Annual Report & Accounts

year ending 31 March 2020

Company Registration Number 01892751

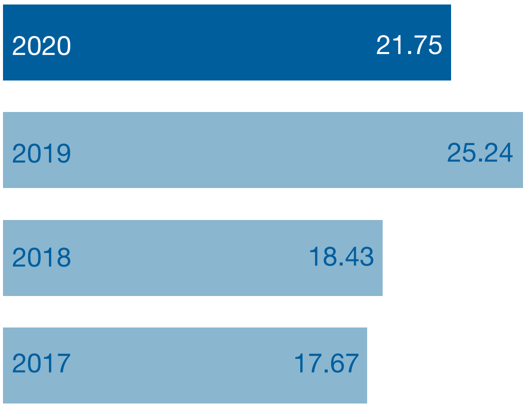
Delivering our strategy

To remain the technology leaders in both enterprise real time digital data collection and customer data management solutions.

Customer Data Platform page 26
Customer Data Management page 30

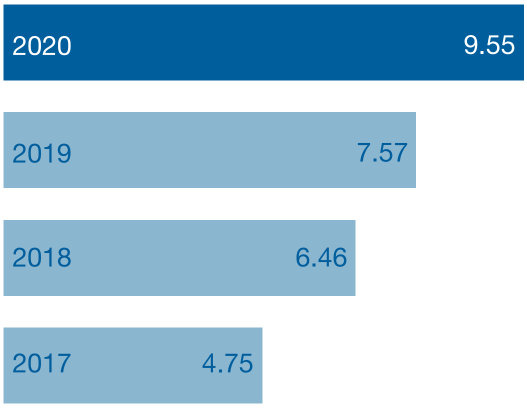
Headlines

Revenue
(£m)



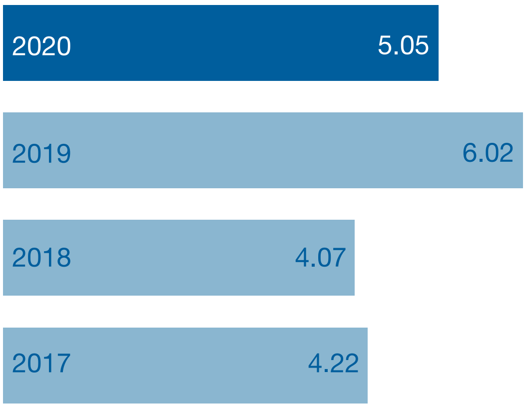
Down by **£3.49m**

ARR
(£m)



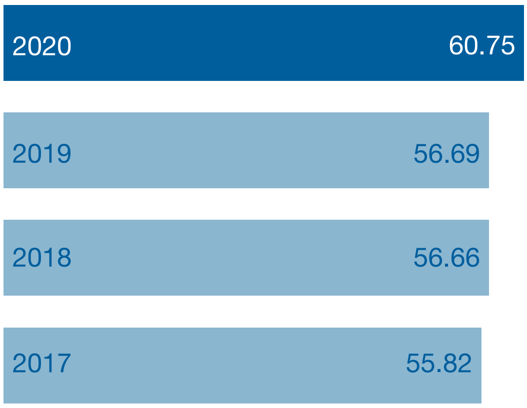
Up by **26.2%**

Adjusted profit before tax *
(£m)



Down by **£0.97m**

Gross profit margin
(%)



Up by **4.06%**

* Before amortisation of intangibles, share based payment charges, foreign exchange gains/(losses) and one-off restructuring costs as per note 13

Statement by the Chairman

Peter Simmonds
Chairman

2019/20 Performance

The year ended 31 March 2020 was a year of excellent progress against our key strategic objectives which are:

1. **To increase revenues from our Celebrus software family of products which include both our CDP (Customer Data Platform) and our CDM (Customer Data Management) hybrid cloud platform with a focus on growing high margin recurring revenue from our enterprise class clients.**
2. **To transition the business to a term-based recurring revenue model as the long-term value created from recurring revenue is generally significantly greater than one-off, perpetual contracts.**

I am particularly pleased to report that revenues of a recurring nature grew from 29% to 45% of Group revenues and that the forward-looking measure of Annual Recurring Revenues (ARR) grew by 26.2%. These were achieved despite the considerable disruption from Covid-19 during the last few weeks of our financial year.

In the short term there is a well known consequence of transitioning from perpetual to recurring licence models in that revenues recognised in the year are lower, hence the reported revenues fell from £25.2m to £21.7m in the period. The Group's Executive Directors were working extremely hard during the second half of the year to close recurring revenue based contracts and the Board is confident that had the majority of these new contracts closed on a perpetual licence basis then there would have been significant top line revenue growth in the year.

Although it is close to impossible to put an exact figure on the impact in the year, several large contracts that probably would have closed on the existing perpetual licence basis were deferred into 2020/21 as a result of multiple stakeholders in client and partner organisations needing to review and approve new recurring revenue based contractual terms.

One of the perhaps lesser known aspects of transitioning large complex deals to a recurring revenue basis is the sometimes unforeseen complexities of redrafting contracts, aligning goals with strategic partners and ensuring risk and reward remains as intended during contract variations over a multi-year term.

During the year significant progress has been made in deepening and expanding our relationships with strategic partners and the Board is optimistic the results of this will be seen in the growth of introductions during 2020/21.

Raised awareness of our CDP software (Celebrus) amongst the technical analyst communities

One of our goals for 2019/20 was to raise awareness of our CDP software (Celebrus) amongst the technical analyst communities and I am pleased to report a growing level of coverage from organisations such as Forrester as well as an appreciation by CIOs in organisations with a mature and sophisticated data strategy of the value that can be derived from the real time (instant) data capture capabilities of the product.

Covid-19

In common with so many businesses, we closed our offices. All staff were able to work from home with little to no impact on customer service, data security or productivity.

On behalf of the Board, I am grateful to our global workforce for the manner in which they have responded to these challenges. I would like to take this opportunity to thank all of the staff for their hard work and commitment – it is thanks to you that the business has made such good progress throughout the year and particularly during the last few months.

The Board reviewed the impact on all roles across the business. Although a small number of roles were identified as being not required during the office closures, the Board took the view that it would not claim on the taxpayer funded furlough scheme as the business was able to bear this small cost without recourse to the public purse.

Board Appointments

In October 2019 we appointed Charles Irvine as CFO and, following successful completion of his probationary period, Charlie was formally appointed to the Board on 30 April 2020. I am delighted to welcome Charlie and thank him for his contributions so far.

We were also delighted to strengthen the Non-Executive team with the appointment of Monika Biddulph in December 2019. Monika was a member of the leadership team at Arm Holdings and brings significant experience from the International Technology Sector. Monika chairs the Nomination Committee and is a member of the Audit Committee and the Remuneration Committee.

As a new Board member with “fresh eyes” I asked Monika to run the Board effectiveness process this year. I am pleased to report that overall this process identified no major shortcomings and a few areas where the Board could improve its overall effectiveness which are now being implemented.

Deepening and expanding our relationships with strategic partners

Dividend

The Board has carried out a detailed review of the Group’s dividend policy. Historically there has been a balance between a progressive dividend and the requirement to invest in growth.

This year we had two additional factors to consider, the short-term reduction in profitability as we transition to a recurring revenue model and the need to preserve cash because of the uncertainties surrounding Covid-19.

Taking account of all these factors the Board has recommended (subject to shareholder approval) a final dividend of 1.9p per share (2019: 2.3p).

A progressive dividend policy will be reinstated once the transition to recurring revenues has progressed sufficiently that revenues are again moving upwards.

Outlook

At this early stage of the year and with the long term impact of the pandemic on the global economy not yet fully known, it is difficult to assess the impact on the Group's financial performance for the current financial year. However, our high level of customer retention and increasing recurring revenue visibility are expected to mitigate any material impact.

Our customers are experiencing a wide range of challenges. Due to the increase in online transactions, the majority of clients in the financial community are more than ever involved in improving customer experience by treating their customers individually or in detecting and preventing fraud and evaluating credit risk to an even greater degree. Our consumer sector customers are experiencing a very mixed set of results.

The one certainty is that digital transformation remains at the forefront of most people's minds and our products and services play firmly in that area.

We are seeing a continued increase in our recurring revenue visibility. The pipeline of major new contracts remains strong and a high proportion of these new deals, which are likely to be of a recurring revenue nature, are expected to be signed in the 2020/21 financial year.

Contracts are not being cancelled albeit that some are being deferred or slower to close and we are continuing to win new contracts.

Despite Covid-19, we remained focused on our transition from perpetual / capex sales to recurring revenue sales. This year will be key to that transition.

Notably the Group has strong cash reserves and no debt.

Taking these factors into account, including some very positive initiatives with our existing strategic partners and the excellent progress with product development, the Board remains upbeat about the future prospects for the business through 2020/21 and beyond.

2020 has started promisingly and in line with the Board's expectations, with strong levels of both existing and new client activity.

Peter Simmonds
Chairman
29 June 2020

“Digital transformation remains at the forefront of most people’s minds, and our products and services play firmly in that area”

Peter Simmonds

Chairman

Statement by the Chief Executive Officer

Peter Kear
Chief Executive Officer

Strategy and position

During the year we took the strategic decision to switch from an unpredictable perpetual licence (capital expenditure) based sales model to a predominantly term / recurring revenue model. This shift will provide us with increased forward visibility and quality of future revenues.

At the same time we are focused on increasing revenues from our Celebrus software family of products. We remain a leader in both real time digital data collection and customer data management and our products and services are used by many of the world's largest financial services and consumer organisations. We have continued to capitalise on our technology leadership position and grow our presence in those target sectors, while at the same time exploring new industry areas where our technology can provide similar value and business advantage.

Our solutions provide our customers with confidence in the depth and quality of their data, safe in the knowledge that they can collect all relevant data from every customer interaction across all digital channels in real time.

Our technology ensures that digital channel data can be easily combined with any other customer data that exists in their environment – enabling customer analytics, optimised customer experiences and more accurate targeted marketing, all in real time.

The Group's focus is to empower clients to maximise the value gained from their customer data, delivering major uplifts in terms of their revenue and profitability. Our real time data collection and Customer Data Management platforms are well positioned as leading offerings for financial and consumer markets as companies look to accelerate their move towards a digital transformation, fuelled by the continuing shift online by consumers and businesses alike.

Improved our gross profit margin levels to 61%

Sales overview

Throughout the year we announced the successful closure of a number of new global customer contracts in the UK, mainland Europe, the Pacific Rim and North America into sectors ranging from financial services to telecommunications and consumer organisations. 2019/20 was a year of change and we successfully managed to convert a high proportion of net new sales to term / recurring style revenue contracts. These new client contracts were evenly spread across Europe, Asia and North America. We also extended our relationship with many of our existing clients globally with sales of increased capacity, geographic extensions, additional digital collection channels and multiple third party integration adapters.

Sales for the year were £21.75m (2019: £25.24m), the change due in main to the move from perpetual / capital sales to term / annual recurring contracts. Sales of our Celebrus product family of software and services now make up 80% of total Group revenue (2019: 71%).

As a result of the change in product mix we were able to improve our gross profit margin levels to 60.7% (2019: 56.7%). This was through a combination of our own software (own IP), our hybrid cloud Customer Data Management platform and our delivery services with the associated increase in our term / recurring revenues. This resulted in an adjusted pre-tax profit for the Group of £5.05m (2019: 6.02m).

We finished the year in a strong cash position at £12.77m (2019: £11.00m) and due to strong sales in the final quarter trade debtors stood at £7.97m (2019: £4.06m).

As mentioned previously we have started on the journey to a more predictable recurring revenue business and I am pleased to announce that we grew those recurring / term based revenues by 33% during the year to be 45.2% of our total revenue for 2020 (2019: 29.2%). Moving forward, and in line with this transition, we will measure our Annual Recurring Revenues (ARR) exit rate as an additional KPI.

Celebrus product family now accounts for 80% of Group sales

Partnerships

Our strategic partnerships remain a major focus for our business and we recognise that the geographical reach and business diversity that our partners bring to us is key to our own future growth. During the year we have successfully continued to promote and enhance our relationships with Teradata, SAS, Pegasystems and Adobe both directly and via their partners.

Our channel partner sales continue to contribute a major proportion of our revenues and as can be seen in recent announcements we will be working even more closely with our partner base.

We have recently commenced work on a number of new partner initiatives which should provide significant returns over the coming one to two years.

Markets and opportunities

Although the Covid-19 pandemic has brought considerable uncertainty, the one thing that remains unchanged is the need for companies, both old and new, to complete the digital transformation of their business.

Our products and services are key to many companies' digital transformation plans and working with both industry analysts and our partners we continue to extend our reach and improve market awareness.

Throughout the year we will continue to invest in the geographies where we see the greatest opportunity and take advantage of the increased availability of highly skilled individuals. We see significant opportunities to invest in growth and with our strong cash balance we believe we are well placed to make the most of these opportunities this year.

The opportunity to work more closely with our partners has never been greater and many of our sales are made possible as a result of the extended reach and penetration into enterprise accounts that our business partners provide.

Technology platform leadership

Our Celebrus Customer Data Platform has matured over a period of 20 years and represents the best in class globally for real time omni-channel data collection. The recent launch of Celebrus 9.2, with the introduction of machine learning and Natural Language Processing (NLP) capabilities, has significantly enhanced our offering.

Our hybrid cloud Customer Data Management platform continues to gain traction with companies who need to combine their multi siloed customer data sources into one real time environment to gain true advantage from their historical customer data assets for risk, fraud or customer experience applications and now with the introduction of a Platform as a Service option (PaaS) for on-premise deployments we see more opportunity for growth.

Our growing research, development and testing teams across Europe and India have enabled us to move significantly ahead of our competitors in the market. With further planned new releases due in the autumn, we will continue to deliver market leading technology in both our data collection and data management platform products.

To date, we have presented the business under two divisions: Celebrus Customer Data Platform (CDP) and hybrid cloud Customer Data Management (CDM). Going forward, we will fold hybrid cloud CDM into Celebrus and it will be presented as part of the Celebrus family of data products, which will now include data capture, data migration and data management & monitoring. We are making this change in order to simplify the business and align our focus on the full Celebrus suite of products and supporting services.

“We have seen continued blue chip contract wins throughout the year”

Peter Kear
Chief Executive Officer

Celebrus - Customer Data Platform (CDP)

We recently announced the release of Celebrus Version 9.2 (our enterprise real-time Customer Data Platform) with new embedded machine learning and NLP capabilities. Celebrus captures and instantly activates data across all digital channels to enable customer analytics and hyper-personalisation through one-to-one marketing in real-time.

Celebrus is the first CDP solution in the industry to use machine learning to deliver Automated Marketing Signals. Automated Marketing Signals enable enterprises to better understand customer interest, life events, subscriptions and customer experience. These preconfigured signals reveal new revenue generating opportunities and dramatically limit customer churn.

The value of the new NLP functionality lies in the ability for enterprises to immediately understand 'customer sentiment' in all digital channels including online chatbots, complaints feedback and product review forums. This speed is significant because it allows clients to make meaningful interventions 'in the moment' to safeguard customer relationships and reinforce their brand values.

Notable wins in this area during 2019/20 included:

- A new multi-year contract with a major UK high street bank
- A new multi-year contract with a major US bank
- A capacity extension and a new data collection channel contract with a major financial services customer in the US
- A significant multi-year capacity extension and multiple country expansion contract with a major European financial services customer
- An extension of an existing contract with a major US bank
- An extension of an existing contract with a global telecommunications company headquartered in APAC

Customer Data Management (CDM) - Hybrid Cloud

We have had considerable success with our hybrid cloud Customer Data Management platform solution in a number of sectors including financial services, automotive, retail and health. We are seeing an increased requirement to combine our Celebrus (Customer Data Platform) digital data, collected in real-time, with historical data held in multiple siloed locations. By bringing together those disparate historical data siloes into one real-time data platform we enable better decisions to be made for customer experience, next best offers, risk and fraud applications.

Our data migration, data management and data monitoring software is being used in many organisations where combining and managing very large historical data sets at scale is the challenge.

* Customer success story page 12

The opportunities that we currently see in our sales pipeline are increasing and our customers are asking to consume this on a Platform-as-a-Service (PaaS) basis which gives us further opportunity to increase our term based recurring revenues.

Notable wins in this area include:

- Multiple contract extensions with a major US bank
- A new contract win with a digital lending provider *
- An extension to an existing contract with a global nuclear fuel company

Creating notable customer references in the market is key to sustainable future growth and the advocacy of our customers is therefore of paramount importance to us.

Summary

There have been a number of notable developments throughout the year, underpinned by a solid financial performance.

D4t4 has made good progress in transitioning away from a perpetual licence model to a recurring revenue model, which will allow more forward visibility and better quality of earnings over the long term. This current year will be key to that transition.

We saw continued blue chip contract wins throughout the year, both with new and existing customers across our extended Celebrus product family.

Our sales pipeline was strengthened by our strategic global partnerships which remain a major focus for our business and we successfully continued to promote and enhance our relationships with Teradata, SAS, Pegasystems and Adobe.

We made significant enhancements to our enterprise software technology with the launch of Celebrus 9.2. This latest version introduced machine learning and NLP to our capabilities, which will facilitate new revenue generating opportunities for customers and will dramatically limit customer churn.

Overall, we have maintained our position as a leading data software and solutions provider across our key markets, we have continued to focus on growing our presence in target geographies, particularly the US, and have made huge strides in enhancing our Celebrus products with the introduction of machine learning and NLP capabilities.

Peter Kear
Chief Executive Officer
29 June 2020

Statement by the Chief Financial Officer

Charlie Irvine
Chief Financial Officer

I am delighted to deliver my first D4t4 Annual Report, having joined the Group on 1 October 2019.

It has been another very successful year for the Group, with the transition to a recurring revenue model well under way. This change puts us in a strong position, with much improved visibility of future revenues and cashflows – more important than ever in these uncertain times.

Revenue

We report today total sales for the year ended 31 March 2020 of £21.75m (2019: £25.24m). This reduction reflects the move to providing annual recurring contracts rather than one-off perpetual licence sales and the transitioning of our hybrid cloud Customer Data Management platform business to "as a Service."

We successfully converted a high proportion of net new sales to recurring revenue contracts. This resulted in our recurring revenues growing to 45.2% of our total revenue (2019: 29.2%). The recurring revenue being the proportion of 2019/20 sales which are of a recurring, rather than perpetual or one-off, nature.

> Recurring revenues growing to 45.2% of our total revenue

ARR as at 31 March 2020 was £9.55m (2019: £7.57m), an increase of 26.2%. This is our key forward-looking metric of revenue at a point in time that is reasonably expected to recur in the next twelve months. We are confident of continued growth in this number as we continue the transition.

Sales of our Celebrus product family of software and services now make up 80% of total Group revenue (2019: 71%).The switch in business model resulted in our own Products – Own IP sales being down some 16.7%. Products – 3rd Party revenue was also reduced significantly. Delivery services and Support & maintenance revenues increased, by 15.9% and 9.7% respectively, as these revenue streams are less impacted by the transition.

	2020 £'000	2019 £'000
Products - Own IP	7,658	9,198
Products - 3rd party	4,362	7,349
Delivery services	3,629	3,132
Support & maintenance	6,099	5,560
Revenue	**21,748**	**25,239**

Gross Profit

Gross Profit was £13.21m (2019: £14.31m), reflecting the lower revenues. However, as a result of a change in product mix, we improved our gross profit margin to 60.7% (2019: 56.7%). This is due to the primary reduction in sales being in the low-margin "Products – 3rd Party" segment.

> Change in product mix improves gross profit margin

Administration Expenses

Administration costs increased slightly to £8.34m (2019: £8.02m) with continued investment in growing our US business largely offset by a reduction in Head Office costs. We shall continue to invest in growing the business where it makes sense to do so in the coming year.

Net Profit and Earnings per Share

Adjusted Profit before Tax (before amortisation of intangibles, share based payment charges, foreign exchange gains/(losses) and one-off restructuring costs) for the year was £5.05m (2019: £6.02m), with the variance driven almost entirely by the reduction in sales. Statutory Profit before Tax was £4.97m (2019: £6.34m).

A net taxation charge of £522k (2019: £511k) gives a Profit after Tax of £4.45m (2019: £5.83m).

Earning per Share on an Adjusted, fully-diluted basis, was 11.19p (2019: 13.89p) whilst Statutory EPS was 11.12p (2019: 14.78p).

Balance Sheet

The Balance Sheet remains strong, with Net Assets up 17.8% at £29.26m (2019: £24.84m).

Non-current assets reduced by £613k to £14.03m (2019: £14.65m) principally due to a reduction in the deferred tax asset as a result of utilising US tax losses in the year and a number of share options being exercised during the year. Also included within Non-current assets are £188k of Celebrus-related Development costs capitalised during the year.

Balance Sheet remains strong and debt-free

We continue to expense the majority of R&D costs, only capitalising where we are very confident that all of the IAS 38 criteria are met. R&D costs expensed in the year amounted to £784k (2019: £576k) as we continue to invest in further developing our software.

Current assets increased by £7.50m to £24.82m (2019: £17.32m). Driving this was a £3.86m increase in Trade and other receivables together with a £1.22m uplift in inventories and £1.77m increase in the closing cash balance to £12.77m (2019: £11.00m). The increase in receivables was due to particularly strong sales in the final quarter and the inventory variance is because we acquired some stock in March for a sale due to complete in the first quarter of the current year.

Total liabilities at year-end were £9.59m (2019: £7.12m), an increase of £2.47m driven by a £2.60m uplift in Trade and other payables. The increase in Trade payables at year-end was linked to the strong sales in the final quarter mentioned above. The Group remains debt-free.

Dividends

The Board is recommending a reduced final dividend of 1.9p (2019: 2.3p) which brings the total dividend for the year to 2.67p (2019: 3.0p). This reduction is to reflect the lower profit level this year due to the recurring revenue transition. If approved at the Annual General Meeting, which is to be held on 6 August 2020, the final dividend will be paid on 28 August 2020 to shareholders on the Register at the close of business on 24 July 2020.

Charlie Irvine
Chief Financial Officer
29 June 2020

Customer success story

Small and medium enterprises (SMEs) are the growth engine for any economy. According to the Bank of England, they are responsible for 60% of all private sector employment in the UK. Yet despite their importance to the British economy, they often struggle to get access to the finances they need to grow their businesses. The strain on them is further exacerbated by a convoluted and unnecessarily lengthy process which stifles their ability to grow and expand. Enter Esme Loans.

Esme is NatWest's standalone digital lending platform which launched in February 2017 to address this yawning gap and to offer SMEs and scale-ups a fresh new way to have fairer and faster access to funds in the market.

The Challenge

Esme Loans' ambition was to leverage technology to provide the UK SME marketplace with an easy, secure and fast way of accessing unsecured loans ranging from £10,000 to £250,000 through a simplified application process with the promise of a prompt decision at a fair price. They defined their business model and set about building the plan for the infrastructure and business processes to realise their vision. Finding the right technology and business partners to support them on this journey was critical.

The Solution

Esme set out to build a data-driven business. They recognised the value early on of choosing the best technologies and partners to build a robust platform alongside their team. Esme were committed to leveraging the power of machine learning and predictive analytics to ensure they could achieve the rapid growth they anticipated. The first step on this journey was to create a Cloud-based customer data management solution using Microsoft's Azure. This could consolidate data from their lending platform, customer interactions, digital marketing, CRM platforms and data sets from third parties that would improve the value of the customer insights e.g. credit ratings. The search then moved to finding a trusted partner who had proven skills in Cloud, deep knowledge of banking security processes, customer interaction tracking and the skill at creating the data models and insight reports to inform the business and allow them to scale. D4t4 Solutions plc, a Microsoft accredited partner and a company with a rich history implementing customer data management platforms as well as a 30 year track record working with some of the world's largest financial services companies, were judged to be the perfect partner to work with the Esme team. Esme appointed D4t4 as their specialist data partner in December 2018 and have been working with their leadership team and technology providers since January 2019. It was important to Esme, as it is to any new scale up organisation, that D4t4 could work in this 'agile' way and effect the appropriate knowledge transfer throughout the project to build up their team's own skills and capabilities. John Pillar, CTO of NatWest Ventures, commented "it is crucial that our platform is always one step ahead of our business. So we worked with partners, like D4t4, who are capable of accelerating our time to market and removing friction from the lending process".

