Group Summary

OVERVIEW

• Kainos is a high growth, high-margin company providing IT services, consulting and software solutions
  – Digital Services – online platforms for UK Government and Commercial customers
  – Evolve – digitised patient records for UK NHS and international clients
  – WorkSmart – implementing Workday SaaS HR for enterprise customers

• Financials
  – Strong, organic revenue growth
  – Good visibility: £72m contracted backlog
  – Strong, sustainable PBT: 18%
  – Cashflow conversion: 77%
    • Balance is working capital to fund growth
Group Overview

Kainos is a high growth, high-margin company providing digital technology solutions and agile software development through three divisions.

Digital Services
Building online digital platforms for UK Government Departments

Evolve
Delivering digitised patient records for the NHS and international clients

WorkSmart
Implementing the Workday SaaS HR platform for enterprise customers

Market size (to 2020): £600m in the UK NHS and c$1bn in USA

Displacing SAP and Oracle product stack with cloud-based HR software

Common skills across divisions: consulting, project management, software engineering, testing, application support

Highly selective recruitment: hired 1.9% of 11,222 applicants in FY16

Customer base includes global corporates, large UK Government and healthcare organisations

Have relevant, multi-year IT requirements, prefer long-term relationships, driving repeat business

Notes: (1) Addressable market for Kainos
**Growth Story**

**Digital Services**
- Build deeper relationships with current customers
- Increase number of large central government clients
- Increase business in regional and local government

- **c. 300 ‘transactions’ to be digitised by 2020 = £1bn addressable opportunity**

**Evolve**
- Continue to dominate NHS Acute market
- Expand into Ambulance, Community and Mental Health sectors
- Develop the international opportunities for Evolve Integrated Care, supported by our Apple relationship

- **c. 100 Trusts, c. 90 Clinical Commissioning Groups to procure = £600m addressable opportunity**

**WorkSmart**
- Expand into Europe, opening dedicated offices
- Extend our Workday services beyond HR (recruitment, analytics, financials)
- Accelerate sales of Smart our automated testing platform for Workday releases

- **Addressable market opportunity through 2020 is £350m**

**Skills**
Maintain the quality of our staff through continued investment and incentivisation

**Customers**
Continue to develop long-term relationships, driving repeat and recurring business
FY2015-16 Full Year Performance
Financial Overview

COMMENTARY

• FY 2016 revenue and profit in line with market expectations
  – 5\textsuperscript{th} consecutive year of revenue growth
  – 5\textsuperscript{th} consecutive year of profit growth

• Significant, software-led international expansion
  – Evolve and WorkSmart signed significant international contracts ($13m)
  – Increasing investment in FY 2017 to drive international growth

• Adjusted diluted EPS: 10.5p per share\(^{(1)}\)
  – EPS FY 2015, 8.5p per share

• Final Proposed Dividend: 4.2p per share
  – Interim dividend of 1.8p per share
  – Payment date: 21/10/2016

\(^{(1)}\) Adjusted to remove the effect of exceptional items and share-based payments

<table>
<thead>
<tr>
<th>REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>£76.6m</td>
</tr>
<tr>
<td>GROWTH OF 26%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROFIT (^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>£14.1m</td>
</tr>
<tr>
<td>GROWTH OF 19%</td>
</tr>
</tbody>
</table>
Operational Overview

COMMENTARY

• **Added 62 new customers in FY 2016**
  – Including Office for National Statistics, Queen Victoria Hospital NHS Foundation Trust and New York Metropolitan Museum

• **Kainos Smart Software Performance**
  – 55 international clients now on the SaaS platform including Netflix and Astra Zeneca

• **Break-out wins for Evolve**
  – Significant US and Asia Pacific deals

• **Growth in Digital Services despite UK election**
  – Commitment from Government for accelerated digital projects

SALES ORDERS\(^{(1)}\)

£81.2m
GROWTH OF 8%

BACKLOG \(^{(1)}\)

£63.3m
GROWTH OF 4%

\(^{(1)}\) Value of contracts signed with customers (excluding VAT or other taxes) and excludes 3rd party sales. Sales Orders inclusive of 3rd party are £87.2m (FY 2015: £78.3m); increase of 11%. Contracted backlog inclusive of 3rd party is £71.5m (FY 2015: £73.4m); decrease of 3%
People

