricing power was negotiated with clients with a focus on high demand capabilities increasing pricing leverage. The business accelerated its organisation around resilient industry sectors, and strengthened the portfolio mix with a higher percentage of enterprise client profiles. Investment was increased in the high-demand Data & AI capability, including the acquisition of Forecast Data.

## Market drivers

Trend	Description	Impact
Digital first-consumers	Acceleration of digitally-led experiences as enterprise businesses rethink bricks and mortar investments	As digitally native brands set the pace, customer expectations are rapidly evolving. Cross-platform speed, efficiency, connected experience, and secure predictive data applications have become the baseline.
Increased efficiency	Products and services that drive revenue and operational efficiency	Global economic pressure, volatile economies, high interest rates and tempered consumer confidence are increasing the importance for modern digital products and services to contribute to top and bottom lines.
Distributed delivery	Increased demand for margin-efficient delivery	Tightened budgets have heightened expectations that digital transformation consultancies can provide high-quality nearshore and offshore delivery resources at competitive rates.
Data foundations	Increased demand for high-quality data services	Enterprise businesses need to secure, organise, democratise and deploy their commercial and operational data, but face outdated and siloed systems that limit progress and return.
Artificial intelligence	Increased demand for artificial intelligence	High profile advances have placed artificial intelligence, generative artificial intelligence, and machine learning on executive agendas.

## Regional context

### Europe

Despite a challenging UK economy abruptly impacting business in the first half, notably in the tech scale-up sector, significant wins were achieved in the resilient UK Public Sector, including notable Data & AI projects. Data capabilities were also bolstered with the acquisition of Forecast Data.

### Americas

While cautionary client spend symptoms remained consistent in the Americas, the US economy proved more resilient. Key clients continued to increase their digital transformation investments with **Kin + Carta**, notably in financial services, agriculture, and distribution, with high capability demand for Data & AI services.

#### Link to FY24 strategic priorities



Optimise our foundation



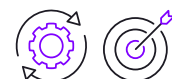
Focus on core



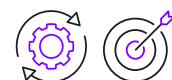
Focus on what clients need next

#### How we are responding

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



**Kin + Carta** provide cost-saving efficiencies and distributed global delivery with speed to value and clear return on investment to clients. Our innovation is shaping the future of our clients businesses and defining how they differentiate and grow in a competitive market and pressured economic climate.



**Kin + Carta** deploy a distributed global delivery model that blends high-performance domestic leadership close to our clients with high-quality, margin efficient technical delivery from nearshore delivery centres in Latin America and South East Europe.



**Kin + Carta** offers enterprise clients full-service data capabilities from critical data foundations through to differentiating intelligent experiences. Partnering with Microsoft, Google and Databricks, we build repeatable, high-value data solutions and enable our clients to establish high-performance data organisations within their businesses.



**Kin + Carta** have a proven track record of delivering advanced artificial intelligence applications that answer valuable enterprise use cases. Working in partnership with Microsoft and Google, **Kin + Carta** have early access to the world's leading generative artificial intelligence platforms that are disrupting what we are able to build for our clients, and how we are able to build it.



# Market overview

## continued

### Sector overviews

#### Financial services

**Largest sector in the digital transformation market with enhanced buying power in the year ahead.**

Financial services proved resilient across the market through FY23 and a source of growth for **Kin + Carta** in Europe and the Americas. Looking to FY24, high interest rates are generating significant net interest income, bolstering financial services sector budgets for transformational digital services as financial brands continue to accelerate their technology roadmaps.

#### Public sector

**Long-term multi-year contracts prove resilient against backdrop of economic volatility.**

Government-backed UK Public Sector was one of **Kin + Carta's** fastest growing sectors in FY23, with the expectation that this momentum will continue in FY24. Multi-year, large scale contracts focused on the digitisation and efficiency of sustainable public services continue to be commissioned and delivered in-line with long-term government policy.

#### Agriculture

**Data-driven technology is the future of the rapidly evolving agriculture sector.**

Market conditions in **Kin + Carta's** third largest vertical are a catalyst to new companies and new technology in the sector as deglobalisation drives higher domestic production. Market leaders are commissioning and deploying practical applications of artificial intelligence and machine learning at scale to improve crop efficiency, manage productivity and reduce risk.

#### Retail

**Partner innovation is driving revenue and efficiency in a complex trading environment for the sector.**

After the post-pandemic boom, the retail sector has been impacted by tightened consumer spending and investment in transformation roadmaps has eased. **Kin + Carta** serve retail clients with leading partner innovation like revenue-driving cloud retail search, and were awarded Google Cloud Industry Solution Services Partner of the Year Award 2023 for Retail Digital Growth.



# Business model

## Summary

Kin + Carta provide high-value digital transformation services to enterprise clients by deploying specialist teams in an efficient distributed delivery model, in partnership with the world's leading technology companies.

## Our resources

### Our people

Kin + Carta has a strong and diverse engineering culture and employee proposition that attracts, develops and retains the best technology talent in the market.

### Our expertise

A pure-play digital transformation consultancy focused on high-value capabilities and outcomes with over 1,800 high performance specialists across three continents.

### Our partnerships

Kin + Carta partners with Microsoft, Google, Amazon and the world's leading technology companies to drive innovation, funding, early access to new technologies, and commercial opportunities.

### Our sustainable mindset

We believe in using business as a force for good. Kin + Carta is the first certified B Corp on the London Stock Exchange.

### Our ESG enablers

- Inaugural double-materiality assessment
- The B Corp framework
- IDEA policy and global programme

## What we do

Kin + Carta's ability to deliver across the full project life cycle from strategy to execution, deploying seamlessly across multiple service lines is a key differentiator.

### Strategy + Innovation

Identify, prioritise and plan digital innovation and investments.

### Data + AI

Maximise the potential of data and artificial intelligence.

### Cloud + Platforms

Build and modernise mission critical cloud applications.

### Experience + Product

Design and build intelligent experiences powered by data.

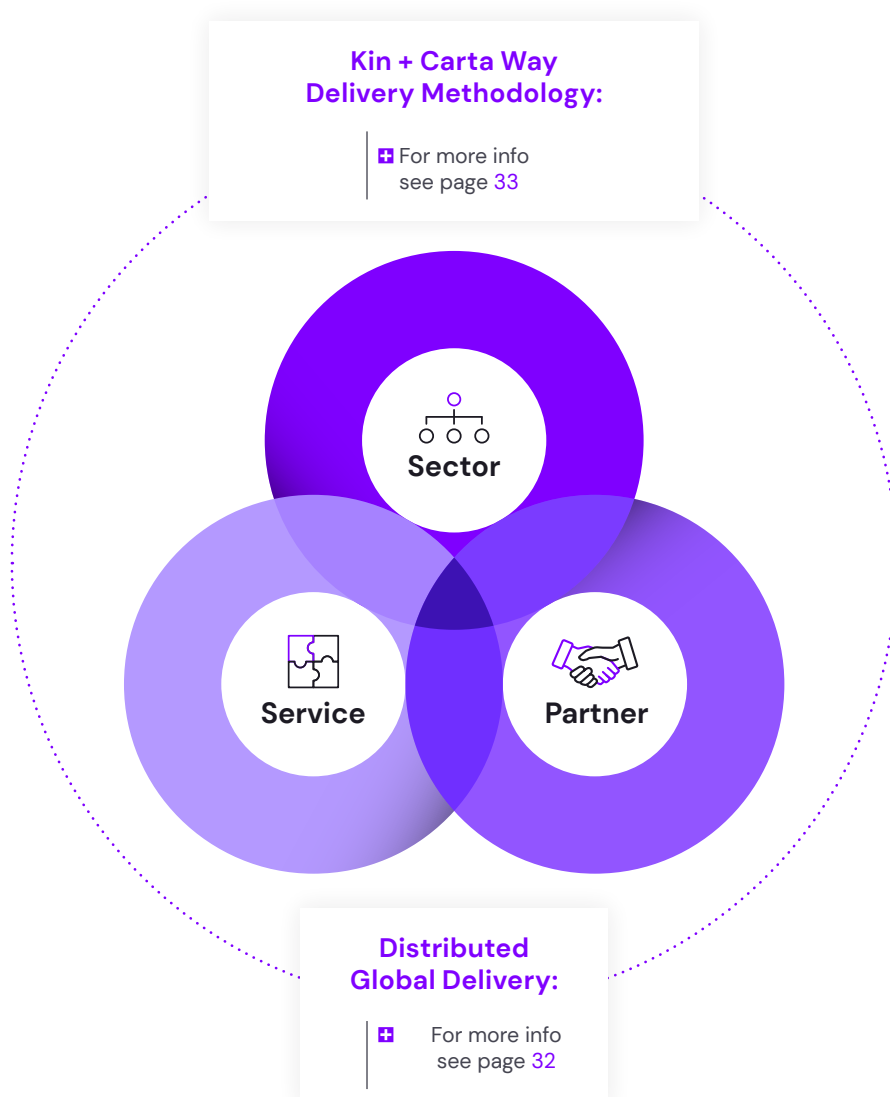
### Managed Services

Support, grow and optimise valuable digital assets.



## How we do it

**Kin + Carta** go-to-market at the intersection of industry sectors, transformational services and technology partnerships, driven by the **Kin + Carta Way**, a proprietary delivery methodology that increases growth and provides a competitive advantage for clients. Work is delivered through high-quality, margin efficient distributed global delivery hubs across US, Latin America, UK, and South East Europe.



## The value we create

### 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 approach to measuring and managing our impact on people, planet and profit as a globally certified B Corp Company.

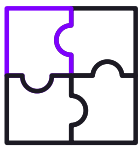
# Strategy

## Our long-term strategy

### Scaling a high-performance global DX consultancy through:

- Delivering high-value data transformation and modern application development outcomes for enterprise clients in resilient industry sectors
- Going to market at the intersection of services, sectors, and partnerships
- With margin-efficient distributed global delivery
- As a responsible B Corp Company

## Our growth levers



### Services

As digital transformation rapidly evolves, we continually evaluate new opportunities to add complementary service offerings or capabilities that enhance client outcomes. In FY23, **Kin + Carta** continued to deepen Data & AI capabilities with the acquisition of Forecast Data and the expansion of Generative Artificial Intelligence practices.

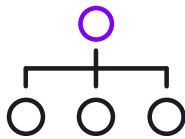
Data & AI

Experience & Product

Cloud & Platforms

Strategy & Innovation

Managed Services



### Sectors

Industry vertical growth is approached 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. In FY24, focus will increase on financial services, public sector and agriculture.

Financial Services

Public Sector

Retail & Distribution

Agriculture

Manufacturing



### Partners

**Kin + Carta's** partnerships with Microsoft, Google, Amazon 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. FY24 will see an increased maturity in our Microsoft relationship as we execute our strategy to serve enterprise clients in resilient sectors.

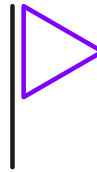
Google

Microsoft

Amazon

Databricks

CommerceTools



### Territories

Geographic growth that brings access to a new market, clients, capability or technology. In FY23, **Kin + Carta** continued to expand organically in Latin America (Argentina and Colombia), and further integrated the FY22 acquisition of the Melon Group in South East Europe (Bulgaria, North Macedonia and Kosovo), bolstered by the acquisition of Forecast Data, including their Polish delivery hub.

United States

Latin America

United Kingdom

South East Europe





# Strategy in action

## – Service lines

### Overview

In FY23, Data & AI has been our fastest growing service line and we continue to see increased demand for the transformational data services that drive revenue, optimise margins and enable artificial intelligence ambitions. **Kin + Carta's** Data & AI capabilities have been deepened with the acquisition of Forecast Data in Europe, bringing high-performance data scientists and engineers, an enterprise client base, specialist nearshore teams in Poland, and valuable relationships with the universities that fuel supply.

As a priority launch partner for Google generative AI, and with early access to Microsoft's generative AI platform, our engineers guide enterprise clients through the use cases that make generative AI a viable and powerful tool for their businesses. Our role is to assess, improve and deploy technologies that drive value for our clients, and we will continue to be at the forefront of the generative AI wave by favouring building, experimentation and optimisation over thought leadership and hype cycle.

### Deep dive – Data & AI

#### Data foundations are the enabler of artificial intelligence ambitions

Artificial intelligence is not a standalone technology. It is dependent on a complementary data ecosystem, and in the short to medium term, this is where generative AI enthusiasm will translate to material revenue. **Kin + Carta's** Data & AI proposition is a direct enabler of generative AI ambitions, starting with core data foundations and governance, then the application of enterprise analytics and insights, building custom data products that provide differentiation for our clients, and the deployment of machine learning and artificial intelligence to enterprise use cases. It is because of **Kin + Carta's** end-to-end capabilities across this domain, developed with the world's leading technology partners, that we are being trusted to lead the development of generative AI strategy and execution for global enterprise clients.

#### Our Data & AI solutions:

##### Data foundations & governance:

Critical infrastructure, data processing and quality that increase efficiency and enables innovation

##### Analytics and insights:

Reporting and dashboards that put business intelligence in the hands of decision makers

##### Data COE and enablement:

High performance, centralised data teams that increase velocity, accelerate data maturity, develop standards and practices, and de-risk the pace of progress

##### Data products:

Bespoke data tools that create competitive advantage

##### Artificial intelligence & machine learning:

Algorithms that automate decisioning, personalise customer experiences, and optimise operations







## Case study

# Automotive data transformation

## Challenge

This automotive giant designs, builds and distributes a wide range of vehicles. Headquartered in the U.S., it operates on a global scale.

Even though the company had C-level commitment to adopt Azure and cloud infrastructure, organisational and technical issues slowed its migration progress.

As cloud platforms matured and became access points for emerging tech such as Large Language Models ("LLMs"), and with thousands of data scientists, analysts, engineers and other employees needing centralised storage for petabytes of data and scalable compute, accelerating modernisation efforts became a high priority.

## Approach

Building on a previous project to evaluate how to maximise business value with a strategic focus on data, **Kin + Carta** was engaged to provide the blueprint and best practices to drive the Azure migration. By leveraging technologies such as Unity Catalog for Azure Databricks, MLflow and Azure DevOps and the company's existing Azure Data Lake, our solution included:

- Establishing and running a **Kin + Carta** Data Centre of Excellence integrated into the client's data organisation, enabling the deployment, governance and value-optimisation of enterprise data
- Reusable patterns, processes and tooling to implement common workflows for pipeline orchestration
- Targeted inventory of core data assets to enable projects and teams that were cloud-ready at project inception but hindered by platform immaturity
- Socialisation plan to educate data practitioners on platform features and best practices to prepare teams for onboarding
- Onboarding hundreds of data practitioners (analysts, scientists and engineers) for daily Azure and Databricks usage

## Outcome

Users have confidence in the integrity of organisational data and are empowered to make informed decisions that support business goals. The power of Azure provides a secure data foundation and a launch pad for various impactful data products:

- Powerful data syndication capabilities
- Automated monitoring of data quality
- Well-documented and discoverable data assets
- Reduced development and delivery time, with less time spent procuring required data
- Traceable data lineage provides ability to identify issues and mitigate compliance risk
- Stringent data security processes and requirements limit the exposure of sensitive data
- **Kin + Carta** continues to support the automotive company as it explores the potential for new use cases and further innovation on its Azure data platform

# Strategy in action

## – Sectors

### Overview

Kin + Carta focus on resilient industry sectors with the use cases and funding to invest in large-scale digital transformation programmes. Our biggest sector is **Financial services**, the largest sector in the global digital transformation market, with enhanced buying power going into FY24. We serve **Retail** with leading partner innovation like Cloud Retail Search with Google. **Agriculture** is a technology led sector investing in de-risking crop-production through artificial intelligence and machine learning innovation. UK Government **Public Sector** is Kin + Carta's fastest growing sector with significant framework qualifications and multi-year contract wins.

### Deep dive – Public Sector

#### Collaborating with you to transform our public sector

Kin + Carta is a trusted digital supplier to the public sector, dedicated to growing your capability and empowering your teams. We understand that delivering exemplary digital transformation isn't just about technology, it's about transforming the way we deliver public services to meet the needs of citizens and our institutions alike.

In the real world, you don't need big promises about transformation, or the endless "exploratories" that accompany them. You need progress. You need new products and experiences to be designed, built, deployed, and improved in less time and with greater insight. You need better ways to collect, analyse and leverage your data to inform the future.

By combining deep industry expertise, data-intelligence, world-class engineering and seamless delivery, we're setting out to prove why it's time for a new approach to making progress.

#### How we add value:

##### GDS compliance:

We test for quality at every stage to meet and beat GDS standards so our clients can be confident that their project will pass assessment every time

##### Reliability:

Our clients trust us to deliver at pace and within the Technology and Code of Practice, protecting their budgets and timescales

##### Creativity and innovation:

Compliant shouldn't mean dull. We always consider where we can embed simplicity through innovation with the touches that enhance user experience

##### Diverse, cross-functional teams:

Sharing extensive public sector experience, our cross-functional blended teams offer a complete service with increased learning opportunities for our client's teams

##### Data-driven decision making:

Data is at the heart of our decision making, and we are leading the charge in the use of machine learning and AI to deliver insights

##### Inclusivity:

Using data doesn't remove bias and that is why we intentionally build products with inclusivity as part of the foundation





## Case study

# Public Sector strategy

## Challenge

The UK has a legally binding target to achieve net zero carbon by 2050, and interim targets to reduce public sector carbon emissions by 78% by 2035. Government departments report publicly on their progress against these targets via the Greening Government Commitments ("GGCs"), as well as their own published Annual Report and Accounts.

**Kin + Carta** partnered with net zero carbon experts from fellow B Corp, Genserv, to give a large government department (the "department") the insight it needed to make informed decisions on how it can achieve net zero carbon for all three emissions scopes, and how soon this can realistically be achieved.

## Approach

Between January and September 2023, we worked with representatives from across the department to review its developing Sustainability Strategy, specifically with regards to net zero carbon, enabling the department to begin measuring, reporting and reducing the full range of its Scope 3 carbon emissions. We analysed current emissions data, recommended improvements and created a reporting and reduction plan to support the department's strategy. Finally, we helped the department tackle the lack of clarity and understanding about how to contribute to net zero reductions, by providing material and guidance for their sustainability champions, and detailed awareness engagement exercises with their senior leadership team.

## Outcome

The renewed clarity and enthusiasm that we have helped to foster will underpin changes in approach within the department itself. As the department is one of the largest in government, they can have a major impact in carbon reduction and helping the government meet its carbon targets. Through our partnership, the department will go even further by incorporating our recommendations into their action plans around major hotspot areas.

# Strategy in action

## – Partners

### Overview

**Kin + Carta's** relationships with the world's leading cloud and Platform vendors continues to be a catalyst for growth at **Kin + Carta**. As partnerships move into it's fourth year of consistent growth, new revenue in existing accounts and new account acquisitions driven by our partnerships is a continuous focus.

We retained Managed Partner status across all three cloud platforms, becoming a multi-winning partner of the year with awards coming from both Google and Microsoft for our channel practices built around them and became a launch partner for many new services across Data & AI, and app development. We continue to focus on the products that are seeing the highest demand from our clients and wrapping our consulting services around them, aligning to our partners' core verticals and to working collaboratively to drive value mutually for our clients.

#### Leveraging AI and augmenting our client's data is the game changer

**Kin + Carta's** existing footprint in the AI and Search space has put us in a strong position to support our clients with the biggest move forward in new technology since the launch of the Apple App Store.

Our Global Strategic partners, Microsoft and Google, are at the forefront of this change and our clients are looking for us to be connected to help them access the benefits of this emerging technology. As a result of this, we have added additional cloud ecosystem partners to support our strategy with the addition of Databricks, MongoDB, Starbust and Nvidia, all which are addressing the need to move to, and modernise, data in the cloud.

#### Aligning platforms to our core services

Platform modernisation continues to be a need for our clients particularly in the Content and Commerce space. We have a new range of options available to our clients depending on their requirements and we have continued our partnerships with SAP, Optimizely, Contentstack, Contentful, Commercetools and VTEX to make sure we have the strongest understanding and alignment to the technology stacks of choice for the enterprise customer. We have also continued our relationship with the MACH alliance and its community of partners that is gaining accelerated traction in the market. Our platforms are all underpinned by our Cloud Partners Google, Microsoft and AWS.

#### 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 and host their services in

##### Product partners:

SAP, Optimizely, Commercetools, Vtex, Contentstack Contentful and Databricks – 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 and Appian – these are the technical tools we use to create our solutions for our clients





## Case study



# Scaling data with Google Cloud

## Challenge

Gordon Food Service ("GFS") is the largest family-operated broadline food distribution company in North America. A commitment to great products and quality service has been the recipe for success with a client base of around 100,000 customers including schools, hospitals and restaurants.

GFS's challenge was that its data was coming from a variety of consumer applications directly connected to multiple data sources drawn from both the cloud and the business premises. The end result? Varying views and dependencies for database administration, causing rigidity. GFS had a real operational need for this data, including the ability to:

- Manage pricing and promotions
- Track historical product price changes
- Analyse purchase behaviour

But the difficulty in accessing the numbers that mattered meant that opportunities were being missed.

## Approach

Our solution was to bring everything together in one place. We created data pipelines to supply an Integrated Consumption Data Store ("ICDS") that supported GFS's operational and analytical needs. In essence, everything collected flowed into one place where it could be viewed, used and analysed to add real value for decision makers. Understanding the technology available and working closely with those who create it means the optimum solution can be delivered. To build the ICDS, we utilised our long-term partnership with Google Cloud. After careful analysis and consultation, we agreed that Google Cloud's Dataflow would be ideal as a serverless execution engine for Apache Beam SDK to do batch data processing. Data is extracted from BigQuery and stored in Cloud SQL. This allows GFS to achieve data syndication, speed and accessibility for various operational needs.

## Outcome

Not only does this solution save GFS money, but can be scaled up and down when required. Data is accessed via a standardised API layer built and deployed within GKE. This takes advantage of the automated scaling and high-availability across regions and multiple zones.

- 20% increase in segment of users ordering 90% or more online
- 99% improvement to customer feature requests
- 25% to 96% adoption increase in Canada

# Our **global** delivery model

## Distributed delivery

Expectations have changed. Enterprise clients expect to be able to make the most of their budgets by accessing technical resource beyond the domestic workforce. **Kin + Carta** continue to invest in high-quality technical delivery both onshore and nearshore, with margin efficient delivery hubs in Latin America (Argentina and Colombia) and South East Europe (Bulgaria, North Macedonia, Kosovo and Poland).

### Core benefits

#### Market scope

Demand for high-quality, efficiently priced nearshore delivery is increasing.

#### Margin efficient

Lower cost resources from vibrant nearshore territories with strong technical talent supply creates high gross margin efficiency for delivery and shared services resource.

#### Blended teams

**Kin + Carta** blend high-touch onshore leadership closest to clients with high-quality nearshore delivery to ensure optimum performance and avoid cultural misalignment.

## High-quality nearshore delivery

### South East Europe

The FY22 acquisition of Melon Group is now fully integrated into the Europe region, delivering UK projects and winning standalone work. South East Europe delivery has since been bolstered by the FY23 acquisition of Forecast Data with the addition of delivery capacity in Poland.

# 340

Total staff

### Latin America

Argentina and Colombia continue to scale organically in Latin America, both opening new offices in FY23 and serving Americas delivery and shared service needs.

# 390

Total staff

### Cultural context

The strength of the innovative engineering cultures in each and every **Kin + Carta** delivery hub is key to our success. Cultural initiatives include local culture packs, client visits to nearshore locations, quarterly business reviews, and two-way learning across locations.

For more info  
see page 66

## The Kin + Carta Way

Distributed global delivery is enabled by a unifying proprietary delivery methodology called the **Kin + Carta Way**.



### Core benefits

#### Quality

All delivery teams are trained in the learning and development modules of the **Kin + Carta Way** to ensure the highest quality and most advanced delivery practices for our clients. This ambition is encapsulated in our gold standard Seven-Star client experience.

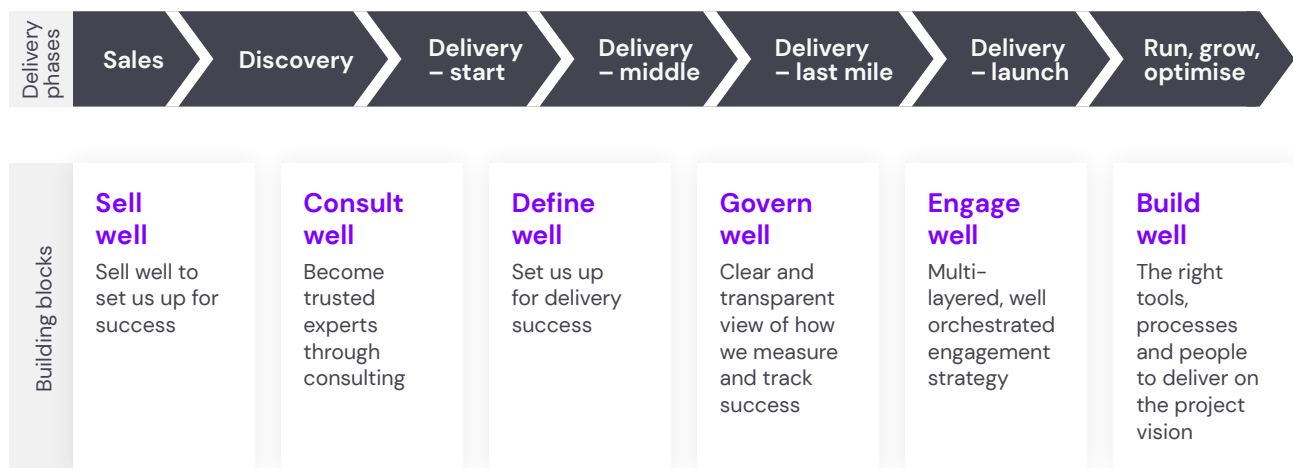
#### Efficiency

Aligned delivery teams in all locations, fluent in the practical processes and standards of the **Kin + Carta Way** accelerate speed to value for our clients.

#### Consistency

Central and distributed project governance processes and reporting ensure that all clients receive the same high standards, while challenges can be identified early, and learnings shared quickly.

Consistently delivering a **Seven-Star client experience** that drives growth and competitive advantage for **Kin + Carta** and our clients.



# Strategic progress

## Our strategic priorities




FY23 Strategic priorities	Our progress
<b>Client success</b> Delivery and implementation of the <b>Kin + Carta Way</b> , a globally consistent proprietary delivery methodology	<p>The Seven-Star client experience and the <b>Kin + Carta Way</b>, a consistent set of delivery and engagement frameworks, were defined and implemented with improvements in client satisfaction and delivery team health as a result.</p> <p>The <b>Kin + Carta Way</b> has been rolled out as a part of new hire induction and <b>Kin + Carta Way</b> principles are being embedded in all client projects. The goals of the <b>Kin + Carta Way</b> are to increase client conversion, increase client satisfaction, increase revenue growth, increase client advocacy, increase client retention, and increase opportunities for Kin. Success has been measured via newly-implemented Client Satisfaction and Delivery Health frameworks, both of which have had continuous positive trends since implementation in both regions.</p>
<b>Global delivery</b> Increasing the percentage of margin efficient <b>distributed (nearshore) delivery</b>	<p>With the successful integration of the Melon Group in South East Europe ("SEE") and the organic growth of Latin America ("LatAm") high-quality delivery resource, the percentage of revenue delivered nearshore in both regions has increased, and it's been proven that we are able to deliver effectively with LatAm and SEE on some of our largest clients.</p> <p>Americas nearshore revenue went from 10% at the start of FY23 to 24% at the end of the fiscal year. Europe grew nearshore revenue to 7% by deploying SEE resources.</p>
<b>Data</b> Increasing the high strategic relevance <b>Data &amp; AI</b> pipeline and percentage of net revenue	<p>The data pipeline is strong. Data literacy training has been rolled-out across the organisation, and the successful acquisition of Forecast Data has bolstered Data &amp; AI capabilities, capacity and enterprise clients.</p> <p>Americas Data &amp; AI net revenue held steady, and Europe increased to 16% of total net revenue. The pipeline of new data sales opportunities grew significantly in FY23 and we expect this trend to continue in FY24.</p>

### Link to risks:

<b>1</b> Economy and volatility	<b>5</b> Client concentration	<b>8</b> Being a responsible business
<b>2</b> Growth	<b>6</b> Laws and regulations	<b>9</b> Data protection
<b>3</b> Scalability	<b>7</b> Our people	<b>10</b> Information, cyber security and systems
<b>4</b> Operational resilience		





FY24 Strategic priorities		Link to risks	Link to double-materiality themes
<b>Foundation</b> 	Strategic initiatives aligned to driving <b>Client Success</b> with expanded deployment of <b>Kin + Carta Way</b> training to further ensure consistency and quality in delivery; <b>Kin Success</b> through the enhancement of employee experience, performance management, and learning and development; and continued deepening of enterprise grade data security, <b>Information Governance</b> , and cyber risk.	<div>2 6 7</div> <div>9 10</div>	<div>10 11 12 13</div>
<b>Core</b> 	<b>Focused Execution</b> of key growth drivers in resilient industry sectors, with key capabilities and core technology partners. Increased <b>Global Delivery</b> to drive efficiency and resilience.	<div>2 3 4</div>	<div>9 10 12 13</div> <div>16 17</div>
<b>Next</b> 	Targeted <b>Innovation</b> aligned to key industry sectors, capabilities and technology partners. Continued efforts to embed <b>Responsibility</b> in the everyday, with an emphasis on pathways to B Corp recertification and net zero.	<div>2 4 7</div> <div>8</div>	<div>9 10 11 13</div>

#### Link to double-materiality themes

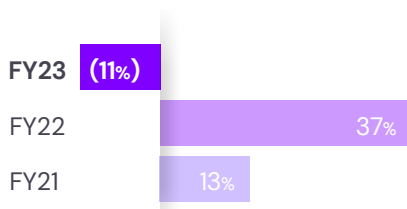
<b>1</b> Labour rights	<b>6</b> Public policy	<b>11</b> Data security	<b>16</b> Economic contribution
<b>2</b> Biodiversity	<b>7</b> Tax	<b>12</b> Employee retention and recruitment	<b>17</b> Community impact
<b>3</b> Water and effluents	<b>8</b> Responsible marketing and labelling	<b>13</b> Upskilling	
<b>4</b> Responsible procurement	<b>9</b> Energy and emissions	<b>14</b> Diversity and equal opportunity	
<b>5</b> Materials and waste	<b>10</b> Business conduct	<b>15</b> Consumer health and safety	

# Key performance indicators

## Measuring our performance

### Financial highlights

#### 1. Like-for-like net revenue (decline)/growth at constant currency



#### 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.

#### Performance this year

On a like-for-like basis, net revenue declined by 11% from FY22, reflecting macroeconomic challenges.

#### Link to Directors' remuneration

Executive compensation has a net revenue growth target.

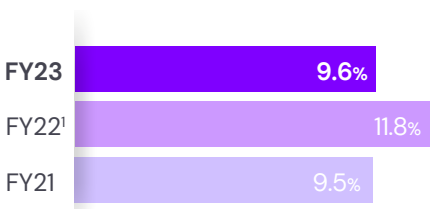
#### Link to risks



#### Link to FY24 strategic priorities



#### 2. Adjusted operating profit margin



#### 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.

#### Performance this year

Group adjusted operating margin was 9.6% for the period (2022: 11.8%) with higher gross margins offset by higher selling and IT costs.

#### Link to Directors' remuneration

Executive compensation has a profit before tax target as well as improving operating margin initiatives in strategic objectives component.

#### Link to risks



#### Link to FY24 strategic priorities



<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

## Link to FY24 strategic priorities



Optimise our foundation



Focus on core



Focus on what clients need next

## Link to risks:

<b>1</b> Economy and volatility	<b>6</b> Scalability	<b>11</b> Laws and regulations
<b>2</b> Our people	<b>7</b> Information, cyber security and systems	<b>12</b> Pandemic shocks
<b>3</b> Growth	<b>8</b> Data protection	<b>13</b> Legacy Defined Benefit Pension Scheme
<b>4</b> Client concentration	<b>9</b> Being a responsible business	<b>14</b> Financing
<b>5</b> Integration	<b>10</b> Operational resilience	

## 3. Net revenue predictability



## 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.

## Performance this year

Having focused on growing long-term established relationships with our top clients, some £140.2 million (77%) of our net revenue comes from existing clients who had a tenure of three years or more (2022: £144.0 million/76%).

## Link to Directors' remuneration

Executive compensation has a net revenue growth target.

## Link to risks

**2** **3** **5**

## Link to FY24 strategic priorities



## 4. Number of £1 million clients



## 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.

## Performance this year

In 2023, there were 32 clients from whom **Kin + Carta** generated more than £1 million revenue individually (2022: 40). Although this represents a slight decline in the year, the diversity remains strong and provides a robust foundation for growth. For FY23, there was an increase in the proportion of enterprise clients generating more than £1 million revenue, with enterprise clients representing 30 of the 32 (2022: 31 of the 40).

## Link to Directors' remuneration

Executive compensation has a net revenue growth target.

## Link to risks

**3** **6**

## Link to FY24 strategic priorities

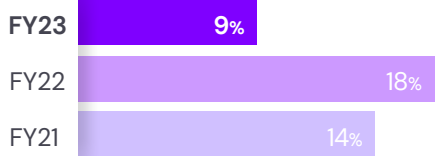


# Key performance indicators

continued

Non-Financial highlights

5. Mean gender pay gap



Definition

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

Performance this year

This year has seen a significant improvement in our gender pay gap, decreasing from 18% to 9% globally, exceeding our target by 7ppts. This reflects the cumulative effects of multiple initiatives across the regions.

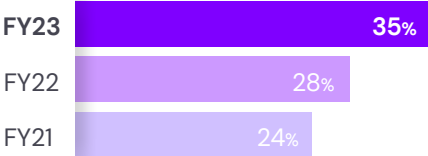
Link to risks

2 9

Link to FY24 strategic priorities



6. US ethnicity



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 this year

Work across FY23 achieved progress of 7ppts on last year with 35% diversity of ethnicity in the US.

Link to risks

2 9

Link to FY24 strategic priorities





## Link to FY24 strategic priorities



Optimise our foundation



Focus on core

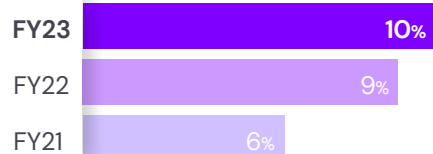


Focus on what clients need next

## Link to risks:

<b>1</b> Economy and volatility	<b>6</b> Scalability	<b>11</b> Laws and regulations
<b>2</b> Our people	<b>7</b> Information, cyber security and systems	<b>12</b> Pandemic shocks
<b>3</b> Growth	<b>8</b> Data protection	<b>13</b> Legacy Defined Benefit Pension Scheme
<b>4</b> Client concentration	<b>9</b> Being a responsible business	<b>14</b> Financing
<b>5</b> Integration	<b>10</b> Operational resilience	

## 7. Positive impact work



### Definition

Revenue that has a demonstrable beneficial environmental or social impact.

### Performance this year

In a year of market contraction, to have met and exceeded our target speaks to the potential for greater focus in partnering with our clients on work that makes the world work better for everyone.

### Link to risks

**9**

### Link to FY24 strategic priorities



For an overview of our Alternative Performance Measures see pages 279 to 283

# Chief Financial Officer's review



**“** *FY23 was a challenging year for Kin + Carta and we look to the future with cautious optimism.*

**Chris Kutsor**

Chief Financial Officer and  
Chief Operating Officer

This report comments on the key financial aspects of the Group's 2023 results. The report includes adjusted results which exclude adjusting items to reflect how management assesses and monitors the ongoing financial performance of the Group. The definition and reconciliation of adjusted measures is set out in the adjusted performance measures section.

## Group performance

Group net revenue from continuing operations of £192.0 million (2022: £190.3 million), including favourable effects from currency movements and acquisitions, was broadly in line with the prior period. Statutory revenue decreased from £197.1 million to £195.9 million. On a like-for-like basis, net revenue declined by 10.6%. On a like-for-like basis, net revenue declined by 10.6%. The Americas region makes up 70% of net revenue and Europe 30%. Net revenue by client sector includes Transportation (10%), Industrials and Agriculture (14%), Retail & Distribution (22%) and Financial Services (36%). The Company's largest client makes up 25% of net revenue, and is part of the Financial Services sector.

Group adjusted operating margin was 9.6% for the period (2022: 11.8%) with higher gross margins offset by higher selling and IT costs. The Group's delivery staff in Latin America and Southeast Europe near-shore locations grew from 9% of delivery staff last period to over 40% this period, and is expected to continue to grow and improve the Group's profitability profile. Whilst this nearshore delivery enhances client retention and improves the Company's gross margins, it is delivered at a lower price point than onshore (domestic) delivery, and therefore impeded organic growth in each region. The lower operating margin in the period also includes the impact of unusual client disputes from two non-enterprise clients with related net revenue at much lower than average margin.

## Adjusting items

The statutory total loss before tax from continuing operations in the period was £20.7 million (2022: loss of £15.6 million), which is stated after net adjusting cost items of £36.5 million (2022: net costs of £36.1 million).

Key adjusting items are as follows:

- Amortisation, deemed remuneration and other acquisition-related charges related to acquisitions: £9.3 million related to the non-cash amortisation of acquired intangibles, £9.8 million of contingent consideration required to be treated as remuneration, a credit of £0.3 million in respect of deferred consideration adjustments, and £0.7 million of acquisition and integration-related costs.
- A non-cash impairment goodwill charge of £14.6 million relating to the 'UK excluding Kin and Carta Data' cash generating unit.
- A charge, net of associated insurance proceeds, of £3.6 million related to two client disputes and associated legal costs. This includes the full and final settlement costs and related external advisor costs associated with the resolution of two client disputes which were significant in value and which are expected to be non-recurring in nature. We expect to record a credit of £3.3m in FY24 in respect of further reimbursement of costs by our insurer. The net revenue and cost impacts of the client delivery are included in adjusted results.
- A net credit of £7.8 million relating to the renegotiation of the Chicago office lease that will result in a smaller, lower cost space in the same building from January 2024 under a new lease. The prior year charge of £6.3 million comprised an impairment of the right-of-use asset and a provision for onerous costs related to a portion of the Chicago lease, both of which reflected the

costs of the portion of the lease which no longer had economic value.

Further details are provided within note 7 of the Consolidated Financial Statements.

### Regional performance

The Americas segment delivered £19.0 million of adjusted operating profit (2022: £23.5 million) on net revenue of £134.8 million (2022: £132.2 million). Americas' organic net revenue at constant currency declined by 8.4%, reflecting macroeconomic weakness that caused client spending caution and elongated sales cycles noted across the industry. Gross margin percentage was unchanged year-on-year. Adjusted operating margin declined from 17.8% to 14.1% due to the effect of investment in selling and marketing functions and in information technology. Statutory revenue was £158.0 million (2022: £154.0 million).

The Europe segment delivered £3.8 million of adjusted operating profit (2022: £4.4 million) on net revenue of £57.2 million (2022: £58.1 million). Like-for-like net revenue declined by 15.8%, primarily as a result of macroeconomic weakness in the UK, which accounts for 84% of Europe's net revenue. Public sector net revenue grew 220% to £11.9 million on several multi-year contract wins. While there was a modest increase in the gross margin percentage year on year, the operating margin declined from 7.6% to 6.6% due to planned investment in selling staff and information technology. Statutory revenue was £62.1 million (2022: £61.8 million).

### Net finance costs

Adjusted net finance costs, which exclude the Defined Benefit Scheme pension costs, increased

by 43% to £2.6 million (2022: £1.8 million), driven by increased net debt levels and higher interest rates.

### Prior period restatements and reclassifications

During the period there was a change of accounting policy to account for the investment property, which is now accounted for using the fair value model instead of the cost model previously used. This change has been applied retrospectively from 1 August 2021 and resulted in a £0.3 million increase to adjusted operating profit in FY22.

A credit of £1.3 million has been adjusted in opening retained earnings at 1 August 2021 relating to the restatement of an income tax charge on loan forgiveness arising in the FY21 year.

The Group's share-based payment charge is excluded from adjusted results in a similar way to the Company's publicly listed peer group companies in digital transformation, aiding comparability. The FY22 results have been restated to reclassify the share-based payment charge to adjusting items in the Consolidated Income Statement. There is no impact on the statutory loss for either period.

Further details are set out in note 1 of the Consolidated Financial Statements.

# Chief Financial Officer's review **continued**

## Acquisitions

On 5 May 2023, the Group acquired 100% of the issued share capital of Kin and Carta Data Limited (formerly known as Forecast Data Services Limited), a data and artificial intelligence business based in Edinburgh, Scotland and its Polish subsidiary based in Wroclaw, Poland. The initial cash consideration, net of cash acquired, was £2.2 million, with the potential for further payments of up to £10.1 million over the next two years contingent upon achieving EBITDA growth targets. Based on current forecasts we estimate further payments totalling £4.3 million will be made. Further details are set out in note 12 of the Consolidated Financial Statements.

## Balance sheet and cash flow

Net assets of £73.4 million decreased by £53.0 million versus 31 July 2022, driven by the actuarial loss, net of tax, on the Pension Scheme surplus of £21.2 million; the net loss after tax of £18.8 million which included a non-cash impairment of £14.6 million on goodwill; non-income movements in equity related to net share repurchases and settlements of £8.0 million; transfers from equity to liabilities in respect of contingent deferred payments for acquisitions made in prior periods of £10.6 million following the Company's decision to settle in cash rather than equity; and foreign exchange losses and other movements of £1.0 million; partially offset by £6.5 million of credits to equity in respect of share-based payments, net of tax.

Operating cash outflow before working capital, interest and tax was £1.1 million (2022: inflow of £19.2 million), which includes £16.2 million of deferred payments related to acquisitions completed in prior periods (2022: £nil). The related income statement charge is treated as an adjusting item.

The cash outflow also includes other outflows linked to adjusting items before working capital of £8.7 million (2022: £7.8 million), principally related to the settlement of customer disputes of £3.6 million, and legacy pension-related outflows of £2.7 million. The net operating cash inflow before adjusting items, working capital, tax and interest was £23.9 million (2022: £26.0 million). After the year end, the Group's insurers confirmed that a further £3.3 million of costs related to the settlement of the final client dispute would be reimbursed. This is expected to be received in the first half of FY24 and the associated credit will be recorded as an adjusting item in the Consolidated Income Statement.

The working capital inflow of £1.6 million (2022: outflow of £7.1 million) includes an inflow of £12.2 million from movements in receivables, net of deferred income, which reflects a strong focus on billing and collection in the period, offset by an outflow of movement in payables of £10.6 million linked principally to a reduction in the liability for employee bonuses.

The investing cash outflow of £5.2 million (2022: inflow of £21.0 million) includes £2.2 million related to the acquisition of Forecast Data Services Ltd as well as capital expenditure of £2.4 million (2022: £1.3 million), and deferred consideration payments relating prior period acquisitions of £0.7 million (2022: £nil). FY22 included a cash inflow of £34.3 million of proceeds from the divestment of subsidiaries.

Financing cash flows included market purchases of the Company's shares by the Employee Benefit Trust of £8.4 million (2022: £5.6 million) to satisfy expected future vesting under employee share-based payment schemes. Lease payments were broadly in line with the prior period at

£4.0 million (2022: £3.8 million). Following the renegotiation of the Chicago lease in the period, Group lease payments are forecast to reduce to c.£3.3 million in FY24, excluding further acquisitions.

## Credit facility and net debt

The Group ended the period with a net bank debt position of £20.0 million measured at 31 July 2023 closing currency exchange rates. For bank covenant purposes, net debt is measured at average currency exchange rates through the period rather than closing, resulting in an adjusted debt figure of £21.0 million (2022: £0.2 million). Bank leverage remains modest with net debt at 1.04 times adjusted EBITDA for bank covenant purposes at 31 July 2023 (2022: 0.01 times). Interest cover for bank purposes was 10.5 times (2022: 18.5 times) compared to a minimum covenant of 4 times.

Our liquidity position remains solid, with modest claims on future operating cash flows beyond growth-related investments in working capital, operational capital expenditures at similar levels to prior years and the schedule of contingent and deferred consideration payments related to acquisitions in prior periods. There remains substantial undrawn capacity on the Company's credit facility of £85.0 million committed until September 2026.

As at 31 July 2023, the Company had loans of £29.8 million drawn on the facility (2022: £13.1 million). The undrawn portion of this facility at 31 July 2023 was £55.2 million (2022: £71.9 million).



## Pension

The IAS 19 pension accounting surplus decreased during the period to £13.0 million from £38.7 million at 31 July 2022.

The lower surplus is due to a decrease in the value of Scheme assets of £82.7 million, driven primarily by the reduction in the value of the gilt portfolio which comprises a large proportion of Scheme assets, following the large increase in UK gilt yields in the period. This was partially offset by a decrease in the Scheme liabilities of £56.9 million, driven by increases in the AA corporate bond yield which is used to discount the Scheme liabilities.

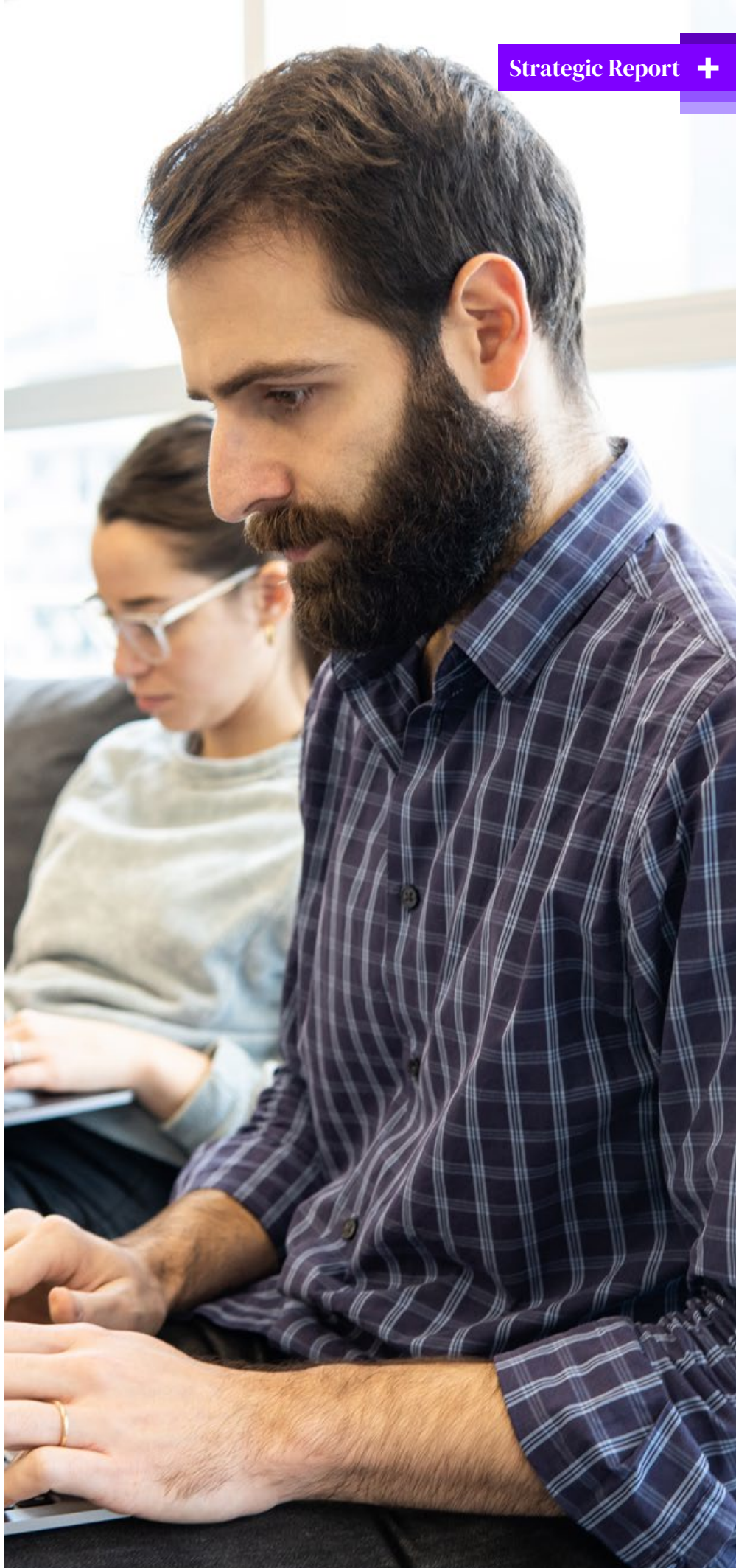
The Scheme remains fully hedged against interest rate and inflation rate risk measured on the basis of the technical liability, which has a different discount rate profile to the accounting liability. At 31 July 2023, approximately 35% of the Scheme's assets were allocated to growth assets (reduced from 40% at 31 July 2022), of which less than half were allocated to equities. The non-growth assets are invested in liability matching and cash flow matching assets.

Excluding trustee expenses, sponsor cash contributions to the Scheme will reduce to £0.6 million in FY24 and £0.4 million in FY25. In addition, the Company is committed to make a contribution of £0.4 million per annum towards trustee expenses until FY27. The levy payable by the company to the Pension Protection Fund will reduce significantly from £0.6 million in FY23 to £0.04 million in FY24 as a result of the Scheme's improved funding status.

### Chris Kutsor

Chief Financial Officer and Chief Operating Officer

1 November 2023





# A responsible business

## Overview of our approach

In a time of volatility, focus and collaboration is key. This year was about operationalising our responsible business commitments to directly and positively impact our performance and our stakeholders.

The strategic exercises that we have invested in equip us to better account for what are usually treated as externalities, and instead appreciate and leverage the interdependencies between people, profit and planet.

As collective ESG maturity continues at pace, **Kin + Carta** is strongly placed to contribute as a force for good.

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

Read more about our responsible business  
[on page 46](#)

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Read more about B Corp  
[on page 47](#)

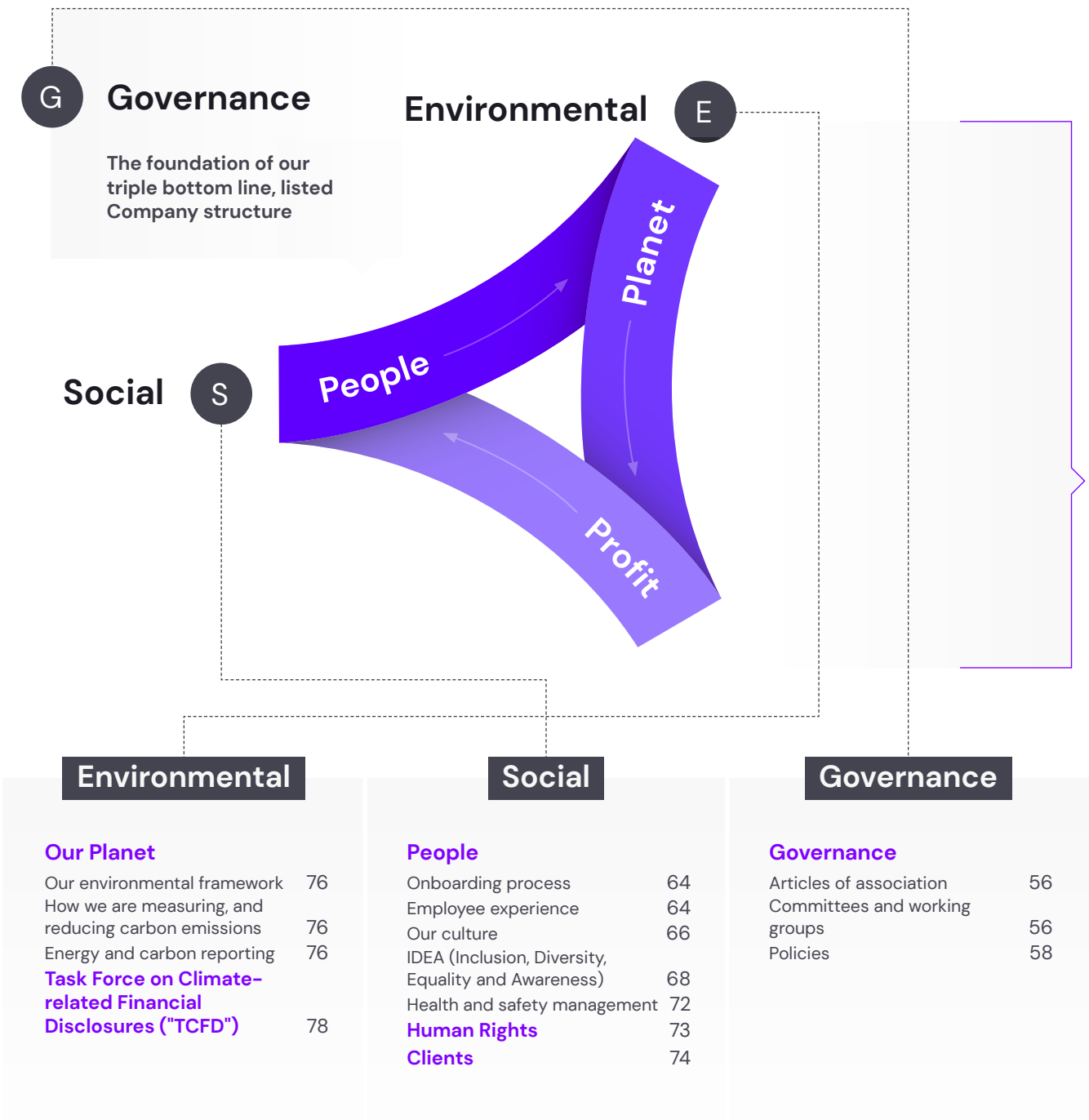
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# Strengthening our responsible business

Operationalising our triple bottom line structure







### Bringing our purpose to life

Over the past 12 months, our ESG focus has been powered by data as we strengthen and mature the inputs and insights behind our triple bottom line approach.

Completing our first double-materiality assessment has highlighted the strength of our governance structure. Our established diversity and inclusion programmes are a differentiating factor in attracting and retaining talent, and we have innovated for improved carbon accounting.

This combination of achievements strengthens the foundation of our purpose, equipping us to invest in sustainability as a lever for profitability in due course and scale our pre-competitive collaborations to building a world that works better for everyone.

#### B Corp

We have been proud to increase our contribution to the UK and global B Corp movement; our sponsorship of the Better Business Act in April 2023 reflected our support of stronger regulation and legislation.

We are proud to have directly consulted with B Lab on their digital transformation roadmap, deploying our expertise and skills in service of B Corp's theory of change.

#### People



People



Community

#### Planet



Environment

#### Profit



Clients

### Governance

#### Triple bottom line initiative

This year saw us complete our first double-materiality assessment evaluating the importance of ESG topics relevant to financial and impact materiality. Financial materiality looks at ESG topics material to **Kin + Carta's** ability to create sustained revenue, while impact materiality maps the ESG topics material to "Building a world that works better for everyone".

