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**7 July 2015**

**Kainos Group Limited (to be re-registered as Kainos Group plc)**

**Pricing of Initial Public Offering**

**Placing of 37,691,763 ordinary shares at 139 pence per Ordinary Share**

**Admission to the Official List and to trading on the Main Market of the London Stock Exchange**

Kainos, the UK-based provider of IT services, consulting and software solutions, announces the successful pricing of its initial public offering (the "**IPO**") and the placing of 37,691,763 ordinary shares at 139 pence per share (the "**Offer Price**") (the "**Offer**"). Kainos has applied for admission of its issued share capital of up to 117,957,307 ordinary shares ("**Ordinary Shares**") to the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange. It is expected that dealings will commence at 8.00am on 10 July 2015.

**Offer Highlights**

- Based on the Offer Price and the existing issued share capital of Kainos of 116,039,360 Ordinary Shares (the "**Existing Issued Share Capital**"), the market capitalisation of Kainos is approximately £161.3 million.
- The Offer is expected to raise £52.4 million of gross proceeds for selling shareholders, which includes QUBIS Limited ("**QUBIS**"), former Group employees, Kainos' Executive Directors and other individuals (together the "**Selling Shareholders**").
- On Admission:
  - QUBIS will hold approximately 16.3% of the Existing Issued Share Capital of Kainos; and
  - Directors and other senior managers of the Group will hold approximately 37.4% of the Existing Issued Share Capital of Kainos.
- A small primary offering of up to 1,160,393 new Ordinary Shares is being made available to employees of the Group based in the United Kingdom, the Republic of Ireland and Poland (the "**Employee Offer**") to enable current employees of Kainos based in these jurisdictions to purchase shares at the Offer Price. This Employee Offer will close at 12.00 p.m. on 9 July 2015. The proceeds of the Employee Offer will be retained by the Group.

- Kainos also intends to issue shares to UK-based, qualifying employees under the terms of a SIP scheme which would result in the issue of up to 757,554 further Ordinary Shares prior to Admission.
- On Admission, Kainos will therefore have up to 117,957,307 Ordinary Shares in issue and a market capitalisation of approximately £164.0 million.
- Dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00am on 10 July 2015 under the ticker “KNOS” (ISIN: GB00BZ0D6727).
- Shareholders holding shares representing in aggregate approximately 49.3% of the Existing Issued Share Capital have entered into lock-up and orderly market arrangements with Investec Bank plc (“**Investec**”) and Kainos following Admission.
- Investec is acting as sole sponsor, financial adviser, bookrunner, underwriter and broker to Kainos.

Full details of the Offer will be included in the Prospectus, which is expected to be published and made available on the Group’s website later today.

### **Business Overview**

- Kainos is a high-growth UK-based provider of IT services, consulting and software solutions.
- The Group was founded in April 1986 as a joint venture between ICL and QUBIS. The Group specialises across multiple sectors in the development of digital technology solutions; software design and agile software development; third-party software integration and implementation services; technology support services; and related ancillary services such as project management.
- The Group is headquartered in Belfast, Northern Ireland and has approximately 730 staff across its seven offices.
- The Group operates through three divisions:
  - Digital Services, which delivers full system developments of customised online digital solutions, principally for UK Government departments and agencies, along with private sector organisations;
  - Evolve, the UK market leader in the digitisation of patient notes in the Acute sector of the NHS; and
  - Workday Implementation Services, the only boutique partner for Workday, Inc. (“**Workday**”) headquartered in the UK, responsible for implementing Workday’s innovative Software-as-a-Service platform for enterprise customers.
- The Directors believe that each of the Group’s divisions operates in markets that are experiencing long-term structural and technological change, where the Group has an opportunity to maintain its current leadership position.
- Kainos enjoys market leading positions in each of its divisions and has a proven track record of building strong, long-term relationships with its clients.
- The Group’s services and products target a large addressable market:
  - For Digital Services, the Directors believe that there are approximately 275 government to citizen transactions that have been identified and prioritised by the UK Government which would represent a market opportunity for Kainos of more than £1.0 billion over the next five years;
  - For Evolve, the Directors believe that approximately 110 healthcare organisations in the UK and Ireland are likely to choose an electronic document and records management (“EDRM”)

solution by 2020, providing for a total market opportunity of approximately £200 million over the next five years; and

