Full Year Results
12 months ended 31st March 2021
Brendan Mooney (CEO) and Richard McCann (CFO)
24 May 2021
Highlights
A very strong performance in 2021

Very strong performance reflecting sector demand, customer trust and our dedicated people
• Revenue, profit and bookings all showing growth

Our continued focus on revenue diversification has created a robust and well-balanced business
• International revenues increased 48% to £59m
• Commercial revenues increased 29% to £81m
• Healthcare revenues increased 106% to £48m

Very strong growth in both operating divisions
• Digital Services revenue growth of 32% to £162m
• Workday Practice revenues increased 30% to £73m

Continuing to build an exceptionally talented team
• 2,024 people now working at Kainos, up 18%

(1) Organic revenue growth was 28%.
(2) Adjusted to remove the effect of share-based payments and acquisition related costs.
Business Overview

Long-term, strong revenue growth trends in both Digital Services and our Workday Practice

**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 from experience design to AI and Cloud to deliver intelligent solutions that are secure, accessible and cost-effective

**WORKDAY PRACTICE**

- We are one of Workday’s most respected partners
- As a full-service partner, we are experienced in complex deployment and integrations, and the leader in Workday test automation
- We’re trusted by our customers to launch, test, expand and safeguard their Workday systems
A strong performance, representing the eleventh consecutive year of revenue and adjusted pre-tax profit growth

Five-year (2017-2021) revenue CAGR of 30%

Ongoing R&D activity, investment of £4.2m (2020: £3.9m)
• Investment fully expensed in year

Key Financial Metrics
• Good revenue visibility: backlog up 15% to £206m (2020: £180m)
• Strong, sustainable adjusted pre-tax profit (3) margin: 24% (2020: 14%)
• Cash balance increased 98% to £81m (2020: £41m)

Earnings - Dividend.
• Adjusted diluted EPS: increased by 122% to 36.8p per share (2020: 16.6p)
• 2021 final dividend proposed 15.1p per share (2020: no final dividend declared; special dividend paid Sept 2020 of 6.7p per share)

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

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

<table>
<thead>
<tr>
<th>OUR GOALS</th>
<th>OUR PROGRESS</th>
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</table>
| 13 Climate action | Carbon Neutral in 2021, offsetting full Scope 1,2 & 3 emissions  
  • On track to achieve Carbon Net Zero by 2025 |
| 10 Reduced inequalities | High levels of activity across our four Employee Network Groups  
  • LGBTQ+, gender diversity, ethnic diversity and neurodiversity |
| 5 Gender equity | Well ahead of [poor] industry gender levels, with more work to do  
  • Industry average: 17% of technology roles undertaken by women  
  • 30% of our workforce is female; 518 female colleagues (2020: 468) |
| 4 Quality education | A significant increase in our outreach activity and impact  
  • 60 digital inclusion college bursaries for under-represented groups  
  • 1,000 virtual work placements for students |
| 3 Healthcare and wellbeing | Wellbeing remains a key priority, especially with remote working  
  • 1,000+ users of our Mindset and Wellbeing Apps  
  • 32 Wellbeing champions across all our offices |

Supporting and promoting the good health and wellbeing of our colleagues

An inclusive culture that promotes diversity and ensures everyone has an equal opportunity to develop

Making Kainos a place where there is gender equity, equality and full realisation of gender rights

Increasing employment opportunities for under-represented groups

High levels of activity across our four Employee Network Groups

Well ahead of [poor] industry gender levels, with more work to do

A significant increase in our outreach activity and impact

Wellbeing remains a key priority, especially with remote working

(4) Women in Tech Report
Our People
We continue to build an exceptionally talented and engaged workforce

PEOPLE
+18%

2,024

GROWTH TREND

EMPLOYEE RETENTION
92%

COMMENTARY
An extraordinary performance by everyone in Kainos has delivered a very strong business performance

Maintained our strong employee engagement
• Retention increased to 92% (2020: 90%)

Continuing to build an exceptionally talented team
• Headcount increased by 309 to 2,024 people
• Q1 hiring pause impacted H1 hiring (+14 people), with strong recruitment in H2 (+295 people)

Offices reopened in September 2020
• Our guidance remains ‘work from home’ with c.97% of people currently home-based
• Expecting to adopt a ‘blended model’, but long-term implications still unclear

GLOBAL LOCATIONS
With people based in 16 countries, we are growing into a global company

EMPLOYEE ENGAGEMENT
#86 ranked in the Sunday Times, Best Companies
glassdoor 86% recommend to a friend