### Our progress over the last 12 months

With renewed investment in our responsible business platform, we have contributed to greater Company-wide understanding of our ESG strategy and stakeholder-led approach. Indeed, investing in sustainability is a lever to profitability as client and society-wide expectations of businesses increases. We are committed to creating the conditions for every Kin in every country to feel proud of their skills-based, consulting contribution.



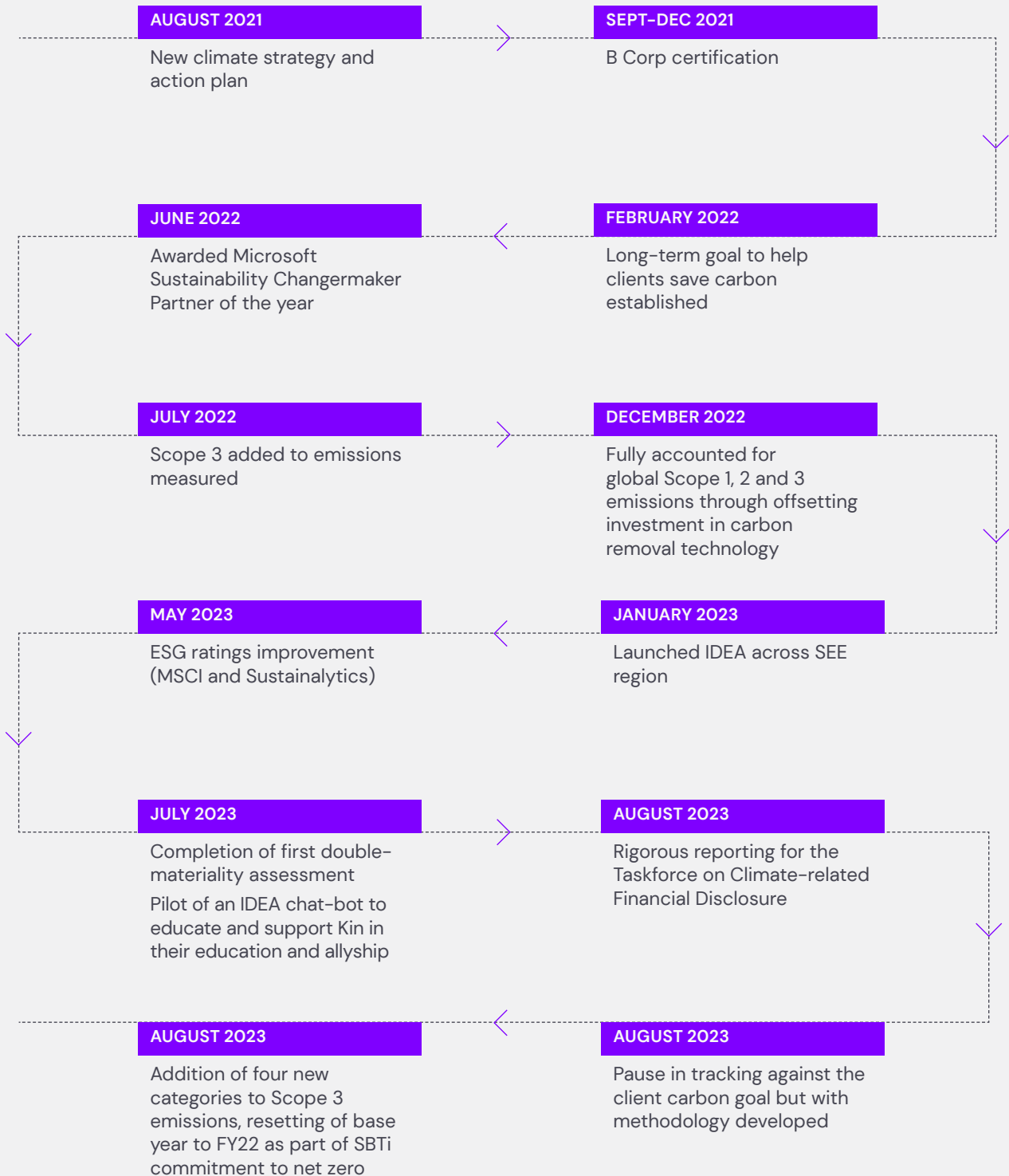
**“** Continuing to integrate ESG thinking into our business strategy creates value for all our stakeholders, from clients to shareholders.

**Jennifer Crowley**

Global Director of Responsible Business

# A responsible business

## Our progress, achievements and notable activities







# A responsible business continued

## Double-materiality assessment recommendations

### Context

Guided by our commitment to the triple bottom line, we carried out a comprehensive double-materiality assessment to help orient our ESG commitments and strategic priorities.

Adopting a double-materiality perspective enables us to identify ESG priorities double-dividend: they are important to the health of our business, as well as to our people, communities and environmental footprint.

This section outlines the results and presents our initial strategic priorities.

### Double-materiality unlocks value creation and future-proofs ESG disclosures

Assessing impact and financial materiality can guide the identification of opportunities that create business value, while having a positive impact on people and planet.

Additionally, ESG reporting standards are moving towards including both inbound and outbound ESG implications. For instance, TCFD gold standard and B Corp recertification leverage double-materiality assessments.

### Key findings

- Our people are at the core of our value proposition for clients and investors alike.
- Client decarbonisation yields multiple onward benefits including a positive contribution to our investors' net zero targets and timelines, as well as **Kin + Carta's** own.
- All stakeholders, but notably investors and clients, place increasing value on data security and privacy, where risks have both financial and community wellbeing safeguarding implications.

### Methodology:

- Internal employee insights (financial and impact lens)
- Shareholder and client insights (financial lens)
- External research, including peer benchmarking (financial and impact lens)
- Expert opinion (financial and impact lens)
- Client materiality assessments, annual reports and ongoing interviews

### Key

- 1 Labour rights
- 2 Biodiversity
- 3 Water and effluents
- 4 Responsible procurement
- 5 Materials and waste
- 6 Public policy
- 7 Tax
- 8 Responsible marketing and labelling
- 9 Energy and emissions **see page 76 onwards**
- 10 Business conduct **see page 50 and pages 56 to 63**

- 11 Data security **see page 51**
- 12 Employee retention and recruitment **see pages 64 to 67**
- 13 Upskilling **see pages 64 to 67**
- 14 Diversity and equal opportunity **see pages 68 to 71**
- 15 Consumer health and safety
- 16 Economic contribution
- 17 Community impact
- Environment
- Social
- Governance

Derived from the set of GRI indicators, selected to represent the main categories across E, S and G. This approach is aligned with incoming CSRD regulation.





### Culture

We will continuously strive to deliver on maintaining an engaging and inspiring environment for our Kin.

To keep hearts and minds engaged we will focus on:

- Improving communication. More frequent and varied (in structure) communications will contribute to a unified sense of connection, while also allowing for regional nuances.
- Tapping into the double-dividend of upskilling. We are revisiting our values and behaviours and investing in consulting training and upskilling.
- Bridging the gap. We intentionally strive to close any gaps in our Kin's perception of who we say we are, what we do, and how we do it.



### Data security

We are committed to providing clients and investors the certainty that their privacy and data is safe with us.

- On our internal data security: we strive for our systems to meet strict safeguarding needs against data leaks and cyber attacks, lowering our risk profile to investors and clients.
- On our client's data security: given our vertical focus (public sector, financial services, enterprise clients) we ensure that we are playing our part in safeguarding public wellbeing by keeping data safe.
- On our data governance: honouring our investors' emphasis on data governance, we ensure our processes are fit-for-purpose to effectively manage both internal and client data security and privacy risks.



### Governance

We take pride in our existing responsible business governance functions, while also striving to match the evolving expectations on governance.

Lenders and investors are increasingly recognising the importance of enhanced governance practices for future-proofing businesses and maintaining enterprise value.

We will respond to this by:

- Supporting the monitoring and reporting of our ESG objectives and targets with data and evidence.
- Striving to meet a gold standard in internal communication by clearly demonstrating how feedback is being implemented.
- Maintaining clear communication of decision-making processes to bolster transparency for employees and investors.

# A responsible business continued

## Responsible business KPIs

As a business, we plan in three-year cycles and having first set non-financial KPIs in 2021 we are now evolving these key business metrics. Informed by the themes and insights of our first double-materiality assessment as well as this next stage of growth for our Company we will refine our focus from eight to six non-financial KPIs.

In doing so we will cease to report on net new jobs, promotions and charitable donations. We will instead add diversity of leadership and Scope 1 and 2 reductions as important people and planet KPIs respectively.

These ambitious KPIs contribute to the value and values of **Kin + Carta**.

### Employee net promoter score ("eNPS")<sup>1</sup>

#### 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.

This metric is, based on responses to the following statement in our twice-yearly engagement survey, "I would recommend **Kin + Carta** as a place to work to my friends and family". The score is calculated based on responses to the statement, on a scale of 1-10 – responses of 9 and 10 are considered "promoters", 7 or 8 as "passives" and 6 or below as "detractors". The score is reported with a number ranging from +100 to -100 (calculation is % of promoters minus % of detractors).

#### Performance commentary

Our Kin have felt the effect of external volatility and internal responsiveness to that.

The most difficult of business decisions, redundancies understandably affected Kin morale.

We are confident in our path to a stronger global eNPS in FY24 and beyond.

+21

FY23 Outcome

+35

FY23 Target

+32

FY22 Outcome

+23-27

FY24 Target

[Link to stakeholders](#)

S



### Percentages of employees promoted per annum<sup>1</sup>

#### Definition

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

#### Performance commentary

In a year of constrained client demand, we have been intentional about how best to invest in, and reward, the skills of our Kin.

Through FY24/25 we will define a new global career growth matrix and adjust our performance review process.

In the interim we will pause reporting on promotions as a standalone non-financial KPI.

26%

FY23 Outcome

20%

FY23 Target

29%

FY22 Outcome

N/A

FY24 Target

[Link to stakeholders](#)

S



<sup>1</sup> 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).

### Mean gender pay gap<sup>1</sup>

#### Definition

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

#### Performance commentary

This year has seen a significant improvement in our gender pay gap, decreasing from 18% to 9% globally, exceeding our target by 7ppts. This achievement reflects the maturity of our EX (employee experience) capability across our regions from talent attraction to continuous engagement and talent retention. There were also notable nuances in the country by country workforce demographics that have made this year particularly favourable.

We foresee an interim reversal in this progress as we incorporate new regional teams.

Our FY24 target is ambitious in the context of our regional growth plans and we model for the short and medium term.

We are proud to publish our UK Gender Pay Gap Report for the first time this year, before doubling down on regional and country-specific trends.

# 9%

FY23 Outcome

# 16%

FY23 Target

# 18%

FY22 Outcome

# 13%

FY24 Target

Link to stakeholders



### Percentage of employees identifying as Asian, Black, Latinx or other non-white<sup>1</sup> (USA only)

#### Definition

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

#### Performance commentary

This year's marked improvement is in part because of stronger data that empowered better decision making.

Such is our ambition in this area that this specific KPI will be replaced with a new KPI striving for greater diversity of leadership across **Kin + Carta**.

# 35%

FY23 Outcome

# 31%

FY23 Target

# 28%

FY22 Outcome

Diversity of leadership in FY24 with the target of establishing global and regional benchmarks.

Link to stakeholders



#### Link to stakeholders:



People



Community



Environment



Clients



Suppliers

**E** Environmental

**S** Social

**G** Governance

# A responsible business continued

Net number of jobs added per annum as a percentage of total<sup>1</sup>

Definition

Providing new careers in emerging areas of technology is the most meaningful way we contribute to the prosperity of our communities. This measure excludes job growth through acquisitions.

Performance commentary


Prudent management of the business this year saw a regrettable but necessary reduction, not growth, of headcount. As future headcount growth may well come from future acquisition activity, we will cease to report on this metric.


4%  
FY23 Outcome

19%  
FY23 Target

17%  
FY22 Outcome

N/A  
FY24 Target

Link to stakeholders 



Carbon intensity<sup>1</sup>

Definition

Tonnes of CO<sub>2</sub>e per £m revenue – allows us to measure our carbon footprint as we grow.

Performance commentary




The increase in carbon intensity from our previous financial year is largely due to calculating emissions from a larger range of (Scope 3) business activities and improved data collation.


5.68  
FY23 Outcome

5  
FY23 Target

5.2  
FY22 Outcome

5  
FY24 Target

Link to stakeholders   



Link to stakeholders:



People



Community



Environment



Clients



Suppliers

 Environmental

 Social

 Governance



### Equivalent percentage of net profit raised for charity<sup>1</sup>

#### Definition

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

#### Performance commentary

The difficult decision to prioritise business stability through the year means that we were unable to meet the target this year.

As we reset our global philanthropy strategy we will cease measuring against this specific metric and better account for the contribution of Kin time and skills in addition to donations.

<1%

FY23 Outcome

2.0%

FY23 Target

1.5%

FY22 Outcome

N/A

FY24 Target

[Link to stakeholders](#)



### Total revenue from positive impact projects<sup>1,2</sup>

#### Definition

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.

#### Performance commentary

Despite a challenging landscape, intentional focus on particular positive impact revenue areas has resulted in exceeding our FY23 target by 1ppt with a 10% positive impact revenue outcome. We commit to a bolder target in FY24 as measurement, and Kin commitment to using business as a force for good, accelerate.

£19m/ 10%

FY23 Outcome

£19.25m £16.5m

/9%

FY23 Target

/9%

FY22 Outcome

£35m/17%

FY24 Target

[Link to stakeholders](#)



<sup>1</sup> 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).

<sup>2</sup> Updated KPI to include percentage of net revenue earned from positive impact projects in addition to total cash amount.

# A responsible business continued

## G Governance

### Overview

The Board is collectively responsible for leading **Kin + Carta**, promoting its long-term success, and generating value for its stakeholders, including shareholders and the 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 133 to 134, to establish clear expectations and common understandings of the roles, responsibilities 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 107 to 111.

### Articles of association

**Kin + Carta's** articles of association illustrate our commitment to cultivating a 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. Also, during the year, **Kin + Carta** sponsored the Better Business Act, which demonstrates our commitment and the importance we place on stakeholder engagement.

### 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.

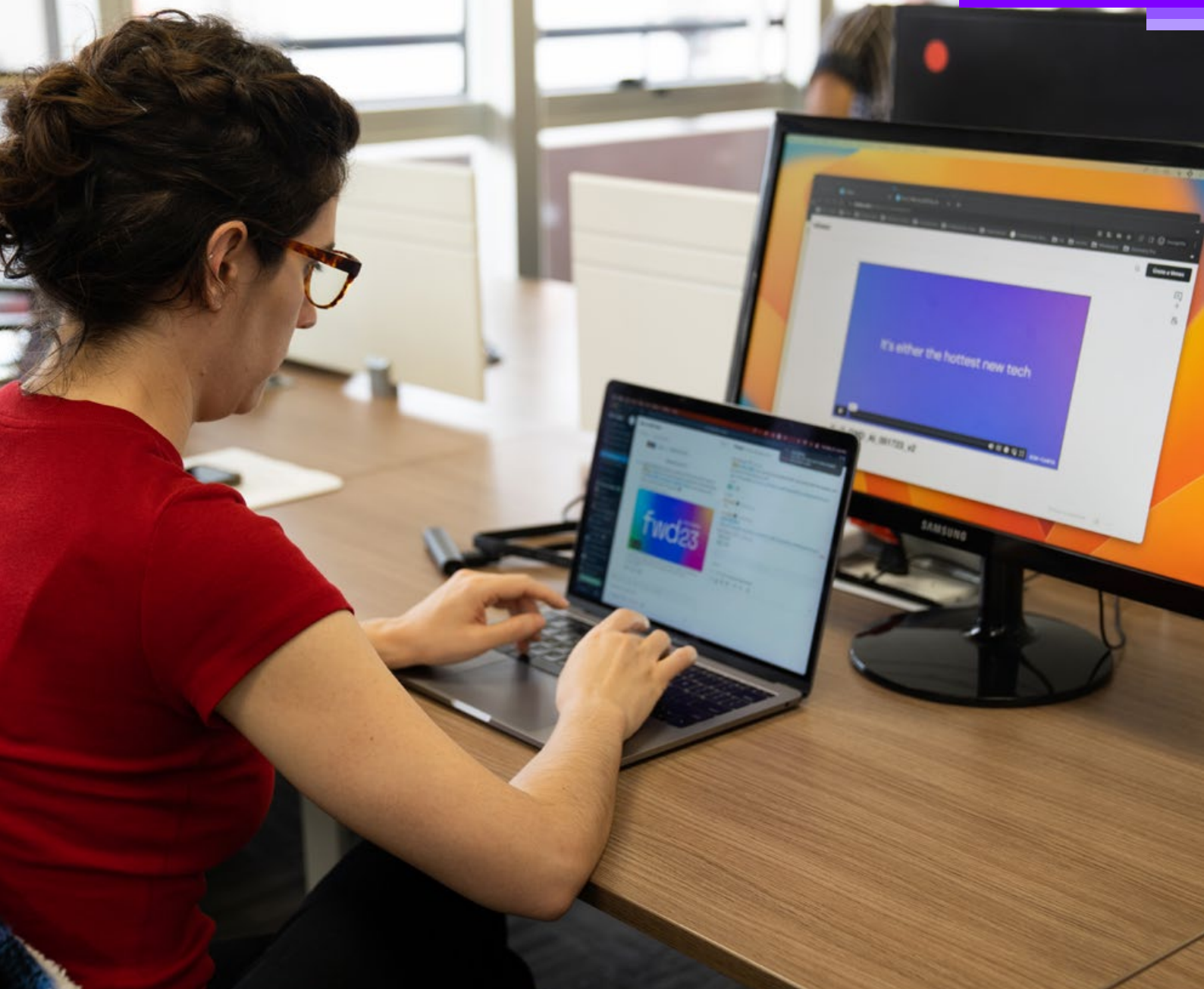
During the year, our internal Climate Task Force led the TCFD reporting, contributed to our double-materiality assessment and added a further four Scope 3 sub-categories to our overall emissions reporting for FY23.

The structure of this group is currently under review as the business prioritises net zero feasibility more widely.

## Responsible business governance highlights

Through conducting our double-materiality assessment and engaging with ESG specialists within our key investor groups, we have gained a fresh insight on their perspective and views on ESG investment, and their expectations of **Kin + Carta**.

We continually monitor and educate ourselves on proposed and new legislation that concerns **Kin + Carta** and ensure we are prepared to be compliant with such upcoming changes.



### Environmental and social risk review task force

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.

The panel includes the global and regional CEOs, the Global Director of Responsible Business, the Global Director of Commercial Legal and Global Chief Strategy Officer. During the year, informed by briefing papers with input from internal subject matter experts,

the review panel recommended the progression of the majority of opportunities. 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. During FY23, we have made eight referrals to the review board's triage process. The associated Environmental and Social Risk Policy for Client and Partner Engagements is described on page 61.

# A responsible business continued

## G Governance

### Non-financial and sustainability information statement

Non-financial and sustainability reporting required under the Companies Act 2006 is included in the Strategic Report as referenced below:

Our business model is set out on pages 22 to 23.

Our policies, due diligence processes and outcomes in relation to:

- Anti-bribery and corruption – see pages 58 to 59
- Environmental, social and community matters – see pages 59 to 61
- Our people – see page 62
- Human rights – see page 63




The principal risks and risk management in relation to the matters above are set out on pages 112 to 121.

Our non-financial KPIs are set out on pages 52 to 55.

Our climate-related financial disclosures are set out on pages 76 to 106.

### 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**.

Anti-bribery and corruption			Associated stakeholders
Policy	Description	Policy embedding, due diligence and outcomes	
Anti-Bribery and Corruption	Sets out standards in areas such as the prohibition of bribery, facilitation payments, political donations, and minimum standards in relation to charitable donations, gifts and entertainment and conflicts of interests. It sets out obligations under the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977.	<p>Issued Group-wide with recipients required to confirm they acknowledge and understand the policy and is accessible on our intranet.</p> <p>Senior management team are 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.</p> <p>2023 annual review found all businesses within <b>Kin + Carta</b> to be deemed low risk.</p>	  

### Link to stakeholders:



People



Community



Environment



Clients



## Anti-bribery and corruption

### Policy

#### Speak Up (whistleblowing)

### Description

Outlines the procedures and channels for our people and third parties to confidentially raise any concerns about suspected misconduct in confidence without fear of retaliation.

### Policy embedding, due diligence and outcomes

Issued Group-wide with recipients required to confirm they acknowledge and understand the policy and that is accessible on our intranet.

During the year, there were no formal whistleblowing investigations or notifications, however, this policy was consulted when conducting internal investigations in accordance with applicable policies.

## Associated stakeholders



## Environmental, social and community matters

### Policy

#### Charitable Giving

### Description

Sets out the framework through which **Kin + Carta** donates time, fundraising efforts, knowledge, skills, and money to charitable organisations in alignment with our Anti-Bribery and Corruption Policy.

### Policy embedding, due diligence and outcomes

Due diligence undertaken on charity partnerships that involve donations, fundraising or volunteering over specified thresholds.

While we did not undertake formal partnerships for the full 12 months of FY23 we did fund and execute a number of regional events that contributed to community needs e.g. continuing our long-standing partnership in the US with Volunteers of America by supporting their efforts for veterans and foster children, and partnering with Fundación Casa Grande in Argentina to support a key project to provide housing to vulnerable women.




Further, we reviewed the funding and planning approach to philanthropy, agreeing upon new principles that will be detailed in first half of FY24 via a revised policy and Kin communications.

## Associated stakeholders



# A responsible business continued

## G Governance

Environmental, social and community matters			Associated stakeholders
<b>Policy</b> Supplier Code of Conduct	<b>Description</b> Sets high mandatory standards and behaviours required from our suppliers related to their treatment of employees, health, safety and environmental responsibility and sustainable procurement, 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 a net zero plan wherever possible).	<b>Policy embedding, due diligence and outcomes</b> 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 <b>Kin + Carta</b> in 2023 completed the assessment and, in the majority of cases, met our criteria. Where any non-compliance with mandatory requirements has been flagged, escalation steps were followed and direct dialogue with the supplier determined if alternative, equal standards could suffice.	
<b>Policy</b> Health Safety + Environment Framework	<b>Description</b> 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 <b>Kin + Carta</b> manages health, safety and environmental matters, including responsibilities and arrangements.	<b>Policy embedding, due diligence and outcomes</b> 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 72.	 

Link to stakeholders:



People



Community



Environment



Clients



Suppliers

## Environmental, social and community matters

## Policy

## Ethical and Sustainable Procurement

## Description

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 embedding, due diligence and outcomes

In the second half of FY23, work was undertaken to improve the responsible procurement practices as a new supplier management team was set up. This involved evolving the supplier question to ask more direct questions about carbon measurement and management, adapting the format to make it easier to interact with, and refining the communications to help the supplier understand our context and motivations as a responsible business.

## Associated stakeholders



## Policy

## Environmental and Social Risk Policy for Client and Partner Engagements

## Description

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 embedding, due diligence and outcomes

Policy and process revised and improved during 2023 following employee feedback and deepening the connection with our carbon commitments across our full value chain. 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

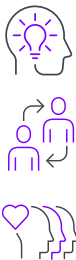


# A responsible business continued

## G Governance

Our people		
<b>Policy</b> Code of Ethics	<b>Description</b> Sets out the ethical values and compliance framework for the execution of our organisational purposes and ensuring professional integrity. <b>Kin + Carta</b> 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 <b>Kin + Carta</b> operational policies. The code includes commitments to safeguard the interests of our stakeholders.	<b>Policy embedding, due diligence and outcomes</b> Issued Group-wide, and we reinforce the <b>Kin + Carta</b> values that support the code through “setting the tone from the top” with our Board and senior leadership team’s actions and communications.

Associated stakeholders



Our people		
<b>Policy</b> Inclusion, Diversity, Equity and Awareness (“IDEA”)	<b>Description</b> Sets out <b>Kin + Carta’s</b> commitment to fostering, cultivating and preserving a culture of IDEA. Outlines <b>Kin + Carta’s</b> 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.	<b>Policy embedding, due diligence and outcomes</b> IDEA principles integrated into day-to-day business, for example in Group-wide recruitment and retention practices. IDEA metrics reported at both subsidiary and <b>Kin + Carta</b> Board meetings. See page 68 for information on our 2023 IDEA progress.

Associated stakeholders



Link to stakeholders:



People



Community



Environment



Clients



Suppliers



## Human rights

## Policy

## Modern Slavery

## Description

Sets our zero-tolerance approach to any form of modern slavery and child labour in recognition that slavery, forced labour, human trafficking and child labour are 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 child labour in our operations, supply chain, and customer and client relationships. Our 2023 Modern Slavery Statement is available to view on our website [kinandcarta.com/en/modern-slavery-act/](https://kinandcarta.com/en/modern-slavery-act/) and published on the Modern slavery statement registry (<https://modern-slavery-statement-registry.service.gov.uk/statement-summary/E7nEbrAK/2023>).

## Policy embedding, due diligence and outcomes

Suppliers confirm via Supplier Code of Conduct assessment that they comply with all applicable human rights and equality laws, and laws prohibiting slavery, human trafficking and any form of child labour, 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 that management is to act accordingly. No incidents of Modern Slavery were reported or identified during the year.

## Associated stakeholders



# A responsible business continued

## S People

### 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**.

#### 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 onboarding experiences welcome and celebrate new Kin globally, highlighting opportunities to learn, connect and build confidence. This year we reintroduced in-person onboarding in our offices to strengthen the opportunity for connection and learning.

Results across 2023 demonstrate that our new starters are both engaged and content with the experience, showing over 80% satisfaction.

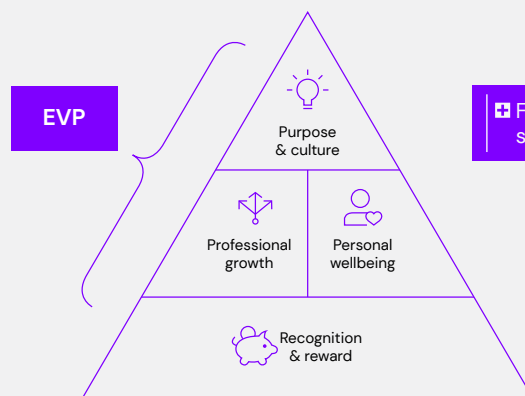
#### Employee experience

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.

This year we have continued to strengthen our Shared Service offering, transferring transactional work to Shared Service teams and creating space for projects that create moments that matter for our people.

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.



## 1,849

Number of employees  
as at 31 July 2023<sup>1</sup>

## 14.93%

Staff turnover for the year  
ended 31 July 2023<sup>1</sup>

## 1,822

Full time

## 27

Part time

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

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:

- Global pay equity programme.
- An extended pool of employees eligible for LTIP awards.

#### Personal wellbeing:

Recognising the healing power of connections and enabling wellbeing initiatives.

- A wellbeing support programme for our people in Europe, providing access to wellbeing and mental health support, including on-demand therapy and coaching.
- Employee assistance programme.
- Emergency response protocols launched in the Americas to provide better support for our people in the event of an external emergency situation.
- 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.

- Creation of a career growth matrix to provide clarity of expectations and better support development.
- 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 and inclusive leadership 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.
- Participation rates in our engagement survey continued to grow, which helped retain us as a "Great place to work".
- Enhancements to our onboarding experience were made—automating aspects of the process and introducing face-to-face sessions.

The above range of investments and activities is over and above continuous communication and dialogue with Kin about the performance of the business, in the context of financial and economic performance. These happen as frequently as monthly at regional meetings led by the regional finance directors and CEOs and quarterly at all-company meetings, led by CSO, CFO and CEO. At key points in the year or at critical events, detailed emails are shared recapping what is shared in scheduled 'town hall' meetings.

## Case study

### Supporting disability inclusion

With the launch of the Universal Access Affinity Group, we formed a global community whose aim is to break down access and inclusion barriers for disabled and neurodivergent people at **Kin + Carta**. It became clear that there was still work to be done and an important element of enabling disabled people to be successful within the business is understanding the gaps that

ensure inclusion in the recruitment process.

Therefore, we commissioned an external specialised company (Celebrating Disability) to undertake an audit and gap analysis for the recruitment and onboarding process. As a result, providing us with a report, recommendations and tangible outcomes that will enable us to develop a robust recruitment and onboarding

process that welcomes and engages disabled candidates and employees.

Since the gap analysis was completed, a global taskforce has been launched between all our Talent Acquisition teams, Universal Access Affinity Group, and our Global IDEA team to prioritise and deliver on the recommendations from Celebrating Disability and our employees.

# A responsible business continued

## S People

### Our 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.

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

#### Purpose and culture

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

#### Professional growth

- Leadership development in various forms including Coaching.
- Creation of a career growth matrix to provide clarity of expectations and better support development.

#### Personal wellbeing

- A wellbeing support programme for our people in Europe, providing access to wellbeing and mental health support, including on-demand therapy and coaching.

#### Recognition and reward

- Iterating on our performance framework to provide meaningful growth conversations, evaluation of values and clear expectations, celebrating progression and rewarding people fairly and equitably.
- Global pay equity programme.

#### 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.





“ In the ever-evolving landscape of DEI, the journey from good to great requires proactive vigilance. While governments and companies may lag behind, society surges forward. By continuously tracking global and country-specific DEI trends, we stay ahead of the curve, ensuring our programs not only keep pace but anticipate societal shifts.

Sheeren Barros  
Global Head of Diversity and Inclusion

## 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 52 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.

# A responsible business continued

## S People

### 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 at: [kinandcarta.com/en/idea/](https://kinandcarta.com/en/idea/)

#### Our IDEA vision

Strategic action objective	Progress in 2023
<b>Our teams are as diverse as the population in the regions in which we operate.</b>	Both gender and ethnic diversity will always be a priority in hiring. Alongside these, this year we chose to review our hiring and onboarding processes and practises from the lens of someone with a disability. We partnered with Celebrating Disability, a company that specialises in disability inclusion, to complete a full gap analysis of our hiring practises. Once the review was complete, we invited our Talent Acquisition teams to complete comprehensive training and have launched a taskforce to deliver the actions.
<b>People are paid equitably for equal work.</b>	We continue to run a full pay equity analysis every six months alongside 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). This year we prioritised understanding our gender pay gap in all regions, increasing the frequency of reporting and the quality of the data.
<b>Employees feel as if they can bring their authentic selves to work.</b>	The IDEA theme for the year was "By removing borders and forming bonds we will create meaningful connections". To meet this theme, we ensured all our events and activities were available to all regions, launched an internal global Hub with information on how to get involved alongside quarterly all-hands. This year, we have run over 50 events leading to 85% (global average) of our Kin stating that they can be themselves at work.
<b>IDEA is a sustainable and ingrained part of how we do business.</b>	As our true skill at <b>Kin + Carta</b> is creating new technology, we wanted to use that skill to enhance our IDEA programme. The responsibility and engineering teams partnered to create a bot which integrated fully with our Slack channels. This bot contains a comprehensive DEI glossary, an anonymous ask me anything, and an anonymous feedback form, all managed by the IDEA team.
<b>We are IDEA leaders in the technology community.</b>	This year we worked closely in our Latin America region to promote diversity and inclusion initiatives with strategic partners. In Argentina specifically, we were able to join a professional networking net that promotes inclusive work spaces for sexual diversity and generates ties to attract LGBTQIA+ talent to the different organisations that comprise it. We are actively looking to join the same network in Colombia. In addition to this, we were able to lock different educational spaces with a separate partner in the Latin America region, who undertook three different workshops: one centre in inclusive communication, another space specifically during Pride Month for awareness of the violence the LGBT community faces, and a final workshop on sexual diversity and identities, where we got the certification for our Buenos Aires office as being a safe environment for the LGBT community.

## 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 always evolving and are empowered to make substantial changes to **Kin + Carta** as a whole by influencing Company policy, compensation and delivery.

### People of the Global Majority (previously called 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.

### Pride+ (previously called 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.

### Children of the 60s, 70s and 80s

**Purpose:** bring awareness to, and be a resource for, Kin in their '40s, '50s, and beyond and their supporters.

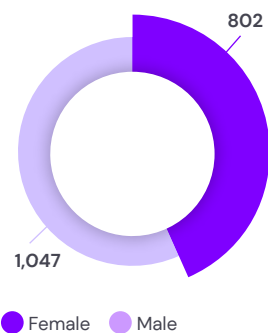
# A responsible business

continued

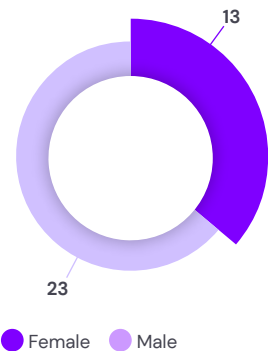
## S People

The gender diversity of our Board, management and employees as at 31 July 2023

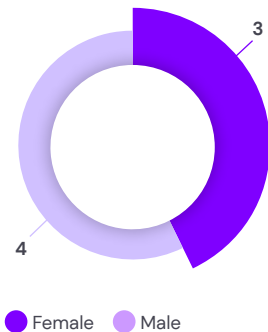
### All employees



### Senior managers



### Board



For these purposes:

- Employee refers to an individual engaged under a contract of service and, therefore, does not include our contingent workforce.
- Senior managers for these purposes is as defined in section 414C(8) of the Companies Act 2006 and includes the directors of the Group’s subsidiary undertakings.

For information on ethnic diversity, see the KPI “Percentage of employees identifying as Asian, Black, Latinx or other non-white” on page 53.

For information on other key demographic information related to our people, see pages 149 to 150.





### IDEA initiatives

We are committed to creating an inclusive environment for all employees, as part of this continual commitment we launched the IDEA Bot as a pilot across Europe. The reason for the pilot is to address feedback from our Kin who, from time to time, struggle to keep up to date with the latest terminology and to reduce the fear of saying the "wrong thing" by empowering our Kin to discuss new topics and feel more comfortable to ask questions and shape our IDEA approach.

The IDEA Bot was built in partnership with our in-house developers and is embedded in our internal communication tool. It contains a comprehensive DEI glossary and an Anonymous Question function, which is then answered and published by the IDEA team. To ensure the bot adds as much value as possible, we are running a comprehensive pilot in one region before rolling it out globally.

### Mental health team and programme

We are continuing to grow the mental health first aid team, now to over 45 qualified individuals across Europe. All of our Mental Health First Aiders ("MHFA") have been trained by Mental Health First Aid England. The smaller task force has now merged with our IDEA programme to become one of our nine Affinity Groups. The European Mental Health Affinity Groups priority is 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.
- Maintaining our internal mental health website where Kin can access various resources to support mental health.
- Free anonymous therapy and coaching 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.

### 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.

# A responsible business continued

## S People

### 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.
- 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.

Our Accident Severity Rate ("ASR") was 47 (2022: 74). 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 via Employee Assistance Programs, Mental Health First Aiders and wellbeing workshops.

#### 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.

## S Human rights

### 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:

- ✚ For more information on our Code of Ethics see page [62](#)
- ✚ For more information on our Inclusion, Diversity, Equity and Awareness Policy see page [62](#)
- ✚ For more information on our Modern Slavery Policy see page [63](#)
- ✚ For more information on our Speak Up Policy see page [59](#)

### 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

**Kin + Carta** is proud to remain 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.

- ✚ For more information on practices related to our people and inclusion, diversity, equity and awareness ("IDEA") see page [68](#)



# A responsible business continued

## S Clients

### Clients

#### Positive impact client work

The responsible business agenda is now a core focus for our clients and integral for progress as leaders in their respective sectors. **Kin + Carta's** continued commitment to exploring how to make a positive contribution to our clients' own societal and environmental targets is both a point of differentiation and a point of pride.

Deadlines on decarbonisation commitments now loom large for all companies. The need for data, insights and digital twin strategies to operationalise these commitments is growing rapidly.

Across all of our verticals and regions, 2023 saw an uplift in discussions and debate about the role of digital in decarbonisation and the forcing function that regulation is playing for our clients and their industries.

Challenging economic conditions did see a temporary reduction in committed spend and so we ourselves have paused formal measurement of client decarbonisation tonnage achieved after an encouraging start with robust methodology developed, a number of client engagements and industry recognition.

Our proprietary approach to evaluating positive impact takes into account a number of environmental, societal, and reputational and remit variables. We are proud of exceeding our non-financial KPI of 9% of total revenue coming from positive impact work and delivering impact driven work with clients globally during 2023 that equates to 10% of our total revenue.

We strive to increasingly introduce these elements of responsible business into client conversations at the earliest stage, with a view to maximising the outcomes and impact that we can achieve together. New initiatives like the **Kin + Carta Way**, consulting training, automated tracking and other initiatives will further enhance how we work in this area and the direct client benefit it provides.

#### Robust governance for client reassurance

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

See pages 58 to 62 for information on our Anti-Bribery and Corruption Policy, Code of Ethics, and Environmental and Social Risk Policy for Client and Partner Engagements.





# A responsible business continued

## E Planet

### Our planet

#### Our environmental framework

During the year no environmental incidents were reported.

A summary of our environmental management policies and frameworks can be found at:

- ✚ For more information on our Ethical and Sustainable Procurement Policy see page [61](#)
- ✚ For more information on our Environmental and Social Risk Policy for Client and Partner Engagements see page [61](#)
- ✚ For more information on our health, safety and environment framework see page [60](#)

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 106.

#### How we are measuring, and reducing carbon emissions

We measure 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:

- Replacing core networking equipment in Denver, Portland, Buenos Aires and Edinburgh with a sustainable cloud managed network.
- Removing legacy IT infrastructure from our London office and migrating it to the cloud.
- Optimising cloud resource to avoid operating under-utilised infrastructure.

Our ongoing work to reduce consumption includes:

- Improving corporate travel management.
- Internal training and upskilling on how we can lower energy consumption.
- Continuing IT infrastructure efficiencies.

#### Energy and carbon reporting

Kin + Carta’s carbon emissions for 2022/23 have been calculated primarily using DEFRA (UK) and EPA (America) 2023 greenhouse gas emission factors. These emissions calculations have been used to determine the tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) produced. Calculating the tCO<sub>2</sub>e allows different greenhouse gases to be compared on a like-for-like basis relative to one unit of CO<sub>2</sub>.

Where available, energy data was collected from invoices and meter readings. Where this data was not available, the consumption was estimated using the pro-rata method or based on floor area and average consumption for similar buildings. Travel data was obtained through expense claims and travel management companies. Both distance and spend-based methodologies were used to calculate travel emissions.

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. No mandatory emissions have been excluded from the emissions data.

## Carbon emissions and energy consumption 2023

	UK and offshore	Global (excluding UK and offshore)	% UK
Scope 1 emissions (tCO <sub>2</sub> e)	–	14.27	–
Scope 2 emissions (tCO <sub>2</sub> e)	37.06	112.23	24.82
Total Scope 1 and 2 emissions (tCO <sub>2</sub> e)	37.06	126.50	22.66
Energy consumption electric, natural gas and grey fleet (kWh)	192,298	464,968	29.26

	Purchased goods and services	Capital goods	Waste generated (including water)	Business travel	Employee commuting and working from home (equipment only)	Leased assets	Total
Global Scope 3 emissions (tCO <sub>2</sub> e)	145.63	114.08	16.73	536	131.39	7.92	951.91

## Global energy consumption split and carbon intensity

	kWh energy consumed				tCO <sub>2</sub>						
	Electricity	Natural gas	Transport (grey fleet)	Total	Scope 1	Scope 2	Scope 3	Total (of Scopes 1 & 2)	Intensity ratio (of Scopes 1 & 2)	Total (of Scopes 1, 2 & 3)	Intensity ratio (of Scopes 1, 2 & 3)
2023	488,010	78,196	91,060	657,266	14	149	956	164	0.83	1115	5.68
2022	638,813	350,004	16,320	1,005,137	68	124	829	191	0.97	1021	5
2021	632,949	41,340	5,754	680,043	9	148	N/A*	157	0.87	N/A*	N/A*

\* Not reported in previous years.

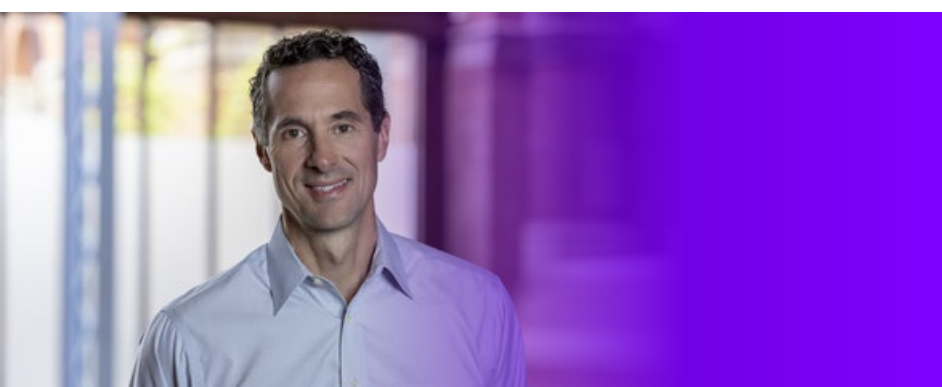
The intensity ratio has been calculated as: tCO<sub>2</sub>e produced per million pounds of turnover.

# A responsible business continued

## E TCFD

### Leaning into regulation for greater business impact:

Kin + Carta's Task Force on Climate-related Financial Disclosures ("TCFD") Annual Report 2023



### Foreword from our CFO

**A year of intentional integration, leaning into the pace of regulatory advancement.**

I am proud of our investment in climate disclosure over the last 12 months, in particular, the detail and rigor of this Report, which enables us to make even greater progress in the year to come.

Highlights include:

- Submission to the Science Based Targets initiative
- Scope 3 measurement added a further four subcategories
- Successful completion of inaugural double-materiality assessment
- Evolution of supplier code-of-conduct to engage on net zero target

A need to focus has informed the short-term pausing of our ambitious client carbon-saving commitment, in part as a reflection of client priorities in a time of economic challenge. We do, however, remain excited by, and confident in, our ability to facilitate the growing connection between digital and decarbonisation. As a certified B Corp we adhere to their theory of change and to our collective responsibility as business leaders.

Adhering to, and exceeding, regulatory expectations contributes to our mission to build a world that works better for everyone.

**Chris Kutsor,**  
Chief Financial Officer,  
Chief Operating Officer  
Kin + Carta Board Member

### Summary of TCFD Disclosures

**Kin + Carta, our industry, and the economy are at something of a tipping point as digital transformation powers data and artificial intelligence ("AI") which, in turn, powers decarbonisation. We are committed and ambitious in playing our part in the climate transition.**

With this commitment in mind, we are driving efforts to enhance our climate-related disclosures and hold ourselves to account in taking action to contribute and build our resilience for the transition to a low carbon economy. While climate-related reporting is at a relatively nascent stage across our industry, we will continue to drive efforts to strengthen responsible business practices, further enhance our climate and wider sustainability-related disclosures and drive value for our stakeholders including investors, clients, supply chain, employees and the planet.

We set out in this section our climate-related financial disclosures which we consider to be consistent with the TCFD recommendations and recommended disclosures. The table below is a summary view of the TCFD disclosures.



TCFD pillars	TCFD disclosure recommendations	How we respond to these recommendations
<b>Governance</b> Pages 81 to 84	a. Describe the Board's oversight of climate-related risks and opportunities. Pages 81 to 82	<ul style="list-style-type: none"> <li>While the Board has delegated overall responsibility for the delivery of the Group's strategy (i.e. including its climate strategy) to the Group Chief Executive, our Governance framework ensures that the Board maintains oversight of the climate-related issues impacting our business.</li> <li>The Board meets seven times annually, with climate-related matters typically discussed in three of those meetings.</li> <li>Within the Exec, the Chief Financial Officer and Chief Operating Officer (a split role filled by one individual) prioritises sustainability initiatives, including regulatory and statutory compliance related to Environmental, Social, and Governance ("ESG") standards.</li> </ul>
	b. Describe management's role in assessing and managing climate-related risks and opportunities. Page 82	<ul style="list-style-type: none"> <li>We expect all of our Kin in management positions to take responsibility for monitoring climate-related risks and opportunities and escalating them when necessary, with additional specific responsibilities being allocated to the Global Director of Responsible Business and across the Responsible Business Platform.</li> </ul>
<b>Strategy</b> Pages 86 to 95	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. Pages 90 to 93	<ul style="list-style-type: none"> <li>We recognise that not all climate-related risks and opportunities are foreseeable, but we are working to better identify, assess, prepare for and adapt to these risks by carrying out qualitative scenario analysis and building on our Climate Strategy and Action Plan.</li> <li>We have defined the short term as by 2025, medium term as by 2030 and long term as by 2050. These time frames are attached to different climate-related risks and opportunities depending on the timeframe within which the risk could materially impact the business.</li> </ul>
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. Pages 94 to 95	<ul style="list-style-type: none"> <li>Our Climate Strategy and Action Plan ("CSAP") consolidates the governance, strategy, risk management and metrics framework that we adopt to address climate-related issues.</li> <li>We have disclosed how conducting scenario analysis has highlighted and equipped us to prioritise climate-related issues, which may impact our business materially. We have outlined seven strategic actions, which we are validating and may employ to address the impact climate-related issues have on our business and strategy.</li> <li>We recognise that to improve our adherence to the TCFD disclosures, we will need to further assess and disclose how climate-related risks and opportunities impact financial planning.</li> </ul>
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. Pages 86 to 93	<ul style="list-style-type: none"> <li>To inform our strategic planning, we have conducted qualitative scenario analysis, which incorporates the IPCC's Shared Socio-economic Pathway ("SSP") narratives 1 and 5 (which account for societal, economic and technological change) to assess different future climate-related scenarios. These are the same pathways we used last year, which helps us to remain consistent in our reporting.</li> <li>We recognise that, to improve our strategy, we may benefit from the use of more than two scenarios to prepare our business for more potential circumstances.</li> </ul>

# A responsible business

continued

E

## TCFD

TCFD pillars	TCFD disclosure recommendations	How we respond to these recommendations
<b>Risk Management</b> Pages 96 to 103	a. Describe the organisation's processes for identifying and assessing climate-related risks. Page 96	<ul style="list-style-type: none"> <li>Our approach to climate risk assessment accounts for both transition and physical risks, including the six TCFD subtypes that could affect <b>Kin + Carta</b>: policy and legal, technology, market and reputation-related transition risks, and acute and chronic physical risks.</li> <li>We identified emerging risks across each of these categories, which are validating and may add to our Responsible Business Risk Register in future.</li> <li>Each risk that we identify is assessed with a rating (a product of the assessed likelihood and probability of occurrence), current and future mitigations, and a tolerance level.</li> </ul>
	b. Describe the organisation's processes for managing climate-related risks. Pages 100 to 101	<ul style="list-style-type: none"> <li>Our risk ratings (which ascend from 1 (very low) to 25 (very high)) are categorised into five levels, which are associated with an acceptance level.</li> <li>Executive Directors conduct the assessments and assign risks with ratings of between 9 and 15 to a risk owner. Risks with ratings of 16 and above are taken up to the Board for further consideration.</li> </ul>
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management: Page 102	<ul style="list-style-type: none"> <li>Our risk rating approach equips Senior Leaders to determine the significance of climate-related risks relative to each other and to other principal risks.</li> <li>We aim to integrate climate considerations more effectively into our risk management framework and throughout our business operations.</li> </ul>
<b>Metrics and Targets</b> Pages 104 to 106	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Pages 104 to 106	<ul style="list-style-type: none"> <li>We have detailed the metrics we use to measure our climate and wider environmental impact and acknowledged which aspects of our business operations are responsible for the largest shares of these levels.</li> </ul>
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks. Pages 104 to 105	<ul style="list-style-type: none"> <li>We have identified which metrics are relevant for measuring each GHG emissions Scope and disclosed environmental impact metrics outside of GHG emissions for water use, waste management and electricity efficiency. Our GHG emissions results are as follows:               <ul style="list-style-type: none"> <li>Scope 1: 14 tCO<sub>2</sub>e</li> <li>Scope 2: 149 tCO<sub>2</sub>e</li> <li>Scope 3: 951 tCO<sub>2</sub>e</li> </ul> </li> <li>We have outlined remedying actions that will be taken to mitigate the risk that these emissions sources represent.</li> </ul>
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. Page 105	<ul style="list-style-type: none"> <li>We outline how the metrics we disclose are necessary for understanding our progress towards our targets; primarily, becoming net zero by 2027.</li> <li>We intend to use the SBTi methodology alongside the GHG protocol to develop and disclose interim targets en route to net zero. And in parallel, we intend to develop forward-looking metrics that consider our strategic planning time horizons.</li> </ul>

## Governance

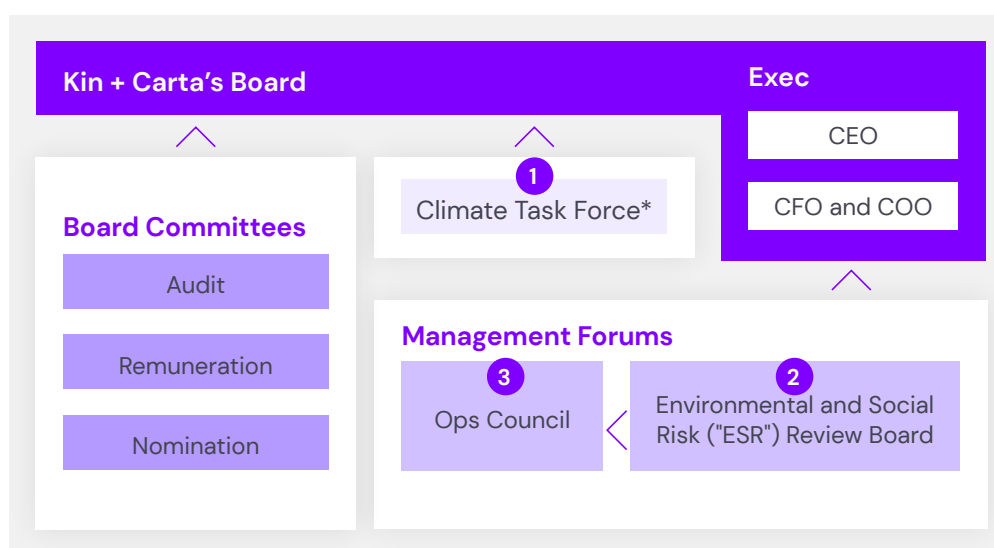
**At Kin + Carta, our strong governance foundations provide the rigour and process to further embed ESG and the climate crisis in our strategy and operating model. In the boardroom, across management and all teams, climate considerations increasingly feed into discussions ranging from strategy and risk to acquisitions and performance objectives.**

Kin + Carta's Board, including the Executive and Non Executive Directors, hold overall accountability for climate-related risks and opportunities ("CROs"), overseeing key policies concerning environmental and climate matters such as our Climate Strategy and Action Plan ("CSAP") and risk registers. The Kin + Carta parent board (i.e., the "Board") has delegated responsibility for the delivery of our strategy to the Group Chief Executive, who can delegate further, while retaining primary responsibility for strategic delivery. In discharging responsibilities, the Board takes appropriate account of the interests of our stakeholders including clients and wider society. Our Governance framework (Figure A) enables the Board to have oversight of the CROs impacting our business and address and account for climate and nature-related matters and map the points of connection with wider sustainability-related issues with our global director of responsible business reporting to our global chief strategy officer, and thus a point of connection and continuity between the different parties.

Our Board and Management Committees provide holistic oversight of climate-related issues, ensuring we are all accountable for taking action to meet our goals. The Board consults on, and approves, ambitious medium-term goals for each aspect of the triple bottom line: people, profit, and planet. These goals are typically set to be achieved within five years before being further broken down into annual initiatives with a specific responsible business initiative set for this coming year that includes a discovery and roadmap for net zero 2027. Progress against this will be updated to leadership monthly and to the Board each time they meet.

The Board meets at least seven times annually. Currently, climate-related matters are discussed in three of those meetings. In September 2022, for example, the Board approved targets to offset all emissions from our global business by the end of FY23 and reach net zero greenhouse gas ("GHG") emissions by the end of 2027. The Board recognised that additional work is needed to determine the strategies for achieving the net zero target, an action which will be explored next year. In January 2023, the Board received an overview of the key ESG initiatives for FY22/23 developed in collaboration with the Climate Taskforce.

**Figure A: Our governance structure for climate-related issues**



**Key:**   Board Committees   Management Committees ^ Reports up to

\* Climate Taskforce reports to the Board but is not a formal committee of the Board.

# A responsible business continued

## E TCFD

These initiatives range from measuring, managing and reducing our environmental footprint, to exploring client-facing services related to sustainable consulting and engineering. The intention is to increase the frequency with which board meetings discuss and directly contribute to the net zero feasibility study and roadmap through FY24.

### A robust system of governance sits at the core of Kin + Carta’s climate strategy

The Board assigns specific responsibilities to Board Committees and delegates further authority to the Group Chief Executive. The **Chief Executive Officer** actively promotes the People and Responsibility Platforms, prioritising sustainability and addressing climate risk. She drives responsible business practices, safeguarding the wellbeing of employees and stakeholders involved in our activities. The CEO assumes responsibility for monitoring Key Performance Indicators reflecting our people, profit, planet ethos.

The **Chief Financial Officer** and **Chief Operating Officer** (a split role fulfilled by one individual) oversees the global Operations Platform, which encompasses Finance, Legal, Employee Experience, Connective Digital Services (IT), and Risk Management. Within this platform, they prioritise sustainability initiatives including regulatory and statutory compliance related to ESG standards. He also ensures the implementation of robust business conduct policies that align with sustainability principles.

Underpinning the Board, three forums have key responsibilities for managing climate and responsible business-related issues (Figure B). We are committed to ensuring that our governance structure remains adaptable, aligned with strategy and the evolving demands of the market. We recognise the benefits of assessing and adjusting our governance practices regularly to respond to changing circumstances effectively.

### Management’s role in climate-related change

Day-to-day responsibility for monitoring exposure to CRO and responding to environmental incidents in "real-time" sits with each member of the Leadership Team. Currently, our Kin can escalate climate-related incidents, risks, or concerns to management via two processes depending on the "type" of issue (Figure C). Responsibility for providing rigorous oversight and management of climate-related issues that is essential for progressing our climate goals, however, sits with roles within the Global Responsible Business Platform (Figure D).

