

2 September 2024

Kainos Group plc
("Kainos" or the "Company")

Trading Update

Kainos Group plc (KNOS), a UK-headquartered IT provider with expertise across three divisions - Digital Services, Workday Services, and Workday Products, today issues a trading update for the period from 1 April 2024 to date and updated guidance for FY2025.

For the year ending 31 March 2025, the Board expects to deliver adjusted PBT in line with current market consensus forecasts, but due to the tougher trading environment in services in the financial year to date, expects only a small increase in overall revenues, which will be below current market consensus forecasts.*

Given the current macro-economic environment, the Board continues to believe that we are maintaining the appropriate balance between profitability, investment for future growth and international expansion.

Financial year to date divisional performance and outlook

- In Digital Services, there has been sustained demand from our Public Sector clients offset by some delays around project mobilisation as result of the short-term impact of the UK General Election. Healthcare revenues continue to grow while the previously announced weakness in demand within our commercial clients continues as project related expenditure decision making is delayed. Overall, there has been a subdued start to the year but expect to see revenue growth over the remainder of this year.
- In Workday Services, we remain a leading partner in the Workday consulting sector. Our win rate has remained robust, but contract wins and values have been lower than in previous periods, and there has been more aggressive pricing amongst partners. Cumulatively, this has impacted our divisional performance in the short-term although we expect a return to growth in the second half of the year.
- Our Workday Products division continues to deliver very strong growth. Our enhanced strategic partnership with Workday to co-sell our products (announced on 25 July 2024) has meaningfully increased our customer reach, increased our ARR target from £100m to £200m and will accelerate the recurring software proportion of group revenue beyond the previous 15% in FY2024. In the 5 weeks since announcing the partnership, we have made excellent progress with sales enablement and expect the upcoming Workday Rising event to be a positive catalyst.

We look forward with confidence to the remainder of the year, supported by a healthy pipeline, a strong balance sheet and significant contracted backlog. Looking further ahead we are well positioned in our core markets which offer substantial growth opportunities in all our divisions.

Our performance continues to be underpinned by our long-term customer relationships, and the calibre of our people, who continue to excel in delivering high-impact solutions for our customers. As always, we are grateful for the ongoing trust of our customers and the efforts of our colleagues across the world.

The announcement of our results for the six months ending 30 September 2024 will be made on 11 November 2024.

* Note: Company compiled range is based on known sell side analyst estimates that were updated following the announcement of the Workday Strategic Partnership in July 2024. The ranges are: Revenue £408.9m - £422.0m and Adjusted PBT £78.5m - £79.7m. The respective consensus figures are £415.5m and £79.1m. FY2024 reported revenue was £382.4m.

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About Kainos Group plc

Kainos Group plc is a UK-headquartered IT provider with expertise across three divisions: Digital Services, Workday Services, and Workday Products.

- Digital Services develops and supports custom digital service platforms for public sector, commercial, and healthcare customers. Our solutions transform the delivery of these services, ensuring they are secure, accessible, and cost-effective, and provide better outcomes for users.
- Workday Services specialises in the deployment of Workday, Inc.'s Finance, HR and Planning products to leading organisations across Europe and North America. We are one of Workday's most respected partners, experienced in complex deployment and trusted by our customers to launch, test, expand, and support their Workday systems.
- Workday Products develops products that complement Workday. Our Smart product suite, including Smart Test (for automated testing), Smart Audit (for compliance monitoring), and Smart Shield (for data masking), and Employee Document Management, are used by more than 500 customers globally.

Our people are central to our success. We employ more than 2,900 people in 22 countries across Europe and the Americas.

We are listed on the London Stock Exchange (LSE: KNOS) and you can discover more about us at www.kainos.com.

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