We operate share gifting and save-as-you-earn schemes for all employees. In Dec 2020 we allocated 1,828,589 new shares to the schemes; the total since IPO is 9,712,031 shares.
Our Customers
Delivering value to our clients drives long-term relationships

**REVENUE BY CUSTOMER TYPE**

- **Recurring Customers**
- **Repeat Customers**
- **New Customers**

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurring</th>
<th>Repeat</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>£16m</td>
<td>£8m</td>
<td>£18m</td>
</tr>
<tr>
<td>2018</td>
<td>£20m</td>
<td>£14m</td>
<td>£25m</td>
</tr>
<tr>
<td>2019</td>
<td>£25m</td>
<td>£18m</td>
<td>£36m</td>
</tr>
<tr>
<td>2020</td>
<td>£36m</td>
<td>£24m</td>
<td>£46m</td>
</tr>
<tr>
<td>2021</td>
<td>£46m</td>
<td>£35m</td>
<td>£108m</td>
</tr>
</tbody>
</table>

Existing customers underpin growth, at 85% of revenue
- Existing client revenue up 29% to £200m (2020: £155m)

Best-in-class customer service drives high levels of ongoing revenue
- 98% of customers rate service as ‘good’ or better (2020: 97%)
- In total, 546 active customers (2020: 465)\(^{(5)}\)

New client acquisition unlocks multi-year revenue streams

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\(^{(5)}\) An active customer is one where Kainos has undertaken paid-for work in 2021. Excludes 446 customers of acquired businesses, IntuitiveTEK and Formulate.
Business Balance
We have made excellent progress in building balance into our revenue streams

GROUP REVENUES BY SECTOR
- Public Sector
- Commercial Sector
- Healthcare sector

Growth in all sectors ensures that we continue to have a well-balanced business
- Revenue from healthcare customers grew by 106%
- Commercial customer revenue increased by 29%
- Public sector increased by 14%

GROUP INTERNATIONAL REVENUES (6)
- Rest of World
- Central Europe
- North America

Very strong local growth, with accelerating international expansion
- UK & Ireland revenues increased 26%
- International revenue now 25% of total following 48% growth
- North America was the fastest growing region, up 77% to £38m

(6) Our internal reporting combines UK & Ireland as a single territory. In the period, revenues of £6.7m were from customers in the Republic of Ireland.
Divisional Performance
Digital Services
Very strong revenue growth with sales slightly decreased due to pandemic disruption

**Revenue**
- +32%

**Bookings**
- -7%

**Backlog**
- -3%

**Commentary**

**Very strong revenue performance delivered**
- Slight decrease in bookings and backlog as normal signing cycles disrupted during the pandemic
- 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 18% to £102m (2020: £86m)

**Continued strong partnership with NHS Digital and NHSX**
- Healthcare revenues up 111% to £44m (2020: £21m)

**High levels of commercial sector activity have returned following some early pandemic-related delays**
- Revenues increased 3% to £16m (2020: £15m)

**Addressable Market Size**

- £1,753m
- UK Public Sector 2021 Spend

**Competitive Landscape**

- Capgemini
- Deloitte
- Atos
- NTT Data

**Commercial Dynamics**
- Direct sales model
- Primarily time and materials

(7) This is the actual expenditure to March 2021 on the G-Cloud and Digital Outcomes frameworks, as published on gov.uk
Digital Services: Customer Stories
We have established a clear reputation for delivering value, at scale and at pace

**NHS ENGLAND AND NHS IMPROVEMENT**
- Support for national video consultation service
- Live Ops and Cloud support for Attend Anywhere service
- 170 NHS trusts across England
- 3 million video consultations in 12 months

**NATIONAL CRIME AGENCY**
- Joined up approach to tackle serious crime
- Large scale data analytics project
- Two-year project
- Specialist teams to create analysis tools and services
Workday Practice
A very strong revenue performance and a confident outlook

**Commentary**

**Very strong business performance**
- Performance reflects a strong return to growth following some early pandemic-related delays
- Continued backlog growth, underpinning future performance

**Strong international expansion continues**
- Over 50% of revenue is derived from North America; with 25% from Central Europe

**Accredited consultants increased by 9% to 416 (2020: 380 consultants)**
- Now have a local presence in over 16 countries, including 140+ people in North America

