blancco
technology group

Reduce Risk.
Increase Efficiency.
Be Sustainable.

We provide organisations with secure, compliant, and automated solutions that accelerate the transition to the circular economy.

BLANCCO TECHNOLOGY GROUP PLC
ANNUAL REPORT & ACCOUNTS
for the year ended 30 June 2021

Stock Code: BLTG
Company Number: 05113820

Introduction

Blancco provides organisations with secure, compliant, and automated solutions that accelerate the transition to the circular economy. With nearly 25 years of responding to customer needs and 38 patented or patent-pending ideas, Blancco is the industry standard in data erasure and mobile lifecycle solutions. Our dedication to technological innovation empowers top-tier enterprises, IT asset disposition (ITAD) vendors, and mobile industry stakeholders to protect end-of-life data against unauthorised access, comply with data protection requirements, extend the useable life of IT assets, accelerate operations and enhance the mobile customer experience. Read more about us on our website.

Our Culture

Our vision is to enable companies to responsibly manage their data by erasing concerns for organisations worldwide.

→ Read more on **Our Culture** on pages 42 to 49

Our Environmental Impact

Blancco was one of the first companies to be awarded the London Stock Exchange's new Green Economy mark accreditation. This certification is given to companies that generate between 50% and 100% of total annual revenues from products and services that contribute to the Green Economy.

→ Read more on **Our Environmental Impact** on pages 47 to 49

→ Read more on our corporate website: **www.blancco.com**

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA

GREEN ECONOMY LONDON STOCK EXCHANGE

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Highlights

Financial Highlights

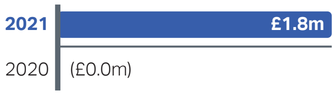
Revenue

£36.5m
+9%
2020: £33.4m

Adjusted Operating Cash Flow

£10.8m
+48%
2020: £7.3m

Group Operating Profit/(Loss)



£1.8m
2020: (£0.0m)

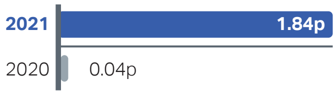
Group Adjusted Operating Profit

£5.3m
+33%
2020: £4.0m

Net Cash

£10.1m
+51%
2020: £6.7m

Earnings per share (pence)



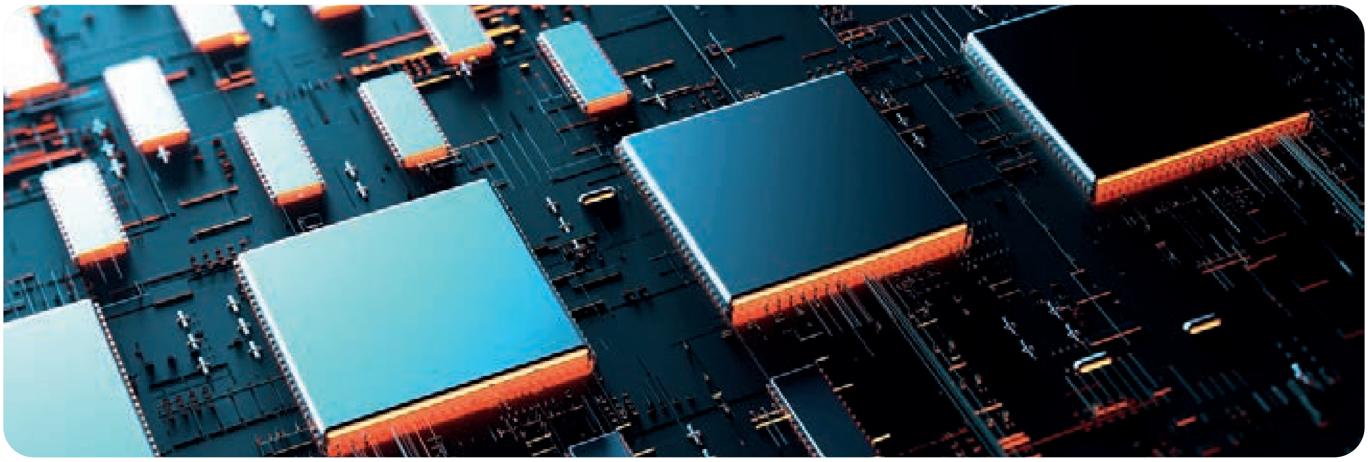
1.84p
2020: 0.04p

→ Read more about **our financial performance in the Chief Financial Officer's Report** on pages 34 and 35

Operational Highlights

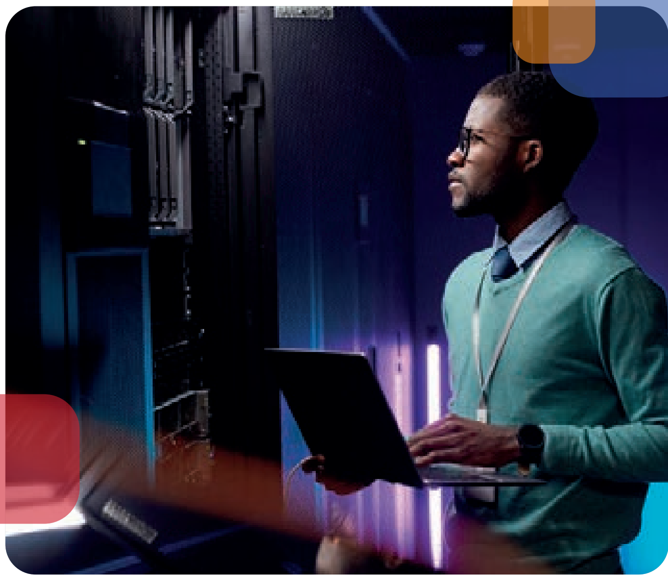
- Continued expansion of our network of blue-chip channel partnerships in Enterprise:
  - Channel revenue now represents 46% of overall Enterprise revenue (2020: 43%)
  - High customer retention levels of 98.4% of largest clients (£100k+) in the period
  - Integration of Blancco Secure Data Erasure with ServiceNow has begun generating revenue
  - ISV Accelerate partner status obtained with Amazon Web Services
  - New partnerships with Infosys and a global hardware manufacturer have begun generating revenue
- Strong geographic reach benefitting performance, with particularly strong recovery in North American market
- Increased market share in mobile market with 35.6 million devices erased in FY21 (2020: 20.1 million)

→ Read more about **our operational performance in the Chief Executive's Report** on pages 30 to 33



Positioned for Resilient Growth

Our focus on …



… solutions offerings and partnerships …

Within the technology industry, there is a growing market for data erasure solutions. An increased awareness of the use of data sanitisation software, instead of the physical destruction of assets, has resulted in data erasure becoming a preferred alternative.

Data security is also an important focus. The rise in employees working from home due to the COVID-19 pandemic has highlighted the need for increased data security. These considerations are expected to drive growth in our ITAD and Enterprise markets as trading conditions normalise post COVID-19.

There has also been an increased demand from customers for our mobile handset insurance solutions. Using the capabilities developed by the R&D team, mobile insurers can now run diagnostic tests on a mobile device using a mobile app when insurance cover is being sought.

In addition, we are continuing to expand our network of blue-chip channel partnerships, which includes Amazon Web Services (AWS), ServiceNow, an agreement with Deloitte, a Master Services Agreement signed with a major Global Systems Integrator, and a partnership with a new global insurer on a mobile handset insurance programme.

Our solutions offerings and partnerships, along with our strategic focus on markets that have a growing need for our solutions, means that we are well placed to seize the opportunities that will further our sustainable growth.

→ Read more about **the performance of our solutions offerings in the Chief Executive's Report** on pages 30 to 33

… Environmental, Social, and Governance considerations …

Environmental, social, and governance (ESG) considerations and impacts are growing in importance for organisations in today's marketplace, which is driving a greater awareness and use of our solutions. Our strong ESG credentials are highlighted in the following ways:

- Our products and solutions are environmentally friendly:
  - We focus on data erasure instead of asset disposal
  - We adhere to data protection and environmental regulations
  - The London Stock Exchange awarded us its Green Economy mark, which recognises listed companies that derive 50% or more of their revenues from environmental solutions
- We focus on our employees' training, engagement and wellbeing, and we are committed to further improving diversity and inclusion within the Group. In addition, customers are important to us, and we strive to meet their evolving needs. Driving best practice within our industry is also a key consideration for us, so we work within the technical communities to help establish standards.
- Our Board is committed to promoting good governance and strong financial management across the Group.

→ Read more about **our products** on pages 20 to 25

→ Read more about **our ESG** on pages 42 to 49

… and research and development …

We develop intellectual property and add resource to our Research & Development division, thus improving our solutions offerings. Our focus also includes research and thought leadership. This helps to ensure our competitive advantage and provides us with resilience in the marketplace.

→ Read more about **our strategy** on pages 20 and 21

… positions us for long-term sustainable growth that benefits all of our stakeholders.

→ Read more about our **Investment Case** on page 08

STRATEGIC REPORT

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At a Glance

Our Culture

Our Mission:
To deliver the highest quality technology and efficient data management processes by leveraging our global expertise in data and asset lifecycle solutions

Our Values:
- One Global Team
- Customer Focused Organisation
- Innovative Technology
- Honesty and Integrity
- Professional and Ambitious Workforce
- Sustainability

Our Vision:
To enable companies to responsibly manage their data by erasing concerns for organisations worldwide

Our Culture:
We believe in an environment where people welcome and expect opposing views, think on their feet and adapt calmly to changing circumstances

Our Markets

Enterprise

Public and private sector enterprises must guard against data vulnerabilities, comply with numerous data protection regulations, efficiently use resources and incorporate eco-friendly practices – all within a complex portfolio of IT assets.

Our certified data erasure software performs at scale, eradicating data within active networks and across IT assets, from fleets of devices to multi-location data centres or cloud storage.

Mobile

Blancco offers solutions for each touchpoint along the mobile lifecycle, serving OEMs, carriers, retailers, insurance providers, refurbishers and resellers:

- Automated diagnostics **accurately determine device condition**, support trade-ins and insurance transactions and reduce returns.
- Intelligent, tailorable workflows **accelerate processes** for high-volume erasure, grading and market valuation before device resale.
- Innovative app **expands sales and upgrade opportunities** outside bricks-and-mortar environments, improving customer experience.

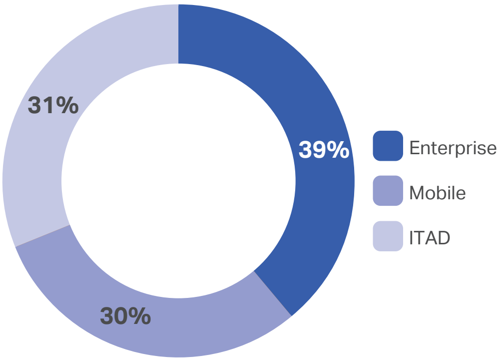
ITAD

IT Asset Disposition (ITAD) Providers

Blancco provides certified erasure at scale for recyclable data storage assets, increasing the number of used drives and devices preserved for resale.

With **20+ years of partnering with ITADs**, Blancco provides IT recycling and remarketing organisations worldwide with labour-saving solutions. These accelerate end-of-life IT asset erasures, grading processes, device valuations and time to market – **minimising costs and maximising returns**.

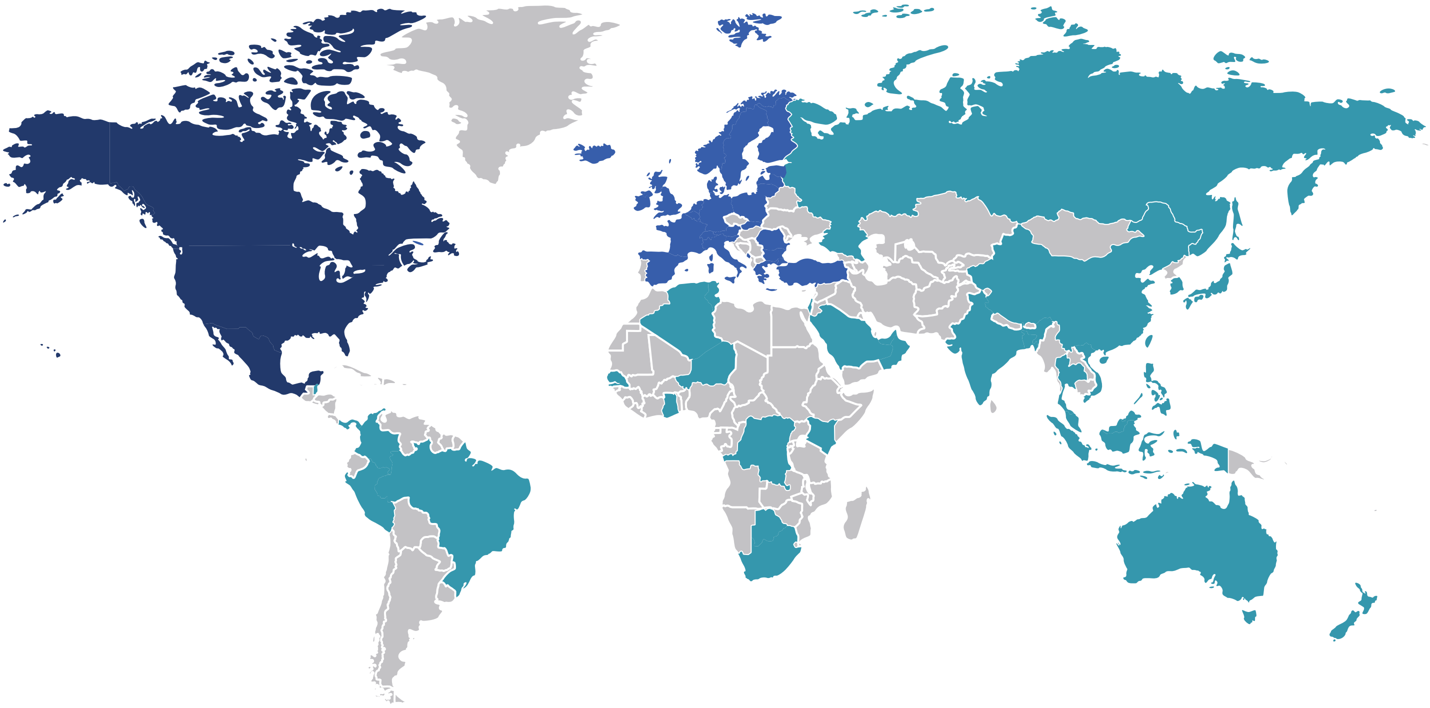
Revenue Percentage by Division:



Who Uses Our Products

- Multi National Enterprises
- Governments
- OEMs
- Mobile Carriers and Processors
- IT Asset Disposition Companies
- Service Integrators
- Insurance Providers
- Charitable Organisations

Where We Operate:



North America

Canada
Mexico
United States

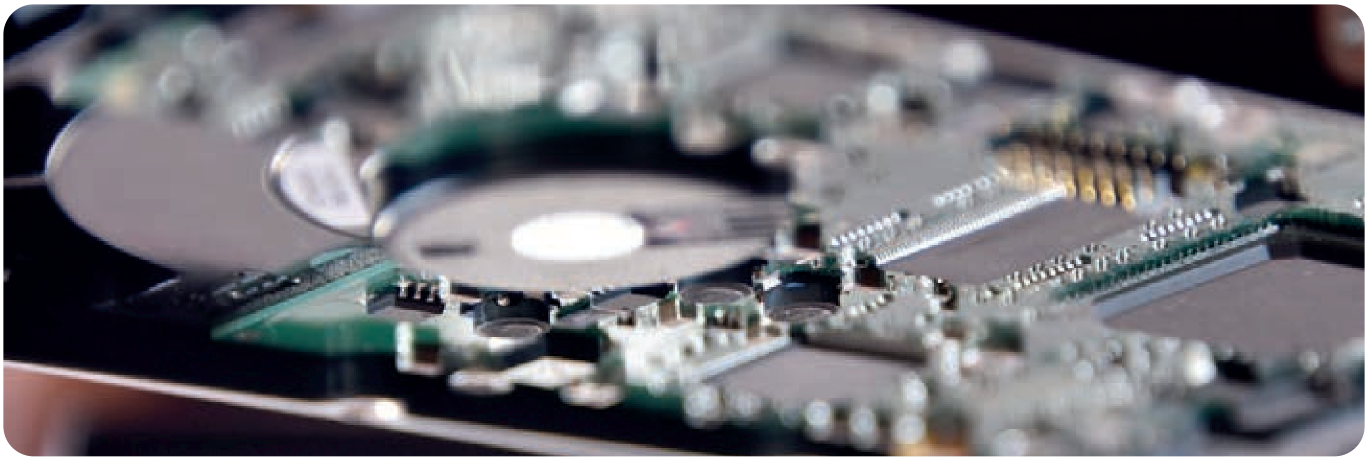
Europe

Austria
Belgium
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Latvia
Liechtenstein
Lithuania
Luxembourg
Monaco
Montenegro
Netherlands
Norway
Poland
Romania
Serbia
Slovakia
Slovenia
Spain
Sweden
Switzerland
Turkey
United Kingdom

Asia & Rest of the World

Australia
Bangladesh
Botswana
Brazil
Brunei
China
Colombia
DR Congo
Ghana
Guadeloupe
Hong Kong
India
Indonesia
Israel
Ivory Coast
Japan
Kenya
Kuwait
Malaysia
Mauritius
Morocco
New Zealand
Oman
Philippines
Qatar
Russian Federation
Saudi Arabia
Senegal
Singapore
South Africa
South Korea
Taiwan
Thailand
Tunisia
United Arab Emirates
Vietnam

Investment Case



1

Unique Solutions

- Data erasure solutions meet 22 standards, along with 14 global certificates, approvals and recommendations
- Constantly developing and improving our solutions by developing new IP through R&D and collaborative partnerships

→ Read more about **our business model** on pages 16 and 17

2

Strong Financials

- Solid cash position
- Balance sheet provides stability and opportunity for investment
- Significant revenue and profit growth year-on-year

→ Read more about **our financial performance** on pages 34 and 35

3

Growing Markets

- Need for data erasure and data sanitisation solutions is growing, due to growth in data and greater focus of business models on digital processes
- Growing use of mobiles and second-hand mobile market, requiring data erasure and sanitisation solutions

→ Read more about **our marketplace** on pages 12 to 14

4

Targeted Growth Strategy

- Strategy is focused on markets that have a growing need for Blancco's solutions
- Strategy ensures Blancco will have leading positions in these markets

→ Read more about **our strategy** on pages 20 to 25

5

Brand and Reputation

- Blancco's solutions are seen as the standard in our industry

→ Read more about **our certifications** on page 14

6

A Sustainable Business Model

- Blancco's solutions enable the reuse and recycling of IT assets while protecting sensitive data. The assets would otherwise be destroyed and sent to landfill
- Blancco has been awarded the LSE Green Economy Award in recognition of data sanitisation being an environmentally friendly method of managing data, as opposed to the physical destruction of assets

→ Read more in **our ESG report** on pages 42 to 49

7

Geographical Reach

Blancco is truly a global operation with offices in 15 countries and revenue being generated in over 70. This enables growth to continue through periods of economic pressure, as seen in the ongoing pandemic period, where the impact is varied in different regions at different times

→ Read more about **where we operate** on page 07

COVID-19 Impact and Response

While the COVID-19 pandemic has brought a number of unwelcome challenges, we are proud of how Blancco and our employees have coped with these challenges and how the business has continued to grow revenue and profit through the period. In this section, we focus on the two stakeholder groups that received the greatest focus, how they adapted to the challenges and the opportunities that are arising as we emerge from the pandemic.

Employees

Blancco took the decision in early 2020 to close all of the Group's offices when it became clear how serious the threat of the COVID-19 pandemic had become.

With over 300 employees based in 15 countries, Blancco does not have a central head office and many of our employees have worked from home for a long period before 2020. As a result, the switch to a completely remote workforce was relatively smooth. Our IT systems were in place to enable remote working and our employees are familiar with using technology solutions to communicate with colleagues who may be based in other countries.

We set up a number of regular meetings to make sure that all employees were maintaining contact with each other and were up to date with developments in their own country as well as developments around the world.

Our sales and marketing teams in particular have had to adapt to new ways of working without being able to travel, which has made it impossible to meet customers and prospects in person. The marketing team have increasingly used technology to hold events for lead generation while the sales team have also been reliant on tools such as Microsoft Teams for communicating with customers. It is to their credit that the Company has continued to grow strongly through FY21.

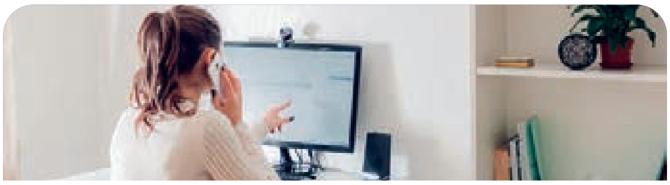
At the date of writing, vaccination programmes are being rolled out at varying speeds around the world, and we expect to reopen offices once populations are largely vaccinated and it's clear that a return to an office is safe for our teams.

We also recognise that many of our team members have appreciated the flexibility that has been afforded from being able to work remotely and we intend to maintain a good level of flexibility for employees where we can.

→ Read more about **our solutions** on pages 20 and 21

→ Read more about **financial performance** on pages 34 and 35

→ Read more about **our governance** on pages 58 to 61



Customers

The early months of the pandemic in the first half of 2020 were challenging in terms of being able to secure new customers, while IT teams at our customers were focused on enabling employees to work remotely, which, in many cases, meant they were purchasing new items of equipment and not disposing of older ones. However, our high levels of repeat business meant that we maintained revenue levels through those difficult times.

As we emerge from the pandemic, a number of opportunities are arising for Blancco and our customers:

Remote working – It is likely that many companies will allow employees to continue to work remotely for some part of their working week. This presents challenges for IT teams when assets need to be returned. For example, if an employee leaves or is due a replacement laptop, the old laptop will need to be returned to IT and may need to be couriered if the employee is not office based. Blancco's ability to remotely erase that asset allows it to be couriered without any sensitive data being resident on the device and therefore at risk.

Environmental concerns – Initiatives to protect the planet have gained significant momentum through the pandemic period, with companies under increasing pressure to improve their environmental impact. However, the vast majority of IT assets continue to be sent to landfill due to concerns around sensitive data being accessed. Secure data sanitisation is the alternative to destroying equipment and adding to the e-waste mountain.

Social initiatives – During the pandemic, a digital divide was apparent where some children from under-privileged backgrounds did not have the equipment to be able to attend school lessons over the internet. Blancco has been proud to support the "Laptops for Kids" initiative by donating licences to erase data from donated computer equipment before it is redistributed to those children. Our intention is to continue to support this project beyond the pandemic in order to assist in closing the digital divide.

Obsolete desktop PCs – It is our belief that the pandemic and the shift to remote working has accelerated the demise of the desktop PC. Millions of desktop computers will have sat idle on empty desks over the past 18 months but will have sensitive data stored on them. Once there is a full return to offices, this equipment will need to be disposed of and using Blancco's software will mean that that equipment can be returned to the circular economy.

Chair's Statement

Rob Woodward
Chair

"In my experience, the strongest companies are those which maintain an agile approach and adjust their operating models through times of difficulty and find ways to prosper. Blancco has coped exceptionally well with the challenges of the past 18 months and I am delighted to report on a year of strong revenue, cash generation and profit growth, despite the challenging conditions brought by the pandemic."

Summary

In my statement in last year's annual report, I spoke of the challenges we had faced as a business during the early stages of the COVID-19 pandemic but also referred to being encouraged by the medium-term trends that we were seeing. The year has progressed as I expected with a resilient performance in the first half of the year while the world coped with the early stages of the pandemic, followed by very strong growth in the second half of the year as economies began to reopen.

We are among many companies who have taken this time to reflect on how we can operate with an even greater social conscience as we continue to grow. This review has covered the following key areas:

Environmental Impact

Blancco's primary environmental impact is in the use of its software to permanently and certifiably erase all data from IT assets, enabling them to be reused rather than destroyed. As detailed in our sustainability report on pages 42 to 49, 54.5 million devices were erased using our software this year but we believe that several multiples of this were destroyed and sent to landfill. We will continue to promote our solution and innovate to prompt a shift to a more sustainable method of managing IT assets. We are proud of the Green Economy mark we received from the London Stock Exchange in 2019, and will continue to review how we can further enhance our environmental credentials.

In our sustainability report, we are also reporting on our own carbon footprint for the first time. The 2020 measurement shows a much reduced footprint in comparison to 2019 but this is primarily due to travel restrictions and office closures. We are reviewing the necessity and methods of travel as we hopefully return to a less restricted world over the next 12 months. The use of technology has shown that fewer meetings need to be held in person, which should reduce the amount of travel required. As an example, a greater proportion of Blancco Board meetings will be held using video conferencing going forwards, as the Directors are based in both the UK and US, and this will reduce some of the need for travel. Similar initiatives will be introduced throughout the business.

Diversity & Inclusion

In this year's sustainability report, we also report on the racial and gender diversity of our workforce. Whilst we have a very diverse workforce, based in 15 countries, there are areas we can improve upon. We have introduced mandatory Diversity and Inclusion (D&I) training for all employees and have created an employee forum to canvass opinion on how we can make further improvements and embed D&I thinking into our corporate culture.

Social Initiatives

We were pleased to offer our support to the "Laptop for Kids" campaign during the pandemic. Before computer equipment donated by businesses could be redistributed to under-privileged children, all data had to be securely erased. Blancco was approached to donate licences for the campaign and, as a consequence, we have helped thousands of children to access vital computer equipment so that they could learn remotely. This digital divide will be an issue long after the pandemic period and we will continue to support projects such as this.

Outlook

We have now had three very strong years of revenue, profit and cash generation growth since we refreshed the management team in 2018. The key tailwinds for further growth remain the data protection regulation in place around the world, along with the pressures on companies to improve their environmental impact. We are still at the very early stages of data sanitisation being adopted as a mainstream technology and I am confident that we have the team in place to innovate and deliver further periods of growth for Blancco.

I would also like to take this opportunity to thank the Blancco management team and employees across the globe who have guided the Company through this extraordinary period experienced. The team has worked with great resolve and spirit to cope with the challenges they have faced over the past year and it is to their credit that the Company has performed so well.

Rob Woodward
Chair

Resilient Growth in the Marketplace

Personal, sensitive, and confidential data remain the focus of both regulators and cyberthreats. The transition to remote work and other marketplace changes highlighted Blancco's unique role in not just protecting this data, but optimising tools and systems for IT asset management, processing, and resale.

