

# the panoply //

The Panoply Holdings Plc

Annual report and Financial Statements for the year  
ended 31 March 2021

Company Number: 10533096

Annual Report and Accounts  
2021

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The Panoply Holdings Plc  
Company Number: 10533096  
Financial statements for year ended 31 March 2021

# Vision

## Impactful digital transformation, responsibly delivered, at scale.

### Key Highlights and Takeaways

#### Revenue

↑ **62%**  
to **£51.1m**

(FY2020: £31.5m)

#### Public Services Revenue

↑ **82%**  
to **£36.5m**

(FY2020: £20.1m)

#### Gross Profit

↑ **34%**  
to **£16.1m**

(FY2020: £12.0m)

#### Adjusted EBITDA<sup>1</sup>

↑ **87%**  
to **£7.1m**

(FY2020: £3.8m)

#### Cash

**106%** cash conversion  
**£5.7m** at bank

#### Adjusted Diluted Earnings Per Share<sup>2</sup>

↑ **69%**  
to **6.1p**

(FY2020: 3.6p)

#### Adjusted EBITDA Margin

↑ **17%**  
to **14%**

(FY2020: 12%)

#### tCO<sub>2</sub>e per £1m Revenue

↓ **23%**  
**37.32** tCO<sub>2</sub>e

(FY2020: 48.61 tCO<sub>2</sub>e)

#### Hours Donated

↑ **83%**  
to **1,654**

(FY2020: 904)

<sup>1</sup> 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 for value adjustments and share based payment charge.

<sup>2</sup> Adjusted diluted earnings per share is calculated based on net profit after tax. To arrive at adjusted profit after tax, adjustments are made to include the add back of acquisition related adjustments and other one-off costs, amortisation related to acquired intangible assets, share-based payments, the impact of fair value adjustments and the tax credit part of these adjustments. Adjusted diluted earnings per share is calculated by taking the weighted average basic shares and multiplying the maximum shares to be issued in respect of which there is consideration to be paid based on performance conditions (including the maximum number of shares to be issued in respect of which there is consideration to be paid based on performance conditions) by the adjusted profit after tax.

## Women in Senior Leadership

↑ 1%  
to 40%

(FY2020: 39%)

## Key Takeaways

- Acquisition of Arthurly Ltd, Difrent Ltd and Keep IT Simple Ltd
- IISBC revolving credit facility extended from £5m to £20m, with £7m remaining undrawn at the year end
- Growth in customer base with 290 customers billed in the year (2020: 265)
- 67% of customers billed in 2021 were also billed in FY2020 and FY2019 (FY2020: 75%)
- Top 10 customers represented 30% of revenue (FY2020 35%), reducing concentration risk
- Significantly increased the scope of emissions measured and offset (retrospectively accounted for 8 times tCO<sub>2</sub>e for FY2020)
- Made progress in closing 72% of our diversity, equity and inclusion gaps
- Continued to grow our community investment programmes in line with our 1% pledge

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## Letter to Shareholders



Dear Shareholders,

I am pleased to be writing to you at the end of an incredibly challenging yet hugely successful year for The Panoply. We have seen many new challenges for our people and clients, with these continuing to evolve as we moved into the second year of lockdown restrictions. It is with great pride therefore that I can present to you our Annual Report and results, demonstrating how we have thrived in a time of great uncertainty and change.

**'The Panoply Holding Plc' is referred to as 'The Panoply' throughout this document**



I want to acknowledge and thank our team members, whose talent, dedication and support are at the heart of everything we achieve. The Panoply was founded with a commitment to doing business with purpose and making a difference to the communities in which we operate.

During the pandemic this sense of purpose has been strengthened as we completed numerous projects supporting critical aspects of the coronavirus response. We are incredibly proud to have delivered a range of services to support UK citizens during the pandemic, including work with NHSX, Department for Business, Energy and Industrial Strategy (BEIS), NHS Blood and Transplant and Camden Council.

Alongside our support for clients during the pandemic, we have placed a strong focus on assisting our team members. We acknowledged the need to support everyone with their own individual circumstances, putting our people first in these difficult times.

We also worked hard to become a more diverse and inclusive organisation, making progress in closing 72% of the 18 key gaps we have identified across pay, representation and inclusion scores. We have invested heavily in properly understanding our environmental impact, partnering with Emitwise to measure more of our supply chain than ever before, helping us to get closer to our goal of neutralising the historic emissions of the whole business. We continue to contribute to the communities in which we live and work. Through our 1% pledge we have been able to deliver our third Future Leaders incubator programme, supporting underrepresented digital entrepreneurs.

Our agile, user-centred way of working is perfectly suited to delivering value in a new way for large organisations serving the public. These institutions have traditionally been constrained by legacy technology and processes that – although designed to mitigate risk – actually increase the chances of failure.

Through the combination of cloud technologies, empowered agile teams and a focus on the user, we deliver significantly more impact than traditional approaches to transformation. It's now possible to deliver more impact through better outcomes. We have seen the benefit of fantastic services delivered at speed during the pandemic; with the right approach we believe this can become the norm for the public sector as a whole.

As the world around us changes, we must also evolve and adapt, honing and growing our skills to respond to our clients' changing needs. Our acquisition model is key to this approach, and this year we welcomed healthcare transformation specialists Difrent and managed services

company Keep IT Simple Ltd (KITS) to The Panoply. In just three years we have grown from three people to circa 500 employees and 200 contractors, a huge jump from when we started out. Now is the time to make sure we build upon our success to date and realise the opportunities ahead. This report explains our ambitious new goals for 2025 and the changes we're making to enable us to achieve these goals. These changes will set us up well to become an accredited B Corporation by 2023, taking our place within a global movement of businesses as a force for good.

Our financial performance underpins our commitment to doing business with purpose. Our revenue increased by 62% this year; adjusted EBITDA, as a measure of our overall financial performance, increased by 87%; and we saw impressive adjusted diluted earnings per share of 6.1p. Our continued growth and success demonstrates the unique combination of talent, operating model and purpose that we have assembled at The Panoply. We deliver meaningful work that makes a real difference to our clients, with our high-performing, agile teams upskilling and sharing knowledge every step of the way. This is what enables us to provide value to organisations seeking genuine benefits from digital transformation, securing success both now and in the future.

While we've seen strong organic growth from winning and delivering interesting work collaboratively across companies in The Panoply, our recent strategic review has also highlighted that our previous brand strategy and the structural legacies of many rapid acquisitions threaten to hold us back in the future.

That is why now is the right time to take a bold step to build upon our successes to date and achieve more.

All UK companies within The Panoply are co-creating a new, single organisation. Under one new brand, we'll market, sell and deliver together, enabling us to radically improve outcomes for citizens and communities at scale.

We know we can deliver impact effectively and efficiently.

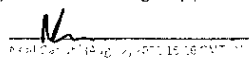
Now, we need to organise ourselves in a way that supports us to deliver at scale.

This work is now well underway with a multi-workstream programme in place. We expect to introduce our new brand for the first time in Autumn 2021, with all existing brands fully retired and organisational integration completed by April 2022.

Thank you for your continuing support

Neal Gandhi

12 August 2021



# Playing Our Part

During the Covid-19 pandemic

Our primary goal from the date when we first identified a risk from Covid-19 in January 2020 was to maintain employment for our people, supporting them and their families through this difficult time. In the UK our trading and balance sheet strength allowed us to make an early commitment to not draw down on public funds in any way, leaving this vital support for others in a worse position.

In February 2020, as part of our risk identification and management process, we agreed on a set of values-led principles that have guided our decision making during the pandemic. They were:

- 1 To do all we can to retain our talented workforce so that post-crisis we are in a strong position to take advantage of the economic and social recovery;
- 2 To favour the health of our employees over any client pressure to work on site. To close offices when we felt the risk to employees was too great to continue to ask them to come in;
- 3 To ask employees whose roles became temporarily under utilised to volunteer in their communities to assist in the crisis whilst on full pay and not to make these team members redundant;
- 4 To learn from the 2008/9 financial crisis and ensure we remained commercially free by not taking any government funds, enabling us to make our own decisions beyond the pandemic.

We believed that these steps were in the interests of the wider community, giving much-needed government support to those companies that were and are facing significant hardship.

Having identified the business risk early and putting the welfare of our teams first, in the first week of March 2020 we instigated work-from-home plans two weeks ahead of UK government instructions. Being a cloud-native company, the transition was straightforward and we saw no loss in productivity during that time. Staff utilisation remained stable at approximately 70%.

We are also proud to have assisted in the Covid-19 emergency effort directly. Our work included:

- Rapid delivery of Covid-19 home test ordering service for NHSX
- Building a personal protective equipment ("PPE") stock level dashboard for North East London NHS Trust
- Developing a system to bring companies together to manufacture ventilators
- Creating systems and processes for Camden Council to ensure shielding residents received the assistance they needed
- Supporting the Competition and Markets Authority via the Department for Business, Energy & Industrial Strategy to create a system which allows businesses to be held to account for unfair behaviour during the crisis.



# In detail: Delivering the UK's COVID-19 home testing service

## The brief

At the start of the pandemic 40% of frontline staff in NHS organisations were in isolation with unconfirmed Covid-19 symptoms. NHSX challenged us to deliver a home test ordering service incredibly quickly – from scratch. The aim was to ensure the safety of key workers and enable those in isolation to return to work faster following negative Covid-19 test results.

## Situation

Our delivery team was deployed into a complex multi-department and multi-vendor effort to deliver Covid-19 support services.

We worked quickly and within a day, we set the project's goals and KPIs, identified who was involved in the overall programme and their role/skill sets, and designed end-to-end user journeys and service blueprints.

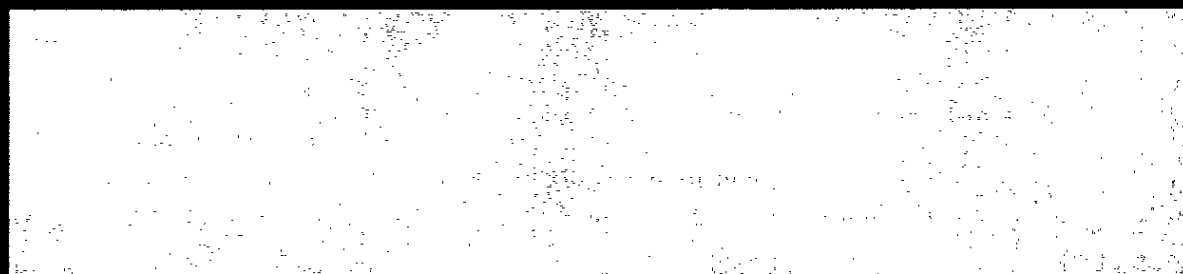
## Solution

We led a multi-disciplinary, multi-vendor team to take the idea from infancy to implementation and delivered home testing kits for NHS organisations and key workers in seven days.

We conducted diary studies, documenting London Ambulance Service Staff to understand the end-to-end experience for staff.

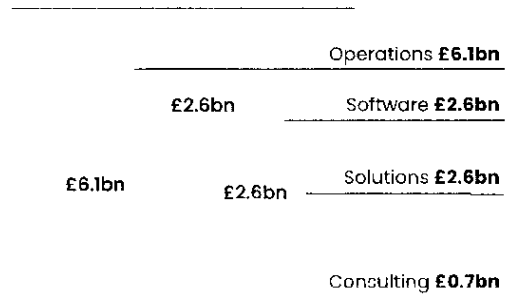
We implemented service analytics, collecting service performance and user behaviour data, and iterated the service using quantitative and qualitative data sources such as surveys, user testing, service data and contact centre logs.

We also set up a dedicated Assisted Digital contact centre, supporting users with accessibility needs. The service successfully launched around a month later for key workers, accepting orders from the wider public two weeks after launch.



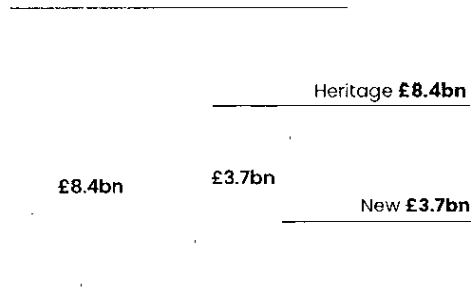
# Market Overview

## PUBLIC SECTOR SOFTWARE AND IT SERVICES BY ACTIVITY\*



\* Includes the UK public sector market for software and IT services, excluding the UK public sector market for hardware and infrastructure services.

## HERITAGE VS NEW SOLUTIONS\*



\* Includes the UK public sector market for software and IT services, excluding the UK public sector market for hardware and infrastructure services.

## Digital transformation in the time of Covid-19

The Panoply was created to do things differently. We are driven by our values, and the belief that business can do better – for people and for the planet. Our organisational model is a direct challenge to those of large, traditional consultancies, whose ways of working have remained largely unchanged and are unsuited to providing value in the digital-first era.

The UK's large institutions – across both public and private sectors – continue to struggle with significant technical debt, legacy IT systems and outdated ways of working that limit their potential to change. The Panoply helps these organisations to tackle their present challenges, building resilience and adapting to changing circumstances in the future.

## Perfectly placed to respond

In a year that saw significant disruption from Covid-19, our flexible operating model, our trusted, multidisciplinary teams of experts, and our commitment to making a difference meant we were perfectly placed to take on the challenge. As organisations sought to adapt their operations for remote work, or launched new products and services in response to a radically different world, we had the tools to help.

The Software and IT Services (SITS) market is worth an estimated £51.8bn in the UK\*, with the public sector comprising £12.1bn of this total. With 75% of our operations in the public sector we were well placed to seize the opportunities of the market as institutions responded with increased spending to the pandemic.

The need to keep services running for citizens during the pandemic – and the catalyst this has provided for digital transformation moving forward – has produced a significant market for SITS companies operating in the public sector.

The Compound Annual Growth Rate (CAGR) for the public sector SITS market is 1.3% from 2019–2023\*\*, of which in 2020 New solutions (which The Panoply operates in) make up 37%, with Heritage at 62%. By 2023 New is set to overtake Heritage, accounting for 51% of the market.

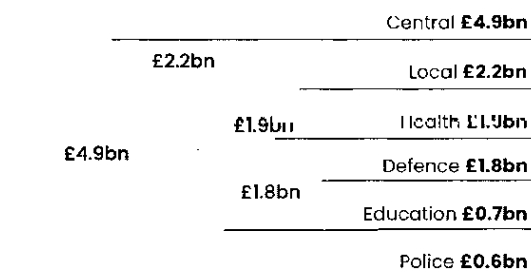
Health – as a subsector of public sector SITS – is forecast to see particularly strong growth from 2019–2023 with a CAGR of 3.8%\*. Our acquisition of healthcare digital service delivery specialists Difrent in September 2020 enables us to take full advantage of this activity, and a market worth £312m more in 2023 than in 2019. Central government is another subsector projected to expand, with a CAGR of 1.3%, and a market worth £254m more in 2023 than in 2019\*\*.

The UK IT operations market accounted for more than half (52%) of the total SITS market in 2019, and by 2023 could be worth as much as £29.2bn\*\*\* – or 56% of total UK SITS. In March 2021, we acquired managed services company Keep IT Simple (KITS), whose market-leading expertise in service integration and management will help us to deliver even more value to large organisations by meeting their technology operations needs.

## References

- \* Tech Market View: Market Outlook 2019–2023, Tech Market View, 2019
- \*\* Tech Market View: Public Sector Market Forecast Update 2020–2023
- \*\*\* Tech Market View: UK SITS Market Outlook 2019–2023, Rosen & Partners

## PUBLIC SECTOR SOFTWARE AND IT SERVICES BY SUB SECTOR\*



\*Source: The Audit Commission, Local Government Finance Accounts, Update 2020-2021

## Doing business responsibly

Another dominant theme of the past year has been increased awareness of the issues affecting our people, planet and communities. Calls for racial equality gained momentum with the rise of the Black Lives Matter movement and increasingly erratic climate events threw the environmental crisis into sharper focus.

As an organisation founded on values of social and environmental responsibility, we have welcomed calls for business to be – and do – better. To reflect our commitment to putting our people, planet and community first, we are announcing our intention to become B Corp certified by March 2023.

We make genuine differences in the communities in which we work and live, with over 1600 employee volunteer hours donated this year, and 1% of all our profits given to charity. We take complete responsibility for our impact on the planet. We have worked with Emitwise to measure our entire scope 1, 2 and 3 footprint which is fully offset through Gold Standard offset projects via Ecologi. We have also partnered with Rewilding Britain to further their vital work enhancing biodiversity.

During the Covid-19 pandemic we have strengthened our commitment to our people. As work and home lives have converged throughout the pandemic, we have supported our employees with up to £1200 of childcare support in lockdown, an employee Health and Wellbeing scheme, and a winter fitness challenge.

We have closed the gaps in inclusion for underrepresented employees. We have voluntarily introduced ethnicity pay gap reporting – exceeding the expectations of an organisation of our size – and, in recognition of the specific challenges faced by black communities in the workplace, decided to measure the inclusion of our black workforce separately from those of other minority ethnic groups.

We continued our bi-annual Future Leaders Programme supporting young entrepreneurs from underrepresented backgrounds, which this year helped those struggling due to Covid-19 and included an inclusive BBQ catering company, a digital vaccine passport business, and a career development platform for black and minority ethnic women in the cybersecurity industry.

## Ambitious plans for growth

Over the next year we will continue our model of growth through acquisition, adding further skills and specialist focus areas to the business that will enable us to meet a broader variety of client needs. We expect the rapid pace of our growth to continue.

If the accelerated forces of change in this pandemic year have taught us anything, it is that our organisations must rethink their operations, culture, and approach to technology to survive in a digital-first era. Those who are digitally native, and who empower and trust their teams, are positioned to thrive.



## At A Glance

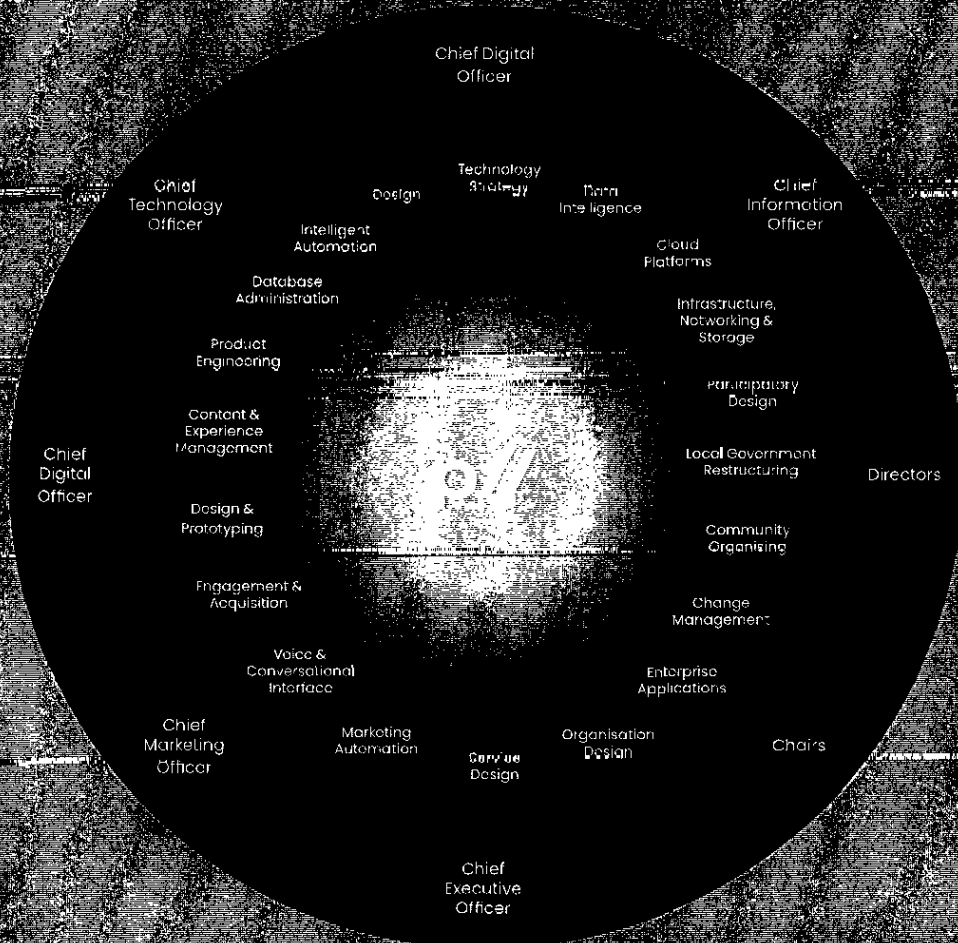
# The Panoply

Impactful Digital transformation, responsibly delivered, at scale.

The Panoply is a digitally native technology services group, at the forefront of a growing market, focused on sustainable digital transformation and positive, purposeful organisational change.

The business has grown rapidly through acquisition with more than 10 businesses acquired since 2018. Organic like for like revenue growth in the year was strong at 10%. We now have over 500 permanent employees and 200 contractors, primarily based in the UK, as well as in Bulgaria and Norway.

The Panoply now generates 71% of revenue from the UK public services sector, supporting both local and central government, the NHS, as well as not-for-profit organisations.



Like to like revenue for non-purchase and preparation the assumption that the acquisitions made prior to 1st April 2021 were in the Group for the full period and the results for acquisitions made in FY2021 are included to match the date of completion adjusted for normalised sales and other costs as reported under IFRS in the current year.



## Revenue by Sector & Sub-Sector

### SECTORS

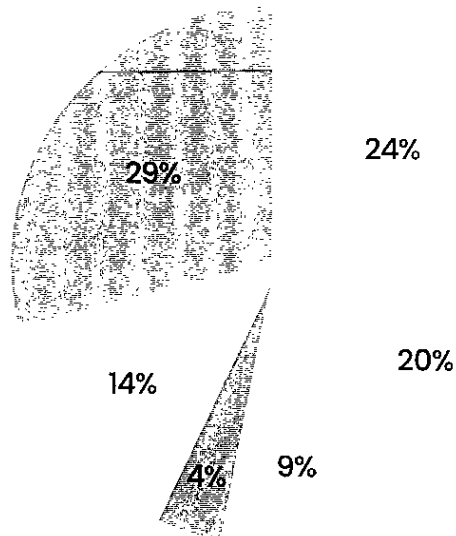
- Public
- Commercial

71%

29%

### TOP 5 SUB SECTORS

- Local Government
- Central Government
- Health
- Education
- Other public services including:  
Housing and Not-for-Profits'
- Multiple other Sub-Sectors



# Our Model

We are a digital transformation business that helps organisations transform and deliver their services to their users, using organisational design and technology solutions.

## What makes us different

We believe an increasingly complex world needs a new model to achieve high impact outcomes for clients and their employees and more value for stakeholders.

We combine the dynamism and agility of smaller, expert teams with the scale required to confidently address our clients' most pressing needs, as they navigate the rapidly changing nature of society and business.

## How we do it





## Our Vision for 2023

### Commercial Vision

1. Achieve UK run rate revenue of £100m and £12-£14m run rate EBITDA by March 2023
2. Deliver 10% to 15% organic revenue growth per annum
3. Ensure around 70% of operating profit drops through into positive cash flow
4. Deliver progressive dividend policy at 15% - 20% of net income<sup>1</sup>
5. Add more than £35m of revenue through earnings enhancing acquisitions
6. Keep leverage low at below 1 times run rate EBITDA

### Impact Vision

7. Decreasing all 18 gaps identified across pay, representation and inclusivity.
8. Measuring and offsetting our historic carbon footprint entirely
9. Kickstarting digital careers by reaching 1000 unique beneficiaries through community action and community investment

## KPI's

### Commercial

#### 1. Consensus Revenue Forecast

FY2022 **£71.2m**

#### 4. Dividend

FY2021 **0.6p<sup>2</sup>**  
(FY2020: nil)

#### 2. Revenue Growth

FY2021 **£51.1m**  
(FY2020: £31.5m)

#### 5. Revenue from Acquisition

FY2021 **£6.3m**  
(FY2020: £6.4m)

#### 3. Operating Profit to cash flow

FY2021 **106%**  
(FY2020: 91%)

#### 6. Leverage<sup>3</sup>

FY2021 **0.7**  
(FY2020: 0.1)

### Impact

#### 7. Women in senior leadership

FY2021 **40%**  
(FY2020: 39%)

#### 8. Carbon intensity per £1m revenue

FY2021 **37.32** TCO2E  
(FY2020: 48.61 tCO2e)

#### 9. Careers Kickstarted

FY2021 **602**  
(FY2020: 334)

1. Net income is defined as adjusted profit after tax. 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.
2. Interim dividend of 0.2p per share in January 2021. Final dividend of 0.4p per share subject to approval of the AGM and on publication of the FY2021 Company statutory accounts demonstrating compliance with UK statutory requirements.
3. Leverage is defined as the net debt (excluding financial liabilities connected with the normalised performance EBITDA for all subsidiaries, as if they had been in the Group for the full period).

## Our Vision for 2025

Through the success of 2021 and the consolidation of brands we expect to achieve our March 2025 goals on time or this timeframe. We recently completed a strategic review and have set our ambitious financial and impact goals for March 2025.

Our ambition for March 2025 is to become a top 20 UK public sector supplier, building upon our existing momentum and track record in delivering public services. In practice this means generating around £150m revenue per year from UK public sector work by this date.

The Panoply was created on the belief that businesses could and should step up to help governments and not-for-profits tackle the big issues that are affecting our communities. We do that through the work that we deliver and also how we operate. Our impact ambitions sit shoulder to shoulder with our commercial objectives. We hold ourselves to the highest standards of corporate governance and are accountable to all stakeholders, not just our shareholders.

### Vision for FY25

#### Commercial

1. To become a top 20 public sector supplier by March 2025 on run rate basis
2. To achieve a run rate revenue of £200m (£150m public sector, £50m Private sector) by March 2025
3. Deliver 10-15% organic revenue growth per annum
4. To make further earnings enhancing acquisitions to meet this revenue goal
5. Deliver at least 70% of operating profit through to positive cash flow
6. Deliver progressive dividend policy at 15%-20% of net income

#### Impact

1. Halve the 23 gaps that we have identified across representation, pay and inclusion for employees from underrepresented backgrounds
2. To achieve net carbon zero status
3. To kick-start 5,000 digital careers, reaching 5,000 unique beneficiaries through our community action and community investment programmes

To deliver our 2025 vision we will accelerate our plans around consolidation, streamlining our focus around the customer and enabling the business to deliver a much clearer integrated value proposition to our clients.

In September 2021 The Panoply will launch a single new brand, uniting all its businesses and the holding company under a single name for the first time. We expect to have fully retired all existing brands by April 2022.

Through this consolidation of brands and internal functions including implementing new business-wide finance, HR and project management systems, the business will be positioned to accelerate our full service offering to our clients, by delivering agility at scale.

This will enhance our competitive positioning as the only modern, full service scaled digital transformation company, covering consulting, solutions and operations.



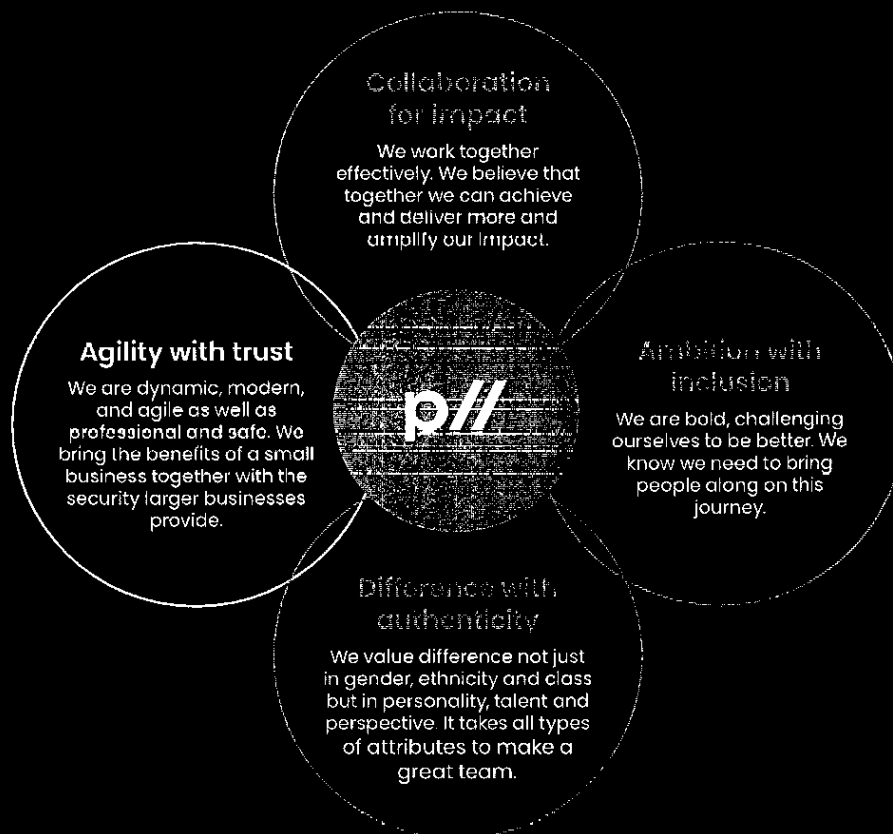
## Our Culture



We are bound together by a collective desire to radically improve the services that matter to people and a belief that businesses can and should behave responsibly and leave a positive legacy.

As our business evolves and grows so should the values that drive us. As we finalise the new brand to launch in September 2021, we will be developing unified values and behaviours for the integrated business.

As a people-focussed business, the four values that underpin our culture are:



## Case Studies

# Unlocking the benefits of Intelligent Automation in the NHS

### Challenge

Managing patient processes such as GP referrals and appointment bookings places a significant administrative burden on NHS hospitals, who must ensure that appointments are made as appropriate and patient records are up to date and dealt with correctly. Doing this manually is extremely time-consuming, and backlogs or processing delays often occur, ultimately impacting patient experience.

By implementing intelligent automation technology, hospitals can manage processes much more efficiently. There's also the opportunity to share the learnings and systems developed in one hospital to others using automation software. This helps to maximise efficiency and cost savings for the wider NHS.

### Approach

We partnered with Kettering General Hospital to help them benefit from intelligent automation technology. Following a successful proof of value project automating their Covid-19 Situation Report, we identified two further high-volume, repetitive processes that were ideally suited for automation:

- Unappointed patients process – where outpatient referrals that are no longer relevant for legitimate health reasons are removed from the system

- GP referrals – where hospital appointments are booked for patients at the request of primary care services

The 'unappointed patients' process had a big impact on staff time, with a year-long backlog due to Covid-19. This prevented staff from focusing on other work and was a drain on the team's morale.

We built an intelligent automation bot to automate the old process and clear the backlog of outpatient referrals that needed removing from the hospital's system. Instead of requiring a human employee to delete each entry individually, the bot opens an Excel spreadsheet of the referrals, accesses the corresponding records on the patient administration system, and automatically discharges them.

The human factor in this work was perhaps even more important here, as the repetitive nature of these tasks were severely demotivating staff. By using intelligent automation to solve this problem, the hospital was able to free up staff time and ensure they could carry out more value-adding work.

We also automated Kettering Hospital's GP referral process. When a GP creates a referral for their patient, it enters the e-RS system. Before automation, a staff member had to access this system, read any comments on the record, and book an appointment for the patient at the hospital. With intelligent automation, the bot automatically books appointments. Importantly, it filters records with complicated comments, passing them on to a person for approval to ensure that each patient's precise needs are met.

### Impact

With Kettering General Hospital working as a group with Northampton General Hospital, this automation work adds to the centre of excellence being developed in Northamptonshire to help scale automation technology across the NHS to deliver greater impact.

**"I have been very lucky to be part of the automation project at Kettering General Hospital. As a subject matter expert for the Unappointed Process, I ensured the data provided to develop and test the automation was of a high standard and accurately replicated real life cases. I really wanted to work on this project as I'm interested in how technology can be used to improve our level of patient care as well as reducing the administrative burden on our staff. I'm proud of what we achieved with the project as we have been able to clear a large backlog that built up during the COVID pandemic, which has also made life easier for my colleagues."**

Amanda Thomson, RFT Data Quality & Training Lead, Kettering General Hospital

## Case Studies

continued

# Supporting local government reorganisation

### Challenge

We recently supported Buckinghamshire's transition to a single unitary authority, making sure they were able to maintain their service delivery for residents.

The council delivered the programme through their internal team but recognised the need for support and insight to improve their approach and overall governance of the change programme.

### Approach

We started with a review of the programme's initial set up and plan, revealing areas for improvement. We then led several crucial projects within the programme that included reviewing the approach to fees and charging, rebranding for the new council, the ICT workstream including access control and the new intranet.

We coached the council's internal team to enhance their approach, sharing our extensive experience in delivering complex projects and supporting other unitary programmes. Our advisory role also included helping the programme director target areas we felt were cause for concern, working together to decide upon the best solution quickly.

To make sure activity was prioritised to meet core deliverables and milestones, we supported the internal team to review their milestones and dependencies to keep the workload manageable.

We developed a real-time programme assessment model to show the impact of the slippage versus the reality of the delivery, broken down to align the governance structure of the programme. We also ran go-live readiness assessments to identify any operational challenges which may exist on day one, creating areas of focus for the team.

**"This project helped establish a new Council, providing the platform to fundamentally transform the way public services are delivered in Buckinghamshire. It was a real privilege to play a part in helping the councils to deliver their vision of a single council to improve outcomes now and into the future."**

Mike Dearing, Executive Director – Transformation, The Panoply

With the council's PMO lead, we helped oversee a successful vesting date as all other resources were deferred onto Covid-19 response. We then worked with the service directors to review these outstanding deliverables and make sure they were handed over to business as usual.

### Impact

Despite the enormity of the change, the new council successfully went live during Covid-19 with no impact on the services residents received. The new council can now continue on its journey to deliver outstanding services to its residents consistently across the county of Buckinghamshire.



# Creating a virtual field of Remembrance

"I have always loved what the Poppy Appeal stands for and everything around it. Prior to Covid-19, I had visited one of the Fields of Remembrance and I could see how much it meant for people to be able to plant a poppy. It was a privilege to deliver a project that not only answered the client brief, but that got people engaged and provided support at a time people needed it most."

Vicky Stewart, Client Partner, The Panoply

## Challenge

The global pandemic has already seen a number of annual traditions that typically encourage people to come together, instead pivot to digital alternatives. Remembrance Day – and the lead up to it – is no different.

Since 1921, the Royal British Legion has supported the Royal Navy, the British Army, and the Royal Air Force, as well as veterans and their families. The charity uses the lead up to 11 November as an opportunity to raise awareness of the sacrifices veterans have made in the last century, and drum up donations for the army and veteran communities.

