

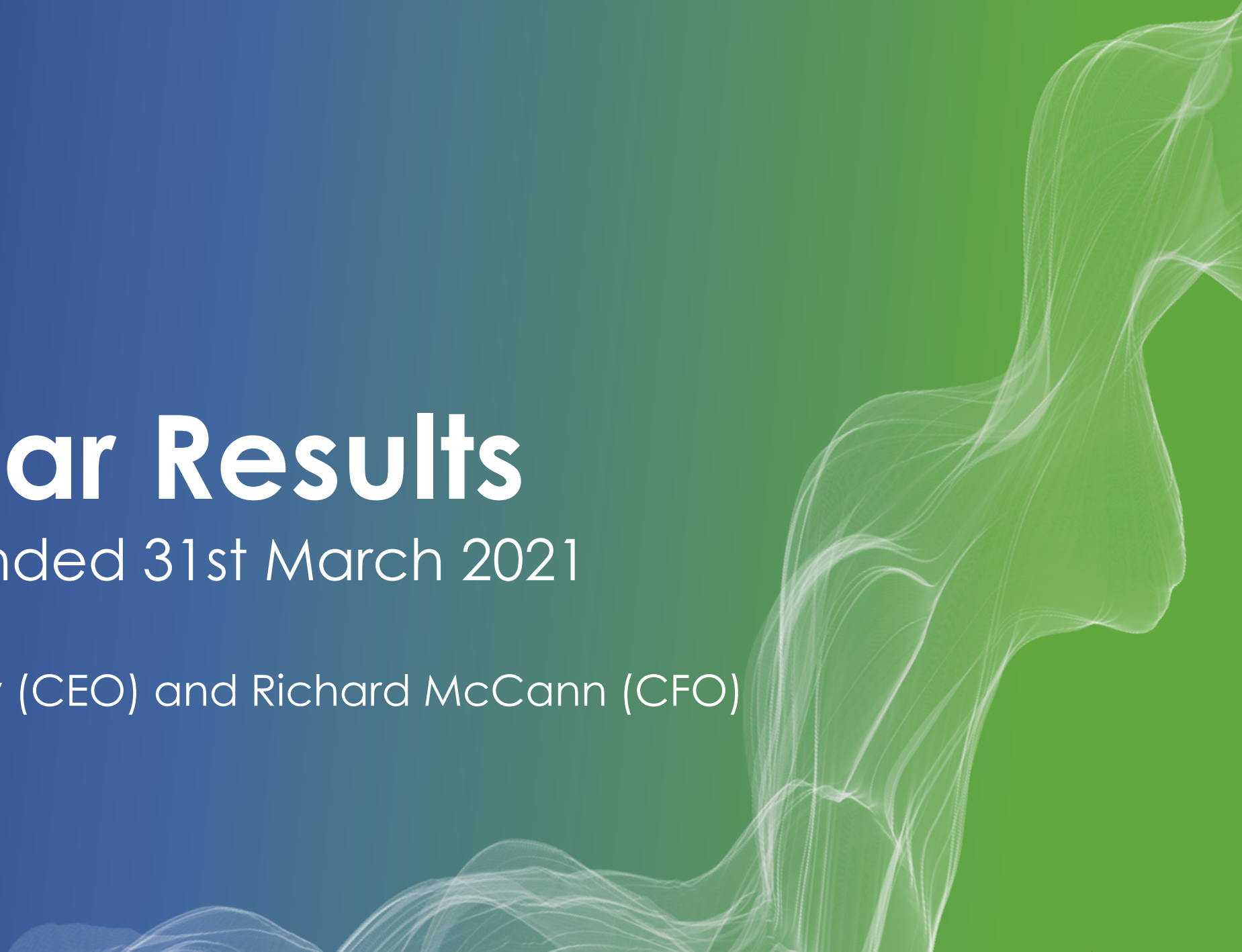


Full Year Results

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%



REVENUE ⁽¹⁾ +31%

£235m



ADJUSTED PROFIT ⁽²⁾ +124%

£57m



CASH +98%

£81m



BOOKINGS +6%

£259m



BACKLOG +15%

£206m

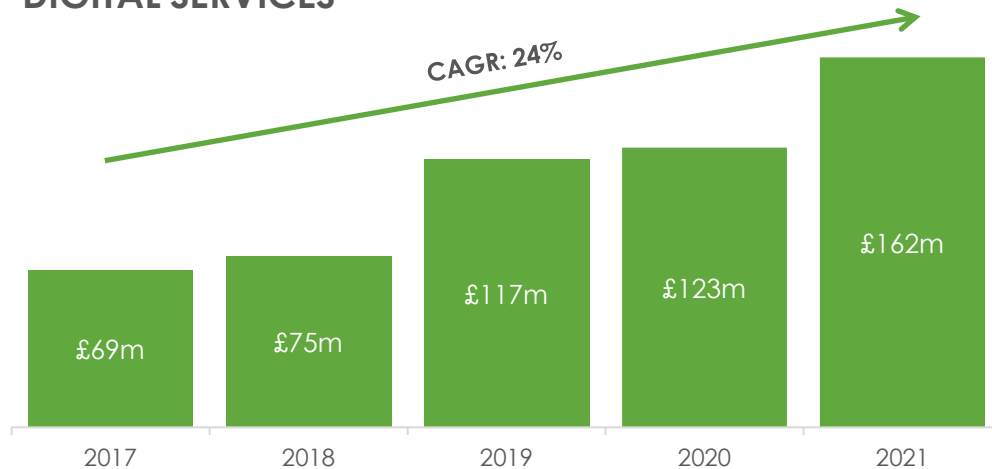
⁽¹⁾ Organic revenue growth was 28%.

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

Business Overview

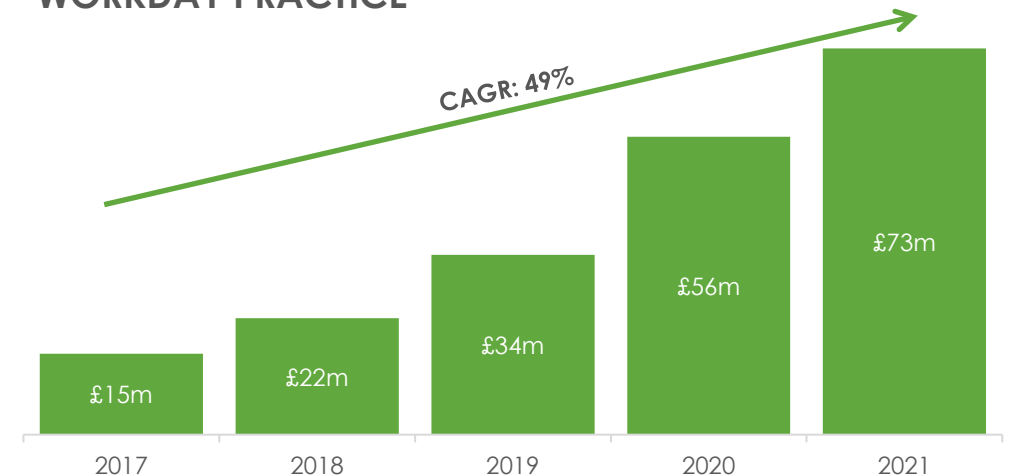
