

# Full Year Results

12 months ended 31st May 2022

Rory MacDonald, CEO  
Debbie Lovegrove, CFO



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# Presenters



**Rory MacDonald**  
CEO



**Debbie Lovegrove**  
CFO

# Agenda

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01. **Business Overview**  
Rory MacDonald

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02. **Financial Results**  
Debbie Lovegrove

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03. **Strategic Plan**  
Rory MacDonald

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04. **Outlook**  
Rory MacDonald

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05. **Q&A**  
Rory MacDonald & Debbie Lovegrove

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# Business Overview

Rory MacDonald  
CEO

# Highlights for FY22

## Excellent financial performance

- Accelerated revenue growth
- Gross margin strengthened by a favourable revenue mix
- Profit, cash, sales bookings and backlog all grown significantly

## Significant expansion of our client base and offerings

- Successful execution of client acquisition strategy: secured 12 new clients in the year, and won our largest ever contract(s)
- Continued investment in strategic initiatives to develop our own IP and expanded our capabilities and service offering

## Significant expansion of our talented team

- Accelerating recruitment, supported by The Academy, to enable the fulfilment of Contracted Backlog – headcount of 478 (414 permanent employees and 64 contractors) at 31 May 2022 (31 May 2021: 235)
- Geographic expansion – first employees hired in Scotland, Newcastle and the Midlands

### Revenue Growth

**£29.3m**  
**+120%**

### Headcount

**478**  
**+103%**

# Key Performance Indicators

## REVENUE

**£29.3m**  
+120%

(FY21: £13.3 million)

## GROSS PROFIT

**£11.3m**  
+125%

(FY21: £5.0m)

## ADJUSTED EBITDA<sup>2</sup>

**£2.6m**  
+618%

(FY21: loss £0.5m)

## SALES BOOKINGS<sup>3</sup>

**£51.1m**  
+115%

(FY21: 23.8m)

## CONTRACTED BACKLOG<sup>1</sup>

**£38.2m**  
+133%

(FY21: £16.4m)

## HEADCOUNT

**478**  
+103%

(FY21: 235)

## UTILISATION

**81%**  
+3%

(FY21: 79%)

## NEW CLIENTS

**12**  
+9%

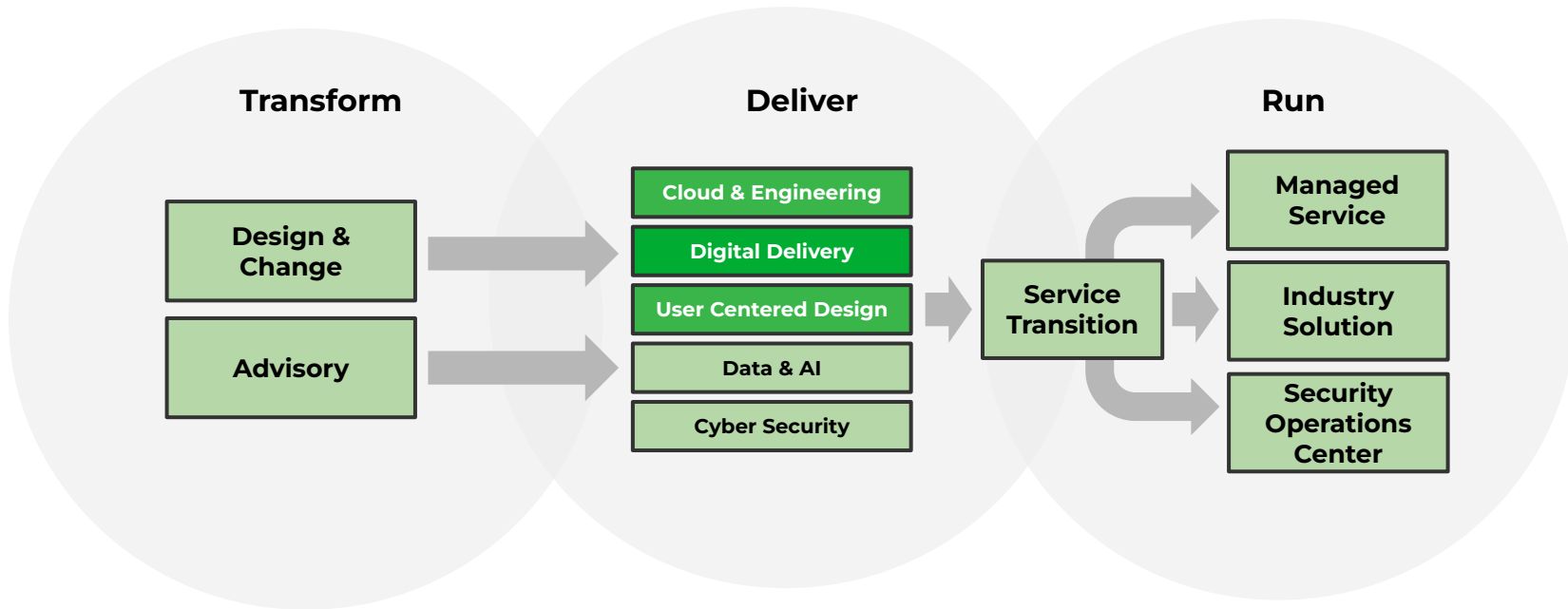
(FY21: 11)

