

## Welcome

### (Speaker: Brendan Mooney, CEO)

Good morning, everyone, you're very welcome. It's just turned 9:31 and I know some people are still joining, but I'm going to be respectful of your time. So you're very welcome to join myself and Richard to give you the latest update. As you can see, I'm joining from home in Belfast, and it may surprise you to hear this, but the big excitement in the Mooney house is not the excellent set of results, which we will talk about for the next hour, but actually a wedding anniversary. So my wife Eileen and I celebrated our 30th wedding anniversary today. Nothing more celebratory in terms of beverages than a cup of coffee this morning, but who knows what this evening might bring.

## Housekeeping

So in terms of the presentation, if you just bear with me, let me launch that onto the screen here. That's now appearing on the screen and if it's not, somebody I'm sure will please let me know.

So in terms of some housekeeping at the very start, Richard and I's presentation will take about 35 minutes, during the presentation your connection will be muted, so please feel free to ask questions as you go along in the chat functionality in Teams. At the end of the presentation, FTI will moderate the Q&A session.

We are recording this transcript and this broadcast, and we'll be using Teams to generate the transcript of the call. Looking forward to seeing how it interprets my soft Irish accent over the course of the next 30 minutes. We will edit that transcript for clarity, and we will publish that on our website later today.

## Contents

You will recall that we took the opportunity in November to refresh our slide deck and that's about adding more detailed information about Workday Products, and to retire some of the information that we thought wasn't useful or helpful in the past.

## Business Overview

In terms of just giving a sense on the business. We always use this slide to start off our presentations and the first thing always strikes me when we use this slide is that we have 3 divisions that are performing really well: so strong growth, strong margins and widening opportunities.

And to focus on that point about widening opportunities, you know, I think it's really important to stress that we operate in both resilient and in high growth markets and we're trying to capture the sense of opportunity in the market size information on the top left of each of these graphs.

So collectively, our three markets represent £4.5 billion of opportunity. And if you compare the figures we're using today with the same figures a year ago, there has been increase of £1.2 billion in opportunity.

There are two factors behind this growth:

First, there is the underlying increase in spending in each of the markets, so that drives expansion. I'm thinking really of increases in government spending, or Workday Inc's impressive growth as well.

There's also expansion as a result of our activities, our move into the police sector in the UK for instance, or our appointment as the Workday Phase One partner in the US.

In our view, these market opportunities are well established; you can trace the origins back to 2011, but there's been real resilience shown over the years. Despite the concerns about the broader economic conditions, we continue to see very strong demand from existing customers, as well as from customers who are new to the market. And that's not just our view, you see that replicated across many of our peers and competitors.

## **Expertise at a global scale**

In terms of our customers, you know we're very proud of the customers that we have and the work that we do for them as well. Our customer cohort is now over 800 ambitious organisations and includes, as you can see, some incredibly well-known brands. So I'm just sorry we can only really squeeze 30 of them onto this slide.

## **Highlights**

And turning to the results and giving you the overview, it's been a really pleasing performance, we've delivered once again very strong growth, both at a group level, but also across each of the divisions, and we've captured that on the left-hand graphic.

Our performance is because of our execution, we've no doubt about that, but there's also high demand in the market. We continue to be capacity constrained. There are more opportunities out there than we have people to do them, but there's a great balance of short-term demand and that kind of longer-term growth drivers I talked about on the previous slide.

I have to say we're just delighted to have achieved Workday Phase One partner status in the US. It's been a long-held ambition for us, so well done on the team on achieving this milestone. Strangely, we've been capacity constrained here as well, and they've only really been able to engage with Workday's Net New sales team

since the start of this year and have only secured 2 new customers in that time period. But we would be expecting a higher deal flow through FY24.

As we discussed back in May and in November, we are investing heavily in our Workday products. We believe we can achieve a £100 million ARR by 2026. Our ARR at the end of March was £49 million, and we passed that £50 million midpoint during April. And I think being over halfway to any target is always a very positive milestone, and we pick up the conversation about investments later in this presentation.