Long-term, strong revenue growth trends in both Digital Services and our Workday Practice

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

Financial Summary

An established track record of high growth, high margin performance

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

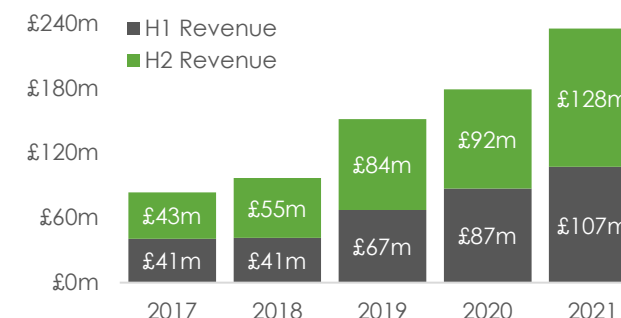
Key Financial Metrics

- 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)

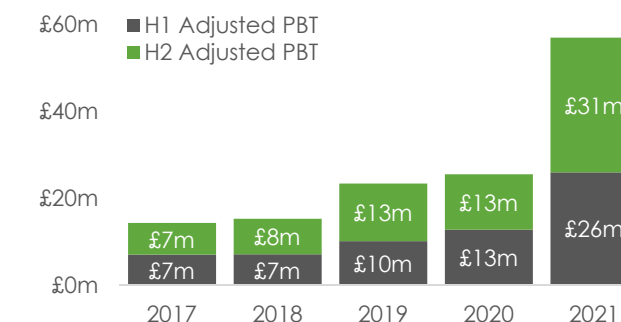
Earnings - Dividend.