COMMENTARY

• Continue to attract and retain high calibre people; 123 people joined in the past 12 months
  – Northern Ireland 458 (+66 people)
  – Great Britain 143 (+2 people)
  – Poland 203 (+55 people)
  – Ireland & International 36 (no change)
  – Total 840 (+123 people)

• Strong hiring plan for FY 2017
  – Expect to pass 1,000 staff during FY 2017

• Employee engagement remains high
  – Increased Sunday Times “Best Companies to Work For” ranking to #37
  – Attrition remains well below industry norms at 9.9% (7.9% FY 2015)

STAFF NUMBERS

840
GROWTH OF 17%

APPLICANTS

11,222
1,589 INTERVIEWS
Customers

COMMENTARY

• Existing clients driving revenue growth
  – Repeat / Recurring: 88.7%
  – New clients: 10.8%
  – Non-recurring: 0.5%

• FY2016 new client acquisition – 62 in total
  – Consulting: 27 (25 in FY2015)
  – SaaS/Licence: 35 (21 in FY2015)
  – Increased opportunity for cross-selling

• Customer satisfaction remains high
  – 96% of customers rate the overall Kainos performance as good, very good or excellent
  – 98% of customers rate Kainos staff as good, very good or excellent at their job
Digital Services Market Summary

COMMENTARY

• Significant increase in market opportunity
  – Estimates indicate spending on digital projects rising to £2.5bn per annum by 2020
  – Central Government IT spend remaining stable at £5bn per annum

• Continued growth of digital in government
  – Complex digital services with integration yet to be tackled
  – Regional government at start of digital journey

• Comprehensive Spending Review positive for digital - £1.8bn allocated

• Assessing opportunity to address digital needs in financial services organisations

MARKET

Competitors
  – Specialist: Valtech, BJSS, ThoughtWorks
  – Large SIs: HP, Atos, Fujitsu
  – Internal IT – limited capacity

Procurement
  – G-Cloud Lot 4 (£388m in 15/16) – Kainos #7 of 2566 suppliers
  – Digital Services Framework II – 169 suppliers; data not yet published
  – Digital Outcomes and Specialists: Kainos on both frameworks

NEW CLIENTS
Digital Services Performance

COMMENTARY

• Increasing demand across existing customers; new customers added
  — Growth excluding re-profiled project: 40%

• Comprehensive Spending Review
  — Delays during review period but strong commitment from government to digital transformation (November 2015)

• Margin impact
  — Mainly due to re-profiled project in Q1 FY2016
  — Q4 2016 margins returning to normal

• Contracted backlog decreased by 21%
  — Backlog at £28.3m (£36.0m FY 2015)
  — Mainly due to re-profiled project

REVENUE

£48.5m
GROWTH OF 11%
GROSS MARGIN
45%
REDUCTION OF 8%
Digital Services Performance

COMMENTARY

• Sales orders
  – Existing customers: £50.5m
  – New customers: £2.8m

• Client concentration reduced
  – Top 5 clients account for 55% (67% FY 2015)

• Continued growth in central government; regional government beginning journey
  – Regional: 111% increase to £7.8m (revenue)

• Referendum on Brexit on 23/06/2016
  – ‘Stay’: no anticipated impact on opportunity
  – ‘Leave’: Existing programmes unlikely to be impacted; mid-term distraction but increased opportunity following multiple legislative changes

SALES ORDERS

£53.3m

GROWTH OF 7%

REVENUE TRENDS
Case study: Ministry of Justice

HMCTS Reform Programme
- HM Courts and Tribunal Service
- Programme to digitise courts
- From 95% cases in courts, to
  - 1/3 in court
  - 1/3 virtual
  - 1/3 digital self service
- £200m IT budget
- Saving £200m per annum from 2019-20

Identity & Access Management Project
- For the Criminal Justice System
- Ensure public, magistrates, solicitors and staff access the right services
- 25,000 magistrates
- 20,000 defence users
- 15,000 Public Sector users
  - Agile Delivery
  - Identity & Access
  - Service Design

Automated Track Case Management Project
- Remove high volume, low level cases from courtrooms
- Speeding, Fare and TV License evasion
- 800,000 non-imprisonable cases pa
- In Alpha with Transport for London.

