Full Year Results
12 months ended 31st March 2020

Brendan Mooney (CEO) and Richard McCann (CFO)

26 May 2020
Highlights.
A strong performance in-line with market expectations.

A strong performance in-line with market expectations.
- Revenue, profit and sales orders all showing progress.

Revenue diversification continues.
- International revenues up 72% to £39.9m.
- Commercial revenues up 58% to £63.1m.

Digital Services – solid growth delivered in uncertain macro environment.
- Significant ongoing engagements in UK government’s digital transformation programme, with solid progress in Healthcare and Commercial Sectors.

Workday Practice – high growth and international expansion continues.
- Workday Services and Smart both recorded exceptional growth.
- Adaptive Insight practice enhanced by acquisitions in UK, USA and Germany.

Continuing to build an exceptionally talented team.
- 1,715 people now working at Kainos, across 15 offices.

(1) Organic revenue growth was 17.5%
(2) Adjusted to remove the effect of share-based payments and related costs.
(3) After £7.4 million purchase of site for the development of future Belfast office and £4.6 million partial cash consideration for completed acquisitions.
Invoked response plan on 5 March, placing our people in the safest environment.
- Implemented home working for 1,700 people in seamless fashion.
- No disruption of service to customers, with positive ongoing engagement.

Near-term demand solid, but too early to accurately assess impact on customers.
- Stable demand from existing customers, new client acquisition slowed.
- Expect government and healthcare sectors to be more robust during crisis.
- Anticipate short-term weakness in new project spend in Workday segment.

Implemented cost reductions as part of our Covid-19 response.
- Placing staff on furlough, deferring salary increases, curtailing bonus schemes.
- Six-month salary/fee reductions at Board and Executive levels, from 20%-100%.
- Prudent to manage costs, without limiting our longer-term growth prospects.

Benefit from strong cash balance (£40.8m), but dividend impacted.
- The Board has decided not to declare a final dividend for FY20 and to take the opportunity to review the dividend position later in the year, when the impact of the Coronavirus pandemic becomes clearer.

Thank you for your hard work delivering the new isolation note service. This has been a big priority from No 10, the Chancellor, the SoS for Work and Pensions and our own SoS for Health.

I know a lot of hours have been put into this over a short space of time, and wanted you to know we really appreciate it, as will many GPs whose jobs will be made easier as they deal with the unprecedented pressure on the system.

The work you are doing is making a difference.

Chris Fleming, NHS Digital NHS App Programme Director
## Covid-19 Response.
Supporting the NHS and the UK Public Sector as it fights the pandemic.

<table>
<thead>
<tr>
<th>ISOLATION NOTE</th>
<th>HOME TESTING</th>
<th>WELSH GOVERNMENT</th>
</tr>
</thead>
</table>
| Isolation notes provide employees with the evidence for their employer to self-isolate for 7 days without the need to visit their GP, helping to reduce the spread of the virus.  
We were able to deploy the new service in less than two weeks.  
The service went live on 20 March and has issued over 1.3 million isolation notes. | National scale service allowing people to book an appointment at a testing centre or request a home test.  
Kainos asked to join the project on 17 April.  
Service launched to key workers in just one week, to over 65's and NHS 111 Referrals in two weeks and to all UK residents in four weeks.  
The service is currently sending c.20,000 home test kits per day. | The Welsh Government announced a £1.1bn economic support package on 30 March.  
Kainos built the service for grants to Micro and SME businesses.  
Kainos started the project on 3 April, the citizen-facing app was live on 16 April followed by back office processing on 22 April.  
In the first 3 days there were 6,674 applications totalling £152 million. |
Group Overview.
Long-term, strong revenue growth trends in both Digital Services and Workday Practice.

**DIGITAL SERVICES**
- CAGR: 16%
- £68m to £75m to £117m to £123m

**WORKDAY PRACTICE**
- CAGR: 58%
- £9m to £15m to £22m to £34m to £56m

• 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 truly intelligent solutions that are secure, accessible and cost-effective.

