30 November 2020

**The Panoply Holdings PLC**
("The Panoply", or the "Group")

**Interim results for H1 FY2021**
*Like-for-like revenue growth of 18% and significant contract wins provide confident outlook*

The Panoply, the technology-enabled services group focused on digital transformation, is pleased to announce its results for the six-month period ended 30 September 2020.

**Financial highlights:**

- Revenue up 58% to £21.2m (H1 2020: £13.4m)
  - Organic like-for-like revenue[1] growth of 18%
- Gross profit up 48% to £7.4m (H1 2020: £5.0m)
- Adjusted EBITDA[2] up 142% to £2.9m (H1 2020: £1.2m). Actual EBITDA of £0.1m loss (H1 2020: £1.2m profit)
  - Organic like-for-like adjusted EBITDA[2] growth of 37%
- Adjusted profit after tax[2] up 163% to £2.1m (H1 2020: £0.8m)
- Adjusted diluted earnings per share[2] of 2.6p (H1 2020: 1.3p)
- Loss after tax of £1.7m (H1 2020: £0.3m profit). Loss per share of 2.9p (H1 2020: Earnings per share 0.7p). Loss is attributable to a fair value adjustment of £2.5m reflecting additional share consideration payable to vendors as a result of their actual performance exceeding the initial accounting estimates. These amendments have been announced previously
- Cash conversion[3] of 102% (H1 2020: 209%) and cash at bank of £5.9m as at 30 September 2020 (30 September 2019: £4.3m). Net debt of £1.2m (30 September 2019: £0.7m net cash) after net acquisition consideration less cash acquired of £3.1m paid out in the period for Difrent and Arthurly
- Sales backlog as at 1 October 2020 of £17.5m to 31 March 2021 (2020: £12.8m)

**Operational highlights:**

- £25m in total contract wins in H1 2021
- Continued strength as a leading alternative full-service provider in digital transformation to the public sector with 70% of revenue from that sector in the period (H1 2020: 59%)
- Acquisition of Arthurly and Difrent completed, adding to the Group's depth of capabilities in hyperscale cloud projects and expanding its reach in the Healthcare sector. Healthcare now represents 16% of Group revenue on a pro forma basis
- Established its two full-service brands (FutureGov and Foundry4)
- Revenue growth of 288% in previous investment areas of Intelligent Automation and Conversational AI
- Appointment of Rachel Neaman to the Board as a non-executive director post-period end

**KPIs:**

- Continued growth of customer base with 225 billed in H1 2021 (H1 2020: 209)
- High repeatable revenue with 84% of customers billed in H1 2021 also billed in FY 2020, FY 2019 and/or FY 2018
- Top ten clients generating 34% of revenue (H1 2020: 42%), reducing concentration risk

**Dividend:**

- A maiden interim dividend of 0.2 pence per share has been declared for H1. This will be paid on 29 January 2021 to shareholders on the register at the close of business on 8 January 2021.

1 Like-for-like relates to H1 2020 being restated to show the numbers for the previous year of the existing and acquired businesses consolidated for the same months as in H1 2021.

2 Adjusted EBITDA, Adjusted profit after tax, and Adjusted diluted earnings per share are after adjustment for non-recurring items and recurring share-based payments and is a non-GAAP measure management uses to assess the underlying business performance (also see financial review). Adjusted EBITDA includes the impact of IFRS 16 for current and prior year reporting.

3 Cash conversion is calculated based on pre-tax cash from operations and adjusted profit before tax figures which include adjustments made for amortisation related to acquired intangibles, share-based payments and the impact of fair value adjustments.

**Neal Gandhi, Chief Executive Officer, commented:**

*"COVID-19 has clearly been the defining event of calendar 2020 and I'm hugely proud of our people with their incredible response to working primarily at home. We could not have delivered such incredible growth across all measures including revenue, adjusted EBITDA and new business bookings without their flexibility and energy.*

*To have booked record levels of new business during this time demonstrates to us that the demand for digital transformation is a trend that transcends the normal economic cycles and is set to continue for* *many years to come. Alongside this, we have continued to execute against our strategy with two acquisitions added in the period and innovation investments made in FY20 now beginning to pay off.*

*The outlook for the Group remains positive with our brand consolidation programme well underway and a number of significant new contracts being signed post-period end. We remain on track to achieve our commercial vision of both £100m revenue and £12-14m adjusted EBITDA, on a run rate basis, by 31 March 2023.*"

Retail investors can register for the 12.00 webinar using the following link:
https://bit.ly/The_Panoply_H120_piworld_webinar

**Enquiries:**


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**About The Panoply**

The Panoply is a digitally native technology services company, built to service clients' digital transformation needs. Founded in 2016, with the aim of identifying and acquiring best-of-breed specialist information technology, design and innovation consulting businesses, the Group collaborates with its clients to deliver the technology outcomes they are looking for at the pace that they expect and demand.

