Interim Results
6 months ended 30th September 2022

Brendan Mooney (CEO)
Richard McCann (CFO)
14 November 2022
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Contents

1. Business Overview
2. Divisional Performance
3. Financial Performance
4. Looking Ahead

For more information visit kainos.com/investor-relations
Business Overview
Business 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, approved to deploy their Finance, HR and Planning products to our clients in Europe and North America

We are experienced in complex deployment and integrations and trusted by our customers to launch, test and extend their Workday systems

Workday Products
We develop software products that are complementary to Workday’s comprehensive SaaS platform

Smart Test (automated testing), Smart Audit (compliance monitoring) and Smart Shield (data masking) are used by 350+ customers globally to safeguard their Workday system

Charts depict actual revenue over the five years, FY18 to FY22
Expertise at a global scale

<table>
<thead>
<tr>
<th>Netflix</th>
<th>NHS</th>
<th>Tripadvisor</th>
<th>Capital One</th>
<th>Sun Life Financial</th>
<th>match</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Office</td>
<td>PUMA</td>
<td>stripe</td>
<td>John Lewis &amp; Partners</td>
<td>HM Government</td>
<td>KION Group</td>
</tr>
<tr>
<td>Cornell University</td>
<td>concordis</td>
<td>Cabinet Office</td>
<td>Booking.com</td>
<td>shopify</td>
<td>New Day</td>
</tr>
<tr>
<td>Foreign, Commonwealth &amp; Development Office</td>
<td>Penn</td>
<td>aggreko</td>
<td>Keurig Dr Pepper</td>
<td>xero</td>
<td>global payments</td>
</tr>
<tr>
<td>Magellan HEALTH</td>
<td>Department for Environment Food &amp; Rural Affairs</td>
<td>Nasdaq</td>
<td>Driver &amp; Vehicle Standards Agency</td>
<td>Wyndham Destinations</td>
<td>Snap! Finance</td>
</tr>
</tbody>
</table>
**Highlights**

*Continued growth with increasing opportunity and international scale*

- Continued **demand** across all business areas
- **Workday Phase 1 Partner** in the US
- Doubled investment in Workday Products as we progress towards £100m ARR target

**Revenue**

- **Workday Services**
  - +44%
  - H1 23: £48m
  - H1 22: £34m
- **Workday Products**
  - +45%
  - H1 23: £21m
  - H1 22: £14m
- **Digital Services**
  - +17%
  - H1 23: £111m
  - H1 22: £94m

**Adjusted Profit**

- +16%
  - H1 23: £34m
  - H1 22: £29m

**Bookings**

- +18%
  - H1 23: £222m
  - H1 22: £187m

**Cash**

- +21%
  - H1 23: £97m
  - H1 22: £80m

**Dividend**

- +10%
  - H1 23: 7.8p per share
  - H1 22: 7.1p per share

**Backlog**

- +23%
  - H1 23: £308m
  - H1 22: £250m

**People**

- +20%
  - H1 23: 2,920 people
  - H1 22: 2,438 people

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(1) In constant currency, total revenue growth is 23% and in Digital Services 17%, Workday Services 36% and Workday Products 30%. (2) In constant currency, adjusted profit reduced by 3%; adjusted to remove the effect of share-based payments and acquisition related costs. (3) In constant currency, growth is 16%.
Our people
We are building an exceptionally talented and engaged workforce

People

+20%

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>1,470</td>
</tr>
<tr>
<td>FY20</td>
<td>1,715</td>
</tr>
<tr>
<td>FY21</td>
<td>2,024</td>
</tr>
<tr>
<td>FY22</td>
<td>2,692</td>
</tr>
<tr>
<td>H123</td>
<td>2,920</td>
</tr>
</tbody>
</table>

22 Global Locations

- UK & Ireland: 2,104 (+19%)
- Central Europe: 453 (+12%)
- Americas: 363 (+41%)

Engagement

- 86% Employee Retention
- #38
- 81% recommend to a friend
Our Customers
Delivering value to our clients drives long-term relationships

High net revenue retention
Our high customer satisfaction rating (98% approval) drives increased customer spending, with H123 ‘Net Revenue Retention’ at 125%