One of these traditions is the Field of Remembrance, where thousands of personal tributes are planted by members of the public up and down the UK. But in 2020, Covid-19 made big events full of people dangerous – so the Royal British Legion needed to find a safe alternative.

## Approach

So, what would a "Virtual Field of Remembrance" look like? Decades of tradition have seen fields planted with more than 20,000 tributes each year. In 2020, the Panoply and the Royal British Legion were tasked with digitising this. But in moving the experience online, it was vital the charity didn't lose the engagement of a physical event.

To ensure everyone could pay a personalised tribute, the platform had to offer customisation. It also had to be able to handle the scale of tributes the charity typically experiences each year.

And it had to be accessible, able to be viewed by every donor so they could easily locate their tribute and share it with friends and family to spread the word.

We began by setting up a workshop to understand the charity's requirements, and to review the various solutions and technology available. The charity decided to use its existing donation funnel, in tandem with the Sitefinity platform. We then built a new, bespoke front-end, and used Three.js technology to render complex graphics within the web browser. This includes filters and 3D interactive effects in real-time.

To give users choice, there are six symbols which can be used to mark their tribute. They can then attach a personal, written message, along with their details and an optional donation.

After the tribute is made, users are transported to the virtual field, where they can click the area they want to plant their tribute. The platform also allows users to view each others' tributes. All messages are moderated, to ensure the platform is used appropriately and respectfully.

## Impact

This project saw us invest 40 hours into understanding a completely new technology, which generated 64,720 virtual tributes for the Royal British Legion. Media outlets such as *Heard* helped to drive traffic to the platform. In total, the campaign raised £94,406 via the virtual field.

The charity's social and paid search channels alone raised £22,346 more than the previous year, despite spending no more over the same timeframe. Cost per response was just £7.27, compared to £48.33 just one year earlier – marking a more than six-fold decrease. Whilst funds raised from organic traffic shot up from £12,780 in 2019, to £64,480 in 2020, that's a five-fold increase.

In addition, the charity raised a further £49,727 via the virtual field after the paid digital marketing had ended. Money that wouldn't have otherwise been raised without the switch to virtual.



# Delivering Growth

The success of The Panoply is derived from our focus of delivering consistent growth; the nature of our business sees this growth obtained organically as well as through acquisition.

## Accelerating organic growth

Since inception The Panoply has focused on delivering profitable organic growth, and last year we set the target of driving 10% to 15% organic revenue growth per year over the three years to 31 March 2023, with maintained or improving margins.

We can confidently state that we are on track to achieve this target, with FY21 organic like for like revenue growth of 19% this puts us well on track to achieve our stated target and as such we have committed to extending this target to 2025.

Profitable organic growth is one of our core values: we achieve this growth and profit as clients recognise our value through delivery

## Growth through acquisition

Since IPO in December 2018, The Panoply has completed 12 acquisitions. During FY21 to the end of March 2021 we have acquired 3 additional companies: Arthurly, Difrent & Keep IT Simple (KITS).

Not only do they contribute significant revenue and EBITDA they also provide capability and sector penetration.

### Capabilities:

MS Azure Cloud Platform Gold Partner Credentials

AWS Certifications & delivery capabilities

Run and Manage Live Critical Services

### Sectors:

Public Health (Difrent)

Utilities (Arthurly)

Large Central Government Departments (KITS, Difrent)

## M&A Pipeline

Through origination our internal M&A team has:

- Identified more than 200 target companies
- Made more than 170 contacts with target companies
- Received 90 responses, with more than 80 being positive

- Held more than 80 introductory meetings with more than 60 progressing to second meetings
- Progressed to NDA & RFI stage with more than 50 target companies, several of which have resulted in offers being made

Our continuing success has enabled our HSBC revolving credit facility to be extended twice in this period from £5M to £7M and now to £20M of which, £7m remains undrawn.

## M&A Commercial Vision 2025

M&A will play an important role in helping to achieve our next milestones for 2025.

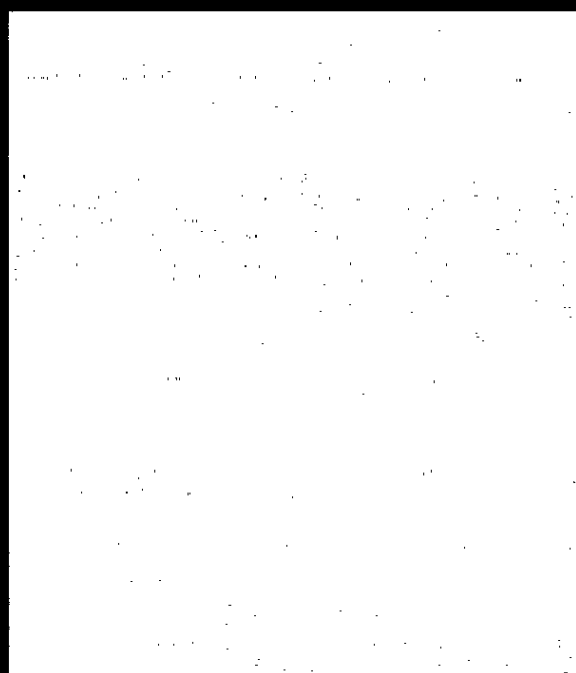
The strong M&A pipeline will ensure that a number of earnings enhancing acquisitions will be completed to balance organic growth with acquisitive growth, and support the delivery of our growth goals.

The Panoply will continue on in its efficient approach for acquiring and integrating companies. We continue to add additional capability and bolster existing capability to our integrated operations.

We continue to:

- Add further capabilities covering:
  - Data engineering and data science
  - Artificial intelligence and machine learning
  - Cybersecurity and security operations
  - Microsoft stack: Azure, Power Platform, Power Apps, Power Automate, and Office365 & Dynamics CRM
  - Amazon Web Services
  - Google Cloud Platform
  - Devops and Devsecops
  - Automation
- Bolster capabilities that enhance our customer offering in the public, health and adjacent sectors.
- Ensure acquisitions are not seen as immediate exits for their founders but incentivised to build long term sustainable growth through a consideration make-up that is majority share based.
- Ensure acquisitions are immediately earnings enhancing

# Investment Case



## 1. Strong financial fundamentals

- Profitable (adjusted EBITDA)
- Cash generative – 106% cash conversion
- Milestone dividend payment in 2021
- Adjusted EBITDA £71m, cash at bank of £57m

## 2. Access to structural growth markets

- Software & IT Services market worth an estimated £51.8bn in the UK
- Public sector comprises £12.1bn
- CAGR for the public sectors SITS market is 1.3% from 2019–2023, projecting stable growth for the industry over the next few years
- Health sector expected to grow at 3.8% CAGR to £2.2bn by 2023
- Revenue is 71% public sector, across central and local government, healthcare and education sectors

## 3. A unique, full service proposition for clients

- Cloud/agile native
- Deep integrated expertise on every engagement, collective strength
- Drives ability to take market share from legacy competitors
- Focused exclusively on new technology rather than heritage systems
- Increasing ability to win larger £3m+ deals and the accelerated move towards digital transformation across both public and private sectors

## 4. Investing for growth

- Proven capability to quickly build competitive offerings in key areas
- Prepared for the move to conversational AI and Robotic Process Automation to solve the problems of legacy technology

## 5. Laser focused acquisition strategy

- Continuing to target strategic earnings-enhancing acquisitions that will add to our capabilities or help us further strengthen our position within the UK public services market
- In-house origination and M&A team
- Making only accretive acquisitions

## 6. Management and wider employee buy-in

- With significant stakes in the company and invested in its purpose
- Employees engage through Share Incentive Plans and Option Schemes.

# 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 full service go-to-market brands and continued to grow our business through winning large scale, high profile engagements.

Over 12 months our performance has risen, not least although there was a temporary lull in the year started, the value for money proposition and value argument for initiating our digital capabilities, our underlying profitability has been strong, reflecting an other successful period in which the Group has delivered our outstanding financial performance underpinned by strong operational progress.

Across the board, our teams have responded very effectively 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 business.

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 business, The Panoply is driven by its sense of purpose and core focus on delivering sustainable, positive change for people and communities. 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. Environmental, social and governance (ESG) issues are increasingly moving up the agenda and I am proud to say our 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 positive impact. To reflect 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.

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.

### 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 time for 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.

Mark Smith  
Chairman

12 August 2021

## 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 reflecting the colossal impact the pandemic has had that we can fully appreciate the great lengths our staff have gone to to pass the year. Their efforts have produced a financial performance that we are very proud of, with adjusted EBITDA growing more than 95% 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: 414). 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 business 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 company 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 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; it is 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 61p.

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 excluding impact of leases of £7.3m (below 1x pro forma EBITDA – being the EBITDA if 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, our vision 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 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 our 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 used for 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 Panoply. Future acquisitions will be on a part cash, part shares basis to align management's interests with the long-term success of the business. 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 Panoply brings, particularly around their ability to win larger contracts and leverage existing 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.

# Chief Executive's Review

continued

## 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.

1	Produce 10% to 15% organic revenue growth per annum	<ul style="list-style-type: none"> <li>19% organic revenue growth</li> </ul>
2	c.70% of operating profit to drop through into positive cash flow to generate significant cash reserves	<ul style="list-style-type: none"> <li>106% OP to cash flow</li> <li>£5.1m cash generated from operations incl lease payments</li> </ul>
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)	<ul style="list-style-type: none"> <li>Aggregate Dividends of 0.6p</li> <li>9.4% of net income (adjusted profit after tax)</li> </ul>
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	<ul style="list-style-type: none"> <li>Made three acquisitions, cumulatively adding £16.1m of run-rate revenue</li> </ul>
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	<ul style="list-style-type: none"> <li>Pro Forma Leverage of less than 1x Pro Forma EBITDA</li> </ul>
6	On this basis we aim to achieve a run rate revenue of £100m by March 2023 and deliver £12m-£14m EBITDA	<ul style="list-style-type: none"> <li>Consensus analyst revenue expectations for FY22 of £64m</li> <li>Consensus analyst EBITDA expectations of £9.7m</li> </ul>

\* Pro Forma EBITDA is based on the adjusted EBITDA for the period ended 31 March 2021, adjusted for the impact of the acquisition of the business.



### 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.

7	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*
8	Leave no Trace. Measuring and offsetting our historic footprint entirely	Invested in software to collect data and measure emissions and offset 1,915 tCO2e
9	Equip our communities with futureproof skills. Kick-starting 1000 digital careers	602 careers kick-started to date**

\* Based on 2020 pay gaps by gender, ethnicity, disability and industry.  
 \*\* Kick-started digital careers through our community-led digital skills  
 programme, in partnership with local authorities, colleges and training providers.

# Chief Executive's Review

continued

## 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 21 gaps that we have identified across representation, pay and inclusion for employees from underrepresented backgrounds
2. To be on track to achieve net zero status
3. To kick-start 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 business 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 business.

### Continuing to grow 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 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 £12.1bn. 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 that requires 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 business 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, we 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 company 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 Panoply has acquired 12 businesses with the latest post period acquisition of Nudge Digital Limited increasing this to 13. These acquisitions have provided 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 diversify, I am confident we are well-positioned to take advantage of the significant opportunities ahead across our target markets.

Neal Gandhi  
Chief Executive Officer

  
Neal Gandhi (13/03/2022 at 6:51:11)

The Panoply Holdings Plc  
Company number: 10533096  
Financial statements for year ended 31 March 2021

## 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 Group reported revenue of £51m (FY2020: £35m) representing an increase of 61%. The revenue increase was driven by like-for-like organic growth of 19% as well as the full year impact of FY2020 acquisitions and the acquisition of Arthurly in June 2020. Different in September 2020 and kept it simple in February 2021. This business transitioned its focus into public services with 71% of revenue now coming from that sector (FY2020: 54%) and we delivered a strong increase in monthly revenues from 3.1 in FY2020 to 5.7 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 Panoply 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 we provide, 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 Panoply has now reached a scale where we can address this through our newly centralised HR function and greater hiring of permanent employees. As a result, we anticipate an improvement in gross margin moving forward.

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 Panoply.

The following table summarises the adjustments:

	FY2021 £ 000s	FY2020 £ 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
<b>Adjusted profit before tax</b>	<b>5,913</b>	<b>2,902</b>
Tax (including impact of amortisation and costs relating to acquisition and restructuring adjustments)	(898)	(230)
<b>Adjusted profit after tax</b>	<b>5,015</b>	<b>2,672</b>

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:

	FY2021 £'000s	FY2020 £'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
	<b>81,948</b>	<b>74,821</b>
Adjusted diluted earnings per share (pence)	6.1	3.6

Based on these alternative non-GAAP measures the business 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 100%.

In total, cash increased in the year from £4.6m to £5.7m but net debt excluding the impact of IFRS 16 leases 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 Panopoly 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 our 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 £'000s	Minimum share price	Max shares to be issued £'000s
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
<b>10,867</b>		<b>13,728</b>

Oliver Rigby  
Chief Financial Officer

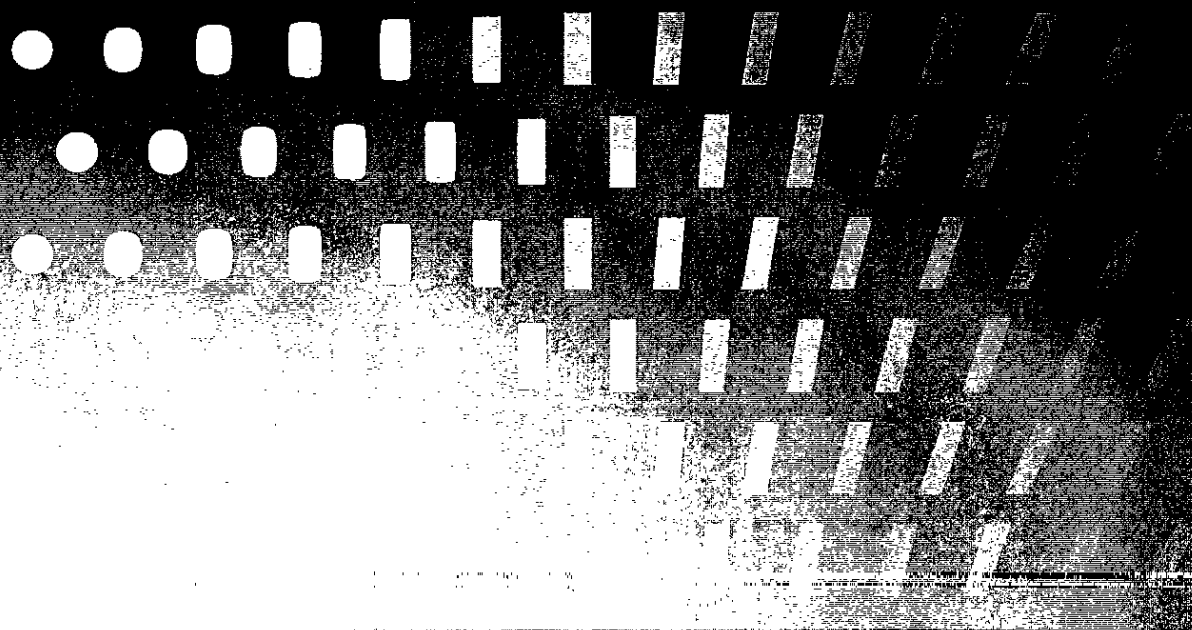
  
Oliver Rigby, 12 July 2021 (18:30 GMT)

\* The dividend will be paid only subject to approval at the AGM. It is not a statutory obligation of the Company.



# Sustainable futures //

## Environmental, social & governance report





The Panopoly is committed to building sustainable futures for our people, our planet and our communities.

The past few years have seen social and environmental concerns pushed up the agenda as organisations have increasingly taken up to their responsibilities to society and the planet. We must now

## ESG Report

# Sustainable futures


We want to lead the way in terms of the quantity, quality, and frequency of our ESG reporting.



Our non-financial KPIs track the progress we're making in building sustainable futures for our people, planet and community.

We align our sustainable futures strategy with the UN Sustainable Development Goals that we feel we are best able to contribute towards. We focus on SDG8 'Decent Work and Economic Growth' and have identified the targets 8.1, 8.4, 8.5 and 8.6 as priorities.


We used the World Economic Forum's (WEF) standard for consistent ESG reporting to identify the recommended metrics aligned with these targets. The WEF released a white paper in September 2020 to develop a core set of common metrics and disclosures on non-financial factors for investors and other stakeholders. This framework incorporates all of the major existing ESG standards and splits the metrics into four pillars; principles of governance, people, planet and prosperity.

This table shows where you can find each metric, as described in the WEF framework within the ESG report. It also shows which SDG each metric relates to and which standard we have used to capture the data.

Pillar	Theme	Metric	Reporting standard	SDG target	2020	2021
 <b>People</b>	Dignity and equality	Black SLT representation	GRI 405-1b	8.5	2%	42
	Dignity and equality	SEB inclusion score gap	GRI 405-1b	8.5	1%	43
	Dignity and equality	Disability inclusion score gap	GRI 405-1b	8.5	3%	43
	Dignity and equality	Disability SLT representation	GRI 405-1b	8.5	6%	42
	Dignity and equality	Employee inclusion score	GRI 405-1b	8.5	85%	43
	Dignity and equality	Ethnicity pay gap (mean)	GRI 102-38	8.5	4%	46
	Dignity and equality	Ethnicity pay gap (median)	GRI 102-38	8.5	0%	46
	Dignity and equality	Female SLT representation	GRI 405-1b	8.5	40%	42
	Dignity and equality	Gender inclusion score gap	GRI 405-1b	8.5	0%	43
	Dignity and equality	Gender pay gap (mean)	GRI 102-38	8.5	16%	46
	Dignity and equality	Gender pay gap (median)	GRI 102-38	8.5	19%	46
	Dignity and equality	LGBT inclusion score gap	GRI 405-1b	8.5	1%	43
	Dignity and equality	LGBT SLT representation	GRI 405-1b	8.5	13%	42
	Dignity and equality	Minority ethnic inclusion score gap	GRI 405-1b	8.5	13%	43
	Dignity and equality	Minority ethnic SLT representation	GRI 405-1b	8.5	14%	42

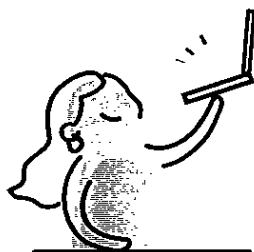
Pillar	Theme	Material	Reporting standard	SDG Target	FY 2021	See Page
	Dignity and equality	Modern slavery audit	GRI 408-1b, GRI 409-1	8.7	-	47
	Dignity and equality	Modern slavery statement		8.7	-	47
	Dignity and equality	Overall minority ethnic representation	GRI 405-1b	8.5	13%	42
	Dignity and equality	Overall black representation	GRI 405-1b	8.5	3%	42
	Dignity and equality	Overall disability representation	GRI 405-1b	8.5	6%	42
	Dignity and equality	Overall female representation	GRI 405-1b	8.5	48%	42
	Dignity and equality	Overall LGBT representation	GRI 405-1b	8.5	12%	42
	Dignity and equality	Wage level % (CFO Median)	"GRI 202-1, Adapted from DoddFrank Act, US SEC Regulations"	8.5	4.71	72
	Health and well-being	% employees participating in well-being programmes	Adapted from GRI:2016 403-2a	8.8	80%	40
	Health and well-being	Employee satisfaction score		8.5	7.6	40
	Health and well-being	Employee wellbeing score		8.5	7.4	40
	Health and well-being	Injuries and Fatalities	GRI:2018 403-9a&b, GRI 2018 403-6a	8.8	0	40
	Health and well-being	Percentage of employees that are contractors or temporary staff		8.8	24.61%	72
	Climate Change	Carbon offset total	GRI 305:1-3, TCFD, GHG Protocol	8.4	1915 tCO2e	53
	Climate Change	Energy Intensity ratio (per £1m revenue)	GRI 305:1-3, TCFD, GHG Protocol	8.4	37.32 tCO2e	51
	Climate Change	Energy Intensity ratio (per FTE)	GRI 305:1-3, TCFD, GHG Protocol	8.4	4.3 tCO2e	51
	Climate Change	Reduction of energy consumption	GRI 305:1-3, TCFD, GHG Protocol	8.4	29.9 tCO2e	51
	Climate Change	Scope 1 emissions	GRI 305:1-3, TCFD, GHG Protocol	8.4	6.4 tCO2e	51
	Climate Change	Scope 2 emissions	GRI 305:1-3, TCFD, GHG Protocol	8.4	23.5 tCO2e	51
	Climate Change	Scope 3 emissions	GRI 305:1-3, TCFD, GHG Protocol	8.4	1,885 tCO2e	51
	Freshwater availability	Water consumption	SASB CG-HPI40a.1, WRI Aqueduct water risk atlas too	8.4	-	53
	Nature loss	Land use and ecological sensitivity	GRI 304-1	8.4	-	53

המחיר של המוצר הנמכר הוא 100 ש"ח, והמחיר של המוצר הנרכש הוא 80 ש"ח. המחיר של המוצר הנמכר הוא 100 ש"ח, והמחיר של המוצר הנרכש הוא 80 ש"ח.

Filar	Theme	Metric	Reporting standard	SDG Target	FY2021	See Page
	Employment and wealth generation	Workforce Growth	GRI 401-la&b	8.1	53%	39
	Innovation of better products and services	% revenue from controversial clients		8.1	1.9%	73
	Innovation of better products and services	Number, type and impact of physical and technological legacies		8.2	-	66
	Innovation of better products and services	Significant indirect economic impacts, including the extent of impacts		8.2	-	66

## ESG Report

## Sustainable futures



### Sustainable futures for our people.

We are closing the gaps that exist in our business and wider industry.

Decreasing pay gaps, representation gaps and gaps in inclusivity.

**While contributing to SDG:**

8.5 Decent, equal work opportunities for all

**We will get there by implementing:**

- Employee wellbeing initiatives
- Diverse recruitment processes
- Employee inclusion networks
- Wellness activities



### Sustainable futures for our planet.

We are leaving no trace.

Measuring and offsetting our historic footprint entirely.

**While contributing to SDG:**

8.4 Decoupling economic growth from environmental degradation

**We will get there by implementing:**

- Carbon reduction strategies
- Carbon measurement programmes
- Carbon offset partnerships
- Sponsoring ecological regeneration
- Green incentive schemes





## Sustainable futures for our communities.

We are equipping our communities  
with future-proof skills.

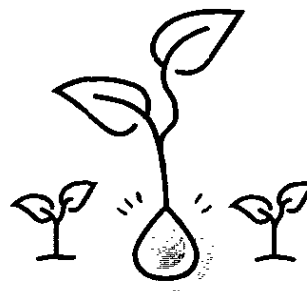
Kickstarting 1000  
digital careers.

### While contributing to SDG:

8.6 Youth education and training

### We will get there by implementing:

- Future Leaders programme
- Other volunteering activities
- Donating 1% of pre-tax profit
- Donating 1% of employee time



## Sustainable futures through prosperity.

We are delivering  
impactful work.

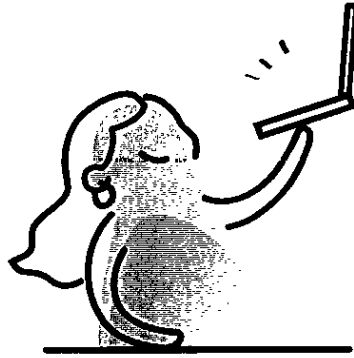
Radically improving the  
services that matter.

### While contributing to SDG:

8.1 Sustainable economic growth

### We will get there by implementing:

- Targeted client origination
- Embedding impact targets within our M&A practice
- Ethical ways of working



# People

Closing the gaps that exist in our  
business and wider industry

We are working to ensure sustainable futures for all of our people through a focus on employee wellbeing & satisfaction and workforce diversity, inclusion & equality.

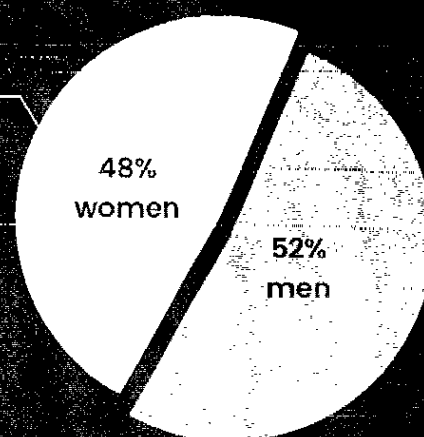
Never have these issues been more important. The past year has tested us all, blurring the lines between home and work in a way we have never seen before.

Employers have had to take greater accountability for the mental and physical wellbeing of their employees. The world is finally beginning to wake up to the need to tackle systemic inequalities. As the headlines move on, we must ensure that our commitment to addressing these issues does not waiver.

## GENDER

48%

of our workforce are women



## BENEFITS

100%

of our UK workforce have access to our Employee Assistance Programme (EAP) programme

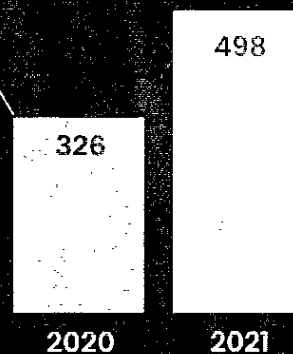


## GROWTH

Our workforce grew by\*

↑ 53%

\*Based on FTE



## DIVERSITY &amp; INCLUSION

We made progress in closing

72% of our gaps\*\*

\*\*Based on YoY progress against 18 gaps across representation, pay and inclusivity



# ESG Report

## People continued

**'I work with several companies and The Panoply is the most socially and environmentally aware and the most inclusive for gender and ethnic background so I am proud to be associated with it.'**

Anonymous, from our Diversity & Inclusion survey

### 1. Employee wellbeing & Satisfaction

As an impact driven professional services business we understand that our biggest asset and our biggest impact lies with our people. We are investing in the mental, physical and financial wellbeing of our staff. The Panoply pays all staff above the living wage and delivers a programme of culturally relevant wellbeing initiatives which were accessed by 80% of our workforce last financial year.

We are a low risk business in terms of occupational health and safety issues and had no reported serious injuries or fatalities at work last year.

We measure the wellbeing and satisfaction of our employees regularly through anonymous surveys. This year, employees scored their satisfaction as 7.6 out of 10 on average and their wellbeing as 7.1. This was a marginal improvement of last year's results of 7.5 and 7.2 respectively. Our annual employee turnover was 10.46%.

#### EAP

The Panoply provides free access to an Employee Assistance Programme (EAP) for all UK employees. We provide the EAP as a confidential employee resource designed to help our people to deal with personal and professional problems that could be affecting their home life or work life, health or general wellbeing.

#### Wellness Wednesdays

During the first lockdown we introduced Wellness Wednesday events. We invited expert speakers once a month to speak to employees about their physical and mental health. Some examples of sessions that took place are Food for Mental Health, Nutrition & Gut health and Managing Stress.

#### Fitness Challenge

The challenge was designed to focus on boosting employees' physical activity after the Christmas holidays. It aligned with the UK's third national lockdown and helped employees to get outside and get moving during a time of isolation. The Group clocked up a total of over 555,000 steps over the course of two weeks.



## EMPLOYEE SATISFACTION

7.6/10

(up from 7.5 in FY2020)

## EMPLOYEE WELLBEING

7.4/10

(up from 7.1 in FY2020)

## 2. Diversity, Inclusion and Equality

The Panoply strives for equality of opportunity for all, at every level of the business. It is our responsibility to reflect the richly diverse communities that we serve and to be accessible to people from all backgrounds. Not only do we believe that this is the right thing to do, we believe that diverse, inclusive teams are higher performing and better for business. That is why we have put in place rigorous review processes to report on our progress and performance

We have made some excellent improvements this year, making progress in closing 72% of the gaps that we measure, but we are aware we still have a way to go.

We will continue to ensure that the quantity, quality and frequency of our D&I reporting is best in class. We will continue to be totally transparent about our results and our progress. Not only does this help us hold ourselves to account, we hope that it inspires others to acknowledge and address the issues that exist within our industry and start their own journeys towards equality of opportunity.

We are proud of the inclusive culture at The Panoply and the range of talent that we attract, particularly for a tech group of our size in an industry not known for diversity. We intend to help change the composition of the tech sector by continuing to raise the standards of our D&I initiatives, raising awareness of issues and investing in a pipeline of diverse talent.

## D&amp;I report

## Headlines

We are a more diverse group at all levels of the business than we were 12 months ago

Inclusivity scores have remained high and steady

Participation and disclosure rates remain lower than we would like

We narrowed almost all of the inclusivity gaps, closing the gap between men/women and low income employees entirely

We must do more to tackle ethnic equality as black and mixed race employees still do not feel as included in the workplace

# ESG Report

## People continued

### Diversity at The Panoply

#### Senior Leadership

Women

# 40%

(FY2020: 39%)

Gap

FY2020: 11%

FY2021: 10%

Disability

# 6%

(FY2020: 0%)

Gap

FY2020: 16%

FY2021: 10%

Minority ethnic

# 14%

(FY2020: 12%)

Gap

FY2020: 15%

FY2021: 13%

LGBT

# 13%

(FY2020: 7%)

Gap

FY2020: -5%

FY2021: -10%

Black

# 2%

(FY2020: 0%)

Gap

FY2020: 8%

FY2021: 6%

#### Overall Representation

Women

# 48%

(FY2020: 47%)

Gap

FY2020: 3%

FY2021: 2%

Disability

# 6%

(FY2020: 3%)

Gap

FY2020: 13%

FY2021: 10%

Minority ethnic

# 13%

(FY2020: 13%)

Gap

FY2020: 14%

FY2021: 14%

LGBT

# 12%

(FY2020: 8%)

Gap

FY2020: -6%

FY2021: -9%

Black

# 3%

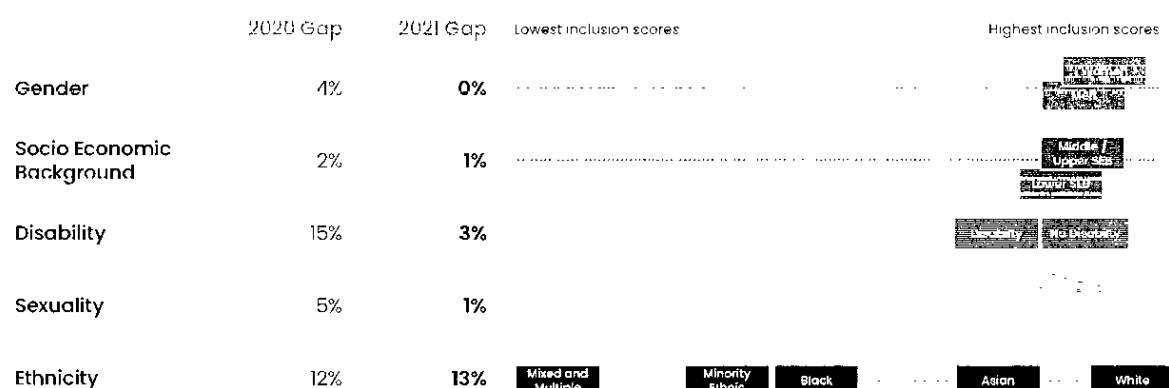
(FY2020: 3%)

Gap

FY2020: 5%

FY2021: 5%

### Inclusion scores by employee category



### Disclosure:

73% of our employees participated in our 2021 D&I survey, down from 76% last year. For pay gap analysis, 92% of employees have disclosed their gender and 82% have disclosed their ethnicity. We can only report on the data that we have and therefore acknowledge that we have work to do to engage our employees in this work and improve disclosure rates.

### Diversity:

We believe that diversity is both a cause and a consequence of inclusive environments which is why it is so important that we continue to track how diverse and representative our workforce is.

We measure overall representation and senior representation (top pay quartile) for employees from the following categories, women, minority ethnic, Black, disabilities, LGBTQI. We work out the gap by finding the difference to community representation. We work out community representation by using UK government demographic data. Where the data is available and likely to be different (race and LGBTQI data) we use the midpoint between UK and London demographic data.

### Inclusion:

Our priority is building inclusive environments that work for everybody which is why our D&I reporting focusses so much on how included and accepted employees feel in the workplace.

Inclusivity scores have remained high and steady this year despite the obvious challenges that we have faced with a brand new way of working.

We work out inclusivity scores based on the average responses from inclusivity indicators asked within the D&I survey. These questions and methodology are based broadly on Kantar's Inclusivity Index.

We have made some really encouraging progress this year in closing our inclusivity gaps. In particular, there is no distinguishable gap between how women and men feel at The Panopoly or how included employees feel based on their socio-economic background.

The exception is the gap between white employees and employees from ethnic minority backgrounds. Despite the gap closing for black employees, the gap between mixed and multiple race employees has widened.