Figure C: Processes for escalating two types of climate-related issues to management





Figure B: Three committees have key responsibilities relating to climate and wider "responsible business" issues

Forum name	1 Climate Task Force	2 Environmental and Social Risk Review Board	3 Ops Council
Forum purpose	Assess and review business-wide climate-related risks, opportunities, metrics and targets.	Assess and approve potential new client projects or partnership opportunities.	Advise the Executive Directors on matters delegated to them by the Board and ensure strong alignment on business priorities and actions.
Which climate-related issues is the forum responsible for?	<ul style="list-style-type: none"> <li>Measuring, managing and monitoring Company Scope 1, 2 and 3 emissions.</li> <li>Overseeing adherence to the "responsibility assignment matrix" to enable consistent reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Assessing the potential environmental/social risks identified in an opportunity (e.g., through a project brief) during the qualification stage.</li> <li>Agreeing on whether to approve the opportunity.</li> </ul>	<ul style="list-style-type: none"> <li>Advising the CEO, CFO and COO on responsible business matters e.g., ensuring they support and uphold the development and monitoring of ESG commitments and initiatives proactively.</li> </ul>
Frequency and operational since	Monthly (since FY22)	Frequently, as is required (including when referrals are received) (since FY23)	Weekly meetings. Responsibility Platform matters are considered quarterly (at least) (since FY21)
Do they report to the Board?	Yes – Reports to the Board	No – Reports to the Ops Council	Yes – Reports to the Board (via reports from the CEO, CFO and COO)

The subject matter expert from the critical incident team assesses the incident and potential responses. They approve/recommend an approach to the appropriate colleague or board, in accordance with the Group's Delegation of Authorities.

Learnings from the incident are embedded into the appropriate framework e.g., strategy or risk management.

ESR review document drafted (by Responsible Business Rep) and sent to the designated review group.

The designated review group conducts an initial vote. If the vote is split, a meeting is convened, and second vote is taken.

Reasons for decision are captured in a single global log of ESR cases and outcomes (which is made available to the Board) and communicated to relevant stakeholders.

# A responsible business

continued

## E TCFD

Figure D: Key management roles with climate and environment-related responsibilities, which sit on the Global Responsible Business Platform

Management title	Climate-related responsibilities	Climate-related forums attended		
		ESR Review Board*	Climate Task Force	Ops Council
All management positions	<ul style="list-style-type: none"><li>Monitor climate-related risks and opportunities and raise climate-related risks.</li><li>Identify and introduce strategic initiatives and opportunities to support clients and collaborate with partners on climate-related projects.</li></ul>	Dependent on the individual role		
Global Director of Responsible Business	<ul style="list-style-type: none"><li>Lead and oversee all "responsible business" initiatives to enhance positive impact across the triple bottom line and build towards B Corp re-certification in 2024.</li><li>As a member of the ESR Review Board, assess client / partnership opportunity briefings to identify and advise on environmental or social risks they may present.</li></ul>	Responsible for assessing environmental or social risk of client and partner opportunities	Chairs the Climate Task Force	Chairs the quarterly meetings dedicated to the People and Responsibility Platforms
Health, Safety and Environment Advisor	<ul style="list-style-type: none"><li>Lead the annual measurement of Scope 1, 2 and 3 emissions.</li><li>Collaborate with the rest of the global responsibility platform, Finance, Risk and the Climate Task Force on maturing carbon accounting and embedding environmental risk x location thinking into the business.</li><li>Jointly lead on the net zero feasibility project with the Global Director of Responsible Business.</li></ul>	Contributes as required	Accountable for reporting on emissions	Attends quarterly meetings dedicated to the People and Responsibility Platforms

\*Environmental and Social Risk Review Board.



# A responsible business continued

## E TCFD

### Strategy

The economy is undergoing multiple inter-connected shifts, which add complexity to our business operating environment and mission to build a world that works better for everyone. As a triple bottom line B Corp, we recognise that integrating considerations of the evolving climate transition into our strategy can empower us to understand our clients' evolving needs, ensure regulatory compliance, and deliver on our purpose.

This year, we have engaged in an in-depth explorative climate scenario analysis to build our understanding of **Kin + Carta's** exposure to climate-related physical and transition risks and opportunities. Evaluating the insights from the climate scenario analysis has supported us to identify and monitor our exposure to risks and opportunities and frame our approach to build the resilience of our operations and strategy.

Although climate-related risks and opportunities ("CROs") will impact **Kin + Carta** in ways that we may not yet be able to identify, inaction now may lead to higher costs and missed opportunities in the future. We believe this assessment can inform our investment and growth decisions so that the strategies we develop mitigate the impact of climate-driven changes on the economy.

Although the absolute direct environmental impact of **Kin + Carta** and digital consulting sector is low relative to high emitting organisations and sectors, our **Climate Strategy and Action Plan** ("CSAP", first set in 2021), acknowledges that our climate strategy will be evaluated in the context of the nuance of our industry's specific pathway and with scrutiny relative to our peers. The CSAP consolidates the climate-related actions that we employ currently under the four TCFD pillars (governance, strategy, risk management and metrics and targets) and will mark the progress we make in enhancing these in future. It outlines how we take an inside-out approach as we aim to commit with ambition to addressing, first, our own operational climate-related impact before affecting change across our value chain.

Our B Corp status is evidence of our strategic commitment to our triple bottom line values, high environmental performance standards, and transparent accountability. In 2024, we will undergo the B Corp recertification process (required every three years). As we look to recertify, we recognise the importance of

reflecting on the approaches we take to developing and strengthening disclosures, managing and accounting for CRO in our strategy.

The nature of **Kin + Carta's** offering to clients is such that no specific supply chain is at risk from different climate-related scenarios. The business strategy is to be dynamic, nimble and responsive to the evolving needs of clients and their value chains as affected by climate change. This includes empowering clients to have better command of their business performance data in times of volatility and to move their on-prem, physical systems to the cloud to reduce risk. The business strategy has scale, diversification of location and hybrid working built in and each way will support resilience in a 2°C or lower scenario.

#### Climate-related scenario analysis methodology

In FY23 we undertook an in-depth climate scenario analysis to explore potential future climate-related conditions (social, political and economic) and hazard events, which could impact our business, i.e., **transition and physical** CROs. Following our FY22 TCFD reporting experience, we evolved our scenario analysis approach; the methodology and key findings are outlined below.

**"Physical" methodology:** The physical scenario analysis involved assessing the exposure of 16 **Kin + Carta** offices to six hazard types (wildfire, drought, heat, tropical cyclone, riverine and coastal flooding) in two scenarios (a baseline and warming scenario RCP8.5) across four time horizons (pre-industrial, 2030, 2050, and 2080). The modelled output outlines the percentage (%) of land area within a 50km<sup>2</sup> grid cell (in which the **Kin + Carta** offices are each located) which is exposed to each extreme event type annually.

In conducting this exercise no long term risks were identified, with all risks being more pertinent in the short and medium term.



**Figure E: Overview of the IPCC Shared Socio-economic Pathways (SSP1 & 5) applied in our climate scenario analysis**

#### SSP1: Sustainability (taking the green road)

- < 2°C warming.
- Optimistic outlook of a gradual but consistent shift towards a more sustainable path, which is driven by minimal challenges to either mitigation or adaptation efforts.
- Very low greenhouse gas ("GHG") emissions and lower resource and energy intensity.
- This scenario assumes swift and comprehensive changes in policies, regulations, technologies and markets by 2030.
- Key changes include the implementation of carbon pricing schemes to reduce emissions across regions and sectors, enhanced climate-related policy and governance to promote climate action and greater climate-related awareness across civil society.

#### SSP5: Fossil-fueled development (taking the highway)

- ~ 4°C warming.
- Significant challenges to climate mitigation and low challenges to adaptation driven by a reliance on technological innovation to drive sustainability.
- Very high greenhouse gas ("GHG") emissions driven by intensive exploitation of fossil fuel resources and energy usage.
- This scenario assumes limited incentives, policy or regulatory support for emission reduction.
- Key impacts include changes in the physical environment i.e., more frequent and extreme acute weather events and chronic changes, e.g., in temperature and precipitation patterns.

**"Transition" methodology:** Building on last year's reporting assets, we first developed a schematic profile of our operations accounting for our top and bottom line drivers (e.g., staffing costs), global physical asset distribution, existing risk management and climate mitigations. We overlaid this profile with two transition development narratives to frame plausible future conditions in diverging global responses to climate change.

Having assessed four publicly available scenario frameworks (NGFS, IEA, IPCC, IPR), we chose the IPCC's Shared Socio-economic narratives in line with last year's TCFD. The SSPs provide relevant variables at a granularity suitable for exploring the potential future business operating context (Figure E). We selected an optimistic warming scenario of below 2°C (SSP1) and compared this with a 'business-as-usual' (4°C) pathway (SSP5).

# A responsible business continued

## E TCFD

**Prioritising climate risks and opportunities:** After overlaying the SSP assumptions and representative CO<sub>2</sub>e concentration climatic conditions on our baseline future operating assumption, we could explore an exhaustive list of plausible CROs: the "long-list". To determine the materiality of the CROs on the long-list and build horizon scanning heat maps, we defined assessment criteria across two dimensions: impact and likelihood. The average of these two numbers gave us a total risk score (Figure F). Using these results, we plotted heatmaps (Figure G) summarising (and equipping us to prioritise) our physical and transition CROs.

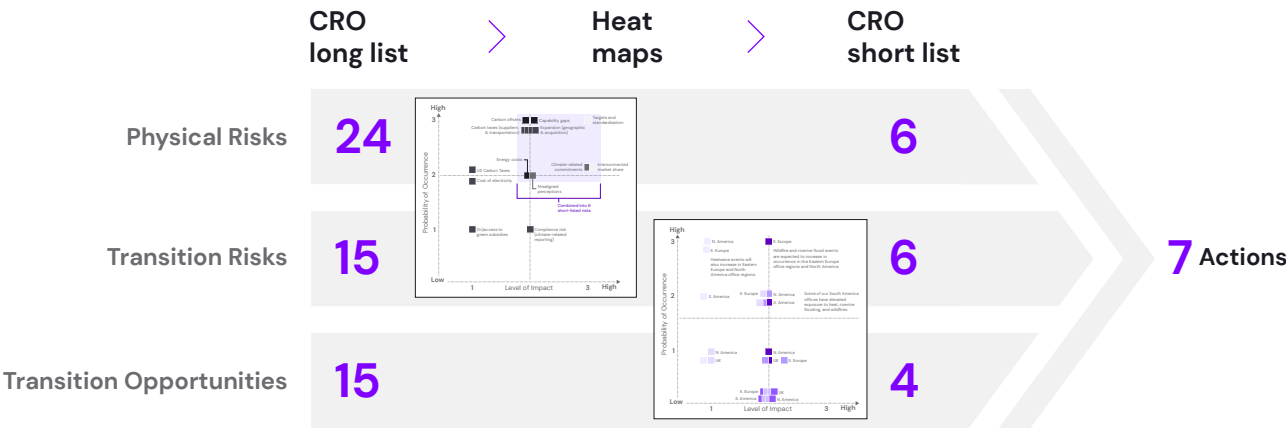
### Key scenario analysis findings

**Physical CROs:** Of the 24 physical risks identified, the key sources of our physical hazard exposure by 2030 are from wildfires in our Eastern Europe and South America offices and riverine flooding in our North America offices.

Over the course of the mid/end-century this exposure to wildfire and riverine flooding will rise significantly and be joined by two emerging risks: drought in Eastern Europe and heat in North and South America.

Figure F: Assessment criteria

1	2	3
<b>1. Level of Impact</b>		
Minimal impact on total costs and revenues and negligible impact to stakeholders if not addressed.	Increased costs/decreased revenue but manageable with current financials. Shift in operating profile.	Significant material impact on valuation, costs and revenues. Critical disclosure for stakeholders.
<b>2. Probability of Occurrence</b>		
Medium-long (over 2030–2050)	Short-Medium term (2025–2030)	Short term (2025)
<b>Total risk score: average of "level of impact" x "probability of occurrence"</b>		
$X < 1.5$	$1.5 < x < 2.5$	$X \geq 2.5$



**Physical Risks Key:**

Acute – Wildlife	Acute – Coastal Flood
Acute – Tropical Cyclones	Chronic – Heat
Acute – Riverine Flood	Chronic – Drought

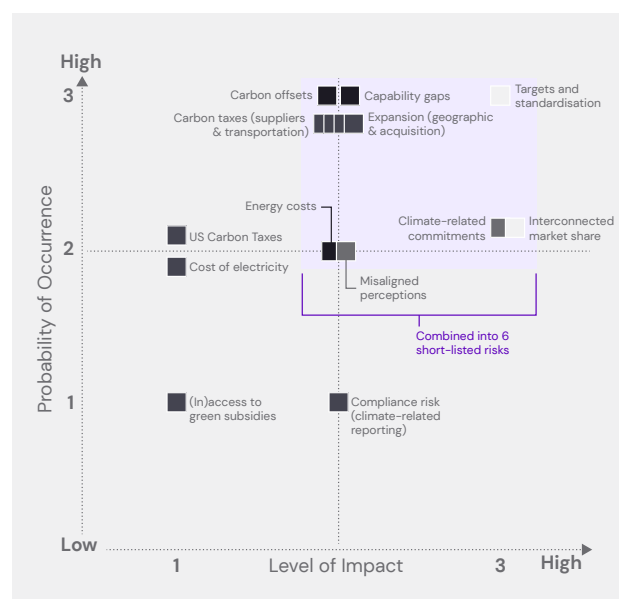
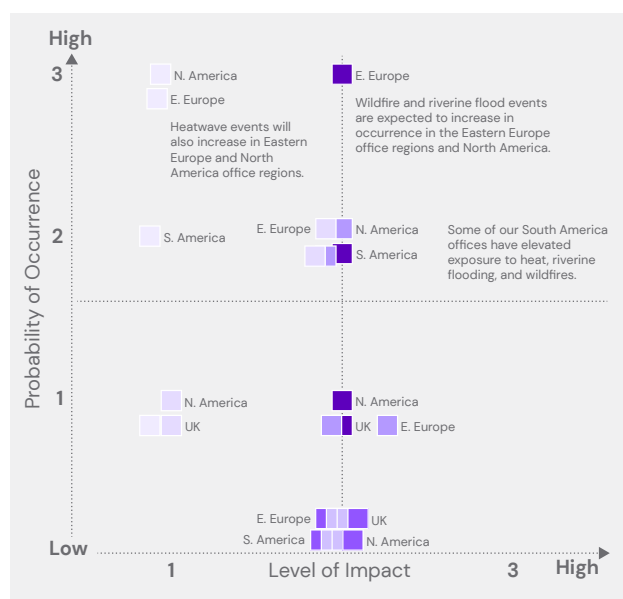
**Transition Risks Key:**

Policy and Legal	Market
Technology	Reputation

**Figure G: These horizon scanning heatmaps present the high-level results of Kin + Carta's physical (left heatmap) and transition (right heatmap) climate scenario analysis**

**Physical Risk:** our exposure to six types of hazard across 16 offices in four regions (UK, Eastern Europe, North America and South America).

**Transition Risks:** the 15 long-listed transition risks identified across four types (policy and legal, reputation, market and technology).



As highlighted by the smoke and air pollution from Canadian wildfires, which affected many North America-based Kin in June 2023, we see a growing need to understand the second order impacts from physical hazards on our business. This incident corroborated our assessment that **Kin + Carta's** strong remote working capabilities may mitigate the direct, large-scale and long-term impacts to our business from our exposure to hazards.

In future, we expect the main mode of impact from physical hazards to be in lost working days, such as due to localised failures in public telecommunications infrastructure. We recognise that defining new metrics (e.g., "number of working days lost equivalent") may equip us to better understand the impact that climate-related incidents have on our business. Based on this year's scope (six hazards and 16 offices), we do not think our exposure is significant enough to warrant changes in our locations or growth strategy. However, this analysis could change if, in future, we extend the scope to include additional hazards or nature-related risks (e.g., non-GHG air and water pollution in line with the TNFD framework), dependent public infrastructure and/or employee residences at the postcode level.

In light of these findings, next year we intend to explore and validate the opportunity to enhance our climate-related risk management capabilities. Specifically, to explore how strengthened incident reporting and continuity planning may mitigate impact and support our Kin in times of disruption.

**Transition CROs** (see Figures H and I): Of the 30 CROs identified, one of the most significant opportunities is the growing demand for digital decarbonisation strategies, which **Kin + Carta** is strongly positioned to partner with clients on. We intend to mature our capability to proactively evaluate and track this opportunity against market and client signals and appetite.

Compared to asset-heavy industries where carbon policy and technology drive exposure to the low-carbon economic transition, our analysis shows that market and reputational drivers such as investor perception and employee satisfaction are more critical to our transition narrative. Therefore, our key risk exposures are from a market demand shift and consolidation pressure (single-vendor model) and reputational, from the potential failure to implement strong approaches for setting and monitoring climate commitments.

# A responsible business continued

## E TCFD

Figure H: Short list of climate-related risks and opportunities identified through scenario analysis

Risk type	Name	Description
Climate-related risks and opportunities		
Markets	Enhancing commitments	<p>Build on our forward-looking market position as a "responsible business" (marked by our B Corp status and net zero target) by prioritising (climate-related) metrics standardisation and committing to the Science Based Targets initiative ("SBTi").</p> <p>Submitting our commitment to the SBTi in August 2023 (and developing our targets within a year) demonstrates commitment to a standardised, data-led approach to metrics setting. Providing transparency on the methodology we use in target setting and evaluating our climate transition maturity can enhance the integrity of our sustainability commitments, enhancing our reputation for existing and prospective clients and aligning market and employees' perceptions of our business.</p>
Resource efficiency	Digital decarbonisation	<p>As operational efficiencies in digital technologies can reduce GHG emissions by up to 20%<sup>1</sup>, market demand is likely to grow for services at the intersection of data/digital infrastructure and climate e.g., digital decarbonisation design.</p> <p>Kin + Carta's foundational capabilities and service offerings at the design stages of digital infrastructure mean that we are well situated to advise on digital infrastructure decarbonisation adaptations/transition plans for clients across different sectors to achieve lower-carbon operations in alignment with our own values.</p>
	Sustainable operations	<p>Drive authentic behaviours and practices, which demonstrate commitment to triple bottom line values (people, profit, planet) and reduce risk of greenwashing accusations.</p> <p>Successful and authentic triple bottom line operations drive tangible dividends including cultural and mission alignment between the Board, employees and market, regulatory compliance, and the attraction and retention of talented, driven employees.</p>
Resilience	Continuity planning	<p>Enhance and actively manage business continuity planning approaches and capabilities, incorporating principles of continuous resilience.</p> <p>Developing consistent approaches to continuity and transition planning can showcase how identified failure and operation modes are mitigated from the climate-related physical and transition risks which face Kin + Carta. Embedding these capabilities can showcase our commitment to responsible business values to our investors, employees, clients and market.</p>

<sup>1</sup> Level of impact from 1 – 3, Probability of Occurrence from 1 – 3 (i.e., Low/Moderate/High respectively).

The Risk score is the average of these two scores categorised as Low:  $x \leq 1.5$ ; Moderate:  $1.5 < x < 2.5$ ; and High:  $x \geq 2.5$ .



Impact <sup>1</sup>	Occurrence <sup>1</sup>	Risk score <sup>1</sup>	Time frame <sup>2</sup>	Actions
3	3	H	Short term (<2025)	<ul style="list-style-type: none"> <li>Action 1) Committing to the Science Based Targets initiative</li> </ul>
3	3	H	Medium term (2030)	<ul style="list-style-type: none"> <li>Action 6) Market and demand assessment approach</li> </ul>
3	2	H	Medium term (2030)	<ul style="list-style-type: none"> <li>Action 2) GHG accounting and carbon offsetting due diligence</li> </ul>
2	3	H	Medium term (2030)	<ul style="list-style-type: none"> <li>Action 7) Enhancing climate-related risk management</li> </ul>

<sup>2</sup> The timeframe within which the risk could materially impact the business, based on the IPCCs SSP1 scenarios (warming of <2 degrees Celsius) whereby the short term is <2025, medium term is 2030 and long term is 2050.

# A responsible business continued

## E TCFD

Figure I: Short list of climate-related transition risks and opportunities identified through scenario analysis

Risk type	Name	Description
Climate-related risks and opportunities		
Market/Reputation	Climate-related target setting	<p><b>Climate and carbon-related target setting are complex exercises, which can be subject to market and regulatory scrutiny.</b></p> <p>Failing to implement well-structured, standardised approaches for setting, communicating and monitoring publicised sustainability commitments could expose <b>Kin + Carta</b> to reputational damage, loss of investor and employee trust and, potentially, legal fines. If targets are communicated poorly and misinterpreted, the Company's transition pathway could be undermined.</p>
	Overlooking innovation opportunities	<p><b>The economy is undergoing multiple inter-connected shifts, which add complexity to business operating environments and may impact our revenue potential if we fail to adapt and innovate in line with change.</b></p> <p>If climate transition is considered in silo from our broader (digital technology) strategy, or if there is a failure to leverage the maximum potential of existing employees' capabilities, our existing and future potential revenue streams could be restricted or lost. The consulting market is showing trends of consolidation around (climate-related) capabilities and growing likelihood of tightening consulting budgets for non-integrated solutions. Failing to adapt or innovate could tighten our potential revenue streams.</p>
Technology	Carbon offsets	<p><b>Voluntary carbon offset markets currently lack the transparency required for proper auditability.</b></p> <p><b>Kin + Carta's</b> grid dependency means that advancing our progress to carbon neutrality and net zero will rely on carbon offsets. The effectiveness of underlying emissions offsetting techniques in which we invest (through The Climate Vault platform) relies on existing carbon offset markets. Limits to transparency and the lack of regulation of this market could expose us to negative publicity, reputational damage, or greenwashing accusations if rigorous due diligence is not performed.</p>
	Capability gaps	<p><b>In the context of an accelerating technology development deployment operating environment, maintaining and growing a talent base for the digital and climate transitions may become more challenging and expose us to capability gaps.</b></p> <p>Capability gaps may emerge if new climate or sustainability-related processes and services (which existing employees are not trained for) are introduced while internal upskilling is deprioritised. A sole focus on hiring to cover new offerings can impact employee satisfaction (lowering eNPs), generate capability mismatching and challenges for retaining and attracting talent.</p>
Policy and Legal	Growth-related compliance	<p><b>Growth, particularly into new jurisdictions or through acquisition, presents new compliance and reputational risks.</b></p> <p>Expansion into new geographies will increase the (GHG) reporting burden as local requirements might differ and require additional resource to address compliance in new jurisdictions. Equally, expansion through acquisition could generate reputational or internal cultural risk, increased attrition or exposure to legal fines if robust climate due diligence is not introduced to understand the entity's operational carbon intensity, capabilities or values.</p>
	Value chain-driven carbon taxes	<p><b>While the direct impact of carbon taxes on Kin + Carta (i.e., Scope 2 emissions) will be limited, they will have a disproportional indirect effect via our value chain i.e., supply chain, clients, employees and sector expectations.</b></p> <p>In the short term, carbon taxes are likely to be implemented in the jurisdictions that we operate in. Although the impact of carbon policy and prices is moderated by our absolute emissions, establishing or maintaining relationships with carbon intensive actors may trigger carbon taxes and inflict reputational harm if due diligence and monitoring is not maintained.</p>

<sup>1</sup> Level of impact from 1 – 3, Probability of Occurrence from 1 – 3 (i.e., Low/Moderate/High respectively).

The Risk score is the average of these two scores categorised as Low:  $x \leq 1.5$ ; Moderate:  $1.5 < x < 2.5$ ; and High:  $x \geq 2.5$ .

Impact <sup>1</sup>	Occurrence <sup>1</sup>	Risk score <sup>1</sup>	Time frame <sup>2</sup>	Actions
3	3	H	Short term (<2030)	<ul style="list-style-type: none"> <li>Action 1) Committing to the Science Based Targets initiative</li> </ul>
3	2	H	Short term (<2030)	<ul style="list-style-type: none"> <li>Action 4) Internal training and upskilling on climate and the environment</li> <li>Action 5) Regulatory and growth (M&amp;A) horizon scanning and due diligence</li> </ul>
2	3	H	Short term (<2030)	<ul style="list-style-type: none"> <li>Action 2) GHG accounting and carbon offsetting due diligence</li> </ul>
3	2	H	Medium term (2030)	<ul style="list-style-type: none"> <li>Action 4) Internal training and upskilling on climate and the environment</li> <li>Action 5) Regulatory and growth (M&amp;A) horizon scanning and due diligence</li> </ul>
2	3	H	Medium term (2030)	<ul style="list-style-type: none"> <li>Action 5) Regulatory and growth (M&amp;A) horizon scanning due diligence</li> </ul>
2	3	H	Medium term (2030)	<ul style="list-style-type: none"> <li>Action 3) Developing an approach to supplier engagement for climate transition</li> </ul>

<sup>2</sup> The timeframe within which the risk could materially impact the business, based on the IPCCs SSP1 scenarios (warming of <2 degrees Celsius) whereby the short term is <2025, medium term is 2030 and long term is 2050

# A responsible business continued

## E TCFD

### Risks and opportunities by geography and sector

Our approach incorporated assessing our CROs by both geography and sector. The primary geographic differentiation lies in the potential impact of physical risks, a summary of which can be seen in Figure G. In terms of sector-based impacts, we provide digital transformation consultancy services to our clients. However, we recognise that our customers, who operate in a wide variety of sectors, will all face differing impacts and opportunities from a low-carbon economic transition. Each of our business areas were closely involved in our scenario analysis and the long-list, short-list and assessment of our CROs. Going forward we will embed this perspective on our key customer sectors into our strategy and planning for where we see our business by 2030.

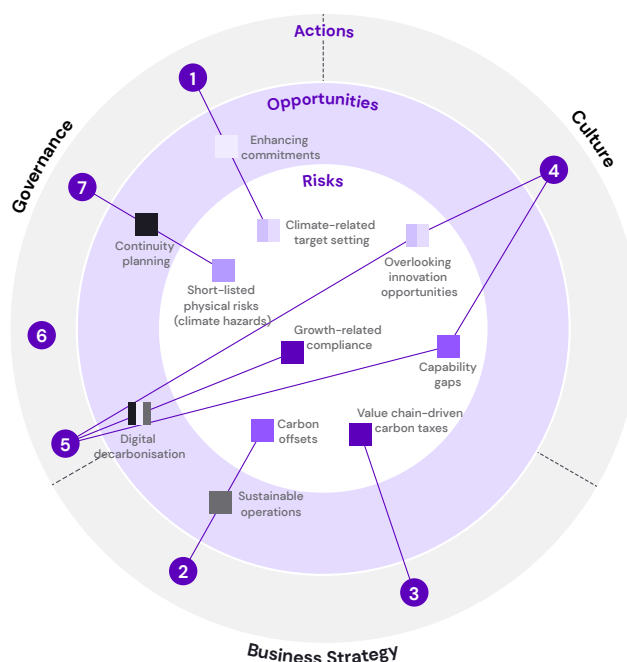
### Actions for managing risks and opportunities

We are committed to identifying effective actions which progress our efforts in reducing our climate impact. We aim, first, to build on our strategy to improve our environmental performance before collaborating across the supply chain to support system-wide transition. Drawing on our scenario analysis findings, we have identified seven actions for change (which we are validating and may advance this year), which have potential to address the interrelated CRO we face (Figure J).

**Action 1) Committing to the Science Based Targets initiative:** Acknowledging the reputational and market risk that could be driven by a failure to implement standardised climate-related targets, we submitted a letter of commitment to the Science Based Targets initiative in FY23. This pledge marks our strategic decision to drive standardisation in our target setting approach to ensure our publicly disclosed metrics are verifiable, auditable and comparable. Within the year, we will set rigorous targets (GHG emission reduction commitment); a key foundational step which will underpin other actions we mobilise to embed changes across our operations and supply chain to reduce our environmental footprint.

**Action 2) GHG accounting and carbon offsetting due diligence:** In 2021 we offset all carbon emissions from our operations in North America. In FY22 we offset emissions for all business activity. In FY23, we built on this achievement by offsetting all emissions from our global business, extended to cover six sub-categories

Figure J: Our short-listed climate-related risks and opportunities and their relationships with four opportunities and seven actions



### Actions for mitigating and strategically managing our short-listed climate-related risks and opportunities

- 1 Committing to the Science Based Targets initiative
- 2 GHG accounting and carbon offsetting due diligence
- 3 Developing an approach for supplier engagement for climate transition
- 4 Internal training and upskilling on climate and the environment
- 5 Regulatory and growth (M&A) horizon scanning and due diligence
- 6 Market and demand assessment approach
- 7 Enhancing climate-related risk management

#### Transition Risks

- Policy and Legal
- Market
- Technology
- Reputation
- Physical (Acute/Chronic)

#### Transition Opportunities

- Markets
- Resource efficiency
- Resilience
- Energy source
- Products/Services



of Scope 3 (in line with our pledge to be carbon neutral by 2023). Both sets of verifiable offsets were achieved in partnership with "The Climate Vault" a US-based non-profit, which purchases offsets and invests in developing carbon removal startups.

Ultimately, we aim to leverage internal actions to decarbonise our operations. However, carbon offsets need to play a short to medium-term role as we continue to depend on non-renewable grid electricity. To mitigate the reputational risk posed by carbon offset-reliance, we see two actions. First, understand our footprint in greater detail through enhanced carbon accounting. Second, explore how to enhance our due diligence capabilities to monitor this risk proactively and understand how to decarbonise with integrity.

**Action 3) Developing an approach to supplier engagement for climate transition:** Without suitable due diligence, carbon taxes triggered by our supply chain could drive reputational risks and costs into our business. Therefore, we intend to explore approaches to fostering greater action for climate transition across our supply chain.

A hybrid approach to supplier engagement, incorporating an external system and direct communication, for example, could be leveraged to compare suppliers' practices and targets for reducing climate impact, while signposting the importance we attribute to climate action in procurement. We are also maturing our carbon attribution model to determine which suppliers to engage first (e.g., based on spend or emissions). Our recent transition to a new partnership with a B Corp e-waste recycling supplier is a step in progressing this action. This partnership with a like-minded organisation demonstrates our commitment to centralising sustainability considerations in procurement and partnerships.

**Action 4) Internal training and upskilling on climate and the environment:** We recognise the short to medium-term risk of overlooking innovation opportunities and capability gaps. To mitigate these risks, we will continue to support business-wide learning about climate-related risks and opportunities. Our approach to engaging our Leadership team on findings from our FY23 double-materiality assessment, for example, was a significant point of progress in the incorporation of ESG insight into business strategy.

**Action 5) Regulatory and growth (M&A) horizon scanning and due diligence:** In the transition context, maintaining rigorous due diligence will be essential for reducing risk posed by compliance considerations as we grow into new jurisdictions or through acquisition. Building on our existing governance processes, this action could involve enhancing our ability to conduct

regulatory, policy scanning and due diligence specific to climate to inform our growth and M&A strategy. We would expect detailed climate-related due diligence to build resilience in our approach to transactions, providing robust audit trails and enabling us to anticipate policy and regulatory change.

**Action 6) Market demand assessment approach:**

A failure to account for the inter-connection of ongoing market shifts has the potential to limit future value generation, particularly if the market (especially in higher risk sectors or locations) tightens on clients' budgets for consulting services for non-integrated solutions. While our scenario analysis findings re-emphasised the market need for digital decarbonisation solutions, our current and future clients' willingness to spend on "climate-digital services" is not yet well understood. By building on our governance and approaches to maintaining market demand oversight, we may explore opportunities to engage with clients and market participants to size opportunities, track and understand their appetite to inform our strategy.

**Action 7) Enhancing climate-related risk management:** As detailed further in the Risk Management section of this report, we recognise the opportunity to enhance continuity-planning by building on our strong existing risk management capabilities. By integrating climate considerations holistically into our approach to managing all risks interrelated with the climate, we aim to mitigate their impacts, pre-empt change and build our operational resilience.

**Our evolving strategy for the transition**

The exploratory nature of our scenario analysis has supported us to understand the conditions **Kin + Carta** might face in different global warming scenarios and establish foundational assets to build on in future. We recognise the importance of proactively monitoring the evolving transition landscape e.g., developments in climate pledges. The next strategic step is to fully integrate these findings in our strategy, financial planning and develop our normative scenario: a Company-wide climate view to outline where we see our business by 2030 and provide foundations for our transition plan.

# A responsible business continued

## E TCFD

### Risk management

Over the past year, we have made significant progress in understanding our exposure to climate-related risks. We appreciate the increasing interdependencies between emerging climate-related physical and transition risks and our existing risk register.

Our awareness of material CROs facing Kin + Carta (as discussed in the "Strategy" section) informs our ongoing efforts to enhance our risk management capabilities by integrating climate into our risk management framework. An integrated approach will strengthen our resilience, help us sustain progress towards our goals, business mission, and contribute to the broader transition to a net zero economy.

#### Our risk management framework

Kin + Carta's enterprise risk management framework ensures that existing and emerging climate risks, which may impact us in the short (<2025), medium (by 2030) and long terms (2050), are identified, assessed and managed consistently and at suitable levels across the Company. These timeframes reflect our business planning structure in the short to medium term with our rolling five-year goals and also a LRP (long-range plan). While the Board and Audit Committee oversee the framework, set the Company's risk appetite and

ensure appropriate risk management measures are in place, our "Three Lines of Defence" are responsible for day-to-day risk-related actions and assurance. This model, whereby the first line drives bottom-up risk identification and management, the second provides oversight and third provides assurance, is standard across Kin + Carta (Figure K). The "lines" are each involved in different stages of the risk management lifecycle (i.e., identifying, assessing, escalating and managing risks) as we recognise the importance of assigning responsibilities to teams who have suitable knowledge and capabilities (Figure M). To date, we have applied the "three line" structure to climate risks in our approach to reviewing our client project and partnership opportunities (Figure L).

**Risk terminology:** the definitions below outline the two key categories of risk we consider and manage at Kin + Carta.

**Existing:** risks, which are pertinent to our operations currently, whose impacts can be assessed and are actively managed.

**Emerging:** new or unforeseen risks, which may pose longer-term considerations for our business and whose impacts or scale are challenging to assess.

Figure K. Our risk management framework

Line of Defence	Kin + Carta’s Board and Audit Committee		
Third	Internal Assurance and Risk Management	Internal Assurance Team	This year saw much greater collaboration between the risk team and the climate taskforce, notable with the Head of Risk Management contributing directly to the risk section. Collaboration will only increase as climate-related risk becomes a more pressing and constant business concern.
Second	Platform Leader	Environmental and Social Risk Review Board	
First	Executive Directors and Senior Leadership Team	Senior Leadership Team	
The risk management framework (general i.e., non-climate specific)		The risk management framework applied to the context of client and partnership opportunities	

**Figure L. Deep dive: the "Three Lines of Defence" approach to managing climate-related risks in our client and partnership opportunities.**

Kin + Carta's Board and Audit Committee		The Board oversees the Risk Management Framework, which will increasingly involve climate-risk oversight. The Audit Committee conducts a review annually or when there are notable risk profile changes.
Third	Internal Assurance Team	Responsible for providing objective oversight regarding the adequacy and effectiveness of internal controls, ensuring decision making in relation to client and partnership-based climate-related risk is consistent.
Second	Environmental and Social Risk Review Board	The ESR Board convenes when a referral is received and is responsible for evaluating the potential social and environmental risks in client and partnership opportunities. Each case is cross referenced with the controversial industries list, documented per the ESR case review template, assessed and a decision is made on whether to accept the risk and introduce mitigations.*
First	Senior Leadership Team	Responsible for day-to-day risk monitoring and management including identifying climate-related risks which could emerge from prospective client projects or partnerships during a weekly opportunity review.

\* Mitigation activities can include conducting due diligence, further discussion by the ESR board, direct engagement with the client or partner and in some cases applying specific criteria for proceeding.

### Risk ratings and acceptance criteria

"Risk rating" is a key tool for assessing and quantifying the potential severity of risks; climate-related risks are no exception. Our risk rating approach equips Senior Leaders to determine the significance of climate-related risks relative to each other and to other principal risks. These scores enable consistent prioritisation and decision making.

Each risk identified across **Kin + Carta** is allocated a score out of five for: a) estimated impact; and b) likelihood of occurrence (based on a market view) (Figure N).

These scores are multiplied to produce a rating, which falls into one of five "levels" of acceptance criteria. While Executive Directors escalate risks with ratings of 9 to 15 to a risk owner, risks with ratings of 16 and above are taken up to the Board for further consideration.

These criteria help us to prioritise CROs consistently against other major risks.

Our scenario analysis has supplemented the risk rating approach by providing a robust assessment of quantitative and qualitative data to generate insight into the potential materiality of each risk. In future, scenario analysis will continue to strengthen our approach to assessing the materiality and significance of emerging CROs.

# A responsible business continued

E

TCFD

Figure M. The key stages of the risk management lifecycle

	Identification	Assessment
Summary	<p><b>Responsible:</b> Senior Leadership Team and Executive Directors</p> <p>While existing risks are identified through day-to-day operational supervision, emerging risks are flagged through "bottom-up" mechanisms such as monthly regional presentations (involving market and pipeline assessments and forecasts) and recorded in bi-annual risk registers.</p>	<p><b>Responsible:</b> Senior Leadership Team and Executive Directors (SME input)</p> <p>Each risk recorded in the register is 1) related to the strategy; 2) assessed based on impact and likelihood; and 3) assigned a rating. These ratings are matched to acceptance criteria, which inform the decision on whether the risk is escalated and how it is prioritised.</p>
Key tools	Monthly regional presentations to Executive Directors	
	Bi-annual Risk Register e.g., the Responsible Business Risk Register (completed by Functional Leads and CFO)	
	Environmental and Social Risk Policy and Review Board (for Client and Partner Engagement)	
	Scenario analysis	
Example	<p>A new climate-related physical incident, which could damage our infrastructure is identified as a risk and recorded in the Responsible Business Register.</p>	<p>The risk is assessed and rated by the functional lead based on the likelihood (based on a market view) and impact on terms of people, reputation and profit.</p>

### Escalation

**Responsible:** Executive Directors escalate to the Risk Owner/Board

Based on the risk rating and associated acceptance criteria, Executive Directors identify which risks should be escalated to the a) risk owner; or b) Board (see figure D for more details). At each Board meeting, the newly escalated risks are reviewed, discussed and recorded.

### Management

**Responsible:** Risk Owner

During evaluation, the Board assigns an owner to each risk. This owner is then responsible for introducing the controls and measures necessary for managing the risk to the acceptance level agreed by the Board (i.e. to accept and control or reduce the risk).

Risk rating and acceptance criteria (i.e. to inform assessment of relative significance of risks and escalation decisions)

Board-level evaluation of principal risks

As the resulting risk rating is >16, the risk is escalated to the Board who decide whether to reduce or accept the risk. They also nominate the risk owner.

The risk owner incorporates the new risk into continuity planning and develops a step-by-step process informed by EX to understand how they would respond.



# A responsible business continued

## E TCFD

Figure N. Our enterprise-wide risk rating approach

Impact	Rating	The consequences of the risk (in quantitative £ terms, number of people impacted and reputational impact)
Extreme	5	Catastrophic and causes unbearable damage/500 people impacted/adverse general public comms.
Major	4	Critical and causes damage (e.g., < £1m)/>250 people impacted/adverse industry rating and effect on share price.
Moderate	3	Moderate and causes reasonable damage (e.g., <£100k)/>100 people impacted/Industry press, government/client litigations.
Minor	2	Marginal and causes minor damage (e.g., <£10k)/50 people impacted/decline in ratings from our clients (health rating) or our people (eNPS)
Insignificant	1	Near negligible amount of damage/>10 people impacted/standard internal conversations

Likelihood	Rating	The likelihood of occurrence (for climate-related risks, this is based on a forward-looking market view)
Certain	5	>80% Almost certain to occur
Likely	4	51-80 More likely to occur than not
Possible	3	21-50% Fairly likely to occur
Unlikely	2	6-20 Unlikely but possible
Rare	1	0-5 Extremely unlikely

Impact X Likelihood = Risk Rating					
Risk Rating	1-3	4-8	9-15	16-20	21-25
Acceptance Criteria	Accept	Accept	Reduce or Accept (Risk Owner)	Reduce or Accept (Board)	Reduce

### Managing climate-related risks

In line with the TCFD framework, our approach to climate risk considers transition and physical risks and their six subtypes. We aim to implement suitable controls and mitigations to address each "type", supported by key tools for consistent risk identification (Figure O). While risk registers are valuable bottom-up tools, which prompt climate considerations, we also value feedback from investors and stakeholders to understand their perceived risks and address them appropriately.

In terms of the teams and roles who have specific risk management duties, our key operational CROs are managed by our Climate Task Force in conjunction with the Office Experience team.

For example, our physical risks and transition opportunities for our offices are managed by our Health, Safety and Environment Advisor and supplier due diligence is managed jointly by our Global Supplier Management and Responsible Business teams; both functions are supported by the Climate Task Force.

Figure O. TCFD Taxonomy of key climate-related risks

Risk type	Description	Tools we adopt to identify related risks	Examples for Kin + Carta
<b>Transition Risks:</b> related to the transition to a low-carbon economy and the diverse implications this process has on market, policy, regulatory, legal, market and other socio-economic contexts.			
<b>Policy and Legal</b>	Risks presented by changes in our exposure to climate-related regulation, policy or litigation which affect our internal, supplier or clients' operations or services.	<ul style="list-style-type: none"> <li>• Bi-annual risk registers (e.g. Responsible Business Risk Register)</li> <li>• Monthly regional review board</li> </ul>	<ul style="list-style-type: none"> <li>• Increased compliance burden across our multiple locations</li> </ul>
<b>Technology</b>	Risks related to technological advancements which support the transition to a lower carbon economy and the associated costs and innovation required to keep pace with these developments.	<ul style="list-style-type: none"> <li>• Environmental and Social Risk Policy for Client and Partner Engagements and Review Board (the Board convenes when a referral is received)</li> <li>• Risk rating and acceptance criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced ability to innovate in line with clients' demands</li> <li>• Demand for upskilling and recruiting</li> </ul>
<b>Market</b>	Risks related to climate change-related shifts in the market which generate changes in supply, demand, consumer preferences, market signals and costs.	<ul style="list-style-type: none"> <li>• Climate-related qualitative Scenario Analysis and planning</li> <li>• Incident reporting procedure (for issues not previously identified)</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in demand for clients' service offerings</li> <li>• Reduced capital available for clients to pay for services</li> </ul>
<b>Reputation</b>	Risks tied to how an organisation/sector's reputation is perceived or changes in relation to its response to climate change and transition.		<ul style="list-style-type: none"> <li>• Reduced eNPS score or ability to recruit or retain staff</li> <li>• Decreased competitiveness</li> </ul>
<b>Physical Risks:</b> related to the physical impacts that climate change has on our business operations or infrastructure e.g., from extreme weather events.			
<b>Acute</b>	Risk from increased frequency and severity of extreme weather events such as flooding or hurricanes.	<ul style="list-style-type: none"> <li>• Responsible Business and HS&amp;E Risk Register</li> <li>• Environmental aspect and impact assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Damage to infrastructure</li> <li>• Loss of revenue e.g. through power outages preventing ability to work</li> </ul>
<b>Chronic</b>	Risk from longer-term changes in weather patterns and increased variability, including consistently higher temperatures and related sea level rise.	<ul style="list-style-type: none"> <li>• Climate-related Qualitative Scenario Analysis</li> <li>• Incident reporting procedure (for issues not previously identified)</li> </ul>	<ul style="list-style-type: none"> <li>• Increased insurance costs/claims</li> </ul>

# A responsible business continued

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Figure P. Enhancing our capabilities to monitor climate-related regulatory change

Over the coming years, we intend to build our internal approach to monitoring climate-related policies and regulations that impact our locations proactively. Doing so will equip us to identify the appropriate controls required for ensuring compliance. Below we outline two regulations which we will continue to monitor:

The **Taskforce on Nature-related Financial Disclosures ("TNFD")** framework was finalised in September 2023 and likely to remain voluntary in the short term.

The EU **Corporate Sustainability Due Diligence Directive's ("CSDDD")** new legislation (likely to be mandatory from 2025) will apply to large companies operating in the EU to undertake due diligence on environmental and human rights considerations in their value chains. We intend to monitor this legislation to understand when we might be required to comply.

**CROs and their interdependencies with our other principal risks**

The transition to a low carbon economy, climate change and their related risks are likely to impact most of **Kin + Carta's** principal risks in ways we may not yet be able to understand fully.

In Figure Q, we outline some of the inter-relationships between climate-related risks and our existing principal risks including considerations of their potential impact on our existing mitigation efforts.

Accounting for such interdependencies and relationships is likely to be one facet of our future efforts to advance our risk management approach by integrating climate effectively into our existing frameworks and practices across our business.

Figure Q. An overview of how climate-related change and risks may impact Kin + Carta's existing principal risks

Risk type		Description
Most affected	Principal risks	How might climate-related risks impact this existing principal risk?
	Being a responsible Business	Kin + Carta's performance against climate-related targets are key indicators of progress against and commitment to our responsible business strategy and triple bottom line. If we do not successfully deliver, or are perceived to fall short of delivering, on our internal and client climate commitments, we may experience reputational damage, which could result in lost business opportunities and decreased share price.
	Economy and Volatility	Increased frequency and severity of extreme weather events is likely to exacerbate the risk that economic volatility could lead to higher inflation, which drives up our costs or reduces our earnings if key clients, whom we rely on for recurring earnings as part of our economic risk mitigation strategy, are unable to finance projects. Climate change may compromise the effectiveness of our mitigation strategies e.g., in developing a robust diversification strategy as it may become challenging to identify which industries are resilient to market instability.
	Growth	Our approach to growth could be compromised if climate-related market uncertainty restricts growth via the four levers (services, partners, sectors and territories) of our risk mitigation approach. If we over-invest in new territories exposed to climate risk or under-invest in sectors which may grow or are more resilient to the affects of climate change, we may reduce our ability to generate both organic and inorganic growth.

Least affected	Risk type	Description
	Principal risks	How might climate-related risks impact this existing principal risk?
	Client Concentration	If key clients with whom we hold strategic partnerships 1) expect climate-related offerings which we have not been able to develop in line with climate-related innovation; 2) experience financial strain in their operations which limits their ability to finance projects; or 3) perceive us to be greenwashing or taking insufficient climate action, they may stop financing projects with <b>Kin + Carta</b> , impacting our revenue, profits and people.
	Scalability	Fluctuations in the market, a decreased share price and variations in our ability to access cash funds may affect our ability to scale our investment in "green" services, tools, systems or operations which may restrict our progress against climate-related strategic priorities.
	Our People	<b>Kin + Carta's</b> reputation in the eyes of the market, clients and employees may change depending on how they perceive our contribution towards climate change and commitment to related goals. If our reputation is damaged due to misconceptions or changes in perceptions, this could damage our eNPS scores, reduce our ability to retain or attract talent and compromise the integrity of our culture.
	Laws and regulations	Local and transnational climate-related laws and regulations are likely to increase in number and scope, presenting new challenges and considerations when expanding geographically (e.g. in Latin America and Europe). These changes may compromise our growth strategy and increase the risk that we fail to comply with relevant regulations, which could result in fines, or damage to our reputation or financial viability.
	Financing	Cost of borrowing may be impacted by climate risk e.g., in our locations which are more exposed to climate change we may be required to pay notably higher spreads on bank loans. The access to, and availability of, cash funds which enable us to trade may also be affected by climate-related changes: a) to regulations which affect operating costs (e.g., via carbon prices); or b) to reputation or client demand for our services which impacts revenue. Climate risk may impact the cost of borrowing, for example, if our locations experience higher exposure to climate change, this may pay significantly higher spreads on bank loans.
	Information, Cyber Security and Systems	Power outages or physical damage affecting third-party data servers (and their back up systems) due to extreme weather events can increase the vulnerability and exposure of our critical IT platforms, which could compromise the ability of our Kin to deliver work and stay connected.
	Data Protection	Increased incidence of power outages attributed to extreme weather-related events may expose companies to greater risk of data breaches and incidents of data theft. If privacy laws develop in line with climate-related change, compliance may become more challenging and result in accidental infraction. If our exposure to data breaches grows, mitigating that risk through internal training may also become more challenging.
	Operational Resilience	A slowing rate of innovation or failure to develop service offerings in line with technological advancements may result in reduced competitiveness and declined ability to meet our clients' needs. Changes in the market, policy or regulations may generate challenging conditions limiting our ability to grow our capabilities and offerings through acquisitions, which could lower clients' appetites for our services.
	Legacy Defined Benefit Pension Scheme	Rising temperatures and changes to weather patterns are likely to have an "upward impact" on inflation, particularly in South America where three of our offices are located. Expected inflation rates are key assumptions which influence our Legacy Defined Benefit scheme surplus/deficit. Although the scheme is hedged against interest and inflation rates as a key mitigation, unexpected inflationary rises could impact the scheme.

# A responsible business continued

## E TCFD

### Metrics and targets

Metrics help us to track progress against our climate change ambitions and hold ourselves to account in managing and mitigating the CROs we face. We are committed to advancing the standardisation of our metrics, which will underpin all future actions we take to play our part in the climate transition.

#### GHG emissions across Scopes 1, 2 and 3

We report on our GHG emissions across Scope 1, 2 and 3, in line with our commitment to provide an extended analysis of our company footprint and to drive down material emissions as part of our journey to net zero (Figure R). Scope 1 and Scope 2 emissions, which amount to 14.6% of our total carbon footprint in 2023, are produced through our immediate internal

operations; either directly (using natural gas heating, which we have in just one of our leased offices), or indirectly (through the consumption of purchased electricity). In the short term, we plan to minimise these as a priority by reducing our use of fossil fuels and increasing the share of renewable energy in our operations.

We strive to reduce our electricity-based emissions by procuring renewable energy tariffs where possible. In relation to 2020 (base year), Scope 2 emissions have been reduced from 490 tCO<sub>2</sub>e to 149 tCO<sub>2</sub>e this year. This reduction of 69.6%, highlights our progress towards using energy sources that are less carbon-intensive.

We have worked to reduce our GHG emissions, largely, by reducing the emissions intensity of our energy consumption.

Figure R. GHG Emissions data 2021–2023

GHG Data 2023		2023	2022	2021
GHG emissions by scope (tCO <sub>2</sub> e)				
Scope 1	Building-related fuel and gas	14	64	–
	Company-owned vehicles	–	4	–
	<b>Scope 1 Total</b>	<b>14</b>	<b>68</b>	<b>9</b>
Scope 2	Electricity: Location-based	149	124	148
	<b>Scope 2 Total</b>	<b>149</b>	<b>124</b>	<b>148</b>
Scope 3	Upstream goods and services	146	674	530
	Business travel	536	155	11
	Commuting (including working from home)	131	–	–
	Water use	6	–	–
	Waste management	10	–	–
	Capital goods spend	114	–	–
	Leased assets	8	–	–
	<b>Scope 3 Total</b>	<b>951</b>	<b>829</b>	<b>541</b>
Electricity consumption				
Electricity consumed (kWh)	UK operations	192,298	264,238	–
	Operations outside of the UK	464,968	374,576	–
	<b>Electricity consumption Total</b>	<b>657,266</b>	<b>638,813</b>	<b>632,949</b>
Renewable energy	Renewable energy use (%)	47	–	–



Between 2020 and 2023, our GHG intensity ratio has decreased from 3.38 tCO<sub>2</sub>e/£million to 0.83 tCO<sub>2</sub>e/£million; a reduction of 75.4% (calculated by dividing the sum of our Scope 1 and 2 emissions by revenue). This indicates that, despite Company growth, we have been able to reduce our Scope 1 and 2 emissions and electricity consumption.

We have improved the emissions efficiency of our immediate operations partly by upgrading networking equipment and removing legacy infrastructure by using sustainable cloud partners. We are also continuing to improve corporate travel management and reviewing office efficiency (e.g., adjusting HVAC settings), ensuring our UK offices are on REGO tariffs.

Analysis of our Scope 3 emissions shows that the main contributor to **Kin + Carta's** carbon footprint at 536 tCO<sub>2</sub>e (56.4% of our Scope 3 emissions) is our indirect business travel. Our travel emissions are calculated based on distance travelled, per person, per mode of transport. This total was calculated based on a combination of data from travel agents and (where this data was not available) estimated using a spend-based methodology (and expenses data from internal systems). We recognise that this can result in overestimations, particularly for air travel data. This coming year, we will be moving our financial data to a shared expenses system, which will help mitigate overestimations. Despite potential overestimations, we expect there to have been an increase in travel emissions compared to last year, which was still impacted by pandemic-related restrictions to business travel.

Last year the largest source (81.3%) of our Scope 3 emissions was upstream goods and services. This year it represents 15.4% of our Scope 3 emissions. We calculate our upstream emissions by using ONS industry-specific emissions intensities that are measured in 1000 tCO<sub>2</sub>e/£million.

Internal carbon prices and revenue from products and services designed for a lower-carbon economy have not yet been incorporated into our business activity and provided here.

### Working from home and commuting emissions:

In 2023, we underwent a process of collecting relevant environmental data, in reference to the activity of our people. This involved collecting information on how our people work and how this may impact the planet.

We collected data on working from home emissions (relating to equipment and expected power used by staff). The second was commuting emissions, which gave us insight into how being in office can impact the planet, compared to WFH.

- **Commuting emissions:** 69.29 tCO<sub>2</sub>e
- **WFH Equipment emissions:** 62.1 tCO<sub>2</sub>e

This year we expanded the classification of our Scope 3 emissions to encapsulate more aspects of our operations, including emissions from: water use, waste management and capital spend. By doing so, we hope to report a more transparent and accurate view of our climate impact.

In future, we intend to refer to 2021 as the new baseline year for Scopes 1 and 2, while this year, 2023 will be the Scope 3 base year as it is the year we have begun reporting a holistic depiction of our Scope 3 emissions. This year, our emissions intensity, including Scope 3, is 5.68 tCO<sub>2</sub>e/£million.

### Methodology

We carry out an inventory of all relevant GHG emissions within our operational control annually. This process helps us understand where the risks and opportunities relating to emissions reductions exist in our direct and indirect operational activities. Our approach to **measuring and disclosing** greenhouse gas emissions is aligned with the environmental reporting guidelines of the UK Government, using the DEFRA emissions factors (and EPA factors, for our USA operations) in addition to the revised edition of the GHG Protocol Corporate Accounting and Reporting Standard. Meanwhile, our Scope 1 and 2 emissions are **reported** in accordance with SECR requirements and Scope 3 is reported in line with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain.

# A responsible business continued

## E TCFD

### Wider environmental impacts

While the methodologies used for measuring environmental impact data beyond emissions have remained consistent, it is only this year that the emissions from our water use and waste management have been encapsulated in our Scope 3 data (as well as capital spend).

Electricity		
Year	Electricity Use (kWh)	Electricity Emissions (tCO <sub>2</sub> e)
08/22 07/23	657,266	149
08/21 07/22	638,813	124
08/20 07/21	632,949	148
08/19 07/20	1,915,113	490

**Kin + Carta's water use:** We recognise that water conservation can play a key role in reducing emissions. We calculate our water usage emissions by using a DEFRA GHG intensity figure (0.177 tCO<sub>2</sub>e/cubic metre) and estimate our water use based on a South Staffs Water publication which suggests that employees use an average of 50 litres of water per day in the office.

