



The Panoply.

H1 2020 Interim Results

09 December 2019

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141-143 Shoreditch High Street London E1 6JE

Technology services group focused on UK Public Services

End-to-end capability following acquisition of FutureGov

Service Design

Organisational Design

User Research

UI/UX

Front End Development

Software and Data

Dev Ops

Conversational AI

RPA

Our Group

Bene Agere

Oslo-based strategy and management consultancy

Deeson.

Leading digital agency

D/SRUPTION

An ecosystem, bringing together business leaders to address the key questions around disruption, innovation and digital transformation.

We are an expanding global organisation, assembled from the very best businesses in their field.

FUTUREGOV

Public Sector Change Agency



Applied AI and conversational interfaces to create automation solutions.

human⁺

The robotic process automation partner for government and not for profits

MANIFESTO

Award-winning digital experience agency

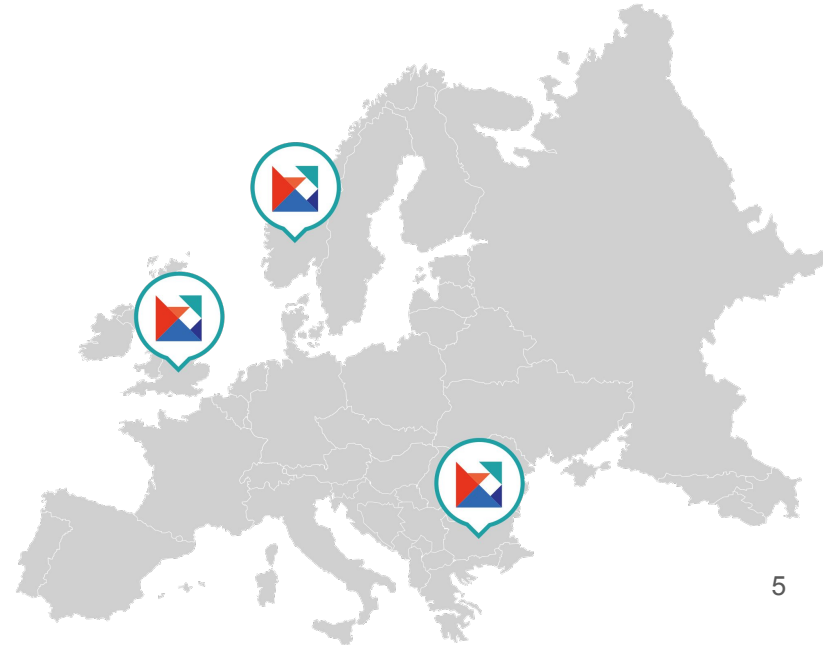
NOTBINARY

Award-winning IT consultancy focused on digital transformation

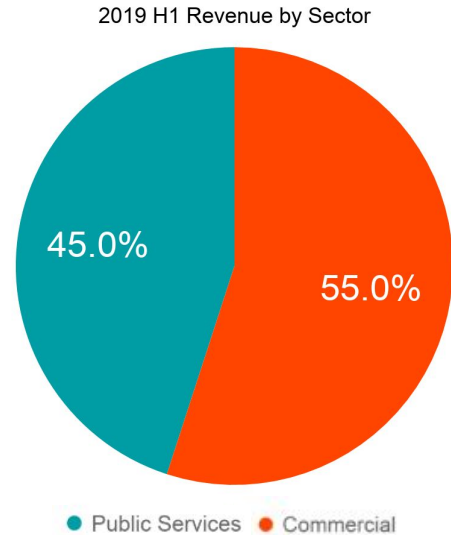
Questers

Award-winning provider of onshore and nearshore agile software development services

