



NEWS RELEASE

Kainos Group plc - Workday Partnership & Co-Sell drives £200m Target

7/25/2024

RNS Number : 8904X

Kainos Group plc

25 July 2024

THE INFORMATION WITHIN THIS ANNOUNCEMENT IS DEEMED BY THE COMPANY TO CONTAIN INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU) NO 596/2014 **AS IT FORMS PART OF UK DOMESTIC LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED.** UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA REGULATORY INFORMATION SERVICE, THIS INFORMATION IS CONSIDERED TO BE IN THE PUBLIC DOMAIN.

25 July 2024

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

Workday Partnership & Co-Sell drives £200m Target

Kainos Group plc (KNOS), a UK-headquartered IT provider with expertise across three divisions - Digital Services, Workday Services, and Workday Products, today announces an increase to the Annual Recurring Revenue (ARR) target for its Workday Products business, from £100m to £200m, following the signing of an enhanced strategic partnership with Workday, Inc.

Increased ARR Target

As a result of this agreement and the underlying momentum in the Workday Products division, Kainos is

increasing the ARR target for the division from £100m (by 2026) to £200m (by 2030). In its most recent results, to 31 March 2024, the exit ARR associated with the Kainos Workday Products was £61m, an increase of 26% on the prior year. With over 450 global customers using its products, existing Kainos customers include JLL, Capital One and Match Group.

Enhanced Strategic Partnership

Announced by Workday in June 2024, Built on Workday enables partners to create purpose-built apps that address customers' business and industry challenges and to accelerate the distribution of those apps to Workday's 10,500+ enterprise customers through the Workday Marketplace.

Kainos' enhanced strategic partnership will see Workday's sales teams across North America, Europe and Asia Pacific incentivised to introduce and co-sell Kainos Products. The agreement covers the existing Kainos products, Smart Audit, Smart Test and Kainos Employee Document Management as well as future products that Kainos will develop on Built on Workday. It is a multi-year agreement with payments to Workday of approximately £7.8m per year.

Increased Investment

To maximise the opportunity presented by this enhanced agreement, there are costs that are expected to be incurred. These costs include Kainos sales costs to support the wider Workday sales organisation and on-going development in Smart Test, Smart Audit and Kainos Employee Document Management to utilise the full power of Built on Workday. These costs are in addition to the annual Built on Workday licence fees.

In total, these costs are expected to be approximately £7m during the current financial year which will therefore reduce the Adjusted PBT by the same amount. This represents an 8% reduction on current market consensus forecasts*. There is a mobilisation phase for this enhanced partnership, which will result in revenue building from FY26, underpinning the £200m ARR target and starting to offset the annual investment. As a result, there will be negligible revenue uplift in the current financial year.

Comments

Malachy Smith, Workday Global Practice Leader at Kainos, commented:

"Over the past ten years we have developed and launched fantastic products that, alongside Workday, help our customers overcome their industry and business challenges. We are delighted to sign this transformative innovation agreement allowing us to co-sell our products with Workday. We believe this will more than triple our ARR over the next six years."

Doug Robinson, Co-President of Workday, commented:

"This strategic expansion is an exciting step in our partnership with Kainos, and underscores our companies' mutual dedication to customers, co-innovation, and the Built on Workday program. By collaborating to accelerate app development and distribution, we can help our joint customers recognise even greater value from their Workday investment, helping them keep pace in a changing world of work."

** Note: Company compiled range is based on known sell side analyst estimates. The ranges are: Revenue £408.9m - £459.0m and Adjusted PBT £81.2m - £91.0m. The respective consensus figures are £425.8m and £86.0m.*

The person responsible for arranging the release of this announcement on behalf of Kainos is Grainne Burns, Company Secretary.

ENDS

[For further information, please contact:](#)

[Kainos](#)

Russell Sloan, Chief Executive Officer
Richard McCann, Chief Financial Officer

[via FTI Consulting LLP](#)

[Investec Bank plc](#)

Patrick Robb / Ben Griffiths / Nick Prowting

+44 20 7597 5970

[FTI Consulting LLP](#)

Dwight Burden / Kwaku Aning / Usama Ali

+44 20 3727 1000

[About Kainos Group plc](#)

Kainos Group plc is a UK-headquartered provider of sophisticated IT services to major public sector, commercial and healthcare customers. Our expertise spans three divisions: Digital Services, Workday Services, and Workday Products.

Digital Services: We develop and support custom digital service platforms that transform service delivery in public, commercial, and healthcare sectors. Our solutions ensure security, accessibility, cost-effectiveness, and improved user outcomes.

Workday Services: Specialising in deploying Workday, Inc.'s Finance, HR, and Planning products, we are a respected partner in Europe and North America. Experienced in complex deployments, we are trusted to launch, test, expand, and support Workday systems.

Workday Products: Our established product suite, incorporating Smart Test, Smart Audit, and Smart Shield, complements Workday by enhancing system security and compliance. Our Employee Document Management product, launched in October 2023, improves document generation and storage within Workday while supporting an organisation's global compliance requirements. Over 450 global customers use one or more of our products.

Our people are central to our success. We have more than 2,900 people in 23 countries across Europe, Asia, and the Americas.

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

www.kainos.com.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact **rns@lseg.com** or visit **www.rns.com**.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our **Privacy Policy**.

END

AGRLELFLZDLEBBF