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Panoply Holdings PLC (The)
05 July 2021

This announcement contains inside information

5 July 2021

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

Unaudited preliminary results for the year ended 31 March 2021

A year of strong financial growth; post-period trading significantly ahead of expectations

The Panoply (AIM: TPX), the digitally-enabled technology services group focused on digital transformation, announces its unaudited results for the year ended 31 March 2021.

Financial highlights

- Revenue up 62% to £51.1m (FY2020: £31.5m). Organic like-for-like[1] revenue growth of 19%
- Statutory EBITDA of £1.8m (FY2020: £0.6m loss)
- Adjusted EBITDA[2] increased 87% to £7.1m (FY2020: £3.8m). Organic like-for-like[2] adjusted EBITDA growth of 31%.
- Statutory Loss after tax of £2.2m (FY2020: £3.0m loss)
- Adjusted profit after tax[3] of £5.0m (FY2020: £2.7m)
- Earnings per share of 3.5p loss (FY2020: 6.3p loss)
- Adjusted diluted earnings per share[4] of 6.1p (FY2020: 3.6p)
- Cash conversion of 106% and cash at bank of £5.7m as at 31 March 2021 (net debt: £7.3m)
- Sales Backlog[5] as at 1 April 2021 of £39.0m to 31 March 2022 (31 March 2020: £15m)
- Final Dividend[6] of 0.4p per share (FY2020: nil). This follows the maiden interim dividend of 0.2 pence per share in January 2021

Operational highlights

- 71% of revenue from public services in the period (FY2020: 64%), with Local Government representing 24%, Central Government 20%, Healthcare 9%, Education 4% and the remaining 14% coming from other public services including Housing and Not-for-Profits
- Secured a number of high profile, multi-disciplinary contracts through brand consolidation, including with NHS Business Services Authority (BSA), Planning Inspectorate and HM Land Registry
- Commercial sector revenues grew in line with overall Group growth to reach £14.7m (FY2020: £11.5m) or 29% (FY2020: 36%) of Group revenue
- Acquisitions of Arthurly, Difrent and Keep IT Simple completed in June 2020, September 2020 and March 2021 respectively
- Appointment of Rachel Neaman to the Board as a non-executive director in October 2020
- HSBC RCF facility extended from £5m to £20m, with £7m remaining undrawn at the year end
- Maintained net debt to EBITDA below 1x on proforma basis

Impact highlights

- Community action hours increased by 82.9% to 1,654 (FY2020: 904)
- Carbon intensity per £1m Revenue 37.32 TCO2e (FY2020: 48.61 TCO2e)
- Made progress in closing 72% of our Diversity and Inclusion (D&I) gaps (From 18 key representation, inclusion and pay gaps)

Other KPIs

- Four contracts signed over £3m (FY2020: Nil) and 11 customers billed over £1m (FY2020: 6)
- Average contract spend increased to £176k (FY2020: £119k)
- Continued growth of customer base, 290 billed in FY2021 (FY2020: 265)
- 67% of customers billed in FY2021 were also billed in FY2018, FY2019 or FY2020 (70% of customers billed in FY2020 were also billed in FY2019)
- Top ten clients generating 30% of revenue (FY2020: 31%), reducing concentration risk

Neal Gandhi, Chief Executive Officer, commented:

"We have had an excellent year, under extraordinary circumstances and I would like to again thank all The Panoply team for the incredibly hard work they have put in to get us to this position. Highlights include having welcomed three quality businesses into the Group, delivering 19% organic revenue growth, very strong cash conversion and having made substantial progress against our ESG targets.

Our trading momentum has accelerated further into the current year, and we are delighted to have signed approximately £18.6m in new contracts in Q1 FY2022. This is a record quarter for the Group and this performance, together with the existing sales backlog we had built in FY2021, means we now expect revenue and EBITDA for FY2022 to be significantly ahead of current market expectations and to deliver analysts' expectations for FY2023 a full *year early.*

Over the reported period we have seen the benefit of brand amalgamation, and are excited to now embark on the next step of our growth journey; bringing the Group together under a single brand. In line with our 2025 vision, we believe this will support enhanced growth and cement our position as one of the very best digital transformation suppliers to the public sector."

A video overview of the results is available to watch here: https://bit.ly/TPX_FY21_overview

Neal Gandhi, CEO, and Oliver Rigby, CFO, will be hosting a live webinar for analysts and retail investors today, Monday 5 July, at 09.30am and 12:00 noon, respectively.

If you would like to register for the analyst webinar, please contact panoply@almapr.co.uk.

Retail investors interested in attending are asked to register using the following link:
http://bit.ly/TPX_FY_investor_webinar

[1]. *Like-for-like is a non-GAAP/IFRS measure that presents the prior year being restated to show the unaudited numbers of the existing and acquired businesses consolidated for the same months as in FY2021. For FY2020, this incorporates the like-for-like pre-acquisition results for Arthurly, Difrent and Keep IT Simple as if they has been included in the Group for the same period as in FY2021.*

[2] *Adjusted EBITDA is a non-IFRS measure that the Company uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of costs related to acquisitions, restructuring and other one off costs made by the Group, fair value adjustments and share based payment charge..*

[3] *Adjusted profit after tax is calculated as a non-IFRS measure. To arrive at adjusted profit after tax, adjustments made include the add back of acquisition, restructuring and other one off costs, amortisation related to acquired intangibles, share-based payments, the impact of fair value adjustments and the tax impact of these adjustments.*

[4] *Adjusted diluted earnings per share is calculated based on adjusted profit before tax as defined above. An adjusted diluted share count is calculated 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.*

[5] *The value of contracted revenue that has yet to be recognised.*

[6] *Subject to approval at the AGM and on publication of the FY2021 Group statutory accounts demonstrating sufficient distributable reserves.*

The person responsible for this announcement is Oliver Rigby, CFO.

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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're looking for at the pace that they expect and demand.