Trend One: ESG

Context

- Electronic waste management is a constant challenge, with the Global E-waste Statistics Partnership reporting 53 million metric tonnes of e-waste produced in 2019
- Mindful of excess waste, resource scarcity, and pollution effects, consumers and investors continue to drive sustainable business practices with their wallets
- While environmentally beneficial, ever-compact data storage and smaller devices make extracting some components and natural elements more time consuming and less profitable

Opportunities

- The advent of 5G and COVID-related IT purchases are increasing amounts of stored data, the number of devices being used and the number of functional devices poised to enter the secondary economy
- With data protection intersecting with demands for greener options, secure data erasure offers an appealing contrast to security-motivated asset destruction

Our response

- In FY21, Blancco launched highly automated solutions to expedite device processing, valuation, and redeployment; this facilitated faster, more secure, and more profitable opportunities for enterprise, ITAD, and mobile
- Blancco has increased the variety of assets that can be securely and efficiently erased, including adding network device erasure capabilities that surpass traditional manual processes in both speed and security

Trend Two: Move to remote working

Context

- Pandemic-sparked migration from office to home workspaces upended traditional ways of keeping data secure
- Skyrocketing demand for computing devices – PCs, laptops, tablets – bumped against supply shortages
- Tech support went remote, affecting employee hiring and separations, maintenance and repairs, and other device end-of-life triggers

Opportunities

- Rapid change left enterprises unprepared for the security risks of supporting a wide range of assets "out in the wild" beyond physical and administrative oversight
- The IT purchasing surge boosted the sale of preowned devices and elevated awareness of the second-hand market and the IT circular economy
- Secure, data-free transport of IT assets became increasingly important as businesses experienced employee transitions and device maintenance needs

Our response

- Blancco highlighted the value of remote data erasure from any location, available to both enterprises and ITADs, within live, non-office environments and across end-of-life assets
- New device purchases predict a future uptick in device disposal; with increased automation capabilities across all markets, we're well positioned to equip clients to meet that influx
- Blancco was also privileged to participate in the "Laptops For Kids" initiative, facilitating secure device reuse by erasing donated assets for homebound students

Trend Three: Cyber attack evolution

Context

- Cybercriminals matched the digital transformation to home working by increasing phishing attempts and ransomware attacks
- "Zero trust" became a buzz phrase, fuelled by the SolarWinds breach that still affects US Government and private sector organisations; the attack highlighted criminal stealth, supply chain vulnerabilities, and the need for more aggressive approaches to data protection

Opportunities

- Defensive data lifecycle management requires an aggressive stance on shrinking the amount of unnecessary data an organisation holds – even while data usage rapidly expands
- Both cyber attacks and privacy regulations raise the urgency for putting effective data erasure measures in place – both to remove unneeded data that could be accessed during a breach and to comply with regulatory requirements

Our response

- Blancco continued promoting automatic, remote erasure, based on enterprise policy, as part of effective data lifecycle management
- Strategic partnerships with AWS and ServiceNow put remote data centre, asset, and file erasure at enterprise fingertips
- By easing erasure across a broad set of scenarios, Blancco set up enterprises for seamless cloud migrations, well-documented regulatory compliance, and nearly effortless reduction in no-longer-needed, breach-vulnerable, sensitive data

Trend Four: Mobile super cycle

Context

- Turbulent times initially dented mobile phone sales and restricted in-store visits, yet new-to-market 5G phones have renewed consumers' appetites for upgrades
- Many mobile phone owners plan to trade in their current phones to offset the cost
- An upgrade "super cycle", characterised by elevated sales, is expected to fuel the secondary device market within developing regions using LTE networks

Opportunities

- Social distancing reinforced online consumer activity, laying the groundwork for on-device transactions, online trade-ins, and enhanced "anytime, anywhere" customer service
- As the global economy recovers and consumers return to confident buying habits, mobile OEMs, retailers, processors, and value-add service providers are all striving to achieve increased efficiencies and market reach

Our response

- Consumer hesitancy to trade in devices online may be offset by unprecedented erasure and processing visibility available through the Blancco Mobile Solutions app
- Blancco's in-app diagnostics reduce fraudulent insurance sign ups and claims, as well as unnecessary repair transactions; this expands market opportunities and improves customer service
- Improved automation and integration capabilities increase efficiency and reduce operations costs throughout the mobile device lifecycle

Marketplace continued

Global Certifications

NYCE	MEXICO
Netherlands National Communication Security Agency	NETHERLANDS
National Cyber Security Centre (NCSC)	UK
The Federal Service for Technical and Export Control (FSTEC)	RUSSIA
BSI – Federal Office for Information Security	GERMANY
Certified for Common Criteria (ISO 15408)	VARIOUS
Swedish Armed Forces	SWEDEN
Central Information Systems Security Division	FRANCE
ABW The Polish Internal Security Agency	POLAND

Global Approvals and Recommendations

Asset Disposal & Information Security Alliance (ADISA)	US AND UK
NSM The Norwegian National Security Authority*	NORWAY
The Defence INFOSEC Product Co-Operation Group of the UK	UK
TÜV Saarland	GERMANY
The Finnish Communications Regulatory Authority	FINLAND
NATO	VARIOUS

* Certification update in progress.

Third-Party Endorsements

ONTRACK	VARIOUS

Business Model

Our key resources:

EXPERTISE
Over 20 years' experience of providing data erasure software solutions

INTELLECTUAL PROPERTY
38 patents granted or filed

LOCATIONS
Global reach with offices in 15 countries

ACCREDITATIONS
Software tested, certified, and approved by 14 governing bodies around the world

TESTING CAPABILITIES
Mobile diagnostics solution includes over 50 automated tests to find errors on all Android and iOS mobile devices

PEOPLE
Experienced team of 300+ employees worldwide

Our key activities:

1. Focused on research, development and thought leadership
2. Utilising our thought leadership, we develop our solutions and products
3. We market and sell these products and solutions
4. We build and maintain relationships with our partners and customers
5. We utilise the revenue from our solutions to reinvest back into our thought leadership

Our competitive advantages:

BREADTH OF COVERAGE
Approach data erasure as an integral part of the information lifecycle management process, helping enterprises of all sizes meet their security and compliance needs

CUSTOMER BASE
A growing and loyal global customer base

SIGNIFICANT BARRIERS TO ENTRY
Growing patent portfolio and regional certifications widens the gap

INVESTING IN INNOVATION
38 patents now either granted or filed

CERTIFICATIONS
Blancco data erasure solutions have been tested, certified, approved, and recommended by 14 governing bodies and leading organisations around the world

EXPERIENCE
Over 20 years of providing leading data erasure solutions

QUALITY
ISO 9001 and ISO 27001 certified development centres

Value created for our stakeholders:

EMPLOYEES
The opportunity to work for a growing, market-leading, experienced business with global operations

END USERS
The knowledge that their data has been completely erased, the "right to be forgotten" (Article 17, GDPR)

CUSTOMERS
Our 2,000+ customers gain secure, auditable solutions, innovative products, and peace of mind that enable them to meet their regulatory requirements

INVESTORS
Opportunity to create significant value from a growth business

Mobile Device Journey

With both new and used smartphone sales predicted to continue growing globally (Gartner, IDC), Blancco is well positioned to serve mobile OEMs, carriers, retailers, insurance providers, refurbishers, and resellers. Our innovative mobile solutions are built on more than 25 patented or patent-pending ideas, providing unparalleled data protection, end-to-end processing, and sales efficiencies, and new ways to lower costs and reach untapped markets.

With the advent of 5G connectivity and widespread telework habits, consumers are expected to increase demand for new mobile devices. Related trade-ins will fuel the secondary device market, creating a once-a-decade "super cycle".

At the same time, suppliers along the device lifecycle need to reach new markets, reduce labour costs, increase customer care, and deliver more precise and convenient outcomes.

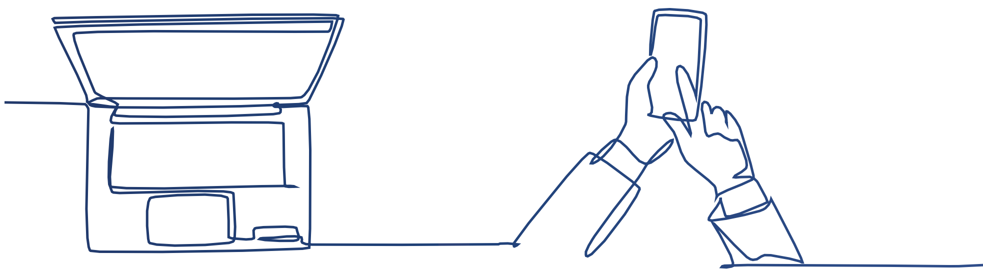
This creates fertile soil for automation, transparency, and remote service delivery along each step of the mobile device journey: new device purchase, value-added purchasing, ongoing customer service, end-of-life data erasure, and used device processing. In this final stage, multiple options exist, including preparing used devices for redeployment or resale – and restarting the mobile device journey.

1

Step One:
New device purchase

2

Step Two:
Value-added purchases



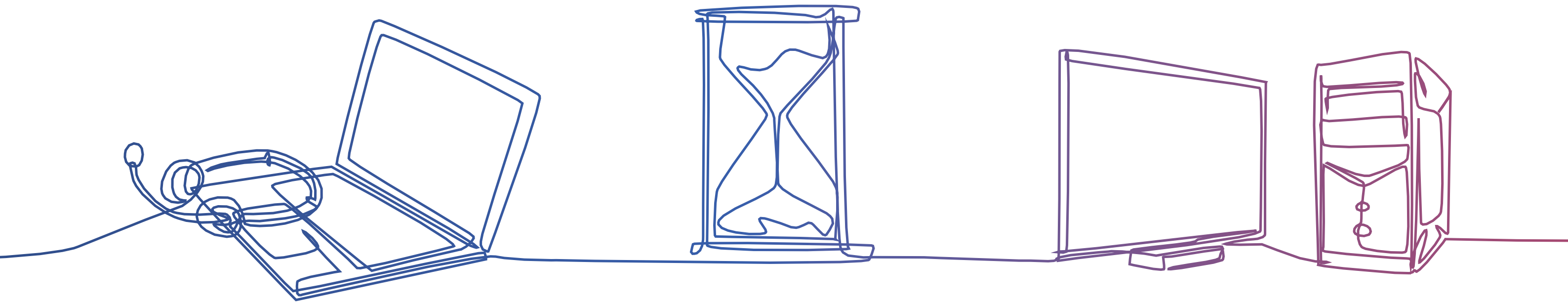
Blancco simplifies buy-back/trade-in (BBTI) programmes that incentivise in-store and online device purchases. Automated workflows speedily assess device condition and trade-in value and wirelessly transfer content from old device to new – in-store or remotely. Precise assessments and lock-removal solutions also reduce rejections by warehouses and OEMs, increasing BBTI reimbursement.

Most consumers turn down insurance at first. Yet Blancco's mobile app provides a low-risk, high-reward way to reach the uninsured remotely with post-sale enrolment opportunities and on-the-spot device assessments – that's whether a device is two days old or on its second life. And, when it comes to insurance payouts, Blancco's efficient and accurate on-device identification and assessment tools help clients significantly reduce the risk of fraudulent claims.

3 Step Three:
Customer service

4 Step Four:
End-of-life data erasure

5 Step Five:
Used device processing



Post-sale customer care is easier when intuitive, on-device diagnostics tools auto-validate device condition against both OEM specifications and repair/return/exchange policies. With objective assessments, immediate support can often reduce unnecessary returns for retailers and manufacturers. Qualified returns can be easily initiated from the user's device or via a browser.

Blancco safely and completely erases user data from devices before return or trade-in, protecting consumers and businesses from having data breached after devices leave their care. Erasure is certified and documented by device ID specifications, then noted as part of the history of that particular device.

When mobile processors take in a significant volume of used devices (e.g. from trade-ins or returns), operational efficiency is crucial. Blancco solutions automate erasure, diagnostics, and grading. This cuts labour costs, expedites processing, and results in faster, more objective decisions on component harvesting, recycling, or redeployment into the circular economy.

Strategy and Progress

Blancco has a worldwide footprint to sell to and service its target markets and all three markets have an immediate need to buy Blancco's products due to various trends, including regulation, environmental, security risks and technology change. This expansion will be generated through direct sales and increasingly indirect channels via our international partners.

A financial summary of our three end-user markets is provided in our KPIs.

MISSION
To deliver the highest quality technology and efficient data management processes by leveraging our global expertise in data and asset lifecycle solutions

VISION
To enable companies to responsibly manage their data by erasing concerns for organisations worldwide

Enterprise/Data Centre:

Key objectives

- Increase revenues through the development of indirect sales channels, comprising both OEM and channel partners
- Broaden channel partner base with the introduction of new blue- chip partners such as AWS, ServiceNow, Deloitte
- Continue to develop intellectual property to provide a best-in-class solution for customers

Performance

- Revenue increased by 21% to £14.1 million (2020: £11.7 million)
- Channel sales increased by 27% to £6.5 million (2020: £5.1 million)
- ISV Accelerate partner status obtained with Amazon Web Services
- Integration of Blancco Secure Data Erasure with ServiceNow has begun generating revenue
- New partnerships with Infosys and a global hardware manufacturer have begun generating revenue

Commentary

- The Group will continue with the existing strategy over the coming years to enable organisations to cope with the increasing regulatory burden being placed upon them
- Increased remote working from the COVID-19 pandemic has increased the quantity of hardware in circulation, which should lead to more devices requiring to be sanitised by organisations
- The post-pandemic return to offices is likely to lead to increased disposal of computer equipment that has been sitting idle for many months
- Stakeholder pressures on organisations to improve their position on sustainability should lead to data erasure becoming a preferred alternative to the physical destruction of assets

Mobile:

Key objectives

- Create a leadership position in the mobile asset lifecycle space by providing a broad range of software-based processing solutions that reach across the three markets sectors of Carrier, Retailer and Third-Party Logistics
- Add resource to the R&D division to accelerate product development
- Continue to work with partners such as AON to push mobile insurance technology into retailers

Performance

- Revenue of £10.9 million (2020: £10.8 million)
- Revenue growth distorted by the expiry of a major contract with a retailer in December 2019 that contributed £1.4 million of revenue in FY20

Commentary

- The new generation of 5G mobile handsets has led to a super cycle of trading in old handsets
- The increased cost of new handsets is pushing consumers to be more inclined to trade in old units
- The value of used handsets has increased significantly over the course of the year

ITAD (IT Asset Disposition):

Key objectives

- Retain market-leading position in ITAD market
- Gain increasing market share in a moderately growing market

Performance

- Revenue increased by 6% to £11.5 million (2020: £10.9 million)

Commentary

- The COVID-19 pandemic has created difficulty for ITAD customers in accessing their customer premises to manage IT assets. There is anticipated to be pent up demand once pandemic restrictions are lifted and employees return to offices
- Increased remote working, resulting from the COVID-19 pandemic, has increased the quantity of hardware in circulation, which should lead to more devices requiring to be sanitised by organisations
- Stakeholder pressures on organisations to improve their position on sustainability should lead to data erasure becoming a preferred alternative to the physical destruction of assets

Strategy in Action

Strategic Focus:
Sanitisation of remote devices

BFSI Organisation Ensures Data Protection by Erasing Laptops and LUNs Remotely

This whitelisted Australian case study addresses the COVID-19 work-from-home vs. security conundrum for a highly regulated industry. In essence, Blancco made it possible for a top Australian superannuation fund to sanitise home-office staff devices for repair or at end of life. Blancco also allowed the fund to sanitise active logical unit numbers at its remote data centre while leaving its operating system intact.

In the new work-from-home reality, a top Australian superannuation fund sanitises employee PCs and laptops from a distance with easy-to-use data erasure software. It also permanently destroys targeted, end-of-life data in a data centre hundreds of miles away. And it does both without incurring travel and labour costs.

Using Blancco data erasure solutions, the super fund:

- Erases data from employee laptops and desktops before devices leave home offices
- Erases end-of-life data in active storage in a telecom service provider's data centre
- Automates data erasure processes to maximise efficiency
- Proves compliance with data privacy and security regulations with a tamper-proof audit

Challenge

Like employees all over the world, the vast majority of the super fund's workers shifted to widely dispersed home offices in the first half of 2020. When devices needed to be replaced, repaired or returned, however, health concerns prevented workers from bringing their computers to an IT office (or having IT come to them) for secure erasure. Likewise, shipping these machines with intact data on them violated good security practice: devices in transit were vulnerable to loss, tampering or theft.

The super fund also operates a private cloud that houses about 800 TB of storage, with the physical infrastructure located at a data centre ten hours away from the IT team's headquarters. Yet when data was no longer required for business use, targeted data destruction was needed to comply with data minimisation rules and for data security.

Particularly in a time of pandemic lockdowns, the super fund needed remote erasure for both circumstances.

Solution

To protect the confidential information of its investors and follow government regulations, a super fund must provide a high level of data security throughout the data lifecycle, including at data end of life. Blancco solutions provide industry-leading assurance of complete and permanent data erasure in support of that requirement. They also provide the means to perform secure remote erasure, removing the need for physical access to the devices that house the data.

With thousands of employee laptops and desktops no longer located at central locations, the super fund's IT team set about implementing a remote erasure process. Using Blancco Preinstall, they created an executable file containing the erasure software. After pushing the executable out to the client using Microsoft Endpoint Configuration Manager, automated processes carried out the erasure.

Blancco Drive Eraser is Common Criteria Certified by the Australasian Certification Authority. Common Criteria is an internationally recognised standard (ISO 15408) for evaluating information and communications technology security products. This certification gave IT decision makers at the super fund additional peace of mind about choosing Blancco solutions.

To erase data from cloud storage, the team adopted Blancco LUN Eraser. Installing the solution in a virtual machine enabled the team to easily deploy the erasure software over the network and execute it on its 800 TB of storage volumes located at the data centre. The solution sanitises data from active logical unit numbers (LUNs) while leaving the operating system intact, avoiding downtime.

In both cases, the super fund easily deployed Blancco solutions with minimal engineering effort. These solutions also overcame all limitations of distance, giving the fund's IT staff efficient control over data erasure processes. And they provided data security and compliance teams with digitally signed certificates of completed erasure, all stored in a central location.

Results

Employee laptops and desktops are erased right in their home offices so they can be shipped back to a central location with no sensitive data on board, whether at device end of life or because of requirements for break-fix and repair. IT now also has a way to erase individual LUNs from live cloud storage located hundreds of miles away, without downtime. For both client machines and cloud storage, these remote approaches reinforce data security and regulatory compliance – with a tamper-proof audit trail – while avoiding the health risks of staff travel and while building operational efficiencies. The result? Peace of mind for management, as well as assurance for hundreds of thousands of stakeholders that protecting sensitive data is a high priority for one of Australia's largest super funds.

Strategic Focus:
Improving and promoting sustainability

The Green SIDE of Blancco: Four Important Ways we Support Sustainable Technology Use

Today's technology supports business efficiencies, advances in every industry, multitudes of educational advantages and daily personal conveniences.

Yet creating new assets to sustain and secure our IT-driven society places a significant burden on natural resources. When new devices become old, device disposal compounds the environmental impact while raising questions about end-of-life data protection.

We are proud to offer solutions that reinforce the immense data security and efficiency requirements of our customers while minimising harm to the environment and people's wellbeing.

Here are four ways we support sustainable technology use:

- Secure Device Reuse
- IT Asset Circularity
- Diminished ROT (redundant, obsolete or trivial) data
- E-waste Reduction

Secure Device Reuse

We protect businesses while extending the life of functional technology

With cybercrime a constant threat, many organisations physically destroy decommissioned IT hardware for security purposes. But this type of disposal often takes perfectly usable devices out of circulation, sending millions of tonnes of material to landfill. Often, improper physical destruction practices leave data accessible, putting organisations at risk.

By completely and permanently erasing data from functional devices, we extend their usable life while ensuring data cannot be accessed. This allows safe and secure device redeployment and reuse.

IT Asset Circularity

We slow the need for new device creation

Our solutions support a booming secondary device market, fostering a more circular use of IT. We give organisations confidence to donate IT assets, equip ITADs to recapture more equipment for resale, and enable consumers to trade in smartphones and tablets when upgrading. That makes more devices available for reuse, meaning fewer assets must be created from scratch.

Diminished ROT

We lessen data storage needs and related emissions

Much stored data is redundant, obsolete, or trivial (ROT). Even more is "dark". This surplus data increases breach liability and raises operational and cooling system needs to securely store it. Eradicating data at scale from decommissioned assets or from within live environments reduces business costs and the energy used to store no-longer-needed data.

E-waste Reduction

We minimise landfill-bound electronics – and their detrimental impact on developing regions

Despite international regulations, tonnes of technological trash are shipped to developing countries each year, leading to component harvesting that harms both people and the surrounding landscape. The more we help organisations adopt sustainable, circular business models, the greater the dent we make in dangerous end-of-life disposal practices.

Where We Go from Here

Based on customer usage data, Blancco securely sanitised an estimated 68.2 million kilograms of electronic equipment, with a preuse carbon footprint of 5.6 billion kilograms, in FY21.

Blancco was also one of the first to receive the London Stock Exchange's new Green Economy mark, a recognition given to companies that generate between 50 and 100% of annual revenues from products and services that contribute to the green economy.

Since January 2016, we've been engaged in SustainabilitySMART, which is part of Horizon 2020, an EU programme promoting sustainable growth through investments in a range of initiatives.

Yet we understand that our job isn't complete.

New data storage technologies and data needs will continue to expand, particularly as the internet of things (IoT) and artificial intelligence (AI) grow in adoption. For our part, we will continue to advance our green "SIDE" across an ever-growing number of devices, empowering organisations to reinforce their security posture, ensure compliance with data privacy requirements, and improve environmental stewardship.

For more details please see our website.

Key Performance Indicators

The Group has a range of performance indicators, both financial and non-financial, to monitor and manage the business and ultimately to improve performance. The Group's key performance indicators (KPIs) are outlined below.

1

Revenue

(£'millions)

	Revenue
2021	**£36.5m**
2020	£33.4m
2019	£30.5m
2018	£26.9m

Definition

Revenue comprises amounts contracted and delivered to customers in accordance with the accounting rules prescribed by IFRS15.

Why we measure it

Revenue is a key indicator in how the business is growing and revenue is the primary source of cash generation for the Group.

Commentary

Revenue has grown 9% in the year and 11% on a compound basis over the past three years, reflecting a growing customer base and high retention rate of key customers.

2

Geography

(Regional proportion of revenue)

	Europe	Asia and ROW	North America
2021	**37%**	**33%**	**30%**
2020	37%	32%	31%
2019	37%	28%	35%
2018	37%	28%	35%

Definition

The proportion of revenues generated in each of our regions.

Why we measure it

It is important for the Group to maintain high levels of diversification across the world, allowing us to benefit from any opportunities in a particular region, for example through new legislation, and also derisking the business from any economic downturn in one region.

Commentary

The Group has maintained strong revenue generation in all regions over the last four years, with each region generating year-on-year growth over this time period.

3

Market Type

(Proportion of revenue)

	Data Centre/Enterprise	ITAD	Mobile
2021	**39%**	**31%**	**30%**
2020	35%	33%	32%
2019	34%	33%	33%
2018	32%	32%	36%

Definition

The proportion of revenues generated in each of our regions.

Why we measure it

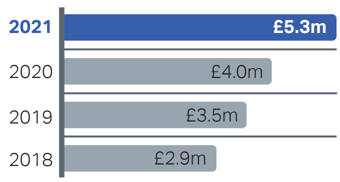
It is important for the Group to monitor how both the customer base and technological market is evolving over time to ensure appropriate direction of product development and management focus.

Commentary

Each customer market continues to grow year on year, with the fastest growth in recent years observed in enterprise and data centre, as organisations continue to both generate data and raise their awareness of the importance of data management.

4

Adjusted Operating Profit
(£'millions)



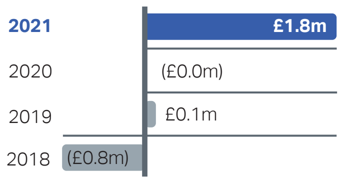
Definition
Operating profit stated before acquisition costs, exceptional income, share-based payment charges and amortisation of acquired intangibles.

Why we measure it
This is the key profitability metric for the Group and shows the underlying performance of the Group adjusted for any non-cash charges or any items that are exceptional in nature.

Commentary
The Group has demonstrated strong profitability in FY21 as revenue continues to grow, and due to some cost management in the early stages of the pandemic. Over the past three years, adjusted operating profit has increased 81%, or 22% annually on a compound basis.

5

Operating Profit/(Loss)
(£'millions)



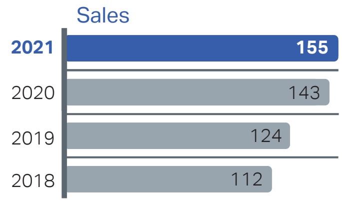
Definition
Operating profit/(loss) shows the total returns from core operations, stated before finance costs, taxation and any profit from discontinued operations.

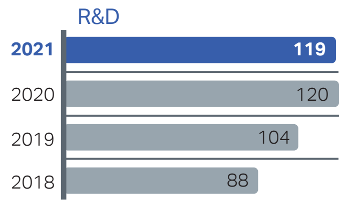
Why we measure it
This shows the overall profitability of the Group after all operational costs and income is accounted for.

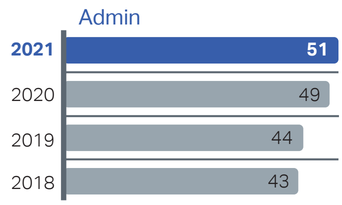
Commentary
Increased revenues in the year and cost controls (with no significant change in exceptional items) have translated down to a significant increase in profitability.

6

End of Year Headcount







Definition
The number of employees engaged in each area of the business.

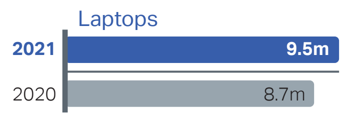
Why we measure it
The Group's long-term strategy is centred around ensuring the appropriate level of resource committed to product, to ensure a high level of ongoing development, and sales to ensure we are able to execute effectively on customer opportunities.

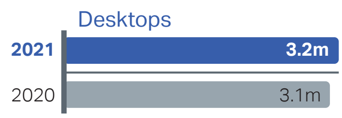
Commentary
The Group has maintained a core product team, which grew in 2019 following the acquisition of Inhance. The sales team has continued to grow year after year to promote growth across all of our operating locations and to support a ramp in sales in many emerging countries for Blancco.

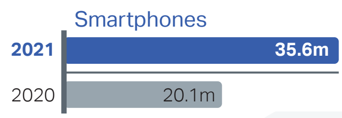
7

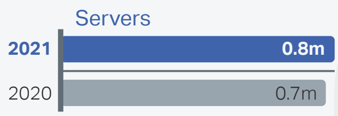
Assets Securely Erased

(millions)









Definition

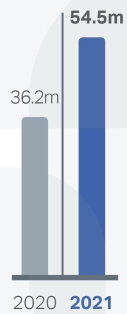
The estimated number of assets erased per year, using Blancco data erasure products.

Why we measure it

This metric allows us to track and observe how the market is shifting between different types of media. We also use this to track the positive environmental impact of our products, allowing us to estimate the amount of hardware saved from landfill.

Commentary

There has been a significant increase in the volume of mobiles and tablets undergoing erasure by Blancco products.



8

Estimated Landfill Waste Prevented

(kilograms)

Definition

The estimated weight of hardware that is saved from landfill each year as a result of using our software, as these assets are able to be repurposed each year rather than being scrapped.

Why we measure it

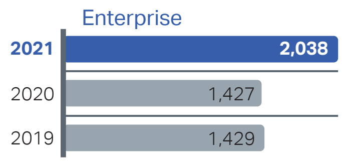
This metric allows us to track the environmental impact of our product.

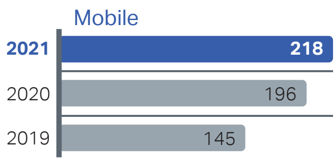
Commentary

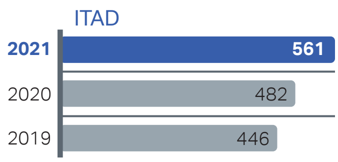
We continue to see a significant saving in kilogram terms of diverting assets from landfill, with a small drop in the year resulting from a shift in erasures from larger devices to smaller smartphones and tablets.