- 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)

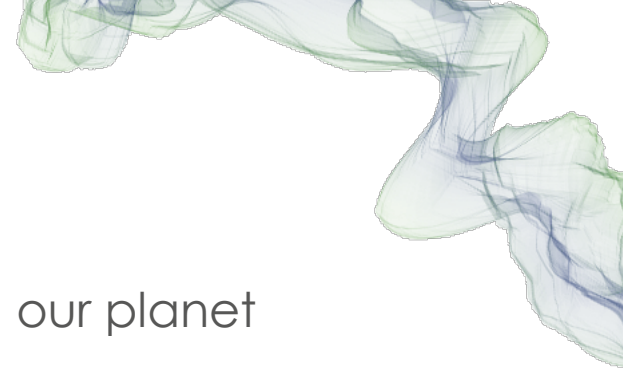
REVENUE



ADJUSTED PRE-TAX PROFIT⁽³⁾



⁽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

OUR GOALS



Reducing our climate impact and helping others achieve their low carbon future



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



Supporting and promoting the good health and wellbeing of our colleagues

OUR PROGRESS

Carbon Neutral in 2021, offsetting full Scope 1,2 & 3 emissions

- On track to achieve Carbon Net Zero by 2025

High levels of activity across our four Employee Network Groups

- LGBTQ+, gender diversity, ethnic diversity and neurodiversity

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

- Industry average: 17% of technology roles undertaken by women ⁽⁴⁾
- 30% of our workforce is female; 518 female colleagues (2020: 468)

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

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

⁽⁴⁾ Women in Tech [Report](#)

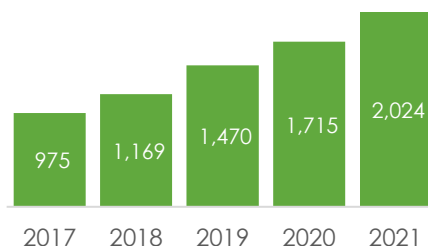
Our People

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%)

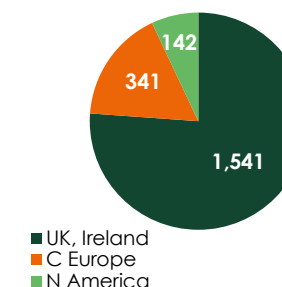
Continuing to build an exceptionally talented team