The Group is being increasingly recognised as a leading alternative digital transformation provider to the UK public services sector, with 71% of its client base representing public services and 29% representing the commercial sector.

More information is available at www.thepanoply.com

Chairman's statement

In last year's Annual Report, we discussed how we had cemented our position in the public sector, consolidated our existing businesses into two full service go-to-market brands and continued to grow our business through winning large scale, high-profile engagements. Now, 12 months on, I am extremely proud to report that although there was a statutory loss in the year, after the add-back of non-cash fair value adjustments relating to historical acquisitions, our underlying profitability has been strong, reflecting another successful period in which the Group has delivered an outstanding financial performance accompanied by strong operational progress. Across the board, our teams have responded excellently to the opportunity available to us, delivering innovative projects which meet - and exceed - the needs of our clients.

Alongside strong organic growth, we've scaled the business through targeted acquisitions. During the period, we acquired purpose-driven digital transformation businesses Difrent, Arthurly and Keep IT Simple. These acquisitions have added immediate value to the Group, significantly expanding our capabilities and bolstering us as a key player in delivering these services to organisations of scale. As a result, we have increased our position in the public sector and, notably, grown our foothold in healthcare, a key target market for the Group.

The pandemic prompted an unprecedented acceleration of digital transformation during the period, but we do not expect to see a slowdown in activity as life returns to normal. Quite the opposite, we expect digital transformation will only become more important in the years ahead - as part of a future where organisations will continually look to refresh and update their existing capabilities in order to meet the ever-changing needs of customers and service users.

Our purpose

Across the Group, The Panoply is driven by its sense of purpose and core focus on delivering sustainable, positive change for the people and communities our work impacts. In a year which has seen many areas of the public sector under significant pressure, our projects have enabled these organisations to continue providing their necessary services to people across the country. Projects of note include working in partnership with Camden Council to help Camden and local public service partners match vulnerable residents with relevant support during the Covid-19 crisis, as well as NHS Home Testing. As part of this large numbers of key workers, up to 40% of staff in some organisations, were self-isolating with Covid-like symptoms. This threatened the effectiveness of some key front-line organisations and we were proud to be able to deliver an end-to-end service on gov.uk enabling citizens to request tests which were dispatched from a distribution centre overnight. In the first 12 weeks our service had distributed over 1 million test kits to UK citizens.

Environmental, social and governance (ESG) issues are increasingly moving up the agenda and I am proud to say our excellence and long-standing commitment to this field continues to be a key differentiator from many of our peers.

From Board level down, we are unified by this commitment to change. Reflecting this, The Panoply has set up a Board-level ESG committee to ensure our ESG practices and the quality of our reporting continues to be of an excellent standard. Additionally, a further measure taken during the year is to make our Group CEOs accountable for ESG metrics, dedicating an equal space and weighting in monthly board meetings to discussing progress against non-financial KPIs.

This year we consolidated our Sustainable Futures work into three key areas: People; Planet; and Community. I'm extremely pleased with our performance across all our Sustainable Futures areas and further detail on our progress can be found in the Chief Executive's Statement further below and will be included in full in our FY21 Annual Report.

In a year that has further brought to light the significant inequalities and imbalances in the UK and globally, I'm proud to see the Group has only become more emboldened in our mission to tackle these issues head-on where we can. We have invested in ensuring our Diversity and Inclusion practices are of the highest standard, even breaking new ground by exploring the ethnicity pay gaps within our business. This is a topic close to our hearts and one which we will not let drop out of focus.

Over the next year, we aim to introduce even more transparent and detailed reporting, in line with our commitment to lead the way in ESG reporting.

Corporate governance

The Group's risk management is up-to-date and appropriate. The Board continues to assess and monitor the principal risks to the Group and remains cognisant of the ongoing impact of Covid-19 to our end markets and stakeholders.

This year the Board established the Environmental, Social and Governance Committee (ESG Committee) which is chaired by Isabel Kelly, and has the primary responsibility to assist Executive Management in setting the Company's general strategy with respect to ESG matters, and to consider and recommend policies, practices, reporting and disclosures that conform with the strategy.

The Panoply's Board is committed to operating proper standards of good corporate governance and has applied the principles set out in the QCA code to the Group. Post period end we have completed a board effectiveness review which whilst receiving positive results provides us with areas of further focus as we move forward.

We highly value our shareholders, for whom we are ultimately seeking to deliver value which has been achieved with purpose. As a result, we recognise the importance of keeping all shareholders up-to-date and engaged, and we remain committed to transparency in all our corporate communications.

People

I would like to sincerely thank all our team members for their dedication and hard work throughout an unprecedented year. It has been an exceptionally testing timefor all, and our staff have truly gone above and beyond to deliver exceptional work for our clients, stepping up to the many challenges posed by the pandemic. I would also like to extend a warm welcome to all new team members from Difrent, Arthurly, Keep IT Simple and Nudge Digital.

Outlook

While we are beginning to see the light at the end of the tunnel for the pandemic, the changes to working practices are here to stay. For an increasing number of organisations across the public and private sector, digital transformation is no longer an abstract term but an essential and ongoing service. In this context, The Panoply stands apart from its monolithic competitors as an agile player that can deliver a growing range of digital projects at great speed and with first-class technical expertise.

We continue to strengthen our offering year-on-year through key hires and strategic acquisitions. With our strong management team, best-in-class businesses and a substantial market opportunity, I remain highly confident in our ability to fulfill all our commercial objectives, in tandem with delivering positive, sustainable change.

Chief Executive's review

While many of us have now become strangely used to Covid-19's everyday presence in our lives, it is only through recalling the colossal impact the pandemic has had that we can fully appreciate the great lengths our staff have gone to across the year. Their efforts have produced a financial performance that we are very proud of, with adjusted EBITDA growing more than 85% in the period.