1. Contracted Backlog is the value of contracted revenue that has yet to be recognised

2. Adjusted EBITDA means operating profit before depreciation, amortisation, exceptional items and share based payment charge

3. Sales bookings represent the total value of sales contracts awarded in the year, to be delivered in FY22-FY25

# Offerings & Capabilities



FY22/FY23  
Service Lines

Pre-FY22  
Service Lines



Clients

Central Government

  
Government Digital Service

  
Department for Education

  
Ministry of Justice

  
Department for Levelling Up, Housing & Communities

  
HM Revenue & Customs

  
Met Office

  
ROYAL AIR FORCE

  
Driver & Vehicle Licensing Agency

  
Home Office

  
Maritime and Coastguard Agency

  
Department for International Trade

  
ofgem

  
ofqual

  
citizens advice

  
UKRI

  
Hackney

  
CITY OF Lincoln COUNCIL

  
NEWARK & SHERWOOD DISTRICT COUNCIL

  
Southwark Council

  
h&f hammersmith & fulham

  
City of Westminster

  
Sedgemoor District Council

  
Essex County Council

  
THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

  
London Borough of Redbridge

  
Camden

Local Government

Health & Social Care

  
NHS England

  
skillsforcare

  
lab

  
NHS Kettering General Hospital NHS Foundation Trust

  
NHS London North West University Healthcare NHS Trust

  
GIG CYMRU NHS WALES

  
NHS Digital

  
The Hillingdon Hospitals NHS Foundation Trust

  
NHS Gloucestershire One

  
NHS X

  
medichecks

  
Business Services Authority

  
NHS Blood and Transplant

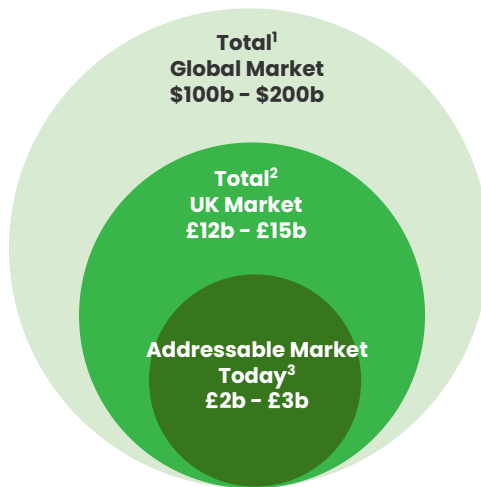
  
NHS Blood and Transplant

# Market Opportunity

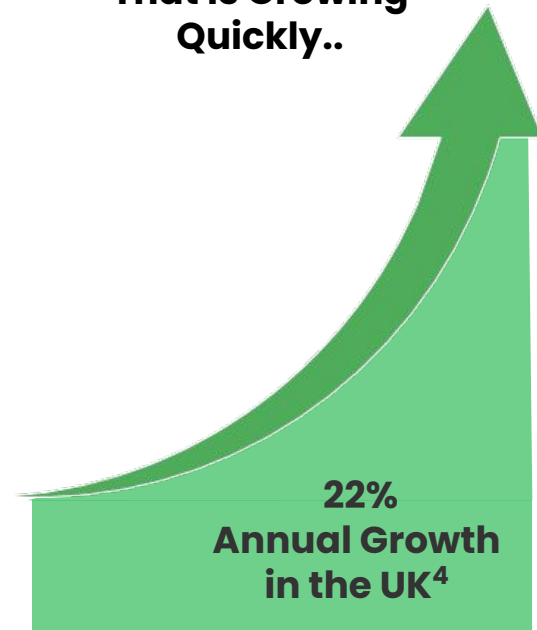
## Strong Tailwinds...