Water				
Year	Recycled (t)	Landfill (t)	Waste2Energy (t)	Emissions (tCO <sub>2</sub> e)
2023	54.98	19.85	0.33	10.33

### SBTi and our "net zero by 2027" ambition

Late in FY23, our SBTi application was approved, marking a new stage in our net zero journey as we align with a recognised, consistent framework. In recent years, there has been an industry-wide shift towards the standardisation of metrics and targets, with the aim of providing stakeholders with accessible reference points to understand and compare businesses' approaches to "responsible" climate-related practices.

We recognise the leading role that tech companies can play in mitigating climate risk, which is why we have set a medium-term goal of achieving net zero by 2027.

Water		
Year	Water Used (m <sup>3</sup> )	Water Emissions (tCO <sub>2</sub> e)
2023	36.17	6.40

**Waste and a circular approach:** We recognise the importance of sustainable practices in waste disposal. We are committed to addressing the quarter of our waste that still goes to landfill through innovative new supplier partnerships.

**Environmental impact of our buildings:** To date, our leased offices have received the following certifications: BREEAM (for "new constructions") and ISO 14001 in Manchester, LEED platinum in Chicago, LEED gold in Denver. Combined, these buildings are responsible for 35% of our building-related Scope 1 and 2 emissions.

By August 2024, we will have established credible and clear science-based targets (and a formal process for developing and monitoring these numbers) and made significant progress in defining a SBTi-approved roadmap and monitoring framework to track our progress towards our net zero goal.

Our Internal Assurance team will work to ensure that, once targets are set, they are reviewed at a regular frequency in line with SBTi.

## Section 172 statement

### Engaging with our stakeholders

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 statement is to demonstrate the manner in which the Directors have had regard to the range of factors and stakeholders identified in section 172 of the Companies Act in the context of 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 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

As world-class consultants to organisations around the world we are keen to ensure that we are focused on what is important to all of our stakeholders and the impact we have on our economy and society, as a whole.

We lean into being curious, adaptive, innovative and accountable to our stakeholders, therefore, we have set out an overview of how our Directors consider stakeholders in their decision making and the importance we place on each of our key stakeholder groups: our clients, our communities, our environment, our people, our shareholders and our suppliers. We detail the relationship with each stakeholder group, what matters to them, how we engaged and the impact that such engagement has had on the Board's decisions. Consideration of these stakeholders and other relevant matters are embedded into all Board decision-making, strategy development and risk assessment throughout the year.

Further information can also be found throughout the Strategic Report and in our summary of the 2023 key focuses of the Board set out in the Governance Report.

# A responsible business

## continued



### Our clients

#### Why do they matter?

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.

#### What are their key priorities?

Our clients seek a holistic services 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).

#### How do we engage?

During the year the Board has met with key clients to hear their views on the market, their needs, and how **Kin + Carta** is performing.

Further, the Board has received presentations from the **Kin + Carta** client account teams in both the American and European regions.

#### What were the key impacts?

The Board approved the acquisition of Forecast Data, which strengthens our data and Artificial Intelligence capabilities globally and establishes a data hub for Europe that matches our strong capabilities in America allowing us to be ready to serve our clients' business critical priorities.

The Board further approved **Kin + Carta's** seven-star client experience governance framework, which includes internal audit on maintaining client health.

Also, following the acquisition of Melon Group in the prior year, the Board has requested and received regular updates on the integration into the Group as part of its nearshore strategy to achieve a more comprehensive and cost effective experience to our clients.

## Our communities

### Why do they matter?

The local communities surrounding our offices and homes need to thrive in order for our professional lives and places of work to continue to grow and perform well. The interdependencies between public, private and government as three key actors are now better understood, particularly in a post-pandemic world.

### What are their key priorities?

Our community priorities include inclusive recruitment, products and services, ethical procurement and charitable initiatives.

### How do we engage?

During a time of resetting the strategic philanthropic priorities of the business, local community events were prioritised across our regions and office hubs. The primary themes of these activities spanned across our regions and included World Blood Donation Day (June 2023), holiday gifts to children, veterans and people in need.

Kin from our Skopje, Prishtina and Buenos Aires offices organised blood donation events locally.

On multiple occasions, US-based Kin partnered with Volunteers of America to support veterans and children-in-need be that with holiday hampers and gifts or back-to-school packs.

In Buenos Aires where, led by our Americas CEO and LatAm COO, **Kin + Carta** employees contributed to the refurbishment of temporary accommodation for vulnerable women ([fundacioncasagrande.com.ar/](http://fundacioncasagrande.com.ar/)).

Both Martin Luther King Day (15 January 2023) and "Bring your kid to work day" (27 April 2023) saw further philanthropic support achieved because of organising and fundraising efforts by our philanthropy affinity group.

### What were the key impacts?

Community events are a win: win for those that benefit from Kin time, skills or support, and for our Kin who feel increased pride in their contribution to work and the world beyond work.

## Our environment

### Why does it matter?

Continuing to treat the planet as an externality of economic activity is untenable.

### What are the key priorities?

The urgent transition to a low carbon economy through innovation, carbon pricing and purpose-led business models are among the key planetary priorities for business.

### How do we engage?

It starts with education and connection. This year the Board has prioritised supporting the ESG roadmap of a newly appointed global director of responsible business. This has included contributing to **Kin + Carta's** inaugural double materiality assessment (direct interviews and analysis of findings) and the most in-depth reporting to date for the Taskforce on climate-related financial disclosure.

A final point of engagement between the Board and the environment as a key stakeholder was their approval of a new non-financial KPI on the absolute reduction of Scope 1 & 2 emissions in FY24 metric.

### What were the key impacts?

These strategic exercises have resulted in the inclusion of a net zero feasibility study in the FY24 strategic priorities.



# A responsible business continued

## Our people

### Why do they matter?

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 we have in our teams.

### What are their key priorities?

The primary needs of our people fall into four categories:

- Recognition and reward, including global pay equity and externally benchmarked remuneration.
- Personal wellbeing, including access to support services for all employees.
- 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.

### How do we engage?

Over the past year, we have considered the methods of workforce engagement proposed under the 2018 UK Corporate Governance Code simultaneously with our existing methods of engagement. Given the nature and extent of our workforce and the wide ranging locations in which we operate, we have evolved our approach to workforce engagement. We now conduct extensive half-yearly employee engagement surveys with a range of fixed choice and free choice questions. At Board meetings, presentations have been given on the results of the half-yearly employee surveys and eNPS results presented by members of the Employee Experience team. This has included a deep dive into the key themes affecting our people, what people are asking for and how we, as their employer, can do better for them. We consider this to be an effective method of workforce engagement as it enables the Board to understand the perspective of our workforce around the globe through engagement channels at all levels.

The Board has also received a presentation from the Global Head of Diversity and Inclusion.

### What were the key impacts?

During the year, the Board has:

- Approved our updated Speak Up Policy and Board Diversity Policy.
- Approved the Modern Slavery Statement and in order to uphold **Kin + Carta's** responsibility in respect to human rights, we approved a Group-wide standalone Modern Slavery Policy, with associated training for our employees, supporting our zero-tolerance policy towards any form of modern slavery or child labour.
- Approved the Global Health, Safety and Environment Policy Statement, which received sign off by the CEO and was published.
- Approved the awarding of share plans open to all levels of employees in the UK and US.
- Delegated to the Remuneration Committee to approve LTIP targets for approximately 400 employees that align with the Company's strategic objectives and targets set for the Executive Directors.
- Supported pay equity initiatives underpinned by formal bandings in place and a new performance appraisal system.
- Approved non-financial KPIs, including eNPS and gender pay gap.

## Our shareholders

### Why do they matter?

Our shareholders are investors in, and owners of, our business, providing the capital we need to invest in and grow **Kin + Carta**.

### What are their key priorities?

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 impacts on people and the planet, in addition to profit. They value transparency in any communication with them.

### How do we engage?

The Chairman has engaged with the top shareholders throughout the year to consider their views. Further, the Chair of the Remuneration Committee has conducted shareholder consultations on proposed changes to the Company's Remuneration Policy ahead of the 2023 Annual General Meeting (with a further consultation to be held with shareholders who voted against specific remuneration resolutions).

The Board has given investor presentations open to shareholders held on the announcement of the half-year and year-end results.

Taking part in the double-materiality assessment (the Chairman and Executive Directors) and approving the outcome of shareholder engagement.

### What were the key impacts?

To mitigate against macroeconomic factors, the Board has:

- continued the integration of our nearshore businesses to achieve a more cost effective offering to the market; and
- introduced cost saving initiatives and efficiencies.

## Our suppliers

### Why do they matter?

Our suppliers provide goods and services, and expertise to **Kin + Carta** that supports our infrastructure, internal capabilities, agility and, in turn, our growth.

### What are their key priorities?

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).

### How do we engage?

We are committed to building strong working relationships with our suppliers, ensuring that together we are aligned on critical aspects, including quality, ethics, delivery, innovation, risk, environmental, social and governance compliance. We actively engaged 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.

### What were the key impacts?

The Board has approved our updated Anti-bribery and Corruption Policy and our new Modern Slavery Policy and Modern Slavery Statement, to support principles contained in our new Supplier Code of Conduct that applies in all the territories in which we operate in order to maintain consistency and set uniform standards across all locations.

# Risk management

## Our approach

**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.

## Identify risks

Risks pertinent to the business 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 principal 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.

Where appropriate, the Board takes a view on a risk tolerance level appropriate for individual principal risks.

## Our risk management framework

### Accountability

Board and Audit Committee

The Board has responsibility of oversight for risk management and it sets the risk appetite it considers appropriate and acceptable to achieve our strategic priorities.

### Actions: first line

Day-to-day management control and internal controls

#### Our businesses:

Our Executive Directors and senior leadership team identify risks, and are responsible for day-to-day operational supervision, which includes the identification, mitigation and management of risk. They also have the responsibility to identify emerging risks caused by external or internal factors.

### Actions: second line

Functions that oversee and specialise in risk management

#### Our platforms:

Our platform leaders, who are responsible for developing and maintaining risk methodology, also have the ability to enforce and align best practices, and the risk management model across the organisation.

### Assurance

Independent assurance

#### Internal audit and risk management:

Our internal Assurance team provides independent assurance that risk management is working effectively. It provides proactive evaluation of controls placed by the management, and advises on potential mitigating activities and design of controls.

External assurance

## 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.

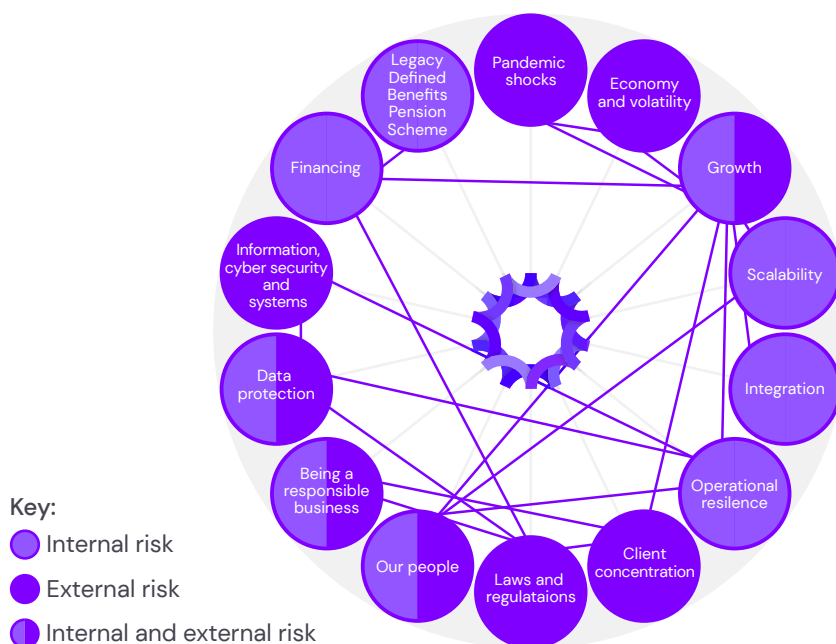
The longer-term viability of the Company has been assessed by the Board over a three-year period during the year. Details of this review are on pages 181 and 182.

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 pages 58 and 59).

## 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:

- Ongoing volatility from macroeconomic and geopolitical events.
- Potential usage of cyber activities to support geo-political agendas.
- Increased regulatory action on personal data international transfers.
- Climate-related risks resulting in intense weather conditions and natural disasters.

- Potential changes in **Kin + Carta** sales and demand model to meet client expectations and technological advances.

The Board is also mindful of the potential impact of the pace of change in the DX market, emerging technologies, and concentration of revenue within our top 20 clients, 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 114 to 121 details **Kin + Carta's** principal risks, its risk tolerance level accepted by the Board, key mitigating activities in place to address them and its 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.

### 1. Economy and volatility

#### Description:

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.

Macroeconomic headwinds including Inflation-induced interest rate hikes in the US and UK markets, enterprise clients remain cautious to commit to large programmes of work in this environment, which has slowed new business growth.

#### Mitigating activities:

Diversification into sectors that are capable of delivering growth.

Offering a highly relevant suite of digital transformation service lines across areas of Strategy + Innovation, Cloud + Platforms, Products + experiences, AI + Data and Managed Services to our clients, collaborating with strategic partners where appropriate.

Secure more long-term client relationships and contracts with a greater emphasis on recurring revenue.

Offering of nearshore capability to limit the impact on **Kin + Carta's** margin and an ongoing review of **Kin + Carta's** cost base.

Increase our global footprint, which will give us the flexibility to take advantage of favourable local economic climate.

#### Trend



### 2. Growth

#### Description:

Growth is core to **Kin + Carta's** long-term strategy. This includes organic growth driven by strategic initiatives and inorganic growth driven by acquisitions.

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.

Failure to monitor competition sufficiently to meet competitive threats and take advantage of opportunities.

Failure to offer value propositions to our clients in line with the industry trends. This includes the choice for onshore/nearshore offering.

#### Mitigating activities:

Monitoring three distinct but complementary Growth channels, which focus on:

- a. Existing Enterprise Client Base
- b. New Business channel
- c. Partnerships channel

These channels are underpinned by four growth levers; Services, Partners, Sectors and Territories (see page 24 for further information on our growth model).

Investment in our people, bringing new service lines to market and targeting new locations.

Linking growth targets to incentives for the majority of our people within the business.

Expanding into new geographic markets through the acquisition of businesses with similar ethos to **Kin + Carta** and continuing to integrate the newly acquired businesses to realise new opportunities and synergies.

Focus on a robust blend of onshore/nearshore offering to provide competitive offering to our clients.

#### Trend





## Trend:



Increase



Decrease



No change

**3. 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 Service and Expansion Platforms, acquisition of high-growth digital transformation businesses and greater focus on securing longer-term contracts and revenue from partner-aligned managed services.

**Trend****4. Operational resilience****Description:**

Services may not meet clients expectations with new technological advances 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 with the business.

Failure to deliver services securely with evolving technological advances.

Failure to achieve optimum utilisation.

**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. The Regional Service Line and Practice Leaders in the Americas and Europe regions are senior experts in their areas and they continue to enhance **Kin + Carta's** delivery framework with new tools and technology.

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.

Continue to monitor unutilised staff percentage to ensure it is proportional to revenue pipeline.

**Trend**

# Risk management

continued

## 5. Client concentration

### Description:

**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 top ten clients in a short time period, this could have a significant impact on its revenue, profits and people.

The top 20 clients represented 73% of **Kin + Carta's** net revenue.

### Mitigating activities:

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.

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.

There is continuous effort by our leaders in the Growth Platform to diversify the range of clients across its key operating territories and sectors.

Devising acquisition strategy that targets business with a strong addressable client base and with cross-selling opportunities.

Continuous monitoring of Client KPIs such as Net Revenue predictability, top clients' spend and client longevity.

### Trend



## 6. 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/recertifying B Corp certification requires **Kin + Carta** to adhere to additional regulations.

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

Failure to comply with local labour laws would impact our reputation in the local labour market.

### Mitigating activities:

**Kin + Carta** maintains in-house Data Protection, Finance, Corporate Governance, Information Security 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 responsible business section (see pages 58 to 63), provide guidance to our People on our "Positive Impact Approach" to behave ethically, strive to comply with applicable local and international laws and regulations.

We continue to develop frameworks when entering into new sector and services as well as when moving into a new geographic area working with external consultants when required.

### Trend



## Trend:



Increase



Decrease



No change

## 7. Our people

## Description:

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.

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.

## Mitigating activities:

Strong emphasis on culture and responsibility, which is part of our strategic priorities where initiatives are focused on supporting a diverse, inclusive and responsible business, with an exceptional employee experience.

Continued focus on enhancing employee experience in all relevant areas of our EVP framework (as detailed on page 64).

Succession planning for senior management.

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.

Tracking of eNPS scores and continued efforts on becoming recognised as a "best place to work".

Launching wellbeing support programs.

Integrating our Kin from newly acquired businesses onto common platforms and cohort communities to help them feel supported and part of **Kin + Carta**.

## Trend



## 8. Being a responsible business

## Description:

Risk of misalignment of expectations in respect of our culture, values, our stakeholders could result in lost business opportunities, adverse effect on our share price and failure to attract and retain the necessary talent. This could also compromise the ability to successfully recertify as a B Corp business.

## 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 grass roots participation across the business.

Where possible, we seek to contribute to the client's ESG strategy within the scope of their project. In such cases we work together with our client to identify and deliver positive impact projects, which takes into account a number of environmental, societal and reputational and remit variables.

Monitoring of the Responsible Business KPIs that are set out in the "A responsible business" section (pages 52 to 55).

## Trend



# Risk management

## continued

### 9. Data protection

#### Description:

##### Regulatory changes

The continued change in privacy laws across the globe with standards being uplifted directly through new legislation e.g., Argentina, Colorado, Delaware etc. or updates to existing legislation e.g. the Data Protection and Digital Information 2 bill in the UK provide a slow but constantly moving environment for the business to undertake its activities. The threat of non-compliance or breaches are raised as **Kin + Carta** has long-term engagements and as its geographical scope widens.

##### Increasing complex digital business environments

The increasing number of tools and systems that can provide specific processes during the lifecycle of data within a digital business environment can present increased challenges to the research, monitoring and auditing of an increasing number of processors or service providers.

##### Emerging technologies

The rapid adoption of Generative AI ("GenAI") has presented challenges across the market, with its inclusion in many tools and services along with best practices being built alongside the adoption of and use of this technology the risk levels of this fast moving and increasing widely adopted technology presents a risk to many organisations including **Kin + Carta**.

##### 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 changing 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 Platforms with continuous efforts to ensure the data we process remains secure and confidential. The framework is reviewed on an on-going basis to ensure **Kin + Carta** has robust processes to adhere to local regulations.

Growth of 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 proper processes are followed.

#### Trend



## Trend:



Increase



Decrease



No change

## 10. Information, cyber security and systems

## Description:

The inability to identify the diverse asset portfolio utilised by **Kin + Carta** and thus contextually control access to critical data and platforms based upon stakeholder persona and requirements, 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

### 11. 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. As at 31 July 2023 the unused portion of this facility was £65 million. 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 aligns with our strategic priorities set by the Board.

The 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.
- Conduct 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 review **Kin + Carta's** financial KPIs with its bankers.
- Conduct half-yearly "going concern" reviews and longer-term viability assessments.

#### Trend



### 12. 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 £5.8 million as at 5 April 2022. A return to a 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 (£63.7 million excluding the pension accounting surplus at 31 July 2023) versus the Scheme's solvency deficit, a measure of the deficit in an insolvency scenario (approximately £53 million at 5 October 2023).

## Trend:



Increase



Decrease



No change

**Mitigating activities:**

The Scheme was in a technical surplus at 5 April 2022 and 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 scheme asset volatility. 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.

The solvency deficit has further reduced, standing at approximately £53 million at 5 October 2023 (£117 million at 5 April 2022). This is also an estimate of the cost of scheme "buy out", a full transfer of the Company's obligations to an insurer.

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**

Pandemic risk related to COVID-19 has reduced significantly for **Kin + Carta** following the global vaccination programs and development of applicable treatments.

Successful integration of our acquisitions has led to high-demand data services (Cascade Data Labs), growth in commerce (Loop), and double-digit growth from high-quality nearshore delivery (Melon Group). This has lower **Kin + Carta** risk of failure to integrate acquisitions into current **Kin + Carta's** operations.

The Strategic Report comprising pages 12 to 121 was approved by the Board and signed on its behalf by

**Kelly Manthey**

Chief Executive Officer

1 November 2023

# Governance



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# Board of Directors



**John Kerr**

Chairman

**Appointed to the Board**

22 July 2019

**Committee membership**



**Career**

John was appointed Non-Executive Chairman Designate on 22 July 2019 and subsequently Chairman on 5 December 2019. He previously acted as Chief Executive Officer of Deloitte Consulting, leading the creation of Deloitte Digital, the first dedicated digital consulting business. John grew the business organically and by strategic acquisition. He 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. John 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 Chair of LC Financial Holdings Limited, CMSPI Limited, and SLR Consulting Limited. He also serves as a Trustee of Plan International (UK).

**Committee membership**



Chair of the committee



Member of the Audit Committee



Member of the Nomination Committee



Member of the Remuneration Committee





## Kelly Manthey

Chief Executive Officer

### Appointed to the Board

1 August 2022

### Committee membership

N

### 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

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



## Chris Kutsor

Chief Financial Officer and Chief Operating Officer

### Appointed to the Board

17 June 2019

### Committee membership

N

### Career

Chris was appointed Chief Financial Officer on 17 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 a Bachelor of Science in Finance and Investments from the University of Illinois and 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



### David Bell

Independent Non-Executive Director

#### Appointed to the Board

4 August 2018

#### Committee membership



#### 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 advisor 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.



### Maria Gordian

Independent Non-Executive Director

#### Appointed to the Board

1 November 2021

#### Committee membership



#### 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 ("Bain") 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. 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's Healthcare and DEI practices, and the head of its global DEI sub-committee and is a member of the Bain board.



## Michele Maher

Independent Non-Executive Director

### Appointed to the Board

15 May 2019

### Committee membership



### Career

Michele most recently served as Chief Financial Officer of Hogg Robinson Group plc until 2018. 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.



## Nigel Pocklington

Senior Independent Director

### Appointed to the Board

1 June 2016

### Committee membership



### Career

Nigel was appointed Independent Non-Executive Director on 1 June 2016 and subsequently Senior Independent Director on 1 December 2022. He is the Chief Executive Officer of Good Energy Group plc ("Good Energy"), a green energy services and supply company with significant interests in the transition of heating and transport to electrical power. On 1 August 2023, Nigel became an Independent Non-Executive Director of Mobico Group plc, a global transportation provider. 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, makes him well suited to chairing the Remuneration Committee.

### Other roles

Nigel is Chief Executive Officer of Good Energy and an independent Non-Executive Director at Mobico Group plc.

# Board of Directors

## 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 134. 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 on pages 107 to 111 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, Chief Financial Officer and Chief Operating Officer, Senior Independent Director and Non-Executive Directors are set out on pages 133 to 134.

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 2018 UK Corporate Governance Code (the "Code").

During the year, John Kerr (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 129.

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 Annual General Meeting ("AGM") and seek re-election.

# Governance at a glance

## Major Board decisions

- Approved the acquisition of Forecast Data
- Approved the appointment of Nigel Pocklington as Senior Independent Director
- Approved an extension to the Group's multi-currency credit facility agreement by a further year to 22 September 2026
- Approved recommended cash offer made by Kelvin UK Bidco Limited, a newly formed company owned indirectly by funds advised by Apax Partners LLP, for the entire issued share capital of **Kin + Carta**

## Governance improvements

- Approved updated Speak Up and Anti-Bribery and Corruption policies
- Appointed Jennifer Crowley as Global Director of Responsible Business, a newly created role, to increase the reflection and consideration on responsible business attributes of **Kin + Carta** (including a particular focus on ESG strategy)

## 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 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:

Meeting attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee
David Bell	7 7	3 <sup>1</sup> 4	2 2	–
Maria Gordian	7 7	–	2 2	3 <sup>2</sup> 4
John Kerr	7 7	–	2 2	–
Chris Kutsor	7 7	–	2 2	–
Michele Maher	7 7	4 4	2 2	4 4
Kelly Manthey	7 7	–	2 2	–
Nigel Pocklington	7 7	4 4	2 2	4 4

<sup>1</sup> David Bell was unable to attend the meeting for personal reasons.

<sup>2</sup> Maria Gordian was unable to attend the meeting for personal reasons.

○ Meetings attended ● Meetings convened

This table only details attendance at meetings in the scheduled annual meeting calendar; other ad hoc Board 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.

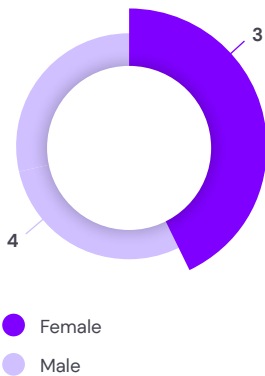


# Governance at a glance

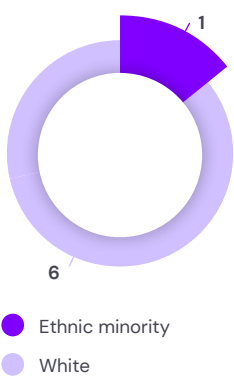
continued

Board composition as at 31 July 2023

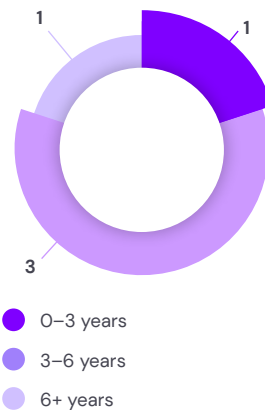
Board gender diversity



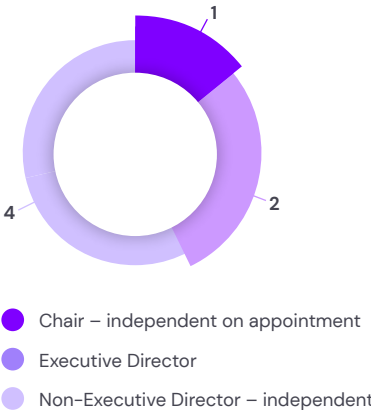
Board ethnicity



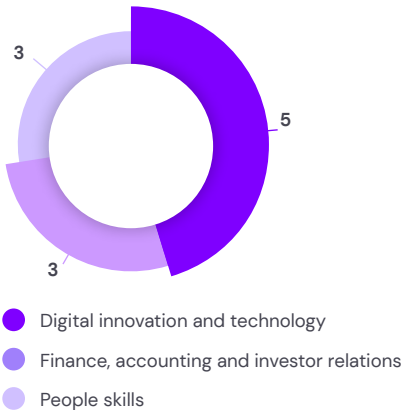
Chair and Non-Executive Director tenure



Independence



Key skills and experience



## 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 2023. A copy of the 2018 UK Corporate Governance Code is publicly available on the

website of the Financial Reporting Council ("FRC"), [www.frc.org.uk](http://www.frc.org.uk).

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

- Provision 12 relating to the appointment of a Senior Independent Director. Following the resignation of Helen Stevenson, Senior Independent Director, on 14 December 2021, the provision related to the appointment of a Senior Independent Director as part

of the Company's succession planning process and on the Nomination Committee's recommendation had not been satisfied. However, Nigel Pocklington was appointed Senior Independent Director on 1 December 2022 and the Company is therefore compliant with this provision as of the date of this report.

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)
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Resources and controls	112-121
Shareholder and stakeholder engagement	44-111
Workforce policies and practices	58-63
2. Division of responsibilities	Page(s)
Board composition	130
Division of responsibilities	133
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# Corporate governance report

## 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 124 to 127. With effect from 1 August 2023, Nigel Pocklington was appointed as an independent Non-Executive Director of Mobico Group plc. The Board did not consider that this role would affect Nigel's ability to commit sufficient time to the Company. Other than Nigel's recent appointment, 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 136 to 137. 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 Board and committee responsibilities section of our website: [investors.kinandcarta.com](https://investors.kinandcarta.com).



## The Board

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 and responsible business
- 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
- identifying and nominating 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

<b>Chairman</b>	<ul style="list-style-type: none"> <li>• setting the Board's agenda, in consultation with the Company Secretary</li> <li>• shaping the culture in the boardroom and ensuring it promotes challenge and debate</li> <li>• encouraging all Directors to maximise their contributions to the Board by drawing on their skills, knowledge and experience</li> <li>• engaging and fostering relationships, both inside and outside the boardroom, e.g. with major shareholders and key stakeholders</li> <li>• 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</li> <li>• leading the Board evaluation process</li> <li>• ensuring compliance with all corporate governance requirements with explanations for any non-compliance</li> </ul>
<b>Chief Executive Officer</b>	<ul style="list-style-type: none"> <li>• proposing strategic priorities to the Board and then leading, and taking advice from, the Group's senior leadership team in implementing the agreed strategy</li> <li>• ensuring the Board understands the views of senior leadership on business issues</li> <li>• managing the Group's day-to-day business, within the authorities delegated by the Board</li> <li>• maintaining senior-level contact with clients</li> <li>• executive responsibility, in conjunction with the Chief Financial Officer, for the half-year and preliminary results statements, and the annual report and accounts</li> <li>• overall responsibility for communication of Company performance and expectations to shareholders, analysts and press</li> <li>• 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</li> </ul>
<b>Chief Financial Officer and Chief Operating Officer</b>	<ul style="list-style-type: none"> <li>• providing strategic financial leadership to the Group and day-to-day management of the finance function</li> <li>• responsible for our Global Operations Platform, which includes Finance, Legal, Employee Experience, Connective Digital Services (IT) and Risk Management</li> <li>• executive responsibility, in conjunction with the Chief Executive Officer, for the half-year and preliminary results statements, and the annual report and accounts</li> <li>• overseeing the scaling of operations in pursuit of further financial and operational effectiveness</li> <li>• responsible for Investor Relations</li> </ul>
<b>Senior Independent Director</b>	<ul style="list-style-type: none"> <li>• acting as an experienced sounding board for the Chairman</li> <li>• being available as a trusted intermediary for other Board members and shareholders</li> <li>• leading the annual evaluation of the Chairman by other Non-Executive Directors</li> <li>• carrying out orderly succession planning of the Chairman's role in conjunction with the Nomination Committee</li> <li>• meeting with major shareholders for a balanced understanding of their issues and concerns, and supporting the Chairman in ensuring these are shared with the Board</li> </ul>
<b>Non-Executive Directors</b>	<ul style="list-style-type: none"> <li>• providing constructive challenge, effective guidance and advice to the Board and committees (as applicable)</li> <li>• holding management to account in monitoring their success in achieving the agreed strategy through sound judgement and objectivity</li> <li>• devoting time to understand the Group, its business and workforce, and the key market trends and opportunities it faces</li> </ul>



### 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 an 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

## 2023/24 key focuses of the Board: how governance contributes to strategy

	People and responsible business	Governance, risk and controls
<b>Link to strategic priorities</b>		
<b>Key activities and discussions in 2022/23</b>	<ul style="list-style-type: none"> <li>Received updates on responsible business matters, including progress against KPIs.</li> <li>Received summaries on employee engagement and experience, including culture and IDEA initiatives.</li> <li>Considered talent matters and incentive proposals for the wider workforce.</li> <li>Considered attrition rates and associated matters across <b>Kin + Carta</b>.</li> <li>Considered salary inflation and mitigations.</li> </ul>	<ul style="list-style-type: none"> <li>Attended to regulatory disclosures, which included the review and approval, according to the Audit Committee's recommendations, of the Annual Report and Accounts 2021/22, and half and full-year results announcements.</li> <li>Considered reports on governance and regulatory matters, including data protection, cybersecurity and changes to legislation.</li> <li>Conducted a robust assessment of the principal and emerging risks facing the Group, and the effectiveness of the internal controls and risk management systems.</li> <li>Considered Board succession planning.</li> <li>Oversaw the ongoing simplification of the legal structure of the Group.</li> </ul>
<b>Key outcomes</b>	<ul style="list-style-type: none"> <li>Appointed Jennifer Crowley as Global Director of Responsible Business, a newly created role, to increase the reflection and consideration on responsible business attributes of <b>Kin + Carta</b> (including a particular focus on ESG strategy).</li> </ul>	<ul style="list-style-type: none"> <li>Approved the appointment of Nigel Pocklington as Senior Independent Director and Chris Kutsor's additional appointment as Chief Operating Officer.</li> <li>Completed the process of placing dormant legal entities in members' voluntary liquidation.</li> <li>Approved the settlement of two disputes with former customers.</li> </ul>
<b>Key priorities for 2023/24</b>	<ul style="list-style-type: none"> <li>To complete and present a net zero feasibility study and recommendations.</li> <li>To prepare for B Corp recertification and strive for quarterly score improvements.</li> <li>To drive the achievement of the reset non-financial KPIs.</li> <li>To identify priority tactics to increase leadership diversity.</li> <li>To drive two eNPS cycles, with the first cycle commencing in November 2023.</li> <li>To collaborate with Client Success for training.</li> </ul>	<ul style="list-style-type: none"> <li>To achieve a "digitised maturity state" by implementing new, and scaling existing, systems.</li> <li>To continue to oversee the simplification of the legal structure of the Group.</li> </ul>

### Link to FY24 strategic priorities



Optimise our Foundation



Focus on Core



Focus on what Clients need next

## Strategy and business



- 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.
  - 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.
- 
- Completed phase 1 of the new global forecasting system, Planful.
  - Completed the acquisition of Forecast Data, a data service provider, further strengthening **Kin + Carta's** global data and artificial intelligence services.
- 
- To consider 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 FY24 strategic priorities described on pages 34 and 35.

## Finance



- 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 acquisition of Forecast Data.
  - 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.
  - Considered the extension of the Group's multi-currency credit facility agreement for a further year.
- 
- Approved the budget allocation, capital allocation framework and key investment areas for 2023/24.
  - Renewed the Group's multi-currency credit facility agreement.
  - Conducted an operational expenditure and expenses review.
  - Concluded the triennial valuation of the St Ives Defined Benefit Pension Scheme, showing a technical surplus of £5.6m.
- 
- To continue to monitor the Company's performance versus budget, financial position, liquidity headroom, banking covenants and realistic downside scenarios.
  - 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

## 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.

Kelly Manthey was appointed Chief Executive Officer on 1 August 2022. 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 Kelly's inductions, she received a presentation from the Company's corporate lawyers on listed company obligations and directors' duties. 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. Each year, the Board considers the most appropriate mechanism for conducting its annual Board effectiveness review.

In 2023, internally facilitated effectiveness evaluations of the Board and its committees were undertaken via questionnaire, led by John Kerr (Chairman) and supported by Daniel Fattal (former Company Secretary). Nigel Pocklington (Senior Independent Director) led a review of the performance of the Chairman and considered feedback from the Executive and Non-Executive Directors. A summary of the 2023 effectiveness review findings and actions identified is disclosed on the next page. These actions will be carried out within the 2023/24 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 2023 effectiveness evaluation	Actions identified
Board	Skills and experience	While considering future board appointments, the Board should take into account candidates relevant experience in future technologies and capital markets
	Conduct and structure of board meetings	Consider which Board meetings non-Board members should attend  Introduce Board-only sessions for meetings that include non-Board members
	Board meeting attendance	Keep Board members informed of the number of Board meetings to be held in person throughout the year
	Engagement with Board members	Encourage dialogue between Executive and Non-Executive Directors outside of meetings
	Strategy articulation	Enhance strategy papers to focus more on delivery capability and measurable outcomes of strategic priorities
	Understanding clients	Consider inviting clients to future Board meetings to discuss their needs, sector trends, and our performance as a whole
Audit Committee	No actions were identified for the Audit Committee	
Nomination Committee	No actions were identified for the Nomination Committee	
Remuneration Committee	Process and timeline	Introduce a new HR lead to the Chair of the Committee to assist the management and timelines of the committee papers





# Audit Committee report



**Michele Maher**  
Chair of the Audit Committee

## Current members:

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

## Meetings held:

# 4

For details of Audit Committee members' attendance at meetings during the year, see page 129.

## 2023 key achievements:

- Reviewed management processes around revenue recognition to confirm robust controls are in place including compliance with the IFRS 15 standard as well as ensuring there are adequate early warning mechanisms to detect significant changes to major client contracts.
- Considered the control environment in the context of the increasing use of nearshore resources in financial processes.
- Reviewed the recommendations by the Assurance team following the deferred consideration reviews of Melon, Loop and CDL.
- Considered new disclosure requirements and narrative reporting guidance.
- Considered effectiveness of the external audit process and how the external auditor's objectivity and independence is safeguarded.

## 2024 areas of focus:

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

- the implementation of "Concur", new expenses reporting system and its effectiveness in reinforcing compliance with expense policy and driving cost savings; and
- the integration of recent acquisitions (Melon, Loop, CDL, Forecast Data) and impact on planned growth and increased scale.

## Chair's introduction

On behalf of the Audit Committee, I am pleased to present its report for the year ended 31 July 2023.

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 and KPMG, **Kin + Carta's** former and current external auditor, 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 145 to 147.

**Michele Maher**

Chair of the Audit Committee

1 November 2023



# 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. Michele chairs 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 four meetings in the year, at which it:

- Considered the external auditor's 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.
- 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.
- Received a report on classification of share-based payment charges as adjusting items.
- Received a report on application of accounting standard IFRS 15 on complex client contracts together with evaluation and recommendations on additional controls to place better rigor around the application of the standard.
- Received updates on assurance activities performed for acquisition earn-outs including first deferred consideration for Melon and Loop and final deferred consideration for CDL.
- Reviewed the Group's trading updates and half-year results prior to release.
- Considered key mandatory reporting requirements for the year ended 31 July 2023, 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 and approved revised key controls policies, including Anti-Bribery and Corruption, Speak Up (whistleblowing), and Non-Audit Services and reported to the Board on the operation of these arrangements.



### 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 carried out a robust assessment of the Group's emerging and principal risks, including:

- Regular engagement with, and feedback from, senior management on proposed content.
- Feedback from external parties (corporate reporting specialists, remuneration advisors, and external auditor) 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 auditor.

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 144 and 145.



# Audit Committee report

## continued

Significant issues considered	How the Committee addressed these issues
Recognition of revenue and profit on complex contracts	<p>Judgement is applied in recognising revenue where:</p> <p>Revenue is recognised over time as distinct services delivered in respect of the input costs incurred. Revenue is recognised as a percentage of completion as performance obligations are delivered. This method particularly requires a judgement in respect of estimating the cost to complete on the respective contract and the remaining risk and associated contingency. Contingency includes revenue and cost contingency which is considered for uncertainty remaining to deliver the remainder of the contract and associated warranties.</p> <p>The Committee considered the outcome of the assessment related to client contracts with potential disputes and litigations in the period and agreed on the implementation of the recommendations made by the internal Assurance team.</p>
The assessment of the carrying value of goodwill (£61.8 million) and intangible assets (£13.2 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 value-in-use calculations identified a shortfall of £14.6 million in relation to the UK excluding Kin and Carta Data CGU goodwill, which has been recorded as an adjusting item in the Consolidated Income Statement. Following discussion and challenge, the Committee agreed with the recommendations made by management.</p> <p>The Committee was satisfied with the assumptions applied to support the remaining carrying value of goodwill of £61.8 million and intangible assets of £13.2 million. The conclusion of the review and the key assumptions are disclosed in note 18 to the Consolidated Financial Statements.</p>
The classification of adjusting items (£37.7 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 279 to 283.</p>
The valuation of the St Ives Defined Benefit Pension Scheme (£13.0 million surplus)	<p>The valuation of the St Ives Defined Benefit 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 to the Consolidated Financial Statements. The assumptions presented to the Audit Committee by management are underpinned by actuarial advice. The Audit Committee considered the suitability of the actuary.</p>



Significant issues considered	How the Committee addressed these issues
<b>Going concern basis for the financial statements and viability statement</b>	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 179 and 180 and the viability statement can be found on pages 181 and 182.
<b>Accounting treatment of acquisitions</b>	Following the acquisition of Forecast Data in the year, the Committee considered the allocation of the purchase price payable among the fair value of acquired net assets, which includes acquired intangible assets and goodwill (which are detailed in note 12 of the Consolidated Financial Statements). In addition, the Committee considered the treatment of contingent consideration as deemed remuneration. The Committee was satisfied with the treatment applied.
<b>Changes in accounting policy</b>	The Committee considered the change in accounting policy to hold investment property at fair value (previously held at cost). Details of the restatement can be found in note 1 to the Consolidated Financial Statements.

### 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 Senior Internal Auditor 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 second contingent consideration for Cascade Data Labs.
- A review of the first contingent consideration for Melon, Octain and Loop.
- A review of completion accounts and purchase price allocation for Forecast Data.
- Reviews on Revenue recognition related to complex client contracts and quarterly balance sheet reviews.
- A review of spend across the Group, covering expenses, credit cards and supplier spend.

- A review of policies related to reimbursable expenses, and credit card expenses, Delegation of Authority and signing authorities for the Regions.
- A review of the financial model and associated calculations of Executive and Operations Incentive Bonus Plans.
- Development of Country Risk Profiles to support new business development activities.
- Assessment of client contracts with potential disputes and litigations. Evaluation of internal controls and provide improvement recommendations.
- Conducted refresh training on high risk activities, such as, IFRS 15 (Revenue Recognition).
- Enhancement of an Internal Incident Management Framework.

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.

# Audit Committee report

## continued

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.

### 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 2023 was supported by the Company Secretary and Internal Audit function. In addition, during the year, the Committee received regular reports from Assurance on the effectiveness of the Group's internal controls and risk management system, and reports from the external auditor 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, advise and to escalate, 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 auditor. 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 it considered the Group had effective risk management and internal control processes in place.

### Effectiveness of the external auditor

In the prior year, the Audit Committee conducted a tender process for the external audit engagement for **Kin + Carta's** financial year ended 31 July 2023. This resulted in the appointment of KPMG following the approval of the shareholders at the 2022 AGM.

The Committee is tracking the effectiveness of the new external auditor's process for the year ended 31 July 2023 based on the commitments made during the tender. The results of this assessment were discussed with the external auditor at the conclusion of the audit for the year ended 31 July 2023.

### Provision of non-audit services

The Committee's policy on the engagement of the external auditor 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 auditor 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 2023, non-audit fees of £54,600 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 auditor's independence

The Committee considered the robustness of KPMG'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 KPMG's objectivity and independence. The Committee

is satisfied that there are no relationships between the Company and KPMG, its employees or its affiliates that may reasonably be thought to impair the auditor's objectivity and independence. The Committee met with KPMG 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 auditor 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, KPMG was appointed as the Company's external auditor in 2022, with effect from the financial year ended 31 July 2023. The external auditor's appointment is reviewed regularly in accordance with applicable law and regulation and the FRC Ethical Standard for Auditors. John Poole served as the Lead Audit Partner for the financial year ended 31 July 2023.

### Interactions with the Financial Reporting Council

During the year, the Group received a letter from the FRC as part of its regular review and assessment of the quality of corporate reporting in the UK. The review conducted by the FRC was based solely on the Group's published Annual Report and Accounts and does not provide any assurance that the Annual Report and Accounts are correct in all material aspects.

The correspondence included requests for further information on certain aspects of the Group's Annual Report and Accounts for the year ended 31 July 2022, related primarily to deferred tax, net investments in foreign operations, expected credit losses, business combinations and leases. The Group responded fully to all the matters raised and the correspondence is now closed. The Group agreed to make additional disclosures, where appropriate, in the 2023 Annual Report and Accounts in respect of the areas highlighted by the FRC, in order to enhance users' understanding of those areas. No further actions are required.

The Chair of the Committee has been involved in reviewing the Group's responses to the points raised by the FRC and is satisfied that all the matters have been addressed via the direct responses to the FRC and the additional or amended disclosures in this year's Annual Report and Accounts. The FRC has published its case review which can be found at [frc.org.uk/accountants/corporatereporting-review/crr-reviews](https://frc.org.uk/accountants/corporatereporting-review/crr-reviews).

# Nomination Committee report



**John Kerr**  
Chair of the Nomination  
Committee

## Current members:

- John Kerr (Chair)
- David Bell
- Chris Kutsor
- Maria Gordian
- Michele Maher
- Kelly Manthey
- Nigel Pocklington

## Meetings held:

# 2

For details of Nomination Committee members' attendance at meetings during the year, see page 129.

## 2023 key achievements:

- Recommended to the Board the appointment of Chris Kutsor as Chief Operating Officer with effect from 1 August 2022 in addition to his role as Chief Financial Officer.
- Recommended to the Board the appointment of Nigel Pocklington as Senior Independent Director with effect from 1 December 2022.
- Having conducted a Board and committees performance evaluation during the year, the Nomination Committee identified no significant gaps in the Board and committees' effectiveness that needed attention (see page 139).

## 2024 areas of focus:

- Further consideration of succession planning.
- Monitor the balance of diversity, experience, knowledge and skills of the Board.

## Chair's introduction

On behalf of the Nomination Committee, I am pleased to present its report for the year ended 31 July 2023.

### 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 reviewed the diversity, experience, knowledge and skill-set of the Board and discharged their principal duties by:

- ensuring that an appropriate review of the Board, its Committees and Directors' effectiveness was undertaken;
- considering whether the Non-Executive Directors were sufficiently independent for corporate governance purposes; and
- approving the responsibilities of the Chairman, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, and Senior Independent Director.

### John Kerr

Chair of the Nomination Committee

1 November 2023

### Diversity targets

As at 31 July 2023, **Kin + Carta** met the UK Listing Rules diversity targets to have at least 40% female Board representation, at least one senior Board position occupied by a woman and at least one director from an ethnic minority background, as shown in the table below (the "Diversity Targets"). There have been no changes to the Board between 31 July 2023 and the date of this report that have affected the Company's ability to meet one or more of the Diversity Targets. Each individual self-reported their gender identity and ethnic background through a fixed choice questionnaire with possible responses aligned to the specific categories in Listing Rule 9 Annex 2.

### Gender identity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	57%	3	5	71%
Women	3	43%	1	2	29%
Not specified/ prefer not to say	–	–	–	–	–

### Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	86%	4	5	71%
Mixed/Multiple Ethnic Groups	–	–	–	2	29%
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	14%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–



# 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 2023

#### Inclusion, diversity, equity and awareness

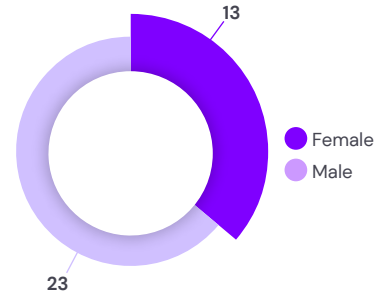
The Board Diversity Policy is available to view in the reports and

policies section of our website: [investors.kinandcarta.com](https://investors.kinandcarta.com). The policy takes into account DTR 7.2.8A as part of the identification and selection of new directors and 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 <sup>1</sup>
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"><li>• Audit Committee: 33%</li><li>• Nomination Committee: 43%</li><li>• Remuneration Committee: 67%</li></ul>
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.

<sup>1</sup> All metrics presented as of the date of this report, 1 November 2023.

### Senior managers



### 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 further develop 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

68 to 71. 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 is set out within this Nomination Committee Report on pages 149 to 150.

Senior managers for these purposes is as defined in section 414C(8) of the Companies Act 2006 and includes the directors of the Group's subsidiary undertakings and their direct reports.

### Performance evaluation

In 2023, 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 pages 138 and 139 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 were identified.

During the year, the Nomination Committee recommended that the Board approve Chris Kutsor’s additional appointment to the role of Chief Operating Officer effective from 1 August 2022 and further approved Nigel Pocklington’s appointment to the role of Senior Independent Director effective from 1 December 2022.

### Board appointment process

Preparation	Candidate identification	Selection and recruitment
<ul style="list-style-type: none"> <li>Define a shortlist of external search consultancies.</li> <li>Identify the preferred provider and agree scope and terms.</li> </ul>	<ul style="list-style-type: none"> <li>Define role and candidate profile.</li> <li>Undertake an initial search.</li> <li>Identify a longlist of potential internal and external candidates.</li> <li>Conduct initial interviews led by two members of the Nomination Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Shortlist preferred candidates.</li> <li>Board interviews.</li> <li>Nomination Committee makes recommendation to the Board based on merit, and against the objective criteria set out in the role and candidate profile.</li> <li>Board to consider and, if thought fit, approve the appointment recommended by the Nomination Committee.</li> </ul>



# Directors' Remuneration report



**Nigel Pocklington**  
Chair of the Remuneration  
Committee

## Current members:

- Nigel Pocklington (Chair)
- Michele Maher
- Maria Gordian

## Meetings held:

4

For details of Remuneration Committee members' attendance at meetings during the year, see page 129.

## 2023 key achievements:

- Following the 2022 AGM, the Committee reached out to some of the Company's largest shareholders to continue a dialogue and listen to their views as significant investors of **Kin + Carta**.
- Considered the remuneration arrangements for 2022/23 and approved the targets for the 2023/24 bonus and December 2022 LTIP awards.

## 2024 areas of focus:

- Continue to operate the Directors' Remuneration Policy and welcome ongoing dialogue with shareholders and key proxy advisers.
- Determine the impact on remuneration of the recommended offer by Kelvin UK Bidco Limited for the entire issued share capital of the Company, as set out in the Co-Operation Agreement on 18 October 2023.

## At a glance

### Summary for Executive Directors' performance and remuneration for 2023

- 2023 annual bonus pay-out of 0%, reflecting the Executive Directors' proposal to forego any bonus due to the Company's revision of its trading performance during the year.
- 2020–2023 LTIP award vesting 36% of maximum reflecting the achievement of the ESG target and modest growth in adjusted net revenue and adjusted profit before tax ("PBT") over the three-year performance period.

### Implementation for 2024

- Given current economic conditions, Kelly Manthey and Chris Kutsor have not received salary increases with effect from 1 August 2023. The average salary increase across the Group for 2023/24 is 5.43% (excluding recent Europe acquisitions); for US resident employees only, the average is 5.08%.
- Maximum annual bonus of up to 150% salary, based 40% on adjusted net revenue growth, 40% on adjusted PBT, and 20% on strategic/personal objectives, including ESG related measures. Further details are disclosed on page 70.
- Given the current expected timing of the recommended offer from Kelvin UK Bidco Limited, the Committee does not intend to grant any further LTIP awards to employees. If any grants are made this will be in accordance with the Directors' Remuneration Policy, and targets will be disclosed at the time of grant.

- With effect from 1 August 2023, the annual base fee levels for the Non-Executive Directors increased to £50,000, with an additional fee for the Audit and Remuneration Committee chairs increasing to £9,000 p.a.

## Letter from the 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 2023. This report is split into three parts: this 'annual statement', a summary of the 'Remuneration Policy report', which was approved 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 2023 and how the Remuneration Policy will be implemented in the year ending 31 July 2024.

The 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.

Following the year end, the Committee has determined the impact of the recommended offer from Kelvin UK Bidco Limited, a newly formed company owned indirectly by funds advised by Apax Partners LLP, on Directors' remuneration and our employee share plans. The Committee agreed outcomes in accordance with the Directors' Remuneration Policy and the rules of our share plans as outlined in the Co-Operation Agreement.

### Business context

**Kin + Carta** has had to respond to deteriorating market conditions during the year due to inflation and increased uncertainty and increasing risk related to our clients' ambitious digital investment plans. For the year ended 31 July 2023, we saw a like-for-like net revenue decline of 11% and adjusted PBT has decreased from £20.6 million to £15.8 million.

Despite challenges in the market, we have continued integration of Melon Group following the acquisition last year and further enhanced our high quality data and artificial intelligence services through the acquisition of Forecast Data.

### Wider workforce actions

The macro-economic headwinds have continued to impact our business, as well as the livelihoods of our employees. To further support employees, **Kin + Carta** carried out a pay review for 2023/24 and increased salaries by 5.43% across the Group (excluding recent Europe acquisitions). **Kin + Carta** also has a benefits platform which provides a range of benefits and initiatives to support mental and financial wellbeing. The Board, including the Committee, will continue to monitor the impact of these headwinds on the livelihoods of our employees.

# Directors' Remuneration report

## continued

### Performance and reward for 2023

The Committee considered performance achieved against the annual bonus targets set for 2022/23:

- The targets for the 35% weighting based on adjusted net revenue and 35% weighting based on adjusted PBT were not met as performance was below the threshold targets for both measures.
- The 20% of bonus opportunity based on strategic objectives, relating to growth, services, people, responsibility, operations and expansion, was met in full. Therefore, 20% out of 20% was achieved.
- The 10% of bonus opportunity based on environmental, social and governance ("ESG") matters was met at 37.5%. Therefore, 3.75% out of 10% was achieved.

This assessment would have resulted in an overall annual bonus outcome based on performance against the formulaic targets of 23.75% of maximum. However, given that the financial targets were missed, the Executive Directors voluntarily elected not to receive an annual bonus which the Committee accepted. Therefore no annual bonus payment was made for 2022/23. Full details of performance against targets have been disclosed on page 170.

The Committee considered performance achieved against the LTIP awards granted in November 2020 for Chris Kutsor, which are due to vest in November 2023:

- 50% of the award is based on a relative TSR target, the threshold target was not met therefore, this element of the LTIP did not vest.
- The financial measures based on growth in adjusted net revenue from 2019/20 to 2022/23 (15% of the award) and growth in adjusted PBT from 2019/20 to 2022/23 (15% of the award) were partially met, and will vest at 12% and 4% of maximum respectively.
- 20% of the award was subject to ESG targets which were met in full.

Therefore, the LTIP award will vest at 36% of maximum. Kelly Manthey's 2020 LTIP award was granted prior to her appointment as an Executive Director and will vest at 30% of maximum. Further details are provided on pages 171.

The Committee considered that the outcomes under the bonus and LTIP elements of the Remuneration Policy were appropriate given the performance achieved, and no discretion was exercised.

### Variable pay for 2023/24

For 2023/24, the annual bonus measures have been reviewed and updated to align with the Company's immediate priorities. The weighting on financial measures has been increased from 70% to 80%, with the remaining 20% based on strategic objectives (inclusive of Corporate Social Responsibility). The financial measures will be split evenly between total adjusted net revenue growth and adjusted PBT growth.

As set out in the Co-Operation Agreement, given the current expected timing of the recommended offer from Kelvin UK Bidco Limited, the Committee does not intend to grant any further LTIP awards.

### 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 annual Directors' Remuneration Report at the forthcoming Directors' AGM.

### Nigel Pocklington

Chair of the Remuneration Committee

1 November 2023





# Directors' Remuneration report

## continued

### Policy report

#### Directors' Remuneration Policy

This section of the report sets out a summary of the Remuneration Policy (the "Policy") for Executive and Non-Executive Directors, which was approved at the 2022 AGM on 1 December 2022. A copy of the full Policy is available in the 2021/22 Annual Report and Accounts, pages 148 to 157 inclusive.

#### 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 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 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 summarised Policy table on pages 158 to 163 sets out the key aspects of the Company's Remuneration Policy for Executive Directors.