- For Workday Implementation Services, the Directors believe that Kainos is well placed to benefit from Workday's expansion in the Enterprise Resource Planning ("ERP") market, estimated at being \$35.4 billion by 2018.
- Kainos' customer base includes:
  - Digital Services: UK Government departments and agencies such as the Driver and Vehicle Licencing Agency and the Department for Work and Pensions as well as a number of private sector organisations;
  - Evolve: NHS Trusts such as Royal Brompton and Harefield NHS Foundation Trust and Bradford Teaching Hospitals NHS Foundation Trust and Lancashire Teaching Hospitals NHS Foundations Trust; and
  - Workday Implementation Services: well-known global organisations such as Diageo and Travelex.
- Kainos has a proven financial track record. For the year ended 31 March 2015, the Group generated revenue of £60.8 million and profit before tax of £11.8 million.
- The Directors believe that Admission will enhance the Group's public profile and status, create a liquid market in the Ordinary Shares and assist in the incentivisation and retention of key management and employees.

**Brendan Mooney, Chief Executive Officer of Kainos, commented:**

*"All of us at Kainos are delighted with the response we have seen to our IPO. The recognition investors have shown towards our business, our services and our leading position stands as testament to the hard work and commitment of our international team. The task for us now is simple – to maintain our growth trajectory. We have a clearly defined strategy in place to see that happen and are looking forward to life as a listed company."*

**Ends**

**For further information please contact**

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## **Forward-looking statements**

Certain statements contained in this announcement that are not statements of historical fact, including, without limitation, any statements as to the strategy, plans or future financial performance of the Group constitute "forward-looking statements". These forward-looking statements can be identified by the terminology which precedes or follows such statements including the words "targets," "believes," "expects," "aims," "intends," "may," "shall," "anticipates," "would," "could" or similar expressions or the negative thereof, notwithstanding that such statements are not specifically identified. Forward-looking statements appear in a number of places throughout this announcement and include, but are not limited to: (i) statements about the benefits of any contemplated offering of securities, including future financial and operating results; (ii) statements of strategic objectives, business prospects, future financial condition, budgets, projected levels of production, projected costs and projected levels of revenues and profits of Kainos or its management or Board of Directors; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements.

By their nature, forward-looking statements involve risk and uncertainty, because they relate to future events and circumstances. The forward-looking statements and other statements contained in this announcement regarding matters that are not historical facts involve predictions and are based on a number of assumptions that, while considered reasonable by the Directors, Kainos or the Group, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are not guarantees of future performance, and the actual results, performance, achievements or industry results of Kainos' operations, results of operations, financial position and the development of the markets and the industry in which it operates or is likely to operate may differ materially from those described in, or suggested by, the forward-looking statements contained in this announcement and no assurance can be given that such future results or performance will be achieved. In addition, even if the operations, results of operations, financial position and the development of the markets and the industry in which Kainos operates is consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation and currency fluctuations.

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this announcement reflect Kainos' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Kainos's financial position, operations, results of operations, growth, strategy and expectations. Any forward-looking statement speaks only as of the date on which it is made. New factors will emerge in the future, and it is not possible for Kainos to predict which factors they will be. In addition, Kainos cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

Save as required by law, or by the Listing Rules, the Prospectus Rules or the Disclosure Rules and Transparency Rules of the FCA, each of Kainos and Investec and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise. You are cautioned against placing undue reliance on any forward-looking statement in this announcement. No statement in this announcement is intended as a profit forecast or profit estimate.

## **Important notice**

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

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about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement is not and does not constitute, or form part of, an offer to sell, or a solicitation of an offer to purchase or subscribe for any securities in the United States, Australia, Canada, Japan, New Zealand, South Africa or any other jurisdiction where such an offer would be unlawful.

The Shares referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**US Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable laws of any state or other jurisdiction of the United States. The securities are being offered and sold outside the United States in offshore transactions as defined in, and in compliance with, Regulation S under the US Securities Act. Kainos does not intend to register any part of the Offer in the United States and there will be no public offering of securities in the United States.