- ✓ **Government technology no longer fit for purpose**
- ✓ **Drive to digital, to automate and drive efficiencies**
- ✓ **Reduction in large scale IT contract outsourcing**

## Driving Large Market...

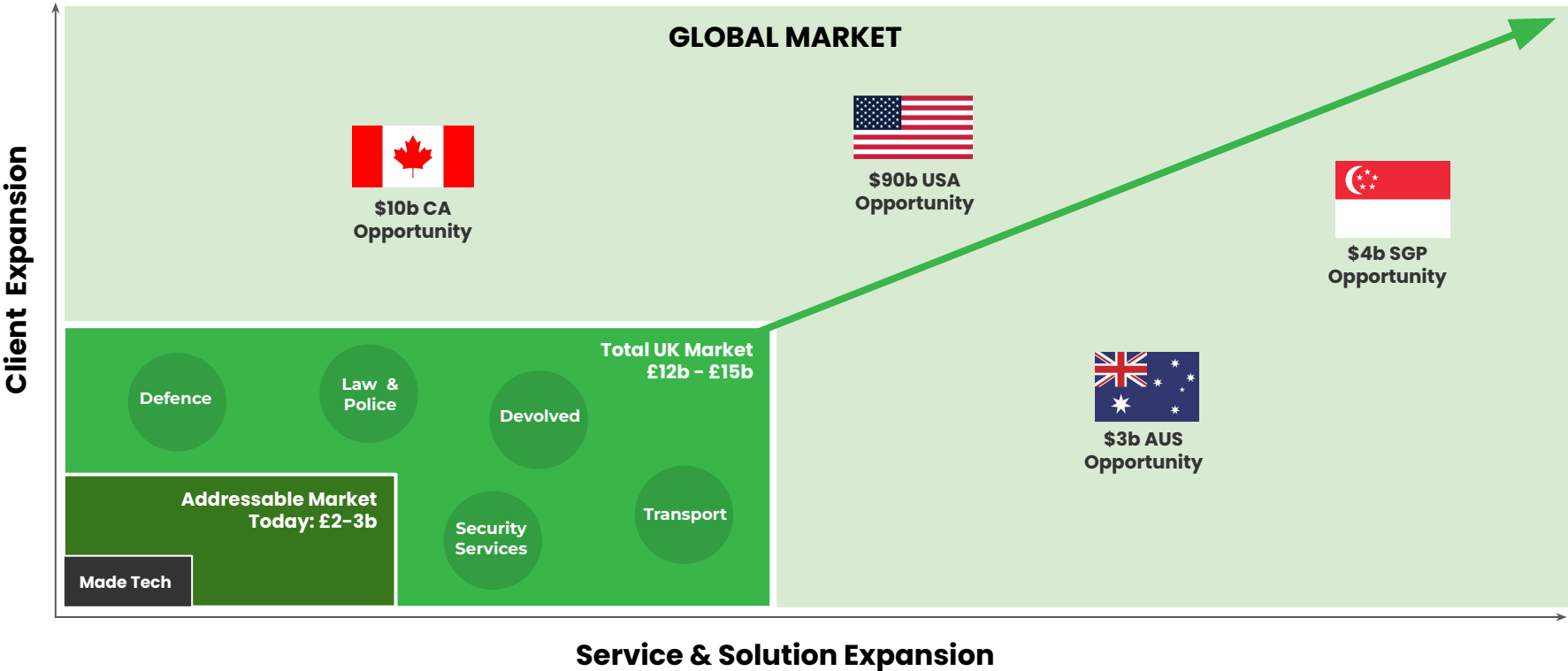


## That is Growing Quickly..



1. Admission Document  
2. TechMarketView PublicSectorViews Research  
3. Crown Commercial Service Digital Marketplace  
4. Crown Commercial Service Digital Marketplace