## How the 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
<b>Clarity</b> – 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.
<b>Simplicity</b> – 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.
<b>Risk</b> – 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.	<p>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.</p> <p>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.</p>
<b>Predictability</b> – 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 of the 2021/22 Annual Report and Accounts.
<b>Proportionality</b> – 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.
<b>Alignment to culture</b> – 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.

Basic salary	
<b>Purpose and link to strategy</b> 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.	<b>Maximum potential value</b> 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: <ul style="list-style-type: none"><li>• promotion or where there is a change in scope or increase in responsibilities of an individual's role;</li><li>• an individual's development or performance in role;</li><li>• a change in the size and complexity of the Group;</li><li>• significant market movement; and</li><li>• 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.</li></ul>
<b>Operation</b> 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: <ul style="list-style-type: none"><li>• the size and complexity of the organisation;</li><li>• the size and complexity of the role;</li><li>• the individual's skills, experience, performance and overall contribution to the business;</li><li>• pay and conditions across the workforce;</li><li>• external economic factors such as inflation;</li><li>• market practice for similar roles in comparable organisations;</li><li>• the impact of any base salary increase on the total remuneration package; and</li><li>• any other factors that the Committee considers are relevant.</li></ul>	<b>Performance metrics</b> 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.



# Directors' Remuneration report

## continued

### 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 minimum bonus payment of 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.

## Long-term incentives

### Purpose and link to strategy

Incentivises Executives to achieve superior financial growth and return 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 and 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.

## 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.

# Directors' Remuneration report

## continued

### 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.

### 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:

### Executive Directors external appointments

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.

### Non-Executive Directors Remuneration Policy

#### 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.

# Directors' Remuneration report

## continued

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.

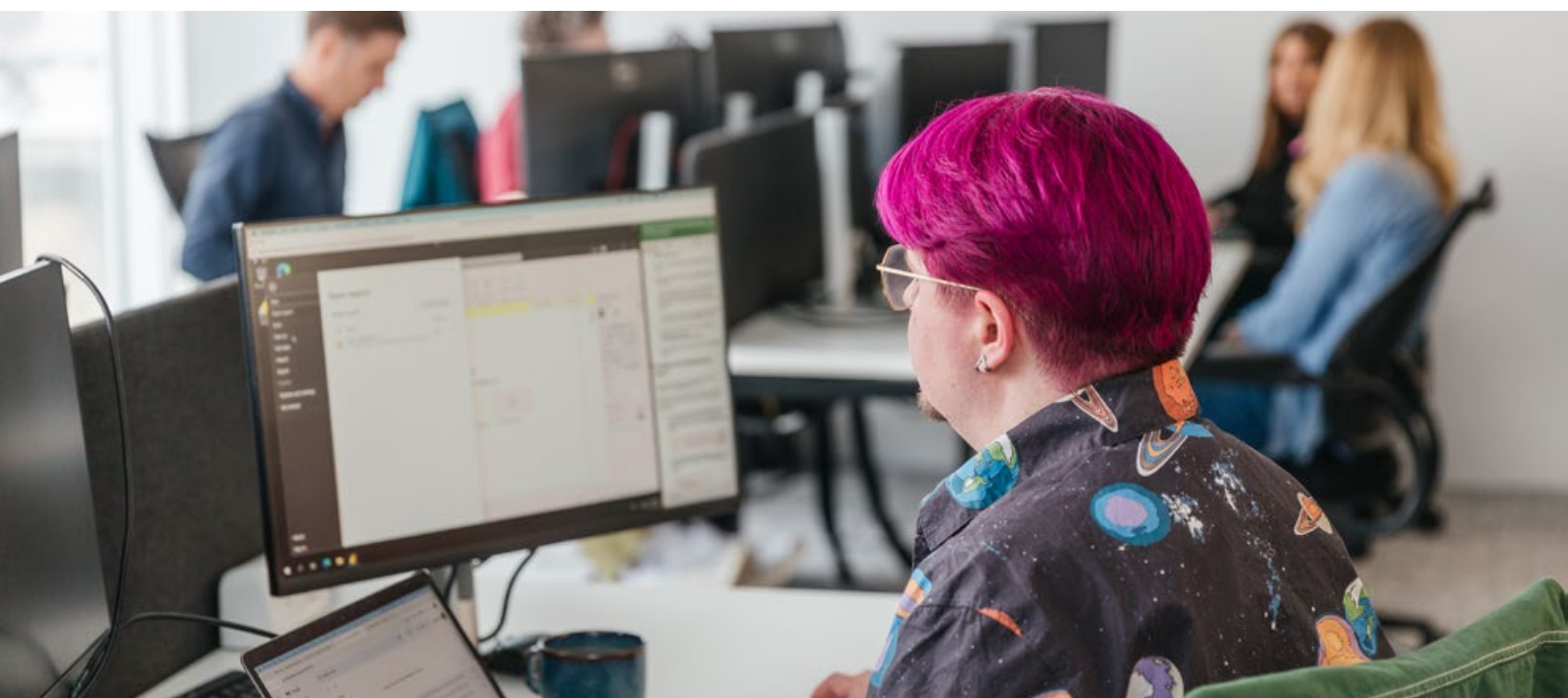
In recruiting a new Non-Executive Director, the Committee will use the full Policy as set out in the 2021/22 Annual Report and Accounts, pages 148 to 157 inclusive.

### 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 and receive feedback on 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.





## Annual report on remuneration

The following section provides details of how **Kin + Carta's** Policy was implemented during 2022/23. Details of how we intend to implement the Remuneration Policy for 2023/24 is detailed on pages 167 to 168. The Policy operated as intended by the Committee.

### Membership of the Committee

Michele Maher, Nigel Pocklington, and Maria Gordian, all Independent Non-Executive Directors, served on the Committee during the year. The Committee is chaired by Nigel Pocklington. The number of meetings held and attendances on page 129. A description of the principal matters considered by the Committee in carrying out its duties during the year are described below.

During the year under review, the Committee, where appropriate, sought advice and assistance from Daniel Fattal (former Company Secretary), and members of the Board, including John Kerr (Chairman), David Bell (Non-Executive Director), Kelly Manthey (Chief Executive Officer), 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](https://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](https://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 2023 were £51,350 (2022: £91,500), 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 2021/22;
- approved the Directors' Remuneration Report for 2021/22;
- approved the grant of awards in December 2022 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 2022/23; and
- consulted with major shareholders following 2022 AGM.

# Directors' Remuneration report

## continued

### Summary of shareholder voting

The following table shows the results of the binding vote on the Remuneration Policy, the advisory vote on the 2021/22 Directors' Remuneration Report and the vote to amend the Kin and Carta Long Term Incentive Plan 2020 at the 2022 AGM:

Resolution	Votes for <sup>1</sup>	% for <sup>1</sup>	Votes against	% against	Total votes cast	Votes withheld
Remuneration Policy – 2022 AGM	104,500,984	73.10%	38,462,829	26.90%	142,963,813	445,028
Remuneration Report – 2022 AGM	134,363,376	93.69%	9,044,495	6.31%	143,407,871	970
Amend the LTIP – 2022 AGM	107,490,385	75.19%	35,473,310	24.81%	142,963,695	445,146

<sup>1</sup> Includes "discretionary" votes.

Following the 2022 AGM, the Committee reached out to the Company's largest shareholders who did not support the resolutions, to continue a dialogue and listen to their views as significant investors of **Kin + Carta**. This has resulted in various correspondence and a number of conversations with these shareholders. Although there was a range of views, the primary issue raised by most of those consulted with was that while they are sympathetic to our rationale that it was necessary to increase executive remuneration opportunities to better compete for talent in the US technology market, the Directors' Remuneration Policy included increases to both the maximum annual bonus and LTIP opportunities and some shareholders would have preferred an increase to one element of the package only or a more staggered approach. While the Committee understands the points raised by those shareholders voting against the resolutions, the Committee continues to believe the Directors' Remuneration Policy meets the objectives of balancing the Company's need to recruit and retain talent in the US technology market while reflecting the Company's status as a FTSE listed company.

The Committee continues to be grateful for the feedback received and the two-way engagement with shareholders, which was extensive prior to the 2022 AGM. Given overall majority support was obtained for the remuneration resolutions, it is not currently proposed to make any further changes to the approach to Directors' remuneration that was set out in the 2022 Annual Report.



## Implementation of Remuneration Policy for 2023/24

The following section provides details of how we intend to implement the Remuneration Policy for 2023/24.

### Basic salary

The Committee reviewed the Executive Directors' salaries for 2023/24 and in light of the challenging financial circumstances of the business no increases were awarded. Salaries for 2023/24 are as follows:

	From 1 August 2023	From 1 August 2022	% increase
Kelly Manthey	US\$525,000	US\$525,000	0%
Chris Kutsor	US\$405,000	US\$405,000	0%

The average salary increase across the Group for 2023/24 is 5.43% (excluding recent acquisitions); for US resident employees only, the average is 5.08%.

### 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 153, 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 and strategic objectives (inclusive of Corporate Social Responsibility), weighted 80% and 20% 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
2023/24 adjusted net revenue	40%
2023/24 adjusted PBT	40%
Strategic objectives (inclusive of Corporate Social Responsibility)	20%

In the event of any material acquisition or divestment, the Committee may 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.

# Directors' Remuneration report

## continued

### Long-term incentive awards in 2023/24

Given the current expected timing of the recommended offer from Kelvin UK Bidco Limited, the Committee does not intend to grant any further LTIP awards to employees. If any grants are made this will be in accordance with the Directors' Remuneration Policy and targets will be disclosed at the time of grant.

### Non-Executive Director Remuneration Policy for 2023/24

With effect from 1 August 2023, the annual base fee levels for the Non-Executive Directors will increase to £50,000, with an additional fee for the Audit and Remuneration Committee chairs increasing to £9,000 p.a. and a fee for acting as the Senior Independent Director remaining unchanged at £5,000 p.a.. The fee for acting as Chairman will remain unchanged. John Kerr (Chairman) will continue to forego £10,000 p.a. of his fee, which the Company donates, together with a matching sum from the Company, to registered charities.





## Remuneration payable to Directors for the year ended 31 July 2023

### 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 2023 and financial year ended 31 July 2022. The Policy operated as intended during the year.

Director		Basic salary/fee <sup>1</sup> £'000	Taxable benefits <sup>2</sup> £'000	Bonus <sup>3</sup> £'000	Share plans vesting <sup>4</sup> £'000	Pension benefits <sup>5</sup> £'000	Total £'000	Total fixed £'000	Total variable £'000
<b>Executive Directors</b>									
Kelly Manthey <sup>6, 10</sup>	2022/23	433.9	16.9	–	26.0	21.7	498.5	472.5	26.0
	2021/22	–	–	–	–	–	–	–	–
Chris Kutsor <sup>6</sup>	2022/23	334.7	20.7	–	58.8	16.7	430.9	372.1	58.8
	2021/22	269.0	16.0	258.2	1,571.9	13.4	2,128.5	298.4	1,830.1
<b>Non-Executive Directors</b>									
David Bell	2022/23	42.5	–	–	–	–	42.5	42.5	–
	2021/22	42.5	–	–	–	–	42.5	42.5	–
Maria Gordian <sup>8</sup>	2022/23	42.5	–	–	–	–	42.5	42.5	–
	2021/22	31.9	–	–	–	–	31.9	31.9	–
John Kerr <sup>7</sup>	2022/23	120.0	–	–	–	–	120.0	120.0	–
	2021/22	120.0	–	–	–	–	120.0	120.0	–
Michele Maher	2022/23	50.0	–	–	–	–	50.0	50.0	–
	2021/22	50.0	–	–	–	–	50.0	50.0	–
Nigel Pocklington <sup>9</sup>	2022/23	53.3	–	–	–	–	53.3	53.3	–
	2021/22	50.0	–	–	–	–	50.0	50.0	–

<sup>1</sup> Cash paid or payable in respect of the relevant period.

<sup>2</sup> Taxable benefits constitute additional payments in lieu of the provision of a company car.

<sup>3</sup> This is the amount of cash bonus paid in respect of the financial year.

<sup>4</sup> Figures for "share plans vesting" are based on the number of shares vesting for performance periods substantially completed as at year end. In the 2021/22 Directors' remuneration report, 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. For Chris Kutsor, whose 2019 LTIP award vested during the year, the 2019 LTIP figures in the table above have been restated to reflect the actual number of 2019 LTIP awards, which vested on 17 December 2022 using the share price on the day of vesting (being 232.5p). The restated value of £973.6k provides a difference of 33.3p per vested share in comparison to the estimate contained in the 2021/22 Directors' remuneration report on page 164, which was £834.2k. The proportion of the restated value in the single figure table for these awards which is attributable to share price growth is 16.7%. For Chris Kutsor, the 2021/22 figure 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 but have not been exercised as at 31 July 2023. These were made in connection with his appointment to the Board in 2019 as detailed on page 171. For these two awards, the value shown is based on the share price on vesting of 249.5p.

The 2020 LTIP award is expected to vest at 30% for Kelly Manthey and 36% for Chris Kutsor of maximum, detailed further on page 171. The potential value of the 2020 LTIP award was calculated using the average share price for the three months ending 31 July 2023, being 67.2p. The awards were granted on 27 November 2020, when the five-day average share price prior to the date of grant was 100.8p. Therefore no element of the value shown in the table above represents share price appreciation.

<sup>5</sup> 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 Kelly Manthey and Chris Kutsor.

<sup>6</sup> The remuneration of Kelly Manthey 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 1.21 (2022: 1.32).

<sup>7</sup> 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.

<sup>8</sup> Maria Gordian was appointed to the Board as Non-Executive Director on 1 November 2021. Her 2021/2022 remuneration in the single figure table above is from this date.

<sup>9</sup> Nigel Pocklington was appointed as Senior Independent Director on 1 December 2022.

<sup>10</sup> Kelly Manthey was appointed as Chief Executive Officer with effect from 1 August 2022.



# Directors' Remuneration report

## continued

### Incentive outcomes for the year ended 31 July 2023 (audited)

#### Annual bonus

Executive Directors' bonuses for the year ended 31 July 2023 provided for a payment of up to 150% of salary, with the performance measures weighted as follows:

Measure	Weighting
2022/23 adjusted net revenue	35%
2022/23 adjusted PBT	35%
Strategic objectives	20%
ESG	10%

The following provides the performance measures targets, together with the outturns for 2022/23.

#### 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	£23.5 million	£24.2 million	£26.2 million	£15.7 million	0%
Adjusted net revenue	£228 million	£236 million	£252 million	£190.8 million	0%
<b>Total</b>					<b>0%</b>

\* Actual performance excludes Forecast Data, which was acquired during the year. This approach reflects our remuneration principles and is consistent with practice in prior years.

The adjusted net revenue and adjusted PBT measures were not met and therefore no bonus was paid in respect of these measures.

#### Strategic objectives (20% of maximum)

Each Executive Director may earn up to 20% of salary for the achievement of stretching strategic objectives, which for 2022/23 related to the following initiatives: Client Success; Global Delivery; and Data. Both Executive Directors were assessed as having achieved their objectives in full, with the Committee noting in particular the following:

- For the Client Success objective, we successfully launched the Seven Star Client Experience and the **Kin + Carta Way**, a set of delivery and engagement frameworks, and have seen improvements in client satisfaction and delivery team health as a result.
- For the Global Delivery objective, the percentage of revenue coming from nearshore in both regions has increased. Americas nearshore revenue increased to 24% in 2022/23 and Europe nearshore revenue increased to 7% in 2022/23 through the deployment of resources in South East Europe.
- For the Data objective, we successfully rolled out data literacy training across the Group and the acquisition of Forecast Data bolstered our data proposition. In the Americas, Data made up 16% of adjusted net revenue and in Europe it made up 16% of adjusted net revenue in FY23.

#### ESG (10% of maximum)

In addition to the adjusted net revenue growth, adjusted PBT, 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 37.5% achieved; the outcome of each target is disclosed on pages 52 to 55. Therefore, 3.75% out of 10% was achieved.

Based on these achievements, the Committee determined that performance against the targets set would have resulted in an annual bonus award of 35.6% of salary (23.75% of the maximum) in respect of 2022/23. However, as the threshold target for both financial measures was not met, the Executive Directors voluntarily decided to waive any annual bonus award for the year, so no bonus award was made for 2022/23.

## 2020 LTIP vesting in November 2023 (audited)

For the 2020 LTIP award granted on 27 November 2020, the awards are subject to the achievement of performance measures. Vesting of the 2020 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 2020 to 31 July 2023 (three-month averaging)	Below the median quartile <sup>1</sup>	0%
ESG	20%	Achieve and maintain B Corp certification across geographies over the full performance period. B Corp assessment and certification is a recognised independent framework for measuring performance in areas such as governance, communities, the environment and the impact on society of our work with clients.	1 August 2020 to 31 July 2023	100%	20%
Growth in adjusted net revenue ("CAGR")	15%	0% vesting below 7% p.a. 15% vesting for 7% p.a. 100% vesting for 13% p.a. or more Straight-line vesting between these points	Net revenue in 2022/23 as compared to 2019/20	81.4% <sup>2</sup>	12%
Growth in adjusted PBT	15%	0% vesting below 10% p.a. 15% vesting for 25% p.a. 100% vesting for 25% p.a. or more Straight-line vesting between these points	Adjusted PBT in 2022/23 as compared to 2019/20	27.3% <sup>3</sup>	4%
<b>Total vesting</b>					<b>36%</b>

<sup>1</sup> The Company achieved a TSR ranking of 306th out of 539 companies, below the median of the group.

<sup>2</sup> Net revenue in 2022/23 of £192 million versus net revenue in 2019/20 of £135 million, both values have been adjusted to take into account performance of divested and acquired entities.

<sup>3</sup> Adjusted PBT in 2022/23 of £15.8 million versus adjusted PBT in 2019/20 of £11.3 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 169, is detailed in the table below.

	Date of grant	Total number of shares	% shares vesting	Number of awards vesting	Total value on vesting <sup>1</sup>	Transfer of award/earliest vesting date
Kelly Manthey <sup>2</sup>	27 November 2020	128,968	30	38,690	£26,000	27 November 2023
Chris Kutsor	27 November 2020	241,897	36	87,567	£58,845	27 November 2023

<sup>1</sup> The potential value of the 2020 LTIP award was calculated using the average share price for the three months ending 31 July 2023, being 67.2p.

<sup>2</sup> The LTIP figure in the single figure has been prorated to reflect the LTIP value from the date of appointment (1 August 2022). Kelly Manthey's award was granted prior to her appointment as an Executive Director, with 80% of the award subject to meeting performance conditions (70% relative TSR and 10% ESG measures – using the same targets as for the November 2020 awards made to Executive Directors, as shown above).

The Committee believed the vesting outcome of the 2020 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.

# Directors' Remuneration report

## continued

### Scheme interests awarded during the 2023 financial year (audited)

#### Long-Term Incentive Plan ("LTIP")

On 19 December 2022, Kelly Manthey 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 (£) <sup>1</sup>	% of salary awarded
Kelly Manthey	19 Dec 2022	407,431	£961,537	222%
Chris Kutsor	19 Dec 2022	314,304	£741,757	222%

<sup>1</sup> Face value is based on a share price of 236p (the five-day average prior to the date of grant). For both Kelly Manthey and Chris Kutsor, the award level was calculated using a similar five-day average £:\$ exchange rate of 1:1.2285.

Awards granted vest on relative TSR, ESG metrics, growth in adjusted net revenue and growth in adjusted PBT, assessed over the three years to 31 July 2025. Any vesting will be subject to the Committee's overall discretion. Vested shares will be subject to a two-year holding period.

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 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 adjusted net revenue ("CAGR")	15%	0% vesting below 12% p.a. 25% vesting for 12% p.a. 100% vesting for 18% 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 2022/23 Directors' Remuneration Report, the growth in adjusted net revenue target for 100% vesting disclosed for the 2023 LTIP grant was misstated due to a typesetting error. The correct target of 18% p.a. is stated in the table above.

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 2021/22 annual bonus was achieved at 96% 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 2021/22 on 1 November 2022, details of the grant are disclosed in the Directors' outstanding share incentive awards table on pages 176 and 177.

### Percentage change in remuneration of Directors and employees

The table below 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, 2021 to 2022 and 2022 to 2023.

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 Kelly Manthey and Chris Kutsor is reported on a constant currency in the table below to eliminate the impact of exchange rate fluctuations.

		Average employee	Kelly Manthey <sup>5</sup>	Chris Kutsor	David Bell	John Kerr	Michele Maher	Nigel Pocklington <sup>4</sup>	Maria Gordian <sup>5</sup>
Salary/fees	2023	10.0%	N/A	14.0%	–	–	–	7.0%	N/A
	2022	7.0%	–	9.0%	–	–	–	–	–
	2021	9.1%	–	–	–	(0.4)%	2.5%	–	–
	2020 <sup>1</sup>	4.0%	–	–	–	0.4%	18.0%	7.0%	–
Taxable benefits <sup>2</sup>	2023	15.6%	N/A	18.5%	N/A	N/A	N/A	N/A	N/A
	2022	3.7%	–	10.0%	N/A	N/A	N/A	N/A	N/A
	2021	(6.4)%	–	(9.9)%	N/A	N/A	N/A	N/A	N/A
	2020	–	–	5.9%	N/A	N/A	N/A	N/A	N/A
Annual bonus <sup>3</sup>	2023	(62.0)%	N/A	(100)%	N/A	N/A	N/A	N/A	N/A
	2022	(9.6)%	–	4.6%	N/A	N/A	N/A	N/A	N/A
	2021	231.4%	–	N/A	N/A	N/A	N/A	N/A	N/A
	2020	(91.0)%	–	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> 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. 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.

<sup>2</sup> Taxable benefits constitute additional payments in lieu of the provision of a company car fuel benefit.

<sup>3</sup> 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.

<sup>4</sup> Nigel Pocklington was appointed as Senior Independent Director on 1 December 2022. The increase in 2022 to 2023 reflects his additional responsibilities.

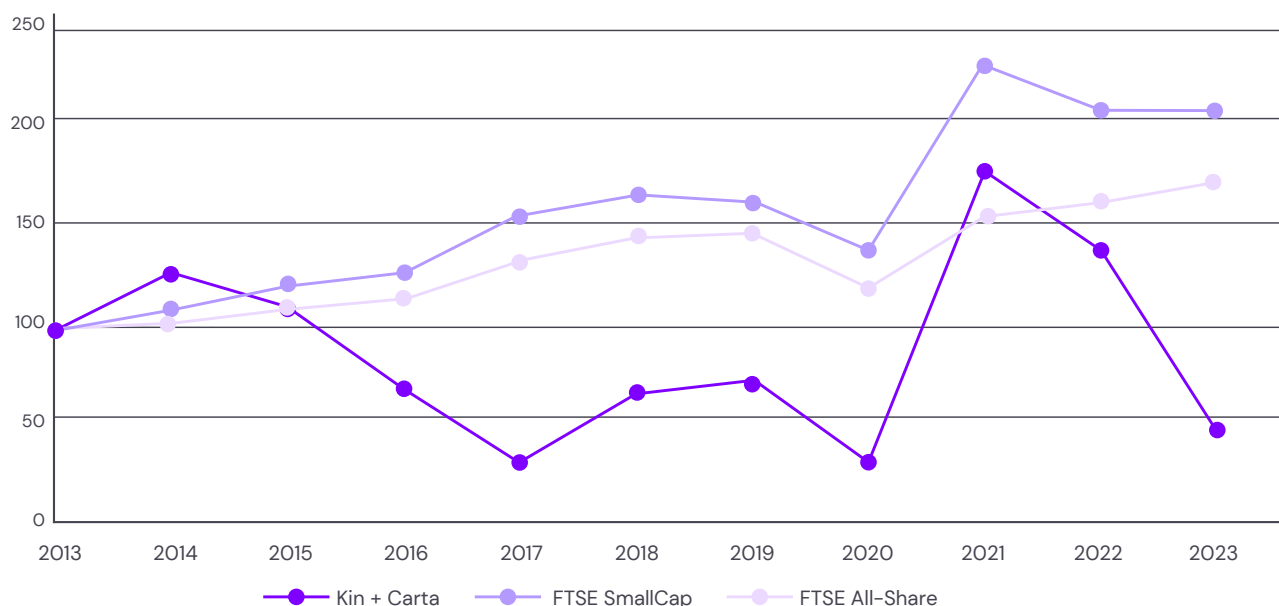
<sup>5</sup> Kelly Manthey was appointed to the Board on 1 August 2022 and Maria Gordia was appointed to the Board on 1 November 2022. Therefore no year-on-year comparison is possible.

# Directors' Remuneration report

## continued

### Review of past performance

The chart below illustrates the Company's Total Shareholder Return for the ten years ended 31 July 2023, 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.



The table below details the Chief Executive Officer's single figure of remuneration over the same ten-year period:

	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	2023 Kelly Manthey
Total remuneration £'000	1,648.4	1,133.5	477.8	478.2	878.6	582.9	469.4	1,790.4	1,675.0	498.5
Annual bonus as a percentage of maximum	100.0	69.7	Nil	Nil	100.0	25.0	Nil	100.0	96.0	Nil
LTIP vesting as a percentage of maximum	98.5	100.0	Nil	Nil	Nil	N/A	Nil	70.0	86.0	30.0

### 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.

	2023 £'000	2022 £'000	Percentage change performance
Overall expenditure on pay for continuing operations	166,616	167,202	(1%)
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 2023 and includes basic salary, pension, and the value received from incentive plans. On average, the Group employed 448 UK employees during the financial year ended 31 July 2023 (2022: 503).

Financial year	Calculation methodology	Lower quartile (P25)	Median (P50)	Upper quartile (P75)
<b>2023</b>	<b>Option A</b>	<b>9.5:1</b>	<b>6.9:1</b>	<b>5.2:1</b>
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 2023 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 2023 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 2023 compared to 2022 and 2021 primarily due to variations in variable pay received by the Chief Executive Officer.

A summary of the salaries and total single figures of remuneration for the relevant individuals is included in the table below for 2023:

Pay level	Chief Executive	Lower quartile (P25)	Median (P50)	Upper quartile (P75)
Salary	£433,884	£46,797	£65,781	£87,212
Single figure of remuneration	£498,513	£52,444	£72,646	£96,167

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)

No payments for loss of office to former Directors were made in the year.

### Payments to past Directors (audited)

There have been no payments to past Directors other than those disclosed in previous years.

# Directors' Remuneration report

## continued

### 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 2023 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 2023	Beneficial holding 31 July 2022	Expressed as a percentage of annual basic salary <sup>1</sup>
<b>Executive</b>							
Kelly Manthey	85,000	609,235	–	–	294,754	294,754	45.9%
Chris Kutsor	358,803	735,714	110,341	2,449	812,734	388,972	186.4%
<b>Non-Executive</b>							
David Bell	–	–	–	–	84,486	84,486	–
John Kerr	–	–	–	–	112,359	112,359	–
Michele Maher	–	–	–	–	28,089	28,089	–
Nigel Pocklington	–	–	–	–	21,235	21,235	–
Maria Gordian	–	–	–	–	–	–	–

<sup>1</sup> 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 31 July 2023 (67.6p), being the last business day of the financial year; and the Director's annual rate of basic salary. The basic salary of Kelly Manthey 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 1.21.

From 31 July 2023 to 1 November 2023, 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 <sup>1</sup>	Date of award	Exercise price for options	Balance at 31 July 2022	Awarded during year	Exercised during year <sup>2,3</sup>	Lapsed during year <sup>3</sup>	Balance at 31 July 2023	Vesting date	Expiry date	Status
<b>Kelly Manthey</b>										
LTIP <sup>4</sup>	17 Dec 19	–	125,000	–	(125,000)	–	–	17 Dec 22	17 Dec 29	Vested and exercised
MV <sup>2</sup>	4 Sep 20	£0.67	85,000	–	–	–	85,000	4 Sep 23	3 Sep 30	Vested and unexercised
LTIP <sup>3</sup>	27 Nov 20	–	128,968	–	–	–	128,968	27 Nov 23	27 Nov 30	Unvested
LTIP <sup>4</sup>	7 Dec 21	–	72,836	–	–	–	72,836	7 Dec 24	7 Dec 31	Unvested
LTIP <sup>4</sup>	19 Dec 22	–	–	407,431	–	–	407,431	19 Dec 25	19 Dec 32	Unvested
			411,804	407,431	(125,000)	–	694,235			

Type of award <sup>1</sup>	Date of award	Exercise price for options	Balance at 31 July 2022	Awarded during year	Exercised during year <sup>2,3</sup>	Lapsed during year <sup>3</sup>	Balance at 31 July 2023	Vesting date	Expiry date	Status
<b>Chris Kutsor</b>										
OPT <sup>5</sup>	17 June 19	£1.105	358,803	–	–	–	<b>358,803</b>	14 Mar 22	17 June 29	Vested and unexercised
LTIP <sup>4</sup>	17 Dec 19	–	486,946	–	(418,773)	(68,173)	–	17 Dec 22	17 Dec 29	Vested and exercised
LTIP <sup>3</sup>	27 Nov 20	–	241,897	–	–	–	<b>241,897</b>	27 Nov 23	27 Nov 30	Unvested
LTIP <sup>4</sup>	7 Dec 21	–	179,513	–	–	–	<b>179,513</b>	7 Dec 24	7 Dec 31	Unvested
DBS <sup>6</sup>	1 Nov 21	–	44,652	–	–	–	<b>44,652</b>	1 Nov 23	1 Nov 31	Unvested
ESPP <sup>6</sup>	15 Nov 21	\$3.315	1,809	–	–	(1,809)	–	2 Dec 22	2 Dec 22	Lapsed
DBS <sup>6</sup>	1 Nov 22	–	–	65,689	–	–	<b>65,689</b>	1 Nov 24	1 Nov 31	Unvested
ESPP <sup>7</sup>	2 Dec 22	\$2.45	–	2,449	–	–	<b>2,449</b>	2 Dec 23	2 Dec 23	Unvested
LTIP <sup>4</sup>	19 Dec 22	–	–	314,304	–	–	<b>314,304</b>	19 Dec 25	19 Dec 32	Unvested
			<b>1,313,620</b>	<b>382,422</b>	<b>(418,773)</b>	<b>(69,982)</b>	<b>1,207,307</b>			

<sup>1</sup> 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, MV = Market Value Option Award.

<sup>2</sup> A market value option award, pursuant to the LTIP 2010, was granted to Kelly Manthey prior to her appointment as Chief Executive Officer on 1 August 2022. The Award vested on 4 September 2023 at 85%.

<sup>3</sup> Details of the Nov 20 LTIP, which was tested for performance at the year end and expected to vest at 30% of maximum for Kelly Manthey and 36% of the maximum for Chris Kutsor in Nov 23, is included on pages 171.

<sup>4</sup> 2018 LTIP, 2019 LTIP, 2020 LTIP, 2021 LTIP and 2022 LTIP award performance conditions are detailed on the Company's Investor site: <https://investors.kinandcarta.com/governance/remuneration/default.aspx>. Details of the December 2019 LTIP was included in the 2021/22 Annual Report and Accounts.

<sup>5</sup> Details of OPT performance conditions are disclosed on page 89 of the 2018/19 Annual Report and Accounts.

<sup>6</sup> Awards are subject to continued employment over two-years.

<sup>7</sup> Details of the right to acquire shares pursuant to the ESPP are included on page 177.

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 31 July 2023, being the last business day of the financial year, was 67.6p and the range during the financial year 2023 was 58.0p to 253.5p.

## 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 2,449 shares in the Company on 2 December 2023 at a purchase price of US\$2.45 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 2023, excluding lapsed options and options exercised and satisfied from utilising existing issued shares, options of 14,856,737 shares (8.35% 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

1 November 2023

# Directors' report

The Directors present their Directors' Report and the audited Consolidated Financial Statements for the year ended 31 July 2023. The Corporate Governance Report set out on pages 128 to 139 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 33. 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.

## Annual General Meeting

The 42nd AGM of the Company will be held on 7 December 2023. 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.

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

## 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 was due to expire in September 2025 on terms broadly in line with the previous agreement. The credit facility is now available until 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 128 to 139 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 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 2023 and to the date of this Report.

## 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 124 to 127, 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 176 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 44 to 111 of this Annual Report.

## Employees, customers and suppliers

Information relating to the Directors' regard for employee interests and to business relationships with customers, suppliers and others is set out in our "A responsible business" section on pages 44 to 111 of this Annual Report

## FCA Listing Rules – compliance with Listing Rule 9.8.4R

The following disclosures required by LR 9.8.4R are contained in the Annual Report as set out below and are incorporated into the Directors' Report:

Listing rule requirement	Location in Annual Report
Details of any long-term incentive schemes as required by LR 9.4.3R.	Directors' Remuneration Report on pages 152 to 177
Details of any arrangements under which a director of the company has waived or agreed to waive any emoluments from the company or any subsidiary undertaking.	Directors' Remuneration Report on pages 152 to 177

## 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 12 to 121 of this Annual Report. 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 40 to 43 of this Annual Report. 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 2023 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 181 to 182 of this Annual Report 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.

On 18 October 2023, the Board of Kin and Carta plc recommended an offer for the Group to be acquired by Apax. The Board have considered the statements in Apax's announcement made pursuant to rule 2.7 of the Takeover Code in respect of the proposed acquisition, and discussions with Apax senior management



# Directors' report

## continued

regarding Apax's intention to ensure continuity of the Group's existing business. Although the Group's current bank credit facility includes a provision which allows the lender banks to withdraw the facility under certain circumstances after a change of control. The Directors believe that Apax would ensure that appropriate bank facilities would continue to be made available to the group after completion of the deal. Considering this, the Directors have concluded that the completion of

this acquisition would not impact the appropriateness of the going concern basis of preparation for 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 145–147 of this Annual Report.

### 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 2023	
	Number of voting rights	Percentage of issued share capital carrying voting rights*
Abrdn plc	below 5%	below 5%
Aegon N.V.	9,042,907	5.08%
Allianz Global Investors GmbH	8,415,289	4.73%
Cannacord Genuity Group Inc.	9,231,752	5.19%
Coast Capital Management, LP	9,805,255	5.51%
FIL limited	12,633,518	7.10%
Jupiter Fund Management plc	8,537,419	4.79%
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%
Sanne Fiduciary Services Limited in its capacity as trustee of the Kin and Carta Plc Employee Benefit Trust	5,054,118	below 3%
Wasatch Advisors, Inc.	5,326,496	below 3%

\* Percentage based on ordinary shares in issue, excluding treasury shares, as at 31 July 2023.

Between 1 August 2023 and 1 November 2023, the Company received the following notifications of interests pursuant to the DTR 5:

- a notification from BlackRock, Inc. on 18 August 2023, which notified an increase in their voting rights to 9,502,499 (representing 5.33% of Kin + Carta's issued share capital carrying voting rights); and
- a notification from Kabouter Management, LLC on 7 September 2023, which notified a decrease in their voting rights to 5,156,200 (representing 2.90% of Kin + Carta's issued share capital carrying voting rights).

### Political donations

The Company made no political donations nor incurred any political expenditure during the year (2022: £nil) and the Board has no intention to seek shareholders' approval to permit the Board to make political donations or incur political expenditure.

### Share capital

As at 31 July 2023, the Company had 178,021,997 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 2023 was 177,931,360.

### Powers of Directors to issue or buy back the Company's shares

At the 2022 AGM, shareholders approved authorities:

- for the Directors to allot shares up to an aggregate nominal amount of £5,930,009 generally, with a further authority to allot additional shares up to an aggregate nominal amount of £5,930,009 where the allotment is in connection with a rights issue only; and
- for the Company to make market purchases of its own shares up to a maximum of 17,790,027 shares. The Company did not purchase any of its own shares, nor has it reissued shares held in treasury during the year (2022: 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 12 to 121 of this Annual Report. 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 this 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 £20.7 million (2022: statutory loss of £15.6 million). The Directors have decided not to recommend the payment of a final dividend for 2023; 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 multi-currency revolving credit facility of £85 million with an expiry date of September 2026. 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 31 July 2026.

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 1 August 2024. 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 modest revenue growth in the financial year ending in 2024 compared to the financial year ended in 2023, with a commensurate increase in operating profit. The related scenarios reflect the estimated financial impact of a of adverse events associated with the principal risks outlined in the Risk management section on pages 112 to 121, 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

# Directors' report

## continued

of up to 25% 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 employees and, in such a scenario, the Group would undertake cost avoidance measures by removing roles and delaying new hires while employee commissions linked to sales growth, and employee bonuses linked to operating profit would both also be payable at a substantially reduced level. In addition, the Group would avoid other costs by reducing expenditure on IT and capital items.

In addition to the stress scenario outlined previously, other scenarios were also modelled, including the loss of the Group's most significant customer; and 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 price reductions given to maintain customer volumes.

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, have a reasonable expectation that the Company will be able to continue in operation and meets its liabilities as they fall due over the three-year assessment period.

Approved by Board and signed on its behalf by

**Lucy Maxwell**  
Company Secretary

1 November 2023



# 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).

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 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 a 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 124 to 127 confirm that, to the best of their knowledge:

- the Board confirms that the Annual Report and the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, 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 and Directors' 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.

This responsibility statement was approved by the Board of Directors on 30 November 2023 and is signed on its behalf by

**Kelly Manthey**  
Chief Executive Officer

1 November 2023

**Chris Kutsor**  
Chief Financial Officer and Chief Operating Officer

1 November 2023



# Financials





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# Independent auditors' report to the members of Kin and Carta plc

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Kin and Carta Plc. (the "Company") and its consolidated undertakings (the "Group") for the year ended 31 July 2023 set out on pages 194 to 278, which comprise the Consolidated Income Statement, Consolidated Statement of Consolidated Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Balance Sheet, Company Statement of Changes of Equity and related notes, including the summary of significant accounting policies set out in note 2.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is UK Law, UK-adopted international accounting standards and, as regards the Company financial statements, UK Law and FRS 101 Reduced Disclosure Framework.

In our opinion:

- 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 2023 and of the Group's loss 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 FRS 101 Reduced Disclosure Framework issued by the UK's Financial Reporting Council; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the shareholders on 1 December 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements, including the Financial Reporting Council ("FRC")'s Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

### Conclusions relating to going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

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. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.
- Obtaining an understanding of the Directors' use of the going concern basis of preparation. This included inspecting their going concern assessment and associated underlying forecasts and assumptions, and performing inquiries of management and those charged with governance.
- Testing the mathematical accuracy of the going concern model including the data used in stress testing.
- Assessing base case and downside scenarios relevant to covenant metrics. In particular, whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies.
- We also compared the budget to actual results to assess the Directors' ability to budget accurately.

- We inspected the facility letter from the lender of the level of committed financing, and the associated covenant requirements. This included obtaining evidence to support the going concern assessment in the context of the change in control clause noted.
- We considered whether the going concern disclosure in note 1 to the Group Financial Statements gives an appropriate and sufficient description of the Directors' assessment of going concern.

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 or the Company's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

In relation to the Group and the Company's 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.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

#### **Detecting irregularities including fraud**

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the Directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.

- Inquiring of Directors, internal audit and management as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of Directors, internal audit regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Reading Board, Audit Committee, Remuneration Committee and Nomination Committee meeting minutes.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation, taxation legislation and distributable profits legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition.

# Independent auditors' report to the members of Kin and Carta plc

## continued

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and material post close adjustments, comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias.
- Assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance

and cannot be expected to detect non-compliance with all laws and regulations.

### Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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 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.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

**Group key audit matters**

Revenue recognition £195.9 million (2022: £197.1 million)

Refer to page 205 (accounting policy) and page 218 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
<p>The Group recognises revenue either on a time and materials basis or in accordance with the stage of completion of the contract.</p>	<p>Our procedures included, amongst others:</p> <p><b>Control operation</b></p> <ul style="list-style-type: none"> <li>We obtained and documented our understanding of the process for recording the recognition of revenue and tested the design and implementation of the relevant controls.</li> </ul> <p><b>Test of detail</b></p> <ul style="list-style-type: none"> <li>We have evaluated the Group's revenue accounting policies in accordance with the requirements of IFRS.</li> <li>We selected a sample of revenue transactions recognised during the year and agreed this to supporting documentation, including invoice and evidence of payment.</li> <li>For revenue transactions that are in progress at year end, we selected a sample, agreed this to supporting documentation and assessed that revenue was recognised in accordance with the terms of the contract and the Group's accounting policy on revenue recognition. Supporting documentation included: the contract, approved time records confirmed by the appropriate person, invoices and evidence of customer payment and were required this was supplemented by enquiry of project managers.</li> <li>For a sample of revenue contracts calculated on a stage of completion basis, we assessed and recalculated the degree of completion of contracts at year-end, based on total contract value, approved time records confirmed by the appropriate person and estimated time to complete made by the project managers. We held updated discussions on estimated time to complete fixed price contracts that were subject to our sample testing, prior to the signing of the Annual Report.</li> <li>We inspected a listing of credit notes issued after the year end and noted no credit notes greater than performance materiality had been issued.</li> <li>We assessed the level of deferred revenue and accrued revenue recognised at the year end and tested a sample of deferred revenue and accrued revenue balances to ensure they were recognised in accordance with the Group's revenue recognition accounting policies.</li> </ul> <p><b>Disclosures</b></p> <ul style="list-style-type: none"> <li>We considered the adequacy of the Group's disclosures presented in the financial statements over revenue recognition, including key sources of estimation uncertainty and judgements being applied.</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>The results of our testing were satisfactory and we found the amount of revenue recognised to be appropriate.</li> </ul>



# Independent auditors' report to the members of Kin and Carta plc

## continued

Carrying value of goodwill and other intangible assets £75.0 million (2022: £97.4 million)

Refer to page 217 (accounting policy) and pages 237 to 240 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>Goodwill and intangible assets are material and the assessment of the carrying value of goodwill and intangibles involves complex and subjective judgements about the future results of the business.</li> <li>As the business is subject to the risk of loss of key customers and/or decline in demand and pressures on pricing an impairment assessment is undertaken by calculating the value-in-use ("VIU") for each cash generating unit ("CGU") to support the carrying value of the goodwill and other intangible assets.</li> <li>The current economic environment may result in increased uncertainty in forecasting the Group's future cash flows. Taken together with potential changes in selecting an appropriate discount rate, as a result of Company and market factors– including higher base interest rates and risk premiums generally– there is a potential for a greater level of subjectivity in the discounted cash flow model used to support the carrying value at 31 July 2023.</li> </ul>	<p>Our procedures included, amongst others:</p> <p><b>Control operation</b></p> <ul style="list-style-type: none"> <li>Obtained and documented our understanding of the impairment process and test the design and implementation of the relevant control therein.</li> </ul> <p><b>Test of detail</b></p> <ul style="list-style-type: none"> <li>Evaluated the methodology applied in determining the CGUs and the estimate of the recoverable amount of goodwill to determine if they are in line with the requirements of IFRS.</li> <li>Made inquiries of management regarding the indicators they assess as possible indicators of impairment for CGUs.</li> <li>Inspected management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit.</li> <li>Compared the sum of the discounted cash flows to the Group's market capitalisation to identify if any indicator of impairment existed.</li> <li>Evaluated the valuation techniques, assumptions and data used by management to make their accounting estimates (and range thereof) used for value in use. This involved using our valuation specialists in the assessment of the discount rates used in each CGU and sourced independent data, where possible. We have also challenged management's assumption of growth rate, revenue backlogs and margin.</li> </ul> <p><b>Disclosures</b></p> <ul style="list-style-type: none"> <li>Evaluated the completeness, accuracy and relevance of disclosures required by IAS 36, including disclosures about sensitivities and major sources of estimation uncertainty.</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>Based on evidence obtained, we found that the assumptions applied in management's cash flow forecast models used in the determination of value in use were appropriate. We read the disclosures made and found them to be appropriate.</li> </ul>

**Company key audit matter**

Carrying value of investment in subsidiaries £177.3 million (2022: £183.0 million)

Refer to page 270 (accounting policy) and page 274 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
<p>The investment in subsidiary undertakings is carried in the Balance Sheet of the Company at cost less impairment.</p> <p>There is a risk in respect of the carrying value of these investments if future cash flows and performance of these subsidiaries is not sufficient to support the Company's investments.</p>	<p>Our procedures included, amongst others:</p> <p><b>Control operation</b></p> <ul style="list-style-type: none"> <li>We obtained and documented our understanding of the process around investment in subsidiaries and tested the design and implementation of the relevant controls therein.</li> </ul> <p><b>Test of detail</b></p> <ul style="list-style-type: none"> <li>We considered management's assessment of impairment indicators across the Group.</li> <li>We compared the carrying value of investments in the Company's Balance Sheet to the net assets of the subsidiary financial statements.</li> <li>We compared the carrying value of subsidiaries to the market capitalisation of the Company at 31 July 2023 to identify if any indicator of impairment existed.</li> <li>We evaluated the methodology applied in determining the recoverable amount calculated by a value-in-use model and ensure this is in line with the requirements of IFRS.</li> <li>We considered the audit work performed in respect of cash flow forecasts and profitability as part of the valuation of goodwill and intangible assets.</li> </ul> <p><b>Disclosures</b></p> <ul style="list-style-type: none"> <li>We evaluated the completeness, accuracy and relevance of disclosures required by IAS 36, including disclosures about sensitivities and major sources of estimation uncertainty.</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>Based on evidence obtained, we concluded that the carrying value of investments in subsidiaries were appropriate at the balance sheet date.</li> </ul>

### Our application of materiality and an overview of the scope of our audit

Materiality for the Group Financial Statements as a whole was set at £1.56 million. This has been calculated based on 0.8% of the Group revenue of £195.9 million.

In applying our judgement in determining the most appropriate benchmark, the factors, which had the most significant impact were our understanding that revenue is a key measure for shareholders in assessing the financial performance and the stability of this measure year on year.

The materiality for the prior year Group Financial Statements as a whole was set at £853k. This was calculated based on 5% of adjusted profit before tax from continuing activities.

Materiality for the Company financial statements as a whole was set at £910k, determined with reference to a benchmark of Company total assets of which it represents 0.65% capped at 60% of Group materiality. The materiality of the Company financial statements for the prior year was £810k based on 0.5% of the net assets of the Company capped at 95% of Group materiality.

In applying our judgement in determining the percentage to be applied to the benchmark for Group and Company, the following qualitative factors, had the most significant impact, decreasing our assessment of materiality and included:

# Independent auditors' report to the members of Kin and Carta plc

## continued

- the Group has a high public profile; and
- the Group has external debt.

We applied Group materiality to assist us determine the overall audit strategy.

As this was the first year as auditor for the Group, our ability to assess the factors which impact on our determination of performance materiality was reduced. In response to this uncertainty in the aggregation risk, we considered it appropriate to reduce performance materiality to 65% of Group and Company materiality. In the prior year, performance materiality for the Group and Company was set at 75%.

We applied performance materiality to assist us determine what risks were significant risks for the Group and Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £78k (2022: £76k) for the Group or £45.5k (2022: £40.5k) to the Company, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's reporting components, we performed a full scope audit over 4 of the financially significant components of the Group due to their financial significance. These components and consolidation adjustments contributed to 87% of revenue and 88% of total assets.

The remaining 13% of total Group revenue and 12% of total Group assets is represented by a number of components, none of which individually represented more than 4% of total Group revenue or 9% of total Group assets.

For the residual components we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Our audit was all performed by a single engagement team in KPMG Ireland.

### We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the Financial Statements. The other information comprises the information included in the Strategic Report including the Responsible Business Report and the Governance Report including the Directors' Report. The financial statements and our Auditor's Report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express

an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### Opinions on other matters prescribed by the Companies Act 2006

#### Strategic Report and Directors' Report

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the Directors' Report or the strategic report;
- in our opinion, the information given in the strategic report and the Directors' Report is consistent with the financial statements;
- in our opinion, the Strategic Report and the Directors' Report have been prepared in accordance with the Companies Act 2006.

#### Directors' Remuneration Report

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

We have reviewed the Directors' statement 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 by the Listing Rules.

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:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 179;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 183;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 183;

- Directors' statement on fair, balanced and understandable and the information necessary for shareholders to assess the Group's position and performance, business model and strategy set out on page 183;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on page 183;
- Section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 146 and 147; and
- Section describing the work of the Audit Committee set out on page 142.

#### **We have nothing to report on the other matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- 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
- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

#### **Respective responsibilities and restrictions on use**

##### **Responsibilities of Directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 183, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and 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 they either intend to liquidate the

Group or the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

##### **The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

##### **John Poole (Senior Statutory Auditor)**

for and on behalf of KPMG, Statutory Auditor

The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

2 November 2023

# Consolidated income statement

## For the year ended 31 July 2023

	Note	Year to 31 July 2023			Restated <sup>1</sup> Year to 31 July 2022		
		Adjusted results £'000	Adjusting items (note 7) £'000	Statutory results £'000	Adjusted results £'000	Adjusting items (note 7) £'000	Statutory results £'000
<b>Revenue</b>	3	195,870	–	195,870	197,123	–	197,123
Project-related costs		(3,858)	–	(3,858)	(6,846)	–	(6,846)
<b>Net revenue</b>		192,012	–	192,012	190,277	–	190,277
Cost of service		(104,871)		(104,871)	(105,398)	–	(105,398)
<b>Gross profit</b>		87,141	–	87,141	84,879	–	84,879
Selling costs		(20,382)	–	(20,382)	(16,412)	–	(16,412)
Administrative expenses		(48,303)	(4,113)	(52,416)	(46,513)	(7,565)	(54,078)
Share of results of joint arrangement	35	–	–	–	442	–	442
Share-based payment charges		–	(3,749)	(3,749)	–	(3,234)	(3,234)
Customer disputes and litigation		–	(3,578)	(3,578)	–	–	–
Impairment of goodwill		–	(14,598)	(14,598)	–	–	–
Amortisation of acquired intangibles		–	(9,256)	(9,256)	–	(6,390)	(6,390)
Contingent consideration treated as remuneration and adjustments to consideration		–	(9,588)	(9,588)	–	(13,229)	(13,229)
Acquisition and integration costs		–	(655)	(655)	–	(1,421)	(1,421)
Property impairment and related empty credits/(charges)		–	7,802	7,802	–	(6,264)	(6,264)
Other operating income		–	–	–	–	1,621	1,621
<b>Operating profit/(loss)</b>		18,456	(37,735)	(19,279)	22,396	(36,482)	(14,086)
Net pension finance income	9	–	1,376	1,376	–	340	340
Other finance costs	10	(2,626)	(140)	(2,766)	(1,837)	–	(1,837)
<b>Profit/(loss) before tax</b>		15,830	(36,499)	(20,669)	20,559	(36,142)	(15,583)
Income tax (charge)/credit	11	(810)	2,714	1,904	(1,802)	3,411	1,609
<b>Net profit/(loss) from continuing operations</b>		15,020	(33,785)	(18,765)	18,757	(32,731)	(13,974)
Net profit from discontinued operations	8	–	–	–	1,406	22,575	23,981
<b>Net profit/(loss) for the period attributable to equity holders of the Parent Company</b>		15,020	(33,785)	(18,765)	20,163	(10,156)	10,007
<b>Basic earnings/(loss) per share (pence)</b>							
Continuing operations		8.67		(10.83)	10.80		(8.04)
Discontinued operations		–		–	0.81		13.80
Continuing and discontinued operations	14	8.67		(10.83)	11.61		5.76
<b>Diluted earnings/(loss) per share (pence)</b>							
Continuing operations		8.50		(10.83)	10.46		(7.79)
Discontinued operations		–		–	0.78		13.37
Continuing and discontinued operations	14	8.50		(10.83)	11.24		5.58

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 for further details.



# Consolidated statement of comprehensive income

For the year ended 31 July 2023

	Note	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
<b>Net (loss)/profit for the period</b>		<b>(18,765)</b>	10,007
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of defined benefit scheme surplus	27	(28,295)	20,335
Tax credit/(charge) on items taken through other comprehensive income		7,074	(6,209)
		<b>(21,221)</b>	14,126
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Transfers of losses on cash flow hedges		54	13
Losses on cash flow hedges		(43)	(54)
Foreign exchange (losses)/gains		(1,477)	4,366
Tax credit/(charge) on items taken through other comprehensive income		129	(1,105)
		<b>(1,337)</b>	3,220
<b>Other comprehensive (loss)/income for the period</b>		<b>(22,558)</b>	17,346
<b>Total comprehensive (loss)/income for the period attributable to equity holders of the Parent Company</b>		<b>(41,323)</b>	27,353

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# Consolidated statement of changes in equity

For the year ended 31 July 2023

	Share capital £'000	Additional paid-in capital <sup>1</sup> £'000	ESOP reserve £'000	Treasury shares £'000	Share option reserve £'000	Hedging and translation reserve £'000	Other reserves £'000	Retained earnings/ (accumulated deficit) <sup>2</sup> £'000	Total equity £'000
<b>Balance at 1 August 2021 (as previously reported)</b>	<b>17,255</b>	<b>86,513</b>	<b>(68)</b>	<b>(163)</b>	<b>3,756</b>	<b>1,583</b>	<b>91,621</b>	<b>(26,118)</b>	<b>82,758</b>
Prior year adjustment (note 1)	–	–	–	–	–	–	–	2,532	2,532
<b>Balance at 1 August 2021 (restated)</b>	<b>17,255</b>	<b>86,513</b>	<b>(68)</b>	<b>(163)</b>	<b>3,756</b>	<b>1,583</b>	<b>91,621</b>	<b>(23,586)</b>	<b>85,290</b>
Profit for the year (restated)	–	–	–	–	–	–	–	10,007	10,007
Other comprehensive income	–	–	–	–	–	3,220	3,220	14,126	17,346
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,220</b>	<b>3,220</b>	<b>24,133</b>	<b>27,353</b>
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 by Employee Benefit Trust	–	–	(5,593)	–	–	–	(5,593)	–	(5,593)
Reclassification of share-settled amount from liabilities	–	–	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	–
<b>Balance at 31 July 2022 (restated)</b>	<b>17,797</b>	<b>89,302</b>	<b>(5,325)</b>	<b>(163)</b>	<b>12,907</b>	<b>4,979</b>	<b>101,700</b>	<b>6,964</b>	<b>126,461</b>
Loss for the year	–	–	–	–	–	–	–	(18,765)	(18,765)
Other comprehensive loss	–	–	–	–	–	(1,337)	(1,337)	(21,221)	(22,558)
<b>Total comprehensive loss</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,337)</b>	<b>(1,337)</b>	<b>(39,986)</b>	<b>(41,323)</b>
Dividends paid	–	–	–	–	–	–	–	(3)	(3)
Shares issued to settle employee share options	6	45	3,872	–	(1,660)	–	2,257	(2,211)	52
Purchase of own shares by Employee Benefit Trust	–	–	(8,395)	–	–	–	(8,395)	–	(8,395)
Reclassification of share-settled amount from liabilities	–	–	362	–	–	–	362	–	362
Recognition of share-based payments in respect of employee share schemes	–	–	–	–	3,128	–	3,128	–	3,128
Recognition of share-based contingent consideration deemed as remuneration	–	–	–	–	3,878	–	3,878	–	3,878
Reclassification of contingent consideration deemed as remuneration from equity to liabilities	–	–	–	–	(10,623)	–	(10,623)	–	(10,623)
Tax on share-based payments	–	–	–	–	(545)	–	(545)	–	(545)
Hyperinflation revaluation	–	–	–	–	–	424	424	–	424
Reclassification to retained earnings <sup>3</sup>	–	–	–	–	(3,279)	–	(3,279)	3,279	–
<b>Balance at 31 July 2023</b>	<b>17,803</b>	<b>89,347</b>	<b>(9,486)</b>	<b>(163)</b>	<b>3,806</b>	<b>4,066</b>	<b>87,570</b>	<b>(31,957)</b>	<b>73,416</b>

<sup>1</sup> Additional paid-in capital includes share premium, merger reserve and capital redemption reserve as detailed in note 31.

