

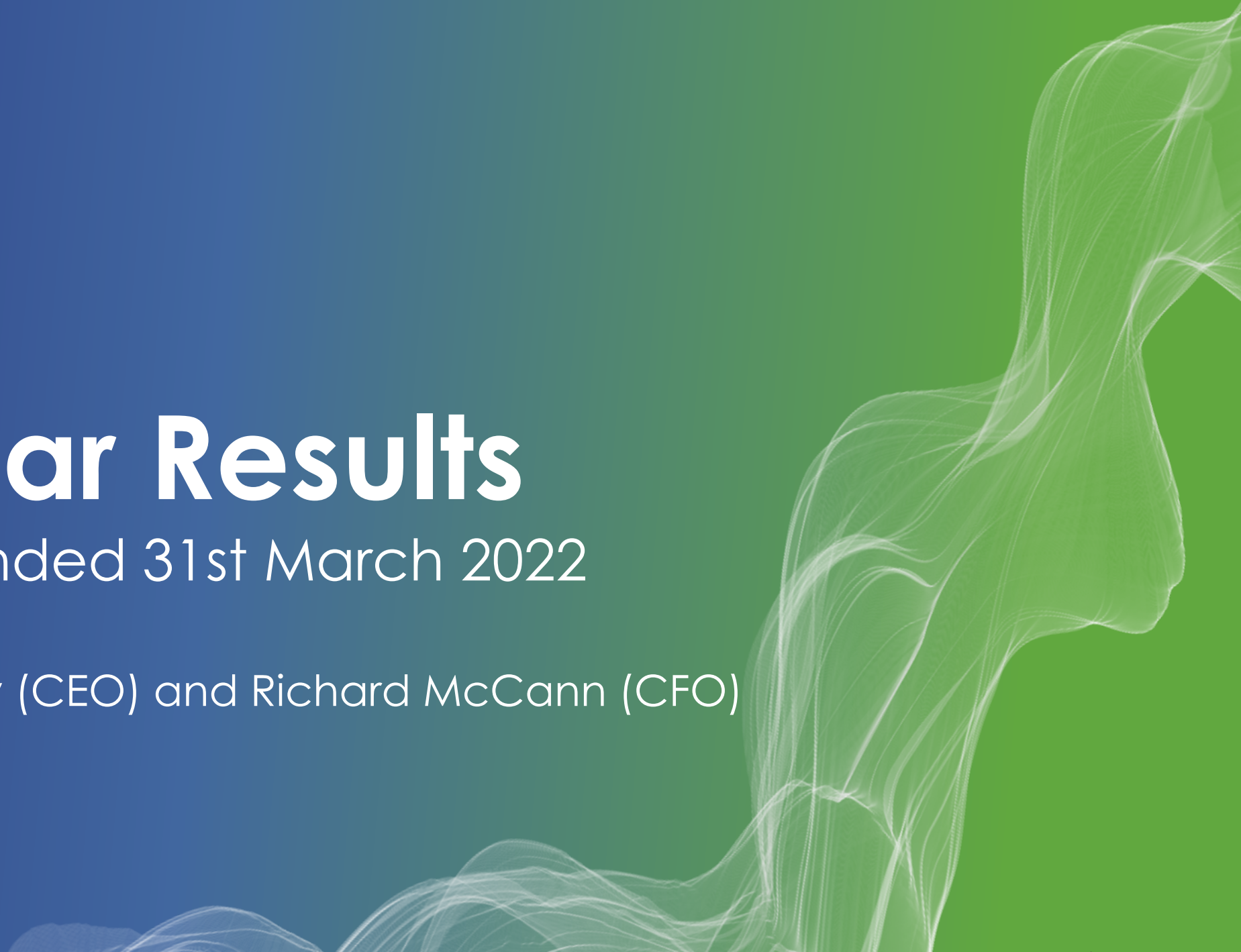


Full Year Results

12 months ended 31st March 2022

Brendan Mooney (CEO) and Richard McCann (CFO)

23 May 2022





Safe Harbour Statement

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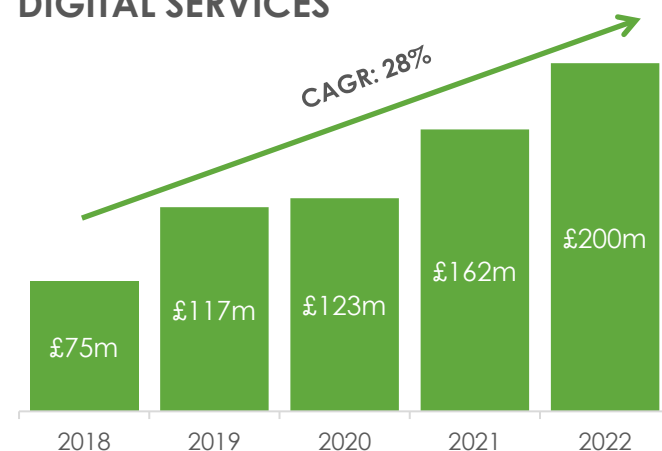
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Group Overview

