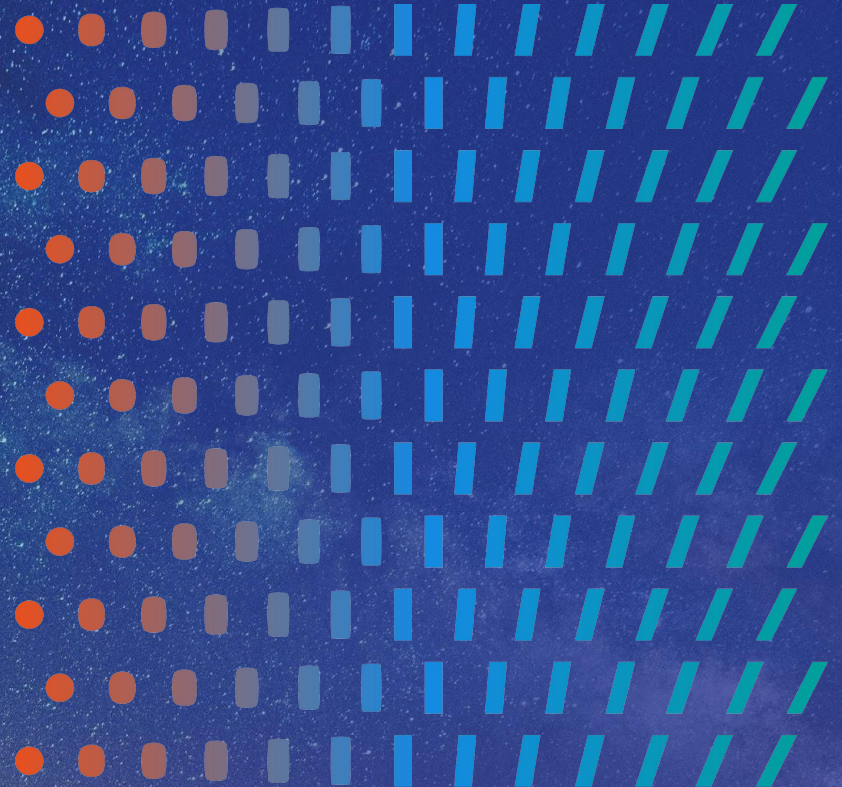


Full Year Results Presentation

FY 31st March 2020



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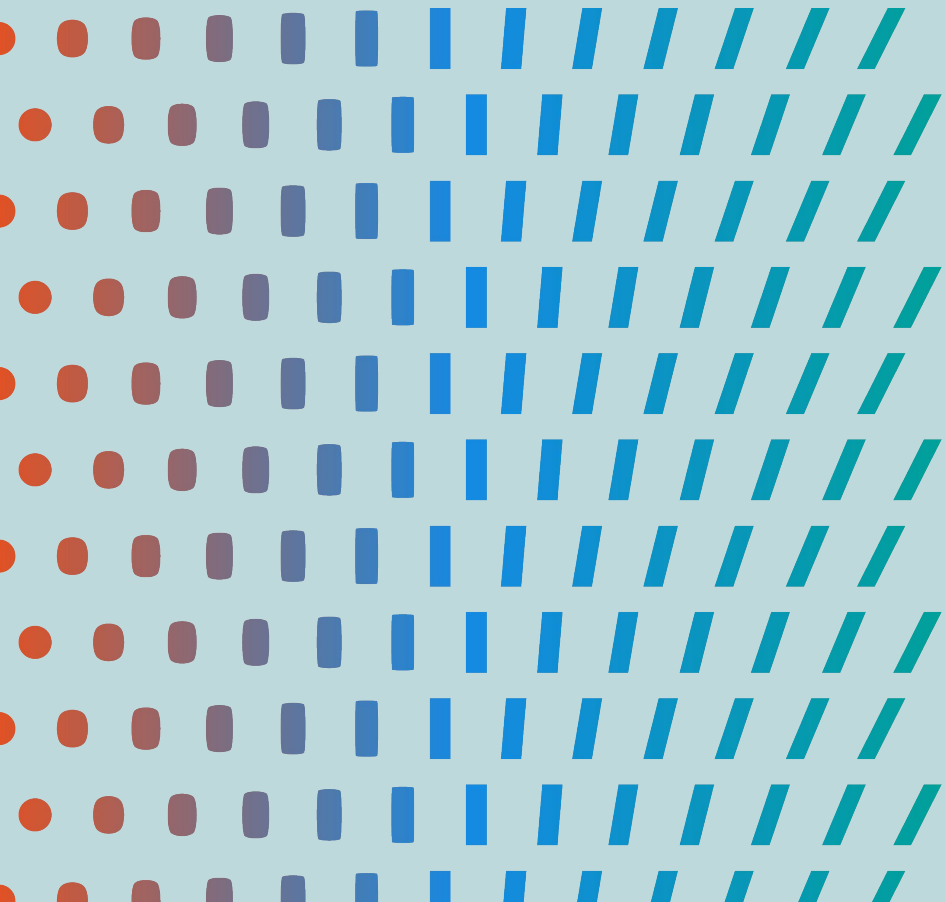
Presenters



Neal Gandhi
CEO and co-founder



Oliver Rigby
CFO and co-founder



Contents:

- Who we are
- The Group at a glance
- Financial Results
- Commercial Vision
- Current Trading
- Our Strategy
- Case Studies
- Summary and Outlook
- Q&A

the panoply //

Transforming Change

We are a digitally enabled technology services group focused on digital transformation.

We are trusted by government, education, charities and industry to design and engineer user-centric solutions to difficult problems using modern cloud-based technologies.