New client acquisition creates future multi-year revenue opportunities

Broad sector coverage
Commercial customers generated 48% of revenue, compared to 25% at IPO (2015)

Our diversified customer base has resulted in a robust, well-balanced business

Accelerating global growth
Having grown 53% to £61m, international customers accounted for 34% of revenue; at IPO it was 6%

North America grew quickest at 68%, Central Europe grew by 28% and UK & Ireland by 16%

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1 Central Europe revenue includes revenue for Rest of World (c.£1m/year); it excludes revenues generated in the Republic of Ireland
Our responsibilities
Being responsible towards our people, customers, communities and planet

**Climate Action**
Reducing our climate impact
We are carbon neutral and on track for our 2025 Net Zero target
Successful electric vehicle scheme
Launched our carbon reduction offering for our customers

**Gender Equality**
Promoting gender equity, equality and gender rights
Improved gender balance, women represent 34% of Kainos colleagues (March 2021: 30%)
To shift the sector imbalance\(^{(1)}\) we need to create more opportunity – this year we provided placements for 97 women

**Quality Education**
Increasing employment potential for under-represented groups
Our school-leaver focused Earn as You Learn programme enters its 10\(^{th}\) year, 83 young people have participated
The 2022 cohort have graduated, with 18 of 22 students achieving 1\(^{st}\) Class Honours in BSc Computer Science

\(^{(1)}\) BCS diversity report 2021: Women in IT – only 19% of technology roles in the UK are held by women
Divisional Performance
Digital Services

Strong revenue growth with significant pipeline and backlog

**Revenue trend**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Bookings</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>£52m</td>
<td>£66m</td>
<td>£117m</td>
</tr>
<tr>
<td>FY20</td>
<td>£62m</td>
<td>£61m</td>
<td>£123m</td>
</tr>
<tr>
<td>FY21</td>
<td>£71m</td>
<td>£90m</td>
<td>£162m</td>
</tr>
<tr>
<td>FY22</td>
<td>£94m</td>
<td>£106m</td>
<td></td>
</tr>
<tr>
<td>H123</td>
<td>£111m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Public sector / +21% to £62m**
  - Commitment to existing digital programmes continues as Government 2025 policy identifies next 75 key transactions

- **Healthcare / -2% to £30m**
  - Some decision delay on new programmes as NHSx and NHS Digital merge

- **Commercial sector / +51% to £19m**
  - Investment and focus yielding very strong results

**Market size**

- **£2.8bn** FY22 actual digital spend in UK public sector and the NHS

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(1) In constant currency, growth is 17%. (2) Five year CAGR, FY18 to FY22
“You are indeed trailblazers in this space and have much to teach the rest of the UN community”

Marietta Muwanga-Ssevume, CIO, UN IOM

The IOM is responsible for the orderly and humane management of migration and to provide humanitarian assistance to migrants in need – this impacts 30 million people per year.

Kainos moved 700 virtual machines based in data centres on three continents to a Microsoft Azure cloud-based environment.

Improved the security, availability and resilience of 450 local missions across 150 countries including accelerated support for Kabul and Kyiv missions.

92% reduction in carbon emissions.
Workday Services

Exceptional growth in revenue, bookings and backlog and appointed Phase 1 partner for US

**Americas / +101% to £26m**
US Phase 1 Prime partner status achieved, with 54% of division revenue generated in North America

**Europe / +8% to £22m**
Continued progress as we consolidate our leading partner position in key growth area for Workday Inc’s international expansion

**Talent / +30% to 732 consultants**
Global capability growing with our accredited consultants based in 22 countries

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[1] In constant currency, growth is 36%.
[2] In constant currency, growth is 114%.
[3] Five year CAGR, FY18 to FY22

**Revenue trend**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (1)</th>
<th>Bookings (2)</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 23</td>
<td>£48m</td>
<td>£81m</td>
<td>£83m</td>
</tr>
<tr>
<td>H1 22</td>
<td>£34m</td>
<td>£36m</td>
<td>£35m</td>
</tr>
</tbody>
</table>

**Revenue trend**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>£10m £13m £23m</td>
</tr>
<tr>
<td>FY20</td>
<td>£17m £20m £37m</td>
</tr>
<tr>
<td>FY21</td>
<td>£24m £25m £49m</td>
</tr>
<tr>
<td>FY22</td>
<td>£34m £37m</td>
</tr>
<tr>
<td>H123</td>
<td>£48m</td>
</tr>
</tbody>
</table>

**Market size**

**£1.1bn** FY23 estimated addressable global services market
“Kainos understood our business challenges and knew how to navigate our complex organisation to ensure a successful deployment.”