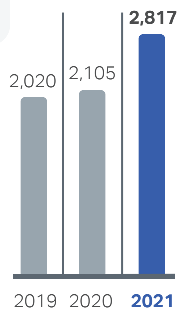
9

Number of Customers









Definition

Number of active customers in each of our markets.

Why we measure it

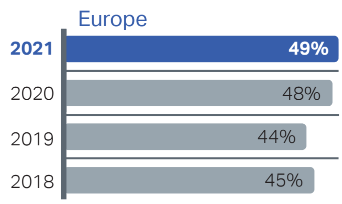
The Group tracks customer engagement, renewals and spend volumes year on year to maintain focus on high customer service and to ensure we are retaining key customers year after year. The Group aims to increase its customer base year on year as we raise awareness to the market of the benefits of data erasures.

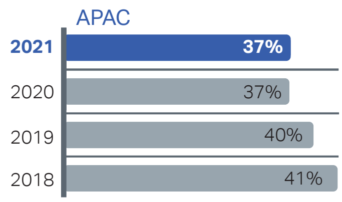
Commentary

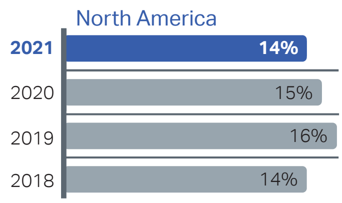
The number of customers continues to grow at a compound rate of 18% (over the last two years) as we expand our market presence.

10

Employee Location







Definition

Geographical location of our staff, split proportionally by region.

Why we measure it

The Group must have a diverse workforce to support its customers and key stakeholders, and also help to drive forward the business in response to changing market conditions.

Commentary

The Group has maintained a consistent workforce year after year, with the only significant change coming from the acquisition of Inhance and its workforce in 2019.

Chief Executive's Report

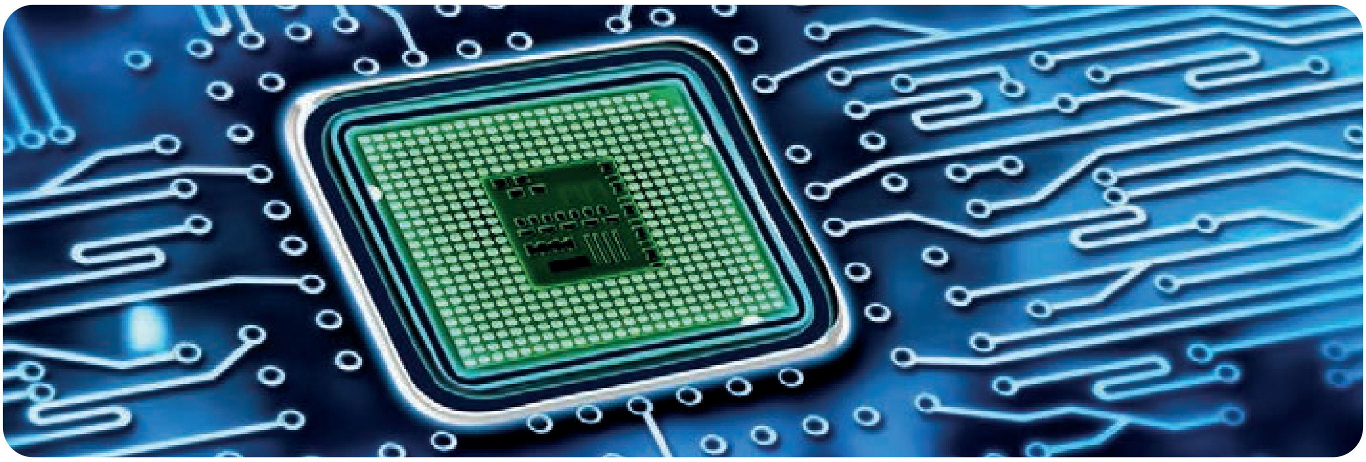
Matt Jones
Chief Executive Officer

"Since I joined the Company in March 2018, appointed a first-class management team and implemented a strategic focus, we have consistently delivered strong annual growth in revenue, profit, and cash generation despite some challenging macro-economic conditions."

Business Overview

We are pleased to report on a period of strong growth in revenue, profit and cash generation, particularly in the second half of the year, as sales cycles returned to pre-COVID levels, and we started to see the impact of the return of employees to offices accelerate corporate decision making. The key growth drivers in the business remain unchanged:

- **Sustainability** – The United Nation's Global E-Waste Statistics Partnership estimates that 53 million tonnes of electronics waste (e-waste) was produced in 2019. In the financial year ending 30 June 2021, we estimate that Blancco erased data from 54.5 million (2020: 36.2 million) data storing devices. The total weight of these devices is estimated to be 68 million kilograms (2020: 61 million kilograms) and the estimated carbon emissions consumed in manufacturing these devices is 5.6 billion kilograms (2020: 4.6 billion kilograms). Whilst these numbers are significant, we still believe that the vast majority of data storing devices are destroyed at the end of life and placed in landfill where harmful chemicals can be released. Growing governmental and societal pressures on companies to conduct business in a much more environmentally friendly manner is expected to lead to greater numbers of IT assets entering the circular economy. We have aligned our business model to the United Nations Sustainable Development Goals (UN SDGs) to increase investor access to this data.
- **Governance** – The most recent Gartner report on Data Privacy (13 July 2021) has been prepared with the expectation that 75% of the world's population will have its personal data protected by modern privacy regulations by the end of 2023, up from 25% today. The disposition of assets storing data can only be managed through the destruction of those assets through shredding and landfill or through the use of strictly regulatory compliant data sanitisation software. Whilst there was already a growing focus on data sanitisation to fulfil corporate compliance requirements, the majority of assets are still destroyed, but that will be impacted by the shift to a more remote workforce in the aftermath of the pandemic. Organising the mass destruction of assets is easier when the assets are all kept within an office environment but much more



difficult when the assets are spread to various locations while employees work at home. It will be important that any data stored on these assets is completely erased before they are returned to IT departments.

With limited competition in the markets that it addresses and a strong list of competitive advantages, including a growing portfolio of 38 patents, we are confident that Blancco is well placed for near-term and sustainable growth.

Enterprise

Enterprise continues to be our strongest growth market with revenue in the year growing by 21% to £14.1 million (2020: £11.7 million). Growth was 24% when adjusted for currency movements. Enterprise customers are typically very large companies with IT departments who will take direct responsibility for the IT assets in their organisation, particularly the disposal of those assets, rather than outsource that responsibility to a third party, typically an IT Asset Disposition (ITAD) company. These companies will usually be the companies that are storing the most data and, therefore, see data security as a high priority risk item. These companies will also often be those who will be increasingly aware of their ESG responsibilities. Governance and Sustainability are the key drivers for growth of Blancco's revenue in this market.

The combination of a sector-leading technology, and the quality of our services and team, has led to large (£100k+) customer retention rates of 98.4% across the Group, giving us high levels of revenue visibility.

With customers in this market being among the largest companies in the world, it is increasingly important that Blancco continues to develop strong channel partner relationships. During the period, revenue in Enterprise from channel partners grew by 27% to £6.5 million (2020: £5.1 million). Over the course of the year, we have given considerable focus to expanding our network of channel partners that we work with.

In May 2021, we were pleased to announce our integration with ServiceNow to provide innovative and secure *data sanitisation* capabilities directly from the Now Platform. Despite the short period of time that the relationship has been established, we are pleased to report that it is already driving revenue. Many organisations rely heavily on ServiceNow when managing their IT assets and our integration with that platform makes a transition to using Blancco very smooth. We were also delighted to recently secure ISV Accelerate status for our partnership with AWS. There are currently approximately only 200 ISV Accelerate partners who receive co-sell support and benefits to gain access to the AWS customer base. In addition, we have also secured partnerships with Infosys, Lenovo and a global technology company who have all begun generating revenue in the period. We are starting to see good traction from these larger channel partners and look forward to them making a more meaningful contribution in the short term.

Revenue has increased in Enterprise from £8.6 million in FY18 to £14.1 million in FY21, a compound annual growth rate of 18%. With the pent-up demand of many assets that have been sat redundant in offices for 18 months during the pandemic helping the growth drivers of Governance and Sustainability that we have already discussed, we are confident that Enterprise will remain the strongest growth area in the Group.

Data sanitisation for a remote or hybrid workforce

Data security concerns have become more elevated in recent periods, with companies trying to secure data stored on devices held by employees outside the office environment as the world has transitioned to an increasingly remote workforce – a trend that is widely expected to be here to stay. Gartner's recently published report on Data Privacy stated that "Growing concerns about data privacy and security, leakage, regulatory compliance, and the ever-expanding capacity of storage media and volume of edge computing and IoT devices make robust, consistent and pervasive *data sanitisation* a core C-level requirement for all IT organisations…to minimise chain-of-custody security risks (such as loss in transit to the ITAD vendor's facility), many ITAD managers (especially in the financial and healthcare sectors) require that some form of *data sanitisation be performed on-site.*"

The capability for Blancco's software to erase data remotely becomes increasingly important when employees are spending increasing amounts of time outside of the office environment. Whereas before an employee could leave the IT team to take a device from their desk if they were having a device upgraded, or perhaps leaving the company, employees will now often have a device collected by a courier and will want to ensure that no sensitive data is stored on the device before it is handed to a third party.

Higher financial penalties for data breaches

Along with growing levels of data privacy regulations, we are also seeing a steep increase in the size of penalties for companies that fail to comply with these regulations. In July 2021, a global technology behemoth was fined a record €746 million for breaching GDPR regulations.

A sustainable solution for data management

The biggest competition to Blancco's software is the physical destruction of assets and this remains by far the most common way that IT assets are dealt with at the end of life. It is clear that the destruction of these assets is an unsustainable practice that releases many harmful chemicals into the earth. However, this is also an almost impossible process to manage when employees are working increasingly from home, because previously companies organising the destruction would do so by collection from company offices.

Mobile

Blancco's mobile solutions offer consumers and businesses the ability to sanitise or run diagnostics on handsets. Over the course of the year, we have seen a significant increase in the number of mobile phones that have been erased using Blancco software, from 20.1 million devices in FY20 to 35.6 million in FY21. This is a reflection of the continuing growth in global sales for used mobile phones. In January 2021, IDC released a report projecting that sales of used smartphones would increase from 225.4 million in 2020 to 351.6 million in 2024, a compound growth rate of 11.7%. Blancco has invested heavily in developing a high-quality solution for customers that allows those customers to process large numbers of handsets in the most efficient manner. Whilst there is some direct competition in this market, it tends to be from smaller companies that cannot make similar technology investments. During the pandemic period, large mobile phone suppliers have been reluctant to review their technology partners, but we believe there will be opportunities to increase market share as trading conditions return to normal.

Over the year, we have seen consumers become more willing to trade in used handsets to offset the cost of the latest generation of smartphones. Previously, the value of a used handset was modest, which, along with security concerns about the data stored on the device, prompted consumers to retain the handset in the event they needed an emergency handset. However, the higher values now attributable to such handsets together with sophisticated insurance programmes that enable consumers to obtain refurbished replacement phones swiftly, has encouraged consumers to exploit the value to be obtained from their old device.

Whilst the number of handsets being erased by Blancco software has increased significantly, revenue grew only marginally to £10.9 million (2020: £10.8 million), 4% growth when adjusted for movements in foreign currency. As reported in results statements previously, underlying growth has been distorted by a contract with a mobile handset and airtime retailer that made the decision to run mobile handset diagnostics at a logistics centre from 1 January 2020 rather than in its own store network. This customer represented £1.4 million of revenue in the first half of the FY20 financial year and, whilst the customer continues to work with Blancco, it generates a significantly reduced amount of revenue from the new contractual terms. Excluding the impact of this one customer, revenue growth in mobile would have been 15%. This contract was only for diagnostic solutions and therefore hasn't impacted on the number of handsets erased in each year. This contract will no longer be reported in future comparative periods. No remaining customer represents more than 6% of Group revenue. Mobile revenue has grown from £9.7 million in FY18 to £10.9 million in FY21, representing compound annual growth of 4%.

IT Asset Disposition (ITAD)

As reported in our half year results, the ITAD market has been the most impacted by the pandemic, with our ITAD clients often unable to access their customers' premises to manage their IT assets. However, we have seen a strong rebound in the second half of the year as trading conditions gradually return to normal. Revenue for the full year grew by 6% to £11.5 million (2020: £10.9 million). However, the growth in the second half of the financial year was 19% compared to the same period of the previous year.

As global economies continue to reopen, our ITAD clients are starting to see the release of pent-up demand from their customers who have been unable to effectively manage their IT inventories over the past 18 months. Our ITAD customers tend to service companies that do not have the IT resources to manage their own inventory but which are under the same obligations to protect sensitive data that we see among our Enterprise customers. Whilst these smaller companies may not currently be under the same pressure from their stakeholders to protect the environment that we see for large companies, these pressures are rapidly filtering down to companies of all sizes.

Blancco has a large market share among ITAD customers, which may mean that growth will be slower than that seen in Enterprise. However, revenue has grown from £8.6 million in FY18 to £11.5 million in FY21, representing compound annual growth of 10%.

Summary and Outlook

We are delighted with the progress reported in these results. Our interim results reported in February 2021 showed that the pandemic had slowed revenue growth and therefore revenue in the first half of the year was very similar to the prior year. However, the second half of the year has seen a return to strong growth with revenue increasing by 19% in that six-month period.

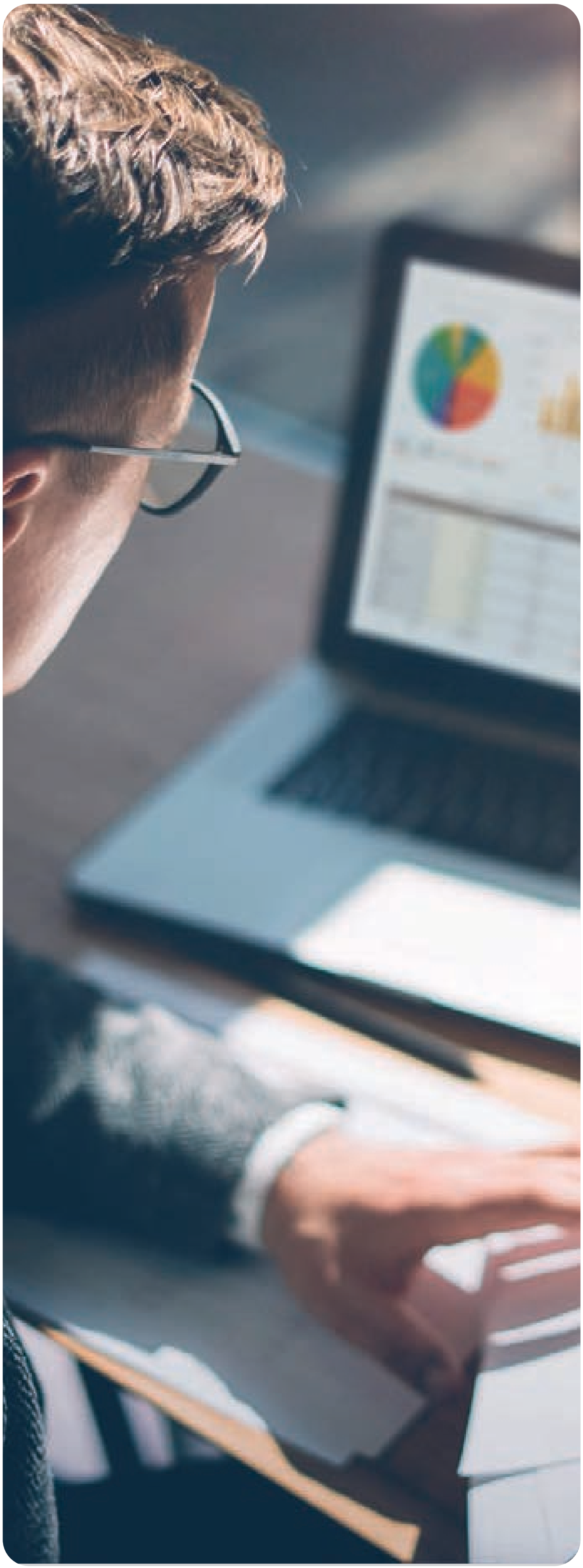
We enter the new financial year with confidence and with a strong pipeline of new business opportunities. The growth will primarily continue to be driven by Enterprise with the structural tailwinds of Governance and Sustainability pushing the business forward. The new channel relationships announced over the past couple of years are expected to gain traction over the course of the next 12 months and contribute significantly to revenue growth.

Blancco is ideally placed to increase sales momentum in the coming years given our high-quality service offering, sector leading reputation and broad geographic reach. As some costs return to our business as travel restrictions ease, operating margins are likely to revert closer to pre-COVID level in FY22, before continuing an upward trajectory in subsequent years.

Since I joined the Company in March 2018, appointed a first-class management team and implemented a strategic focus, we have consistently delivered strong annual growth in revenue, profit, and cash generation despite some challenging macro-economic conditions. As we look ahead, we believe that a combination of sector-leading technology and service delivery, a growing global reputation and network of blue-chip channel partners, combined with the sustainability and governance pressures on organisations will continue to drive Blancco's growth.

Matt Jones

Chief Executive Officer



Chief Financial Officer's Report

Adam Moloney
Chief Financial Officer

"As anticipated, the Company experienced very strong growth in the second half of the year despite the challenging ongoing conditions of the pandemic and a strengthening in sterling."

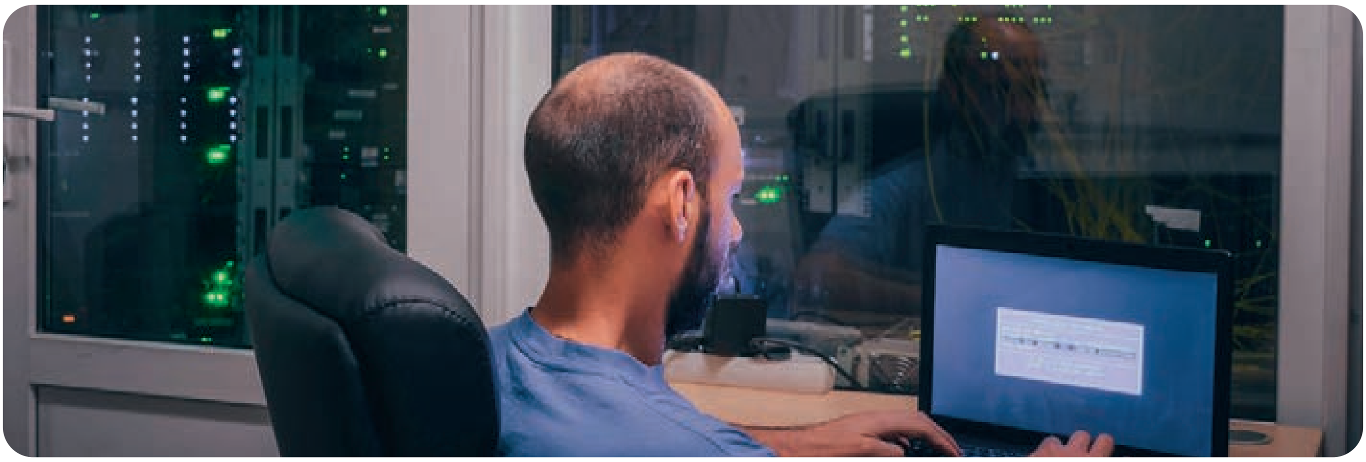
Revenue

Revenue grew in the full year by 9% to £36.5 million (2020: £33.4 million), or by 12% at constant exchange rates (CER). Revenue growth in the second half of the year was 19%.

Growth in North America was particularly strong in the second half of the year, with normal trading conditions returning gradually over the period. In the second half of the year alone, revenue grew by 49%, taking revenue growth in the region for the full year to 11%. Sterling strengthened significantly against the dollar, with constant currency revenue growth in North America of 18%.

Revenue growth in Asia continued to be strong, with revenue increasing by 10% to £11.9 million (2020: £10.8 million) and growing by 14% at CER. The European region continues to be the area that has been most impacted by the pandemic over the whole year, but we did still see growth of 7%, with revenue increasing to £13.4 million (2020: £12.5 million). The currency movements in Europe weren't as impactful, with revenue growing by 6% at CER.

(£'millions)	Year ended 30 June 2021	Year ended 30 June 2020	Growth rate	CER growth
Revenue	**36.5**	33.4	9%	12%
Revenue by geography				
North America	**11.2**	10.1	11%	18%
Europe	**13.4**	12.5	7%	6%
Asia and ROW	**11.9**	10.8	10%	14%
Revenue by market type				
Enterprise	**14.1**	11.7	21%	24%
ITAD	**11.5**	10.9	6%	7%
Mobile	**10.9**	10.8	1%	4%



Profitability Measures

The financial year began in July 2020 as the world came to grips with the early stages of the pandemic, which led to some caution regarding cost decisions. While we did not need to take any cost reduction actions, we did freeze recruitment and pay increases over the first half of the financial year. In addition, our cost base naturally reduced due to the inability for travel to take place. We had good visibility through the first half of the year that revenue was continuing to grow, which enabled us to return to increasing headcount and implementing pay increases. However, travel and entertainment costs remained depressed throughout the entire year. All of this meant that profit margins increased through the course of the year with operating profit increasing from a small loss in 2020 to a £1.8 million profit, with both periods benefitting from some non-cash exceptional income. Adjusted operating margins increased to 15% (2020: 12%). The adjusted operating profit (as defined in note 1.17) increased in line with operating profit, and by 33% to £5.3 million (2020: £4.0 million).

As we enter the new financial year, we are continuing to recruit for high-quality employees to join our research and development, and sales and marketing teams, which will naturally lead to an increase in cost base as will a full 12-month impact of team members who joined during FY21. Whilst phasing is difficult to predict, we do expect travel and entertainment costs to increase as pandemic restrictions ease.

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
	1,774	(31)
Acquisition costs	**–**	575
Exceptional income	**(837)**	(875)
Amortisation of acquired intangible assets	**2,859**	2,921
Share-based payments charge	**1,490**	1,447
	5,286	4,037

Adjusted EBITDA for the period grew by 26% to £10.2 million (2020: £8.1 million), giving an adjusted EBITDA margin of 28% (2020: 24%).

Balance Sheet

Cash generation in the year was very positive with the Group ending the year with net cash of £10.1 million (2020: £6.7 million), largely a result of strong cash generated from operations of £10.4 million (2020: £6.5 million). Adjusted operating cash flow (as defined in note 1.17) for the year was £10.8 million (2020: £7.3 million), representing 106% (2020: 90%) of adjusted EBITDA. Although revenue has increased in the period by 9%, the trade and other receivables balance at the end of the year was £6.2 million (2020: £7.3 million). Similarly, the current liabilities balance has reduced from £9.6 million to £8.1 million over the year.

Accruals and provisions relating to prior acquisitions have reduced significantly through the year from £1.1 million to £0.1 million, with the credit of that release primarily coming through in the exceptional income and discontinued operations lines of the income statement.

Currency movements on assets held outside of the UK have led to a significant reduction in the value of intangible fixed assets,which have reduced from £74.7 million to £67.6 million.

Earnings per share have increased to 2.29p (2020: 1.6p).

Adam Moloney
Chief Financial Officer

Principal Risks and Uncertainties

The Board is responsible for determining the nature and extent of the risks it is willing to take in delivering Blancco's strategic objectives, and manages these risks through the Blancco Risk Management Framework.

The strategic risk appetite for the business is reviewed annually by the Board. The Audit Committee is asked to assess whether risks are within the Group's risk appetite.

Key leadership employees and functional managers have been, and will continue to be, involved in the risk identification process, and with support from the Risk and Opportunities Committee, risks are identified and recorded, along with the causes and consequences. The Committee is balanced with representatives from all operating locations and functions in order to provide a comprehensive aggregation of the Group's risks.

In identifying exposure, consideration is given to both external factors, arising from the environment and sector in which we operate, and internal factors, arising from the nature of our business, our controls and processes, and our decision making and other processes.

During the year, a third party, Protiviti, was engaged to conduct an independent review and assessment of the coverage of risks captured in the Group's business-wide risk register, to confirm key risks are being identified and to make recommendations to address any gaps. The output from this review, in addition to refining the processes of the Risk and Opportunities Committee, is incorporated into the Group's principal risks listed below.

Each risk is evaluated based on its likelihood of occurrence and severity of impact and positioned on a risk ranking matrix, along with proposed mitigating factors. Following the assessment and recording of risks, appropriate responses are proposed based on its positioning within the Group's risk appetite; i.e. whether to tolerate, treat, or terminate the risk to the Group.

Appropriate actions are agreed; for example, to mitigate, transfer (through insurance), or eliminate (by ceasing) the risk. The objective will be to continually challenge the efficiency and effectiveness of controls.

Principal Risks

It is recognised that the Group's strategic objectives can only be achieved if risks are taken seriously and managed effectively. The risks below are those considered key to delivering our strategy and are specific to the nature of our business, although there are other more generic risks that may exist and that may impact the Group's performance.

Risk Area	Potential Impact	Mitigation	Trend
COVID-19 pandemic	A resurgence of the pandemic or the emergence of vaccine resistant variants could result in further regional or global lockdowns that could adversely impact trading and result in a slower rate of revenue growth and impact profitability and cash flows. There remains the risk that our customers experience cash flow issues due to the pandemic, which may, in turn, increase our bad debt risk or put pressure on our working capital cycle.	Management has set out a financial plan for the forthcoming financial year that it considers to appropriately reflect the growth prospects. The Group is geographically spread mitigating the impact of any future regional specific lockdowns and we continue to monitor the sales pipeline. Additionally, we continue to maintain communication with our customers and monitor our debtor profile closely. The percentage of debtors more than 30 days overdue is 4% (2020: 9%).	↓ The risk is reduced as the business has demonstrated resilience during the pandemic. The pressure on cash flows has lessened since the start of the pandemic as our stakeholders, including our customer base, has adapted to operating in the new environment. The Group continues to monitor the environment and the ongoing performance of the business in terms of both sales and cash flows, while acknowledging the duration of the ongoing pandemic and associated impacts is uncertain.
Employee capabilities and engagement	Staff engagement is essential to the successful delivery of service to customers, and longer term, the overall business strategy. A workforce that is not engaged or motivated can hinder the growth of the business. Having the appropriate capabilities at all levels, by continuing to attract and retain key individuals within the business, is key to our strategic growth. Additionally, a number of our staff have specialist skills, for example in software engineering. A shortage of these skilled staff (resulting from either employee turnover, or failure to attract staff) would result in the business not possessing the level of technical expertise required to execute on its strategic objectives, in particular the ongoing development of the product. A lack of diversity and inclusion within the workforce risks limiting creativity and ideas that would have an impact on operations and decision making. This may result in suboptimal strategy and product development.	Considerable effort has been devoted to communicating the business strategy so employees are clear on our business objectives and their role in the strategy. We highlight key capability gaps and work to recruit appropriately and efficiently to fill such gaps. Alongside this, we perform periodic reviews of employee remuneration to ensure this is set at a competitive level, including our key individuals to ensure we retain these staff members. We have undertaken an exercise to identify who are the key individuals in the organisation and have also commenced a succession planning exercise for key roles, so that we are able to promote internally as well as sourcing talent externally. We continue to monitor the diversity of our employees and review recruitment practices to encourage diversity and inclusion. We have engaged in diversity and inclusion training for our staff to promote the benefits of working as a diverse and inclusive organisation.	→ The risk is unchanged. The Group has invested in human resource management over the last few years and continues to monitor its performance in this area across locations. In addition, we continued to devote greater resource to regional employee communications through the COVID-19 pandemic to ensure employees maintained their engagement and are kept up to date with economic developments. The Group feels that its key employees are well engaged and there has been a recent focus on succession planning to ensure that business interruption arising from any key staff turnover can be mitigated and transitioned as smoothly as practically possible. Accordingly, the Group deems the employee engagement risk to be reduced to a suitably low level and we have seen zero employee churn within our senior leadership team.