The Group at a glance

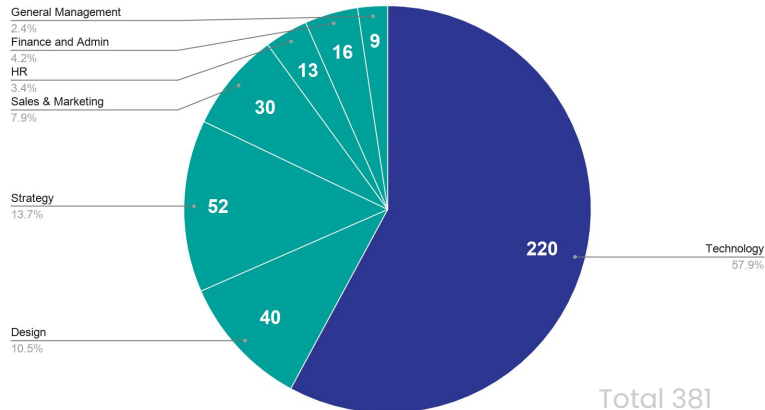
What we do

We help our clients use digital technologies to support growth, reimagine ways of working and create products and services that will improve people's lives.

Bringing people together through design, technology-led innovation and transformation, we work to create positive change that's purposeful, practical and profitable.

Our Group

Employee Breakdown 2020



Who we do it for



Growing total addressable market (TAM)

Digital transformation within the UK public sector alone will represent a total addressable market of £20bn by 2025*

<https://www.public.io/insight/research/state-of-the-uk-govtech-market/>

Financial Results // Strong Revenue and Adj Profit Growth

REVENUE

£31.5m

(2019:£22.1m)*

Adj EBITDA

£3.4m

(2019:£2.1m)*

SALES BACKLOG

£15.0m

1st April 20 to 31st March 21

CASH

£4.6m

(2019:£5.7m)
£2.4m used in acquisitions

Adj EBITDA MARGIN

11%

(2019:9%m)*

Adj DILUTED EPS

3.6p

(2019:0.7p)**

Adj PROFIT AFTER TAX

£2.7m

(2019:£0.2m)**

Adj EBITDA excluding central costs

£5.2m

(2019:£4.0m)*

PUBLIC SERVICES REVENUE

£20.1m

(2019:£12.3m)*

REPEAT CUSTOMERS

70%

Billed in 2020 also billed in 2019

COLLABORATIVE REVENUE

£8.9M

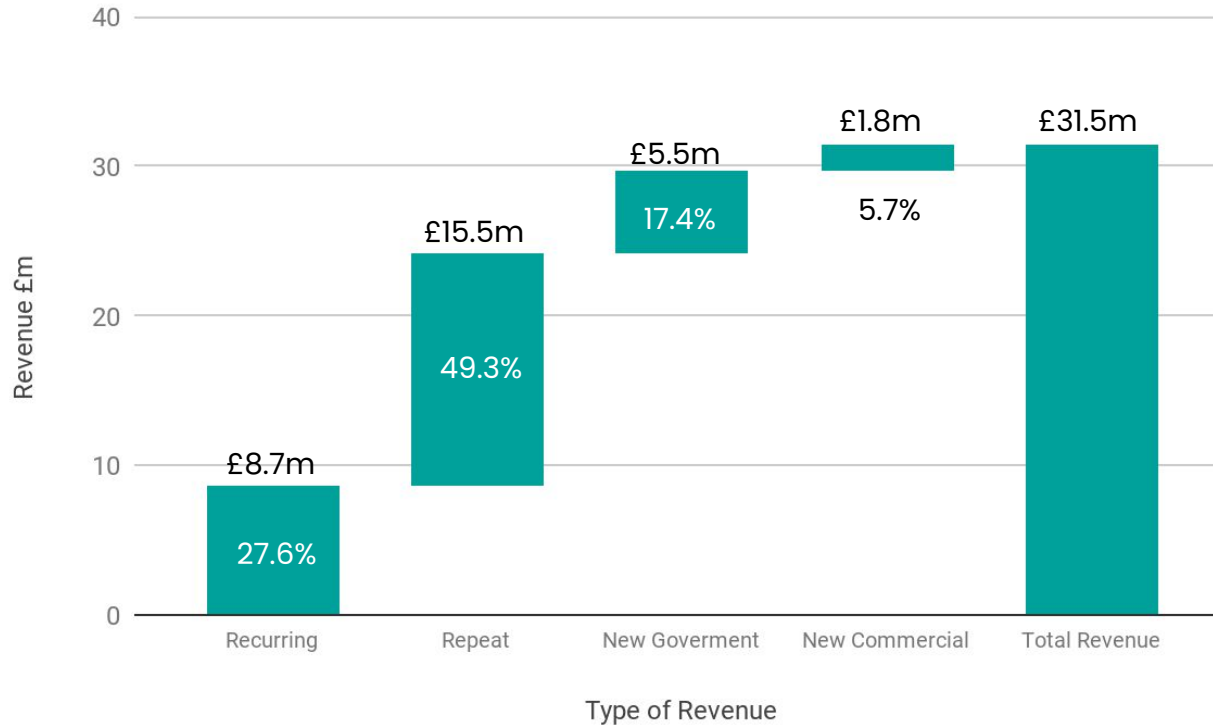
28% of total revenue

TOP 10 CUSTOMERS

31%

of total revenue (2019: 54%)*

Revenue Breakdown



Summary of the period// A Transformational Year

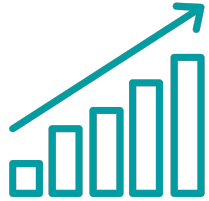
- Position as a leading alternative provider in digital transformation to the public sector continued to grow
- Secured a number of high profile, multi-disciplinary contracts through group collaboration
- Acquisitions of FutureGov and Ameo completed in June 2019 and March 2020 respectively
- Acquisition of Arthurly completed post period-end, in June 2020



futuregov / ameo /



Commercial Vision// 31st March 2020



10% to 15% organic revenue growth per annum over the next three years



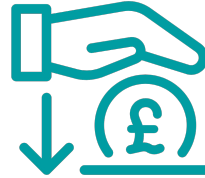
c.70% of our operating profit dropping through into positive cash flow