Sylvia Broenig, Global Head of HR IT at Kion Group

- World-leading providers of industrial trucks and supply chain solutions, German HQ with 36,000 employees located across the globe

- Geographically diverse, KION needed a centralised HR function in Workday for reporting and enhanced efficiency

- Selected Kainos for their specialised deployment skills, localised know-how and problem-solving ability to drive project success at scale.

- We launched HCM in 100 countries, supporting 8 languages.
Workday Products

Exceptional growth in revenue, ARR and backlog as we increase investment and expand our product portfolio on our £100m ARR journey

Increased Investment / +91% to £9m
R&D investment increased to £4m and S&M investment increased to £5m as we transition to a dedicated SaaS sales team

Smart Test / automated testing, 325+ customers
Established product, continuing to add customers

Smart Audit / compliance monitoring, 50+ clients
Launched 2021, adoption in customer base

Smart Shield / data masking, 8 customers
Launched August 2022, building traction

Revenue trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>£5m</td>
</tr>
<tr>
<td>FY20</td>
<td>£9m</td>
</tr>
<tr>
<td>FY21</td>
<td>£12m</td>
</tr>
<tr>
<td>FY22</td>
<td>£14m</td>
</tr>
<tr>
<td>H123</td>
<td>£21m</td>
</tr>
</tbody>
</table>

Market size

£410m
FY22 estimated global Workday automated testing market

[1](1) In constant currency, growth is 30%.
[2](2) In constant currency, growth is 33%.
[3](3) Five year CAGR, FY18 to FY22.
“We can now run **40,000+ test cases** in Payroll **in just a matter of hours**. To have that confirmation that everyone **will get paid**, on time, and the right amount, **that’s huge for us**.”

- **Shelly McKee-Sutton**, Workday Platform Lead Architect at Capital One

- Fortune 500 company and the **6th-largest** consumer bank in the US, with operations in Canada, UK, India and Philippines and employs over **51,000 people**

- Workday customer since 2015, with full-suite HCM & Payroll now deployed

- Deployed **Smart Test** in 2019

- Hands-on weekly testing effort reduced by **80%**

- Bi-annual major release testing duration cut from 12 weeks each time to **just 4 weeks**
Financial Performance
## Group Income Statement

### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>H1 23</th>
<th>H1 22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>179.8</td>
<td>142.3</td>
<td>+26%</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td>83.8</td>
<td>67.4</td>
<td>+24%</td>
</tr>
<tr>
<td>Direct expenses</td>
<td>(40.0)</td>
<td>(28.0)</td>
<td></td>
<td>+43%</td>
</tr>
<tr>
<td>Contribution</td>
<td></td>
<td>43.8</td>
<td>39.4</td>
<td>+11%</td>
</tr>
<tr>
<td>Central overheads (inc. Finance income/expense)</td>
<td>(9.8)</td>
<td>(10.2)</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>Adjusted pre-tax profit</td>
<td></td>
<td>34.0</td>
<td>29.2</td>
<td>+16%</td>
</tr>
<tr>
<td>Adjusted pre-tax profit margin</td>
<td></td>
<td>19%</td>
<td>21%</td>
<td>-2%</td>
</tr>
<tr>
<td>Share-based payments &amp; acquisition costs</td>
<td>(6.5)</td>
<td>(4.4)</td>
<td>+48%</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td></td>
<td>27.5</td>
<td>24.8</td>
<td>+11%</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td>(5.7)</td>
<td>(4.9)</td>
<td>+16%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td></td>
<td>21.9</td>
<td>20.0</td>
<td>+10%</td>
</tr>
</tbody>
</table>