• 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 tenth consecutive year of revenue and adjusted pre-tax profit growth.

Five-year (2016-2020) revenue CAGR of 24%.

R&D activity, investment of £3.9m expensed (2019: £4.3m).

Key Financial Metrics.
- Good revenue visibility: backlog up 47% to £180.0m (2019: £122.2m).
- Strong, sustainable adjusted pre-tax profit\(^{(1)}\) margin: 14% (2019: 15%).
- Cash balance down 4% to £40.8m (2019: £42.5m), after £7.4 million purchase of office site, cash consideration for completed acquisitions.

Earnings - Dividend.
- Adjusted diluted EPS: increased by 8% to 16.6p per share (2019: 15.4p).
- Interim dividend paid 3.5p per share, no final dividend declared.
- FY20 total dividend 3.5p per share (2019: 9.3p).

\(^{(1)}\) Adjusted to remove the effect of share-based payments and acquisition-related costs.
Our People.

We continue to build an exceptionally talented and engaged workforce.

Building a talented team is key to our long-term success.

We continue to attract strong interest in key recruitment markets, with a 17% increase in headcount.
- 579 people joined, 92 from education, 487 from industry.

Employee engagement is positive and remains a key priority.
- Retention has increased to 90% (2019: 85%).
- Confirmed at #86 in Sunday Times Best Companies, Top 100 survey.

Increased international expansion reflected in recruitment.
- UK & Ireland: 1,258 (+124 people).
- Poland: 279 (+3 people).
- Central Europe: 72 (+37 people).
- North America: 106 (+81 people).
Our Customers.
Delivering value to our clients drives long-term relationships.

Best-in-class customer service drives high levels of ongoing revenue.

- 97% of customers rate the overall Kainos service as ‘good’ or better (2019: 91%).
- Existing client revenue up 16% to £154.8m, (2019: £133.3m).

New client acquisition drives multi-year revenue streams.

- Total customers at 465 with 100+ new customers signed in FY20.
- FY20 revenue ‘churn’ 1.4%.

CUSTOMER RETENTION
New client acquisition drives multi-year revenue streams.

Existing customers underpin growth, at 87% of revenue.

- Recurring revenue up 42% to £35.7m (2019: £25.1m).
- Repeat revenue up 10% to £119.1m (2019: £108.2m).
Revenue Progression.

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

Our ambition has been to grow all sectors, but also build a more balanced revenue base.

- Commercial customer revenue has increased 58% to £63.1m (2019: £40.0m) and now represents 35% of total revenue.

Our ambition has been to grow locally, nationally and internationally.

- International revenue has expanded 72% to £39.9m (2019: £23.2m) and now accounts for 22% of Group revenue.

(1) Our internal reporting combines UK & Ireland as a single territory. In 2020, revenues of £5.0m were from customers based in the Republic of Ireland.
Digital Services
Digital Services Overview.

Solid revenue growth, exceptional sales execution building a strong backlog.

Solid performance in face of uncertain UK political landscape.

- Revenue up 4% to £122.5m (2019: £117.3m).
- Very strong sales performance, sales orders up 38% to £169.3m (2019: £122.7m).
- Very strong backlog growth, up 48% to £123.5m (2019: £83.6m).

Growth achieved across all sectors.

- Growth in Commercial (15%), outpacing Public Sector (2%).
- Healthcare revenues, including Evolve, increased by 7%.