### Inclusivity Scores

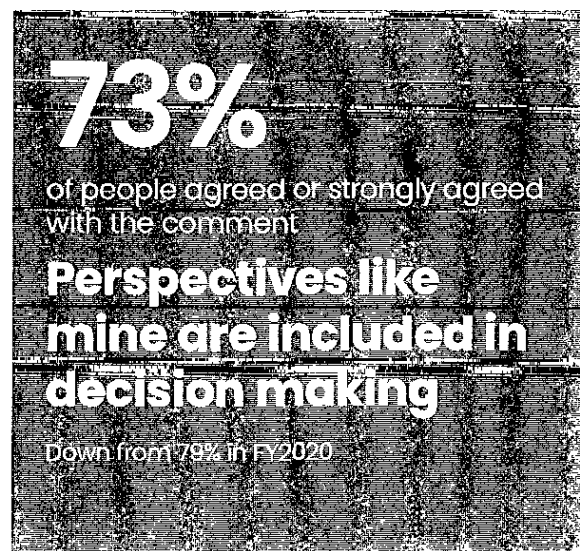
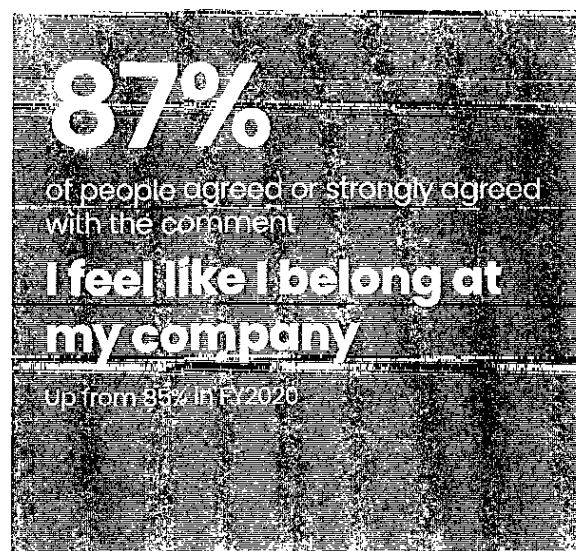
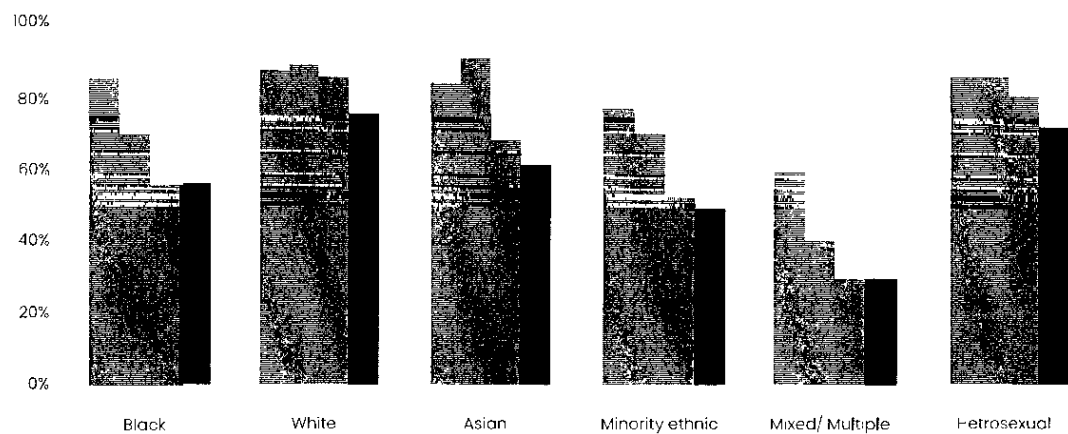
**85/100**  
(FY2020 & FY2021)

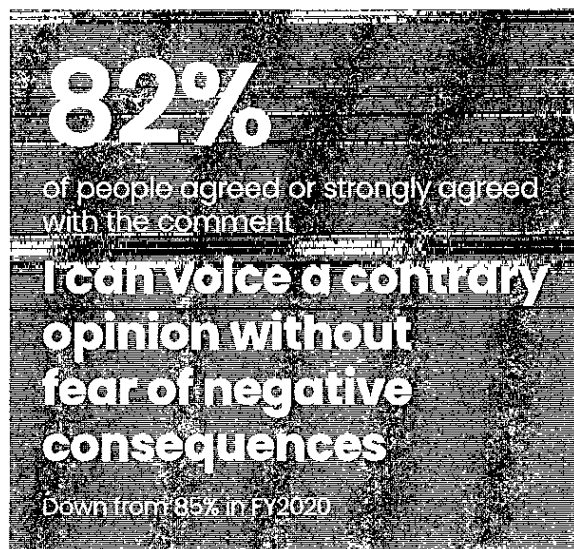
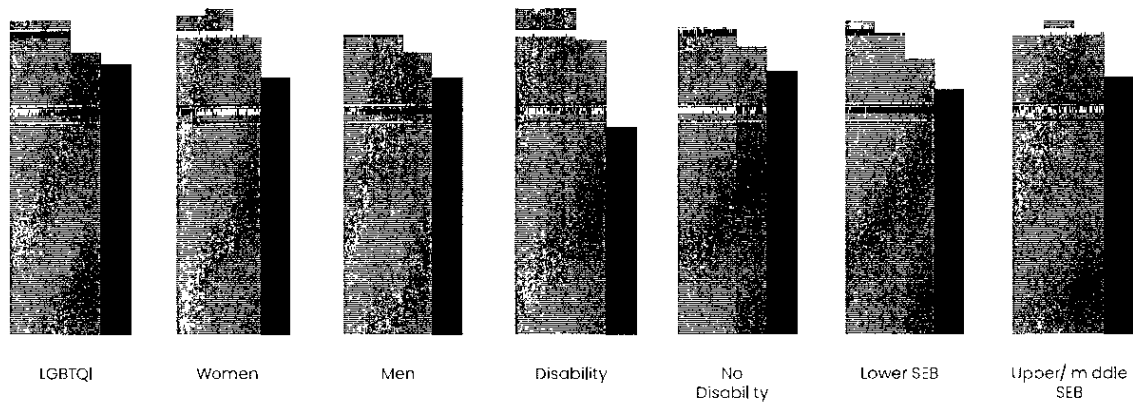


# ESG Report

## People continued

Percentage of employees who agreed with the following comments  
by employee category

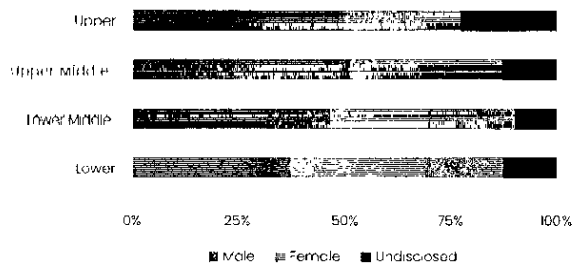




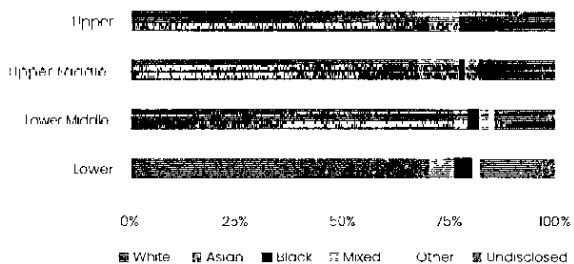
# ESG Report

## People continued

Pay distribution by gender



Pay distribution by ethnicity



### Equality:

Inclusion and representation are not far enough. We want to make sure that employees have equal access to equity within the business which is why we have introduced quarterly pay gap reporting for both gender and ethnicity.

Our mean pay gap has stayed the same this year with the median gap increasing from 17% to 19%. This is in part due to acquisitions in the period that have not been as diverse in terms of gender as we would like. We are working with these businesses to attract more female talent and also including diversity in our M&A due diligence process.

This is the first time we have published our ethnicity pay gap. In general, we are pleased with the results however, we are aware that we have more work to do to have more black and mixed race representation in particular at senior levels within the business.

Mean Gender Pay Gap

# 16%

Equal to 16% in FY2020

Median Gender Pay Gap

# 19%

Up from 17% in FY2020

Mean Ethnicity Pay Gap

# 4%

(Minority ethnic)

Median Ethnicity Pay Gap

# 0%

(Minority ethnic)

### Our commitments:

1. We are launching Employee Resource Groups (ERGs) to act as safe spaces for employees from underrepresented backgrounds to share experiences and ideas about how we can close some of the gaps.
2. We are introducing quarterly pay gap reporting for both gender and ethnicity to ensure that we do not lose momentum.
3. We have signed the Tech Talent Charter and will be helping to drive diversity and inclusion within the tech sector in a measurable way.

#### Diverse pipelines

We understand that these issues cannot be solved overnight. Inequalities are often founded on generations of systemic prejudice and that we need to take a long-term view to achieve true equality of opportunity. That is why we are investing in a pipeline of diverse talent. This year we have run code-clubs, mentored students, run careers sessions and interview skills sessions. We have sponsored a student who has ambitions to be an engineer through an Arkwright Scholarship and have continued to deliver the Future Leaders programme, running a 9-week incubator for minority owned businesses. More on this on page 60.

### 3. Human Rights

At The Panoply, we have a zero-tolerance approach to modern slavery and are fully committed to preventing slavery and human trafficking in our operation and supply chain. We have taken concrete steps to tackle modern slavery, as outlined in our Modern Slavery Statement statement.

In the past year, we conducted a risk assessment of the capacity of the organisation to manage and prevent the risks of modern slavery based on gov.uk MSAI framework. As part of the framework we also conducted a risk assessment mapping of our supply chain by taking into account:

- The risk profile of individual countries based on the Global Slavery Index
- The business services rendered by the suppliers
- The presence of vulnerable demographic groups
- High risk sectors that it works with personnel services (e.g. cleaning service suppliers)

In addition to this, The Panoply includes Modern Slavery Training as part of the onboarding material for any new member of staff and has a Whistleblowing Policy that encourages all employees, customers and suppliers to report any suspicion of slavery or human trafficking without fear of retaliation.



# Planet

## Leaving no trace

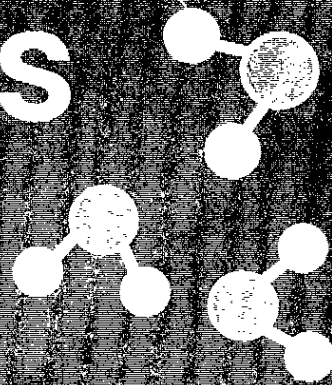
We are working to decouple our economic growth from environmental degradation by measuring, reducing and offsetting our impact on the planet, funding and supporting climate action removing barriers for our employees and raising awareness of the climate emergency.

The climate and ecological crises are the two most important issues facing our species. The complex nature of both the causes and solutions represent an unmissable opportunity to rethink our impact, renew our health, reinvigorate our relationship with nature and rebalance our economy. Businesses like The Panoply have a responsibility to take a lead on tackling these issues head on.

CO<sub>2</sub> EMISSIONS

# 1,915 tonnes

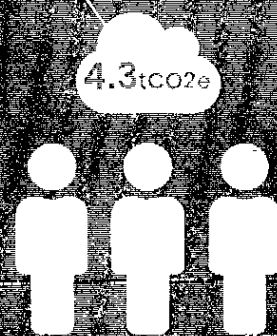
Total carbon emissions



## EMISSIONS PER EMPLOYEE

# 4.3 tonnes

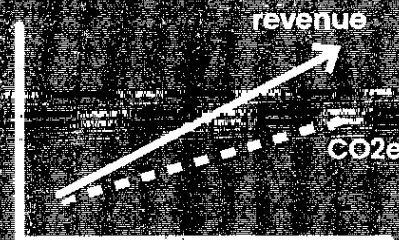
of carbon emissions per full time employee



## EMISSIONS BY REVENUE

# ↓ 23%

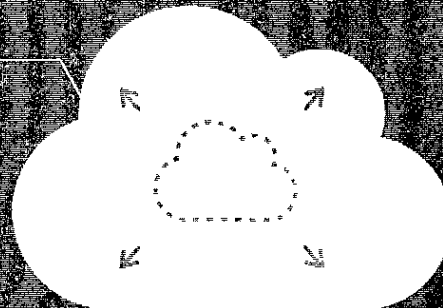
reduction in CO<sub>2</sub>e emissions per £1m revenue



## OWNERSHIP

# ↑ 8x

Increase in 19/20 emissions measured using improved methodology



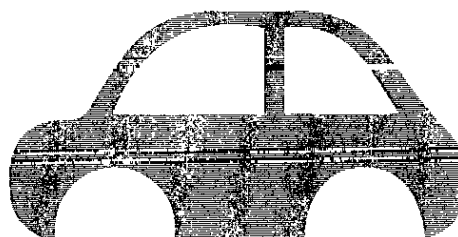


# ESG Report

## Planet continued

Our employee commuting emissions, make up

7%



### 1. Reducing company impact

The most important part of our environmental approach is to reduce the negative impact we have on the planet. There are three stages; measure our carbon footprint, actively reduce the emissions we're responsible for and offset what can't be reduced.

#### Measuring our carbon footprint

We have built on the measurements we made in FY19/20, and are now taking ownership of all of our carbon emissions; scope 1, 2 and 3, both upstream and downstream. This includes business travel, employee commuting, remote working and purchased goods and services.

We have invested significantly in expertise and technology by partnering with Emitwise to identify all of our emissions. This means the carbon footprint we have calculated is as detailed and accurate as possible. It is based on the data from our finance and expenses systems, a survey completed by 60% of our employees, our utility bills and available data from our landlords, waste collectors and maintenance contractors.

This has resulted in a carbon footprint of 1,915 tonnes of CO<sub>2</sub> equivalents (tCO<sub>2</sub>e). This equates to 4.3 tCO<sub>2</sub>e per full time employee and 37.32 tCO<sub>2</sub>e per £1 million of revenue.

Our scope 1 and 2 emissions are 15% of our total emissions, meaning our scope 3 emissions make up 98.5% of our total emissions.

Scope	1	2	3
Percentage of emissions	0.3%	1.2%	98.5%

This overwhelming majority in scope 3 is indicative of our type of business but is more pronounced than some of our peers because we have calculated our full upstream and downstream scope 3 emissions. Of particular note is our purchased goods and services making up 89% of our total emissions, and our employee commuting emissions, which make up 7% of our total emissions.

Because of the vastly increased scope of our measurements this year, combined with the complete lack of business travel, comparing this figure with the figure we published last year is unhelpful. Therefore, to get a better understanding of our carbon footprint, we recalculated our FY19/20 carbon footprint using the same methodology as we did for this year's. That showed in FY19/20 we were responsible for carbon emissions of 1,531 tCO<sub>2</sub>e. This equates to 4.05 tCO<sub>2</sub>e per full time employee and 48.61 tCO<sub>2</sub>e per £1,000,000 of revenue.



Carbon Emissions (tCO <sub>2</sub> e)	Total Group FY2020 (adjusted)	Total Group FY2021	UK FY2021	Norway FY2021	Poland FY2021
Scope 1					
Gas emissions	3.55	6.41	6.41	—	—
Scope 2					
Purchased district heating emissions	4.36	4.29	—	4.29	—
Purchased electricity emissions	39.50	19.20	4.79	0.58	13.83
Total Scope 1 and Scope 2	47.41	29.90	11.20	4.87	13.83
Scope 3					
Business travel	184.59	10.90	2.76	0.20	7.94
Employee commuting (including remote working)	60.61	180.57	50.96	4.82	124.79
Fuel and energy related services	13.59	15.45	7.19	0.92	7.34
Purchased goods and services (including capital goods)	1,210.59	1,662.63	1,188.72	62.2	411.71
Upstream leased assets	0.53	1.07	1.07	—	—
Upstream transportation and distribution	1.14	0.27	0.03	—	0.24
Use of sold products	1.28	1.21	1.08	0.01	0.12
Waste	11.36	13.19	6.27	0.13	6.79
Total Scope 3	1,483.69	1,885.29	1,258.08	68.28	558.93
Total Scope 1, 2 and 3	1,531.00	1,915.00	1,269.00	73.00	573.00
Carbon intensity metrics					
tCO <sub>2</sub> e per full time employee (FTE)	4.05	4.30			
tCO <sub>2</sub> e per £1m revenue	48.61	37.32			

The Panopoly Holdings Plc  
Company number: 10533096  
Financial statements for year ended 31 March 2021

# ESG Report

## Planet continued

When comparing the two financial years, the most encouraging factor is that we've started to break the relationship between economic growth and carbon emissions. Our emissions per £1 million of revenue have reduced by 23% from FY2020 to FY2021.

This comparison also allows us to do a rough assessment of the impact of Covid-19 on our emissions. Our data is categorised in a way that we can pick certain sources of emissions that are positively or negatively impacted by Covid-19 e.g. business travel, office energy use, employee commuting and working from home. Despite the obvious reductions, the increase attributed to working from home led to an increase of around 12%. This contradicts the normal narrative of Covid-19/remote working decreasing emissions. We'll do more in depth analysis to understand how that can be addressed.

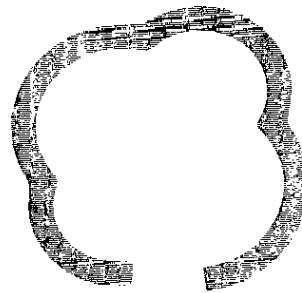
Carbon Emissions (tCO2e)	Prior Covid	During Covid
Business travel	92.52	1.44
Employee commuting (excluding remote working)	57.5	8.93
Office heating and electricity emissions	52	33.1
Remote working	3.43	185.06
<b>Total</b>	<b>205</b>	<b>229</b>

From the start of the pandemic, the Panoply team has been working to reduce our carbon footprint and improve our sustainability. We have been able to do this by working with our suppliers to ensure that they are also working to reduce their carbon footprint. We have also been able to do this by working with our employees to ensure that they are also working to reduce their carbon footprint. We have been able to do this by working with our customers to ensure that they are also working to reduce their carbon footprint.

As a digital leader, we know that we need to be at the forefront of our industry. We need to be the most innovative, the most sustainable, and the most responsible. We need to be the company that our customers, our employees, and our shareholders can all be proud of. We need to be the company that is leading the way in our industry.

**Mauro Cozzi, CEO of Emitwise**

We have now planted over  
**16,000**



### Our offsetting approach

This financial year we have continued with our policy of offsetting our emissions via Ecologi Gold Standard Projects such as investment in solar panels in India. Emissions avoidance via offsetting like this is not a perfect solution for well documented reasons, but done to the expected standards it has a clear positive impact.

We have purchased carbon offsets to the equivalent of 1,915 tCO<sub>2</sub>e, which is the equivalent of over 7,000,000 miles driven in the average UK car and almost 3,000 flights from London to New York.

We have now also planted over 16,000 trees, but not simply for their carbon removal potential. We see tree planting is vital to help increase the planet's depleted biodiversity, support local communities, reduce inequalities and help people reconnect with nature.

### Funding and supporting climate action

As a digital native technology service company, we do not manufacture or sell physical products that negatively impact nature, land use, ecological sensitivity, freshwater availability or water consumption. However, we accept that in order to operate we need buildings and infrastructure, which negatively impact those things. We have therefore used proxy data for the environmental impact of the water usage in our offices.

We will donate time and money to organisations whose aim is to positively impact the systems and societal norms that have devastated our planet and the ecosystems within it. Therefore, in continuation of our donations in FY19/20, we have once again donated to Rewilding Britain.

Rewilding Britain's mission is to champion rewilding in Britain, acting as a catalyst for debate and action, and demonstrating the power of working with nature to tackle the extinction crisis and the climate emergency. Our donation will contribute significantly towards many different direct rewilding projects as well as research, education and policy influencing.

## ESG Report

### Planet continued

*"The Panoply are taking a very enlightened approach to addressing their impact on the planet and we are delighted to be partnering with a company that understands the need to look beyond the carbon offset market. Your support is so valued helping us at Rewilding Britain to give nature the space it needs to flourish, to help species avoid extinction and to mitigate climate warming. Thanks - we're looking forward to what we can achieve together in the coming months and years."*

**Kate Barclay, Fundraising and Development Lead, Rewilding Britain**

#### Removing barriers for employees

To maximise impact and prove our commitment to the planet, we prioritise action that can be taken by the organisation as a whole. Too much emphasis is placed on individuals when discussing solutions to the climate emergency, when far more impact would be made by getting whole organisations, industries and governments to make changes.

Individual action is still vital though, therefore, we are helping to remove barriers for our employees to maximise their positive impact on the planet.

We have joined the OctopusEV electric vehicle leasing scheme. We have passed all the possible savings onto our employees to open up electric vehicle ownership to a wider range of people. We officially joined the scheme in the final days of the financial year so we'll report order numbers in our 21/22 financial year report, but interest has surpassed our expectations, with over 25 employees actively looking at the scheme.

We have continued our rollout of web browser Ecosia, which has now helped finance over 750 trees. We will push this initiative much further in 2021.

We have also continued to offer our employees the chance to learn more about the causes and solutions to the climate and ecological emergencies, with paid courses from the likes of Climate in Colour and lunch and learn talks from Rewilding Britain, The Beaver Trust and Olio.

As part of our 1% pledge, employees are able to take two days a year to dedicate to community action. Many employees use this time for environmental activism.

Finally, we have partnered with the Make My Money Matter campaign to help apply pressure to our pension providers to align individuals' investments with the Paris Agreement targets.

#### Raising awareness

We need to use our position to raise awareness across our whole sphere of influence; employees, clients, suppliers, shareholders and industry peers. We will continue to use opportunities such as our annual report to write about what we're doing and encourage others to share, copy and augment.

We're also raising awareness by getting involved in projects with industry bodies and education institutions. We have employees actively involved in raising awareness of the environmental impact of digital industry via the BIMA Sustainability Council, the SDIA Roadmap and whitepapers.

We briefed and mentored students from Loughborough University London as part of their collaborative masters project. Five teams chose to work on our briefing about the environmental impact of the digital industry. This project started in March 2021 and we won't see the results until the summer of 2021, however it has already led to a commitment from Loughborough University to work with us to put the environmental impact of the digital industry into the syllabus on relevant courses.

# 2027



We have also been leading the way with our clients. We have delivered projects which are actively addressing the environmental impact of digital industry for both The Climate Group and The National Trust, analysing the barriers and opportunities for delivering local low carbon energy systems for EmergentEnergy, recommending and prototyping opportunities for local businesses in the Oxford Zero Emissions zone and running Blackpool Council's climate assemblies.

## Our future ambitions

### Leaving no trace

Our partnership with Emitwise opens up three crucial opportunities.

1. We will become a net zero company by 31 March 2027. The definition we will abide by in terms of net zero, will be the one defined by the Science Based Targets Initiative developed by the Carbon Disclosure Project. Emitwise enables this reduction strategy by allowing us to find the insights locked within our carbon data.
2. By 31 March 2023 we will have offset and/or captured all of our historical scope 1, 2 and 3 emissions. The benchmarks we now have for the financial years 19/20 and 20/21 allow us to calculate the carbon footprint we have been responsible for since the founding of all of the companies that make up our group. Emissions are a debt to the planet that we will pay back.

3. We will be as close to real-time carbon neutral as possible. Using our data integration with Emitwise to calculate our carbon footprint on a continual basis will enable us to take more immediate, proactive action on reduction and automate the offset and/or capture of our emissions in as close to real time as possible.

We firmly believe that every organisation must now consider itself an environmental organisation, therefore we will continue to push the boundaries of what an organisation can do to measure, reduce and offset its footprint.



# Community

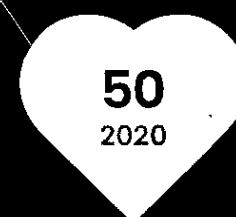
Equipping our communities with  
future-proof skills

We are kickstarting one thousand careers, investing both our time and money in activities that are equipping our communities with the skills they need to contribute to and benefit from the fourth industrial revolution.

We believe that everyone should have equal opportunities to participate in the world that we are helping to create. The tech sector is growing at an exciting pace and we need to make sure that there are not pockets of society that are locked out of the industry through a lack of investment in future proof skills. That is why we donate 1% of our pre-tax profits and 1% of our employees' time to invest in our local communities.

## CAUSES SUPPORTED

50 causes



2019

## SKILLS

602 careers

kickstarted with future-proof skills



602

2019

2020

## HOURS DONATED

1,654 hours

donated to community action this year



## FUTURE LEADERS PROGRAMME

5 entrepreneurs

supported through our Future Leaders programme



## ESG Report

### Community continued



*"My experience on the programme has been amazing. Very much needed motivation and support during Covid-19."*

Marvin Onu



*"I wanted confidence in myself and abilities as an entrepreneur. I expanded my network and learnt how the rest of the world runs business."*

Mursal Saig

### Community Action

We believe in the power of people to transform their communities. That is why, as part of our 1% pledge, every employee is targeted to donate at least 1% of their time each year to community action, helping to build sustainable futures for people in the areas in which they live and work. Although the recent restrictions have made traditional volunteering more challenging, our people have shown incredible creativity and determination to support their communities this year.

This year 72 employees donated a total of 1654 hours to community action, up from 904 hours last year.

#### Some examples of community action projects from this year

##### Employability workshops In partnership with Radical Recruits

Helping job seekers from marginalised communities to get job-ready by supporting them with interview skills and confidence.

##### Work Experience In partnership with Kori

Giving diverse young people exposure to working within a digital agency through digital work experience and networking opportunities.

##### Coding Training In partnership with Code Canteen

Connecting learners with mentors and providing a space for anyone who is interested in coding to access advice and support.



*"I'm no longer intimidated by the things I don't know and I feel like I'm ready to conquer the next phase of my business with fresh eyes."*

Taylor Semelsberger



## Community Action Grants

Our most active volunteers each year are offered an opportunity to apply for a Community Action Grant. To provide an additional boost to charities and initiatives that they are already supporting through community action, we provided any member of the Group who contributed more than 16 hours, access to one of five £1000 grants to donate to a charity of their choice.

### Community Grants delivered in FY2021:

- Asthma UK / British Lung Foundation Partnership
- Spitalfields Crypt Trust
- Rewilding Britain
- Caldecott Foundation
- Cots for Tots

## Community Investment

This year, we donated £33,930 to charities local to where our employees live and work in line with 1% of our pre-tax profit pledged from FY20. Many of these donations were directed by employees through our community action grants and Christmas Give programmes. We understand that a large part of the value that we can offer to beneficiaries comes from our expertise, services and time, which is why we try to leverage all of our investments with additional non-financial support.

Our community investment strategy looks to equip communities with future-proof skills by kickstarting digital careers. To date we have helped to kickstart 602 careers\* (268 in FY21) and plan to reach 1000 by 2023. We support a portfolio of programmes that focus on both scale and depth of impact. We regularly deliver interventions that dedicate dozens of hours of support to a single beneficiary, favouring transformative impact over light-touch initiatives.

*\*1 career kickstarted = 1 unique beneficiary from our community action or community investment programmes who has benefitted from at least 1 hour of skill's development training.*

# ESG Report

## Community continued

### Future Leaders

The pilot of the Future Leaders programme launched in October 2019, and since then we have received 180 applications and supported 10 Future Leaders over two cohorts. The programme was created with a mission to shake up the boardrooms of tomorrow by investing in underrepresented entrepreneurs today. It seeks out talented young business owners and provides them with expertise, mentorship, networks and support needed for them to successfully develop themselves and their company.

#### Diversity of applications:

Minority ethnic	<b>78%</b>
Disability	<b>27%</b>
Low SEB	<b>67%</b>

The 2020 programme was designed to help developing businesses facing challenges caused by the Covid-19 pandemic and was delivered completely remotely for the first time. Successful participants were offered a weekly stipend, financial support to equip their home office space, a business coach, weekly professional development workshops and the chance to pitch to real investors at the end of the programme.

## Future Leaders: Case Study

### Emily Galzely

Emily is a co-founder of VaeTrack, a free digital health app aiming to improve access and adherence to vaccinations. At the beginning of the year the company announced their partnership with the London Vaccination Clinic to deliver the app amid the rollout of the Covid-19 vaccination programme.

#### Why did you apply for the Future Leaders Programme?

We applied to the Future Leaders Programme because the values it promotes completely set it apart from other accelerator programmes. Not only does the Future Leaders Programme deliver on industry-leading advice and practical guidance for companies at varying stages of development, but it also allows you to grow a vision for your business with core values at the centre and encourages you to think about social, environmental and economic impact.

#### Why do you think it is important that business leaders of the future look different than the boardrooms of today?

We must move forward and strive for more diverse boardrooms because we need people with different life experiences from different backgrounds to shape the way we do business so that we can create more successful and inclusive services and products, for all.

### Can you talk a little bit about your experience on the programme?

In short, we joined the Future Leaders Programme with a mission and a product and left with a business.

My experience on the programme definitely exceeded expectations. The opportunity to talk to my peers and fellow entrepreneurs helped me with the day-to-day running of VacTrack, but also helped me think about the long-term vision of the company. The community created by the programme was definitely the highlight for me, and these relationships will last a lifetime.

### In what ways have you grown professionally or personally through the incubator?

From a personal perspective, the Future Leaders Programme helped me gain confidence and feel optimistic about the future of VacTrack. This personal development was directly linked to the professional help and advice delivered during the programme. The scope of the workshops and topics covered enabled me to build a complete strategy with a focus on our core values as a company. The workshops covered everything from financials, sales, pitching, marketing and environmental impact which particularly resonated with me and definitely shaped the way VacTrack will operate in the future.

### What would you say has helped you the most?

The opportunity to take part in the mentorship scheme has been invaluable. They have industry expertise in the market VacTrack is entering and have helped me build a commercial strategy around a real-life business plan timeline. They have also helped me develop a marketing approach with practical advice to allow me to implement changes and pivot where necessary.

### Why do you think there is a need for programmes like this?

The Future Leaders Programme is important because it confronts systemic social issues head-on. It actively promotes and supports diversity and inclusion in an industry which has historically been impenetrable to talent from different backgrounds. The skills, expertise and network opportunities offered by the Future Leaders Programme have undoubtedly helped me to grow VacTrack in an environment where these values are shared. The Future Leaders Programme enables like-minded people to come together and forge long-term partnerships.

### What have you achieved since finishing the programme?

Since finishing the Future Leaders Programme, the UK has been subject to another three national lockdowns and seen four vaccines approved for use. The current climate has meant we have adapted our product to include features that help individuals store their Covid-19 Certificate digitally.

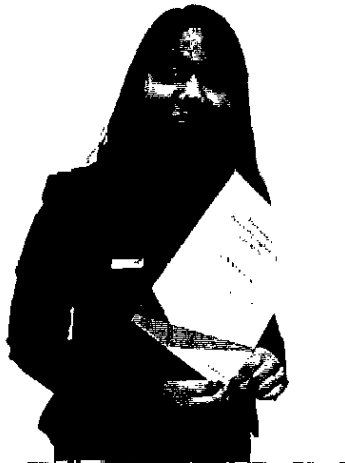
We have been featured alongside Bill Gates in *Fortune* magazine talking about how digital solutions could help us solve some of the biggest global health challenges we are currently facing. We have also been featured in *Entrepreneur* magazine alongside other successful entrepreneurs and our story was featured in the UK's leading business publication, *Entrepreneur*.



ings Plc.  
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ch 2021

# ESG Report

## Community continued



Nabeeha

### Arkwright Engineering Scholar

In order to achieve our diversity ambitions we need to be affecting change much earlier in the talent pipeline. In addition to the community action work that we do in schools, we partnered with Arkwright Scholars for the first time to sponsor our own Engineering Scholar through their further education.

Nabeeha is a talented young woman, attending a state secondary school in the UK and studying for her A Levels. She has already received mentorship from a number of employees from the group with expertise in Artificial Intelligence and Robotic Process Automation and is currently working on her first paper on the Environmental Impact of the Tech Industry under our guidance.

### Christmas Give

Every December the Group makes a donation on behalf of every employee to a charity chosen by them. Through this initiative last year we donated £7,350 to the following charities:

#### In Norway

**Dyrebeskyttelsen Norge** is a nationwide animal welfare organization working to ensure that animals are treated with respect and compassion.

**Flyktninghjelpen** helps people on the run all over the world, providing, among other things, food, shelter, clean water, legal aid, and education to refugees.

#### In Bulgaria

**Redom** is an organisation dedicated to fighting animal cruelty in Bulgaria.

**Time Heroes** is a platform for volunteering and doing good.

**WhereToNow** is a charity supporting young people from low-income families or without parents to continue their education and find a job.

#### In the UK

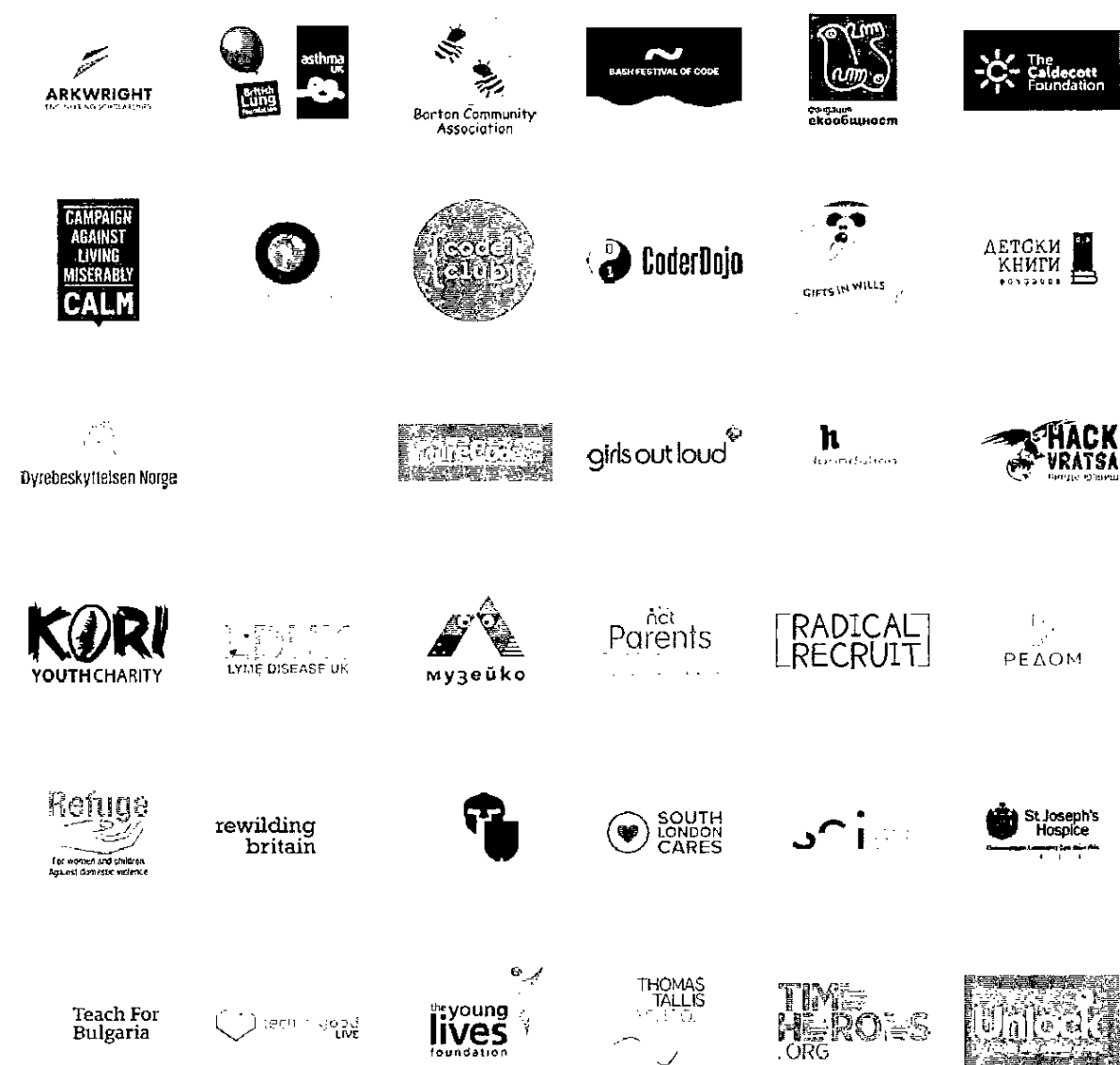
**Refuge** is the world's first safe house for women and children escaping domestic violence in Chiswick.

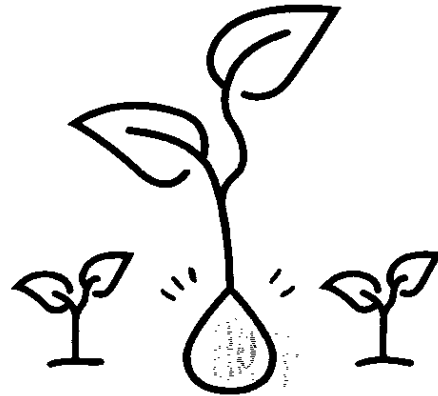
**CALM** or The Campaign Against Living Miserably is leading a movement against suicide.

