

Project Rainbow

Information Memorandum

December 2022

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Glossary

Archus / the 'Company'	Archus Limited
CAGR	Compound annual growth rate
CMH	Community Mental Health Services
FYXX	12 months ending 31 January 20XX
HIP	Healthcare Infrastructure Plan
ICS	Integrated care systems
MDT	Multi-disciplinary team
NHS	National Health Service
SBS	Shared Business Services
SLT	Senior Leadership Team
PPM	Project and Programme Management
YTD	9 months ending October 2022
YTG	3 months forecast ending January 2023

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Executive summary



Executive summary

Business summary

Archus is a healthcare consultancy that provides strategic and infrastructure advice directly to the government, health and care systems and hospital groups such as NHS Trusts. Founded in 2017, Archus has worked on over 500 projects to date, supporting healthcare clients in the delivery of multi-million pound healthcare projects across the UK and internationally.

The business has experienced significant growth since inception and now has five offices in the UK and two in Ireland. Having initially focused on the UK, Archus is now successfully targeting international growth via new territories while creating additional service offerings to meet the needs of the market and capitalise on global increases in healthcare spend.

With a team of 89 staff, Archus have unrivalled experience and bring together a combination of valuable skillsets including strategists, health planners, clinicians, analysts, project managers, strategic property advisors and technical experts. The team is led by a highly experienced and capable senior leadership team who have worked together for many years in other businesses.

The company is positioned uniquely as one of the few firms of consultants to provide end-to-end advice on healthcare projects, from initial strategy development through to on-site delivery; a unique value proposition which they cite as the ability to support clients from 'Boardroom to Boots'. Core pillars of work (set out in detail on pages 20 – 23) offered by the firm include:

- Strategic Advisory;
- Technical Advisory; and
- Programme and project management ('PPM').

Importantly, every member of the company is committed to a collective vision and shared purpose in the delivery of their services to clients – to shape the future of healthcare.

Market

Archus operates in the highly attractive UK healthcare consultancy market which is forecast to grow at 8.8% CAGR between 2022 to 2027¹.

Governments around the world, including the UK are investing in healthcare infrastructure as patient needs evolve due to demographics changes and increasing digitisation. The recent pandemic also highlighted weakness in the ageing healthcare infrastructure in the UK.

The UK government's 2020 Healthcare Infrastructure Plan (HIP), superseded by the New Hospital Programme, will invest £4.2 billion as the first tranche on building or extending 48 hospitals. The Archus team are already experienced in leading strategic projects for national capital programmes for future infrastructure investment: their team led the delivery of the clinical and service methodology and writing of the NHS Playbook which will be used across the industry to inform the design of new hospitals.

Healthcare providers and central health bodies are expected to require a significant level of support when designing, planning and delivering these complex health infrastructure projects. This includes digital infrastructure as much as physical infrastructure, which is an increasing specialism of Archus.

With its excellent track record and established client relationships, Archus is exceptionally well-positioned to continue to take advantage of the growing healthcare consultancy market.

¹ IBISWorld Healthcare Consultants in the UK, April 2022

Executive summary

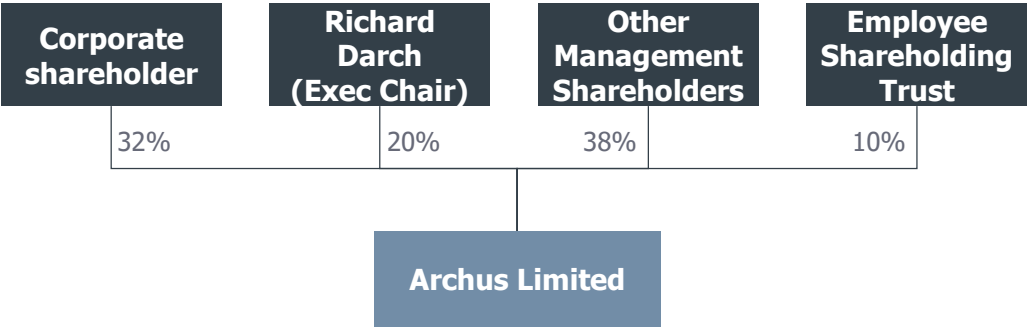
Ownership

Archus is owned by its Founders (Richard Darch and the ‘Other Management Shareholders’), employees and a Corporate Shareholder.

A key part of the Founders’ objectives when setting up Archus was to create an organisation that is inclusive, where employees have a sense of ownership.

As such, an Employee Share Trust was set up in FY18 which accounts for a 10% shareholding in the business.

The shareholder structure is set out below:



Transaction rationale

The management shareholders have established Archus as a reputable consultant in its market.

At this stage, they are seeking an investor that will back the management team, their five-year business plan and the brand to take Archus to its next phase of growth.

The Corporate Shareholder with 32% ownership wishes to exit the business to focus on its core business.

To continue to motivate management and employees, it will be important to maintain a shared ownership structure after this transaction.

Executive summary

Financial performance

y/e January	FY20	FY21	FY22	YTD	YTG	FY23	FY24	FY25	FY26	FY27
£000	Mgmt a/c	Mgmt a/c	Mgmt a/c	Mgmt a/c	F'cast	9+3	F'cast	F'cast	F'cast	F'cast
Sales	4,042	6,238	8,929	7,291	3,063	10,354	15,137	20,682	25,250	30,548
Cost of sales	(2,838)	(4,436)	(5,927)	(4,832)	(2,040)	(6,872)	(10,754)	(14,308)	(17,318)	(20,775)
Gross profit	1,204	1,802	3,002	2,459	1,023	3,482	4,383	6,374	7,932	9,773
<i>Gross margin %</i>	<i>30%</i>	<i>29%</i>	<i>34%</i>	<i>34%</i>	<i>33%</i>	<i>34%</i>	<i>29%</i>	<i>31%</i>	<i>31%</i>	<i>32%</i>
Central costs	(879)	(1,193)	(1,296)	(1,410)	(488)	(1,898)	(1,996)	(2,111)	(2,190)	(2,302)
Reported EBITDA	325	609	1,706	1,049	536	1,585	2,387	4,263	5,742	7,471
Adjustments	-	-	-	n/a*		457	101	-	-	-
Adjusted EBITDA	325	609	1,706	1,049	536	2,042	2,488	4,263	5,742	7,471
<i>Adjusted EBITDA margin %</i>	<i>8%</i>	<i>10%</i>	<i>19%</i>	<i>14%</i>	<i>17%</i>	<i>20%</i>	<i>16%</i>	<i>21%</i>	<i>23%</i>	<i>24%</i>

* Not allocated across the year

Historical trading

Archus has grown year on year since inception. The business has been successful in winning new clients, generating repeat business from existing clients and working on larger, more complex projects, resulting in sales growing at a CAGR of 49% from FY20 to FY22.

In combination with increasing the number of permanent employees in the business, Management has been successful in keeping individual utilisation high. In the nine months to October 2022 ('YTD'), average utilisation was 77%.

Due to the specialist nature of work, Archus also generates attractive profit margins, 19% Adjusted EBITDA margin was achieved in FY22.

During FY23, Management have invested heavily in developing and expanding its service offering and the central support function. This investment will provide sufficient centralised support and a platform from which the growth per the Business Plan can be achieved.

Forecast trading

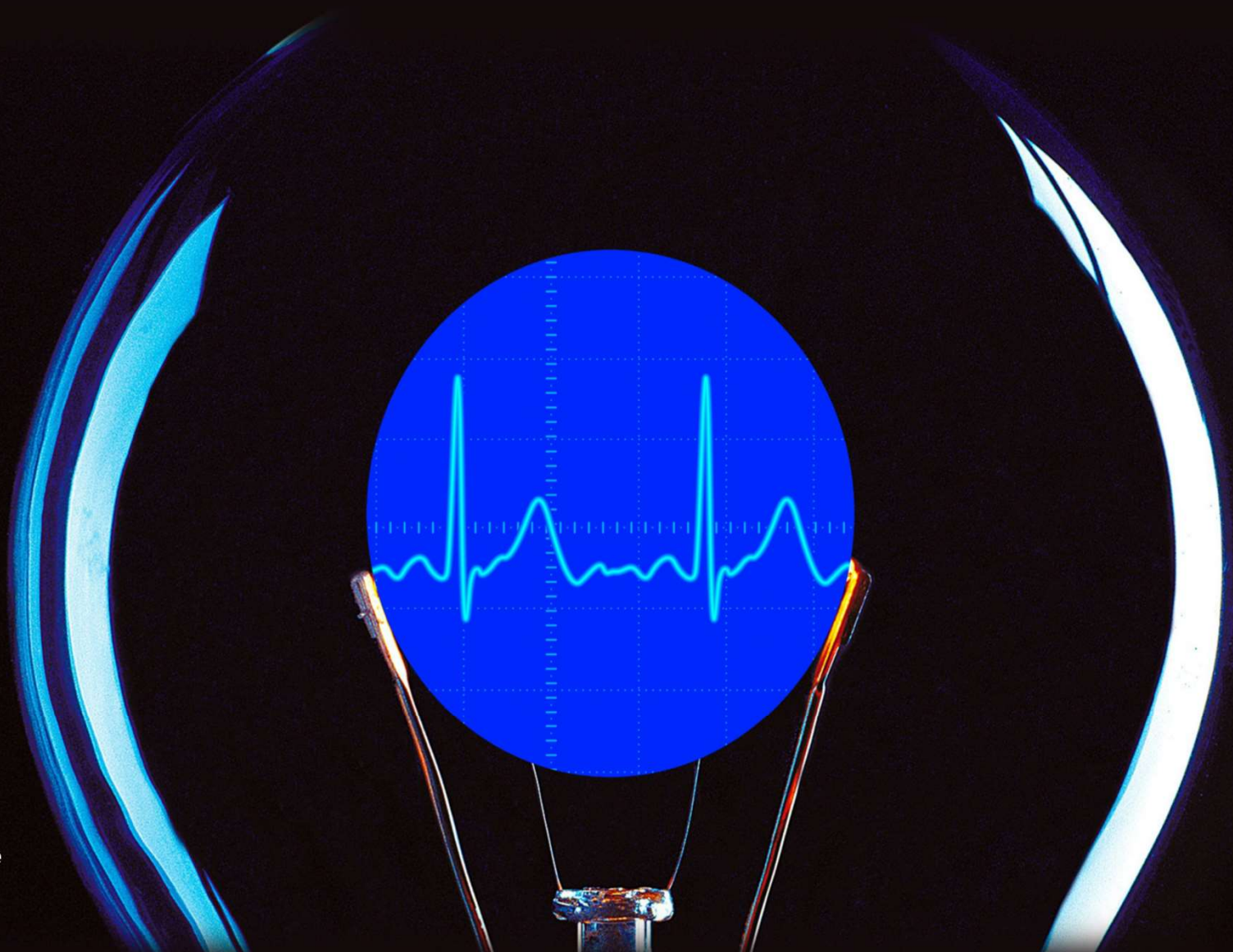
As at October 2022, the Company has a strong order book and pipeline. All of the remaining FY23 sales and 38% of FY24 are already secured or part of the weighted pipeline.

Archus is expected to continue to grow as the demand for healthcare services grows and it increases market share in the UK as well as expanding internationally in Ireland, Australia and Canada.

In order to develop the client base and establish a presence in these new territories, margin is forecast to reduce initially in FY24. As business grows overseas, margin is forecast to bounce back.

Sales and Adjusted EBITDA are forecast to increase to £15.1m and £2.5m respectively in FY24. This growth is supported by increasing demand for healthcare infrastructure consultants due to changing healthcare needs and a requirement for investment in healthcare physical and digital infrastructure globally.

Key investment highlights



Key investment highlights



Leading consultancy at the forefront of healthcare strategy and development

Archus is positioned uniquely as one of the few consultants in the healthcare sector with the in-house expertise to provide end-to-end advice on healthcare infrastructure and transformation projects.

Archus is known for being able to provide support and advice on a wide range of project types, tackling big picture strategy as well as detailed delivery.

The business is working closely with the UK government to develop how future healthcare facilities and systems are designed and built. Archus is therefore at the forefront of the industry, delivering projects that shape the future of healthcare.