The Group is a leading alternative digital transformation provider to the UK public services sector, with 70% of its client base representing the public sector and 30% representing the commercial sector.

More information is available at www.thepanoply.com

**Chief Executive's review**

I am very pleased to report our H1 2021 results today, with revenue up 58% to £21.2m, and adjusted EBITDA up 142% to £2.9m versus the same period in the prior year. Importantly, these results reflect strong organic growth for the Group, alongside the impact of several successful acquisitions.

Organic, like-for-like revenue growth was up 18%. With our three-year commercial vision laid out in March 2020 aiming for 10-15% organic revenue growth rates, we are delighted to have got off to such a strong start this period. The adjusted diluted earnings per share has increased from 1.3p in H1 2020 to 2.6p in H1 2021 reflecting both our organic and acquisition-driven growth.

The strong revenue growth has been driven by a number of factors. These include the impact of successful acquisitions, the Group's increasing ability to win larger deals through its ongoing brand consolidation programme, and of course the accelerated move towards digital transformation across both public and private sectors under COVID-19 conditions.

We are also pleased with our growth in adjusted EBITDA. However, it should be noted that due to COVID-19 associated restrictions, there were a number of one-off savings seen over the period, for example reductions in rent, marketing and travel spend. This has been offset by some reduced rates on sales reflecting these reduced overheads. Equally we have experienced delays to certain projects and increased spend on other projects as a result of COVID-19. As a result it is difficult to accurately measure the aggregate impact on the interim results accurately, however we estimate that it has resulted in a c. £0.25m improvement to EBITDA during the period on a non-recurring basis.

The loss after tax reported was £1.7m, of which £2.5m of the loss reflected additional share consideration payable to vendors as a result of their actual performance exceeding the initial accounting estimates. Historically The Panoply's acquisition formula has been designed to reward outperformance, and therefore the upward adjustment in the level of consideration paid should be seen as a demonstration of the strength and health of the businesses we have acquired. These accounting charges do not impact the Group's cash position. The actual loss per share was 2.9p compared with earnings per share of 0.7p in H1 2020.

Public services work, The Panoply's focus, now accounts for 70% of revenue whilst the commercial sector continues to grow and represents 30% of revenue. Recurring revenue for H1 was 23% with a further 67% from repeat customers, highlighting the long-term nature of our client relationships.

**COVID-19**

The Group identified that COVID-19 was a potential risk in January 2020 and began making plans accordingly. In February 2020, we laid out a set of values-led principles that would guide our decision making during this period of great uncertainty. They were:

1. We would do all we could to retain our talented workforce so that post-crisis we were in a strong position to take advantage of the resultant recovery whenever it emerged;
2. We would favour the health of our employees over any client pressure to work onsite. We would also close offices when we felt the risk to employees was too great to continue to ask them to continue coming in;
3. Where certain roles became temporarily unutilised, we would not make those employees redundant and instead ask them to volunteer in their communities to assist in the crisis whilst on full pay; and
4. Learning from the 2008/9 financial crisis, we would ensure that we remained commercially free by not taking any long-term government assistance, enabling us to make our own decisions beyond the pandemic. When the furlough scheme was introduced, we chose not to use the scheme, leaving public-sector resources to be used by others in significantly more need than us.

Those principles were maintained in H1 2021 and stood us in good stead as the crisis unfolded. We would like to thank our employees for their flexibility and commitment during this difficult time.

**Performance against growth strategy**

*Targeted acquisition strategy delivers value for the Group*

During the period, the Group completed the acquisitions of digital transformation consultancies Arthurly and Difrent in June 2020 and September 2020 respectively, expanding the Group's services offering in the public sector. Arthurly enhances the Group's depth of capabilities in hyperscale cloud projects, particularly on the Microsoft stack, while Difrent joined The Panoply with a focus on health and social care, expanding the Group's reach in these sectors. Both acquisitions substantially enhance the Group's offering and both have performed well since acquisition, securing significant contracts.

The acquisitions of Difrent and Arthurly have undoubtedly boosted The Panoply's skills and knowledge base and the Group continues to assess further earnings enhancing acquisition opportunities that would deliver strategic value, whilst also adhering to the Group's purpose and ethos.