**Girls Out Loud** is a UK based social enterprise set up in 2010 with the aim of raising the aspirations of young girls between the ages of 13-18 by facilitating intervention programmes in schools.

**Rewilding Britain** is an organisation aiming to reinstate natural processes and reintroduce missing species in Britain.

Some of the organisations we are proud to have supported this year.





# Prosperity

Delivering impactful work

Our people are delivering impactful digital transformation everyday, radically improving the services that matter.

We understand that our biggest impact comes from the work that we do with our clients. The products and services that we are putting out into the world have the potential to make population-scale impacts on our communities. We take this responsibility very seriously and are conscious of the need to ensure our work is always aligned with our purpose and values.

## EMPLOYEE INVESTMENT

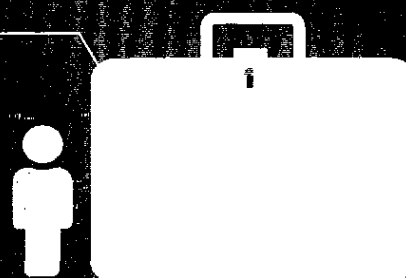
# £24m+

Invested in employee compensation & benefits



## JOBS CREATED

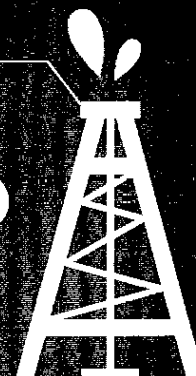
# 55 jobs



## REVENUE FROM CONTROVERSIAL SECTORS

# less than 2%

of our revenue is from controversial sectors



## UK MEDIAN SALARY

# X3

living wage



# ESG Report

## Prosperity continued

### Ten of our most impactful projects

#### Radically Improving the Services that matter

We are improving people's lives by making the services that they rely on more efficient and more effective. Through digital transformation we help our clients to deliver more impact, more effectively and at a fraction of the cost.

We are helping governments and organisations to tackle complex and pressing social issues, reshaping the way our communities operate.

#### #1 Understanding the skills & capabilities needed to set the safety tech sector up for success



Department  
for Culture  
Media & Sport

##### Why does it matter?

As internet use grows, so too does the potential to inflict harm on users. The safety tech sector provides solutions to protect users from online harms, and it's growing rapidly, expecting to see £1bn revenue by 2024. It will need the right people, with the right skills and capabilities, in order to create and sustain that growth.

##### How did we improve it?

Our recommendations for government and industry are designed to ensure that (1) safety tech has access to the technology talent it needs; (2) the workforce represents the people safety tech protects, (3) data privacy and security are prioritised and (4) users are kept at the centre of product development.

##### Who does it matter to?

The project audience is government and the safety tech industry; the recommendations will impact any citizens vulnerable to online harms.

##### Why was this radical?

The challenges safety tech faces – diversity, talent, privacy – are shared across tech, but experienced to a more pressing degree by this sector. DCMS and safety tech businesses are implementing the scaffolding for this young sector to become an exemplar for the industry, while supporting its fast yet sustainable growth.

#### #2 Understanding resident need in a crisis: supporting Camden Council's response to Covid-19



Camden

##### Why does it matter?

Camden Council recognised early that when facing the community-wide and long-term challenges of COVID-19, a radically different approach was needed. Working with council colleagues, we enhanced existing services; focused on early intervention and prevention, and strengthened through partnership across council services and VCS to meet resident needs and identify future needs.

##### How did we improve it?

We identified situations that could lead people to need support as a result of Covid-19. We mapped food services to reduce food poverty, built a service directory helping residents find services and built Beacon, enabling councils to capture resident needs, connect them to support and ensure needs are met.

##### Who does it matter to?

This work had the most direct impact to Camden residents, but sets an example to wider public sector organisations looking to replicate and build a radically new approach to true collaborative working across council services and with the voluntary and community sector to create the best outcomes for their places.

##### Why was this radical?

This work allowed staff to coordinate and deliver support at pace and scale, designing a truly multidisciplinary team approach with functionalities to collaborate with VCS organisations and increase capacity for support, and ultimately, understand people's needs holistically, ensuring they get the right support from the right service at the earliest opportunity.



### #3 Fully managed IaaS/PaaS for Rural Payments CAP platform (Common Agricultural Policy)



Rural Payments  
Agency

#### Why does it matter?

The failed implementation of the new digital-by-default online service, left the RPA with problems such as;

- An IT Solution requiring 300 concurrent users, consistently crashing at just 21 logons
- No Disaster Recovery or Business Continuity Environments
- 30+ uncontrolled environments and teams inherited, with total run rate of £34M p/a

#### How did we improve it?

Through our design, build and transformation led programme we delivered a system architecture and performance that could support over 3,000 concurrent users (10x the original requirement) by the claims window period time frame

#### Who does it matter to?

The Rural Payments Agency (RPA) is an executive agency of the UK Department for Environment, Food and Rural Affairs (Defra). The RPA delivers the European Union (EU) Common Agricultural Policy (CAP) payments to farmers and traders in England, paying out over £2 billion in subsidies each year across 80,000+ claimants

#### Why was this radical?

This poorly performing and expensive system was re-architected, transformed, migrated and then optimised for performance and value, resulting in a highly performant, high capacity platform with significant improvement over original requirements and an annual run cost of £5.5M, saving £28.5M p/a

### #4 A sustainable Drupal 9 web build for the Climate Group

THE  
CLIMATE  
GROUP

#### Why does it matter?

Website users have no say in how much energy a website eats up. So it was down to our developers to set a new standard. Putting the environment at the heart of the project we re-shaped the criteria of what really makes for a 'successful' website.

#### How did we improve it?

Emissions have decreased by a projected 91% across the sites, and page weights cut by 50%. In turn, average page load time has halved, increasing the website's overall SEO and security rankings. As a result, more than 200 trees can focus on emissions elsewhere for the next year.

#### Who does it matter to?

With the digital industry emitting more carbon than the aviation industry, this project approach should be considered by any organisation looking to not only rebuild, but improve their web estate

#### Why was this radical?

We embarked on what might just be one of the world's first ever sustainable web builds. Changing our approach led to radical new approaches, such as rewriting our Drupal templates, rebuilding the video player, replacing it with static images in order to prevent YouTube scripts from loading, and rebranding to a much darker pallet to conserve energy produced by LED screens.

# ESG Report

## Prosperity continued

### #5 Translating a social mission into an immersive online learning experience



#### Why does it matter?

The learning platform had to be interactive, engaging and accessible, but mostly, it had to maintain the human element of the in-person trips. This project is the first step forward in working with new and emerging technologies, with exciting plans to combine the digital experience with the physical trips when they continue.

#### How did we improve it?

Students can take part in live seminars guided by experts on the Holocaust. Content includes a first-hand testimony from a Holocaust survivor, a virtual site-visit to Auschwitz-Birkenau Memorial and Museum as it is today, and voice recognition-based Q&As. Over 400 students have enrolled since its launch in March.

#### Who does it matter to?

Getting the basics right while pushing the boundaries of an online learning experience ensures the core messages are lifted beyond the confines of a laptop screen. The platform has reduced barriers to access HET's learning material and effectively extended the reach and influence of this charity and their important message.

#### Why was this radical?

This marks the first time HET has digitised an offline experience; making it instantly more accessible. Light page loads will allow students to access the platform on-site when in-person trips resume. Digitising the administrative process supports a higher intake, vital to continue the teachings around the tragedy that is the Holocaust.

### #6 Delivering home testing kits to NHS staff



#### Why does it matter?

During the early weeks of the Covid-19 pandemic, 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.

#### How did we improve it?

Within just 8 days we'd led a team to deliver the 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.

#### Who does it matter to?

Getting PCR tests to key workers who were self-isolating allowed those who tested negative for Covid-19 to return to work earlier.

#### Why was this radical?

Building a critical national service that also interfaces to a physical supply network and that scales to handle the demands of being the lead story across the entire UK media is not something that can usually be accomplished within a small number of days in a complex central government department.

## #7 Connecting vulnerable citizens with supermarkets to access priority delivery slots



Department  
for Environment  
Food & Rural Affairs

### Why does it matter?

This was a significant part of the government response to Covid providing necessary support to vulnerable people unable to food shop or use online services during lockdown/shielding periods

### How did we improve it?

Working directly with Defra, our stakeholders, local authorities, and retailers, our collaborative approach quickly identified the core needs of the users and we developed the initial portal within 48 hours of receiving the requirement. The portal itself was in Production in 5 days having traversed governance, security control and a GDS assessment

### Who does it matter to?

All individuals who were classified as vulnerable and shielding during the pandemic

### Why was this radical?

Engaged by Defra to rapidly respond to the Covid-19 pandemic. We needed to assemble a team and produce a portal allowing for the referral within 7 days. The service was specifically mentioned by ministers during the daily briefings to the UK and two of our team received MBE's for services.

## #8 A partnership approach to supporting seven district and borough councils and one county council to combine, saving money and putting residents' needs at the heart of two new unitary authorities.



FUTURE  
NORTHANTS

### Why does it matter?

This Northamptonshire local government reorganisation creates two of the largest new unitary authorities in the country. North Northamptonshire Council and West Northamptonshire Council quickly launched two new minimum viable websites, creating strong digital foundations that help residents find information, easily access services and form part of more complex resident experience.

### How did we improve it?

Working in a multidisciplinary team, we did a rapid discovery and analysis of eight existing web estates, undertaking research and testing with over 400 residents. With their insight, we created a solid design system for two new council websites. The public Beta version in March, scoring 10/10 for accessibility.

### Who does it matter to?

Local authorities looking to reorganise in their place, save money and fully accessible develop digital platforms that together, create services that are useful for residents.

### Why was this radical?

West Northamptonshire Council and North Northamptonshire Council websites went live on 1 April 2021 to coincide with the official vesting day of the new authorities. Residents found the Beta websites clean and easy to use, ensuring the best possible outcome for residents, local businesses and council staff.

# ESG Report

## Prosperity continued

### #9 A child-friendly design and platform experience for the Child Exploitation and Online protection Command (CEOP)



#### Why does it matter?

Thinkuknow is an education programme designed to protect children both online and offline. The new website design needed to be a fun and engaging tool for children to use, reinforcing the message that they can always talk to a trusted adult if they feel in any way distressed or uncomfortable. It also needed to empower parents and carers to have online safety conversations with 4 - 7 year olds

#### How did we improve it?

We developed a gamified experience for children using animation and interaction. We enabled the children to win badges and print certificates that they could colour in and keep. We created four badges to cover the four scenarios children are exposed to; sharing pictures, playing games, watching videos and chatting online. Collecting stars and badges helped to keep them engaged, and created a personal experience for each child.

#### Who does it matter to?

4 - 7 year old children who use phones, tablets or computers were the primary audience, and parents, carers or teachers having online safety conversations with children are the secondary audience

#### Why was this radical?

We created tailored interviews for each user group, including a child psychologist, 4-7 year olds, parents, and teachers. We tested an early prototype with our subject children in order to establish the right tone for the audience. Not only did the results from the prototype inform our design direction, but the children were also heard asking their parents when they could use the website again.

## #10 Empowering consumers by tackling unfair business behaviour during the pandemic

**CMA**

Competition & Markets Authority

### Why does it matter?

Unfortunately some businesses have treated consumers unfairly during the Coronavirus pandemic, e.g. by gouging prices or unreasonably refusing refunds. Our service has collated evidence from ~140k people, providing resources to seek support and enabling high-profile cases against businesses guaranteeing refunds of over £245 million by holiday and event providers.

### How did we improve it?

We rapidly developed a service, replacing a form that could not cope with the higher-than-expected volumes of traffic. It was deployed within a week using the GDS front end and has been continuously iterated to better meet the needs of consumers and provide evidence for the CMA's actions

### Who does it matter to?

This service supports the general public as consumers, and particularly vulnerable groups

### Why was this radical?

We first spoke to the CMA on Friday 27 March, and launched the service on 03 April. Between its launch and 03 May, there were ~31,000 submissions. The peak was 6,874 entries in one day. This service is still in use and has now received ~140k submissions

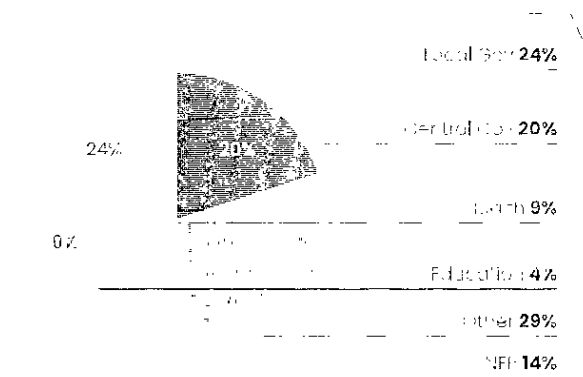
# ESG Report

## Prosperity continued

### BREAKDOWN OF INCOME BY SECTOR



### BREAKDOWN OF INCOME BY SUB SECTORS



### Employment and Wealth Generation

The Panoply's workforce has continued to grow at a rapid pace. We are providing well paid, decent jobs across the group. All of our employees are paid the living wage. Indeed our UK median salary was almost three times the UK living wage last year at £28.01. Our CEO:Median wage ratio is low at 4.7:1 and we invested over £24m in employee compensation and benefits. We created 55 brand new jobs excluding acquisitions in FY21. We will look to increase this significantly over the coming years in line with our organic growth strategy and intention to reduce reliance on contractors which currently make up 25% of the workforce.

### Employee Ownership

At The Panoply we support the principle of wider share ownership amongst all of our colleagues. To help our employees acquire shares in a tax efficient way, we introduced a Share Incentive Plan (SIP) in January 2021. As of March 21 we had 85 unique volunteers registered in the scheme.

The SIP was designed to enable employees to contribute up to £1,800 per year through salary sacrifice and purchase shares in the group. To reward employees and provide additional benefit The Panoply matches the purchase of these shares on a 1:1 basis.

### Client Disclosure

The core purpose of The Group is to deliver impactful work, responsibly. With this in mind, it is important that we start measuring the impact of our client work and making sure that it supports both our commercial and impact ambitions. This year we have worked to develop a framework for dealing with controversial client sectors so that we can ensure that the work we do always aligns to our values, ethics and ambitions.

To ensure that we are accountable and responsible for the work that we do, we will publish any revenue from controversial sectors each year in our client disclosure report. Last year 1.9% of our revenue came from sectors deemed as potentially controversial by the International Finance Corporation and ethical investment criteria.

% revenue from potentially  
controversial sectors

**0.3%**

Arms & Defence

**0%**

Politics

**0%**

Tobacco

**0%**

Religion

**0%**

Gambling

**0%**

Pornography

% revenue from high  
carbon clients

**1.2%**

Coal, Oil and Natural Gas

**0%**

Aviation

**0.3%**

Trucking & Shipping

**0%**

Timber, Pulp & Paper

**0%**

Iron, Aluminium and  
Steel Manufacture

**0%**

Private Cars

**0%**

Concrete & cement

**0%**

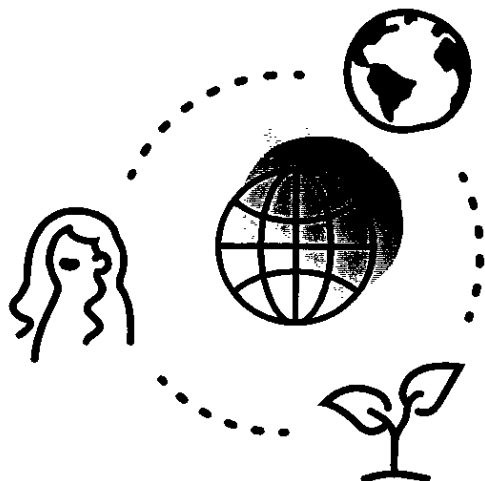
Meat & Dairy

**0%**

Plastics

**0%**

Chemicals &  
Petrochemicals



# Governance

Underpinning everything with  
strong principles of governance

We are committed to operating proper standards of good corporate governance and have established a corporate governance model based on the key principles of the Quoted Companies Alliance Corporate Governance Code ("QCA Code").

The Panoply Holdings plc operates a business model and growth strategy that promotes the generation of shareholder value through its growth. The company promotes professionalism, openness, honesty and integrity between its customers, staff, shareholders and suppliers



# Risk and Risk Management

The success of the Group depends on the proper management of risk. The Group has a governance structure to identify and monitor relevant risks at both a subsidiary and a Group level. The risks identified are ranked by likelihood and potential impact, then tracked through monthly board meetings. Once risks are identified, the Group will formulate and deploy mitigating strategies.

The principal risks and uncertainties that the Board believed could have a significant adverse impact on the Group's business are set out below. The table is not intended to be exhaustive and the principal risks are not listed in order of seriousness or potential impact. There may also be risks that are not currently considered to be serious or which are currently unknown and risks that are outside of the Group's control. Where reasonably possible, The Panoply has taken steps to manage or mitigate the risks, or potential risks, but it cannot entirely safeguard against all of them.

Risk	Impact	Mitigation
<b>Disruption and uncertainty due to the Covid-19 pandemic</b>	<p><b>Customers:</b> The ongoing Covid-19 pandemic has resulted in changes to customer behaviours, impacting demand in various industries and resulted in fiscal interventions by Governments.</p> <p>Over 70% of the Group's revenue is generated from public services. As the world starts to return to normalcy, UK Government budget constraints may lead to reduced spending in core markets in which we operate. This will result in the Group's clients being forced to respond to such circumstances by reducing their digital transformation and non-essential consulting budgets, thereby reducing the demand for the Group's services, or putting pressure on price for services.</p> <p><b>People:</b> Covid-19 has impacted the health, emotional and mental wellbeing of employees due to physical isolation for a long period. If large numbers of employees are affected, it could result in business disruption and necessitate higher spends for ensuring business resiliency.</p>	<p>The Group is committed to delivering a great service to clients which will provide an impactful outcome to our clients problems</p> <p>The Group has been focusing on relationships with clients and obtaining feedback with regards to their concerns in order to ensure that the right contracts are in place to meet the needs of both parties given the constraints in place.</p> <p>Focus on diversification of client base into other areas of public services.</p> <p>Group-wide message to all employees to provide assurance that during the pandemic, their health and well-being is of paramount importance. This was demonstrated by our quick response to the pandemic, implementing a work-from-home policy prior to government guidance to do so</p> <p>Use of mental health first aiders to inform how we can best support team members through this uncertain period.</p> <p>An employee assistance programme has been implemented throughout the Group.</p>

# Risk and Risk Management

continued

Risk	Impact	Mitigation
<p><b>The Group is embarking on a business model change programme that will impact all areas of the business</b></p>	<p><b>Customers:</b> There is a risk that this will impact processes around delivery and operations as time consumed by various necessary but additional projects from group disrupts commercial or delivery performance and if appropriate hand offs at each stage of the change is not considered.</p> <p><b>People:</b> There is a risk that this will impact the retention of people if there is not a detailed plan for execution and appropriate change management.</p>	<p>The Group believes that the business model change programme should involve feedback from our people in the organisation to be a success.</p> <p>We have ensured through careful project planning that there will be no disruption to commercial or delivery performance during this period.</p> <p>Group is investing in people management, with the recruitment of a Group People Director who will focus on the employee value proposition for the Group. The Group aims for all employees to find and work towards their Ikigai / purpose.</p> <p>Focus on incentivising employees through benefits offered by the Group, such as SIP, share options, EV scheme and ongoing support through the pandemic</p>
<p><b>Identification and integration of investment opportunities</b></p>	<p>The Group's strategy is to grow both organically and through acquisitions</p> <p>There is a risk that failure to complete on transactions will leave the Group with substantial unrecovered costs, or that a company that has been successfully acquired does not integrate effectively leading to the loss of synergies and disillusionment of our people.</p>	<p>The Group has a comprehensive M&amp;A process to ensure that companies who join the Group aligns with the Groups' purpose, values and vision; adds strategic value to the Group and strengthens our proposition adding greater depth or breadth and has leaders who can work collaboratively.</p> <p>Once companies are part of the Group, the Group integrates the newly-merged company into its standard monthly reporting cycle where (financial) risks, if any, are identified.</p>
<p><b>Occupational health &amp; safety with new working from home patterns</b></p>	<p>We have less control over whether the working environments of our employees are safe and appropriate.</p> <p>This could lead to injuries for our employees and liability which may not be covered by our insurance policies</p>	<p>Occupational health surveys and guidance distributed to employees and financial support given to improve home office set-ups.</p>
<p><b>Inability to recruit and retain a diverse workforce</b></p>	<p>The quality of the services provided by the Group's businesses are fundamentally derived from the quality of the Group's people.</p> <p>The Group's performance could therefore be adversely affected if it is not able to recruit, train and retain key talent in the Group's businesses and at the Group level</p>	<p>Our goal is to have a diverse workforce that replicates the diversity of where we operate.</p> <p>The Group puts culture and purpose in the forefront of what we do to become an employee of choice for employees. We actively set our KPIs to focus on the diversity of our workforce and managed the KPIs with the same prominence as our financial KPIs.</p>

Risk	Impact	Mitigation
<b>Breach of legal, regulatory and contractual information security and data privacy legislation</b>	Non-compliance could expose the Group to liability and fines (for example under GDPR), and negatively impact profit and cash flow in the short term, cause reputational damage and damage customer relationships and credibility in the market	The Group reviews the impact of new information security and data privacy regulations and legislation on the Group and its customers. The output of these reviews influences the Group's internal controls and processes and the design of products, solutions and working practices.
<b>Cyber security risk</b>	<p>The Group relies upon the confidentiality, integrity and availability of its IT systems internally and as part of its service offerings to customers. Cyber security events are occurring more frequently, and attacks are designed with greater complexity</p> <p>A major cyber security event causing loss of availability or loss of customer data could limit the Groups' operations, expose the Group to fines and cause reputational damage, and damage customer relationships due to reduced credibility in the market</p>	Cyber security threats are monitored by each individual company and any risks of cyber security are communicated throughout the whole group on a timely basis
<b>Impact of inflation</b>	Increasing cost of workforce (employees as well as contractors) resulting in a squeeze in margins	<p>Focus on gross margins and operating costs to understand the reasons for decrease in margins. These will be discussed with the CFOs of each Group company and an action plan agreed.</p> <p>Recruitment within the Financial Planning &amp; Analysis are of Finance to focus on data analysis and forecasting.</p>
<b>Competitors with the ability to undercut our businesses</b>	<p>The Group's competitors include large consultancies and technology companies, as well as smaller niche companies.</p> <p>It is part of the Group's strategy to exploit the current disruption of the digital transformation services industry and to focus on working with clients to meet their needs.</p>	<p>The Group is focused on delivering first class services to clients and working hand-in-hand with clients to meet their needs.</p> <p>We believe that the way we provide services sets us apart from competitors so that our clients can see the value of the work that we perform.</p> <p>We continue to monitor the bid to win ratios to identify potential risks.</p>

## Section 172

### Our 172 Statement

The directors of The Panoply and all those of all UK Companies must act in accordance with a set of general duties. Section 172 of the Companies Act requires Directors to take into consideration the interests of stakeholders in their decision making and is summarised as follows:

"A Director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for the high standards of business conduct, and
- The need to act fairly between shareholders of the company

This section serves as our Section 172 statement.

The Board considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareowners as a whole (having regard to the stakeholders and matters set out in Section 172(i)(a-f) of the Act in the decisions taken during the year ending 31 March 2021).

**Our Vision: Impactful digital transformation responsibly delivered, at scale**

The Board recognises that engagement with the Company's stakeholders is critical to the success of the business in realising this vision. The Directors continue to have regards to the interest of our people and the Company's other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation when making decisions. We recognise that promoting the long-term sustainability and success of the Company is intertwined with creating value for, and engagement with, our stakeholders. It should therefore be at the core of our business.

Engagement with stakeholders is not new and has been a part of the business since its inception, but the obligation to include the Section 172 statement presents an

opportunity to illustrate to you how your Board engages with stakeholders and how this has impacted on your Company's decisions and strategies.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Act. Our intention is to behave responsibly and ensure that management operates the business in a responsible manner, operating within the high standards of business conduct and good governance expected of us

### Engagement with Stakeholders

#### Our Stakeholders

We understand that the success of our business is intrinsically linked to the impact we have on our people, planet and the communities we work with and for.

From our clients, suppliers, our people, our shareholders and our planet, building strong effective relationships and engaging regularly is imperative to our continued success and impact.

Effective stakeholder engagement builds trust, strengthens our legitimacy as a socially responsible business and supports our efforts to develop and implement effective solutions to build sustainable futures for our people, planet and communities.

### Our Key Stakeholders and how we engage with them

#### Our Clients

In 2020, everything we took for granted was upended. The way society and communities worked, learnt and interacted was transformed overnight. How people shopped, socialised and entertained changed radically, and the nature of work changed in a few short hours.

#### How we engage with our clients

- Covid-19 required us to pivot how we supported and engaged with our clients from a physical to 100% virtual presence overnight.
- We were committed to being part of the solution at a time where our clients were focused on saving lives and delivering critical services. This enabled us to build relationships that will grow for years to come.
- We continuously evolved how we communicate and deliver our services based on client feedback.
- For some clients, we co-locate or embed our people, which helps facilitates clear communication, collaboration and teamwork.

#### Engagement outcome: examples

The change in working enabled us to support our clients during some of the toughest periods ever experienced, this proximity to our clients has led to some incredible work.

**Delivering the Ventilator Dashboard** The Department of Business, Energy and Industrial Strategy (BEIS) was asking businesses to offer their support in the production of ventilators and ventilator components. They wanted to quickly put up a form to collect businesses' information after the relevant call centres and email accounts were overloaded. We delivered this form live in one day.

#### Our Shareholders

Our focus is to ensure that all of our shareholders are treated equally and fairly, so that they may fully benefit from our continued successful execution against both our impact and commercial vision. We believe it is important that our shareholders understand and support what we are trying to achieve as we rely on their continued confidence to support our growth activities.

#### How we engage with our shareholders

Covid-19 required us to adapt how we engage and continue to build our relationships with our Shareholders. Investor roadshows became virtual and investor events moved to online platforms. This change enabled us to see more of our shareholders, more regularly and provide them greater levels of detail around our operations and the impact we were having on our people, planet and communities we operated in.

This year we engaged with our shareholders through various channels, mainly:

- Investor roadshows
- AGM, which the Chairman, Non-Executive and Executive Directors attend to ensure engagement with a broad range of shareholders
- Stock exchange announcements, increased regularity during early stages of the pandemic to provide shareholders the most up to date status of the group
- Annual report
- Retail Investor events, including Mello, Investor Meet Company and PI World

The Directors have regular contact with existing shareholders and potential investors in The Panoply. Neal Gandhi and Oliver Rigby communicate via email, calls and face-to-face meetings with shareholders.

Following our H1 Interim results in November we conducted a virtual roadshow that took place across two weeks, providing the opportunity to engage with existing and potential new shareholders.

#### Engagement outcome: examples

Following the November roadshow the Company successfully completed a secondary sale of 2,761,849 existing ordinary shares of £0.01 each in the Company. The Sale Shares represented approximately 4.0% of the Company's issued shares at the time.

#### Our Suppliers & Business Partners

We rely on our suppliers and business partners to deliver our services to our customers and to maintain our productivity. They have regard to several factors when considering a business relationship with The Panoply, including: the success of our business, developing long term relationships, trust and credibility, ethics (including anti-corruption and bribery, human rights and modern slavery).

#### How we engage with our suppliers & business partners

We are committed to building strong working relationships with our suppliers and business partners. It is the responsibility of all our employees to engage directly with our suppliers and business partners to ensure we are aligned on quality, ethics, innovation and delivery.

In line with our consolidation focus, we appointed a Group Strategic Partnerships Director, responsible for the Group's relationships with Microsoft, Amazon (AWS) and Google (GCP). Our relationships with these key technology parties are critical to the Group's continued success.

#### Engagement outcome: examples

The Group recently attained a Microsoft Gold Cloud Platform competency, demonstrating a "best-in-class" ability and commitment to meet Microsoft Corp customers' evolving needs in today's mobile-first, cloud-first world as well as distinguishing itself within Microsoft's partner ecosystem. Becoming a Microsoft Gold Partner will allow the Group to combine strengths with Microsoft, speeding up deployment and improvement of Microsoft Azure environments.

## Section 172

continued



### Our People:

We understand how important it is to have a workforce with different skills, perspectives and experiences. Across the Group, we are making sure that our workplaces are inclusive and supportive enough to attract the diversity of talent that will enable us to grow.

How we engage with our people

- **Provision of mental health first aiders**
- **Monthly feedback loops**
- **Employee Assistance Program (EAP)**
- **Employee Forums**
- **Employee Resource Groups (ERGs)**

2020 put many pressures on our people, none that could have been foreseen. Our priority was to support our people and their families in any way we could. We encouraged open dialogue between employees and managers, and ensured teams had the resources to manage any issues they faced.

We set up mental health first aiders, an employee assistance programme and supported our employees with young children through childcare company Grandnanny, providing free care to parents when nurseries and schools were closed.

Engagement outcomes: examples

Details on the engagement with our people can be found in our dedicated people section, please see pages 38 to 47.



### Our Planet:

The environmental impact of the digital industry has been vastly underestimated. With a carbon footprint today equal to the aviation industry, we want to raise awareness of this and work with our industry to minimise its impact.

We believe that there is a better, more sustainable way to do business. We're investing in training and research to build teams of technology experts within the Group who deeply understand the environmental impact of digital products and are able to design and advocate for better alternatives.

How we engage with our planet

- **Partnerships with NGOs including Ecologi and Rewilding Britain**
- **Membership of Sustainable Digital Infrastructure Alliance**
- **Membership of BIMA Sustainability Council**

This year we have partnered with Emitwise, a technology platform that helps us monitor and track our carbon footprint in real time. This partnership provides us the capabilities to deliver against our vision of becoming real-time carbon neutral by 2023.

Alongside tracking our carbon, we have continued our rollout of web browser Ecosia, which has now helped finance over 750 trees, Ecologi on their Gold Standard offsetting program and have implemented a Electric Vehicle Leasing Scheme through Octopus EV to enable our employees to switch to green energy transport.

Engagement outcomes: examples

Our approach to the planet challenges the status quo for businesses. We go beyond the minimum that is required of us as an organisation, prioritising not only how we can mitigate our environmental impact, but also bring about positive change too.

Details on the engagement with our planet can be found in our dedicated planet section, please see pages 48 to 55.



### Our Communities:

During periods of upheaval, communities face the threat of being left behind. We want to ensure those communities not only thrive now, but also have a meaningful stake in the future. Our work is transforming the way that businesses operate, ensuring that we are equipping people with the skills they need to thrive in the future workplace.

Our community investment work is focused on empowering vulnerable communities through technology and providing access to employment for diverse talent.

#### Engagement

- Partnership with ADA National College for Digital Skills
- Participants and alumni of Future Leaders programme

Purposefully investing time and energy and empowering the communities in which we live and work is at the very heart of what we do. Although the restrictions last year made community action more challenging, people across the Group had some incredible opportunities to get involved digitally.

As part of our 1% time pledge, every employee can spend 2 days each year participating in community action in the form of voluntary and pro-bono work for charities or charitable organisations or on a project with a specific charitable aim, either organised by the company or employee.

#### Engagement outcome: examples

Details on the engagement with our communities can be found in our dedicated communities section, please see pages 56 to 63.

# // Corporate Governance





## Board of Directors



**Mark William Smith, aged 66**  
Non-Executive Chairman

Mark has held several senior roles in creative and innovative communication businesses. He began his career as a chartered accountant at Touche Ross & Co. (Deloitte). He then spent 30 years at Chime Communications, which was acquired by Providence Private Equity in 2015.

Mark is currently Chairman of Holiday Extras, a market leader in the provision of online ancillary travel services, where he has been Chairman for 5 years and Non-Executive Director for 18. He is also Chairman of Merit Group Plc (Previously The Dods Group), an AIM listed intelligence, media, training and events company, operating in over 50 countries. Mark is also non-executive Chairman of The Unlimited marketing Group a private equity owned marketing services group.



**Neal Narendra Gandhi, aged 53**  
Co-Founder and Chief Executive Officer

Neal is a serial tech entrepreneur having co-founded four companies that exited successfully with a combined value of £117m. He co-founded his first company at the age of 21 and, under the brand name of Jungle.com, that company went on to be sold to GUS for £37m. In 1996 he co-founded Xplora and sold it to Nasdaq-listed USWeb in 1998.

Neal then co-founded Attenda, a managed services consultancy that went on to be sold for £72m; one part to Telecity Plc and the other to Darwin Private Equity. In 2006 he founded QuickStart Global, an offshore IT service provider, which grew rapidly, and in 2010 was listed in the Sunday Times Tech-Track 100 at number 3, his second company in that list with Attenda having been listed at number 2 in 2001.



**Oliver James Rigby, aged 40**  
Co-Founder and Chief Financial Officer

Oliver qualified as an accountant with MRI Moores Rowland LLP in 2006 before spending six years as an adviser in corporate finance with Daniel Stewart and Deloitte. Oliver acted as a Nominated Adviser to the AIM Market of the London Stock Exchange and was one of their youngest Qualified Executives.

Prior to co-founding The Panoply, Oliver set up Growth Company FD Limited in 2012 to provide part-time CFO and corporate finance support to growing businesses.

**Other Roles:** Company Secretary



**Christopher Paul Sweetland, aged 66**  
Non-Executive Director

Chris qualified as a chartered accountant with KPMG before spending 9 years overseas in a variety of financial roles with PepsiCo Inc. In 1989 when he was CFO for the Central Europe Beverages Division, he was recruited by WPP to be part of their small central team.

Chris retired from his role as WPP Deputy Group Finance Director in 2016 having spent 27 years helping build the company and having been involved in all aspects of operations, investor relations and the many acquisitions that built that group. Chris also represented WPP on the boards of a number of companies both in the UK and overseas.

**Other Roles:** Chairman of the Audit, Risk and AIM Rules and Compliance Committee



**Isabel Jane Kelly, aged 55**  
Non-Executive Director

Isabel is the founder of Profit with Purpose, a social purpose consultancy working with companies and nonprofits. She is also an Industry Careers Advisor for MBA students at the Saïd Business School, focused on social impact.

In 2002 Marc Benioff, CEO of Salesforce.com, hired Isabel to establish the Salesforce Foundation internationally (now Salesforce.org). For 12 years she grew and led an international team delivering technology, grants and programmes in 110 countries, as well as generating revenue of \$12m to fund the work. Isabel worked at Oxfam and Amnesty International for 12 years prior to joining Salesforce.