Key: ↑ Increased ↓ Decreased → Unchanged

Principal Risks and Uncertainties continued

Risk Area	Potential Impact	Mitigation	Trend
Technological risk	The software sector is fast moving with regular changes in technological advancements and offerings. This may impact the future compatibility of our products, or new solutions could even render our products obsolete. The product integrity of the Blancco offering is important in the markets we operate within. A failure of the product could result in reputational damage or regulatory pressure. As our offerings are used within customers' IT systems, there is a risk of malicious or erroneous code being embedded into their IT environment.	We continue to invest significantly in our research and development to ensure that our product remains best in class. In addition, our solutions are certified, approved, and recommended by 14 governing bodies and leading organisations globally. Continuing to innovate and improve R&D processes with internal expertise, market benchmarking and consultation, and continual tracking of technological direction. We closely manage our key accounts and interact with our largest stakeholders in order to keep abreast of market developments and ensure that our product development roadmap remains market focused and our solutions address customer requirements. We are ISO 9001 certified, which provides the accreditation that we offer products that meet stringent regulatory requirements.	→ The risk is unchanged. This is an inherently high risk given the markets that we operate in and importance of technological developments in our products, and mitigations cannot fully remove the risk. We continue to mitigate through detailed strategic planning of our R&D that includes our patent processes, control environment and product roadmaps.
Market and economic risks	The business faces further challenge in price competition for less highly developed products, which can result in price erosion or customer loss. There is a risk that the Group will not be able to execute on channel partnerships, and therefore not be able to take advantage of highly scalable revenue opportunities.	Obtaining new patents, certifications and technological offerings, alongside the existing diversity and strength of the product set gives us a strong position in the market to maintain prices and position ourselves ahead of competitors. We continue to generate new, high-quality channel partnerships with established partners such as Amazon Web Services and Service Now. We have a dedicated business development team that is focused on the implementation and execution of these partnerships and identifying future partnerships.	→ The risk is unchanged. Mitigations reduce the risk, but this risk is inherent in the market and cannot be fully removed. The expanding portfolio of products, services, offerings, and geographies ensures the risk is well diversified. Any partnership entered into has the potential to underperform; however, the Group is encouraged by the early stages of these high-quality partnerships with global leaders.

Risk Area	Potential Impact	Mitigation	Trend
Internal systems and cyber risk	Our internal systems are integral to our service offerings, our process efficiencies, and our development abilities. The flexibility and reliability of the systems is critical to the ongoing growth of the Group. A potential data breach resulting in loss of data or compromising the product would create significant market discontent and could expose the Company to regulatory investigation or fines.	We have implemented policies and procedures to manage our operations efficiently and safely and to maintain our systems as evidenced by obtaining ISO 9001/27001 accreditation. During the year, we achieved the ISO accreditation in our Ireland office, following a period of integration subsequent to the Inhance acquisition. We are continuing to highlight the potential risks internally and raise the profile of internal security. System enhancement teams work on the continual improvement and integration of key systems, including enhanced security, business continuity and back-up facilities. The integrity of our systems is maintained through regular back up testing and robust disaster recovery planning.	↓ The risk is reduced following attainment of ISO accreditation in Ireland. We continue to monitor the quality of our internal systems and the robustness of our procedures.
Operational efficiency risks	Operational efficiency is vital to the profitability of the Group and to customer service. The risk arises both at an internal level, where inefficient operating processes can adversely affect the profitability of the Group; and at a customer level, where ineffective products or poor client service could lead to termination of the relationship.	The Group continues to focus on standardising operating procedures across all locations, which drives consistency in client service. System enhancement teams work on the continual improvement and integration of key systems, which supports further automation and standardisation of processes. The Group maintains a collaborative relationship with customers and tracks customer satisfaction in order to identify any product or service delivery risks.	→ The risk is unchanged. The Group continues to invest in product and its service teams, however, acknowledges the changing market dynamics means this is an iterative process.

Key: ↑ Increased ↓ Decreased → Unchanged

Principal Risks and Uncertainties continued

Risk Area	Potential Impact	Mitigation	Trend
Compliance risks	The Group operates in various jurisdictions globally; therefore, is exposed to varying legislation and compliance requirements, as well as compliance with tax regulations and transfer pricing.	The Group monitors global compliance and obtains local advice and guidance when required. Blancco continues to be mindful of the implications the increasing levels of Data Protection legislation in place globally, and a Data Protection policy is in place across the Group. This is agreed to by all the Group's employees and is also covered within the conduct of business policy for the Group. Compliance with Data Protection and GDPR remains a key focus, with ongoing all-employee training sessions to ensure compliance with the Group's Data Privacy Policy and Information Security Policy. The Group maintains internal processes to ensure appropriate guidelines are followed – especially with regard to data protection and anti-bribery and corruption. The Group periodically reviews the terms of its tax arrangements to ensure these remain compliant with local law and regulations and that the Group is compliant with arm's length pricing principles.	→ The risk is unchanged. The Group continues to monitor its compliance across locations and deems the compliance risk to be at a suitably low level.
Foreign exchange rate volatility	The geographic spread of the Group means that financial results are affected by movements in foreign exchange rates, with only a small percentage of the Group's revenue being generated in Sterling. The risk presented by currency fluctuations may affect business forecasting and create volatility in the results and cash holdings.	The Group monitors foreign exchange exposure regularly and, when a transactional exposure is not covered through a natural hedge, consideration will be given in entering into a hedge arrangement.	→ The risk is unchanged. Foreign exchange rate movements are uncertain and the timing of profits in overseas territories is uncertain; therefore, the Board feels there is no economic and risk-free way to hedge against this, other than the natural hedging that is currently undertaken.

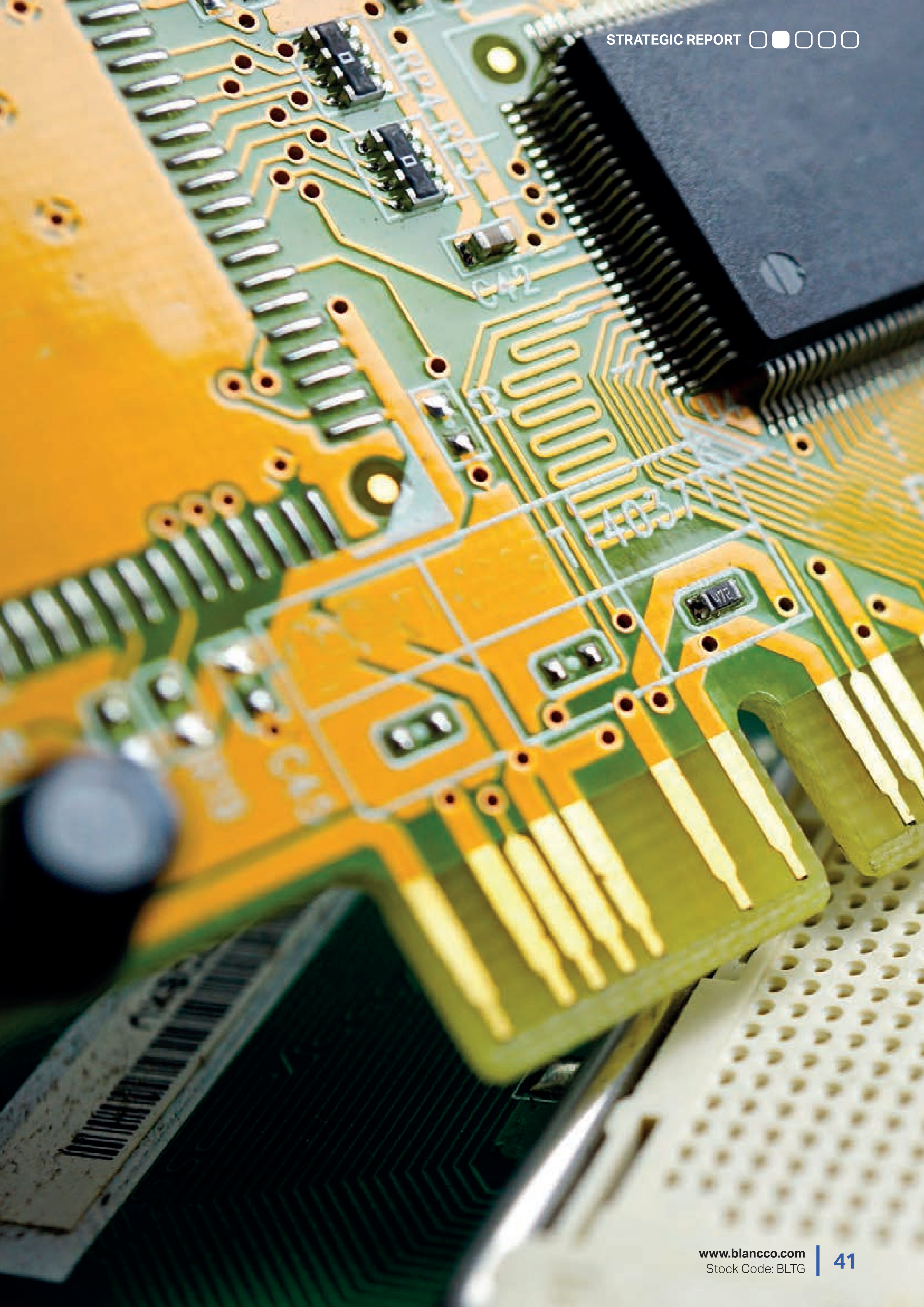
Due to the geographic spread of our operations, the Group has been, and expects to continue to be, relatively well protected from any adverse impacts of Brexit. The Group's UK-based sales represent a relatively small proportion of its overall revenues and are almost all generated wholly within the UK rather than arising from cross-border contractual arrangements. Trade with EU customers and suppliers is generally carried out from one of our EU locations. Accordingly, the Board continues to consider that Brexit is not a significant risk that may materially impact the performance of the Group in the future.

Matt Jones

Chief Executive Officer

27 September 2021

Key: ↑ Increased ↓ Decreased → Unchanged



ESG Report

CEO Letter

Matt Jones
Chief Executive Officer

"Our data erasure solutions facilitate the reuse and extended life of hardware, supporting a drive towards a circular economy and circumventing the unnecessary and potentially harmful physical destruction and landfill of devices."

Dear Stakeholder,

As a business, we acknowledge that our most significant sustainable output is our suite of products – a fact that is acknowledged by the London Stock Exchange with the accreditation of its Green Economy mark, awarded to us in 2019. Our data erasure solutions facilitate the reuse and extended life of hardware, supporting a drive towards a circular economy and circumventing the unnecessary and potentially harmful physical destruction and landfill of devices. In this way, we also promote information security and help our customers meet their own ESG objectives.

This year, across the business, we have continued to enhance our focus and management of key material issues as a leadership team. My focus was to lead on diversity and inclusion initiatives because it is a matter that means a lot to me. As a Company, we want to ensure that we have an inclusive and supportive culture that provides equality of opportunity, and we recognise that a diversity of people and thought promotes the continued growth of our business. While we appreciate that we still have a way to go in achieving diverse representation at all levels of the Company, we are proud to have seen an increase in the number of women working at Blancco. As we continue to adjust our recruitment practices to ensure we are seeing the broadest pool of candidates, we hope to see increased representation of all people, and in time, through the strengthening of our training programmes and succession planning enabling promotion from within the business, we will see these individuals becoming the next generation of leaders at Blancco.

The continued success of our business relies on us meeting our customers' needs. As such, despite the pandemic, we strived to strengthen the ties we have with our customers, working with partners and listening to the feedback from our customers to understand how our products are being used. The almost ten-point increase in our Net Promoter Score (NPS) on the previous year, as well as the significant increase in the number of respondents, speaks to the time and effort we have invested both in innovating our products to improve customer experience, and in maintaining our customer relationships through this difficult period where in-person contact has often not been feasible.

As a business with a relatively small carbon footprint, we acknowledge that we are limited in the ways we can reduce this footprint. Nevertheless, we wanted to see the full picture of our environmental impact and engaged a consultancy to conduct a carbon audit of the business for the first time to establish our Scope 1, 2, and 3 emissions. Travel is undeniably our greatest area of energy use; while there was a reduction in Scope 3 emissions during the past year due to COVID-19, we expect business travel to increase as restrictions ease and our customers want to host in person meetings. While FY21 cannot serve as a baseline for our performance, it is imperative that we develop a travel policy that recognises where business travel is essential, whilst also factoring in our ability to connect remotely and reduce unnecessary journeys.

The support and insight of our stakeholders bolsters the long-term growth of our business. Throughout the year, we have continued to connect with our stakeholders in a myriad of ways, holding virtual town halls with employees, receiving customer surveys, engaging with charitable organisations, and supporting industry bodies. The following report discloses the actions we have taken this year to promote the interests of those stakeholders, while our 2021 ESG Report will provide greater detail on our ESG management.

Matt Jones

Chief Executive Officer

27 September 2021

Our Focus

United Nations Sustainable Development Goals (SDGs)

In 2015, the UN launched 17 SDGs with the objective to tackle some of the world's greatest challenges and create a sustainable and harmonious future for all. The SDGs cover a range of topics including ensuring good health and wellbeing, achieving gender equality, and promoting full and productive employment. We have reported our progress against the four SDGs that we have a significant positive impact upon and have identified the underlying targets that our business supports. As a Company, we will continue to promote decent work, innovation, and responsible consumption, and strive to reduce the inequality in the workplace and beyond.

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD is chaired by Michael Bloomberg and championed by former Governor of the Bank of England, Mark Carney, and is an initiative that seeks to develop consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. We have begun the process of alignment with the TCFDs, by reporting our climate-related impact in accordance with the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets. We are committed to transparent and honest disclosure and aim to strengthen our TCFD reporting as we move forward.

Sustainability Accounting Standards Board (SASB)

SASB provides industry-specific standards that enable companies to disclose their financially material ESG information for investors. For the second year running, we incorporated the accounting metrics of the SASB standard for Software & IT Services companies into our ESG Report.

Employees

Employee engagement

At the beginning of the pandemic, we implemented new communications channels to ensure that, despite not being able to see each other in person, we were maintaining effective and consistent engagement across the workforce. While some of our offices have reopened and we are moving towards a hybrid working culture, these channels of communication are firmly established. Country calls led by the HR department are conducted on a fortnightly basis and our All-Hands Call, which includes the global workforce, allows employees see all the Executive team members on camera and to ask any questions.

"At Blancco, we have created a culture that is open and honest and in which senior leadership are easily approachable. We are very proud that, in the past year, we have really built upon this culture and, in communicating more than ever before, have become an integral part of our employees' lives such that we improved our employee engagement and saw scores rise in every category for our annual survey." Sarah Smith, HR Director.

To ensure that we are best placed to attract and retain employees, especially as we move towards a post-pandemic world, we continue to conduct regular benchmarking and we review and update our benefits annually. We have updated the prizes for our Awards Programmes, which allow employees to be recognised for their hard work. We also introduced our SAYE scheme to our seven largest locations (Germany, Finland, Ireland, India, US, Japan and UK) this year, which has had a fantastic subscription rate amongst the workforce, with 47% of eligible employees signing up.

Metric	Unit of measure	Performance
Employee engagement	Percentage (%)	80% (September 2019: 77%)

Mental health and wellbeing

As we switched to remote working last year and are transitioning to a hybrid working environment, supporting our employees' mental health has never been more important. Throughout the year, we rolled out a number of initiatives globally to promote mindfulness and monitor employee wellbeing. To ensure our leadership were best positioned to support employees during the past year, we rolled out a training programme for managers focused on their teams' wellbeing, in particular what they needed to be looking out for and how to approach colleagues if they seem to be struggling. We promoted our Employee Assistance Programme (EAP), which has a 24-hour confidential hotline for employees to call and receive the appropriate support or coaching. Where individuals have been open about their mental health issues this year, we have been proactive in following up with check in calls and we have maintained close contact with those struggling significantly.

Diversity and inclusion

We are an equal opportunities employer, and we are committed to maintaining open and supportive working environments for all our employees around the world. This commitment starts at the Board level, with D&I initiatives being led and championed by our CEO. In the past year, we have promoted a number of new initiatives to nurture a diverse workforce and an inclusive culture: mandatory D&I training for all managers; a review of all our internal documentation from a D&I perspective to address the language used in the software space and replaced any offensive terminology; a data collection exercise to assess and benchmark our performance on D&I; and a review of all job descriptions from an unconscious bias perspective. We will continue to work hard to promote diversity and equitability throughout our business and ensure that all individuals feel supported and included.

Metric	Unit of measure	Performance
Percentage of gender and racial/ ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Percentage (%)	**(1)** 20% Female; 80% Male. 95% White; 5% Asian. **(2)** 21% Female; 79% Male. 49.5% White; 50% Asian; 0.5% Caribbean. **(3)** 42% Female; 58% Male. 64% White; 32% Asian; 2% Black; 1% African; 1% Hispanic.

Training and development

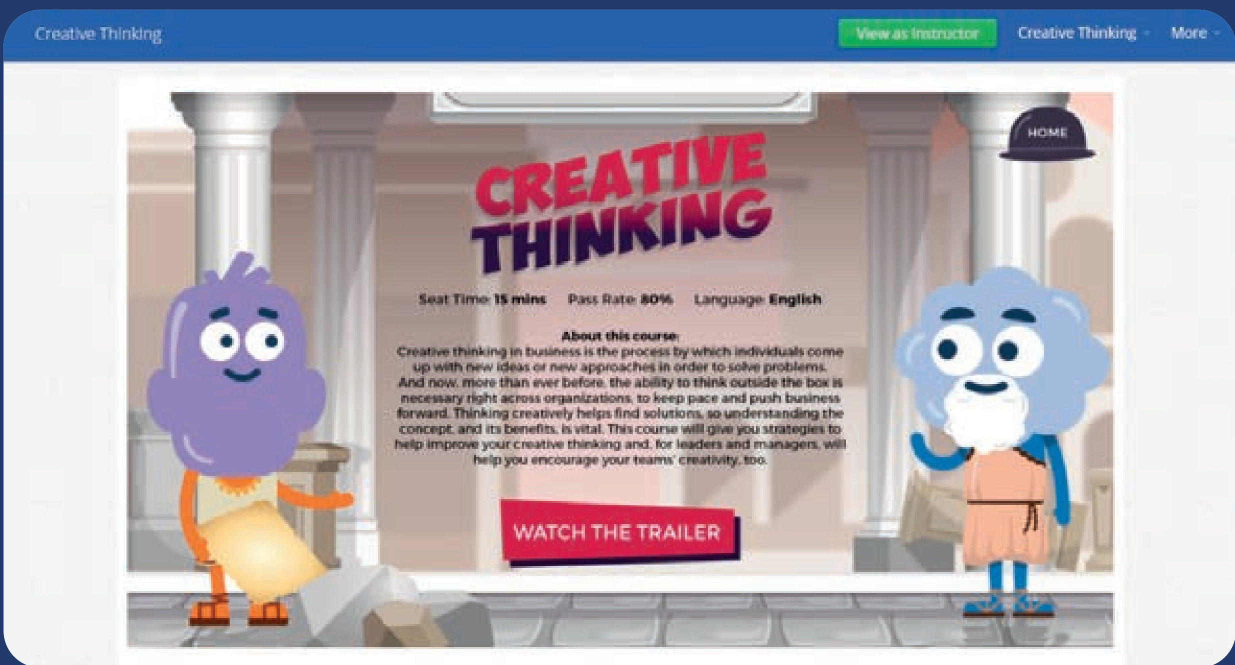
We recognise the importance of providing training and development opportunities to our employees, to both enable our colleagues to expand and develop their skillsets, and to ensure that we are nurturing talented individuals and future leaders. In addition to our pre-existing nine box exercises, we have increased our proficiency in succession planning, r olling out a programme of management development, and identified key roles that would not be easily filled in R&D and assigned junior colleagues to work with those individuals. We introduced “Blancco Learning”, an online training platform that gives employees access to a wide variety of courses and continue to conduct annual performance assessments to give employees feedback and identify their goals for the coming year. We also work with universities to make sure we are finding talented and passionate individuals to join our business. Despite the restrictions of the pandemic, we have given talks about our industry, offered internships to students, and recruited graduates for our product development and support team in India.

Metric	Unit of measure	Performance
Number of internships offered	Number	4 (FY20: 5)
Number of permanent employees from internships	Number	2 (FY20: 2)
Number of talks at universities and higher educational colleges	Number	2 (FY20: 3)

CASE STUDY

Blancco Learning

This year, we introduced the Global Learning Management System, “Blancco Learning”, a global database of training courses available for our employees across the world to access. There are over 300 courses available in 34 categories, ranging from broader corporate topics such as D&I and coaching training, to tailored courses supporting specific job functions such as cybersecurity and data analysis. The platform has seen a lot of traffic and we are able to track participation and set mandatory modules for essential training. By opting for an online training platform, we are awarded green points each time an employee completes a module, as they have not travelled to do an in-person course. The platform allows us to report on a series of potential benefits and cost savings; following the launch to managers in January and to all employees in April, we have already seen US$10.65K in training savings, 92 hours less in commuting, -1.49MgCO_2 in environmental impact, and 92 better-skilled workers.



Customers

Supporting our customers

Our technology not only safely supports the circular economy and negates the need for physical destruction, but it also enables our customers to meet their own sustainability objectives. Our erasure software ensures that our customers' data is secure and enables compliance with information security standards such as the GDPR. It also allows customers to redistribute or donate securely wiped devices and avoid sending hardware to landfill, supporting social and environmental goals.

Some of our products, such as within our diagnostics offering, have enabled us to support large insurance providers with fraudulent claims. For example, the development of machine learning technology that detects cracked glass on devices allows validation of the state of a device for an aftersale insurance policy. For retailers, when a consumer has a problem with a device and wants to return it, our diagnostics can be utilised to assess whether there is in fact an issue with the device, instead of the device being taken to a warehouse and going through the system for there to be no fault found. This not only produces an operational saving for our customers, but also avoids environmental impact of transportation.

We are also developing an ESG dashboard, which will use our cloud data on the number and types of devices erased, as well as calculations based on the number of licences sold, to enable customers to track their own data erasure metrics. This brand new functionality will support customers with their sustainability reporting by demonstrating the environmental impact they are offsetting by using Blancco products.

Customer satisfaction and feedback

As a Company, we strive to meet our customers' evolving needs and deliver the highest quality service. As such, we make collecting and responding to customer feedback a priority. We measure customer satisfaction in two ways: the Net Promoter Score (NPS) and the Win Loss Survey. Feedback from customers is distributed around the business allowing the appropriate teams to identify the areas for improvement and respond effectively. We gather customer feedback and insights through our Customer Advisory Board, engagements with our strategic partners, and the feedback and requests made to the sales teams by customers. There are, therefore, multiple touch points for our customers to inform us of their changing requirements and we greatly value this feedback as it helps determine the areas of focus for R&D.

Metric	Unit of measure	Performance
Customer NPS score	Score	57.5 (FY20: 48)*

* The industry average NPS for technology companies is 35. Source: www.surveymonkey.co.uk/curiosity/what-is-a-good-net-promoter-score/

CASE STUDY

Customer Advisory Board

A key feedback channel is our Customer Advisory Board, which meets twice a year and is comprised of key customers from each market in which the business operates. The first meeting is an in-person event (though this was held online in FY21 due to the pandemic) in which we discuss in detail their use of our products, the use cases in each market, and the innovation they want to see. From this, we take a long list of action points away, then meet as a wider team internally on a monthly basis to ensure that these points are being addressed by the relevant departments within the business. Six months later, we hold an online update with the Customer Advisory Board, during which we explain what actions we have taken and what are the next actions we will execute. Continuing to innovate drives product and service enhancements and, in turn, supports our market-leading position globally. Furthermore, the addition of new and complementary products mean we can support our clients with more of their digital demands.

"The Customer Advisory Board are an invaluable source for customer insights. During the meetings, we get a broad view of product use and the market dynamics, enabling us to assess where improvements can be made and the new markets we could enter."

Alan Bentley, President of Global Sales

Industry Bodies

We act as a driving force in our industry for innovation and best practice, working within the technical communities helping to establish certain standards that are used in evaluating devices. As well as supporting a number of organisations around the world, we also founded the International Data Sanitization Consortium (IDSC), with the mission to "eliminate the ambiguity around data sanitisation terms, standards and guidelines to ensure organisations are adhering to, and receive, best practices in data sanitisation". We continue to share our expertise on data security and erasure through white papers and webinars. Our President of Global Sales has been invited by the World Trade Organisation to speak on "The use of data protection technology in an ICT circular economy" at the 25th Anniversary of the Information Technology Agreement in September 2021.

Communities

Our products not only enable us to support the circular economy, but also to support initiatives that distribute devices to underprivileged families and promote equality of access to technology. We also want to have a broader positive impact on the communities we operate in. At Christmas, we ran campaigns to raise money for four charities, Trussell Trust in the UK, 2nd Harvest in the US, Society of St Vincent de Paul in Ireland, and SOS Children's Village in Finland. These charities support children and their families by providing food and presents, and we matched all donations raised by our employees in each location for this campaign.

Regulators

Compliance and integrity

We ensure that all employees are kept up to date with the Company's governance policies. New employees are required to read Blancco's policies, including Code of Conduct Policy, Anti-bribery and Corruption Policy and Whistleblowing Policy, and feed back any questions, then sign to demonstrate that they have read and understood. This gives us the confidence that our new joiners understand the ethics and values of how the business works.

Ongoing training is carried out to cover any policy changes; these sessions act as a refresher for employees, while also providing the opportunity for people to voice any questions they many have. At Blancco, we value the transparent culture we have created, and want our staff to be reassured that, should they be faced with an ethical dilemma, they can approach us with any questions they may have.

There is a whistleblowing hotline that is monitored by a third-party specialist call handler, compliant with the Private Security Industry Act requirements for interviewing callers. They provide a confidential and independent global service for staff to report concerns, which are escalated immediately to the CFO and Audit Committee for appropriate action.

Data and information security

Our solutions have been tested, certified, approved, and recommended by 14 governing bodies and leading organisations around the world, making us the industry standard in data erasure and mobile lifecycle solutions. For more information about our accreditations, please visit our website.

We place the highest importance on respecting and protecting the privacy and confidentiality of the information that our customers share with us. Our Privacy Policy Statement is reviewed annually and publicly available on our website.

We have a layered Defence-in-Depth approach following ISO 27001 standards, using various technologies aimed to protect our IT infrastructure and data, including asset patching, MDM, firewall protection, proxy control, network monitoring, server/system access rights, user awareness training and built-in alerting mechanisms.

We provide mandatory recorded training to all employees, including contractors. This is provided when an individual joins Blancco and their completion of the training is monitored. Furthermore, company-wide trainings are conducted on a regular basis, including confidentiality, data privacy, and information security. As the most common form of attack is phishing emails, we wanted to raise employee awareness; we introduced a banner on every email that comes from an external organisation, which has resulted in a considerable drop in employees clicking through on suspicious emails.