# Decades of Growth Ahead



# Our People

## Headcount

478  
(+103%)

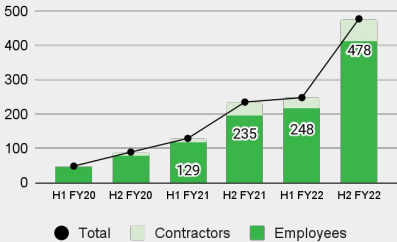
## Significant increase in headcount to 478 (2021: 235)

- 217 experienced hires (270 total new hires), with 35% in Technology (Cloud, Engineering, Data), 13% in Delivery, 31% in UCD and 20% in Management
- Successfully scaled our Academy programme to 2 intakes and had 53 new joiners
- Contractors % was high throughout the year, which is now reducing as a result of increasing numbers of permanent hires

## Retention Rate

73%  
(-12%)

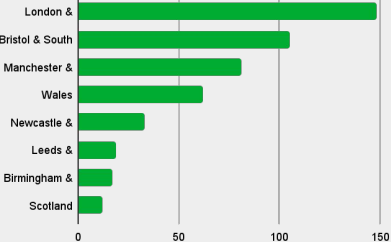
## Growth Trend



**Strong employee retention, at 73% (2021: 85%) against a backdrop of digital skills shortages and significant wage inflation**

**On-site and office based working below 10%, though signs of this returning**

## Team Locations



# Financial Results

Debbie Lovegrove  
CFO

# Highlights

## REVENUE

**£29.3m**  
+120%

(FY21: £13.3 million)

## GROSS PROFIT

**£11.3m**  
+125%

(FY21: £5.0m)

## GROSS PROFIT MARGIN

**38.4%**  
0%

(FY21: 37.6%)

## ORGANIC GROWTH

**97% CAGR**  
Over the last 4 years  
+8%

(FY21: 89% over 3 years to FY21)

## ADJUSTED EBITDA

**£2.6m**  
+618%

(FY21: loss £0.5m)

## ADJUSTED EBITDA MARGIN

**9%**  
+13%

(FY21: -4%)

## CASH FLOW FROM OPERATIONS

**£1.7m**  
+423%

(FY21: £0.3m)

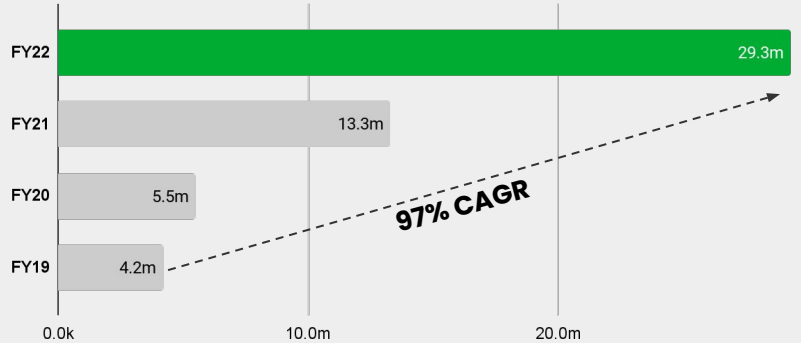
## NET CASH

**£12.3m**  
+1239%

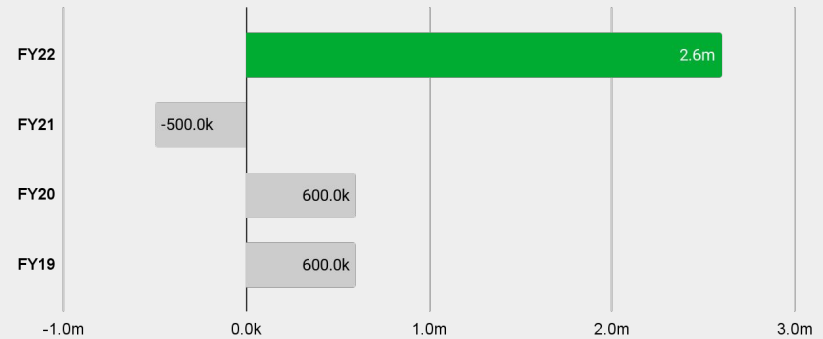
(FY21: £0.9m)