And in addition to the strong revenue growth, looking at our KPIs, you know, we've achieved strong profit growth, albeit moderated slightly by our investments, strong bookings, excellent backlog and cash balance at over £100 million.

And finally, the powerhouse in our business is our people. We continue to retain and attract talented colleagues and are at almost 3,000 employees across the business.

## **Our People**

To continue in that theme of our people: it is their energy and expertise and experience drives our business.

So our delivery model remains hybrid. Colleagues work from home, or they work from our offices. Office attendance is optional and does vary across different countries and different times of the week, but it's typically still below 20%. In the past couple of years we've been investing in our offices, we need to support our hybrid working; some more collaboration space, greater flexibility in our office configurations as well.

Rather than mandating office attendance, we are creating opportunities for our colleagues to attend offices, so that could be to do with, you know, collaboration with one of our colleagues or to attend some of the social events we run in the office as well.

And it comes as no surprise here that we continue to focus on employee engagement and during the year, we moved away from our "Sunday Times Best Companies To Work For" annual survey, to Workday Peakon – the employment, sorry the employee engagement platform. So we are surveying our colleagues every four weeks. That allows us to be responsive to the feedback they're giving us. And that focus on engagement and, I guess, a more cautious job changing market as well has seen our retention rate increase to 88%, with further improvement over the last few months.

Our staff numbers are up 11%, so we're now just under 3,000 people in Kainos. And once again growing across all the different regions, but obviously highest growth in the US market.

The trading update we published a few weeks ago did generate some response, some queries about whether or not our slowing headcount growth was indicating some kind of reduced confidence in the future.

So just to be clear, that's definitely not the case.

So we've always had the view inside the company that whenever we get busy, and by busy we mean more than 20% year on year growth, then our performance gets a little ragged and so that typically translates into reduced utilisation, increased use of contractors and other short term behaviours.

Our focus over the last 12 months has been on restoring that operational excellence, and that impacts head count and hiring in three different areas:

First in that core operation aspect. So over the course of the year, we've improved Digital Services utilization by 3% from 78% to 81%, which is roughly the same as adding fifty people to the team. At the same time, we've improved our effective rate by 9%, which obviously doesn't require additional people to deliver the additional revenue.

Second, we've been rebalancing our workforce, so we reduced the number of contractors in Kainos from 318 down to 209. So a reduction of 34%. We've also increased our graduate recruitment, with 250 graduates joining us over the course of the next few weeks. So both these activities improve our cost structures kind of long term.

Thirdly, the recruitment market has cooled, which means we do not need to front-load our hiring as much as we've done in the past. There are less companies in the market for talent, and candidates are being more considerate about their next job offer, and Kainos represents a very good secure next step. That means our time to hire, and our offer acceptance rates have improved, and alongside that higher retention I've talked about, we're seeing kind of less need to hire as quickly as we've done in the past.

## **Our Customers**

So we've got a fabulous set of customers and we work with them over a long period of time. I think I've said before that our longest standing customer did their first project with us back in 1988.

So each of these charts tells an important story about our business.

As before, I've borrowed the term net revenue retention from the world of SAAS and applied it to our mainly project revenues. So our net revenue retention for the period is 126%. And that high level is really down to the value we deliver for our customers,

and the excellent customer satisfaction stats that we have, as you can see there, 99% for the last 12 months.

And again that theme of consistency, we've had a net revenue retention of greater than 100% for the past 13 years. And that's really important to us, as it allows us to forecast our business very accurately. Our customers are not immune to the economic conditions, but their consistent message to us, you know, over the past weeks, months, years has been about increased and continued investment in their projects. And we're now working with over 800 customers, so that's an increasingly broad view we're getting about the markets we operate within.

Thinking about the sector coverage, over 50% of our revenues are now generated from the Commercial sector. So really pleased now with that balance across Commercial, Government and Healthcare.

And I have already mentioned the increase in international revenues, but it does bear repeating, today over one-third of revenues are generated in international markets. That's £132 million in total and has seen growth of 52% in the past year, which is just such a fantastic achievement by the team.