The D4t4 Value

D4t4 have built robust data models and unlocked insights on the customer journey that have helped Esme prepare and scale their business to handle ten times the volume of loan applications and become truly data driven. Fully automated pipelines refresh the data from the key loan platform and an external web analytics tool to allow the full end-to-end customer journey to be mapped. From the first ad campaign through approval stages and on to the current payment status, Esme now have new levels of visibility and continue to refine and optimise the customer journey.

a significant contribution to the growth and success

The project has also provided Esme with an analytics workbench. Think of this as 'a single source of truth' that is enabling business managers to self-serve from a range of pre-canned reports within Microsoft's PowerBI tool. They require and create their own reports and do vital investigative analytics using D4t4's trusted tables.

The Results

When Esme entered this market just over three years ago, the average time it took for an SME from loan application to acceptance was two months and leveraging a combination of technology and data, they have got it down to just a few hours in most cases.

It is not an overstatement to say that Esme has revolutionised the unsecured loans market for SMEs. The Esme digital platform now offers SMEs a frictionless process to apply for unsecured loans to grow their businesses. As of April 2020, Esme has processed about £1 billion of loan applications and provided loans to c.2k SME customers.

Peter Kear, CEO of D4t4 Solutions commented, "it was been an absolute pleasure working with the founders and leadership team at Esme and I am proud that the skills and expertise of the D4t4 team has made a significant contribution to the growth and success of the disruptive business model Esme is pursuing".

Looking ahead, Esme Chief Executive Richard Kerton stands ready to significantly increase lending to UK SMEs and support them in the post Covid-19 economy.

KEY FACTS AT A GLANCE

esme

Esme Loans is part of the
NatWest Group

Target Market
SMEs trading for 3 years with a
£50,000+ turnover

Established
2016

Launched
2017

Product - Unsecured loans of
£10k - £250k

4
employees
at launch

70
employees
in 2020

£1 billion
of loan applications have
been processed since launch

Automated self-service
Digital Lending Platform

Traditional application times reduced
2 months to a **few hours**

> "It is crucial that our platform is always one step ahead of our business.
> So we worked with partners, like D4t4, who are capable of accelerating our time to market and removing friction from the lending process"

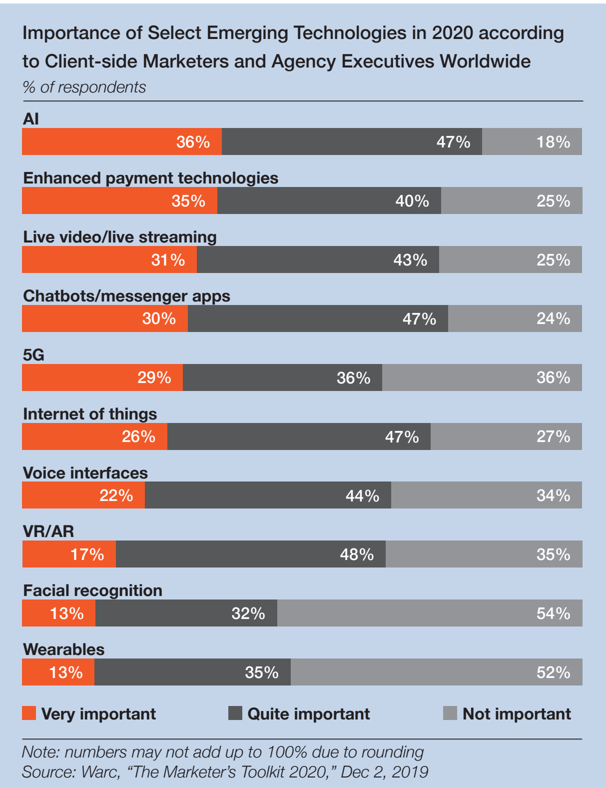
John Pillar
Chief Technical Officer
NatWest Ventures

Powering Digital Transformation with
Artificial Intelligence and Machine Learning

Organisations have become hyper-focused on building positive experiences for their customers across all the various touchpoints of their business. Interactions, on a one-to-one level, not only require data fit for purpose on a timely basis, but the sheer amount of data that is generally created about a customer becomes quite cumbersome to manage for businesses looking for that next great idea. Layered on top of that data is a demand for brands to be good stewards of customer data in a 100% compliant manner.

The challenges for brands today to maintain a competitive advantage is rooted in the ability to activate data in a meaningful way. The only true way to activate customer data quickly, and to shorten the runway to value, is by harnessing Artificial Intelligence and Machine Learning. Clients are under immense pressure to generate positive results in today's marketplace, and the Board of D4t4 made solving this problem a strategic focus in the prior year.

One of the most powerful and important datasets has undoubtedly become digital, and the challenges in today's industry makes that a difficult channel to cater for within the traditional world of marketing technology and tag-based solutions. In a world where marketing technologies struggle to capture customer data, we are poised to excel. Throughout this report, we will detail the opportunity for D4t4 as well as our competitive positioning in the marketplace that puts us in prime position to be the partner that brands need in order to be successful in today's data-driven world.



Market focus and growth

Artificial Intelligence is top of mind for Executives heading into 2020 and beyond on both the Marketing and Technology sides of the house. The reality is that this, combined with significant growth in the CDP sector, means we are faced with an opportune moment to capitalize with our core differentiators.

With our focus at D4t4 on capturing customer data in a compliant manner, and also providing the hybrid cloud Customer Data Management solutions to harness that data and get it to the right people at the right time, we continue to be on the forefront of innovation and helping brands evolve on their path of digital transformation.

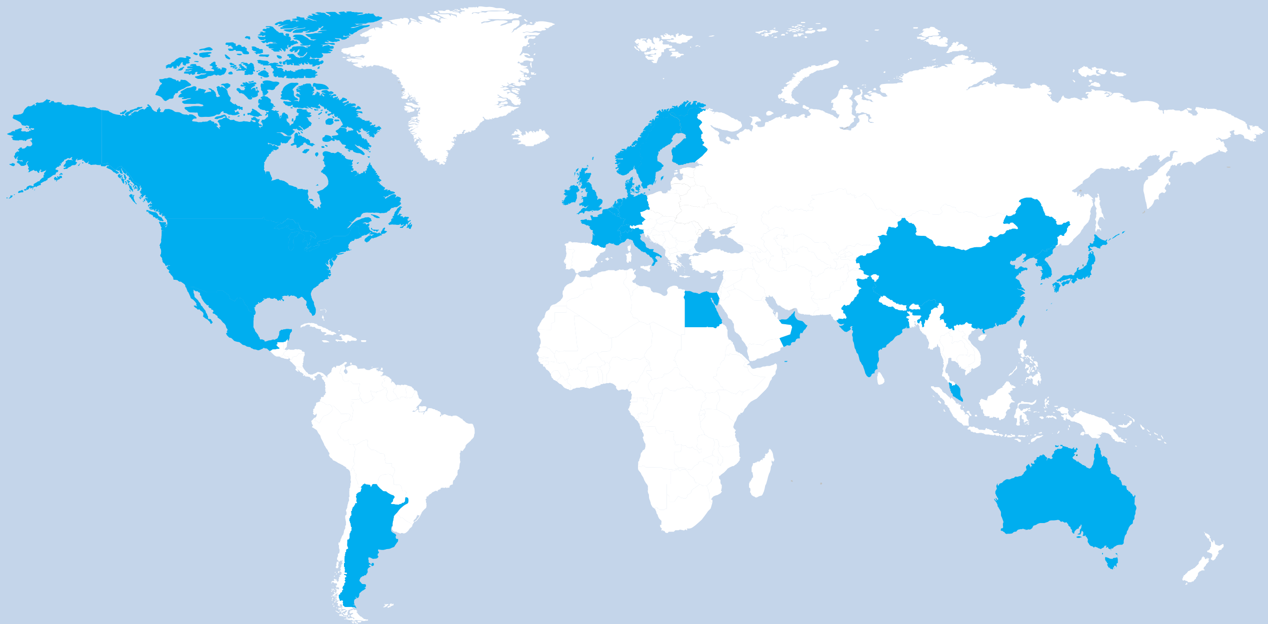
Customer Data is Paramount

Our Customer Data Platform (CDP), Celebrus, is the gold standard for digital customer data capture and connection to downstream systems for activation. Recent data from MarketsandMarkets[1] suggests the global CDP market size is expected to grow from USD 2.4 billion in 2020 to USD 10.3 billion by 2025, at a Compound Annual Growth Rate (CAGR) of 34.0% during the forecast period. Celebrus continues to expand globally with a geographic representation to the right.

1. https://www.marketsandmarkets.com/Market-Reports/customer-data-platform-market-94223554.html

Global implementation of our

Celebrus CDP



With this heavy focus on connecting customer data across channels and devices comes the challenge of building environments that can perform at scale for the analytical use cases across the business. This trend is further emphasised by MarketsandMarkets[2] again who suggests the global big data market size to grow from USD 138.9 billion in 2020 to USD 229.4 billion by 2025, at a Compound Annual Growth Rate (CAGR) of 10.6% during the forecast period.

This positions D4t4 uniquely as not only are we solving for the digital customer data challenge, but we are also poised to build the hybrid cloud architectures to ensure that organisations are able to capitalize on the better data they possess.

2. https://www.marketsandmarkets.com/PressReleases/big-data.asp

Market Opportunity

From our view, and recently outlined by a study we commissioned, there are five stages of Digital Transformation that organisations go through as they mature.

The five stages of

Data-Driven Transformation

	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5
	Channel Centric	Customer Centric	Real Time	Enterprise	North Star
Business Focus	**Marketing focus** on customer acquisition & sales. **Digital focus** on channel performance (clicks, page conversions)	**Cross sales and loyalty** focus. Delivering a consistent omni-channel experience across all touchpoints.	**Customer value and advocacy** by optimising customer journeys. Digital & Customer marketing merge.	**Data as a strategic asset:** Now utilised across Marketing, Risk, Fraud, Product, Pricing, Staff productivity and more	**Digital business model** with virtual agents augmenting complex advice processes and decisions.
Achieved by	**Outbound marketing & paid advertising**. Vanilla web/mobile experience. Analytics focus on volumes and sales conversion.	**Customer centric marketing**. Automated event triggers, personalisation & multi-channel orchestration. Marketing optimisation.	**Hyper-personalisation** of content and decisions using contextual real time data plus a blend of AI and rules. Fully automated operation	**Data captured once and connected to all** analytic & decisioning platforms, to support widest range of analytics & decisioning use cases	**Data driven AI** including deep learning and knowledge based decisions powered by real-time data and intelligent bots
Outcomes ($ estimates for organisations with 10m customers)	**Low Marketing ROI** due to poor response & conversion rates plus labour intensive processes. $10-$20m	**Medium Marketing ROI** as automation drives efficiency and events improve response & conversion. $100m+	**Highest Marketing ROI** as hyper-personalisation delivers 10-50x uplift in sales conversion rates, better CX, and lowest operating costs. $250m+	**Maximise Business Outcomes** across all lines of business, channels and analytic functions (Risk, Fraud, etc.). $500m+	**Market leading efficiency** across all customer facing business functions. data driven sustainable competitive advantage. $bns

Based on our analysis of the market, approximately 60% of organisations are working towards Stage 2, and the single biggest gap to them getting there is the missing integration between digital channels and their customer data platform. Of the organisations fully at Stage 2, roughly 50% are on the way to Stage 3.

Our target opportunity is highlighted by any organisations trying to get to Stage 2 and any organisation already in Stage 2 - 5. This represents roughly 70% of organisations in our key verticals.

Industry Sectors

D4t4 is focused on the finance and consumer sectors, with a strong track record of delivering on over 300+ use cases for our customers with a combination of our Celebrus Data Capture and Customer Data Management solutions. Over the past financial year, we have come to recognise that many of the use cases we have solved for in the finance sector, as well as many of the challenges, mirror those in the Insurance and Healthcare spaces in the US. In addition, the Telco sector is also one that we are investigating for opportunities globally.

Celebrus provides a complete, digital customer profile instantly to downstream applications to deliver a hyper-personalised experience for our clients. The customer and one-to-one personalisation are key focal points across many industries in today's marketplace, and our differentiators uniquely position us as the partner for true digital transformation within our clients' organisations.

While we remain focused on the finance sector, we feel that many of the industry challenges and trends play to the strengths of our offerings in several potential sectors.

D4t4 Solutions is leading the artificial intelligence revolution

Digital disruption in the finance sector has been, and will continue to be, a growth focus for us. The backbone to digital disruption is the activation of data and Executive adoption of a view towards the North Star in the previous table.

Looking out to the marketplace as a whole portrays an industry where many of the traditional marketing clouds and various pieces of financial technology (Fintech) are unable to accurately create a view of a customer that can be built upon over time and integrated with other key first-party datasets.

Web browser changes, including Apple's Intelligent Tracking Prevention (ITP), in the past year are designed to limit the ability for traditional, tag-based marketing technologies to identify and persist an individual identifier over time and track the full journey that those individuals are taking.

Celebrus, due to the nature of the technology and product innovation, is not impacted in any way by these changes in the digital industry. Our tagless implementation, combined with our ability to create a customer profile for instant use across the enterprise, allows us to truly be the "single source of truth" for digital data to power high-value use cases in Marketing, Customer Experience, Advanced Analytics, Risk, and Fraud.

The Board of D4t4 has further emphasised the development of Artificial Intelligence and Machine Learning solutions as a core focus of both our Celebrus CDP and Customer Data Management solutions. This focus ensures we remain on the forefront of innovation for the top-of-mind use cases of our customers.

D4t4 Solutions continues to excel with growth in the consumer sector

Compliant consumer data with the right depth, breadth, consistency, and accuracy can be applied across the enterprise for use cases in Marketing, Customer Experience, Data Science, Risk, and Fraud.

With the launch of version 9 of our Celebrus CDP came the release of Automated Marketing Signals to harness the power of Machine Learning, Legitimate Interest to empower fraud detection in a GDPR-compliant manner, and expanded connection capabilities downstream for our core partners as well as new potential growth-focused partnerships in this financial year.

We are relentlessly focused on helping our customers march towards the North Star of Digital Transformation.

Geographic Reach

We are currently able to provide 24/7 support for our customers as a result of our existing geographic reach. We continue to bring in the necessary skills and people in each market to ensure both our current ability to service our customers as well as the ability to scale to meet the new demands as our business continues to expand in key markets such as the US.

The largest global market remains the US, and this accounts for over 60% of D4t4 sales.

Revenue by region Note 5 page 82

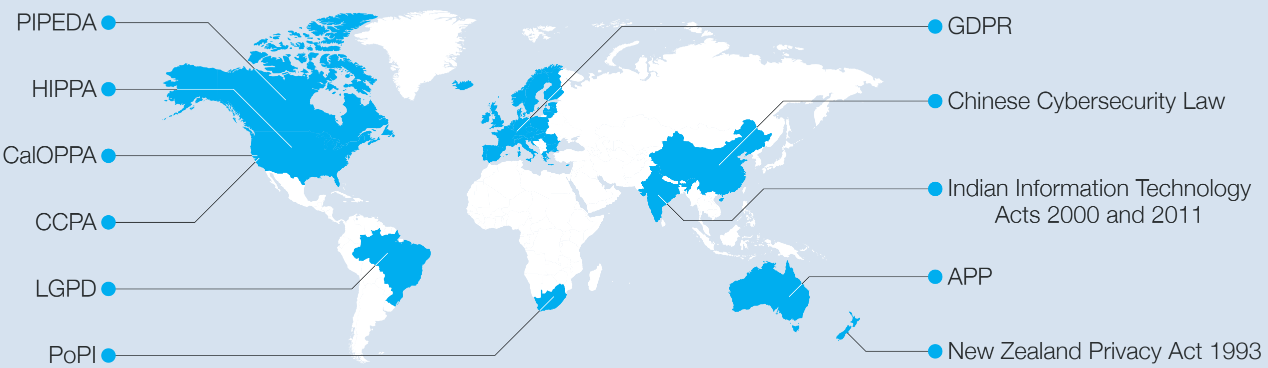
The Regulatory Opportunity

As organisations march towards the North Star of Digital Transformation, privacy and compliance continue to be paramount to continued success. Many 3rd party marketing technologies are unable to truly capture and store customer data at the level of granularity needed to power one-to-one marketing. Celebrus, as a true first-party solution installed in a client-controlled environment, future-proofs an organisation's ability to mature along their journey towards transformation. Combining that with our Celebrus Control module, which has been vetted by many of the world's largest global banks, ensures that our customers can confidently capture 100% compliant data adhering to the regulatory requirements around the globe.

Furthermore, the risk and liability of digital fraud in the financial sector, and the launch of our fraud-specific features in version 9 of Celebrus, has created a new set of use cases and opportunity for our CDP.

A selection of regulations impacting

D4t4 Solutions' customers



Our hybrid cloud Customer Data Management business is also further enhanced by the regulatory challenges in the finance sector. Regulations such as Comprehensive Capital Analysis and Review (CCAR) and the Current Expected Credit Loss (CECL) framework in the US require highly performant environments to run several models on extremely large data sets, which is a key differentiator of our hybrid cloud Customer Data Management platform.

Key New Trends

New trends and challenges continue to seemingly appear daily, and we continue to innovate to ensure we can capitalise on these trends for our customers. The themes that remain consistent from the previous year include a desire to be data-driven, the development of cloud strategies, the rise of open source software, and the focus on collecting and harnessing the power of customer data.

From our perspective, there are a several new trends that we are focused on to drive further growth across our existing accounts and new business:

Fraud / Risk	Our launch of Legitimate Interest in Celebrus and the additional Fraud features in version 9.2 and 9.3 of Celebrus in this financial year will be groundbreaking for our customers and offer up new market opportunities for our business.
Artificial Intelligence / Machine Learning	The launch of Automated Marketing Signals in version 9.2 in Celebrus will be the first-ever true deployment of Machine Learning in any marketing technology focused on capturing customer data. This module leverages our vast knowledge in the financial sector and can be easily applied to other sectors under consideration.
Hyper-Personalisation	Celebrus delivers a complete customer profile instantly to any downstream application for data activation and personalisation. Several innovations in 9.2, including HTTP 2.0, further expands our capabilities within the arena of personalisation and offers significant functionality to guide our customers down the path of digital transformation.
Digital Data Challenges	Apple Intelligent Tracking Prevention (ITP), and changes within Google Chrome, Firefox, and Microsoft Edge, continue to limit the effectiveness of traditional marketing tag-based technologies and their ability to capture and process customer data in a compliant way. Celebrus is not impacted in any way by these changes as a result of being a true, 1st party system and our IP. Additionally, as a true 1st party system, Celebrus is also not impacted by the browser restrictions on 3rd party cookies and cross-domain tracking, which brings us to the next opportunity.
Advertising	Advertising as a budget line-item tends to be the single largest investment in our target customers With the digital data challenges to cookies in this sector, and the IP we have within our CDP, we are exploring the role we can play in solving for the challenges here and provide a more complete view into the marketing journey of the consumer.
Cloud Ready	Celebrus has continued to innovate to support not only cloud deployments but also many of the frameworks required to connect our data to platforms within Azure, AWS, Snowflake, and others. Our hybrid cloud Customer Data Management platform has been innovated to support “burst to the cloud” capabilities and allow for open-source analytics within the cloud to interface with our core platform.

Mission and strategy

Our Vision

To continually innovate and build a steadily growing business that earns high margins and recurring revenues by partnering with our clients to drive maturity in their usage of data along their transformative journey. We intend on leading digital disruption by powering artificial intelligence, machine learning, advanced analytics, compliance, fraud, risk, marketing, and customer experience use cases with a combination of a market-leading CDP and our hybrid cloud Customer Data Management platform.

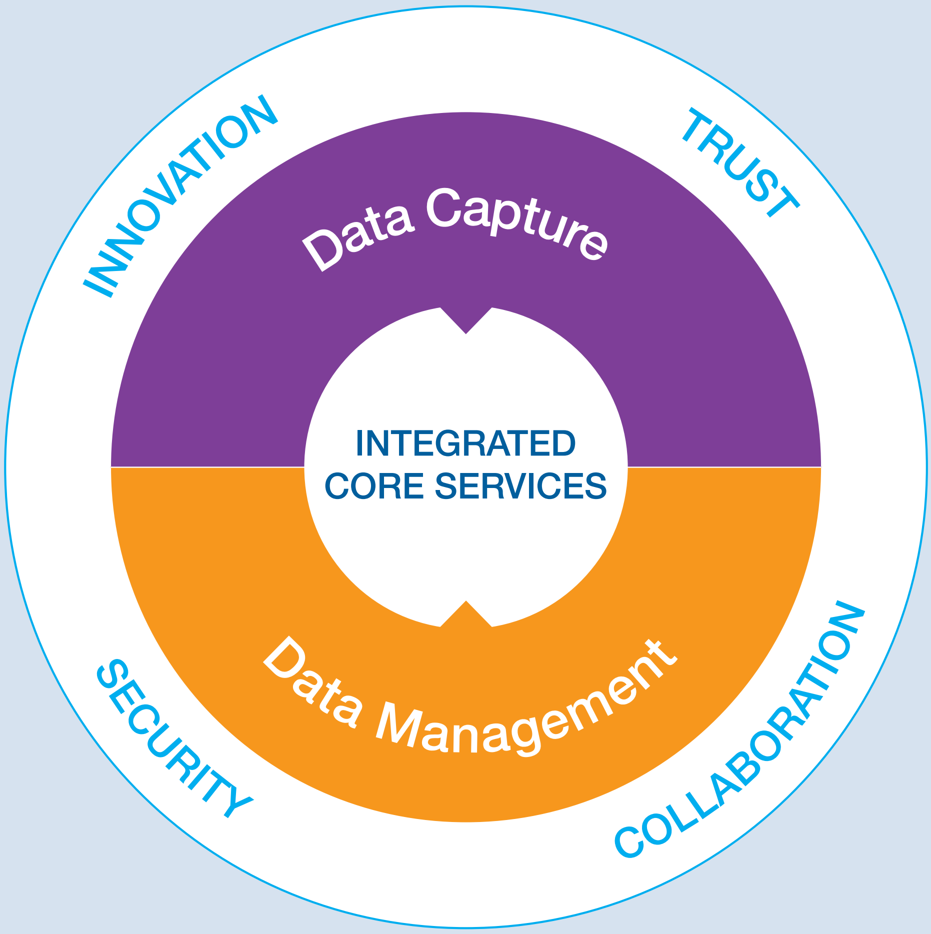
Our Mission

To provide the two most critical components that drive Digital Transformation as an intersection within our business. Powering the most granular, contextualised customer data at an individual level and the data management platforms to operationalise that data throughout an enterprise for the use cases that matter.

Our Strategy

To deliver the vision our strategy is to continue to focus our activity on two complimentary areas that financial services and consumer organisations are investing in today and expected to continue to invest in for the foreseeable future:

1. Increasing revenues derived from our CDP, Celebrus, by leveraging our recent innovations in the AI/ML and fraud sectors to create new opportunities while expanding our existing client relationships with new use cases and upgrades. We will also use these new options to expand our partners with a focus on marketplace differentiation.
2. Generating recurring revenue through developing, deploying, and managing hybrid cloud Customer Data Management platforms that combine the intellectual property, services, software, and hardware needed to help our clients evolve their Digital Transformation vision. Continue to offer the flexibility and scalability of our environments to support artificial intelligence, advanced analytics, and regulatory analyses on a scheduled and ad-hoc basis.



Our Tactics

This strategy will be executed by continuing to live our core values of innovation, trust, collaboration, and security. We will continue to enhance and grow our capabilities across the two main pillars of our business: Data Capture and Data Management. We have depth of expertise and wide connections within the financial services and consumer sectors, and we will continue to further apply our learnings to other verticals and partnerships.