The Offer and the sale of Shares referred to herein have not been and will not be registered under the applicable securities laws of Canada, Australia, Japan, New Zealand or South Africa and may not be offered or sold in Canada, Australia, Japan, New Zealand or South Africa except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the applicable securities laws. There will be no public offering of securities in United States, Canada, Australia, Japan, New Zealand or South Africa.

This announcement is only addressed to, and directed at, persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive ("**Qualified Investors**"). For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in each member state of the European Economic Area which has implemented the Prospectus Directive. In addition, in the United Kingdom, this announcement is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments who fall within the definition of "investment professional" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or (ii) who are high net worth companies, unincorporated associations and partnerships and trustees of high value trusts or other persons to whom it may otherwise lawfully be communicated falling within Article 49(2)(a)(d) of the Order, (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this announcement relates is available only to and will only be engaged in with such persons. This announcement must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons; and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors.

Any purchase of Shares in the proposed Offer or other securities should be made solely on the basis of the information contained in the Final Prospectus to be published by Kainos in connection with the Offer. No reliance may or should be placed by any person for any purpose whatsoever on the information and opinions contained in this announcement or on its completeness, accuracy or fairness (or whether any information has been omitted from the announcement). The information in this announcement is subject to change and does not purport to be full or complete. Neither Kainos nor Investec undertake to provide the recipient of this announcement with any additional information, or to update this announcement or to correct any inaccuracies, and the distribution of this announcement shall not be deemed to be any form of commitment on the part of Kainos to proceed with the Offer or any transaction or arrangement referred to herein. This announcement has not been approved by any competent regulatory authority.

This announcement does not constitute a recommendation concerning the Offer. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance. Potential investors should consult a professional advisor as to the suitability of the Offer for the person concerned.

Investec, which is authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the FCA, is acting exclusively for Kainos and no one else in connection with the Offer, and will not regard any other person as a client in relation to the Offer, and will not be responsible to anyone other than Kainos for providing the protections afforded to clients of Investec or for giving advice in relation to the Offer or the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offer, Investec or any of its affiliates, acting as investors for their own accounts, may subscribe for or purchase Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of Kainos or related investments in connection with the Offer or otherwise. Accordingly, references in the Prospectus, once published, to the Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue, or offer to, or subscription, placing or dealing by Investec or any of its affiliates acting as investors for their own accounts. Neither Investec nor any of its affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, neither Investec nor any of its affiliates or any of their respective directors, officers, employees, advisers or any other person accepts any responsibility or liability whatsoever and makes no representation or warranty, express or implied, in relation to the contents of this announcement, including its truth, accuracy, completeness or fairness (or whether any information has been omitted from the announcement) or any other information relating to the Group made or purported to be made by it, or on behalf of it (or any of its operating company undertakings or affiliates or any of their respective directors, officers, employees or advisers), Kainos, the Directors or any other person, in connection with Kainos, the Ordinary Shares or the Offer, whether written, oral or in visual or electronic form and howsoever transmitted or made available, and nothing in this announcement or any such other information shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Investec accordingly disclaims to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this announcement or any such other information.

The Offer timetable, including the date of Admission may be influenced by factors such as market conditions. There is no guarantee that Admission will occur and investors should not base their financial decisions on Kainos' intentions in relation to Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. The value of securities can decrease as well as increase.

Certain figures in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

## **Overview**

Kainos is a high growth UK-based provider of IT services, consulting and software solutions.

The Group was founded in April 1986 as a joint venture between ICL and QUBIS. The Group specialises across multiple sectors in the development of digital technology solutions; software design and agile software development; third party software integration and implementation services; technology support services; and related ancillary services such as project management.

The Group is headquartered in Belfast, Northern Ireland and has approximately 730 staff across its seven offices.

## **Divisions**

The Group operates as three divisions: Digital Services, Evolve and Workday Implementation Services. Each division benefits from sharing the Group's skilled consulting, project management and software engineering workforce. The Group also provides human resources, finance, legal, quality assurance, facilities and certain administrative functions to each division.

### **Digital Services**

The Government's Digital Strategy aims to re-engineer UK Government's interactions with its citizens, in particular migrating paper-based and often labour-intensive processes towards more streamlined, efficient, online services which are more accessible and easy to use. Digital Services delivers full IT systems development for customised online digital solutions for UK Government departments and agencies as well as for large private sector organisations.