CASE STUDY

"Laptops for Kids"

This year, we partnered with WANdisco on their campaign "Laptops for Kids". According to the Children's Commissioner, 9% of families are without a laptop, tablet or desktop at home. The issues this causes have been exacerbated by the pandemic, where many children have not had access to a device at home to receive online schooling. The "Laptops for Kids" campaign aims to deliver devices to schools in need across the North of England and has sourced 14,000 devices to date.

In order to safely donate devices, businesses want to ensure that their devices have been securely wiped of all data. Through donations of free drive eraser licences, we have already enabled the campaign to securely erase 1,400 donated used digital devices, with this number continuing to rise daily. As part of the collaboration, Blancco and WANdisco have facilitated training on how to use the erasure software to sanitise the donated devices. This practice has been carried over to the WANdisco Data Academy at Sheffield College, where students have been taught how to carry out the erasure process themselves. The students now spend one day per week supporting the project, providing them with valuable work experience, relevant to their studies and ultimately fosters a culture of improved cyber hygiene.

We recognise the value of having access to a device at home for young people, and are proud to support this campaign, to ensure that young people have access to educational resources no matter their socio-economic status. Our CFO, Adam Moloney, has joined the Laptops for Kids National Taskforce, which is now working to roll out the scheme across the entire country following its success in the North of England. To find out more about the campaign, visit www.ltfk.co.uk/.

Environmental Impact

Governance

As an office-based business with over 320 employees globally, our environmental impact is minimal. Nevertheless, we remain committed to limiting our direct environmental footprint. The Board has oversight of climate-related risks and opportunities, and as ESG is an integral part of the Chief Financial Officer's Report, environmental matters are discussed at Board meetings. Additionally, this year we engaged a consultancy to conduct a carbon audit of the Company and enable us to understand our environmental impact and where improvements can be made.

Strategy

Reducing our footprint

We recognise that travel is our largest carbon hotspot and moving forwards we are addressing how our travel policy could be evolved to reduce that impact. The pandemic provided us with the opportunity to reduce our travel emissions and also showed us that we can operate with less travel. Thus far we have identified two of our annual Board meetings that can be held virtually, and additional Board meetings that will be hybrid to avoid transatlantic flights. We accept that travel will remain a part of our business, as we are a global Group with customers and employees around the world, but we are considering how the travel we do can be less impactful, including educating our employees about the impact of different airlines, assessing where different modes of transport could be taken, and providing greater flexibility around the price.

Our office footprint is not significant as we have a small headcount and we seek to rent office spaces that provide facilities to meet our operational needs, principally hiring offices contained within larger buildings with communal areas. However, we continue to pursue emissions reduction initiatives; we have now closed one office in the UK, we encourage sustainable resource use across our employee base, and we are considering green energy suppliers for our offices.

Our positive impact

Our products directly support the circular economy, as by securely erasing data from hardware we extend the lifetime of devices, thereby enabling reuse or reselling of devices. The typical refresh rate of certain devices is approximately three years; data sanitisation can double the lifetime of a product. Consequently, we can reduce both the demand for, and the carbon emissions produced by the manufacture of new devices, as research suggests that the environmental impact of most consumer electronics is greatest during the manufacturing and distribution process. By securely erasing data, we also avoid the need for less environmentally friendly methods of data and device destruction and for those devices to be sent to landfill.

By providing our solutions, we enable businesses to minimise their carbon emissions and keep their hardware in circulation. We continue to work with our customers to assess how we can develop our products and increase the efficiency of their operations, thereby increasing the number of securely erased devices.

Based on information gathered from customers, an estimated 68.2 million kilograms of electronic equipment was securely sanitised during the year, with a preuse carbon footprint of 5.6 billion kilograms (FY20: 60.7 million kilograms of electronic equipment, with a preuse carbon footprint of 4.6 billion kilograms).

Risk management

The Board is responsible for determining the nature and extent of the risks it is willing to take in delivering Blancco's strategic objectives and manages these risks through the Blancco Risk Management Framework. The strategic risk appetite for the business is reviewed annually by the Board. The Audit Committee is asked to assess whether risks are within the Company's risk appetite. During the year, the Audit Committee engaged a third party to review the way that risk is managed at Blancco. The well-received exercise yielded several recommendations that have been implemented to further enhance the way that risk is managed. Additional detail on Blancco's approach to risk management and principal risks can be found on pages 36 to 40.

Metrics and targets

We attribute the reduction in our Scope 1, 2, and 3 emissions to our offices closing and the limitation on travel during the pandemic. Certain small satellite offices were closed permanently, in agreement with employees moving to remote working practices, which also contributed to a reduction in our emissions. As a Group, while we are beginning to capture our carbon footprint, we are not yet in position to authoritatively set a target as, due to the pandemic and 2020 data being an anomaly, we cannot yet establish a baseline.

Energy

Year*	Electricity usage (kWh)
2019	23,622.88
2020	19,918.73

Emissions

Year*	Scope 1 & 2 (tCO_2e)	Scope 3 (tCO_2e)**	Total
2019	152.95	949.20	1,102.15
2020	104.05	148.46	252.51

* The data here represents the calendar years of 2019 and 2020, not the financial years.

** The Scope 3 data covers business travel only.

Our 12-month CO_2e emissions (Scopes 1, 2 and 3) for 2020 decreased by 77%, compared with 2019. Scope 1 and 2 emissions reduced by 32%, or by 1.5 tonnes of CO_2 per £1 million revenue. In total, we emitted 7.6 tonnes of CO_2e per £1 million of revenue in 2020, compared with 33.1 tonnes in 2019. Electricity usage reduced 16%.

Methodologies

We classify GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from sources that are owned or controlled by Blancco, including the combustion of fuel and operation of facilities. Scope 2 emissions are indirect emissions from the purchase of electricity, heat, steam and cooling purchased for own use. Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain. All footprint calculations comply with the standard set by the World Resource Institute: GHG Protocol for Corporate Accounting. All Scope 1 and 2 emissions factors derive from the International Energy Agency (IEA). Scope 3 business travel has been calculated based on route, aircraft/train/ferry/car hire, make and manufacture of transport and travel class, and have applied the appropriate methodologies and data published by the European Environment Agency (EEA), the UK Department for Environment, Food and Rural Affairs (DEFRA) and the International Civil Aviation Authority (ICAO). Business accommodation data is calculated using the International Tourism Partnership Methodology, based on duration and location.

SDG	2021 Approach	Target Outline	Relevance to Blancco
8: Decent work and economic growth	We provide secure, well-paid jobs to our 320+ employees and equip them with the tools and opportunities to develop and progress within the Group.	**8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services **8.4** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead	At Blancco, we invest in our people. We provide training opportunities for skills development, including specific management training for both junior and more experienced individuals, and a global online training platform available to all our employees. In this way, we ensure that we are nurturing our talented employees and enabling promotion from within the Group. Our products encourage reusing hardware and promote responsible consumption.
	Quote from SDG Champion *"Greater awareness of the alternatives to physical destruction of equipment, the importance of data security, and growing environmental concerns, drive the use of our products. We continue to promote our sustainable solutions, develop and implement new process efficiencies, and invest in the people that enable Blancco's success."* **Adam Moloney, Chief Financial Officer** **SDG 8 Champion**		
9: Industry, innovation and infrastructure	We promote innovation and growth as a market leader. Through engagement with our customers and strategic partners, we understand their evolving needs and continue to invest in new product developments and integrations that support their operations and improve efficiency in their processes.	**9.5** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per one million people and public and private research and development spending	We continue to invest in R&D, growing our product management team as well as our product offering. In the last year, we have implemented improvements to reduce time spent handling and processing devices, and to maintain the stability of the application, enabling our customers to increase their operational efficiency. We work in partnership with universities to give talks about our industry, offer internship placements to students, and hire graduates in our India office to work on product development and support.
	Quote from SDG Champion *"Research and development investment, both in new products and our team, continues to be a key priority for Blancco, and this product development is driven by the engagement we have with our customers and the attraction and retention of talented individuals."* **Russ Ernst, EVP Products and Technology** **SDG 9 Champion**		

SDG	2021 Approach	Target Outline	Relevance to Blancco
10: Reduce inequality within and among countries	We are committed to reducing inequality and fostering a diverse and inclusive culture to ensure that all our employees feel heard and supported. We have rolled out a number of initiatives in the past year to ensure that our internal processes reflected this commitment.	**10.3** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	In the past year, we have undergone a thorough review of our internal documentation on software to ensure that the language used is inclusive. We have conducted mandatory unconscious bias training for our managers and are currently working to eliminate any bias in our recruitment processes. Furthermore, our support of the "Laptops for Kids" campaign in the UK addresses the lack of access to devices for some families, providing devices to children to continue their schooling online during lockdown.
	Quote from SDG Champion *"Our people are core to the success of Blancco and, as such, we are passionate about supporting every individual. I am very proud that our D&I initiatives have been championed throughout our organisation, from the CEO to our employees themselves. These initiatives are not standalone projects, but part of a long-term strategy to progress equitability and inclusion at Blancco."* **Sarah Smith, Human Resources Director** **SDG 10 Champion**		
12: Responsible consumption and production	Our data erasure products enable the extension of the useful life of devices, supporting the circular economy and avoiding the unnecessary physical destruction and landfill of hardware.	**12.4** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment **12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse **12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Our solutions enable businesses to avoid the physical destruction of devices, a process with can lead to harmful toxins, such as mercury, to pollute the environment and impact humans, flora and fauna. By securely erasing hardware, our products extent the useful life of devices, supporting the circular economy of reuse of repurposing, and minimising the need to manufacture new devices. We continue to promote the sustainable benefits of our products to our customers and are proud to be able to support other businesses to reduce their environmental impact with our solutions.
	Quote from SDG Champion *"As the industry standard in data erasure, responsible consumption is woven into the fabric of Blancco. We are proud to hold the London Stock Exchange (LSE) Green Economy mark and continue to promote the sustainable benefits of our solutions in reducing unnecessary e-waste and endorsing the circular economy."* **Matt Jones, Chief Executive Officer** **SDG 12 Champion**		

GOVERNANCE

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Directors and Advisors

Rob Woodward

Board Chair

Chair of Nomination Committee

Rob joined the Board in June 2013 and became Chair in March 2017. He has significant experience in the technology, media and telecommunications (TMT) industry, having spent 11 years as Chief Executive of STV Group plc. He has also been Commercial Director of Channel 4 Television, a Managing Director with UBS Corporate Finance and the lead partner for Deloitte's TMT industry Group in Europe. Rob is also Chair of Ebiquity plc and the UK's Met Office.

Matt Jones

Chief Executive Officer

Matt joined the Board as CEO in March 2018. He has broad experience with both private equity backed and public companies. Specialising in the technology sector, Matt is a recognised leader with a successful track record of developing and overseeing the execution of growth strategies for companies in security, storage and communications. Matt was previously CEO of E8 Security, a pioneer in behavioural intelligence and cybersecurity based in the USA (acquired by VMWare). Before this, he held senior positions at InterAct, a leading cloud-based software provider for public safety, CloudShield Technologies, a provider of cybersecurity (acquired by SAIC) and Allocity, a software company concentrating on storage management (acquired by EMC). Matt also has senior level experience at Excite@Home, Sprint and AT&T.

Adam Moloney

Chief Financial Officer

Adam joined the Board as CFO in July 2018. Adam was CFO of AIM quoted Eckoh plc (Eckoh), a leading provider of customer service and secure payment technology solutions for contact centres, until 2017. He had been with Eckoh since 2003 and was appointed CFO in 2005. During Adam's time there, he managed the negotiation and integration of various significant acquisitions in the UK and US, as well as the opening of a US subsidiary. Prior to Eckoh, Adam held senior positions in the finance functions of a number of privately owned companies.

Frank Blin

Independent Non-executive Director

Chair of Audit Committee

Frank joined the Board in December 2014. He holds a number of directorships with private equity backed companies in the healthcare, food and drink and property sectors. He was with PwC for 38 years, where he was a board member and partner. He was awarded a CBE in 2002 for services to the financial services sector.

Catherine Michel

Independent Non-executive Director

Catherine joined the Board in January 2020. She is currently Chief Technology Officer (CTO) for life-saving technology company Halma plc (Halma), where she has global responsibility for the group's data and technology strategy. She is also a member of Halma's Executive Management Board. Previously, Catherine was CTO for Sigma Systems following its acquisition of Tribold Limited in 2013, a business she founded and, as CTO, was principal architect of the company's products and solutions portfolio. She also serves on the UK5G advisory board and was formerly on the TM Forum Executive Committee. She has won a number of industry accolades including 'CTO of the Year' at Digital Transformation World, the leading 'Woman in Telecoms' at the World Communications Awards and twice named one of the 'Top Most Powerful People in the Telecoms Industry' by Global Telecoms Business.

Philip Rogerson

Senior Independent Director

Philip joined the Board in March 2017. He is currently also a non-executive director of Marshalls plc. He was formerly chairman of Bunzl plc, De La Rue plc and a number of other companies. Philip was an executive director of BG plc (formerly British Gas plc) latterly as deputy chairman.

Tom Skelton

Independent Non-executive Director

Chair of Remuneration Committee

Tom joined the Board in October 2015. He is currently Chief Executive Officer of Surescripts LLC, a leading healthcare information technology business. Before joining Surescripts, he served as Chief Executive Officer for the Foundation Radiology Group and as a founding member of Confluence Medical Systems, a healthcare and technology consulting partnership. Previously, he served at Misys Healthcare Systems from January 2002 until March 2007, and as a director of Misys plc. Prior to that, he was Chief Executive Officer of Medic Computer Systems, a US-based software company focused on the healthcare information technology market. Tom also spent nine years as a Non-executive Director of Micro Focus International plc between 2006 and 2015.

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Directors' Report

The Directors present their report, together with the audited consolidated financial statements, for the year ended 30 June 2021.

Strategic Report

In accordance with sections 414A-D of the Companies Act 2006, a Strategic Report is set out on pages 05 to 49, which incorporates the Chair's Statement, the Chief Executive's Report, the Chief Financial Officer's Report and Business Model. The Strategic Report includes details of expected future developments in the business of the Group, principal risks and uncertainties and the key performance indicators used by management.

The Group is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations as amended in 2013, which enhanced reporting requirements for the Directors' Remuneration Report. However, the Remuneration Report on pages 66 to 70 does set out the Remuneration Policy and shareholders are invited to vote on this report at the Annual General Meeting (AGM).

The Strategic Report has been prepared to provide the Company's shareholders with a fair review of the Company's business and a description of the principal risks and uncertainties facing it. It should not be relied upon by anyone, including the Company's shareholders, for any other purpose.

Results and Dividends

The audited financial statements for the Group for the year ended 30 June 2021 are set out from page 80. The Group profit for the year after taxation was £1.7 million (2020: £1.1 million). The future plans for the business are such that the Board anticipates continued investment into the business that will require cash resources to be deployed into opportunities for future growth. As such, the Board has decided that it is not appropriate to pay a dividend for the time being.

Directors

The Directors of the Company who served during the year and up to the date of signing of the report and accounts were as follows:

F Blin

M C Jones

C E Michel

A P Moloney

P G Rogerson

T K Skelton

R S L Woodward

Biographical details of the Directors are on pages 52 and 53 and the interests of the Directors in the shares of the Company are set out on page 70.

Directors' Liability Insurance and Indemnities

The Company maintains liability insurance for the Directors and Officers of all Group companies, and has entered into deeds of indemnity during the year with each Director of Blancco Technology Group plc, as permitted by the Companies Act 2006 and the Company's articles of association. These indemnities are qualifying third-party indemnity provisions as defined by the Companies Act 2006. These indemnities were introduced in May 2021 and have continued in place since the year end.

Related Party Transactions

The details of transactions with Directors and other related parties are set out in note 30 to the financial statements.

Share Capital

The issued share capital of the Company at 1 July 2020 was £1,507,276.84 comprised of 75,363,842 ordinary shares of two pence each (ordinary shares). On 29 September 2020, 216,454 shares were allotted at par in respect of the vesting of an award under the Company's performance share plan.

The issued share capital of the Company at 30 June 2021 was therefore £1,511,605.92, comprised of 75,580,296 ordinary shares.

Substantial Shareholdings

As at 27 September 2021, the following shareholders owned more than 3% of the issued share capital of the Company:

	% of issued share capital	Number of shares
Soros Fund Management	21.89	16,542,669
Canaccord Genuity Group Inc	12.01	9,075,956
Inclusive Capital Partners LP	11.56	8,734,000
Schroder Investment Management	7.32	5,529,562
Kabouter Management LLC	3.85	2,913,381
Jupiter Asset Management	3.45	2,604,333
Chelverton Asset Management	3.16	2,386,000
BGF	3.14	2,376,402
Janus Henderson Investors	3.12	2,355,162

Section 172 Report

In accordance with Section 172 of the Companies Act 2006, the Board of Directors ensures that the Company engages productively and openly with its stakeholders. The Board considers matters raised by stakeholders in a fair and balanced manner and takes their views into account when making decisions. The following table describes why and how we engage with each of our stakeholder groups: investors, employees, customers, partners, industry bodies, communities and regulators. Additional information about the ways in which the Board engages with stakeholders can be found in our Corporate Governance Report on page 58. For more detailed information about our ESG management, please see our ESG Report on pages 42 to 49.

Stakeholder group	Why we engage	How we engage
Investors	Our shareholders have a key role in monitoring the performance of, and supporting the success of, the business. We ensure regular and open dialogue with our major shareholders in order to keep them informed of our strategic progress and plans.	The CEO and CFO regularly engage with our major investors, particularly at the time of the announcement of our full and half year results when investor roadshows are arranged. The Chair of the Board, Chair of the Remuneration Committee and Company Secretary engage with investors on matters of corporate governance, and the AGM provides another forum where investors can interact with the Board. The CFO also attends investor conferences from time to time. We issue updates on material matters via the Regulatory News Service and other materials are available on our website.
Employees	For our employees, in order to promote high performance and ensure retention, we want to maintain a supportive culture with opportunities to develop and progress. We engage with our employees to enable them to feedback on their experience and ensure that they are supported.	Our Annual Global Employee survey gives an opportunity for formal feedback from employees. We conduct HR Country Calls on a fortnightly basis, an All-Hands Call that includes the global workforce and the key themes of which are regularly fed back to the Board. We have cultivated an open and honest culture in which the Senior Leadership Team members are easily approachable. Where we have voluntarily closed certain small offices, regular face-to-face meetings have been scheduled. Our Global Employee Forum, comprising 15 employees from across the business, provides an opportunity to engage the executive team on key issues.
Customers	We are committed to delivering the highest possible standard of customer experience and want to ensure we retain our loyal customers as well as attracting new business. We engage with our customers regularly and respond to their feedback in order to understand and meet their evolving needs.	We engage with customers through a number of channels, including our Net Promoter Score (NPS) survey, Win Loss survey, the Customer Advisory Board, and direct interactions between our sales team and customers. From time to time, customers attend meetings with the Board, enabling an exchange of views.
Partners	Engaging with our strategic partners enables us to improve our services and focus our research and development to meet the needs of our customers and ensure we obtain the best possible value from our investments.	In addition to the regular feedback we receive, a Customer Advisory Board has been set up that meets once a year to invite feedback from some of the Group's customers and partners. This key engagement forum enables an in-depth understanding of our partners' requirements and facilitates collaboration to develop new solutions and to implement efficiencies in our existing products.
Industry bodies	We want to continue to drive progress in our sector and take part in the exchange of knowledge, expertise, and best practice through engagement with industry bodies.	We support and are members of a range of industry bodies around the globe and encourage active participation of our employees in these associations, with employees attending conferences, meetings, and round tables.
Communities	We want to be able to give back to the communities we operate in, not only through charitable giving, but in the deployment of our resources to support specific needs.	We have matched funds for employees raising money for charity during our Christmas campaign in Ireland, Finland, the UK, and the US. We support the "Laptops for Kids" project in England, donating our licences and expertise.
Regulators	We maintain open and transparent dialogue with regulators, which enables a positive and productive relationship as well as effective oversight of our operations for customers.	Our solutions have been tested, certified, approved, and recommended by 13+ governing bodies and leading organisations around the world.

Directors' Report continued

Research and Development

The Group has a significant focus on continued research and development, to ensure that the Group's key products continue to evolve and remain industry leading. This covers both new inventions, which are encouraged via staff incentives for proposing new ideas, and ensuring that the product set keeps pace with technological development generally in the market.

We continue to invest in patenting our technology to ensure that new advances are sufficiently well protected from competition, and also obtain certifications in the geographies in which we operate to ensure our product developments are supported by endorsements from governing bodies.

The Group continues to invest a significant amount in research and development, with expensed research and development costs totalling £1.1 million (2020: £1.1 million) and capitalised development costs totalling £4.2 million (2020: £4.1 million).

Streamlined Energy and Carbon Reporting

During the year, we have taken steps to assess the environmental impact of our business, and engaged a consultancy to conduct a carbon audit of the business. Our energy consumption metrics are disclosed in the ESG Report on pages 42 to 49.

Going Concern

The Group meets its day-to-day working capital through its cash reserves and overdraft facility. The Group has a revolving credit facility in place; however, the Group's forecasts and projections indicate current cash reserves are sufficient to meet the Group's day-to-day operating activities. The performance of the Group has remained resilient through the COVID-19 pandemic and largely sheltered from any adverse consequences of Brexit, and current forecasts indicate these are not material risks to the Group's ability to continue as a going concern.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chief Executive's Statement on pages 30 to 33. Further information on the financial position of the Group, its cash flow and liquidity position are described in the Chief Financial Officer's Report on pages 34 and 35. In addition, note 26 to the financial statements details the Group's objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.

The Board, therefore, has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial Risks

Information on the Group's financial risk management objectives and policies and its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk can be found in note 26.

Post Year End Events

There have been no events requiring disclosure since the year end.

Annual General Meeting

The notice of Annual General Meeting with an explanation of the business to be transacted can be found on pages 120 to 123.

Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the AGM.

Disclosure of Information to the Auditors

As required by Section 418 of the Companies Act 2006, each Director serving at the date of approval of the financial statements confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

By order of the Board

Lorraine Young Company Secretaries Limited
Company Secretary

27 September 2021

Corporate Governance Report

Rob Woodward
Chair

Corporate Governance Statement from the Chair

The Board has adopted the Quoted Companies Alliance Corporate Governance Code (2018) (QCA Code), and this is our third year of reporting against this code. Information about how the Company has applied the ten principles from the QCA Code follows this statement. The Board considers that the Company complies with the QCA Code.

In my role as Chair, I lead the Board's deliberations on governance matters and work with the rest of the Board and the Company Secretary to promote good governance across the Group. I am also responsible for the effective running of the Board, including ensuring that the Board has open debate on appropriate matters, in which all Directors are encouraged to participate. This debate should be based on clear, timely and good quality information. Where we agree to make changes to our governance arrangements, I take responsibility to make sure the agreed actions are completed. More information about my role is given under principle 9 below.

Over the past year, the Board has considered a number of matters relating to the Group's governance. We conducted a Board effectiveness review at the end of 2020. No major areas of concern were raised. More details of the process and outputs are given under principle 7 below. We also had Board discussions on risk and diversity and inclusion (D&I). Developments in each of these areas are ongoing and described below. There continues to be a focus on Environmental, Social and Governance (ESG) matters within the Group. In 2020, Blancco produced its first ESG Report, which is available on our website. This is being updated for 2021. We also provide information on our ESG credentials on pages 42 to 49.

Our engagement with our shareholders has continued. We held our 2020 AGM fully virtually. Shareholders were able to attend, vote by proxy and ask questions. We have now incorporated presentations on the "Investor Meet Company" platform into our full and half year results roadshows. These are open to both current and potential retail investors, and anyone interested can register here www.investormeetcompany.com. Our engagement with institutional shareholders is noted under principle 2 below.

We continue to engage with our other stakeholders to hear their views and obtain feedback. Some engagement is carried out by the Board, but where this is not the case, the Board receives reports on the outcome and takes account of this when making decisions. Our Section 172 Report can be found on pages 54 and 55 of the Annual Report.

In conclusion, all of the Directors take seriously their obligations to act in good faith to promote the success of the Company for the longer term and we strive to provide the right support and challenge for the executive team to deliver outstanding performance at an exciting stage in the Company's growth and development. This is done while maintaining appropriate checks and balances to ensure risk is properly managed and that there is no compromise in adhering to our corporate culture and values.

Rob Woodward
Chair

27 September 2021

The following statement describes how Blancco has applied the ten principles in the QCA Code during the past year. The full version of this statement can be found under the investor section of the Company's website. The QCA Code recommends that certain disclosures appear in the Annual Report and others appear on the website. Where more information is provided on the website, this is indicated in the statement below.

Deliver Growth

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

The Board has a discussion on strategy in May each year with the senior management team, following deliberations by the executive team. This is normally part of a two-day Board offsite meeting; however, during the restrictions imposed by the pandemic, discussions were held virtually again in 2021. The Board is continuing to pursue the current strategy while considering longer-term opportunities for business growth, with a focus on how Blancco can help its end customers to do business in a more sustainable and environmentally friendly way.

The Board receives regular updates from members of the senior management team about progress in delivering the strategy and will, from time to time, invite individuals to present to the Board so that Directors can understand and discuss various aspects of the business model, providing support and challenge from their skills and experience. During the year, the Board received reports on various projects carried out by the executive team to drive improvements and efficiencies in the business including customer support, intellectual property protection and the simplification of the Group corporate structure.

The Board and executive team have continued to discuss the impacts of the pandemic on the Group's business – both positive and negative – including how risks can be mitigated and opportunities exploited. There remained a focus on prudent financial management throughout the year and the normal budgeting process was adapted to allow it to be flexible and fit for purpose in the new circumstances in which we all found ourselves.

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

The Company seeks to engage with shareholders in a number of ways. These are described in the full version of the corporate governance statement, which is on the Company's website.

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

As the executive team reviews the Group's strategy from time to time, they consider the key resources and relationships which are essential to the ongoing success and growth of the business in light of the evolution of the technology, products and services offered, the markets in which the business operates and the competitor landscape, among other things. Their conclusions are shared with the Board. Further information on the Company's stakeholders and how the Board takes their views into account is given on the Company's website.

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

During the year, the executive team has continued to assess the opportunities and risks facing the Group, particularly as the pandemic and its impacts evolved. They produced an updated risk analysis and matrix, which lists the key risks faced by the Group, their likelihood and impact and what is being done to mitigate them.

The Board considers this high level analysis as an agenda item at least twice each year and on other occasions if something significant has changed which requires reconsideration of the risks the business faces. The executive team also reviews the risk analysis quarterly. The Audit Committee reviews the risk management and internal control framework at least annually and reports to the Board on its effectiveness, with any recommendations for improvements.

During the last year, an external firm (Protiviti) was engaged on a project to review how risk was assessed, monitored and reported across the Group. An immediate output from the project was a thorough review and updating of the Group's risk register. The executive team is now refining this work and the next iteration of the register has been presented to and discussed by the Board.

The Board is considering the output from the project and more work may be undertaken in future on defining a risk appetite with associated tolerances and limits, adopting a risk taxonomy, considering additional inputs to the risk identification process and enhancing the Group's Risk Management Policy. The Board agreed that, while some improvements could be made to the Group's risk management processes and framework, this had to be balanced with the need for them not to become too complex, given the size and nature of the organisation.