Our challenges

Like any Group, D4t4 Solutions has several inherent challenges that it must overcome in order to execute its Strategy successfully. The table below sets out these key challenges and the actions taken to ensure the Group continues to deliver successful outcomes for all of our Stakeholders.

CHALLENGE ONE

Covid-19

The coronavirus crisis has clearly had a major impact on many businesses across the world, with almost no industry isolated from this. The way we do business has changed dramatically over the last few months and some of these impacts will be felt for a long time to come. The markets in which D4t4 operates shouldn't be impacted too significantly in the long term, and in fact the new environment presents the Group with an opportunity given the renewed focus on the customer and reliance on data. There are clearly challenges nonetheless, not least of all a reluctance on the part of some businesses to commit large funds at this time. Similarly, there is a challenge in terms of ensuring that all of our people and products are still able to function for our clients at a time when most offices are closed and travel restrictions remain in place.

Management actions

- All staff set-up for home-working and able to fulfil duties remotely
- Investment has ensured good level of skills and experience in all three main geographies, ensuring back-up in place if required
- Board meetings and weekly Executive meetings held via video conference
- Stress-testing of forecast scenarios to confirm no cashflow issues. Additional financing is in place with our Bank should this be required
- Working with our Partners and end-user clients to ensure no interruption to service levels
- Continued focus on sales pipeline, supported by ability to offer variety of contracts to suit e.g. SaaS, PaaS, term or perpetual licences

CHALLENGE TWO

Sales Cycle Management

The sales cycle for our products and services is typically greater than one year due to the cutting-edge nature of our products. There are also typically multiple stakeholders within the client company that have to be addressed. Also, due to the size of projects, internal budgets have to be planned far in advance. The challenge is to manage the sales pipeline so that investor expectations for steady, predictable growth are met.

Management actions

- Bi-weekly sales reviews
- Monthly Board review of the sales pipeline
- Account plans for every major client are in place and reviewed regularly
- Relationship mapping is undertaken for major clients
- Flexible pilot project offerings to engage the client early in the process are made available
- Renewed focus on Partner education and activation in the marketplace

CHALLENGE THREE

Managing the recurring revenue transition

The Board has announced previously a desire to move towards more of a recurring revenue model, with a more predictable revenue stream allowing for improved revenue and cashflow forecasting. Over the long-term, this is seen as a clear opportunity to improve visibility of the business and scale resources appropriately. That said, this transition away from the perpetual licence sales that we've recognised previously can mean a reduction in short term revenues and profits.

Management actions

- Regular internal and external communication as we move through the transition
- Regular agenda item at Board meetings and with external advisers
- Clearly defined KPIs around recurring revenues
- Continued focus on cash as transfer Data Management business to PaaS
- Refresh of sales incentive schemes to ensure aligned with new business model
- Keep investors up to date as we move through the transition

CHALLENGE FOUR

Expanding the relationship base

To grow the business faster and reduce risk the strategy calls for an increase in both the number of partners through which sales are made and the number of direct client relationships the business has. To achieve our stated financial performance targets our financial resources need to be carefully shared between sales, marketing and partnering activities.

Management actions

- Additional sales and marketing investment
- Growing partner base
- Mix of direct and indirect commercial relationships
- Deeper understanding of client data and analytics maturity and how it evolves

CHALLENGE FIVE

Developing the right talent

In recent years, the Group has evolved into a data-focused technology organisation, therefore retraining and redeployment of existing staff has been required. As always, the challenge is to create a balanced, flexible and highly motivated global team that can collaborate successfully across three continents.

Management actions

- Training investment is made as required
- Increased number of Group-wide presentations and events to develop greater team spirit. Regular online events and presentations held during Covid-19 pandemic
- Working location flexibility is offered to all
- Refurbished offices to improve the working environment
- Total remuneration, including share options, is reviewed annually in light of the market

CHALLENGE SIX

Creating the right products

Development resources are allocated based upon financial performance targets and consequently management prioritises product development carefully. The challenge is to understand the market and make the right investment decisions which will deliver a return as well as a clear value to our customers.

Management actions

- Frequent client and partner engagement to understand changing requirements
- Interaction with industry analysts to understand current and future trends
- Attendance at industry events and seminars to widen our knowledge
- Growing the development team, especially in new areas such as mobile and AI
- Structured product planning meetings involving all stakeholders
- Exploration of Customer Advisory Boards to generate more input from our install base for our Product Planning team

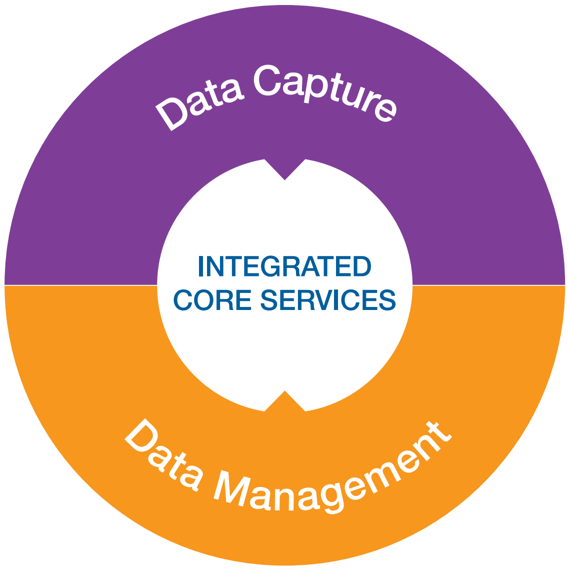
Business model

The Board is confident that the D4t4 business model supports the business strategy of growing software and recurring revenues year-on-year. This business model is continuously reviewed as the organisation grows and develops.

Our integrated core services

Data Capture

Capture all individual consumer data in a 100% compliant manner in the most granular way possible in the industry today. Provide these digital consumer profiles instantly to our partners downstream for data activation in the realm of Marketing, Data Science, Customer Experience, Fraud, and Risk.



Data Management

Rapidly solving the issue of underperforming, multi-siloed, mixed-technology data environments by consolidating them into a simple to use customer data management solution. These solutions integrate data, software and hardware using our own proprietary tools.

Our strengths

People

Our teams are at the heart of the business. They understand the markets we operate in, create innovative and adaptable solutions, write complex product code, drive sales and deliver solutions and positive outcomes for our clients. In order to maintain and drive the business forward, D4t4 seeks to attract and retain the best talent in our marketplace. Despite being spread across three continents, the business is primarily organised as a single entity rather than divisions. As the business wins and delivers new contracts, this gives D4t4 the best flexibility to deploy skilled staff on to the right projects at the right time.

Security

Data security is vitally important to both our clients and D4t4. Regulations such as the European General Data Protection Regulation (GDPR) and the nature of the consumer data we handle means secure process and facilities that enable ISO27001 and PCI compliance are needed. Our software is regularly tested to ensure it is safe, private and secure.

Value creation

D4t4 fundamentals create competitive advantage by enabling it to offer complete enterprise scale data solutions for the largest financial services and consumer organisations.

For investors

Our strategy and business model are designed to create the opportunity to earn high margin recurring revenues, that deliver capital growth and a progressive dividend policy.

26.2%

increase in Annual recurring revenue

For customers

D4t4 provides an end-to-end data service that is designed, from the ground up, to be safe, secure and high quality, which result in delivering exceptional value to our clients over many years.

Customer success page 12

For employees

D4t4 provides a flexible and secure working environment in which staff can develop their own careers. As a global business D4t4 aims to assist staff in gaining valuable international experience as well as broad exposure to all the latest data tools and technologies.

CSR for employees page 39

Partners

Our primary route to market is to sell our software and solutions in conjunction with other third party organisations, including SAS, Dell EMC, Teradata, Pegasystems, Microsoft and Adobe. The solutions D4t4 deliver primarily contain components from SAS, Microsoft and Dell EMC and our own software, Celebrus. We undertake joint sales and marketing activities with the organisations to generate the majority of our sales but continue to develop.

Intellectual property

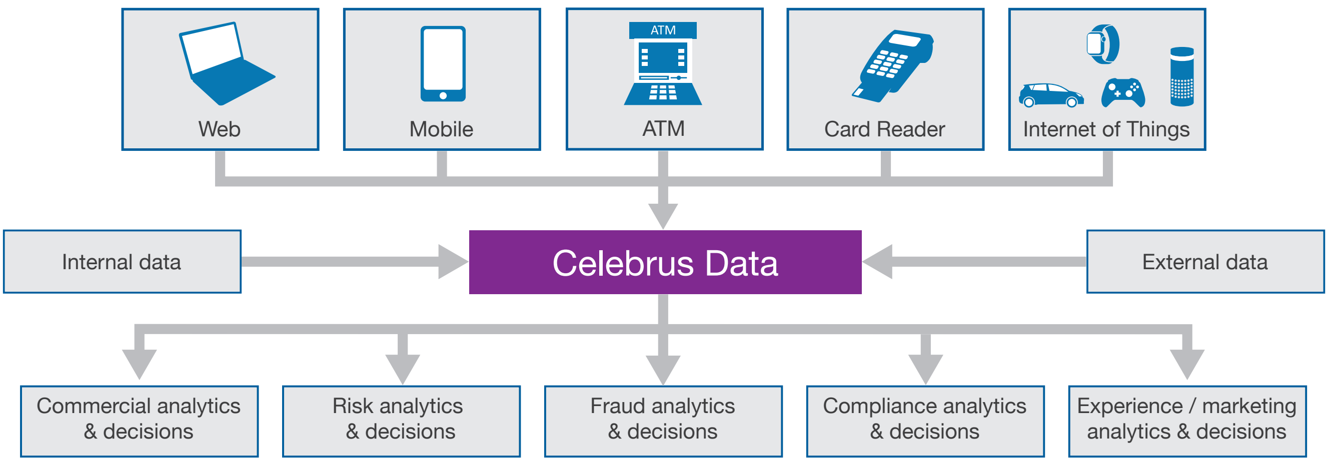
To deliver the strategy, the business continues to invest in developing its intellectual property (IP). Competitive advantage is maintained through investment in the core functionality of our Celebrus software, developing solution “know-how”, building tools to automate processes (such as software deployment), applying for additional legal protection for our IP and the development of a network of partners who rely on the technology for their own business.

Our Intellectual Property

Product and technology innovation used to be the preserve of large enterprises, typically within their research and development departments. But innovation can come from anywhere. This is very true of D4t4 and we are proud of our product development team and the rich stream of technology innovations they are adding to the Celebrus Customer Data Platform (CDP) solution every year. Most recently they have succeeded in embedding both Machine Learning (ML) and Natural Language Processing (NLP) capabilities making it the first solution in its category to offer enterprises this rich functionality out-of-the-box. These new pre-configured Automated Marketing Signals (AMS) have the power to save enterprises millions of pounds of in-house development costs and dramatically accelerate bottom line revenues as a result of being able to instantly detect and act on customer intent data in real time.

Customer Data Platform (CDP) Market

Celebrus, acquired by D4t4 Solutions in 2015, is a data capture and customer profiling software solution which is positioned in the high growth market category of Customer Data Platforms (The Forrester New Wave B2B Customer Data Platforms 2019). The Customer Data Platform (CDP) market size is projected to grow from USD 2.4 billion in 2020 to USD 10.3 billion by 2025, at a Compound Annual Growth Rate (CAGR) of 34.0% during the forecast period according to US market research by Reportlinker. The major growth factors of the CDP include the proliferation of customer channels and the growth in the volume of transactions and interactions occurring online. It is believed that the recent Covid-19 pandemic will further accelerate demand for CDPs. Drastic changes in customer buying behaviour and the need for employees to work from home has highlighted the need for organisations to be able to effectively interact and deliver a frictionless, personalised experience to all their customers, across every digital channel in real time. Celebrus is very well positioned to capitalise on this demand.



The four core capabilities of

Celebrus

1. Capture	2. Create	3. Connect
all of a customer's interaction and behavioural data	a comprehensive digital profile that can be persisted across every channel	in milliseconds to an enterprise's analytics and decisioning platforms

4. Control - the privacy of all your customer data ensuring 100% ethical compliance to industry regulations like GDPR, CCPA

Celebrus is typically bought by enterprises and deployed in distinct stages, usually starting with one or two use cases to prove value. A detailed insight study of Celebrus clients across many different industry segments revealed some very distinct phases and similarities of approach in the process for our clients to becoming truly data-driven organisations.

We have codified these to produce a Five Stage Data-Driven Transformation Model to help other business leaders understand the journey. While many clients are aiming for Stage 5 (which we call the 'North Star') none has achieved this yet, so there are many more opportunities for Celebrus to expand its footprint in existing clients as well as acquire new ones.

Five Stages of Data-Driven Transformation page 16

The Celebrus Impact

Because of the way Celebrus captures all interactions and behaviours for our clients, this has proved to be very valuable when something unexpected such as the coronavirus pandemic occurs. This requires businesses to be agile, responsive and do swift additional analysis so they can take prompt action to support both their customers and the business itself. Had our customers been relying on traditional tag-based solutions, they would not have the ability or agility to support important ad-hoc requests such as these:

Major Banking Client	International Insurance Client
Used Celebrus data to measure interactions with their Covid-19 initiatives and to better understand things like loan deferment and financial stability	Captured web chat interactions in their overloaded call centres to help prioritise responses, understand how supportive that channel had been and to identify opportunities for improvement

Illustrations of the business value and financial impact of the Celebrus CDP

UK Retail Bank with global network

Real time decisioning enabled	Year 1 Impact: Delivered >$50m incremental revenues
Significant improvements on customer engagement	50-70x increase in Click Through Rate (CTRs) on website
Predictive Analytics	$7.5m in new revenue from just one campaign

Leading European Insurance Group

Transformed their marketing attribution using highly granular and contextualised Celebrus Data to do advanced analytics	Achieved a 10% uplift in conversion rates
Improved retargeting visitors to the website	10% reduction in advertising saving millions each year
Financial calculators, abandoned applications and product browsing	$12m uplift in conversions in year 1

Multi-Brand Online Retailer

Fraud Detection: Interaction data captured by Celebrus was analysed to reveal patterns of account opening activity revealing fraudulent behaviours enabling prompt intervention and millions of pounds in savings	£1m in customer fraud quickly identified and mitigated Cases of multiple identity theft traceable in minutes

One area that has benefitted from such insights is the continued development of DNB's online and mobile digital services. When looking at digital channel interaction data to assess our customer journeys on our digital channels we use a leading-edge real-time digital capture solution, *'Celebrus from D4t4 Solutions'.*

We can assess whether our digital channels are aligned to customer preferences and continuously improve the digital experience.

The platform can also be easily optimised to deliver highly tailored digital offerings to meet anticipated customer needs and wants.

Our analytics capabilities are focused on delivering the right product, at the right price, through the right channel, at the right time.

Aidan Millar
Chief Data and Analytics Officer
DNB

DNB is Norway's leading financial services provider with a market capitalisation of NOK 258 billion at year-end 2019 – it is not just leading in regard to size, but also with its progressive data driven digital transformation program. Over the last 15 years, DNB has gone from having 550 branch offices to 57. The mobile bank has gone from a hundred thousand visits a year in 2010, to almost a million daily customer interactions in 2019. The success of the channel shift is remarkable. In a Finalta benchmark analysis of the international banking sector, DNB was ranked number one in the world based on the efficiency of its branch network.

DNB

Customer Data Management

For 35 years D4t4's work and solutions have been focused on helping companies get the best possible value from all their data assets. We have expertise in solving the thorny technical challenges associated with managing and optimising complex data platforms and have developed a proven methodology and suite of tools to deliver these. This is our Customer Data Management solution which is delivered as a Platform-as-a-Service (PaaS) offering.

Our intellectual property comprises:

1. Development tools, database management, business analytics

Specialist tools for synchronising extremely large data volumes non-disruptively, taking across extended access control information and converting data in the background between old and new formats

2. Operating systems

Configuration Control and Change Management

3. Servers and Storage

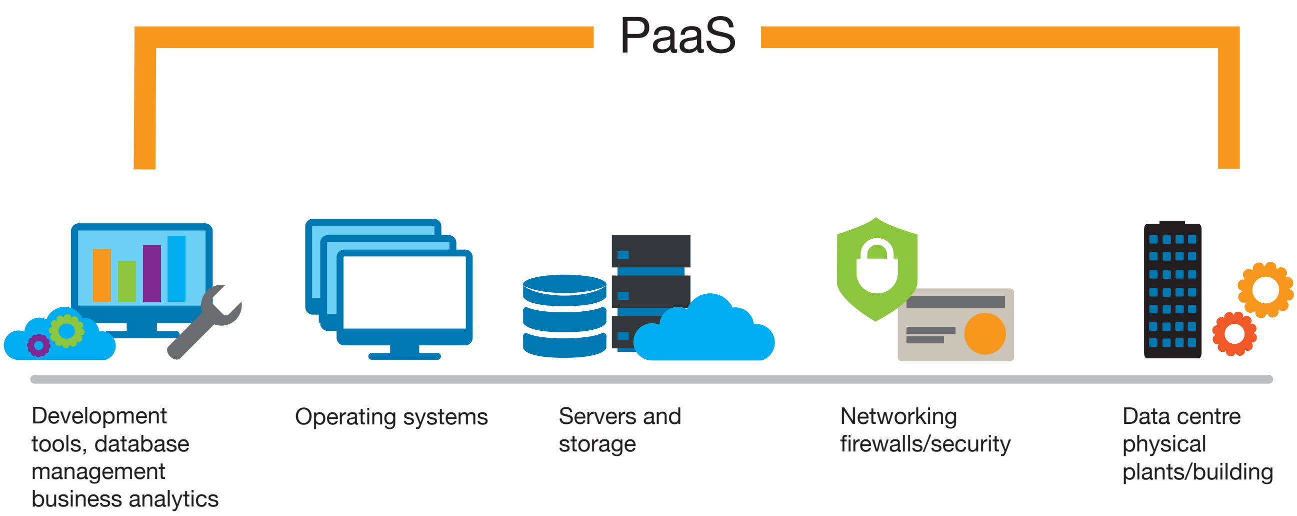
Monitoring and control of storage allocation and tuning synchronisation and backup through the use of snapshots to optimise usage of storage and meet requirements known as RPO (recovery point objectives) and RTO (recovery time objectives) for big data platforms

4. Network Security and Firewalls

Proven process for vulnerability and threat management, roll-out of production environments; monitor and eliminate any security weaknesses to safeguard the critical security infrastructure and ensure 100% compliance with industry and data privacy regulations

5. Data Centres

Physical facility



The Customer Data Management Impact

Covid-19 Resilience

Our Customer Data Management platform is built for scale and flexibility as a customer's needs change. With the emergence of the Covid-19 pandemic, our customers on the platform have a massively increased volume of requirements to run models and analyses that were not foreseen in addition to the standard day-to-day. Our customers have experienced no issues with running thousands of new advanced and regulatory analytics models on our platform which is testimony to the resilience and agility of our hybrid cloud CDM solution.

Illustrations of the business value and financial impact of the Celebrus CDP

Top 3 US Retail bank

Hybrid Cloud Analytics & Business Intelligence Deployed a fully remote-managed appliance in multiple on-premise data centres with integration to off-premise private clouds	500x Performance Improvements across various analytics and data management areas Drastic improvements in analytics processing times freed up $100m+ liquidity to the bank $10 million cost savings 60% reduction in total cost of ownership of the analytics environment year-on-year

Growth plan

Our business model and our chosen markets, together with our innovative technology and IP, are all harnessed to grow the business through four key initiatives.

1. Regional growth

Continued investment enables the business to access market opportunities that are currently untapped.

- In 2018/19 we increased our North American sales team significantly and created a pipeline of new clients.
- In 2019/20 we supplemented this investment by adding in US technical support and project management resources to continue to drive growth in the largest and most sophisticated market in the world. The US market accounts for over 60% of Group sales.
- During the current financial year, we are targeting growth in the Asia Pacific region which is a clear opportunity for the Group as currently around 95% of sales are to customers in Europe and the US. We are considering ways to invest in order to further support our existing clients and current partners whilst also accessing new opportunities in this fast-growing region.

2. Additional use cases

Use cases are the stories and wins needed to promote and establish new applications of Celebrus data and our hybrid cloud customer data management platform in areas such as risk, fraud, advanced analytics, and customer support.

- In 2018/19 we created a knowledge bank of over 300 use cases and started to use them as a tool to support and engage existing clients and prospects. These same use cases better enabled our partners to tell our story as well.
- During 2019/20 we expanded our story and use cases into risk, fraud and commercial decision making (e.g. pricing) with the latest features of Celebrus.
- In 2020/21 we'll be continuing to expand upon our key use cases, simplify our story, and align our messaging against the challenges that our key markets are facing today. With Celebrus, we are uniquely poised to provide data that can power enterprise use cases across Marketing, Customer Experience, Risk, Fraud, Compliance, and Data Science.

3. More engagement with clients

Investing in customer success teams to work more closely with clients to help creating value from data leads to cross-sell of services and expansion of existing relationships.

- In 2018/19 we started to engage more clients directly, rather than through a partner, to enhance the quality of service and advice available to the client.
- In 2019/20 we advanced our Celebrus customer success capability by dedicating more time and resource to working in closer collaboration with our clients outside the usual project-based activity and closed a number of large direct accounts.
- In 2020/21 we shall be continuing to develop both our direct and partner relationships to ensure we're well-placed for success with all opportunities in any market.

4. New partners

Adding new partners gives access to more solution sales opportunities that require the power of Celebrus or our data management capabilities.

- In 2019 /20 we cemented our new relationship with Pegasystems, a leading decisioning software company, that uses Celebrus data to power real-time personalisation. We also further expanded relationships with Dell and SAS.
- In 2020 /21 we will develop new relationships with a regional partner in Asia Pacific to support the regional growth goals and will extend our existing portfolio of systems integrators.
- We will also seek new partners to support the new use cases in areas such as risk and fraud as they are developed. In addition, we are exploring partnerships with other key vendors such as Salesforce.

D4t4 has many potential growth areas; the Board ultimately makes the decisions regarding the balance of profit vs. growth investment. It is the Group policy to ensure profitable growth in predominantly recurring business as a primary objective balanced by an appropriate level of investment where required.