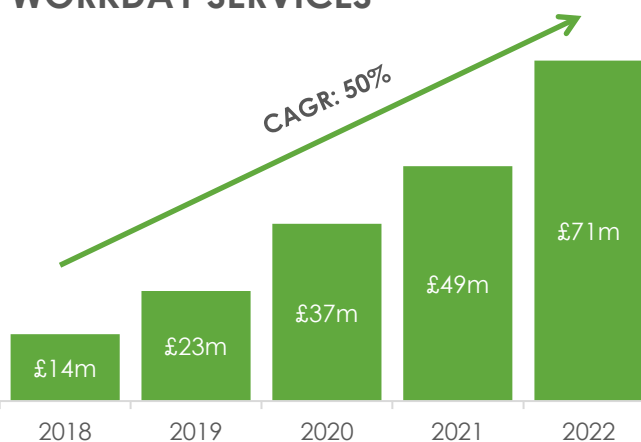
We have an excellent position in long-term, high-growth markets

DIGITAL SERVICES



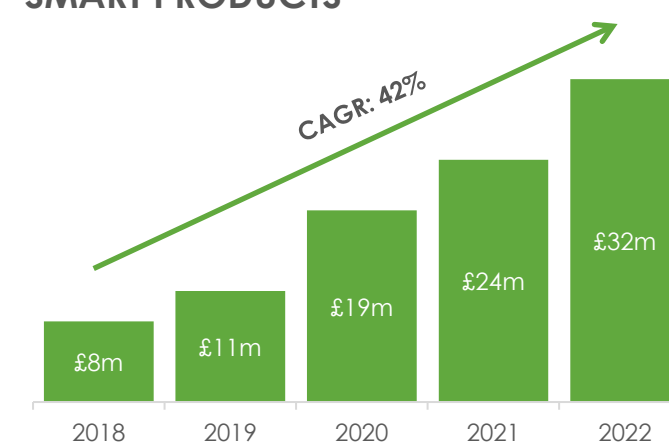
- The full lifecycle development and support of customised digital services for public sector, healthcare and commercial customers
- Our transformative solutions encompass a range of services including AI and Cloud to deliver solutions that are secure, accessible and cost-effective

WORKDAY SERVICES



- We are one of Workday Inc's most respected partners
- As a full-service partner, we are experienced in complex deployment and integrations and trusted by our customers to launch, test, expand and safeguard their Workday systems

SMART PRODUCTS



- We develop software components that are complementary to Workday's comprehensive SaaS platform
- Smart Test (automated testing) and Smart Audit (compliance monitoring) are used by 300+ customers globally to enhance their Workday system

Highlights

Another excellent year of growth

Our performance reflects sector demand, high levels of customer engagement and the commitment of our colleagues

- Revenue, bookings and backlog all recording very strong growth
- Profit growth moderated by increased investment and cost normalisation

Very strong revenue growth across all areas

- Digital Services achieved growth of 24% to £200m
- Workday Services delivered growth of 45% to £71m
- Smart Products grew by 32% to £32m

Revenue diversification continues

- Commercial Sector revenues 41%, Public Sector 37% and Healthcare 22%
- International revenues grew 48% to £87m

Continuing to build an exceptionally talented team

- 2,692 people now working at Kainos, based in 22 countries



REVENUE⁽¹⁾ +29%

£303m



ADJUSTED PROFIT⁽²⁾ +3%

£59m



BACKLOG +26%

£260m



BOOKINGS +35%

£350m



CASH -5%

£77m

⁽¹⁾ Organic revenue growth was 26%

⁽²⁾ Adjusted to remove the effect of share-based payments and acquisition related costs

Financial Summary

An established track record of high growth, high margin performance

Our performance represents the twelfth consecutive year of revenue and adjusted pre-tax profit growth

- Five-year (2017-2021) revenue CAGR of 33%
- Very strong revenue visibility: backlog up 26% to £260m (2021: £206m)

Adjusted pre-tax profit ⁽³⁾ margin moderated: 19% (2021: 24%)

- Normalisation of costs: recruitment, training, marketing now at typical levels
- Normalisation of utilisation: returned to sustainable levels
- Increased salary costs and increased contractor costs
- Increased investment in product development and sales and marketing

