

This announcement contains inside information

12 June 2019

**The Panoply Holdings PLC**  
(“The Panoply”, or the “Group”)

**Acquisition of FutureGov**

**Total voting rights**

***Transformational deal provides a compelling, alternative proposition to the public sector***

The Panoply Holdings PLC, the digitally native technology services Group, announces the acquisition of the entire issued share capital of FutureGov Limited (“**FutureGov**”), a leader in digital service design for the public sector and health sector (the “**Acquisition**”).

FutureGov has been changing public sector organisations through digital transformation for over a decade, using design, technology and organisation development approaches to create public services fit for the 21st century. As well as adding further service capabilities FutureGov brings strong existing client relationships, including Homes England, Essex County Council, Stockport Council, London Borough of Hackney, North East Lincolnshire Council and NHS Digital. As The Panoply’s largest acquisition to date it also adds significant scale to the Group, which will employ circa 305 staff in total following completion of the Acquisition.

FutureGov was incorporated in 2008 and in the year to 31 December 2018 generated revenues of £6.4m, an EBITDA of £1.52m and profit before tax of £1.45m. The acquisition of FutureGov is expected to be immediately earnings enhancing for the Group.

The Acquisition transforms the shape of The Panoply, with circa 45% of Group revenue, on a proforma basis, originating from the health and public sectors following completion. The combination of FutureGov’s wealth of experience and The Panoply’s extended capabilities creates a very strong disrupter in these sectors, challenging the status-quo of larger organisations. The Group is now able to offer public sector clients an end-to-end service from discovery through to live digital transformation programmes which is entirely tailored to the needs of the industry.

FutureGov’s Chief Executive Officer, Dominic Campbell, will take on a Group-wide role of Managing Director, Public Sector and Health. His focus will be on securing transformational projects into the sector through the provision of a compelling alternative to the incumbent digital service providers. There are no proposed changes to The Panoply’s board of directors as a result of the Acquisition.

The initial consideration for the Acquisition will be £11.8m, satisfied through the payment of circa £6m cash and the issue of 6,612,397 new ordinary shares in The Panoply. In addition, The Panoply has also procured, on Completion, the repayment of loan notes issued by FutureGov to certain shareholders with a principal amount totalling £500,000 by FutureGov (the “**Loan Notes**”). 80% of the cash consideration is being paid to external investors in FutureGov or former employees. Demonstrating their belief in The Panoply, the FutureGov management team will receive 90% of the consideration due to them in shares in The Panoply and 10% in cash on completion, with all of any earn out consideration to be received in shares in The Panoply.

The Panoply has entered into a three year £5m revolving credit facility with HSBC (the “**RCF Facility**”) pursuant to which £3.55m will be drawn-down to pay a proportion of the cash consideration payable pursuant to the Acquisition. HSBC has taken security over The Panoply and all of the Group’s material subsidiaries and their assets in connection with the RCF Facility. The RCF Facility contains customary terms and covenants, including financial covenants.

As at 31 May 2019, assuming all payments in connection with the Acquisition had been made as at that date, the Group retained cash reserves of approximately £4.75m.

**Neal Gandhi, Chief Executive Officer of The Panoply said:**

*“FutureGov in every way reflects our own ethos, as a digitally native company built for the demands of the 21<sup>st</sup> century. It has built its reputation in the health and public sector with many projects with local authorities and other government bodies creating 21<sup>st</sup> century citizen services in areas as diverse as housing, transport, children’s and adults’ social care and health. We are excited by the opportunities that this opens up to all of our Group companies. Having started our dialogue only a few months ago, we are already bidding jointly for several deals totalling more than £4m.*

*This is our largest acquisition to date, demonstrating the continued success of our proposition to target companies and our post-acquisition operating model. We are proud to be delivering on our ambitions and building a Group that is both profitable and purpose-led.”*