## **Our responsibilities**

We've aligned our activities around the United Nations Sustainable Development Goals.

So in terms of climate action, we continue to be carbon neutral, and remain on track to be carbon net zero by 2025. Our climate targets are now approved by SBTi, and our FY23 emissions are well below the corresponding SBTi target. Indeed, our progress on the climate agenda over the last few years means our FY23 emissions are below FY20 levels, and that's despite our business doubling in size over that same time period. The focus for us in the incoming year is about our supply chain, which represents over 50% of our total emissions.

We've talked many times about how the technology sector has a significant gender imbalance issue. Our improvement plan in Kainos focuses on three areas.

So first, it's about developing and retaining the talents of the fabulous women who are already working in Kainos.

Second, it's about becoming the destination employer for talented women in the sector.

And third, it's about inspiring more young women to join the sector.

So we have worked hard on all three areas of the plan over the past year, but in this update, really highlighting work that we've been doing to encourage more young

women to explore a career in technology. So over the past year, more than 400 young people have engaged with one of our schools programmes.

On the theme of the school's programmes on the right-hand side of the slide here, during FY23, we increased the number of places on our programmes by over 30%, creating additional opportunity for young people of all abilities. Our programmes vary from the one-week work placements and our award-winning Code Camp, through to the one Day Insights programmes around Data and AI we've run recently. Our Beltech Education conference that runs in March of each year. So as well as the 1835 young people attending these programmes, over 170 of our colleagues are also actively involved in supporting the various activities.

## **Divisional Performance**

### **Digital Services**

In Digital Services, we've had a strong performance with a 12% increase in revenue, 11% increase in bookings and a 6% increase in backlog.

In terms of the Public Sector, we remain the number one supplier of the government and this year we saw revenues grow by 26%. And alongside supporting our existing customers, we've also prioritised activities widening our presence inside the sector, so focusing in on defence and policing. During the year we signed contracts with the London Mayor's Office for Policing and Crime, for the Atomic Weapons Establishment and for DSTL, which is the MOD's Defence, Science and Technology Laboratory.

Back in June of last year, the government published their latest roadmap for digital and data transformation, and they identified the next 75 services they wish to see transformed by 2025. So while this ambition hasn't yet translated into a wave of new contracts, it really does give a good insight into the high level of ongoing opportunity in the sector, and that is also reflected in our strong performance during the year.

So the drop in Healthcare revenues are a disappointment, even if we did flag it during the year. And it's the combination of reduction in pandemic related spending and delay in some new contracts being awarded, and as NHSX and NHS Digital merge the two organisations.

So our expectation looking forward into FY24 is there will be a further, if smaller, decline in revenues here as well. And you know, just to reiterate the point, it is a disappointment for us, but I think it also demonstrates the resilience in the overall Digital Services business. As those projects came to an end inside Healthcare, we

were able to transfer the teams to projects in Public Sector and Commercial Sector and keeping utilisation inside the division quite high.

And we've talked many times on these updates of the importance of a balanced business. You know, balance across sector, across geography, across service line. This is just a brilliant example of how it works in practice.

And to finish off on Healthcare and on a more positive note, our non-pandemic client base has continued to grow strongly. From this cohort, revenues have doubled in size from £19 million pre-pandemic to where they are today. And that includes recent client wins, with the likes of NHS BSA, so the Business Services Authority; NIHR, The National Institute for Health and Care Research; and OHID, the Office for Health Improvement and Disparities.

To finish off with the Commercial sector, another stunning performance from the team there as well. It's our fastest growing sector in this division and across the entire business. And that growth is a combination of supporting our existing clients and our continued success in both the insurance and the payments sectors.

## **Case Study: DVSA Future Theory Test**

The Future Theory Test is just a classic Public Sector digital transformation story. All the classic themes are there: a single legacy supplier; an aging system that's becoming increasingly difficult to maintain and change; and a pressing deadline to move off the old service with the threat of extension costs and penalties if not achieved on time. Just classic themes for our various government projects.