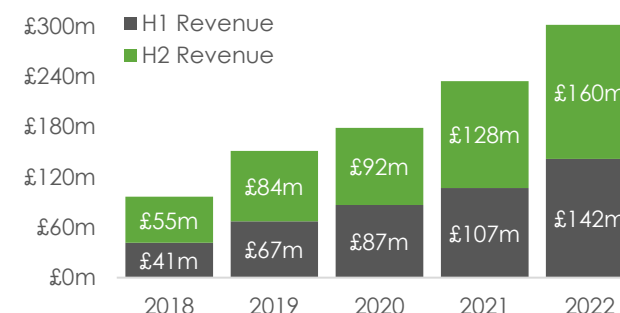
Debt-free with strong cash balance of £77m (2021: £81m)

- Reduction follows dividend payment and acquisition expenses

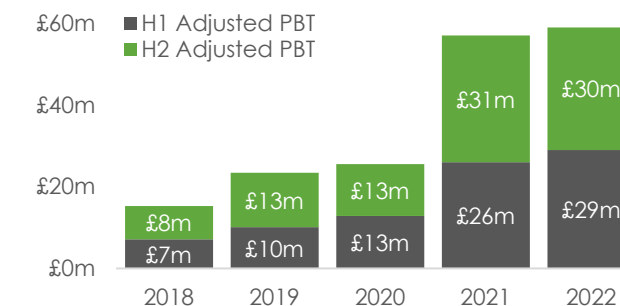
Earnings - Dividend

- Adjusted diluted EPS: increased by 4% to 38.1p per share (2021: 36.8p)
- Final dividend proposed 15.1p per share (2021: 15.1p)

REVENUE



ADJUSTED PRE-TAX PROFIT⁽³⁾



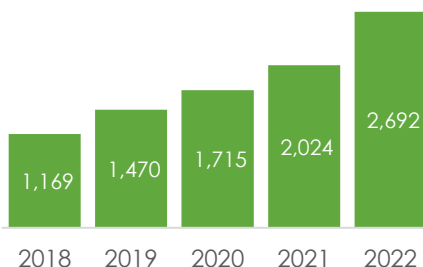
⁽³⁾ Adjusted to remove the effect of share-based payments and acquisition-related costs

Our People

We continue to build an exceptionally talented and engaged workforce

PEOPLE +33%
2,692

GROWTH TREND



EMPLOYEE RETENTION

86%

COMMENTARY

Increased presence across all regions

- UK & Ireland (+399), Central Europe (+74) and Americas (+195)

Excellent employee retention, at 86% (2021: 92%), against a backdrop of global shortages in digital skills

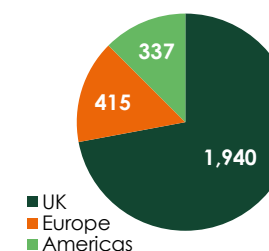
Recruitment market has become more competitive with specialist roles proving hard to fill

Completed the acquisition of four Workday specialists

- Cludator (Europe, 55 people, June)
- Une Consulting (Argentina, 42 people, September)
- Blackline Group (USA, 50 people, January)
- Planalyze (Europe, 6 people, February)