*Brand consolidation produces larger, higher-value contract wins*

In order to be awarded with larger, multi-disciplinary contracts, the group needs to present a more unified approach to clients rather than a collection of individual brands. For this reason, The Panoply recently consolidated its existing brands to establish two full-service brands: FutureGov and Foundry4. FutureGov focuses on CEO/COO-type economic buyers looking at digital transformation through the lens of organisational change and end-to-end service design including technology, whereas Foundry4 is focused on CTO/CIOs looking to enable digital transformation through the adoption of hyper scale cloud, data analytics, AI and machine learning and automation. To date, two brands have been integrated into one under FutureGov (Ameo and FutureGov) and four brands have been integrated into Foundry4 (Notbinary, Arthurly, Disruption and human+).

Going forwards, we have identified a third economic buyer of digital transformation services, chiefly Heads of Digital, primarily in commercial or not-for-profit organisations who are focused on revenue generation, customer acquisition and customer lifetime value. Therefore, we will launch a third brand in due course to address this market and to complement FutureGov and Foundry4. We expect some of our existing companies to become part of that third brand. In light of this brand consolidation exercise, our acquisition message has also evolved and all companies that we discuss M&A opportunities with are aware of which brand they will be integrated into post-acquisition.

This consolidation of brands enables us to leverage our combined scale and to easily present the Group as a whole to clients. It is far easier for a procurement department to feel comfortable awarding a £4m contract to a growing organisation with run-rate annual revenues approaching £50m than it is to award the same contract to a company with annual revenues of £5m to £10m.

We believe that this consolidation of brands has enabled us to win larger contracts more frequently. In the collective multi-decade history of the Group companies, only two £4m+ contracts had ever been awarded, yet two were won by the Group in H1 2021 alone (Bloomberg Philanthropies and Land Registry) with a further £4m contract being won with Planning Inspectorate post-period. We continue to identify additional larger opportunities in our pipeline and anticipate further larger contracts to be won in due course.

*Strong growth in investment areas*

In FY20, we invested in high-growth potential areas of Intelligent Automation and Conversational AI (previously human+ and Greenshoot Labs). During this period, those areas achieved revenue growth of 288% with Intelligent Automation reaching profitability. We have also been pleased to see our Intelligent Automation unit develop and successfully sell recurring, managed services offerings with four contracts being won with Kettering General Hospital NHS Foundation Trust, University of Law, Linc Cymru and UCL worth £825,000 over the next three years. Other clients won across both disciplines include Stonewater Housing, University of Plymouth, Avaya, Village Hotels and Tower Insurance in New Zealand (sold and delivered from the UK).

*Continued robust performance in commercial*

Commercial-sector revenues reached £6.3m, up 15% on a year earlier. As part of a larger contract worth £1.2m over 12 months with News UK, the group were contracted to build Times Radio, a significant and high-profile project. Other new clients secured in the period included Cargill and Dow Jones.

**Our purpose in action (ESG)**

Alongside our commercial vision to reach £100m run rate revenue with adjusted EBITDA of £12-14m by

March 2023, the Group also has an impact vision which is split into three components: people, planet and community. To drive the delivery of this vision the Board has created an ESG Committee, which will be chaired by Isabel Kelly (Non-Executive Director).

*People*

From gender to age to ethnicity to sexual orientation to disability to religion or belief to socioeconomic background (SEB), we want the Group to be representative of the communities in which it operates and for there to be no pay gaps for the same roles by March 2023. For the current year, we have set targets to increase representation of people from BAME backgrounds in senior positions to 20%, increase representation of people with a disability to 5%, close the inclusivity gap between white and BAME employees and to increase female representation for senior roles to 44%. We are confident that we will achieve those targets.

*Planet*

By March 2023 we aim to become a zero-carbon business. We plan to offset all historical emissions caused by our companies, going back to when they were formed, not when they joined the Group. We plan to reduce our present and future emissions by as much as possible, using cutting-edge software to calculate, analyse and eliminate emissions across Scope 1, 2 and 3. Our current position is outlined in the Annual Report.

This year has seen us push the status quo of compensating for our impact on the planet, and the climate and ecological emergencies we helped create, by investing in Gold Standard offset projects, planting trees and donating to Rewilding Britain. We have also started to break down barriers to enable our employees to reduce their individual carbon footprint, using initiatives such as rolling out Ecosia (an eco-friendly extension to Google Chrome) across the Group. Post-period the group intends to sign up to an electric vehicle leasing scheme and further support internal green groups.

Finally, our external facing client work has seen one of our Group companies leading the way in reducing the environmental impact of the digital industry.