### Digital Services:
- Revenue growth varies by sector
  - Public: +21%
  - Commercial: +51%
  - Healthcare: -2%
- Gross Margin % decreased by 2%
  - Utilisation returning to pre-pandemic levels
  - Impact of 2 additional UK public holidays

### Workday Services:
- Very strong revenue growth: 44% (36% ccy)
  - Gross margin % decreased by 4%
    - Significant increase in staff costs
    - Marginal drop in utilisation

### Workday Products:
- Very strong revenue growth: 45% (30% ccy)
- Gross margin % increased by 1%
- Direct expenses increased by 64%
  - Product development expenditure increased 48% to £4.0m
  - Investment in sales and marketing increased 153% to £4.8m

### Effective Tax Rate
- 21% (2021: 20%)
## Balance Sheet and Cashflow

### Balance Sheet

<table>
<thead>
<tr>
<th>As at 30 Sept (£m)</th>
<th>H1 23</th>
<th>H1 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets and investments</td>
<td>18.6</td>
<td>17.3</td>
</tr>
<tr>
<td>Goodwill and Intangible assets</td>
<td>25.8</td>
<td>17.0</td>
</tr>
<tr>
<td>Trade receivables and WIP</td>
<td>76.9</td>
<td>67.0</td>
</tr>
<tr>
<td>Other assets</td>
<td>13.1</td>
<td>12.5</td>
</tr>
<tr>
<td>Cash and treasury deposits</td>
<td>97.1</td>
<td>80.4</td>
</tr>
<tr>
<td>Total assets</td>
<td>231.4</td>
<td>194.3</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(114.1)</td>
<td>(98.4)</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>117.3</td>
<td>95.9</td>
</tr>
</tbody>
</table>

### Cashflow

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 23</th>
<th>H1 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA(2)</td>
<td>35.4</td>
<td>30.5</td>
</tr>
<tr>
<td>Cash generated by operating activities</td>
<td>25.0</td>
<td>11.7</td>
</tr>
<tr>
<td>Cash Conversion</td>
<td>70%</td>
<td>38%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(4.2)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(1.0)</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Acquisitions of subsidiaries</td>
<td>-</td>
<td>(8.2)</td>
</tr>
<tr>
<td>Payment of lease liabilities</td>
<td>(0.6)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Interest received</td>
<td>0.4</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from issue of shares</td>
<td>0.1</td>
<td>1.9</td>
</tr>
<tr>
<td>Net cash inflow/(outflow)</td>
<td>19.6</td>
<td>(0.6)</td>
</tr>
</tbody>
</table>

### Balance Sheet:
- Fixed assets and investments
  - IT, office equipment, investments etc. £7.9m (H1 22: £5.9m)
  - IFRS16 leases capitalised £2.4m (H1 22: £3.5m)
  - Land for office £8.2m (H1 22: £7.9m). £5.2m now classified as investment property
- Goodwill & intangible £25.8m (H1 22: £17.0m)
  - Acquisition in H2 22.

### Underlying trade receivables/WIP total 69 days (H1 22: 73 days)
- Increase in trade creditors and accruals £43.9m (H1 22: £38.2m)
- Significant cash reserves £97.1m
- Debt free

### Cashflow:
- Cash conversion(1) 70% (H1 22: 38%)
- Return to a more normalised level
- Future HQ property funding requirements largely FY25 and FY26

### Interim dividend proposed 7.8p (H1 22: 7.1p).

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(1) Cashflow from Operations (CFFO) divided by adjusted EBITDA
(2) EBITDA adjusted for share-based payments and acquisition related expenses
Looking Ahead
Outlook
We have strong positions in fast-growing, resilient, international markets

Digital Services
UK leader in delivering digital transformation

Market Drivers
UK Digital Transformation demand is robust
UK Public Sector 5-year CAGR of 22% to £2.4bn

Workday Services
Continue to outpace underlying market growth

Market Drivers
Workday Inc forecast 22% growth for 2022, accelerated from 2021
Workday Inc on track to double revenue to $10bn by 2026

Workday Products
Achieve £100m of SaaS recurring revenue by 2026

Market Drivers
Workday Inc core HCM and Financial customer base is 4,150+
Typically adding 600 new core customers per year