All offices open, but home working remains the norm

GLOBAL LOCATIONS

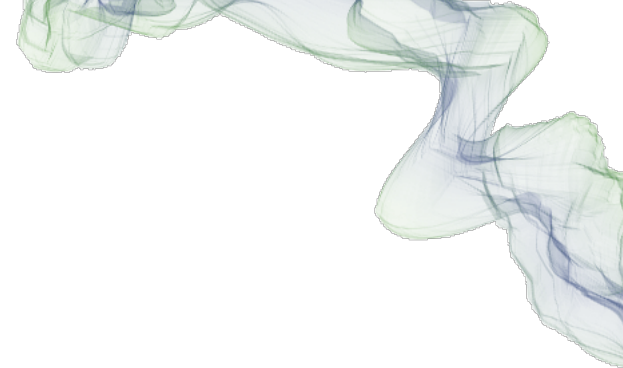


With people based in 22 countries, we are growing into a global company

ENGAGEMENT

#86 ranked in the Sunday Times, Best Companies

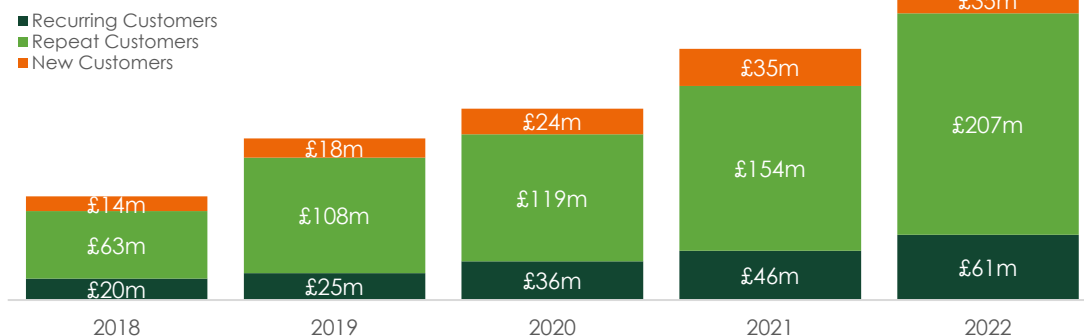
87% **glassdoor** recommend to a friend



Our Customers

Delivering value to our clients drives long-term relationships

REVENUE BY CUSTOMER TYPE



Excellent customer satisfaction rating 98% (2021: 98%) ⁽⁴⁾

- In total, we have 731 active customers (2021: 546) ⁽⁵⁾

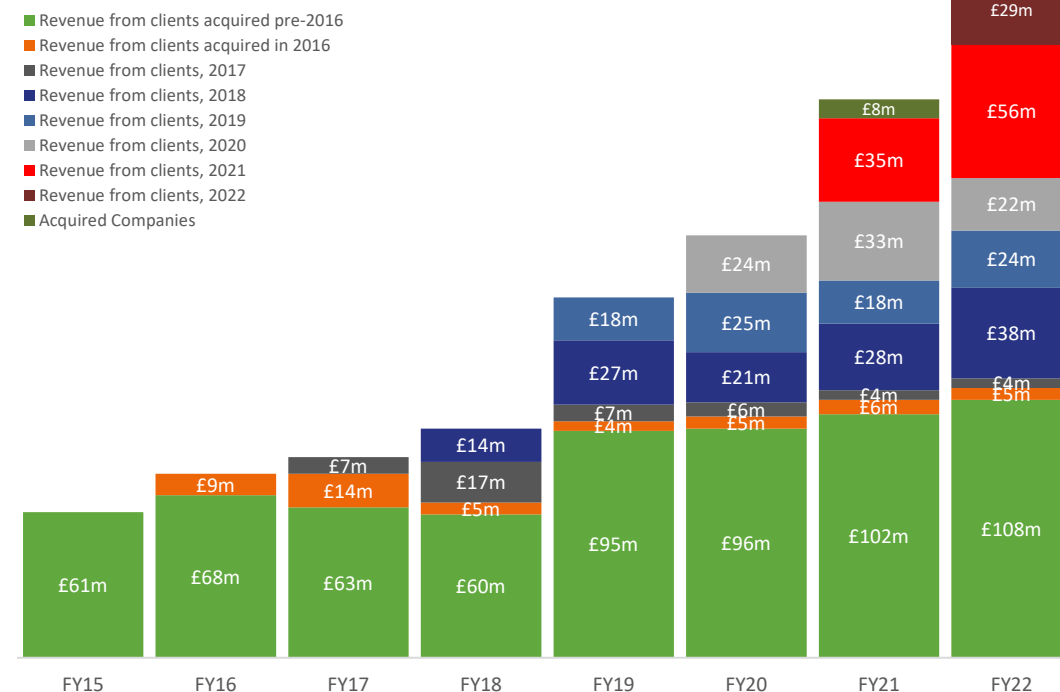
Best-in-class customer service drives high levels of revenue with existing client revenue up 34% to £268m (2021: £200m)

- 3-year 'Net Revenue Retention': 133%

New client acquisition unlocks multi-year revenue streams

CUSTOMER RETENTION

New client acquisition unlocks multi-year revenue streams.



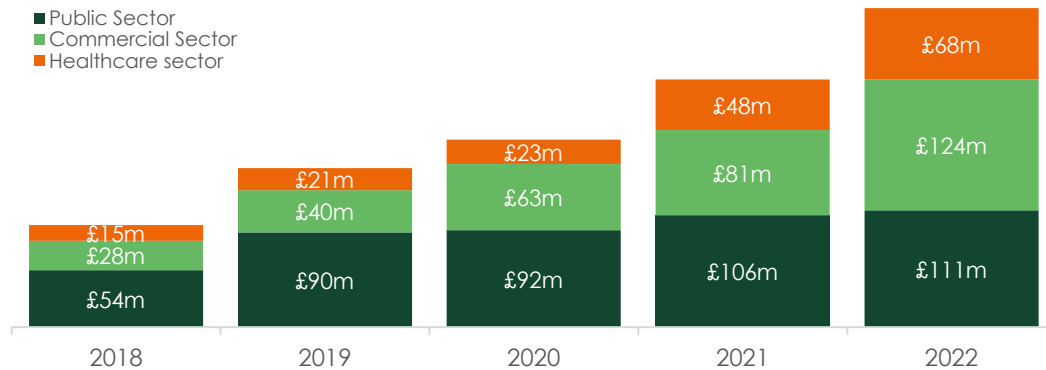
⁽⁴⁾ Percentage of customers who rate service as 'good' or better