Progressive dividend policy at approx 15%-20% of net income



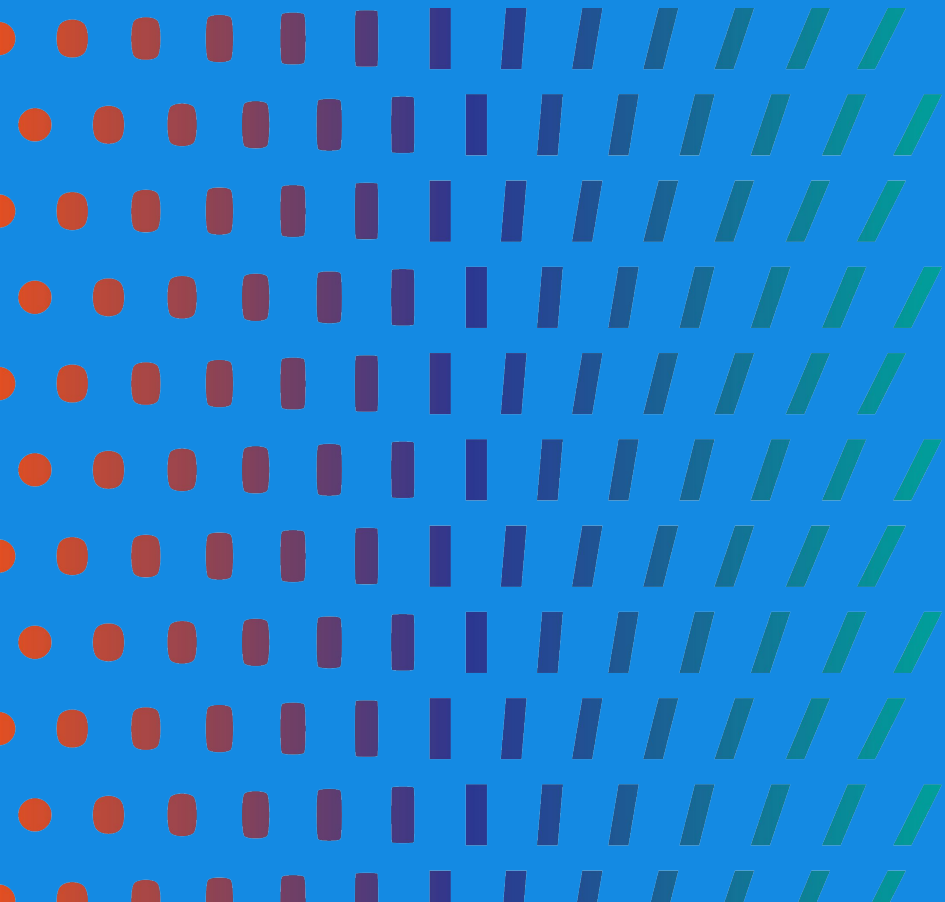
Further earnings enhancing acquisitions planned over the next 3 years to add more than £35m of revenue



Liquidity is important and will therefore keep leverage low at below 1x EBITDA



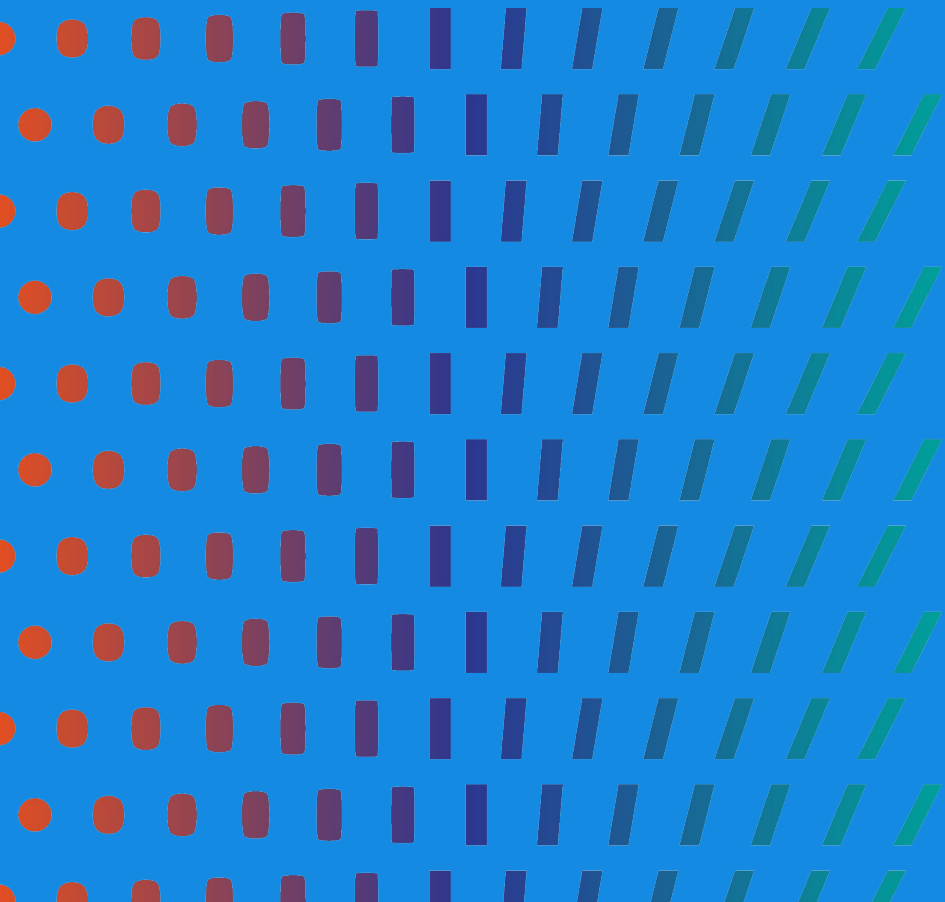
On this basis we aim to achieve a run rate revenue of £100m by FY 2023 and deliver £12m-£14m EBITDA