**Other Roles:** Chairman of the ESG Committee and Remuneration Committee



**Rachel Cecilia Neaman, aged 55**  
Non-Executive Director

Rachel has extensive experience in digital leadership and transformation, having held several senior positions in the public, private and not-for-profit sectors, including as a CEO. She was the first Chief Digital Officer at the UK Department of Health where she developed its first digital strategy. She is now a business advisor and mentor and runs her own consultancy providing advice and coaching on strategy, leadership and digital transformation to executives and Boards.

Rachel also brings significant additional advisory experience to the Board. She is a non-executive director of Checkit plc, an independent Governor of Birkbeck College, University of London, and a non-executive member of the Advisory Board of Digital Leaders of which she is a former Chair. She has featured in Computer Weekly's list of Most Influential Women in IT since 2016.

## Corporate Governance Report

The Panoply Holdings plc is committed to operating proper standards of good corporate governance and has established a corporate governance model based on the key principles of the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The following outlines how the Company addresses the ten broad governing principles defined in the QCA Code. The Non-Executive Chairman is responsible for corporate governance and the overall leadership of the Board and ensuring its effectiveness.

The Panoply Holdings plc operates a business model and growth strategy that promotes the generation of shareholder value through growth. The company promotes professionalism, openness, honesty and integrity between its customers, staff, shareholders and suppliers.

### Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.

*The Panoply is a technology-enabled services group, 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, we collaborate with our clients to deliver the technology outcomes they're looking for at the pace that they expect and demand.*

*We believe an increasingly complex world needs a new model to achieve high impact outcomes for clients and their employees and more value for stakeholders.*

*We combine the dynamism and agility of smaller, expert teams with the scale required to confidently address our clients' most pressing needs, as they navigate the rapidly changing nature of society and business.*

*Since inception the Group has identified and met numerous potential target companies and has completed twelve acquisitions.*

*Unlike many buy and build models that have preceded The Panoply, the Directors are focused on creating a business where employees join a culture of purpose, collaboration and innovation that delivers impactful work, profitable organic growth and agility at scale.*

*The Directors believe that our flexible operating model, our trusted, multidisciplinary teams of experts, and our commitment to making a difference meant we were perfectly placed to deliver long term value for shareholders.*

*The Panoply has developed an efficient, formulaic approach for acquiring companies. With an extensive acquisition pipeline, the Directors intend to continue to supplement the organic growth of the Group through the addition of complementary companies.*

### Key Strengths

The Directors believe that the enlarged Group's key strengths include:

- **Significant market opportunity** – Tech Market View estimates the UK Software and IT Services (SITS) market is worth an estimated £51.8b in 2020, growing to £56.9b by 2023. The public sector comprising 71% of the group's revenue is worth an estimated £12.1bn of this total. Further details regarding market outlook can be found on pages 6 and 7.
- **Group platform** – The Panoply provides a platform for companies which join the Group to accelerate their organic growth through cross-selling, leveraging The Panoply brand, network, listed status and balance sheet.
- **Alignment of interests** – The Panoply's acquisition model involves a significant proportion of the consideration for an acquisition being issued in Ordinary Shares thereby ensuring alignment of interests with existing shareholders.
- **Profitable and cash-generative** – the Group is profitable, cash generative and only intends to make accretive acquisitions going forward
- **Purpose led business** – The Panoply is leading the way in terms of the quantity, quality and frequency of ESG reporting;
  - The Group recently appointed an ESG Board Committee, led by Isable Kelly, NED;
  - The Group balances both purpose and profit by setting dedicated targets for by 2023 and 2025;
  - Set a target to become a B-Corporation by 2023.
- **Focused growth strategy**
  - The Panoply's acquisition model is designed to attract ambitious companies, confident in their ability to grow profitably and rewards cross-selling and collaboration;
  - The Panoply's management has an extensive network to help identify, attract and execute future acquisitions.
- **Experienced Management and Board with proven track record** – The Panoply is managed by highly experienced executive and non-executive directors combining strong sector, public company and international mergers and acquisitions expertise with a track record of building, growing and exiting services companies.

## Principle 2 – Seek to understand and meet shareholder needs and expectations.

The Panoply proactively engages with its shareholders and potential shareholders alike. This is through a series of mechanisms:

- **Formal announcements** – as a London Stock Exchange (LSE) AIM listed company, we make all statutory announcements through the LSE's regulatory news service (RNS). A feed is maintained on our investor area. The Panoply reports formally to shareholders by the publication of its annual and half-yearly financial statements.
- **Analyst and investor presentations** – the Executive Directors present the half-yearly and annual results to institutional investors, analysts and the media. The presentations are available on the investor section of the website.
- **AGM** – Notification of the date of the AGM is sent to shareholders at least 21 working days in advance of the meeting. Details are set out in the Notice of Meeting. The Directors (and the external auditor) are available at the AGM to answer questions, both during the course of the meeting, and informally afterwards. All details can be found on the Investor Announcements Section of the website
- **News releases** – in addition to statutory announcements, we use RNS Reach to present regular business news and updates to shareholders. We also have a full news service available on The Panoply website.
- **Interactive sessions** – The Panoply's Executive Directors arrange regular (six, monthly) face to face sessions with any interested shareholders or potential shareholders, and are also available for updates at any point in the year. See contact details below.
- **Investor focused micro-site** – we maintain a full section on the main Panoply website for investors. This includes real-time RNS announcements; the latest Investor Documents, presentations and reports, share information and share dealing interactive feeds; this corporate governance statement; a full list of investor related contacts.
- **LSE Profile** – we also maintain a profile on the London Stock Exchange Issuer services website.
- **Investor Email** – we also manage an investor email account for any direct queries – [investors@thepanoply.com](mailto:investors@thepanoply.com).

Contact with major shareholders is principally maintained by the Executive Directors, who ensure that their views are communicated to the Board as a whole. The Chair is also available to discuss governance and other matters directly with major shareholders. At every Board meeting, the Board is provided with the latest

brokers' reports and a summary of the contents of any meetings with shareholders. The Board considers that the provision of these documents is a practical and efficient way for both the Chair and Senior Independent Director to be informed of major shareholders' opinions on governance and strategy and to understand any shareholder issues and concerns.

If you would like to know more about The Panoply as a shareholder, or potential shareholder, please contact us through our investors email address and we will put you in touch with one of our Executive Directors.

## Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.

Please see further details in the ESG Section of our Annual Report (Pages 30 to 81) and Financial Statements (Pages 100 to 159).

## Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Risk management activity is overseen by the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, with the support of the Executive Management Team.

Our framework enables us to remain vigilant to all known and emerging risks and opportunities. Effective risk management supports informed decision making; enables us to minimise impact from unforeseen internal or external events; and allows us to fully exploit emerging opportunities. Our objectives for risk management are to

- Identify, measure, control and report on business risk that may undermine the achievement of objectives, both strategically and operationally, through appropriate analysis and assessment criteria
- Effectively allocate effort and resources for the management of key and emerging risks
- Build an accurate picture at the highest level of the key risks facing our business, and use this information to drive business improvements in a considered and coordinated way
- Support and develop our reputation as a well governed and trusted organisation
- Minimise costs and drive efficiencies in the way that pervasive risk is controlled across the business
- Identify weaknesses in, and opportunities to improve, our business processes

## Risk Registers

At the Operational level, a risk register is maintained within every business of the Group. Risks are recorded

## Corporate Governance Report continued

and managed within as required and are reviewed regularly by the management of each business.

At a central level, there is a single central risk register for Group Significant risks, which records the top risks to the business.

Risk registers are reviewed on a quarterly basis which supports the escalation of any risks with a high residual impact, or potentially pervasive risks, to a higher level risk register as appropriate.

### The Board's Appetite

The Board determines the amount and type of risk that The Panoply is willing to take on in pursuit of its strategic objectives. The Board's appetite for risk is influenced by various key factors including (but not limited to) the overall economic, regulatory and operational landscape in which we operate.

The Executive Management Team advise the Board of these key influences which enables the Board to adjust the amount of risk that The Panoply takes on. Risk tolerance may, by business choice, differ in different parts of the company.

### Risk registers and updates

Risk registers are updated as and when required. A full review is undertaken quarterly. The highest rated risks are presented to the Board every quarter by the CEO. Every six months the Board is presented with the detailed risk registers for each line of business. Further details can be found in our Risk Section of the Annual Report on pages 75 to 77

### Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair.

The PLC Board ("the Board") is responsible for the Company's corporate governance systems and processes that support good decision making.

The Non-Executive Directors, Mark Smith (Chair), Isabel Kelly, Rachel Neaman and Chris Sweetland are considered independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement. Both Mark Smith, Chris Sweetland and Rachel Neaman own shares in The Panoply and all three Non-Executive Directors hold options, however this is not considered to alter their independent status.

### The Directors' commitment to the QCA Code

The Directors acknowledge the importance of the principles set out in the QCA Code

Our Non-executive Directors have committed in their letters of appointment to attend all reasonable board and committee meetings in addition to being reasonably available at other times for The Panoply business. Our Executive Directors have entered into employment

contracts which require them to attend all board and committee (of which they are a member) meetings.

The Non-Executive Directors meet at least once a year without the Executive Directors present. All Directors submit to re-election each year at the Annual General Meeting ("AGM") of the Company.

The Board meets at least four times each year with additional meetings when circumstances and urgent business dictate. At each meeting the Board reviews a schedule of reserved matters including trading performance, financial strength, strategy (including investment and acquisition opportunities), risk management, controls, compliance, reports to shareholders and succession management.

The Directors have established three committees of its Board, namely the Audit, Risk and AIM Rules Compliance Committee, the Remuneration Committee and the Environmental, Social and Governance Committee (ESG Committee).

The Audit, Risk and AIM Rules Compliance Committee is chaired by Chris Sweetland and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Enlarged Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit, Risk and AIM Rules Compliance Committee meets at least twice a year. Mark Smith is the other member of the Audit, Risk and AIM Rules Compliance Committee. Oliver Rigby, CFO, attends Audit, Risk and AIM Rules Compliance Committee meetings by invitation.

The Remuneration Committee is chaired by Isabel Kelly, and reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meet at least once a year. Mark Smith is the other member of the Remuneration Committee

The Remuneration Committee also considers Board policy in relation to the remuneration of the Chairman of the Board. Non-Executive Director remuneration is a matter for the Chairman and the executive members of the Board. No Director is involved in any decisions as to their own remuneration or benefits.

The Environmental, Social and Governance Committee (ESG Committee) 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, and disclosures that conform with the strategy.

The ESG Committee meets at least twice a year. Christopher Sweetland and Rachel Neaman are the other members of the ESG Committee

**Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.**

The Board members and their relevant experience and skills are detailed on pages 84 and 85. The Non-Executive Chairman believes that, as a whole, the Board has a suitable mix of skills and competencies covering all essential disciplines bringing a balanced perspective that is beneficial both strategically and operationally and will enable the Company to deliver its strategy. The Board consists of two executive directors and four non-executive directors, all of whom are independent. The nature of the Company's business requires the Directors to keep their skillset up to date. Updates to the Board on regulatory matters are given by Company's professional advisers when appropriate.

In addition to the support provided by the Company's retained professional advisers (Nominated Adviser, lawyers, auditor and M&A adviser), external consultants have been engaged to advise on a number of matters including tax planning and market research. External advisers attend Board meetings or committee meetings as invited by the Non-Executive Chairman to report and/or discuss specific matters relevant to the Company.

**Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.**

**Board performance effectiveness process**

The Chairman is responsible for the regular evaluation of the Board's performance and that of its committees and individual Directors. This year the Group undertook a board review, which focused on assessing the board's effectiveness and governance. The results focused on four key areas where the following scores were recorded:

- Strategy and Business: 84%
- Risk Management and ESG: 80%
- Composition and Diversity: 75%
- Board Dynamics and Process: 81%

As this is the first time undertaking this review these results will be used as a benchmark for the board and will be reviewed again on a yearly basis. Some of the actions coming out of the review include the following:

- More in-person meetings and dedicated strategy away-day once Covid restrictions are lifted
- Improvement in ethnic diversity on the board
- Further integration of financial and non-financial reporting

**Succession Planning and Future Requirements**

The Remuneration Committee meet as and when necessary to consider the appointment of new executive

and non-executive directors, although the Board as a whole take responsibility for succession planning. Board members all have appropriate notice periods so that if a Board member indicates his/her intention to step down, there would be sufficient time to appoint a replacement, whether internal or external.

The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation and that any new Directors appointed by the Board during the relevant year must stand for election at the annual general meeting immediately following their appointment. Any Directors who are not employed by the Company or holding executive office who have served on the Board for at least nine years will be subject to annual re-election

Board appointments are made after consultation with advisers including the Nominated Adviser who undertakes due diligence on all new potential Board candidates.

Following consultation with the Remuneration Committee and Nominated Advisers On the 19th October 2020, Rachel Neaman was appointed to the Board as a non-executive director.

**Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.**

We are bound together by a collective belief that business can be a force for good and that the work we undertake delivers impact beyond just financial gain.

As our Group evolves and grows so should the values that drive us. As we finalise the new power brand to launch in September 2021, we will be developing unified values and behaviours for the integrated business.

As a people-focussed business, the four values that underpin our culture are:

- Collaboration for impact
- Ambition with inclusion
- Difference with authenticity
- Agility with trust

Further details on our culture and four themes can be found on page 13.

**Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.**

On behalf of the Board, the CEO has overall responsibility for managing the day to day operations and the Board as a whole is responsible for monitoring performance against the Group's goals and objectives. The individual Board members' specific responsibilities, contributions and skills are set out on pages 84 and 85.

## Corporate Governance Report continued

The Board has established three standing Committees, the Audit, Risk and AIM Rules and Compliance Committee (Audit Committee), the Remuneration Committee, and the Environmental, Social and Governance Committee (ESG Committee). Membership of the Audit Committee, the Remuneration Committee and the ESG Committee during the year under review was exclusively Non-Executive.

**Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.**

The Company maintains a regular dialogue with key stakeholders including shareholders to enable interested parties to make informed decisions about the Group and its performance. Further details regarding the Directors' engagement with stakeholders can be found in Section 172 on pages 78 to 81.

Historical annual reports and notices of general meetings can be found in the Financial Reports section of the Group's website.

The Board discloses the results of Annual General Meetings and these can be found in the Regulatory News section of the website.

The Audit Committee meets at least twice a year, although the Company's Auditors or any member of the Audit Committee may request a meeting at any time, should they consider that one is necessary. The role of the Audit Committee is to make recommendations to the directors and shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditors and to approve their remuneration and terms of engagement. Prior to the commencement of each annual or interim audit, the Audit Committee will discuss and agree the nature and scope of the audit with the External Auditors and in discussion with them, will monitor the integrity of the financial statements of the Group and approve any formal announcements relating to the Company's financial performance.

The Audit Committee develops and implements policies on the engagement of the External Auditors to supply non-audit services and will report to the Directors, identifying any matters where the Audit Committee considers that action or improvement is needed, making recommendations as to the steps to be taken.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and may seek information it requires from any employee of the Company. The Audit Committee may seek outside professional advice at the cost of the Company, in order to secure any relevant experience or expertise it considers necessary to fulfil its duties.

The Audit Committee report can be found on pages 94 to 95 with the Independent Auditors report found on pages 102 to 108

The Remuneration Committee report can be found on pages 92 and 93

The ESG Committee report can be found on page 91.



## Environmental, Social and Governance Report

### Environmental, Social and Governance Committee

During the year the ESG Committee ("the Committee") comprised Isabel Kelly, Rachel Neaman and Christopher Sweetland, these members are independent Non-Executive Directors and details of their skills, experience and qualifications is set out on pages 84 and 85.

The committee also comprises the following members of the executive, Bryony Wilde, Head of Impact, Luke Murphy, Head of Investor Relations and Communications, James Herbert, CEO of Foundry4 and Ching Chong, Group Financial Controller and Committee Secretary.

The Committee will also invite divisional leaders and specialists relevant to the Committee's agenda, and Employee Resource Group (ERG) Leaders on a regular basis as appropriate.

### Main responsibilities

The main responsibilities of the Committee are summarised below:

- Assist Executive Management in setting the Company's general strategy with respect to ESG Matters, and to consider and recommend policies, practices, and disclosures that conform with the strategy;
- To oversee the Company's reporting and disclosure with respect to ESG Matters made in compliance with existing and future legislation set by the Financial Conduct Authority and standards on environmental, social impact D&I related legislation.
- To assist the Executive Management in overseeing internal and external communications regarding the Company's position or approach to ESG Matters;
- To consider and bring to the attention of Executive Management and Board, as appropriate, current and emerging ESG Matters that may affect the business, operations, performance or public image of the Company or are otherwise pertinent to the Company and its stakeholders, and to make recommendations on how the Company's policies, practices and disclosures can adjust to or address current trends;
- To advise Executive Management on stockholder proposals and other significant stakeholder concerns relating to ESG Matters;

### Summary of activities in FY2021

In FY2021, the Committee was established with the core purpose of supporting the Company's ongoing commitment to people, planet and community matters relevant to the Company.

The Committee's core work programme focused on establishing the appropriate reporting framework and the specific targets and KPI's relevant to this framework.

The Group appointed EthicsPoint to support its formal whistleblowing service. Whistleblowers can report in

confidence to the Chair of the ESG Committee, who has responsibility for investigating any concerns. The Board and the Committee are made aware of any concerns at Board or Committee meetings as appropriate and informed as to the resolution or other status of complaints.

There were six meetings held in the year from 1st April 2020 to 31st March 2021.

### ESG reporting

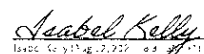
The Committee reviewed and evaluated the appropriateness of the annual ESG report with management, including:

- the clarity of disclosures and compliance with the World Economic Forum (WEF) Disclosure standards, Sustainable Development Goals (SDGs), Streamlined Energy and Carbon Reporting (SECR) and relevant financial and governance legislation
- Ensuring that the methodologies used to collect and aggregate data were fair and that the proxies and assumptions made to benchmark our data were reasonable.
- The Committee is able to question management at both Group and business unit levels to gain further insight into the issues addressed in these reports.
- The outputs of the reporting and disclosures help the Group identify their progress towards their 2023 and 2025 impact vision as set out on pages 11 and 12.
- The key significant ESG reporting sections and outputs are further explained on pages 32 to 81 under the Sustainable Future section.

### Isabel Kelly

Chairman of the Environmental Social and Governance Committee

12 August 2021

  
Isabel Kelly, 12 August 2021

## Remuneration Report

### Remuneration Committee

The Remuneration Committee determines, on behalf of the Board, the Group's policy for executive remuneration and the individual remuneration packages for the Executive Directors. In setting the Group's remuneration policy, the Remuneration Committee considers a number of factors, including the following:

- salaries and benefits available to Executive Directors of comparable companies;
- the need to attract and retain Executives of an appropriate calibre; and
- the need to ensure continued commitment of Executives to the Group's success through appropriate incentive schemes.

The Committee meets at least once a year.

### Remuneration Committee Operating Policy

Given the increasing size of the company the Committee has worked this year to create and approve a Remuneration Committee Operating Policy which adds practical, operational interpretation and builds out the committee's Terms of Reference adopted in November 2018.

Section 6.1 of the Terms of Reference outlines the duties and responsibilities of the committee. The Remuneration Committee have now added practical interpretation to the following:

- Consider and recommend the remuneration for Executive Directors and senior employees (defined as anyone reporting to an Executive Director).
- When setting remuneration policy for Directors have regard to pay and employment conditions across the company.
- Obtain reliable information about remuneration in other companies.
- Approve the appointment and contractual terms for all Executive Directors.
- Review and oversee the company's employee benefits structure.
- Review the policy for approval of expenses incurred by Executive Directors.

### Remuneration of Executive Directors

The remuneration packages comprise the following components:

- **Base salary**  
The Remuneration Committee sets the base salary by reference to responsibilities and the skills, knowledge and experience of the individual.
- **Bonus scheme and other benefits**  
There is no annual bonus scheme or other benefits in place currently.
- **Share Incentive Schemes**  
An EMI and unapproved option scheme were implemented in the prior period and options were awarded to each of the Executive Directors
- **Other benefits**  
Private medical and life cover for employees including the Directors have been provided in the current year.

### Remuneration of Non-Executive Directors

The fees paid to the Non-Executive Directors are determined by the Board. They are not entitled to receive any bonus or other benefits but did receive unapproved share options at the time of their appointment. Non-Executive Directors' letters of appointment are on a three-month rolling basis.

## Directors' remuneration

Details of individual Directors' emoluments for the year (excluding employer's National Insurance contributions) are as follows:

	Salary £000	Retainer £000	Share Options £000	Other benefits	2020 Total £000	2019 Total £000	2018 Total £000
<b>Non-Executive</b>							
Mark Smith (appointed 18 October 2018)	50	-	7	-	57	54	21
Christopher Sweet and (appointed 18 October 2018)	35	-	4	-	39	38	14
Isabel Kelly (appointed 18 October 2018)	35	-	4	-	39	32	12
Rachel Neaman (appointed 19 October 2020)	16	-	-	-	16	-	-
<b>Executive</b>							
Neal Gandhi (appointed 20 December 2016)	275	14	27	4	320	295	148
Oliver Rigby (appointed 20 December 2016)	158	23	27	2	210	180	150
<b>Total</b>	<b>569</b>	<b>37</b>	<b>69</b>	<b>6</b>	<b>681</b>	<b>599</b>	<b>345</b>

## Directors' interests in shares

The interests of the Directors in the Ordinary Shares of the Company at 31 March 2021.

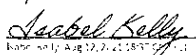
Director's Name	2021 Shares	2020 Shares	2019 Shares
Christopher Paul Sweetland	80,000	30,000	30,000
Isabel Kelly	-	-	-
Mark William Smith	122,000	122,000	122,000
Rachel Neaman	1,765	-	-
Neal Gandhi	10,061,000	9,306,885	9,786,884
Oliver Rigby	5,097,781	5,066,107	5,124,930
	<b>15,382,546</b>	<b>14,524,992</b>	<b>15,063,814</b>

## Directors' interests in share options

The directors have been granted options over the shares of the Company as follows:

	Granted in 2019	Expiry date this year	Type	-Mar-20 & 31-Mar-21	Exercise price	Option when exercised
Christopher Paul Sweetland	20,300	-	Unapproved scheme	20,300	74p	31/03/21
Christopher Paul Sweetland	20,300	-	Unapproved scheme	20,300	74p	31/03/22
Christopher Paul Sweetland	20,302	-	Unapproved scheme	20,302	74p	31/03/23
Isabel Jane Kelly	20,300	-	Unapproved scheme	20,300	74p	31/03/21
Isabel Jane Kelly	20,300	-	Unapproved scheme	20,300	74p	31/03/22
Isabel Jane Kelly	20,302	-	Unapproved scheme	20,302	74p	31/03/23
Mark William Smith	33,834	-	Unapproved scheme	33,834	74p	31/03/21
Mark William Smith	33,834	-	Unapproved scheme	33,834	74p	31/03/22
Mark William Smith	33,836	-	Unapproved scheme	33,836	74p	31/03/23
Neal Gandhi	135,338	-	EMI scheme	135,338	74p	31/03/21
Neal Gandhi	135,338	-	EMI scheme	135,338	74p	31/03/22
Neal Gandhi	135,340	-	EMI scheme	135,340	74p	31/03/23
Oliver Rigby	135,338	-	EMI scheme	135,338	74p	31/03/21
Oliver Rigby	135,338	-	EMI scheme	135,338	74p	31/03/22
Oliver Rigby	135,340	-	EMI scheme	135,340	74p	31/03/23

By order of the Board

  
Isabel Kelly, 12 August 2021

**Isabel Kelly**  
Chairman, Remuneration Committee

12 August 2021

The Panopoly Holdings Plc  
Company number: 10533096  
Financial statements for year ended 31 March 2021

## Audit, Risk and AIM Rules Compliance Committee

During the year The Audit, Risk and AIM Rules Compliance Committee ("the Committee") comprised Christopher Sweetland and Mark Smith. Both members are independent Non-Executive Directors and details of their skills, experience and qualifications set out on pages 84 and 85. The Chief Financial Officer and the Group Financial Director attend the meetings. The Committee will also invite divisional leaders and specialists relevant and external auditors to the Committee's agenda if appropriate.

### Main responsibilities

The terms of reference for the Committee are based on the Guidance on Audit Committees issued by the Financial Reporting Council. The main responsibilities of the Committee are summarised below:

- review the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance
- review the Group's internal controls established to identify, assess, manage and monitor risks, and receive reports from management on the effectiveness of the systems it has established, and the conclusions of any testing performed by internal audit and the external auditor
- make recommendations to the Board in relation to the appointment of the external auditor and approve the remuneration and terms of engagement of the external auditor
- assess the independence, objectivity and effectiveness of the external auditor and develop and implement policy on the engagement of the external auditor to supply non-audit services
- review the integrity of the statement in the Annual Report on being fair, balanced and understandable, as required under the Companies Act 2006

### Significant accounting judgements

In 2021, the Committee's core work programme focused on a number of significant issues and other accounting judgements where the Committee believed the highest level of judgement was required and with the highest potential impact on the Group's financial statements. There were seven meetings held in the year from 1 April 2020 to 31 March 2021.

### Financial reporting

The Committee reviewed and evaluated the appropriateness of the interim and annual financial statements (including the announcements thereof to the London Stock Exchange) with both management and the external auditor, including:

- at the Board's request, whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy

- the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance
- discussing the critical accounting policies and use of assumptions and estimates, as noted on pages 124 and 125 of this Annual Report and Financial Statements, and concluding that the estimates, judgements and assumptions used were reasonable based on the information available and had been used appropriately in applying the Group's accounting policies
- reviewing the going concern and viability of the Group over the longer term as part of its assessment of the Group's risks

The Committee is able to question management at both Group and business unit levels to gain further insight into the issues addressed in these reports. The key significant financial reporting issues and other accounting judgements are set below and further explained on pages 124 and 125 under section critical accounting judgements and key sources of estimation uncertainty.

### Significant accounting judgements

- **Revenue and margin recognition**  
The Committee from time to time discusses revenue recognition within the Group whether they are aligned to IFRS 15. This includes finding out any challenges subsidiaries may have in implementing IFRS 15 in their finance framework and accounts.
- **Carrying value of goodwill and other intangibles**  
The judgement largely relates to the assumptions underlying the value in use of the cash-generating units, primarily the macroeconomic assumptions (such as discount rates) underpinning the valuation process. The Committee received reports from management who prepared reports setting out the allocation of the purchase price between goodwill and other intangibles. The Committee also received reports from management outlining the impairment model and the assumptions used; in addition, the external auditor provided detailed written reports in this area.
- **Carrying value of investments**  
The judgement largely relates to the assumptions underlying the value of investments held by the parent company. The Committee received reports from management indicating their assessment of the potential impairment of investments including consideration of triggering events, the calculation of value in use and discount rates and sensitivity analysis.
- **Fair value of contingent consideration**  
The Committee has reviewed the assumption used to calculate the fair value of contingent consideration. This primarily includes a review and

challenge of any EBITDA adjustments used in the calculation of valuations.

- **Going concern**

In order to satisfy itself that the Group has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern, the Committee considered the Group's budgets and forecasts, cash position (both existing and projected), bank facilities and covenants.

#### **External auditor independence and effectiveness**

The Committee will carry out a formal review each year, to assess the independence and effectiveness of the external auditor, Nexia Smith and Williamson (NSW). The Committee has satisfied itself as to NSW's independence and effectiveness.

*Chris Sweetland*

Chris Sweetland signed on 12/08/2021 10:43:04

**Christopher Sweetland**

*Chairman of the Audit, Risk and AIM Rules and Compliance Committee*

12 August 2021

## Directors Report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's report, for the year ending 31 March 2021.

### Principal activities

The Panoply is a technology-enabled services group, 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 the public sector and 29% representing the commercial sector.

Further information can be found in the Strategic Report on pages 2 to 81.

### General information

The Panoply Holdings Plc is a public limited company listed on the AIM market of the London Stock Exchange on 4 December 2018 and is incorporated and domiciled in the UK. The Company's registered number is 10533096.

The Articles of Association for The Panoply can be accessed on the website at <https://www.thepanoply.com/investors-hub/overview>.

An updated version of our major shareholders table is available on our website

### Corporate governance

The statement on corporate governance on pages 86 to 90 is included in the Directors' Report by way of reference.

### Results and dividends

The Group's loss after taxation was £2.2m (2020: £3.0m loss). The audited financial statements of the Group are set out on pages 109 to 158. A maiden interim dividend of 0.2 pence per share was declared for H1 2021, which was paid on 29 January 2021 to shareholders on the register at the close of business on the 8 January 2021.

The Directors propose a dividend\* of 0.4p per share for the year ended 31 March 2021 (2020: £Nil).

### Strategic review

The information satisfying the strategic review requirements is set out in this report on pages 2 to 81.

### Ongoing concerns

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 3 to 29. The financial

position of the Group, its billings, gross profit and profitability are described on pages 28 and 29. Details of the key risks and uncertainties in the business, including the operational impact of Covid-19 and expected impact on the economy, along with the mitigation has been presented in the risks and uncertainties is presented on pages 75 to 77.

Having considered the Group's cash flows, liquidity position and borrowing facilities, and 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 continue to adopt the going concern basis in preparing the financial statements.

### Directors

The present membership of the Board is as follows:

- Mark Smith, Non-Executive Chairman,
- Chris Sweetland, Non-Executive Director,
- Isabel Kelly, Non-Executive Director,
- Oliver Rigby, Chief Financial Officer,
- Neal Gandhi, Chief Executive Officer.

On the 19 October 2020 Rachel Neaman, Non-Executive Director, was appointed to the Board

The names and biographical details of the current Directors of the Company are given on pages 84 and 85. During the year under review, all Non-Executive Directors were independent of management and any business or other relationships which could interfere with the exercise of their independent judgement.

Details of Directors' interests in the Company's shares, service contracts and remuneration are set out in the Directors' Remuneration Report on pages 92 and 93.

### Post-balance sheet events

Details of post-balance sheet events are given in Note 27.

### Political donation

The Group has not made any political donations during the year. (2020:£nil)

### Energy and Carbon Reporting

We are committed to reducing any negative impact we have on the planet and have invested significantly in expertise and technology to identify our greenhouse gas emissions.

This is the first year we have reported our emissions formally in-line with the UK Government's Streamlined Energy and Carbon Reporting (SECR) requirement. More in depth data, analysis and commentary on our environmental impact are included in the ESG section of this annual report and we will look to continually improve our environmental reporting as our processes evolve.

\*Subject to approval at the AGM and on publication of the FY2021 Company statutory accounts demonstrating sufficient distributable reserves

### Energy and Carbon breakdown from 1 April 2020 to 31st March 2021

Category	Unit	Value
<b>Energy use</b>		
Total energy consumption:	kWh	89,724
<b>Energy consumption break down:</b>		
• natural gas	kWh	31,437
• vehicle fuel	kWh	15,018
• purchased electricity	kWh	20,532
• business travel, car (diesel)	kWh	22,632
• business travel, train (electricity)	kWh	70.4
• business travel, aeroplane (aviation fuel)	kWh	35.7
<b>Greenhouse gas emissions</b>		
Total scope 1:	t CO <sub>2</sub> e	6.77
<b>Scope 1 break down:</b>		
• natural gas	t CO <sub>2</sub> e	6.41
• vehicle fuel	t CO <sub>2</sub> e	0.36
Total scope 2:	t CO <sub>2</sub> e	4.79
<b>Scope 2 break down:</b>		
• purchased electricity	t CO <sub>2</sub> e	4.79
Total scope 3*:	t CO <sub>2</sub> e	2.04
<b>Scope 3 break down:</b>		
• business travel	t CO <sub>2</sub> e	2.48
Total gross greenhouse gas emissions	t CO <sub>2</sub> e	14.03
Intensity ratio, kilograms of CO <sub>2</sub> equivalents per hundred thousand British Pounds of revenue	t CO <sub>2</sub> e/£m revenue	0.331

\*Only includes greenhouse gas emissions from business travel, excluding emissions from short-term accommodation or subsistence

### Reducing our impact

In the reporting period, we have carried out several actions to help us understand and reduce our greenhouse gas emissions. More details of these can be found in the ESG section of this report, however highlights include

- Partnered with Emitwise, a leading provider of emissions measurement software, to help us understand our complete carbon footprint
- Invested in Gold Standard carbon offsets such as renewable energy projects as part of our policy to offset emissions
- Provided lower cost access to electric vehicles for employees using an EV salary sacrifice scheme
- Educated employees on the actions they can take, using courses from Climate in Colour, Rewilding Britain, The Beaver Trust, and Olio

### Methodology

To quantify the greenhouse gas emissions of our activities, we have followed the 2019 HM Government Environmental Reporting Guidelines and the Greenhouse Gas Protocol – Corporate Standard.

For natural gas (scope 1), emissions factors from the 2020 UK Government's Conversion Factors for Company Reporting (BAIS, 2020) were used.

For vehicle fuel (scope 1), the spend-based calculation approach of the GHG Protocol – Corporate Standard was followed, with emissions factors from the environmentally extended input output model, EXIOBASE, for "retail sale of automotive fuel" in the United Kingdom used.

For purchased electricity (scope 2), the location-based calculation approach of the GHG Protocol – Corporate Standard was followed, with emission factors from the 2020 UK Government's Conversion Factors for Company Reporting used.

For business travel, the spend-based calculation approach of the GHG Protocol – Corporate Standard was followed for passenger car and rail travel, with emissions factors from the environmentally extended input output model, EXIOBASE, for "other land transport" in the United Kingdom used. For air travel, the distance-based calculation approach of the GHG Protocol – Corporate Standard was followed, with emissions factors from the 2020 UK Government's Conversion Factors for Company Reporting (BAIS, 2020) used.

### Anti corruption

The directors are not aware of any incidents.

### Share Capital

As at 31 March 2021, The Panoply had 80,428,360 Ordinary Shares (£0.01) in issue, listed on AIM. These shares hold the right to vote at a general meeting

The Company has not purchased any of its own shares during the year.

Details of the number of share options held under the employee scheme are available in note 5.5 to the financial statements

### Shares to be issued

The Company is required to issue further shares as contingent consideration for their acquisitions. A maximum of 13,728,000 shares remain to be issued under this obligation.

Further details of the remaining shares to be issued are provided in note 20 of the financial statements

### Financial risk management and objectives

Details of financial risk management and objectives are contained in Note 25 to the Consolidated Financial Statements.

## Directors Report continued

### Awareness of relevant audit information

Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as they are aware:

- there is no relevant audit information of which the Auditor is unaware; and
- the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.


### Annual General Meeting

The Annual General Meeting will be held in London on 23 September 2021 – at 11 am. Notice of the Annual General Meeting will be sent to shareholders on 12 August 2021.