⁽⁵⁾ An active customer is one where Kainos has undertaken paid-for work in 2022
Excludes customers of IntuitiveTEK and Formulate

Business Balance

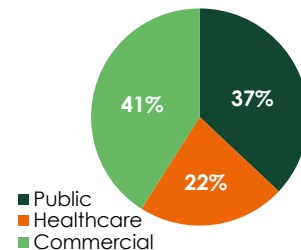
We have made excellent progress in building resilience into our revenue streams

GROUP REVENUES BY SECTOR

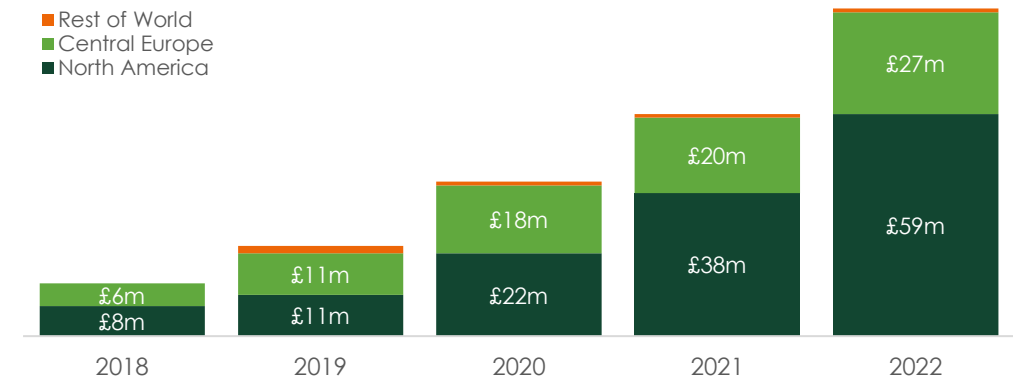


Consistent focus has driven revenue diversification and created a well-balanced business

- Commercial now the largest sector following growth of 53%
- Revenue from healthcare customers increased by 41%
- Public sector grew by 5%

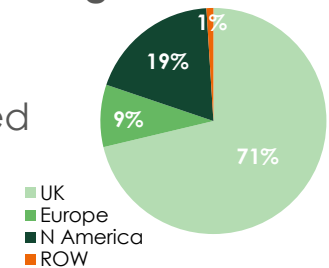


GROUP INTERNATIONAL REVENUES ⁽⁶⁾



Very strong local growth with accelerating international expansion

- UK revenues increased by 23%
- Internationally, revenue expanded 48% to £87m, with North America rising by 54% and growth of 38% in Central Europe



⁽⁶⁾ Our internal reporting combines UK & Ireland as a single region and revenues from customers in the Republic of Ireland are not included in 'international revenues'



Our Responsibilities

Being responsible towards our people, our customers, our communities and our planet



CLIMATE ACTION

Reducing our climate impact

Remain on track for carbon net zero by 2025; and we retained our carbon neutral status for 2022

Improved energy efficiency of our offices with usage reducing by 32%

- Continued to migrate electricity supply to renewable sources

Launched employee-focused climate action group

- Content includes webinars, guides and research



GENDER EQUALITY

Promoting gender equity, equality and gender rights

Improved gender balance

- Women represent 33% of Kainos colleagues (2021: 30%)
- More widely, the digital sector remains challenged, where women only hold 19% of roles⁽⁷⁾

Our outreach activities included targeted programmes to improve the participation of women

- Delivered work placements for 333 women considering a career in digital technology



QUALITY EDUCATION

Increasing employment potential for under-represented groups

Delivered 1,100 work placements for young people

- Emphasis on young women, social mobility and people with special educational needs
- Awards for increasing diversity and participation in STEM⁽⁸⁾

Bursary programmes supporting 60 young people traditionally under-represented at university

- Emphasis on women studying in digital technology courses

⁽⁷⁾ BCS diversity report 2021: Women in IT

⁽⁸⁾ Outstanding Contribution to Widening Participation, Diversity and Inclusion in STEM and Inspirational STEM Employer from the National STEM awards (www.stem.org.uk)

Divisional Performance

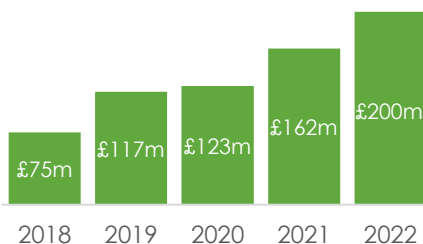




Digital Services

Very strong revenue growth and sales execution, driving exceptional backlog growth