The primary customer focus of the division is on the many individual departments of UK Government, with activities ranging from bespoke software development using open source software and agile development methodologies to IT support and maintenance. Digital Services is one of a number of suppliers engaged by the UK Government to participate in its digital 'exemplar' programme, a series of 25 high-profile digital software projects carried out across Central Government departments and agencies between 2013 and 2015. These exemplar projects have been designed to provide reference sites for future digitisation of citizen-government projects and interactions.

Typical solutions involve high volume, complex, online digital interactions between a government department or agency and UK citizens. For example, over 700,000 digital 'transactions' occurred on the View Driving Licence exemplar project between April 2014 and April 2015. Private sector projects typically involve the development of similarly complex online digital solutions together with multi-year operations and maintenance support services. Digital Services also offers managed IT services that provide customers with oversight and maintenance of their software applications in Cloud-based environments.

Examples of Digital Services' customers include Home Office, the Department for Work and Pensions (DWP) and the Welsh Assembly Government.

### ***Market opportunity***

GDS in conjunction with other UK Government departments and agencies has identified approximately 780 government to citizen 'transactions' that could be digitised and is actively working with UK Government departments and agencies to enable this. Of these, the Directors believe there are approximately 275 that have been identified as a priority for UK Government and which would represent a market opportunity for Kainos of more than £1.0 billion over the next five years. The Group has acted as lead supplier to four and played an active role in a further three of the 25 'exemplar' projects undertaken by GDS to date and the Directors believe that, given this track record, Kainos is well-positioned to take advantage of this opportunity.

In addition, the Directors expect that other UK public sector organisations outside Central Government such as Regional Government and Local Government, police, healthcare and education, will also follow a similar 'GDS-style' approach towards procurement and implementation of citizen-centric IT services.

### **Evolve**

Kainos provides digital services to healthcare providers such as hospitals, ambulance services and community care organisations with its proprietary Evolve software solution, which was developed in conjunction with medical practitioners and hospital managers. It is used for digitisation, storage and workflow of patient records.

Evolve is the UK market leader in the digitisation of patient notes in the Acute Sector of the NHS, automating the digitisation of medical case notes and operational documents, enabling them to be captured, intelligently tagged and used in digital environments. Evolve has been licensed to a total of 26 Acute English NHS Trusts covering over 70 NHS hospitals, assisting those hospitals to meet the Government's stated desire to achieve a 'paperless' NHS by 2018.

Evolve's customers enjoy lower cost, increased efficiency and clinical benefits by having easy and timely access to patient information through the use of Evolve.

Licensed Trusts include Chelsea and Westminster Hospital NHS Foundation Trust, Bradford Teaching Hospitals NHS Foundation Trust and Lancashire Teaching Hospitals NHS Foundation Trust.

### ***Market opportunity***

In the UK, the Directors believe that 101 Acute English NHS Trusts have yet to decide on an EDRM solution. The Directors believe that approximately 110 healthcare organisations in the UK and Ireland are likely to choose an EDRM solution by 2020, providing a total market opportunity of approximately £200 million over the next five years. Further, the Directors believe that Evolve can extend beyond the Acute Sector of the NHS and into the Community, Ambulance and Mental Health sub-sectors of the NHS, as well as establishing a presence in healthcare outside the UK.



## **Workday Implementation Services**

Workday provides Cloud-based human capital management software, which enables enterprises to organise their staff efficiently and analyse their workforce data. Workday's software suite covers the full 'hire-to-retain' life cycle of human capital management as well as the core functions of accounting, revenue management, accounts payable and receivable, expenses and other financial management.

Workday is disrupting a market which has been dominated by traditional "on premise" vendors such as Oracle and SAP and is rapidly increasing its share of a market which is estimated to be worth over \$15 billion annually by 2018. Workday was founded in 2005 by Aneel Bhusri and David Duffield who are both industry veterans and were the founders of PeopleSoft, the ERP vendor acquired by Oracle in 2005 for \$10.3 billion. Workday completed its IPO on the New York Stock Exchange in 2012 with a market capitalisation of approximately \$4.5 billion which has since almost quadrupled. It serves over 700 enterprise customers worldwide.