Excellent customer relationships

Archus has completed over 500 projects, working with clients across the UK and internationally.

The Company has adopted a regional approach to coincide with the structure of NHS trusts. Having a local presence has been well received by clients.

Coupled with Archus' track record of successful commissions, the Company is consistently approached for repeat business opportunities and receive direct award opportunities regularly.



On all relevant frameworks for the services provided

Archus is on a number of frameworks, allowing the business to access publicly competitively tendered opportunities as well as the ability to contract work on a direct award basis with no requirement to compete while remaining compliant with all public procurement legislation.

The most lucrative framework for Archus is the NHS Shared Business Services ('SBS') framework agreement.

Archus has a c.50% win rate on competitive tenders.



Best in class workforce

The team has decades of collective healthcare experience, combined with the knowledge of 'what's next?' in healthcare.

Management have created an empowering culture for employees who are motivated and share in the ownership of the business.

As such, Archus has some of the best talent in the market, known for their pioneering advice, coupled with extremely low churn rates.



Capable, highly motivated and experienced Management Board

The Senior Leadership Team are well respected in the industry, regularly giving talks at industry events and featuring in respected industry publications.

All members of the Management Board are committed to leading the Company through its next stage of growth if a buyer desires.

Key investment highlights



Robust business plan with multiple growth opportunities

Strong market dynamics in public sector funding together with constantly improving technologies means there is a considerable growth opportunity.

Archus has developed a robust plan for growth (which is discussed further on pages 12 to 13) through the following:

- International expansion – the business has already successfully entered Ireland this year and is trading ahead of plan;
- Developing new service lines (digital, workforce planning + sustainability);
- Development of new products to enhance existing project delivery and provide a more diversified offering (e.g facilities management, clinical transformation, capacity modelling data analytics software);
- Market penetration in UK, both existing client turnover and new wins.



Impressive financial performance historically with high profit margins

Revenue and EBITDA have grown rapidly, at a CAGR of 49% and 129% respectively between FY20 and FY22.

The business has made a strong start to FY23 with sales 11% ahead of the same period in the prior year and gross margin maintained at 34%.

Various investments have been made in FY23 to support the future growth of Archus. We have made an adjustment to add back these costs so as to present the maintainable performance of the Company in FY23. Sales are expected to continue to grow to £10.4m in FY23 and Adjusted EBITDA reach £2.0m.



Attractive market dynamics: growing market segment, favourable fiscal policy, ageing infrastructure requiring investment

The healthcare consultancy market is highly attractive as it has grown significantly in the past and is forecasted to continue growing.

This is due to significant investment from the government and private sector. Healthcare needs are changing due to an ageing population, digitisation trends and recent shock events such as the COVID-19 pandemic, which will result in further investment coming forward to respond to these events.

Archus has a strong and differentiated competitive position in the market as a provider of end-to-end services and a regional structure that complements how the NHS operates. New territories have been selected for their similar regional structures (provinces in Canada and states in Australia). The business is therefore well-positioned to take advantage of the growing market.



Clear visibility over future revenues

Archus has excellent revenue visibility with £2.3m of revenue for the final three months of FY23 (76%) and £2.8m (19%) of FY24 already secured.

Secured revenue is backed up by a strong weighted pipeline of £4.1m and an impressive success rate on strategic bids of over one-in-two. The total pipeline value at October 2022 was £14.5m.

As the Company has grown, so has its secured order book and weighted pipeline. The secured order book at October 2022 was more than double the size of the order book at the start of FY22.

Growth Opportunities



Growth Opportunities

Archus has identified and progressed a number of growth opportunities focused on increasing UK market share, developing new products and services, and international expansion

		Products / services	
		Existing	New
Markets / customers	Existing	1. Market penetration <ul style="list-style-type: none"> Strong market dynamics in public sector funding together with constantly improving technologies means there is considerable growth to be obtained from Archus's existing service lines (3 year UK Government Spending Review settlement with health now at 12% of GDP) Archus already has good market reach in the UK and a very strong reputation amongst those who know Archus Leveraging these relationships to retain and grow revenues from key clients, as well as enhancing brand salience will help achieve this 	3. Product development <ul style="list-style-type: none"> Archus continues to innovate and develop new service lines and products The business has recently introduced new services for Transformation, Facilities Management and data analytics software for capacity modelling Plans are in place to develop new services in Digital (where investment is underway) Workforce Planning and Sustainability to help the NHS become the first net zero national health service and understand its complete resource needs. These services are highly portable into target new territories.
	New	2. Market development  <ul style="list-style-type: none"> Management have identified countries with regional / provincial government structures as key targets for international expansion given the business case and funding approval process Archus has already expanded to Ireland in 2022, with a local office and team of 3 consultants. The company is now appointed to the 2 largest tertiary healthcare providers in Ireland in Dublin and Cork, both on long term contracts. Plans are well advanced to expand into Australia through the fold-in of a local consultancy firm that Archus is already in conversation with, as well as building on existing relationships where Archus already has a pipeline of opportunities in both Australia and Canada Over the forecast period (FY24 to FY27), international expansion in Australia and Canada is forecast to contribute £32.5m in sales 	4. Growth through M&A <ul style="list-style-type: none"> Management has identified various strategic acquisition and business integration opportunities that would accelerate growth (in both the UK and internationally) and consolidate Archus' position as the largest pure-play global healthcare consultancy Aside from the fold-in opportunity mentioned for Australia (which would also included c.5 staff in the UK), further M&A opportunities exist beyond the Business Plan in this report and include: <ul style="list-style-type: none"> Transformational acquisitions of a scale that would double the size of Archus; Bolt-on of consultancies and teams known to Archus that add to the service offering; and Fold-in of small teams Specific targets have been identified in each of the above M&A categories

Growth Opportunities

Archus is poised for significant growth in both turnover and profitability. The achievement of the growth opportunities outlined on the previous page will be helped through:



Digital

- Implementing digitally enabled processes to provide a more efficient offering
- Effectively communicate and position Archus brand to clients and prospective recruits via the website
- Growing social media engagements with engaging stories, and opinion pieces
- New website and rebranding



Maximising bid win rates

- Streamlined approach to bidding to ensure high-quality bids and proposals to represent Archus brand in best possible light
- Production of an internal 'framework' for bid management and bid library that is regularly updated will help achieve this
- Archus already has an impressive win ratio of 1-in-2 for strategic bidding



BD tools and approaches

- Using a digitally enabled process to allow for BD to be tracked and targeted including key relationships with key account planning
- Identifying and planning strategic pursuits for most valuable opportunities
- Collating a library of high-quality, information and persuasive marketing collateral to support BD and outreach



Strategic expansion

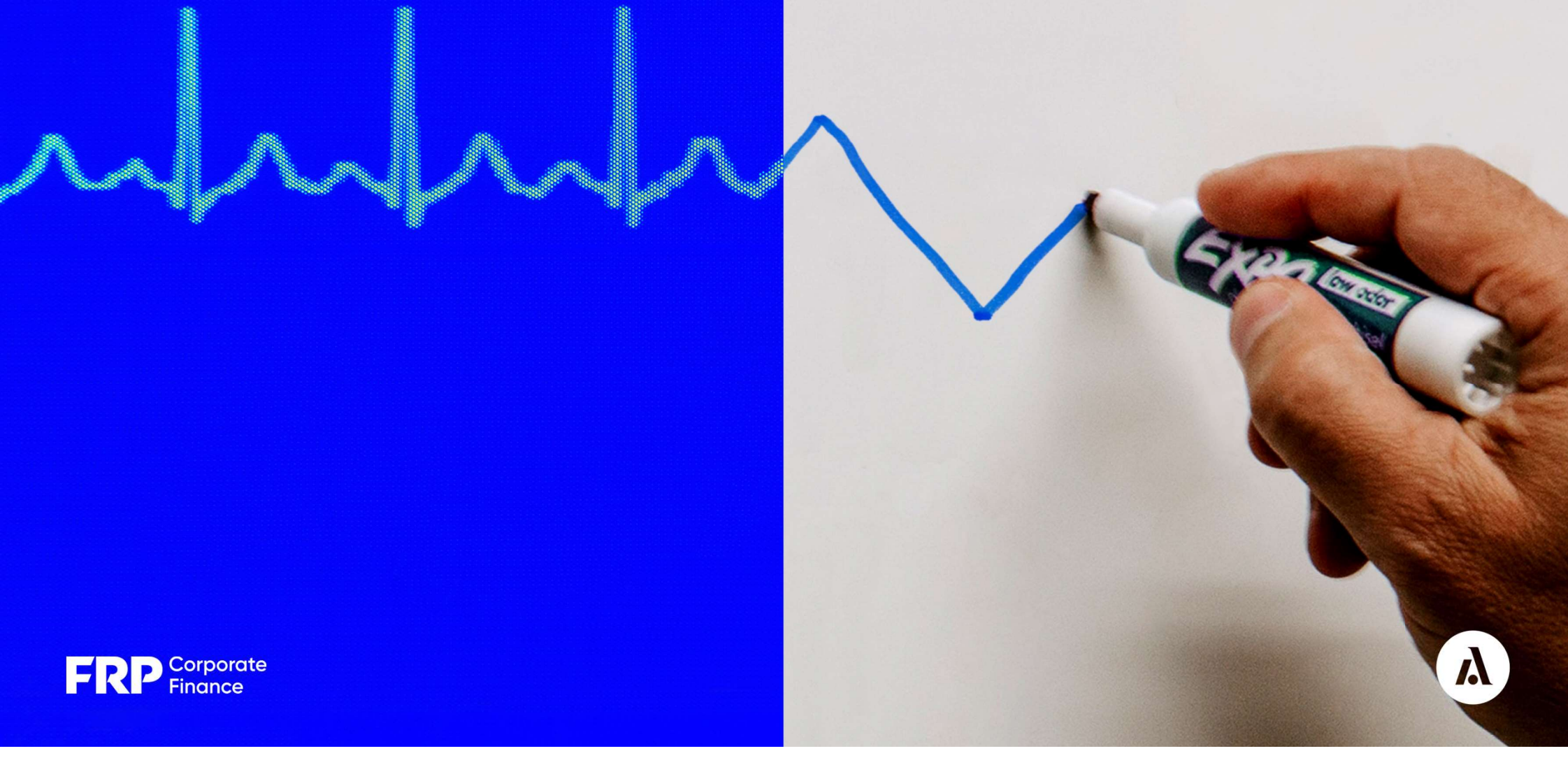
- Countries identified for expansion have been carefully considered and researched
- The regionally structured health service models of these countries aligns to Archus's strategic approach
- Strong performance to date in Ireland demonstrates the Company's success at entering new markets
- New territories sit alongside new services including sustainability and digital advisory.



Events and awards

- Representatives at all key industry events with staff speaking regularly at events to build brand awareness, salience and trust
- Regularly featuring in industry publications and digital channels to increase positive reputation, effectively position the company's expertise and values
- Investment in PR to raise profile of Archus which is showing demonstrable results.

Market

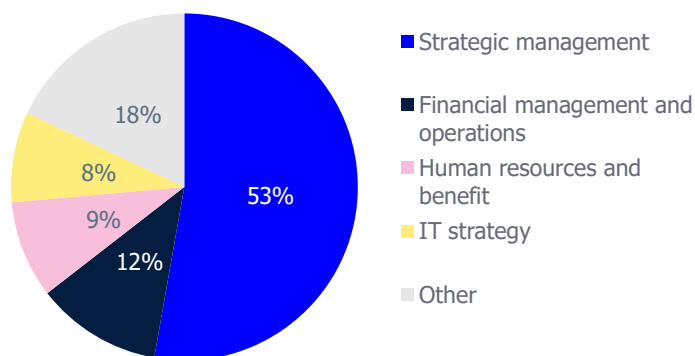


Market overview

Archus operates within the UK healthcare consultancy market, which is significant in size generating £714.5m¹ revenues in 2022.

The consultants in this sector help their clients solve a wide range of problems and/or deliver large scale changes focused in areas such as strategy, finance, and digital.