REVENUE +24%



BOOKINGS +36%

£215m

BACKLOG +11%

£133m

COMMENTARY

Continued momentum recorded in all key metrics

- Very strong client demand, we remain selective and focused on undertaking strategic opportunities
- Remote sales and delivery engagements remain effective; some return to 'in person' settings

Public sector clients remain committed to key digital transformation programmes

- Revenue growth of 6% to £108m (2021: £102m)

Healthcare demand remains strong as NHSx and NHS Digital merge to form new Transformation Directorate

- Revenues increased 52% to £66m (2021: £44m)

Investment in Commercial sector yielding results

- Revenue growth of 60% to £25m (2021: £16m)

MARKET SIZE

£1.919bn

UK PUBLIC SECTOR FY22 SPEND

COMPETITIVE LANDSCAPE



COMMERCIAL DYNAMICS

- Direct sales model
- Primarily time and materials

Digital Services

Expanding the markets where we can succeed



UK COMMERCIAL SECTOR GROWTH ACCELERATES

Building reputation and references across several clients

- Clients: Danske Bank, New Ireland, Heywood Pension Technologies

Financial Services a growing focus

- Themes and challenges in Insurance, Assurance and Payments mirror public sector

Revenues: £25m (2021: £16m)

REVENUE GROWTH OF **60%**



NEW BUSINESS INITIATIVES GAIN TRACTION

Data and Artificial Intelligence practice launched in 2019

- 120 experts
- Clients: Food Standards, DSTL

Intelligent Automation practice launched 2020

- 25 experts
- Clients: Federated Hermes Ltd, Alliance Medical

Revenues: £17m (2021: £8m)

REVENUE GROWTH OF **107%**



INTERNATIONAL BUSINESS ESTABLISHED

Central Europe growth from existing and new client projects

- Focus of activity in Germany and Switzerland
- Clients: Concardis, Hello Fresh

Canada market entry in 2021

- Initial wins in Public sector
- Clients: Natural Resources

Revenues: £6m (2021: £3m)

REVENUE GROWTH OF **112%**

Digital Services: Customer Stories

We have established a clear reputation for delivering value, at scale and at pace

FCDO



20+ people supporting 14 different FCDO services globally



Emergency Travel Documents: 30,000 applications per year



Crisis Hub: allows FCDO to support UK citizens located in crisis areas



Service operates 24 x 7, full ISO20000 aligned Service Management

DVSA



First engagement with DVSA in 2013, for replacement MoT Service



Continue to improve the MoT Service, latest project is Vehicle Recalls



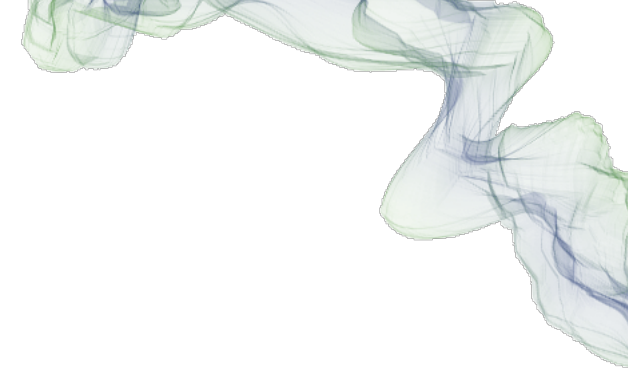
Launched digital Theory Test Service in September 2021



Other programmes: Commercial Vehicles, Driver Examiner Service

CUSTOMERS

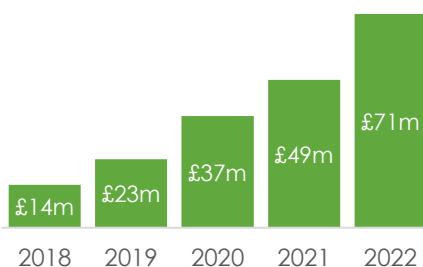




Workday Services

We are one of the most experienced partners in the Workday ecosystem

REVENUE ⁽⁸⁾ +45%



BOOKINGS +31%

£78m

BACKLOG +46%

£51m

COMMENTARY

Very strong performance across all key metrics

- Excellent growth in backlog, underpinning future performance

Strong organic growth enhanced by key acquisitions, adding specialist skills and greater global presence

- Cloudator: largest Workday partner in Nordic region
- Une Consulting: focussed on the US market
- Blackline Group: Spend Management specialists
- Planalyse: Adaptive Planning experts

Very strong international expansion continues

- North America now accounts for 44% of revenue


Accredited consultants increased by 53% to 638 (2021: 416 consultants)

ADDRESSABLE MARKET

£884m

2022 GLOBAL SERVICES FORECAST ⁽⁹⁾

COMPETITIVE LANDSCAPE

	(UK, EUROPE, US)
	(UK, EUROPE, US)
	(UK, EUROPE, US)