Workday was founded with the intention of revolutionising the current \$12.2 billion human capital management software market but is increasingly moving into the broader enterprise software ERP market estimated as being \$35.4 billion by 2018. Workday's software product was designed around a Cloud-based delivery model and engineered to support complex high volume transactions, with high performance enabled by 'in memory' execution. The user interface emphasised ease of use and adopted a look-and-feel common in the consumer software market. Support for mobile workers using mobile devices took priority over traditional desk-based work models and data analytics capability was considered at the outset rather than as a later adjunct to the design.

Kainos is the only boutique Workday partner headquartered in the UK, responsible for implementing Workday's innovative SaaS platform for enterprise customers. The Group provides consulting, project management, integration, support and testing services for the Workday software suite. The Group has also developed Kainos Smart, a proprietary tool that automates the testing of initial Workday deployments and all subsequent software updates.

Kainos' Workday customers include major blue-chip organisations such as Diageo, Netflix, easyJet and the Metropolitan Museum of New York.

### ***Market opportunity***

Workday is increasingly moving into the broader enterprise software ERP market estimated to be worth \$35.4 billion by 2018, offering financial management systems (already live in over 50 customers) and other applications in its expansion into this broader market place. The Directors believe that Kainos will benefit from Workday's expansion as this will enable the Group to offer implementation services across the wider ERP market and not just the HR sub-sector.

In addition, Workday is increasingly looking to expand in continental Europe and the Directors believe Kainos is well placed to take advantage of this anticipated expansion.

## **Key Strengths**

The Directors believe that the key strengths of the Group are:

- ***The Group's reputation***

The Group has a long history of delivering complex projects and saving money for its customers in both the public and private sectors.

- ***Established market position, high barriers to entry and significant growth opportunities***

Kainos' three divisions have all established market-leading positions in markets with high barriers to entry whilst also enabling opportunities for continued expansion. The Group has a clear strategy to achieve sustained revenue, profit and cash flow growth across each of its divisions.

- ***Experienced, highly skilled and capable employee pool containing high levels of technical and domain knowledge***

The Group's employees have longevity of employment and show low levels of attrition: 15 staff members have been with the Group for over 20 years and 20 per cent. of management have been with the Group for over ten years, while employee annual turnover is 8 per cent across the Group.

- ***Strong, long-term relationships with its customer base***

The Group's ability to build long-term, mutually beneficial relationships with its customer base, which is due to two primary factors: the calibre of the Group's employees which has allowed them to gain the trust of customers at all levels; and, the Group's track record of having consistently delivered results to its customers over a period of almost 30 years. This dedication to delivering working solutions consistently is a major factor in customers remaining with the Group for the long-term.

- ***Economies of scale and diversification across multiple sectors***

The Group's flexibility and responsiveness. The majority of the technical workforce operates as a single resource pool which can be deployed as required across the operating divisions. This complements the increasing levels of specialist skills in each division whilst also enabling Kainos to mitigate the risks associated with slow down in a particular market and provides confidence for continued expansion.

- ***Favourable market dynamics and drivers***

Kainos operates in markets experiencing structural and technological disruption, a situation which the Directors believe is likely to create long-term opportunities for the Group. The Directors believe that Kainos' skilled employee base and experience allows it to capitalise on these factors and take advantage of this disruption to capitalise on the long-term anticipated growth in its end-markets.

- ***Ability to recruit experienced and entry level staff of a high calibre and continue to develop their skills and abilities***

The Group makes significant investment in a dedicated recruitment and talent management function. In addition, the Directors believe that the Group is an employer of choice in its key employee locations of Belfast, Northern Ireland and Gdansk, Poland. The Directors believe that this level of investment in high-quality recruitment remains a core strength.

- ***Robust financial track record and high levels of recurring and repeating revenue***

The Group's revenue has increased from £29.9 million to £60.8 million (giving a compound annual growth rate of 43 per cent.) over the period from the financial year ended 31 March 2013 to the financial year ended 31 March 2015. Recurring and repeating revenue amounted to 88 per cent. of revenue in the financial year ended 31 March 2015 (75 per cent. in the financial year ended 31 March 2014).

- ***Proprietary technology and domain knowledge***

The Group has extensive domain knowledge in each of its three divisions. In addition, the Group provides a combination of proprietary software maintenance and support services to its clients.