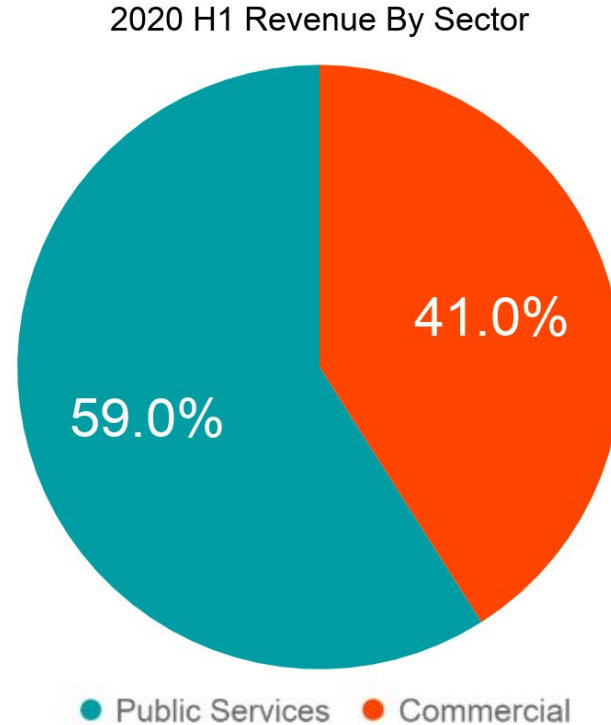
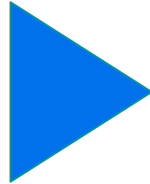
360 People



Public Services Focus



Revenue for the 6 months ended 30 September 2018. Total £10.1m



Revenue for the 6 months ended 30 September 2019. Total up 33% to £13.4m

Sector focus

Public services - Opportunity for Growth

▶ The UK government aims to channel a third of its external spending through small and medium sized enterprises (SMEs) by 2022*

▶ Since 2015, Local Government has awarded nearly 400 digital transformation contracts worth £661m – including 31 in the first quarter of 2019**

▶ These form part of over 3,000 IT contracts worth £3.7bn awarded since 2015**

▶ Local Government is also beginning to embrace future tech, with contracts awarded for smart cities, artificial intelligence and the internet of things**

▶ A total addressable market of £20bn***

*<https://www.globalgovernmentforum.com/uk-increasingly-unlikely-to-meet-sme-tech-spend-target-report-finds/>

**<https://www.tussell.com/insights/local-government-turning-to-technology-to-streamline-essential-public-services>

***http://www.public.io/wp-content/uploads/2017/07/Public_GovTech_market.pdf

Value Drivers

- ▶ Digital Transformation in Public Services in the UK represents a huge total addressable market. Our capabilities, differentiated operating model and track record provide the opportunity for us to deliver significant organic growth
- ▶ We have invested in two new automation capabilities in the period focusing on robotic process automation and conversational AI. These business units are growing ahead of expectation due to the rapid growth in the adoption of these technologies
- ▶ We have an Eastern European development centre which allows us to scale many of our businesses including RPA and conversational AI
- ▶ The commercial sector currently represents 41% of our total revenue and provides a strong base for further growth

Our Customers

Positive futures through people, design and technology



Department
for Education



Homes
England



Ministry of Housing,
Communities &
Local Government



Department
for Transport



United Kingdom
Hydrographic Office



Lambeth



News UK



City of
BRADFORD
METROPOLITAN DISTRICT COUNCIL



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA



City of
Westminster





The Panoply.

H1 2020 Interim Results

Foundations for long term success

▶ A robust financial performance achieved alongside significant operational progress across the Group - We have created a powerful digital transformation proposition for the Public Services sector

▶ Completed the acquisition of FutureGov in June 2019, a milestone for the Group

▶ Made investments with significant long-term potential for the Group, playing into structural growth trends, and already generating revenues

▶ Continued scope to enhance Group competencies through further acquisitions or by investing in innovation internally

Operational highlights

Strong growth from the **Public Services Sector**. Robust trading, despite uncertainty from Brexit. Significant progress both organically and by acquisition.



Long standing relationships

78% of customers billed in H1 20 were also billed in 19&18



Established challenger brand in the Public Service sector

59% of revenue coming from these sectors



Increased cross Group collaboration

15% of revenue represents clients with two or more Group companies involved



Acquisition of FutureGov

Largest acquisition to date. Position strengthened in Public sector



£5m three year revolving credit

Entered into credit facility with HSBC to be used for future acquisitions and working capital