- 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

86%

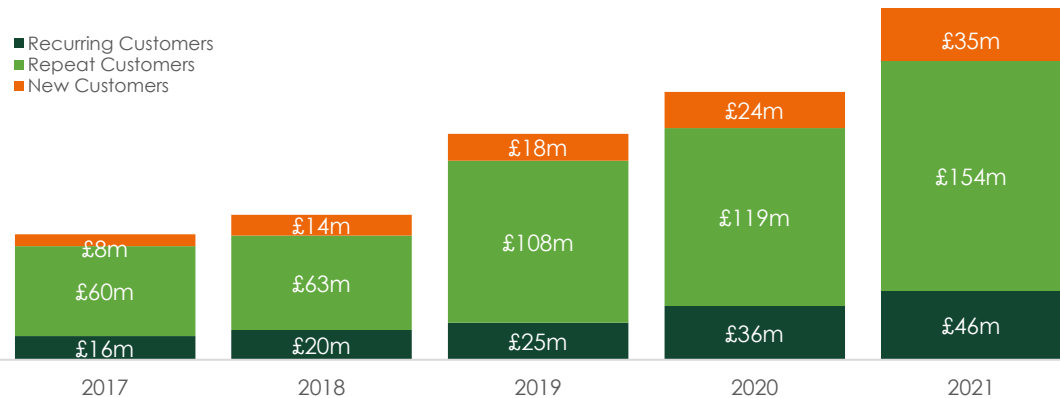
glassdoor
recommend to a friend

Our Customers

Delivering value to our clients drives long-term relationships

REVENUE BY CUSTOMER TYPE

■ Recurring Customers
■ Repeat Customers
■ New Customers



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

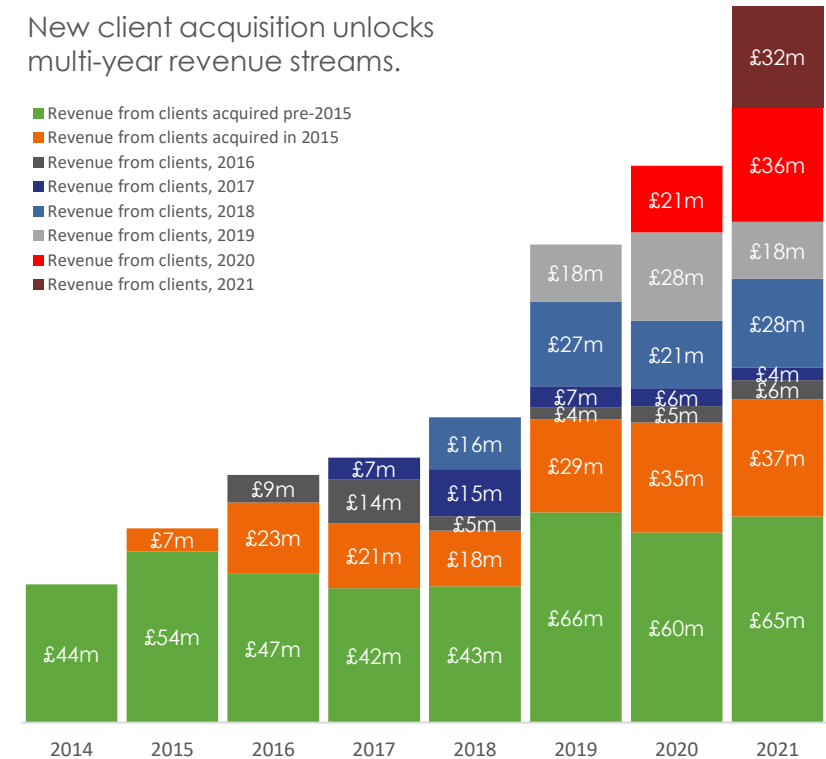
- 98% of customers rate service as 'good' or better (2020: 97%)
- In total, 546 active customers (2020: 465)⁽⁵⁾

New client acquisition unlocks multi-year revenue streams

CUSTOMER RETENTION

New client acquisition unlocks multi-year revenue streams.

■ Revenue from clients acquired pre-2015
■ Revenue from clients acquired in 2015
■ Revenue from clients, 2016
■ Revenue from clients, 2017
■ Revenue from clients, 2018
■ Revenue from clients, 2019
■ Revenue from clients, 2020
■ Revenue from clients, 2021

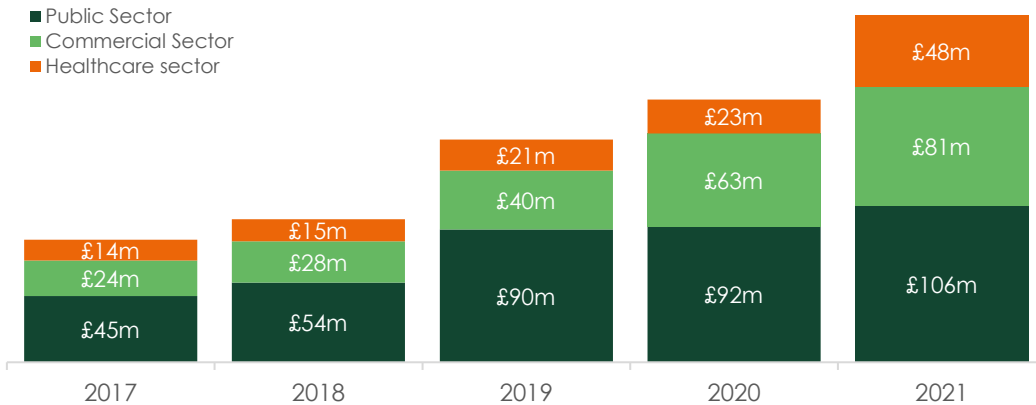


⁽⁵⁾ An active customer is one where Kainos has undertaken paid-for work in 2021. Excludes 446 customers of acquired businesses, IntuitiveTEK and Formulate.

Business Balance

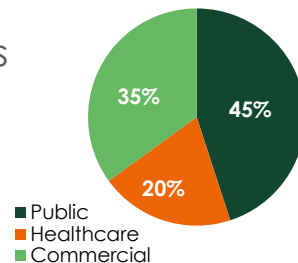
We have made excellent progress in building balance into our revenue streams