### Independent Auditor

Nexia Smith & Williamson was appointed as Auditor to the Group on 12 September 2018. There are no contractual obligations in place that restrict our choice of statutory Auditor.

By order of the Board



**Oliver Rigby**  
Company Secretary

12 August 2021



## Statement of Directors Responsibility

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with the provisions of the Companies Act 2006 and International Reporting Standards (IFRSs)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions, disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and the Strategic Report, in addition to any other information included in the Annual Report and Financial Statements, is prepared in accordance with United Kingdom company law. They are also responsible for ensuring that the Annual Report and Financial Statements include information required by the AIM Rules.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

# // Financial Statements



# Independent Auditor's Report to the members of The Panoply Holdings plc

## Opinion

We have audited the financial statements of The Panoply Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended,
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial years ending 31 March 2022 and 31 March 2023;
- Assessing the mathematical accuracy of the detailed budgets and forecasts provided by management;
- Comparing forecasts with actuals in the year and post year-end, to consider management's forecasting ability;
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity;
- Considering the group's funding position and requirements; and
- Reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



## Key audit matters

We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
Business combinations accounting – Group (See Note 8)	<p>The Group has a business model based on acquiring businesses' and during the year, three acquisitions have taken place.</p> <p>There are significant judgements and assumptions involved to perform valuations of separately identifiable intangible assets arising from the acquisition of a business.</p> <p>There is a risk that the values and allocations of intangible assets and goodwill recognised are not in accordance with International Financial Reporting Standard (IFRS) 3 'Business combinations'.</p>	<p>We focused on this area due to the high level of judgements and assumptions necessary to perform valuations of separately identifiable intangible assets arising from the acquisition of a business.</p> <p>We challenged management on the identification of intangible assets and the inputs and assumptions used in the purchase price allocation ('PPA') to determine the value of the identifiable assets and liabilities.</p> <p>As part of our procedures we:</p> <ul style="list-style-type: none"> <li>• Reviewed the Share Purchase Allocation's ('SPAs') for each entity acquired during the period.</li> <li>• Obtained the PPA report prepared internally and externally, together with the business combination calculations for each acquisition and checked the mathematical accuracy of these. Confirmed the basis of support for judgements used by management.</li> <li>• Used our internal valuations team to assess the valuation model prepared in respect of each acquisition, including the basis and methodology adopted for identifying separate intangibles distinct from goodwill and the fair value of the consideration recognised.</li> <li>• Checked the appropriateness of discount factors applied.</li> <li>• Considered the overall valuation of intangible assets identified relative to similar companies in the industry.</li> <li>• Agreed the calculation of residual goodwill based on the consideration payable and identifiable assets and liabilities.</li> <li>• Reviewed acquisition costs to ensure these have been expensed within the Income Statement in line with IFRS3.</li> <li>• Reviewed the appropriateness of the useful lives applied to the intangible assets identified.</li> </ul>

## Independent Auditor's Report to the members of The Panoply Holdings plc continued

Matter to be audited	Description of risk	How the matter was addressed in the audit
Fair Value of contingent consideration – Group and Company (See Note 20)	<p>The Share Purchase Agreements (SPAs) contain clauses for contingent consideration and clawback provisions based on the acquired entities' performance over the first two to four years following acquisition.</p> <p>Management are required to apply judgement to determine the fair value of the consideration payable, in accordance with IFRS 3.</p>	<p>We challenged the inputs and assumptions used to determine the fair value of the contingent consideration payable at acquisition and subsequently at the reporting date.</p> <p>As part of our procedures we:</p> <ul style="list-style-type: none"> <li>• Reviewed the SPAs to obtain an understanding of consideration payable.</li> <li>• Reviewed and challenged management's forecasts of future results which underpins how the contingent consideration is calculated.</li> <li>• Compared historical forecasts against actual results and corroborated management's assertions where reasonably practicable</li> <li>• Checked the appropriateness of discount factors applied.</li> <li>• Assessed if any of the contingent consideration should be treated as employee benefits given that some of the vendors have been retained in the business</li> </ul>
Revenue – Group (See Note 3)	<p>The Group's activities include the provision of business IT management, design, implementation and support services. These services have multiple deliverables and can be a fixed or variable price. A number of contracts are expected to span the year end and the acquisition dates.</p> <p>Judgement will be involved in determining the levels of revenue to be recognised in line with IFRS 15 'Revenue recognition', particularly for contracts which span the year end and acquisition dates</p>	<p>As part of our procedures we:</p> <ul style="list-style-type: none"> <li>• Gained an understanding by testing the design and implementation of controls over revenue recognition which have been put in place by the Group to prevent and detect fraud and errors in revenue recognition.</li> <li>• Reviewed terms of major customer contracts and assessed the accounting for each revenue stream for compliance with IFRS 15.</li> <li>• Performed tests of details on the different revenue streams starting tests from invoice and separately from contracts</li> <li>• Performed cut off testing around the subsidiary acquisition dates and the year-end to determine if revenue is recognised in the correct period</li> </ul>
Carrying value of goodwill – Group (See Note 9)	<p>The Group has a significant carrying value of goodwill arising on the acquisition of businesses in the prior year and current year.</p> <p>An annual impairment review is required to assess the carrying value of goodwill for each cash generating unit (CGU)</p>	<p>We reviewed management's assessment of impairment of goodwill. We challenged assumptions and assertions made by management in their assessment and considered whether the presence of impairment indicators should result in an impairment charge</p>

Key audit matter	Description of risk	How the matter was addressed in the audit
Carrying value of investments in subsidiaries – Company (See Note II)	<p>Management uses a discounted cash flow model and compares the resulting valuation to the carrying value of goodwill for each CGU to assess if any impairment is required.</p> <p>There are significant judgements and assumptions, such as growth rates and discount factors, used by management in determining the valuation</p>	<p>As part of our audit procedures we:</p> <ul style="list-style-type: none"> <li>• Obtained the discounted cash flow models and the underlying valuations for each cash generating unit and checked the mathematical accuracy of these. Confirm the basis of support for judgements and assumptions used by management.</li> <li>• Reviewed and challenged management's forecasts of future results which underpins how the valuations are calculated.</li> <li>• Compared historical forecasts against actual results and corroborate management's assertions where reasonably practicable.</li> <li>• Used our internal valuations team to assess the valuation models and the appropriateness of the discount rates applied.</li> <li>• Performed sensitivity analysis on key assumptions used in the calculations.</li> <li>• Considered the market capitalisation value of the group as at 31 March 2021</li> </ul>
	<p>The Company has significant balances relating to investments in subsidiaries.</p> <p>The investments relate to the acquisition of subsidiaries in prior year and current year.</p> <p>The carrying value of the investments in subsidiaries is also underpinned by the future financial viability of the subsidiaries</p>	<p>We reviewed management's assessment of impairment of the carrying value of investments in subsidiaries. We challenged assumptions and assertions made by management in their assessment and considered whether the presence of impairment indicators should result in an impairment charge</p> <p>As part of our audit procedures we:</p> <ul style="list-style-type: none"> <li>• Considered whether the market capitalisation of the group is less than the carrying amount of investment balances and therefore highlighting a potential impairment indicator</li> <li>• Challenged assumptions and assertions made by management in their assessment of the investment balances and considered whether the presence of impairment indicators should result in an impairment charge</li> <li>• Reviewed the forecasted results of the subsidiaries and corroborated management's assertions where reasonably practical</li> <li>• Discussed with management the underlying future and planned activities of the subsidiaries.</li> <li>• Reviewed any third party reports such as investor analysis</li> <li>• Obtained the discounted cash flow models and assessed the mathematical accuracy of each valuation</li> </ul>

## Independent Auditor's Report to the members of The Panoply Holdings plc continued

### Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £860,000. This has been determined with reference to the benchmark of the group's revenue, which we consider to be one of the principal considerations for members of the company in assessing the group's performance. Group FS materiality represents 1.75% of revenue as presented on the face of the Consolidated Income Statement. This is an increase from the prior year benchmark of 1.5% of revenue due to the increased size and diversification of the group.

The materiality for the Company financial statements as a whole was set at £559,000, capped by the performance materiality of the Group. This has been determined with reference to the benchmark of the Company's assets, which we consider to be an appropriate measure as the Company exists only as a holding company for the Group. Materiality represents 0.8% of total assets as presented on the face of the Company's Statement of Financial Position.

Performance materiality for the group financial statements was set at £559,000, being 65% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits where a high number of audit adjustments were offset by management's willingness to adjust and adapt for these.

Performance materiality for the parent company financial statements was set at £363,000, being 65% of parent FS materiality. The level of performance materiality as a percentage of financial statement materiality has been determined using the same reasoning as for the Group, noted above.

### An overview of the scope of the audit

All of the Group's reporting components were subject to audit for group reporting purposes, thus ensuring all of the group's revenue, expenses, assets and liabilities were encompassed in our group audit.

Four of the components subject to audit for group reporting purposes were based in Norway and Bulgaria respectively and its audits were carried out by component auditors based in Norway and Bulgaria. We held video calls with the auditors of the Bulgarian and Norwegian components, and on these calls performed our review of their audit working papers.

### Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Annual Report and Accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 99, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the group and parent company as well as the laws and regulations applicable, and considered these throughout our testing. We obtained an understanding of the group and parent company's policies and procedures by discussions with management. We also drew on our existing understanding of the company's industry and regulation.

We understand the company complies with requirements of these frameworks through:

- The Directors updating operating procedures, manuals and internal controls as legal and regulatory requirements change; and
- The Directors regularly communicate with the Key Management Personnel of the subsidiary companies to ensure all relevant legal and regulatory requirements are met.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the company's ability to conduct business, and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and IFRS in respect of the preparation and presentation of the financial statements;
- The Bribery Act 2010;
- The Data Protection Act 2018;
- British, Norwegian and Bulgarian tax legislation; and
- AIM regulations and Market Abuse Regulations

## Independent Auditor's Report to the members of The Panoply Holdings plc continued

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above;

- Made enquiries with management as to any legal or regulatory issues during the year
- We have reviewed Board minutes for evidence of non-compliance
- We have obtained representation from management that they have disclosed to us all known instances of non-compliance or suspected non-compliance with laws and regulations
- Reviewed correspondence with externally engaged experts that support the internal services provided with regards to whistleblowing
- Discussed specific laws and regulations related to the Bulgarian and Norwegian components with the component auditors
- Reviewed the risk register

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journals and overstatement of asset values. This was communicated to the other members of the engagement team who were not present at the discussion.

The procedures carried out to gain evidence in the above areas included;

- Testing of the high and significant risk balances as explained in the Key Audit Matters section; and
- Testing of manual journal entries, selected based on specific risk assessments applied based on the group and company's processes and controls surrounding manual journals.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with companies subject to AIM Regulation and international subsidiaries.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Drew  
Stephen Drew is a member of the Institute of Chartered Accountants in England and Wales (ICAEW).

Stephen Drew  
Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY  
12 August 2021

## Consolidated Income Statement for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Revenue</b>	3	<b>51,097</b>	<b>31,533</b>
Cost of Sales		<b>(34,968)</b>	<b>(19,526)</b>
<b>Gross Profit</b>		<b>16,129</b>	<b>12,007</b>
Administrative expenses		<b>(18,085)</b>	<b>(15,149)</b>
Other income		413	184
<b>Operating loss</b>	4	<b>(1,543)</b>	<b>(2,958)</b>
Adjusted EBITDA		7,101	3,846
Amortisation of intangible assets	10	<b>(2,509)</b>	<b>(1,583)</b>
Depreciation	12,13	<b>(835)</b>	<b>(737)</b>
Loss on fair value movement contingent consideration	20	<b>(4,260)</b>	<b>(3,764)</b>
Share-based payments	5	<b>(294)</b>	<b>(129)</b>
Costs directly attributable to business combinations	4	<b>(496)</b>	<b>(436)</b>
Costs relating to business restructuring	4	<b>(250)</b>	<b>(155)</b>
<b>Operating loss</b>		<b>(1,543)</b>	<b>(2,958)</b>
Finance income	4	1	7
Finance costs	4	<b>(303)</b>	<b>(189)</b>
<b>Net finance expense</b>		<b>(302)</b>	<b>(182)</b>
<b>Loss before taxation</b>		<b>(1,845)</b>	<b>(3,140)</b>
Taxation	6	<b>(384)</b>	96
<b>Loss for the period</b>		<b>(2,229)</b>	<b>(3,044)</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		68	104
<b>Total comprehensive loss for the period</b>		<b>(2,161)</b>	<b>(2,940)</b>
<b>Loss per share</b>			
Basic and fully diluted	7	<b>(3.5)</b>	<b>(6.3)</b>

The accompanying accounting policies and notes on pages 116 to 158 are an integral part of these Consolidated Financial Statements

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## Consolidated Statement of Financial Position for the year ended 31 March 2021

		2021 £'000	2020 £'000
<b>Non-current assets</b>			
Goodwill	9	53,323	35,672
Intangible assets	10	29,370	8,591
Property, plant and equipment	12	292	290
Right of use assets	13	445	1,045
Deferred tax assets	22	15	–
<b>Total non-current assets</b>		<b>83,445</b>	<b>45,598</b>
<b>Current assets</b>			
Trade and other receivables	14	14,014	8,590
Contract assets	18	1,144	1,413
Other taxes and social security costs	19	137	206
Cash and cash equivalents	15	5,734	4,614
<b>Total current assets</b>		<b>21,029</b>	<b>14,823</b>
<b>Total assets</b>		<b>104,474</b>	<b>60,421</b>
<b>Current liabilities</b>			
Trade and other payables	16	(5,681)	(4,343)
Other taxes and social security costs	19	(5,326)	(3,001)
Deferred and contingent consideration	20	(8,478)	(10,685)
Lease liabilities	13	(336)	(609)
Borrowings	17	(55)	(29)
Contract liabilities	18	(1,941)	(1,454)
<b>Total current liabilities</b>		<b>(21,817)</b>	<b>(20,121)</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	22	(5,133)	(1,623)
Deferred and contingent consideration	20	(3,741)	(5,998)
Borrowings	17	(13,000)	(5,000)
Provisions - dilapidations		(76)	(23)
Lease liabilities	13	(53)	(390)
<b>Total non-current liabilities</b>		<b>(22,003)</b>	<b>(13,034)</b>
<b>Total liabilities</b>		<b>(43,820)</b>	<b>(33,155)</b>
<b>Net assets</b>		<b>60,654</b>	<b>27,266</b>
<b>Equity</b>			
Share capital	21	804	551
Share premium	21	5,691	5,673
Merger reserve	21	60,926	25,804
Capital redemption reserve	21	5	5
Other reserves	21	796	434
Retained earnings		(7,568)	(5,201)
<b>Total equity</b>		<b>60,654</b>	<b>27,266</b>

These financial statements were approved and authorised for issue by the Board of Directors on 12 August 2021. Signed on behalf of the Board of Directors by

Oliver Rigby   
Director

Neal Gandhi   
Director

The accompanying accounting policies and notes on pages 116 to 158 form an integral part of these financial statements

## Consolidated Statement of Changes in Equity for the year ended 31 March 2021

	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
<b>Restated</b>								
<b>At 1 April 2019</b>	423	20,779	–	5	(38)	239	(2,157)	19,251
Adjustment (note 21)	–	(15,106)	15,106	–	–	–	–	–
<b>At 1 April 2019 (Restated))</b>	<b>423</b>	<b>5,673</b>	<b>15,106</b>	<b>5</b>	<b>(38)</b>	<b>239</b>	<b>(2,157)</b>	<b>19,251</b>
Loss for the period	–	–	–	–	–	–	(3,044)	(3,044)
Exchange differences on translation of foreign operations	–	–	–	–	104	–	–	104
<b>Transactions with owners</b>								
Shares issued	128	–	10,698	–	–	–	–	10,826
Share - based payments	–	–	–	–	–	129	–	129
<b>Equity at 31 March 2020 (Restated)</b>	<b>551</b>	<b>5,673</b>	<b>25,804</b>	<b>5</b>	<b>66</b>	<b>368</b>	<b>(5,201)</b>	<b>27,266</b>
<b>Restated</b>								
<b>At 1 April 2020 (Restated)</b>	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
<b>Transactions with owners</b>								
Shares issued								
Shares issued	253	18	35,122	–	–	–	–	35,393
Dividend paid	–	–	–	–	–	–	(138)	(138)
Share - based payments	–	–	–	–	–	294	–	294
<b>Equity at 31 March 2021</b>	<b>804</b>	<b>5,691</b>	<b>60,926</b>	<b>5</b>	<b>134</b>	<b>662</b>	<b>(7,568)</b>	<b>60,654</b>

The accompanying accounting policies and notes on pages 116 to 158 form an integral part of these financial statements.

## Consolidated Statement of Cash Flows for the year ended 31 March 2021

	2020 £'000	2021 £'000	2020 £'000
<b>Cash flows from operating activities:</b>			
Loss before taxation		(1,845)	(3,140)
Adjustments for:			
Depreciation	12, 13	835	737
Amortisation	10	2,509	1,583
Share-based payments	5	294	129
Foreign exchange (gains)/losses		(5)	104
Finance expense	4	303	189
Finance income	4	(1)	(7)
Movement in fair value of contingent consideration	20	4,260	3,764
<b>Working capital adjustments:</b>			
Increase in trade and other receivables		(1,032)	(2,586)
Increase in trade and other payables		483	1,978
<b>Net cash generated from operations</b>		<b>5,801</b>	<b>2,751</b>
<b>Tax paid</b>		<b>(159)</b>	<b>(44)</b>
<b>Net cash generated from operating activities</b>		<b>5,642</b>	<b>2,707</b>
<b>Cash flows from investing activities:</b>			
Net cash paid on acquisition of subsidiaries	8	(10,813)	(5,876)
Deferred consideration payment	20	(259)	(1,088)
Purchase of property, plant and equipment	12	(137)	(131)
Additions to intangibles	10	(321)	(196)
Interest received	4	1	8
<b>Net cash used in investing activities</b>		<b>(11,529)</b>	<b>(7,283)</b>
<b>Cash flows from financing activities:</b>			
New borrowings	26	8,000	5,000
Cost relating to the issue of new borrowings		-	(148)
Repayment of borrowings		-	(507)
Payment of lease liabilities	26	(610)	(629)
Finance costs		(331)	(176)
Dividends paid		(138)	-
<b>Net cash generated from financing activities</b>		<b>6,921</b>	<b>3,540</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,034</b>	<b>(1,036)</b>
Cash and cash equivalents at beginning of the period		4,614	5,650
Effect of exchange rate fluctuations on cash held		86	-
<b>Cash and cash equivalents at end of the period</b>	<b>15</b>	<b>5,734</b>	<b>4,614</b>
Comprising:			
Cash at bank and in hand	15	5,734	4,614

The accompanying accounting policies and notes on pages 116 to 158 are an integral part of these Consolidated Financial Statements


## Company Statement of Financial Position for the year ended 31 March 2021

		2021 £,000	2020 £,000
	Notes		
<b>Non-current assets</b>			
Investments	11	98,478	54,952
Property, plant and equipment	12	4	1
<b>Total non-current assets</b>		<b>98,482</b>	<b>54,953</b>
<b>Current assets</b>			
Trade and other receivables	14	298	183
Amounts owed by Group undertakings	23	901	1,337
Cash and cash equivalents	15	344	147
<b>Total current assets</b>		<b>1,543</b>	<b>1,667</b>
<b>Total assets</b>		<b>100,025</b>	<b>56,620</b>
<b>Current liabilities</b>			
Trade and other payables	16	(561)	(494)
Other taxes and social security costs	19	(53)	(157)
Deferred and contingent consideration	20	(8,478)	(10,547)
Amounts owed to Group undertakings	23	(5,040)	(3,227)
<b>Total current liabilities</b>		<b>(14,132)</b>	<b>(14,425)</b>
<b>Non-current liabilities</b>			
Deferred and contingent consideration	20	(3,741)	(5,998)
Borrowings	17	(13,000)	(5,000)
<b>Total non-current liabilities</b>		<b>(16,741)</b>	<b>(10,998)</b>
<b>Total liabilities</b>		<b>(30,873)</b>	<b>(25,423)</b>
<b>Net assets</b>		<b>69,152</b>	<b>31,197</b>
<b>EQUITY</b>			
Share capital	21	804	551
Share premium	21	5,691	5,673
Merger reserve	21	60,926	25,804
Capital redemption reserve	21	5	5
Other reserves	21	662	368
Retained earnings		1,064	(1,204)
<b>Total equity</b>		<b>69,152</b>	<b>31,197</b>


The Panoply Holdings Plc has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the company profit and loss account.

The Company's profit for the year ended 31 March 2021 was £2.4m (2020: £3.9m loss).

The financial statements were approved by the Board of Directors on 12 August 2021 and were signed on its behalf by:

  
Oliver Rigby

Director

  
Neal Gandhi

Director

The accompanying accounting policies and notes on pages 116 to 158 form an integral part of these financial statements.

## Company Statement of Changes in Equity for the year ended 31 March 2021

	Share capital £ 000	Share premium £ 000	Merger reserve £ 000	Capital redemption reserve £ 000	Share option reserve £ 000	Retained earnings £ 000	Total £ 000
<b>Restated</b>							
<b>At 1 April 2019</b>	423	20,779	—	5	239	2,710	24,156
Adjustment (note 21)	—	(15,106)	15,106	—	—	—	—
<b>At 1 April 2019 (Restated))</b>	423	5,673	15,106	5	239	2,710	24,156
Loss and total comprehensive loss for the period	—	—	—	—	—	(3,914)	(3,914)
Shares issued	128	—	10,688	—	—	—	10,826
Share-based payments	—	—	—	—	129	—	129
<b>Equity at 31 March 2020 (Restated)</b>	<b>551</b>	<b>5,673</b>	<b>25,804</b>	<b>5</b>	<b>368</b>	<b>(1,204)</b>	<b>31,197</b>
<b>Restated</b>							
<b>At 1 April 2020 (Restated)</b>	551	5,673	25,804	5	368	(1,204)	31,197
Profit and total comprehensive income for the period	—	—	—	—	—	2,406	2,424
Shares issued	253	18	35,122	—	—	—	35,393
Share-based payments	—	—	—	—	294	—	276
Dividends paid	—	—	—	—	—	(138)	(138)
<b>Equity at 31 March 2021</b>	<b>804</b>	<b>5,691</b>	<b>60,926</b>	<b>5</b>	<b>662</b>	<b>1,064</b>	<b>69,152</b>

The accompanying accounting policies and notes on pages 116 to 158 form an integral part of these financial statements.



## Company Statement of Cash Flow for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities:</b>			
Profit/(loss) before taxation		2,424	(3,914)
Adjustments for:			
Depreciation	12	1	–
Impairment of intercompany balances		886	450
Impairment of investments	11	100	–
Dividends received		(9,358)	(1,678)
Share-based payments	5	294	129
Finance expense		256	120
Movement in fair value contingent consideration	20	4,260	3,764
<b>Working capital adjustments:</b>			
Increase in trade and other receivables		(774)	(392)
(Decrease)/increase in trade and other payables		(72)	322
Net cash generated from operations		(1,983)	(1,199)
<b>Cash flows from investing activities:</b>			
Acquisition of subsidiaries (paid)	8	(11,675)	(7,360)
Deferred consideration payment	20	(121)	(713)
Balances repaid from/(provided to) subsidiary companies		303	(765)
Purchase of property, plant and equipment	12	(4)	(1)
Dividends received		6,131	1,678
Net cash used in investing activities		(5,366)	(7,161)
<b>Cash flows from financing activities:</b>			
New borrowings	26	8,000	5,000
Finance costs		(221)	(107)
Proceeds from loan from subsidiary undertakings		–	1,000
Costs relating to issue of new borrowings		(95)	(148)
Dividends paid		(138)	–
Net cash generated from financing activities		7,546	5,745
<b>Net decrease/(increase) in cash and cash equivalents</b>		197	(2,615)
Cash and cash equivalents at beginning of the period		147	2,762
Cash and cash equivalents at end of the period	15	344	147
Comprising:			
Cash at bank and in hand	15	344	147

The accompanying accounting policies and notes on pages 116 to 158 form an integral part of these financial statements.

# 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 as part 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 following subsidiaries included in the consolidated financial statements of The Panoply Holdings plc have taken advantage of the exemption from audit conferred by s479A of the Companies Act 2006:

- Manifesto Digital Limited (Registered number 07885631)
- Foundry 4 Consulting Limited (Previously Not Binary Limited) (Registered number 10686321)
- iDisrupted Limited (Registered number 09496322)
- Human Plus Limited (Registered number 11771564)
- Questers Global Group Limited (Registered number 08116392)
- Questers Resourcing Limited (Registered number 05640907)
- Deeson Group Holdings Limited (Registered number 11418077)
- Deeson Group Limited (Registered number 01073356)
- Greenshoot Labs Limited (Registered number 10967409)
- FutureGov Limited (Registered number 06472420)
- US-Creates Limited (Registered number 05938821)
- Ameo Professional Services Limited (Registered number 09786677)
- Arthurly Limited (Registered number 11560054)
- Difrent Limited (Registered number 09227500)
- Keep IT Simple Limited (Registered number 10443621)

### 1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRSs) 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.

The financial statements include the financial results of the subsidiaries listed in Note 11 for the full year with the exception of the following subsidiaries from the date of acquisition. All subsidiaries are incorporated in the UK unless otherwise stated:

- Arthurly Limited – acquired on 9 June 2020
- Difrent Limited – acquired on 7 September 2020
- Keep IT Simple Limited – acquired on 26 February 2021

Further details of the above acquisitions can be found in Note 8 Business Combination.

### 1.2 Going concern

As detailed further in the Directors' Report, 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 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.

### 1.3 New IFRS accounting standards adopted in the year

The Group has adopted the following IFRS accounting standards in the year ended 31 March 2021:

The following IFRS and endorsed standards and amendments, improvements and interpretations of published standards are effective for accounting periods beginning on or after 1 January 2020 and have been adopted with no material impact on the Group's financial statements:

- **Amendment to IFRS 3 'Business combinations' (definition of a business):** The amendment will help improve the definition of a business and help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in form of dividends, lower costs or other economic benefits to investors and others.
- **Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest rate benchmark reform phase 1 & 2':** These amendments considers reliefs to hedge accounting in the period before the reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. The relief provided by the amendments requires an entity to assume that the interest rate on which the hedge cash flows are based does not change as a result of the reform. The amendments to the IFRSs was early adopted and enacted in the current year.
- **Amendments to IFRS 16 'Leases' Covid-19 related rent concessions:** The amendment will make it easier for lessees to account for Covid-19 related rent concessions such as rent holidays and temporary rent reductions. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 related rent concessions that reduce lease payments due on or before 30 June 2021.

There are no new IFRS accounting standards and amendments to existing accounting standards not yet effective in the current year, but none of these are expected to have a material impact on the Group in the following financial period.

## 2. 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. A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Unrealised gains on transactions between the Group and its subsidiaries 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.

## Notes to the Consolidated Financial Statements continued

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.

### b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, share-based payments, fair value of this is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of borrowings.

The Group is organised into, and managed through, the following three operating segments, which are based on service and supported by central functions:

- Consulting and innovation – Services include strategy consulting and service design
- Software development – Services include digital transformation, technical software development, cloud based services and IT implementation
- Automation – Services include automation, robotics, chatbots and AI.

In addition, management reviews revenue disaggregated by the following sectors to understand our customer base.

- Government – Sectors that are run by both local and central government
- Non-Government organisations (NGOs) – Organisations such as charities, cultural, housing associations etc that provide public services but are not run by Governments
- Commercial – Commercial clients that do not fall into the two categories above

Government and NGOs are classified as public services for reporting purposes.

### c) 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

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.

### d) 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 adopts IFRS 15 principles in recognising the revenue. Revenue recognised in excess of invoices raised is included within contract asset. 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.

The majority of the contracts are one single performance obligation. 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, the timing of which is set out in Note 3.2. 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 IFRS 15, 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.

#### e) Foreign currencies

##### i) Functional presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in pounds sterling, which is the Company's functional and presentation currency and the Group's presentation currency.

##### ii) Subsidiaries and companies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. All exchange differences are recognised in the Consolidated Income Statement.

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into pounds Sterling at the rate of exchange applicable at the reporting date and their Income Statements are translated at the average exchange rates for the period. The exchange differences arising from the retranslation of foreign operations are taken directly to foreign exchange reserve.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of exchange at the reporting date. Currency translation differences arising are transferred to the Group's foreign exchange reserve and are recognised in the Income Statement on disposal of the underlying investment.

## Notes to the Consolidated Financial Statements continued

### f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Depreciation is calculated on a straight-line basis so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	3 – 10 years (depending on the length of the lease)
Fixtures and fittings	4 – 5 years
Computer equipment	3 – 5 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

### g) 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 2 – 5 years;
- customer lists amortised over 3 – 8 years;
- database over 5 years; and
- Software Intellectual property over 3 – 10 years
- Software over 2 – 3 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.

### h) Other intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits,
- Adequate technical, financial and other resources to complete the development and to use or sell the software product is available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 3 years.

### i) Impairment testing of goodwill

Impairment reviews are tested at cash generating unit ("CGU") level. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination. During the year, Arthurly and Keep IT Simple integrated with the Foundry 4 CGU and Difrent formed its own CGU. Additionally, in the year, the FutureGov and Amco CGUs merged into FutureGov CGU.

Impairment reviews are carried out using multi-year cash flow projections from the approved budgets of the Group. These are discounted using a weighted average cost of capital ("WACC") specific to each CGU. The internal rate of return for each CGU reflects the time value of money and the nature and risks of the CGU. Cash flows are estimated over a maximum of five years and a terminal value.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses are credited to the carrying amount of the relevant goodwill.

#### j) Investment in subsidiaries and impairment

The investment in the Company's subsidiaries is recorded at cost less provisions for impairment. Carrying values are reviewed for impairment annually to determine if there is any indication that any of the investments might be impaired. The Company uses forecast cash flow information and estimates of future growth to assess whether investments are impaired.

If the results of operations in a future period are adverse to the estimates used for impairment testing, an impairment may be triggered at that point.

#### k) Taxation

Current tax is the tax currently payable based on taxable profit for the year. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Income Statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

#### l) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group and Company becomes a party to the contractual provisions of the instrument.

##### Trade receivables

The Group classifies its financial assets as follows:

##### Trade receivables

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at the transaction price that is directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables and contract assets are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables and contract assets is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration expenses in the Consolidated Income Statement. On confirmation that the trade receivable and contract assets will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

## Notes to the Consolidated Financial Statements continued

### Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group and Company are classified in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group and Company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated and Company Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### Contingent consideration in a business combination

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised through profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### m) Employee benefits

#### Share-based payment to employees

All material share-based payment arrangements are recognised in the financial statements. All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share-based payments awarded.

Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the Consolidated Income Statement with a corresponding credit to "share-based payment reserve". If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share-based payments expected to vest. Estimates are subsequently revised if there is any indication that the number of share-based payments expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share-based payments ultimately exercised are different to that estimated on vesting.

Upon exercise of share-based payments, the proceeds received, net of attributable transaction costs, are credited to share capital and share premium.

The fair value for the share-based payment is measured using the binomial model for share-based payments with no market performance conditions and the monte carlo method for options with market performance conditions.

### n) Pensions

Contributions to defined contribution schemes are charged to the Consolidated Income Statement as they accrue in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Consolidated Statement of Financial Position.

### o) Presentation of results

In some instances, Alternative Performance Measures (APMs) such as adjusted EBITDA (refer to Financial Review on page 28) are used by the Group to provide 'adjusted' results. This is because Management are of the view that these APMs provide a more appropriate basis on which to analyse business performance and is consistent with the way that financial performance is measured by Management and reported to the Board.



Adjusted EBITDA is a non-IFRS measure, defined as the Group's operating profit before expensing depreciation of tangible fixed assets, amortisation, costs relating to listing, acquisitions and restructuring, impairment, gain or loss on fair value movement contingent consideration and share-based payments.

There are further APMs discussed within the Annual Report. However these have not been included within the notes of the Financial Statements and therefore have not been defined here. Full definitions have been provided in footnotes where used.

#### p) Leases

##### Right-of-use asset and lease liability

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for annual lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful economic lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low value assets including IT equipment. Assets with a value less than £5,000 are considered low value. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### q) Grant income

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are generally recognised in the Consolidated Income Statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Judgement is applied in assessing when there is reasonable assurance the grant conditions have been complied with and that the grant money will be received.

## Notes to the Consolidated Financial Statements continued

### r) Research and development

Research and development expenditure is recognised in the Consolidated Income Statement as an expense until it can be demonstrated that the conditions for capitalisation under IAS 38 'Intangible Assets' apply. The criteria for capitalisation include demonstration that the project is technically and commercially feasible, the Group has sufficient resources to complete development and the asset will generate probable future economic benefit.

During the year, research and development costs are within Administrative expenses and are not identifiable with its own subheading. The allocation of the administrative costs that relates to research and development for the Group is carried out annually at the point of assessing for R&D tax credit relief as part of the tax work.

The Group benefits from both small, medium enterprises for R&D tax credits and research and development credits (RDEC)

RDEC research and development credits are accounted for as having the substance of a government grant and recognised in other income. The grants are recognised on the basis of the fair value of claims made. A corresponding other receivable is recognised at the time the claims are accepted and will subsequently be offset against tax payable.

### s) Equity

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's Ordinary Share capital is classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Further details of the categories of share capital and reserves and disclosed in Note 21.

In the current year, the Group restated the share premium account, where amounts should have been recorded under a merger reserve as required by merger relief under Companies Act, Section 612. Further detail is provided in Note 21.

### t) Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, management is required to make estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on management's best judgment at the date of these financial statements, will seldom equal the subsequent actual amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below.

#### Critical judgements:

##### Revenue recognition

The main judgements are:

- Deciding what are the performance obligations in a contract
- Deciding whether the contract should be measured over time or at a point in time
- The cost to complete contracts to determine the percentage completion

Under IFRS 15, measurement and recognition of revenue required the Group to make judgements and estimates. In particular, there are a large number of contracts within the business which may require significant contract interpretation to determine the appropriate accounts such as whether promised goods and services specified in an arrangement are distinct performance obligations and based on the contract terms, whether the performance obligation should be recognised at a point in time or over time (refer to Note 3.2).

##### Business combination (CGUs)

IFRS 3 Business combination requires the management to assess the CGU as part of purchase price allocation process. The Board uses their judgement in deciding the number of CGU per entity acquired during the year. CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The board determines the number of CGU by ascertaining the number of main income stream generating from an entity. In 2021, Difrent was deemed to make up its own CGU. Arthurly Limited and Keep IT Simple were deemed to be included in the Foundry4 CGU. In the year, FutureGov and Ameo CGUs merged to become one CGU (FutureGov). Following the activities in the year, there are a total of 9 CGUs (2020: 9).