# Strong Revenue & EBITDA Growth

## Revenue Growth



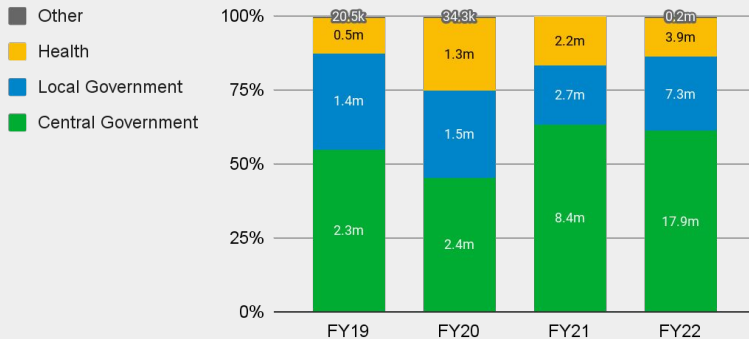
## Adjusted EBITDA Growth



- Topline revenue growth has accelerated, increasing 120% YoY, accelerating the Group's CAGR from 89% to 97%
- Revenue growth achieved organically. Group's primary focus will continue to be organic revenue growth.
- Group returned to profitability and delivered £2.6m of Adjusted EBITDA in FY22

# Resilient Revenue

## Industry Diversification & Expansion



- Continued focus on diversification across industries to increase resilience around changes in government policy.
- Central Government includes Transport, Police & Justice

## Client Retention & Expansion

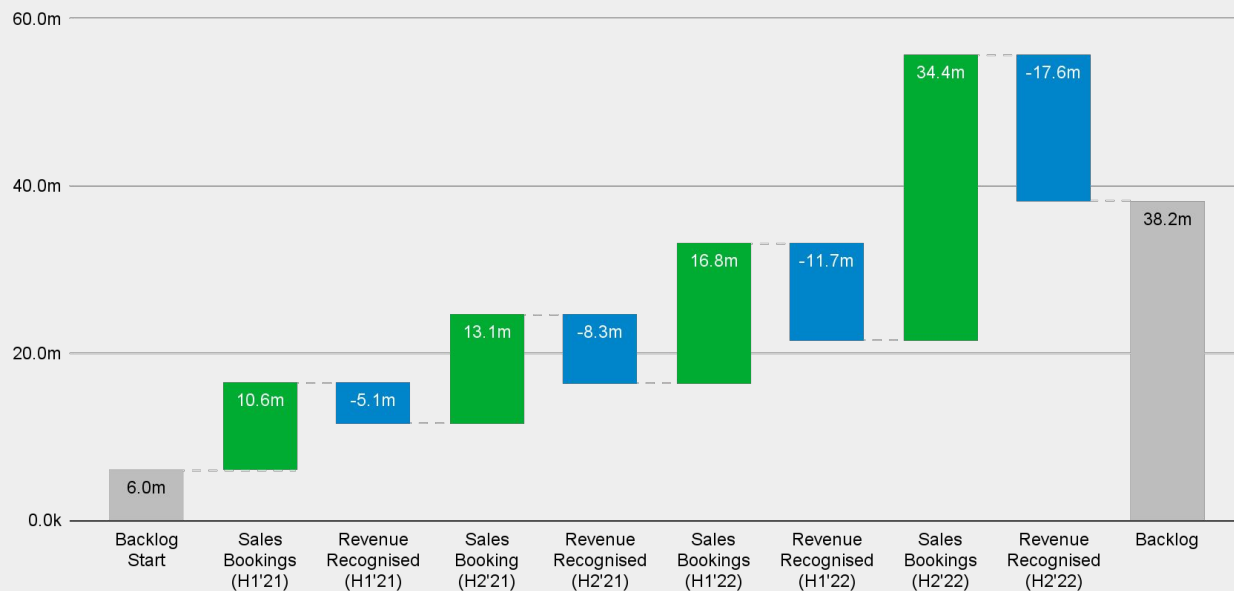


- Repeat business, enabling long term business growth.
- New client acquisition unlocks multi-year revenue streams.