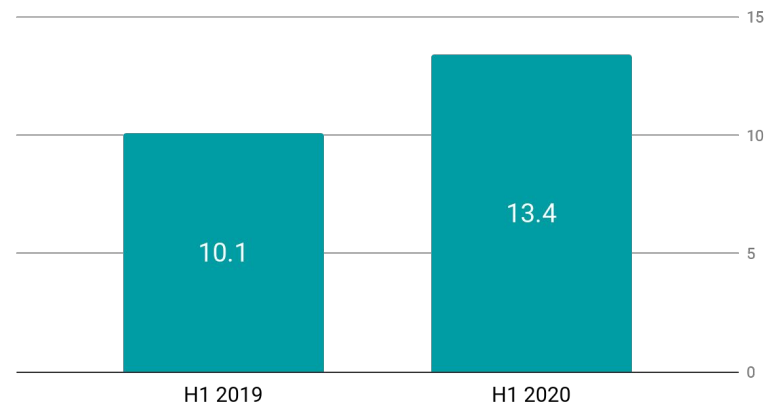
Group de-risked

Top 10 clients represent 42% of revenue vs 54% in FY19

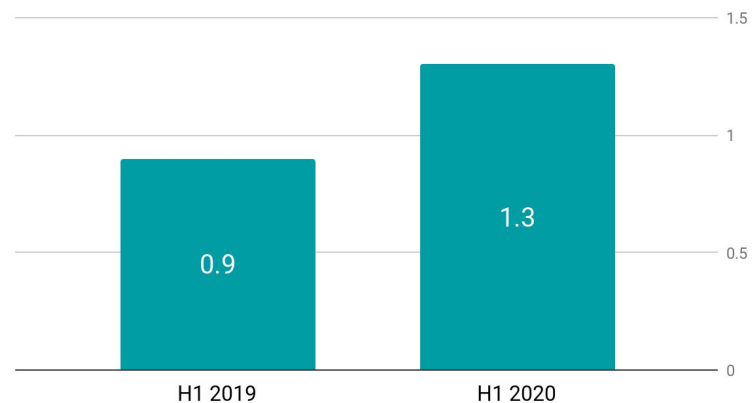
Financial Results

- Revenue up 33% to £13.4m (H1 2018: £10.1m²)
- Adjusted EBITDA¹ of £0.9m (H1 2019: £0.9m²), reflecting significant investments made into new Group capabilities
- Adjusted EBITDA¹, removing the impact of investments into startups, was up 37.8% to £1.3m (2018: £0.9m²).
- Profit after tax of £0.3m (2018: £(0.7)m)
- Basic earnings per share of 0.01p
- Cash at bank of £4.3m as at 30 September 2019 (2018: £0.3m)
- Sales Backlog³ of £12.8m to 31 March 2020 and £12.2m beyond 31 March 2020.

Revenue £0,000



EBITDA* £0,000



^{1(C)} Adjusted EBITDA is a non-IFRS measure that the Company uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of exceptional items related to acquisitions made by the Group, fair value adjustments, share based payment charges and pre IFRS 16 adjustments.

² pro forma results relating to the period prior to the IPO and initial acquisitions adjusted for normalised salaries and bonuses to provide a like for like basis and the same central costs as reported in the current year.

³ The value of contracted revenue that has yet to be recognised.

Income statement

Revenue

- Strong revenue growth of 33%
- Public services revenue has grown from £4.6m to £7.9m

Operating expenses

- The Group is committed to innovation as reflected in investments made during the period around our robotic process automation, conversational interfaces and Microsoft .NET development.

Central costs

- Investments made into our central team in order to build a business that can scale further through acquisition and organic growth.

Exceptional costs

- Majority of exceptional costs relates to the acquisition of FutureGov made in the year.

Income statement £'000	6 months to 30 Sep 2019 Statutory	6 months to 30 Sep 2018 Proforma*	12 months to 31 Mar 2019 Statutory
Revenue	13,425	10,130	8,153
Gross Profit	5,040	3,573	3,341
Operating expenses	(2,922)	(1,690)	(1,875)
Adjusted EBITDA pre central costs	2,118	1,883	1,466
Central costs	(957)	(957)	(1,064)
Adjusted EBITDA	1,161	926	402
Adjusted EBIT	161	875	18
Exceptional Costs	(254)	(551)	(1,352)
Share based payments	(9)	-	(239)
Gain from movement in FV consideration	279	-	(54)
Net finance (expense) / income	(96)	2	(9)
Profit before tax	82	326	(1,636)
Tax credit / (charge)	247	54	(41)
Profit after tax	329	380	(1,677)

* Pro forma results relating to the period prior to the IPO and initial acquisitions adjusted for normalised salaries and bonuses to provide a like for like basis and the same central costs as reported in the current year. See Appendix A for reconciliation.