Lord Justice Fulford, Senior Presiding Judge for England and Wales
“Since the days of King George, little has changed in the way justice is administered in our Courts. The volume of paper has multiplied, but the processes have not changed. This is a once in a generation opportunity to radically overhaul how our Courts operate and administer Justice for all.”
Case study: Scottish Courts Service

Digital Services and Case Management for Civil Proceedings in Scotland

- 600 court officers, 11,000 solicitors and general public
- 39 Sheriff Courts nationwide
- 130,000 Civil court cases per year
- Additional projects: Managed Cloud, Juror Selection, Criminal courts
Healthcare & Technology Requirements

KEY GLOBAL ISSUES AND TRENDS

• Ageing population and chronic diseases
• Cost and quality of healthcare
• Access to specialist physicians

REQUIREMENTS

• A bi-modal healthcare IT delivery model
• To be able to rapidly re-engineer and innovate new care processes with efficient mobile access and capture
• Access to joined-up, comprehensive patient data
• Collaboration between all stakeholders in care provision

IN EUROPE

Estimates point to a shortage of one million health professionals in the EU by 2020 ... and a shortage of 600,000 workers in nursing and a shortage of 230,000 qualified physicians.

Health Strategy and Health Systems in the EU Commission
## Evolve Offerings

<table>
<thead>
<tr>
<th>Offering</th>
<th>Evolve Electronic Medical Record (EMR)</th>
<th>Evolve Integrated Care</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market</strong></td>
<td>NHS (1)</td>
<td>NHS</td>
</tr>
<tr>
<td><strong>License Model</strong></td>
<td>Perpetual (2)</td>
<td>Subscription</td>
</tr>
<tr>
<td><strong>Deployment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Addressable market</strong></td>
<td>UK NHS: £200m</td>
<td>UK NHS: £400m</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partners (Global): $1bn+</td>
</tr>
</tbody>
</table>

### Notes:
1. We see some opportunity to offer Evolve EMR outside the UK NHS
2. Some Evolve EMR modules have been licensed on a subscription basis and we see further uptake of this depending on capital availability
## Evolve Performance

### COMMENTARY

- **Good progress on revenue whilst maintaining strong margins and international investment**
- **Evolve EMR continues to extend leadership position in UK NHS**
  - Added East Sussex, West Sussex, Queen Victoria Hospital and West Middlesex
  - Evolve has now been selected by 33 Trusts (105 hospitals), live in 26 Trusts
- **Evolve Integrated Care**
  - Significant international deals with Intouch Health and Cirdan
  - Total SaaS orders: £3.4m (FY 2015: nil)
- **Contracted backlog increased by 19%**
  - Backlog at £24.8m (£20.9m FY 2015)

### REVENUE (1)

£11.5m

GROWTH OF 72%

### GROSS MARGIN

53%

INCREASE OF 1%

---

(1) These figures exclude 3rd party revenues  
Revenue inclusive of 3rd party is £19.1m (FY 2015: £9.0m); increase of 112%

(2) Contracted backlog inclusive of 3rd party is £32.1m (FY 2015: £32.3m); reduction of 1%
Evolve Performance

COMMENTARY

- Evolve EMR: NHS market remains challenged – high need, but capped funding and lengthy sales cycles remain
  - Department of Health\(^{(2)}\) submission to Spending Review: £3bn, “front loaded for paper free healthcare…”
  - Early indications of a more active market, currently tracking 9 in-year procurements

- Evolve Integrated Care: NHS ‘win’ and international expansion
  - Preferred vendor in significant NHS CCG opportunity
  - Live software in US hospitals scheduled for October 2016 (beta: July 2016)
  - Investment in building US sales teams

SALES ORDERS\(^{(1)}\)

£13.1m
REDUCTION OF 29%

REVENUE TRENDS \(^{(1)}\)

- Licences
- Consulting
- Maintenance

\(^{(1)}\) These figures exclude 3\(^{rd}\) party sales
Sales orders inclusive of 3\(^{rd}\) party is £17.7m (FY 2015: £20.2m); decrease of 12%