- ***Proven and experienced management team***

Several members of the team have held senior roles in global blue-chip organisations and others, including the CEO, have worked for the Group for over 20 years. The Directors believe that this blend of talent, experience and trust mean that the Group is well-positioned to manage high growth in a disciplined and collaborative manner.

## **Group Strategy**

The strategy of the Group is to achieve sustained revenue, profit and cash flow growth in its chosen markets. In this regard, the Group's strategy includes:

### **Group**

- Maintaining the quality and loyalty of staff through continued investment in career development and by providing interesting, varied and rewarding careers for the brightest graduates and experienced hires. This is being formalised into a structured training programme (Kainos MAP ('Master, Accomplish, Progress'));
- Continuing to invest in the Group's staff to ensure that the Group delivers high levels of customer satisfaction. It is working to maintain the already high levels of staff retention while developing its technological expertise and capabilities and solving increasingly complex problems for the Group's customers;
- Creating intellectual property across the Group to build on its existing track record of developing significant proprietary intellectual property to continue to enhance its existing verticals as well as identifying opportunities for new markets;
- Increasing the Group's market share with the purpose of targeting potential new customers and exploiting the opportunity created by the Government's "Digital by Default" approach to citizen interactions; the changing procurement dynamics in the NHS following the demise of the National Programme for IT; and the migration of key ERP software solutions to a SaaS delivery model;
- Maintaining the level of attention paid to the Group's customers to ensure that they are satisfied and willing to stay engaged with Kainos for even longer periods; and
- Exploiting the growth of Big Data and Analytics across Kainos' industry verticals by strengthening the Group's capabilities in this area, both through direct investment in skills and by partnerships.

### **Digital Services**

- Continuing to lead as a digital service supplier to Central Government departments and agencies and seeking to exploit this position by deepening relationships with selected large Central Government departments and agencies through the successful delivery of beta and live releases in major programmes;
- Increasing business levels within Regional Government and Local Government;
- Executing on identified cross-selling opportunities with Central Government customers, embedding Kainos firmly in the public sector for the long-term; and
- Increasing level of long-term support and maintenance engagements in the public sector.

## **Evolve**

- Maintaining and extending the Group's market-leading position within the Acute Sector of the NHS;
- Growing the Group's presence outside the Acute Sector of the NHS (building on experience gained in the integrated healthcare environments in Northern Ireland) and outside the UK;
- Continuing to develop Evolve with increasing focus on mobility, supported by a Cloud-ready platform which will increasingly allow for NHS care providers to use the product on a SaaS basis, funding it through operating expenditure rather than capital expenditure. The Directors believe that this flexibility will be attractive to a broad range of healthcare providers in the UK and will also support the potential internationalisation of the business;
- Creating opportunities for strategic growth and differentiation through plans to focus future development of its mobile solutions exclusively on Apple's iOS operating system (the Group's success in winning the South East Coast Ambulance Trust contract in 2015 has highlighted the ability to utilise Evolve for iPad as a mobile platform for non-Acute Trusts); and
- Consolidating and growing its reputation in mobile and other healthcare applications by developing further IP on the Evolve platform.

## **Workday Implementation Services**

- Extending Kainos' leading position as a boutique partner in the Workday ecosystem in the UK;
- Expanding implementation services in mainland Europe by opening an office base in Amsterdam and increasing headcount to support demand while minimising risk through the use of serviced offices and support from London-based implementation staff;
- Continuing to develop IP in testing and integration to support the Workday software suite; and
- Expanding in the USA by expanding the Boston office from the current level of two staff to support sales of the SMART product in the USA Workday customer base. Expansion will again be facilitated through secondment of existing staff based in serviced offices until demand increases.

## **Dividend policy**

The Board intends to adopt a progressive dividend policy for Kainos from Admission which will look to maximise Shareholder value and reflect its strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund ongoing operating requirements and invest in Kainos' long-term growth. The Directors intend that the Group will pay an interim and a final dividend to be announced at the time of the interim and preliminary results of the Group in the approximate ratio of 1/3: 2/3. The Directors' intention is to target a dividend cover of 1.75x and expect to pay a full interim dividend in December 2015.