Our teams have been resilient, determined and innovative in their work, despite facing often-difficult working environments and an unprecedented scale and urgency of demand from our public sector clients at the coal face of the crisis. In this way we have proven beyond doubt our value proposition - that small, multi-disciplinary teams working in an agile way, can deliver incredible projects that solve real problems and meet real needs. We are proud to have driven positive, sustainable change across many public sector organisations which have, in turn, supported those across the UK in dire need of their services.

This year saw us grow substantially in scale, with our headcount growing to 504 at year end (FY2020: 381). We are proud to have not furloughed any staff and provided full pay throughout the year. We have been mindful of the greater presence work has played in many people's lives in this unprecedented time and have therefore significantly increased our activities around mental health support and diversity and inclusion, going above and beyond to support our people's wellbeing.

Collaboration across the Group has become even closer, with several of our brands having merged into a smaller number of core, customer-facing brands. This strategy has proven successful, allowing our teams across the Group to work together on larger and more impactful projects which points towards further brand consolidation in the future as we plan to move towards a single brand, simplifying and strengthening our offer to customers.

Alongside our organic growth, we welcomed three new companies into the Group in the period (Arthurly, Difrent and Keep IT Simple), all of which have so far brought significant value to The Panoply. Post-period end, we also acquired Nudge Digital, extending our footprint in healthcare.

We are proud to have raised our financial expectations during the year and to have now met these new expectations. So far, we have also delivered against the Commercial Vision set out last year, further details of which appear below. We therefore take this opportunity to detail additional, further-reaching ambitions below. The Panoply has an exciting road ahead and we are committed to moving forwards at speed to capitalise on the opportunity.

Financial overview

We are very proud of the outstanding financial performance we have achieved; they are a testament to the dedication of our teams and the power of innovative thinking. We have delivered strong revenue growth, up 62% and adjusted EBITDA up 87%. This was driven by the full year impact of FY2020 acquisitions and the three acquisitions made in the year, alongside strong organic revenue growth of 19%. The statutory loss after tax was £2.2m (FY2020: £3.0m). The adjusted profit after tax, which we believe enables readers to better understand the underlying performance of the Group, as it shows the operational performance excluding one-off non-recurring items and fair value adjustments, showed the full extent of our growth up 85% to £5.0m (FY2020: £2.7m). A full reconciliation of adjusted profit before tax is shown in the Financial Review section. Adjusted diluted EPS was up 69% to 6.1p.

Net cash generated from operations before tax and including lease payments was £5.1m, delivering a cash conversion ratio of 106%. Over the period, the Group continued to closely monitor and manage its costs in a prudent fashion. As at 31 March 2021 the Group's financial position showed retained cash reserves of approximately £5.7m and a net debt position of £7.3m (below 1x pro forma EBITDA - being the EBITDA had all the companies acquired in FY2021 been in the Group for the full year). Cash generation is expected to remain strong and the Group has a £20m revolving credit facility in place with HSBC of which £7m was unutilised as at 31 March 2021.

Growth strategy

From inception, the vision of the Group has been to bring together a panoply of companies and skills in order to provide an entrepreneurial, full service capability, delivering outcomes to large clients at a fraction of the cost and time of their traditional suppliers. We have also sought to give our Group companies the combined balance sheet that enabled them to win substantially larger contracts than they would have won had they remained small, independent companies. With four contracts worth more than £3m won during FY21, versus three in the entire multi decade collective histories of the acquired companies, this strategy has proven successful.

Whilst FY2021 has been a tremendously successful year, with like-for-like organic growth at 19%, we believe that we can continue to simplify our offer to clients by further consolidating our business and embracing a single brand, which we will execute upon during FY2022. This new single brand will focus on our key vertical markets of central government, local government, healthcare, not for profits, and commercial sectors, and will offer those sectors a modern, full service alternative for their digital transformation needs. This significant change programme within the Group is already underway and has the full support of the management teams of all current brands within the Group. We are excited about the opportunities for further organic growth that this next phase in the Group's strategy will bring as we take an integrated change, experience and technology offer to market.

This change will see us move to a single P&L structure with a single sales, account management and back office structure in the UK. It will also allow us to further leverage our Eastern European development facility in Bulgaria.

In line with this plan, we have changed our acquisition model, predominantly removing earn outs in order to facilitate faster integration and encourage better leverage of the Group's wider resources. This new model was usedfor the recently announced acquisition of Nudge Digital on 30 June 2021. To further support our growth, we will continue to acquire companies that either add capabilities or additional vertical markets to the Group. Future acquisitions will be on a part cash, part shares basis to align management's interests with the long-term success of the Group. Those acquisitions will come from the UK and, over time, from other countries, as we scale. As before, acquisitions will be earnings enhancing and we will continue to focus on profitable, cash generative companies that we believe will benefit from the scale benefits that the Group brings, particularly around their ability to win larger contracts and leverage existing Group case studies.

Finally, the acquisition of Keep IT Simple, 'KITS', has seen us launch a recurring managed services offering into central Government, running live services. This offering significantly increases our backlog coming into each financial year, giving us a stronger platform for growth than ever before. This is in addition to our existing recurring revenues driven by our commercial sector clients.

Overall we are positioned well to drive double digit like-for-like organic growth alongside further acquisitive growth in the years to come.

FY2021 Progress against Commercial Vision

Last year, we laid out our six-step Commercial Vision, which we wanted to achieve over the three years to FY2023. Below is a summary of our performance against these goals.

	Ambition	FY2021 Progress
1.	Produce 10% to 15% organic revenue growth per annum	● 19% organic revenue growth
2.	c.70% of operating profit to drop through into positive cash flow to generate significant cash reserves	● 106% OP to cash flow ● £5.1m cash generated from operations incl lease payments
3.	To use this cash to set up a progressive dividend policy for shareholders at approximately 15%-20% of net income (adjusted profit after tax)	● Aggregate Dividends of 0.6p ● 9.4% of net income (adjusted profit after tax)
4.	We aim to use a mixture of positive cash flow and our listed shares to make further earnings enhancing acquisitions to add more than £35m of revenue	● Made three acquisitions, cumulatively adding £16.1m of run-rate revenue
5.	Given our size and scale we believe that liquidity is important and will therefore aim to keep leverage low at below 1x Pro Forma* EBITDA	● Pro Forma Leverage of less than 1x Pro Forma EBITDA
6.	On this basis we aim to achieve a run rate revenue of £100m by March 2023 and deliver £12m-£14m EBITDA	● Consensus analyst revenue expectations for FY22 of £64m ● Consensus analyst EBITDA expectations of £9.7m ● Both as at 4 July

* Pro Forma EBITDA relates to the adjusted EBITDA if all acquisitions acquired in the year had been in the Group for the full financial year on a like-for-like basis..