Key performance indicators

Group's financial key performance indicators

Revenue

-13.83%

2020	£21.75m
2019	£25.24m

Short-term reduction due to transition to recurring revenue business model

Gross profit margin

+4.06%

2020	60.75%
2019	56.69%

Unusually favourable product mix with high proportion of celebrus software and services revenue

Adjusted profit before tax

-16.1%

2020	£5.05m
2019	£6.02m

Short-term reduction due to transition to recurring revenue business model

Adjusted diluted EPS

-19.4%

2020	11.19p
2019	13.89p

Short-term reduction due to transition to recurring revenue business model

Net cash

+16.1%

2020	£12.77m
2019	£11.00m

Strong balance sheet with no external borrowings allows further investment to fund future growth

ARR

+26.2%

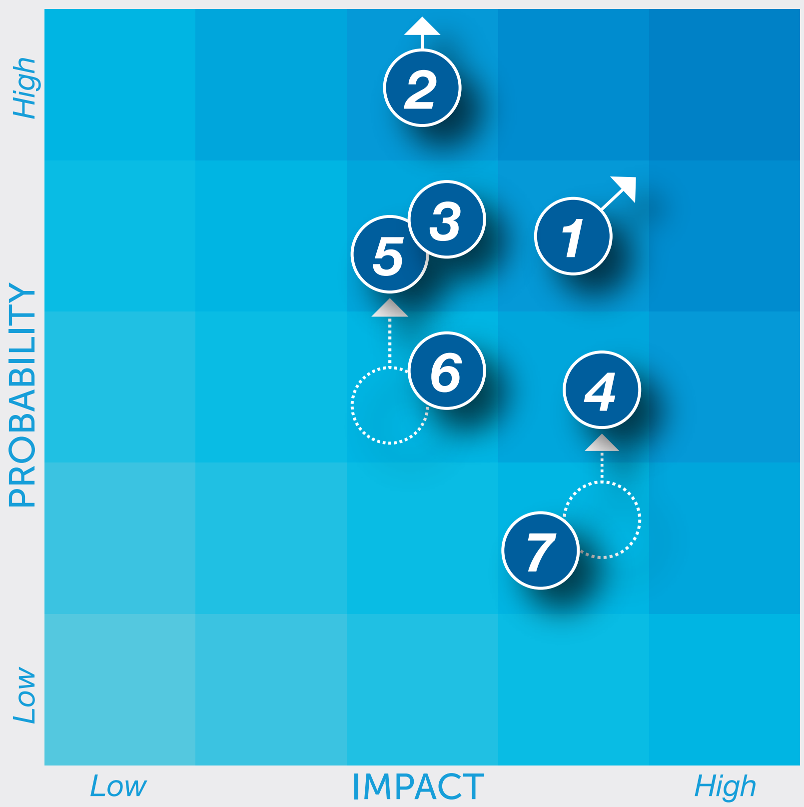
2020	£9.55m
2019	£7.57m

Annually Recurring Revenue expected to continue to grow as continue transition in 2020/21

Principal risks and uncertainties

D4t4 faces all of the standard economic, commercial and political risks facing a global technology business with employees, customers and suppliers spread throughout the world. Whilst in the short term the extraordinary circumstances created by the Covid-19 pandemic have not negatively impacted the business, clearly the uncertainty this crisis brings impacts the risk profile of the Group. As a result, the risk level of a number of the principal risks mentioned below have increased since the last Annual Report. However, the Directors remain confident that the Group is well-placed to mitigate these risks. As detailed below and elsewhere in the Annual Report, controls have been increased in light of the pandemic as have the regularity of both Risk Committee and Main Board meetings, ensuring close monitoring of all issues as the situation develops.

The major risks to the Group that the Board focuses upon are shown below:



Risk heat map

1. Execution timing
2. People risks
3. Market and regulatory changes
4. Client or partner loss
5. Foreign currency management
6. Competition
7. Data loss and reputational risk

1 Execution timing

At the centre of our strategy is the delivery of product and projects in line with our business plan. Failure to deliver these projects and products within the constraints of our fiscal periods would impact our overall objectives.

Change in risk

Increase in risk level

Risk remains mitigated with ongoing improvement to standardised project delivery processes, though Covid-19 has inevitably increased the risk of delays in execution.

Mitigation

Our clients are typically engaged with us on multiyear programmes, so we invest significantly in sales, marketing and partner activities to ensure we can plan and predict the associated growth and revenue targets. Collaboration tools are being used whilst working from home to maintain regular and effective communication with partners and clients.

Structure, remit and reporting of the Group's Risk Committee page 47

2 People risks

A loss or severe issue with key personnel could impact the ability of the Group to execute on its strategy, causing severe reputational and operational challenges.

Change in risk

Increase in risk level

Increased risk that employees may be lost on a temporary basis at least, due to the Covid-19 pandemic.

Mitigation

Key individuals are identified, succession plans put in place and actions taken to spread the risk between more individuals. Covid-19 risks are mitigated by existing and robust business continuity plans.

3 Market and regulatory changes

The Group is exposed to the risks of changing regulations for the collection of consumer data. Some of these changes may be positive, but others negative which can impact on D4t4's performance and outlook.

Change in risk

No change in risk level

The Risk Committee have carefully considered this and deem there to be no change in risk.

Mitigation

D4t4 monitors the markets in which we operate by close collaboration with our clients, suppliers and partners. We then plan product, project or operational changes to ensure we are minimising the impact of changes. We follow proposed regulatory changes closely.

4 Client or partner loss

The loss of a key client or significant sales partner would impact the ability of the Group to meet its key business objectives.

Change in risk

Increase in risk level

The Covid-19 pandemic has made it more likely that a client or partner could be lost, though this risk is well mitigated.

Mitigation

The business has specific relationship management plans in place for both clients and partners. The status of the relationships is reviewed by management on a regular basis and actions put in place to reduce the risk of loss. The risk is mitigated by the market sector in which the majority of the Group's clients operate, the broadening of sales partners and the move to a higher recurring revenue model with improved visibility of future cash flows.

5 Foreign currency management

Changes in foreign exchange rates can result in reduced profitability due to cash collection values not matching transaction values and an increased potential for currency losses in the income statement.

Change in risk

Increase in risk level

As the Covid-19 crisis escalated during the first quarter of 2020, the currency markets were particularly volatile and much uncertainty remains.

Mitigation

Foreign currency fluctuation risks are mitigated via the use of financial instruments (eg forward contracts). In light of the fluctuations in the currency markets seen in March 2020, the finance team are meeting more regularly than before to review and ensure currency risks are hedged where necessary.

6 Competition

New competitors or changes to existing competitors' products can significantly alter the market dynamics, which in turn risks the position and standing that our own Intellectual Property has in the banking, finance and financial and consumer marketplace.

Change in risk

No change in risk level

The Risk Committee have carefully reviewed this and consider the Group is ready for any opportunities as they arise.

Mitigation

The Group continually scans the market for potential technology threats and has a development process in place to ensure its own technology continues to evolve to meet client needs, that cannot be easily disrupted, and which can be protected by patents.

7 Data loss and reputational risk

A significant IP, data loss, or security breach could impact the brand and reputation of the Group.

Change in risk

No change in risk

The Risk Committee have considered this with respect to Covid-19 and conclude this is mitigated via existing information security controls.

Mitigation

We are certified to ISO 27001 and operate an information security process that controls and minimises the risks. This process is externally assessed yearly. These risks are mitigated via existing and established information security controls.

Corporate Social Responsibility and Sustainability

D4t4 Solutions aims to work in a way that delivers socially responsible and environmentally sustainable business performance. We ensure observance of the law and conduct activities to the highest ethical standards, and we expect our customers and suppliers to embrace these same principles.

Environment

Policy statement

D4t4 Solutions fully supports the principles of, and is committed to, promoting good environmental practice and sustainability in the conduct of its activities. It is our policy to ensure that any adverse effects on the environment are kept to a minimum.

D4t4 Solutions therefore:

- wholly supports the requirements of accepted international standards and current EU environmental legislation and codes of practice.
- minimises consumption through the reduction, reuse or recycling of materials as much as possible.
- encourages efficient use of energy, utilities and natural resources.
- continually strives to improve environmental performance.
- communicate our environmental commitment to clients and suppliers and encourages their support.

Carbon emissions

Following on from our Head Office refurbishment last year for improved standards in insulation, lighting, heating and energy waste reduction, our electricity supply at our Head Office is now based entirely on 100% renewable energy sources.

Enhanced collaboration software and flexible working arrangements for our dynamic workforce continue to help reduce travel and associated environmental impacts.

We have looked at the potential for carbon emission offsets for flight travel but feel that the complexity and inconsistency of standards in the industry does not currently make this viable, our approach therefore is to minimise travel wherever possible and make maximum use of our collaboration and conferencing facilities.

We will continue to explore other options available to further reduce carbon emissions.

People

D4t4 Solutions values teamwork, taking personal responsibility, positive attitudes and working hard to deliver beneficial outcomes for all our customers, staff and shareholders alike. We encourage personal learning and development of our team members in order to create a more sustainable workforce.

Ethical Business Practices

Human rights

D4t4 Solutions fully recognises and supports the protection of Human Rights, the UN Universal Declaration of Human Rights (UDHR) and the ten principles of the UN Global Compact.

Anti-corruption and bribery

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, and implementing and enforcing effective systems to counter bribery.

We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. However, we remain bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both at home and abroad.

Modern slavery

We have a zero tolerance approach to Modern Slavery and will act ethically and with integrity in all our business dealings and relationships. Our approach is also underlined by our recognition and support for UDHR and UN Global Compact.

Supplier engagement includes a check on approach to modern slavery and a record is noted with respect to their statement on modern slavery.

Equal opportunity

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at our company will be based on merit, qualifications and abilities. Except where required by law, employment practices are not be influenced or affected by an applicant's or employee's race, colour, religion, gender, national origin, age, political affiliation, marital status, sexual orientation, age or any other characteristic protected by law. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Board of Directors

Peter Simmonds
Non-Executive Chairman

COMMITTEES

A N Re

Peter was appointed to the Board as Chairman in April 2015. He was CEO of dotDigital Group plc for eight years and a major contributor to their success prior to stepping down. He is also Chairman of Cloudcall Group plc and is a Board member of the Quoted Company Alliance.

Peter Kear
Chief Executive Officer

COMMITTEES

N

Peter co-founded D4t4 Solutions in 1985. Prior to this he was a divisional director for Hawke Electronics, then a subsidiary of Lex Service plc. He became CEO in 2016, having been responsible until then for both the sales and business development aspects of the Company. His position as CEO involves overall responsibility for the management of the Group's activities and he works closely with the other Executive Directors on the determination of the Group's overall strategy.

Charles Irvine
Chief Financial Officer

COMMITTEES

Ri

Charlie was appointed as CFO in October 2019 and is a member of the Risk Committee. He is responsible for all of the Group's financial functions including accounting, audit, treasury, corporate finance and investor relations. Since qualifying as a Chartered Accountant in 2006, Charlie has held senior finance positions in a number of companies including Alliance Boots, Bausch & Lomb and most recently Ergonomic Solutions, where he is a Non-Executive Director.

Mark Boxall
Chief Operating Officer

COMMITTEES

None

Mark brings a wealth of knowledge and experience in the areas of sales, delivery, operations and finance having been both board director and senior manager at technology consultancies and product based technology companies such as rbase, Morse, PTC and Siemens, and most recently Dell EMC.

Jim Dodkins
Chief Technical Officer

COMMITTEES

Ri

Jim is responsible for the Group's strategic direction in technology, specialising in solution architecture for D4t4 Solutions and its clients, and is a member of the Risk Committee. Prior to joining D4t4 Solutions he worked for Logica plc in various roles, where he gained wide industry experience and later managed the division responsible for projects in the broadcast and media sector.

Peter Whiting
Non-Executive Director

COMMITTEES

A N Re

Over a 30-year career, Peter has gained extensive financial and commercial experience. His core skills are centred around the financial services and technology industries; he has the proven ability to quickly understand complex technologies and their applications and at the same time successfully developed strong interpersonal and management skills which have enabled him to build a technology-led NED portfolio. He is currently a Non-Executive Director of Aptitude Software Group plc, FDM Group plc and Keystone Law plc.

Monika Biddulph
Non-Executive Director

COMMITTEES

A N Re

Monika has a wide range of experience in both the commercial and technical aspects of an international technology business. In over twenty years at ARM, Monika held various General Manager, IP licensing and technical roles in the business. Currently Monika is also a Non-Executive Director on the board of Ilika Plc. She was previously NED at Linaro Limited, and holds a PhD in High Energy Particle Physics from the ETH Zurich. She was appointed to the Board in December 2019.

John Lythall
Non-Executive Director

COMMITTEES

Re Ri

John co-founded D4t4 Solutions in 1985 and was Managing Director from 1985 to 2016 when he retired - handing over the reins to long term business partner Peter Kear - taking up a role as Non-Executive Director with the Group. Prior to forming D4t4 he was Managing Director of Hawke Electronics, a computer systems distribution business which he and his partners sold to the Lex group. He has a wealth of experience in sales, operations and finance.

BOARD OF DIRECTORS KEY

EXECUTIVE | NON-EXECUTIVE

COMMITTEE MEMBERSHIP

- A Audit Committee
- N Nomination Committee
- Re Remuneration Committee
- Ri Risk sub-Committee
- Chair of Committee

Chairman's introduction to governance

The Board recognises the importance of high standards of corporate governance for delivering long-term success to the Group and acknowledges its role in setting the culture, values and ethics of the Group (as outlined in Principle 8) and communicating these to all the Group's stakeholders. This requirement is set out formally on the following page. The Board meets regularly to discuss the monitoring and promotion of a healthy corporate culture. The Chairman has ultimate responsibility for corporate governance matters and has overseen the preparation of this governance statement accordingly.

In March 2018, AIM Rule 26 was amended to require all AIM companies to disclose details of a recognised corporate governance code that its Board of Directors has decided to apply, how the Group complies with that code and, where it departs from its chosen corporate governance code, an explanation of the reasons for doing so.

Since then and to assist the Board's aim to operate as effectively as possible, the Board has formally applied the principles of the Corporate Governance Code published by the Quoted Companies Alliance (the QCA Code) to ensure compliance with AIM Rule 26 and for the production of the Group's Annual Report and Accounts.

Board discussions are conducted openly and transparently, which creates an environment for sustainable and robust debate. In the year, the Board has constructively and proactively challenged management on Group strategies, proposals, operating performance and key decisions, as part of its ongoing work to assess and safeguard the position and prospects of the Group.

Key risks and uncertainties affecting the business are regularly assessed and updated. The Board challenges management to ensure appropriate risk mitigation measures are in place. The Board has completed a full, specific review of the Group's key risks and uncertainties (page 36 of the 2020 Annual Report), in light of the new and emerging risks or uncertainties arising from the Group's strategic growth plans and the wider economic, political and market conditions. As part of a critical review of the Group's procedures, a rolling risk review process has been developed which seeks to ensure that risks are constantly monitored, assessed and quantified, so that action may be prioritised by the Board accordingly.

The incidence of the Covid-19 pandemic this calendar year has resulted in unprecedented times. Noting that uncertainty is commonplace in the world both economically and societally, the Board of D4t4 has recognised that now more than ever there is a need for strong leadership. Since March 2020 the Board has embarked on holding additional meetings to coordinate the operations of the business, whilst ensuring the safety and welfare of its employees is of paramount importance.

Whilst the current composition of the Board demonstrates a wide balance of skills, our Nomination Committee has been working to further strengthen the balance of independent Non-Executives on the Board and good progress has been made in the last year towards achieving full compliance with the QCA Code.

Finally, the Board continues to engage with shareholders and welcomes ongoing dialogue throughout the year. Due to the pandemic, this year's AGM will most likely have to be a closed meeting but I welcome your participation in the accompanying online investor meeting immediately afterwards.

A statement of the Directors' responsibilities in respect of the accounts is set out on page 64 of the 2020 Annual Report.

By order of the Board

Peter Simmonds
Non-Executive Chairman
29 June 2020

Statement of corporate governance

Section 172 Statement

The Board recognises the importance of setting high standards of corporate governance and complying with all legal requirements. In particular, the Directors are required to act in accordance with a set of general duties as detailed within section 172 of the UK Companies Act 2006. These duties are 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 Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and environment;
- The desirability of the Group to maintain a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company."

By formally applying the principles of the Corporate Governance Code published by the Quoted Companies Alliance, the Directors feel they demonstrate compliance with the requirements of Section 172 of the UK Companies Act (2006).

The table below sets out how each of the specific matters mentioned in Section 172 is related to the principles of the QCA Code and the relevant sections within the Statement of Corporate Governance.

The likely consequences of any decisions in the long-term	Please refer to Principle 1 – "Establish a strategy and business model which promote long-term value for shareholders" on page 45 and Principle 9 – "Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board" on page 51.
The interests of the Group's employees	Please refer to Principle 3 – "Take into account wider stakeholder and social responsibilities and their implications for long-term success" on page 46. Particular attention is drawn to the section on staff.
The need to foster the Group's business relationships with suppliers, customers and others	Please refer to Principle 3 – "Take into account wider stakeholder and social responsibilities and their implications for long-term success" on page 46. Particular attention is drawn to the sections on clients, suppliers and industry bodies.
The impact of the Group's operations on the community and environment	Please refer to Principle 3 – "Take into account wider stakeholder and social responsibilities and their implications for long-term success" on page 46. Particular attention is drawn to the sections on communities and the environment.
The desirability of the Group to maintain a reputation for high standards of business conduct	Please refer to Principle 8 – "Promote a corporate culture that is based on ethical values and behaviours" on page 50.
The need to act fairly as between the shareholders of the Group	Please refer to Principle 1 – "Establish a strategy and business model which promote long-term value for shareholders" on page 45 and Principle 2 – "Seek to understand and meet shareholder needs and expectations", also on page 45.

This statement explains how D4t4 Solutions plc has applied the main and supporting principles of corporate governance and describes the Group's compliance with the provisions of the QCA Corporate Governance Code (2018).

For the purposes of clarity and candour, the description of how the Group complies with the ten key principles of the QCA Code begins with a summary of the two areas where the Group does not yet fully comply, followed by a review of each of the principles in turn.

No significant corporate governance matters arose during the period covered by the 2020 Annual Report nor subsequently to the date of this statement on which it was considered necessary for the Board or any of its Committees to seek external advice.

The Board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.

Exceptions to the application of the QCA Code

The following table summarises the specific areas within one of the principles where the Board considers that the Group does not fully comply, or may be perceived as not fully complying, with the QCA Code.

Principle 5 (Maintain the Board as a well-functioning, balanced team led by the Chair)	Exceptions and explanations
Application: The Board should have an appropriate balance between Executive and Non-Executive Directors.	At the beginning of the period covered by the 2020 Annual Report, the Board consisted of eight members, five Executive and three Non-Executive. In the course of the year C Warren and M Tod resigned, whilst on 1 December 2019 M Biddulph was appointed as a Non-Executive member. This meant that at the year end the Board comprised three Executive and four Non-Executive members. This means that at 31 March 2020 the general expectation that at least half of a Board should be independent Non-Executives has been satisfied. It should be noted however that C Irvine was formally appointed to the Board on 30 April 2020.

Principle 6 (Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities)	Exceptions and explanations
Application: The Board should contain the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the Group's strategy over the medium to long term.	The male to female ratio on the Board is presently 7:1 and there are currently no female Executive Directors. We believe that this reflects a strong gender bias in the technology industry as a whole, and the Board remains confident both that the opportunities in the Group are not excluded or limited by any diversity issues (including gender) and that the Board nevertheless contains the necessary mix of experience, skills and other personal qualities and capabilities necessary to deliver its strategy.

The Principles of the QCA Code

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

The Board's shared view of the Group's purpose, business model and strategy, and the values underpinning them, are detailed in the Strategic Report within pages 14 to 33 of the 2020 Annual Report as follows:

- "Powering Digital Transformation" (pages 14 to 19).
- "Mission and strategy" (pages 20 to 21) considers how D4t4 Solutions seeks to realise its' vision of earning high-margin, recurring revenues.
- "Business model" (pages 24 to 25) reviews D4t4 Solutions' key strengths, capabilities and values.
- "Our Intellectual Property" (pages 26 to 31) explains what D4t4 Solutions' services and products are.

The Group's approach to delivering long-term value for shareholders is addressed in the Statement of the Chief Executive Officer on pages 6 to 9. Pages 32 to 33 set out the Group's four-pronged "Growth acceleration plan" and pages 36 to 38 ("Principal risks and uncertainties") detail the key risks faced by the business and how these continue to be addressed.

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

Relations with shareholders and dialogue with institutional shareholders

The Board as a whole is responsible for ensuring that a dialogue is maintained with shareholders based on the mutual understanding of objectives.

Members of the Board meet with major shareholders on a regular basis, including presentations after the Group's announcement of the year-end results and at the half year.

In addition to regulatory news announcements the Directors have published the annual report and accounts, the annual results presentation, the half year results and announcements on new contract wins as they arise.

In the period from 1 April 2019 to the date of this corporate governance statement, the following activities and events with stakeholders have been arranged with the view to:

- Communicating the Group's business model, strategy and values,
- Provide financial updates and explanations sought by shareholders, and
- Engage with shareholders to fully understand their needs and expectations.

Date	Description of engagement	Group participants	Notes
June 2019	Preliminary results roadshow	P Kear, C Warren	
August 2019	AGM	Directors	Shareholders invited to attend with Q&A session
November 2019	Interim results roadshow	P Kear, C Irvine	
June 2020	Preliminary results roadshow	P Kear, C Irvine	
August 2020	AGM (scheduled 6 August)	Directors	Shareholders invited to attend with Q&A session
Various	Shareholder/potential shareholder meetings	P Kear, C Irvine	

The Board is kept informed of the views of shareholders and other stakeholders at each monthly Board meeting through a report from the Chief Executive Officer together with formal feedback on shareholders' views gathered and supplied by the Group's advisers. The views of private and smaller shareholders, typically arising from the AGM or from direct contact with the Group, are also communicated to the Board on a regular basis.

P Simmonds is available to shareholders if they have concerns where contact through the normal channel of Chief Executive Officer has failed to resolve or for which such contact is inappropriate. P Simmonds can be contacted through the UK head office contact information shown on our website.

Constructive use of the AGM

The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. At these meetings, shareholders are asked to confirm that their questions have been successfully answered.

All members of the Board attended the Group's AGM held on 23 August 2019 but in light of the Covid-19 pandemic, this year it will most likely have to be a closed meeting. As mentioned on page 42, P Simmonds as Chairman is encouraging all shareholders to participate in an online investor meeting immediately after the formal AGM to ensure they have the opportunity to ask questions.

After the year end and interim results roadshows, the Group's Nominated Adviser consults with attendees for feedback to ensure that future presentations encapsulate their requirements where possible.

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

The Board is fully aware that the long term success of the Group relies upon maintaining successful relationships with a range of different stakeholders, both internal and external. The table below identifies who the key stakeholders are and how we engage with them.

Stakeholders	Reason for engagement	How we engage
Staff	Our ability to provide an industry leading software and services business is dependent upon good communications within our organisation.	We have identified our internal values in order to recruit and maintain talented and motivated staff. These values form the basis of all communications which are sought through internal appraisals and regular cross-functional meetings. There are also regular opportunities for the staff to engage with other parts of the organisation and recognise the successes of others. Examples include fortnightly staff breakfasts and quarterly Group-wide "Town Hall" meetings, which are held to provide staff with an operational and sales update on what is happening within the business and ask any questions they may have of any of the Executive Team.
Clients	Understanding current and emerging requirements of clients enables us to develop new and enhanced services, together with software to support the fulfilment of those services.	We have account managers and account directors whose primary responsibility is to engage with our clients to understand and develop our products and services so that we can work with them to exceed their requirements. In relation to our own IP products we seek formal and informal feedback on product roadmap and enhancements via our support offering and annual user group meetings.
Suppliers	Our relationships with our suppliers are key to the core success of our business.	We treat all suppliers as individuals, build long term collaborative relationships and where possible work within the local community. Our partnership and purchasing teams seek to build ongoing communication with our suppliers so that feedback can be received and acted upon. We seek to ensure that supplier invoices are processed and paid promptly.

Stakeholders	Reason for engagement	How we engage
Shareholders	As a public company it is vital that we build relationships with our shareholders so that we can both inform them of our successes and listen to their guidance.	This is achieved in several ways: - Regulatory news releases - Investor relations section of the website - Annual and half-year reports and presentations - AGM - Capital markets and Technology demo events Our intention is to engage with our shareholders to inform them of our successes and to listen to the question and comments. This feedback is usually received at the AGM and the investor presentations.
Industry bodies	Information security is fundamental to our business, clients, partners, suppliers and associated data subjects and so we ensure that our policies and procedures provide a cohesive approach to this important area.	We have an established information security management system which encompasses independently audited ISO27001 and PCI DSS controls, industry best practices, as well as latest regulatory requirements including General Data Protection Regulations (GDPR) and the UK Data Protection Act (2018). Our experienced Information Security Committee ensure that governance, risk and compliance is actively managed and that our policies and procedures evolve to meet ongoing requirements.
Communities	We consider that it is important to be a business that makes a positive contribution to local economies and is attractive as an employer and partner.	We look to recruit locally experienced staff and through the local universities, both in the UK and India. We employ local suppliers where possible and throughout the year, we encourage staff to identify charities that they have an affiliation with for the Group as a whole to support.
Environment	Irrespective of our status as a public company, it is part of our ethos to conduct business operations that minimise any adverse impact on the climate these may have.	We endeavour to use technology wherever possible such that meetings with both internal and external stakeholders can be held online, thus reducing the need for travel. This further extends to allowing employees to work at home on occasion, further reducing commuting costs on both economic and environmental grounds. In addition, our HQ at Sunbury was recently refurbished using the latest standards in insulation, lighting, heating and energy waste reduction and is now fully powered using 100% renewable energy sources.