In partnership with DVSA, we put the new system live in September of 2021.

From a user perspective, you know the new digital service is just brilliant. It's really intuitive: of the three million users that use it annually, 98.6% of bookings are made through the digital channel, with most tests happening within four weeks of booking.

From a DVSA perspective, the new system unlocks £10 million in savings every single year and given that the last contract ran for 19 years, you can just get a sense of the scale of the saving that's there. But it also creates a flexible system for them and allows DVSA to choose additional testing providers to extend the number of test locations and to quickly enact legislative changes and put those changes live in weeks, not in years.

And from a Kainos perspective, just a great project to be involved with. It was complex and parts of it had been attempted before but had failed; so a great project, but a very challenging deadline as well given the pressing need to get off the old service, especially given that most of this work was delivered during the pandemic.

The contracts for this project fall in a really typical pattern as well; the initial contract to get the service live in 2021 was for about £10 million. And that was followed by contracts worth £15 million to extend and improve the service after it had gone live; and then earlier this year we were awarded a £35 million contract to cover continuous improvement and legislative change for the next four years.

And then to top it all off, the project won the “Best Public Sector Project” in the prestigious 2022 UK IT Awards.

## **Our Artificial Intelligence Projects**

I've no doubt that AI will feature as part of the conversation in Q&A session today, so thought it useful just to add in a slide to give us a sense about the work that we are doing on Data and AI.

I think it's also a great reminder just of our internal innovation process as well, and that's charted across this journey.

So we set out, obviously, our research agenda, looking to explore new technology to understand how it helps our customers, and then we move beyond research into experimentation, typically working with customers to build prototypes and help them develop their own thinking about technology.

And now not every research topic turns into a business opportunity, but when it does, we will launch and fund that initiative. In the case of our Data and AI Practice, we launched back in 2019 and the team have done just an amazing job creating the business and helping our customers deal with some difficult challenges.

I've included four of the case studies, or short case studies of the work that we've done, starting with HelloFresh.

You know the popularity of their home kit delivery meals doubled during the pandemic. They delivered over 600 million meal kits to customers at home. That spike in demand really placed pressure on their data infrastructure, which had disparate systems for handling different aspects of their operations. So we helped consolidate all the marketing data into a central platform, reducing the overall data infrastructure costs, enabling the development of AI services that allows HelloFresh to formulate better recipe recommendations for their users.

Also, during the pandemic, the Department of Work and Pensions, or DWP, had to relax some of their counter fraud measures. You know, for instance, those face-to-face identity checks. This saw a dramatic increase in the number of Universal Credit claims, almost 100,000 claims per day. So the scale of that challenge meant that automation was required, and that in partnership with DWP, we built an AI risk scoring tool that collated data from many different systems to identify those claims



that were most likely to be fraudulent, and to allow DWP to investigate those manually. It's really important in all of our AI case studies to emphasize that human-in-the-loop involvement in the solution.

For the National Crime Agency, we've delivered a series of different data and AI projects. The case study here is to do with response time around child sexual abuse cases in the UK. It is estimated that over half a million people in the UK pose a sexual threat to children, and on average there are 842 people arrested each month on charges related to child sexual abuse. So prior to the deployment of this new system, all checks on abuse referrals were manual, so leading to long lead times to fully investigate the cases. The new system has a secure data platform to store and process official sensitive and PII datasets. We use a AI risk scoring tool that identifies cases that are assessed as being highest risk and allowing the appropriate agency to urgently investigate. Again, it's really important to stress that human-in-the-loop part of the solution.

And finishing off with the United Nations International Organization for Migration or IOM. The IOM deals with the 30 million people who are displaced every year by economic uncertainty or political unrest. That includes the provision of health assessments and medical services to over 24 million people. So reporting on these services is critical for the IOM. It allows them to plan and direct the right resources to the right locations. In addition to us helping improve the data infrastructure, the auto coding AI service can read and interpret doctor's notes, allowing the seamless reporting and analysis of medical information, and the reporting of that information on a timely basis.