Healthcare consultants revenue streams¹



Archus is currently focused on advising on infrastructure projects, serving central health bodies such as NHS, and healthcare providers such as NHS trusts.

Market performance

The overall market has experienced rapid growth in the last 5 years, growing at 8.4% CAGR between 2017 to 2022.

Archus has outperformed the market, increasing sales by 44% CAGR between FY18 and FY21.

Historically, funding for NHS has been limited, aiding demand for healthcare consultants who are engaged to increase efficiency, or provide support in obtaining capital funding through more stringent processes.

Trends in Digital transformation have also driven demand.

Forecast performance

Looking ahead, the market is expected to continue growing at 8.8%¹ CAGR to 2027 as the recent pandemic has highlighted the need for investment in healthcare, particularly the infrastructure in the UK.

As part of its long-term plan, the NHS aims to increase digitisation, such as taking a digital first approach for GP visits and centralised / easy access to patient records, which links to why a digital first service is a target growth area for Archus.

Market dynamics

The overall demand in the market is reliant on the total capital and revenue expenditure by the NHS in the UK. See page 16 for further detail on relationship between government healthcare spend and market demand.

The healthcare consultancy market has high barriers to entry as entrants require access to frameworks, technical expertise and relationships with key customer decision makers.

Not all entrants are successful at applying to join public procurement frameworks, which are necessary for working with public sector clients. This is discussed in detail on page 25.



£714.5m

Market size¹



8.4%

Historical market growth
(CAGR 2017 – 2022)



8.8%

Forecast market growth
(CAGR 2022-2027)

¹IBISWorld Healthcare Consultants in the UK, April 2022

Government investment in healthcare

UK: Historical capital investment in health

Historically, there has been an underinvestment in healthcare infrastructure in the UK compared to other European countries. Capital budgets were transferred to mitigate shortfalls in revenue expenditure budgets resulting in failure to invest in capital projects.

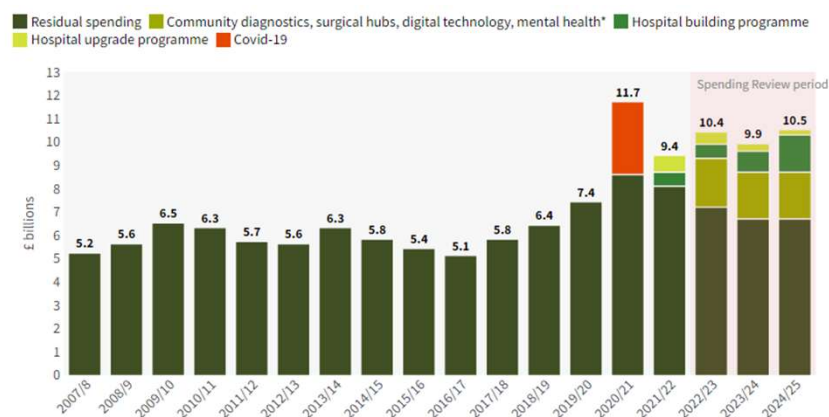
UK: Supportive funding environment from the government

The Health Infrastructure Plan (2019) and the 2021 Spending review aims to change the above by committing significant investment in hospitals & health infrastructure, particularly outside of London and the South East.

£4.2bn is committed to **building or extending 40 to 48 hospitals and upgrading a further 70 hospital facilities**¹

£5.9bn cash funding is available for community diagnostics (£2.3 billion), elective surgery hubs (£1.5 billion) and digital technology (£2.1 billion)

The chart below illustrates the growth in Department of Health and Social Care capital spending:



Source: The King's Fund analysis of HM Treasury data. * This chart evenly distributes the £6.35 billion allocated over 2022/23 to 2024/25 (in cash terms) for community diagnostics, surgical hubs, digital technology, mental health. The actual profile of this funding may differ, when more details on the funding settlement are available.

TheKingsFund

Similarly, governments around the world are investing in healthcare due to changing healthcare needs, ageing population and the recent pandemic.

Ireland

The national development plan 2018–2027 has committed **€10.9bn**² for new healthcare capital projects over the decade, highlighting the ambition and need in this sector in Ireland.

Canada

Canada spent \$308bn³ (12.7% of its GDP) on health care in 2021. Capital expenditure has been an average of 3.4% of total healthcare spend over the last five years, representing **c.\$10.5bn**. Ontario alone has a **c.\$30.0bn** programme of new hospital projects.

Australia

In 2019–20, Australia's total health spending was **A\$202.5bn**⁴, of which \$83.5bn was spent on hospitals. This is planned to increase significantly in all States; the New South Wales Government is investing a record **A\$33 billion** in health as part of the 2022–23 NSW Budget.

Conclusion

Central governments and healthcare providers will need significant support from healthcare consultants like Archus to successfully deliver these investments efficiently and maximise value for the public.

This represents a positive outlook for Archus's growth and demand in the healthcare consultancy sector.

¹ Autumn Budget and Spending Review – Oct 2021

² Spending Review 2021, Healthcare Capital Investment in Ireland : Analysis of Historical Capital Investment in Healthcare

³ Canadian Institute for Health Information: Health spending

⁴ Australian Institute of Health and Welfare: Health expenditure

Competitive environment

The healthcare consultancy market in the UK is highly fragmented. Accordingly, the main competitors of Archus vary across each service pillar. Clients are served by a combination of large professional services firms, engineering consultancies and construction firms, along with a number of boutique consultancies who challenge the larger players.

Since it’s formation, Archus has proven itself as a significant and competitive disruptor in the market, consistently winning new and repeat work when in competition with large and established firms, on the basis of it’s numerous key differentiators.

There are few competitors who are able to service clients with the level of expertise, or spectrum of services that Archus provides, which is why it has quickly established itself as a recognised healthcare consulting sector leader. Management would be happy to share a more detailed view of the competitive landscape across each service offering at a later date.

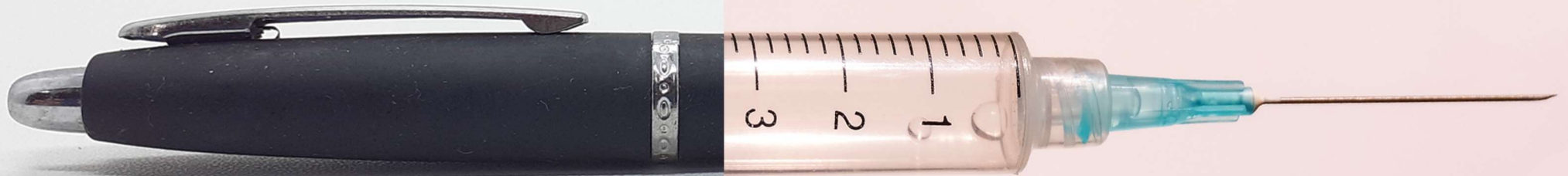


¹IBISWorld Healthcare Consultants in the UK, April 2022

Archus’s key differentiators

- Specialist focus and expertise in healthcare
- People-focused, including employee ownership (10%) alongside training and development to create a strong Employer Value Proposition which supports ongoing recruitment and retention of best-in-class teams, with an engaged team who are committed to delivering outstanding work as part of a shared purpose to shape the future of healthcare
- Complete end-to-end service offering ranging from Strategic advisory through to Programme and Project management, providing consistent and ongoing support to clients
- Agile team of consultants with unrivalled experience in both healthcare and wider infrastructure, including a number with clinical backgrounds and experience. Many are recognised innovators and leaders in the sector.
- Strong presence and relationships with NHS Trusts across the UK through a network of regional footprints, including London
- Experience in working on major programmes of healthcare investment in the UK and internationally
- Part of all key public procurement frameworks enabling clients timely access to varied mix of experience and skills whilst satisfying procurement rules and regulations through pre-qualified experience and competitive commercial terms
- Ability to bring in specialist expertise where required through a network of trusted delivery partners

Business Overview



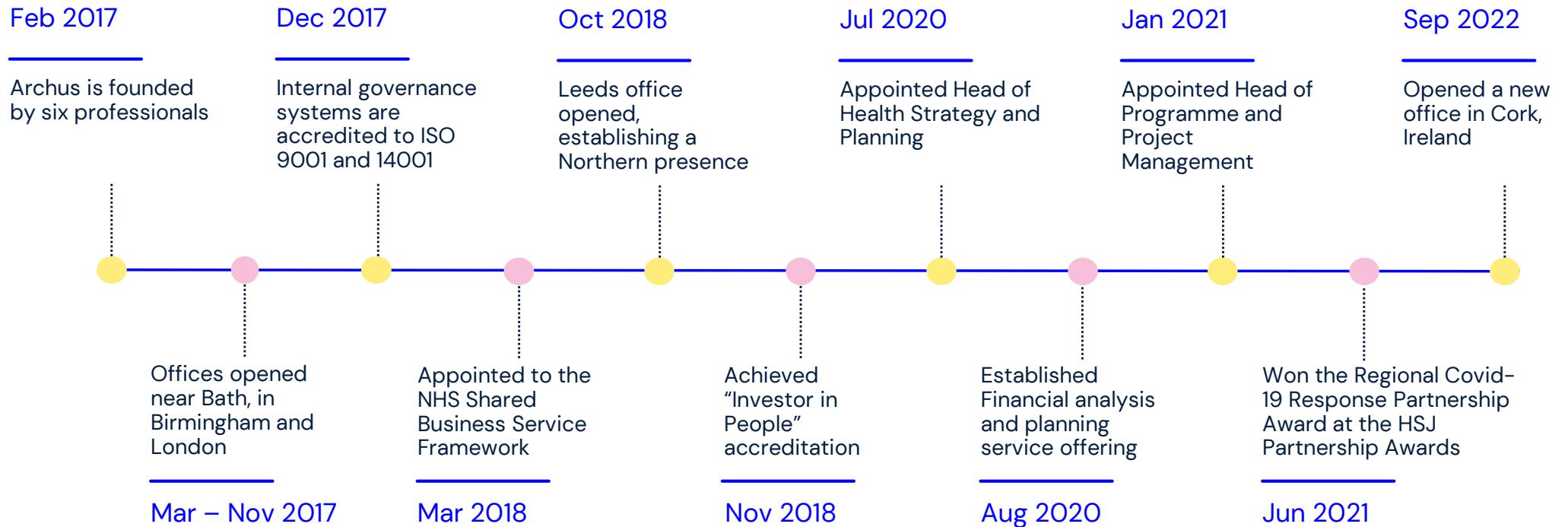
Accreditations and professional memberships



INVESTORS IN PEOPLE®
We invest in people Silver



Key historical milestones



Service offering – Overview

Overview

Archus is one of the few healthcare consultants that can support clients at every stage of the healthcare infrastructure lifecycle, from initial strategy development through to obtaining funding, managing design and construction through to commissioning and operational readiness. This means that clients are able to, and often engage Archus to deliver the next phase of the work once specific milestones have been reached or gateways achieved.

Core pillars

Archus distinguishes its service offering into three pillars which span the entire lifecycle of infrastructure projects. Projects will not always fall wholly under one pillar. The company is able to bring together consultants from across each service pillar to work together as part of a multi-disciplinary team ('MDT').

The pillars are explained in the following pages.

Project delivery

Archus couples real life experience with an unrivalled knowledge of the healthcare systems and infrastructure / capital delivery process.

The Company always aims to exceed rather than meet project objectives, using their global knowledge base to continually improve and achieve better outcomes for clients.

The team's vast experience of working on different project types means they are wholly aware of the differing stakeholders for different project types.

Typical stakeholders

Healthcare projects can be complicated and involve a wide variety of stakeholders. Key to a successful service delivery is understanding and managing the different stakeholder expectations and objectives, as well as ensuring all stakeholders are inducted into the vision of a project from the outset.