FY2021 Performance against Impact vision

Alongside our Commercial Vision, we have also publicly stated an Impact Vision, to achieve by FY2023. This reflects the equal weighting we give to financial and ESG progress.

	Ambition	FY21 Progress
People **SDG*** 8.5 Decent, equal work opportunities for all**	Close the gaps that exist in our business and wider industry. Decreasing pay gaps, representation gaps and gaps in inclusivity.	Made progress in closing 72% of gaps*
Planet **SDG*** 8.4 Decoupling economic growth from environmental degradation**	Leave no Trace. Measuring and offsetting our historic footprint entirely	Invested in software to collect data and measure emissions and offset 1,915 tCO_2e
Communities **SDG*** 8.6 Youth education and training**	Equip our communities with futureproof skills. Kick-starting 1000 digital careers	602 careers kick-started to date**

**Based on YoY progress against 18 gaps across representation, pay an inclusivity*
***1 career kickstarted = 1 unique beneficiary from our community action or community investment programmes who has benefitted from at least 1 hour of skills development training.*
*** United Nations Sustainable Development Goals (SDGs)

New goals

On the basis of the progress made to date and with our continued strong organic growth alongside our pipeline of acquisition opportunities, we reiterate our confidence in reaching our stated March 2023 goals. Therefore, we take this opportunity to introduce longer term goals to March 2025.

Commercial Vision for FY2025

1. To achieve a run rate revenue of £200m (£150m public sector, £50m commercial sector) by March 2025
2. To deliver 10-15% organic revenue growth per annum
3. To make further earnings enhancing acquisitions to strengthen our offer, achieve greater scale and support our overall vision
4. To become a top 20 public sector supplier by March 2025 on run rate basis
5. To deliver 70% of operating profit through to positive cash flow
6. To deliver progressive dividend policy at 15%-20% of net income
7. To deliver improving EBITDA margins

Impact Vision for FY25

1. Halve the 2 1 gaps that we have identified across representation, pay and inclusion for employees from underrepresented backgrounds.
2. To achieve net zero status
3. To kick-start 5,000 digital careers, reaching 5,000 unique beneficiaries through our community action and community investment programmes

We believe that our growth strategy, as described above, will drive us towards these longer-term goals.

Strategic Review of the Period

From an impressive collection to an impressive company. The next step on our journey.

Collaboration has always been key to The Panoply and we embraced this further during the period through the continued deployment of Foundry4, FutureGov and Manifesto as our core 'full service' brands. This is part of an ongoing journey towards structuring the Group in the best possible way to leverage our strengths, simplify our offer, and make the biggest difference to clients.

By bringing our expertise together under these names we have simplified our value proposition for clients and allowed The Panoply to win increasingly larger and more impactful projects. In FY2021 the Group secured 4 contracts of a value over £3m, compared with none in FY2020. It is important to note that these contracts were at scale and multi-disciplinary and could only have been won under these amalgamated brand propositions.

In addition, we began to centralise some HR and finance systems & functions to increase efficiencies and unlock synergies across the Group.

Continuing to grow the Group by acquisition

We completed three major acquisitions in the period, all predominantly in the public sector:

- Arthurly, a technology services business with particular strength in the Microsoft Technology Stack
- Difrent, a digital transformation consultancy focused on the healthcare sector
- Keep IT Simple, a provider of high value IT support and transformation services, predominantly to public sector clients

Thanks to the highly complementary nature of these acquisitions they have integrated well into the Group and all have generated significant revenue. For example, two recently won contracts were only possible to win because of the capabilities added to the Group via the acquisition of KITS. Furthermore, the acquisition of Difrent has given us a strong foothold in the growing healthcare sector with healthcare revenues now representing 9% of total revenue.

We are now in a position to offer an even more comprehensive end-to-end offering to our clients, ranging from consulting and solutions through to ongoing operations.

Acquisition remains a key tenet of our strategy and we have a number of potential opportunities in the pipeline.

Proving our value position for the public sector

Across the year we have continued to build our public services base with 71% of revenue in the year from this sector (FY20: 64%). This was generated from a wide range of projects ranging from hyperscale cloud migration programmes through to high level organisational change initiatives. New client wins in the year include NHS Business Services Authority, NHSX, Planning Inspectorate and HM Land Registry.

In addition, we have further built our capability in its sub-sectors, building a book of reference case studies and a burgeoning reputation across Central Government, Local Government and healthcare.

We have proven the value of our proposition by working on significant projects with public services clients, showing them that small groups of experts can deliver results.

Example projects include:

- Supporting the NHS Business Services Authority to deliver its digital transformation agenda and digital health delivery overseas
- Assisting the Planning Inspectorate to deliver its planning appeals service into Beta
- Working with HM Land Registry as partners in its digital transformation programme and digital service development
- Enabling local authorities across England to access the £3.6bn 'levelling up' Towns Fund alongside the Ministry of Housing, Communities and Local Government

Robust, recurring performance in commercial sector

29% of revenue came from the commercial sector in the period and it continues to be a very important sector to the Group. Of that approximately two-thirds is recurring revenue from clients such as News UK, Funding Circle, Cargill and Dow Jones. The roster of recurring revenue clients is mainly made up of large-scale corporates.