GROUP REVENUES BY SECTOR

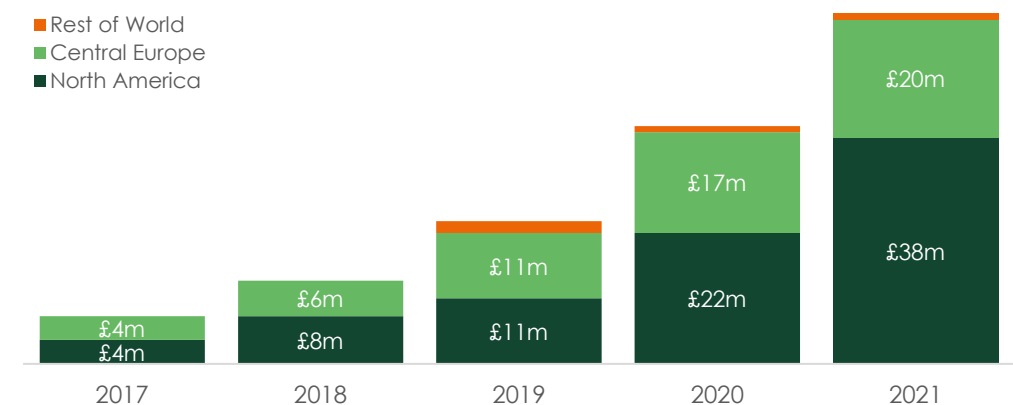


Growth in all sectors ensures that we continue to have a well-balanced business

- Revenue from healthcare customers grew by 106%
- Commercial customer revenue increased by 29%
- Public sector increased by 14%

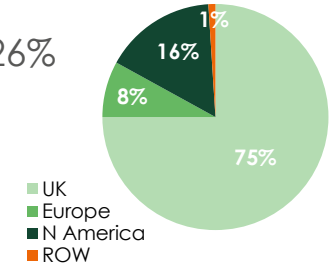


GROUP INTERNATIONAL REVENUES ⁽⁶⁾



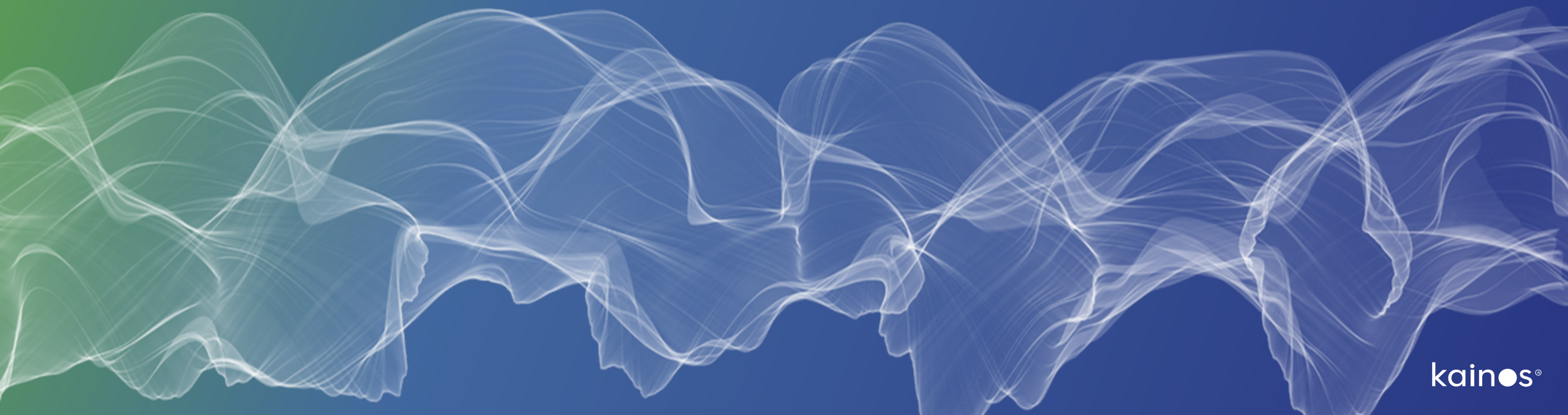
Very strong local growth, with accelerating international expansion

- 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.

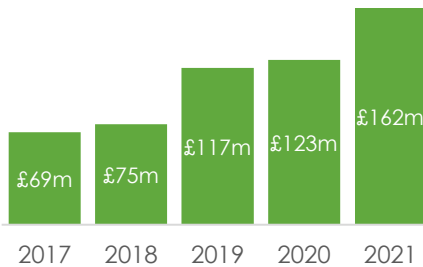
Divisional Performance



Digital Services

Very strong revenue growth with sales slightly decreased due to pandemic disruption