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

The Board's risk management controls and mitigation strategies are described in the 2020 Annual Report at pages 36 to 38 ("Principal risks and uncertainties") and page 51 ("Control environment").

The Directors and operating Company management have a clear responsibility for identifying risks facing the business and for putting in place procedures to mitigate and monitor risks. To this end the Company has a Risk sub-Committee appointed by, and reporting directly to, the Board. It consists of one Non-Executive Director, two Executive Directors, a senior member of the finance team and a senior member of the Operations team (the Information Security and Process Manager); other members of the Company can be seconded to the Committee as required.

The remit of the sub-Committee is to examine the vulnerability of the Group to all types of risk, the mitigation of such risks, maintain the risk register to properly reflect this and to report back to the Board with any changes in, or new areas of, vulnerability to risks and recommendations for mitigation.

This is done at three levels:

- A review of the risk register is included in the monthly Board pack
- A quarterly report provided to the Board
- A formal assessment of risks during the annual budget process

The Risk Committee meets every two months, or more often as required, and on each occasion reviews two areas of the corporate risk register in detail to assess the vulnerability of the Group to risks under consideration and how to mitigate such risks. Employees from within the relevant areas of the business are invited to help provide a more informed opinion of which risks are key and how they can be managed. The Committee report back to the Board with any changes in, or new areas of, vulnerability to risks and recommendations for mitigation. The Covid-19 pandemic is an example of an occasion when the Risk Committee has convened more frequently in order to review the register for any changes to the level of risk due to the pandemic and the emergence of any new issues which may require mitigation.

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

Composition

Directors' biographies are shown both in the 2020 Annual Report on pages 40 to 41 and on the Group website.

At 31 March 2020, the Board comprises seven members, made up of three Executive Directors and four Non-Executive Directors. C Irvine was appointed to the Board on 30 April 2020.

Having reviewed their respective lengths of service, the size of individual shareholdings where applicable and any prior roles or relationships with the Group, the following Non-Executive Directors are considered independent at the date of this corporate governance statement:

P Simmonds (Chair)
P Whiting
M Biddulph

P Simmonds and P Whiting are considered independent, despite being shareholders of the Company, as their shareholdings are not deemed as significant as defined by the AIM rules. J Lythall is not considered independent due to the fact that prior to 1 April 2016 he acted in the capacity of Chief Executive Officer of the Group.

The Board does not consider it necessary to appoint an independent Director to a formal "Senior Independent Director" role.

All Directors are subject to election by shareholders at the first AGM immediately following their appointment and thereafter are subject to re-election at intervals of no more than three years. All Non-Executive Directors are appointed for fixed terms in line with corporate governance requirements, although those Non-Executive Directors whose independence may be called into question are subject to re-election annually. The Non-Executive Director currently subject to annual re-election is J Lythall, as described above.

All of the Executive Directors are full-time employees of D4t4 Solutions plc.

Operation of the Board

The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 64 and a statement of going concern is given on page 61.

The Board meets at least once a month. The formal schedule of matters specifically reserved to it for decision was reviewed and adopted by the Board on 27 May 2020 and will be reviewed annually.

Other matters are delegated to the Executive Directors, supported by policies for reporting to the Board. Presentations are made to the main Board at each monthly meeting by the Executive Directors and also on regular occasions by operational management.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with and for advising the Board, through the Chairman, on corporate governance matters. The Group maintains appropriate insurance cover in respect of any legal action against the Group's Directors and the Company Secretary, but no cover exists if a Director is found to have acted fraudulently or dishonestly.

The Non-Executive Chairman and Non-Executive Directors are able to meet without Executives present prior to each Board meeting. The agenda and relevant briefing papers are distributed in advance of each Board meeting.

When Directors have concerns which cannot be resolved about the running of the Group or a proposed action, these concerns are recorded in Board minutes. Upon resignation, a Non-Executive Director is asked to provide a written statement to the Chairman for circulation to the Board if there are any such concerns.

Commitment

All Directors are expected to attend the monthly meeting of the full Board, or to make themselves available to join the meeting by telephone, and to attend all meetings of any Committee(s) of which they are members. In addition, the Directors are expected to attend strategy and business planning meetings each year. The Non-Executive Directors are expected to make themselves available at all reasonable times for consultation by other members of the Board.

Prior to each monthly Board meeting the Directors receive a detailed pack which includes:

- Board meeting agenda
- Minutes from previous Board meeting
- Board pack which includes financial summary, update on each part of the business, strategy execution update and risk assessment update
- Papers as required for additional items requiring Board attention

Meetings and attendance

The following table summarises the number of Board, Audit Committee, Nomination Committee and Remuneration Committee meetings held during the period covered by the 2020 Annual Report and the attendance record of individual Directors at those meetings:

	Board	Audit	Nomination	Remuneration
MG Boxall	13/13	-	-	-
JL Dodkins	12/13	-	-	-
PJ Kear	13/13	-	2/2	-
J Lythall	11/13	-	-	3/3
PA Simmonds	13/13	1/1	2/2	3/3
PF Whiting	11/13	1/1	2/2	2/3
M Biddulph (appointed 1 December 2019)	5/5	-	1/1	-
MA Tod (resigned 30 September 2019)	6/6	-	-	-
CE Warren (resigned 3 July 2019)	3/3	-	-	-
Non-statutory director attendance				
CC Irvine (appointed CFO 1 October 2019, appointed statutory Director 30 April 2020)	7/7	-	-	-

The Board met monthly as in prior years but also had an additional meeting in March to discuss, amongst other matters,the Covid-19 pandemic and consider what actions the business should take to ensure its employees were as protected as possible whilst continuing to execute the business strategy.

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

The 2020 Annual Report includes, at pages 40 to 41 particulars of the Directors who held office throughout the financial year to 31 March 2020 (apart from C Warren and M Tod who both resigned earlier in the year).

It is Board policy that Executive Directors receive suitable training for their position, which is considered as part of the appraisal process.

The Chairman ensures that Directors update their skills and knowledge required to fulfil their roles on the Board and Committees. Ongoing training is provided as necessary and includes updates from the Company Secretary on changes to the AIM rules, requirements under the Companies Act and other regulatory matters. Directors may consult with the Company Secretary at any time on matters related to their role on the Board. More detail on the experience and capability of the Directors is included in their biographies on the corporate website.

On 1 December 2019 M Biddulph was appointed as an additional independent Non-Executive Director and as a member of the Board's Nomination Committee (to which she was appointed Chair in March 2020). Her biography can be found in the 2020 Annual Report on page 41 and on the Group website.

External Advice

No significant matters of a corporate governance nature arose during the period covered by the 2020 Annual Report nor subsequently to the date of this statement on which it was considered necessary for the Board or any of its Committees to seek external advice, although the Board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.

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

The Board annually reviews the effectiveness of itself, its Committees and the individual Directors in the following manner:

(i) The role of the Committees is considered by the Executive Directors without the presence of the Non-Executive Directors.

(ii) The Chairman and CEO examine the contribution and effectiveness of the individual Directors with regard to their line role and contribution at Board meetings.

(iii) The whole Board examines its purpose and effectiveness with regard to identified key areas.

(iv) The whole Board considers its structure, size and composition with particular regard to the skills, knowledge and experience of its members and otherwise as advised by the Nomination Committee.

In addition, a formal Board effectiveness evaluation process is conducted biannually. The process involves all Directors completing a detailed individual evaluation of Board performance, which covers effectiveness in several areas including Board composition, Board information, Board process, internal control and risk management, Board accountability, CEO/Senior management and Standards of conduct.

The results of these evaluations are interpreted by an independent Non-Executive Director, with support from the Chairman, and outputs plus any associated recommendations are reviewed by the Board as a whole, with progress on any actions arising monitored at the monthly Board meetings.

The results of the second evaluation, carried out during early 2020, were interpreted by M Biddulph and presented to the Board at the meeting held in April 2020. Improvements in a number of areas were noted, for example Board composition and size, and risk management. Areas were identified for action or closer monitoring, with a focus on succession planning and long-term strategy.

As the business expands and as part of succession planning, the Executive Directors will be challenged to identify potential internal candidates who could potentially occupy Board positions and set out development plans for these individuals.

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

Our long-term growth strategy incorporates our objectives and the business model set out in the strategic report. It is also underpinned by our core values, which were redefined following a staff consultation process and are split between client and internal values.

Values

Innovation

D4t4 Solutions is dedicated to the development of innovative technology that provides insight into your business, drives value from your data and pragmatically addresses your challenges.

Security

D4t4 Solutions' advanced technology collects, manages and enables analysis of your data, supporting it with the utmost care for its security.

Trust

D4t4 Solutions takes pride in its relationships with clients, working hard to understand your business needs and developing trust through professional and responsive service provision.

Collaboration

D4t4 Solutions augments its own technology by collaborating with industry partners that provide further opportunities for engendering the long-term success of your operation.

Pride

D4t4 Solutions will be a Group in which we can be proud of our achievements, delivering the highest standards of quality and being confident in our ability to satisfy our clients' needs.

Recognition

D4t4 Solutions will acknowledge the value of all employees and recognise their contribution to the Group's ongoing success.

Teamwork

D4t4 Solutions will create an environment of innovation in which we work together as a team to develop pioneering technology that solves our clients' challenges.

Engagement

D4t4 Solutions will be a workplace in which all employees are engaged with our business and are empowered to get involved with our communications and decision- making processes.

The culture of the Group is characterised by these values which are communicated regularly to staff through internal communications and forums. These core values are also communicated to prospective employees in the Group's recruitment programmes and are further embedded within the induction process.

The Board believes that a culture that is based on the core values is a competitive advantage and consistent with fulfilment of the Group's mission and execution of its strategy.

The Board has a high proportion of Executive Director representation which means communication and feedback between the business and the Board is very well established. Recognition and respect of appropriately ethical values and behaviours within the organisation is therefore both well monitored and promoted. Engagement between the Board and the organisation via these Executive Directors is therefore deemed to be all-inclusive.

Ethical business practices

The Group is committed to corporate sustainability and to applying the highest standards of ethical conduct and integrity to its business activities in the UK and overseas. The Group does not tolerate any form of bribery: the Directors and senior management are committed to implementing and enforcing effective systems throughout the organisation to prevent bribery in accordance with its obligations under the Bribery Act 2010.

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

Roles and Responsibilities of Directors

The 2020 Annual Report includes, at pages 40 to 41, descriptions of the individual roles and responsibilities of the Chairman, Chief Executive Officer and other Directors.

The Board and its Committees composition

The Board is currently comprised of the Non-Executive Chairman, four Executive Directors and three Non-Executive Directors.

The roles of Chairman and Chief Executive Officer are distinct, set out in writing and agreed by the Board. The Chairman is responsible for the effectiveness of the Board and ensuring communication with shareholders, and the Chief Executive Officer is accountable for the management of the Group.

Non-Executive Directors constructively challenge and assist in the development of strategy. They scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

The Board has not appointed a Senior Independent Non-Executive Director, but currently this role is performed by the Chairman.

The Company Secretary is J Thorne, a solicitor of over 25 years standing, who was appointed to the role on 27 July 2017. He is not a Director of the Group.

To deal with specific aspects of the Group's affairs, the Board has formed certain Committees. Each of these Committees is governed by terms of reference available upon request from the Company Secretary.

Details of the membership, roles, responsibilities and activities of the Audit, Nomination and Remuneration Committees are described in more detail in the individual Committee reports commencing on page 53 of the 2020 Annual Report. The Chair of each Committee reports to the Board on the activities of that Committee.

The terms of reference for each of the Audit, Nomination and Remuneration Committees can be found in the Annual Report on pages 53 to 55 and on the Group website.

Evolution of governance framework

In March 2018 the QCA Code was formally selected as the appropriate recognised corporate governance code to be applied for the purposes of AIM Rule 26. The Board monitors the requirements of this code on an annual basis and revises its governance framework as appropriate as the Group evolves.

As part of ongoing governance efforts, the Group decided in the year ended 31 March 2019 that an extra Committee should be formed to review risk throughout the organisation. In March 2019, the first sitting of this Risk Committee took place. The Committee was formed to establish and review that the Group are performing risk management throughout the organisation (and, to emphasise the point, not trying to perform the risk management itself).

As the Group continues to grow the Board fully recognises both the importance and the need of the governance framework to continue to evolve, as evidenced in very recent times by additional consideration of matters reserved for the Board, the newly created Risk Committee and external advice being sought to assist the Remuneration Committee in making its decisions. Consideration of the need to further enhance the governance framework will attract ongoing focus with the Group.

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

A range of forums exist at which the functioning of the Group is critically appraised and where opportunities exist for stakeholders to challenge management and hold them to account for the Group's performance.

Board Committees

A description of the work of the Board's Committees in the financial year to 31 March 2020, including a report from each of the Audit, Nomination and Remuneration Committees, is set out at pages 53 to 55 of the 2020 Annual Report.

The work of the Nomination Committee resulted in the appointment on 1 December 2019 of Monika Biddulph as an independent Non-Executive Director.

Votes at General Meetings

All resolutions put to the AGM held on 22 August 2019 were passed by majorities of not less than 90% of the votes cast.

The most recent results for the Group, together with Annual Reports for the preceding ten years and notices of all General Meetings, can be found on the Group's website.

Audit Committee report

Peter Simmonds
Chair

Audit Committee membership

- Peter Simmonds (Chair)
- Peter Whiting
- Monika Biddulph (appointed 1 December 2019)

I am pleased to present the report of the Audit Committee for the year ended 31 March 2020.

The Audit Committee comprises three Non-Executive Directors of the Company, Peter Whiting, Monika Biddulph and myself. The Committee is chaired by myself and met once during the year under review, prior to Monika Biddulph being appointed. It operates under formal terms of reference, which are available on request from the Company Secretary or at the AGM. The Committee provides a forum for reporting by the Group's auditors. By invitation, the meetings are also attended by the CEO and CFO of the Company.

The Audit Committee is responsible for reviewing a wide range of financial matters including ensuring that the financial performance of the Group is adequately measured and controlled, correctly represented, reported to and understood by the Board. The Audit Committee advises the Board on the appointment of external auditors and on their remuneration, both for audit and non-audit work, and discusses the nature and scope of their audit.

The Audit Committee meets the auditors at least once a year without any Executive Directors present.

The Audit Committee includes one financially qualified member as recognised by the Consultative Committee of Accountancy Bodies. All Audit Committee members are expected to be financially literate. Following the above, the Audit Committee has recommended to the Board that RSM UK Audit LLP is re-appointed.

The two main issues that the Audit Committee are concerned with are in relation to revenue recognition and the carrying value of goodwill. The Committee review the Group's revenue recognition policies to ensure they are compliant with current accounting standards. They also review revenue streams in relation to various customers to ensure that the carrying value of goodwill in the financial statements remains supported.

Auditor Independence

To ensure auditor independence, consideration is given to their integrity and the objective approach of the audit process. The use of non-audit services is not considered to be significant and amounts paid in respect of these are disclosed in note 6.

I am satisfied that the Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference, which are reviewed annually.

Peter Simmonds
Chair of the Audit Committee
29 June 2020

Nomination Committee report

Monika Biddulph
Chair

Nomination Committee membership

- Monika Biddulph (appointed 1 December 2019 and as Chair 26 March 2020)
- Peter Simmonds (resigned as Chair 26 March 2020)
- Peter Kear (CEO)
- Peter Whiting

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2020.

The Nomination Committee comprises four Directors: three Non-Executives Directors (myself, Peter Simmonds and Peter Whiting) and one Executive Director, Peter Kear. In the performance of its duties, the Committee held two meetings in the year.

The principal activity of the Nomination Committee in the year was leading the recruitment process for new directors. This ultimately led to the appointment of a new Chief Financial Officer from 1 October 2019 (Charles Irvine) and myself as a new Non-Executive Director from 1 December 2019.

The process included a merit-based assessment based on objective criteria having regard to the Group's current and future requirements.

The Board's policy is to ensure that all appointments are merit-based and based on clear and objective criteria, giving due regard to equality of opportunity, and to promote inclusion and diversity. The Board notes that achieving diversity in the technology sector is challenging, having regard to the available pool of individuals with the right skills, experience and talent. Given the size of the Board and the Group, the Nomination Committee does not currently set any measurable objectives for implementing a diversity policy, but it acknowledges the role of the Board in promoting diversity, including gender diversity, throughout the Group. Currently there is one female member of the Board, representing 13% of Board membership.

In relation to succession planning, the Nomination Committee keeps under review, and takes appropriate action to ensure, orderly succession for appointments to the Board and to senior management, thereby maintaining an appropriate balance of skills and experience within the Group and on the Board. With regard to Non-Executive Directors, the Committee considers, amongst other factors, their other significant outside commitments prior to making recommendations. This is designed to ensure that they have sufficient time to meet what is expected of them and keeps any changes to these commitments under review.

I am satisfied that the Nomination Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference, which are reviewed on an annual basis.

Monika Biddulp
Chair of the Nomination Committee
29 June 2020

Remuneration Committee report

Peter Whiting
Chair

Remuneration Committee membership

- Peter Whiting (Chair)
- John Lythall
- Peter Simmonds
- Monika Biddulph (appointed 1 December 2019)

I am pleased to present the report of the Remuneration Committee for the year ended 31 March 2020.

The Remuneration Committee consists of four Non-Executive Directors; Peter Simmonds, John Lythall, Monika Biddulph and me as Chair. The Committee's terms of reference require it to meet not less than once each year. The Committee met three times in the year ended 31 March 2020. It is responsible for reviewing and determining the policy of the Group on Executive remuneration including specific remuneration packages for each of the Executive members of the Board, pension rights and compensation payments. The Committee is also responsible for monitoring compliance with the implementation by the Group of the legal requirements and, so far as reasonably practical, recommendations and guidelines relating to Directors' remuneration.

None of the Committee has any personal financial interest (other than as shareholders or as noted in the Directors' report), conflicts of interests arising from cross- directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No Director plays any part in any discussion about his or her own remuneration.

For 2019/20, the Remuneration Committee has continued to operate a simple remuneration structure made up of basic salary, performance-related bonuses, share options, benefits and pensions. As previously, a significant proportion of Executive remuneration is based on performance, designed to align Executive pay with shareholder interests. In this respect, the Committee has assessed the performance of Executive Directors for the year reported, set performance targets for the following financial period and made recommendations to the Board on the overall package for Executive Directors.

I am satisfied that the Committee has appropriately discharged its duties in the year in accordance with its responsibilities and encourage you to read the Directors Remuneration Report on the following pages.

Peter Whiting
Chair of the Remuneration Committee
29 June 2020

Directors' Remuneration report

This report complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the QCA Corporate Governance Code 2018 and the Listing Rules.

The report is in two sections:

- The Directors remuneration policy which sets out the Group's current policy on remuneration for Executive and Non-Executive Directors; and
- The Directors' Remuneration Report. This section sets out details of how the remuneration policy was implemented for the year ended 31 March 2020.

Directors' remuneration policy

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the high calibre needed to maintain the Group's position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and key members of senior management, and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the Non-Executive Directors is determined by the Board within limits set out in the Articles of Association.

The Group's policy is that a substantial proportion of the potential remuneration of the Executive Directors should be performance related. The performance criteria set should motivate the Executive Directors to create value for the shareholders.

There are five main elements of the remuneration package for Executive Directors and senior management:

Element of remuneration	Link to Group strategy	Operation	Framework
Base salary	Ensures that the Group can recruit and retain high-quality Executives to deliver on the Group strategy in the interest of the shareholders.	Base salary is paid monthly and reviewed annually, with any increases applying from 1 April.	An Executive Director's salary is determined by the Remuneration Committee in March of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Remuneration Committee considers the Group as a whole and relies on objective research which gives up to date information on a comparable group of companies.
Benefits	Ensures that the Group can recruit and retain high-quality Executives to deliver on the Group strategy in the interest of the shareholders.	Benefits principally comprise private healthcare and death in service insurance. In addition, two Executive Directors receive company cars.	In relation to health care and death in service benefits, premiums are paid by the Group to an external broker to arrange cover, in line with other Group employees. These benefits are standard for all Group employees. The Group offers company cars / car allowances to a number of employees across the organisation.
Annual bonus	Rewards and incentivises the Executive Directors for achievement of strategic objectives.	The Committee sets annual performance targets, linked to strategic objectives and risk management. Bonus payments in respect of a year are made in June, or later if any element is deferred.	The Remuneration Committee sets bonus plans for Executive Directors based upon achieving a number of pre-defined growth targets including revenue and EPS.

Element of remuneration	Link to Group strategy	Operation	Framework
Share option plan	Aligns the interests of the Executive Directors with the interest of the long term shareholders as the options only deliver value if the share price rises.	The Remuneration Committee has discretion to make option grants to Executive Directors and other staff, subject to the scheme rules, and to determine appropriate performance conditions.	The share option plans are subject to rules and limits approved by shareholders in general meeting. Options are granted at an exercise price based on the mid-market price of ordinary shares on the day prior to the date of grant. Any exercise is subject to satisfaction of the specified performance conditions defined.
Pension	Ensures that the Group can recruit and retain high-quality Executives to deliver on the Group strategy in the interest of the shareholders.	Pension contributions are made by the Group to a defined contribution scheme operated by third party providers.	Executive Directors are members of the Company Money Purchase pension scheme. To the extent that contributions to the Company scheme are restricted by HMRC limits, the Company contributes 6% of the Director's salary providing the Director contributes a minimum of 4% of their salary by way of salary sacrifice. There are no unfunded pension promises or similar arrangements for Directors. There were two Directors in the scheme in 2020 (2019: four).
Chairman and Non-Executive Director fees	Ensures that the Group can recruit and retain a high-quality Chairman and Non-Executive Directors to deliver on the Group strategy in the interest of the shareholders.	Fees for Non-Executive Directors are set by the Board (excluding Non-Executive Directors). Fees are paid monthly or quarterly.	A basic fee is set for normal duties, commensurate with fees paid for similar roles in other similar companies, taking account of the time commitment, responsibilities, and committee position(s). Supplementary fees are paid for any additional duties at fixed day rates. Non-Executive Directors are not eligible for pensions, incentives, bonus or any similar payments other than normal out-of-pocket expenses incurred on behalf of the business. Compensation for loss of office is not payable to Non-Executive Directors.

Remuneration policy considerations

Recruitment

The Group's Nomination Committee is responsible for leading the process for Board appointments and making recommendations to the Board. Refer to the report of the Nomination Committee for details.

Loss of office payments

In the event of early termination, all of the Directors contracts provide for compensation up to a maximum of basic salary plus benefits for the notice period.

Wider staff employment conditions

The Remuneration Committee considers pay and employment conditions for other senior Executives and staff members of the Group when designing and setting Executive remuneration. Underpinning all pay is an intention to be fair to all staff of the Group, taking into account the individual's seniority and local market practices.

Consultation with shareholders

The Remuneration Committee is committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders when any major changes are being made to remuneration arrangements. The Committee takes into account the views of significant shareholders when formulating and implementing the policy.

Consultation with employees

The Board and the Remuneration Committee did not consult with employees when formulating and implementing the policy.

Service contracts and letters of appointment

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice.

Executive Directors

P Kear and J Dodkins have Directors' service agreements which can be terminated on twelve months' notice. These agreements were dated 29 August 1997. M Boxall has a service agreement which can be terminated on 3 months' notice dated 1 November 2015. C Irvine has a service agreement which can be terminated on 3 months' notice dated 1 October 2019.

Non-Executive Directors

P Simmonds, J Lythall, P Whiting and M Biddulph each have an agreement for 12 months. The fees of the Non-Executive Directors are determined and confirmed by the full Board excluding (in each case) the Non-Executive Director concerned.

Policy on Director shareholdings

The Group has no policy on Director shareholdings.