Current trading

Q1 Trading Update

- **Record performance for the Group in Q1 FY21**, with unaudited revenue and Adjusted EBITDA* at **£10.1m and £1.7m** respectively. This compares with Q1 FY20 unaudited revenue and Adjusted EBITDA on a statutory basis of **£6.3m and £0.5m** and a like-for-like basis** of **£9.2m and £1.1m** respectively
- Organic revenue **growth of 10%** on a like-for-like basis**
- Organic Adjusted EBITDA **growth of 54%** on a like-for-like basis**
- Significant new contract wins were secured in the quarter with a **value of £13m**
- Have **not furloughed** any staff and have kept all staff on full pay. Believe this will provide us with greater financial flexibility in the future, particularly around the planned introduction of a dividend.
- Strong balance sheet with **£6.8m cash** as at 30 June 2020 and net cash of £1.8m, representing a **net cash inflow of £2.3m** in the period



Our strategy

Michael Gove// Statement June 2020

"It is a cliché to say of Government that no-one ever lost their job for recommending the contract go to IBM.

If you decide that you will procure services from a new organisation and, if things go wrong, you will face the wrath of the National Audit Office, the criticism of self-righteous chairs of parliamentary select committees, the hindsight-rich rancour of newspaper columnists as well as the disappointed froideur of your Permanent Secretary and Secretary of State.

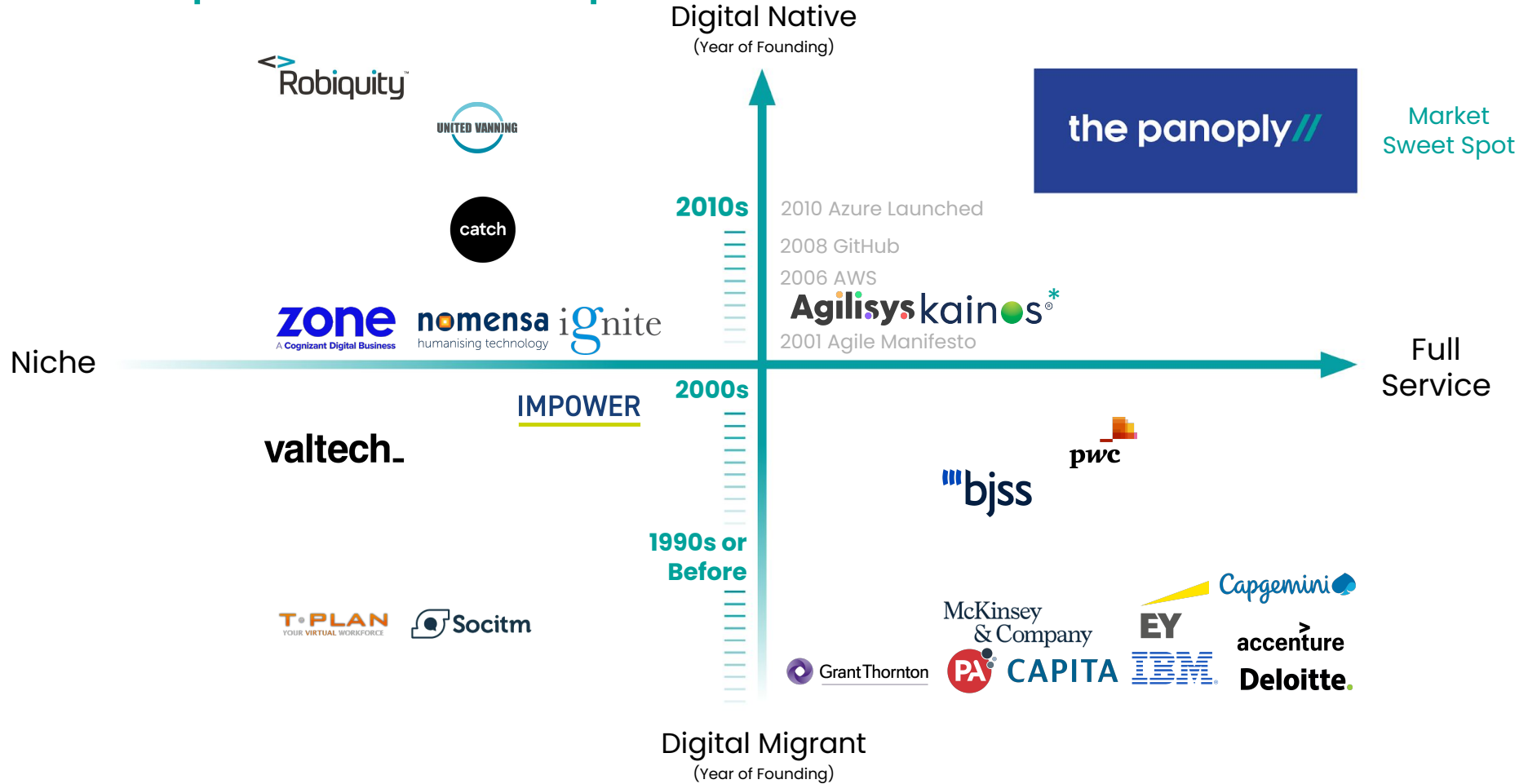
On the other hand, if you choose to have the service performed by an established supplier, choose to assess their performance by deferring to management consultants, set up a board to manage the process with officials from lots of different departments then you are insulated from failure.

The delivery companies are too big to fail, too embedded in so much else that Government does, too sanctified by the faith other departments have already placed in them. The consultants are an invaluable prophylactic – if these super bright people from the private sector with MBA degrees and huge earnings outside said it was okay, well, it must have been. And the cross-Whitehall board is the biggest insurance policy of all. You can't hold me accountable – it was a 'shared' decision.

All of these factors work against innovation – and accountability. Innovation comes when people take reasonable risks – and also responsibility. **We need to move to a system where those who propose the innovative, the different, the challenging, are given room to progress** and, if necessary, fail. But we must then ensure that we learn quickly, adjust and respond."