REVENUE +32%



BOOKINGS -7%

£158m

BACKLOG -3%

£119m

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⁽⁷⁾

COMPETITIVE LANDSCAPE



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

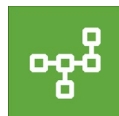


170 NHS trusts across England



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

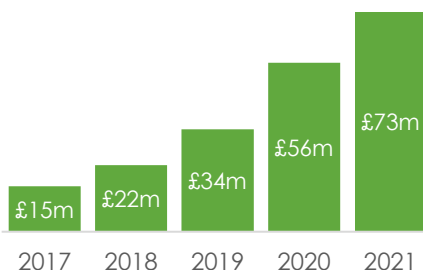
CUSTOMERS



Workday Practice

A very strong revenue performance and a confident outlook

REVENUE +30%



BOOKINGS +36%

£101m

BACKLOG +53%

£87m

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

CUSTOMERS



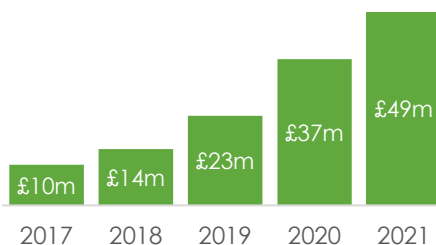


Workday Services

We are one of the most experienced participants in the Workday partner ecosystem

REVENUE

+32%



BOOKINGS

+36%

£60m

BACKLOG

+62%

£35m

COMMENTARY

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

ADDRESSABLE MARKET

£751m

2022 GLOBAL SERVICES FORECAST ⁽⁸⁾

COMPETITIVE LANDSCAPE

	(NORDICS)
	(UK, EUROPE, US)
	(UK, EUROPE, US)
	(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.

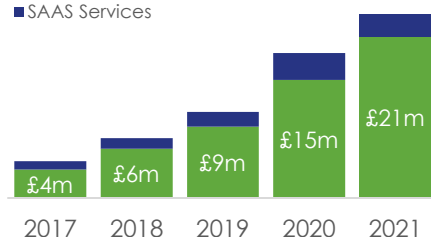
Smart for Workday

Smart is the leading automated testing platform for Workday

REVENUE

+27%

■ SAAS Subscriptions
■ SAAS Services



BOOKINGS

+36%

£41m

BACKLOG

+48%

£52m

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

WORKSOFT®

turnkey



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.



BP



Global energy company



70,000+ people,
HQ in London



Contract signed
June 2020



Deploying and
supporting Workday
HCM & Integrations,
Smart client

CHENMED



Leading primary
care provider in US



2,000+ people,
HQ in Florida



Contract signed
September 2020



Smart to test HCM,
Security, Payroll,
Recruiting and
Financials

TERANET



Electronic land reg &
commerce leaders



540 people
HQ in Ontario



Contract signed
December 2020



Workday Financials,
Adaptive, Smart
deployment

ENERCITY



Top 10 municipal
utilities in Germany



2,500 people,
HQ in Hanover

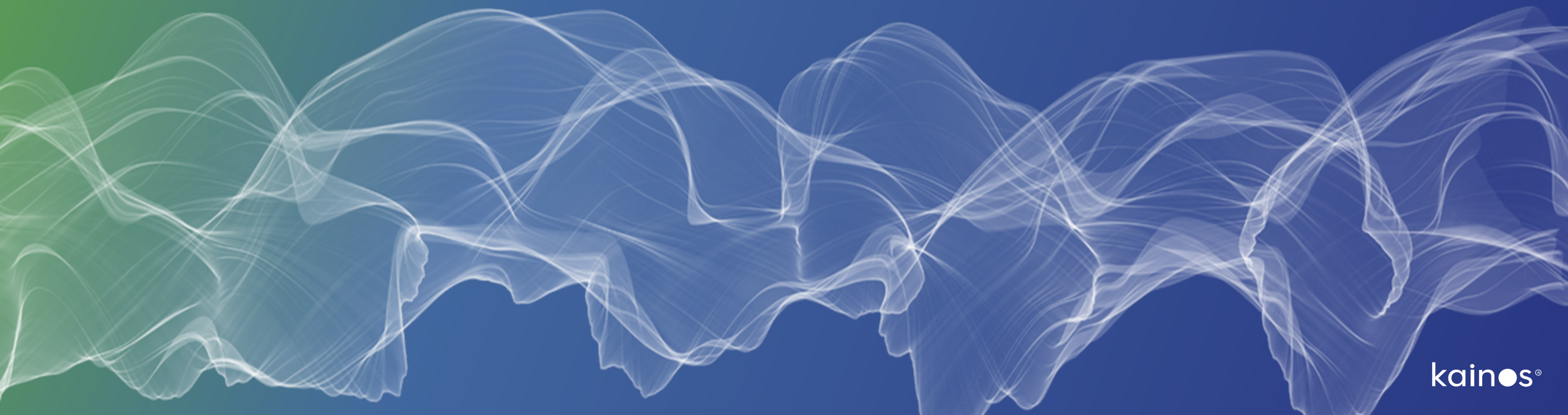


Contract signed
March 2021



Deploying Workday
HCM and Adaptive
Planning

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%).