##### Intangible assets identification

Acquiring a business entity would include purchasing its intangible assets even when there were no intangible assets on its Statement of Financial Position. The board uses judgement in identifying the types of intangible assets as a result of business combination. During the year the board identified several intangibles such as customer list, brand, client database and software. Details of intangible assets identified on acquisitions are in notes 8 and 10.

#### Key source of estimation uncertainty

##### Impairment of goodwill and investments

Impairment of goodwill is subject to an annual review. The key estimate for the carrying value of CGU is the cash flows associated with the CGU and the WACC. Each of the CGU held by the Group is measured regularly to ensure that they generate sufficient positive cash flows to justify no impairment

The Group performs an impairment review of CGUs on at least an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the intangible value is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Where there is indication of impairment, the goodwill is impaired by a charge to the Consolidated Income Statement. The key area of uncertainty is the revenue growth. Management perform sensitivity analysis to ascertain the level of growth rate that will start to impair the goodwill on a yearly basis. Further explanation is included in Note 9 – Goodwill and impairment.

##### Impairment of investments (continued)

An assessment of impairment of investments is performed if there is an indicator of impairment. The key estimate for the carrying value of the investment is the cash flows associated with the investment and the WACC. Each investment is reviewed regularly to ensure that they generate discounted positive cash flows.

The same principles used in the assessment of impairment of goodwill is used for estimating the 'value in use' of the cash flows of the investment. Where there is an indication of impairment, the investment is impaired by a charge to the consolidated income statement. The key area of uncertainty is the revenue growth. Management perform sensitivity analysis to ascertain the level of growth rate that will start to impair the investment on a yearly basis.

##### Contingent deferred consideration – contingent consideration

The fair value of contingent deferred consideration is determined by reference to the future EBITDA of the acquired business and applying the contingent deferred consideration formula as specified in the asset or share purchase agreement and discounting the net present value of the future cash flows. The total fair value of consideration for the businesses acquired during the year was £43m (2020: £22m) and the goodwill was calculated as £18m (2020: £15m). The range of contingent consideration in the current period was £nil to £6.1m; further details are included in Note 8.

##### Impairment of intercompany balances and doubtful debt

An assessment of the recoverability of intercompany balances is performed by reviewing the future cash flows of the subsidiary. Where there is an indication of impairment, a provision for doubtful debt is recorded by a charge to the Company income statement.

### 3. Segment reporting

The Group has identified its operating segments based on the internal reports reviewed and used by the Chief Operating Decision Maker (CODM), being the Board of Directors, in assessing the Group's performance and in determining the allocation of resources.

The Board has concluded that it monitors the Group's performance and makes business decisions around investments, resource allocation and acquisitions based on the Group's services. These services are noted below and consists of 3 reportable segments. All other revenue that is not classified as a reportable segment are classified as 'All other Segments' or 'Central Services'.

- **Consulting and innovation** – This part of the business provides strategy consulting and service /organisational design services to external clients in the government, commercial and NGO sectors
- **Software development** – Services within this sector Business IT Management, include digital transformation, technical software development and implementation, cloud based services, data based services and support services.
- **Automation** – Services include automation, robotics, chatbots and artificial intelligence
- **All other segments** – Other segments not included in the above. This primarily relates to the Group's operations comprising of magazine publication and events management services which are not core to the Group.

The Board of Directors primarily uses a measure of revenue and adjusted EBITDA which is taken as earnings before interest, tax, depreciation, amortisation, costs relating to business acquisitions and restructuring, costs relating to share-based payments and fair value movement in contingent consideration to assess the performance of the operating segments. Information about segment revenue is disclosed in the tables below.

## Notes to the Consolidated Financial Statements continued

## 3.1.1 Revenue

## Revenue by service

Included in revenues arising from 'Software development' service are revenues of £2.6m (2020: £3.2m) which arose from the Group's largest customer and represents 5% of the Group's total revenue.

	2021 £'000	2020 £'000
Consulting and innovation	27,105	9,581
Software development	26,184	21,242
Automation	2,278	1,361
All other segments	104	278
Intersegment eliminations	(4,574)	(929)
<b>Total revenue</b>	<b>51,097</b>	<b>31,533</b>

## Revenue by geographical area

	2021 £'000	2020 £'000
United Kingdom	42,925	25,279
Norway	1,750	2,046
Switzerland	1,080	1,814
Rest of EU	806	902
USA	4,160	1,488
Other	376	4
<b>Total Revenue</b>	<b>51,097</b>	<b>31,533</b>

## Revenue by customer type

	2021 £'000	2020 £'000
Commercial	14,230	11,476
Government	28,047	13,207
NGO	8,820	6,850
<b>Total Revenue</b>	<b>51,097</b>	<b>31,533</b>

## 3.1.2 Adjusted EBITDA by service

	2021 £'000	2020 £'000
Consulting and innovation	4,154	1,548
Software development	5,170	4,575
Automation	(18)	(236)
All other segments	47	(200)
Central services	(2,252)	(1,841)
<b>Total adjusted EBITDA</b>	<b>7,101</b>	<b>3,846</b>
Finance costs	(303)	(189)
Finance income	1	7
Depreciation and amortisation	(3,344)	(2,320)
Costs relating to business restructuring	(250)	(155)
Costs directly attributable to business combinations	(496)	(436)
Fair value movement in contingent consideration	(4,260)	(3,764)
Share-based payments	(294)	(129)
<b>Loss before tax</b>	<b>(1,845)</b>	<b>(3,140)</b>

### 3.1.3 Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

	2021 £ 000	2020 £ 000
Consulting and innovation	40,529	29,985
Software development	69,314	32,565
Automation	1,023	1,425
All other segments	52	204
Total segment assets	110,918	64,179
Intersegment eliminations	(8,818)	(5,425)
Unallocated:		
Central services	2,374	1,667
Total assets per the Statement of Financial Position	104,474	60,421

### 3.1.4 Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the liability.

The Group's borrowings are not considered to be segment liabilities, but are managed by the Group finance function.

	2021 £ 000	2020 £ 000
Consulting and innovation	12,649	7,324
Software development	19,024	20,272
Automation	1,996	1,768
All other segments	279	338
Total segment liabilities	33,948	29,702
Intersegment eliminations	(8,818)	(5,425)
Unallocated:		
Central services	18,690	8,878
Total liabilities per the Statement of Financial Position	43,820	33,155

### 3.2 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following service line:

	Contract over time Revenue £ 000	Self-funded development £ 000	Automated £ 000	Point in time £ 000	Recognised at a point in time £ 000	Total £ 000
Revenue ended 31 March 2021						
External Revenue	25,325	23,427	2,277	68	—	51,097
Inter-segment revenue	1,783	2,756	—	35	(4,574)	—
Total revenue	27,108	26,183	2,277	103	(4,574)	51,097
Recognised at a point in time	—	8,569	—	—	—	8,569
Recognised over time	27,108	17,614	2,277	103	(4,574)	42,528
Total revenue	27,108	26,183	2,277	103	(4,574)	51,097

## Notes to the Consolidated Financial Statements continued

	Consolidated Revenue	Revenue from operations	Amortisation of intangibles	Goodwill impairment	Adjustment for impairment	Total
Year ended 31 March 2020	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
External revenue	9,238	20,672	1,345	278	—	31,533
Inter-segment revenue	343	570	16	—	(929)	—
Total revenue	9,581	21,242	1,361	278	(929)	31,533
Recognised at a point in time	23	7,408	1	159	—	7,591
Recognised over time	9,558	13,834	1,360	119	(929)	23,942
Total revenue	9,581	21,242	1,361	278	(929)	31,533

(1) Inter-segment revenues are eliminated on consolidation and reflected in the adjustments and eliminations column.

## 4. Operating loss

	2021 £ 000	2020 £ 000
Operating loss is stated after charging:		
Depreciation of property, plant & equipment (see note 12)	175	154
Depreciation of right-of-use assets (see note 13)	660	583
Amortisation of intangible assets (see note 10)	2,509	1,583
Employee costs (see note 5.2)	24,485	18,080
Costs directly attributable to the business combination	496	436
Costs relating to restructuring*	250	155
Disposal of fixed assets	—	34
Loss on fair value movement contingent consideration (see note 20)	4,260	3,764
Share-based payments (see note 5.5)	294	129
Short-term leases (see note 13)	341	317

\* Business restructuring costs were incurred in the year relating to the restructuring of personnel and consolidation of legal entities. In the prior year, restructuring related to the closure of the publication part of the business and to the restructuring of personnel.

## 4.1 Auditors' remuneration

	2021 £ 000	2020 £ 000
Fees payable to the Company's auditors and its associates for the audit of parent company and consolidated financial statements	189	145
Fees payable to Company's auditors and its associates for the audit of Company's subsidiaries	26	27
Fees payable to Company's auditors and its associates for other services:		
Audit-related assurance services	9	2
Other services	—	4
Tax compliance and other tax advisory services	—	131
	224	309

## 4.2 Finance income and costs

	2021 £'000	2020 £'000
Finance income		
Interest income from financial assets held for cash management purposes	1	7
Finance income	1	7
Finance costs		
Interest payable on bank loan and overdrafts	279	147
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	24	42
Finance costs expensed	303	189
Net finance costs	302	182

## 5. Employee costs

## 5.1 Directors and employees

The average number of staff employed by the Group during the financial year is 495 (2020: 361) as follows:

	2021	2020
Consultant **	380	220
Administrative staff ***	72	115
Management	43	26
Total	495	361

\*\* Consultant includes 194 consultants employed by Questors solely for clients' projects, where they provide highly skilled IT teams to clients

\*\*\* Administrative staff also participate in income generating activities, sales and marketing

Employee numbers are stated including Directors.

## 5.2 Employee remuneration

	2021 £'000	2020 £'000
Wages and salaries	21,053	16,144
Pension contributions	595	494
Share-based payments	294	129
Social security costs	2,261	1,313
Other benefits	282	-
Total	24,485	18,080

## 5.3 Key management personnel

	2021	2020
Number of key personnel for the parent company	6	5
Number of key personnel for the Group	30	26

Group key personnel comprises of Directors of the parent company and the directors of the principal operating companies.

## Notes to the Consolidated Financial Statements continued

### 5.4 Key management emoluments

Emoluments for the key management personnel for the parent company.

	2021 £'000	2020 £'000
Wages and salaries	569	515
Pension contributions	37	38
Share-based payments	69	43
Social security costs	68	65
Other benefits	6	3
<b>Total</b>	<b>749</b>	<b>664</b>

The total emolument for the Group key personnel for the year:

	2021 £'000	2020 £'000
Wages and salaries	2,729	2,310
Pension contributions	138	98
Share-based payments	127	70
Social security costs	256	295
Other benefits	13	13
<b>Total</b>	<b>3,263</b>	<b>2,786</b>

The aggregate of remuneration of the highest paid director (including Employer NI) of the Company was £355k (2020: £329k). The amount of pension contribution paid into the defined contribution scheme for the highest paid director totaled £14k in the year. The full breakdown of other benefits are detailed in the remuneration report.

Details of individual Directors' emoluments for the year (including employer's National Insurance ("NI") contributions) are as follows:

	2021 £'000		2020 £'000		2021 £'000		2020 £'000	
	Salary	Benefits	Salary	Benefits	Salary	Benefits	Salary	Benefits
<b>Non-Executive</b>								
Chris Sweetland	35	35	4	4	4	3	43	42
Mark Smith	50	50	6	6	7	4	63	60
Isabel Kelly	35	30	3	3	4	2	42	35
Rachel Neaman	16	—	2	—	—	—	18	—
<b>Executive</b>								
Neal Gandhi	275	259	35	34	45	36	355	329
Oliver Rigby	158	141	18	18	52	39	228	198
<b>Total</b>	<b>569</b>	<b>515</b>	<b>68</b>	<b>65</b>	<b>112</b>	<b>84</b>	<b>749</b>	<b>664</b>

### 5.5 Share-based payments

The Group has the following equity-settled share plans:

#### 5.5.1 Employee share option plan

Share options were granted to employees as determined by key management personnel and the Remuneration Committee at IPO of the company. No further EMI options can be granted by the Group. The options cannot be exercised within two years unless specific criteria are met and have a maximum life of 10 years. Exercise of the options will be settled by the issue of shares and there are no cash alternatives. Options ordinarily are forfeited if the employee leaves the Group before the options vest.



#### During the year ended 31 March 2021:

Share options are granted to employees as determined by key management personnel and the Remuneration Committee. The CSOP permits the Company to grant CSOP options which have tax advantages pursuant to the provisions of Schedule 4 to the Income Tax (Earnings & Pensions) Act 2003 ("Schedule 4"). The options cannot be exercised within one year unless specific criterias are met and have a maximum life of 10 years. Exercise of the options will be settled by the issue of shares and there are no cash alternatives. Options ordinarily are forfeited if the employee leaves the Group before the options vest.

#### Unapproved share options (not CSOP approved shares)

Unapproved share options are typically granted to employees based outside of the UK as determined by key management personnel and the Remuneration Committee. The options cannot be exercised within two years unless specific criterias are met and have a maximum life of 10 years. Exercise of the options will be settled by the issue of shares and there are no cash alternatives. Options ordinarily are forfeited if the employee leaves the Group before the options vest.

#### Share Incentive Plan (SIP)

The Group has established a Share Incentive Plan for UK employees in the current year. Under this scheme all eligible employees are able to purchase ordinary shares 'Partnership shares' through tax-efficient salary sacrifice. Each Partnership share offers a free matching award of ordinary shares on a one-to-one basis, 'Matching Share'. The shares are held in trust by Cytec Solutions Corporate Trustees who also administers the scheme. A minimum period of three years is imposed before the employee can withdraw.

#### Outstanding share options

The number of outstanding options under each valuation method has been disclosed in the table below.

	European method	Black-Scholes method	Total
Number of outstanding options as at 31 March 2021	1,101,912	3,324,814	4,426,726

The following table lists the key inputs to the model used for the grant of share options in 2021.

There were no grant of share options made in 2020. Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term.

	Black-Scholes method	European method
Exercise price	82p	184.5p
Share price at grant date	48p	184.5p
Expected volatility <sup>1</sup>	38.40%	35.00%
Expected dividend yield	1%	0%
Risk free interest rate	0.06%	0.00%
Contractual life of option (years)	10	10

<sup>1</sup> The expected price volatility is based on the historical volatility (based on the remaining life of the options) adjusted for any expected changes to future volatility due to publicly available information.

## Notes to the Consolidated Financial Statements continued

The total share-based payments expense included in the Consolidated Income Statement is:

	2021 £'000	2020 £'000
Share-based payments to employees	294	171
Share-based payments to non-employees		(42)
<b>Total</b>	<b>294</b>	<b>129</b>

The total share-based payments expense relating to Directors of the Company is £68k (2020: £43k).

The total share-based payments expense relating to key management personnel of the company is £127k (2020: £70k).

## 6. Taxation

Current tax	2021 £'000	2020 £'000
UK corporation tax for the period at 19% (2020: 19%)	(888)	(581)
Adjustments in respect of prior period provisions	(69)	121
Adjustments in respect of prior period R&D credits	172	461
<b>Overseas current tax charge on income for the year</b>	<b>(53)</b>	<b>(95)</b>
<b>Total current tax</b>	<b>(838)</b>	<b>(94)</b>

### Deferred tax

Current year	439	268
Change in deferred tax rate	–	(77)
Adjustments in respect of prior periods	15	(1)
<b>Total deferred tax</b>	<b>454</b>	<b>190</b>
<b>Total tax credit/(charge)</b>	<b>(384)</b>	<b>96</b>

During 2021 a deferred tax credit of £454k (2020: £296k) was attributable to deferred tax on intangible assets acquired as part of business combination. For further deferred tax information – see Note 22.

The relationship between expected tax expense based on the effective tax rate of the Group of 20% (2020: 4%) and the tax expense recognised in the Consolidated Income Statement can be reconciled as follows:

	2021 £'000	2020 £'000
Loss for the year before tax	(1,845)	(3,140)
<b>Tax rate</b>	<b>19%</b>	<b>19%</b>
<b>Expected tax credit</b>	<b>351</b>	<b>597</b>
Principal differences due to:		
Expenses not deductible for tax purposes	(907)	(956)
Non taxable income	(2)	(3)
Adjustments in respect of prior period provisions	(69)	121
Adjustments in respect of prior period R&D credits	172	461
Adjustments in respect of prior period deferred tax	15	–
Difference in overseas tax rates	14	39
Movement in deferred tax rates	–	(80)
Deferred tax asset not recognised	42	(83)
	<b>(384)</b>	<b>96</b>

## 7. Earnings per share

	2021 £'000	2020 £'000
Loss attributable to ordinary shareholders	(2,229)	(3,044)
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-based payments are anti-dilutive.

The Group have a number of share-based payments (see note 5) and share purchase agreements (see note 8) 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 and therefore these have been excluded from the calculation of the weighted average number of Ordinary Shares in issue.

## 8. Business combinations

During the year the Company completed the acquisitions of Arthurlry Ltd 'Arthurlry', Difrent Ltd 'Difrent' and Keep IT Simple Ltd 'KITS'. A summary of the acquisitions is shown below.

### Summary

Acquisition of business completed by Group 31 March 2021	Arthurlry £'000	Difrent £'000	KITS £'000	Total £'000
Date of acquisition	09-Jun-20	07-Sep-20	26-Feb-21	
Consideration payable	Cash & Shares	Cash & Shares	Cash & Shares	
% acquired	100%	100%	100%	
Acquisition related costs	43	174	233	450
Intangible assets acquired on acquisition	454	2,581	19,932	22,967
Net assets	74	549	2,217	2,840
<b>Total identifiable net assets acquired at fair value</b>	<b>528</b>	<b>3,130</b>	<b>22,149</b>	<b>25,807</b>
Cash	321	3,801	12,406	16,528
Cash - Deferred consideration	-	-	467	467
Shares (including contingent deferred consideration)	953	6,239	19,271	26,463
<b>Total fair value consideration</b>	<b>1,274</b>	<b>10,040</b>	<b>32,144</b>	<b>43,458</b>
<b>Goodwill</b>	<b>746</b>	<b>6,910</b>	<b>9,995</b>	<b>17,651</b>
<b>Cash flow</b>				
Acquisition of business (net of cash acquired)	3	3,251	7,559	10,813
<b>Total cash outflow (net of cash acquired)</b>				<b>10,813</b>

All acquisition-related costs of that were not directly attributable to the issue of shares are included in administrative expenses in the Consolidated Income Statement and in operating cash flows in the Statement of Cash Flows.

Having joined the Group, Arthurlry and KITS will sit within the Foundry4 CGU as part of the deep tech, engineering focused division of the Group. The Foundry4 CGU helps organisations in highly regulated sectors harness technology to solve complex challenges, focusing on CTO/CIOs looking to enable digital transformation through the adoption of hyper scale cloud, data analytics, AI and machine learning and automation. Difrent will form its own CGU bringing the total CGUs in the Group to 9.

### Consolidated pro-forma revenue and profit/(loss)

The consolidated pro-forma revenue and profit/(loss) for the year ended 31 March 2021, had the acquisitions occurred on 1 April 2020 are shown below. These amounts have been calculated using the subsidiary's results adjusted for:

- differences in the accounting policies between the Group and the subsidiary; and

## Notes to the Consolidated Financial Statements continued

- the additional depreciation and amortisation that would have been charged, assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2020, together with the consequential tax effects.

	Acquired from 1 April 2020 to 31 March 2021	From 1 April 2020 to 31 March 2021
Intangible assets	£ 000	£ 000
Arthurly	257	476
Difrent	4,783	8,644
KITS	1,290	11,595
	<b>6,330</b>	<b>20,715</b>
	Acquired from 1 April 2020 to 31 March 2021	From 1 April 2020 to 31 March 2021
Property, plant and equipment	£ 000	£ 000
Arthurly	124	335
Difrent	543	1,191
KITS	360	3,334
	<b>1,027</b>	<b>4,860</b>

The cash paid for acquiring the companies and the cash inherited are summarised as follows:

	Acquired from 1 April 2020 to 31 March 2021	From 1 April 2020 to 31 March 2021
Entity	£ 000	£ 000
Arthurly	321	318
Difrent	3,801	550
KITS	12,406	4,847
<b>Total</b>	<b>16,528</b>	<b>5,715</b>

The cash paid by the parent company only is as follows:

	Acquired from 1 April 2020 to 31 March 2021
Entity	£ 000
Arthurly	321
Difrent	3,801
KITS	7,553
<b>Total</b>	<b>11,675</b>

#### Business combination explained by entity

##### On 9 June 2020

On 9 June 2020 the Company acquired the entire issued share capital of Arthurly. Prior to acquisition, Arthurly had already been working in partnership with other Group companies, winning and delivering a number of projects to provide. The acquisition of Arthurly adds to the Group's depth of capabilities in hyperscale cloud projects, in particular giving the Group greater strength on the Microsoft stack. The code trading activities of Arthurly are in design, development and engineering services and building software and data products, services and solutions on large cloud vendor platforms.

Arthurly was purchased for an initial consideration of £1.3m being £1m in shares and £0.3m payable in cash. Further consideration may be payable based on revenue generated for the 16 months to 30 September 2021. Any such additional consideration shall be calculated following the agreement of the relevant revenue calculations and publication of the Group's results relating to the financial period ending on 30 September 2021 and shall be payable by the allotment and issue of shares in The Panoply.

The number of such shares to be allotted and issued shall be calculated by dividing the deferred consideration payable by a price per share in The Panoply which is the greater of 82 pence and the volume-weighted average mid-

market price (VWAP) over the 30 business days prior to the relevant issue date. Any shares in The Panoply which are allotted and issued as part of the deferred consideration will be allotted and issued in 4 tranches at six-month intervals.

As with previous transactions, all Panoply Shares allotted and issued under the SPA (including the shares issued as part of the Initial Consideration) are subject to customary lock-in arrangements. £0.1m worth of the shares are subject to claw back in the event of underperformance in accordance with the Group's acquisition formula. The total consideration payable is capped at £1.5m.

IFRS 3 requires that consideration to be measured at fair value. The total consideration (before calculating its fair value) of £1.5m is further analysed based on the timing of the consideration payments and an estimation of the contingent consideration likely payable as at the transaction date to work out the fair value (net present value) of the consideration as at the transaction date using cost of debt 2.95% for calculating cash consideration and completion shares using WACC of 14.7%. The fair value of the total consideration is calculated to be £1.3m.

	Fair value		
	Revolving credit facility	Contingent consideration	Completion shares
	£'000	£'000	£'000
<b>Intangibles</b>			
Brand	–	30	30
Customer lists	–	424	424
<b>Tangible assets</b>			
Property, plant and equipment	8	–	8
<b>Current assets</b>			
Trade and other receivables	144	–	144
Cash and cash equivalents	318	–	318
<b>Current liabilities</b>			
Trade and other liabilities	(265)	–	(265)
Tax liability	(45)	–	(45)
<b>Non-current liabilities</b>			
Deferred tax	–	86	(86)
<b>Net assets</b>	<b>160</b>	<b>368</b>	<b>528</b>
Cash			321
Share issued (Contingent to performance until FY2020)			300
Contingent consideration (Equity)			653
<b>Fair value of total consideration</b>			<b>1,274</b>
<b>Goodwill</b>			<b>746</b>

The trade and other receivables are all considered recoverable. The goodwill is related to assembled workforce and will not be deductible for tax purposes.<sup>9</sup>

**Acquisition of Difrent**  
On 7 September 2020, the Company acquired the entire issued share capital of Difrent, a digital transformation consultancy focused on the Healthcare sector.

Difrent uses a partnership approach to help its clients to achieve their digital transformation goals. The company's proposition includes strategic consultancy, user centered design, business analysis, business change, procurement, and front and back end development. Difrent also specialises in remote-first delivery, enabling organisations to deliver positive outcomes entirely remotely.

Difrent was purchased for an initial consideration of £8.8m being £4.8m shares plus £4.0m cash. The cash portion was funded through an extension of the Group's revolving credit facility with HSBC to £7m with the balance funded from the Group's own cash reserves. £0.4m of the cash element of the consideration was withheld pending the finalisation of the completion accounts, resulting in an adjustment of £0.2m in the initial consideration payable to £8.6m.

Further consideration may be payable based on revenue generated for the 12 months to 31 March 2021 and 12 months to 31 March 2022. Further consideration will be calculated at 0.66x revenue growth above £7.6m in each period and there will be a claw back of Consideration Shares if there is a revenue decline below £7m for the 12 months to 31 March

## Notes to the Consolidated Financial Statements continued

2021 and £7.6m for the results to 31 March 2022 at 1x the decline, such clawback being limited to consideration shares with a value of £4.8m. The maximum total consideration is capped at £13.3m.

Any such additional consideration shall be calculated following the agreement of the relevant revenue calculations of the Company relating to the financial periods ending on 31 March 2021 and 31 March 2022 and shall be payable by the allotment and issue of shares in The Panoply. The number of any such additional shares to be allotted and issued shall be calculated by dividing the deferred consideration payable by a price per share in The Panoply which is the greater of £1.225 and the volume-weighted average mid-market price (VWAP) over the 30 business days prior to the relevant issue date.

Any shares in The Panoply which are allotted and issued as part of the deferred consideration will be done so following publication of the relevant annual report. All of the Consideration Shares and any further shares issued by way of deferred consideration shall be subject to customary lock-in for a period of 12 months following the date of their issue (the Lock-up Period) and orderly market arrangements for a period of 12 months following the end of the Lock-up Period.

IFRS 3 requires that consideration to be measured at fair value. The total consideration (before calculating its fair value) of £10.4m is further analysed based on the timing of the consideration payments and an estimation of the contingent consideration likely payable as at the transaction date to work out the fair value (net present value) of the consideration as at the transaction date using cost of debt of 2.75% for calculating cash consideration and WACC of 15.0% for calculating completion shares. The fair value of the total consideration is calculated to be £10.0m.

At 31 March 2021, the fair value forecast EBITDA for March 2021 are assessed to be higher than the fair value EBITDA forecast calculated at completion date. This is related to the unwinding of the discount rate leading to an estimated total consideration calculated at £10.1m. A debit of £0.1m has been recognised in the Statement of Total Comprehensive Income in respect of the movement on the deferred contingent consideration liability

	Financial year ended 31 March 2021		Financial year ended 31 March 2020
£'000	£'000	£'000	£'000
<b>Intangibles</b>			
Brand	-	326	326
Customer lists	-	2,255	2,255
<b>Tangible assets</b>			
Property, plant and equipment	29	-	29
<b>Current assets</b>			
Trade and other receivables	1,348	-	1,348
Cash and cash equivalents	550	-	550
<b>Current liabilities</b>			
Trade and other liabilities	(835)	-	(835)
Taxes and social security costs	(3)	-	(3)
Borrowings	(50)	-	(50)
<b>Non-current liabilities</b>			
Deferred tax	-	(490)	(490)
<b>Net assets</b>	<b>1,039</b>	<b>2,091</b>	<b>3,130</b>
Cash			3,801
Share issued (Contingent to performance until FY2020)			4,800
Contingent consideration (Equity)			1,439
<b>Fair value of total consideration</b>			<b>10,040</b>
<b>Goodwill</b>			<b>6,910</b>

The trade and other receivables are all considered recoverable. The goodwill is related to assemble workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

#### 2.1 Acquisition of Keep IT Simple Limited

On 26 February 2021 the Company acquired the entire issued share capital of Keep IT Simple Limited 'KITS'. KITS typically delivers managed services, with market-leading expertise in service integration and management, which is seen by large organisations as the highest value-added layer in the technology services stack. KITS has built a reputation in the public sector for transforming and running live and critical services such as payments platforms on behalf of clients including the Rural Payments Agency and the Department for Environment, Food and Rural Affairs ("DEFRA").

As at the acquisition date, KITS had a strong contracted pipeline backlog of £30.3m to be recognised between 2021 and 2024. Given the strong pipeline, the Group agreed to pay a total consideration of £32.1m, satisfied through the payment of £7.5m cash, £19.3m of shares and £4.9m paid from free cash on KITS's balance sheet on completion representing excess cash of its normalised working capital requirements and £0.4m payable post year end on finalisation of the completion accounts.

The cash portion was funded through an extension of the Group's revolving credit facility with HSBC to £20m, of which £6m was drawn down at completion. The balance of £1.5m was funded from the Group's own cash reserves.

Up to £7.0m of shares will be subject to a clawback in the event that KITS does not achieve a revenue target of £26.8m either during the calendar year 2022 or the calendar year 2023. Should the revenue target not be met in either of those years, shares with a value of up to £7.0m can be clawed back from the seller with a value equal to the amount by which the actual revenue in the calendar year 2023 is less than the revenue target.

	2020 2020	Estimated 2021 2021	Estimated 2022 2022
<b>Intangibles</b>			
Brand	–	682	682
Customer lists	–	19,109	19,109
Software	–	141	141
<b>Tangible assets</b>			
Property, plant and equipment	12	–	12
<b>Current assets</b>			
Trade and other receivables	1,980	–	1,980
Cash and cash equivalents	4,847	–	4,847
Directors Loan	650	–	650
<b>Current liabilities</b>			
Trade and other liabilities	(1,412)	–	(1,412)
Tax liability	(412)	–	(412)
<b>Non-current liabilities</b>			
Deferred tax	–	(3,448)	(3,448)
<b>Net assets</b>	<b>5,665</b>	<b>16,484</b>	<b>22,149</b>
Cash			12,406
Share issued (Contingent to performance until FY2023)			19,271
Deferred consideration (Cash)			467
<b>Fair value of total consideration</b>			<b>32,144</b>
<b>Goodwill</b>			<b>9,995</b>

The trade and other receivables are all considered recoverable. The goodwill is related to assemble workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

#### 2.1 Acquisitions post year end

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.

## Notes to the Consolidated Financial Statements continued

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.

### 9. Goodwill and impairment

	Cost £'000	Accumulated impairment charges £'000	Carrying amount £'000
As at 1 April 2019	20,585	-	20,585
On acquisitions	15,087	-	15,087
As at 31 March 2020	35,672	-	35,672
On acquisitions	17,651	-	17,651
As at 31 March 2021	53,323	-	53,323

Management have concluded the acquisitions in the year are separate cash generating units. In the year ended 31 March 2021, there are nine cash generating units (CGU).

#### Impairment tests for goodwill

The value of CGUs is assessed according to the projected performance of the business. This is performed by calculating the recoverable amount of all CGUs based on value-in-use calculations. These calculations uses a post-tax cash flow projects based on latest forecasts by each CGU which are extrapolated to cover a 5 year period. The forecasts used are latest forecasts which have been adjusted for the impact of Covid-19 and the Expected impact on inflation. A risk-free discount rate is based on WACC using the CAPM model. A risk free rate has been used to mitigate the risk of double counting risk adjustments as these have been taken into account in the cash flows. As the WACC used in the value-in-use calculation are post-tax WACC, the implied pre-tax WACC has been subsequently calculated and disclosed below.

Each reporting period, management compares the resulting cash flow projections by CGU to the carrying value of goodwill. Any material variance in this calculation results in an impairment charge to the Consolidated Income Statement. The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them. The growth rate used varies between years, with the maximum growth rate shown in the table below. As well as the following assumptions, EBITDA margin based on historic and latest forecasts have been used for each CGU and ranges from 10% to 21%. A long term growth rate of 0.4% based on CPI as at 31 March 2021 was used to extrapolate cash flows beyond the budget period.

CGU	Carrying value 31 March 2021 £'000	Annual revenue growth rate %	Pre-tax discount rate %
Foundry 4, H+ and Arthurly	9,031	13%	13%
FutureGov and Ameo	15,086	13%	15%
Bene Agere	1,845	13%	16%
Questers	2,993	13%	18%
Deeson	1,239	10%	13%
Manifesto	6,092	10%	13%
Greenshoot Labs	130	10%	13%
KITS	9,995	10%	13%
Difrent	6,912	10%	13%

Based on the impairment review carried out at the end of 31 March 2021, the management believe that the projection of cash flow from the CGUs exceeded the carrying value of the goodwill.



### Sensitivity analysis

Management concluded that the key factor for sensitivity analysis is the revenue growth rate from FY2023 onward. The discount factor is assumed to be easily determined by way of the known risk of the market and the cost of debt which is based on the credit facility from HSBC at 2.5% plus SONIA. If the forecasted annual revenue for each CGU falls by the following rate shown in the table below, goodwill impairment would be required.

CGU	Annual revenue reduction rate
Foundry 4	-14%
Manifesto	-23%
Bene Agere	-3%
Questers	-32%
Deeson	-88%
Greenshoot Labs	-68%
FutureGov and Ameo	-18%
KITS	-43%
Difrent	-47%

### 10. Intangible assets

Intangible assets are non-physical assets which have been obtained as part of an acquisition or research and development activities, such as innovations, introduction and improvement of products and procedures to improve existing or new products. All intangible assets have an identifiable future economic benefit to the Group at the point the costs are incurred. Customer lists and brands are amortised over a maximum period of six years from the date of acquisition.

Intangible assets	Land and Buildings	Customer lists and brands	Intangible assets	Software (incl. purchased)	Software developed	Goodwill
<b>Cost</b>						
As at 1 April 2019	1,051	4,400	50	50	2	5,553
Additions	–	–	–	–	196	196
Acquired on acquisition	526	4,238	–	–	–	4,764
As at 31 March 2020	1,577	8,638	50	50	198	10,513
Additions	–	–	–	–	321	321
Acquired on acquisition	1,038	21,788	–	141	–	22,967
As at 31 March 2021	2,615	30,426	50	191	519	33,801
<b>Amortisation</b>						
As at 1 April 2019	73	263	2	1	–	339
Charge for the year	319	1,224	10	5	25	1,583
As at 31 March 2020	392	1,487	12	6	25	1,922
Charge for the year	409	2,031	10	9	50	2,509
As at 31 March 2021	801	3,518	22	15	75	4,431
<b>Net book value</b>						
As at 31 March 2021	1,814	26,908	28	176	444	29,370
At 31 March 2020	1,185	7,151	38	44	173	8,591
As at 1 April 2019	978	4,137	48	49	2	5,214

## Notes to the Consolidated Financial Statements continued

## 11. Investment in subsidiaries

Cost	£'000
As at 1 April 2019	32,499
Additions	22,453
As at 31 March 2020	54,952
Additions	43,626
As at 31 March 2021	98,578
Accumulated impairment	Total
As at 1 April 2019 and 1 April 2020	—
Impairment in the year	100
As at 31 March 2021	100
Fair value	Fair value
As at 31 March 2021	98,478
As at 31 March 2020	54,952
As at 1 April 2020	32,499

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid plus the fair value of contingent consideration determined at the acquisition date.