## **Board of Directors**

### **Executive Directors**

#### **Dr Brendan Mooney, 48, *Chief Executive Officer***

Brendan is the CEO of Kainos responsible for setting the strategic direction of Kainos and for overseeing profitable growth. He studied Computer Science at University of Ulster, Jordanstown and was awarded an honorary Doctorate (DSc.) for services to business development. Brendan joined Kainos in 1989 as a graduate software engineer before moving into a number of technical and commercial roles. He was

appointed Managing Director of Kainos in 2001. In addition to his role at Kainos, Brendan has been a Non-Executive Director at Meridio, Property News, the Probation Service for Northern Ireland, and until recently, was a serving lay magistrate. Brendan has over 25 years' of technical, business development and management experience.

**Richard McCann, 50, *Chief Financial Officer and Chief Operating Officer***

Richard serves as the Chief Financial Officer and Chief Operating Officer. Richard joined Kainos in 2011, with over 20 years' experience in accounting. He joined Galen Holdings plc as financial controller of a start-up subsidiary in the US and subsequently became Senior Vice President in charge of Corporate Finance with responsibility for the organisation's acquisitions and investor relations. He served as the Managing Director of two subsidiaries in the Almac Group, including a US subsidiary that provides software development services for pharmaceutical companies. He is a Fellow of the Institute of Chartered Accountants in Ireland and trained with Coopers & Lybrand, before moving in to industry with Galen Holdings plc.

**Paul Gannon, 52, *Sales Director***

Paul is the Sales Director for Kainos, responsible for all product and service sales activities in Kainos. He studied Engineering at Trinity College, Dublin and joined Kainos in 1998 as the sales manager for Ireland. Paul subsequently took on a company-wide role in strategy and marketing. Before joining Kainos, Paul spent four years in a sales role with ICL in Dublin and prior to that worked as a management consultant for Accenture in London. He started his professional career working for Siemens in Munich. Paul has over 25 years' experience of business development and sales in technology companies.

**Non-Executive Directors**

**Dr John Lillywhite, 74, *Non-Independent Non-Executive Chairman***

John is a Fellow of the Institute of Management Accountants and has been in the Information Technology industry for over 50 years. In 1997 he stepped down as Group Finance Director of ICL (now Fujitsu Services) after a long career with the group in which he worked in the UK, Europe, USA and the Far East filling roles in divisional management and various aspects of finance. In the last two years before stepping down he was group CFO with responsibility for acquisitions, disposals, start-ups and recovery programmes. John then started his own company advising and investing in software start-ups. He has been Chairman of seven start-up companies. Three have been sold profitably, one is mothballed, two continue to trade successfully (one on AIM) and he remains chairman of one. He is also a trustee director for a large pension fund. In 2011 he was awarded a Doctorate by Queen's University, Belfast for services to Commerce and Industry.

**Andy Malpass, 53, *Senior Independent Non-Executive Director***

Andy has over 30 years' experience in the software industry covering both private and public companies, including, most recently, being Group Finance Director of Fidessa Group plc (formerly, Royalblue Group plc) since joining in 1995. Andy also served as Company Secretary of Fidessa Group plc. He is a Fellow of the Chartered Institute of Management Accountants. He has a BA (Hons) in Accounting and Finance from Lancaster University.

**Chris Cowan, 56, *Independent Non-Executive Director***

Chris owns a board advisory business focused on digital transformation and has been at Accenture for over 20 years, having previously been the Managing Director of Accenture's Telco and Media business in the UK; Accenture's Telco Industry Managing Director for EALA; Chairman and CEO of Digiplug (an Accenture Digital business); and Managing Director of Value Partners Group's UK business.

**Tom Burnet, 47, *Independent Non-Executive Director***

Tom is CEO of AIM-listed company accesso Technology Group plc, a leading supplier of technology platforms to the global leisure and attractions market, serving over 1,000 clients in 22 countries. In his two previous appointments he was Managing Director of Serco's Defence Services division and Managing Director of QinetiQ's consultancy business. He started his career as the UK's youngest Army Officer serving in the Black Watch (R.H.R.). He has an MBA from the University of Edinburgh and enjoys skiing, travel, golf and is a member of the Queen's Bodyguard in Scotland.