### SECTOR REVENUE

- **Public Sector**
  - FY16: £19m
  - FY17: £14m
  - FY18: £10m
  - FY19: £13m
  - FY20: £15m

- **Healthcare Sector**
  - FY16: £40m
  - FY17: £45m
  - FY18: £51m
  - FY19: £85m
  - FY20: £86m

- **Commercial Sector**
  - FY16: £8m
  - FY17: £10m
  - FY18: £10m
  - FY19: £13m
  - FY20: £15m

### DIVISION REVENUE

- £122.5m
  - UP 4%

### SALES ORDERS

- £169.3m
  - UP 38%

### BACKLOG

- £123.5m
  - UP 48%
Public Sector revenue increased 2% to £86.4m (2019: £84.6m).
• Good performance with the backdrop dominated by the leadership contest, the general election and the uncertainty generated by the Brexit debate.
• Significant extensions at DfT (Street Manager), DIT (Lite Exports), FCO (Consular Systems), HMCTS (Testing), Land Reg (Digital & Data), WRA (Taxation Support).
• New projects with Companies House (Digital Partner), DVSA (Future Theory Test Service), HMRC (Transaction Monitoring platform, ONS (Matching Service).

Strong progress in Commercial Sector, up 15% to £15.3m (2019: £13.3m).
• Stable demand from existing clients, with new projects underway at Intelligent Growth Solutions (IGS), Canada Life and Inspired Thinking Group (ITG).

Partnership with NHS driving Healthcare revenues up 7% to £20.8m (2019: £19.4m).
• Working closely with NHS Digital to help deliver several urgent requirements to support the NHS COVID-19 response.
• Awarded competitive renewal of the NHS App programme.
• Secured key project to deliver the National Integration Adaptor programme.
Digital Services Customers.

We have established a clear reputation for delivering value, at scale and at pace.
Customer Stories.
Significant projects for leading Commercial and Public Sector organisations.

INTELLIGENT GROWTH SOLUTIONS

- Founded in 2013.
- Headquartered in Edinburgh.
- KPMG’s Best British Tech Pioneer finalist.

- Cloud-based interactive lighting solution for buildings.
- Delivering significant power reductions and enhanced controls while reducing installation and maintenance costs.
- Azure-first IoT solution.

COMPANIES HOUSE

- Approximately 1,000 staff.
- 2.2bn company searches per year.
- 4 year digital transformation programme under way.

- Engaged to lead across delivery of digital services.
- In 4 months Kainos delivered an appeals service for late filing penalties.
- 3 additional Kainos teams will deliver services arising from the Register reform.
Workday Practice
Our Workday Opportunity.

The opportunity is growing locally, internationally and at pace.

THE OPPORTUNITY

Workday is an innovative cloud-based finance, HR and planning software platform.

Kainos first engaged with Workday in 2010 and is one of Workday’s most experienced consulting partners.

Kainos provides a broad range of consulting services to companies deploying Workday.

Kainos Smart, our proprietary software platform, enables Workday customers to verify their Workday configuration.

WORKDAY INC REVENUES

Workday global 2020 revenues $3.6bn, growing at 29%.

Global Workday consulting market is ~$1.6bn, with similar growth trajectory.

Workday have 32 partners.
• 9 Global; 23 Specialist.

KAINOS REVENUES

Our revenue sources:
• Initial Implementation.
• Phase X Implementation.
• Application Managed Service.
• Smart Subscriptions.

International expansion, module adoption and product extension offer further growth opportunities.
Workday at-a-glance.

Workday continues to execute strongly, extending its reach and product set.

$88BN TOTAL ADDRESSABLE MARKET, 8.7% CAGR

- Planning $5bn
- Analytics $26bn
- Financials $25bn
- Projects $5bn
- Payroll $5bn
- HCM $18bn

CURRENT WORKDAY MODULES

- Adaptive Planning
- Prism
- Grants
- Procurement
- Financials
- Projects
- Payroll
- Learning
- Core HCM
- Recruiting

NEW PRODUCTS ANNOUNCED Q3

- Answers
- Workday Extend*
- Accounting Ctr
- People Analytics

ONGOING MOMENTUM

Workday continues to gain market share in key segments.

- 45% Fortune 500 on Workday HCM.
- 17% Global 2000 on Workday HCM.
- 3,000+ total customers, with 725+ on Financials.
- 2,200+ in US, with 600+ rest of world.
- 81% revenues from HCM, 19% Financials.

All information compiled from Workday published information: Report.