COMMERCIAL DYNAMICS

- Direct sales model
- Primarily time and materials

⁽⁸⁾ Organic revenue growth was 29%

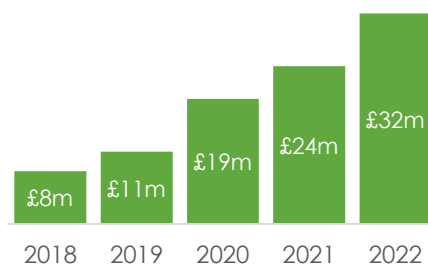
⁽⁹⁾ This is an estimate of the services market where Kainos is a Phase 1 partner plus the Post Deployment and Phase X opportunity in USA

Smart Product Suite for Workday

Innovative products that complement Workday's core platform

REVENUE

+32%



BOOKINGS

+37%

£57m

BACKLOG

+47%

£76m

COMMENTARY

Very strong performance across all key metrics

- Annual Recurring Revenue up 45% to £34m (2021: £24m)

Smart Test: leading automated testing platform for Workday

- Launched 2013 and now with 300+ clients globally
- Six modules available (HCM, Finance, Payroll, Security, Recruitment and Advanced Compensation); three more in development pipeline

Smart Audit: compliance monitoring tool for Workday

- Launched August 2021 with 40+ clients already signed
- Extensive pre-built controls: Segregation of Duties, Privileged Access Controls, Personal and Sensitive data

Workday Extend: early product deployments underway for Vaccine Management and Reward & Recognition

ADDRESSABLE MARKET

£410m

2022 ESTIMATED GLOBAL WORKDAY
AUTOMATED TESTING MARKET

COMPETITIVE LANDSCAPE

WORKSOFT®

 turnkey



COMMERCIAL DYNAMICS

- Direct sales model
- Multi-year subscription (SaaS)
- Related project services

Increasing our product investment

Extending Smart Test, launching Smart Audit and adding new products



INVESTING IN SMART PRODUCT ROADMAP

Creating a suite of functional products for global Workday customer base

Increased R&D investment by 67% to £6.0m (2021: £3.6m), fully expensed

Smart Test extended to cover additional Workday modules

- Advanced Compensation launched Q3/22
- Three new modules to launch in next 18 months

Smart Audit developed and launched Q2/22

Smart Shield development well advanced, on schedule to launch Q3/23

Higher investment level expected through FY23



INVESTING IN SALES AND MARKETING REACH

Building international sales and marketing teams aligned with Workday customer base

Increased sales investment by 40% to £4.6m (2021: £3.3m), fully expensed

Sales capacity constraining market penetration

- Increased sales and demand generation team, marketing expenditure
- Simplified and focused our sales model

Increased presence in and addressing US market

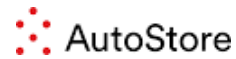
- US region contains c.75% of Workday customer base

Higher investment level expected through FY23

Workday Practice: Customer Stories

Helping forward-thinking customers deploy and safeguard their Workday system

AUTOSTORE



Warehouse robot tech company, Norway HQ serving 40+ countries



Fast-growing, AutoStore needed a rapid deployment of Workday



Launched in 4 months, HCM and Advanced Compensation



Learning, Recruiting, Talent, Time Tracking and Absence underway

CHEMOURS



US chemical company 6,500 employees, 3,300 customers, 120 countries



Initially outsourced testing to manual provider: time-consuming, costly, limited



Smart Test runs every week, completing 48,000+ tests annually



Saves 625+ days testing, allows team to focus on high value activities

CUSTOMERS



Financial Performance



Group Income Statement

Group

- Comparisons to 2021 complicated given the impact of Covid-19

Digital Services:

- Revenue growth varies by sector
 - Public: +6%
 - Commercial: +60%
 - Healthcare: +52%
- Gross Margin % decreased by 6%
 - Utilisation returned to pre-pandemic levels
 - Significant Increase in staff and contractor costs

Workday Practice:

- Strong revenue growth in Services and Product
 - Services revenue growth: 45% (organic 29%)
 - Smart Product revenue growth: 32%
- Gross margin % decreased by 2%
 - Significant increase in staff costs
- Product development increased by 67%

Effective Tax Rate 22% (2021: 21%)

INCOME STATEMENT

£m	2022	2021	Change
Revenue	302.6	234.7	+29%
Gross profit	140.2	118.3	+19%
Direct expenses	(59.3)	(43.8)	+35%
Contribution	80.9	74.5	+9%
Central overheads (inc. Finance income/expense)	(22.1)	(17.4)	+27%
Adjusted pre-tax profit	58.8	57.1	+3%
Adjusted pre-tax profit margin	19%	24%	-5%
Share-based payments & acquisition costs	(12.8)	(6.7)	+90%
Profit before tax	46.0	50.3	-9%
Taxation	(10.2)	(10.7)	-5%
Profit after tax	35.8	39.6	-10%