<sup>2</sup> The results for the year to 31 July 2022 have been restated to reflect the correction of the tax treatment of income from US loan forgiveness income in FY21 and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 for further details.

<sup>3</sup> Following the full vesting in the period of shares in respect of deferred consideration for the Spire acquisition that were allotted in a prior period, related amounts have been transferred from the share option reserve to retained earnings.

# Consolidated balance sheet

Company number 01552113

As at 31 July 2023

	Note	31 July 2023 £'000	Restated <sup>1</sup> 31 July 2022 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	13,693	10,559
Investment property	17	4,790	4,790
Goodwill	18	61,759	76,935
Other intangible assets	18	13,244	20,435
Retirement benefit surplus	27	12,964	38,748
Other non-current assets		137	101
Deferred tax assets	26	4,678	7,625
		<b>111,265</b>	<b>159,193</b>
<b>Current assets</b>			
Trade and other receivables	20	31,432	45,393
Derivative financial instruments	21	31	2
Current tax assets		2,074	–
Cash and cash equivalents	20	9,847	12,609
		<b>43,384</b>	<b>58,004</b>
<b>Total assets</b>		<b>154,649</b>	<b>217,197</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Lease liabilities	16	2,574	2,806
Trade and other payables	22	23,534	32,968
Derivative financial instruments	21	–	454
Current tax liabilities		624	1,867
Deferred income	24	3,479	5,159
Contingent and deferred consideration payable	19	4,955	6,944
Provisions	25	1,984	477
		<b>37,150</b>	<b>50,675</b>
<b>Non-current liabilities</b>			
Lease liabilities	16	8,193	10,052
Loans and borrowings	23	29,815	13,148
Contingent and deferred consideration payable	19	3,604	2,155
Provisions	25	275	4,206
Deferred tax liabilities	26	2,196	10,500
		<b>44,083</b>	<b>40,061</b>
<b>Total liabilities</b>		<b>81,233</b>	<b>90,736</b>
<b>Net assets</b>		<b>73,416</b>	<b>126,461</b>
<b>Capital and reserves</b>			
Share capital	30	17,803	17,797
Other reserves	32	87,570	101,700
(Accumulated deficit)/retained earnings		(31,957)	6,964
<b>Total equity</b>		<b>73,416</b>	<b>126,461</b>

<sup>1</sup> The Consolidated Balance Sheet at 31 July 2022 has been restated in respect of the correction of the tax treatment of income from US loan forgiveness income in FY21 and the restatement of depreciation and associated tax of the investment property following a change in accounting policy to move from a cost model to a fair value model, which has been applied retrospectively. Refer to note 1 for further details.

These Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 1 November 2023. They were signed on its behalf by:

**Kelly Manthey**  
Chief Executive Officer

**Chris Kutsor**  
Chief Financial Officer  
Chief Operating Officer

# Consolidated statement of cash flows

For the year ended 31 July 2023

	Note	Year to 31 July 2023 £000	Restated <sup>1</sup> Year to 31 July 2022 £000
Statutory loss before tax		(20,669)	(15,583)
Net finance costs		1,390	1,497
Loss from continuing operations		(19,279)	(14,086)
Profit from discontinued operations	8	–	25,684
<b>Statutory operating (loss)/profit</b>		<b>(19,279)</b>	<b>11,598</b>
Depreciation of property, plant and equipment	15	4,361	4,123
Amortisation of intangible assets	18	9,256	6,484
<b>Other items before working capital movements:</b>			
Share-based payment charge		3,749	3,118
(Decrease)/increase in retirement benefit obligations		(1,135)	1,194
Charge for contingent consideration required to be treated as remuneration	7	9,588	13,228
Contingent consideration paid for acquisitions made in prior periods	19	(14,537)	–
Cash outflow from derivatives in respect of contingent consideration paid for acquisitions made in prior periods		(1,651)	–
(Decrease)/increase in provisions		(2,429)	3,551
Impairment losses on goodwill	7	14,598	–
Non-cash reductions in lease liabilities	16	(5,421)	(4,401)
Impairment of right-of-use asset	7	1,847	6,207
Loss on disposal of property, plant and equipment		–	72
Share of profit from joint arrangement		–	(442)
Disbursement from joint arrangement		–	147
Gain on disposal of subsidiaries	8	–	(24,059)
Fair value gain from deemed sale on step acquisition	7	–	(1,621)
<b>Operating cash (outflows)/inflows before movements in working capital</b>		<b>(1,053)</b>	<b>19,199</b>
Decrease/(increase) in receivables		13,911	(8,054)
(Decrease)/increase in payables		(10,649)	939
(Decrease)/increase in deferred income		(1,687)	43
<b>Cash generated from operations</b>		<b>522</b>	<b>12,127</b>
Interest paid		(1,660)	(1,014)
Income taxes paid		(1,462)	(1,341)
<b>Net cash flows from operating activities</b>		<b>(2,600)</b>	<b>9,772</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(2,374)	(1,336)
Acquisition of subsidiaries, net of cash acquired		(2,197)	(11,932)
Deferred consideration paid for acquisitions made in prior periods	19	(673)	–
Proceeds on disposal of subsidiaries		–	34,269
<b>Net cash flows from investing activities</b>		<b>(5,244)</b>	<b>21,001</b>

	Note	Year to 31 July 2023 £000	Restated <sup>1</sup> Year to 31 July 2022 £000
<b>Financing activities</b>			
Principal element of lease payments		(3,344)	(3,080)
Interest element of lease payments		(636)	(732)
Purchase of own shares by the Employee Benefit Trust		(8,395)	(5,593)
Dividends paid	13	(3)	(38)
Proceeds from issue of shares		52	332
Drawdown of borrowings		26,672	23,988
Repayment of borrowings		(8,809)	(78,178)
<b>Net cash flows from financing activities</b>		<b>5,537</b>	<b>(63,301)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,307)</b>	<b>(32,528)</b>
Cash and cash equivalents at beginning of the year		12,609	44,971
Effect of currency movements		(455)	166
<b>Cash and cash equivalents at end of the year</b>	20	<b>9,847</b>	<b>12,609</b>

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 for further details.

Included in the figures above are the following cash flows from discontinued operations:

	Year to 31 July 2023 £000	Year to 31 July 2022 £000
Net cash flows from investing activities	–	(1,862)
Net cash used in financing activities	–	34,255
Net increase in cash and cash equivalents	–	(542)
	–	31,851



# Notes to the consolidated financial statements

## 1. General information and basis of preparation

The Consolidated Financial Statements ("the financial statements") of Kin and Carta plc and its subsidiaries (collectively, the "Group") for the year ended 31 July 2023 were authorised for issue in accordance with the resolution of the Directors on 1 November 2023. The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group'). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

Kin and Carta plc (the "Company") is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales (Company registration number 1552113) and is listed on the London Stock Exchange. The address of the registered office is The Spitfire Building, 71 Collier Street, London N1 9BE. The Group is principally engaged in the provision of digital transformation consultancy services.

In accordance with the Companies Act 2006, the Consolidated Financial Statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("UK-Adopted IFRS"). The company prepares its Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements are presented in Pounds Sterling as this is the currency of the primary economic environment in which the Group operates, generally rounded to the nearest thousand, except when otherwise indicated.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following items, which are measured at fair value or grant date fair value:

- Share-based payment arrangements
- Investment property
- Business combinations
- Derivative financial instruments
- Contingent consideration payable

The accounting policies set out in note 2 have, unless otherwise stated, been applied consistently to all periods presented in these Consolidated Financial Statements and have been applied consistently by the Group.

## Prior year restatements and reclassifications

### (1) Correction of the taxation of income from loan forgiveness

In FY21, the forgiveness of £4.5 million of loans received under the Payment Protection Programme ("PPP") provided by the US Government were recorded in adjusted other income. This was treated as taxable income in the financial statements for the year ended 31 July 2021, consistent with general US tax rules for loan forgiveness, and a current corporate income tax charge of £1.3 million was provided for at 31 July 2021 and 31 July 2022. However, specific tax legislation for the exclusion of such income was enacted into law within the FY21 year, which resulted in the tax charge being overstated by £1.3 million in that year. As a result, the retained earnings for the comparative balance sheet in these financial statements have been restated as detailed in the tables below.

### (2) Change of accounting policy to hold investment property at the fair value model (previously cost model)

IAS 40 permits investment properties to be held at either the cost or fair value model. During the year to 31 July 2023, there was a change in accounting policy to move from a cost model to a fair value model. The change arose because management judged that the fair value model was more appropriate as it better reflects the manner of recovery of value of the asset. This change in accounting policy has been applied retrospectively from 1 August 2021, being the beginning of the earliest prior period presented, as required by IAS 8.

## 1. General information and basis of preparation (continued)

The previously reported carrying amount at 1 August 2021 under the cost model was £4.4 million. The fair value at 31 July 2023, being the market value as determined by an independent property valuer during July 2023, was £4.8 million. The fair value thus obtained was also applied as at 1 August 2021 and 31 July 2022 as management's assessment was that the fair value would have not been materially different to the value at 31 July 2023 at either earlier date. The difference between the carrying amount as per the cost model previously adopted and the fair value as at 1 August 2021 is £0.35 million, which is presented in accumulated retained earnings within equity as an adjustment to opening equity at 1 August 2021, net of the related deferred tax adjustment.

At 1 August 2021, there was a deferred tax liability of £0.88 million in respect of the investment property. Following the change in accounting policy, the basis for the valuation of deferred tax changed to assume a sale scenario for determining the tax basis. In line with IAS 12, the revised accounting policy resulted in a deferred tax asset and a full valuation allowance was taken against the asset, given the low probability of recovery. The deferred tax liability at 1 August 2021 was restated to nil through accumulated retained earnings within equity.

In the prior year to 31 July 2022, £0.27 million depreciation was previously recorded in respect of the investment property. This has been restated to nil following the accounting policy change. In addition, there was a tax credit of £0.05 million recorded in the year in respect of deferred tax, which has been restated to nil, resulting in a net increase in net profit after tax for the prior period of £0.22 million.

### (3) Reclassification of share-based payments from adjusting results to adjusting items

Share-based payments are transactions in which the Group issues shares to certain employees as consideration for services received, accounted for under IFRS 2 'Share-based Payment'. From FY23, management decided to exclude the Group's share-based payment charge from the adjusted results. The inclusion of share-based payments, together with associated employer taxes, where applicable, as an adjusting item is in line with publicly listed peer group companies in digital transformation, and with the manner in which financial analysts tend to assess financial performance of companies in the industry, therefore aiding the comparability of adjusted results. The FY22 have been restated to reclassify the share-based payment charge from non-adjusting items to adjusting items in the Consolidated Income Statement. There is no impact on statutory profit/(loss) for either period.

These three items are reflected in the tables below:

#### Restatements and reclassifications as at and for the prior year ended 31 July 2022

	31 July 2022 (statutory- as previously reported) £'000	Tax on loan forgiveness restatement £'000	Share-based payments reclassification £'000	Investment property accounting policy change £'000	31 July 2022 (statutory- restated) £'000
<b>Consolidated Balance Sheet (extract)</b>					
Investment property	4,169	–	–	621	4,790
Current tax liabilities	(3,168)	1,301	–	–	(1,867)
Deferred tax liabilities	(11,334)	–	–	834	(10,500)
<b>Net assets</b>	<b>123,705</b>	<b>1,301</b>	<b>–</b>	<b>1,455</b>	<b>126,461</b>
Retained earnings	4,208	1,301	–	1,455	6,964
<b>Total equity</b>	<b>123,705</b>	<b>1,301</b>	<b>–</b>	<b>1,455</b>	<b>126,461</b>
<b>Consolidated Income Statement (extract)</b>					
Administrative expenses	(57,581)	–	3,234	269	(54,078)
Share-based payments	–	–	(3,234)	–	(3,234)
<b>Loss before tax from continuing operations</b>	<b>(15,852)</b>	<b>–</b>	<b>–</b>	<b>269</b>	<b>(15,583)</b>
Income tax (charge)/credit	1,654	–	–	(45)	1,609
<b>Net (loss)/profit from continuing operations</b>	<b>(14,198)</b>	<b>–</b>	<b>–</b>	<b>224</b>	<b>(13,974)</b>

# Notes to the consolidated financial statements

## continued

### 1. General information and basis of preparation (continued)

Basic and diluted earnings per share for the year ending 31 July 2022 have been updated to reflect the share-based payments reclassification and the restatement of depreciation following the accounting policy change to hold investment property at the fair value model:

	Adjusted earnings		Statutory earnings	
	Year to 31 July 2022 (as previously reported)	Year to 31 July 2022 (restated)	Year to 31 July 2022 (as previously reported)	Year to 31 July 2022 (restated)
<b>Continuing and discontinued operations</b>				
Net profit for the period (£'000)	16,291	20,163	9,783	10,007
Earnings per share (pence)				
Basic earnings per share	9.38	11.61	5.63	5.76
Diluted earnings per share	9.08	11.24	5.46	5.58

### Restatements as at 1 August 2021

	1 August 2021 (statutory- as previously reported) £'000	Tax on loan forgiveness restatement £'000	Investment property accounting policy change £'000	1 August 2021 (statutory- restated) £'000
<b>Consolidated Balance Sheet (extract)</b>				
Investment property	4,438	–	352	4,790
Current tax assets/(liabilities)	(514)	1,301	–	787
Deferred tax liabilities	(3,930)	–	879	(3,051)
<b>Net assets</b>	<b>82,758</b>	<b>1,301</b>	<b>1,231</b>	<b>85,290</b>
Accumulated deficit	(26,118)	1,301	1,231	(23,586)
<b>Total equity</b>	<b>82,758</b>	<b>1,301</b>	<b>1,231</b>	<b>85,290</b>

### New and amended standards and interpretations

The following amendments became effective for annual accounting periods beginning on, or after, 1 January 2022, hence are applicable to **Kin and Carta** plc for the financial year to 31 July 2023:

- Amendments to IAS 37: Onerous Contracts- Cost of Fulfilling a Contract
- Amendments to References to the Conceptual Framework in IFRS 3 'Business Combinations'
- Amendments to IAS 16: Property, Plant and Equipment- Proceeds before Intended Use
- Annual Improvements to IFRS Standards 2018-2020

These amendments have a limited impact on the Consolidated Financial Statements of the Group.

## 1. General information and basis of preparation (continued)

### Standards issued but not yet effective

At the date of the approval of these financial statements, the following standards, which have not been applied in these financial statements were in issue, but not yet effective:

- Amended IFRS 17: Insurance contracts
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1: Disclosure of Accounting Policies, Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendment to IFRS 16: Lease Liability in a Sale and Leaseback

These new standards are not expected to have a material impact on the Consolidated Financial Statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### Going concern

As at 31 July 2023, the Group had drawn £29.8 million, (31 July 2022: £13.1 million) on its credit facilities, leaving an unutilised amount of £55.2 million (31 July 2022: £71.9 million). At 31 July 2023, the ratio of net debt/(cash) to adjusted EBITDA for bank covenant purposes was 1.04 times (31 July 2022: 0.01 times), well within the covenant limit of 2.5 times.

The Group has prepared a forecast of financial projections for the three-year period to 31 July 2026. The forecast underpins the going concern assessment, which had been made for the period through to 1 November 2024, a period of 12 months from the date of approval of the Consolidated Financial Statements.

The base case reflects the assumptions made by the Group with respect to organic growth, increased client diversification and operating profit margin improvement. For the going concern assessment, management ran a series of downside scenarios on the latest forecast profit and cash flow projections to assess bank covenant headroom against funding facilities. This process involved a number of sensitised scenarios to assess the financial impact of the Group's principal business risks, which align with those disclosed within this Annual Report and Accounts.

These scenarios and analysis included assumptions around the Group's products and markets, expenditure commitments, expected cash flows and borrowing facilities, taking into account reasonable possible changes in trading performance, and after making appropriate enquiries. In performing this assessment, consideration was given to the current macroeconomic environment. The inflationary and rising interest rate environment has seen the Group's clients spending more cautiously in FY23, resulting in lower than forecast revenue growth. Revenue growth is forecast to improve modestly in FY24 as the impact of new contract wins comes through and macroeconomic pressures are forecast to reduce. Scenarios modelled included sales volume reductions, decreases in gross margin and significant customer loss. None of the stress scenarios modelled show a breach of bank covenants in respect of available funding facilities or any liquidity shortfall.

This process allowed the Board to conclude that the Group will continue to operate on a going concern basis for a period of at least 12 months from when the Consolidated Financial Statements are authorised for issue. Accordingly, the Consolidated Financial Statements are prepared on a going concern basis.

### *Recommended acquisition of Kin and Carta plc by Apax Partners LLP ("Apax")*

On 18 October 2023, the Board of Kin and Carta plc recommended an offer for the Group to be acquired by Apax. The Board have considered the statements in Apax's announcement made pursuant to rule 2.7 of the Takeover Code in respect of the proposed acquisition, and discussions with Apax senior management regarding Apax's intention to ensure continuity of the Group's existing business. Although the Group's current bank credit facility includes a provision which allows the lender banks to withdraw the facility under certain circumstances after a change of control. The Board believes that Apax would ensure that appropriate bank facilities would continue to be made available to the group after completion of the deal. Considering this, the Board has concluded that the completion of this acquisition would not impact the appropriateness of the going concern basis of preparation for these Consolidated Financial Statements.

# Notes to the consolidated financial statements continued

## 1. General information and basis of preparation (continued)

The financial statements do not include any adjustments which would be required should it be inappropriate to apply the going concern basis of accounting.

### Climate change

In preparing the Consolidated Financial Statements, management has considered the impact of climate change. There has been no material impact identified on the financial reporting judgements and estimates. While there is currently no medium-term impact expected from climate change, management is aware of the risks arising from climate change and will regularly assess these risks against judgement and estimates made in preparation of the Group's financial statements.

## 2. Accounting policies

### Basis of consolidation

The Consolidated Financial Statements consolidate the accounts of the Parent and its subsidiary undertakings to 31 July each year. Subsidiaries are entities controlled by the company. Control exists when the company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases. Where subsidiary undertakings were acquired or sold during the year, the accounts include the results for the part of the year for which they were subsidiary undertakings using the acquisition method of accounting. Intra-group balances, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Where necessary, adjustments are made to the results of subsidiaries to bring their accounting policies in line with those of the Group.

### Joint operations

Where the Group undertakes contracts jointly with other parties, these are accounted for as joint operations as defined by IFRS 11 'Joint arrangements'. In accordance with IFRS 11, the Group accounts for its own share of assets, liabilities, revenues and expenses measured according to the terms of the joint operations agreement. There were no joint arrangements for the year to 31 July 2023. In the prior, year there was a joint arrangement to 14 February 2022 when the remaining 50% interest was acquired by the Group (refer to note 35).

### Foreign currencies

The Group's Consolidated Financial Statements are presented in Pounds Sterling, which is also the Parent Company's functional currency. For each subsidiary, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency with reference to the primary economic environment in which it operates.

### Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the spot exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was measured. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss. Foreign currency differences are generally recognised in profit or loss and presented within administrative expenses.



## 2. Accounting policies (continued)

### Group companies

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Pounds Sterling at the exchange rates at the reporting date. Income and expense items are translated at the average rate of exchange rates for 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. Foreign currency differences are recognised in the statement of comprehensive income and accumulated in the translation reserve until the foreign operation is disposed of, at which point the relevant proportion of the accumulated amount is recycled to profit or loss.

Any 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.

The following key exchange rates against British Pound Sterling were applied in these financial statements:

	2023		2022	
	Average rate	Year end rate	Average rate	Year end rate
US Dollar	1.21	1.29	1.32	1.22
Euro	1.15	1.17	1.18	1.19

The Group is also subject to currency risk in relation to the translation of the net assets of its foreign operations into Sterling for inclusion in the Consolidated Financial Statements. These net investments include intercompany loans for which settlement is neither planned or likely to occur in the foreseeable future. In accordance with IAS 21, these loans form part of the net investment in foreign operations and the exchange differences on the loans are booked through other reserves.

### Revenue recognition

The Group recognises revenue when it transfers control over a product or service to its customer. Revenue from supply of services is measured at the fair value of consideration received or receivable, and comprises amounts receivable for services, net of volume discounts, up-front payments, VAT and other sales-related taxes. Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The Group has adopted the five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. This involves identifying the contract with customers, identifying the performance obligations, determining the transaction price, allocating the price to the performance obligations within the contract and recognising revenue when the performance obligations are satisfied.

Due to the contracting nature of the business, all of the Group's revenue is recognised in respect of performance obligations that are satisfied over time. The Group primarily uses the cost input method to measure the progress of delivery. Discounts and other incentives are recognised over the period of the contracts to which they relate.

### Time and materials contracts

Contracts for the provision services generally tend to be "time and materials" contracts whereby the customer is contractually bound to pay for services in line with the time spent delivering a contractually agreed services scope. Such services are recognised as a performance obligation satisfied over time in line with the chargeable time and materials which are allocated to the contracted project.

# Notes to the consolidated financial statements continued

## 2. Accounting policies (continued)

### Fixed price contracts

A small number of contracts are performed on a fixed-price basis. The stage of completion determined as a proportion of the total effort expected for the project that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of the performance conditions under IFRS 15. Where costs are anticipated to be in excess of revenues, an onerous contract will be recognised. Where contract variations or claims may arise, which fall under the variable consideration or contract modification requirements of IFRS 15, the recognition of revenue in respect of these is assessed on a contract-by-contract basis when evidence supports that the contract modification is enforceable or when, in the cases of variable consideration, it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Typically, customers are not entitled to refunds. The above methods are deemed to be appropriate in identifying the point of transfer of services for revenue recognition. Where appropriate, an expected loss on the contract is recognised as an expense immediately in the Consolidated Income Statement.

Invoices are generally raised either in advance of the service provided or in arrears with a monthly cadence. Payment terms for the customer are typically 30 days from the date of issue of the invoice and according to the contract terms.

### 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.

### Adjusting items

Statutory results ("Statutory results") presented in the Consolidated Income Statement include adjusting items. Adjusted items are presented in the middle column of the Consolidated Income Statement. In the opinion of the Directors, their separate presentation aids understanding of the financial performance of the Group. Adjusting items include acquisition and disposal-related costs, amortisation of acquired intangibles, impairments, share-based payment charges, administrative expenses related to St Ives Defined Benefit Pension Scheme, client disputes and litigation and associated insurance income, and restructuring charges.

The results, excluding adjusting items, are presented in the Consolidated Income Statement under the heading "adjusted results", to reflect the manner in which performance is tracked and assessed internally by management. 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 to the Consolidated Financial Statements.

### Accrued and deferred income

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied, and revenue has been recognised, 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.

Deferred income is a contract liability and is recognised when payments are received from customers prior to satisfaction of performance obligations and the associated revenue is recognised. Contract liabilities typically related to prepayments for third-party pass-through expenses and direct costs that are incurred shortly after billing.

## 2. Accounting policies (continued)

### Investment property

Investment properties are properties that are held to earn rental income and are held at the fair value model, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair value is determined based on a valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Previously investment property was carried at historical cost less accumulated depreciation and impairment. There was an accounting policy change during the year to hold the investment property at fair value. See note 1 for further details.

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. When the recognition model was changed from the cost model to fair value the gain was recognised through the profit and loss account.

### Goodwill

Goodwill arising on the acquisition of a subsidiary is initially measured at cost, being the excess of the aggregate of the consideration transferred 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.

Goodwill is reviewed for impairment annually and whenever there is an indication that the goodwill may be impaired in accordance with IAS 36, any impairment losses are recognised immediately in the Consolidated Income Statement.

For the purpose of impairment testing, the goodwill arising on acquisition is allocated to the group of cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination. A CGU represents the lowest level at which goodwill is monitored by the Group's Board of Directors for internal management purposes. If the recoverable amount of the CGU 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 CGU, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

### Other intangible assets

Intangible assets, other than goodwill, include those arising on acquisition comprising customer relationships, proprietary techniques and trademarks. These are initially recognised at cost and amortised on a straight-line basis over their useful economic lives from the date they are available for use. Intangible assets are subsequently stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of intangibles arising in the context of an acquisition is recorded on a separate line within operating profit. The estimated useful economic lives are as follows:

Customer relationships	3 years
Proprietary techniques	3 to 10 years
Trademarks	0 to 1 year

# Notes to the consolidated financial statements continued

## 2. Accounting policies (continued)

### Property, plant and equipment

Property, plant and equipment is initially recognised at cost and depreciated on a straight-line basis over their useful economic lives from the date they are available for use. They are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, if any. Subsequent expenditure on property, plant and equipment is capitalised when it enhances or improves the condition of the item of property, plant and equipment beyond its original assessed standard of performance. Maintenance expenditure is expensed as incurred.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment using the straight-line method by reference to their estimated useful lives as follows:

Freehold buildings	2–4%
Long leases	Period of lease
Plant and machinery	10–33%
Fixture, fittings and equipment	10–33%

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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### Hyperinflationary economies

The Argentinian economy was designated as hyperinflationary from 1 July 2018. As a result, application of IAS 29 'Financial Reporting in Hyperinflationary Economies' has been applied to the Argentinian subsidiary, which provides nearshore delivery services primarily to US-based clients. Adjustments are made for the historical cost of non-monetary assets for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date.

### Impairment of assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and other 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 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 CGU 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense in the Consolidated Income Statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) 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 (CGU) in prior periods.

## 2. Accounting policies (continued)

### Tax

The tax expense in the Consolidated Income Statement comprises current income tax and deferred tax.

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. 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. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated Income Statement.

The Group provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods. Such provisions are based on management's best judgement of the probability of the outcome in reaching an agreement with the relevant tax authorities.

#### Deferred tax

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 reporting 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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax 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.



# Notes to the consolidated financial statements continued

## 2. Accounting policies (continued)

### Provisions

Provisions have been made in respect of restructuring commitments and other property-related commitments.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and where it is probable that an outflow will be required to settle the obligation and the amount of the obligation can be estimated reliably. When a provision is released, the provision is taken back to the Consolidated Income Statement within the line item where it was initially booked. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost. Details of provisions are set out in note 25.

### Contingent liabilities

Contingent liabilities are possible obligations of the Group of which the timing and amount are subject to significant uncertainty. Contingent liabilities are not recognised in the Consolidated Balance Sheet, unless they are assumed by the Group as part of a business combination. They are however disclosed, unless they are considered to be remote. If a contingent liability becomes probable, and the amount can be reliably measured, it is no longer treated as contingent and recognised as a liability on the balance sheet.

### Contingent assets

Contingent assets are possible assets of the Group of which the timing and amount are subject to significant uncertainty. Contingent assets are not recognised in the Consolidated Balance Sheet. They are however disclosed when they are considered to be probable. A contingent asset is recognised in the financial statements when the inflow of economic benefits is virtually certain.

### 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 <sup>1</sup>
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	19	Fair value through profit and loss	2
Contingent consideration payable	19	Fair value through profit and loss	3
Bank borrowings	23	Amortised cost	n/a

<sup>1</sup> The fair value measurement hierarchy is only applicable for financial instruments measured at fair value.

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
- Level 3 inputs are unobservable inputs for the asset or liability

## 2. Accounting policies (continued)

The Group's primary categories of financial instruments are listed below:

### Trade and other receivables

Trade receivables are initially recognised and carried at their original invoice amount. Trade receivables and contract assets are stated at cost less expected credit losses (ECLs). At each reporting date, the Group evaluates the estimated recoverability of trade receivables and contract assets and records allowances for ECLs based on experience.

The Group applies the simplified approach to the measurement of ECLs, which requires expected lifetime losses to be recognised from initial recognition of the receivable. Immediately after an individual trade receivable or contract asset is assessed to be unlikely to be recovered, an impairment is recognised as the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

Where there are no specific concerns over recovery, other than the increasing age of a trade receivable or contract asset balance past payment terms, the Group uses a provision matrix, where provision rates are based on days past due. The provision matrix used reflects estimates based on past experience and current economic factors.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 20.

### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash and short-term deposits with a maturity of three months or less. All of the cash and cash equivalents balance is available for use by the Group.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### Trade and other payables

Trade payables that are not interest bearing and are initially recognised at fair value and subsequently carried at amortised cost.

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, i.e. to realise the assets and settle the liabilities simultaneously.

### 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.

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.

# Notes to the consolidated financial statements continued

## 2. Accounting policies (continued)

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.

### Contingent consideration payable

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 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.

### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds receivable, net of direct issue costs. Subsequent to initial recognition, borrowings are stated at amortised cost, where applicable. 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. Bank borrowings are derecognised when the obligation under the liability is discharged, cancelled or expires.

The Directors consider that the carrying value of all financial assets and liabilities is approximately equal to their fair value.

### Finance income and expense

All interest income and expense is recognised in the income statement on an accruals basis, using the effective interest method.

### Retirement benefits

The Group operates a defined benefit pension scheme, and also makes payments into defined contribution schemes. Payments to defined contribution schemes are accounted for on an accruals basis.

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.

## 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 reflect how management assesses and monitors the ongoing financial performance 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.

### 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 with a corresponding increase in equity.

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 service and 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.

### Employee Share Ownership Plan ("ESOP")

As the Group is deemed to have control of its ESOP trust, it is included in the 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.

# Notes to the consolidated financial statements continued

## 2. Accounting policies (continued)

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets (less than £3,000). The Group recognises lease liabilities to make payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (ie the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The Group holds right-of-use assets in respect of land and buildings which are depreciated between one and 14 years.

Right-of-use assets are tested for impairment in accordance with IAS 36 'Impairment of Assets'.

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate applied to each lease is determined by taking into account the risk-free rate of the country where the asset under lease is located, matched to the term of the lease and adjusted for factors such as the credit risk profile of the lessee.

After the commencement date, the amount of lease liabilities is increased to reflect the addition of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low asset value (below £3,000). Lease payments on short term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.



## 2. Accounting policies (continued)

### 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 and liabilities incurred or assumed by the Group, 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 are automatically forfeited upon termination of employment, are classified as remuneration for post-combination services and are 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 contingent consideration payable in the Consolidated Balance Sheet. At each balance sheet date, the Group revises its estimate for the contingent amounts payable that are 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 are 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 acquirer's share-based payment awards are measured in accordance with IFRS 2 'Share-based Payment'
- 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 at the acquisition date, and is subject to a maximum of one year.

# Notes to the consolidated financial statements continued

## 2. Accounting policies (continued)

### Discontinued operations

Classification as a discontinued operation occurs at the earlier of the date of disposal or when the operation meets the criteria to be classified as held for sale. A component of the Group is classified as a discontinued operation if its carrying amount will be recovered principally through sale rather than through continuing use, and:

- 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
- 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 losses from the disposal of the operation, is reported separately as discontinued operations in the Consolidated Income Statement.

When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

### Segmental reporting

Segment information is presented on a regional basis. Corporate costs, comprising certain costs that are not allocated to the operating regions, are disclosed separately.

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 – this segment generates revenue from services offered to our global clients by our operating businesses which are located in Europe

Corporate costs are those that 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 Makers ("CODM"s). The CODM has been determined to be the Chief Executive Officer and the Chief Financial and Chief Operating Officer who are primarily responsible for the assessment of the performance of the Group. The full segmental balance sheet is not disclosed as this information is not reported to the CODM.

### Significant accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies, reported amounts of assets and liabilities, revenue and expenses and the accompanying disclosures. The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Actual results may also differ from these estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that and prior periods, or in the period of the revision and future periods if the revision affects both current and future periods.

## 2. Accounting policies (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Carrying value of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out above. Impairment exists when the carrying value of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The Group estimates the recoverable amount based on value-in-use calculations, a process which involves estimation. The value-in-use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the relevant budget and forecasts for the next three years, including a terminal value assumption. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows, growth rates and maintainable earnings assumed within the calculation. The recoverability analysis for the year to 31 July 2023 resulted in an impairment in the carry amount of goodwill for the UK excluding Kin and Carta Data CGU. For all other CGUs, the value-in-use supports the carrying amount of goodwill. The situation will be monitored closely should future developments indicate that adjustments are appropriate. Refer to note 18 for further information.

### Carrying value of acquired intangibles

The Group considers the recoverability of acquired intangibles. 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.

### Contingent consideration payable

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 19.

### 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 Guaranteed Minimum Pension and mortality. The net surplus in the Consolidated Balance Sheet for the retirement benefit scheme was £13.0 million (2022: surplus of £38.7 million). A sensitivity analysis can be found in note 27.

### Revenue recognition

As detailed in the revenue recognition policy, the Group recognises revenue on a time and material basis for the majority of contracts. Other contracts are performed on a fixed-price basis. For these contracts, revenue is recognised based on the stage of completion, which is measured by reference to costs incurred to date as a percentage of total estimated costs. This estimate of the stage of completion requires judgement in respect of uncertainties around delivery of the remainder of the contract, which include potential project delays and technical delivery challenges that may result in the requirement for credit note or onerous cost provisions.

# Notes to the consolidated financial statements

## continued

### 3. Revenue

All Group revenue, in the current and prior year, is derived by the rendering of services where revenue is recognised on performance obligations satisfied over time. Revenue and net revenue by region is under note 4.

The following table provides information about trade receivables, accrued income and deferred income arising from contracts with customers:

	2023 £'000	2022 £'000
Trade receivables	16,023	27,098
Accrued income (contract assets)	11,676	15,195
Deferred income (contract liabilities)	(3,479)	(5,159)

Accrued income (contract assets) relate to the Group's right to consideration when a performance obligation has been satisfied and revenue is recognised, but has not been billed at year end. It is transferred to trade receivables when an invoice is issued to the customer. During the year, £15.2 million (2022: £13.1 million) of accrued income recognised at 31 July 2022 was invoiced. Deferred income (contract liabilities) relates to payments received from customers prior to satisfaction of performance obligations and the revenue being recognised. During the year, all of the opening deferred revenue balance (2022: all) has been recognised as revenue.

The following is an analysis of the Group net revenue by sector:

	2023 £'000	2022 £'000
Financial services	69,043	53,278
Retail and distribution	41,409	43,764
Industrials and agriculture	27,314	30,444
Transportation	19,054	19,028
Public sector	13,729	7,611
Healthcare	7,627	11,417
Technology, digital and media	6,837	19,028
Other	6,999	5,707
Total net revenue	192,012	190,277
Project-related costs	3,858	6,846
Total revenue	195,870	197,123

Project-related costs are incurred across a broad range of the sectors noted.

#### 4. Segment reporting

During the year, the Group was managed on a regional basis. Corporate costs, comprising certain costs that are not allocated to the operating regions, are disclosed separately.

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– this segment generates revenue from services offered to our global clients by our operating businesses, which are located in Europe

Corporate costs are those that 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 Makers (“CODMs”). The CODM has been determined to be the Chief Executive Officer and the Chief Financial and Chief Operating Officer, who are primarily responsible for the assessment of the performance of the Group. The full segmental balance sheet is not disclosed as this information is not reported to the CODM.

#### Results from continuing operations for the current year ended 31 July 2023

	2023			
	Europe £'000	Americas £'000	Corporate costs £'000	Total £'000
<b>Revenue</b>	<b>62,086</b>	<b>157,995</b>	<b>(24,211)</b>	<b>195,870</b>
Net revenue	57,246	134,766	–	192,012
Statutory operating (loss)/profit	(22,699)	10,097	(6,677)	(19,279)
Adjusting items	26,450	8,918	2,367	37,735
<b>Adjusted operating profit/(loss)</b>	<b>3,751</b>	<b>19,015</b>	<b>(4,310)</b>	<b>18,456</b>

#### Results from continuing operations for the prior year ended 31 July 2022

	2022			
	Europe £'000	Americas £'000	Corporate costs £'000	Restated' total £'000
<b>Revenue</b>	<b>61,772</b>	<b>154,037</b>	<b>(18,686)</b>	<b>197,123</b>
Net revenue	58,050	132,227	–	190,277
Statutory operating loss/(profit)	(1,688)	660	(13,058)	(14,086)
Adjusting items	6,127	22,848	7,507	36,482
<b>Adjusted operating profit/(loss)</b>	<b>4,439</b>	<b>23,508</b>	<b>(5,551)</b>	<b>22,396</b>

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 for further details.



# Notes to the consolidated financial statements

## continued

### 4. Segment reporting (continued)

The Group's non-current assets (excluding deferred tax assets and the retirement benefit surplus) are located as follows:

	2023 £'000	2022 £'000
Europe	49,616	66,684
Americas	39,129	41,235
Corporate costs	4,878	4,901
	<b>93,623</b>	<b>112,820</b>

The non-current assets recorded under corporate costs comprise, principally, the Group's investment property.

### Geographical split of revenue from continuing operations

Revenue and net revenue by geographical area is based on the location where the provision of services has been provided.

	2023 £'000		2022 £'000	
	Revenue	Net revenue	Revenue	Net revenue
Continuing operations				
United States of America	140,079	139,329	139,556	132,230
United Kingdom	45,676	42,730	52,226	55,607
Rest of the world	10,115	9,953	5,341	2,440
	<b>195,870</b>	<b>192,012</b>	<b>197,123</b>	<b>190,277</b>

### Significant customer

For the year ended 31 July 2023, one customer, based in the Americas Financial Services sector, accounted for £48.0 million (2022: £22.2 million) or 24.5% (2022: 11.3%) of total Group revenue and £47.9 million (2022: £21.9 million) or 24.9% (2022: 11.5%) of total Group net revenue. No other single customer contributed more than 10% to Group revenue or net revenue in the current or prior period.

## 5. Profit/(loss) for the year

Profit/(loss) from operations has been arrived at after charging/(crediting):

	Note	2023 £'000	2022 £'000
Staff costs	6	166,616	167,202
Depreciation of property, plant and equipment– continuing operations	15	4,361	3,886
Depreciation of property, plant and equipment– discontinued operations	15	–	238
Amortisation of acquired intangible assets– continuing operations	18	9,256	6,390
Amortisation of acquired intangible assets– discontinued operations	18	–	94
Impairment of goodwill	18	14,598	–
Impairment of other non-current assets– continuing operations	15	1,847	6,207
Expenses relating to short leases and leases of low value	16	279	204

### The analysis of auditors' remuneration is as follows:

#### Audit fees

– Audit of the Company accounts	316	450
– Audit of the accounts of the Company's subsidiaries	55	55
Total audit fees	371	505
– Review of the interim report	55	45
<b>Total audit-related fees</b>	<b>426</b>	<b>550</b>

## 6. Staff numbers and costs

The average monthly number of employees, including Executive Directors, during the year were:

	2023 Number	2022 Number
<b>Continuing operations</b>		
Operations	1,406	1,464
Sales	108	89
Administration	355	301
	<b>1,869</b>	<b>1,854</b>

The aggregate staff costs of the Group, including Executive Directors, during the year were:

	2023 £'000	2022 £'000
<b>Continuing operations</b>		
Wages and salaries	131,365	117,491
Social security costs	11,184	9,684
Defined contribution pension costs	3,648	4,276
Contractor costs	6,821	19,288
	<b>153,018</b>	<b>150,739</b>
Contingent consideration deemed as remuneration	9,849	13,229
Share-based payment charges including employer taxes	3,749	3,234
	<b>166,616</b>	<b>167,202</b>

Fees payable to Non-Executive Directors totalled £0.3 million (2022: £0.3 million).

# Notes to the consolidated financial statements

## continued

### 7. Adjusting items

Adjusted items are presented in the middle column of the Consolidated Income Statement. In the opinion of the Directors, their separate presentation aids understanding of the financial performance of the Group. These are detailed below:

Expense/(income) Continuing operations	2023 £'000	Restated' 2022 £'000
<b>Costs related to acquisitions</b>		
Amortisation of acquired intangibles	9,256	6,390
Contingent consideration required to be treated as remuneration	9,849	13,229
Deferred consideration adjustments	(261)	–
Acquisition and integration costs	655	1,421
	19,499	21,040
<b>Impairment</b>		
Impairment of goodwill	14,598	–
<b>Fair value gain from deemed sale on step acquisition</b>		
Step up in value on notional disposal	–	(1,621)
<b>Share-based payments charges</b>		
Share-based payments charges related to employee share schemes	3,749	3,234
<b>St Ives Defined Benefit Pension Scheme costs</b>		
Scheme administrative costs	715	787
Other related costs	804	821
Past service cost (GMP equalisation uplift)	–	3,884
	1,519	5,492
<b>Client disputes and litigation</b>		
Cost of client disputes and litigation	5,033	380
Related insurance proceeds	(1,455)	–
	3,578	380
<b>Restructuring and other items</b>		
Redundancies and other charges	3,806	1,693
Impairment of right-of-use asset	1,847	6,207
(Credit)/charges associated with empty properties	(4,228)	4,462
Credit associated with lease modification and early termination	(5,421)	(4,405)
Other credits	(1,212)	–
	(5,208)	7,957
<b>Adjusting items before interest and tax</b>	37,735	36,482
Net pension finance income in respect of defined benefit pension scheme	(1,376)	(340)
Interest charges related to non-pension adjusting items	140	–
<b>Adjusting items before tax</b>	36,499	36,142
Income tax credit	(2,714)	(3,411)
<b>Continuing operations adjusting items after tax</b>	33,785	32,731

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of the share-based payments charge from adjusted results to adjusting items. Refer to note 1 for further details.

## 7. Adjusting items (continued)

As adjusted results include the benefits of acquisitions and restructuring programmes, but exclude significant costs (such as significant acquisition costs, legal, major restructuring and transaction items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in its statutory results. The exclusion of other adjusting items may result in adjusted earnings being materially higher or lower than statutory earnings. In particular, when significant impairments, restructuring charges and legal costs are excluded, adjusted earnings will be higher than statutory earnings.

On the face of the Consolidated Income Statement, administrative expenses relating to adjusting items comprise the St Ives Defined Benefit Pension Scheme costs of £1.5 million, redundancies and other charges of £3.8 million, and other credits of £1.2 million. Contingent consideration treated as remuneration and consideration adjustments comprises contingent consideration required to be treated as remuneration (£9.8 million), offset by a credit of £0.3 million in respect of an adjustment to deferred consideration for a prior period acquisition. All other items in the adjusting items table above are separately identified on the face of the Consolidated Income Statement.

### Costs related to acquisitions

Charges relating to the amortisation of acquired customer relationships, proprietary techniques and trademarks amounted to £9.3 million (2022: £6.4 million).

During the year, charges relating to contingent consideration required to be treated as remuneration of £9.8 million (2022: £13.2 million) were recorded in the Consolidated Income Statement as adjusting items. These charges arose in respect of the prior year acquisitions of Cascade Data Labs £4.3 million (2022: £9.0 million), Spire £1.0 million (2022: £1.9 million), Melon Group £3.1 million (2022: £0.9 million), Loop £0.6 million (2022: £1.2 million) and Octain £0.2 million (2022: £0.2 million); and £0.6 million in relation to the current year acquisition of Forecast Data Services Limited (rebranded Kin and Carta Data).

During the year, deferred consideration adjustments credits relating to prior period acquisitions totalled £0.3 million.

Acquisition and integration costs of £0.7 million (2022: £1.4 million) were incurred during the year. These relate to advisor costs incurred in respect of acquisitions and potential acquisition targets, and one-off costs associated with the integration of acquisitions onto Kin and Carta operating platforms. In the prior year, £1.4 million was incurred in respect of similar activities.

### Impairment of goodwill

During the year, an impairment charge of £14.6 million against the carrying value of goodwill relating to the "UK excluding Kin and Carta Data" cash generating unit was recorded. The impairment arose due to a reduction in actual and projected UK revenue arising from external market factors and client caution. This, coupled with a higher cost of capital, reduced the value-in-use of the UK cash generating unit below its carrying value at 31 July 2023. The impairment was recorded in the Consolidated Income Statement as an adjusting item within the Europe segment. There were no impairment charges associated with goodwill in the prior year.

### Fair value gain from deemed sale on step acquisition

In the prior year, the Group acquired the 50% interest in Loop it did not previously own. The acquisition was accounted for as a disposal followed by a full acquisition in line with IFRS 3 'Business Combinations'. The notional disposal of the existing 50% gave rise to a step up to fair value of the investment, resulting in a gain of £1.6 million, which was recorded through the Consolidated Income Statement as an adjusting item within the Americas segment.

# Notes to the consolidated financial statements continued

## 7. Adjusting items (continued)

### Share-based payments

Charges of £3.7 million (2022: £3.2 million) were recorded in the year in respect of actual and potential future settlements to staff under the Group's share-based employee incentive schemes, including related employer taxes, where applicable. The classification of share-based payments as an adjusting item is in line with global, publicly listed peer group companies in digital transformation, where equity-based remuneration typically represents a significant portion of remuneration, therefore aiding comparability of adjusted profitability. Of these costs, £1.8 million (2022: £1.3 million) were recorded within the Americas segment, £0.7 million (2022: £0.5 million) within the Europe segment and £1.2 million (2022: £1.4 million) within corporate costs

### St Ives Defined Benefit Pension Scheme costs

The Scheme charges include service costs of £0.7 million (2022: £0.8 million) and costs in relation to levies payable and other costs of the sponsor's obligations towards the Scheme of £0.8 million (2022: £0.8 million). In the prior year, £3.9 million of past service costs were incurred related to Guaranteed Minimum Pension equalisation (refer to note 27 for further details). The costs of the Scheme are not considered to be part of the ongoing performance of the Group. As such, they are treated as adjusting items. The costs are classified in the Consolidated Income Statement as administrative expenses and are recorded within corporate costs.

### Client disputes and litigation

Client disputes and litigation net expense of £3.6 million (2022: £0.4 million) includes the direct costs of settlement and related external advisor costs associated with the resolution of certain client disputes which, were significant in value and expected to be non-recurring in nature. These related to legal disputes with two legacy, non-enterprise clients, one arising during the year and one in the prior year.

Full and final settlement amounts of £4.0 million were cash-settled in respect of these disputes in the second half of FY23. During the year, £1.0 million (2022: £0.4 million) was incurred for external legal advisor costs in defending the separate legal disputes.

Insurance proceeds of £1.5 million, relating to one of the claims, were received under the Group insurance policies during the year, comprising partial recovery of the costs incurred. There were no other material client disputes at the reporting date. The net costs are recorded within the Americas segment. After the year end, the Group's insurer confirmed that £3.3 million of further reimbursement will be paid in respect of the second claim. As the reimbursement was not virtually certain at the balance sheet date no insurance income in respect of this claim were recorded in FY23. The income will be recorded as an adjusting item in the Consolidated Income Statement in FY24 within the Americas segment. No further costs or insurance recoveries are expected in respect of these claims.

### Restructuring and other items

During the year, restructuring expenses of £3.8 million (2022: £1.7 million) were incurred. These relate primarily to the reorganisation of the Group, which commenced in 2022, following the switch to a fully regionally based organisation, and the expenses of simplifying the Group's legal structure leading to the liquidation of a number of legal entities. Charges also include those linked to the set-up costs and the transition of certain roles to nearshore centres. These costs are classified in the Consolidated Income Statement as administrative expenses and are recorded within the Americas segment (£2.1 million), Europe segment (£1.0 million) and corporate costs (£0.7 million).



## 7. Adjusting items (continued)

During the prior year, a decision was made to vacate a significant portion of the Group's leasehold property in Chicago from September 2022 and to exercise an early break on the whole lease in November 2026. Following this decision, a net cost of £6.3 million was recorded in adjusting items in the prior year. The net charge was comprised of an impairment charge of the related right-of-use asset of £6.2 million; empty property costs of £4.5 million consisting of the early termination payment and the contractually unavoidable future expenses relating to the property tax and maintenance charges; and a credit of £4.4 million in relation to the reduction of the lease liability as a result of the decision to exercise the early break clause. The items were recorded as adjusting items within the America segment because of their material size and non-recurring nature.

During the current year, the Group renegotiated the lease of premises in Chicago, with the agreement signed in February 2023. This will result in swapping the current premises for a space of less than half the size in the same building from January 2024 under a new lease, with the term on the lease on the smaller premises extending to December 2033. This resulted in a net credit of £7.8 million recorded during the year, consisting of: a release of the provision for empty property costs of £4.2 million in respect of the early termination payment of the previous lease, which was waived and a portion of the provision for contractually unavoidable future expenses that is no longer required; a £5.4 million write-down of the lease liability to reflect the reduction in the lease term and associated payment; and an impairment to the right-of-use asset of £1.8 million to reflect the reduction in the useful value of the remaining asset under the old lease to December 2023, after applying the 45% impairment applied in the prior year.

During the year, other credits of £1.2 million were recorded in respect of accrual releases associated with warranties provided to buyers of businesses that were disposed of in prior periods. Following the expiration of related warranty survival periods, the amounts previously provided are no longer considered necessary.

### Finance (income)/expense

Net pension finance income of £1.4 million (2022: £0.3 million) is recorded in respect of the surplus in the St Ives Defined Benefit Pension Scheme. This is recorded in corporate costs.

During 2022, a provision for empty property costs was recognised following the decision to partially vacate the leasehold property in Chicago, USA from September 2022, and a portion of the lease was identified as onerous in nature due to under-occupancy. During the current year, notional interest costs of £0.1 million related to the unwind of the discounting of the onerous cost provision and the interest charge on the onerous portion of the lease liability are recorded as adjusting items within the Americas segment.

### Taxation on adjusting items

In the current year, the tax credit of £2.7 million (2022: £3.4 million credit) relates to several of the items noted above. There is no tax charge or credit associated with other items, most significantly the goodwill impairment charge in the current year and the portion of the deemed remuneration charge that relates to UK acquisitions in the current year (£0.6 million). There are potential deferred tax credits associated with the deemed remuneration charges for some of the US acquisitions, but the related deferred tax assets are reduced by valuation allowances where this is judged to be appropriate.

# Notes to the consolidated financial statements

## continued

### 8. Discontinued operations

There have been no divestments in the current year. Discontinued operations in the prior year include the results of three businesses, Incite, Edit and Relish, which were divested in the year ended 31 July 2022.

The results of the discontinued operations for the prior year were as follows:

	Restated <sup>1</sup> Year to 31 July 2022		
	Adjusted results £'000	Adjusting items £'000	Statutory results £'000
<b>Revenue</b>	<b>10,116</b>	–	<b>10,116</b>
Project-related costs	(4,222)	–	(4,222)
<b>Net revenue</b>	<b>5,894</b>	–	<b>5,894</b>
Costs of service	(2,349)	–	(2,349)
<b>Gross profit</b>	<b>3,545</b>	–	<b>3,545</b>
Selling costs	(693)	–	(693)
Administrative expenses	(1,188)	–	(1,188)
Gain on divestment of discontinued operations	–	24,059	24,059
Amortisation of acquired intangibles	–	(94)	(94)
Share-based payments related to employee share schemes	–	(210)	(210)
Release of provision	–	265	265
<b>Operating profit</b>	<b>1,664</b>	<b>24,020</b>	<b>25,684</b>
Other finance costs	(32)	–	(32)
<b>Profit before tax</b>	<b>1,632</b>	<b>24,020</b>	<b>25,652</b>
Income tax charge	(226)	(1,445)	(1,671)
<b>Net profit for the period</b>	<b>1,406</b>	<b>22,575</b>	<b>23,981</b>

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items, as detailed in note 1.

### 9. Net pension finance income

	2023 £'000	2022 £'000
Investment income on defined benefit pension scheme assets (note 27)	11,749	6,850
Interest costs on defined benefit pension scheme obligations (note 27)	(10,373)	(6,510)
	<b>1,376</b>	<b>340</b>

## 10. Other finance costs

	2023 £'000	2022 £'000
Interest on bank overdrafts and loans	1,764	415
Bank arrangement fee relating to the bank revolving facility	315	690
Interest on lease liabilities	636	732
Notional interest on provisions	51	–
	<b>2,766</b>	<b>1,837</b>

Included in finance costs, within interest on lease liabilities and interest unwind on provisions, are £0.1 million relating to adjusting items. Refer to note 7 for further details.

## 11. Income tax credit/(charge)

Income tax on the profit/(loss) as shown in the Consolidated Income Statement is as follows:

	2023 £'000	Restated' 2022 £'000
<b>Continuing operations:</b>		
Total current tax credit/(charge):		
Current period credit/(charge)	280	(2,492)
Adjustments in respect of prior periods	1,311	984
Total current tax credit/(charge)	1,591	(1,508)
Deferred tax on origination and reversal of temporary differences:		
Current period credit	482	3,123
Adjustments in respect of prior periods	(169)	(6)
Total deferred tax credit	313	3,117
<b>Total income tax credit</b>	<b>1,904</b>	<b>1,609</b>

<sup>1</sup> The 2022 tax credit has been restated in respect of a change in accounting policy for investment property to move from a cost model to a fair value model, which has been applied retrospectively. Following the change, the basis for the valuation of deferred tax changed to assume a sales scenario. Refer to note 1 for further details.

UK corporation tax has been calculated at 21% (2022: 19%) being the blended rate in the period given the increase in statutory rate to 25%, from 19%, as at 1 April 2023. Deferred tax balances at 31 July 2023 in the UK are valued using a rate of at 25%, being the rate prevailing at the balance sheet date.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. For the US subsidiaries, the tax charge has been calculated using a rate of 28.17% (2022: 28.51%), which includes the federal rate of 21% and the US state and local level income tax rates, which vary from 0% to 9.5% (2022: 0% to 8%). For Colombia and Argentina the statutory rates of 35% and 25%, respectively have been used. For Bulgaria, North Macedonia and Kosovo, the statutory rate of 10% has been used.

# Notes to the consolidated financial statements

## continued

### 11. Income tax credit/(charge) (continued)

Income tax as shown in the Consolidated Statement of Comprehensive Income is as follows:

	2023 £'000	2022 £'000
Current tax credit/(charge) on foreign exchange movements	–	(1,105)
Deferred tax credit/(charge) on origination and reversal of temporary differences	7,203	(6,209)
<b>Total income tax credit/(charge)</b>	<b>7,203</b>	<b>(7,314)</b>

The tax credit for continuing operations can be reconciled to the loss before tax shown in the Consolidated Income Statement as follows:

	2023 £'000	Restated' 2022 £'000
<b>Loss before tax from continuing operations</b>	<b>(20,669)</b>	<b>(15,583)</b>
UK corporation tax calculated at a rate of 21% (2022: 19%)	4,340	2,961
Tax charged at rates other than 21% (2022: 19%)	(797)	316
Effect of change in United Kingdom corporate tax rate	877	–
Expenses not deductible for tax purposes	(3,910)	(3,623)
Effect of tax deductible goodwill	1,141	758
Credit on research and development activities	67	96
Movements on deferred tax assets not recognised	(840)	320
Adjustments in respect of prior periods	1,026	781
<b>Total income tax credit</b>	<b>1,904</b>	<b>1,609</b>
<b>Effective tax rate</b>	<b>9.2%</b>	<b>10.3%</b>

<sup>1</sup> The 2022 tax credit has been restated in respect of a change in accounting policy for investment property to move from a cost model to a fair value model, which has been applied retrospectively. Following the change, the basis for the valuation of deferred tax changed to assume a sales scenario. Refer to note 1 for further details.