*Communities*

It has been our standing commitment to invest 1% of our time and 1% of our post-tax profit into the communities in which we operate. Specifically, we direct our efforts towards doing what we can to contribute towards a sustainable future of equal opportunity. During H1 2021, we completed our second Future Leaders Programme. Over the course of two months a cohort of five young and diverse entrepreneurs improved their business strategies through weekly professional development workshops and mentoring delivered by our employees. The programme had 75 applications of which 78% were from minority backgrounds, 27% classified with a disability and 67% from a lower SEB.

Post-period end, we will be running our Community Action Month - dedicated to promoting purpose-driven opportunities online that our employees can engage with in their personal 1% of volunteer time. In addition to this we will be giving each employee £25 to donate to a charity of their choice as part of our Christmas Give initiative.

Beyond our impact vision, the Group's real purpose is to deliver societal change through the work we are paid to do. We have initiated efforts to measure the social impact of our client projects and will be reporting on that impact, and its contribution to the UN Sustainable Development Goals, at the appropriate time.

**Market update**

We believe that the COVID-19 crisis will go down in history as the inflection point in the technology services industry. The pandemic has changed the way executives think about digital transformation services, and this is particularly true in the public sector.

A recent Harvey Nash/KPMG CIO Survey showed almost half of all respondents believed the pandemic has permanently accelerated digital transformation and the adoption of emergent technologies. The Group operates in five of the six most important technology investment areas post-pandemic, including customer experience and engagement, infrastructure and cloud, automation, business intelligence and devops.

The importance of evolving the public-sector infrastructure was further underlined on 25 November 2020, when the Chancellor announced a new infrastructure bank as part of the government spending review. The review also revealed that the UK government expects to spend £280bn supporting the economy through COVID-19 during the current financial year with a further £55bn announced for next year. It is very clear to us that as a consequence, the efficiency and efficacy of government spending will increasingly come under the spotlight. Our public-sector proposition of delivering amazing outcomes to citizens and service users at great value to taxpayers stands us in good stead over the years to come. In addition, with 16% of our revenues on a proforma basis coming from healthcare, it's heartening to hear confirmation that funding will continue to grow for the NHS.

**Our people**

Our headcount grew by 56 (+16%) during H1 2021 to 417 people. In addition, we are pleased to report that the results of our most recent (post-period end) employee survey showed an exceptional Employee Net Promoter Score (eNPS) of +46.

I would like to take this opportunity to thank all of our staff for their continued drive, motivation, and efforts throughout the last six months and beyond. Although it has been a challenging time in many ways, our teams have worked together efficiently and collaboratively in remote working conditions and have delivered a strong performance despite extraordinary circumstances.

We are delighted to be establishing a share incentive plan ("SIP") in January 2021, which is designed to reward and incentivise employees of the Group through tax-efficient salary sacrifice and a free matching award of ordinary shares in the capital of the Company ("Ordinary Shares") on a one-for-one basis. Further announcements will be made at the appropriate time on this.

Separately, post-period end, we were delighted to have welcomed Rachel Neaman to the Board as a non-executive director. Rachel's extensive experience in digital public-sector leadership and exceptional advisory experience is highly valuable to the Group and will help us to grow further into government organisations, not-for-profits and in public-sector focused corporates.

**Outlook and current trading**

The strong momentum built in H1 has continued into current trading, as we continue to see higher-value deals signed across the Group. These include the previously announced £4m HM Planning Inspectorate contract, various NHS-related projects as well as a new project for the Welsh Government. Our focus in the second half will be on driving organic growth through continued consolidation of the brands, ensuring strong cash conversion and, as always, pursuing accretive acquisitions.

We are now seeing mass demand for our distinct style of digital transformation project delivery: fast, good value and genuinely effective. COVID-19, alongside numerous other factors, has created an ideal environment for us to prove ourselves and to continue taking market share.

The Panoply now comprises a group of more than 420 highly talented individuals, each specialised in their own field and driven by the desire to make an ever-larger positive impact in our world. The Panoply Group and its growth plans allow this to happen at increasing scale. We look forward to continuing to execute on our plan of achieving £100m revenue and £12-14m EBITDA, both on a run-rate basis, by March 2023.

**Financial review**

The Panoply achieved significant revenue growth in H1 2021 against prior year. This was achieved in line with its stated commercial vision to deliver organic revenue growth of 10-15% alongside acquisitive growth. Revenue for the half year was £21.2m, up 58% on prior year. H1 2021 revenue also represented a 18% growth in like-for-like revenue. Adjusted EBITDA (post-IFRS 16) was £2.9m, up 142% on prior year (H1 2020: £1.2m). This was also up by 37% on a like-for-like basis.

The Group recorded a loss in the half year of £1.7m (H1 2020: £0.3m profit). The loss is attributable to a fair value adjustment of £2.5m reflecting additional share consideration payable to vendors as a result of their actual performance exceeding the initial accounting estimates. This is fully reflected in our earnings-per-share calculations below.