\(^{(2)}\) Department of Health Report, authors Tim Donohue, Director of Delivery Informatics and Beverly Bryant NHS England Director of Strategic Systems and Technology. Link
Case Study: Worcestershire Acute Hospitals NHS Trust

- Worcestershire Acute Hospitals NHS Trust
  - 5,500 staff, annual turnover: £360m
  - Worcestershire Royal Hospital (500 beds)
  - Alexandra Hospital (300 beds)
  - Kidderminster Hospital and Treatment Centre
- Delivered in partnership with Xerox

“Evolve for iPad is a complete no-brainer. This improves patient safety enormously: to lose access to this would be like removing radar and radio from commercial jets”

Michael McCabe
Anaesthetics Consultant,
Worcestershire Acute Hospitals NHS Trust
WORKDAY REVENUES ($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>$0.0b</td>
</tr>
<tr>
<td>FY13</td>
<td>$0.5b</td>
</tr>
<tr>
<td>FY14</td>
<td>$0.5b</td>
</tr>
<tr>
<td>FY15</td>
<td>$1.0b</td>
</tr>
<tr>
<td>FY16</td>
<td>$1.1b</td>
</tr>
<tr>
<td>FY17</td>
<td>$1.2b</td>
</tr>
</tbody>
</table>
**Kainos WorkSmart Services - Market Dynamics**

**COMPETITIVE LANDSCAPE**

- **80% of Workday projects implemented by partners**
- **Tightly controlled partner ecosystem**
  - 36 service partners worldwide
  - Kainos is the only software and services partner in ecosystem; and one of only three European Medium Enterprise partners
  - Kainos has 75 certified consultants
  - High barriers to entry; on-going certification
- **Very clear partner tiers:**
  - Boutique: exclusively Workday
  - Global SI: multi-vendor (including SAP, Oracle)
- **UK Ecosystem:**
  - Boutique: Appirio, DayNine, OneSource, Kainos
  - Global: IBM, Deloitte, PWC, Aon, Accenture

### UK MARKET

<table>
<thead>
<tr>
<th>Number of Organisations</th>
<th>Med. Enterprise</th>
<th>Large Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>850</td>
<td>500</td>
</tr>
<tr>
<td>1,000-2,999</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>3,000-14,999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,000+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Logos:**
- DIAGEO
- Primark
- UDG Healthcare plc
- Booking.com
- Icon
- EasyJet
- Travelex
Kainos Smart SaaS

KAINOS SMART IS AN AUTOMATED TESTING PRODUCT BUILT SPECIFICALLY FOR WORKDAY

AUTOMATION IS PRE BUILT AND IN SYNC WITH CURRENT VERSION OF WORKDAY

SMART IS A CLOUD BASED SOLUTION HOSTED ON AMAZON
Kainos Smart Client Case Study

**AstraZeneca**

**COMPANY OVERVIEW**
- 57,500 employees
- $26 billion annual sales
- 65 different countries
- Constant change

**TEST EVENT**
- 51,000 security tests
- One button click
- Execution time: 2 hours 20 mins
- 500+ man days to execute manually

15,360 tests in field permissions

36,480 tests in available actions
## Kainos Smart Customers

Across financial services, government, education, manufacturing and technology

<table>
<thead>
<tr>
<th>Netflix</th>
<th>ICON</th>
<th>AstraZeneca</th>
<th>easyJet</th>
<th>Stripe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shire</td>
<td>Diageo</td>
<td>Thales</td>
<td>Primark</td>
<td>Tyco</td>
</tr>
<tr>
<td>CSC</td>
<td>Mizuho</td>
<td>T. Rowe Price</td>
<td>Maxim Integrated</td>
<td>Zynga</td>
</tr>
<tr>
<td>BROWN</td>
<td>The University of Chicago</td>
<td>Broward College</td>
<td>University of Washington</td>
<td>Babson</td>
</tr>
<tr>
<td>Whiting</td>
<td>Howard County</td>
<td>Cushman &amp; Wakefield</td>
<td>Maryland</td>
<td>RE EGE RES CUE</td>
</tr>
</tbody>
</table>