The Group's effective tax rate was 9.2% (2022: 10.3%). This is driven by the blend of statutory tax rates and taxable profit/losses in the jurisdictions in which the Group operates, adjusted for the non-taxable nature of some of the accounting charges, most significantly the impairment of goodwill taken in the UK, the effect of tax-deductible goodwill in the US, the revaluation of deferred tax assets in the US based on judgements of recoverability, and in the UK based on changes in statutory tax rates.

## 12. Acquisitions

### Current year acquisition of Kin and Carta Data Limited (formerly known as Forecast Data Services Limited)

On 5 May 2023, the Group acquired 100% of the issued share capital of Kin and Carta Data Limited (formerly known as Forecast Data Services Limited), a data and artificial intelligence business based in Edinburgh, Scotland and, through its Polish subsidiary, in Wroclaw, Poland. The initial cash consideration, net of cash acquired, was £2.2 million.

Further amounts may be payable in respect of the growth in adjusted EBITDA from the acquisition date to 30 September 2024, subject to service conditions. Any further amounts payable are based on two measurement periods: the 12 months to 30 September 2023, which will be settled in cash in the event that a payment is due, and the 12 months to 30 September 2024, up to 75% of which may be settled in shares of Kin and Carta plc at the Company's discretion, with the balance settled in cash. The total further consideration payable after 31 July 2023, all of which is accounted for as deemed remuneration because of employment service conditions, is capped at £10.1 million. The Group currently estimates that the further consideration payable after the balance sheet date will amount to £4.3 million.

The fair value of intangible assets acquired represent the fair value of customer relationships and of a trademark. Goodwill arising on acquisition can be attributed to the value of future growth from new customers and the assembled workforce. The goodwill is not expected to be deductible for tax purposes. Acquisition costs of £0.3 million were expensed to the income statement in the period as an adjusting item.

In the period to 31 July 2023, the acquisition contributed £1.2 million to revenue and a loss before tax of £1.0 million. The loss includes charges for deemed remuneration of £0.6 million, and amortisation of acquired intangibles of £0.5 million (including amortisation of £0.4 million relating to the trademark, which was fully amortised in the year), which are recorded as adjusting items in the period. Had the acquisition taken place on 1 August 2022, total Group revenue would have been £198.9 million and statutory loss before tax for the period would have been £20.0 million.



# Notes to the consolidated financial statements continued

## 12. Acquisitions (continued)

### Purchase price allocation

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Carrying amount £'000	Fair value adjustments £'000	Fair value £'000
<b>Assets</b>			
Customer relationships	–	1,678	1,678
Trademark	–	354	354
Property, plant and equipment	212	–	212
Trade and other receivables <sup>1</sup>	1,353	–	1,353
Cash and cash equivalents	107	–	107
	1,672	2,032	3,704
<b>Liabilities</b>			
Lease liabilities	(169)	–	(169)
Loans and borrowings	(414)	–	(414)
Trade and other payables	(899)	–	(899)
Provisions	–	(41)	(41)
Other liabilities	(34)	34	–
Current tax liabilities	(3)	–	(3)
Deferred tax liabilities	–	(507)	(507)
	(1,519)	(514)	(2,033)
<b>Total identifiable net assets</b>	153	1,518	1,671
<i>Goodwill</i>			633
<b>Initial cash consideration</b>			2,304
Satisfied by:			
Initial consideration before debt and working capital adjustments			3,000
Less:			
Debt and working capital adjustments			(696)
<b>Total consideration</b>			2,304
Acquisition of subsidiary, per the Cash Flow Statement:			
Initial cash consideration (net of debt and working capital adjustments)			2,304
Less cash acquired			(107)
			2,197

<sup>1</sup> The gross contractual amounts for trade receivables due of £1.4 million is equal to their fair value.

## 12. Acquisitions (continued)

The fair value of the estimated total amounts paid and payable are as follows:

	Non-contingent consideration £'000	Charge for estimated deemed remuneration recorded in the current year £'000	Estimated charge for deemed remuneration to be recorded in future years £'000	Estimated total consideration paid and payable £'000
Consideration	3,000	600	3,688	7,288
Debt and working capital adjustments	(696)	–	–	(696)
Total	2,304	600	3,688	6,592

### Acquisitions in the prior year ending 31 July 2022

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").

On 14 February 2022, the Group acquired the remaining 50% of the membership units of Loop Integration LLC ("Loop"), an e-commerce consultancy that it did not previously own.

On 9 May 2022, the Group completed the acquisition of Melon AD ("Melon Group"), a software engineering business.

The total initial consideration paid in the prior year, the fair value of net assets acquired and goodwill are detailed below:

	Total initial consideration £'000	Fair value of net assets acquired £'000	Goodwill £'000
Octain	200	–	200
Loop	6,868	5,554	1,314
Melon	19,444	9,739	9,705

## 13. Dividends

No final dividend is proposed. The total dividend for the year is £nil per share (2022: £nil per share). Where employee share options that accrue dividends from prior periods were exercised in the year, the dividends were paid to the staff upon exercise of the options. £3,000 (2022: £38,000) of such option-linked dividends were paid in the year, as noted in the cash flow statement.

# Notes to the consolidated financial statements

## continued

### 14. Earnings/(loss) per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

When the Group makes a profit, diluted earnings per share equals the profit attributable to equity holders of the Parent adjusted for the dilutive impact divided by the weighted average diluted number of shares. When the Group makes a loss, diluted earnings per share equals the loss attributable to the equity holders of the Parent divided by the weighted basic average number of shares. This ensures that earnings per share on losses is shown in full and not diluted by unexercised share awards.

Basic and diluted earnings/(loss) per share are calculated as follows:

Basic	Adjusted earnings		Statutory (loss)/earnings	
	2023	Restated <sup>1</sup> 2022	2023	Restated <sup>1</sup> 2022
Continuing and discontinued operations				
Earnings/(loss) (£'000)	15,020	20,163	(18,765)	10,007
	Thousands	Thousands	Thousands	Thousands
Issued ordinary shares at 1 August	177,961	172,546	177,961	172,546
Less shares held in treasury	(91)	(91)	(91)	(91)
Less shares held in the Employee Benefit Trust ("EBT")	(2,490)	(41)	(2,490)	(41)
<b>Issued shares net of EBT and treasury at 1 August</b>	<b>175,380</b>	<b>172,414</b>	<b>175,380</b>	<b>172,414</b>
Effect of shares purchased by the EBT in the period	(3,315)	(1,627)	(3,315)	(1,627)
Effect of share allotted out of the EBT in the period	1,095	887	1,095	887
Effect of shares issued in the period	50	2,026	50	2,026
Weighted average number of ordinary shares <sup>2</sup>	173,210	173,700	173,210	173,700
Basic earnings/(loss) per share	8.67	11.61	(10.83)	5.76
Diluted	Adjusted earnings		Statutory (loss)/earnings	
	2023	Restated <sup>1</sup> 2022	2023	Restated <sup>1</sup> 2022
Continuing and discontinued operations				
Earnings/(loss) (£'000)	15,020	20,163	(18,765)	10,007
	Thousands	Thousands	Thousands	Thousands
Weighted average number of ordinary shares (basic) <sup>2</sup>	173,210	173,700	173,210	173,700
Dilutive effect of share options outstanding	3,496	5,628	3,496	5,628
Weighted average number of ordinary shares (diluted) <sup>2</sup>	176,706	179,328	176,706	179,328
Diluted earnings/(loss) per share	8.50	11.24	(10.83)	5.58

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 for further details.

<sup>2</sup> The weighted average number of shares is stated net of those shares held in the Employee Benefit Trust and those held in Treasury.

Adjusted earnings are calculated by adding back adjusting items (note 7), as adjusted for tax, to the profit or loss for the year.

## 15. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, equipment and motor vehicles £'000	Right-of-use assets £'000	Total £'000
<b>Cost or valuation</b>					
At 1 August 2021	2,289	2,435	899	24,766	30,389
Additions	15	1,211	109	1,928	3,263
Lease modifications	–	–	–	1,547	1,547
Acquired with businesses	–	155	166	640	961
Disposal of businesses	(880)	(696)	(81)	(2,306)	(3,963)
Disposals	(377)	–	(187)	(7,132)	(7,696)
Hyperinflation revaluation adjustment <sup>1</sup>	59	293	44	–	396
Reclassification	–	140	–	–	140
Currency movements	60	236	224	2,042	2,562
<b>At 31 July 2022</b>	<b>1,166</b>	<b>3,774</b>	<b>1,174</b>	<b>21,485</b>	<b>27,599</b>
Additions	1,010	1,100	264	7,005	9,379
Acquired with businesses (note 12)	–	12	30	170	212
Lease modifications	–	–	–	141	141
Disposals	–	(42)	–	(159)	(201)
Hyperinflation revaluation adjustment <sup>1</sup>	136	910	105	–	1,151
Currency movements	(142)	(747)	(285)	(1,083)	(2,257)
<b>At 31 July 2023</b>	<b>2,170</b>	<b>5,007</b>	<b>1,288</b>	<b>27,559</b>	<b>36,024</b>
<b>Accumulated depreciation and impairments</b>					
At 1 August 2021	1,028	1,133	377	13,824	16,362
Charge for the period	136	947	297	2,744	4,124
Hyperinflation revaluation adjustment <sup>1</sup>	55	159	35	–	249
Disposal of businesses	(436)	(623)	(79)	(2,124)	(3,262)
Disposals	–	–	(150)	(7,725)	(7,875)
Impairments	–	–	–	6,207	6,207
Reclassification	–	119	–	–	119
Currency movements	28	227	178	683	1,116
<b>At 31 July 2022</b>	<b>811</b>	<b>1,962</b>	<b>658</b>	<b>13,609</b>	<b>17,040</b>
Charge for the period	262	1,168	315	2,616	4,361
Hyperinflation revaluation adjustment <sup>1</sup>	121	588	88	–	797
Disposals	–	(42)	–	–	(42)
Impairments	–	–	–	1,847	1,847
Currency movements	(127)	(462)	(268)	(815)	(1,672)
<b>At 31 July 2023</b>	<b>1,067</b>	<b>3,214</b>	<b>793</b>	<b>17,257</b>	<b>22,331</b>
<b>Net book value</b>					
<b>At 31 July 2023</b>	<b>1,103</b>	<b>1,793</b>	<b>495</b>	<b>10,302</b>	<b>13,693</b>
<b>At 31 July 2022</b>	<b>355</b>	<b>1,812</b>	<b>516</b>	<b>7,876</b>	<b>10,559</b>

<sup>1</sup> The hyperinflation revaluation adjustment relates to property, plant and equipment in Argentina, recorded in the current and prior year.

# Notes to the consolidated financial statements

## continued

### 15. Property, plant and equipment (continued)

At the balance sheet date, the Group had contractual commitments for right-of-use assets relating to the Chicago lease, commencing 1 January 2024 and a new lease in Prishtina, Kosovo, commencing 1 August 2023 (2022: none).

In the prior year, an impairment of right-of-use buildings arose following the decision to partially vacate premises in Chicago, USA and to exercise a break on the same lease at an earlier point than anticipated at the inception of the lease, an impairment charge on the related right-of-use assets of £6.2 million was taken and recorded in adjusting items under the Americas segment. During H2 FY23, the Group agreed to swap the current premises for a space of less than half the size in the same building from January 2024, with the term on the lease on the new, smaller premises extending to December 2033. An impairment of the right-of-use asset of £1.8 million was recorded to reflect the reduction in the useful life of the remaining asset under the previous lease to December 2023. Refer to note 7 for further details.

### 16. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 £'000	2022 £'000
At 1 August	12,858	15,313
Acquired with businesses	169	640
Additions	7,005	1,928
Repayments	(3,980)	(3,812)
Disposal of businesses	–	(763)
Contract modifications	(5,520)	(2,854)
Interest expense	636	756
Currency movements	(401)	1,650
<b>At 31 July</b>	<b>10,767</b>	<b>12,858</b>
Current	2,574	2,806
Non-current	8,193	10,052

Additions in the current period include a £6.0 million addition related to a renegotiation on a lease interest in premises in Chicago, USA, as well as new leases in Edinburgh, Scotland; Bogotá, Colombia; and Buenos Aires, Argentina. The lease renegotiation in Chicago resulted in swapping the current premises for a smaller space in the same building from 1 January 2024, with a term to 31 December 2033.

Leases arising through acquisitions in the current period include leases over premises in Edinburgh, Scotland and Wrocław, Poland, which were brought into the Group with the acquisition of Kin and Carta Data.



## 16. Lease liabilities (continued)

The following amounts of expense/(income) were recognised in the Consolidated Income Statement for continuing operations in respect of right-of-use assets and associated lease liabilities:

	2023 £'000	2022 £'000
<b>Continuing operations</b>		
Expenses relating to short-leases and leases of low value	279	204
Depreciation of right-of-use assets	2,616	2,596
Credit associated with lease modification and early termination	(5,421)	(4,401)
Impairment of property-related assets	1,847	6,207
Net (credit)/charges to operating profit	(679)	4,606
Interest expense	636	732
<b>Net (credit)/charges included in profit before tax</b>	<b>(43)</b>	<b>5,338</b>

The net (credit)/charges included in profit before tax include a net credit of £3.5 million during the year (2022: £1.8 million net charge) recorded within adjusting items in the Consolidated Income Statement relating to the Chicago lease. Refer to note 7 for further details.

The following lease-related cash flows were recognised in the Consolidated Cash Flow Statement:

	2023 £'000	2022 £'000
Continuing and discontinued operations:		
Interest element of lease payments	(636)	(732)
Principal element of lease payments	(3,344)	(3,080)
<b>Total cash outflow for leases</b>	<b>(3,980)</b>	<b>(3,812)</b>

The following table sets out the maturity analysis of lease obligations, showing the undiscounted future lease payments:

	2023 £'000	2022 £'000
Amounts payable:		
Within one year	3,124	3,507
In two to five years	5,730	11,714
After five years	4,281	–
<b>Undiscounted lease liabilities at 31 July</b>	<b>13,135</b>	<b>15,221</b>

# Notes to the consolidated financial statements continued

## 17. Investment property

Investment property comprises a commercial property in the UK that is leased to a third party. The remaining lease length is 45 years, with a break clause in April 2025 and every five years thereafter. It is not currently expected that the clause permitting early termination in April 2025 will be exercised.

IAS 40 permits investment properties to be held at either the cost or fair value model. The continued significant level of maintenance of the property has sustained its fair value and this is considered likely to continue to be the case in the future. During the year to 31 July 2023, there was a change in accounting policy to move from a cost model to a fair value model. The fair value model was judged to be more appropriate as it better reflects the manner of recovery of value of the asset. This change in accounting policy has been applied retrospectively from 1 August 2021, being the beginning of the earliest prior period presented as required by IAS 8. Further detail is provided in note 1.

The fair value of the property as at 31 July 2023 was £4.8 million, based on the market value as determined by an independent property valuer, having appropriately recognised professional qualifications and experience. The report was finalised in July 2023. The fair value obtained was applied as at 1 August 2021 and 31 July 2022 in restating the prior period values in line with the new policy, as management's assessment is that the fair value would have not been materially different at either date. The difference between the previous carrying amount, as per the cost model previously adopted, and the fair value as at 1 August 2021 is £0.35 million, which is presented in accumulated retained earnings within equity as an adjustment to opening equity at 1 August 2021. There was no movement in the fair value in the year to 31 July 2022 and 31 July 2023.

	Investment property £'000
<b>At 1 August 2021:</b>	
Cost	8,144
Accumulated depreciation	3,706
Net book value (as previously reported)	4,438
Adjustment to fair value taken to retained earnings	352
<b>Fair value at 1 August 2021 (restated)</b>	<b>4,790</b>
 Fair value at 31 July 2022 (restated)	 4,790
<b>At 31 July 2023</b>	<b>4,790</b>

The fair value measurement of investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

An investment capitalisation method of valuation was used to arrive at the market value. An income weighted average equivalent yield of 13% is applied to the net income, reflecting the comparable evidence within the market for guidance on capitalisation rates and capital values per sq ft. When adopting an appropriate yield, reference is made to the age and size of the property and its condition, the risk of the tenant exercising the lease break, and the alternative demand for the property. The estimated fair value would increase/(decrease) if the expected market rental growth was higher/(lower) and if the risk adjusted yield rate was lower/(higher).

An amount in relation to rental income from investment properties of £0.8 million (2022: £0.8 million) has been recognised in the Consolidated Income Statement, recorded as a credit to adjusted administrative expenses.

## 18. Goodwill and other intangible assets

	£'000
<b>Cost and carrying amount of goodwill</b>	
At 1 August 2021	68,372
Acquisition of businesses	11,244
Disposals	(5,990)
Currency movements	3,309
At 31 July 2022	76,935
Acquisition of businesses	633
Adjustment to goodwill in respect of acquisitions made in the prior year	66
Impairment charge	(14,598)
Currency movements	(1,277)
<b>At 31 July 2023</b>	<b>61,759</b>

### Impairment testing of goodwill

For the purpose of impairment testing, the goodwill has been allocated to four different cash-generating units ("CGUs"). The carrying amount of the goodwill allocated to each CGU are set out below, together with the pre-tax discount rate.

CGU	2023		2022	
	Carrying value £'000	Pre-tax discount rate %	Carrying value £'000	Pre-tax discount rate %
Americas	26,093	17.4	27,588	15.2
UK excluding Kin and Carta Data	25,074	16.1	39,672	13.5
Melon	9,959	16.0	9,675	13.2
Kin and Carta Data	633	16.1	—	—
	<b>61,759</b>		<b>76,935</b>	

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to the CGU, which represents the lowest level within the Group at which goodwill is monitored.

The recoverable amount of the CGUs is determined using value-in-use calculations. These use the cash flows derived from the Group's budget for FY24 and long range plan for FY25 to FY27 as the basis for input into the value-in-use calculation, with cash flows thereafter calculated using a terminal value methodology. The budget and long range plan were approved by the Board in October 2023. A margin for historical forecasting error has also been factored into the value-in-use model for the explicit forecast period where relevant. For all CGUs, cash flows beyond FY28 have been extrapolated using a forecast growth rate of 2%. The discount rates used in the value-in-use calculation are based on the pre-tax weighted average cost of capital and reflect current market assessments of the time value of money and the risks specific to the CGUs.

Key assumptions in the value-in-use calculations are those regarding cash flow forecasts in the medium term, terminal growth rates and discount rates. Management considers all the forecast revenues, margins and profits to be reasonably achievable given recent performance and the historic trading results of the relevant CGUs. Forecasts consider macro economic factors and forecast growth in the digital transformation sector.

# Notes to the consolidated financial statements

## continued

### 18. Goodwill and other intangible assets (continued)

#### Summary of results

The impairment tests identified a shortfall of the value-in-use compared to the carrying value for the UK excluding Kin and Carta Data CGU of £14.6 million driven by a reduction in projected UK-sourced cash flows associated principally with an acceleration of the shift for European clients from onshore to nearshore delivery from our operations in South East Europe ("SEE"). The cash flows associated with delivery activities from SEE are measured under the Melon CGU. The reduction in projected UK-sourced cash flows was exacerbated by a higher cost of capital arising from significantly higher UK bank interest rates, resulting in a higher discount rate being used to determine the present value of the cash flows in the value-in-use calculation.

The value-in-use calculations for the other CGUs did not identify any impairments, with a substantial excess of the value-in-use over the carrying value for the other three CGUs as set out in the table below.

There were no goodwill or acquired intangible impairments in the prior year.

#### Sensitivity analysis

The Group conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions. These sensitivities do not include the UK excluding Kin and Carta Data CGU, as the base case testing resulted in an impairment as detailed above.

The results of the sensitivity tests are detailed below:

	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)	Revised excess of value-in-use over carrying value arising from:	
			A reduction of the growth in revenue of 5% (£'000)	An increase in pre-tax discount by 2% (£'000)
Americas	17.4	181,602	140,721	154,912
Melon	16.0	27,635	24,207	21,957
Kin and Carta Data	16.1	12,129	11,776	10,229

Management concluded that no reasonably possible change in any of the key assumptions for these CGUs would reduce the recoverable amount below its carrying value at the balance sheet date.

## 18. Goodwill and other intangible assets (continued)

### Other intangible assets

	Computer software £'000	Customer relationships £'000	Proprietary techniques £'000	Trademarks £'000	Total £'000
<b>Cost</b>					
At 1 August 2021	1,671	21,856	36,296	2,473	62,296
Acquisition of businesses	–	10,871	–	972	11,843
Disposal of businesses	(1,426)	(11,241)	(214)	(344)	(13,225)
Reclassification	(140)	–	–	–	(140)
Currency movements	15	726	2,203	291	3,235
<b>At 31 July 2022</b>	<b>120</b>	<b>22,212</b>	<b>38,285</b>	<b>3,392</b>	<b>64,009</b>
Acquisition of businesses	–	1,678	–	354	2,032
Disposals	–	–	–	(2,316)	(2,316)
Currency movements	–	(364)	(959)	(127)	(1,450)
<b>At 31 July 2023</b>	<b>120</b>	<b>23,526</b>	<b>37,326</b>	<b>1,303</b>	<b>62,275</b>
<b>Accumulated amortisation</b>					
At 1 August 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)
Currency movements	16	631	1,736	303	2,686
<b>At 31 July 2022</b>	<b>120</b>	<b>11,240</b>	<b>29,566</b>	<b>2,648</b>	<b>43,574</b>
Charge for the period	–	4,727	3,429	1,100	9,256
Disposals	–	–	–	(2,316)	(2,316)
Impairment	–	–	–	–	–
Currency movements	–	(471)	(883)	(129)	(1,483)
<b>At 31 July 2023</b>	<b>120</b>	<b>15,496</b>	<b>32,112</b>	<b>1,303</b>	<b>49,031</b>
<b>Net book value</b>					
<b>At 31 July 2023</b>	<b>–</b>	<b>8,030</b>	<b>5,214</b>	<b>–</b>	<b>13,244</b>
<b>At 31 July 2022</b>	<b>–</b>	<b>10,972</b>	<b>8,719</b>	<b>744</b>	<b>20,435</b>

All research and development costs were expensed in the current and prior year.



# Notes to the consolidated financial statements

## continued

### 18. Goodwill and other intangible assets (continued)

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. Customer relationships and proprietary techniques are disclosed below.

	Remaining amortisation period (months) at 31 July 2023	2023 £'000	2022 £'000
<b>Customer relationships</b>			
Kin and Carta Data	33	1,539	–
Melon	21	4,574	6,988
Loop	19	1,569	2,732
Cascade	5	348	1,252
		<b>8,030</b>	<b>10,972</b>

Customer relationships relating to Kin and Carta Data arose in the context of the acquisition in the current year as detailed in note 12.

	Remaining amortisation period (months) at 31 July 2023	2023 £'000	2022 £'000
<b>Proprietary techniques</b>			
Solstice	19	1,629	2,820
Spire	–	–	211
The App Business	30	3,074	4,301
AmazeRealise	7	511	1,387
		<b>5,214</b>	<b>8,719</b>

	Remaining amortisation period (months) at 31 July 2023	2023 £'000	2022 £'000
<b>Trademarks</b>			
Melon	–	–	744
		<b>–</b>	<b>744</b>

Trademarks from the acquisition of Melon in 2022 were fully amortised during the FY23 year. The trademark recognised on the acquisition of Kin and Carta Data of £0.4 million was fully amortised within the year.

## 19. Contingent and deferred consideration payable

The fair value of contingent and deferred consideration is calculated based on the amounts expected to be paid, determined by reference to forecasts of future performance of the acquired businesses and the probability of contingent events, including employment service conditions for the recipients.

The valuation methods of the Group's contingent consideration carried at fair value are categorised as Level 3. Level 3 financial assets and liabilities are considered to be the most illiquid. Their values have been estimated using available management information, including subjective assumptions. There are no individually significant unobservable inputs used in the fair value measurement of the Group's contingent consideration as at 31 July 2023.

The table below reconciles the movements in the portion of consideration payable recorded under liabilities.

	2023 £'000			2022 £'000		
	Contingent	Deferred	Total	Contingent	Deferred	Total
Balance at 1 August	8,250	849	9,099	1,888	–	1,888
Charges for contingent consideration required to be treated as remuneration <sup>1</sup>	4,320	–	4,320	6,005	–	6,005
Reclassification of contingent consideration deemed as remuneration from equity to liabilities	10,623	–	10,623	–	–	–
Credits for consideration related to acquisitions <sup>2</sup>	–	(40)	(40)	–	849	849
Payments <sup>3</sup>	(14,537)	(673)	(15,210)	–	–	–
Currency movements	(229)	(4)	(233)	357	–	357
<b>Balance at 31 July</b>	<b>8,427</b>	<b>132</b>	<b>8,559</b>	<b>8,250</b>	<b>849</b>	<b>9,099</b>
Current	4,849	106	4,955	6,346	598	6,944
Non-current	3,578	26	3,604	1,904	251	2,155
<b>Total</b>	<b>8,427</b>	<b>132</b>	<b>8,559</b>	<b>8,250</b>	<b>849</b>	<b>9,099</b>

<sup>1</sup> The total charge for the period, recorded as an adjusting item in the Consolidated Income Statement, is £9.9 million. Of this, £4.3 million is recorded as a liability and £3.9 million recorded within equity. The remaining £1.7 million relates to the derivative, which economically hedged the currency exposure on deferred payments for the Cascade Data Labs acquisition.

<sup>2</sup> Relates to £0.1 million in respect of additional cash consideration in the year for the Melon acquisition in May 2022, netted against deferred consideration adjustments credits relating to prior period acquisitions.

<sup>3</sup> In addition to the £15.2 million noted above, £1.7 million was paid in respect of a derivative, which economically hedged the currency exposure on deferred payments for the Cascade Data Labs acquisition.

# Notes to the consolidated financial statements

## continued

### 19. Contingent and deferred consideration payable (continued)

#### Contractual commitments for consideration linked to acquisitions

At 31 July 2023, expected future payments accounted for, in relation to prior and current period acquisitions, were £8.6 million, of which the entire balance was accrued as a financial liability. This followed a reclassification to financial liabilities in the current year from the share option reserve within equity, as management now expects that all future payments in respect of amounts outstanding on past acquisitions will be settled in cash. Further amounts of £6.6 million, estimated at the exchange rates prevailing at 31 July 2023, are expected to accrue up to FY26 in respect of past acquisitions, based on assumptions for time and performance vesting conditions.

Accrued charges at 31 July 2023 and estimated future charges to the Consolidated Income Statement in respect of deemed remuneration for prior acquisitions, valued at the exchange rates prevailing at 31 July 2023, are detailed below:

	Cascade £'000	Octain £'000	Loop £'000	Melon Group £'000	Kin and Carta Data £'000	Total £'000
<b>Balance at 31 July 2023</b>	<b>4,395</b>	<b>379</b>	<b>716</b>	<b>2,469</b>	<b>600</b>	<b>8,559</b>
<b>Expected charged to the Consolidated Income Statement:</b>						
FY24	883	233	240	1,073	2,401	<b>4,830</b>
FY25	120	88	55	180	1,140	<b>1,583</b>
FY26	–	–	–	–	147	<b>147</b>
<b>Total</b>	<b>5,398</b>	<b>700</b>	<b>1,011</b>	<b>3,722</b>	<b>4,288</b>	<b>15,119</b>

Estimated future amounts payable for acquisitions, at the exchange rates prevailing at 31 July 2023, are detailed below:

Period of acquisition Acquired entity	FY21 Cascade £'000	FY22 Octain £'000	FY22 Loop £'000	FY22 Melon Group £'000	FY23 Kin and Carta Data £'000	Total £'000
<b>Expected acquisition payments</b>						
FY24	2,699	–	594	2,573	–	<b>5,866</b>
FY25	2,699	700	417	1,149	2,144	<b>7,109</b>
FY26	–	–	–	–	2,144	<b>2,144</b>
<b>Total estimated payments payable after 31 July 2023</b>	<b>5,398</b>	<b>700</b>	<b>1,011</b>	<b>3,722</b>	<b>4,288</b>	<b>15,119</b>
End of final measurement period	Dec 2022	Dec 2024	Dec 2023	Dec 2023	Sep 2024	

With the exception of Kin and Carta Data, which is determined in British Pounds, all other payments shown have been, or will be, determined initially in US Dollars or Euros and are, therefore, subject to future currency fluctuations when measured in British Pounds. Total amounts for each acquisition are subject to contractual maximum caps set in British Pounds.

Where amounts payable are dependent on future performance, the figures are based on best estimates of such performance. Amounts eventually payable may be higher or lower. The estimated maximum amount payable (based on exchange rates at 31 July 2023) if all businesses were to perform to a level corresponding to their respective contractual caps, is GBP 22.5 million. The earnout measurement periods, corresponding to the period of determination of amounts payable based on business performance metrics, and excluding employment service conditions on seller recipients, are still running for all acquisitions other than Cascade, and will come to an end on the dates shown above. Extended employment service conditions means that vesting extends beyond those dates

## 19. Contingent and deferred consideration payable (continued)

for a portion of the amounts shown. Amounts already paid at completion and contingent amounts, which have already been settled at 31 July 2023 for the acquisitions noted above, are not included in the table.

In accordance with IFRS 2, amounts related to payments in respect of future contingent payments are recorded within current liabilities and non-current liabilities at the balance sheet date, based on the current likelihood that all amounts will be settled in cash, and the vesting periods associated with the contingent consideration amounts.

The Company's decision to pay in equity or cash is based on considerations of relative earnings dilution, capital allocation and optimisation of the Group's bank leverage. Taking into account these factors, in H1 FY23, a decision was made to settle all amounts 100% in cash for:

- the first instalment of the year two earn out of Cascade Data Labs, corresponding to 50% of the total year two earn out, which was paid in February 2023
- the first earn out for Loop, of which 50% was paid in May 2023, with the remaining 50% payable equally in FY24 and FY25.
- the first earn out for Melon Group, of which 50% was paid in July 2023, with the remaining 50% payable in FY24

It had been previously assumed at 31 July 2022 that a portion of these amounts, ranging from 60% to 75% depending on the acquisition, would be equity-settled. Following the decision in H1 FY23 to settle all of the amounts above 100% in cash, amounts of £6.2 million recorded in equity at 31 July 2022 were reclassified from equity to current and non-current liabilities at 31 January 2023. In H2 FY23, it was determined that the most likely method of settlement for future earn outs on the acquisitions shown would be cash, thus in H2 FY23, an additional £4.4 million, which was recorded in equity at 31 July 2022, was reclassified to current and non-current liabilities, resulting in a total reclassification for the year of £10.6 million. At 31 July 2023, there are no amounts recorded in equity in respect of future payments for past acquisitions.

Subsequent to the year end, an amount in respect of the second instalment of the year two earnout for Cascade Data Labs of GBP 2.7 million was settled in cash.

Although the balance sheet classification at 31 July 2023 reflects what is currently assessed to be the most likely form of settlement, with the exception of the Cascade Data Labs payment made in September 2023, no final decision has been made as to the split between equity and cash for settlement of the further remaining earn out amounts payable for Cascade Data Labs, Melon Group, Loop and Kin and Carta Data, and the Company retains the option to settle between 60% and 75% of such further amounts payable in shares of Kin and Carta plc, at its sole discretion. Should the final decision result alternatively in equity settlement, there would be a reclassification from liabilities to equity.

# Notes to the consolidated financial statements

## continued

### 20. Other financial assets

Trade and other receivables	2023 £'000	2022 £'000
Trade receivables	16,023	27,098
Accrued income (contract assets)	11,676	15,195
VAT receivable	156	–
Other receivables	210	110
Prepayments and other assets	3,367	2,990
	<b>31,432</b>	<b>45,393</b>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Trade receivables and contract assets included in the balance sheet are shown net of expected credit losses and an allowance for expected credit notes in respect of service issues, which are recorded against revenue.

Set out below is information about the credit exposure on the Group's contract assets and trade receivables, detailing the provision for expected credit loss and credit notes:

As at 31 July 2023

	Contract assets		Trade receivables				Contract assets and trade receivables	
			Days past due					
	Total £'000	Current £'000	<60 days £'000	60–89 days £'000	90–120 days £'000	>120 days £'000	Total £'000	Total £'000
Expected credit loss rate	2.0%	4.3%	4.6%	3.0%	2.6%	70.4%	5.9%	4.3%
Estimated total gross carrying amount	11,915	13,358	3,506	233	152	422	17,671	29,586
Provision for expected credit loss	(239)	(568)	(161)	(7)	(4)	(297)	(1,037)	(1,276)
Provision for credit notes	–	(451)	(119)	(8)	(5)	(28)	(611)	(611)
<b>Carrying amount per the balance sheet</b>	<b>11,676</b>	<b>12,339</b>	<b>3,226</b>	<b>218</b>	<b>143</b>	<b>97</b>	<b>16,023</b>	<b>27,699</b>

As at 31 July 2022

	Contract assets		Trade receivables				Contract assets and trade receivables	
			Days past due					
	Total £'000	Current £'000	<60 days £'000	60–89 days £'000	90–120 days £'000	>120 days £'000	Total £'000	Total £'000
Expected credit loss rate	2.6%	7.8%	5.6%	3.0%	3.9%	14.1%	6.9%	5.5%
Estimated total gross carrying amount	15,602	17,998	9,373	1,610	395	718	30,094	45,696
Provision for expected credit loss	(407)	(1,397)	(526)	(49)	(15)	(101)	(2,088)	(2,495)
Provision for credit notes	–	(842)	–	–	–	(66)	(908)	(908)
<b>Carrying amount per the balance sheet</b>	<b>15,195</b>	<b>15,759</b>	<b>8,847</b>	<b>1,561</b>	<b>380</b>	<b>551</b>	<b>27,098</b>	<b>42,293</b>



## 20. Other financial assets (continued)

The movement in the allowance for expected credit losses of trade receivables and contract assets, and provisions for expected credit notes against revenue in respect of service and other client issues, is as follows:

	2023 £'000		2022 £'000	
	Expected credit losses	Provision for credit notes	Expected credit losses	Provision for credit notes
Balance at 1 August	(2,495)	(908)	(2,164)	(11)
Additional provisions	(348)	(1,533)	(371)	(841)
Arising through acquisitions	–	–	(209)	(7)
Disposal of businesses	–	–	27	–
Unused amounts reversed	1,527	–	249	–
Utilised during the year	45	1,802	–	11
Currency movements	(5)	28	(27)	(60)
<b>Balance at 31 July</b>	<b>(1,276)</b>	<b>(611)</b>	<b>(2,495)</b>	<b>(908)</b>

The reversal of unused amounts during the year arises primarily as a result of the decrease in the gross trade receivables balance and an improvement in the ageing profile of receivables.

	2023 £'000	2022 £'000
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	<b>9,847</b>	12,609

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

	2023 £'000	2022 £'000
<b>Derivative financial assets</b>		
Forward foreign currency contracts	<b>31</b>	2
<b>Derivative financial liabilities</b>		
Forward foreign currency contracts	<b>–</b>	454

All forward foreign currency contracts are designated and effective as hedging instruments. Further disclosures can be found under note 29.

# Notes to the consolidated financial statements

## continued

### 22. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	3,249	4,693
Accruals for goods and services	6,181	7,713
VAT payable	2,026	2,033
Employee related taxes	1,410	1,411
Other employee-related liabilities	10,449	16,632
Other payables	219	486
	<b>23,534</b>	<b>32,968</b>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

### 23. Loans and borrowings

	2023 £'000	2022 £'000
<b>Non-current liabilities</b>		
Bank loans– revolving credit facility	29,815	13,148
	<b>29,815</b>	<b>13,148</b>

#### Bank loans – revolving credit facility

The Group's revolving multi-currency credit facility of £85.0 million is committed to 26 September 2026. Up to £10.5 million can be drawn as an overdraft facility. As at 31 July 2023, interest on loan drawdowns is charged at a currency-specific interbank reference rate (SOFR/SONIA) plus a margin, which is linked to the leverage ratio of the Group, calculated on 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 are charged at an average rate of 2.00% (2022: 2.00%) over the UK base rate.

At 31 July 2023, the Group's outstanding loans within this facility were £29.8 million (2022: £13.1 million), leaving an unutilised commitment of £55.2 million (31 July 2022: £71.9 million).

The Directors consider that the carrying amount of the loans approximates to their fair value.

Changes in loans and borrowings in the year were as follows:

	2022 £'000	Drawdown £'000	Acquisition £'000	Repayment £'000	Foreign exchange gains £'000	2023 £'000
Bank loans – revolving credit facility	13,148	26,672	421	(8,809)	(1,617)	<b>29,815</b>

### 24. Deferred income

	2023 £'000	2022 £'000
Deferred income (contract liabilities)	3,479	5,159

For further information on deferred income, refer to note 3.

## 25. Provisions

	Provision for repairs £'000	Provision for reorganisation £'000	Provision for client disputes and litigation £'000	Total £'000
Balance at 1 August 2022	225	4,458	–	4,683
Charged to the Consolidated Income Statement	1,021	6,037	4,903	11,961
Acquisition of businesses	41	–	–	41
Utilised during the year	–	(5,188)	(4,903)	(10,091)
Unused amounts reversed	–	(4,228)	–	(4,228)
Notional interest charge on provisions	–	51	–	51
Currency movements	–	(158)	–	(158)
<b>Balance at 31 July 2023</b>	<b>1,287</b>	<b>972</b>	<b>–</b>	<b>2,259</b>
Current	1,012	972	–	1,984
Non-current	275	–	–	275
<b>Total</b>	<b>1,287</b>	<b>972</b>	<b>–</b>	<b>2,259</b>

### 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 FY24 and FY26. Also included are provisions for Kin and Carta's obligations as a lessor to reimburse certain tenant maintenance costs under the lease in respect of the investment property, which are classified as current.

### Provision for reorganisation

The provision for reorganisation comprises staff redundancy, onerous property and other costs. The provision will be utilised when the restructuring completes or where the obligations associated with onerous properties are fully discharged.

### Provision for client disputes and litigation

The provision for client disputes and litigation during the year related to settlements payable to two clients, as detailed in note 7. These were provided for at H1 FY23 and paid during H2 FY23.

## 26. Deferred tax

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the Group intends, and has the legally enforceable right, to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are classified in the Consolidated Balance Sheet as follows:

	2023 £'000	Restated <sup>1</sup> 2022 £'000
Deferred tax assets	(4,678)	(7,625)
Deferred tax liabilities	2,196	10,500
	<b>(2,482)</b>	<b>2,875</b>

<sup>1</sup> The 31 July 2022 balance sheet has been restated in respect of a change in accounting policy for investment property to move from a cost model to a fair value model, which has been applied retrospectively. Following the change, the basis for the valuation of deferred tax changed to assume a sales scenario. Refer to note 1 for further details.

# Notes to the consolidated financial statements

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### 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	Goodwill £'000	Acquired intangible assets £'000	Total £'000
Balance at 1 August 2021 (as reported) <sup>1</sup>	(421)	3,363	77	–	(599)	(1,764)	(3,496)	3,246	406
Prior year adjustment (note 1)	(879)	–	–	–	–	–	–	–	(879)
Balance at 1 August 2021 (restated) <sup>1</sup>	(1,300)	3,363	77	–	(599)	(1,764)	(3,496)	3,246	(473)
Disposal of businesses	(82)	–	–	–	–	–	–	–	(82)
Charge/(credit) to the Consolidated Income Statement (restated) <sup>1</sup>	233	135	–	(103)	(1,525)	(242)	444	(2,015)	(3,073)
Items taken directly to Other Comprehensive Income	–	6,210	–	–	–	–	–	–	6,210
Items taken directly to equity	–	–	–	–	–	(250)	–	–	(250)
Acquisition-related	–	–	–	–	–	–	(2,053)	3,074	1,021
Currency movements	(81)	–	–	–	–	–	(744)	347	(478)
<b>Balance at 31 July 2022 (restated)<sup>1</sup></b>	<b>(1,230)</b>	<b>9,708</b>	<b>77</b>	<b>(103)</b>	<b>(2,124)</b>	<b>(2,256)</b>	<b>(5,849)</b>	<b>4,652</b>	<b>2,875</b>
Charge/(credit) to the Consolidated Income Statement	1,315	607	24	(1,834)	765	476	601	(2,267)	(313)
Items taken directly to Other Comprehensive Income	–	(7,074)	–	(129)	–	–	–	–	(7,203)
Items taken directly to equity	–	–	–	–	–	1,045	–	–	1,045
Acquisition-related	–	–	–	–	–	–	–	507	507
Currency movements	146	–	–	(13)	170	112	350	(158)	607
<b>Balance at 31 July 2023</b>	<b>231</b>	<b>3,241</b>	<b>101</b>	<b>(2,079)</b>	<b>(1,189)</b>	<b>(623)</b>	<b>(4,898)</b>	<b>2,734</b>	<b>(2,482)</b>
<i>Balances by jurisdiction:</i>									
United Kingdom	208	3,241	101	(1,817)	(1,031)	(240)	–	1,280	1,742
United States of America	25	–	–	(262)	(147)	(383)	(4,898)	999	(4,666)
Bulgaria	–	–	–	–	(1)	–	–	455	454
Other	(2)	–	–	–	(10)	–	–	–	(12)
	<b>231</b>	<b>3,241</b>	<b>101</b>	<b>(2,079)</b>	<b>(1,189)</b>	<b>(623)</b>	<b>(4,898)</b>	<b>2,734</b>	<b>(2,482)</b>

<sup>1</sup> The 31 July 2022 balance sheet has been restated in respect of a change in accounting policy for investment property to move from a cost model to a fair value model, which has been applied retrospectively from 1 August 2021. Following the change, the basis for the valuation of deferred tax changed to assume a sales scenario. Refer to note 1 for further details.

## 26. Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to prevail at the point at which the related temporary differences reverse, based on the manner in which the related assets are expected to be recovered or liabilities settled. At 31 July 2023, deferred tax balances in the UK are recognised at the UK corporation tax rate of 25% and balances in the US are recognised at the rate of 28.17%, which includes the federal rate of 21% and the US state level income tax rates, which vary from 0% to 9.5%.

The Group operates the St Ives Defined Benefit Pension Scheme (the "Scheme") with assets held in separate trustee administered funds. The Scheme has a net accounting surplus of £13.0 million (2022: £38.7 million) on an IAS 19 basis. The Company expects to recover this asset through a reduction in future cash contributions payable to the Scheme, reducing the UK corporation tax deductions associated with such contributions. Accordingly, the deferred tax liability has been valued at the UK statutory corporation tax rate of 25%.

Deferred tax assets are recognised based on forecasts of future taxable profits that are expected to be available to offset the reversal of the associated temporary differences, within the Group's planning horizon of three years.

### Unrecognised deferred tax assets

Deferred tax assets have not been realised in respect of the following items because it is not considered probable that future taxable profits, within the Group's planning horizon of three years, will be available to offset the reversal of the associated temporary differences. All of these items have an unlimited life.

	2023 £'000		2022 £'000	
	Gross amount	Estimated tax benefit	Gross amount	Estimated tax benefit
US goodwill	31,062	8,750	36,017	10,268
Other deductible temporary differences	3,107	875	–	–
Capital losses	18,711	4,678	15,357	3,839
	<b>52,880</b>	<b>14,303</b>	<b>51,374</b>	<b>14,107</b>

The deductions in respect of the amortisation of US goodwill for tax are available over a 15-year period. The deferred tax asset recognised at the balance sheet date is based on the Group's planning horizon of three years and the unrecognised amounts above correspond to the potential deductions beyond that time horizon, and they extend out to 2038. The other deductible temporary differences are in respect of the unrelieved portion of historical interest costs in the US. These can be carried forward indefinitely and set off against future profits subject to limitations in individual years, but are unlikely to be utilised within the Group's three-year planning time horizon.



# Notes to the consolidated financial statements

## continued

### 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 £3.6 million (2022: £4.3 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 31 July 2023, contributions of £0.6 million (2022: £1.0 million), due in respect of the 2023 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.

A full actuarial valuation of the scheme is carried out every three years by an independent actuary for the Trustee. The last technical valuation prepared by XPS Pensions Limited, at 5 April 2022, showed a technical surplus of £5.8 million and determined the cash contributions payable by the Group to April 2025.

The bid value of the scheme's assets, as at 31 July 2023, 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:

	2023 %	2022 %
Discount rate	5.10	3.50
Price inflation	3.15	3.15
Expected rate of salary increases	nil	nil
Rate of pension increases	3.05	3.05

The mortality rate assumptions are based on published statistics and adjusted for scheme specific experience reflecting analysis performed at the time of the trustees' technical actuarial valuation effective 5 April 2022. Assumed life expectancies for retirement at the age of 65 are as follows:

	2023		2022	
	Male	Female	Male	Female
Members retiring immediately	20.1	23.0	20.7	23.5
Members retiring in 20 years time	21.3	24.4	22.0	25.0

## 27. Retirement benefits (continued)

The amount recognised in the Consolidated Balance Sheet in respect of the Scheme is as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligations	(245,673)	(302,586)
Fair value of scheme assets	258,637	341,334
Net retirement benefit surplus	12,964	38,748

The lower surplus is due to a decrease in the value of Scheme assets of £82.7 million, driven primarily by the reduction in the value of the gilt portfolio, which comprises a large proportion of Scheme assets, following the large increase in UK gilt yields in the period. This was partially offset by a decrease in the Scheme liabilities of £56.9 million, driven by increases in the AA corporate bond yield, which is used to discount the Scheme liabilities.

On the basis of the assumptions used in the measurement of the technical liability used to determine statutory funding levels, the Scheme remains fully hedged against interest rate and long-term inflation rate risk. The technical liability is discounted using gilt yields rather than AA corporate bond yields.

Amounts recognised in the Consolidated Income Statement, in respect of the Scheme as adjusting items, are as follows:

	2023 £'000	2022 £'000
Scheme administrative costs (note 7)	715	787
Interest costs on defined benefit pension scheme obligations (note 9)	10,373	6,510
Investment income on defined benefit pension scheme assets (note 9)	(11,749)	(6,850)
Past service cost (note 7)	–	3,884
	(661)	4,331

Amounts recognised in the Consolidated Statement of Comprehensive Income, in respect of the Scheme, are as follows:

	2023 £'000	2022 £'000
Net measurement gains – changes in financial assumptions	60,217	102,115
Net measurement losses – experience adjustments	(11,014)	(11,802)
Net measurement gains – changes in demographic assumptions	5,542	5,986
Return on assets, in excess of interest income recorded in the Consolidated Income Statement	(83,040)	(75,964)
	(28,295)	20,335

# Notes to the consolidated financial statements

## continued

### 27. Retirement benefits (continued)

Changes in the present value of the Scheme obligations are as follows:

	2023 £'000	2022 £'000
Opening defined benefit obligation	302,586	400,514
Interest cost	10,373	6,510
Net measurement gains– changes in financial assumptions	(60,217)	(102,115)
Net measurement gains– changes in demographic assumptions	(5,542)	(5,986)
Net measurement losses – experience adjustments	11,014	11,802
Benefits paid	(12,541)	(12,023)
Past service cost	–	3,884
Closing defined benefit obligation	245,673	302,586

The weighted average duration of the defined benefit obligation is approximately 13 years (2022: 16 years).

The Trust Deed provides the Company with an unconditional right to a refund of any surplus at the end of the Scheme's duration. Based on these rights, any net surplus in the UK scheme is recognised in full.

A deferred tax liability of £3.2 million (2022: £9.7 million) has been recognised in relation to the retirement benefit surplus. The Company expects to recover this asset through a reduction in future cash contributions payable to the Scheme, reducing the UK corporation tax deductions associated with such contributions. Accordingly, the deferred tax liability has been valued at the UK statutory corporation tax rate of 25%.

Changes in the fair value of the Scheme assets are as follows:

	2023 £'000	2022 £'000
Opening fair value of scheme assets	341,334	419,781
Interest income on scheme assets	11,749	6,850
Return on assets, excluding interest income, recorded in the Consolidated Statement of Comprehensive Income	(83,040)	(75,964)
Employer contributions	1,850	3,477
Benefits paid	(12,541)	(12,023)
Scheme administrative cost	(715)	(787)
Closing fair value of scheme assets	258,637	341,334

The fair value of the Scheme assets at the balance sheet date is analysed as follows:

	Value at 31 July 2023 £'000	Value at 31 July 2022 £'000
Equity instruments	38,100	46,514
Government bonds	164,774	190,351
Other debt instruments	40,330	53,701
Liability hedging derivatives	(13,072)	(8,090)
Cash	7,907	16,944
Other	20,598	41,914
	258,637	341,334

## 27. Retirement benefits (continued)

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 £94.6 million (2022: £146.0 million) 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.

**Market (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.

A sensitivity analysis of the principal assumptions used to measure the defined benefit pension obligation, as at 31 July 2023, 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	Increase in present value of defined benefit obligations £'000
Discount rate	Reduce by 0.25%	7,896
Price inflation	Increase by 0.25%	4,828
Assumed life expectancy at age 65	Increase by 1 year	9,007

As 31 July 2023, approximately 35% (2022: 40%) of the plan assets were invested in return-seeking assets, providing a higher level of return over the long term.

# Notes to the consolidated financial statements

## continued

### 28. Financial instruments

The financial instruments by category and maturity profile are as follows:

	Note	2023 £'000	2022 £'000	Maturity profile
<b>Financial assets measured at fair value through profit or loss</b>				
Derivative financial instruments	21	31	2	Less than 12 months
<b>Financial assets measured at amortised cost</b>				
Trade and other receivables	20	31,432	45,393	Less than 12 months
Cash and cash equivalents	20	9,847	12,609	Less than 12 months
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative financial instruments	21	–	(454)	Less than 12 months
Contingent consideration payable– current	19	(4,849)	(6,346)	Less than 12 months
Contingent consideration payable– non-current	19	(3,578)	(1,904)	More than 12 months
<b>Financial liabilities measured at amortised cost</b>				
Trade and other payables	22	(25,534)	(32,968)	Less than 12 months
Deferred income (contract liabilities)	24	(3,479)	(5,159)	Less than 12 months
Loans and borrowings	23	(29,815)	(13,148)	More than 12 months
Lease liabilities– current	16	(2,574)	(2,806)	Less than 12 months
Lease liabilities– non-current	16	(8,193)	(10,052)	More than 12 months
Deferred consideration payable– current	19	(106)	(598)	Less than 12 months
Deferred consideration payable– non- current	19	(26)	(251)	More 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 and liabilities at 31 July 2023, based on contractual undiscounted receipts and payments.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

#### At at 31 July 2023

	Within one year £'000	In two to five years £'000	After five years £'000	Total £'000
Loans and borrowings	–	29,815	–	29,815
Lease liabilities	3,124	5,730	4,281	13,135
Contingent and deferred consideration payable	4,955	3,604	–	8,559
Deferred income (contract liabilities)	3,479	–	–	3,479
Trade and other payables	23,534	–	–	23,534
	35,092	39,149	4,281	78,522



## 28. Financial instruments (continued)

As at 31 July 2022

	Within one year £'000	In two to five years £'000	After five years £'000	Total £'000
Loans and borrowings	–	13,148	–	13,148
Derivative financial instruments	454	–	–	454
Lease liabilities	3,507	11,714	–	15,221
Contingent and deferred consideration payable	6,944	2,155	–	9,099
Deferred income (contract liabilities)	5,159	–	–	5,159
Trade and other payables	32,968	–	–	32,968
	<b>49,032</b>	<b>27,017</b>	<b>–</b>	<b>76,049</b>

## 29. Financial risk management

The Group is exposed to currency, credit, interest rate and liquidity risks, which arise in the normal course of business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates. The Group does not trade in financial instruments nor does it engage in speculative derivative transactions.

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. Treasury risk management is performed at the Group's head office.

At 31 July 2023, the Group's borrowings consisted of loan drawdowns under the Group's revolving multi-currency credit facility, which 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.

### 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 are as follows:

	2023 £'000	2022 £'000
US Dollar	4,883	10,090
British Pound Sterling	3,026	788
Euro	662	924
Argentine Peso	372	623
Other	904	184
	<b>9,847</b>	<b>12,609</b>

The Group's financial assets comprise cash and cash equivalents, all of which attract interest.

# Notes to the consolidated financial statements continued

## 29. Financial risk management (continued)

Financial liabilities subject to interest rate risk are as follows:

	2023 £'000	2022 £'000
Sterling bank loans	6,500	–
US Dollar bank loans	23,315	13,148
	29,815	13,148

The Group's bank liabilities comprise loan borrowings, which bear interest at floating rates based upon Sterling SONIA and US Dollar SOFR, and overdraft borrowings, which bear interest at floating rates based upon the UK bank base rate. The Group's lease liabilities are not subject to interest rate risk.

### Interest rate sensitivity analysis

The analysis shows the additional charge to profit before tax in the Consolidated Income Statement that would have arisen if the amount of the loan liabilities outstanding at the respective balance sheet dates were outstanding for the entire duration of the respective periods.

	2023 £'000	2022 £'000
Assumed Sterling SONIA change of 1%	65	–
Assumed US Dollar SOFR change of 1%	233	131

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 currency risk management

The Group faces foreign currency risk on its exposures on 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 denominated 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.

### Foreign currency sensitivity analysis

The following key exchange rates against British Pound Sterling were applied in the financial statements:

	2023		2022	
	Average rate	Year end rate	Average rate	Year end rate
US Dollar	1.21	1.29	1.32	1.22
Euro	1.15	1.17	1.18	1.19

## 29. Financial risk management (continued)

The following table shows the estimated effect a 10% adjustment of the British Pound Sterling against the US Dollar and the Euro would have on Group profit before tax and equity. This sensitivity relates to the impact of retranslation of entities with a presentation currency of the US Dollar or Euro (including entities that have currencies pegged to the US Dollar/Euro). A positive number below shows a gain/increase in equity and a negative shows a loss/reduction in equity.

	Profit or loss		Equity	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 July 2023</b>				
<b>USD (10% movement)</b>	<b>272</b>	<b>(272)</b>	<b>(1,365)</b>	<b>1,365</b>
<b>Euro (10% movement)</b>	<b>418</b>	<b>(418)</b>	<b>469</b>	<b>(469)</b>
<b>31 July 2022</b>				
USD (10% movement)	(165)	165	(1,560)	1,560
Euro (10% movement)	121	(121)	180	(180)

### Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to cover specific foreign currency payments and receipts. Forward foreign exchange contracts have been used to hedge the exchange rate risk arising from these commitments, some of which are designated as cash flow hedges. As at 31 July 2023, 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 £30,642. The receipts for intercompany recharges have been settled since the balance sheet date.