Rt Hon Michael Gove MP, 27th June 2020

Competitive Landscape



Our Full Service Brands

futuregov//

Organisational Design:

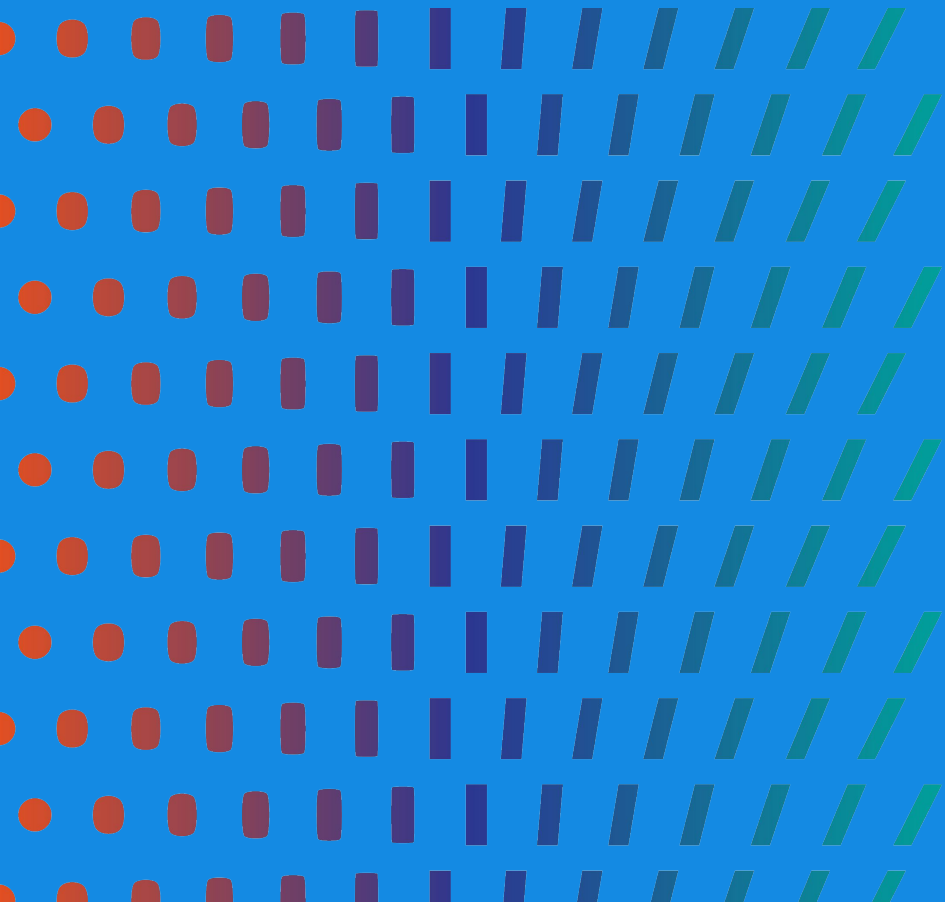
Using design, technology and organisation development approaches to create public services fit for the 21st century.



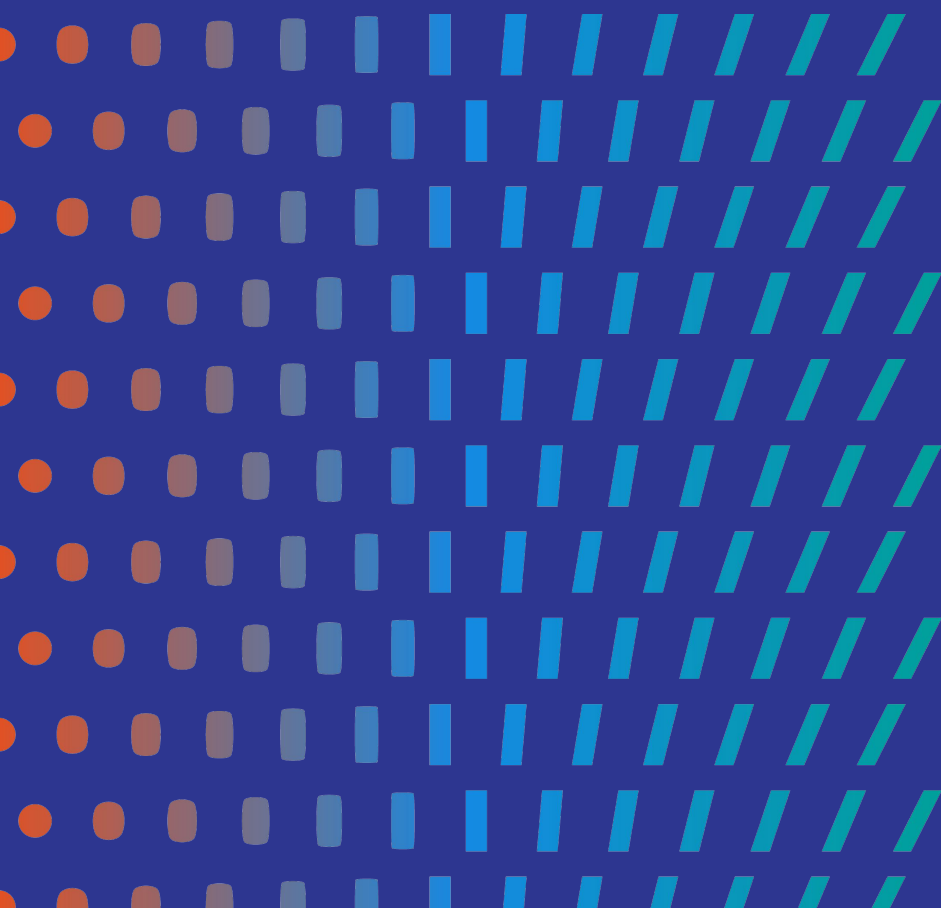
Technology Transformation:

Helping organisations deliver more by effectively harnessing the combined power of people and technology. Together we accelerate growth and deliver sustainable change.

foundry4//



Case Studies



futuregov/

FamilyStory

Improving outcomes for families by radically rethinking social care

FamilyStory// Children's Services

Challenge

Legacy case management systems, focused on collecting information, are costing local authorities hundreds of thousands per year in licensing and maintenance. Social workers achieve amazing things with families, but are held back by the systems and technology they work with.