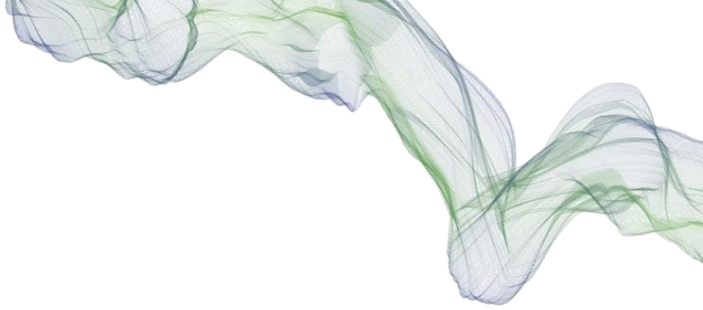
## Workday Services

Workday Services had another exceptional performance.

Revenues up 49%, bookings up 56%, backlog up 42%. And these results, you know, once again reflect not just the great work on the team, but our ever-growing stature inside the Workday ecosystem.

We remain the largest partner in Europe, and globally we are ranked #7 in terms of consultants.

So we're delighted, as I said before, to have been appointed a Phase One partner in the US market. So it's a great validation of the progress of the team have made over the past five years. It's great to have been awarded the partner status, but it has taken us a little bit of time to build up both the relationships with Workday's sales team, the Net New sales team, and the capacity within our own team to take on additional work. So it's only really since the start of this year, calendar year 2023



we've had any real progress. So signed two new clients in that time period and we expect to see a stronger contract flow through the rest of this year.

In Europe, we continue to maintain our leading position as the number one Workday partner in Europe, and again always keen to stress that, from a Workday Inc perspective, the European market is one of their key growth opportunities you'd see strong investment from Workday in that market.

Our consultant numbers up just over 27% to 808 accredited consultants across the entire organisation.

And then just to highlight the bottom right here, we've increased the estimate for the addressable market, so we've added just over £200 million since last year, which is both the underlying market growth in the market, but also our additional opportunity because of that Phase One partner status.

## Case Study: City of Leduc

Our customers have great stories behind them all, and the City of Leduc in Alberta, Canada, has a very much a kind of textbook deployment of Workday HCM and FINs

So live in nine months, going live on time and on budget. And then after the go live, getting excellent user adoption and great feedback; and the City of Leduc are seeing significant business gains around productivity and in terms of improved controls.

The reason it's important for us and for Workday, Leduc is one of 3,300 municipalities that span Canada, and is a key target market for Workday and they're making good progress there. And we're the only partner who are undertaking projects in this segment of the Canadian market.

## Workday Products

Workday is a really comprehensive SAAS platform, but we believe there are opportunities to develop our own software products, and that those products will be complementary to the Workday platform and enable customers to further increase the benefit they get from Workday.

We now have a suite of products: Smart Test which was launched back in 2013, Smart Audit launched in the summer of 2021, and Smart Shield which we launched last summer, summer 2022. The increased portfolio has contributed to the excellent performance by the team. So we've seen strong growth in revenue, ARR and backlog, each one up over 40%.

In addition to that strong performance by the team over the past year, we've also invested in building significant parts of the foundation to allow us to achieve our £100 million ARR target by 2026.

From a sales and marketing perspective, we've invested strongly, increasing our expenditure to £11 million to cover the sales team. That's an increase in-year of 135%. As we reported back in November, we had a subdued H1 sales performance, and delighted to be reporting a really strong H2 sales performance today. H2 bookings double that of H1.

In addition to our sales and marketing investment, we've also added R&D investment as well, product investment. So in total up over £9.3 million in the year. So in terms of just giving a sense about future levels of investment, we think we're now at the right levels of investment to allow us to achieve our £100 million target. There may be some incremental increase this incoming year and then further future years, but not really the step change we've seen over the past 12 months.