Outside appointments

Executive Directors are entitled to accept appointments outside the Group providing that the Chairman's permission is sought and fees in excess of £20,000 from all such appointments are accounted for to the Group.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2020 £000	2019 £000
Emoluments (Fees / basic salary, benefits and annual bonus)	1,207	1,615
Money purchase pension contributions	38	44
IFRS 2 share-based payment charge	66	84
	1,311	1,743
Employer's National Insurance	157	217
Total	1,468	1,960

Three directors (2019: four) exercised 766,667 options during the year (2019: 1,388,864) with gains on exercise of share options during the year totalling £1,184k (2019: £2,471k).

There are no other long term incentive schemes.

Single figure for the total remuneration (audited)

31 March 2020	Fees/basic salary £000	Benefits £000	Bonus £000	Sub total £000	Pension £000	**Total 2020 £000**	Total 2019 £000
Executives							
P Kear	210	27	138	375	10	**385**	390
J Dodkins	160	17	92	269	10	**279**	299
M Boxall	180	3	90	273	11	**284**	319
C Warren (resigned 4/7/19)	39	1	26	66	2	**68**	244
M Tod (resigned 30/9/19)	88	1	-	89	5	**94**	281
Non-Executives							
P Simmonds	50	-	-	50	-	**50**	50
J Lythall	20	7	-	27	-	**27**	27
P Whiting	45	-	-	45	-	**45**	34
M Biddulph (appointed 1/12/19)	13	-	-	13	-	**13**	-
R McDowell (resigned 31/3/19)	-	-	-	-	-	-	15
Total	**805**	**56**	**346**	**1,207**	**38**	**1,245**	1,659

Remuneration of highest paid Director

	2020	2019
Remuneration	375	380
Company contributions to money purchase pension schemes	10	10
	385	**390**

Emoluments for the highest paid Director for the year ended 31 March 2020 and 31 March 2019 are included in the table above.

The highest paid Director exercised no share options during the year (2019: 435,000 options exercised with a gain of £823k upon exercising those options).

Directors share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of options for Directors who served during the year are as follows:

	Number at 31 March 2019	Number at 31 March 2020	Option price	Expiry date	Exercisable from
C Warren	50,000	-	90.5p	22 Jan 2026	22 Jan 2017
M Boxall	300,000	-	75.0p	2 Nov 2025	2 Nov 2016
	166,667	-	149.0p	13 Aug 2028	1 Jul 2019
	166,667	166,667	149.0p	13 Aug 2028	1 Jul 2020
	166,666	166,666	149.0p	13 Aug 2028	1 Jul 2021
M Tod	250,000	-	113.0p	26 Jun 2026	26 Jun 2017

P Kear, J Dodkins, P Simmonds, J Lythall, P Whiting and M Biddulph did not hold any share options during the year.

All reductions in options held by Directors between 31 March 2019 and 31 March 2020 have arisen due to the exercising of options held at 31 March 2019 and were all exercised whilst in office. No options lapsed.

Three directors (2019: four) exercised 766,667 options during the year (2019: 1,388,864) with gains on exercise of share options during the year totalling £1,184k (2019: £2,471k).

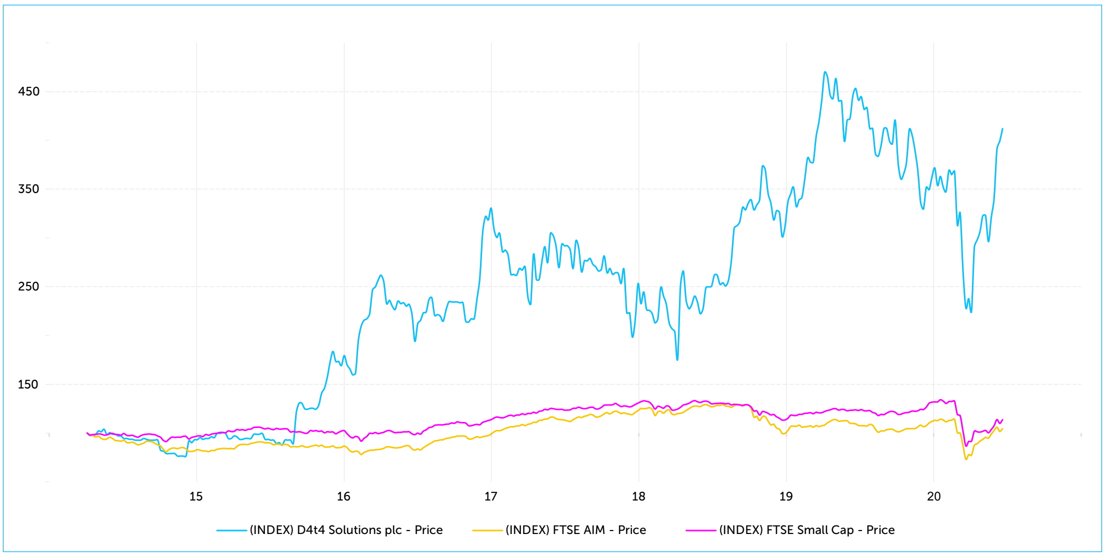
The market price of the shares at 31 March 2020 was 140.0p (257.0p at 31 March 2019) and the range in the period under review was 121.5p to 278.0p.

There have been no variations to the terms and conditions or performance criteria for share options during the financial year. As the share options have been issued on different dates, they have different performance criteria attached. However, these performance criteria are in line with increasing Earnings Per Share.

Directors shareholdings and dividends paid to Directors are disclosed in the Directors' Report on page 62.

Performance graphs

Company share price



The graph to the above shows the Company's share price performance compared with the performance of the FTSE AIM All-Share and FTSE SmallCap Index (GTBP) for the last six years. The FTSE Aim All-Share and FTSE SmallCap Index (GBP) have been selected for this comparison because it is the Board's opinion that they give a true comparison to its peers.

Peter Whiting

Chair of the Remuneration Committee
29 June 2020

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2020, which should be read in conjunction with the Strategic Report on pages 14 to 33. The Corporate Governance Statement set out on pages 43 to 52 forms part of this report.

Incorporation

D4t4 Solutions Plc is a company incorporated in the United Kingdom under the Companies Act 1985.

Dividends

The Directors recommend a final dividend of 1.9p (2019: 2.3p) per ordinary share to be paid on 28 August 2020 to ordinary shareholders on the register on 24 July 2020.

Future outlook

The Group's future outlook and opportunities are referred to in the Chairman's and CEO Statements on pages 2 to 9.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 21. The Company has one class of ordinary shares which carry no right to fixed income. Each share (other than own shares held in treasury) carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 26.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 43.

Under its Articles of Association, the Company has authority to issue 50,000,000 ordinary shares.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Group such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans.

None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Group and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above and the risks and uncertainties summarised. The Group and Company has sufficient financial resources to cover budgeted future cash-flows and also has contracts in place with a number of customers and suppliers across different geographic areas and industries. As a consequence of these factors, the Directors believe that the Group is well placed to manage its business risks successfully.

Having reviewed the impact of the Covid-19 pandemic on the business, and stress-tested the Group's future plans and cashflow projections, the Directors are confident that the Group and Company and its subsidiary undertakings have adequate resources to continue in operational existence for the foreseeable future. It should be noted that the Group finished the year with £12.77m net cash, no debt and has so far seen little material impact on sales as a result of the pandemic. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In accordance with the Companies Act s414 c(11) information in relation to the business and risks is shown in the Strategic Report.

Supplier Payment Policy

It is Group policy to pay all claims from suppliers according to agreed terms of payment upon receipt of a valid invoice which is materially correct. The Group does not follow a code on standard payment practice. At 31 March 2020 the Group had 93 days (2019: 71 days) of outstanding liabilities to creditors.

Directors and Directors' Interests

The Directors who held office during the year and to the date of signing, unless otherwise stated, were as follows:

P J Kear

J L Dodkins

M G Boxall

C C Irvine (appointed 30 April 2020)

P A Simmonds

J Lythall

P Whiting

M Biddulph (appointed 1 December 2019)

At the AGM, M Boxall, C Irvine, J Lythall and M Biddulph will offer themselves for re-appointment in accordance with the Articles.

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company as recorded in the register of Directors' share and debenture interests:

	Interest at 31 March 2020	Interest at 31 March 2019*
P J Kear	1,665,752	1,340,752
J L Dodkins	690,266	690,266
M G Boxall	35,000	10,000
P A Simmonds	346,500	311,500
J Lythall	1,000,000	2,213,960
P Whiting	22,000	Nil
M Biddulph (appointed 1 December 2019)	Nil	Nil

* or date of appointment if later

During the year the Directors received dividends on their shares at the same rate as any other shareholder. Details of share options can be found on page 59.

Substantial Holdings

As far as the Directors are aware, as at 31 May 2020, the only holdings of 3% or more of the Company's issued share capital were the following:

	Number of ordinary shares	%
Canaccord Genuity Wealth Management	6,291,600	15.63
Ennismore Fund Management	3,550,461	8.82
Herald Investment Management	2,724,800	6.77
Chelverton Asset Management	2,500,000	6.21
P Kear Esq	1,665,752	4.14
Otus Capital Management	1,369,273	3.40
M Ward Esq	1,283,532	3.19

Acquisition of the Company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolution of 22 August 2019, to purchase through the market up to 4,024,363 of the Company's shares at a maximum price of 105% of the average middle market price for the five business days immediately preceding the date of purchase and a minimum price of 2p per share. This authority expires at the AGM to be held on 6 August 2020. 45,208 shares were purchased and 364,955 shares were sold in the year ending 31 March 2020. Details of the sale and purchase of own shares are disclosed within Note 22 on page 94.

Own shares are ordinary 2p shares purchased in order to satisfy outstanding option obligations. Sales from own shares are the shares issued to option holders on exercise of their options. The maximum number of own shares held in the year was 488,880 (2019: 478,880), which represents 1.21% (2019: 1.21%) of the issued share capital.

Employees

The Group has a policy of offering equal opportunities to employees at all levels in respect of the conditions of work. Throughout the Group it is the Board's intention to provide employment opportunities and training for disabled people and to care for employees who become disabled having regard to aptitude and abilities.

Regular consultation and meetings, formal or otherwise, are held with all levels of employees to discuss problems and opportunities. Information on matters of concern to employees is presented in house.

The Company operates share option Schemes which are open to all employees. The two current Schemes are the D4t4 Solutions Employee Share Options 'A' Scheme and the D4t4 Solutions EMI Share Options Scheme. Details of the share options are laid out on page 94 within note 26 to the accounts.

Treasury Policy

The Group's operations are funded by cash reserves. The policy of the Group is to ensure that all cash balances earn a market rate of interest. Bank relationships are maintained to ensure that sufficient cash and unutilised facilities are available to the Group.

Research and Development

The Group has continued to attach a high priority to research and development throughout the year aimed at the development of new products and maintaining the technological excellence of existing products.

Financial Instruments

The Group's financial risk management objectives and policies are discussed on page 96 within note 29 to the accounts.

Branch operations

The Group has branch operations located in Chennai, India.

Political and Charitable Contributions

The Group made no political contributions or charitable donations during the year (2019: nil).

Insurance

The Group holds Directors and Officers Liability insurance.

Disclosure of Information to the Auditor

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of RSM UK Audit LLP as the auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Peter Kear
Chief Executive Officer
Windmill House, 91-93 Windmill Road, Sunbury-on-Thames, TW16 7EF

29 June 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and also elected under Company Law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the D4t4 Solutions website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Peter Kear
Chief Executive Officer
29 June 2020

Independent auditors report to the members of D4t4 Solutions plc

Opinion

We have audited the financial statements of D4t4 Solutions plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise of the consolidated income statement, consolidated statement of comprehensive income, consolidated and Company statements of changes in equity, consolidated and Company statements of financial position, consolidated and Company cash flow statements, and 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 Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions 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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements 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 SME 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Summary of our audit approach

Key audit matters	**Group** ▫ Revenue recognition
Materiality	**Group** ▫ Overall materiality: £247,000 (2019: £515,000) ▫ Performance materiality: £185,000 (2019: £386,000) **Parent Company** ▫ Overall materiality: £247,000 (2019: £480,000) ▫ Performance materiality: £185,000 (2019: £360,000)
Scope	Our audit procedures covered 100% of revenue, total assets and profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter description	The Group has several different revenue streams under product-own IP, product-3rd party, delivery services and support & maintenance segments. See notes 2, 3, 4 and 5 for further details. The product segments include revenue of one or more elements of hardware and software and are often included in the same contract as delivery services and support & maintenance. These transactions are often individually significant to the results of the Group and include an element of judgement in allocating the transaction price between different performance obligations within a contract. We consider there to be a significant risk around the completeness of some elements of revenue as performance obligations within a contract often have different recognition periods. We also consider there to be a significant risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions could be recorded in the wrong financial period (cut-off). As such we have determined revenue recognition to be a key audit matter.
How the matter was addressed in the audit	In order to address the risk of misstatement related to cut-off in revenue recognition and ensure that the income recognition policy applied is in line with the Group's policy, which complies with IFRS 15, we performed testing, focusing in particular for a sample of contracts signed around both the current year and prior year ends, we tested balances recognised in the Group's statement of financial position and tested individual transactions occurring either immediately before or after the year end. Our tests of detail focused on transactions occurring within proximity of the year end across these segments, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents. We linked this to both purchases cut off and revenue deferrals. In addition, for material contracts arising during the year, which have with multiple performance obligations, we assessed for a sample of contracts whether the transaction price had been appropriately allocated to different performance obligations, by reference to underlying pricing documentation. We also performed tests of details on accrued revenue, deferred revenue and trade receivables balances recognised at 31 March 2020. We also reviewed disclosure in the financial statements of the revenue recognition policies and key estimates and judgements in respect of revenue recognition.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Company
Overall materiality	£247,000 (2019: £515,000)	£247,000 (2019: £480,000)
Basis for determining overall materiality	5% of profit before tax	5% of Group profit before tax
Rationale for benchmark applied	Profit measure used for the trading activities of the Group.	Parent Company is the main trading component therefore Group materiality applied for the purpose of calculating an appropriate component materiality.
Performance materiality	£185,000 (2019: £386,000)	£185,000 (2019: £360,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £12,300 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £12,300 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of two components, located in the United Kingdom and the United States of America ("US").

A full scope audit was performed on the component in the United Kingdom and specified audit procedures were applied to the US component, achieving 100% coverage by our audit procedures.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 64, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Clark
Senior Statutory Auditor

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

29 June 2020

Consolidated income statement

for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Continuing operations			
Revenue	4,5	21,748	25,239
Cost of sales		(8,537)	(10,932)
Gross profit		**13,211**	**14,307**
Administration expenses	6	(8,343)	(8,022)
Other operating income	8	58	57
Profit from operations		**4,926**	**6,342**
Finance income	9	43	9
Finance costs	9	-	(8)
Profit before tax		**4,969**	**6,343**
Tax	10	(522)	(511)
Attributable to equity holders of the parent		**4,447**	**5,832**
Earnings per share from continuing operations attributable to the equity holders of the parent	13		
Basic		11.12p	14.78p
Diluted		11.04p	14.53p

Consolidated statement of comprehensive income

for the year ended 31 March 2020

		2020 £'000	2019 £'000
Attributable to equity holders of the parent		**4,447**	**5,832**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gains on property revaluation	16	71	70
Exchange differences on translation of foreign operations	11	24	16
Total comprehensive income for the year attributable to equity holders of the parent		**4,542**	**5,918**

Consolidated statement of changes in equity attributable to Equity Holders of the Parent

for the year ended 31 March 2020

	Notes	Share capital	Share premium	Merger reserve	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 April 2018		**765**	**1,972**	**5,917**	**1,029**	**(308)**	**133**	**10,606**	**20,114**
Dividends paid	12	-	-	-	-	-	-	(980)	(980)
Purchase of own shares	22	-	-	-	-	(1,469)	-	-	(1,469)
Issue of new shares - exercise of share options	21, 23	29	652	60	-	-	(26)	-	715
Settlement of share based payments		-	-	-	-	650	(48)	(351)	251
Share-based payment charge	26	-	-	-	-	-	-	162	162
Deferred tax on outstanding share options	11	-	-	-	-	-	(49)	178	129
Transactions with equity holders		**29**	**652**	**60**	**-**	**(819)**	**(123)**	**(991)**	**(1,192)**
Profit for the year		-	-	-	-	-	-	5,832	5,832
Other comprehensive income		-	-	-	70	-	-	16	86
Total comprehensive income		**-**	**-**	**-**	**70**	**-**	**-**	**5,848**	**5,918**
Balance at 1 April 2019		**794**	**2,624**	**5,977**	**1,099**	**(1,127)**	**10**	**15,463**	**24,840**
Dividends paid	12	-	-	-	-	-	-	(1,235)	(1,235)
Purchase of own shares	22	-	-	-	-	(69)	-	-	(69)
Issue of new shares - exercise of share options	21	14	741	-	-	-	-	-	755
Settlement of share based payments		-	-	4	-	856	(3)	(516)	341
Share-based payment charge	26	-	-	-	-	-	-	97	97
Deferred tax on outstanding share options	11	-	-	-	-	-	(7)	-	(7)
Transactions with equity holders		**14**	**741**	**4**	**-**	**787**	**(10)**	**(1,654)**	**(118)**
Profit for the year		-	-	-	-	-	-	4,447	4,447
Other comprehensive income		-	-	-	71	-	-	24	95
Total comprehensive income		**-**	**-**	**-**	**71**	**-**	**-**	**4,471**	**4,542**
Balance at 31 March 2020		**808**	**3.365**	**5,981**	**1,170**	**(340)**	**-**	**18,280**	**29,264**

Consolidated statement of financial position

as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	956	1,014
Property, plant and equipment	16	4,099	4,106
Deferred tax assets	11	283	831
		14,034	**14,647**
Current assets			
Trade and other receivables	18	10,137	6,275
Tax receivables		649	-
Inventories	19	1,266	45
Cash and cash equivalents		12,772	10,996
		24,824	**17,316**
Total assets		**38,858**	**31,963**
Current liabilities			
Trade and other payables	20	(9,377)	(6,774)
Tax liabilities		-	(133)
		(9,377)	**(6,907)**
Non-current liabilities			
Deferred tax liabilities	11	(217)	(216)
		(217)	**(216)**
Total liabilities		**(9,594)**	**(7,123)**
Net assets		**29,264**	**24,840**
Equity			
Share capital	21	808	794
Share premium account	21	3,365	2,624
Merger reserve	23	5,981	5,977
Revaluation reserve	24	1,170	1,099
Own shares	22	(340)	(1,127)
Equity reserve	25	-	10
Retained earnings		18,280	15,463
Attributable to the equity holders of the company		**29,264**	**24,840**

These financial statements were approved by the Board of Directors and authorised for issue on 29 June 2020 and were signed on its behalf by:

Peter Kear
Chief Executive Officer

Company registration number: 01892751 (England and Wales)

Consolidated cash flow statement
for the year ended 31 March 2020

	2020 £'000	2019 £'000
Operating activities		
Profit before tax	**4,969**	**6,343**
Adjustments for:		
Depreciation of property, plant and equipment	327	315
Amortisation of intangible assets	246	247
Finance income	(43)	(9)
Finance expense	-	8
Share-based payments	97	162
Gain on sale of property, plant and equipment	-	(3)
Operating cash flows before movements in working capital	**5,596**	**7,063**
(Increase) / Decrease in receivables	(3,862)	14,269
(Increase) / Decrease in inventories	(1,221)	545
Increase / (Decrease) in payables	2,603	(11,811)
Cash generated from operations	**3,116**	**10,066**
Income taxes paid	(738)	(983)
Net cash generated from operating activities	**2,378**	**9,083**
Investing activities		
Interest received	43	9
Purchase of property, plant and equipment	(249)	(459)
Capitilisation of development costs	(188)	-
Net cash used in investing activities	**(394)**	**(450)**
Financing activities		
Dividends paid	(1,235)	(980)
Repayment of borrowings	-	(763)
Interest paid	-	(8)
Payments to finance lease creditors	-	(17)
Purchase of own shares	(69)	(1,469)
Exercise of share options	1,096	966
Net cash used in financing activities	**(208)**	**(2,271)**
Net increase in cash and cash equivalents	**1,776**	**6,362**
Cash and cash equivalents at start of year	10,996	4,634
Cash and cash equivalents at end of year	**12,772**	**10,996**

Company statement of changes in equity attributable to Equity Holders of the Parent

for the year ended 31 March 2020

	Notes	Share capital	Share premium	Merger reserve	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 April 2018		**765**	**1,972**	**5,917**	**1,029**	**(308)**	**133**	**11,179**	**20,687**
Dividends paid	12	-	-	-	-	-	-	(980)	(980)
Purchase of own shares	22	-	-	-	-	(1,469)	-	-	(1,469)
Issue of new shares - exercise of share options	21, 23	29	652	60	-	-	(26)	-	715
Settlement of share based payments		-	-	-	-	650	(48)	(351)	251
Share-based payment charge	26	-	-	-	-	-	-	162	162
Deferred tax on outstanding share options	11	-	-	-	-	-	(49)	179	130
Transactions with equity holders		**29**	**652**	**60**	**-**	**(819)**	**(123)**	**(990)**	**(1,191)**
Profit for the year		-	-	-	-	-	-	6,906	6,906
Other comprehensive income		-	-	-	70	-	-	-	70
Total comprehensive income		**-**	**-**	**-**	**70**	**-**	**-**	**6,906**	**6,976**
Balance at 1 April 2019		**794**	**2,624**	**5,977**	**1,099**	**(1,127)**	**10**	**17,095**	**26,472**
Dividends paid	12	-	-	-	-	-	-	(1,235)	(1,235)
Purchase of own shares	22	-	-	-	-	(69)	-	-	(69)
Issue of new shares - exercise of share options	21	14	741	-	-	-	-	-	755
Settlement of share based payments		-	-	4	-	856	(3)	(516)	341
Share-based payment charge	26	-	-	-	-	-	-	97	97
Deferred tax on outstanding share options	11	-	-	-	-	-	(7)	-	(7)
Transactions with equity holders		**14**	**741**	**4**	**-**	**787**	**(10)**	**(1,654)**	**(118)**
Profit for the year		-	-	-	-	-	-	3,676	3,676
Other comprehensive income		-	-	-	71	-	-	-	71
Total comprehensive income		**-**	**-**	**-**	**71**	**-**	**-**	**3,676**	**3,747**
Balance at 31 March 2020		**808**	**3.365**	**5,981**	**1,170**	**(340)**	**-**	**19,117**	**30,101**

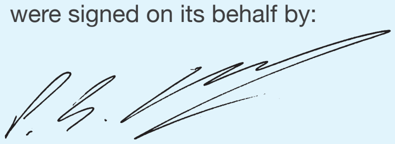
Company statement of financial position

as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	956	1,014
Property, plant and equipment	16	4,099	4,106
Investment in subsidiaries	17	273	273
Deferred tax assets	11	10	347
		14,034	**14,436**
Current assets			
Trade and other receivables	18	11,211	8,441
Tax receivables		649	-
Inventories	19	7	13
Cash and cash equivalents		12,694	10,996
		24,561	**19,450**
Total assets		**38,595**	**33,886**
Current liabilities			
Trade and other payables	20	(8,277)	(7,065)
Tax liabilities		-	(133)
		(8,277)	**(7,198)**
Non-current liabilities			
Deferred tax liabilities	11	(217)	(216)
		(217)	**(216)**
Total liabilities		**(8,494)**	**(7,414)**
Net assets		**30,101**	**26,472**
Equity			
Share capital	21	808	794
Share premium account	21	3,365	2,624
Merger reserve	23	5,981	5,977
Revaluation reserve	24	1,170	1,099
Own shares	22	(340)	(1,127)
Equity reserve	25	-	10
Retained earnings		19,117	17,095
Attributable to the equity holders of the company		**30,101**	**26,472**

The Company's profit for the year was £3.7m (2019: £6.9m).