The Directors believe that an 'adjusted profit before tax' measure is more representative of the underlying performance of the Group. To arrive at these results, adjustments made include acquisition expenses, amortisation related to acquired intangibles, share-based payment charges and the impact of fair value adjustments to contingent consideration, along with corresponding tax impact on the adjustments. The following table summarises the adjustments.

| | 6 months to 30 Sep 2020 £'000s | 6 months to 30 Sep 2019 £'000s | Year Ended 31 March 2020 £'000s |
|---|---:|---:|---:|
| (Loss) / profit before tax | (1,571) | 81 | (3,140) |
| Amortisation of intangible assets relating to acquisitions | 970 | 657 | 1,558 |
| Loss / (gain) of fair value movement of contingent consideration | 2,520 | (279) | 3,764 |
| Share-based payments | 150 | 9 | 129 |
| Costs relating to acquisition and restructuring | 263 | 254 | 591 |
| **Adjusted profit before tax** | **2,332** | **722** | **2,902** |
| Tax (including impact of amortisation and costs relating to acquisition, restructuring and listing adjustments) | (260) | 111 | (230) |
| **Adjusted profit after tax** | **2,072** | **833** | **2,672** |

As a result of the acquisitive nature of the Group and its earn-out model, the Directors believe that an adjusted share count for the purposes of calculating earnings per share is required. As such the Directors calculate an adjusted diluted share number by taking the weighted average basic shares and including the maximum shares to be issued in respect of contingent consideration to be paid based on performance measures met in the period, together with the maximum share options outstanding. The following table summarises the adjustments:

| | 6 months to 30 Sep 2020 '000s | 6 months to 30 Sep 2019 '000s | Year Ended 31 March 2020 '000s |
|---|---:|---:|---:|
| Weighted average basic shares | 56,935 | 46,270 | 48,162 |

| | | | |
|---|---|---|---|
| Shares relating to future contingent consideration | 18,667 | 14,666 | 22,774 |
| Shares relating to share options | 4,777 | 3,885 | 3,885 |
| | **80,379** | **64,821** | **74,821** |
| Adjusted diluted earnings per share (pence) | 2.6 | 1.3 | 3.6 |

Based on these alternative non-GAAP measures the Group achieved adjusted profit after tax of £2.1m (H1 2020: £0.8m) resulting in adjusted diluted earnings per share of 2.6p (H1 2020: 1.3p). The actual loss per share for the period was 2.9p (FY 2020: 6.3p Stat).

Net cash generated from operations before tax and including IFRS 16 lease payments was £3.2m (reduced to £2.2m if deferred VAT, NI and PAYE had been paid in the period). Cash conversion, calculated by reference to the adjusted profit before tax but after deducting costs relating to acquisition and restructuring was 102%.

During the period we completed the acquisitions of Arthurly and Difrent. In order to complete the acquisition of Difrent we extended our revolving credit facilities with HSBC to £7.0m, leaving us with net debt of £1.2m at the end of the period. As at 30 September 2020, cash included approximately £1.0m of deferred VAT and NI that was retained as part of the government payment holidays and has now been settled in full post-period end.

**Dividend**

In line with the Group's trading update on 12 October 2020 a maiden interim dividend of 0.2 pence per share has been declared for H1 2021 (H1 2020: nil pence). This will be paid on 29 January 2021 to shareholders on the register at the close of business on 8 January 2021.

**Consolidated statement of comprehensive income**

| | Notes | **6 months to 30 September 2020** | 6 months to 30 September 2019 | 12 months to 31 March 2020 |
|---|---|---|---|---|
| | | **Unaudited** | Unaudited | Audited |
| | | **£'000** | £'000 | £'000 |
| **Revenue** | | **21,175** | 13,425 | 31,533 |
| Cost of sales | | **(13,729)** | (8,385) | (19,526) |
| **Gross profit** | | **7,446** | 5,040 | 12,007 |
| Administrative expenses | | **(8,885)** | (4,892) | (15,149) |
| Other income | | **3** | 29 | 184 |
| **Operating (loss) / profit** | | **(1,436)** | 177 | (2,958) |
| Adjusted EBITDA | | **2,875** | 1,161 | 3,846 |
| Amortisation of intangible assets | | **(995)** | (657) | (1,583) |
| Depreciation | | **(383)** | (343) | (737) |
| (Loss)/Gain on fair value movement contingent consideration | | **(2,520)** | 279 | (3,764) |
| Share-based payments | | **(150)** | (9) | (129) |
| Costs directly attributable to the business combination | | **(263)** | (254) | (436) |
| Costs directly attributable to business restructuring | | **-** | - | (155) |
| **Operating (loss) / profit** | | **(1,436)** | 177 | (2,958) |
| Finance income | | **2** | - | 7 |
| Finance costs | | **(137)** | (96) | (189) |
| **Net finance costs** | | **(135)** | (96) | (182) |
| **(Loss) / profit before tax** | | **(1,571)** | 81 | (3,140) |
| Taxation | | **(96)** | 247 | 96 |
| **(Loss) / profit for the period** | | **(1,667)** | 328 | (3,044) |
| **Other comprehensive income** | | | | |
| Exchange differences on translation of foreign operations | | **(72)** | 36 | 104 |
| **Total comprehensive (loss) / profit for the period** | | **(1,739)** | 364 | (2,940) |