The following table details the forward currency contracts outstanding at the period end:

	Average contracted exchange rate		Contract value	Notional value
	British Pounds: US Dollars	US Dollars \$'000	£'000	£'000
Buy British Pounds, sell US Dollars (up to 12 months)	1.26	1,891	1,500	1,469

### Credit risk management

The Group's principal financial assets are bank and cash balances, trade and other receivables and a limited number of derivatives held to hedge certain Group exposures. These represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has procedures to manage counterparty risk. The Group evaluates each new customer and assesses their creditworthiness before any contract is undertaken.

The typical credit period extended to customers is 30 days. The maximum exposure on trade receivables and accrued income (contract assets), as at the reporting date, is their carrying value. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts on an ongoing basis. The Group's credit risk is limited as the Group maintains credit insurance up to a maximum aggregate claim in any one year of £7.5 million with an aggregate annual deductible of £0.3 million, of which 90% is insured over the deductible, subject to certain conditions on individual customers. The ageing of trade receivables that were past due but not impaired, is shown in note 20.

# Notes to the consolidated financial statements

## continued

### 29. Financial risk management (continued)

#### Consideration of expected credit losses

At each reporting date, the Group reviews the estimated recoverability of trade receivables (including contract assets) on an ageing basis and provides against expected unrecoverable amounts. Experience has shown the level of historical losses to be relatively low. Credit loss provisioning reflects past experience, economic factors and client-specific conditions. The Group's estimated exposure to credit risk for trade receivables and contract assets is disclosed in note 20 and the detailed accounting policy in note 2.

#### Liquidity risk management

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, committed until September 2026. Up to £10.5 million of this facility can be drawn as an overdraft facility. The contractual maturities of drawn down borrowings are between one and three months, as 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 a currency-specific reference interbank rate (SOFR for loans drawn in US Dollars or SONIA for loans drawn in Pounds Sterling) plus a margin, which is linked to the level of leverage (the ratio of net debt to adjusted EBITDA for bank purposes). The margin charged to by our lenders on bank borrowings throughout 2023 was 1.7%. Interest on overdraft drawdowns is charged at a rate of 2.00% (2022: 2.00%) over the UK base rate.

The Group is subject to bank covenants on its borrowings, 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 year end, the Group's leverage ratio for bank covenant purposes was 1.04 times (2022: 0.01 times) against a maximum limit of 2.5 times, and interest cover was 10.5 times (2022: 18.5 times) against a minimum of four times. The Group has fully complied with the requirements of these covenants during the year and expects to continue to do so.

### 30. Share capital

	Number of shares	Ordinary shares of 10p each £'000
<b>Issued and fully paid:</b>		
Balance at 1 August 2021	172,545,721	17,255
Issued during the period	5,414,958	542
Balance at 31 July 2022	177,960,679	17,797
Issued during the period	61,318	6
<b>Balance at 31 July 2023</b>	<b>178,021,997</b>	<b>17,803</b>

All authorised and issued share capital is represented by equity shareholdings. During the period, 61,318 shares were issued to satisfy share options exercised under the SAYE scheme. These shares were issued at a premium of £44,983.

### 31. Additional paid-in capital

	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Total £'000
Balance at 1 August 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
Shares issued during the period	45	–	–	45
<b>Balance at 31 July 2023</b>	<b>76,433</b>	<b>11,676</b>	<b>1,238</b>	<b>89,347</b>

The additional paid-in capital includes share premium, merger reserve and capital redemption reserve.

The merger reserve arises from acquisitions made in prior periods. During the prior year, 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 prior period related to the share premium on share issues for consideration as part of the acquisitions of Loop and Melon Group of £0.6 million and £7.2 million, respectively.

The capital redemption reserve represents the purchase by the Company of Kin and Carta plc ordinary shares in prior periods.

Additional details of the shares issued in respect of the SAYE scheme are detailed in note 30.

### 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:

- The 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 as at 31 July 2023 (31 July 2022: 90,637 shares). In addition, 4,660,263 Kin and Carta plc ordinary shares (31 July 2022: 2,489,665 shares) were held by the EBT as at 31 July 2023. All shares held in the EBT are expected to be used to settle awards vesting in the 24 months following the balance sheet date
- The share option reserve, which includes the cumulative charge related to the unvested options granted to Group's employees of Kin and Carta plc ordinary shares
- The 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. Share-based payments

The Company operates a number of equity-settled share-based payment schemes for certain employees of the Group.

### Long-term Incentive Plan 2010 ("LTIP")

Executive Directors and employees above a certain band level have been granted nil-cost share options under the Company's LTIP programme, as determined by the Remuneration Committee. The options cannot generally be exercised within the three-year vesting period. For UK participants, awards are generally required to be exercised within seven years of vesting. For US participants, exercising is automatic at the point of vesting. The options may be settled by the issue of new shares or by the allocation of shares from the Company's Employee Benefit Trust ("EBT"). The specific performance conditions are detailed further in the Directors' Remuneration Report.

	2023 '000	2022 '000
<b>Number of options</b>		
Outstanding at the beginning of the period	7,591	7,475
Granted during the period	4,236	2,745
Lapsed during the period	(3,046)	(1,324)
Exercised during the period	(1,824)	(1,305)
Outstanding at the end of the period	6,957	7,591
Exercisable at the end of the period	409	210
Estimated % of options vesting over next three years	73%	68%

The fair value of the options granted in the current period under the LTIP scheme were measured using a Black-Scholes options pricing model. The inputs to the model are:

	LTIP
Weighted average mid-market share price (pence)	2.26
Weighted average exercise price (pence)	£nil
Expected life	3 years
Expected volatility	47.66%
Risk-free rate	2.00%
Dividend yield	0.03%
Weighted average fair value at grant (pence)	2.25

### 33. Share-based payments (continued)

#### CSOP Incentive

Certain employees were granted share options at market value under the Company's LTIP programme, as determined by the Remuneration Committee, on 4 September 2020. These options vested on 4 September 2023. For the UK participants, CSOP options were granted, which have UK personal income tax advantages pursuant to the provisions of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003. Participants have seven years from the date of vesting to exercise these market value options. The options may be settled by the issue of new shares or by allotment from the EBT.

	2023 '000	2022 '000
<b>Number of options</b>		
Outstanding at the beginning of the period	2,145	3,124
Granted during the period	–	–
Lapsed during the period	(567)	(785)
Exercised during the period	–	(194)
Outstanding at the end of the period	1,578	2,145
Exercisable at the end of the period	–	–
Estimated % of options vesting over the next three years	100%	87%

The fair value of the options granted in the prior period under the CSOP scheme 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

# Notes to the consolidated financial statements

## continued

### 33. Share-based payments (continued)

#### 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. Employees who participate enter into a savings contract under which they agree to save between £5 and £350 per month (or such limit as may be permitted by the tax legislation governing SAYE schemes from time to time) for three years. Options cannot be ordinarily exercised within the three years and must be exercised within 12 months of the end of the three-year period. Options ordinarily are forfeited if the employee leaves the Group before the options vest. There are no cash settlement alternatives.

A reconciliation of the movement in the share options is shown below:

	Number of options		Weighted average exercise price	
	2023 '000	2022 '000	2023	2022
Outstanding at the beginning of the period	465	251	2.18	0.83
Granted during the period	914	426	0.80	2.33
Lapsed during the period	(404)	(82)	2.25	0.83
Exercised during the period	(61)	(130)	–	0.83
Outstanding at the end of the period	914	465	0.80	2.18
Exercisable at the end of the period	46	46	–	–
Estimated % of options vesting in the future years	100%	100%		

	SAYE
Weighted average mid-market share price (pence)	0.66
Weighted average exercise price (pence)	0.80
Expected life	3 years
Expected volatility	47.66%
Risk-free rate	2.00%
Dividend yield	0.03%
Weighted average fair value of the options (pence)	0.17

#### Employee Share Purchase Plan ("ESPP Plan")

The Company has granted share options to eligible employees under an Employee Share Purchase Plan. Details of the plan are included in the Directors' Remuneration Report.

A reconciliation of the movement in the related share options is shown below:

	Number of options		Weighted average exercise price	
	2023 '000	2022 '000	2023	2022
Outstanding at the beginning of the period	138	161	2.72	0.92
Granted during the period	122	148	2.00	2.46
Lapsed during the period	(260)	(47)	2.38	0.92
Exercised during the period	–	(124)	–	0.94
Outstanding at the end of the period	–	138	–	2.72
Exercisable at the end of the period	–	–	–	–
Estimated % of options vesting in the future years	0%	93%		

### 33. Share-based payments (continued)

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 current period under the ESPP scheme were measured using a Black-Scholes options pricing model. The inputs to the model are:

	ESPP
Weighted average mid-market share price (pence)	2.35
Weighted average exercise price (pence)	2.00
Expected life	1 year
Expected volatility	47.66%
Risk-free rate	2.00%
Dividend yield	0.00%
Weighted average fair value at date of grant (pence)	0.63

The options outstanding at 31 July 2023 had an exercise price in the range of £nil to £0.80 (2022: £nil to £2.46) and a weighted-average contractual life of 1.44 years (2022: 1.35 years).

#### Share-settled bonus payments

A limited number of US staff received a portion of their bonus linked to substantial out performance for the FY23 year in the form of fully vested shares in Kin and Carta plc. The number of shares used to settle was calculated based on the average price of £0.86. The related charge included within trade and other payables at 31 July 2023 is £0.3 million (2022: £nil).

#### Share-based contingent consideration required to be treated as remuneration

The Group recognised a charge for share-based payments of £3.9 million (2022: £7.7 million) relating to contingent consideration for acquisitions, which is recorded as part of deemed remuneration within adjusting items (note 7) under the Americas, Europe and Melon reporting segments.

#### Share-based payment expense

The Group recognised a total expense in the profit and loss of £3.7 million in the current year (2022: charge of £3.4 million) relating to equity-settled share-based payments other than in the context of acquisitions. Of this amount, £3.1 million (2022: £3.1 million) has been recognised as an expense in the share-based payment reserve, the remaining expense relates to employer tax national insurance and social security contributions associated with share-based payments and amounts in respect of the share-settled bonus payments. The exercise price of options outstanding at 31 July 2023 ranges between £nil and £2.45.

# Notes to the consolidated financial statements

## continued

### 34. Hedging and translation reserves

#### Hedging reserve

The hedging 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:

	2023 £000	2022 £000
Revenue	–	(39)

#### Translation reserve

The translation reserve comprises foreign currency differences arising from the translation into British Pounds of the financial statements of Group entities whose functional and reporting currency is other than British Pounds.

### 35. Investment in joint arrangement

	2023 £000	2022 £000
Balance at 1 August	–	1,080
Disbursement from joint arrangement	–	(147)
Share of results of joint arrangement	–	442
Disposal	–	(1,401)
Currency movements	–	26
Balance at 31 July	–	–

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. In the prior year, the Group acquired the remaining 50% of the interest in Loop. Following the purchase of the remaining interest, the results of Loop were fully consolidated in the Group's results.

### 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 year, 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 year.

#### Remuneration of key management personnel

The remuneration of the Executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2023 £000	2022 £000
Short-term employee benefits (emoluments)	1,115	1,640
Post-employment benefits (pension contributions)	38	73
Gains on exercise of share awards	1,264	940
Share-based payment charge	547	623
	<b>2,964</b>	<b>3,276</b>

#### Highest paid Director

Remuneration of the highest paid Director was £0.5 million (2022: £1.6 million), including pension contributions of £0.02 million (2022: £0.06 million). The highest paid Director exercised 125,000 share options in the year (2022: 287,061).

Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report.

#### Aggregate Executive Directors' remuneration

	2023 £000	2022 £000
Short-term employee benefits (emoluments)	806	1,360
Post-employment benefits (pension contributions)	38	73
Gains on exercise of share awards	1,264	940
Share-based payment charge	547	623
	<b>2,655</b>	<b>2,996</b>

Two Directors (2022: two) received part payment into a Group Personal Pension Plan and part payment as cash in lieu of pension. Two Directors exercised share options during the year (2022: two).

At 31 July 2023, 60,700 ordinary shares of Kin and Carta plc were held by close family members of Chris Kutsor, one of the Executive Directors (2022: nil).



# Notes to the consolidated financial statements

## continued

### 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 2023.

#### 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 as at 31 July 2023, and their results are fully consolidated into the Group's Financial Statements.

As of 31 July 2023, the subsidiary undertakings were as follows:

Subsidiaries	Note	Place of incorporation	Nature of business
Cascade Data Labs, LLC	g	United States of America	Digital Transformation
Frakton SH.P.K	i	Kosovo	Digital Transformation
Kin and Carta Colombia S.A.S	k	Colombia	Digital Transformation
Kin and Carta Greece Μονοπρόσωπη Ι.Κ.Ε.	l, m	Greece	Digital Transformation
Kin and Carta Partnerships Limited	a	England and Wales	Digital Transformation
Kin and Carta Partnerships LLC	d, m	United States of America	Digital Transformation
Kin and Carta Scotland Limited	c	Scotland	Digital Transformation
Kin and Carta UK Limited	a	England and Wales	Digital Transformation
Loop Integration LLC	b, m	United States of America	Digital Transformation
Melon EAD	h	Bulgaria	Digital Transformation
Melon Tehnologii DOOEL Skopje	j	North Macedonia	Digital Transformation
Solstice Consulting LLC	d, m	United States of America	Digital Transformation
Solstice Mobile Argentina Srl	e	Argentina	Digital Transformation
SpireMedia, Inc.	f, n	United States of America	Digital Transformation
Kin and Carta Services UK Limited	a	England and Wales	Digital Transformation
Kin and Carta Colombia Holdings S.A.S	k	Colombia	Holding company
Kin and Carta Group Limited	a	England and Wales	Holding company
Kin and Carta Americas Holdings LLC	b, m	United States of America	Holding company
Kin and Carta Investments Limited	a	England and Wales	Treasury company
Kin and Carta Manager (Holding Companies) LLC	b, m	United States of America	Provision of management services
Kin and Carta Manager (Operations) LLC	b, m	United States of America	Provision of management services
Kin and Carta Manager Holdings LLC	b, m	United States of America	Holding company
Kin and Carta Services LLC	b, m, o	United States of America	Holding company
Solstice Consulting Argentina LLC	b, m	United States of America	Holding company
Solstice Consulting Latin America LLC	b, m	United States of America	Holding company
Kin and Carta Services Bulgaria EOOD	h	Bulgaria	Shared service centre
Kin and Carta Data Holdings Limited	c	Scotland	Holding company
Kin and Carta Data Limited	c	Scotland	Digital transformation
Kin and Carta Data Poland Sp. Z.o.o.	p	Poland	Digital transformation
<b>Non-trading subsidiaries</b>	<b>Note</b>	<b>Place of incorporation</b>	<b>Nature of business</b>
Kin and Carta Advisory LLC	b, m	United States of America	
Kin + Carta Limited	a	England and Wales	
Pollen Health (US) LLC	b, m	United States of America	
St Ives Pension Scheme Trustees Limited	a	England and Wales	

### 37. List of undertakings (continued)

- a. Registered office: The Spitfire Building, 71 Collier Street, London N1 9BE
- b. Registered office: 251 Little Falls Drive, Wilmington DE 19808, United States
- c. Registered office: Second Floor, 132 Princes Street, Edinburgh EH2 4AH, Scotland. On 22 September 2022, Kin and Carta Scotland Limited's registered office address changed from Exchange Tower, 19 Canning Street, Edinburgh EH3 8EH.
- d. Registered office: 801 Adlai Stevenson Dr, Springfield IL 62703-4261, United States
- e. Registered office: Avenida Cabildo 1507, Piso 10, Ciudad Autonoma de Buenos Aires, Argentina. On 3 April 2023, Solstice Mobile Argentina Srl's registered office address changed from Solstice Argentina, Aguirre 1169, Ciudad Autonoma de Buenos Aires, Argentina.
- f. Registered office: 1900 W. Littleton Boulevard, Littleton CO 80120, United States
- g. Registered office: 1127 Broadway Street NE, Suite 310, Salem OR 97301, United States
- h. Registered Office: Sofia 1113, Slatina district, 20 Kosta Lulchev Street, 3rd floor, Bulgaria
- i. Registered Office: Bekim Fehmiu Str. Arting Building, 5th Floor, Pristina, Kosovo
- j. Registered Office: 1737 Street no. 32, Municipality Centar, Skopje, Macedonia
- k. Registered Office: Carrera 7 No. 71-52, Torre-B Piso 10, Bogotá, Colombia. On 27 June 2023, Kin and Carta Colombia S.A.S's and Kin and Carta Colombia Holdings S.A.S's registered office address changed from Carrera 16 #97 Piso 8 Bogotá, 97-46 Edificio Torre, 97 Piso 8, Bogotá, Colombia Barrio Chicó, Colombia.
- l. Registered Office: 62 Kifissias Avenue, Maroussi, 15125, Athens, Greece
- m. Membership interest
- n. Class A Common Stock
- o. On 18 October 2022, Kin and Carta Marketing Services (Delaware) LLC changed its name to Kin and Carta Services LLC.
- p. Registered Office: Rzeznicza, No 28, Wroclaw, p.c. 50130, Poland

### 38. Contingent assets

At 31 July 2023, the Group identified one contingent asset. This related to an insurance claim to reimburse in full the settlement costs paid in H2 FY23 in relation to a client dispute arising in the year, as detailed further in note 7. At the year end, the claim was being reviewed by the insurers and as such the outcome and amount was uncertain. In accordance with IAS 37, the amount has not been recognised in the Group Financial Statements at 31 July 2023. Following the end of year, and before the approval of these financial statements, the Group's insurers agreed to reimburse in full the settlement cost. Insurance proceeds of £3.3 million are expected to be received before the end of the half year FY24. There were no contingent assets identified as at 31 July 2022.

### 39. Post-balance sheet events

As noted above, after the year end, the Group's insurers agreed to reimburse in full the settlement costs paid in H2 FY23 in respect of a client dispute arising in the year, as detailed further in note 7. The insurance proceeds of £3.3 million are expected to be received before the end of the half year FY24 and will be recorded as an adjusting item in the Consolidated Income Statement in FY24 within the Americas segment.

On 18 October 2023, it was announced that the boards of directors of Kelvin UK Bidco Limited ('Bidco'), a newly formed company owned indirectly by funds advised by Apax Partners LLP ('Apax'), and Kin + Carta had reached agreement on the terms and conditions of a recommended cash offer made by Bidco to acquire the entire issued share capital of Kin + Carta (the 'Acquisition'). The Acquisition is conditional inter alia on approval by the Company's shareholders and certain regulatory approvals. Completion of the Acquisition is currently expected to take place in the first quarter of 2024.

# Company balance sheet

Company number 01552113

	Note	31 July 2023 £'000	Restated <sup>1</sup> 31 July 2022 £'000
<b>Assets</b>			
Tangible assets	5	52	111
Investment property	7	4,790	4,790
Investments	8	181,857	203,853
Retirement benefit surplus	13	12,964	38,748
<b>Non-current assets</b>		<b>199,663</b>	<b>247,502</b>
Trade and other debtors	9	4,291	12,062
Cash and bank balances		4,573	2,492
Derivative financial instruments	10	31	2
<b>Current assets</b>		<b>8,895</b>	<b>14,556</b>
<b>Liabilities</b>			
Trade and other creditors	11	(7,107)	(7,524)
Provisions	14	(1,000)	–
Derivative financial instruments	10	–	(454)
<b>Creditors: amounts falling due within one year</b>		<b>(8,107)</b>	<b>(7,978)</b>
<b>Net current assets</b>		<b>788</b>	<b>6,578</b>
<b>Total assets less current liabilities</b>		<b>200,451</b>	<b>254,080</b>
Bank loans	12	(6,500)	–
Deferred taxation	16	(1,089)	(8,553)
<b>Creditors: amounts falling due after more than one year</b>		<b>(7,589)</b>	<b>(8,553)</b>
<b>Net assets</b>		<b>192,862</b>	<b>245,527</b>
<b>Capital and reserves</b>			
Share capital	15	17,803	17,796
Share premium account	15	76,433	76,389
Other reserves	15	7,034	19,185
Profit and loss account		91,592	132,157
<b>Total equity</b>		<b>192,862</b>	<b>245,527</b>

<sup>1</sup> The Company Balance Sheet at 31 July 2022 has been restated in respect of investment property following a change in accounting policy to move from a cost model to a fair value model, which has been applied retrospectively. Refer to note 1 for further details.

As permitted by section 408 of the Companies Act 2006, the Parent Company has elected not to present its own profit and loss account for the year. The loss for the financial year for the Company was £20.4 million (2022 restated profit: £35.3 million).

These Financial Statements were approved by the Board of Directors and authorised for issue on 1 November 2023. They were signed on its behalf by:

**Kelly Manthey**  
Chief Executive Officer

**Chris Kutsor**  
Chief Financial Officer  
Chief Operating 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	Other reserves £'000	Profit and loss account <sup>1</sup> £'000	Total £'000
<b>Balance at 1 August 2021 (as reported)</b>	17,255	76,085	9,190	1,238	(68)	(163)	3,681	13,878	75,238	182,456
Prior year adjustment (note 1)	–	–	–	–	–	–	–	–	1,082	1,082
<b>Balance at 1 August 2021 (restated)</b>	17,255	76,085	9,190	1,238	(68)	(163)	3,681	13,878	76,320	183,538
Profit for the year (restated)	–	–	–	–	–	–	–	–	35,294	35,294
Actuarial gain on defined benefits pension scheme	–	–	–	–	–	–	–	–	14,126	14,126
<b>Total comprehensive income</b>	–	–	–	–	–	–	–	–	49,420	49,420
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	189	304	–	–	(17)	–	(1,242)	(1,259)	1,098	332
Purchase of own shares by Employee Benefit Trust	–	–	–	–	(5,593)	–	–	(5,593)	–	(5,593)
Settlement of share-based payment using own shares	–	–	–	–	353	–	–	353	–	353
Recognition of share-based payments in respect of employee share schemes	–	–	–	–	–	–	3,118	3,118	–	3,118
Recognition of share-based contingent consideration deemed as remuneration for a subsidiary	–	–	–	–	–	–	5,953	5,953	–	5,953
Tax on share-based payments	–	–	–	–	–	–	249	249	–	249
Reclassification to retained earnings	–	–	(5,357)	–	–	–	–	(5,357)	5,357	–
<b>Balance at 31 July 2022 (restated)</b>	17,796	76,389	11,676	1,238	(5,325)	(163)	11,759	19,185	132,157	245,527
Loss for the year	–	–	–	–	–	–	–	–	(20,420)	(20,420)
Other comprehensive income	–	–	–	–	–	–	–	–	11	11
Actuarial loss on defined benefits pension scheme net of tax	–	–	–	–	–	–	–	–	(21,221)	(21,221)
<b>Total comprehensive expense</b>	–	–	–	–	–	–	–	–	(41,630)	(41,630)
Dividends paid	–	–	–	–	–	–	–	–	(3)	(3)
Shares issued to settle employee share options	7	44	–	–	3,872	–	(1,660)	2,212	(2,211)	52
Purchase of own shares by Employee Benefit Trust	–	–	–	–	(8,395)	–	–	(8,395)	–	(8,395)
Reclassification of share-settled amount from liabilities	–	–	–	–	362	–	–	362	–	362
Recognition of share-based payments in respect of employee share schemes	–	–	–	–	–	–	3,128	3,128	–	3,128
Recognition of share-based contingent consideration deemed as remuneration	–	–	–	–	–	–	3,042	3,042	–	3,042
Reclassification of contingent consideration deemed as remuneration from equity to liabilities	–	–	–	–	–	–	(8,176)	(8,176)	–	(8,176)
Tax on share-based payments	–	–	–	–	–	–	(1,045)	(1,045)	–	(1,045)
Reclassification to retained earnings <sup>2</sup>	–	–	–	–	–	–	(3,279)	(3,279)	3,279	–
<b>Balance at 31 July 2023</b>	17,803	76,433	11,676	1,238	(9,486)	(163)	3,769	7,034	91,592	192,862

<sup>1</sup> The results for the year to 31 July 2022 have been restated in respect of the restatement of depreciation on investment property following a change in accounting policy to move from a cost model to a fair value model, which has been applied retrospectively. Refer to note 1 for further details.

<sup>2</sup> Following the full vesting in the period of shares, in respect of deferred consideration for the Spire acquisition that were allotted in a prior period, related amounts have been transferred from the share option reserve to retained earnings.

# Notes to the Company financial statements

## 1. Accounting policies and general information

Kin and Carta plc is a public company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales (company registration number 01552113) under the Companies Act 2006. The address of the registered office is The Spitfire Building, 71 Collier Street, London N1 9BE.

These Company Financial Statements have been prepared on the going concern basis under the historical cost convention, 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. The financial statements are presented in Pounds Sterling as this is the currency of the primary economic environment in which the Company operates, generally rounded to the nearest thousand, except when otherwise indicated.

### Financial Reporting Standard 101 – reduced disclosure exemptions

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs") but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is taking advantage of the following applicable disclosure exemptions permitted by FRS 101 in its financial statements:

- Cash flow statement and related notes
- Comparative period reconciliations for share capital
- Disclosures in respect of transactions with wholly owned subsidiaries
- The effects of new, but not yet effective, IFRSs
- Disclosures in respect of capital management

As the Consolidated Financial Statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of IFRS 2 'Share-based Payments' and certain disclosures required by IFRS 13 'Fair Value Measurement', and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.

The principal accounting policies adopted are the same as those set out in note 2 to the Consolidated Financial Statements, including the following policies applicable to the Company. The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these Financial Statements.

### 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.

### 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 that 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 £13.0 million (2022: £38.7 million). A sensitivity analysis can be found in note 27 to the Consolidated Financial Statements.

## 1. Accounting policies and general information (continued)

### Prior year restatement

IAS 40 permits investment properties to be held at either the cost or fair value model. During the year to 31 July 2023, there was a change in accounting policy to move from a cost model to a fair value model. The change arose because management judged that the fair value model was more appropriate as it better reflects the manner of recovery of value of the asset. The property is well maintained by the current tenant which contributes to sustaining the fair value of the property. This change in accounting policy has been applied retrospectively from 1 August 2021, being the beginning of the earliest prior period presented as required by IAS 8.

The previously reported carrying amount at 1 August 2021, under the cost model, was £4.6 million. The fair value, being the market value as determined by an independent property valuer during July 2023, was £4.8 million. The fair value thus obtained was also applied as at 1 August 2021 and 31 July 2022 as management's assessment is that the fair value would have not been materially different at either date. The difference between the carrying amount as per the cost model previously adopted and the fair value as at 1 August 2021 is £0.20 million, which is presented in the profit and loss account within equity as an adjustment to opening equity at 1 August 2021. The difference to the restatement in the Consolidated Group Accounts of £0.35 million is due to an intra-group profit on the sale of the property arising in the Company accounts of £0.15 million, which is eliminated on consolidation.

At 1 August 2021, there was a deferred tax liability of £0.88m recognised in respect of the investment property. Following the change in accounting policy, the treatment assumed basis for the valuation of deferred tax changed to assume a sales scenario. In line with IAS 12, the change in accounting policy resulted in a deferred tax asset. A full valuation allowance was taken against the asset. The deferred tax liability was at 1 August 2021 was restated through the profit and loss account within equity.

These two items result in a total adjustment to equity at 1 August 2021 of £1.08 million. The difference to adjustment in the Consolidated Group Accounts is due to an intra-group profit on the sale of the property arising in the Company accounts.

In the prior year to 31 July 2022, £0.27 million depreciation was previously recorded in respect of the investment property. This has been restated to nil following the accounting policy change. In addition, there was a tax credit of £0.04 million recorded in the year in respect of deferred tax, which has been restated to nil, resulting in a net increase in net profit after tax for the prior period of £0.22 million.

### Restatement as at and for the prior year ended 31 July 2022

	31 July 2022 (statutory- as previously reported) £'000	Investment property accounting policy change £'000	31 July 2022 (statutory- restated) £'000
<b>Balance Sheet (extract)</b>			
Investment property	4,318	472	4,790
Deferred taxation	(9,387)	834	(8,553)
<b>Net assets</b>	<b>244,221</b>	<b>1,306</b>	<b>245,527</b>
Profit and loss account	130,851	1,306	132,157
<b>Total equity</b>	<b>244,221</b>	<b>1,306</b>	<b>245,527</b>
<b>Profit and loss</b>			
Administrative expenses	(12,055)	269	(11,786)
Income tax charge	90	(45)	45
<b>Net profit for the year</b>	<b>35,070</b>	<b>224</b>	<b>35,294</b>



# Notes to the Company financial statements continued

## 1. Accounting policies and general information (continued)

Restatement as at 1 August 2021

	1 August 2021 (statutory- as previously reported) £'000	Investment property accounting policy change £'000	1 August 2021 (statutory- restated) £'000
<b>Balance Sheet (extract)</b>			
Investment property	4,587	203	4,790
Deferred taxation	(2,530)	879	(1,651)
<b>Net assets</b>	182,456	1,082	183,538
Profit and loss account	75,232	1,082	76,314
<b>Total equity</b>	182,456	1,082	183,538

## 2. (Loss)/profit of the Parent Company

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, the Statement of Comprehensive Income (including the profit and loss account) of the Parent Company is not presented as part of these accounts. The loss for the financial year for the Company was £20.4 million (2022 restated profit: £35.3 million).

## 3. Auditors' remuneration

The auditor's remuneration for audit and other services is disclosed in note 5 to the Consolidated Financial Statements.

## 4. Employee information

The average monthly number of employees (including Executive Directors) was:

	2023 Number	2022 Number
Administration	86	74

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	8,149	8,370
Social security costs	489	432
Other pension costs	177	267
	8,815	9,069

## 5. Tangible assets

	Plant and machinery £'000	Total £'000
<b>Cost</b>		
At 1 August 2021	–	–
Additions	124	124
Reclassification from software	140	140
At 31 July 2022	264	264
Additions	16	16
<b>At 31 July 2023</b>	<b>280</b>	<b>280</b>
<b>Accumulated depreciation and impairment</b>		
At 1 August 2021	–	–
Charge for the year	34	34
Reclassification from software	119	119
At 31 July 2022	153	153
Charge for the year	75	75
<b>At 31 July 2023</b>	<b>228</b>	<b>228</b>
<b>Net book value</b>		
At 31 July 2022	111	111
<b>At 31 July 2023</b>	<b>52</b>	<b>52</b>

## 6. Intangible assets

	Software £'000	Total £'000
<b>Cost</b>		
At 1 August 2021	140	140
Reclassification to plant and machinery	(140)	(140)
<b>At 31 July 2022 and 31 July 2023</b>	<b>–</b>	<b>–</b>
<b>Accumulated amortisation and impairment</b>		
At 1 August 2021	119	119
Reclassification to plant and machinery	(119)	(119)
<b>At 31 July 2022 and 31 July 2023</b>	<b>–</b>	<b>–</b>
<b>Net book value</b>		
<b>At 31 July 2022 and 31 July 2023</b>	<b>–</b>	<b>–</b>

# Notes to the Company financial statements continued

## 7. Investment property

The investment property is a commercial building in the UK that is leased to a third party. The remaining lease length is 45 years, with a break clause in April 2025 and every five years thereafter. The break clause in April 2025 is not expected to be exercised. For further detail, refer to note 17 of the Consolidated Financial Statements.

	Investment property £'000
<b>At 1 August 2021</b>	
Cost	7,944
Accumulated depreciation	3,357
Net book value (as previously reported)	4,587
Adjustment to fair value taken to profit and loss reserve	203
<b>Fair value at 1 August 2021 (restated)</b>	<b>4,790</b>
Fair value at 31 July 2022 (restated)	4,790
<b>At 31 July 2023</b>	<b>4,790</b>

For further details on the restatement, refer to note 1 of the Company Financial Statements.

Rental income of £0.8 million (2022: £0.8 million) in relation to the investment properties has been recorded to the profit and loss account in the current year.

## 8. Investments

All of the below are unlisted investments. Details of the Group's subsidiaries as at 31 July 2023 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 2021	72,040	103,831	175,871
Capital contributions	111,453	(50,750)	60,703
Impairments	(450)	(330)	(780)
Loan advances	–	12,126	12,126
Loan repayments	–	(46,992)	(46,992)
Currency movements	–	2,925	2,925
<b>At 31 July 2022</b>	<b>183,043</b>	<b>20,810</b>	<b>203,853</b>
Capital contributions	6,656	(6,656)	–
Impairments	(12,430)	–	(12,430)
Reclassifications	–	(1,760)	(1,760)
Loan advances	–	7,585	7,585
Loan repayments	–	(15,327)	(15,327)
Currency movements	–	(64)	(64)
<b>At 31 July 2023</b>	<b>177,269</b>	<b>4,588</b>	<b>181,857</b>

## 9. Trade and other debtors

	2023 £'000	2022 £'000
Trade debtors	7	36
Amounts owed by Group undertakings	2,106	10,054
Other debtors	14	102
Prepayments and accrued income	1,804	1,870
Corporation tax receivable	360	–
	<b>4,291</b>	<b>12,062</b>

Amounts owed by Group undertakings are repayable on demand. They are non-interest bearing and unsecured. Management has assessed that the estimated credit loss on such balances is insignificant and, on this basis, have not provided for an expected credit loss on this balance.

## 10. Derivative financial instruments

Derivative financial assets	2023 £'000	2022 £'000
Forward foreign currency contracts	31	2

Derivative financial liabilities	2023 £'000	2022 £'000
Forward foreign currency contracts	–	454

## 11. Trade and other creditors

	2023 £'000	2022 £'000
Amounts owing to Group undertakings	2,474	1,248
Trade creditors	614	720
Corporation tax payable	–	92
Tax and social security	243	227
Other creditors	827	2,740
Accruals and deferred income	2,949	2,497
	<b>7,107</b>	<b>7,524</b>

Amounts owed by Group undertakings are repayable on demand. They are non-interest bearing and unsecured.

# Notes to the Company financial statements

## continued

### 12. Bank loans

	2023 £'000	2022 £'000
Amounts falling due after more than one year		
Bank loans	6,500	–

The Company has access to the Group's revolving multi-currency credit facility of £85 million, which is committed until September 2026. Up to £10.5 million may be drawn as an overdraft facility. As at 31 July 2023, interest on loan drawdowns is charged at a currency-specific reference interbank rate (SONIA for Pounds Sterling, SOFR for US Dollars) plus a margin. The margin is linked to the leverage ratio of the Group calculated on 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 in GBP is charged at an average rate of 2.00% (2022: 2.00%) over the UK base rate.

As at 31 July 2023, the Company had a loan of £6.5 million drawn on the facility (2022: £nil). The Group's outstanding loans within this facility are detailed in note 23 of the Consolidated Financial Statements.

### 13. Retirement benefits

	2023 £'000	2022 £'000
Retirement benefit surplus	12,964	38,748

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 IAS 19 'Employee Benefits'. The IAS 19 disclosures are included in note 27 of the notes to the Consolidated Financial Statements.

### 14. Provisions

	Provision for repairs £'000	Total £'000
Balance at 1 August 2022	–	–
Charged to the Income Statement	1,000	1,000
<b>Balance at 31 July 2023</b>	<b>1,000</b>	<b>1,000</b>
Current	1,000	1,000
Non-current	–	–
<b>Total</b>	<b>1,000</b>	<b>1,000</b>

The provision relates to Kin and Carta's obligations as a lessor to reimburse certain tenant maintenance costs under the lease in respect of the investment property, which are classified as current.

## 15. Called up share capital, share premium account and other reserves

Information on share capital, share premium and other reserves and movements during the year is included in notes 30, 31 and 32 of the Consolidated Financial Statements.

## 16. Deferred tax

Deferred tax assets and liabilities are classified in the Balance Sheet as follows:

	2023 £'000	Restated <sup>1</sup> 2022 £'000
Deferred tax assets	(2,279)	(1,310)
Deferred tax liabilities	3,368	9,863
	1,089	8,553

<sup>1</sup> The 31 July 2022 balance sheet has been restated in respect of a change in accounting policy for investment property to move from a cost model to a fair value model, which has been applied retrospectively. Following the change, the basis for the valuation of deferred tax changed to assume a sales scenario. Refer to note 1 for further details.

The individual movements in deferred tax liabilities/(assets) are as follows:

	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Revenue tax losses £'000	Short-term timing differences £'000	Share options £'000	Total £'000
Balance at 1 August 2021 (as reported) <sup>1</sup>	1,036	3,275	–	(87)	(1,694)	2,530
Prior year adjustment (note 1)	(879)	–	–	–	–	(879)
Balance at 1 August 2021 (restated) <sup>1</sup>	157	3,275	–	(87)	(1,694)	1,651
(Credit)/charge to the Income Statement	(26)	247	(103)	–	823	941
Items taken directly to Other Comprehensive Income	–	6,210	–	–	–	6,210
Items taken directly to equity	–	–	–	–	(249)	(249)
<b>Balance at 31 July 2022 (restated)<sup>1</sup></b>	<b>131</b>	<b>9,732</b>	<b>(103)</b>	<b>(87)</b>	<b>(1,120)</b>	<b>8,553</b>
(Credit)/charge to the Income Statement	(4)	583	(1,763)	(207)	(44)	(1,435)
Items taken directly to Other Comprehensive Income	–	(7,074)	–	–	–	(7,074)
Items taken directly to equity	–	–	–	–	1,045	1,045
<b>Balance at 31 July 2023</b>	<b>127</b>	<b>3,241</b>	<b>(1,866)</b>	<b>(294)</b>	<b>(119)</b>	<b>1,089</b>

<sup>1</sup> The 31 July 2022 balance sheet has been restated in respect of a change in accounting policy for investment property to move from a cost model to a fair value model, which has been applied retrospectively. Following the change, the basis for the valuation of deferred tax changed to assume a sales scenario. Refer to note 1 for further details.

Deferred tax assets and liabilities are measured at the tax rates, which are expected to prevail at the point at which the related temporary differences reverse, based on the manner in which the related assets are expected to be recovered or liabilities settled, which is the current UK statutory corporation rate of 25%.



# Notes to the Company

## financial statements

### continued

#### 16. Deferred tax (continued)

Deferred tax assets are recognised based on forecasts of future taxable profits that are expected to be available to offset the reversal of the associated temporary differences. The Company's deferred tax assets at the balance sheet date are expected to be utilised within the Group's planning horizon of three years, either against the profit of the company or available future profits of the UK tax group, through group relief.

The Group operates the St Ives Defined Benefit Pension Scheme (the "Scheme") with assets held in separate trustee-administered funds. The Scheme has a net accounting surplus of £13.0 million (2022: £38.7 million) on an IAS 19 basis. The Company expects to recover this asset through a reduction in future cash contributions payable to the Scheme, reducing the UK corporation tax deductions associated with such contributions. Accordingly, the deferred tax liability has been valued at the UK statutory corporation tax rate of 25%.

#### Unrecognised deferred tax assets

	2023 £'000		2022 £'000	
	Gross amount	Estimated tax benefit	Gross amount	Estimated tax benefit
Capital losses	18,511	4,628	15,357	3,839
	18,511	4,628	15,357	3,839

#### 17. 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.

#### 18. Post balance sheet events

On 18 October 2023, it was announced that the boards of directors of Kelvin UK Bidco Limited ('Bidco'), a newly formed company owned indirectly by funds advised by Apax Partners LLP ('Apax'), and Kin + Carta had reached agreement on the terms and conditions of a recommended cash offer made by Bidco to acquire the entire issued share capital of Kin + Carta (the 'Acquisition'). The Acquisition is conditional inter alia on approval by the Company's shareholders and certain regulatory approvals. Completion of the Acquisition is currently expected to take place in the first quarter of 2024.

#### 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 2023 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 2023 by virtue of section 479A of that Act:

Company	Company registration number
Kin + Carta Limited	11403627
Kin and Carta Data Holdings Limited	SC468131
Kin and Carta Data Limited	SC451730
Kin and Carta Scotland Limited	SC172507
Kin and Carta Services UK Limited	11442056
Kin and Carta Group Limited	08417677
Kin and Carta Investments Limited	00190460
Kin and Carta Partnerships Limited	09569438
St Ives Pension Scheme Trustees Limited	02286545

# Alternative Performance Measures

## ("APMs")

The full year results include both statutory and adjusted results. The adjusted results reflect how management assesses and monitors the ongoing financial performance of the Group and allows for a consistent and meaningful comparison from period-to-period and with our peer group.

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 "adjusting items" to reflect the manner in which performance is tracked and assessed internally by management.

Adjusting items are presented in the middle column of the Consolidated Income Statement. In the opinion of the Directors, their separate presentation aids understanding of the financial performance of the Group. Adjusting items include acquisition and disposal-related costs, amortisation of acquired intangibles, impairments, share-based payment charges, administrative expenses related to St Ives Defined Benefit Pension Scheme, client disputes and litigation and associated insurance income, and restructuring charges. For further details, refer to note 7 of the Consolidated Financial Statements.

As adjusted results include the benefits of acquisitions and restructuring programmes but exclude significant costs (such as significant acquisition costs, share-based payments, legal and major restructuring items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in its statutory results. The exclusion of adjusting items may result in adjusted earnings being materially higher or lower than statutory earnings. In particular, when significant impairments and amortisation charges, share-based payments, restructuring charges and legal costs are excluded, adjusted earnings will be higher than statutory earnings.

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

**Net revenue:** This measure is defined as revenue less project-related costs as shown on the Consolidated Income Statement. Project-related costs comprise primarily of certain third-party expenses directly attributable to a project.

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Revenue	195,870	197,123
Project-related costs	(3,858)	(6,846)
<b>Net revenue</b>	<b>192,012</b>	<b>190,277</b>

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

	Year to 31 July 2023 £'000	Impact of <sup>1</sup> acquisitions £'000	Impact of <sup>2</sup> exchange movements £'000	Like-for-like adjusted net revenue £'000	Year to 31 July 2022 £'000	Like-for-like adjusted net revenue decline %
Europe	57,246	(8,182)	(157)	48,907	58,050	(15.8%)
Americas	134,766	(3,921)	(9,699)	121,146	132,227	(8.4%)
<b>Group</b>	<b>192,012</b>	<b>(12,103)</b>	<b>(9,856)</b>	<b>170,053</b>	<b>190,277</b>	<b>(10.6%)</b>

<sup>1</sup> Representing (i) for Loop in Americas and Melon Group in Europe, the net revenue for the period from 1 August 2022 to the one year anniversary of the date of the respective acquisitions, both of which took place in the prior year, and (ii) for Kin and Carta Data (completed in 2023) the FY2023 post-acquisition revenue.

<sup>2</sup> The impact of retranslating 2023 net revenue at the 2022 average exchange rates.

# Alternative Performance Measures

## ("APMs")

### continued

**Adjusted operating profit:** This measure is defined as the statutory operating profit or loss after adjusting items.

	Year to 31 July 2023 £'000	Restated' Year to 31 July 2022 £'000
<b>Statutory operating loss</b>	<b>(19,279)</b>	<b>(14,086)</b>
Add back total adjusting items	37,735	36,482
<b>Adjusted operating profit</b>	<b>18,456</b>	<b>22,396</b>

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

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

	Year to 31 July 2023 £'000	Impact of <sup>1</sup> acquisitions £'000	Impact of <sup>2</sup> exchange movements £'000	Like-for-like adjusted operating profit £'000	Restated <sup>3,4</sup> Year to 31 July 2022 £'000	Like-for-like adjusted operating profit decline %
Europe	3,751	(2,037)	(94)	1,620	4,439	(63.5%)
Americas	19,014	(1,152)	(1,329)	16,533	23,508	(29.7%)
Corporate costs	(4,309)	–	–	(4,309)	(5,551)	22.4%
<b>Group</b>	<b>18,456</b>	<b>(3,189)</b>	<b>(1,423)</b>	<b>13,844</b>	<b>22,396</b>	<b>(38.2%)</b>

<sup>1</sup> Representing (i) for Loop in Americas and Melon Group in Europe, the results for the period from 1 August 2022 to the one year anniversary of the date of the respective acquisitions both of which took place in the prior year, and (ii) for Kin and Carta Data (completed in 2023) calculated using the FY23 post-acquisition results.

<sup>2</sup> The impact of retranslating 2023 net revenue at the 2022 average exchange rates.

<sup>3</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

<sup>4</sup> The prior year allocation of corporate costs to the segments have been updated to reflect a change in allocation basis in the current year.

**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 2023 £'000	Restated' Year to 31 July 2022 £'000
<b>Statutory loss before tax</b>	<b>(20,669)</b>	<b>(15,583)</b>
Add back total adjusting items before tax	36,499	36,142
<b>Adjusted profit before tax</b>	<b>15,830</b>	<b>20,559</b>

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

**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 2023 £'000	Restated <sup>1</sup> Year to 31 July 2022 £'000
<b>Statutory loss after tax</b>	<b>(18,765)</b>	(13,974)
Add back total adjusting items after tax	<b>33,785</b>	32,731
<b>Adjusted profit after tax</b>	<b>15,020</b>	18,757

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

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

	Year to 31 July 2023 £'000	Restated <sup>1</sup> Year to 31 July 2022 £'000
<b>Adjusted profit after tax</b>	<b>15,020</b>	18,757
Weighted average number of shares ('000)	<b>173,189</b>	173,700
<b>Adjusted basic earnings per share (pence)</b>	<b>8.67</b>	10.80

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

**Adjusted operating margin:** This measure is defined as the percentage of adjusted operating profit over net revenue.

	Year to 31 July 2023 £'000			Restated <sup>1</sup> Year to 31 July 2022 £'000		
	Group	Europe	Americas	Group	Europe	Americas
<b>Net revenue</b>	<b>192,012</b>	57,246	134,766	<b>190,277</b>	58,050	132,227
<b>Adjusted operating profit</b>	<b>18,456</b>	3,751	19,014	<b>22,396</b>	4,439	23,508
<b>Adjusted operating margin</b>	<b>9.6%</b>	6.6%	14.1%	<b>11.8%</b>	7.6%	17.8%

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

# Alternative Performance Measures

## ("APMs")

### continued

**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, as defined in the facility agreement, includes an adjustment to present on a "frozen GAAP" pre-IFRS 16 basis and a pro-forma adjustment to incorporate the results of acquisitions in the preceding 12-month period that have not already been consolidated in the Group results.

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

	Year to 31 July 2023 £'000	Restated' Year to 31 July 2022 £'000
<b>Adjusted operating profit</b>	<b>18,456</b>	22,396
Add: depreciation and amortisation	13,617	10,278
Less: amortisation of intangibles classified as adjusting items	(9,256)	(6,390)
<b>Adjusted EBITDA</b>	<b>22,817</b>	26,284
Covenant adjustment	(2,614)	(1,518)
<b>Adjusted EBITDA for covenant purposes- FY23 presentation basis</b>	<b>20,203</b>	24,766
2022 share-based payments charge presented within adjusted results	—	(3,234)
<b>Adjusted EBITDA for covenant purposes as reported to the bank</b>	<b>20,203</b>	21,532

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose from an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

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

For the measurement of the bank covenants, cash, cash equivalents and borrowings denominated in currencies other than Pounds 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.

	Year to 31 July 2023 £'000	Year to 31 July 2022 £'000
Cash and cash equivalents	9,847	12,609
Bank loans	(29,815)	(13,148)
<b>Net debt before covenant adjustments</b>	<b>(19,968)</b>	(539)
Foreign exchange difference between spot rate and average rate	(1,035)	353
<b>Net debt for covenant purposes</b>	<b>(21,003)</b>	(186)

**Net debt/(cash) to adjusted EBITDA for bank covenant purposes:** This measure is calculated by dividing net debt/(cash) 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 2023 £'000	Restated <sup>1</sup> Year to 31 July 2022 £'000
Adjusted EBITDA for covenant purposes	20,203	24,467
Net debt for covenant purposes	(21,003)	(186)
<b>Net debt to adjusted EBITDA for covenant purposes</b>	<b>1.04</b>	<b>0.01</b>

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose following an accounting policy change to measure investment property using a fair value model, which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.

**Backlog:** 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 less revenue recognised to date.

**Adjusted operating cash inflows before movements in working capital:** This measure is calculated by adding back non-cash items included within adjusted operating profit.

	Year to 31 July 2023 £'000	Restated <sup>1</sup> Year to 31 July 2022 £'000
Adjusted operating profit	18,456	22,396
Depreciation of property, plant and equipment	4,361	3,886
Increase in provisions related to adjusted results	1,062	32
Share of profit from joint arrangement	–	(442)
Disbursement from joint arrangement	–	147
<b>Adjusted operating cash inflow from before working capital</b>	<b>23,879</b>	<b>26,019</b>

<sup>1</sup> The results for the year to 31 July 2022 have been restated to reflect the reclassification of share-based payments from adjusted results to adjusting items and the restatement of depreciation on investment property. The latter arose following an accounting policy change to measure investment property using a fair value model which has been applied retrospectively. Refer to note 1 of the Consolidated Financial Statements for further details.



# Shareholder Information

## Corporate information

Further information about the Group can be found on our website [kinandcarta.com](http://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](http://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
- the payment of dividends directly into a bank or building society accounts

Their contact details are: **Kin + Carta** plc Shareholder Services, Link Group, 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 and 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](mailto: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.

# Glossary

<b>AGM</b>	Annual General Meeting
<b>AI</b>	Artificial intelligence
<b>APM</b>	Alternative performance measure
<b>Articles</b>	The articles of association of Kin and Carta plc
<b>AWS</b>	Amazon Web Services
<b>B Corp</b>	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
<b>Board</b>	The Board of Directors of Kin and Carta plc
<b>CAGR</b>	Compound annual growth rate
<b>Cascade Data Labs</b>	Cascade Data Labs, LLC, a data science firm, organised in Oregon and acquired by the Group on 23 December 2020
<b>Code</b>	FRC's UK Corporate Governance Code published in July 2018, a copy of which can be found on the Financial Reporting Council's website ( <a href="https://www.frc.org.uk">frc.org.uk</a> )
<b>Companies Act</b>	Companies Act 2006 (as amended)
<b>Company</b>	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
<b>CDS</b>	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)
<b>DEI</b>	Diversity, Equity and Inclusion
<b>DBS</b>	Deferred Bonus Shares
<b>Dollar or \$</b>	Unless otherwise specified, all references to Dollars or \$ are to the currency of the US
<b>DX</b>	Digital transformation
<b>Edit</b>	Edit Agency Limited, a company incorporated in England and Wales with registered number 3624881, sold by the Group on 12 November 2021
<b>eNPS</b>	Employee net promoter score
<b>Enterprise client</b>	Enterprise client profiles are c.\$1Bn+ in revenue and often multinational businesses. This includes government-backed Public Sector
<b>EPS</b>	Earnings per share
<b>ESG</b>	Environmental, social and corporate governance
<b>EU</b>	European Union
<b>EVP</b>	Employee value proposition
<b>EX</b>	Employee experience
<b>Executive Directors</b>	The Chief Executive Officer and the Chief Financial Officer and Chief Operating Officer
<b>Forecast Data</b>	Forecast Data Services Limited (now known as Kin and Carta Data Limited), Forecast Poland sp. z o.o. (now known as Kin and Carta Data Poland Sp. Z.o.o.), and MacDonald Family Limited (now known as Kin and Carta Data Holdings Limited), acquired by the Group on 5 May 2023

# Glossary **continued**

<b>FRC</b>	Financial Reporting Council
<b>FTSE All-Share</b>	The aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap indices
<b>GHG</b>	Greenhouse gas
<b>GMP</b>	Guaranteed minimum pensions
<b>Growth Platform</b>	Global sales, marketing and partnerships, which drive Kin + Carta's growth, market position and penetration among key target audiences and industry sectors
<b>IAS</b>	International Accounting Standards
<b>IDEA</b>	Inclusion, diversity, equity and awareness
<b>IFRS</b>	International Financial Reporting Standards
<b>Incite</b>	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
<b>IT</b>	Information technology
<b>Kin</b>	Collective term for Kin + Carta employees
<b>Kin + Carta Americas or Americas</b>	Cascade Data Labs, Kin and Carta Colombia S.A.S., Loop Integration, Spire, Solstice, and Solstice Mobile Argentina Srl
<b>Kin + Carta Europe or Europe</b>	Kin and Carta UK Limited, Melon Group, Forecast Data and Kin and Carta Greece Μονοπρόσωπη Ι.Κ.Ε
<b>Kin + Carta or Group</b>	The Company and its subsidiary undertakings
<b>KPI</b>	Key performance indicator
<b>LatAm</b>	Latin America
<b>Loop Integration</b>	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
<b>LTIP</b>	Long-term incentive plan
<b>M&amp;A</b>	Mergers and acquisitions
<b>M&amp;A Platform</b>	Kin + Carta's approach to identifying, acquiring and integrating key acquisition target businesses or intellectual property
<b>MACH</b>	Microservices based, API-first, Cloud-native SaaS and Headless ecosystem technology
<b>Melon Group</b>	Kin and Carta Bulgaria EAD (incorporated in Bulgaria), Melon Tehnologii DOOEL Skopje (incorporated in North Macedonia) and Kin and Carta Kosovo SH.P.K. (incorporated in Kosovo), providers of digital transformation services, acquired by the Group on 9 May 2022
<b>MHFA</b>	Mental Health First Aider(s)
<b>Octain or Datorium</b>	The responsible AI platform, Octain, which was acquired by the Group on 22 December 2021 via the purchase of Datorium, LLC
<b>Ops Council</b>	Operating Council, which advises the Chief Executive Officer and Chief Financial Officer and Chief Operating Officer on matters that have been delegated to them by the Board to run the business of Kin + Carta and to ensure strong executive alignment on business priorities and actions.

<b>Operations Platform</b>	Kin + Carta's shared service functions, including legal, finance, HR operations, Connective Digital Services (IT) and business intelligence
<b>People Platform</b>	Kin + Carta's industry-leading employee value proposition and experience with clear career paths and progressive learning and development #foreveryone
<b>Platforms</b>	Our six platforms (Growth Platform; M&A Platform; Operations Platform; People Platform; Responsibility Platform; Services Platform) 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
<b>Regions</b>	Kin + Carta Americas and Kin + Carta Europe
<b>Relish</b>	Relish Agency Limited
<b>Responsibility Platform</b>	Kin + Carta's 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
<b>SaaS</b>	Software as a service
<b>Scheme</b>	St Ives Defined Benefit Pension Scheme
<b>SEE</b>	South East Europe
<b>Services Platform</b>	Kin + Carta's focus on 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
<b>Solstice</b>	Solstice Consulting LLC (d.b.a. Kin and Carta U.S.), a digital transformation consulting firm, organised in Illinois
<b>Spire</b>	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
<b>Triple bottom line</b>	Giving consideration to people, profit and planet



The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

# KIN+CARTA

Building a world  
that works better  
for everyone



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