**Dominic Campbell, Chief Executive Officer of FutureGov said:**

*“We’re proud of our track record of growth, with over a decade of experience working in the public sector, and more recently, rapid growth in health. We’re keen to keep this momentum going and, in The Panoply, we’ve found a Group which clearly shares our purpose of providing an alternative to the incumbent digital transformation players. As part of the Group we will help to build the future, by growing the depth and breadth of our capabilities and scale, whilst retaining what makes us unique.*

*With this deal, we’re proud to repay the faith and investment that our key investors Surrey County Council and Nesta have shown us over the past five years, returning a significant return on their investment for onward investment in public service delivery and social impact.”*

**Additional information on the acquisition**

The Panoply has acquired FutureGov from Dominic Campbell, Caroline Bishop, Peter Martin, Mary Cook, Zoe Stanton, Nesta, Surrey County Council and a number of employee shareholders who exercised share options immediately prior to Completion of the Acquisition

The consideration payable under the share purchase agreement relating to the Acquisition (the “**SPA**”) comprises the following on Completion:

- the allotment and issue of 6,612,397 ordinary shares in the Panoply, with a value of £5.8m, calculated by reference to a price of 87.5 pence to the sellers other than Nesta and Surrey County Council (the “**Initial Panoply Shares**”);
- a payment in cash of £6.06m; and
- the procurement by The Panoply of the repayment by FutureGov of an amount of £507,371 in respect of the outstanding Loan Notes.

together (the “**Initial Consideration**”).

The cash element of the Initial Consideration is being funded through a combination of the RCF Facility, the Group’s existing cash reserves and cash acquired as part of FutureGov.

Subject to the future EBITDA performance of FutureGov (based on EBITDA) during the 15 month period 1 January 2019 to 31 March 2020 (annualised) and 12 month period from 1 April 2020 to 31 March 2021, in addition to the Initial Consideration, the selling shareholders of FutureGov will be entitled to receive deferred earn-out consideration, of which 96% will be payable by the allotment and issue of shares in The Panoply (“**Panoply Shares**”) and 4% in cash following the agreement of the relevant EBITDA calculations at the end of each of those financial periods. The number of Panoply Shares to be allotted and issued shall be calculated by dividing the earn-out price payable by a price per share in The Panoply which is the greater of 83.125 pence and the volume-weighted average mid-market price over the 30 business days prior to the

issue of the relevant Panoply Shares. Any Panoply Shares allotted and issued by way of deferred consideration will be allotted and issued as follows:

- in four equal tranches over a 24 month period following the determination of the accounts in respect of the financial year ending 31 March 2019 and the publication of the Group's results for the same period; and
- in four equal tranches over a 24 month period following the determination of the accounts in respect of the financial year ending 31 March 2020 and the publication of the Group's results for the same period.

The total consideration payable by The Panoply in respect of the Acquisition is capped at a maximum of £21m.

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 and subject to claw-back by The Panoply if FutureGov's EBITDA decreases over the 2 year earn-out period.

### **Admission and total voting rights**

An application has been made for the admission of the Initial Panoply Shares to trading on AIM which is expected to take place on or before 18 June 2019. Following this issue, the Company's issued share capital will comprise 48,907,544 Ordinary Shares and this is the total number of voting rights in the Company. There are no shares held in treasury.

This figure may be used by shareholders as the denominator for the calculation by which they may determine if they are required to notify their interest in, or change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

### **Enquiries:**

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

### **About The Panoply**

The Panoply is a digitally native technology services company, built to service clients' digital transformation needs. Founded in 2016, with the aim of identifying and acquiring best-of-breed specialist information

technology, design and innovation consulting businesses across Europe, the Group collaborates with its clients to deliver the technology outcomes they're looking for at the pace that they expect and demand.

More information is available at [www.thepanoply.com](http://www.thepanoply.com)

### **About FutureGov**

FutureGov reforms health and public services by supporting organisations through digital transformation and service design. The Company believes in the power of 21st-century organisations to deliver the highest quality, citizen-centred services that have a lasting impact for all.

More information about FutureGov is available at [www.wearefuturegov.com](http://www.wearefuturegov.com)