Income statement

Continued

H1 FY20 includes the impact of adopting IFRS 16

This has resulted in an increase in EBITDA of £278k and a reduction in profit after tax of £26k compared to pre IFRS 16 adoption.

Adjusted EBITDA £'000	6 months to 30 Sep 2019
Adjusted EBITDA Pre IFRS 16	884
Reversal of IAS 17 operating lease expense	278
Adjusted EBITDA post IFRS 16	1,161

Profit after tax £'000	6 months to 30 Sep 2019
Profit after tax pre IFRS 16	354
Reversal of IAS 17 operating lease expense	278
Addition of IFRS 16 depreciation and finance charges	(303)
Profit after tax post IFRS 16	328

Balance sheet

Acquisition of FutureGov

- FutureGov was acquired on 12 June 2019 via a combination of cash and share consideration. A preliminary purchase price allocation has been performed resulting in recognition of goodwill of £10.7m and intangible assets of £1.6m
- A revolving credit facility of £5m was entered into with HSBC of which £3.6m was drawn down in order to fund the deal
- This has had an impact on the cash balance which has moved from £5.7m as at 31 March 2019 to £4.3m

IFRS 16 impact

- Tangible assets has increased due to the application of IFRS 16 in the period
- £1.2m of right of use assets and £1.2m of lease liabilities have been recognised which were previously off balance sheet

Contingent consideration

- The fair value of contingent consideration payable for acquisitions was assessed based on latest forecasts as at 30 September 2019 resulting in an increase of £0.8m

Balance Sheet £'000	30 Sep 2019 Statutory	30 Sep 2018 Proforma	31 Mar 2019 Statutory
Goodwill	31,321	-	20,585
Intangible assets	6,306	-	5,214
Tangible assets	1,466	284	280
Cash	4,275	3,960	5,650
Receivables	4,980	4,086	4,164
Total assets	48,348	8,330	35,893
Borrowings	3,556	-	-
Contingent consideration	12,376	-	11,562
Lease liabilities	1,198	-	-
Payables	5,807	2,849	5,080
Shareholders funds	25,410	5,481	19,251

Cash Flow

Strong cash position at 30 September 2019 of £4.3m despite significant investments made during the period reflecting the cash generative nature of our subsidiary businesses

Cash flow from operating activities

- 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 the AIM market

Cash flow from investing activities

- £4.4m of the cash flow relates to the acquisition of FutureGov. £6.6m cash outflow offset by cash acquired of £2.2m
- Remaining balance relates to additions of intangible and tangible assets of £0.2m and £0.2m of IFRS 16 leases that would have previously been recognised under operating activities

Cash flow from financing activities

- Draw-down of HSBC RCF resulting in an inflow of £3.6m offset by repayment of borrowing in subsidiaries of £0.5m and payment of deferred consideration of £0.9m

Cash flow £'000	6 months to 30 Sep 2019 Statutory	6 months to 30 Sep 2018 Proforma	12 months to 31 Mar 2019 Statutory
Cash flow from operating activities	1,341	40	(1,180)
Cash flow from investing activities	(4,829)	(12)	1,332
Cash flow from financing activities	2,113	470	5,367
Net cash (outflow) / inflow	(1,375)	498	5,519
Cash at end of period	4,275		5,650



The Panoply.

Operational Progress

Acquisition

FUTUREGOV

Part of **The Panoply.**

FutureGov has been changing public sector organisations through digital transformation for over a decade, using design, technology and organisation development approaches to create public services fit for the 21st century.



Pivotal Acquisition

Largest acquisition to date.
Position strengthened in
Public sector



Dominic Campbell CEO of FutureGov & UK MD of Public Sector

Driving organic growth by integrating
our UK market position



A true challenger brand

With an integrated digital
transformation
end-to-end offering



Industry wide recognition

Awarded the “Best Public
Sector IT Project” at UK IT
awards



Strong Client Base

Including Homes England, Essex
County Council, London
Borough of Hackney and NHS
Digital



Substantial Brand Recognition

Over 23K followers on
twitter

Organic growth through collaboration

Group companies have already collaborated on multiple client engagements.