A total of 9 new products were announced at Workday Rising in October 2019.

* Formerly Workday Cloud Platform
Workday Practice Overview.
Exceptional revenue, sales and backlog growth mark another remarkable year.

Exceptional sales performance has created a very strong backlog.

**Workday Services**
- Sales increased 52% to £43.9m (2019: £28.8m).
- Backlog increased 36% to £21.5m (2019: £15.8m)

**Smart**
- Sales growth of 50% to £30.4m (2019: £20.2m).
- Backlog increased 54% to £35.0m (2019: £22.8m)

Very strong revenue growth in both segments.
- Workday Services expanded 64% to £37.2m (2019: £22.7m).
- Smart growth of 69% to £19.1m (2019: £11.3m).
Workday Services.
We are one of the most experienced participants in the Workday partner ecosystem.

Continue to develop our people: 380 accredited consultants (2019: 251).
- Now have a local presence in Sweden, Austria, Finland, Switzerland and Romania.

Increased annuity-style revenues, up 92% to £17.0m (2019: £8.8m).
- Our Post Deployment Service supports customers already live on Workday.

Further consolidation in ecosystem.
- Accenture acquired Sierra-Cedar (275 consultants)
- Collaborative Solutions to be acquired by Cognizant in Q2 (1,000 consultants).

Strong revenue performance, up 64% to £37.2m (2019: £22.7m).
- Established markets performing strongly.
- Secured key projects in Canada and France; increased activity in US post-deployment market.

<table>
<thead>
<tr>
<th>SERVICES REVENUE</th>
<th>£7m</th>
<th>£10m</th>
<th>£14m</th>
<th>£23m</th>
<th>£37m</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td></td>
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<td>FY17</td>
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<tr>
<td>FY18</td>
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<tr>
<td>FY19</td>
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<td>FY20</td>
<td></td>
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</tr>
</tbody>
</table>

ADDRESSABLE MARKET
£385m

SERVICES MARKET

COMPETITIVE LANDSCAPE

- cludator (NORDICS)
- alight (UK, EUROPE, US)
- oneresource (UK, EUROPE, US)
- COLLABORATIVE SOLUTIONS (UK, EUROPE, US)

COMMERCIAL DYNAMICS
- Direct sales model.
- Primarily time and materials.
Workday Services.
Global customers trust us to launch, test, expand and safeguard their Workday systems.
Customer Stories.
Implementing Workday for local and international clients.

AUTISM PLUS

- 450 employees.
- Leading Yorkshire charity.
- £12.8m in revenue.

• Workday Services project, deployment for HCM and Financials.
• Implemented in 22 weeks, ahead of the start of the new financial year.

INTERAC

- 350 employees.
- 15.2m active users per month.

• First Workday Phase 1 Launch deployment in Canada.
• Successfully re-planned approach of delivery to remote working.
• Implementation across 27 weeks for HCM and payroll.

Canada’s leading payment services provider.

£12.8m in revenue.
Adaptive Insights provides business planning software to assist in Financial Planning and Analysis to over 4,700 customers globally.

Adaptive Insights was acquired by Workday Inc in June 2018 for $1.6bn.
• Adaptive Insights Business Cloud will replace Workday Planning.
• The software can be sold as part of the Workday Suite, or as a single, standalone subscription.

We have acquired three specialist Adaptive Insight consulting organisations\(^\text{(1)}\).
• In November 2019 we acquired Formulate (UK) and Implexa (Germany), and in March 2020 completed the acquisition of IntuitiveTEK (USA).
• We have created one of the largest Adaptive Insights practices globally.

Successfully integrating all businesses with Kainos.
• Retained all staff, recruited 7 people to bring total headcount to 66.
• Early wins for Workday Suite deployments, alongside ongoing standalone projects.

IntuitiveTEK announced as Global Solution Provider of the Year and Formulate as EMEA Solution Provider of the Year.