A list of the key risks facing the Group, with the actions taken to mitigate them can be found in the Strategic Report on pages 36 to 40.

Maintain a Dynamic Management Framework

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

The Board considers that each of the Non-executive Directors is independent. The Executive Directors are both employed by the Company on a full-time basis. All of the Non-executive Directors demonstrate the commitment to their roles which is expected of them and give sufficient time to carry out their duties properly.

Information on the roles and duties of the Chair, CEO, Non-executive Directors and the Company Secretary is given under principle 9 below. The time commitment for the Chair is approximately one day per week. The time commitment for the other Non-executive Directors is approximately 30 days per year.

The table below shows the number of Board and Committee meetings held during the financial year to 30 June 2021 and the attendance record of each Director.

	Board		Audit Committee		Remuneration Committee		Nominations Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Rob Woodward	9	9	3	3	5	5	3	3
Matt Jones	9	9	–	3*	–	4*	–	3*
Adam Moloney	9	9	–	3*	–	4*	–	3*
Frank Blin	9	9	3	3	5	5	3	3
Catherine Michel	9	8	3	3	5	5	3	3
Philip Rogerson	9	9	3	3	5	5	3	3
Tom Skelton	9	9	3	3	5	5	3	3

* Attended by invitation.

If Directors are unable to attend Board or Committee meetings, they review the relevant papers and give their views to the Board or Committee Chair and are provided with an update after the meeting.

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

The names of the Directors who served during the year are given in the Directors' Report on page 54. Brief biographical details of each Director are set out on pages 52 and 53 and on our website. The Directors come from diverse professional backgrounds and have a wide range of experience. Three of them have served as CEOs in public companies and all have experience of running businesses and/or advising business owners and leaders, some of which was carried out with international organisations. In their other roles, they have contributed to the development of strategy and handled M&A and other corporate finance transactions. Four of the Directors have relevant experience in the technology (including cybersecurity) and related sectors. Three are accountants and several have served on listed company boards (including as Chair) for many years, bringing a good breadth of corporate governance knowledge.

Each year, the Board receives an update on the AIM rules from the Company's nomad. As part of the strategy review sessions and at other times during the year, the Board is given presentations by members of the leadership team on various aspects of the business. The Company Secretary provides a regular update to the Board on relevant legal, regulatory and governance matters. This year, these updates included the new QCA guide to ESG as well as research reports on directors using independent judgement and board dynamics. The Board also considered certain aspects of the government's consultation "Restoring trust in audit and corporate governance" and the potential impact of the proposals on Blancco, as a result of which it submitted a response to the consultation.

The external auditor provides information about changes to accounting standards and developments in financial reporting.

The Remuneration Committee has appointed Deloitte to advise it on market practice and investor relations in respect of remuneration matters.

Details of the Company's other retained professional advisors are given on page 53 and on our website.

The Company Secretary provides advice to the Board and Committees, as well as to individual Directors, as required. She supports the Chair on matters of corporate governance and the running of the Board and Nominations Committee. A full role description for the Company Secretary can be found on the Company's website.

Philip Rogerson is the Senior Independent Director (SID) and a role description for this position is on the Company's website. He is also available to engage with investors if they prefer this route to the normal channels of communication. Any engagement with shareholders is reported to the Board either immediately or at the next following Board meeting, as appropriate.

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

The Board carries out a regular (usually annual) effectiveness review using questionnaires. The review includes an evaluation of the Board's own effectiveness and that of its Committees and individual Directors. The questions are updated each year. As part of the review, the Chair meets with each of the Directors to discuss performance, Board composition and succession planning. The SID leads a review of the Chair's performance. All of these interactions were conducted virtually for the most recent review, which was held at the end of 2020. More details of the review are given on the Company's website. The overall conclusion was that the Board, Committees and Directors were performing well and there were no major concerns. The Board also noted changes in responses compared to the review held in 2019.

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

The executive team launched the Company's vision, mission and values during 2019. More information relating to this principle is on the Company's website.

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

The Board is made up of seven Directors, two of whom are Executive and five of whom are Non-executive. All of the Non-executive Directors are independent. The Board has an Audit Committee, chaired by Dr Frank Blin, a Remuneration Committee, chaired by Tom Skelton, and a Nominations Committee, chaired by Rob Woodward. All of the Non-executive Directors are members of these Committees. The Executive Directors and others may be invited to attend the Committee meetings from time to time.

The Chair is responsible for the leadership of the Board and ensuring its effectiveness. He is also responsible for creating the right Board dynamic and for promoting a culture of openness and debate, in addition to ensuring constructive and productive relations between Executive and Non-executive Directors. The Chair acts as an ambassador for the Company to its stakeholders, and in particular, works to ensure there is sufficient and effective communication with shareholders and to understand their issues and concerns.

The CEO, with the senior management team, is responsible for running the business, developing Group strategy having regard to the Group's responsibilities to its shareholders, customers, business (channel) partners, employees and other stakeholders. He is also responsible for delivery of the successful achievement of objectives and execution of strategy following presentation to, and approval by, the Board, optimising the use of the Group's resources.

The Non-executive Directors are responsible for exercising independent and objective judgement when making Board decisions, developing corporate strategy with senior management, and for scrutinising and constructively challenging the actions of senior management.

Philip Rogerson is the Senior Independent Non-executive Director, to whom concerns may be conveyed by shareholders if they are unable to resolve them through existing routes for investor communications or where such channels are inappropriate.

The Company Secretary is responsible for advising the Board on corporate governance matters, supporting the Board and Committee Chairs in the running of the Board and Committees, and liaising with shareholders on governance matters, among other things.

Further information, including links to role descriptions for the Board, the list of matters reserved to the Board and the terms of reference for the Board Committees can be found on the Company's website. The Board considers that the current governance framework is fit for purpose for the Company at its present stage of development and there are no current plans to change it.

Build Trust

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

The work of the Audit and Remuneration Committees during the year is given in their respective reports. The report of the Audit Committee is on pages 62 to 65 and the report of the Remuneration Committee is on pages 66 to 70.

The Board skills audit was refreshed in 2020 as part of the Board effectiveness review. This showed that the Directors do have, between them, a wide range of relevant skills and experience, which is sufficient for the needs of the Group at the current time. The balance of knowledge, skills and experience on the Board will be kept under review as the business grows.

Information about the disclosure of AGM voting and publication of the Annual Report can be found on the Company's website.

Audit Committee Report

Key Areas of Focus During the Year

During the 2021 annual cycle, the Audit Committee met three times. It has an annual work plan, developed from its terms of reference, with standing items that the Committee considers at each meeting in addition to any specific matters, which the Committee chooses to focus on.

The Audit Committee primarily focuses on challenging the assumptions and agreeing the accounting proposed by the executive management team in judgmental areas and to ensure sufficient controls are in place to mitigate against potential misstatement in the financial statements. This includes assessing Group-wide internal controls.

Additionally, the Committee reviews the Group's Risk Management Framework at each meeting.

The Chief Financial Officer presents the risks as documented by the Group's Risk and Opportunities Committee, which are presented against an assessment of likelihood and severity, and the associated mitigations of those risks. The key risks faced by the Group are presented in the Strategic Report.

During the year, the Committee reviewed the outcome of a review of the Group's risk framework by a third party, Protiviti. The purpose of the review was to review and appraise the Group's existing risk register and to provide an external viewpoint of the risks that the Group faces. The Committee was satisfied the outcome of this review has resulted in sufficient coverage and documentation of the significant risks that the Group faces, which are disclosed in the Principal Risks and Uncertainties on pages 36 to 40.

The Committee also reviews the Group's Code of Conduct and any instances of whistleblowing in the year. There have been no incidents of whistleblowing events in the current or previous financial years.

The Committee reviews the work of the external auditor. This includes approving the audit scope and approach, the fees for both audit and non-audit services and reviewing the outcome of audit work. Any non-audit work provided by the incumbent auditor, for which the fee would be above £20,000, must be approved by the Board.

Auditor's Independence

The Group's auditor is PricewaterhouseCoopers LLP (PwC). PwC was first appointed auditor at the 2017 Annual General Meeting and reappointed at each subsequent AGM. Assignments of non-audit work have been, and continue to be, subject to controls by management that have been agreed by the Audit Committee, so that auditor independence is not compromised. The Group has not instructed any non-audit work by PwC during the 2021 financial year.

The Audit Committee and the Board place great emphasis on the objectivity of the external auditor in its reporting to shareholders. The audit partner and senior manager attend Audit Committee meetings as required to ensure full communication of matters relating to the audit. The overall performance of the auditor is reviewed annually by the Audit Committee, taking into account the views of management, and feedback is provided when necessary to senior members of the audit firm unrelated to the audit. The Audit Committee also has discussions with the auditor, without management being present, on the adequacy of controls and on any judgmental areas. These discussions have proved satisfactory.

During the year, the Committee undertook an audit tender involving written and oral presentations from a number of firms. PwC was successful and will retain the audit for the 2022 financial year onwards.

Accounting and Financial Reporting Matters Considered by the Audit Committee

After discussion with both management and the external auditor, the Audit Committee determined that the key risks of potential misstatement in the Group's financial statements related to revenue recognition, management override of controls, capitalisation of development costs, and, for the parent company, investments in and amounts due from subsidiaries.

As agreed with the external auditor, the risk of goodwill recoverability is reduced and no longer represents a key risk as the Group maintains substantial headroom both under market and income-based valuation methodologies. Additionally, the acquisition of Blancco Ireland is no longer a key risk as this was a one-off event in the previous financial year. The only material fair-value adjustments that remain from this acquisition relate to the acquired intangibles, which comprise less than 5% of the Group's intangible assets. The Committee is satisfied with the ongoing measurement and annual impairment review of these assets.

These issues were discussed with management during the year and with the external auditor at the time, the Committee reviewed and agreed the external auditor's audit plan, and also at the conclusion of the audit of the annual financial statements in September 2021.

Internal Audit

On a periodic basis, the Committee discusses the requirement for the Group to have an internal audit function. The Committee believes that the existing control framework, reporting from management, and work performed by the external auditor is sufficient for the size and complexity of the business, and there are therefore no current plans to appoint an internal auditor.

Revenue Recognition

The Group enters into contracts where revenue recognition can be complex. There is potential risk of misstatement of revenues associated with software licence contracts where:

- The contract delivers multiple separable elements
- Timing/proof of delivery of licences and associated services can vary across contracts
- Delivery of contracts takes place through several channels, direct to customers, via a third party, and through virtual delivery via the cloud

Judgement is required in establishing the transfer of control under IFRS 15. This is particularly pertinent for multiple element contracts where certain deliverables could be inherently tied to others and where this judgement could vary on a contract-by-contract basis. There are further judgements made in relation to the point at which delivery has occurred where licences are held on a cloud account managed by Blancco, and in relation to the allocation of the transaction price to separable performance obligations of a revenue contract.

Judgement is required to determine whether the conditions for recognising revenue for any particular contract under the Group's accounting policies have been met.

The accounting policies of the Group are outlined in note 1.10 to the financial statements.

In exercising this judgement, and with respect to revenue recognition on specific contracts, management highlighted to the Committee how it arrived at the key assumptions.
This included:

- A summary of the main contract terms
- The point of revenue recognition under contracts
- Comparison of the payment profile with the revenue profile of key contracts
- Analyses of separable elements of the revenue streams where multiple service components are delivered to the customers
- The controls in place to ensure contracts are appropriately recorded in the financial statements

Management also highlighted the controls in place around inception of a sales contract, completeness of invoicing, processing of revenue recognition and debt management.

The Committee's deliberations involved considering and understanding the outcome of management's review of material contracts on an individual basis, to ensure there was sufficient evidence for both meeting the revenue recognition criteria under IFRS 15, and gaining sufficient comfort that the monies for revenues booked would be collected on a timely basis.

It also involved assessment of the findings of the external auditor across individual contracts tested.

The Committee was satisfied that there was a reasonable basis for the revenue recognition assessments, there was an expectation that the revenue recognised would be collected in full and that the accounting treatment adopted was reasonable.

The Committee concluded that:

- In respect of management's judgements in applying the requirements of IFRS 15, these judgements were reasonable
- In respect of the software and services element arrangements, the basis used was based on contract terms and the treatment adopted by management was reasonable
- In respect of nature and timing of delivery of software, the point of transfer of control was reasonably recorded
- The controls in place for approvals for material and non-standard contracts were appropriate
- The controls in place for review of contracts and ensuring checking of revenue recognition were appropriate
- In respect of the cash collected, there was a strong correlation between revenues recognised and cash collected at and subsequent to the year end

The Committee was satisfied with the disclosures in the financial statements.

Management Override of Controls

The Board recognises that the risk of override of controls cannot be fully eliminated in any business and that there are clearly defined policies and controls in place. The Board is in constant communication with management and requests updates on the state of the control environment, to be comfortable that risks are mitigated as far as practicable, with a particular focus on revenue recognition.

The Board has further reviewed the controls over access to cash and cash management to ensure that the risk of misappropriation of cash is at a sufficiently low level.

The Committee concluded that:

- The Board has performed appropriate procedures to minimise the risk of any possible management override of controls as they relate to the financial statements;
- The scope of work of the auditor has been sufficient to identify weaknesses in the control environment, and that the prevalence of weakness is at a reasonable level;
- The Group's control environment, including the controls over revenue management, provides an appropriate level of coverage and review over revenue contracts;
- Management's oversight of its operating locations covering accounting, banking and operational matters is reasonable; and
- The Group's systems are appropriate for the business.

Capitalisation of Development Costs

The Group undertakes development of its products. A large proportion of this cost capitalisation is for internal staff costs working on these projects.

The accounting policies of the Group are outlined in note 1.6 to the financial statements.

There is a potential risk of misstatement because of:

- Inappropriate judgements on whether a project or asset meets the criteria for capitalisation;
- Inappropriate allocation of staff time between research and administration, which does not qualify for capitalisation, and development work;
- Impairment of capitalised assets which depends on future cash flows; and
- Development of new technology may render previously capitalised assets obsolete.

In addition, uncertainty arises specifically in the assessment of future cash flows which are inherently difficult to predict.

Management highlighted to the Committee how they arrived at the key assumptions. This included:

- A summary of the processes used in determining what costs to capitalise, including assessment of projects completed in the year;
- Consideration of the future economic benefit of current development work and acquired IP, including scrutiny of planning and assessment of contracted future revenues and the pipeline of new business;
- Review of estimates of future cash flows;
- Review of the assumed useful economic life used; and
- Review of past development projects that have generated economic benefit for the Group.

The Committee challenged management's key assumptions to understand their impact. The Committee was satisfied that the assumptions used were appropriately scrutinised, challenged and sufficiently robust.

The Committee concluded that:

- In respect of the capitalisation of costs, the amounts allocated to the development phase of the intangible assets were appropriately capitalised and supported by project data;
- In respect of potential impairment, future cash flows sufficiently supported the asset value; and
- In respect of the potential impairment of development intangibles, the value of future cash flows was expected to be in excess of the carrying value of the intangible.

Recoverability of Amounts Due from Subsidiaries (Company only)

For the Parent Company, the recoverability of amounts due from subsidiaries is considered to be a potential risk should the future profitability of the Group be insufficient to substantiate the carrying value of assets.

Uncertainty arises due to the difficulties in forecasting and discounting future cash flows that support cash generation in the future.

Furthermore, estimation uncertainty exists in assessing the appropriate level of loss provision on amounts due from subsidiaries for the Parent Company, considering the lack of historical evidence available within the Group.

The relevant accounting policies of the Company are outlined in note 3.2 to the Company's financial statements.

Management highlighted to the Committee how it arrived at the key assumptions to estimate the future cash flows. This included:

- A robust budget process including the input of functional managers across the business for the financial year ending June 2022;
- Other underlying assumptions, by benchmarking these against prior performance and also market and sector trends;
- The resilience of the Group operating within an economic environment impacted by COVID-19, and how the Group expects to continue to generate profit and growth in its forecasts;
- Quality and integrity of the Group's forecast P&L and cash flow models;
- Sensitivity analysis performed;
- Annual testing procedure together with review of year to date actuals; and
- Assessment of the discount rates used.

The Committee evaluated management's assumptions through the planning process and in its assessment of the net present value of future cash flows into the medium term, and was satisfied that the value in use as represented by the net present value of future cash flows was sufficient to justify the carrying value of amounts due from subsidiaries. The Committee was satisfied that the work performed sufficiently addressed the ongoing risks associated with the COVID-19 pandemic.

The Committee reviewed the basis of calculation of loss provision for amounts due from subsidiaries for the Company as required under IFRS 9 and concluded this was appropriate.

The Committee concluded it was satisfied with the disclosures in the financial statements and:

- The projected future cash generation of the business was sufficient to justify the carrying value of amounts due from subsidiaries; and
- The loss allowance applied was appropriate based on management's benchmarking, and impairment testing and sensitivity analysis thereon indicated evidence of recoverability was otherwise sufficient.

Conclusion in Respect of the Annual Report and Financial Statements

The production and the audit of the Company's Annual Report and Accounts is a comprehensive process requiring input from a number of different contributors. One of the key requirements of the Company's Annual Report and Accounts is that they are fair, balanced and understandable. The Board has requested that the Audit Committee advises on whether it considers that the Annual Report and Accounts fulfil these requirements.

As a result of the work performed, the Committee has concluded that the Annual Report and Accounts for the year ended 30 June 2021, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 71.

Frank Blin

Chair of the Audit Committee

27 September 2021

Remuneration Committee Report

The Remuneration Committee determines on behalf of the Board the Company's policy on the remuneration and terms of engagement of the Executive Directors and senior executives.

The members of the Remuneration Committee are disclosed in the Corporate Governance Report on page 61. In February 2021, Tom Skelton assumed the role of Chair of the Remuneration Committee, replacing Philip Rogerson.

The Remuneration Committee is supported by Sarah Smith, the Company's HR Director and by its advisors, Deloitte. Deloitte do not provide any other services to the Group, although have recently been onboarded as a sales partner. Executive Directors also attend Remuneration Committee meetings by invitation when appropriate but are not present at any discussion of their own remuneration.

Remuneration Policy for all Employees

The Group operates in a highly competitive global environment for talent in the technology sector. For the Group to compete successfully, it is essential that the level of remuneration and benefits offered is reflective of the market in each location in order to attract, retain and motivate individuals of a high calibre at all levels across the Group, while ensuring that arrangements are aligned with business strategy and shareholders' interests.

The Group, therefore, sets out to provide competitive remuneration to all its employees, appropriate to the business environment in the markets in which it operates. To achieve this, each individual's remuneration package is based upon the following principles:

- Total rewards are set to provide a fair and attractive remuneration package without paying more than is necessary; and
- Appropriate elements of the remuneration package are designed to create alignment with business strategy, to reinforce the link between performance and reward and to reflect the shareholder experience.

Remuneration of Executive Directors

The Executive Directors' remuneration is made up of:

- Fixed elements, comprising base salary, benefits and pensions; and
- Performance-related elements, comprising an annual bonus and long-term incentive – the Blancco Performance Share Plan.

During the year ended 30 June 2021, the Committee undertook a thorough review of the components of executive remuneration to ensure they remain best positioned to support the delivery of our forward-looking strategy and the creation of long-term value for our shareholders. As part of this review, the Committee considered a number of factors, including:

- Creation of shareholder value – Over the three-year period from July 2018, Blancco's market capitalisation has grown by 290% to £200 million. Total shareholder return over the same period was 229% compared to around 21% for the AIM All Share index;
- Group performance – The Group continues to deliver on its strategy with strong financial and non-financial performance in the year to 30 June 2021;
- Global talent market – A significant part of our business and half of the executive team, including the CEO, are based in the US where the market for pay is very different and the quantum offered is often higher than in the UK; and
- Shareholder expectations – Reflective of our listing, the Committee remains mindful of market practice and shareholder expectations in the UK.

As a result of the review and in line with the Group's remuneration principles that apply to all employees, the Committee is proposing a number of changes to executive remuneration arrangements, as detailed in this report. Overall, these changes aim to ensure that the Group continues to pay at a level that enables it to recruit and retain the executives required to execute the strategy and deliver value for shareholders.

Base salary

Base salaries are set by the Remuneration Committee each year, after taking into consideration levels of responsibility, the performance and experience of the individuals and salary levels for similar positions in comparator companies and location.

Following a review in June 2021, the Committee agreed to increase the CEO's salary to $405,462 per annum (3% increase) and the CFO's salary to £242,822 per annum (2.5% increase) with effect from 1 July 2021. These increases are in line with the relevant US and UK employee cost of living salary increases awarded to the wider employee population earlier in the year. The annual pay review for the Executive Directors for 2020/21 was deferred from the normal date in October 2020 to July 2021 in light of the pandemic.

The wider employee population will be eligible for a further review from 1 October 2021, and it is intended that at this time the CEO's salary will be increased by a further 3% to $417,728 per annum in line with the wider US employee cost of living salary increases.

Benefits in kind

These principally comprise car benefits, life assurance, permanent health insurance and membership of the Group's healthcare insurance scheme or payment in lieu of benefits. Benefits do not form part of pensionable earnings.

Pensions

The Group makes defined contributions into individual pension plans. The CEO receives a pension contribution of 4% of base salary up to the annual pension cap of $26,000 for 2020/2021. The CFO receives a total pension contribution of 4% of base salary, which due to tax regulations is taken as pension contribution of 1.68% of base salary and a cash allowance of 2.32%. Pension contributions for both the CEO and CFO are in line with the approach for the US and UK workforce, respectively.

The amounts payable in the financial year are set out in the Directors' emoluments table on page 69.

Annual bonuses

Annual bonuses for the Executive Directors are typically determined by reference to performance targets based on the Group's financial results and individual personal objectives set at the beginning of the financial year.

Operation for the year ended 30 June 2021

For the year ended 30 June 2021, the core bonus potential for the CEO and CFO was 100% of salary (maximum opportunity of 125% of salary including the "kicker"). The operation of the kicker, which was introduced two years ago in order to drive exceptional levels of performance, enables participants to earn up to 125% of their core annual bonus opportunity for the achievement of superior performance above that which is required for the core award.

The annual bonus was based on two-thirds revenue targets and one-third personal objectives, subject to a minimum level of attainment on adjusted operating profit. The minimum level of attainment on the adjusted operating profit was achieved. Revenue increased by 12% in constant currency over the course of the year, which exceeded the Board's initial expectations for the year and the target set for the core bonus. As a result, 100% of the financial element of the core bonus will pay out. The stretch target set for the kicker was also partially met.

In addition, strong individual contributions from both Executive Directors resulted in 100% delivery of key personal objectives. Key achievements against personal objectives include:

- CEO – driving long-term vision and strategy for the Company, resulting in a robust financial position, building a strong employee culture with employee engagement at an all-time high of 80%, effectively assessing market opportunities and risks, and creating an agile organisation built to quickly respond to changes in the environment enabling strong performance.
- CFO – developing and executing an adaptable operating plan, which resulted in an overachievement of profit and cash flow targets despite the challenges of a world-wide pandemic, leading the development of our ESG strategy and the creation of our first ESG Report card enabling the business to gain an 'A' rating from one of the leading ESG rating agencies.

With the kicker applied to both the achievement of financial targets and personal objectives, the overall bonus pay out was 112% of base salary for the CEO and CFO.

Operation for the year ending 30 June 2022

For the year ending 30 June 2022, the annual bonus will continue to be based on two-thirds revenue targets and one-third personal objectives, subject to a minimum level of attainment on adjusted operating profit. Personal objectives for the CEO relate to driving the long-term strategy, building a strong and diverse workforce, driving Blancco to a leadership position in ESG, embedding structural changes and for the CFO relate to leading the development and implementation of the Group's ESG strategy, driving the long-term financial strategy, financial planning and reviewing the global office space requirements.

The core bonus for the CEO and CFO will remain unchanged at 100% of base salary per annum (maximum opportunity of 125% of salary including the kicker).

Blancco Performance Share Plan

The Company has in place a long-term incentive plan – the Blancco Performance Share Plan (the Plan) – to incentivise Executive Directors and senior management to drive long-term sustainable growth for shareholders.

It is intended that annual awards will be granted under the plan to Executive Directors and senior management. The awards will be subject to stretching performance conditions over a three-year period, which will be selected annually by the Remuneration Committee prior to the grant of awards and will closely align to the Company's key business objectives.

Vesting of grants made in the year ended 30 June 2019

On 5 November 2018, Matt Jones was granted an award over 407,455 ordinary shares of 2p each in the Company in the form of conditional shares under the Plan. This corresponded to 150% of salary. On 25 July 2018 (when he joined Blancco), Adam Moloney was granted an award over 302,632 ordinary shares of 2p each in the Company in the form of conditional shares under the Plan. This corresponded to 100% of salary.

The vesting of these awards was based 50% on invoiced revenue and 50% on adjusted operating cash flow. The targets are measured in terms of constant currency to allow for the participant to neither benefit from, nor be hindered by, currency movements. When assessing invoiced sales, the Committee also considers the profitability of such revenue to ensure that growth in invoiced sales reflects value creation for shareholders.

In determining vesting, the Committee considers performance against targets as well as broader financial and non-financial performance of the business over the three-year performance period to ensure the outcome is commensurate with the overall performance delivered. At the time of publication of the Annual Report and Accounts, the Committee is still in the process of finalising the vesting outcome, in consultation with key shareholders. The final vesting outcome will be disclosed on the website prior to the AGM.

Operation for grants made in the year ended 30 June 2021

On 11 November 2020, Matt Jones was granted an award over 202,439 ordinary shares of 2p each in the Company in the form of conditional shares under the Plan. This corresponded to 130% of salary. On 11 November 2020, Adam Moloney was granted an award over 74,614 ordinary shares of 2p each in the Company in the form of nil-cost options under the Plan. This corresponded to 60% of salary.

These awards will vest based 33% on revenue, 33% adjusted operating cash flow and 33% adjusted operating profit. These measures were selected to support the delivery of long-term success of the business and increasing value for shareholders. Performance will be assessed based on outcomes for the year ended 30 June 2023 against the following targets, and will vest when the Committee determines the extent to which the performance conditions have been satisfied, which will usually be upon Board approval of the audited financial accounts for that year.

Measure	Weighting	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
Revenue	33%	£38.7m	£42.3m	£46.1m
Adjusted operating cash flow	33%	£8.2m	£8.7m	£9.2m
Adjusted operating profit	33%	£4.8m	£5.0m	£5.2m

The targets are measured in terms of constant currency to allow for the participant to neither benefit from, nor be disadvantaged by, currency movements.

When assessing the level of vesting in respect of the revenue portion, the Committee will also consider the profitability of such revenue to ensure that growth in revenue reflects value creation for shareholders. The Committee retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period, or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Operation for grants made in the year ending 30 June 2022

Following the review of the components of executive remuneration, as described earlier, the Remuneration Committee agreed to increase the maximum long-term incentive opportunity levels as follows:

- The normal long-term incentive opportunity for the CEO will be increased from 130% to 170% of salary on an ongoing basis.
- The normal long-term incentive opportunity for the CFO will be increased from 60% to 80% of salary on an ongoing basis.

The Committee considers that this level of award is appropriate to reflect the Group's recent performance both from a growth and profitability perspective, the business environment in the markets we operate, but also to ensure we continue to remain competitive in key geographies from which we source talent, particularly the US where the CEO is located.

Performance measures remain unchanged from prior years. These awards will therefore be based one-third on revenue, one-third on adjusted operating profit and one-third on adjusted operating cash flow.