**(Loss) / Earning per share**

| | | | | |
|---|---|---|---|---|
| Basic | **7** | **(2.93)p** | 0.71p | (6.32)p |
| Fully diluted | **7** | **(2.93)p** | 0.55p | (6.32)p |

## Consolidated statement of financial position

| | **30 Sept 2020** | 30 Sept 2019 | 31 Mar 2020 |
|---|---|---|---|
| | **Unaudited** | Unaudited | Audited |
| | **£'000** | £'000 | £'000 |
| **Non-current assets** | | | |
| Goodwill | **42,414** | 31,321 | 35,672 |
| Intangible assets | **10,525** | 6,306 | 8,591 |
| Property, plant and equipment | **288** | 293 | 290 |
| Right-of-use assets | **743** | 1,173 | 1,045 |
| Deferred tax asset | **-** | 16 | - |
| Total non-current assets | **53,970** | 39,109 | 45,598 |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | **9,142** | 4,391 | 8,590 |
| Contract asset | **1,312** | 573 | 1,413 |
| Other taxes and social security costs | **-** | - | 206 |
| Cash and cash equivalents | **5,909** | 4,275 | 4,614 |
| Total current assets | **16,363** | 9,239 | 14,823 |
| | | | |
| **Total assets** | **70,333** | 48,348 | 60,421 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | **4,492** | 1,331 | 4,343 |
| Other taxes and social security costs | **4,068** | 2,529 | 3,001 |
| Lease liability | **474** | 532 | 609 |
| Deferred and contingent consideration | **8,643** | 6,934 | 10,685 |
| Contract liability | **1,102** | 635 | 1,454 |
| Borrowings | **90** | 7 | 29 |
| **Total current liabilities** | **18,869** | 11,968 | 20,121 |
| | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | **1,860** | 1,305 | 1,623 |
| Borrowings | **7,000** | 3,556 | 5,000 |
| Provisions | **27** | - | 23 |
| Lease liability | **222** | 667 | 390 |
| Deferred and contingent consideration | **4,829** | 5,442 | 5,998 |
| **Total non-current liabilities** | **13,938** | 10,970 | 13,034 |
| | | | |
| **Total liabilities** | **32,807** | 22,938 | 33,155 |
| | | | |
| **Net assets** | **37,526** | 25,410 | 27,266 |
| | | | |
| **EQUITY** | | | |
| Issued share capital | **673** | 489 | 551 |
| Share premium | **43,204** | 26,499 | 31,477 |
| Other reserves | **517** | 251 | 439 |
| Retained earnings | **(6,868)** | (1,829) | (5,201) |
| **Total equity** | **37,526** | 25,410 | 27,266 |

## Consolidated statement of changes in equity

| | Share capital | Share premium | Capital redemption reserve | Foreign exchange reserve | Share option reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance at 1 April 2019** | **423** | **20,779** | **5** | **(38)** | **239** | **(2,157)** | **19,251** |
| Profit for the period | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Profit for the period | - | - | - | - | - | 328 | 328 |
| Exchange difference on translation of foreign operations | - | - | - | 36 | - | - | 36 |
| **Transactions with owners** | | | | | | | |
| Shares issued | 66 | 5,720 | - | - | - | - | 5,786 |
| Share based payments | - | - | - | - | 9 | - | 9 |
| **Balance at 30 September 2019** | **489** | **26,499** | **5** | **(2)** | **248** | **(1,829)** | **25,410** |
| Loss for the period | - | - | - | - | - | (3,372) | (3,372) |
| Exchange difference on translation of foreign operations | - | - | - | 68 | - | - | 68 |
| **Transactions with owners** | | | | | | | |
| Shares issued | 62 | 4,978 | - | - | - | - | 5,040 |
| Share based payments | - | - | - | - | 120 | - | 120 |
| **Balance at 31 March 2020** | **551** | **31,477** | **5** | **66** | **368** | **(5,201)** | **27,266** |
| Loss for the period | - | - | - | - | - | (1,667) | (1,667) |
| Exchange difference on translation of foreign operations | - | - | - | (72) | - | - | (72) |
| **Transactions with owners** | | | | | | | |
| Shares issued | 122 | 11,727 | - | - | - | - | 11,849 |
| Share based payments | - | - | - | - | 150 | - | 150 |
| **Balance at 30 September 2020** | **673** | **43,204** | **5** | **(6)** | **518** | **(6,868)** | **37,526** |