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\(^{\text{(1)}}\) Initial consideration of £6.6m (cash £4.6m during FY20, shares £1.6m), deferred consideration of £5.7m (cash £3.2m, shares £2.5m), further details contained in the Financial Performance section of this report;
Customer Stories.

Kainos’ successful Adaptive Insights implementation.

KAINOS GROUP PLC

1,700 staff.

Leading provider of digital solutions to public, commercial and healthcare clients.

UK HQ, staff in 15 countries.

• Fully integrated with Workday HCM and Finance resulting in seamless data extraction.
• Ability to maintain multiple forecast scenarios.

PROJECT DETAILS

Implementation in 7 weeks.
• Replaced 20+ budgeting and forecasting spreadsheets.
• Profiles utilisation and revenue of all staff/contractors.

Initial Benefits.
• Simplify monthly operational and board reporting.
• Includes non-financial data - utilisation, rates, customers, churn.

Future Benefits.
• Sophisticated scenarios and rolling forecasts.
• Integration with CRM.
• Bi-weekly revenue forecasts.

Covid-19: Re-budget of business in less than a week.
• Multiple re-budgets to date.
• Trend reporting of actual vs ‘CV-19 plan’ to track cost savings.
Smart for Workday.

Smart is the only automated testing platform designed specifically for Workday.

Performance underlines strength of product and market opportunity.
- Sales Orders: up 50% to £30.4m (2019: £20.2m).
- Annual Recurring Revenue (ARR) up 77% to £19.4m (2019: £11.0m).

Kainos Smart has four modules.
- HCM, Security, Financials and Payroll.

Kainos Audit due to launch Q3.
- Positive reaction in market testing.

Workday Extend, formerly WCP.
- Kainos is part of Workday’s early adopter programme for Workday’s Platform as a Service (PaaS) offering, launched on 23 May.

Strong revenue performance, up 69% to £19.1m (2019: £11.3m).

Strong client acquisition with 50+ new clients signed.
- Total clients now 206 (2019: 154).
- Over 70% of clients now migrated to our service option.
Smart for Workday
Over 200 global customers use Smart to reduce their manual testing by 90%.
Customer Stories
Customers across the world use Smart to reduce their manual testing by 90%.

Match Group
- 1,400 employees.
- Leader in dating products. Tinder - the highest grossing app globally.
- Presence in 190 countries.

- Global rollout of Workday Financials and Time Tracking.
- 3-year deal for Smart Financials and Security.
- Successfully re-planned approach of delivery to remote working.

Humana Inc.
- 46,000 employees.
- $64.9bn in revenues.
- Headquartered in Louisville, Ky.

- Deployed HCM, Security, Payroll and Integrations.
- Numerous HCM consultancy sessions held as Kainos identified configurations that required amendment.
Financial Performance
Income Statement

Digital Services:
- Mixed revenue growth depending on sector.
  - Public: 2% (impacted by Brexit).
  - Commercial: 15%.
  - Healthcare: 7%.
- Gross Margin decreased by 2%.
  - Utilisation fell significantly to 74% (2019: 81%).

Workday Practice:
- Very strong revenue growth in both services and Smart.
  - Smart revenue growth: 69%.
  - Workday Services organic revenue growth: 59%.
  - Adaptive Insights additional 3% growth.
- Gross margin increased by 3%.
  - Utilisation increased slightly to 66% (2019: 65%).
  - Smart gross margins increased to 74% (2019: 72%).

Operating expenses:
- Digital Services increase 13%.
  - Premises/recruitment costs moved from central overheads 9%.
- Workday Practice increased 71%.
  - New hires, geographic expansion, Smart R&D, Smart sales, recruitment costs, bad debt provision.
- Central overheads increase 7%.
  - Support for geographic expansion.

Tax Rate 20% (2019: 20%).