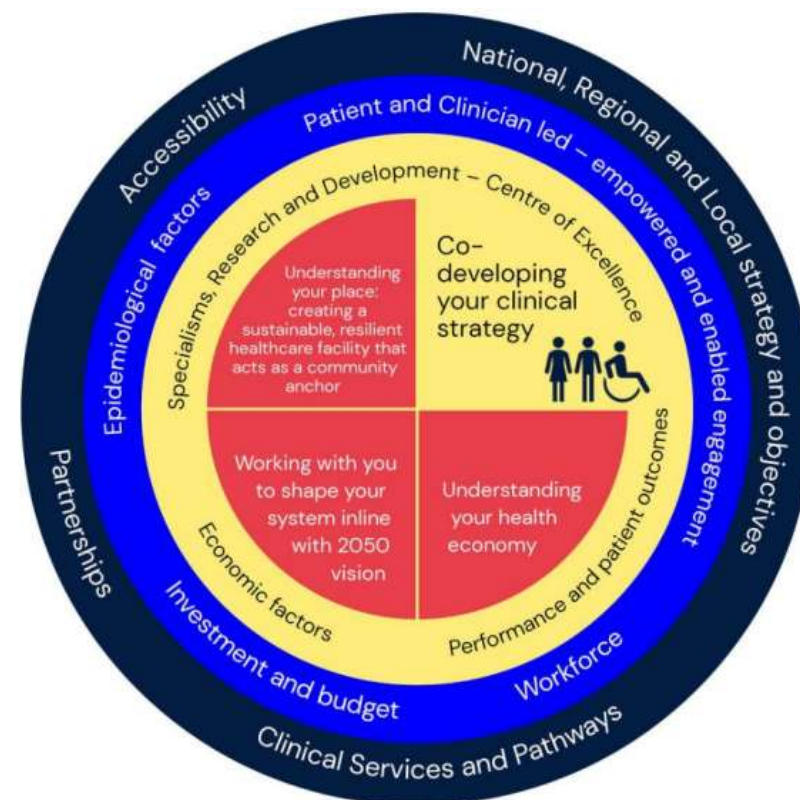
Archus has extensive healthcare and infrastructure expertise, plus considerable project delivery experience, enabling it to successfully deal with differing stakeholders. The wide variety of stakeholders that can be involved on a project could include:

- NHS Trusts and Health Boards
- Project teams
- Professional advisors e.g. architects, planning consultants or legal advisors
- Developers & investors
- Professional/contributor groups
- Patients and local community
- Clinicians
- Integrated Care Systems
- Central and delegated NHS
- Central and delegated government
- Primary care networks
- Local authority
- Department of Health
- Treasury
- Local media
- NHS corporate functions – IT/Digital, Workforce & people, Estates & Facilities, Finance and Procurement
- Voluntary sector organisations and CICs
- Private healthcare providers

Core pillars – Strategic Advisory

Overview

- Archus helps their healthcare clients deliver the best outcomes for the populations they serve.
- The Strategic advisory team do this through a range of offerings including:
 - Analytical services to understand the health needs of populations and how this translates into demand for services.
 - Developing capacity models for infrastructure and helping establish the investment required to meet future demand.
 - Working with clients to produce clinical strategies that support the design and planning of new facilities or services
 - Understanding the impact of new technologies on the design and configuration of new infrastructure.
 - Producing space plans to inform new hospital design including an 'Intelligent Hospitals' proposition that maximises the opportunity for standardised design in healthcare.
 - Helping clients configure or adapt their estate and infrastructure to increase efficiency and understand workforce requirements and skill mix.
- Archus also supports central bodies such as Department of Health and Social Care and NHS England on major projects to develop best practices and communicate changes to NHS Trusts and stakeholders. The team members have advised government ministries globally from the Middle East to UK, Scottish Government, the Health Service Executive in Ireland and more recently Canadian provincial government.
- Archus was commissioned to produce guidance on the planning, specification and design of the hospital projects that will form part of the New Hospital Program in England.



Core pillars – Technical Advisory

Overview

The Archus Technical Advisory Team can address every issue faced in delivering a cutting-edge hospital building that's fit for the future. Their expertise ranges from authoring national policy on intelligent hospitals and pandemic response guidance to providing departmental layouts and technical engineering specifications. Services include:

- **Business and investment case development across the full spectrum of health projects.** The team's track record speaks for itself and have never had a business case rejected by an approval body, be that an Executive Board, NHS England, Department of Health & Social Care or HM Treasury.
- **Financial analysis – for a robust assessment of public value.** Drawing on experience from across the health and wider social infrastructure sectors to **ensure** public investment is focused on long-term, sustainable outcomes;
- **Technical authoring – for future hospital design guidance.** Central guidance that helps shape new healthcare buildings. Archus is currently updating all Health Building Notes (design) and Health Technical Memoranda (engineering) NHS guidance.
- **Strategic facilities management – for an efficient and resilient estate.** Using a wealth of independent cost and building performance data to align FM strategy with clinical service and business objectives, Archus help clients make vital decisions on the long-term priorities and approach to operating healthcare buildings to manage costs and eradicate waste, while creating facilities which are fit for the future.
- **Sustainability – for planet and population health.** Providing practical solutions which support healthcare leaders in implementing sustainability both strategically and operationally. Alongside expert advice in the development of zero carbon and green buildings, support is provided across the full spectrum of sustainability related services, including environmental management systems, supply chain risk management, sustainable finance, ESG, corporate responsibility and sustainable facilities management.



Core pillars – Programme and Project Management (P&PM)

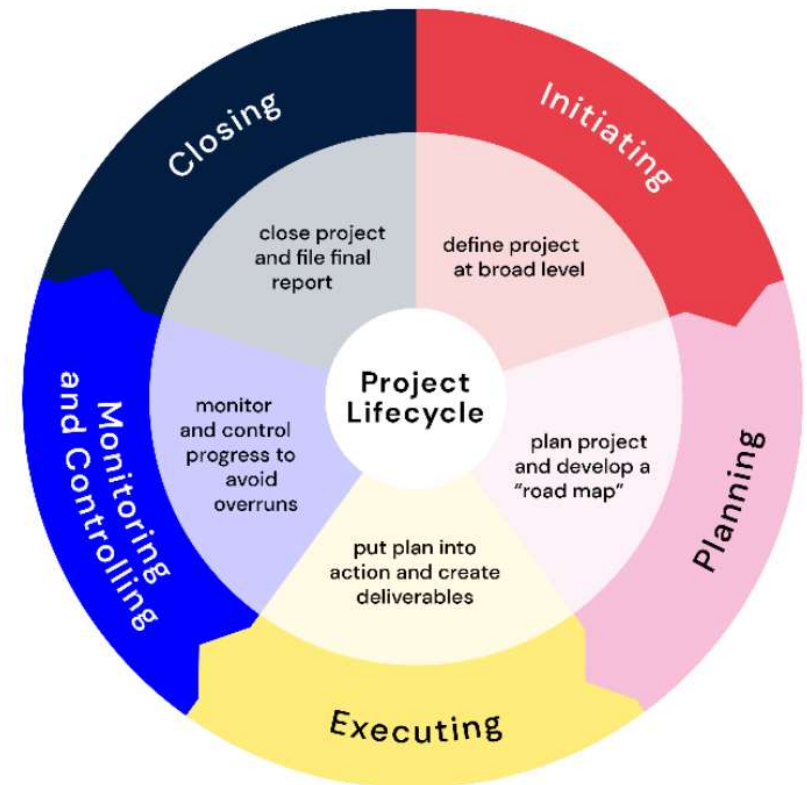
Overview

Archus's programme and project managers lead the delivery of schemes from inception, through development, into construction/on-site and finally into operational readiness and opening. They help clients deliver varying sizes of healthcare projects by ensuring they are delivered on time, to budget and scope, by using experienced and knowledgeable people and efficient and effective tools and processes.

The P&PM team work at different stage of projects or programmes, often working to provide project management support for projects which may form part of other service pillars – for example, business case project management. Services delivered by the team include, not are not limited to:

- Project managing the business case/investment process
- Leading the design development process, including a multi-disciplinary design team comprising of Archus and/or external partners
- Leading the commercial approach to the project/programme
- Managing the scrutiny and approvals process
- Leading procurement of contractors and/or external providers
- Negotiating contractual approaches
- The NEC Project Manager/Service Manager role
- Leading the on-site construction process
- Leading the on-site commissioning and handover process
- Leading the on-site operational readiness process
- Leading the post project evaluation process

Major projects Programme and Project Management has become a cornerstone of the services offered and Archus are now supporting schemes ranging in value from £500m to £1.3bn. In addition to major projects they have also strengthened their Programme Management Office (PMO) capabilities to provide strategic leadership to projects by using project controls and intuitive reporting to manage programme/schedule, risk, commercial outcomes and change.



Routes to market

Since inception, Archus has implemented a proven strategy to win new work both from new and existing clients. This strategy focuses on two key routes to market: business development and marketing efforts (aimed at direct award); and the use of tendered public procurement frameworks

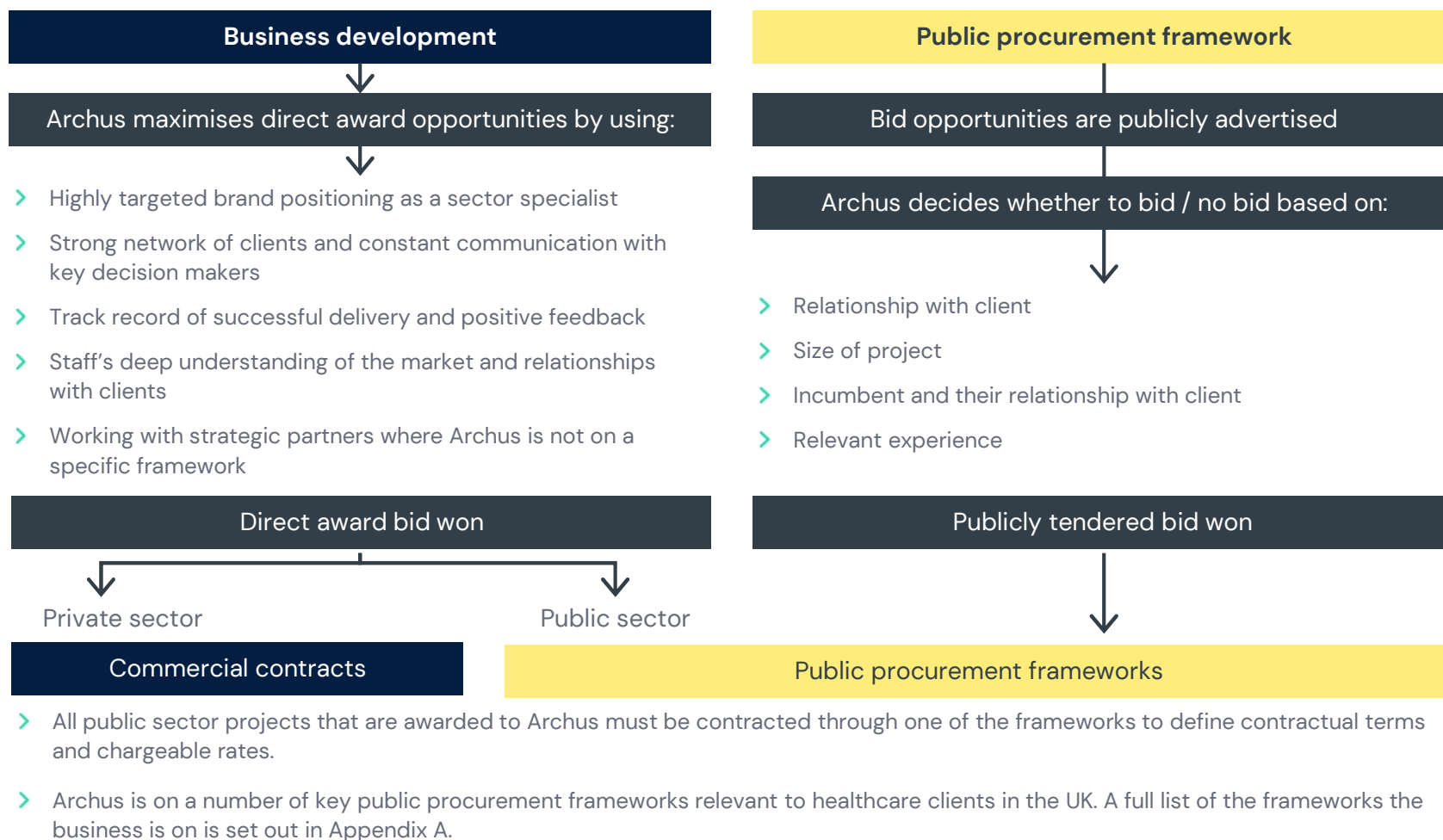
Direct Awards

Direct awards make up over 60% of the work Archus wins. They have a strategic sales win ratio of 1:2 / 51%

Archus aims for early visibility of upcoming projects and early confirmation of client's willingness to working with Archus to maximise direct award opportunities.