One example of our commercial work is a project undertaken for Dow Jones. The successful set-up of the team of News UK, another company of the News Corp Group and current client of the Group, supported the choice of The Panoply as a strategic partner for the planned growth of Dow Jones. Through the collaboration, The Panoply helped build a high-performing tech unit that acts as an extension of Dow Jones' core technology team, supporting this team in the development of distinguished web and mobile applications, APIs and data feeds.

Digital transformation market

The past year has shown organisations of all types and sizes that it is possible to implement digital transformation rapidly and at a reasonable price. Beyond this, it has shown exactly how much of an impact implementing these kinds of programmes can have.

Last year we stated our belief that the impact of the pandemic will be to accelerate widespread understanding and demand for our services. We have now seen this borne out. It is becoming increasingly broadly recognised that a small, but skilled, multidisciplinary team can be trusted to deliver. This can be done across even the most complex projects.

The Software and IT Services 'SITS' market in the UK is worth £51.8bn, of which the public sector is £12bn. The public sector SITS market has previously revolved around the drag of large legacy deals provided by heritage suppliers. However, this balance is changing in favour of new, agile suppliers that have the people and resources to deliver Agile at Scale. Agile now represents £3.7bn of the total £12bn value, up 18.6% year on year. With digital transformation being a continuous process and will require ongoing investment this represents an exciting opportunity for The Panoply, which we believe is one of the only truly digitally native and also full-service players.

Current trading and outlook

The Group has had an extremely strong start to FY2022, and has already completed another acquisition, which we believe reflects the growing reputation we are building within our target markets. In Q1, we signed approximately £18.6m in new contracts, a record quarter. A number of wins have been made possible by the Group being able to leverage the capabilities brought to us by the acquisition of KITS in March 2021.

Coming into the current financial year, the Group had a confirmed backlog deliverable in the year, including annualised recurring revenue, of approximately £39m. Q1 bookings have added approximately £16.5m in further recognisable revenue in FY2022, taking the total revenue plus backlog to £55.5m, with three quarters left to go. Q1 trading continues to deliver revenue growth at above our targets of 10%-15%.

As a result, the Group expects revenue and EBITDA for FY2022 to be significantly ahead of current market expectations and for us to deliver analysts' expectations for FY2023 in FY2022.

This year we will continue to focus on delivering against our Commercial and Impact Vision, through our strategy of consolidation to a single brand and a single P&L driving further organic growth and continued earnings enhancing acquisitions.

- Against our 2023 commercial vision of 10% to 15% Organic revenue growth per year, we gained 19% in FY2021, we will continue to target this growth and profit as clients recognise our value through delivery.
- Since IPO the Group has acquired 12 businesses with the latest post period acquisition of Nudge Digital Limited increasing this to 13. These acquisitions have provided the Group the ability to grow at a substantial pace, whilst providing the access to growing markets and incredible talent.

Looking ahead, it is clear the demand for digital transformation services continues at full pace. As our reputation grows and our capabilities continue to strengthen and diversity, I am confident we are well-positioned to take advantage of the significant opportunities ahead across our target markets.

Neal Gandhi
Chief Executive Officer

Financial Review

The year to 31 March 2021 saw a significant step forward in the scale of the business despite the challenges presented as a result of Covid-19. The Panoply reported revenue of £51.1m (FY2020: £31.5m) representing an increase of 62%. The revenue increase was driven by like-for-like organic growth of 19% as well as the the full year impact of FY2020 acquisitions and the acquisitions of Arthurly in June 2020, Difrent in September 2020 and Keep IT Simple in February 2021. The business extended its focus into public services with 71% of revenue now coming from that sector (FY2020: 64%) and we delivered a strong increase in healthcare revenues from 3% in FY2021 to 9% in FY2020.

We continued to see a large amount of repeat business from customers, with 67% of customers billed in FY2021 also billed in FY2020. Most excitingly we have seen an increase in the scale of the contracts we are now winning as a result of the combined services of the Group including four deals over £3m up from just three in the combined multi decade history of the individual companies prior to acquisition.

Gross Margins were at 32% against 38% in the prior year. The reduction was driven by a change in the makeup of the services that the Group provides, with growth in our managed services and recurring business. This has seen us add significantly to our backlog for FY2022 which stood at £39.0m (FY2020: £15.0m). Gross margin has also been impacted by some Covid-19 recruitment scaling challenges, exacerbated by our top line growth, which meant that we had an increased reliance on contractors at higher rates than full time employees. The Group has now reached a scale where we can address this through our newly centralised HR function and greater hiring of FTEs. As a result, we anticipate an improvement in gross margin moving forwards.

Adjusted EBITDA was £7.1m up from £3.8m in FY2020 representing an increase of 87%. Statutory EBITDA was £1.8m, up from a loss of £0.6m in FY2020 representing an increase of 400%. Adjusted EBITDA margin was 14% up from 12% in the prior year. The increase in margin is mainly driven by Plc costs remaining largely flat as we continue to scale. In addition, we have seen a reduction in certain overheads as a result of Covid-19.

The statutory loss after tax decreased by 27% to £2.2m (FY2020: £3.0m). The Directors believe that an 'adjusted profit before tax' measure is more representative of the underlying performance of the Group. To arrive at adjusted results, adjustments made include acquisition expenses, amortisation related to acquired intangibles and share-based payments and the impact of fair value adjustments along with the corresponding tax impact of the adjustments.

The fair value adjustment reflects stronger than forecast performance of the Group companies and amortisation is a charge that does not reflect the underlying performance or prospects of the Group.