31/05/2016
Kainos Smart - Market Opportunity

- The only alternative to Kainos Smart is manual testing (or to do nothing)
- Smart utilises a 3-year subscription model
  - Separate modules: HCM, Financials, Security
  - Anticipate renewals every 3 years while client continues to use Workday

- Addressable market is all Workday clients
  - 1,180 clients today and 30%+ annual growth in clients
  - Additional Smart modules on roadmap will support additional revenues
  - Demand for Financials expected to outstrip HCM
WorkSmart Performance

**Commentary**

- **New projects drive strong H2 performance**
  - H2 vs H1 revenue - increase of 23%
  - Five new consulting projects signed

- **Strong recruitment and certification of consultants**
  - 75 certified consultants (+13 from H1 2016)
  - A further 7 consultants in the certification process

- **Smart SaaS product increasing penetration and contributing revenue**
  - Revenues of £1.7m (£0.6m FY 2015), an increase of 183%

- **Contracted backlog increased by 119%**
  - Backlog at £11.1m (£5.1m FY 2015)

**Revenue**

- £9.0m
  - Increase of 10%

**Gross Margin**

- 57%
  - No change
WorkSmart Performance

**COMMENTARY**

- Workday, Inc. continues strong growth (48% in FY2016)

- **Strong WorkSmart H2 sales performance**
  - £12.4m signed in H2 2016 (£3.8m H1 2016)
  - Five new consulting engagements signed, including largest ever consulting project of €4.5m
  - First contracts in Benelux and Workday Medium Enterprise segment signed

- **Smart Automated Testing Platform progress**
  - 55 customers now contracted
  - Subscriptions generated £1.7m (FY 2016) and annual recurring revenue now £2.5m
  - Sales focus remains in US
    - Office in Boston operational
    - Further sales investment identified
Case Study: Icon plc

- Global Workday Support Partner across 37 Countries
- Helping ICON to improve their people processes for over 12,000 employees
- Proactive maintenance and enhancement coupled with reactive fault/fix services
- New and improved functionality being deployed on a weekly basis
Financial Performance
Financials: Income Statement

COMMENTARY

• **Revenue:**
  - Services growth: 13%
  - Licence growth (Evolve and Smart): 101%
  - Top 10 customer concentration: 48% (62% FY15)

• **Gross margin:**
  - Services margin reduction: 5%
  - Utilisation: 72% (73% FY15)
  - Licence margin growth offset by 3rd party margins

• **Operating expenses:**
  - Growing more slowly than revenue
  - R&D expensed to P&L: £2.3m (FY 15 £1.1m)

• **Exceptional items/share based payments:**
  - Gain on SpeechStorm investment sale: £2.0m
  - IPO fees: £1.3m
  - Share-based payments: £0.5m

• **Underlying tax rate: 16%**
  - Will change next year with RDEC accounting change

---

INCOME STATEMENT

<table>
<thead>
<tr>
<th>£m</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Services</td>
<td>31.8</td>
<td>43.6</td>
<td>48.5</td>
<td>24%</td>
</tr>
<tr>
<td>Evolve</td>
<td>5.9</td>
<td>9.0</td>
<td>19.1</td>
<td>79%</td>
</tr>
<tr>
<td>WorkSmart</td>
<td>4.2</td>
<td>8.2</td>
<td>9.0</td>
<td>47%</td>
</tr>
<tr>
<td>Revenue</td>
<td>41.9</td>
<td>60.8</td>
<td>76.6</td>
<td>35%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>21.5</td>
<td>32.4</td>
<td>37.1</td>
<td>31%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>51%</td>
<td>53%</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(14.2)</td>
<td>(20.1)</td>
<td>(22.3)</td>
<td>25%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>7.4</td>
<td>12.3</td>
<td>14.7</td>
<td>41%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(0.4)</td>
<td>(0.5)</td>
<td>(0.7)</td>
<td></td>
</tr>
<tr>
<td>Adjusted Profit before tax</td>
<td>7.1</td>
<td>11.8</td>
<td>14.1</td>
<td>41%</td>
</tr>
<tr>
<td>PBT margin</td>
<td>17%</td>
<td>19%</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Exceptional items &amp; share based payments</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>7.1</td>
<td>11.8</td>
<td>14.3</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(1.6)</td>
<td>(2.1)</td>
<td>(1.8)</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>5.5</td>
<td>9.8</td>
<td>12.4</td>
<td></td>
</tr>
</tbody>
</table>
Financials: Balance Sheet and Cash Flow