Frameworks are key to commercial relationships with public sector clients. For e.g. the NHS SBS consult 18 framework allows for direct award with no tender requirements for public sector awards.

In return for using the framework, Archus is taxed (typically 1% of total invoice value) by the framework operator.



Archus has in place a supply chain agreement with seven NHS LIFT companies to provide Healthcare Planning and Development activities. Activity is led by Infracare, which has delivered over £180 million in healthcare infrastructure.

Clients overview

Overview

Archus has worked on over 500 projects with both public and private sector clients who include healthcare providers (such as NHS trusts) and central health bodies (such as the NHS England). Some of the clients are illustrated opposite.

Archus' clients are well funded who continue to require significant support from consultants, as detailed in the market section.

With a highly targeted brand positioning as a healthcare specialist and strong track record of successful commissions, Archus has developed valuable relationships with these clients. As a result, the clients consistently approach Archus for repeat business, and provide direct award opportunities. Of the top ten clients by total sales since FY20, Archus has worked with 7 clients for over 4 years.

Acute is the largest client type

Acute care providers represented 65% of total sales in FY22. This is driven by Archus's appointment to various schemes related to the New Hospital Program (NHP) where the government is investing in up to 48 new or extended hospitals.

Growing client numbers and average sales per client

Archus has expanded its client base from 72 in FY20 to 114 in FY22, achieved through increased market penetration in the UK. See page 27 for detail.

Average sales per customer has increased from £55k in FY20 to £78k in FY22, as the business has been successful in winning larger projects with broader scopes.

Customer concentration has historically remained consistent as Archus has delivered large complex projects for key strategic clients, whilst also winning work with new clients.

Clients



Sales by client type

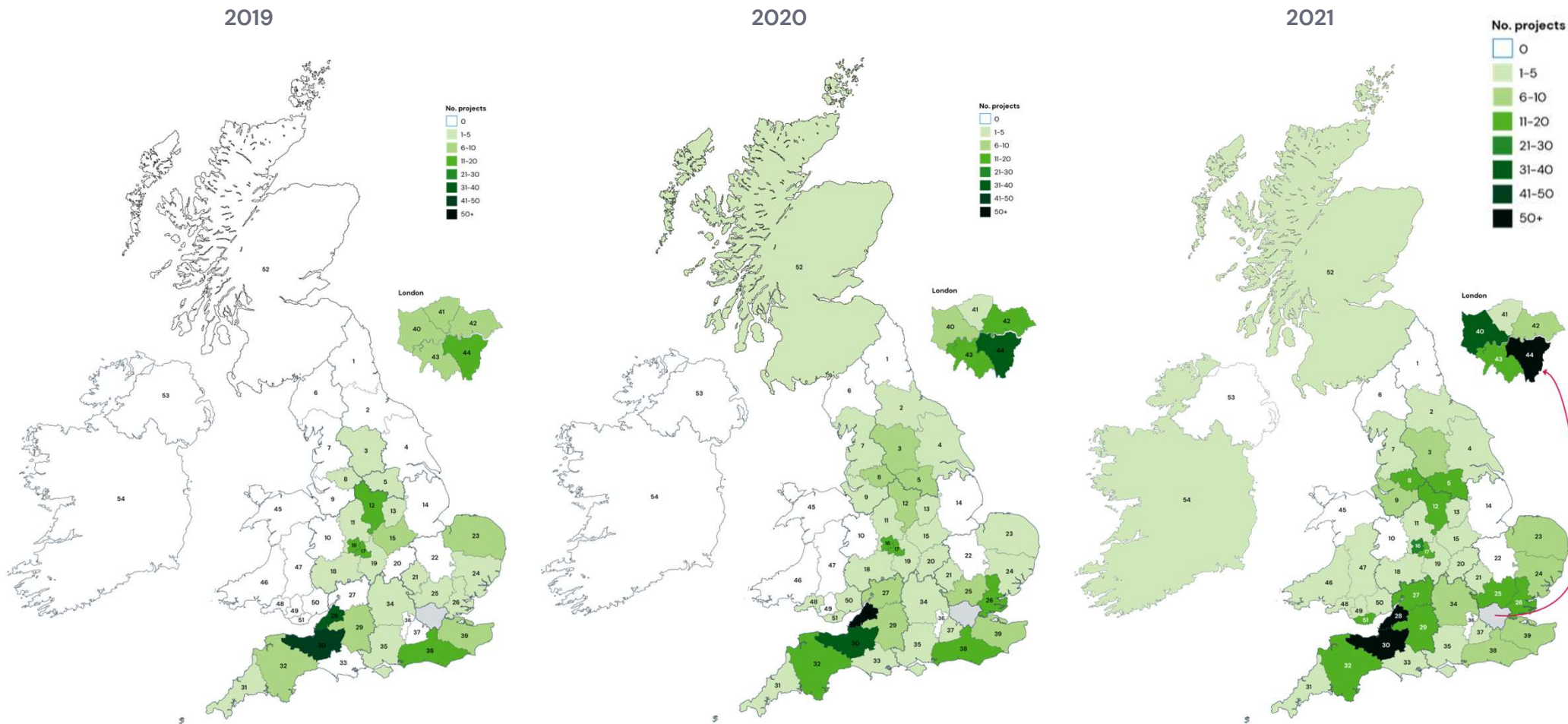
£000	FY20	FY21	FY22	8mths to Sep-22
Acute	953	2,724	5,826	4,230
CMH	2,235	1,444	1,415	1,322
NHS England	547	1,196	1,066	102
Private	87	759	467	232
International	-	-	-	482
NHS Wales	-	8	97	16
Local Authority	94	20	-	-
Ambulance	-	-	6	90
Non NHS	-	26	9	50
Other*	126	60	43	(25)
Total revenue	4,042	6,238	8,929	6,499

*Note: 'Other' includes a reconciling figure to tie the above breakdown to the management accounts

Key statistics	FY20	FY21	FY22
No. of clients	72	98	114
Average sales per client (£000)	55	63	78
Top 5 clients as % sales	36.8%	34.8%	36.2%

UK market penetration

Archus has increased its market penetration in the UK considerably over the last few years. This was achieved by leveraging Archus's brand and reputation built through an excellent track record of successful delivery, enhanced by the people's network.



Live projects and pipeline

Archus has strong visibility of the future sales which include both secured sales and pipeline opportunities. As shown in the graph opposite, the value of the secured, open order book and weighted pipeline has increased year on year as the business grows.

Secured revenue

As of October 2022, 76% of the remaining FY23 sales were already secured.

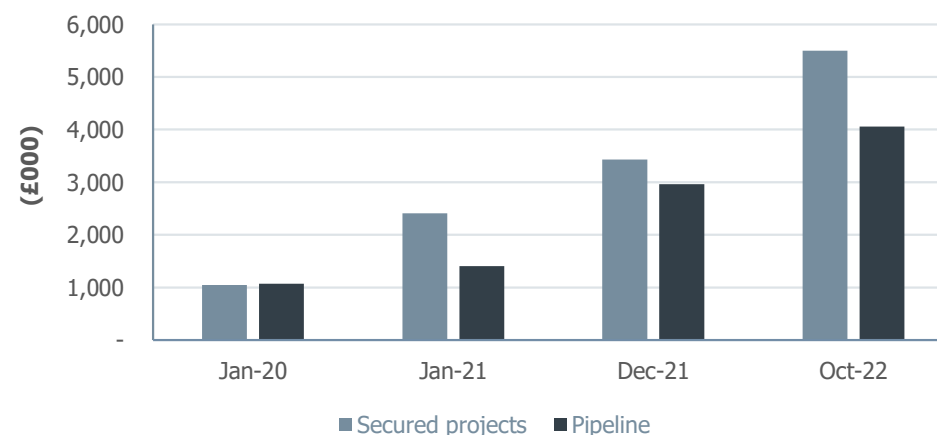
The business is contracted to deliver over 200 live projects which are expected to generate £5.5m of sales. Of this, £2.3m sales will be realised in the remainder of FY23, £2.8m in FY24 and the balance thereafter.

Pipeline

The business has historically had an excellent conversion rate on opportunities of over one in two and as at October 2022, the business had an unweighted pipeline of £14.5m.

At the same date, the weighted pipeline, was valued at £4.1m. Of this, £2.9m is expected to land in FY24.

Secured sales and weighted pipeline development over time



Regional secured revenue and pipeline at October 2022

£000	Secured		Weighted pipeline	
	FY23	FY24	FY23	FY24
London	563	330	91	1,099
Midlands	603	1,109	47	341
North	593	880	125	232
South West	479	430	330	682
Technical	68	71	114	214
Ireland	11	-	120	313
Total	2,317	2,819	828	2,879

People and Operations

Senior Leadership – Executive Management Board

Archus is led by an experienced, capable and committed Senior Leadership Team who are experts in the healthcare sector and who have worked together for many years in other businesses.



Richard Darch
Executive Chairman

Richard founded Archus in 2017 and led the business through a period of significant growth as CEO.

He has recently stepped away from the CEO role and is now Executive Chair for the business. In this role, Richard's core focus is on growing the business in new, international markets.

Richard is a seasoned healthcare executive and entrepreneur with international experience in health technology, development and healthcare infrastructure and deep domain knowledge of structured finance.



Shane Dineen
Managing Director

Shane founded Archus in 2017 and is part of the Executive Management Board, recently becoming Managing Director. Prior to this, he was the Regional Director for the South West and responsible for strategic sales, business development and people.

He is a specialist in NHS property, estate asset management and corporate real estate services. He recently authored the Capital and Estate Strategy for the Irish Government, which advocates approaches in the future development and investment of Ireland's Healthcare Estate. over a 30-year planning cycle with an estimated planned investment of £30 billion.



Victoria Head
Commercial and
Performance
Director

Victoria joined Archus in 2021 and led to the significant growth of the Programme and Project Management service. She has been part of the Executive Management Board since joining and has recently been appointed as Commercial and Performance Director, which sees her responsible for the growth of the business across all service pillars and regions alongside continued leadership of the PPM service.

Victoria's background is in construction project management and has led some of the most successful major healthcare developments over the years. She is a recognised as a leader within the healthcare built environment and brings a very commercially focussed approach to project delivery..



Stuart Randall
Director and Head
of Finance

Stuart is an experienced finance professional who has worked within the healthcare consultancy industry for the past 25 years. He has experience in managing business start-ups as well as the integration processes of mergers and acquisitions.

He is responsible for all financial activities of Archus and also provides commercial expertise in managing high profile contracts and frameworks.

Senior Leadership – Executive Management Team



Conor Ellis
Director – Ireland

Conor has worked on projects totalling more than UK £23 billion capital value including strategic care transformation, facility planning, operational commissioning and efficiency reviews in 26 countries.

He has worked on major healthcare projects across some of the largest global healthcare schemes, and advised NHSI, DH, UK Treasury and government agencies. He is the lead author of several reports and toolkits on improving healthcare outcomes and led the Archus strategic advisory work for the New Hospital Programme up to July 2022. Conor has recently moved to Ireland to lead the Company's continued expansion into the Irish market.



Stan Coats
Operations
Director

Stan is one of Archus' founding Directors, and a project and programme professional with experience across health, central government and the local authority sector.

Stan has worked on a number of commissions across the health sector including the current development of a new Renal facility at St George's Hospital, Tooting. He has also managed a range of programmes and projects for NHS Property Services, Community Health Partnerships and Buckinghamshire Health NHS Trust.