# Long-term Visibility

## Bookings & Revenue Waterfall



- Contracted Backlog at £38.2m (FY21: £16.4m) which gives us a very strong foundation to build the future business upon.
- Signed or have sight of contracts which take us through to FY25.
- Circa 60% of our revenue for FY23 is either contracted or a renewal of an existing contract

# Summary P&L

- Strong Revenue growth of 120% on an organic like-for-like basis
- Gross Margin of 38% in line with prior year despite continuing macro challenges
- Admin include share based payment charge in FY22 of £2.4m (FY21: nil). Additional recruitment costs have been incurred whilst the in-house talent team is onboarded.
- Adjusted EBITDA excludes exceptional costs (£0.04m), IPO costs unable to book to reserves (£0.18m) and share based payment charge (£2.4m)

£m	FY22	FY21	Variance	Variance %
<b>Revenue</b>	<b>29.3</b>	<b>13.3</b>	<b>16</b>	<b>+120%</b>
<b>Gross Profit</b>	<b>11.3</b>	<b>5.0</b>	<b>6.3</b>	<b>+125%</b>
Gross Margin %	38%	38%	-	-
Admin Expenses	11.3	5.8	5.5	+95%
<b>Operating loss</b>	<b>(0.3)</b>	<b>(0.8)</b>	<b>0.5</b>	<b>+67%</b>
<b>Adjusted EBITDA</b>	<b>2.6</b>	<b>(0.5)</b>	<b>3.1</b>	<b>+618%</b>
<b>Adjusted EBITDA Margin</b>	<b>9%</b>	<b>(4%)</b>		<b>+13%</b>

# Balance Sheet

- Intangible assets Includes IP developed internally for products and/or business solutions that acts as business accelerators for the industries that we serve (circa 7% of total revenue)
- Debtor Days of 41 (FY21: 48 days)
- Cash and cash equivalents has increased due to the funds received from IPO (£13.5 million net of all IPO related costs)
- Increase in Trade Creditors and accruals £6.3m (FY21: £5m) due to the use of consultants and other third parties deployed to drive revenues
- Significant cash balance £12.3m (FY21: £0.9m) and debt free

BALANCE SHEET As at 31 May (£m)	FY22	FY21
Fixed Assets	0.9	0.8
Intangible assets	1.9	-
Trade and other Receivables	6.1	2.5
Cash	12.3	0.9
Liabilities	(6.4)	(5.0)
<b>Shareholders' funds</b>	<b>14.8</b>	<b>(0.8)</b>

# Cashflow

- Cash flow from Operations positive of £1.7m (FY21: £0.3m)
- £13.5 million net cash injection from IPO process
- Dividend payments in FY21 to previous owners (pre IPO)
- CBils loan repaid in Oct FY21 (£1.25m)

<b>CASHFLOW As at 31 May (£m)</b>	<b>FY22</b>	<b>FY21</b>
Cash flow from operating activities	1.7	0.3
Capital expenditure	(0.4)	(0.3)
IP Investments	(1.9)	-
Proceeds from Share issue	13.5	-
(Repayment)/Receipt of loan	(1.3)	1.3
Dividends	-	(1.2)
Payment of lease liabilities	(0.2)	(0.2)
<b>Net cash inflow/(outflow)</b>	<b>11.4</b>	<b>(0.1)</b>

# Forward Guidance

Revenue	<ul style="list-style-type: none"><li>Anticipate phasing of Revenue to follow FY22 with 40/60 H1/H2 split</li></ul>
Gross Profit Margin	<ul style="list-style-type: none"><li>Expect our Gross Profit margin to be in line with FY22 (38%)</li></ul>
EBITDA	<ul style="list-style-type: none"><li>Expect EBITDA to be H2 weighed as we unwind significant contactor usage in H1</li></ul>
Share Based Payment Charge	<ul style="list-style-type: none"><li>FY22 charge: £2.4 million. FY23 estimate: £2.5 million</li></ul>
Depreciation and amortisation	<ul style="list-style-type: none"><li>Estimated Depreciation and amortisation for FY23 of £0.5 million (FY22: £308k)</li><li>Amortisation begins when the IP is available for use.</li><li>Default method of amortisation shall be straight line over the economic life of the asset (expected to be 3 to 5 years)</li></ul>
Taxation	<ul style="list-style-type: none"><li>Corporation tax charge of 20% (FY22: 19%)</li><li>R&amp;D Tax credits of 33.33% of eligible R&amp;D spend</li></ul>
Dividends	<ul style="list-style-type: none"><li>The Group remains committed to the dividend policy stated at IPO and will review dividend payments in respect of 2023 at the H1 announcement</li></ul>
R&D Investment	<ul style="list-style-type: none"><li>Continued investment into IP to unlock product revenues – expect additional spend 7.5% of Revenue in FY23 (FY22: £1.9 million)</li><li>R&amp;D investment Policy: 5-7.5% of Revenue in FY24, 5% of Revenue in FY25 and ongoing</li></ul>