COMMENTARY

• **Balance Sheet:**
  - Limited fixed assets; IT, office equipment
  - Investment in Cirdan Imaging: £0.9m
  - Underlying trade debtors/WIP total 67 days (FY15 76 days)
  - Working capital similar by division
  - Significant cash reserves and debt free
  - Dividends include £11.2m pre IPO special dividend

• **Cashflow:**
  - Cash conversion 77%
    - Impact of working capital growth: 26%
    - Working capital growing in line with revenue
  - Capex growing with business
  - Dividend of 4.2p (£5.0m) proposed
  - Total dividend 6.0p (£7.1m)
  - Dividend cover 1.75 times (full 12 months excluding exceptional items)

### BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td>2.2</td>
<td>1.8</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>-</td>
<td>-</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Other current assets</strong></td>
<td>18.5</td>
<td>21.0</td>
<td>24.0</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td>5.8</td>
<td>16.8</td>
<td>15.0</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>26.5</td>
<td>39.6</td>
<td>42.0</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>-11.4</td>
<td>-15.9</td>
<td>-16.1</td>
</tr>
<tr>
<td><strong>Shareholders' funds</strong></td>
<td>15.1</td>
<td>23.7</td>
<td>25.9</td>
</tr>
</tbody>
</table>

### CASH FLOW

<table>
<thead>
<tr>
<th></th>
<th>FY 14</th>
<th>FY 15</th>
<th>FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>7.4</td>
<td>12.3</td>
<td>14.7</td>
</tr>
<tr>
<td><strong>Net cashflow from operating activities</strong></td>
<td>6.3</td>
<td>16.0</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Cash conversion</strong></td>
<td>85%</td>
<td>130%</td>
<td>77%</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>(0.3)</td>
<td>(2.4)</td>
<td>(2.5)</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>(0.5)</td>
<td>(0.9)</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>(0.7)</td>
<td>(1.3)</td>
<td>(13.3)</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td>(2.1)</td>
<td>(0.4)</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td>-</td>
<td>-</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Exceptional Items</strong></td>
<td>-</td>
<td>-</td>
<td>(1.3)</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow)</strong></td>
<td>2.7</td>
<td>11.0</td>
<td>1.7</td>
</tr>
</tbody>
</table>

1. EBITDA adjusted for exceptional items and share based payments
2. Adjusted for taxation, director loan repayment pre IPO and exceptional items
Summary
Summary

COMMENTARY

• Excellent growth across all operating parameters, delivering in-line FY 2016 trading performance

• Increasing demand from existing customers, augmented by new customer acquisition

• Underlying market conditions remain robust, supporting a strong pipeline

• International activity yielding significant contract wins; increasing sales and marketing investment in line with revenue opportunities

• Talent acquisition and retention continue as key competitive differentiators

FY2016 PERFORMANCE

£76.6m
REVENUE GROWTH OF 26%

£14.1m
PROFIT(1) GROWTH OF 19%

£81.2m
SALES ORDERS(2) GROWTH OF 8%

£63.3m
CONTRACTED BACKLOG(2) GROWTH OF 4%

(1) Adjusted to remove the effect of exceptional items and share-based payments.
(2) Value of contracts signed with customers and excludes 3rd party sales.
Legal and Confidentiality Statement

This document contains statements about Kainos Group plc that are or may be forward-looking statements. Forward-looking statements include statements relating to (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Kainos Group plc’s operations; and (iii) the effects of government regulation on business.

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.

No representation or warranty, express or implied, is given regarding the accuracy of the information or opinions contained in this document and no liability is accepted by Kainos Group plc or any of its directors, members, officers, employees, agents or advisers for any such information or opinions.

This information is being supplied to you for information purposes only and not for any other purpose. This document and the information contained in it does not constitute or form any part of an offer of, or invitation or inducement to apply for, securities.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of laws of any such other jurisdiction.

© Kainos Group plc 2016. All rights reserved.