These financial statements were approved by the Board of Directors and authorised for issue on 29 June 2020 and were signed on its behalf by:



Peter Kear
Chief Executive Officer

Company registration number: 01892751 (England and Wales)

Company cash flow statement

for the year ended 31 March 2020

	2020 £'000	2019 £'000
Operating activities		
Profit before tax	**3,962**	**7,676**
Adjustments for:		
Depreciation of property, plant and equipment	327	315
Amortisation of intangible assets	246	247
Finance income	(43)	(9)
Finance expense	-	8
Share-based payments	97	162
Gain on sale of property, plant and equipment	-	(3)
Operating cash flows before movements in working capital	**4,589**	**8,396**
(Increase) / Decrease in receivables	(2,770)	13,017
Decrease in inventories	6	577
Increase / (Decrease) in payables	1,213	(11,927)
Cash generated from operations	**3,038**	**10,063**
Income taxes paid	(738)	(980)
Net cash generated from operating activities	**2,300**	**9,083**
Investing activities		
Interest received	43	9
Purchase of property, plant and equipment	(249)	(459)
Capitalisation of development costs	(188)	-
Net cash used in investing activities	**(394)**	**(450)**
Financing activities		
Dividends paid	(1,235)	(980)
Repayment of borrowings	-	(763)
Interest paid	-	(8)
Payments to finance lease creditors	-	(17)
Purchase of own shares	(69)	(1,469)
Exercise of share options	1,096	966
Net cash used in financing activities	**(208)**	**(2,271)**
Net increase in cash and cash equivalents	**1,698**	**6,362**
Cash and cash equivalents at start of year	10,996	4,634
Cash and cash equivalents at end of year	**12,694**	**10,996**

Notes to the financial statements

1. General information

D4t4 Solutions plc is a public limited company incorporated and domiciled in England and Wales and quoted on the AIM Market, hence there is no ultimate controlling party.

Details of substantial shareholdings are shown in the Directors' report on page 62.

The address of its registered office, registered number and principal place of business is disclosed on the inside cover of the financial statements.

The financial statements of D4t4 Solutions plc and its subsidiaries (the Group) for the year ended 31 March 2020 were authorised and issued by the Board of Directors on 29 June 2020 and the Consolidated Statement of Financial Position was signed on the Board's behalf by Peter Kear.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, with the exception of land and buildings which is held at valuation.

The presentation and functional currency of the financial statements is British Pounds and amounts are rounded to the nearest thousand pounds.

Going concern

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position and the risks and uncertainties are presented in the Strategic Report on pages 36 to 38. The Group and Company have sufficient financial resources to cover budgeted future cashflows, together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group and Company are well placed to manage their business risks successfully.

Having reviewed the impact of the Covid-19 pandemic on the business, and stress-tested the Group's future plans and cash flow projections, the Directors are confident that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Adoption of new and revised standards

Standards, amendments and interpretations effective in the period to 31 March 2020 (all effective 1 January 2019, not early adopted last year):

IFRS 16 (New Standard)	Leases
Various	Annual improvements to IFRSs 2015-2017 Cycle
IFRIC 23 (Interpretation)	Uncertainty over Income Tax Treatments
IAS 28 (Amendment)	Investments in Associates and Joint Ventures
IAS 19 (Amendment)	Employee Benefits

IFRS 16 is effective for the year ending 31 March 2020. Upon the adoption of IFRS 16, lease arrangements give rise to a right-of-use asset and a lease liability for future lease payables. The asset is depreciated on a straight line basis over the life of the lease. Interest is recognised on the lease liability, resulting in a higher interest expense in the earlier years of the lease term. The total expenses recognised in the Income Statement over the life of the lease will be unaffected by the new standard. However, IFRS 16 does result in the timing of lease expenses recognition being accelerated for leases which would be currently accounted for as operating leases.

The Group has one leased property in India, details of which are in note 27. The Directors have decided not to recognise the Right of Use asset or corresponding liability associated with this lease under IFRS 16 as this would not have a material impact on the financial statements.

Standards, amendments and interpretations to existing standards that have not been early adopted by the Group (all effective 1 January 2020):

IFRS 3 (Amendment)	Definition of a Business
IAS 1 (Amendment)	Definition of Material
IFRS 9 (Amendment)	Interest Rate Reform
IFRS 7 (Amendment)	Interest Rate Reform

The Directors do not expect the adoption of these amendments in future periods to have any material impact on the financial statements of the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the reporting date.

Investees are classified as subsidiaries where the Company has control, which is achieved where the Company has the power to govern the financial and operating policies of an investee entity, exposure to variable returns from the investee and the ability to use its power to affect those variable returns. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at acquisition date. The results of acquired entities are included in the Consolidated Statement of Comprehensive Income from the date at which control is obtained and are deconsolidated from the date control ceases.

In accordance with Section 408 of the Companies Act 2006 D4t4 Solutions plc is exempt from the requirement to present its own income statement and related notes that form a part of these approved financial statements. The profit of the parent is disclosed in the Company Statement of Financial Position and Statement of Changes in Equity for the year.

Property, plant and equipment

The carrying value of these assets is stated at cost or valuation, less accumulated depreciation and any impairment loss. Freehold land is not depreciated. The estimated lives of assets are reviewed annually by the Board, the lives and values are adjusted as necessary, and any impairment loss is recognised in the income statement. Freehold land and buildings were last valued professionally at 31 March 2018 but are valued by the Directors on an annual basis. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The Group makes provision for depreciation so that the cost less estimated residual value of each asset is written off by equal instalments over its estimated useful economic life as follows:

Buildings	- up to 35 years
Leasehold improvements	- up to 10 years
Fixtures and equipment	- up to 4 years
Motor vehicles	- up to 5 years

Revaluation gains/losses are shown in the Statement of Comprehensive Income and recognised in Other comprehensive income. Where losses are greater than previously recognised gains, these are taken to the income statement.

Acquisitions

On the acquisition of a business, net fair values are attributed to the identifiable assets and liabilities acquired. Where the cost of acquisition exceeds this net fair value, the difference is treated as purchased goodwill and capitalised in the Group Statement of Financial Position in the year of acquisition. If a subsidiary's assets are subsequently hived up into the parent then the corresponding amount of goodwill is capitalised in the Company Statement of Financial Position.

Goodwill

Capitalised goodwill is shown in the Statement of Financial Position. Its carrying value is subject to annual review and any impairment is recognised immediately as a loss which cannot subsequently be reversed. Goodwill arising on acquisitions made before the date of transition to IFRS has been retained at the previous UK GAAP amount subject to being tested annually for impairment.

Goodwill has arisen from the acquisition of businesses.

Investments in subsidiaries

The carrying value of investments is stated at cost less any provision for impairment. This value is reviewed annually by the Board with respect to future cash flows in respect of revenue streams related to the investment.

Other intangible assets

Intellectual Property Rights (IPR)

On the acquisition of a business, the fair value of IPR is estimated and capitalised taking into consideration the software development cycle and the amount of effort involved between updated versions of the software. The fair value is amortised over the expected development cycle which is estimated to be eight years.

Capitalised IPR is shown in the balance sheet. Its carrying value is subject to annual review and any impairment is recognised immediately as a loss which cannot subsequently be reversed.

Trade name

On the acquisition of a business, the future value of the trade name of that business is estimated and capitalised. The fair value is amortised over ten years.

Impairment of intangibles is reviewed annually with reference to future cash flows from the specific cash generating units to which the intangible asset has been allocated.

Inventory policy
Inventories are stated at the lower of cost or net realisable value. The valuation method for each item of inventory remains consistent from one accounting period to the next.

Research and development costs
To assess whether research and development expenditure has generated an intangible asset the Group classifies the expenditure into two phases, the research phase and the development phase.

Expenditure on the research phase is recognised as an expense when it is incurred.

Expenditure on the development phase is recognised as an intangible asset if, and only if, each of the following can be demonstrated:

(a) the technical feasibility of completing the asset;

(b) its intention to complete and use or sell the asset;

(c) its ability to use or sell the asset;

(d) how the asset will generate future economic benefit;

(e) the availability of sufficient resources to complete the development and to use or sell the asset;

(f) the ability to measure reliably the expenditure incurred on the asset during its development.

The intangible asset is recognised using the cost model and is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Foreign currencies
In line with IAS 21, transactions denoted in foreign currencies are recorded at an approximation of the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Similarly, for translation of foreign operations, transactions are recorded at an approximation of the exchange rate ruling in the period of consolidation. Monetary assets and liabilities are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in Other comprehensive income.

Profit from operations
Profit from operations is stated before investment income, finance costs and other gains and losses. Other gains and losses principally include movements in property valuation and are included in Other comprehensive income.

Lease commitments
The Group has a rental lease for office space in India. Rentals payable in respect of this short term lease are recognised as a cost on a straight line basis over the life of the lease. Similarly, rental income arising from the short term operating lease at the parent Company's premises is credited to income on a straight-line basis over the period of the lease. The Directors have decided not to recognise the Right of Use asset or corresponding liability associated with this lease under IFRS 16 as this would not have a material impact on the financial statements.

Dividends
Final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interim and prior period dividends paid are included in the Statement of Changes in Equity.

Share-based payments
Periodically the Group offers share options (at the prevailing market price) to employees. The Group has conformed with the requirements of IFRS2 "Share Based Payment" for share options issued after 7 November 2002 and unvested at 31 March 2020. Those options are measured at fair value (using the Black-Scholes model and management's best estimates) and are expensed on a straight-line basis over their vesting period. Options vest only when the Remuneration committee is satisfied that the vesting criteria have been met, and are settled subsequently by equity shares in the parent company and unless the Board, at its discretion, agrees to settle in cash.

Treasury shares
From time to time the Company purchases its own shares for the purpose of satisfying the future exercising of outstanding share options. These shares are held in treasury and are shown as a reduction in the Company's reserves.

Own shares
On the acquisition of a business, the accrual for the future value of own shares contingent upon no warranty claims being made is classified as equity where there is a fixed value and hence fixed number of the company's shares to be issued. Where the value of the contingent shares is not fixed at the point of acquisition, these would be treated as a financial liability under IAS 32.

Pension costs
The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation
Current tax (UK and foreign) is calculated on the profit for the year (adjusted for appropriate tax reliefs, allowances, non-deductible expenses and timing differences) using the appropriate tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all material temporary differences in the treatment of certain items

for taxation and accounting purposes which have arisen but have not reversed by the balance sheet date. It is recognised at the expected prevailing rate at the time of reversal, and is recognised as an asset only to the extent that it is probable that taxable profits will be available to utilise it. It is reviewed annually.

Revenue recognition

Revenue is measured at the transaction price received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, rebates and discounts and after the elimination of intercompany transactions within the Group.

The Group recognises revenue as it satisfies its performance obligations by transferring promised goods and services to its customers. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In the course of the year ended 31 March 2019 there was a change in the segmental reporting information being used internally. This change was made to better reflect the Group's management reporting based on the integrated core services of the business. In line with the requirements of IFRS 8 Operating Segments, which requires the disclosure of segmental reporting information that is actually being used internally by management, the following segmental reporting is now in use:

Products – Own IP

D4t4 create, author, market and sell a software product, Celebrus, focused on the capture of customer data from all digital channels. This data is then used in applications that deliver artificial intelligence, customer insight and analytics, personalisation, decisioning and customer relationship management.

The Group has also created its own IP in order to create architecture and deployments for high performance on premise or cloud solutions that combine hardware, software and services.

Perpetual licence revenue is recognised upon delivery as the company has no further obligations to the customer once the non-refundable licences have been delivered. Any upgrade to the software will be supplied as part of an ongoing maintenance contract that the customer may make. This maintenance contract is covered under the hosting and support services policy below. Term licences are recognised upon delivery at the commencement of the term where the licence is not cancellable during the term.

Products – 3rd Party

D4t4 services are focused on delivering data management using public and private cloud infrastructure that is securely designed to ensure our clients can operationalise data within their organisation. In addition, we design and build performant platforms for critical business, analytics, compliance, risk, marketing and artificial intelligence applications. Where these are on premise Customer Data Management platform solutions they will include both hardware and third party software. The revenue for each product is recognised when the full performance obligation has been satisfied, typically this is when the hardware and associated third party software is delivered to the customers designated premises. This is when control passes to the customer.

Delivery Services

For delivery services work, revenue is recognised over time by comparing how much of the project has been completed versus total expected time required and also with reference to the completion of specific milestones. This is because costs are incurred in proportion to the Group's progress as it satisfies its performance obligations.

In relation to time-based projects, time on projects is recoverable on a time and expenses basis at an agreed daily rate and is invoiced to the customer in the month of performance and an associated value is recognised. The Group has a right to consideration from its customers in an amount that corresponds directly with the value to the customer of the Group's performance completed on a daily basis.

Support & maintenance

Support & maintenance is typically of a recurring nature and is made up of hosting, support services and maintenance. The Group's efforts are expended evenly throughout the performance period therefore revenue is recognised on a straight-line basis over the period of the contract, normally 12 months.

Bundled goods and services

Products (software and hardware), delivery services and support & maintenance services are often bundled together in a contract.

The products and the services are considered to be separate performance obligations on the basis that the products can be delivered with or without the hosting and other services and therefore the products and services are not interdependent or interrelated with another good or service. Software and hardware however require combined delivery to the customer to benefit from them and are therefore considered to be interdependent and interrelated and one performance obligation.

In allocating the consideration to the separate performance obligations, the standalone selling price is determined by reference to an internal price book.

The contracted invoice schedule does not always coincide with the recognition of the income from the sale. Therefore management have considered the time value of money and concluded that a financing benefit is provided to the customer. This is adjusted against revenue and recognised as interest income over the period of the contract using an effective interest rate.

Partnerships with third party organisations
The Company sells both directly to the customer and through partnerships. There are two types of partnerships. The first is where the Company acts as principal in the sale to the partner. The partner then uses the products and services purchased from the Company as part of their sale to their customer. The second is where the Company acts on an agency basis. Here the Company acts as a supply channel on behalf of the software supplier who dictates the sell and buy price and provides details of the customer. In the first case, the revenue will consist of a combination of licence, project and recurring as defined in the revenue recognition policy above, and hence is recognised as defined there. In the second case, where the Company acts on an agency basis, revenue will be recognised at the point of sale to the end customer.

Recognition of financial instruments
Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets
Initial and subsequent measurement of financial assets

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months.

Trade, Group and other receivables
Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade, Group and other payables
Trade, Group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Equity instruments
Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Impairment of financial assets
An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Trade and other receivables
For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the ageing of the receivable. The Group has adopted a simplified approach to calculating its expected credit loss provision. For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the parent Company assesses the expected manner of recovery.

Borrowings
Interest bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are

charged to profit or loss over the period using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowing costs
Borrowing costs are recognised as an expense in the period in which they arise.

Related party transactions
These are disclosed in note 28 of the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting polices described in note 2 the Directors are required to make judgements, estimates and assumptions of the carrying values of assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimations means that actual outcomes could differ from those estimates. These judgements are reviewed on an ongoing basis, and recognise revisions to accounting estimates in the period in which the Directors revise the estimate and in any future periods affected. It is considered that all judgements have an element of estimation.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of goodwill and intangible assets
The ongoing valuation of goodwill for the purposes of determining impairment requires the evaluation of future cash flows from the cash generating unit to which the goodwill has been allocated. This is disclosed in note 14.

Revenue recognition for bundled goods and services
In determining revenue for each of the component elements of a bundled contract, consideration is given to price books which are compiled following a review of standard industry practice and expected gross profit margins.

4. Business and geographical segments

IFRS 8 Operating Segments requires these to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and assess their performance.

The Group has four tightly integrated service lines that are offered to clients. These service lines combine one or more of four types of revenue to deliver on our core services.

Information is presented to the Board on the revenue analysis below:

- Product - Own IP
- Product - 3rd party
- Delivery services
- Support & maintenance

All revenue streams are recognised on a point in time basis apart from Support & maintenance which is recognised over time.

No allocation of other income and costs to these categories is made because the Directors consider that any such allocation would be arbitrary and contract sensitive, as would be any allocation of assets and liabilities.

The segmental reporting set out below is consistent with that provided to the Board of Directors.

The segmental reporting analysis is as follows:

Continuing operations 2020	Group 2020 £'000	Group 2019 £'000
Products - Own IP	7,658	9,198
Products - 3rd party	4,362	7,349
Delivery services	3,629	3,132
Support & maintenance	6,099	5,560
Revenue	**21,748**	**25,239**
Cost of sales	(8,537)	(10,932)
Gross profit	**13,211**	**14,307**
Other operating costs and income	(8,285)	(7,965)
Investing and financing activities	43	1
Profit before tax	**4,969**	**6,343**

Major customers (partners) over 10% of revenue	2020 £'000	2020 £'000	2019 £'000	2019 £'000
	Customer 1	Customer 2	Customer 1	Customer 2
Products - Own IP	3,855	1,363	5,576	1,581
Products - 3rd party	3,401	-	6,774	-
Delivery services	1,515	2	1,055	48
Support & maintenance	2,616	1,767	2,206	1,102
Total Revenue	**11,387**	**3,132**	**15,611**	**2,731**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

5. Revenue

Geographical information

	Group 2020 £'000	Group 2019 £'000
United Kingdom	4,158	3,452
Rest of Europe	3,162	2,972
United States of America	13,327	17,543
Others	1,101	1,272
	21,748	**25,239**

The geographical revenue segment is determined by the domicile of the external customer.

Non-current assets, including Property, Plant & Equipment, Goodwill and Intangibles, are all located in the United Kingdom.

These are not reported to management on a segmented basis.

Analysis of revenue	Group 2020 £'000	Group 2019 £'000
Continuing operations		
Sale of goods	4,472	4,196
Rendering of services	17,276	21,043
	21,748	**25,239**

Timing of transfer	Group 2020 £'000	Group 2019 £'000
Goods and services transferred at a point in time		
Products - Own IP	7,658	9,198
Products - 3rd party	4,362	7,349
Delivery services	3,629	3,132
Goods and services transferred over time		
Support & maintenance	6,099	5,560
	21,748	**25,239**

Contract balances	Group 2020 £'000	Group 2019 £'000
Receivables included within Trade and other receivables	7,970	4,064
Contract assets	1,534	1,210
Contract liabilities	(4,057)	(3,318)

Contract assets predominantly relate to fulfilled obligations in respect of Own IP and 3rd Party Products, Delivery services and Support & maintenance which have not been invoiced.

At the point of invoice, the contract asset is derecognised and a corresponding trade receivable is recognised.

Contract liabilities relate to consideration received from customers in advance of work being completed.

6. Analysis of expenses by nature

The breakdown by nature of expenses is as follows:	2020 £'000	2019 £'000
Employee remuneration		
(see note 7)	**9,720**	**9,598**
Intangible assets		
Amortisation of intangible assets (see note 15)	246	247
Research and development costs expensed	784	576
	1,030	**823**
Property, plant and equipment		
Depreciation of property, plant & equipment (see note 16)	327	315
Gain on disposal of property, plant & equipment	-	(3)
	327	**312**
Auditor's remuneration		
- for audit services (Group and Company, the Company fee is not separately quantifiable)	54	47
- for other services	9	10
	63	**57**
Impairment of trade receivables	57	-
Operating leases	58	58
Net foreign exchange gains	(362)	(727)
Other expenses	5,987	8,833
Total cost of sales and administration expenses	**16,880**	**18,954**

7. Staff costs

	Group		Company	
The average number of employees (including Directors) during the year was:	2020 Number	2019 Number	2020 Number	2019 Number
Production and support	90	88	84	87
Distribution	27	24	23	20
Administration	15	10	15	10
	132	**122**	**122**	**117**
Their aggregate remuneration comprised:	£'000	£'000	£'000	£'000
Salaries	8,341	8,181	6,856	7,108
Social security costs	870	873	779	806
Defined contribution costs	412	382	357	345
Share-based payments: equity settled	97	162	97	162
	9,720	**9,598**	**8,089**	**8,421**

Key management personnel consist of the Board of Directors and their remuneration (included in the totals above) was as follows:

	Group and Company	
	2020	2019
	£'000	£'000
Emoluments	1,287	1,615
Social security costs	167	217
Defined contribution costs	42	44
Share-based payments: equity settled	66	84
	1,562	**1,960**

Details of Directors remuneration required by the Companies Act are set out in the audited information included in the Directors Remuneration report on pages 56 to 60.

Other related party transactions including loans and dividends, involving Directors are disclosed in the Directors report on pages 56 to 60.

8. Other operating income

	Group	
	2020	2019
	£'000	£'000
Analysis of other operating income		
Operating lease receipts (see note 27)	58	57
	58	**57**

9. Finance income and finance costs

	Group	
	2020	2019
	£'000	£'000
Analysis of finance income		
Bank interest received	**43**	**9**
Analysis of finance costs		
Mortgage interest paid	-	(2)
Bank loan interest	-	(5)
Other	-	(1)
	-	**(8)**

10. Taxation

	2020 £'000	2019 £'000
Current UK tax	142	796
Foreign tax	60	57
Less: double taxation relief	(1)	(10)
Over provision in prior year	(245)	(6)
	(44)	**837**
Deferred tax		
- temporary differences	331	(61)
- US tax charge / (credit)	235	(265)
	566	(326)
Corporation tax	**522**	**511**

The charge for the year can be reconciled to the reported profit as follows:

	2020 £'000	2019 £'000
Profit before tax	4,969	6,343
UK corporation tax at 19% (2019: 19%)	944	1,205
Research and development credit	(240)	(142)
Patent Box	(76)	-
Exercise of share options	34	(610)
Difference between writing-down allowances and depreciation	17	13
Other non-deductible expenses	10	14
Effect of different rates in other jurisdictions	33	47
Movement in US tax losses	45	(10)
Over provision in prior year	(245)	(6)
Tax charge as above	**522**	**511**

11. Deferred tax

Group	Other timing differences £'000	Equity reserve £'000	Share based payments £'000	Tax losses £'000	Intangibles £'000	Total £'000
Balance at 1 April 2018	(32)	56	131	202	(214)	143
Recognised within the Statement of Changes in Equity	-	(49)	178	17	-	146
(Charge) / credit to Income Statement	(11)	-	31	265	41	326
Balance at 1 April 2019	**(43)**	**7**	**340**	**484**	**(173)**	**615**
Recognised within the Statement of Changes in Equity	-	(7)	-	24	-	17
(Charge) / credit to Income Statement	(12)	-	(330)	(235)	11	(566)
Balance at 31 March 2020	**(55)**	**-**	**10**	**273**	**(162)**	**66**

Company	Other timing differences £'000	Equity reserve £'000	Share based payments £'000	Intangibles £'000	Total £'000
Balance at 1 April 2018	(32)	56	131	(214)	(59)
Recognised within the Statement of Changes in Equity	-	(49)	178	-	129
(Charge) / credit to Income Statement	(11)	-	31	41	61
Balance at 1 April 2019	**(43)**	**7**	**340**	**(173)**	**131**
Recognised within the Statement of Changes in Equity	-	(7)	-	-	(7)
(Charge) / credit to Income Statement	(12)	-	(330)	11	(331)
Balance at 31 March 2020	**(55)**	**-**	**10**	**(162)**	**(207)**

A deferred tax rate of 19% (2019: 19%) has been used.

The financial statements include a deferred tax asset of £273k (2019: £484k) in respect of trading losses in the Group's US subsidiary. In accordance with the requirement of IAS 12 Income Taxes, the Directors have considered the likely recovery of this deferred tax asset. The Directors have taken into account expected future taxable profits and expect an improvement in profitability and profits in future periods and that this will be sustained. Accordingly the Directors have satisfied themselves that it is appropriate to recognise the above deferred tax asset.

12. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders:		
Final dividend for the year ended 31 March 2019 of 2.3p (for the year ended 31 March 2018: 1.875p) per share	925	713
Interim dividend for the year ended 31 March 2020 of 0.77p (31 March 2019: 0.7p) per share	310	267
	1,235	980
Proposed final dividend for the year ended 31 March 2020 of 1.9p		

The proposed final dividend is subject to shareholders' approval at the AGM and has not been included as a liability in these financial statements.

13. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the parent and the weighted average number of ordinary shares in issue during the year.

The adjusted earnings per share figures have been calculated based on earnings before adjusted items. These have been presented to provide shareholders with an additional measure of the Group's year-on-year performance.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares arising from share options granted to employees where the exercise price is less than market price of the Company's ordinary shares at the year end.

Details of the adjusted earnings per share are set out below:

	2020 £'000	2019 £'000
Profit attributable to owners of the parent	4,447	5,832
Amortisation of intangible assets (see note 15)	246	247
Share-based payments (see note 26)	97	162
Net foreign exchange differences	(362)	(727)
Restructuring costs	96	-
Tax on the adjustments	(15)	60
Adjusted profit attributable to owners of the parent	**4,509**	**5,574**

	2020 No.	2019 No.
Basic weighted average number of shares, excluding own shares, in issue	**39,976,957**	**39,471,172**
Dilutive effect of share options	299,994	654,078
Diluted weighted average number of shares, excluding own shares, in issue	**40,276,951**	**40,125,250**

	2020 Pence per share	2019 Pence per share
Basic Earnings per share	11.12	14.78
Diluted Earnings per share	11.04	14.53
Adjusted Basic Earnings per share	11.28	14.12
Adjusted Diluted Earnings per share	11.19	13.89

14. Goodwill

	Group	Company
Cost of goodwill	£'000	£'000
Balance at 1 April 2018, 31 March 2019 and 31 March 2020	**10,952**	**10,952**
Accumulated impairment charge		
Balance at 1 April 2018, 31 March 2019 and 31 March 2020	2,256	1,912
Carrying amount at year end	**8,696**	**8,696**

Allocation of goodwill (Group and Company)

	AXL	**Chapter26**	**Speed-Trap**
Balance at 1 April 2018 and 31 March 2019	100	918	7,678
Integration with Speed-Trap goodwill	(100)	(918)	1,018
Balance at 31 March 2020	-	-	**8,696**

The carrying amount of goodwill represents the balance of the original cost of goodwill attached to the subsidiary companies on acquisition. The Group is required to test this value at least annually for impairment.

The Directors have considered during the year whether the AXL and Chapter26 businesses continue to meet the definition of cash generating units (CGUs). These businesses have been fully integrated into the Group's operations for several years and it is no longer possible to separately identify cash flows relating to these businesses and therefore the Directors do not believe it is appropriate to continue to disclose these as separate CGUs. The goodwill attaching to these has therefore been combined with the goodwill relating to Speed-Trap. Prior to this decision being taken the Directors carried out an assessment of potential impairment of these former CGUs and no impairment was required.

The recoverable amount of this CGU has been determined based on a value-in-use calculation. To calculate this, pre tax cashflow projections are based on financial budgets calculated using both current year and prior year knowledge of customer contracts and approved by the Board for the year ended 31 March 2020. These are then extrapolated for five years with 2% (2019: 2%) growth rate applied, and extended beyond five years at 2% (2019: 2%), which the Board considers conservative given the long-term opportunities that exist in the regions that the CGU operates in. The discount rate applied to cashflow projections is 15% pre tax (2019: 15%).

Key assumptions used for the value-in-use calculations
Key assumptions are made by management based on past experience taking into account external sources of information around gross margins, growth rates and discount rates for similar businesses.

The calculation of value in use is most sensitive to assumptions around:

- operating cashflows, based on financial budgets for the year ended 31 March 2021 approved by the Board;
- growth rates in the current year budget which are based on individual customer contracts;
- growth rates in year 2 onwards, which we have maintained at a conservative 2%;
- the discount rate, based on the pre-tax weighted average cost of capital of the Group;
- the CGU gross margin achieved.

Sensitivity to changes in assumptions
The margins achieved are based on actual margins, the forecast revenues are based on budget for the current year and an ongoing 2% growth rate has been used.

The discount rate is considered to be the variable with the maximum impact. Varying this by 20% would still allow the recoverable amount to exceed the carrying value. Therefore management is confident in the assumptions used.

Management has considered the growth rates used in light of the Covid-19 pandemic and remains confident that they are reasonable.

Management are satisfied that a reasonable change in the key assumptions used in assessing the recoverable amounts of the cash generating unit would not give rise to the recoverable amount exceeding the carrying value.

15. Other intangible assets

Group & Company	Development Costs £'000	Internally generated IPR £'000	Purchased IPR £'000	Trade name £'000	Total £'000
Cost					
Balance at 1 April 2018 and 31 March 2019	-	56	1,858	142	2,056
Additions	188	-	-	-	188
Balance at 31 March 2020	**188**	**56**	**1,858**	**142**	**2,244**
Accumulated amortisation					
Balance at 1 April 2018	-	56	697	42	795
Amortisation	-	-	232	15	247
Balance at 1 April 2019	-	**56**	**929**	**57**	**1,042**
Amortisation	-	-	232	14	246
Balance at 31 March 2020	**-**	**56**	**1,161**	**71**	**1,288**
Carrying amount					
Balance at 1 April 2018	-	-	1,161	100	1,261
Balance at 31 March 2019	-	-	929	85	1,014
Balance at 31 March 2020	**188**	**-**	**697**	**71**	**956**

The amortisation charge for the year is booked to administration expenses.

The amortisation period for the Development Costs is 8 years commencing 1 April 2020.

The remaining amortisation period for the Purchased IPR is 3 years (2019: 4 years) and the Trade name is 5 years (2019: 6 years).

16. Property, plant & equipment

	Land & buildings	Fixtures & equipment	Motor vehicles	Total
Group and Company	£'000	£'000	£'000	£'000
Cost or valuation				
Balance at 1 April 2018	3,300	1,222	106	4,628
Additions	-	436	23	459
Disposals	-	-	(18)	(18)
Balance at 1 April 2019	**3,300**	**1,658**	**111**	**5,069**
Additions	-	249	-	249
Balance at 31 March 2020	**3,300**	**1,907**	**111**	**5,318**
Depreciation				
Balance at 1 April 2018	-	674	62	736
Depreciation charge	70	225	20	315
Revaluation	(70)	-	-	(70)
Eliminated on disposals	-	-	(18)	(18)
Balance at 1 April 2019	**-**	**899**	**64**	**963**
Depreciation charge	71	230	26	327
Revaluation	(71)	-	-	(71)
Balance at 31 March 2020	**-**	**1,129**	**90**	**1,219**
Carrying amount				
Balance at 1 April 2018	3,300	548	44	3,892
Balance at 31 March 2019	3,300	759	47	4,106
Balance at 31 March 2020	**3,300**	**778**	**21**	**4,099**

	2020	2019
Allocation of depreciation charge	£'000	£'000
Cost of sales	60	79
Administration expenses	267	236
Charge for year	**327**	**315**

Tangible Assets held at valuation

In respect of tangible assets held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group and Company	2020	2019
	£'000	£'000
Land and buildings	**1,753**	**1,798**

Included in land & buildings (valued in 2018) is freehold land at £1,230,000 (2019: £1,230,000) which is not subject to depreciation. The land and buildings original purchase cost was £2,224,000.

For detail on the fair value measurement of the freehold land and buildings see note 29.

17. Investment in subsidiaries

Company	2020	2019
Cost of investment	£'000	£'000
Balance at 1 April 2019 and 31 March 2020	**273**	**273**
Accumulated provision for impairment		
Balance at 1 April 2019 and 31 March 2020	-	-
Carrying amount at year end	**273**	**273**

	Country of Incorporation	Nature of business	Proportion of ownership of ordinary shares
IS Solutions Ltd (formerly Celebrus Ltd)†	England & Wales	Dormant	100%
Celebrus Technologies Ltd*†	England & Wales	Dormant	100%
Chapter26 Ltd†	England & Wales	Dormant	100%
D4t4 Solutions Inc.§	USA	Software & services	100%
Internet Service Solutions Ltd†	England & Wales	Dormant	100%
Internet Systems Solutions Ltd†	England & Wales	Dormant	100%
Internet Site Solutions Ltd†	England & Wales	Dormant	100%
Magiq Ltd*†	England & Wales	Dormant	100%
Speed-Trap Holdings Ltd†	England & Wales	Dormant	100%

* Owned by Speed-Trap Holdings Ltd.
† Registered address - Windmill House, 91-93 Windmill Road, Sunbury-on-Thames, TW16 7EF, UK
§ Registered address - 2626 Glenwood Avenue, Suite 550, Raleigh, North Carolina 27608, USA

All UK subsidiaries individually prepare and file their own financial statements.

The principal place of business is considered to be the registered address.

18. Trade and other receivables

	Group		**Company**	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade receivables	7,970	4,064	7,241	4,064
Amounts due from Group undertakings	-	-	1,811	2,506
Other debtors	66	114	61	114
Prepayments	567	887	564	547
Accrued income	1,534	1,210	1,534	1,210
	10,137	**6,275**	**11,211**	**8,441**

Trade receivables	2020	2019	2020	2019
Ageing of receivables:	£'000	£'000	£'000	£'000
Less than 30 days	6,629	3,703	5,981	3,703
31 to 60 days	155	97	74	97
61 to 90 days	386	3	386	3
91 to 120 days	800	186	800	186
More than 120 days	-	75	-	75
	7,970	**4,064**	**7,241**	**4,064**

The average credit period taken on sales of goods and services was 69 days (2019: 87 days).

In accordance with IFRS 9, the Group performed a year end impairment exercise to determine whether any write down in amounts receivable was required, using an expected credit loss model. The expected loss rate for receivables less than 120 days old is 0% on the basis of the Group's history of bad debt write-offs and above 120 days has not been considered on the basis of immateriality.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Definition of default
The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is significantly more than the associated credit terms past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Determination of credit-impaired financial assets
The Group considers financial assets to be 'credit-impaired' when the following events, or combinations of several events, have occurred before the year end:

- significant financial difficulty of the counterparty arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterparty has insufficient finance from internal working capital resources, external funding and/or group support;
- a breach of contract, including receipts being more than materially past due;
- it becoming probable that the counterparty will enter bankruptcy or liquidation.

Write-off policy
Receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration. During the year, one trade receivable was considered impaired and there was a charge of £57k to the Income Statement as shown in note 6 (2019: £nil).

Additionally the recoverability of intercompany debts is considered. After review, the Directors believe that no further expected credit loss provision is required. The policy of credit risk management is covered in note 29.

19. Inventories

	Group		**Company**	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	**1,266**	**45**	**7**	**13**

There was no write down in the recognised value of inventories (2019: nil).

20. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade payables	3,403	1,476	2,208	543
Amounts owed to Group undertakings	-	-	465	1,378
Other taxes and social security	531	343	487	343
Other creditors	22	21	22	21
Accruals	1,364	1,616	1,098	1,462
Deferred income	4,057	3,318	3,997	3,318
	9,377	**6,774**	**8,277**	**7,065**

There is no material difference between the fair value of receivables and their carrying value.

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases across the year is 46 days (2019: 57 days). Their carrying value approximates to their fair value.

21. Share capital

			2020			2019
	Shares	Share capital £'000	Share premium £'000	Shares	Share capital £'000	Share premium £'000
Ordinary shares of 2p each						
Authorised	50,000,000	1,000		50,000,000	1,000	
Issued and fully paid up						
Balance at 1 April 2019	39,700,889	794	2,624	38,261,019	765	1,972
Issued during year	716,667	14	741	1,439,870	29	652
Balance at 31 March 2020	**40,417,556**	**808**	**3,365**	**39,700,889**	**794**	**2,624**

The Company issued 716,667 (2019: 1,439,870) Ordinary shares during the year to satisfy share option exercise requirements. These were issued in one tranche at a price of 105.47p (2019: comprised two tranches, 184,388 shares at a price of 38.42p and 1,255,482 shares at a price of 51.18p). This increased the share premium account by £741k (2019: £652k).

Any costs associated with the issue of new shares were less than £1k (2019: £1k) and are recognised in professional fees.

22. Own shares

At the year end the Company held 159,133 (2019: 478,880) ordinary shares in Treasury, with Fair Value of £222,786 (2019: £1,230,722). Details of purchases and sales are shown below.

	Number of own shares	Share price at point of transaction in pence	Total Consideration paid £'000
Balance of own shares at 1 April 2018	**247,815**		
Shares acquired into Treasury reserve	671,538	146.00 - 240.00	1,469
Shares sold out of Treasury reserve	(440,473)	146.00 - 206.00	
Balance of own shares at 31 March 2019	**478,880**		
Total consideration paid in year end 31 March 2019			**1,469**
Shares acquired into Treasury reserve	45,208	125.00 - 230.00	69
Shares sold out of Treasury reserve	(364,955)	202.50 - 259.00	
Balance of own shares at 31 March 2020	**159,133**		
Total consideration paid in year end 31 March 2020			**69**

In the Statement of Changes in Equity (page 70) the value of Treasury shares is calculated on a First-In-First-Out (FIFO) basis, while the fair value represents the value based on the year end share price.

23. Merger reserve

The merger reserve arose on the acquisition of Speed-Trap Holdings Ltd (23 January 2015) and represents the excess consideration paid by the issue of shares over the share capital nominal value. Additions to this reserve of £4k (2019: £60k) are a result of the exercise of options issued which have been held in the own shares and equity reserve accounts.

24. Revaluation reserve

This represents the gains on revaluation of the property in line with market valuations. The property was last professionally revalued as at March 2018. The gain on revaluation was £71k (2019: £70k). This is a non-distributable reserve as it represents unrealised profits on the revalued assets.

25. Equity reserve

This is in relation to the options issued following the Speed-Trap acquisition in 2015 and represents the fair value less the cash received to exercise those options. As all options had been exercised by 31 March 2020, the fair value at the balance sheet date is nil (2019: £3,833). The outstanding balance of these options is included in the balance at 1 April 2019 and 31 March 2020, as applicable, in note 26. There is no deferred tax asset at the year end (2019: £6,994).

26. Share-based payments

The Company has a share option scheme for all employees of the Group, a combination of both EMI and non-EMI schemes. Share options vest in equal instalments over three years based on previously set EPS targets based upon 10% growth. In relation to the share options shown below the Board forecasts that the remaining share options will vest.

Options are granted at the closing price on the previous day and have a vesting period of between one and three years. If the options are not exercised within ten years of the grant date, or if employees leave before their options vest then those options are forfeited.

Vested options are settled subsequently by a combination of equity shares in the parent Company and cash at Board discretion.

	2020 No. of share options	2020 Weighted av. exercise price	2019 No. of share options	2019 Weighted av. exercise price
Balance at 1 April	1,790,455	113.19p	3,140,798	70.11p
Granted during the year	25,000	205.00p	530,000	149.20p
Exercised during the year	(1,081,622)	101.20p	(1,880,343)	51.38p
Balance at 31 March	**733,833**	**134.01p**	**1,790,455**	**113.19p**
Exercisable at year end	**106,500**	**120.95p**	**884,788**	**90.97p**

The weighted average share price at the exercise date of the exercised shares was £2.562 (2019: £2.221). The weighted average contractual life of the outstanding options was 7 years (2019: 7 years), exercisable in the range 90.5p to 205.0p.

1,081,622 share options were exercised in the year, 716,667 by way of issue of new shares (note 21) and 364,955 by issue of shares from Treasury.

A summary of the option price ranges are as follows:

Exercisable price range	2020 Number of share options
90.50p to 124.00p	335,500
136.00p to 152.50p	343,333
152.50p to 205.00p	55,000
	733,833

The Group recognised £97k of expense related to equity-settled share-based payments in the year (2019: £162k).

The fair value of options granted during the year is determined by applying the Black-Scholes model. The expense is apportioned over the vesting period of the option and is based on the number which are expected to vest and the fair value of those options at the date of grant.

The inputs into the Black-Scholes model in respect of options granted this year are as follows:

Date of Grant		14 Jan 2020
Number of options granted		25,000
Share price at date of grant		205.00p
Exercise price		205.00p
Option life in years		10
Risk-free rate		3.25%
Expected volatility		38.50%
Expected dividend yield		1.17%
Fair value of options (vested after one year)	8,334 options	32.79p
Fair value of options (vested after two years)	8,333 options	46.33p
Fair value of options (vested after three years)	8,333 options	56.36p

Expected volatility was determined by calculating the historical volatility of the Group's share price for the five year period prior to the date of grant of the share option. The expected life used in the model is based on management's best estimate. The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

27. Operating lease arrangements (Group and Company)

As lessee

	2020 £'000	2019 £'000
Lease payments recognised as an expense during the year	58	58
Lease payments for rental of premises in India		

	2020 £'000	2019 £'000
Total value of future minimum lease payments committed under non-cancellable operating leases:		
Not later than one year	61	58
Later than one year and not later than five years	278	260
Later than five years	32	105

As explained in note 2, the Directors have decided not to recognise the Right of Use asset or corresponding liability associated with this lease under IFRS 16 as this would not have a material impact on the financial statements.

As lessor

	2020 £'000	2019 £'000
Lease receipts recognised as income during the year	57	57

Lease receipts are for fixed-term sub-lets of parts of the parent Company's premises bearing no contractual right of renewal or extension.

28. Related party transactions

During the year the parent Company undertook the following transactions with D4t4 Solutions Inc., a wholly owned US subsidiary:

	2020 £'000	2019 £'000
Sales to D4t4 Solutions Inc.	1	-
Purchases from D4t4 Solutions Inc.	2,905	4,885
Management charge to cover services provided (from D4t4 Solutions plc to D4t4 Solutions Inc.)	35	-
Management charge to cover services provided (from D4t4 Solutions Inc. to D4t4 Solutions plc)	2,261	-
Payments made by D4t4 Solutions plc on behalf of D4t4 Solutions Inc.	4,008	7,326

29. Financial instruments and risk management

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Executive Team.

The Board receives monthly reports from the executives through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Capital Management policy

Management considers capital to comprise issued share capital, reserves and borrowings, along with cash and cash equivalents.

The Group manages its capital to ensure it operations are adequately provided for, while maximising the return to shareholders through effective management of its resources. The principal financial risks faced by the Group are liquidity risk, interest rate risk and foreign exchange rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders. The Group meets its objectives by aiming to achieve growth which will generate regular and increasing returns to shareholders.

The Group manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

Capital risk management

The Group and Company's capital structure, as defined above, is managed by the Board to ensure that the Group and Company continues as a profitable going concern. There are no externally imposed capital requirements.

The Group has no net debt (2019: nil).

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash and cash equivalents	12,772	10,996	12,694	10,996
Net cash	12,772	10,996	12,694	10,996

	2020	2019	2020	2019
Categories of financial instruments	£'000	£'000	£'000	£'000
Financial Assets at Amortised Cost				
Cash and bank balances	12,772	10,996	12,694	10,996
Trade and other receivables	9,570	5,388	10,647	7,894
Financial Liabilities at Amortised Cost				
Trade and other payables	4,789	3,113	3,793	3,404

Foreign currency risk management

The Group's foreign currency exposure arises from:

Transactions (sales/purchases) denominated in foreign currencies; and

Monetary items (mainly cash and receivables) denominated in foreign currencies

The exposure to transactional foreign exchange risk is monitored and managed at a Group level. Natural hedging is employed, to the extent possible, to minimise net exposures; however, where significant exposures arise it is Group policy to enter into formal hedging arrangements.

Carrying amounts of the Group's financial assets and liabilities denominated in foreign currencies was as follows:

	Liabilities		Assets	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
US Dollars				
- cash	-	-	2,907	725
- receivables	-	-	6,464	3,371
- payables	1,626	1,361	-	-
Euros				
- cash	-	-	167	133
- receivables	-	-	26	16
- payables	26	36	-	-

The following table shows the effect on the Group's result for the year of the £ strengthening by 5% against debtor, creditor and cash balances denominated in foreign currencies, with all other variables held constant. 5% represents management's assessment of the reasonably possible change in exchange rates.

	$ £'000	€ £'000	Total £'000
At 31 March 2020			
Impact on profit/equity for the year	(367)	(8)	(375)
At 31 March 2019			
Impact on profit/equity for the year	(138)	(5)	(143)

The following table shows the effect on the Group's result for the year of the £ weakening by 5% against debtor, creditor and cash balances denominated in foreign currencies, with all other variables held constant. 5% represents management's assessment of the reasonably possible change in exchange rates.

	$ £'000	€ £'000	Total £'000
At 31 March 2020			
Impact on profit/equity for the year	411	9	420
At 31 March 2019			
Impact on profit/equity for the year	180	6	186

Credit risk management

The Group uses credit reference agencies to determine and monitor the credit limits of new and existing customers. At the end of the year two partners owed a total of £5,851,000 (2019: two partners owed £3,179,000) and no expected credit loss provision has been made in relation to this balance. No other customers / partners owed more than 10% of the outstanding total. No expected credit loss provision has been recognised for trade receivables at 31 March 2020 (2019: nil).

The Group's customers primarily consist of banks, partners and other longstanding customers, primarily blue-chip companies that are deemed to have a low credit risk. As a result, the credit quality of trade receivables that are neither past due nor impaired has been assessed by the Directors to be relatively high, taking account of a low historic experience of bad debts and relatively good ageing profiles.

The Group controls its exposure to credit risk by setting limits on its exposure to individual customers, compliance is monitored by the Credit Control Team. As part of the process of setting customer credit limits, different external credit reference agencies are used, according to the country of the customer. The Group has a policy of dealing only with creditworthy counterparts.

The Group manages the credit risk and quality of cash balances by holding balances with reputable banks.

Liquidity risk management

The Board manages liquidity risk by maintaining adequate reserves of cash and banking facilities to cover day-to-day trading. The Group's policy is to pay creditors in full as and when they become due, which for all practical purposes is at latest by the end of the month following the invoice date. The Board believes that there is little liquidity risk since the Group has adequate cash balances to satisfy its creditors.

Maturity analysis of financial liabilities

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
In less than one year:				
Trade payables	3,403	1,476	2,208	543
Amounts owed to Group undertakings	-	-	465	1,378
Other creditors	22	21	22	21
Accruals	1,364	1,616	1,098	1,462
	4,789	**3,113**	**3,793**	**3,404**

All of the financial liabilities above are recorded in the financial statements at amortised cost. The above maturity analysis amounts reflect the contractual undiscounted cash flows, including future interest charges, which may differ from the carrying values of the liabilities at the reporting date.

Interest rate risk management

The Group's exposure to changes in interest rate risk is immaterial as the loan and mortgage were repaid during the year. The Board of Directors monitor movements in interest rates and have not prepared sensitivity analysis in relation to interest rates as they do not believe that any reasonable variance would have a material impact on the Group and there are no such financial liabilities at the year end.

Fair value measurement

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The freehold land & buildings are observable at Level 2.

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of the revaluation at 31 March 2020. The fair value measurements of the Group's freehold land and buildings as at 31 March 2018 were performed by De Souza & Co, independent valuers not related to the Group. De Souza & Co are members of the Royal Institution of Chartered Surveyors, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location. The valuation was prepared in accordance with the RICS Valuation - Global Standards 2017 and the International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The Directors have considered the impact of Covid-19 and whether it has had any impact on the value of the land and buildings of the Group. In their opinion, the property has not suffered any reduction in value on account of it's accessibility, location and the internal refurbishment works which commenced two years ago and which were not therefore not fully incorporated into the 2018 revaluation. The building is also considered to be suitably arranged internally such that any modifications required to the workplace in order to allow for safe working in light of the Covid-19 pandemic can be readily implemented.

The fair value of the freehold land and buildings were determined based on the market comparable approach that reflects recent transaction prices for similar properties. Ten similar properties with sales within the last two years, and within ten miles were used as the basis for comparison using both sales value and letting rates to determine the valuation.

In order to determine the apportionment of the fair value between land and buildings, firstly the value of industrial development land in the broad area of the property was assessed, and secondly an allowance for age and obsolescence was applied to the likely rebuilding costs of a modern equivalent.

The Directors are satisfied that the assumptions applied in the professional valuation at 31 March 2018 are still valid at 31 March 2020, and as such have revalued the land and buildings in line with the 2018 valuation.

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