Chris Turner
Director and Head
of Technical
Advisory

A founding Director of Archus, Chris has undertaken Programme and Project Management roles and delivered numerous projects across all health sectors in the UK for nearly 20 years, including 10 years leading a large team in the Midlands.

As Head of Technical Advisory, he leads the team to deliver a wide range of services for multi million pound projects from business cases through to operational commissioning, as well as world firsts in the delivery of the NHS Net Zero Building Standard for capital projects.

Staffing - Overview

Organisational structure

Archus is fundamentally a people business and its performance and growth is linked to its ability to hire, develop and retain talent.

As at 30 October 22, the business employed 89 full-time employees across its various offices in the UK and in Ireland.

These include 78 fee-earning consultants across its three service pillars and 11 employees in central support roles (as set out on the next page).

This team of professional fee earning consultants bring a mixture of clinical, private and public sector experience, giving Archus an in-depth understanding of the sector and enabling them to communicate with the many varying stakeholders involved in healthcare delivery.

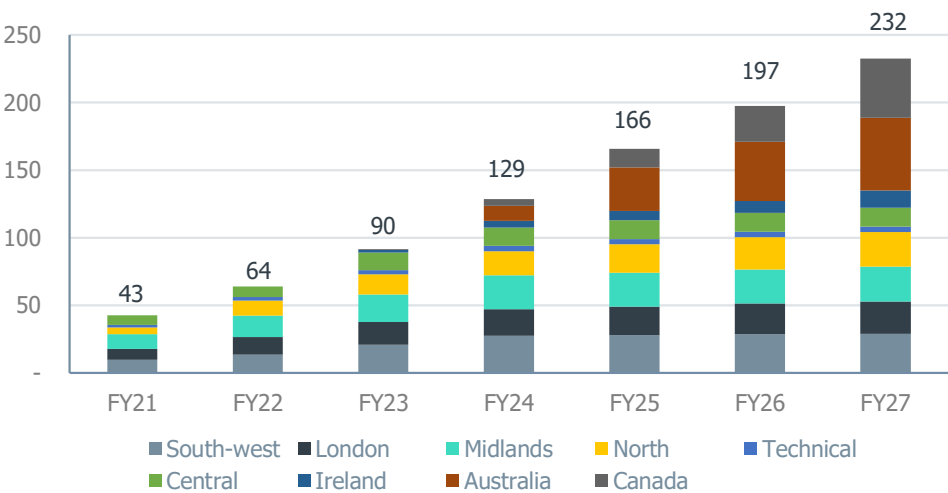
The team has in depth expertise of both healthcare and construction, with specialists available throughout the project lifecycle.

Each region is led by an Associate Director who has oversight of all services provided in that region.

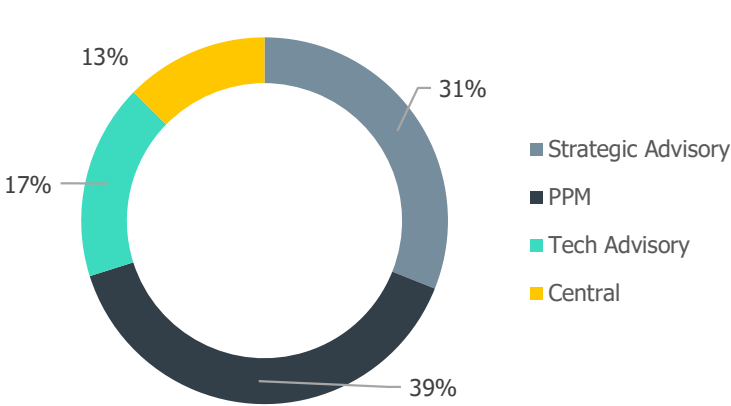
Within each region, there is sufficient resource across all service pillars to provide the full range of services to clients in that region. Staff are not limited to delivering work within the region they are located. Staffing on projects is determined based on the most appropriate people for the job, regardless of location, maximising flexibility in delivering against client needs and maximising opportunities for utilisation.

Ireland has been identified as a key region for future growth. In 2022, Conor Ellis moved to Cork to lead expansion into this market and there is currently a team of three based in Ireland. The business recently opened an office in Cork (September 2022) and has a virtual office in Dublin. This is structured as a wholly owned subsidiary with all relevant tax and corporate governance requirements to operate in Ireland.

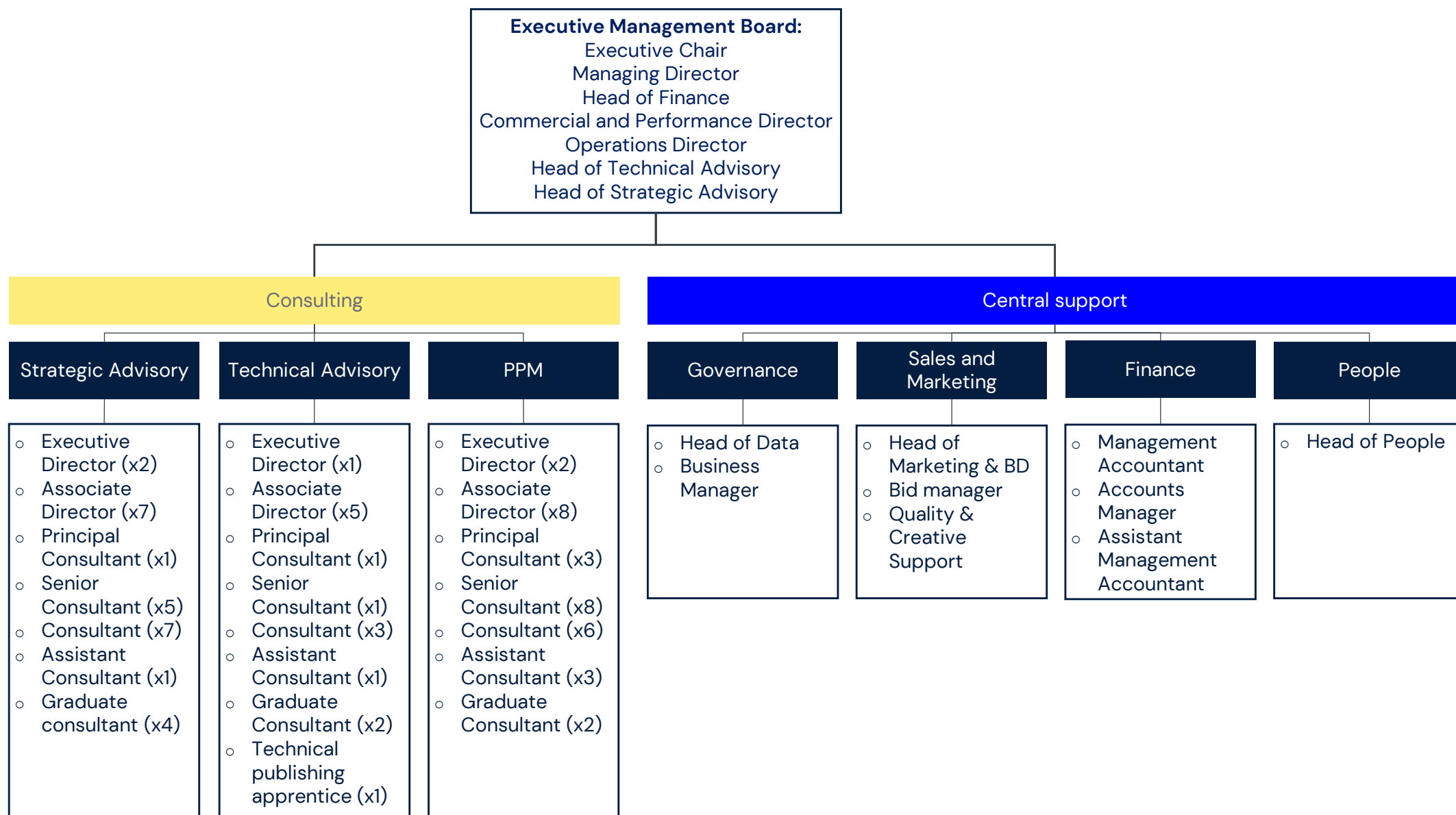
Average headcount by year



Headcount split by service



Staffing - Company structure



Staffing – Project team structure

Projects are staffed with experienced, multi-disciplinary teams that delivery successful outcomes for clients. A typical project team structure is set out below:

Project Team Structure	Responsibilities
<div>Senior Responsible Officer ('SRO')</div> <div>Project Lead</div>	<ul style="list-style-type: none">A SRO is appointed for every opportunity. At the start of each project, they are responsible for identifying a Project Lead – this can be the same person as the SRO on smaller projects.Between the SRO and Project Lead, they are responsible for:<ul style="list-style-type: none">Staffing the project team appropriately, based on the specific job requirements, the specification provided by the client and resource availability;Overseeing the comprehensive delivery plan including supervision of people, processes, governance arrangements and technologies to successfully achieve the requirements of the project;Working with the client's project governance, project sponsors and responsible officers to ensure an integrated and fully informed team for program delivery;Ensuring robust governance and communication procedures to ensure consistency and quality throughout the contract.
<div>Project Team</div> <div><div>Health Planners</div><div>Clinicians</div><div>Project Managers</div><div>Technical specialists</div><div>Strategic property advisors</div></div>	<ul style="list-style-type: none">MDTs are utilised to provide the high quality, pioneering advice that Archus is known for.A mix of permanent staff and sub-contractors are used within teams. This gives flexibility to respond to client needs and use specific, niche external expertise as required, while avoiding having under-utilised staff.Internal resources and commitments are tracked carefully using Archus's management platform which ensures that the team at the project outset will be the team with client at project conclusion.Fortnightly or monthly Highlight Reports are issued to clients as required which enables the escalation of key risks and issues through the project structure to the client project teamThe team also uses KPI dashboards to report on: progress, deliverables, capital cost, benchmarking data and key updates per the project as required

Staffing – Employees

Retention

Archus has relatively low staff churn rates. Since the start of FY20, only 16 staff have left (approximately 6%).

At the establishment of Archus, the leadership team committed to creating an organisation that was inclusive, where everybody had a sense of ownership and where people could be passionate about delivering work which contribute towards a wider social purpose.

Archus incentivises employees through a competitive employee value proposition which includes:

- Competitive remuneration including six monthly salary reviews and bonuses linked to company performance;
- Established learning and development programs with clear progression opportunities through a market benchmarked pay structure
- Flexible and hybrid working arrangements,
- Private medical insurance including critical illness cover
- Company pension scheme
- A benefits portal providing access to childcare vouchers, cycle to work scheme, discounts across a range of retailers
- Health and wellbeing activities
- Charity and community activities

Archus is committed to being a diverse and inclusive organisation, welcoming people with a range of ethnicity, gender, religion and sexual orientation into their team.

Employee Ownership Trust

To ensure their people share in the growth and success of the company, the leadership team have embedded ownership across the business through an Employee Share Trust, with 10% of Archus shares owned by employees. .

Staffing awards

The company's ongoing commitment to its people has been externally recognised on many occasions since the business was founded, as set out below:

Feb 2018

Investors in People accreditation achieved, with one of the highest staff survey ratings ever obtained by the IIP



Nov 2019

Finalists in the Investors in People Awards in the 'Newcomer' category



Nov 2021

Re-awarded IIP Silver Accreditation for investing in people



Aug 2022

Rated outstanding by Best Companies



Staffing - Utilisation

Utilisation

In combination with increasing the number of permanent employees within the business, Management is focused on keeping utilisation high, but at manageable and maintainable levels.

The average utilisation rate across consulting since the start of FY22 was 77%.