<table>
<thead>
<tr>
<th>INCOME STATEMENT</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Services</td>
<td>117.3</td>
<td>122.5</td>
<td>4%</td>
</tr>
<tr>
<td>Workday Practice</td>
<td>34.0</td>
<td>56.3</td>
<td>66%</td>
</tr>
<tr>
<td>Revenue</td>
<td>151.3</td>
<td>178.8</td>
<td>18%</td>
</tr>
<tr>
<td>Digital Services</td>
<td>49.0</td>
<td>48.9</td>
<td>0%</td>
</tr>
<tr>
<td>Workday Practice</td>
<td>20.1</td>
<td>35.0</td>
<td>74%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>69.1</td>
<td>84.0</td>
<td>22%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(45.9)</td>
<td>(56.9)</td>
<td>(24%)</td>
</tr>
<tr>
<td>Impairment loss on trade receivables</td>
<td>(0.1)</td>
<td>(1.8)</td>
<td></td>
</tr>
<tr>
<td>Adjusted pre-tax profit</td>
<td>23.3</td>
<td>25.5</td>
<td>9%</td>
</tr>
<tr>
<td>Adjusted pre-tax profit margin</td>
<td>15%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Share based payments &amp; acquisition costs</td>
<td>(2.2)</td>
<td>(2.4)</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>21.1</td>
<td>23.2</td>
<td>10%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(4.2)</td>
<td>(4.6)</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>16.9</td>
<td>18.6</td>
<td>10%</td>
</tr>
</tbody>
</table>
Balance Sheet and Cashflow

**Balance Sheet:**
- Fixed assets and investments
  - IT, office equipment, investments etc.: £3.4m (2019: £4.0m).
  - IFRS16 leases capitalised £4.5m (2019: N/A).
  - Land for office £7.4m (2019: N/A).
- Goodwill & intangible £7.2m (2019: N/A)
- Underlying trade receivables/WIP total 65 days (2019: 64 days).
- Increase in trade creditors and accruals £23.6m (2019: £21.4m).
- Significant cash reserves £40.8m.
  - Debt free.

**Cashflow:**
- Cash conversion 97% (2019: 100%) offset by deferred income (10% of EBITDA).
- Future HQ property funding requirements being paused.
- Interim dividend paid 3.5p. No final dividend declared (2019: 9.3p).

**Balance Sheet**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets and investments</td>
<td>4.0</td>
<td>15.3</td>
</tr>
<tr>
<td>Goodwill and Intangible assets</td>
<td>-</td>
<td>7.2</td>
</tr>
<tr>
<td>Receivables and WIP</td>
<td>40.6</td>
<td>46.2</td>
</tr>
<tr>
<td>Other assets</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Cash</td>
<td>42.5</td>
<td>40.8</td>
</tr>
<tr>
<td>Total assets</td>
<td>91.1</td>
<td>113.4</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(42.9)</td>
<td>(54.3)</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>48.2</td>
<td>59.2</td>
</tr>
</tbody>
</table>

**Cashflow**

<table>
<thead>
<tr>
<th>Description</th>
<th>£m</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA2</td>
<td>24.4</td>
<td>28.4</td>
<td></td>
</tr>
<tr>
<td>Cash generated by operations</td>
<td></td>
<td>24.4</td>
<td>27.6</td>
</tr>
<tr>
<td>Cash Conversion</td>
<td></td>
<td>100%</td>
<td>97%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(1.9)</td>
<td>(3.3)</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(2.0)</td>
<td>(8.2)</td>
<td></td>
</tr>
<tr>
<td>Acquisitions of subsidiaries</td>
<td></td>
<td>(4.5)</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>0.1</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(8.9)</td>
<td>(12.1)</td>
<td></td>
</tr>
<tr>
<td>Payment of lease liabilities</td>
<td></td>
<td>(1.7)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of shares</td>
<td>1.9</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Net cash (outflow)/inflow</td>
<td>13.5</td>
<td>(1.7)</td>
<td></td>
</tr>
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Segmental Reporting Change

The following is an analysis of the Group’s revenue and results by reportable segment:

<table>
<thead>
<tr>
<th></th>
<th>2020 12 Months to 31 March</th>
<th>2019 12 Months to 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Digital Services £’000s</td>
<td>Workday Practice £’000s</td>
</tr>
<tr>
<td>Revenue</td>
<td>122,500</td>
<td>56,278</td>
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<tr>
<td>Cost of Sales</td>
<td>(73,580)</td>
<td>(21,237)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>48,920</td>
<td>35,041</td>
</tr>
<tr>
<td>Direct Expenses</td>
<td>(15,158)</td>
<td>(23,053)</td>
</tr>
<tr>
<td>Contribution</td>
<td>33,762</td>
<td>11,988</td>
</tr>
<tr>
<td>Central overheads</td>
<td>(20,234)</td>
<td></td>
</tr>
<tr>
<td>Adjusted pre-tax profit</td>
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</table>

Rationale for proposed change:
- Better balance 69%/31% compared to 84%/16%.
- Increasingly selling services and Smart together.
- Future Workday related products e.g. Adaptive Insights and Workday Cloud Platform are product and services.
Acquisition Accounting.
Successful integration of Adaptive Insights acquisitions.

Two acquisitions completed during FY20.
• Formulate (UK) in November 2019 and IntuitiveTEK (USA) in March 2020.
• Initial consideration - £6.6m (cash £4.6m during FY20, shares £1.6m).
• Deferred consideration (to be expensed) - £5.7m (cash £3.2m, shares £2.5m).

Accounting treatment.
• Goodwill (£3.2m) – no impairment during the year.
• Customer relationship intangible (£4.0m) – 10 year amortisation.

Implexa transaction.
• Not technically an acquisition under IFRS 3 – expensed to P&L.
Looking Ahead
Growth Drivers

With positive end markets, our next phase of growth is all about execution.

<table>
<thead>
<tr>
<th>DIGITAL SERVICES</th>
<th>UK PUBLIC SECTOR</th>
<th>UK COMMERCIAL SECTOR</th>
<th>INTERNATIONAL</th>
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<tbody>
<tr>
<td>WORKDAY SERVICE</td>
<td>WORKDAY INC GROWTH</td>
<td>SMART CLIENT CONVERSION</td>
<td>GEOGRAPHIC EXPANSION</td>
</tr>
<tr>
<td>SMART</td>
<td>WORKDAY INC CLIENT GROWTH</td>
<td>MARKET PENETRATION</td>
<td>ADDITIONAL MODULES</td>
</tr>
<tr>
<td>OPERATIONS</td>
<td>PEOPLE: DEVELOP, RECRUIT, RETAIN</td>
<td>CUSTOMERS: HIGH CUSTOMER SATISFACTION</td>
<td>EFFECTIVE CROSS-SELL</td>
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Appendix

Full reconciliation between the previous and current segmental reporting
### Divisional Reporting Change

**Impact of change on financial years**

<table>
<thead>
<tr>
<th>Previous Segmental</th>
<th>2020 12 months to 31 March</th>
<th>Digital Transformation</th>
<th>£’000s</th>
<th>Workday Implementation</th>
<th>£’000s</th>
<th>Digital Services</th>
<th>£’000s</th>
<th>Smart</th>
<th>£’000s</th>
<th>Evolve</th>
<th>£’000s</th>
<th>Digital Platforms Consolidated</th>
<th>£’000s</th>
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<tbody>
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<td>Revenue</td>
<td>112,238</td>
<td>37,213</td>
<td>149,451</td>
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<td>29,327</td>
<td>178,778</td>
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<tr>
<td>Cost of Sales</td>
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<td>(16,341)</td>
<td>(83,778)</td>
<td>(4,896)</td>
<td>(6,143)</td>
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<th>Digital Transformation</th>
<th>£’000s</th>
<th>Workday Implementation</th>
<th>£’000s</th>
<th>Digital Services</th>
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<th>Evolve</th>
<th>£’000s</th>
<th>Digital Platforms Consolidated</th>
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<td>Revenue</td>
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<td>132,587</td>
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<th>Digital Services</th>
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</table>
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