**Revenue**
- £13m (2017)
- £22m (2018)
- £34m (2019)
- £56m (2020)
- £73m (2021)

**+30%**

**Bookings**
- £101m

**+36%**

**Backlog**
- £87m

**+53%**

**Customers**

- Salesforce
- Whole Foods
- Netflix
- Johnson & Johnson
- BlackBerry
- Capital One
- Shopify
- Keurig Dr Pepper
- KONE
- Crown Commercial Service
- Warner Music Group
- bp
- Match
Workday Services
We are one of the most experienced participants in the Workday partner ecosystem

A strong performance across all key metrics
- Overall revenue growth of 32% (14% organic)
- High activity levels, reflecting underlying and growing market demand

Workday Adaptive Planning
- Integration slowed by pandemic, but strong engagement levels: 51 of 59 staff remain in Kainos
- Achieved both Global and EMEA Workday Adaptive Solution Provider of the Year

Workday Inc curates a high-quality partner ecosystem
- Globally, only 36 partners authorised to implement Workday’s ERP Suite
- By consultant numbers ranked 1st in Europe; 8th globally

REVENUE +32%  
£10m £14m £23m £37m £49m  
2017 2018 2019 2020 2021

BOOKINGS +36%  
£60m

BACKLOG +62%  
£35m

ADDRESSABLE MARKET  
£751m  
2022 GLOBAL SERVICES FORECAST (8)

COMPETITIVE LANDSCAPE
- cloudator (NORDICS)
- alight (UK, EUROPE, US)
- onesource (UK, EUROPE, US)
- COLLABORATIVE SOLUTIONS (UK, EUROPE, US)

COMMERCIAL DYNAMICS
- Direct sales model
- Primarily time and materials

(8) 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 for Workday
Smart is the leading automated testing platform for Workday

COMMENTARY

Another very strong performance
• Revenue growth of 27% to £24m (2020: £19m), which includes £3m of professional services
• Further growth in Annual Recurring Revenue, up 22% to £24m (2020: £19m)

Strong customer acquisition is growing client base
• Total clients now 240+ (2020: 206)

Kainos Smart has four modules: HCM, Security, Financials and Payroll

Ongoing engagement with clients on utilising Workday Extend (formerly Workday Cloud Platform)

ADDRESSABLE MARKET
£384m
2021 ESTIMATED GLOBAL WORKDAY AUTOMATED TESTING MARKET

COMPETITIVE LANDSCAPE

COMMERCIAL DYNAMICS
• Direct sales model
• Multi-year subscription (SaaS)
• Related project services
## Workday Practice: Customer Stories.

We are trusted by our customers to launch, test, expand and safeguard their Workday system.

<table>
<thead>
<tr>
<th>BP</th>
<th>Global energy company</th>
<th>70,000+ people, HQ in London</th>
<th>Contract signed June 2020</th>
<th>Deploying and supporting Workday HCM &amp; Integrations, Smart client</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHENMED</td>
<td>Leading primary care provider in US</td>
<td>2,000+ people, HQ in Florida</td>
<td>Contract signed September 2020</td>
<td>Smart to test HCM, Security, Payroll, Recruiting and Financials</td>
</tr>
<tr>
<td>TERANET</td>
<td>Electronic land reg &amp; commerce leaders</td>
<td>540 people, HQ in Ontario</td>
<td>Contract signed December 2020</td>
<td>Workday Financials, Adaptive, Smart deployment</td>
</tr>
<tr>
<td>ENERCITY</td>
<td>Top 10 municipal utilities in Germany</td>
<td>2,500 people, HQ in Hanover</td>
<td>Contract signed March 2021</td>
<td>Deploying Workday HCM and Adaptive Planning</td>
</tr>
</tbody>
</table>
Financial Performance
Segmental Reporting

Digital Services:
- Varied revenue growth depending on sector.
  - Public: 18%.
  - Commercial: 3%.
  - Healthcare: 111%.
- Gross Margin increased by 5%.
  - Covid impact – travel to client site.
- Direct expenses increased by 8%.
  - Covid impact - travel, training, recruitment, marketing, entertainment etc.
- Utilisation increased to 86% (2020: 74%).

Workday Practice:
- Very strong revenue growth in both Workday Services and Smart.
  - Smart revenue growth: 27%.
  - Workday Services: 32% (14% organic).
- Gross margin increased by 1%.
- Direct expenses increased by 19%.
  - Covid impact - travel.
- Utilisation increased to 70% (2020: 66%).