Sub-contractor use

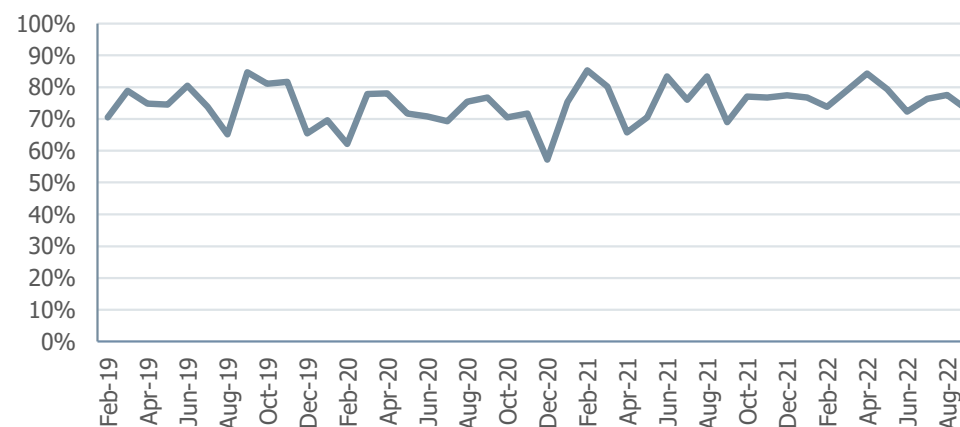
The business was historically reliant on specialist sub-contractors. However, as headcount has increased, greater expertise and a wider range of expertise has been brought in-house.

As a result, Archus has successfully reduced its reliance on sub-contractors from over 30% of revenue in FY21 to 14% in the YTD.

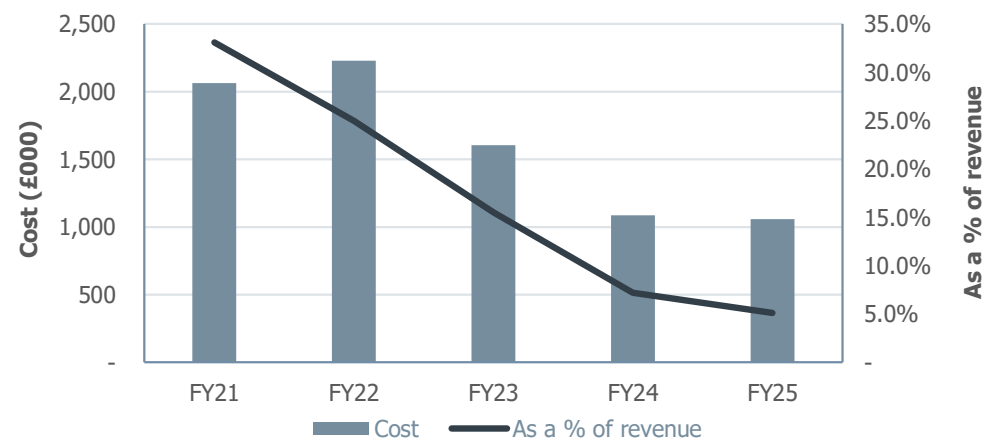
Future reliance on sub-contractors is expected to reduce further (to less than 10% from FY24 onwards) as the team continues to expand, thereby continuing to have a positive impact on margins.

Management plan to add further in-house capabilities in areas such as sustainability advice and workforce planning in the near term.

Monthly historical utilisation trend



Sub-contractor costs



Operations overview

Premises

Archus uses physical shared office space in five major cities in the UK and has recently opened an office in Cork.

The business has adopted a regional structure to mirror the regional structure of the NHS and have a local presence in key areas, for e.g. Bristol office deals with Bristol and Bath NHS.

The key terms for these premises is set out below.

	Office	Start date	End date	Consulting Headcount (Sep-22)	Monthly rent (£000)
1	Bristol	1/7/22	30/6/24	22	£5
2	London	30/8/21	31/5/23	14	£6
3	Birmingham	1/6/22	31/5/23	23	£4
4	Manchester	30/5/22	31/8/23	8	£3
5	Leeds	11/8/22	31/7/23	8	£2
6	Cork	22/8/22	31/8/23	3	€1



Finance



Profit and Loss – Historical trading

Revenue

Archus is a fast growing business that has more than doubled sales since FY20. This has been achieved by working on more projects and delivering engagements with broader scopes. For example:

- Archus worked on 266 projects in FY22, a significant increase from 145 projects in FY20;
- Sales per project have increased from £28k in FY20 to £34k in FY22.

Archus is also in a strong position to deliver FY23 and continue this growth, with the rest of the year underpinned by secured sales (76% of revenue in the remaining three months of the year) and a healthy weighted pipeline (together providing visibility over the remaining FY23 revenue).

Profitability

In the YTD, Management have invested in the central support team by hiring eight new people since November 2021 across finance, marketing, and digital, as well as investing in new service offerings and territories (Ireland).

This investment means Archus now has a central structure and in-house expertise capable of supporting the business through its next phase of growth per the Business Plan.

As the Company is yet to realise the benefit of these investments, we have adjusted EBITDA for some of these costs, which are set out on page 41.

Archus continues to be highly profitable and is expected to generate £2.0m Adjusted EBITDA and 20% Adjusted EBITDA margin in FY23.

Historic Profit & Loss

y/e January	FY20	FY21	FY22	FY23F	FY24F	FY25F
£000	Mgmt a/c	Mgmt a/c	Mgmt a/c	9+3	F'cast	F'cast
Secured	4,042	6,238	8,929	9,608	2,819	361
Pipeline	-	-	-	828	2,879	257
Other	-	-	-	(82)	9,439	20,064
Total sales	4,042	6,238	8,929	10,354	15,137	20,682
Cost of sales	(2,838)	(4,436)	(5,927)	(6,872)	(10,754)	(14,308)
Gross profit	1,204	1,802	3,002	3,482	4,383	6,374
<i>Gross margin %</i>	<i>29.8%</i>	<i>28.9%</i>	<i>33.6%</i>	<i>33.6%</i>	<i>29.0%</i>	<i>30.8%</i>
Staff costs	(546)	(688)	(729)	(1,104)	(1,250)	(1,332)
Administrative expense	(202)	(344)	(359)	(598)	(495)	(516)
Utilities	(89)	(123)	(139)	(154)	(156)	(164)
Sales and Marketing	(42)	(38)	(70)	(42)	(95)	(99)
Overheads	(879)	(1,193)	(1,296)	(1,898)	(1,996)	(2,111)
Reported EBITDA	325	609	1,706	1,585	2,387	4,263
Adjustments	-	-	-	457	101	-
Adjusted EBITDA	325	609	1,706	2,042	2,488	4,263
<i>EBITDA margin %</i>	<i>8.0%</i>	<i>9.8%</i>	<i>19.1%</i>	<i>15.3%</i>	<i>15.8%</i>	<i>20.6%</i>
Average headcount (#)	31	43	64	90	129	166
Revenue per fee earner	150	176	160	133	132	136

Profit and Loss – Forecast trading

Revenue

Sales growth from FY24 onwards is expected to be achieved by:

- Further penetration of the UK market, partly as a result of the investments made this year, including the development of new service lines (e.g. digital) and developing new products to add to the service offering; and
- Establishing the business in Ireland and entering into Canada and Australia.

Gross margin

In addition to the investment already made in the YTD, Management intend to invest further in the consulting team over the forecast period, bringing in expertise in new areas as well as additional headcount to deliver the forecast growth (as shown by the increase in headcount opposite).

This will enhance the Company's service offering, thereby improving the customer experience, but cause margin to reduce slightly in FY23 and FY24.

Profitability

As the business enters new markets, margin is expected to be lower than in the UK as Archus looks to take market share. This, coupled with the investment in overheads drives a reduction in EBITDA margin in FY23 and FY24.

The Company can expect to start to see the benefit of these investments from FY25 and beyond as EBITDA margin increases to 21% in FY25 and almost 25% from FY27.

Forecast Profit & Loss

y/e January	FY22	FY23F	FY24F	FY25F	FY26F	FY27F
£000	Mgmt a/c	9+3	F'cast	F'cast	F'cast	F'cast
Existing territories	8,929	10,354	12,664	14,195	15,400	16,894
New territories	-	-	2,473	6,487	9,851	13,654
Total sales	8,929	10,354	15,137	20,682	25,250	30,548
Cost of sales	(5,927)	(6,872)	(10,754)	(14,308)	(17,318)	(20,775)
Gross profit	3,002	3,482	4,383	6,374	7,932	9,773
<i>Gross margin %</i>	<i>33.6%</i>	<i>33.6%</i>	<i>29.0%</i>	<i>30.8%</i>	<i>31.4%</i>	<i>32.0%</i>
Staff costs	(729)	(1,104)	(1,250)	(1,332)	(1,416)	(1,505)
Administrative expense	(359)	(598)	(495)	(516)	(504)	(518)
Utilities	(139)	(154)	(156)	(164)	(169)	(174)
Sales and Marketing	(70)	(42)	(95)	(99)	(102)	(105)
Overheads	(1,296)	(1,898)	(1,996)	(2,111)	(2,190)	(2,302)
Reported EBITDA	1,706	1,585	2,387	4,263	5,742	7,471
Adjustments	-	457	101	-	-	-
Adjusted EBITDA	1,706	2,042	2,488	4,263	5,742	7,471
<i>EBITDA margin %</i>	<i>19.1%</i>	<i>15.3%</i>	<i>15.8%</i>	<i>20.6%</i>	<i>22.7%</i>	<i>24.5%</i>
Average headcount (#)	64	90	129	166	197	232
Revenue per fee earner	160	133	132	136	138	140

Add-backs

Adjustments detail

We have made the following adjustments to remove any non-recurring income and costs in the Company:

1. Management invested heavily in the digital sales channel in FY23, hiring three new staff (including a Head of Data) and developing new tools and platforms to aid the delivery of digital services (e.g. a demand & capacity tool and NHS Data platform);

Archus is yet to realise the gains from this investment, with only minimal sales made to date (£68k). We have made an adjustment to remove these investment costs, net of the revenue generated in the year.

2. Over the past year, three new staff have been hired to add new service capabilities, specifically facilities management, workforce planning and transformational services. These staff have been under utilised as the service capabilities have ramped up. We have added back 50% of these employees cost in FY23 to reflect the investment in these new services;

3. Archus entered Ireland in FY23 with sales starting to build up. Management has already put in place the necessary resource to deliver the future expected sales in Ireland and therefore made a loss in September and October 2022.

In addition, the Company incurred Ireland specific one-off costs for legal fees and relocation, accommodation and rental costs. We have made an adjustment to remove these costs.

4. Similarly to Ireland, a loss is forecast in Canada in FY24 as investment is made to enter this market. We have added back these losses;
5. One-off external review of the Company's HR systems and policies;

Adjustments to EBITDA

January year end	FY22	FY23	FY24
£000	Mgmt a/c	9+3	F'cast
Reported EBITDA	1,706	1,585	2,387
Adjustments:			
1. Investment in Digital sales channel	-	212	-
2. Investment in other new service offerings	-	122	-
3. Investment in entering Ireland market	-	41	-
4. Investment in entering Canada market	-	-	101
4. HR review	-	20	-
5. One-off training	-	15	-
6. IT upgrade	-	10	-
7. Deal related costs	-	36	-
	-	457	101
Adjusted EBITDA	1,706	2,042	2,488

4. One-off external line manager training course;
5. Cost of migrating the a new SAGE IT product, after the previous version used expired;
6. Costs specific to Project Rainbow.

As a result of the above adjustments, Adjusted EBITDA in FY23 is expected to be £2.0m.

Balance sheet

Historical balance sheet

As of October 2022, Archus had net assets of £2.5m which consisted of:

- £160k of fixed assets relating to: investment in the digital service offering (intangible assets), computers and IT assets
- £1.9m net working capital;
- £0.4m net cash.

The business is highly cash generative with no borrowings in the balance sheet.

We are proposing a debt free, cash free structure for the transaction.

Archus balance sheet

	Jan-21	Jan-22	Oct-22
£000	Stats	Stats	Mgmt a/c
Tangible assets	34	41	43
Intangible assets	0	47	114
Fixed assets	34	88	157
Trade & other debtors	1,518	2,492	2,889
Trade & other creditors	(1,352)	(1,503)	(985)
Net working capital	166	990	1,905
Cash at bank and in hand	514	682	407
Debt and debt like items	(243)	(261)	2
Net debt	271	421	410
Provisions for liabilities	(6)	(8)	-
Net assets	465	1,490	2,471

Appendices

Appendix A – Public procurement frameworks

Archus is on the below frameworks through which it either identifies and bids for publicly tendered work or uses as a commercial mechanism for direct award opportunities.