Digital Services

£m	2020	2021	Change
Revenue	122.5	161.6	32%
Gross profit	48.9	72.0	47%
Gross profit margin	40%	45%	5%
Direct expenses	(15.2)	(16.4)	8%
Contribution	33.8	55.6	65%
Contribution percentage	28%	34%	6%

Workday Practice

£m	2020	2021	Change
Revenue	56.3	73.1	30%
Gross profit	35.0	46.3	32%
Gross profit margin	62%	63%	1%
Direct expenses	(23.1)	(27.4)	19%
Contribution	12.0	18.9	58%
Contribution percentage	21%	26%	5%

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

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

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.

BALANCE SHEET

As at 31 March (£m)	2020	2021
Fixed assets and investments	15.3	15.4
Goodwill and Intangible assets	7.2	6.4
Receivables and WIP	46.2	55.0
Other assets	3.9	6.8
Cash and treasury deposits	40.8	80.9
Total assets	113.4	164.5
Liabilities	(54.3)	(76.9)
Shareholders' funds	59.2	87.6

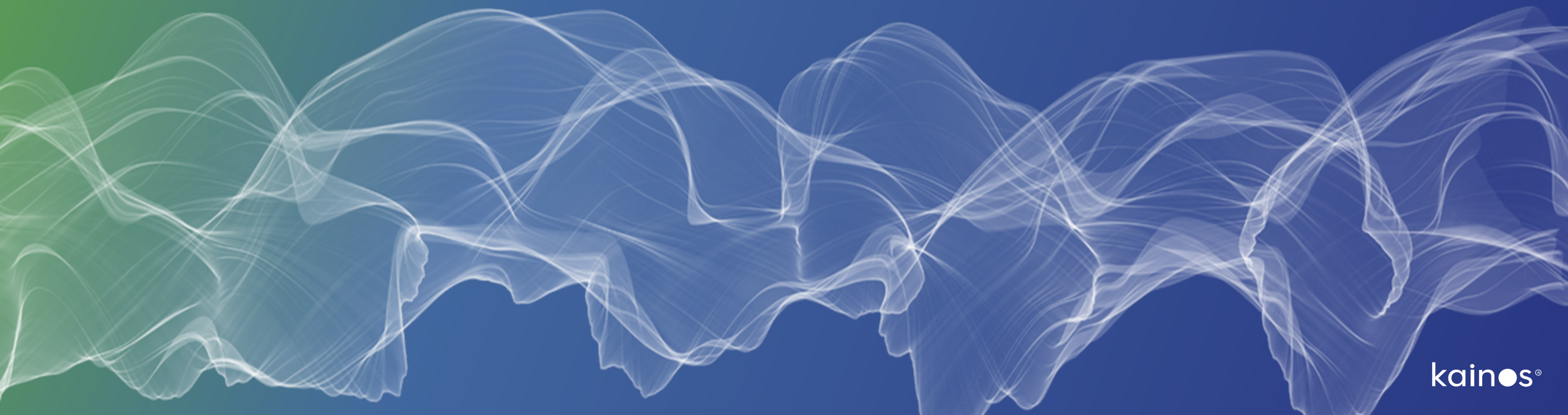
CASHFLOW

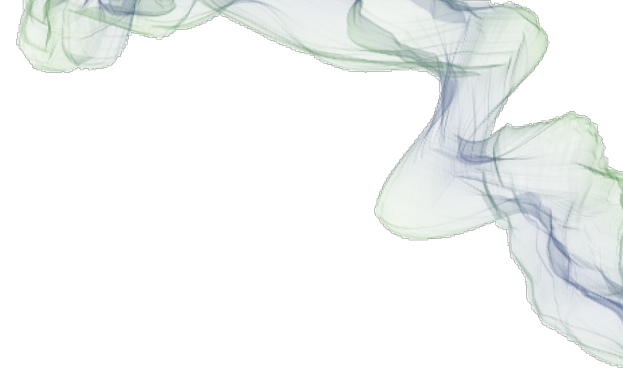
£m	2020	2021
EBITDA²	28.4	59.8
Cash generated by operations	27.6	67.2
Cash Conversion	97%	112%
Taxation	(3.3)	(7.2)
Capital expenditure	(8.2)	(1.5)
Acquisitions of subsidiaries	(4.5)	--
Investments	-	(0.2)
Interest	0.3	0.1
Dividends	(12.1)	(16.0)
Payment of lease liabilities	(1.7)	(1.8)
Amount placed on treasury deposit	-	(18.0)
Proceeds from issue of shares	0.3	0.3
Net cash (outflow)/inflow	(1.7)	22.8