# Strategic Plan

Rory MacDonald  
CEO

# Overview of Plan

Growth			Operations	People
<b>Offerings &amp; Capabilities</b>  Expansion of capabilities to provide an end-to-end digital transformation offering to our clients.	<b>Industry Expertise</b>  Deepening & expansion of our industry verticals, to enhance our status as trusted advisors.	<b>Geographic Coverage</b>  Purposeful and intelligent expansion into new territories within the UK and internationally.	<b>Operational Excellence</b>  Build & optimise best-in-class operational systems, processes and enabling functions.	<b>Employee Experience</b>  Provide an industry leading employee experience with a focus on personal development.

# Growth

## Offerings & Capabilities

### What we are doing

Expansion of capabilities to provide an end-to-end digital transformation offering to our clients.

### Why it is important

To win larger contracts and scale the impact we're having with clients.

### How we track progress

- Revenue by Capability Practice
- Gross Margin by Capability Practice
- # Active Clients by Capability Practice

### Current priorities

Incubating:

- Managed Services
- Cyber Security
- Advisory
- Industry Solutions (Local Government)

Scaling:

- Data & AI
- User Centered Design



# Growth

## Industry Expertise

### What we are doing

Deepening & expansion of our industry verticals.

### Why it is important

Enhances our status as trusted advisors, helping to charge a premium to solve industry specific challenges.

### How we track progress

- Client Satisfaction
- Revenue by Industry
- Gross Margin by Industry
- # Active Clients by Industry

### Current priorities

Incubating:

- Defence

Scaling:

- Health
- Local Government

## Growth

### Geographic Coverage

#### What we are doing

Purposeful and intelligent expansion into new territories within the UK and internationally.

#### Why it is important

Enables us to harness local talent, contribute to local communities, and build closer relationships with regional government stakeholders.

#### How we track progress

- Employees per Location
- Geographic location of Clients

#### Current priorities

- UK
  - London
  - Manchester
  - Bristol
  - Birmingham
  - Swansea
  - Leeds
  - Edinburgh
  - Newcastle

# Operations

## Operational Excellence

### What we are doing

Build & optimise best-in-class operational systems, processes and enabling functions.

### Why it is important

Enables our billable staff to work efficiently, minimising overheads and driving bottom line performance.

### How we track progress

- Employee Satisfaction
- Utilisation by Capability Practice
- Gross Margin
- EBITDA
- Cash Conversion
- Overheads as % of Revenue

### Current priorities

Incubating:

- Hybrid Workspace & Facilities

Iterating:

- HR Systems
- Training Systems

Scaling:

- Professional Service Automation Systems
- Sales & Bid Systems

People

Employee Experience

What we are doing

Provide an industry leading employee experience with a focus on personal development.

Why it is important

Critical part of our culture and a core value, which improves retention, reduces recruitment costs and drives engagement.

How we track progress

- eSAT
- Engagement Levels
- Internal Mobility
- Retention/Attrition
- DE&I Reporting

Current priorities

- Reward & Total Compensation
- Expand Academy
- Career Progression
- Hybrid Working

# Business Outlook

Rory MacDonald  
CEO

# Positive Outlook



Business **trading inline** with revised market expectations, with **very good visibility** through to FY'24 and **>£40m annual run rate.**



Continued focus on the **execution** of our **short term business and financial commitments** and our longer term **strategic priorities.**



Healthy demand environment with **>£13M of new contracts** signed in Q1 and a **very strong pipeline** of opportunities.



We hold an **excellent position** in a **long-term, high-growth market**

# Q&A