Other key points related to the operation of the Plan are as follows:

- Awards will receive dividend equivalents, to reflect the value of any dividends paid during the vesting period.
- The Plan limits shareholder dilution to 10% of the issued share capital over a ten-year period. This dilution limit applies to newly issued shares under all Group share incentive plans.
- There are malus and clawback provisions for all awards under the Plan, which allow the Remuneration Committee to reduce or clawback awards made, in the event of a material misstatement of the accounts; error in assessing the performance condition; material failure of risk management; serious reputational damage; or gross misconduct on the part of the participant. The malus and clawback provisions will apply, unless the Remuneration Committee determines otherwise, for a period of five years from the date of grant.
- Where an individual leaves the Group, they would normally lose their awards, unless the Remuneration Committee determines that they should be treated as a "good leaver", in which case, they would be allowed to keep their awards. A participant is classified a good leaver in the case of ill-health, injury, disability, the individual's employing company or business being sold out of the Group or any other reason at the discretion of the Remuneration Committee. Awards for good leavers would normally be retained post-leaving and vest on the normal vesting date and would normally be pro-rated for time and performance (where applicable).
- Awards would normally vest on a change of control. In these circumstances, awards would normally be pro-rated for time and would vest taking into account performance achieved.

As of 30 June 2021, dilution in respect of Blancco share awards granted in the last ten years represented 4.1% of the Company's issued share capital.

Service contracts

The CEO and CFO have both entered into service agreements with the Company. The agreement with the CEO provides for 12 months' notice from the Company and six months' notice from the executive. The agreement with the CFO provides for six months' notice from both the Company and the executive. Under the service agreements a payment in lieu of notice may be made in respect of salary and benefits only.

Payments to past Directors

No payments were made to past Directors during the year.

Non-executive Directors' remuneration

Non-executive Directors are appointed for a specified term, being an initial three-year period, subject to their re-election by shareholders at the first AGM after their appointment. The initial three-year period may be extended for a further three-year term, at the discretion of the Board and subject to the ongoing requirement for re-election by shareholders under the Company's articles. On termination, no compensation is payable other than outstanding fees.

The Non-executive Directors receive fees that are set by the Board as a whole. For UK-based Directors, the current fee is £45,000 per annum. For Tom Skelton, who is based in the US, the current fee is $66,216 per annum. A further amount is payable to each of the Chairs of the Audit and Remuneration Committees to reflect the additional responsibilities and time commitments of these roles. Up to 30 June 2021, this was £3,000 per annum for UK-based Directors and $4,170 per annum for the US-based Director.

From 1 July 2021, it has been agreed to increase these amounts to £6,000 per annum and $8,340 per annum respectively.

The Board Chair receives an annual fee of £95,000 per annum, which reflects the additional responsibilities and time commitment required for this role. This remains unchanged.

There have been no other changes in Non-executive Director fees during the year or since the year end. No incentives, pensions or other benefits are available to the Non-executive Directors.

The Board may request Non-executive Directors to perform specific additional work at an agreed day rate. It would be the intention of the Board that the Directors' independence is not prejudiced by the nature of any such additional work, and none was undertaken during the year to 30 June 2021.

Audited details of the Directors' emoluments are given below.

	Salary and fees 2021 £'000	Benefits 2021 £'000	Annual bonus 2021 £'000	Pension contributions 2021 £'000	Total 2021 £'000	Total 2020 £'000
Current Executive Directors						
Matt Jones[1]	294	10	319	9	632	487
Adam Moloney	243	2	265	3	513	364
	537	12	584	12	1,145	851
Non-executive Directors						
Frank Blin	48	–	–	–	48	48
Catherine Michel	45	–	–	–	45	23
Philip Rogerson	47	–	–	–	47	48
Tom Skelton[1]	51	–	–	–	51	52
Rob Woodward	95	–	–	–	95	95
	286	–	–	–	286	266
Total	823	12	584	12	1,431	1,117

1. Remuneration for Matt Jones and Tom Skelton is paid in US dollars and is therefore subject to exchange rate fluctuations when translated into sterling.

Remuneration Committee Report continued

Directors' Beneficial Interests in Shares

The interests of the Directors who held office at 30 June 2021 and their connected parties in the ordinary share capital of the Company are as shown in the table below.

	As at 30 June 2021 Number	As at 30 June 2020 Number
Executive Directors		
Matt Jones	**159,232**	28,000
Adam Moloney	**28,000**	28,000
Non-executive Directors		
Frank Blin	**37,893**	37,893
Catherine Michel	**–**	–
Philip Rogerson	**17,500**	17,500
Tom Skelton	**35,000**	27,500
Rob Woodward	**42,134**	42,134

Directors' Interests In Share Awards

The interests of the Executive Directors in awards under the Performance Share Plan described earlier in this report, are shown in the table below.

	Awards outstanding at 1 July 2020	Awards granted during the year	Awards exercised during the year	Awards lapsed during the year	**Awards outstanding at 30 June 2021**	Date of grant
Matt Jones	524,928	–	(262,464)	(262,464)	**–**	28/03/2018
Matt Jones	407,455	–	–	–	**407,455**	05/11/2018
Matt Jones	325,191	–	–	–	**325,191**	02/10/2019
Matt Jones	–	202,439	–	–	**202,439**	11/11/2020
Total	**1,257,574**	**202,439**	**(262,464)**	**(262,464)**	**935,085**	
Adam Moloney	302,632	–	–	–	**302,632**	25/07/2018
Adam Moloney	111,482	–	–	–	**111,482**	02/10/2019
Adam Moloney	–	74,614	–	–	**74,614**	11/11/2020
Total	**414,114**	**74.614**	**–**	**–**	**488,728**	

No other Directors had any interest in awards under the Performance Share Plan.

Signed on behalf of the Remuneration Committee

Tom Skelton

Chair of the Remuneration Committee

27 September 2021

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

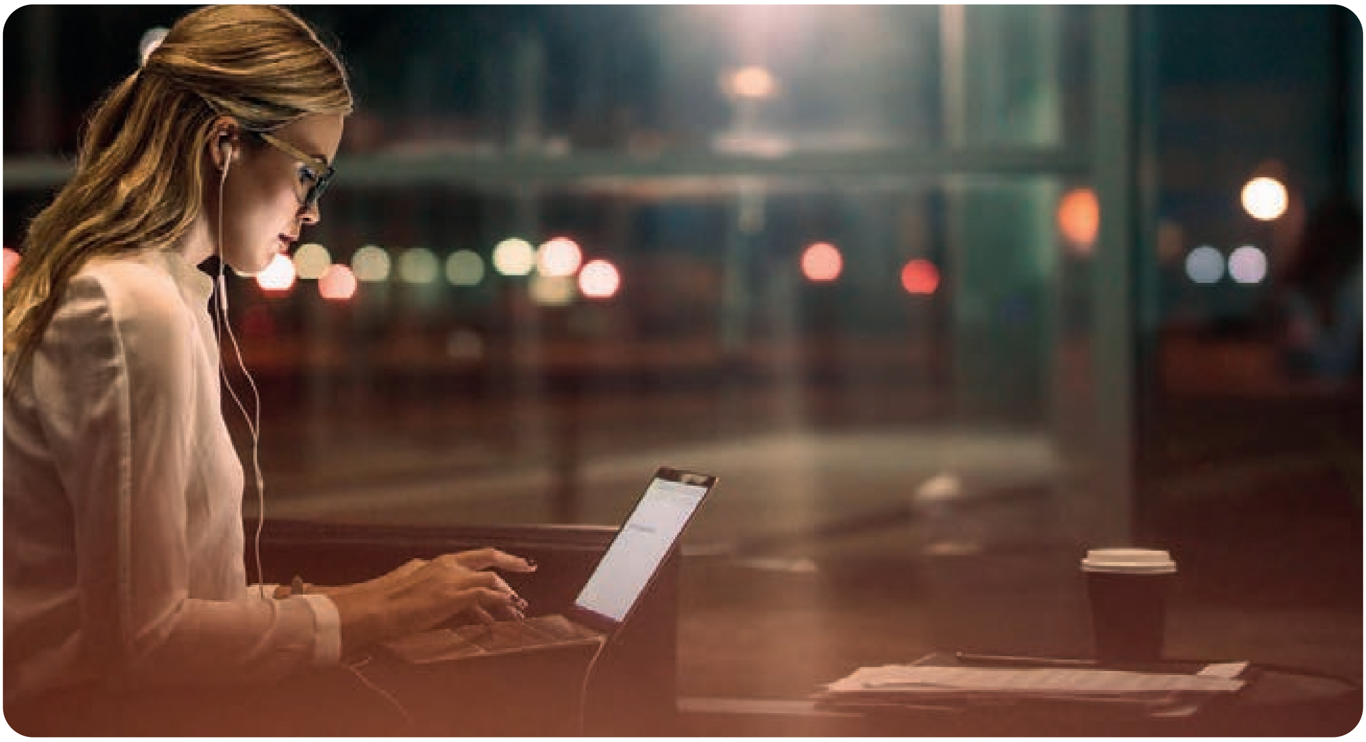
The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

On behalf of the Board

Adam Moloney
Chief Financial Officer



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Independent Auditors' Report

to the members of Blancco Technology Group Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion:

- Blancco Technology Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 June 2021; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Overview

Audit scope

- Audit procedures provide coverage of 100% of the Group's revenues.
- Audit scope includes performing procedures over 11 legal entities located in eight different countries.
- Four financially significant components in UK, USA, Japan and Germany.

Key audit matters

- Revenue recognition (Group).
- Capitalisation of development costs (Group).
- Risk posed by COVID-19 (Group and Company).
- Carrying value of intercompany receivables and investments (Company).

Materiality

- Overall Group materiality: £365,000 (2020: £334,000) based on 1% of revenues.
- Overall Company materiality: £1,012,000 (2020: £1,047,000) based on 1% of total assets.
- Performance materiality: £273,750 (Group) and £759,000 (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for the acquisition of Blancco Technology Group Ireland and the carrying value of goodwill, which were key audit matters last year, are no longer included because the accounting for the acquisition of Blancco Technology Group Ireland was a one-off risk relevant to the year of acquisition and the risk in respect of the carrying value of goodwill has been reassessed from a significant risk to a normal risk for the year ended 30 June 2021 based on the excess of the market capitalisation of the Group over the carrying value of the Group's assets. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (Group) The timing of software-based revenue recognition may involve judgement. Because of the Group's varied contracts and offerings, judgement is applied in assessing whether the conditions for recognising revenue under the Group's accounting policies have been met and whether the revenue has been recognised in the correct period. In addition, ISAs (UK) presume there is a risk of fraud in revenue recognition for every audit because of the pressure management may feel to achieve the forecast results. The accounting policy and revenue disclosures can be found in note 1.10 and note 3 to the financial statements respectively.	Group revenue was considered as a single population, so that revenue transactions from every revenue generating entity in the Group were included in the population from which we selected our sample for testing. We examined a sample of high-value licence contracts and also selected a haphazard sample of additional contracts, and assessed whether the revenue recognition methodology and the Group's accounting policy were consistent with accounting standards and had been applied consistently. We inspected the contract terms and, where relevant, proof of delivery, together with cash receipt in order to assess whether the revenue had been recognised appropriately in accordance with the Group's policy and in the correct period. For a sample of revenue recognised from licences sold shortly before the year end, we checked that all performance obligations had been completed prior to the year end, such that recognition of licence revenue in accordance with IFRS15 in the period was appropriate. In response to the presumed risk of fraud, where revenue was adjusted through journal entries displaying unusual account combinations, we tested a sample of journals to establish whether they were indicative of fraud. The work performed shows no indication that revenue is materially misstated because of fraud or error.
Capitalisation of development costs (Group) The Group spends a significant amount in developing new products and product functionality. As set out in note 14, during the current year, the Group has capitalised £4.1 million of internal development expenditure within intangible assets and had a net book value of £8.7 million of capitalised development expenditure at 30 June 2021. We focused on this area due to the value of the costs capitalised, and the fact that judgement is involved in assessing whether the criteria set out in IAS38 "Intangible Assets" ("IAS38") required for capitalisation of such costs have been met, particularly: • The appropriateness of and support for the costs capitalised; and • The likelihood of the project delivering sufficient future economic benefits	We obtained a breakdown, by value, of all development expenditure capitalised in the period and reconciled this to the amounts recorded in the general ledger. Capitalised development expenditure principally comprises internal labour costs. To determine whether labour costs were correctly capitalised, we agreed a sample of capitalised internal labour costs to supporting payroll and time records. We obtained a schedule of projects that the development expenditure related to. We considered whether each project was being appropriately capitalised under the specific requirements of the relevant accounting standard (IAS38 "Intangible Assets"). We inspected project documentation and held discussions with staff as necessary to confirm the projects were being accounted for appropriately, considering the evidence of technical feasibility, technical and financial resources available to complete the projects and of the Group's ability to sell the asset developed. No material exceptions were noted in our testing.

Key audit matter	How our audit addressed the key audit matter
Risk posed by COVID-19 (Group and Company) The Directors have considered the risks posed by COVID-19, as set out in the Principal Risks and Uncertainties section of the Annual Report, and have reflected the potential impact of COVID-19 when preparing the cash flow forecasts used to support the going concern assumption as explained in note 1.2 to the financial statements and the impairment assessment of goodwill detailed in note 13 to the financial statements.	We read the relevant disclosures in the Annual Report and considered their consistency with our knowledge of the business based on our audit. In addition, we assessed the sensitivities applied, as part of the going concern assessment, by the Directors to the future cash flow forecasts to reflect a severe but plausible downside scenario taking into account the potential impact of COVID-19. We also considered whether the assumptions and cash flow forecasts used to test for impairment appropriately reflected the potential impact of COVID-19. No exceptions were noted from our testing.
Carrying value of intercompany receivables and investments (Company) The Company holds material investments in and balances due from subsidiaries, as detailed in note 5 and note 6 to the Company financial statements respectively. The assessment of whether these balances are impaired involves significant judgement by the Directors. IFRS9 requires the Directors to determine an expected credit loss on the balances due from subsidiaries. This has been identified as a key audit matter due to the size of the balances and the estimation involved in determining the recoverable value.	For the balances due from subsidiaries, we reviewed the methodology used by the Directors in calculating the expected credit loss provision and compared the probability of default to external credit rating agency benchmarks. No exceptions were noted from this testing. For the investments in subsidiaries we considered the recoverable value of the investment by comparing to the market capitalisation of the Group at 30 June 2021, including the value of the balances due from subsidiaries. No exceptions were noted from our testing.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate. The Group is structured as one core operating business focused on the development and sale of data erasure and device diagnostic services, comprised of 27 separate legal entities across 15 countries.

In establishing the overall approach to the Group audit, we determined the type of work to be performed at the legal entities by us, as the Group engagement team, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those legal entities to be able to conclude on whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Of the Group's 27 legal entities, we identified four legal entities in the UK, USA, Japan and Germany as requiring an audit of their complete financial information based on their contribution to the Group's revenue. To further increase the level of coverage over the Group's income statement and balance sheet, we also performed an audit of the complete financial information for a further three legal entities covering the UK and Finland.

We identified a further four legal entities, in the USA, Ireland, Finland and India, where specified audit procedures were performed over certain financial statement line items to ensure sufficient coverage of those line items was obtained for the purposes of our Group audit opinion.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£365,000 (2020: £334,000)	£1,012,000 (2020: £1,047,000)
How we determined it	1% of revenues	1% of total assets
Rationale for benchmark applied	Revenue is considered to be an appropriate benchmark as it is one of the Group's KPIs and a primary measure used by shareholders in assessing the performance of the Group. We noted that using a profit-based benchmark would result in an inappropriately low benchmark, which would not be a useful basis for determining materiality.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted benchmark. This has been capped at a level below that of the Group materiality for the purposes of the Group audit.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £62,000 and £250,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £273,750 for the Group financial statements and £759,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £18,250 (Group audit) (2020: £16,700) and £18,250 (Company audit) (2020: £16,700), as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Discussions with management and the Directors regarding future plans for the Group and Company, including consideration of known future events such as the ongoing impact of COVID-19;
- Considering the Group's compliance with the terms of the revolving credit facility;
- Comparing the trading results of the Group and Company subsequent to the year end to the forecasts for that period, as well as assessing historical forecasting accuracy with respect to prior years;
- Assessing the Directors' future forecasts, including reconciling them to the latest Board approved budgets, testing the accuracy of the underlying forecast, assessing the basis for the underlying assumptions and performing sensitivity analysis on the key assumptions; and
- Assessing the severe but plausible downside scenario forecast prepared by the Directors to consider whether sufficient resources are available at Group and Company level in the event that the severe but plausible scenario were to occur.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to income tax regulations in the different jurisdictions in which the Group operates, AIM Rules and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate reported results and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management and the Directors regarding actual and potential litigations and claims, including known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading relevant meeting minutes, including those of the Board of Directors and Audit Committee;

- Evaluating the Group and Company controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations and those posted by unexpected users;
- Designing audit procedures to incorporate unpredictability around nature, timing and extent of our testing; and
- Challenging assumptions and judgements made by management and the Directors in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other Required Reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Simon Ormiston
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

28 September 2021

Consolidated Income Statement

for the year ended 30 June 2021

Continuing operations	Note	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Revenue	3	**36,506**	33,382
Cost of sales		**(2,807)**	(1,761)
Gross profit		**33,699**	31,621
Administrative expenses, depreciation and amortisation		**(31,925)**	(31,652)
Operating profit/(loss)		**1,774**	(31)
Acquisition costs	5	**–**	575
Exceptional income	5	**(837)**	(875)
Amortisation of acquired intangible assets		**2,859**	2,921
Share-based payments charge	29	**1,490**	1,447
Adjusted administrative expenses		**(28,413)**	(27,584)
Adjusted operating profit		**5,286**	4,037
Finance income	9	**121**	3
Finance costs	9	**(420)**	(151)
Profit/(loss) before tax		**1,475**	(179)
Taxation	10	**(95)**	169
Profit/(loss) for the year from continuing operations		**1,380**	(10)
Discontinued operations			
Post tax profit from discontinued operations	7	**331**	1,126
Profit for the year	6	**1,711**	1,116
Attributable to:			
Equity holders of the Company		**1,697**	1,153
Non-controlling interests	17	**14**	(37)
Profit for the year		**1,711**	1,116
Earnings per share			
Continuing operations:			
Basic	11	**1.84 p**	0.04 p
Diluted	11	**1.78 p**	0.04 p
Discontinued operations:			
Basic	11	**0.45 p**	1.56 p
Diluted	11	**0.43 p**	1.50 p
Total Group:			
Basic	11	**2.29 p**	1.60 p
Diluted	11	**2.21 p**	1.54 p

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2021

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Profit for the year	**1,711**	1,116
Other comprehensive (expense)/income – amounts that may be reclassified to profit or loss in the future:		
Exchange differences arising on translation of foreign entities	**(5,862)**	1,330
Total comprehensive (loss)/profit for the year	**(4,151)**	2,446
Attributable to:		
Equity holders of the Company	**(4,049)**	2,491
Non-controlling interests	**(102)**	(45)
Total comprehensive (loss)/profit for the year	**(4,151)**	2,446

Consolidated Balance Sheet

as at 30 June 2021

	Note	30 June 2021 £'000	30 June 2020 £'000
Assets			
Non-current assets			
Goodwill	13	**48,199**	51,881
Other intangible assets	14	**19,369**	22,798
Property, plant and equipment	15	**2,249**	1,765
Deferred tax assets	27	**119**	433
		69,936	76,877
Current assets			
Inventory	18	**110**	102
Trade and other receivables	19	**6,204**	7,254
Current tax asset		**469**	603
Cash and cash equivalents	20	**10,071**	6,719
		16,854	14,678
Total assets		**86,790**	91,555
Current liabilities			
Trade and other payables	21	**(7,767)**	(8,813)
Contingent consideration	26	**–**	(288)
Current tax liability		**(336)**	(269)
Provisions	25	**–**	(227)
		(8,103)	(9,597)
Non-current liabilities			
Other payables	21	**(1,131)**	(987)
Deferred tax liabilities	27	**(2,655)**	(3,516)
Provisions	25	**–**	(105)
		(3,786)	(4,608)
Total liabilities		**(11,889)**	(14,205)
Net assets		**74,901**	77,350
Equity			
Called up share capital	28	**1,512**	1,507
Share premium account	28	**21,103**	21,103
Merger reserve	28	**5,861**	5,861
Capital redemption reserve	28	**417**	417
Translation reserve	28	**190**	5,936
Retained earnings		**45,255**	41,861
Total equity attributable to equity holders of the Company		**74,338**	76,685
Non-controlling interest reserve	17	**563**	665
Total equity		**74,901**	77,350

The financial statements on pages 80 to 110 were approved by the Board of Directors and authorised for issue on 27 September 2021.

These were signed on its behalf by:

Adam Moloney
Chief Financial Officer

Company number: 05113820

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Non-controlling interest reserve £'000	Capital redemption reserve £'000	Total £'000
Balance as at 30 June 2019	**1,304**	**10,397**	**4,034**	**4,598**	**40,248**	**1,206**	**417**	**62,204**
Comprehensive income:								
Profit/(loss) for the year	-	-	-	–	1,153	(37)	–	1,116
Other comprehensive income/(expense):								
Exchange differences arising on translation of foreign entities	–	–	–	1,338	–	(8)	–	1,330
Total comprehensive profit	–	–	–	1,338	1,153	(45)	–	2,446
Transactions with owners recorded directly in equity:								
Issue of shares	203	10,706	1,827	–	–	–	–	12,736
Acquisition of non-controlling interest without a change in control	–	–	–	–	(1,370)	–	–	(1,370)
Reserves transfer on acquisition of non-controlling interest	–	–	–	–	496	(496)	–	–
Share-based payment charge	–	–	–	–	1,334	–	–	1,334
Balance as at 30 June 2020	**1,507**	**21,103**	**5,861**	**5,936**	**41,861**	**665**	**417**	**77,350**
Comprehensive income:								
Profit for the year	–	–	–	–	1,697	14	–	1,711
Other comprehensive expense								
Exchange differences arising on translation of foreign entities	–	–	–	(5,746)	-	(116)	–	(5,862)
Total comprehensive loss	–	–	–	(5,746)	1,697	(102)	–	(4,151)
Transactions with owners recorded directly in equity:								
Issue of shares	5	–	–	–	(5)	–	–	–
Share-based payment charge inclusive of deferred tax	–	–	–	–	1,702	–	–	1,702
Balance as at 30 June 2021	**1,512**	**21,103**	**5,861**	**190**	**45,255**	**563**	**417**	**74,901**

Consolidated Cash Flow Statement

for the year ended 30 June 2021

	Note	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Profit for the year		**1,711**	1,116
Adjustments for:			
Profit from discontinued operations	7	**(331)**	(1,126)
Net finance costs	9	**299**	148
Taxation	10	**95**	(169)
Loss on disposal of intangible assets	6	**66**	–
Profit on disposal of property, plant and equipment	6	**(6)**	(1)
Depreciation of property, plant and equipment	6	**1,129**	1,100
Amortisation of intangible assets	6	**3,753**	2,991
Amortisation of acquired intangible assets	6	**2,859**	2,921
Share-based payments expense	29	**1,490**	1,447
Operating cash flow before movement in working capital		**11,065**	8,427
Acquisition costs		**–**	575
Exceptional income		**(837)**	(875)
Adjusted EBITDA		**10,228**	8,127
Increase in inventories		**(19)**	(8)
Decrease in receivables		**588**	417
Decrease in payables and accruals		**(1,249)**	(2,373)
Cash generated from continuing operations		**10,385**	6,463
Acquisition costs payments		**252**	830
Share-based payments		**155**	–
Adjusted operating cash flow		**10,792**	7,293
Interest received		**54**	3
Interest paid		**(113)**	(146)
Other finance costs paid		**(242)**	–
Tax received/(paid)		**228**	(613)
Net cash generated from operating activities – continuing operations		**10,312**	5,707
Net cash used in operating activities – discontinued operations	7	**–**	(15)
Net cash generated from operating activities – continuing and discontinued operations		**10,312**	5,692
Cash flows from investing activities			
Purchase of property, plant and equipment		**(235)**	(401)
Purchase and development of intangible assets		**(4,876)**	(4,722)
Acquisition of subsidiaries, net of cash acquired	12	**(319)**	(2,721)
Net cash used in investing activities – continuing operations		**(5,430)**	(7,844)
Net cash used in investing activities – continuing and discontinued operations		**(5,430)**	(7,844)
Cash flows from financing activities			
Payment of the principal portion of lease liabilities		**(927)**	(820)
Payment made to acquire non-controlling interest		**–**	(28)
Share issue, net of fees		**–**	9,577
Repayment of borrowings	24	**–**	(6,500)
Net cash (used in)/generated from financing activities – continuing operations		**(927)**	2,229
Net cash (used in)/generated from financing activities – continuing and discontinued operations		**(927)**	2,229
Net increase in cash and cash equivalents	24	**3,955**	77
Other non-cash movements – exchange rate changes		**(603)**	6
Cash and cash equivalents at beginning of year	20	**6,719**	6,636
Cash and cash equivalents at end of year	20	**10,071**	6,719
Net cash	23, 24	**10,071**	6,719

Notes to the Accounts

for the year ended 30 June 2021

1. General Information

Blancco Technology Group plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. Details of its registered office are included on page 53, and the nature of the Group's operations and principal activities are set out in the Strategic Report from page 05. These financial statements are presented in thousands of pounds Sterling, which is the functional currency of the Company. Foreign operations are included in accordance with the policies set out in note 1.5.

1.1 Basis of Preparation

The consolidated financial statements of Blancco Technology Group plc have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and the applicable legal requirements of the Companies Act 2006. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are measured at fair value. The principal accounting policies adopted are set out below and have been consistently applied to all the years presented, unless otherwise stated.

1.2 Going Concern

The Group meets its day-to-day working capital through its cash reserves and also has access to a revolving credit facility, entered into in January 2021, which expires in January 2024 and which at the year end was not drawn upon.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic Report from page 05, which does not form part of the financial statements. Further information on the financial position of the Group, its cash flow, liquidity position and borrowing facility is also described in the Strategic Report. In addition, note 26 to the financial statements includes the Group's objectives, policies and processes for managing its capital, and its exposures to credit risk and liquidity risk.

After making enquiries, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

1.3 Changes in Accounting Policies

There are no changes to existing standards and interpretations that are relevant to the Group for year ended 30 June 2021.

At the date of approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 17 'Insurance contracts'*
- Amendment to IFRS 16 'Leases' – COVID-19-related rent concessions Extension of the practical expedient*
- Amendments to IFRS 17 and IFRS 4 'Insurance contracts', deferral of IFRS 9, as amended in June 2020
- Amendments to IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform'
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16*
- Amendments to IAS 1 Presentation of financial statements' on classification of liabilities*
- Narrow-scope amendments to IAS 1, Practice statement 2 and IAS 8*
- Amendment to IAS 12 'Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction'*

* Standards and interpretations not yet endorsed.

None of these amendments are expected to have a significant impact to the Group; however, the Group will continue to consider these and any additional amendments, interpretations and new standards to identify potential future impact.