<table>
<thead>
<tr>
<th></th>
<th>£m 2020</th>
<th>£m 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>122.5</td>
<td>161.6</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>48.9</td>
<td>72.0</td>
<td>47%</td>
</tr>
<tr>
<td><strong>Gross profit margin</strong></td>
<td>40%</td>
<td>45%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Direct expenses</strong></td>
<td>(15.2)</td>
<td>(16.4)</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Contribution</strong></td>
<td>33.8</td>
<td>55.6</td>
<td>65%</td>
</tr>
<tr>
<td><strong>Contribution percentage</strong></td>
<td>28%</td>
<td>34%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>£m 2020</th>
<th>£m 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>56.3</td>
<td>73.1</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>35.0</td>
<td>46.3</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Gross profit margin</strong></td>
<td>62%</td>
<td>63%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Direct expenses</strong></td>
<td>(23.1)</td>
<td>(27.4)</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Contribution</strong></td>
<td>12.0</td>
<td>18.9</td>
<td>58%</td>
</tr>
<tr>
<td><strong>Contribution percentage</strong></td>
<td>21%</td>
<td>26%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Group Income Statement

Group position
• Revenue growth 32%.
• Contribution growth 63%.
• Central overheads decreased 14%.
  • Covid impact – travel, training, facilities.
• Adjusted profit growth 124%.
• Acquisitions costs
  • Amortisation of intangibles £0.4m.
  • Deferred consideration expensed £1.8m.
• Tax rate 21% - UK tax rate 19% plus overseas tax impact

Future impacts of Covid normalisation
• Revenue - Increased holidays by staff.
• Gross margin – travel to client site.
• Direct expenses.
  • Travel.
  • Marketing and conferences.
  • Training.
  • Entertainment.
• Utilisation.

INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>178.8</td>
<td>234.7</td>
<td>31%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>84.0</td>
<td>118.3</td>
<td>41%</td>
</tr>
<tr>
<td>Direct expenses</td>
<td>(38.2)</td>
<td>(43.8)</td>
<td>15%</td>
</tr>
<tr>
<td>Contribution</td>
<td>45.8</td>
<td>74.5</td>
<td>63%</td>
</tr>
<tr>
<td>Central overheads (inc. Finance income/expense)</td>
<td>(20.2)</td>
<td>(17.4)</td>
<td>14%</td>
</tr>
<tr>
<td>Adjusted pre-tax profit</td>
<td>25.5</td>
<td>57.1</td>
<td>124%</td>
</tr>
<tr>
<td>Adjusted pre-tax profit margin</td>
<td>14%</td>
<td>24%</td>
<td>10%</td>
</tr>
<tr>
<td>Share based payments &amp; acquisition costs</td>
<td>(2.4)</td>
<td>(6.7)</td>
<td>185%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>23.2</td>
<td>50.3</td>
<td>117%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(4.6)</td>
<td>(10.7)</td>
<td>(133%)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>18.6</td>
<td>39.6</td>
<td>113%</td>
</tr>
</tbody>
</table>
Balance Sheet and Cashflow

Balance Sheet:
- Fixed assets and investments
  - IT, office equipment, investments etc.: £3.9m (2020: £3.4m).
  - IFRS16 leases capitalised: £3.9m (2020: £4.5m).
  - Land for office: £7.6m (2020: £7.4m).
- Goodwill & intangible: £6.4m (2020: £7.2m)
- Underlying trade receivables/WIP total 56 days (2020: 65 days).
  - Increase in trade creditors and accruals to £36.0m (2020: £23.6m).
  - Significant cash reserves: £80.9m (2020: £40.8m).
  - Debt free.

Cashflow:
- Cash conversion 112%¹ (2020: 97%¹).
  - Reduction in trade receivables/WIP days 8%.
  - Increase in deferred income 6%.
  - Increase in bonus accrual 7%.
- Future HQ property funding requirements paused.
- Final dividend proposed 15.1p.
  - Dividend cover maintained at 1.5 times.
  - 2020: No final dividend declared as precaution.
  - Special dividend paid Sept 20 of 6.7p per share.

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

- DIGITAL SERVICES
  - UK PUBLIC SECTOR
  - UK COMMERCIAL SECTOR
  - INTERNATIONAL

- WORKDAY SERVICES
  - WORKDAY INC GROWTH
  - SMART CLIENT CONVERSION
  - GEOGRAPHIC EXPANSION
  - NORTH AMERICAN GROWTH

- SMART
  - WORKDAY INC CLIENT GROWTH
  - MARKET PENETRATION
  - ADDITIONAL MODULES

- OPERATIONS
  - PEOPLE: DEVELOP, RECRUIT, RETAIN
  - CUSTOMERS: HIGH CUSTOMER SATISFACTION
  - ‘ONE KAINOS’ CROSS-SELL
  - INNOVATION