The following table summarises the adjustments:

	2021 £'000s	2020 £'000s
Statutory loss before tax	(1,845)	(3,140)

Amortisation of intangible assets relating to acquisitions	2,458	1,558
Loss from fair value movement in contingent consideration	4,260	3,764
Share-based Payments	294	129
Costs relating to acquisition and restructuring	746	591
Adjusted profit before tax	**5,913**	**2,902**
Tax (including impact of amortisation and costs relating to acquisition and restructuring adjustments)	(898)	(230)
Adjusted profit after tax	**5,015**	**2,672**

As a result of the acquisitive nature of the Group and its use of shares as consideration, 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:

	2021 000s	**2020 000s**
Weighted average basic shares	63,784	48,162
Shares relating to future contingent consideration	13,728	22,774
Shares relating to share-based payments	4,436	3,885
	81,948	**74,821**
Adjusted diluted earnings per share (pence)	6.1	3.6

Based on these alternative non-GAAP measures the Group achieved adjusted profit after tax of £5.0m (FY2020: £2.7m) resulting in adjusted diluted earnings per share of 6.1p (FY2020: 3.6p). The statutory loss per share for the period was 3.5p (FY2020: 6.3p loss).

Cash Flow and cash conversion

Net cash generated from operations before tax and including lease payments was £5.1m. Cash conversion, calculated by reference to the adjusted profit before tax but after deducting costs relating to acquisition and restructuring was 106%.

In total, cash increased in the year from £4.6m to £5.7m but net debt increased from £0.4m to £7.3m as a result of payments made for acquisitions completed in the period. The cash consideration for the acquisitions was £16.5m, with £2.6m being funded from the Group's cash reserves, £5.9m funded from cash acquired and £8.0m funded through an extended revolving credit facility put in place during the year with HSBC. The net debt position at the year end was significantly below 1x Pro Forma EBITDA.

HSBC have extended their revolving credit facility with the Group to £20m. £13m has been drawn down in total for acquisitions in FY2020 and FY2021 leaving the Group at the year end with a further £7m to draw down for further acquisitions. This together with cash flow generated from operations provides a strong basis to continue our acquisitive growth into FY2022.

Balance Sheet

Intangible assets have increased significantly in the year as a result of the acquisitions completed.

Total deferred consideration at 31 March 2021 was £12.2m, of which £10.9m relates to deferred consideration where performance obligations were met in the period (further details set out below). We continue to note that this is a liability that will be satisfied through the issue of shares and not through cash. Once this is removed, the Group's current ratio at the year end was 1.6 (FY2020: 1.7) providing solid liquidity.

Dividend

Following initiation of the Group's first interim dividend the Board are pleased to announce a final dividend of 0.4p per share subject to approval at the AGM. The proposed final dividend, if approved by shareholders, will be payable on 1 October 2021 to all shareholders on the Register of Members on 24 September 2021. This will take the total dividend paid to shareholders in respect of FY2021 to 0.6p per share.

Additional consideration

As a result of the strong performance of Group companies during the current and prior period, further consideration is payable and will be satisfied through the issue of new ordinary shares. As at 31 March 2021, the total value of consideration that is payable based on FY2021 accounts is £10.9m, resulting in maximum further shares to be issued totalling 13.7m which reduces to 3.8m based on the closing share price as at 2 July 2021.

Value £'000	Minimum share price	Max shares to be issued '000
5,939	0.740	8,026
1,306	0.820	1,593
838	0.825	1,015
1,987	0.831	2,390
290	1.000	290
507	1.225	414
10,867		**13,728**

Oliver Rigby
Chief Financial Officer

Consolidated Income Statement

For the year ended 31 March 2021

	Note	Unaudited 2021 £'000	Audited 2020 £'000
Revenue		51,097	31,533
Cost of Sales		(34,968)	(19,526)
Gross Profit		**16,129**	**12,007**
Administrative expenses		(18,085)	(15,149)
Other income		413	184
Operating loss		**(1,543)**	**(2,958)**
Adjusted EBITDA		7,101	3,846
Amortisation of intangible assets		(2,509)	(1,583)
Depreciation		(835)	(737)
Loss from fair value movement in contingent consideration		(4,260)	(3,764)
Share-based payments		(294)	(129)
Costs directly attributable to business combinations		(496)	(436)
Costs relating to business restructuring		(250)	(155)
Operating loss		**(1,543)**	**(2,958)**
Finance income		1	7
Finance costs		(303)	(189)
Net Finance Expenses		**(302)**	**(182)**
Loss before taxation		**(1,845)**	**(3,140)**
Taxation		(384)	96
Loss for the Period		**(2,229)**	**(3,044)**
Other Comprehensive income			
Exchange difference on translation of foreign operations		68	104
Total comprehensive loss for the period		**(2,161)**	**(2,940)**

Loss per share			
Basic and fully diluted	4	(3.5)	(6.3)

Consolidated Statement of Financial Position

For the year ended 31 March 2021

	Unaudited **2021** **£'000**	**Audited** **Restated** **2020** **£'000**
Non-current assets		
Goodwill	53,323	35,672
Intangible assets	29,370	8,591
Property, plant and equipment	292	290
Right of use assets	445	1,045
Deferred tax assets	15	0
Total non-current assets	**83,445**	**45,598**
Current assets		
Trade and other receivables	14,014	8,590
Contract assets	1,144	1,413
Other taxes and social security costs	137	206
Cash and cash equivalents	5,734	4,614
Total current assets	**21,029**	**14,823**
Total assets	**104,474**	**60,421**
Current liabilities		
Trade and other payables	(5,681)	(4,343)
Contract liabilities	(1,941)	(1,454)
Other taxes and social security costs	(5,326)	(3,001)
Deferred and contingent consideration	(8,478)	(10,685)
Lease liabilities	(336)	(609)
Borrowings	(55)	(29)
Total current liabilities	**(21,817)**	**(20,121)**
Non-current liabilities		
Deferred tax liabilities	(5,133)	(1,623)
Deferred and contingent consideration	(3,741)	(5,998)
Borrowings	(13,000)	(5,000)
Provisions - dilapidations	(76)	(23)
Lease liabilities	(53)	(390)
Total non-current liabilities	**(22,003)**	**(13,034)**
Total liabilities	(43,820)	(33,155)
Net assets	**60,654**	**27,266**
EQUITY		
Share capital	804	551
Share premium	5,691	5,673
Merger reserve	60,926	25,804
Capital redemption reserve	5	5
Other reserves	796	434
Retained earnings	(7,568)	(5,201)
Total equity	**60,654**	**27,266**