The initial focus for us in selling Smart Audit and Smart Shield has been into our existing Smart Test client base. So we've seen actually really good adoption of it, and over 80 Smart Test customers adopting one or both of the products. We've also had really good success outside of our existing client base as well. We've added over 20 net new clients for either Audit or Shield over the past 12 months, and we'll look forward to sharing more detailed information in future presentations as well.

## **Case Study: Match Group**

In terms of just giving a sense about the use cases for Smart Shield. The Match Group and, you know, the Match Group company are serious about security, they have to protect the privacy of their hundreds of millions of users on a daily basis, but they apply that same rigor to their employee data stored in Workday as well.

We have picked the Match Group as our Smart Shield case study, but actually our involvement with the Match Group doesn't start with Smart Shield, but actually back in 2019 with Smart Test, when they selected Smart Test to help them support their HCM deployment, which had been done by a different services provider.

Fast forward to June 2020, we were successful in bidding for their Phase X Financials deployment and for providing ongoing support for their HCM deployments.

Match Group then signed up to be a Smart Audit client in August of 2021, when the software became available, and then they signed up to be a Smart Shield client in December of last year.

So, for Match Group, the reason Smart Shield is important, it allows them to ensure the highest level of security, and to streamline their testing activity and therefore save themselves time and money.

What I like about the case study beyond the benefit it brings to the Match Group is really just it shows the different entry points we have into a client. That can be a Phase One entry point, it could be a Phase X, it could be application support or could be anyone of our three Smart products. And from that entry point we can build out what we do for our customers and command a greater share of their IT budget.

I'll now hand you over to Richard. Richard if you want to let me know when you'd like to change slides and then I'll facilitate that.

## Financial Performance

**(Speaker: Richard McCann, CFO)**

Thank you, Brendan, if you just move on to the group's income statement.

I'll start with Digital Services. Revenue increase of 12%, but that included wide variation by sector. So, as Brendan touched on earlier Public Sector, very strong growth at 26%; Commercial was a standout performer, albeit from a smaller base at 51%, although in future I think I'm going to have to drop that smaller base point; and Healthcare, obviously as Brendan mentioned, was down by 25% with the fall off in Covid work, but that was offset to some extent by growth in other areas.

We move on to gross margin for Digital Services. The really interesting thing was that gross services margin stayed fairly stable, despite all that movement between the various sectors. A few years ago, an investment banker once described our staff as fungible, which Brendan quite rightly took exception to. I think the word flexible is better used here. It's also worth noting that we had a couple of unexpected bank holidays during the year that does have significant impact on both revenue and margin, primarily in Digital Services, due to the UK focus. As a Northern Ireland based company, I'll move swiftly on with any interpretation left to the listener. In terms of contribution, it reduced from 27.9 to 27.3 mainly the gross margin point following through.

In terms of Workday Services, revenue growth overall was 49%, which would have been 40% under constant currency. With strong growth in America's, particularly as Brendan mentioned earlier 84%, EMEA 23%. Gross margin absolutely stable at 54.2%, and contribution also stable around the 20% mark.

Moving on to Workday Product, revenue growth was very strong at 40%. This is the part of our business that is most heavily impacted by exchange rates. It would have



been about 26% in constant currency. Gross margins remained relatively stable. We introduced and scaled new products, which typically means somewhat lower margins initially, that was partially offset to some extent by exchange movements.

And then we move to expenses within Workday Products. You see the big change that was in the increase that we predicted last year, which is approximately £9 million, as Brendan discussed earlier. The product development was up 52%. Again, just a reminder, we expense all our product development through the P&L account. Sales and marketing more than double, 135% increase. This led to a fall in the contribution, from 36% to 28%. We consider that increased expenditure to make sense to support existing and future products.