At 31 March 2021, the Company had the following subsidiaries:

Company name	Country of incorporation	Registered office	Principal activities	Ownership
Foundry4 Limited (previously Not Binary Limited)	England & Wales	7 Savoy Court, London, WC2R 0EX	Digital service consultancy, software development, data and automation	100%
Human Plus Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	IT focus in Robotic Process automation (RPA)	100% <sup>1</sup>
iDisrupted Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Ceased trading in the year	100%
Manifesto Digital Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Digital experience agency	100%
Questers Global Group Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Holding company	100% <sup>2</sup>
Questers Resourcing Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Provides dedicated highly skilled IT teams from its technology centre in Sofia, Bulgaria, a leading European talent pool, to businesses located in Europe and worldwide	100%
Arthurly Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Capabilities in hyperscale cloud projects	100%
Difrent Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Digital transformation consultancy	100%
Keep IT Simple Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Delivers managed services with expertise in service integration & management	100%
Questers Bulgaria EOOD	Bulgaria	Sofia, 17 H. Ibsen Str., fl.5 BG175406553	European talent pool, to businesses Bulgaria, a leading European talent and worldwide	100%

Company	Country of incorporation	Registered office	Main business activity	Ownership
Deeson Group Holdings Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Holding company	100%
Deeson Group Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Digital experience agency	100% <sup>3</sup>
Greenshoot Labs Limited	England & Wales	7 Savoy Court, London, WC2R 0EX,	IT development mainly in conversational interfaces and AI	100%
Bene Agere Norden AS	Norway	Postboks 573 Sentrum 0105 Oslo	Strategic and management digital transformation	100%
FutureGov Limited	England & Wales	Runway East (Second Floor) 20 St. Thomas Street, London, SE1 9RG	Digital and service design consultancy	100% <sup>4</sup>
Us-Creates Limited	England & Wales	Runway East (Second Floor) 20 St. Thomas Street, London, SE1 9RG	Dormant	100%
Ameo Professional Services Limited	England & Wales	Runway East (Second Floor) 20 St. Thomas Street, London, SE1 9RGL	Strategic and management consultancy focusing on digital transformation	100%
FutureGov Australia Pty Limited	Australia	Level 4, 29 Kiara Road, Miranda NSW 2228	Dormant	100%

## 12. Property, plant and equipment

Costs	Equipment £'000	Fixtures & fittings £'000	Leasehold improvements £'000	Total £'000
<b>Cost of assets</b>				
At 1 April 2019	90	50	185	325
Acquisition of subsidiaries	30	37	–	67
Additions	114	17	–	131
Disposals	(34)	–	–	(34)
At 31 March 2020	<b>200</b>	<b>104</b>	<b>185</b>	<b>489</b>
<b>Depreciation</b>				
Accumulated depreciation b/f	14	8	23	45
Charge for the year	70	16	68	154
Disposal	–	–	–	–
At 31 March 2020	<b>84</b>	<b>24</b>	<b>91</b>	<b>199</b>
<b>Net book value</b>				
At 31 March 2020	<b>116</b>	<b>80</b>	<b>94</b>	<b>290</b>
At 31 March 2019	76	42	162	280

1 Not Binary Limited owns 100% of Human Plus Limited

2 Quasters Global Group Limited fully owns Quasters Resourcing Limited, Quasters Techpark and Quasters Bulgaria

3 Deeson Group Holdings Limited owns 100% of Deeson Group Limited

4 FutureGov Limited owns 100% of FutureGov Australia Pty Limited and US Creates Limited

## Notes to the Consolidated Financial Statements continued

Group	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
<b>Cost of assets</b>				
At 1 April 2020	200	104	185	489
Acquisition of subsidiaries	37	12	—	49
Additions	133	4	—	137
Disposals	(73)	(11)	—	(84)
At 31 March 2021	297	109	185	591
<b>Depreciation</b>				
Accumulated depreciation b/f	84	24	91	199
Charge for the year	94	13	68	175
Disposal	(64)	(11)	—	(75)
At 31 March 2021	114	26	159	299
<b>Net book value</b>				
At 31 March 2021	183	83	26	292
At 31 March 2020	116	80	94	290
<b>Company</b>				
<b>Cost of assets</b>				
At 1 April 2019	—	—	—	—
Additions	—	—	1	1
At 31 March 2020	—	—	1	1
<b>Depreciation</b>				
Accumulated depreciation b/f	—	—	—	—
Charge for the year	—	—	—	—
At 31 March 2020	—	—	—	—
<b>Net book value</b>				
At 31 March 2020	—	—	1	1
At 31 March 2019	—	—	—	—
<b>Company</b>				
<b>Cost of assets</b>				
At 1 April 2020	—	—	1	1
Additions	—	—	4	4
At 31 March 2021	—	—	5	5
<b>Depreciation</b>				
Accumulated depreciation b/f	—	—	—	—
Charge for the year	—	—	1	1
At 31 March 2021	—	—	1	1
<b>Net book value</b>				
At 31 March 2021	—	—	4	4
At 31 March 2020	—	—	1	1

### 13. Leases

The Group leases various offices and office equipment. Rental contracts vary from rolling 3 month contracts to fixed contracts up to several years.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Right-of-use assets are recognised at the start of the lease term.

Right-of-use assets relates to property rentals where the lease term is greater than 12 months in duration. Items that do not meet the criteria of a right-of-use asset has been recorded in the income statement and is summarised below.

The Statement of Financial Position shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Right-of-use assets		
Leased buildings	445	1,045
	445	1,045
Lease liabilities		
Current	336	609
Non-current	53	390
	389	999

The maturity profile of the Group's lease liabilities is as follows:

	2021 £'000	2020 £'000
Maturity analysis		
Within one year	341	614
In more than one year but less than two years	74	345
In more than two years but less than three years	-	73
	415	1,032
Effect of discounting	(26)	(33)
Lease liability	389	999

## Notes to the Consolidated Financial Statements continued

Figures in thousands	2021	2020
<b>Cost of assets</b>		
1 April 2020	1,628	1,628
Additions	60	60
At 31 March 2021	1,688	1,688
<b>Depreciation</b>		
1 April 2020	583	583
Charge for the year	660	660
At 31 March 2021	1,243	1,243
<b>Net book value</b>		
At 31 March 2021	445	445

The income statement shows the following amounts relating to leases:

	2021	2020
	£'000	£'000
Interest on lease liabilities	24	42
Expenses relates to short term leases	341	317
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	1	1
	366	360
Amounts recognised in the consolidated income statement for cash flows	610	629
<b>Total cash outflow for leases</b>	<b>610</b>	<b>629</b>

#### 14. Trade and other receivables

	2021	2020
	£'000	£'000
Trade receivables	12,963	7,734
Prepayments	470	335
Other receivables	581	521
<b>Trade and other receivables</b>	<b>14,014</b>	<b>8,590</b>

Trade receivables at the reporting date comprise amounts receivable from the provision of the Group's products and services.

The average credit period taken on the provision of these services is 93 days (2020: 87 days).

The breakdown of the trade receivables by currency is explained under financial instrument section.

Trade receivables are non-interest bearing and generally have a 30 to 60 day payment term. The age of trade receivables before impairment is as follows:

	2021 £'000	2020 £'000
Not yet due	7,971	5,694
Past due 1-30 days	3,348	1,800
Past due 31-60 days	1,510	174
Past due 61-90 days	80	96
Past due 91-120 days	45	(23)
Past due 121+ days	204	75
Trade receivables before impairment	13,158	7,816
Provision for bad debt	(195)	(82)
Trade receivables as at March	12,963	7,734

Loss rates are calculated based on actual credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Group's view of the economic conditions over the expected lives of the receivables. The Group's provision for the loss allowance is £195k (2020: £82k)

Company	2021 £'000	2020 £'000
Other receivables	298	183
Trade and other receivables	298	183

## 15. Cash and cash equivalents

Group	2021 £'000	2020 £'000
Cash at bank and in hand	5,734	4,614

Cash balances are held with a small number of counterparties, with high credit rating. Borrowings were taken out during the year. These are discussed in note 17.

Company	2021 £'000	2020 £'000
Cash at bank and in hand	344	147

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counterparty is a bank with a high credit rating

## 16. Trade and other payables

### 16.1 Current

Group	2021 £'000	2020 £'000
Trade payables	3,996	2,560
Accruals and other payables	1,685	1,783
Trade and other payables	5,681	4,343

Company	2021 £'000	2020 £'000
Trade payables	202	236
Accruals and other payables	359	258
Trade and other payables	561	494

## 17. Borrowings

The Group entered into a three year £5m revolving credit facility ("RCF") with HSBC UK Bank Plc ("HSBC") on 11 June 2019. The RCF was amended to £7m in September 2020 and £2m was drawn down for the acquisition of Difrent. In February 2021, the RCF was further extended to £20m and £6m was drawn-down for the acquisition of Keep IT Simple. Of the total facility, £13m has been drawn down and £7m remains undrawn. Within the £20m facility The Group can draw-down up to £5m for working capital purposes with the remainder set aside for acquisitions.

Interest is payable on a monthly basis at an average margin of 2.5% plus SONIA.

## Notes to the Consolidated Financial Statements continued

The RCF reaches maturity in June 2023.

HSBC has taken security over The Panoply and all of the Group's subsidiaries and their assets in connection with the RCF Facility. The RCF Facility contains customary terms and covenants, including financial covenants.

Under the terms of the RCF facility, the Group is required to comply with the following financial covenants:

- the adjusted leverage (based on net debt over adjusted EBITDA) should be less than 1.75 and
- the interest cover taken as adjusted EBITDA over net finance costs must be more than 4.

Adjusted EBITDA is taken on a proforma basis, assuming that all companies have been part of the Group for 12 months.

The Group has complied with these covenants throughout the reporting period. As at 31 March 2021, the adjusted leverage was 0.7 and the interest cover was 38.14.

	2021 £'000	2020 £'000
<b>Group secured</b>		
Bank loans	13,000	5,000
<b>Total secured borrowings</b>	<b>13,000</b>	<b>5,000</b>
<b>Group unsecured</b>		
Credit cards & unsecured borrowings	55	29
<b>Total unsecured borrowings</b>	<b>55</b>	<b>29</b>
<b>Total borrowings</b>	<b>13,055</b>	<b>5,029</b>
<b>Company secured</b>		
Bank loans	13,000	5,000
<b>Total secured borrowings</b>	<b>13,000</b>	<b>5,000</b>
<b>Total borrowings</b>	<b>13,000</b>	<b>5,000</b>

### 16. Assets and liabilities related to contracts with customers

All revenue relates to contracts with customers. The Group have a number of contracts where it receives payments from customers based on a billing schedule. Revenue recognised in excess of invoices raised is included within contract asset. Where amounts have been invoiced in excess of revenue recognised, the excess is included within contract liability.

	2021 £'000	2020 £'000
<b>Contract asset</b>		
Current contract asset	1,144	1,413
Loss allowance	—	—
<b>Total contract asset</b>	<b>1,144</b>	<b>1,413</b>
<b>Contract liability</b>		
<b>Total contract liability</b>	<b>1,941</b>	<b>1,454</b>

Contract assets have decreased despite the significant increase in revenue as there has been a focus on invoicing clients on a timely basis for work performed.

Contract liabilities have increase due to overall contract activity where customers are paying in advance for performance obligations that have yet to be satisfied.



#### Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

Group	2021 £'000	2020 £'000
Revenue recognised that was included in the contract liability taken over on acquisition	144	78
Revenue recognised that was included in the contract liability balance at the beginning of the period	1,454	398
Revenue recognised from performance obligations satisfied in previous periods	—	16
Unsatisfied long-term contracts		

The majority customer contracts for the Group as at 31 March 2020 are 12 months or less. Long term contracts with unsatisfied performance obligations as at 31 March 2021 is £nil (2020: £nil).

#### 19. Other taxes and social security costs

Group	2021 £'000	2020 £'000
Current liabilities		
Corporation tax	1,439	861
VAT	2,423	1,471
Other taxes and social security costs	1,464	669
Total	5,326	3,001
Current assets		
Corporation tax	22	197
VAT	115	9
Total	137	206
Net position		
Current liabilities		
VAT	12	124
Other taxes and social security costs	41	33
Total	53	157

## Notes to the Consolidated Financial Statements continued

**20. Gain/(loss) on the fair value movement of deferred and contingent consideration**

The consideration payment of the acquired businesses includes deferred consideration, in the form of equity payment, contingent upon certain results being achieved over relevant periods.

Group	2021 £'000	2020 £'000
Opening fair value at 1 April	16,545	10,849
Initial fair value for deferred contingent consideration on acquisitions in the year	2,093	2,172
Settlement of deferred consideration (shares)	(11,025)	(240)
Settlement of deferred consideration (cash)	(121)	–
Movement on fair value contingent consideration	4,260	3,764
Fair value at 31 March	11,752	16,545
Deferred consideration measured at amortised cost	138	713
Deferred consideration on acquisitions in the year	467	–
Acquired as part of business combination	–	513
Settlement in the year (cash)	(138)	(1,088)
Amortised cost at 31 March	467	138
Total	12,219	16,683
Deferred and contingent consideration as at 31 March:		
Deferred and contingent consideration due less than one year	8,478	10,685
Deferred and contingent consideration due more than one year	3,741	5,998
As at 31 March	12,219	16,683
Fair value at April	16,545	10,849
Initial fair value for deferred contingent consideration on acquisitions in the year	2,093	2,172
Settlement of deferred consideration (shares)	(11,025)	(240)
Settlement of deferred consideration (cash)	(121)	–
Movement on fair value contingent consideration	4,260	3,764
Fair value at 31 March	11,752	16,545
Deferred consideration measured at amortised cost	–	713
Deferred consideration on acquisitions in the year	467	–
Settlement in the year	–	(713)
Amortised cost at 31 March	467	–
Total	12,219	16,545
Deferred and contingent consideration as at 31 March:		
Deferred and contingent consideration due less than one year	8,478	10,547
Deferred and contingent consideration due more than one year	3,741	5,998
As at 31 March	12,219	16,545

The contingent consideration more than one year has a range of years due from 1 April 2022 to 30 September 2023.

The fair value movement of £4.3m in the year resulted from the unwinding of the discount and due to changes in the value of contingent consideration based on latest forecasts and amendments to SPAs. The following SPA changes were made in the year:

**FutureGov**

The second deferred earn-out consideration was agreed between the FutureGov sellers and the Group at an amount equal to a £1,249,290 in respect of the 12 month period ending on 31 March 2021.

### Ameo

The first deferred earn-out consideration was agreed between the Ameo sellers and the Group at an amount equal to £416,460 in respect of the 17 month period ending on 31 March 2021 and £889,710 in respect of the 12 month period ending on 31 March 2022.

### Greenhoot Labs

The parties to the GSL SPA have agreed that the GSL sellers will receive deferred earn-out consideration equal to a fixed amount of £500,000 in respect of the 12 month period ending on 31 March 2020 (the "First GSL Reference Period"), in substitution for an amount that would have been previously determined by a calculation predominantly based on GSL's EBITDA performance for the First GSL Reference Period. This is to reflect the value of GSL's revenue growth during the period.

The calculation for the amount of deferred earn-out consideration in respect of the 12 month period ending on 31 March 2021 (the "Second GSL Reference Period") will remain based on the financial performance of GSL for the Second GSL Reference Period. In addition, the GSL deferred earn-out consideration remains payable by the Panoply by the issue of the relevant number of Panoply Shares (calculated in accordance with the GSL SPA) in one tranche following the publication of the Panoply's accounts for the First and Second GSL Reference Period (as applicable).

## 21. Share capital and reserves

Share capital and reserves comprise of the following categories:

- **Share capital:** The nominal value of shares in issue
- **Share premium:** The excess of the value received for shares issued over their nominal value less transaction costs and amounts used to fund bonus issues.
- **Merger reserve -** 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.

- **Capital redemption reserve:** The nominal value of shares cancelled.
- **Foreign exchange reserve:** Cumulative gains or losses recognised on retranslation of overseas operations.
- **Share-based payment reserve:** The cumulative charge recognised under international financial reporting standards less amounts exercised.
- **Retained earnings:** Cumulative gains or losses not recognised elsewhere, less amounts distributed to shareholders. In the current year, an interim dividend of £138k was made by the Company. The Company had sufficient reserves to make the dividend, however the Company did not file interim accounts with Companies House to demonstrate the Company had sufficient reserves which is a requirement per The Companies Act 2006 section 836 and 838. The Company are resolving this issue by filing the interim accounts as at the 30 September 2020 and through resolutions to be agreed at the AGM.

	2021	2020
Shares issued and fully paid	£1,060	£1,035
Beginning of year	551	423
Issued during year	253	128
Shares issued and fully paid	804	551
Share capital of other companies fully paid	261	207
Ordinary shares of £0.01 each		
At 31 March	80,428,360	55,052,267

## Notes to the Consolidated Financial Statements continued

Share issued in connection with Acquisitions	Number of shares issued	Share price £000	Share premium £000	Total £000	Total £000
At 1 April 2019	42,295	423	5,673	15,106	21,202
Acquisition of subsidiaries	12,466	125	–	10,461	10,586
Settlement of contingent consideration	291	3	–	237	240
As at 31 March 2020	55,052	551	5,673	25,804	32,028
Acquisition of subsidiaries	14,562	146	–	24,225	24,371
Settlement of contingent consideration	10,805	107	–	10,897	11,004
Shares issued to SIP scheme	9	–	18	–	18
<b>As at 31 March 2021</b>	<b>80,428</b>	<b>804</b>	<b>5,691</b>	<b>60,926</b>	<b>67,421</b>

The share price with reference to the acquisitions in the year ranged from 82.0p to 187.5p.

## 22. Deferred tax

### Deferred tax liability

	2021 £000	2020 £000
Accelerated amortisation of intangible assets in connection with acquisition of subsidiaries	1,623	925
As at 1 April	1,623	925
Deferred tax arising from acquisition of subsidiaries	3,964	903
Change in deferred tax rate	–	77
Movement in income statement for the year	(454)	(282)
As at 31 March	5,133	1,623

The Government had announced an increase in corporation tax rate to 25%. As at the balance sheet date, this had not been enacted and therefore has not been reflected in current year's trading results.

### Deferred tax asset

	2021 £000	2020 £000
Accelerated amortisation of intangible assets in connection with acquisition of subsidiaries	–	14
As at 1 April	–	–
Deferred tax arising on acquisition of subsidiaries	–	–
Movement in income statement for the year	15	(14)
As at 31 March	15	–
Tax losses	691	690
Unused tax losses for which no deferred tax asset has been recognised	44	691
Potential tax benefit available for offset against future profits in the jurisdiction in which the loss arises	8	131

## 23. Ultimate controlling party and related party transactions

In the opinion of the Directors there is no ultimate controlling party. All other transactions and balances with related parties, which are presented for the Group and the Company, are detailed below.

### Transactions with subsidiaries

#### Transactions with subsidiaries arising from management fee

Transactions with subsidiaries comprise sale and purchase of services in the ordinary course of business at normal commercial terms. Total income accrued in the Company as a result of management fee was £1,413k (2020: £1,231k). During the year the Company received £9,358k (2020: £1,678k) dividends from its subsidiaries (refer to Company Statement of Cash Flow). There was also purchases totalling £134k (2020: £169k). Intercompany loans to and from subsidiaries for the year are noted in the table on the next page.

Balances outstanding at 31 March 2021 and 2020 in respect of the transactions between Company and its subsidiaries are shown below:

	2021	2020
Outstanding balances between Company and subsidiaries	£000	£000
Other receivables from Group undertakings	797	760
Intercompany loans to Group undertakings*	104	577
Intercompany loans from Group undertakings	(5,040)	(3,227)
<b>Total</b>	<b>(4,139)</b>	<b>(1,890)</b>

Other receivables from Group undertakings relates to management fees due to the Company from the subsidiaries. As at 31 March 2021, the balance was £1,150k (2020: £760k), with a provision of £353k (2020: £nil).

\*Intercompany loans to Group undertakings are at the market rate of 3% and are repayable on demand. As at 31 March 2021, the balance was £1,086k (2020: £1,027k) with a provision of £982k (2020: £450k).

In addition, the Company owed £2k (2020: £2k) to subsidiaries which is included within the trade payables.

The expected credit loss on intercompany receivables and loans are £1,335k based on actual credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Company's view of the economic conditions over the expected lives of the receivables. The Company's provision for the loss allowance as at 31 March 2021 was £1,335k (2020: £450k).

#### Transactions with subsidiaries and associates

Transactions with subsidiaries comprise sale and purchase of services in the ordinary course of business at normal commercial terms. Total intercompany sales excluding to parent Company were £374k (2020: £853k).

#### Transactions with Directors

Details of Directors' interests in the Company's shares, service contracts and remuneration are set out in the report of the Board to the members on Remuneration report on pages 92 and 93.

The director's loan provided to Neal Gandhi of £50k in the year ending 31 March 2019 from its subsidiary, Questers Resourcing Limited remains outstanding as at 31 March 2021. This is interest free and payable on demand.

In December 2018, the Group acquired Not Binary Limited. Neal Gandhi and Oliver Rigby owned shares in Not Binary Limited totalling 5 per cent and 1 per cent respectively. The fair value of deferred contingent consideration shares due to the directors is valued at £102k, which relates to consideration due less than one year.

In December 2018, the Group acquired Questers Global Group Limited. Neal Gandhi owned shares in Questers Global Group Limited totalling 58.5 per cent. The fair value of deferred contingent consideration shares due to him is valued at £1,341k (£973k being deferred consideration less than one year and £368k due from 1 April 2022 to 31 March 2023).

## 24. Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in Note 2.

#### Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Contract Assets
- Deferred and contingent consideration
- Lease liabilities
- Borrowings

## Notes to the Consolidated Financial Statements continued

### Financial assets and liabilities measured at amortised cost

The book values of the financial instruments (excluding equity shares) used by the Group, from which financial risk arises, are as follows (note prepayments and other receivables are not financial assets under IFRS 9 but are disclosed for ease of reconciliation):

Group	2021 £'000	2020 £'000
Financial assets at amortised cost*		
Trade receivables	12,963	7,734
Prepayments	470	335
Other receivables	581	521
Contract assets	1,144	1,413
Cash and cash equivalents	5,734	4,614
As at 31 March	20,892	14,617

Financial assets at amortised cost include the following debt investments which is included within 'Other receivables':

	2021 £'000	2020 £'000
Loans to related parties	50	50
As at 31 March	50	50

\*The fair value of financial assets carried at amortised cost approximates to the carrying amounts because of the short maturity of these instruments.

	2021 £'000	2020 £'000
Financial liabilities at amortised cost less than one year*		
Trade payables	3,996	2,560
Other payables	263	756
Accruals	1,422	1,027
Borrowings	55	29
Deferred and contingent consideration	467	138
Lease liabilities	336	609
As at 31 March	6,539	5,119
Financial liabilities at amortised cost greater than one year		
Borrowings	13,000	5,000
Lease liabilities	53	390
As at 31 March	13,053	5,390

At a Company level, the principal financial instruments used from which financial instrument risk arises, are as follows:

- Intercompany loans and other receivables due from Group undertakings
- Cash and cash equivalents
- Trade and other payables
- Deferred and contingent consideration
- Borrowings
- Intercompany loans due to Group undertakings

Company	2021 £'000	2020 £'000
Financial assets at amortised cost		
Other receivables	298	183
Other receivables from Group undertakings	797	760
Intercompany loans to Group undertakings*	104	577
Cash and cash equivalents	344	147
As at 31 March	1,543	1,667

\*The fair value of financial assets carried at amortised cost approximates to the carrying amounts because of the short maturity of these instruments.

	2021 £'000	2020 £'000
Financial liabilities at amortised cost due and payable within one year	---	---
Trade payables	202	236
Accruals and other payables	359	258
Deferred consideration	467	-
Amounts owed to Group undertakings	5,040	3,227
As at 31 March	6,068	3,721
Financial liabilities at amortised cost due and payable after one year	---	---
Borrowings	13,000	5,000
As at 31 March	13,000	5,000

#### Fair value measurement

Financial instruments in the category "fair value through profit or loss" are measured in the Consolidated Statement of Financial Position at fair value. Fair values of financial instruments are recognised and measured of measurements are disclosed by level of the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – Inputs for asset or liability that are not based on observable market data (that is unobservable inputs)

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 March 2021:

	2021		2020	
	Group £'000	Company £'000	Group £'000	Company £'000
Contingent consideration (See below)	-	-	11,752	-
Deferred contingent consideration (See Note 20)	-	-	-	-
Opening balance	-	-	16,545	10,849
Additions	-	-	2,092	2,172
Settlements	-	-	(11,145)	(240)
Fair value movement deferred contingent consideration (reflected in Consolidated Income Statement)	-	-	4,260	3,764
Deferred contingent consideration (See Note 20)	-	-	11,752	16,545

## 25. Risk management

The Group finances its activities through equity and bank financing. No speculative treasury transactions are undertaken, and no derivative contracts were entered into. Financial assets and liabilities include those assets and liabilities of a financial nature, namely cash and borrowings. The Group is exposed to a variety of financial risks arising from its operating activities, which are monitored by the Directors and are reported in the Risk and Risk Management section on pages 75 to 77.

#### Financial risk management

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group policy throughout the year has been to ensure continuity of funding by a combination available bank facility and the issue of equity. The following table shows the contractual maturities of financial liabilities measured at amortised cost.

## Notes to the Consolidated Financial Statements continued

## Contractual maturities of financial liabilities at 31 March 2021:

	Group					Panoply				
	Less than 1 year	1 to 5 years	5 to 10 years	Effect of derivative	Total	Less than 1 year	1 to 5 years	5 to 10 years	Effect of derivative	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Trade and other payables (Note 16)	5,681	-	-	-	5,681	561	-	-	-	561
Borrowings (Note 17)	554	13,148	-	(647)	13,055	499	13,148	-	(647)	13,000
Deferred consideration (Note 20)	467	-	-	-	467	-	-	-	-	-
Lease liabilities (Note 13)	341	74	-	(26)	389	-	-	-	-	-
Amount owed to Group undertakings (Note 23)	-	-	-	-	-	5,040	-	-	-	5,040
	7,043	13,222	-	(673)	19,592	6,100	13,148	-	(647)	18,601

## Contractual maturities of financial liabilities at 31 March 2020:

	Group					Panoply				
	Less than 1 year	1 to 5 years	5 to 10 years	Effect of derivative	Total	Less than 1 year	1 to 5 years	5 to 10 years	Effect of derivative	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Trade and other payables	4,343	-	-	-	4,343	494	-	-	-	494
Borrowings (Note 17)	173	144	5,048	(336)	5,029	144	144	5,048	(336)	5,000
Deferred consideration (Note 20)	138	-	-	-	138	-	-	-	-	-
Lease liabilities (Note 13)	614	345	73	(33)	999	-	-	-	-	-
Amount owed to Group undertakings (Note 23)	-	-	-	-	-	3,227	-	-	-	3,227
	5,268	489	5,121	(369)	10,509	3,865	144	5,048	(336)	8,721

### Financial risk management

The macro economic impact of the Covid-19 pandemic is uncertain, and continues to evolve, with potential disruption to financial markets including to currencies, interest rates, borrowing costs and the availability of debt financing.

However, the Group's financial risk management strategies seek to reduce our potential exposure in relation to these risks.

The Group has a combined cash and cash equivalent of £5.7m, providing significant headroom over short term liquidity requirements.

The Group's operating activities result in customer credit risk, for which provisions for expected credit losses are recognised. This customer related credit risk is generally short term in duration and while Covid-19 impacts on our customers it had no material impact on credit loss provisioning at 31 March 2021 and remains a risk in relation to this matter for the year ending 31 March 2022.

The Group's policy on capital structure is to maintain a level of gross cash available, which the Board considers to be adequate to fund a range of potential EBITDA movements, taken from a series of business projections and scenarios. Based on these business projections which takes into account the impact of Covid-19 the Board believes it has sufficient cash resources at its disposal to pursue its chosen strategy of maximising shareholder returns from its customer base.

The Group manages its capital to ensure that trading entities in the Group will be able to continue as going concerns, while maximising the returns to shareholders through the organisation of cash and equity balances. The capital structure of the Group consists of cash at bank and in hand and equity attributable to equity holders of the parent,



comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity on page III.

The Directors seek to promote recurring revenues to a wide range of business customers, to reduce the risks associated with fluctuations in the UK economy and to increase the long-term value to customers and shareholders.

The declaration and payment by the Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. In order to maintain or adjust the capital structure, the Group may adjust the amount of any pay-outs to the shareholders, return capital to the shareholders, issue new shares and make borrowings or sell assets to reduce debt.

#### Trade receivables

The Group's policy is to monitor trade and other receivables and avoid significant concentrations of credit risk. The principal credit risk arises from trade receivables. Aged receivables reports are reviewed monthly as a minimum. The credit control function follows a policy of sending reminder letters that start once an invoice is over 30 days overdue. These culminate in a legal letter with the threat of legal action. In a limited number of cases, legal action has been pursued. An aged analysis of receivables is shown in Note 14 to the financial statements.

In line with IFRS 9, the Group assesses the credit risk balances at each reporting date, to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The simplified approach has been applied to trade debtors to measure the loss allowance at an amount equal to the lifetime expected credit loss (ECL) at initial recognition and throughout its life. The credit risk is assessed by reviewing the contract income amount compared to the amount subsequently recovered. The Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers, including some government authorities. Assessment of the average expected credit loss across the Group is deemed to be low over a period of 36 months to 31 March 2021 with the exception of Bene Agere. The bad debt provision as at 31 March 2021 was assessed to be £195k (2020: £82k). Trade receivables are stated net of an impairment for estimated irrecoverable amounts to £13.0m (2020: £7.7m). This impairment has been determined by reference to known issues. The Group was not adversely affected by the impact of Covid-19 on the expected credit loss assessment.

Write-offs are made when the irrecoverable amount becomes certain. During the year £108k of bad debt was written off against the provision which primarily relates to Bene Agere. The Group's main risk relates to trade receivables which are stated net of the provisions above. No collateral is held as security against these debtors and the carrying value represents the fair value.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

#### Foreign currency risk

The Group's main foreign currency risk is the short-term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries functional currency. The risk arises on the difference in the exchange rate between the time invoices are raised/received and the time invoices are settled/paid. For sales denominated in foreign currencies the Group will try to ensure that the purchases associated with the sale will be in the same currency. Most monetary assets and liabilities of the Group were denominated in pound sterling except for the following currency in the table below, and which are included in the financial statements at the sterling value based on the exchange rate ruling at the Statement of Financial Position date

Sensitivity analysis in foreign exchange rates show an increase or decrease by 10% with all other variables held constant, the net assets attributable to shareholders would increase or decrease by approximately £234k (2020: £181k).

The maximum exposure to foreign currency risk for the Group trade receivables at the reporting date was:

	2021 £'000	2020 £'000
Norwegian Krone (NOK)	168	248
European Union currency (EUR)	57	181
United States of America Dollar (USD)	615	40
As at 31 March	840	469

## Notes to the Consolidated Financial Statements continued

The maximum exposure to foreign currency risk for Group cash and cash equivalent at the reporting date by was:

	2021 £'000	2020 £'000
European Union currency (EUR)	127	150
Norwegian Krone (NOK)	352	475
Australian Dollar (AUD)	2	—
Bulgarian Lev (BGN)	43	—
Serbian Dinar (RSD)	—	58
United States of America Dollar (USD)	166	13
As at 31 March	690	696

The maximum exposure to foreign currency risk for the Group trade and other payables at the reporting date was:

	2021 £'000	2020 £'000
USD	5	12
EUR	—	90
NOK	265	441
BGN	78	103
As at 31 March	348	646

In the year ended 31 March 2021, the Group has an RCF facility balance of £13m denominated in GBP. The facility has been taken out on a floating rate basis (SONIA) for a period of 3 years up to June 2023. Interest rate risk arises on the change in SONIA which affects the interest payable by the Group

Sensitivity analysis in interest rates show that with an increase in 100 basis points, with all other variables held constant, the net assets attributable to shareholders would increase or decrease by approximately £255k. Management periodically reviews the interest rates with lenders to manage the interest rate risk associated with the loans.

## 26. Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Partial settlement of a business combination through the issue of shares (see note 8)
- Acquisition of right-of-use assets (see note 13)

### Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Financial year 2020	Financial year 2019	Sub total 2020	Sub total 2019	2019
Net (debt)/cash at 1 April 2019	–	(1,501)	(1,501)	5,650	4,149
New leases	–	(127)	(127)	–	(127)
New borrowings	(5,000)	–	(5,000)	–	(5,000)
Loans acquired on acquisition	(507)	–	(507)	–	(507)
Cash flows	507	629	1,136	(1,036)	100
Net (debt)/cash as at 31 March 2020	(5,000)	(999)	(5,999)	4,614	(1,385)
New borrowings	(8,000)	–	(8,000)	–	(8,000)
Loans acquired on acquisitions	(55)	–	(55)	–	(55)
Cash flows	–	610	610	1,120	1,730
Net (debt)/cash at 31 March 2021	(13,055)	(389)	(13,444)	5,734	(7,710)

Net cash increase in the year due to an increase in trading and cash acquired on acquisition offset by a cash outflow for acquisitions completed in the year.

	Financial year 2020	Financial year 2019	Sub total 2020	Sub total 2019	2019
Net cash at 1 April 2019	–	–	–	2,762	2,762
New borrowings	(5,000)	(1,000)	(6,000)	–	(6,000)
New borrowings – non cash items	–	(2,227)	(2,227)	–	(2,227)
Cash flows	–	–	–	(2,615)	(2,615)
Net (debt)/cash as at 31 March 2020	(5,000)	(3,227)	(8,227)	147	(8,080)
New borrowings	(8,000)	–	(8,000)	–	(8,000)
New borrowings – non cash items	–	(1,813)	(1,813)	–	(1,813)
Cash flows	–	–	–	197	197
Net (debt)/cash at 31 March 2021	(13,000)	(5,040)	(18,040)	344	(17,696)

Net cash increase in the year due to increase borrowings offset by a cash outflow for acquisitions completed in the year.

## 27. Prior year adjustment

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 not be recorded within the share premium 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 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. The only impact to the Statement of Financial Position is displayed in the Statement of Changes of Equity and therefore no Statement of Financial Position has been presented as at 31 March 2019.

## Notes to the Consolidated Financial Statements continued

**28. 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.

## Directors, Secretary and Advisers

### Directors

**Mark Smith**  
Non-Executive Chairman

**Chris Sweetland**  
Non-Executive Director

**Isabel Kelly**  
Non-Executive Director

**Rachel Neaman**  
Non-Executive Director

**Neal Gandhi**  
Chief Executive Officer

**Oliver Rigby**  
Chief Financial Officer

### Secretary

**Oliver Rigby**

Company number  
**10533096**

### Registered office

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### Solicitors

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### Registered Auditor

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### Handelsbanken

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### Registrars

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