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

Restated	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital Redemption £'000	Foreign exchange reserve £'000	Share Option Reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2019 (Audited)	423	20,779	-	5	(38)	239	(2,157)	19,251
Adjustment (note 3)	-	(15,106)	15,106	-	-	-	-	-
At 1 April 2019 (Restated))	**423**	**5,673**	**15,106**	**5**	**(38)**	**239**	**(2,157)**	**19,251**
Loss for the period	-	-	-	-	-	-	(3,044)	(3,044)
Exchange differences on translation of foreign operations	-	-	-	-	104	-	-	104
Transactions with owners								
Shares issued	128	-	10,698	-	-	-	-	10,826
Share - based payments	-	-	-	-	-	129	-	129
Equity at 31 March 2020 (Restated)	**551**	**5,673**	**25,804**	**5**	**66**	**368**	**(5,201)**	**27,266**

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital Redemption £'000	Foreign exchange reserve £'000	Share Option Reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2020 (Restated)	551	5,673	25,804	5	66	368	(5,201)	27,266
Loss for the period	-	-	-	-	-	-	(2,229)	(2,229)
Exchange differences on translation of foreign operations	-	-	-	-	68	-	-	68
Transactions with owners								
Shares issued	253	18	35,122	-	-	-	-	35,393
Dividends paid	-	-	-	-	-	-	(138)	(138)
Share - based payments	-	-	-	-	-	294	-	294
Equity at 31 March 2021 (Unaudited)	**804**	**5,691**	**60,926**	**5**	**134**	**662**	**(7,568)**	**60,654**

Consolidated Statement of Cash Flows

for the year ended 31 March 2021

	Unaudited 2021 £'000	**Audited 2020 £'000**
Cash flows from operating activities:		
Loss before taxation	(1,845)	(3,140)
Adjustments for:		
Depreciation	835	737
Amortisation	2,509	1,583
Share-based payments	294	129
Foreign exchange (gains)/losses	(5)	104
Finance expense	303	189
Finance income	(1)	(7)
Movement in fair value of contingent consideration	4,260	3,764
Working capital adjustments:		
Increase in trade and other receivables		

[illegible]	(1,032)	(2,586)
Increase in trade and other payables	483	1,978
Net cash generated from operations	5,801	2,751
Tax paid	(159)	(44)
Net cash generated from operating activities	5,642	2,707
Cash flows from investing activities:		
Net cash paid on acquisition of subsidiaries	(10,813)	(5,876)
Deferred consideration payment	(259)	(1,088)
Purchase of property, plant and equipment	(137)	(131)
Additions to intangibles	(321)	(196)
Interest received	1	8
Net cash used in investing activities	(11,529)	(7,283)
Cash flows from financing activities:		
New borrowings	8,000	5,000
Cost relating to the issue of new borrowings	-	(148)
Repayment of borrowings	-	(507)
Payment of lease liabilities	(610)	(629)
Finance costs	(331)	(176)
Dividends paid	(138)	-
Net cash (used in)/generated from financing activities	6,921	3,540
Net (decrease)/increase in cash and cash equivalents	1,034	(1,036)
Cash and cash equivalents at beginning of the period	4,614	5,650
Effect of exchange rate fluctuations on cash held	86	-
Cash and cash equivalents at end of the period	5,734	4,614
Comprising:		
Cash at bank and in hand	5,734	4,614

Notes to the Consolidated Financial Statements

1. General information

The Panoply Holdings plc is a public limited company incorporated in England and Wales under the Companies Act 2006 with registered 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 7 Savoy Court, London, England, WC2R 0EX. 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 financial information set out in this announcement does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006 for the year ended 31 March 2021.

The statutory accounts for the year ended 31 March 2021 have not yet been delivered to the Registrar of Companies, nor have the auditors yet reported on them. The preliminary announcement does not constitute statutory accounts under Section 435 of the companies Act 2006.

2. Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) in conformity with the Companies Act 2006 and the AIM rules for Companies. The measurement bases and principal accounting policies of the Group are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

After reviewing the budgets and cash projections for the next twelve months and beyond, the Directors believe that the Group and the Company have adequate resources to continue operations for the foreseeable future and for this reason they have adopted a going concern basis in preparing these financial statements.

In considering the business activities for the forthcoming 12 months, the directors have assessed the impact of principal risks and uncertainties through scenario modelling. This includes an assessment of the ongoing impact of Covid-19 and inflation by assessing the impact on our services, sector, customers and through looking at trends in the digital transformation sector. The Group has agreed a rolling credit facility with HSBC of £20m of which £13m has been drawn down. Of the £20m, £5m is available as a working capital facility. This facility with HSBC, together with strong cash reserves within the Group provide comfort over the viability of the Group to prepare the financial statements on a going concern basis. Furthermore, trading for the 3 months to 30 June 2021 has been strong with a cash balance of £4.8m as at the 30 June 2021.

After performing all the above assessments and through modelling scenarios, it is concluded that we would maintain sufficient undrawn capacity and satisfy all borrowing facility covenants in the next 12 months.

The financial statements include the financial results of the subsidiaries listed below for the full year except for the acquisitions in the year which have been incorporated from the date of acquisition. All subsidiaries are incorporated in the UK unless otherwise stated:

- Bene Agere Norden AS (incorporated in Norway)
- Manifesto Digital Limited
- Manifesto Digital Pty Limited (ceased trading in the year)
- Foundry4 Limited
- Human Plus Limited
- Questers Global Group Limited
- Questers Resourcing Limited
- Questers Bulgaria EOOD
- Deeson Group Holdings Limited
- Deeson Group Limited
- iDisrupted Limited
- Greenshoot Labs Limited
- FutureGov Limited
- FutureGov Australia Pty Limited
- US Creates Limited
- Ameo Professional Services Limited
- Arthurly Limited - acquired on 9 June 2020
- Difrent Limited - acquired on 7 September 2020
- Keep IT Simple Limited - acquired on 26 February 2021

3. Principal accounting policies

a) Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2021. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries or associates are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with using the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Consolidated Statement of Financial Position at their fair values, which are also used as the cost bases for subsequent measurement in accordance with the Group accounting policies.