Hammersmith and Fulham, Kensington & Chelsea and Westminster Children's Services recognise this problem and asked FutureGov to help them radically rethink how technology can support children's social care.

Approach

During our initial Discovery phase, We found that on average, social workers can spend **60%** of their time on a computer writing, recording and processing data.

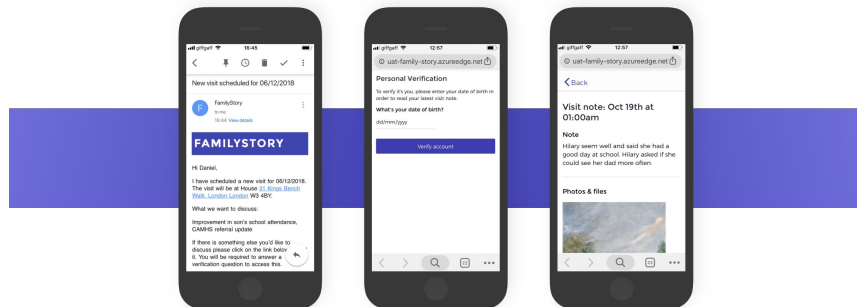
With a design-led approach, we worked with frontline teams across the child protection journey we worked with the councils to turn insights into a future journey, putting the user's experience at the heart of the entire service.

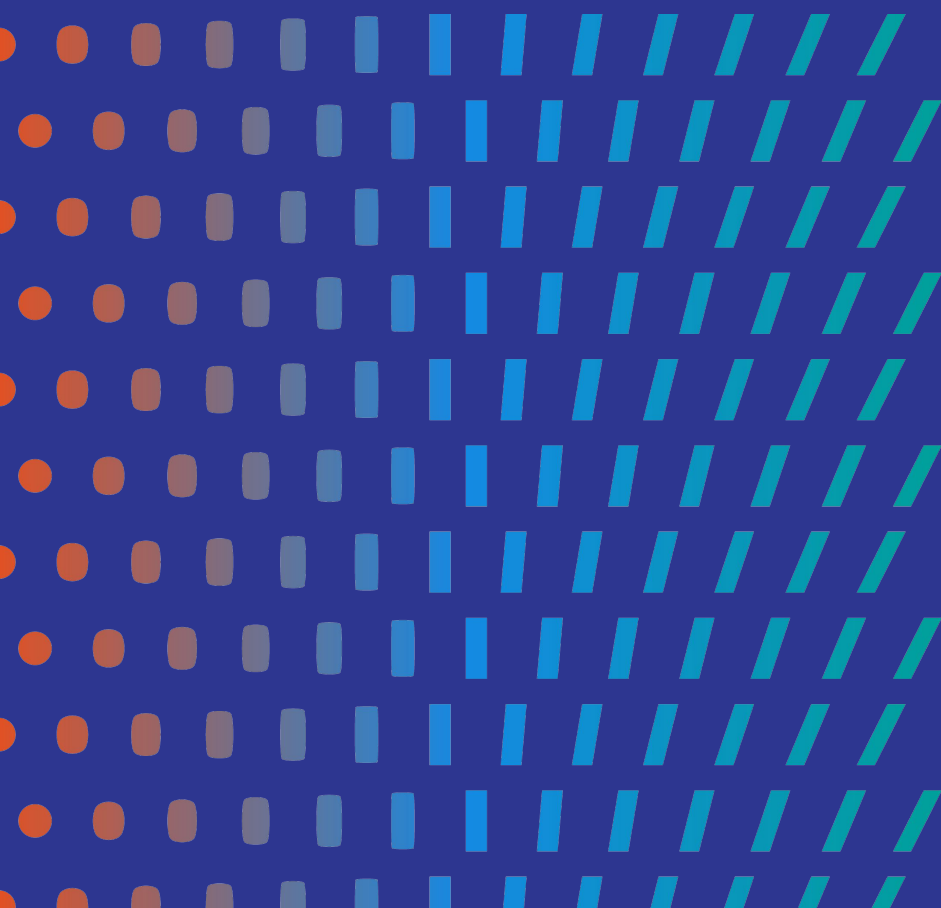
the panoply//

Impact

FamilyStory aims to increase productivity by up to **30%** and improve the ability for families and social workers to collaborate by:

- significantly reducing report writing and time taken on administrative tasks
- improving transparency, increasing the quality of relationships and trust between practitioners and families
- improving collaboration between social work teams and other professionals
- collaboratively building a picture of need, supporting social workers to manage risk and informing decision-making





green shoot labs /

Hello Nina

Conversational AI

Hello Nina// Conversational AI

Challenge

Auditing is a very manual and complex process for both the Auditor and the Auditee and has not significantly changed for over ten years.

Our client, a top 10 global accountancy firm, recognised this and wanted to explore if conversational AI could improve internal efficiency as well as provide a differentiated product to their customers.

Approach

We used Microsoft Azure's Cognitive Services platform to create a Natural Language Processing (NLP) conversational application. This application allowed common questions from the auditee to be answered automatically, whilst escalating more complex queries to a team member.