Framework	Target	Suitable for NHS	Strategic advisory	Technical advisory	PPM	Property advisory
NHS SBS Consult 18: Multidisciplinary Consultancy Services	NHS and public sector organisations	✓	✓	✓	✓	
NHS SBS Construction Consultancy	NHS and public sector organisations	✓	✓	✓	✓	✓
Crown Commercial Solutions – RM6168 – Estates Management	Central government departments and all other UK public sector bodies	✓	✓			✓
Health Facilities Scotland - Healthcare Planner Framework	Health organisations in Scotland	✓	✓	✓	✓	
Health Trust Europe	All healthcare providers and suppliers	✓			✓	✓
London Procurement Partnership (LPP) DPS	Any public sector organisation, including NHS trusts	✓	✓		✓	
National Procurement Service Wales - Healthcare Planning Framework	Welsh NHS Health Boards and Trusts	✓	✓	✓		
National Procurement Service Wales - Property Consultancy Framework	Welsh public sector organisations	✓	✓			✓
NHSI/E Multidisciplinary Consultancy for Estates and Facilities	NHS England	✓	✓		✓	
NHS Commercial Solutions	NHS organisations	✓				✓
UHW (Cardiff and Vale) Specialist Services Framework	Welsh NHS Health Boards and Trusts	✓	✓	✓	✓	
UHW (Cardiff and Vale) Strategic Advisor	Cardiff & Vale UHB	✓		✓		

Appendix B: Regional PnL - London

London P&L

January year end	FY20	FY21	FY22	FY23F	FY24F	FY25F	2026F	2027F
£000	Mgmt a/c	Mgmt a/c	Mgmt a/c	9+3	F'cast	F'cast	F'cast	F'cast
Secured	1,188	2,067	1,896	1,805	330	-	-	-
Pipeline	-	-	-	91	1,099	12	-	-
Inter Company	(29)	(131)	292	344	1	-	-	-
Other	-	-	-	37	1,295	3,175	3,357	3,522
Total Revenue	1,160	1,935	2,188	2,278	2,724	3,187	3,357	3,522
Sub Consultants	(435)	(976)	(802)	(523)	(180)	(180)	(180)	(180)
Staff Costs	(420)	(532)	(758)	(986)	(1,560)	(1,824)	(2,019)	(2,227)
Total Other Costs	(10)	(25)	(27)	(22)	(24)	(24)	(24)	(24)
Cost of sales	(865)	(1,533)	(1,587)	(1,531)	(1,764)	(2,028)	(2,223)	(2,431)
Gross profit	295	402	600	746	961	1,159	1,134	1,091
<i>Gross profit margin (%)</i>	<i>25.5%</i>	<i>20.8%</i>	<i>27.4%</i>	<i>32.8%</i>	<i>35.3%</i>	<i>36.4%</i>	<i>33.8%</i>	<i>31.0%</i>

Appendix B: Regional PnL – Midlands

Midlands P&L

January year end	FY20	FY21	FY22	FY23F	FY24F	FY25F	2026F	2027F
£000	Mgmt a/c	Mgmt a/c	Mgmt a/c	9+3	F'cast	F'cast	F'cast	F'cast
Secured	1,166	1,193	1,540	2,612	1,109	361	-	-
Pipeline	-	-	-	47	341	200	58	-
Inter Company	(16)	355	385	(2)	(15)	-	-	-
Other	-	-	-	32	1,299	2,289	2,892	3,099
Total Revenue	1,150	1,548	1,925	2,689	2,733	2,850	2,950	3,099
Sub Consultants	(267)	(340)	(311)	(494)	(203)	(180)	(180)	(180)
Staff Costs	(439)	(658)	(886)	(1,223)	(1,592)	(1,680)	(1,772)	(1,930)
Total Other Costs	(20)	(11)	(15)	(35)	(42)	(42)	(30)	(30)
Cost of sales	(725)	(1,008)	(1,212)	(1,753)	(1,837)	(1,902)	(1,982)	(2,140)
Gross profit	425	540	713	936	896	949	967	960
<i>Gross profit margin (%)</i>	<i>36.9%</i>	<i>34.9%</i>	<i>37.0%</i>	<i>34.8%</i>	<i>32.8%</i>	<i>33.3%</i>	<i>32.8%</i>	<i>31.0%</i>

Appendix B: Regional PnL – South West

South West P&L

January year end	FY20	FY21	FY22	FY23F	FY24F	FY25F	2026F	2027F
£000	Mgmt a/c	Mgmt a/c	Mgmt a/c	9+3	F'cast	F'cast	F'cast	F'cast
Secured	1,023	1,208	2,438	2,598	430	-	-	-
Pipeline	-	-	-	330	682	-	-	-
Inter Company	31	19	(277)	20	45	-	-	-
Other	-	-	-	(150)	2,092	3,459	3,938	4,346
Total Revenue	1,054	1,227	2,161	2,797	3,248	3,459	3,938	4,346
Sub Consultants	(119)	(239)	(386)	(263)	(96)	(96)	(96)	(96)
Staff Costs	(515)	(535)	(924)	(1,566)	(2,074)	(2,233)	(2,614)	(2,836)
Total Other Costs	(12)	(15)	(36)	(26)	(27)	(27)	(27)	(27)
Cost of sales	(646)	(789)	(1,347)	(1,855)	(2,197)	(2,356)	(2,737)	(2,959)
Gross profit	408	439	815	942	1,051	1,103	1,201	1,387
<i>Gross profit margin (%)</i>	<i>38.7%</i>	<i>35.7%</i>	<i>37.7%</i>	<i>33.7%</i>	<i>32.4%</i>	<i>31.9%</i>	<i>30.5%</i>	<i>31.9%</i>

Appendix B: Regional PnL – North

North P&L

January year end	FY20	FY21	FY22	FY23F	FY24F	FY25F	2026F	2027F
£000	Mgmt a/c	Mgmt a/c	Mgmt a/c	9+3	F'cast	F'cast	F'cast	F'cast
Secured	605	934	2,014	2,360	880	-	-	-
Pipeline	-	-	-	125	232	-	-	-
Inter Company	6	(75)	(278)	(352)	(31)	-	-	-
Other	-	-	-	(125)	1,065	2,693	3,081	3,298
Total Revenue	611	860	1,736	2,008	2,145	2,693	3,081	3,298
Sub Consultants	(184)	(245)	(275)	(100)	(65)	(60)	(60)	(60)
Staff Costs	(302)	(438)	(871)	(1,077)	(1,357)	(1,759)	(2,059)	(2,236)
Total Other Costs	(13)	(7)	(15)	(26)	(30)	(30)	(30)	(30)
Cost of sales	(499)	(690)	(1,161)	(1,203)	(1,452)	(1,849)	(2,149)	(2,326)
Gross profit	112	169	575	804	693	845	931	972
<i>Gross profit margin (%)</i>	<i>18.4%</i>	<i>19.7%</i>	<i>33.1%</i>	<i>40.1%</i>	<i>32.3%</i>	<i>31.4%</i>	<i>30.2%</i>	<i>29.5%</i>

Appendix B: Regional PnL – Ireland

Ireland P&L

January year end	FY23F	FY24F	FY25F	2026F	2027F
£000	9+3	F'cast	F'cast	F'cast	F'cast
Secured	45	-	-	-	-
Pipeline	120	313	45	29	10
Inter Company	(8)	-	-	-	-
Challenge	45	361	798	1,059	1,614
Total Revenue	203	673	844	1,088	1,623
Sub Consultants	(8)	(60)	(60)	(60)	(60)
Staff Costs	(115)	(356)	(466)	(627)	(905)
Total Other Costs	(11)	(8)	(8)	(8)	(8)
Cost of sales	(133)	(424)	(534)	(695)	(973)
Gross profit	70	249	310	393	650
<i>Gross profit margin (%)</i>	<i>34.5%</i>	<i>37.0%</i>	<i>36.7%</i>	<i>36.1%</i>	<i>40.0%</i>

Appendix B: Regional PnL – Australia

Australia P&L

January year end	FY23F	FY24F	FY25F	2026F	2027F
£000	9+3	F'cast	F'cast	F'cast	F'cast
Secured	-	-	-	-	-
Pipeline	-	-	-	-	-
Inter Company	-	-	-	-	-
Challenge	-	1,870	4,984	6,877	8,449
Total Revenue	-	1,870	4,984	6,877	8,449
Sub Consultants	-	(60)	(60)	(60)	(60)
Staff Costs	-	(1,278)	(2,739)	(3,638)	(4,520)
Total Other Costs	-	(408)	(678)	(798)	(918)
Cost of sales	-	(1,746)	(3,477)	(4,496)	(5,498)
Gross profit	-	123	1,507	2,381	2,951
<i>Gross profit margin (%)</i>	<i>n/a</i>	<i>6.6%</i>	<i>30.2%</i>	<i>34.6%</i>	<i>34.9%</i>

Appendix B: Regional PnL – Canada

Canada P&L

January year end	FY23F	FY24F	FY25F	2026F	2027F
£000	9+3	F'cast	F'cast	F'cast	F'cast
Secured	-	-	-	-	-
Pipeline	-	-	-	-	-
Inter Company	-	-	-	-	-
Challenge	-	604	1,503	2,973	5,205
Total Revenue	-	604	1,503	2,973	5,205
Sub Consultants	-	(60)	(60)	(60)	(60)
Staff Costs	-	(456)	(1,022)	(1,942)	(3,220)
Total Other Costs	-	(188)	(438)	(558)	(678)
Cost of sales	-	(705)	(1,520)	(2,560)	(3,958)
Gross profit	-	(101)	(16)	414	1,247
<i>Gross profit margin (%)</i>	<i>n/a</i>	<i>(16.7)%</i>	<i>(1.1)%</i>	<i>13.9%</i>	<i>24.0%</i>

Appendix B: Regional PnL – Central

Central P&L

January year end	FY20	FY21	FY22	FY23F	FY24F	FY25F	2026F	2027F
£000	Mgmt a/c	Mgmt a/c	Mgmt a/c	9+3	F'cast	F'cast	F'cast	F'cast
Total Revenue	14	173	44	68	54	54	54	54
Cost of sales	-	-	-	-	-	-	-	-
Gross profit	14	173	44	68	54	54	54	54
<i>Gross profit margin (%)</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Indirect Staff Costs	(439)	(549)	(565)	(854)	(1,038)	(1,109)	(1,186)	(1,269)
Expenses	(26)	(7)	(11)	(30)	(32)	(33)	(34)	(35)
Staff Welfare	(56)	(76)	(95)	(159)	(138)	(145)	(149)	(154)
Training	(22)	(52)	(49)	(71)	(30)	(32)	(33)	(34)
Stationery	(2)	(3)	(7)	(10)	(14)	(15)	(15)	(15)
Accommodation HO	(129)	(137)	(180)	(274)	(252)	(265)	(273)	(281)
Accommodation	-	-	-	-	-	-	-	-
Cleaning	-	-	-	-	-	-	-	-
Marketing	(42)	(38)	(70)	(42)	(95)	(99)	(102)	(105)
Legal	(12)	(20)	(35)	(53)	(25)	(26)	(27)	(28)
QA	(3)	(9)	(6)	(5)	(6)	(6)	(8)	(8)
Mobiles	(11)	(14)	(17)	(26)	(25)	(26)	(27)	(28)
Telecoms	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Payroll Costs	(3)	(5)	(8)	(14)	(13)	(13)	(14)	(14)
Business Rates	-	-	-	-	-	-	-	-
IT	(77)	(108)	(121)	(127)	(129)	(136)	(140)	(144)
Insurance	(43)	(52)	(87)	(172)	(128)	(135)	(139)	(143)
SLA Costs	-	-	-	(85)	(70)	(70)	(43)	(43)
Other	(13)	(123)	(44)	-	-	-	-	-
Total Indirect Costs	(879)	(1,193)	(1,296)	(1,921)	(1,996)	(2,111)	(2,190)	(2,302)
EBITDA	(865)	(1,020)	(1,252)	(1,853)	(1,942)	(2,057)	(2,136)	(2,248)