

31 October 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 an update on trading since 2 September 2024 and updated guidance for the year ending 31 March 2025.

Whilst the Workday Products business continues to grow very strongly, our Digital Services and Workday Services divisions continue to be affected by the macro-economic environment and related delays in client decision-making. Considering these factors, the Board has moderated its expectations for the second half of the year and now expects that for the year ending 31 March 2025, we will deliver revenues moderately below current market consensus with the majority of the reduction flowing through to adjusted PBT.

Divisional performance and outlook

- Our Workday Products division continues to deliver growth, with a very strong performance recorded in the first half of the year. The [July announcement](#) of our expanded Workday partnership has further enhanced our growth prospects, reflected in our increased ARR target of £200m by 2030.
- In Digital Services, there is sustained demand from our Public Sector clients, but there has been continuing delays around decision-making as our clients await clarity on the new government's spending priorities. These delays have been more pronounced in the last few weeks in anticipation of the publication of the new budget. Although we anticipate heightened levels of activity in the weeks ahead, we are dependent on decisions being made before the main mobilisation phases for these contracts.
- As outlined in our [September Trading Statement](#), our Workday Services division has continued to win new contracts, however, the number and value of these new contracts have been lower than in previous periods and has resulted in a decline in revenue during the last six months. We continue to anticipate increased activity in the second half of the year but are being more cautious around the timing which will impact recovery.

Proactive Management

Whilst these changes to our expectations are about delays rather than cancellations, we nonetheless continue to be focused on maintaining prudent cost control measures, reducing discretionary spending, minimising our level of contractors, while reallocating staff to our current high growth areas in Workday Products and in the Healthcare Sector of Digital Services.

Share Buyback Programme

Given the strength of the Company's balance sheet, the Board intends to approve a share buyback programme, full details of which will be given alongside the interim results for the six months ended 30 September 2024 which will be announced on 11 November 2024.

Outlook Summary

Notwithstanding this backdrop for FY2025, the Board continues to believe that we are well positioned in our core markets, which offer substantial growth opportunities in all our divisions and that we are maintaining the appropriate balance between investment for future growth, international expansion and profitability.

** Note: Company compiled consensus is based on known sell side analyst estimates that were updated following the Trading Update in September 2024. The ranges are: Revenue £375.5m - £392.0m and Adjusted PBT £75.0m - £79.7m. The respective consensus figures are £388.8m and £78.8m. FY2024 reported revenue was £382.4m and adjusted PBT was £77.2m.*

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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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