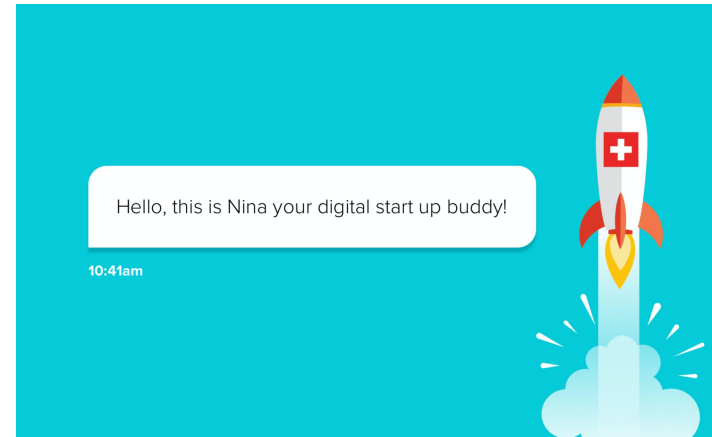
Reflecting the client's multinational business the application understands multiple languages. The application can be trained by the client over time to become accurate and answer more questions.

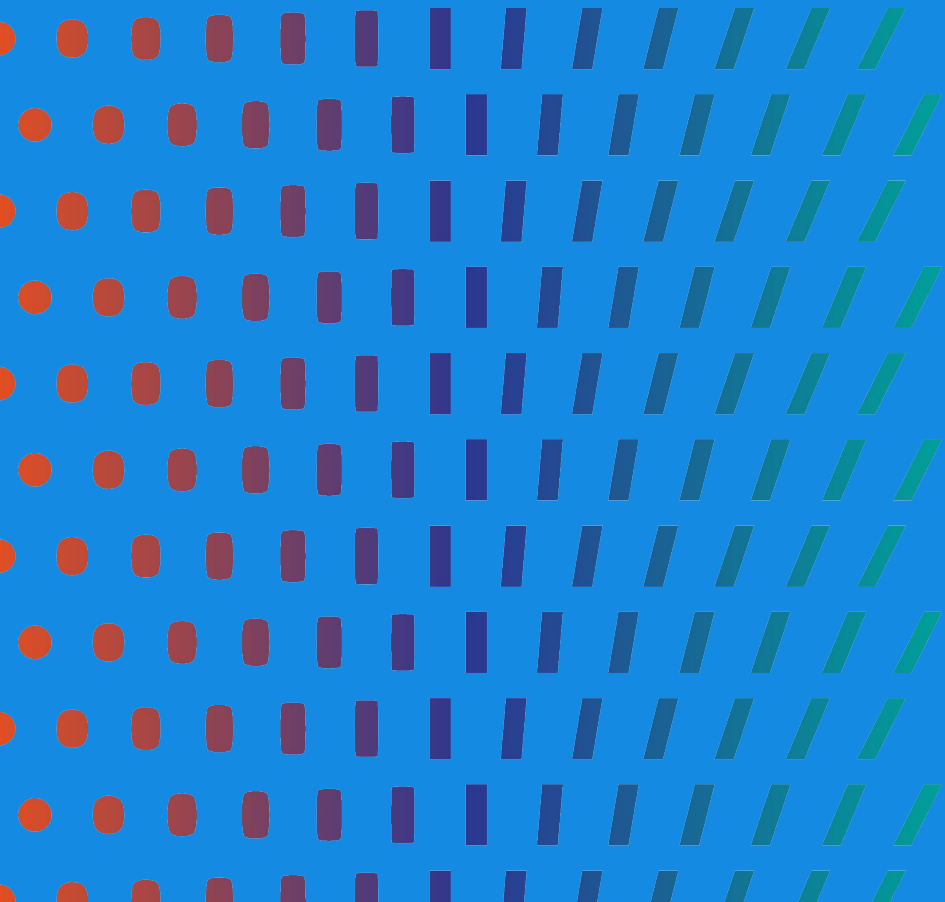
the panoply//

Impact

The application has been an innovation success story at a global level, with testing being rolled out across multiple territories. After submission of the audit data our AI algorithm helps to classify audit type, highlight anomalies and recommend outcomes and responses.

This approach is also the foundation of an improved data strategy enabling improved processing & business insight, in comparison to data fragmented across spreadsheets.





Summary and Outlook

Summary and Outlook

- Huge and growing TAM (£20bn by 2025) , with market trends in our favour
- In a very strong position to address the market opportunity ahead of us and drive true like-for-like organic growth. Having reached critical mass, organic growth will be our key focus
- Continuing to target strategic earnings enhancing acquisitions that will add to our capabilities or help us further strengthen our position within the UK public services market
- Focusing on improving margins and ensuring strong cash conversion
- Retaining entrepreneurialism through our unique operating model
- Well positioned to deliver on our commercial vision

A decorative pattern on the left side of the slide, consisting of a grid of colored shapes. The shapes are arranged in 10 rows and 12 columns. The colors transition from dark red on the left to dark blue in the middle, and then to green on the right. The shapes include circles, squares, and slanted rectangles, creating a rhythmic, abstract design.

Q&A

A decorative graphic on the left side of the slide, consisting of a grid of colored shapes. The shapes are arranged in 10 rows and 12 columns. The colors transition from red on the left to green on the right, with intermediate shades of orange, purple, and blue. The shapes include circles, squares, and rectangles, some of which are slightly tilted or elongated.

Appendix

Income Statement (Statutory)

- Income statement is shown pre and post IFRS 16 adjustment. Implementation of IFRS 16 in the year resulted in an increase in adjusted EBITDA of £595k, increase in depreciation charge of £584k and decrease in loss before tax of £31k
- Strong revenue growth of 43% compared to prior year on a Proforma basis
- Majority of costs due to acquisition, listing and restructuring relates to the acquisition of FutureGov and Ameo made in the year (£317k)
- Large loss from movement in fair value of contingent consideration as acquisitions have traded strongly, resulting in a larger consideration payable.