¹ Cashflow from Operations (CFFO) divided by adjusted EBTIDA

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

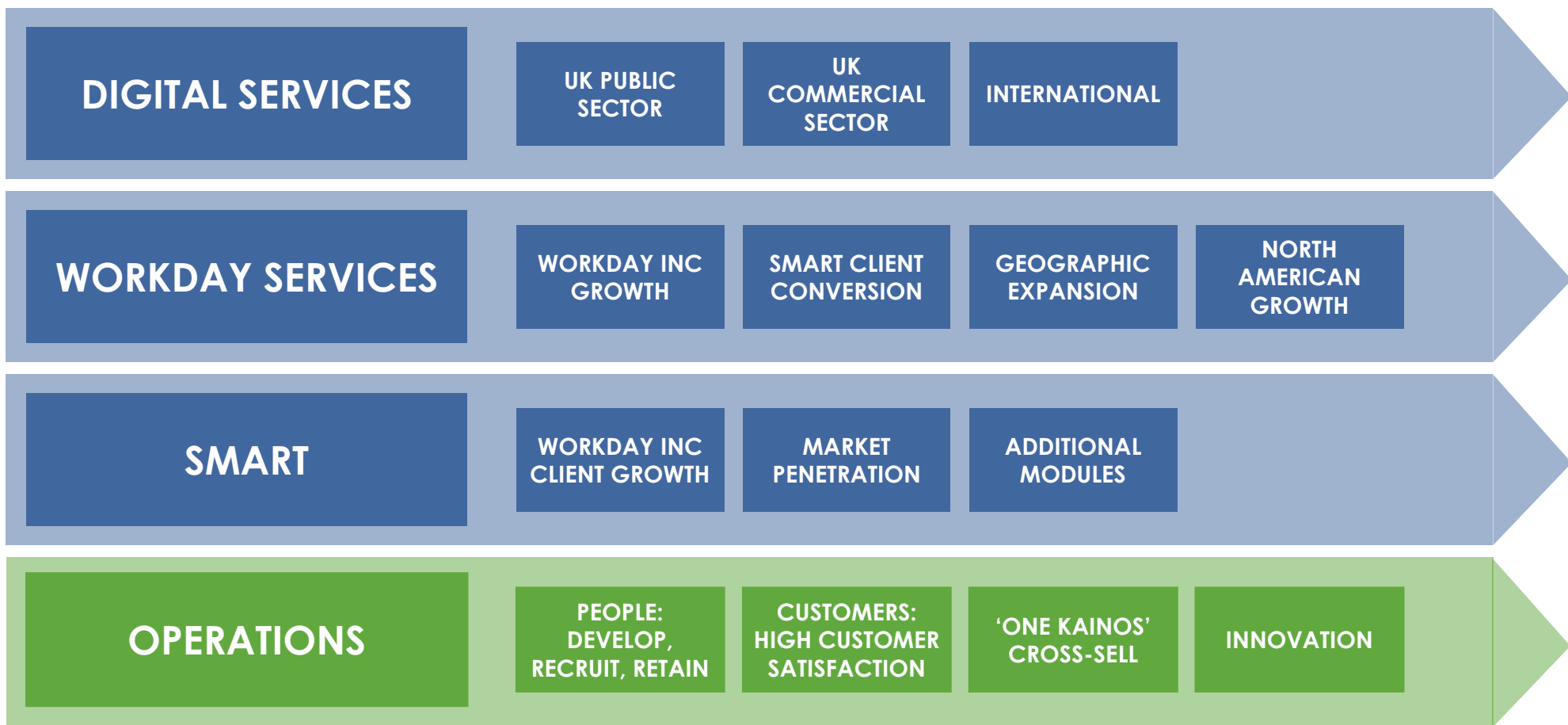
Looking Ahead





Summary and Outlook

We have a strong position in fast-growing, international markets





Legal and Confidentiality Statement

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These forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors or advisers of Kainos Group plc. They involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such statements. They are based on numerous assumptions regarding the present and future business strategies and the future operating environment. All subsequent oral or written forward-looking statements attributable to Kainos Group plc or any of its shareholders or any persons acting on its behalf are expressly qualified in their entirety by this cautionary statement. All forward-looking statements included in this document speak only as of the date they were made and are based on information then available to Kainos Group plc. Investors should not place undue reliance on such forward-looking statements, and Kainos Group plc does not undertake any obligation to update publicly or revise any forward-looking statements.

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