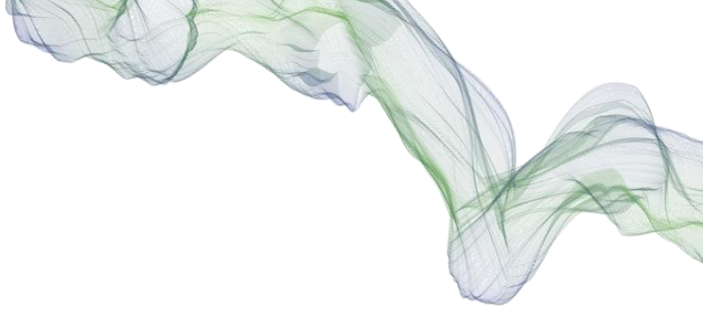
In terms of central overheads, they increased broadly in line with revenue growth, but there was a significant difference between H1 and H2. That was largely due to exchange rate fluctuations when we restate our U.S. Dollar debtors, WIP and cash at the 31<sup>st</sup> March and 30<sup>th</sup> September. So just to remind people, the exchange rate at the 31<sup>st</sup> March 2022 to the dollar was £1.31. At 30<sup>th</sup> September 22. It was £1.12. Thanks Liz. Thanks Kwasi. At 31<sup>st</sup> March 23, it was £1.24. What that meant was then in H1 we got a benefit of about £3.4 million. In H2, we had a cost of about £2.6 million despite not significant changes in a debtors or cash value in dollars. Overall, our adjusted profit increased by about 15%.

Tax stayed broadly constant at 23%, but it's worth noting that next year we expect that to go up relatively significantly to about 25% with the changes in US corporation tax.

As many of you who have been on calls before know, I've got into the habit of using musical or sporting analogies when discussing our accounts. Clearly this is not a time to ask an Ulster Rugby and Leeds United fan to talk about sports and share my private grief, so I'll go down the musical route.

This year, the first thing that came to my mind was Val Doonican, and there are lots of ways that this felt appropriate to describe the accounts. It's sort of a predictable, easy listening, laid back in a comfortable sweater type of year, not to mention the similarity with Brendan's lovely Irish accent that he mentioned earlier. By the way, if you're googling Val Doonican to see what the heck I'm talking about, it's spelled D-O-O-N-I-C-A-N.

I've been on enough presentation skills courses to appreciate that using a cultural reference that only people over 55 will get (and by the way, you know who you are!), is probably not the best idea.



So after a bit of thought I'm going to go with Ed Sheeran this year. There's the Irish parentage, there's the original focus on the UK, and there's increasingly popular outside the UK and I do appreciate, however, that neither Brandon nor I is ginger.

My kids tell me that he's boring. I tell them that he's the most streamed UK artist. We are also happy to be boring to the extent that in the statement we used the word "continue" or "continuing" 54 times and the word "remain" 21 times.

We aspire also to be a major UK player. So Ed's formula is simple. You play the guitar, you write catchy songs and you don't plagiarize other people. Our formula is also relatively simple. We work in good markets; we work with great colleagues and we deliver great value for our customers. And then we try to repeat.

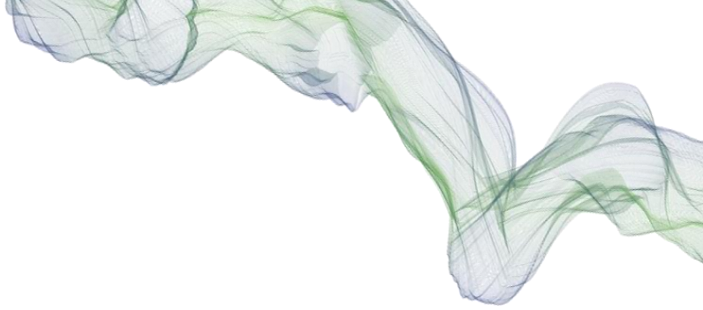
Since IPO, looking back at our 1915, sorry, our 2015 accounts, revenue increased over 500% in that period, and profits increased over 470% in that period. Not every song is going to be a hit, but we're happy to be boring and consistent.