| Income statement £'000 | FY2020 Statutory Post IFRS16 | FY2020 Statutory Pre IFRS16 | FY2019 Statutory |
|---|------------------------------------|-----------------------------------|---------------------|
| Revenue | 31,533 | 31,533 | 8,152 |
| Gross Profit | 12,007 | 11,697 | 3,341 |
| Adj EBITDA pre central costs | 5,722 | 5,127 | 1,378 |
| Central costs | (1,876) | (1,876) | (974) |
| Adj EBITDA post central costs | 3,846 | 3,251 | 404 |
| Depreciation and amortisation | (2,320) | (1,736) | (383) |
| Costs due to acq'n, listing and restructuring | (591) | (591) | (1,352) |
| Share based payments | (129) | (129) | (240) |
| Loss from movement in FV consideration | (3,764) | (3,764) | (55) |
| Net finance expense | (182) | (140) | (10) |
| (Loss) / profit before tax | (3,140) | (3,109) | (1,636) |
| Tax credit / (charge) | 96 | 96 | (41) |
| (Loss) / profit after tax | (3,044) | (3,013) | (1,677) |

Adjusted profit before tax reconciliation

- Directors believe that an 'adjusted profit before tax' measure is more representative of the underlying performance of the Group for the calculation of adjusted diluted earnings per share

| Profit after tax £'000 | FY2020 |
|---|----------------|
| Statutory loss before tax | (3,140) |
| Amortisation of intangibles relating to acquisitions | 1,558 |
| Loss on fair value movement of contingent consideration | 3,764 |
| Share based payments | 129 |
| Costs relating to acquisitions and restructuring | 591 |
| IFRS 16 adjustments | 31 |
| Adjusted profit before tax | 2,933 |
| Tax (including impact of above adjustments) | (151) |
| Profit after tax post IFRS 16 | 2,782 |

Adjusted Earnings Per Share

- Due to the acquisitive nature of the Group and its earn out model, an adjusted share count for the purposes of calculating earnings per share is required.
- Adjusted diluted share number is calculated by taking the weighted average basic shares and including the maximum shares to be issued in respect of contingent consideration to be paid based on performance measures met in the period, together with the maximum share options outstanding.

| Adjusted EBITDA £'000 | FY2020 Statutory |
|--|-----------------------------|
| Weighted average basic shares | 48,162 |
| Max shares to be issued - share options | 3,885 |
| Max shares to be issued - contingent consideration | 22,774 |
| Shares at year end | 74,821 |
| Adjusted diluted earnings per share | 3.6p |

Normalised EBITDA reconciliation

- FY19 normalised results relate to the period prior to the IPO with the four initial acquisitions adjusted for normalised salaries and bonuses to provide a like for like basis, with an uplift of central costs as reported in the current year to reflect a full central team
- Normalisation adjustment in FY20 relates to the add back of one off costs in the year
- Normalised adjusted EBITDA growth of 32% pre central costs
- We invested in our central team, creating a platform from which we can scale further through acquisition and organic growth.

| Income statement £'000 | FY2020 Statutory Pre IFRS16 | FY2019 Normalised |
|---|-----------------------------------|----------------------|
| Adj EBITDA post central costs | 3,251 | 3,465 |
| Normalisation adjs | (113) | 1,371 |
| Normalised EBITDA post central costs | 3,364 | 2,094 |
| Central costs | (1,876) | (1,876) |
| Normalised EBITDA pre central costs | 5,240 | 3,970 |

Statement of Financial Position

Acquisition of FutureGov and Ameo

- FutureGov was acquired on 12 June 2019 for initial consideration of £11.8m via a combination of cash (£5.7m) and share (£6.1m) consideration
- Ameo was acquired on 11 March 2020 for initial consideration of £8.3m via a combination of cash (£4.8m) and share (£2.2m) consideration
- A revolving credit facility of £5m was entered into with HSBC of which £3.6m was drawn down to fund the FutureGov acquisition and £1.4m to fund Ameo

IFRS 16 impact

- Tangible assets and lease liabilities have increased due to the application of IFRS 16 in the period

Contingent consideration

- The fair value of contingent consideration payable for acquisitions was assessed as at 31 March 2020 resulting in a fair value loss of £3.8m recognised

| Balance Sheet £'000 | FY2020 Post IFRS16 | FY2020 Pre- IFRS16 | FY2019 Pre- IFRS16 |
|---------------------------|-----------------------|--------------------------|--------------------------|
| Goodwill | 35,672 | 35,672 | 20,586 |
| Intangible assets | 8,591 | 8,591 | 5,214 |
| Tangible assets | 1,334 | 290 | 280 |
| Cash | 4,614 | 4,614 | 5,650 |
| Receivables | 10,210 | 10,271 | 4,165 |
| Total assets | 60,421 | 59,438 | 35,894 |
| Borrowings | 5,029 | 5,029 | - |
| Contingent consideration | 16,683 | 16,683 | 11,562 |
| Lease liabilities | 999 | - | - |
| Payables | 10,446 | 10,429 | 5,080 |
| Shareholders funds | 27,266 | 27,297 | 19,251 |

Cash Flow

Strong cash position at 31 March 2020 of £4.6m

Cash flow from operating activities

- Cash conversion of 91% pre IFRS 16 and tax impact
- Increase in operating cash in the current year reflecting more normalised trading compared with prior year where operations were skewed by activities relating to listing on AIM

Cash flow from investing activities

- £9.6m of the cash outflow relates to the acquisition of FutureGov and Ameo, offset by cash acquired of £3.7m
- Deferred consideration of £1.1m paid during the year

Cash flow from financing activities

- Draw-down of HSBC RCF resulting in an inflow of £5.0m offset by repayment of borrowing in subsidiaries of £0.5m and lease liabilities of £0.6m

| Cash flow £'000 | FY2020 Post IFRS16 | FY2020 Pre- IFRS16 | FY2019 Pre- IFRS16 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| Cash flow from operating activities | 2,707 | 2,077 | (1,180) |
| Cash flow from investing activities | (7,912) | (7,282) | 1,332 |
| Cash flow from financing activities | 4,169 | 4,169 | 5,367 |
| Net cash (outflow) / inflow | (1,036) | (1,036) | 5,519 |
| Cash at end of period | 4,614 | 4,614 | 5,650 |

the panoply//thank you