The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, to the extent that they exceed the settlement amounts, are generally recognised in the profit or loss. Any deferred contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of consideration payable over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Under section 612 of the Companies Act 2006, where a company issues equity shares in consideration for shares in another company and secures at least 90% equity holding in another company, then the excess consideration over the nominal value of the shares issued should be recorded as a merger relief reserve. The Group has previously recognised the excess consideration arising on the consideration (cash and shares) within the share premium reserve.

The Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity have been restated to reclassify the excess consideration to the merger relief reserve from the share premium reserve. This reclassification has no impact on the Consolidated Income Statement or retained earnings in the current or previous years.

b) Goodwill

The Group measures goodwill at the acquisition date as:

• the fair value of the consideration transferred; plus

• the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

• the net recognised amount of the identifiable assets acquired, and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Goodwill is carried at cost less accumulated impairment losses.

Impairment review is carried out annually. If there is an impairment, the cost is reduced by the accumulated impairment amount.

c) Revenue and revenue recognition

Revenue consists of the value of work delivered to clients during the year exclusive of VAT and is recognised as performance obligations are met in accordance with the terms of the contract which are primarily on a time and materials basis. Revenue is wholly attributable to the principal activities of the Group. The Group adopt IFRS 15 principles in recognising the revenue. Revenue recognised in excess of invoices raised is included within contract assets. Where amounts have been invoiced in excess of revenue recognised, the excess is included within contract liability.

The majority of the services are provided on a time and material basis where clients are billed monthly for the time spent on a project which corresponds directly with the value to the customer of the entity's performance completed to date and accordingly revenue is recognised at the amount billed. For fixed-price contracts where criteria to recognise performance obligations over time have been met, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined by actual labour hours and cost incurred relative to the total expected labour hours and cost. The use of labour hours and costs is a faithful depiction of the transfer of services as it directly relates to the effort required to satisfy the performance obligation. Only inputs relating directly to the performance in transferring the services are included when measuring progress to date. Due to changing circumstances, extent of progress and completion may be revised which may affect revenue and costs. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Majority of the contracts are on single performance obligations. However, some contracts include multiple deliverables. In most cases, the deliverable is separately identifiable from other promises in the contract; therefore, it is accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Standard terms of payment within 30 or 60 days are typically adopted. There is therefore no financing component.

Revenue is recognised when the Group satisfies the performance obligations. For the majority, contracts are for performance obligations that are satisfied over time. However, there are some contracts which contain performance obligations that are only satisfied at a point in time. The revenue for these contracts is recognised when the performance obligation has been satisfied, for project development work this occurs when the customer accepts the final output.

When the customer has a right to return the product within a given period, the entity is obliged to refund the purchase price. For instance, if potential candidates put forward are considered unsuitable by the client and no one is recruited. The contract stipulates reimbursement of 50% - 100% of the fee, under the agreed terms of contract. Under IFRS15, revenue is only recognised to the extent it is highly probable there will not be a significant reversal of revenue in a future period and is usually therefore recognised only when a successful candidate is recruited.

A small number of contracts have variable consideration associated with it, whereby a bonus is paid if certain cost savings are made by the client. These are recognised using the 'most likely amount method' once it has been identified that a significant reversal in the amount of cumulative revenue will not occur.

d) Intangible assets acquired as part of a business combination and amortisation

In accordance with IFRS 3 "Business Combinations", an intangible asset acquired in a business combination is recognised at fair value at the acquisition date. A fair value calculation is carried out based on evaluating the net recurring income stream from each type of intangible asset. Intangibles are initially recognised at fair value, and are subsequently carried at this fair value, less accumulated amortisation and impairment. The following items were identified as part of the acquisitions of entities by the Group and were still owned at 31 March 2021:

- brand amortised over two to five years;
- customer lists amortised over three to eight years;
- database over five years;
- Intellectual property over ten years and
- Software over three years

The allocation of fair values to the tangible assets and the identification and valuation of intangible assets affect the calculation of goodwill recognised in respect of an acquisition and as such represent a key source of estimation uncertainty.

4. Earnings per share

	Unaudited 2021 £'000	Audited 2020 £'000
Loss attributable to ordinary shareholders	(2,229)	(3,044)

	2021 Number	2021 Number

Weighted average number of Ordinary Shares in issue, basic	63,783,475	48,162,078
Basic and diluted loss per share	(3.5)p	(6.3)p

Earnings per ordinary share has been calculated using the weighted average number of shares in issue during the year.

There is no difference between basic loss per share and diluted loss per share as the share options are anti-dilutive.

The Group has a number of share-based payments and share purchase agreements where the terms and conditions could affect the measurement of basic and diluted earnings per share.

A number of shares that were issued during the period are contingent on certain conditions being met. These are included within the calculation of the basic weighted average number of ordinary shares from the date that all necessary conditions are satisfied. Where conditions are not satisfied, they are included within the diluted weighted average number of ordinary shares calculation.

5. Post balance sheet events

On 30 June 2021, The Panoply Holdings plc acquired the entire issued share capital of Nudge Digital Limited, a digital services agency which delivers strategy-led services primarily to the pharmaceutical industry, health sector and, more recently, to local authorities, with a particular focus around care pathways. Nudge Digital Limited, company registration number 05805455 is incorporated in England and Wales. Its registered office is 8 Garden Close, Watford, England, WD17 3DP

The consideration for the acquisition was £5.0m, satisfied through the payment of circa £1.75m cash and the issue of 1,090,476 new ordinary shares in The Panoply.

The Group is currently performing a fair value review of Nudge Digital Limited's assets and liabilities and will report these within its next published financial statements.

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