## Balance Sheet and Cashflow

Move on to the balance sheet slide. Fixed assets, there were no significant changes other than those required by IFRS. In debtors and WIP, this is a really pleasing result this year that there was essentially no growth in these categories despite 24% revenue growth. This was due to better management of debtors and WIP. Huge amount of work went into this by people like Gary McMillan, Matt McManus and others on the call. That led to a 14-day improvement in our total of trade receivables and WIP.

In terms of cash that led to 104% cash conversion. That leads to having an impossible comp for next year. But boringly, we aren't going to change guidance in this area. We've always said somewhere around 85 to 90% cash conversion seems achievable and allows for growth and working capital. It also generated £108 million of cash on the balance sheet, and that gives us flexibility if we choose to do bolt on acquisitions in the future. It gives us the ability to fund the Belfast Office in a couple of years. It also allows me to sleep well in my bed. But ultimately this cash belongs to the shareholders, and we're shareholders too.

In terms of dividends, the final proposed dividend is 16.1 pence. Again, boringly that's in line with our consistent dividend policy over the last few years. Brendan.



## Looking Ahead

**(Speaker: Brendan Mooney, CEO)**

Richard, thank you very much. I think I'm going to remind myself for our next update that I should let you go last as that's the crowning glory.

So then we just kind of use this last slide to collect some of the themes we touched on through the presentation. In the same way as Richard did a word search for a "continuing" and "remain", I did one for the word "consistency".

And I do think that is a theme that has run through all of our results presentations, and today is number 16. And that's consistency of performance, you know, these sets of results today record our 13th consecutive year of growth, and that's growth in terms of people, of revenue, and of profit.

That's also to do with consistency and accuracy, and in terms of how we see the market opportunity. Our market view and our performance are clearly linked. Knowing our markets well allows us to plan properly and therefore to execute consistently.

So that kind of thought process, you know, looking at our three markets, the one's we are in, so all three of our divisions continue to see significant market opportunity and that opportunity has been, and continues to be, resilient in the face of economic and political changes.

In Digital Services, we continue to be the leader in digital transformation in the UK public sector, and incredibly proud of the work that we've done for all those different kinds of government departments. And you know, despite those headwinds in the NHS, we still have really solid position in Healthcare, and our Commercial team in Digital Services have made just great progress over the course of the last 12 months, and they are the standout performer across all of the results that we've recorded in this slide deck.

So, looking forward we were able to keep up our progress in the UK, but we also want to do more Digital Services internationally as well. In these results our international business for digital services, just short of £10 million, and for us, even though it's only 4% of the divisions total revenue, achieving that £10 million revenue milestone feels like an important thing. And it now feels that that part of our business can truly grow to be a major part in the future.

But in terms of our ambition, for us it's about that high demand in the market. We're looking just at the UK Public Sector, you know, it's a £2.7 billion market. It is growing. It's growing strongly, and then there's that additional opportunity that's there in financial services, and then the potential for international growth as well.

Our Workday Services growth has always outpaced the underlying market, you know, and we believe that we can keep doing that in the future as well. And by any definition, that underlying market growth is really high growth. In the short-term, Workday are forecasting a 17 or 18% growth in 2023 and they will be growing by 60% to achieve their 2026 \$10 billion revenue targets, so that's a huge opportunity for us there. Our FY24 focus is about building in our established markets, and it's about really grasping the opportunity in the US market, now that we have the US Phase One partner status.

Our team behind our Workday Products have just built a great business. Already over £49 million ARR. They've done a great job to get to the £49 million, but we think we're only getting started and there's a significant opportunity to achieve that £100 million ARR target. And as we get close to that, we can think about what future targets might look like. For us, it's about adoption of Smart Test, Smart Audit and Smart Shield across the Workday customer base. That's a customer base that is growing every year. It's now almost 5000 customers who are there for us to target in terms of the adoption of our products. So again, a sizable market already, but growing quickly as well.

So we're going to bring the presentation to a close. Really repeating what's hopefully been obvious during the presentation: we're really pleased with the results that were published today, and we're both excited and confident about the year ahead and the years ahead.

Let me stop sharing and pass over to FTI to manage the Q&A.