## Consolidated Statement of cash flow

| | **6 months to 30 September 2020** | 6 months to 30 September 2019 | 12 months to 31 March 2020 |
|---|---|---|---|
| | **Unaudited** | Unaudited | Audited |
| | **£'000** | £'000 | £'000 |
| **Cash flows from operating activities:** | | | |
| (Loss) / profit before tax | **(1,571)** | 81 | (3,140) |
| Depreciation of property, plant and equipment | **383** | 343 | 737 |
| Amortisation | **995** | 657 | 1,583 |
| Share-based payments | **150** | 9 | 129 |
| Foreign exchange (gains)/ losses | **(72)** | (3) | 104 |
| Finance expense | **135** | 96 | 189 |
| Finance income | **-** | - | (7) |
| Movement in fair value contingent consideration | **2,520** | (279) | 3,764 |
| | **2,540** | 904 | 3,359 |
| **Working capital adjustments** | | | |
| Decrease/ (increase) in trade and other receivables | **1,243** | (768) | (2,586) |
| (Decrease)/ increase in trade and other payables | **(269)** | 1,102 | 1,978 |
| | **3,514** | 1,238 | 2,751 |
| Tax (paid) / received | **(341)** | 104 | (44) |
| **Net cash generated from operating activities** | **3,173** | 1,342 | 2,707 |
| **Cash flows from investing activities:** | | | |
| Net cash paid on acquisition of subsidiaries | **(3,122)** | (4,409) | (5,876) |
| Deferred consideration paid | **(160)** | (863) | (1,088) |
| Purchase of property, plant and equipment | **(44)** | (60) | (131) |
| Addition of intangible assets | **(106)** | (120) | (196) |
| Interest received | **-** | - | 8 |
| **Net cash used in investing activities** | **(3,432)** | (5,452) | (7,283) |

| | | | |
|---|---|---|---|
| Repayment of borrowings | **(7)** | (507) | (507) |
| New borrowings | **2,000** | 3,556 | 5,000 |
| Costs relating to the issue of new borrowings | **-** | - | (148) |
| Payment of lease liabilities | **(302)** | (241) | (629) |
| Interest paid | **(137)** | (73) | (176) |
| **Net cash generated from financing activities** | **1,554** | 2,735 | 3,540 |
| | | | |
| **Net increase / (decrease) in cash and cash equivalents** | **1,295** | (1,375) | (1,036) |
| | | | |
| Cash and cash equivalents at beginning of the period | **4,614** | 5,650 | 5,650 |
| | | | |
| **Cash and cash equivalents at end of the period** | **5,909** | 4,275 | 4,614 |

**1. General information**

The Panoply Holdings Plc is the Group's ultimate parent company. It is a public limited company incorporated and domiciled in England and Wales with registered office number 10533096. The Company's shares are publicly traded on the AIM Market of the London Stock Exchange.

The address of the registered office is 141-143 Shoreditch High Street, London, England, E1 6JE. The principal activity of the Group is the provision of digitally native technology services to clients within the commercial, government and non-government organisation ("NGO") sectors.

The interim financial information is unaudited.

**2. Basis of preparation**

The Group has not applied IAS 34 *Interim Financial Reporting*, which is not mandatory for UK AIM listed companies, in the preparation of this half-yearly report.

This consolidated interim financial information for the six months ended 30 September 2020 does not, therefore, comply with all the requirements of IAS 34 *Interim financial reporting* as adopted by the European Union. The consolidated interim financial information should be read in conjunction with the annual financial statements of The Panoply Holdings Plc for the year ended 31 March 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

This consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2020 were approved by the Board of directors on 18 August 2020 and delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 but did include an emphasis of matter paragraph relating to the impact of Covid-19. The financial information for the 6 months ended 30 September 2020 and 30 September 2019 is unaudited.

The interim financial statements are presented in pound sterling (GBP), which is the functional currency of the parent company.

The interim financial statements present comparative periods 6 months to 30 September 2019 and 12 months to 31 March 2020.