We have introduced a number of organisational design changes to help facilitate future collaboration.



Sales Collaboration Growth

Clients who have had two or more group companies involved represent 15% of total revenue



UK Public Service Cluster

Dominic Campbell remit is to take our end- to end value proposition out to the sector using a cross group cluster of experts



Sector Sales Leads

A remit to sell the entire Group capability as an integrated offer



Organic collaboration

Cultural and value fit has enabled collaboration to emerge organically.



Collaborative success

Multiple combined wins including Defence Science and Technology Lab, Food Standards Agency and L&Q



Cross Company Clients

Food Standards Association, BFI. Christian Aid, BBL Digital, PGS

Group investments

We have continued to invest in both new businesses, additional services and bolstered our group level team. All investments have **significant long-term potential** for the Group, are playing on huge structural trends and are already generating revenues.

- ▶ Launch of human+
- ▶ Launch of Questers RPA
- ▶ Launch of Manifesto Bristol
- ▶ GreenShoot Labs AI Capability - Open Dialog
- ▶ Manifesto NFP fundraising offering
- ▶ Launched .NET Capability
- ▶ Health Sector Business Development
- ▶ New Group Marketing Manager, Social Impact Manager and increased finance resource

Acquisition pipeline

▶ During the period we established our own internal M&A origination team

▶ A healthy acquisition pipeline

▶ Acquisition pipeline that at period end had 30 companies in it with a combined annual revenue of £150m

▶ Nordics, we continue to target acquisitions that are complementary to our existing company Bene Agere

▶ We look to add further capabilities around the Microsoft stack, CRM and enterprise CMS

▶ £5m three year revolving credit facility entered into with HSBC to be used for future acquisitions and working capital

Summary

- ▶ Strong challenger proposition created for the Public Services sector – well positioned to take market share
- ▶ Capitalising on a structural growth market – Digital transformation is business critical
- ▶ Already winning leading clients in our key verticals
- ▶ Experienced, ambitious management in place across the Group all with material shareholding in the Group
- ▶ Growing collaboration across group businesses is unlocking new sales opportunities
- ▶ Investments made across the Group to support long term growth



Looking Ahead

Outlook

- ▶ £25m sales order backlog, including £12.8m to March 2020
- ▶ We continue to see our group businesses working ever more closely together
- ▶ Our go-to market strategies for our key sectors are becoming increasingly aligned across the Group, and this will be a key focus over the second half of the year and beyond
- ▶ We have a healthy and growing acquisition pipeline and organic growth opportunities continue
- ▶ We anticipate that post election government spend will increase
- ▶ The Group will continue to invest for the long term where it sees substantial growth opportunities
- ▶ Automation practice growing rapidly, reflecting structural market changes
- ▶

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Thank you!

The Panoply offering

The Panoply works with organisations to help them embrace the opportunities of the internet era.

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

We do much more than meet technology challenges. The Panoply supports organisations to implement lean and agile methodologies, new business models and user engagement to secure sustainable, successful change.

Many of our people are veterans of the kinds of organisations we seek to support. They bring insights that create empathy with our clients based on an understanding of the challenges clients face and the expectations of their users.



Appendix A

Reconciliation of H1 FY19 pro forma EBITDA to normalised pro forma EBITDA

£'000	6 months to 30 Sep 2018
Sept 18 Pro Forma Adjusted EBITDA	1,929
Normalisation for salaries	(292)
Central costs uplift to reflect H1 20 actuals	(711)
Sept 18 Pro Forma normalised Adjusted EBITDA	926

Appendix B

Reconciliation of H1 FY20 pro forma adjusted EBITDA

£'000	6 months to 30 Sep 2019
Sept 19 Pro Forma Adjusted EBITDA	884
Investment in start-ups	393
Sept 19 Pro Forma Adjusted EBITDA pre investments	1,276
Central costs	957
Sept 19 Pro Forma Adjusted EBITDA pre investments, pre central costs	2,233