Balance Sheet and Cashflow

Balance Sheet:

- Fixed assets and investments
 - IT, office equipment, investments etc. £8.2m (2021: £3.9m)
 - IFRS16 leases capitalised £3.2m (2021: £3.9m)
 - Land for office £8.0m (2021: £7.6m)
- Goodwill & intangible £24.8m (2021: £6.4m)
 - Reflects four small acquisitions
- Underlying trade receivables/WIP total 71 days (2021: 60 days)
- Increase in trade creditors and accruals £49.2m (2021: £36.0m)
- Significant cash reserves £76.6m
 - Debt free

Cashflow:

- Cash conversion¹ 83% (2021: 112%)
 - Return to pre-pandemic levels
- Future HQ property funding requirements being paused.
- Final dividend proposed 15.1p (2021: 15.1p).

¹ Cashflow from Operations (CFFO) divided by adjusted EBTIDA

² EBITDA adjusted for share-based payments and acquisition related expenses

BALANCE SHEET

As at 31 March (£m)

	2022	2021
Fixed assets and investments	19.4	15.4
Goodwill and Intangible assets	24.8	6.4
Trade receivables and WIP	74.7	52.1
Other assets	11.7	9.7
Cash and treasury deposits	76.6	80.9
Total assets	207.2	164.5
Liabilities	(99.5)	(76.9)
Shareholders' funds	107.7	87.6

CASHFLOW

£m	2022	2021
EBITDA²	62.0	59.8
Cash generated by operating activities	51.8	67.2
Cash Conversion	83%	112%
Taxation	(7.1)	(7.2)
Capital expenditure	(5.8)	(1.5)
Investments	(0.1)	(0.2)
Acquisitions of subsidiaries	(16.8)	-
Dividends	(27.4)	(16.0)
Payment of lease liabilities	(1.4)	(1.8)
Amount placed on treasury deposit	18.0	(18.0)
Proceeds from issue of shares	2.3	0.3
Net cash (outflow)/inflow	13.5	22.8

Underlying Performance assessment

Significant gains achieved vs pre-Covid-19 environment

Comparison with last “normal” year:

- Revenue growth 69%
- Gross profit growth 67%
 - Significant salary inflation
 - Reduced travel costs
- Direct Expenses growth 55%
 - Recruitment and Marketing expenses have returned to pre pandemic levels
 - Travel costs remain low, compared to pre-pandemic levels
 - Transfer of some costs from Central overheads
- Central overheads
 - Reduced travel costs

Adjusted profit margin percentage:

- Despite strong demand in our markets, uncertainties remain around:
 - Longevity of current salary inflation trend
 - Client expectations re: travel

INCOME STATEMENT

£m	FY 22	FY 20	FY Change
Revenue	302.6	178.8	+69%
Gross profit	140.2	84.0	+67%
Direct expenses	(59.3)	(38.2)	+55%
Contribution	80.9	45.8	+77%
Central overheads (inc. Finance income/expense)	(22.1)	(20.2)	+9%
Adjusted pre-tax profit	58.8	25.5	+131%
Adjusted pre-tax profit margin	19%	14%	+5%
Share-based payments & acquisition costs	(12.8)	(2.4)	+433%
Profit before tax	46.0	23.2	+98%
Taxation	(10.2)	(4.6)	+122%
Profit after tax	35.8	18.6	+92%

Looking Ahead



Outlook

We have strong positions in fast-growing, international markets

DIGITAL SERVICES

UK leader in delivering digital transformation



WORKDAY SERVICES

Continue to outpace underlying market growth



SMART PRODUCTS

Achieve £100m of SaaS recurring revenue by 2026



2023 PRIORITIES

1. Maintain growth in UK Public Sector and Healthcare
2. Continue accelerated growth in UK Commercial Sector
3. Build international presence

MARKET DRIVER

UK Digital Transformation demand environment is robust

- UK Public Sector 5-year CAGR of 22% to £1.9bn

2023 PRIORITIES

1. Maintain growth in established UK, Europe and Canada markets
2. Achieve scale in US, which is 75% of global consulting market
3. Workday Extend - build services

MARKET DRIVER

Workday Inc forecast 22% growth for 2022, accelerated from 2021

- Workday Inc on track to double revenue to \$10bn by 2026

2023 PRIORITIES

1. Accelerate Smart Test growth, particularly in the US market
2. Establish Smart Audit as market leader for Workday customers
3. Launch Smart Shield in Q3

MARKET DRIVER

Workday Inc core HCM and Financial customer base is 4,150+

- Typically adding 600 new core customers per year