**3. Basis of consolidation**

These interim consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 30 September 2020. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control may cease. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

**4. Accounting policies**

The accounting policies used in the preparation of the interim consolidated financial information for the six months ended 30 September 2020 are in accordance with the recognition and measurement criteria of IFRS and are consistent with those which were adopted in the annual statutory financial statements for the year ended 31 March 2020.

**5. Business combinations**

### i. Arthurly Limited

On 9 June 2020, the Group acquired 100% of the issued share capital and voting rights of Arthurly Limited (Arthurly), a company based in the United Kingdom. Arthurly had been working in partnership with Not Binary, one of the existing Group companies over the last 6 months prior to acquisition therefore the acquisition was immediately margin and earnings enhancing to the Group.

The Group has performed an initial review of Arthurly's assets and liabilities which have been included in this set of interim statements. The Group is currently obtaining the information necessary to finalise its valuation, therefore the finalised valuation will be reported within its next published financial statements.

The preliminary fair values of the identifiable intangible assets have been determined provisionally as £0.3m and goodwill of £0.8m. The goodwill that arose on the combination can be attributed to the value of the workforce of Arthurly which cannot be recognised as an intangible asset. Goodwill has been provisionally allocated to the Not Binary cash-generating unit at 30 September 2020 and is attributable to the Consulting segment. The amortisation of the goodwill that arose from this business combination is not expected to be deductible for tax purposes.

From the date of the acquisition to 30 September 2020, Arthurly contributed £0.2m and £0.1m to the Group's revenues and adjusted EBITDA, respectively. Had the acquisition occurred on 1 April 2020, the Group's revenue for the period to 30 September 2020 would have been £0.4m and the Group's adjusted EBITDA for the period would have been £0.3m.

### ii. Difrent Limited

On 7 September 2020, the Group acquired 100% of the issued share capital and voting rights of Difrent Limited (Difrent), a United Kingdom-based digital transformation consultancy focused on the Healthcare sector. The company is led by Rachel Murphy who was recently awarded CEO of the Year 2020 for Health and Social Care by CEO Monthly magazine and who is also a CHIME-certified Healthcare CIO. Difrent also specialises in remote-first delivery, enabling organisations to deliver positive outcomes entirely remotely.

The Group has performed an initial review of Difrent's assets and liabilities which have been included in this set of interim statements. The Group is currently obtaining the information necessary to finalise its valuation, therefore the finalised valuation will be reported within its next published financial statements.

The preliminary fair values of the identifiable intangible assets have been determined provisionally as £3.0m and goodwill of £6.0m which can be attributed to the value of the workforce of Difrent which cannot be recognised as an intangible asset. Goodwill has been provisionally allocated to a separate cash-generating unit at 30 September 2020 and is attributable to the Consulting segment. The amortisation of the goodwill that arose from this business combination is not expected to be deductible for tax purposes.

From the date of the acquisition to 30 September 2020, Difrent contributed £0.5m and £0.1m to the Group's revenues and adjusted EBITDA, respectively. Had the acquisition occurred on 1 April 2020, the Group's revenue for the period to 30 September 2020 would have been £2.4m and the Group's adjusted EBITDA for the period would have been £0.7m.

## 6. Borrowings

The Group extended the revolving credit facility ("RCF") with HSBC UK Bank Plc ("HSBC") on 7 September 2020 to £7m and extended the term of the loan by 12 months to 11 June 2023. On the same day, £2.0m was drawn-down to pay a proportion of the cash consideration for the acquisition of Difrent Limited. Subject to continued financial performance conditions and due diligence on further acquisitions, HSBC have provided a facility to increase the loan by a further £3.0m to £10.0m.

## 7. Earnings per share

| | 30 September 2020 | 30 September 2019 | 31 March 2020 |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| (Loss) / profit attributable to ordinary shareholders | (1,667) | 328 | (3,044) |

| **Basic earnings per share** | Number | Number | Number |
|---|---|---|---|
| Weighted average number of ordinary shares in issue | 56,935,288 | 46,269,812 | 48,162,078 |
| Basic (loss) / earnings per share | (2.93)p | 0.71p* | (6.32)p |

| **Diluted earnings per share** | Number | Number | Number |
|---|---|---|---|
| Weighted average number of ordinary shares in issue used in basic earnings per share calculation | 56,935,288 | 46,269,812 | 48,162,078 |
| Dilutive shares | - | 13,166,212 | - |
| Diluted (loss) / earnings per share | (2.93)p | 0.55p* | (6.32)p |

* EPS figures for 30 September 2019 have been amended as the amounts presented in the prior year consolidated interim financial information were incorrect.

**8. Events after the reporting date**

There have been no significant events after the reporting date that would materially impact these interim financial statements.