1.4 Basis of Consolidation

The consolidated financial statements aggregate the results, cash flow and balance sheets of Blancco Technology Group plc (the "Company") and its subsidiary undertakings (together the "Group") drawn up to 30 June each year. A list of the Company's subsidiary undertakings including details of statutory year-ends that differ from the Group is given in note 17. The results of subsidiary undertakings acquired during a financial year are included from the date of acquisition. The financial statements of subsidiaries are prepared in accordance with the Group's accounting policies and to coterminous balance sheet dates.

Subsidiaries comprise the entities controlled by the Group. Control exists when the Group has power over an entity, is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that commences.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. On acquisition of a subsidiary, applicable assets and liabilities existing at the date of acquisition are reflected at their fair values.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the share of the changes in equity since the date of the combination. Acquisition of non-controlling interests' equity stakes in the Group's subsidiaries are recorded directly through reserves, with a transfer of the non-controlling interests' share of net assets directly to retained earnings on the date of acquisition.

1.5 Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at rates of exchange ruling at the balance sheet date. The income statements and cash flow of overseas subsidiaries are translated into Sterling at the weighted average exchange rates applicable during the year and their assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of opening net assets of overseas subsidiaries, together with differences between income statement accounts at average and closing rates, are included within other comprehensive income. All other exchange differences are accounted for within the income statement.

1.6 Goodwill and Intangible Assets

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a business at the date of the acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill and other intangible assets are reviewed for impairment annually, or, whenever there is an indication that they may be impaired, by comparing the carrying value of the asset, or group of assets, to its recoverable amount. Assets that do not generate cash inflows independent of other assets, are aggregated into cash-generating units (CGUs) and the recoverable amount of the CGU to which the asset belongs is estimated. The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use.

The value in use is estimated by calculating the present value of its future cash flow. Impairment charges are recognised in the income statement to the extent that the carrying value exceeds the recoverable amount in the period in which the impairment is identified.

Separately Identifiable Intangible Assets Arising on Business Combinations

Other intangible assets, such as customer relationships, brand names and other intellectual property, are recognised on business combinations if they are separable or arise from a legal or contractual right. Separately identifiable intangible assets are amortised over their expected future lives unless they are regarded as having indefinite useful lives, in which case they are not amortised, but subject to an annual impairment test.

- Customer relationships are being amortised on a straight-line basis over 1 to 12 years.
- Brand names are being amortised on a straight-line basis over 1 to 14 years.
- Intellectual property is being amortised on a straight-line basis over 8 to 10 years.

Amortisation of acquired intangibles is excluded from adjusted operating profit in the consolidated income statement.

Development Expenditure

Expenditure on research and certain development activities that do not meet the criteria for capitalisation is recognised as an expense in the period in which it is incurred. Any internally generated development costs (including software development) are recognised as an asset only if the following criteria are met:

- There is technical feasibility to complete the asset to be available for sale and that there are adequate resources available to complete development;
- There is an intention to complete the asset;
- The asset can be reasonably expected to generate future economic benefit;
- The costs can be reliably measured; and
- There is an ability to use or sell the product.

Amortisation of internally generated development expenditure is included within adjusted operating profit in the consolidated income statement.

Where no internally generated intangible asset can be recognised, the development expenditure is recognised as an expense in the period in which it is incurred.

Internally generated intangible assets are amortised on a straight-line basis over four years once the asset is available for use.

Asset in the Course of Construction

Intangible assets that are in the process of development and not yet ready for market are disclosed within assets in the course of construction. Amortisation does not commence on these assets until they are ready for market, subject to reviewing for impairment.

Assets in the course of construction are subject to the same recognition criteria as noted above for intangible assets, and are comprised of amounts incurred up to the balance sheet date.

Other Intangible Assets

Other intangible assets, such as purchased software, are initially measured at cost. Cost includes the purchase price of the assets and the directly attributable cost of bringing the asset into its intended use. After initial recognition, the intangible asset is carried at cost, less accumulated amortisation, less any accumulated impairment losses. Amortisation is charged evenly over the assets' estimated useful lives, which are between three and five years. The amortisation is presented in the income statement within administrative expenses.

Contingent Payments for Intangible Assets

Contingent payments for intangible assets represent future payments to be made for which the value currently is uncertain, and dependent on future sales performance. Any future contingent payments will be capitalised when they are incurred and the capitalised amount will be subsequently amortised in future periods.

1.7 Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are capitalised only when it is probable that they will result in future economic benefits flowing to the Group and when they can be measured reliably. Depreciation begins when the asset is available for use and is charged to the income statement on a straight-line basis so as to write off the cost less residual value of the asset over its estimated useful life as follows:

Leasehold improvements	–	over the period of the lease or life of the improvements if less
Computer equipment	–	25–33% per annum
Fixtures and fittings	–	16–50% per annum

The useful economic lives are reviewed on an annual basis to ensure that they are appropriate.

Gains and losses arising on the disposal of an asset are determined as the difference between the sale proceeds and the carrying amount of the asset and are recognised in the income statement.

1.8 Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes all direct expenditure and an appropriate proportion of attributable overheads that have been incurred in bringing the inventories and work in progress to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. The amount of any write-down of inventories to net realisable value is recognised as an expense in the year in which the write-down occurs.

1.9 Accruals and Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Liability classified provisions in respect of contingent consideration for acquisitions are made at fair value of the likely consideration payable taking account of the performance criteria, which affect the level of contingent consideration.

Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount rate is recognised as a finance cost.

1.10 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and is net of value added tax and other duties. Revenue is recognised when the delivery of goods or services has taken place in accordance with the terms of the sale, there is certainty on the value, recoverability is reasonably assured and control has transferred to the customer. Delivery is deemed to have taken place when the customer has full access to use the product and there is no further supply obligation for Blancco.

Revenue on software sales is recognised according to the terms of individual contracts, which fall into two types: either a volume or subscription basis.

- **Volume contracts.** Where Blancco products are sold on a volume basis a finite number of "uses" are delivered. Revenue is recognised on delivery as this is the point at which control is transferred to the customer and there are no continuing obligations to the Group.
- **Subscription contracts.** Revenue is recognised at specific points throughout the contract term at which point delivery has or (in the case of ongoing performance obligations) is expected to take place. In the majority of cases, delivery takes place concurrently with the invoice being issued, at the outset of a contract (or is part delivered if the customer is invoiced periodically), and accordingly licence revenue closely aligns to the point the invoice is booked with no revenue deferral. In cases where deliveries are expected to be made periodically throughout the contract term, sufficient revenue will be deferred to reflect management's best estimate of licences still to be delivered. In cases where a customer has been delivered licences in advance of an invoice being issued, a contract asset is recognised.

The majority of revenue is recognised at a point in time, when delivery takes, or is expected to take, place. A small number of subscription contracts are recognised over time where the service or licence provision is provided at a set level over a determined period. Revenue is recognised on a pro-rata basis, which generally aligns to straight-line recognition over the course of the contract.

Revenue billed in advance is deferred within contract liabilities. Revenue billed in arrears is recognised in contract assets and discounted to net present value where this impact is material.

Discounting is required where a financing component exists on contracts. Our standard payment terms are 30 days and contracts are not entered into with significant financing components. On long-term contracts, delivery is generally aligned with invoicing (either up front or periodically throughout the term) such that the timing difference between revenue recognition and cash collection is representative of our normal payment terms. The average days outstanding on debtors is disclosed in note 26.

The key judgement involved in assessing the criteria for revenue recognition is the identification of separate performance elements and their respective fair values, including assessing the underlying economics of the transaction versus what is contractually agreed.

Bundled sales or multiple-element arrangements require the Group to deliver hardware and/or a number of services under one agreement, or a series of agreements that are commercially linked. Under such agreements, an assessment is made over the ability to identify and account for each of the components separately, thereby identifying the different performance obligations. In order for these components to be identified, it is determined whether the component has standalone value to the customer and whether the fair value of the component can be measured reliably. If these criteria are deemed to be met, the components are accounted for separately. While all contracts are assessed on a case-by-case basis, for the majority of Blancco's sales, all components are measured separately except for:

- Cases where two or more components are inherently linked. This can arise on contracts where licences are sold with bespoke hardware or development and integration work, on the basis that either component relies on the other in order to function as a complete product; and
- Product upgrades that are linked to the licence element of contracts on the basis that these are unspecified, not required in order to maintain functionality of the product and that product upgrades to existing customers are only a by-product of the Group's product development activity.

Where these agreements are accounted for separately, the consideration received is allocated to each of the identifiable components based on the relative fair values. Fair values are determined on a hierarchical basis as follows:

- Evidence where the Group sells on a standalone basis.
- Evidence where the same or similar components are being sold by another third party.
- Cost of providing the service.

Blancco contracts a part of its revenue acting as an agent or reseller for third-party licences, which are sometimes sold in isolation or as a bundle with other Blancco products. This revenue is measured at fair value and recognised gross with a corresponding cost of sale on the basis that Blancco:

- Takes full title and ownership of the products prior to onward sale.
- Is exposed to variable returns of the sales of the product.
- Processes and decides on the best route to market for the equipment.
- Has full discretion in identifying customers for onward sale of products and establishes the selling price to these customers.

The revenue is recorded at the point that Blancco's obligation to deliver the third-party software has been satisfied.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.12 Employee Benefits

Pensions

The Group offers defined contribution pension arrangements to certain employees. Payments to defined contribution pension schemes are expensed as incurred.

Share-based Payments

Performance Share Plan

The terms of the scheme in operation is detailed in note 29 to the accounts. The scheme is treated as an equity-settled scheme since the exercise can be settled in cash or shares at the Company's discretion, and the Company has historically settled such schemes in shares.

The fair values of the options granted under the equity-settled scheme are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become entitled to the options. The fair value of the awards granted is measured using the average share price on the day preceding the grant date and the number of shares the employee is awarded. The fair value of the awards is reassessed at each reporting date based on the likelihood of achieving the vesting criteria and the likely level of attainment of the vesting criteria. Any corresponding change in the fair value is recorded as an expense or credit in the income statement with a corresponding increase or decrease in equity.

Sharesave Scheme

The terms of the new sharesave scheme are detailed in note 29 to the accounts. The scheme is treated as an equity settled scheme since the exercise is settled in shares.

The fair value of the options granted under this scheme are recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period in which the employees become entitled to the options. The fair value of the share options is measured using the Black–Scholes pricing model and using the option price determined prior to the commencement of the scheme. The fair value of the options is reassessed at each reporting based on the estimated forfeiture rate. Any corresponding change in the fair value would be recorded as an expense or a credit to the income statement with a corresponding increase or decrease in equity.

1.13 Own Shares Held by EBT

Transactions of the Company-sponsored EBT are treated as being those of the Company and are therefore consolidated in the Company and Group financial statements. In particular, the trust's transactions of shares in the Company are recorded directly to equity.

1.14 Leases

The Group leases property and certain office equipment. Leases are recognised in accordance with IFRS16, with those meeting the criteria being capitalised as right-of-use assets and a corresponding liability recognised, representing the discounted future payments over the duration of the agreement.

Right-of-Use Assets

The Group recognises right-of-use assets at the inception of the lease (the underlying date the lease is available for use). Right-of-use assets are measured at cost that equals the amount of the initial measurement of lease liability, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over a term that takes into account the length of the lease term, any break clauses and a reasonable expectation of the length of time it is intended to occupy the lease. In all cases, the depreciation period for any given asset aligns to the terms used to calculate the present value of lease payments.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities representing the discounted future fixed payments over the expected term of the lease (as noted above), measured at present value. In calculating the present value of lease payments, the Group uses discount rates based on estimated costs of borrowing to purchase an equivalent asset in each jurisdiction, where the interest rate is not explicitly stated in the lease agreement. Following the inception of the lease, the liability is increased to reflect the accretion of interest and reduced for lease payments made.

The Group applies the lease of low-values recognition exemption to leases of certain property and office equipment that are considered low value (less than £3,850). Lease payments on low-value leases are recognised as an expense on a straight-line basis over the lease term.

1.15 Financial Instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Equity Instruments

Equity instruments issued by the Group are initially recorded at the value of proceeds received, net of direct issue costs.

Contingent Consideration Payable

Contingent consideration payable is recognised at fair value, subject to discounting for the time value of money. Changes in fair value are recognised in the income statement.

Non-derivative Financial Instruments

Non-derivative financial instruments include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

- Cash and cash equivalents comprise cash balances and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.
- Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.
- Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.
- Bank borrowings are recognised initially at fair value net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The Group measures the provision for trade and other receivables with reference to expected lifetime credit losses, and by taking advantage of the simplified model for calculating this which is available for trade receivables. This requires a loss allowance to be recognised based on lifetime expected credit losses at each balance sheet date.

Blancco has adopted a 'provision matrix' approach, which uses historical credit loss experience, as well as factoring in the current market conditions, to set a level of provisioning for debts that are segregated by their key features such as location and ageing.

Derivative Financial Instruments

Derivative financial instruments include contracts the Group has taken out that relate to the value of another underlying asset. The Group takes out forward contracts to convert foreign currencies, generally in cases arising where excess foreign currency has been generated and is to be converted back to Sterling, or where there is high certainty on timing of cash flows associated with a large non-Sterling receivable.

Derivatives are accounted in accordance with IFRS9 and are measured at fair value. Changes in the fair value of derivative financial instruments after initial recognition are recorded in the income statement.

1.16 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the Group for expenses incurred are recognised in the income statement in the relevant financial statement caption on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for activity that otherwise meets the criteria for capitalisation as development expenditure, are offset against that spend and the underlying spend is not capitalised or depreciated.

Government grant income that is not received in cash at the year end is recognised as an asset within trade and other receivables.

1.17 Adjusted Operating Profit/Adjusted Operating Cash Flow

Adjusted operating profit is the key profit measure used by the Board to assess the underlying financial performance of the Group as a whole. Adjusted operating profit is stated before the following items for the following reasons:

- Acquisition costs, because these are irregular in nature.
- Exceptional income, because this is irregular and are not considered to reflect the underlying performance of the Group's operating businesses.
- Share-based payment charges, because these represent a non-cash accounting charge for long-term incentives to senior management rather than the underlying operations of the Group's business.
- Amortisation or impairment of acquired intangible assets because these are non-cash charges arising as a result of the application of acquisition accounting, rather than core operations.

Adjusted operating profit includes the release of provisions originally recorded from legacy M&A to the extent that these relate to operational business matters. To the extent these relate to exceptional or taxation related matters, they are recorded in the relevant income statement caption.

Adjusted EBITDA is adjusted operating profit with depreciation and amortisation added back.

Adjusted operating cash flow is a key internal measure used by the Board to evaluate the cash flow of the Group. It is defined as operating cash excluding taxation, interest payments and receipts, acquisition cost payments and exceptional restructuring cost payments.

1.18 Adjusted Earnings Per Share

An adjusted measure of earnings per share has also been presented. Adjusted earnings are stated before amortisation or impairment of acquired intangible assets, amortisation of bank fees, exceptional income and costs, acquisition costs, share-based payments, unwinding of the discounted contingent consideration, adjustments to estimates of contingent consideration and the tax impacts of the above items.

2. Critical Judgements and Estimations in Applying the Group's Accounting Policies

2.1 Judgements

In the process of applying the Group's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements.

The critical judgements in the preparation of the financial statements, are considered to be the following:

- Revenue recognition requires judgement over what constitutes a separable performance obligation, which can be complex in customer contracts where a number of services are being provided to the customer alongside licences. This judgement largely requires consideration of whether the performance obligations are standalone, and therefore should be recognised separately, or inherently linked, and therefore recognised together. There is further judgement on product delivery (1) over whether a contract is fulfilled at the point the licence is delivered or whether the Group retains an ongoing obligation to redeliver licences for product updates or enhancements; and (2) whether holding a stock of licences in a customer account on a shared cloud platform demonstrates that sufficient control has passed to the customer in order to recognise revenue. Management uses specific contractual terms in making this judgement over how much revenue to recognise.
- Underlying assumptions used in assessing uncertain tax positions and the assessment of the recoverability of any related deferred tax assets, based on the likelihood of future profitability against which to offset each deferred tax asset. Uncertain tax positions are estimated based on management's best estimate of the circumstances surrounding them. Judgement is required with respect to situations in which applicable tax regulation is subject to interpretation and management considers whether it is probable that a taxation authority will accept an uncertain tax treatment. Judgement is required in assessing whether certain subsidiaries will generate taxable profits in the future against which to offset deferred tax assets and uses historic performance and committed contractual revenues in making this assessment.
- Judgements in determining whether development expenditure meets the criteria for capitalisation, specifically on the activities of staff to ascertain whether all criteria to recognise capitalisation are met, which is done by reviewing the nature of work being undertaken by the development team.

2.2 Estimations

Additionally, management are also required to make judgements over certain balances that are uncertain and therefore require a degree of estimation as to the amounts included in the financial statements.

The material areas of estimation uncertainty, while not critical estimates as defined by IAS 1, are considered to be the following:

- **Goodwill and other intangible assets arising from business combinations**

  Allocating value to goodwill and other intangibles arising on business combinations requires estimation principally around assessing the value of future cash flows for the acquired intangibles and the discount rate used in assessing the current value of those cash flows. The assessment carries a high degree of estimation as it is based on future events that are inherently uncertain.

  Determining whether goodwill or other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the goodwill or other intangible assets are allocated. The value-in-use calculation includes estimates about future financial performance and long-term growth rates and requires management to select a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the impairment review are disclosed in note 13 to the financial statements.

- **Tax**

  The Group may recognise deferred tax assets in respect of unutilised losses and other temporary differences arising in certain of the Group's businesses (see note 27). This requires management to make decisions on the recoverability of such deferred tax assets based on future forecasts of taxable profits. If these forecast profits do not materialise, or there are changes in the tax rates or to the period over which the losses or temporary difference might be recognised, the value of the deferred tax asset will need to be revised in a future period.

  In addition, the Group has various uncertain tax provisions where the tax accounts or returns in each jurisdiction are not filed at the date of the filing of the Financial Statements. Additionally, there may be tax judgements that have not yet been made by local authorities, which have an impact on tax liabilities in historic periods. Management must therefore estimate the exposure on corporate tax liabilities based on the likelihood of potential tax liabilities crystallising.

- **Useful economic life of intangible assets**

  In setting the amortisation rates for the Group's intangible assets, management have to make an estimate of the time periods over which value will accrue on that particular asset. This can particularly fluctuate on capitalised development expenditure based on the timing and level of product releases. Changes in the actual usage of each asset would impact on the amortisation charge in each period of account.

- **Provisions**

  The Group carried a number of provisions (see note 25) against potential future liabilities for which the settlement value was uncertain. Management estimated the most likely outcome based on the range of potential outcomes and recorded a provision estimate accordingly.

3. Segmental Reporting

As outlined in the Group Financial Review, the Group's continuing operations consist of one segment. The segment consists of several key markets, comprising Enterprise/Data Centre, Mobile and ITAD; however, these are not separately considered segments in accordance with IFRS8 'Operating Segments', since they do not form part of management information provided to key decision makers and are measured only at revenue level.

Discontinued Operations

The post-tax results from discontinued operations in the year was a profit of £0.3 million (2020: £1.1 million). This arose from the final release of provisions that were created upon the disposal of the Repair Services business in the year ended 30 June 2016 (2020: £0.8 million), and in the prior year also included the release of provisions of £0.4 million no longer required in respect of a number of VAT liabilities arising from a VAT investigation.

Continuing Operations

Geographical Information

The following geographical information is based on the location of the business units of the Group:

Revenue from external customers	2021 £'000	2020 £'000
UK	3,396	3,304
USA	10,261	9,367
Asia Pacific	11,895	10,768
Europe	10,009	9,228
Rest of World	945	715
	36,506	33,382

No customer represented more than 10% of the Group's revenue (2020: none).

The Group derived revenue from the transfer of goods and services over time and at a point in time on the following basis:

Timing of revenue recognition	2021 £'000	2020 £'000
At a point in time	36,158	31,609
Over time	348	1,773
	36,506	33,382

The Group generated revenue from the supply of goods and the rendering of services on the following basis:

Revenue	2021 £'000	2020 £'000
Rendering of services	35,535	32,600
Supply of goods	971	782
	36,506	33,382

Unsatisfied long-term contracts

As at 30 June 2021, the Group had contracted but unsatisfied performance obligations amounting to £12.3 million (2020: £10.2 million) of which £8.8 million (2020: £6.6 million) is expected to be recognised as revenue in the next reporting period.

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2021 £'000	2020 £'000
Current contract assets relating to performance obligations satisfied	184	314
Contract liabilities	863	1,426

Contract assets arise predominantly where the Group expects to deliver no further product but the customer has not yet been fully billed. No loss allowance is recognised as the Group expects to collect all revenue on these contracts in full, based on the observed loss allowance historically for similar customers.

Contract liabilities have reduced predominantly due to one long-term contract signed in 2019 for which the delivery obligation was spread over the three-year contract period.

Of the total contract liability of £1.4 million (2020: £1.9 million) at the beginning of the period, £1.0 million has been recognised (2020: £0.9 million) in the year.

In the current year, there is no (2020: no) revenue recognised from performance obligations satisfied in prior periods.

Non-current assets	2021 £'000	2020 £'000
UK	174	444
Non-UK	69,762	76,433
	69,936	76,877

4. Auditors' Remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company and consolidated financial statements	122	121
The audit of the Company's subsidiaries pursuant to legislation	153	137
Total audit fees	275	258

There have been no non-audit fees in the current or prior year as PricewaterhouseCoopers LLP has not been engaged to provide any non-audit services.

The Board considers the level of fees paid to the auditor and in particular the level of non-audit fees on a regular basis and has concluded appropriate safeguards were in place to ensure the independence of the auditor.

5. Exceptional and Acquisition (Income)/Costs

	2021 £'000	2020 £'000
Provision releases	(478)	(875)
COVID-19 support income	(359)	–
Acquisition and deal costs	–	575
	(837)	(300)

Exceptional income arises from the release of provisions recognised on historic acquisitions that the business deemed to no longer to be required. These cover items that are exceptional in nature and do not relate to the underlying operating expenses of the acquired business and accordingly the releases are recorded through exceptional income.

A gain of £0.4 million arose from the forgiveness of US Payment Protection Program loans granted at the start of the COVID-19 pandemic.

Acquisition costs in the prior year relate to the acquisition of YouGetItBack Limited (now Blancco Technology Group Ireland Limited) that was completed in July 2019, and the buyouts of minority interest stakes in Japan and Singapore in December 2019.

6. Profit for the Year

Profit for the year for the Group has been arrived at after charging/(crediting):

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Depreciation of property, plant and equipment – owned	247	273
Depreciation of property, plant and equipment – right-of-use asset	882	827
Loss on disposal of intangible assets	66	–
Profit on disposal of property, plant and equipment	(6)	(1)
Amortisation of intangible assets	6,612	5,912
Expense relating to leases of low-value assets	25	24
Cost of inventories recognised as an expense	377	347
Research and development expense	1,131	1,121
Staff costs recognised as an expense, excluding share-based payments	17,507	16,230
Net foreign exchange (gain)/loss	(316)	101

Included within operating profit are profits totalling £0.1 million (2020: £0.3 million), arising from the release of provisions recognised on acquisition on contingent liabilities for which the business has made steps to eliminate the risk and deem to no longer be required. These liabilities cover provisions relating to the underlying operating expenses of the acquired business and accordingly the releases are recorded within adjusted operating profit.

7. Discontinued Operations

The post-tax result from discontinued operations in the year was a profit of £0.3 million (2020: £1.1 million). This arose from the final release of provisions that were created upon the disposal of the Repair Services business in the year ended 30 June 2016 (2020: £0.8 million). In the prior year, the release also included provisions of £0.4 million no longer required in respect of a number of VAT liabilities arising from a VAT investigation.

The cash flows associated with the discontinued operations are as follows:

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Profit for the year	**331**	1,126
Operating cash flow before movement in working capital	**331**	1,126
Decrease in payables and accruals	**–**	(354)
Release of provisions	**(331)**	(787)
Net cash used in operating activities – discontinued operations	**–**	(15)

There were no cash flows from investing or financing activities.

8. Staff Costs

	2021 Average number	2020 Average number
Sales and business development	**148**	142
Administration	**49**	48
Research and development	**119**	118
	316	308

Aggregate employment costs	**2021 Total £'000**	2020 Total £'000
Wages and salaries	**19,140**	17,740
Social security costs	**1,283**	1,311
Share-based payments	**1,490**	1,447
Other pension costs	**1,177**	1,023
	23,090	21,521

Of total staff costs of £23.1 million (2020: £21.5 million), £4.1 million were capitalised within other intangible assets (2020: £3.8 million).

Key management personnel have been identified as the 11 employees (2020: 11) comprising the main Board and executive leadership team.

Remuneration of key management personnel is as follows:

Key management personnel costs	**2021 £'000**	2020 £'000
Short-term employee benefits	**2,528**	2,146
Share-based payments	**772**	877
	3,300	3,023

Aggregate employment costs of Group Directors are as follows:

	2021 £'000	2020 £'000
Aggregate emoluments	**1,418**	1,100
Aggregate gains made on exercise of share options	**512**	–
Aggregate amounts receivable under long-term incentive schemes*	**1,899**	514
Company contributions to a pension scheme	**12**	17
	3,841	1,631

* with respect to options vesting on performance conditions in each year.

Aggregate remuneration disclosed here with respect to the Group's share option plans are stated at their market value, which differs to the charge through the income statement, which is expensed in accordance with IFRS 2. Further details on the share-based payment expense is disclosed in note 29.

Further details of the Directors' remuneration including those of the highest paid Director are provided in the audited section of the Remuneration Committee Report on pages 69 and 70. The share interests of Directors in the table on page 70 in the Remuneration Report form part of this note to the financial statements.

9. Finance Costs

Continuing operations	2021 £'000	2020 £'000
Bank interest receivable and similar income	121	3
Interest payable on bank loans and overdrafts	(18)	(81)
Other finance costs	(245)	(6)
Revaluation of contingent consideration (note 26)	(62)	–
Interest on lease liabilities	(95)	(64)
Net finance cost	**(299)**	(148)

10. Taxation

Continuing operations	2021 £'000	2020 £'000
Current tax		
UK corporation tax	–	–
Overseas tax	252	144
Adjustments in respect of prior years	(186)	–
Total current tax charge	**66**	144
Deferred tax		
UK	192	(174)
Overseas	(138)	(19)
Adjustments in respect of prior years	(25)	(120)
Total deferred tax charge/(credit) (note 27)	**29**	(313)
Tax charge/(credit)	**95**	(169)

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's total income tax charge/(credit) for the year can be reconciled to the profit/(loss) before tax per the consolidated income statement as follows:

	2021 £'000	2020 £'000
Profit/(loss) before tax	1,475	(179)
Tax at standard UK corporation tax rate of 19% (2020: 19%)	280	(34)
Effects of:		
Permanent differences	(28)	(13)
Rate differences	113	99
Adjustment in respect of prior years	(211)	(120)
Revaluation of deferred tax balances	(14)	227
Movement on unrecognised deferred tax assets	100	(328)
R&D tax credit	(145)	–
Tax charge/(credit)	**95**	(169)

Factors That May Affect Future Current and Total Tax Charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24 May 2021). Deferred taxes at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements.

Deferred Tax Charge on Share-Based Payments

A deferred tax asset is recognised on the difference between the accounting and tax value of unvested share options. The timing difference arises due to the IFRS 2 charge being expensed over the duration of the vesting period; however, the tax deduction is only allowable at the point of exercise.

Where an additional timing difference arises due to the difference between the accounting value (represented by the IFRS 2 charge) and the tax value of the outstanding awards (represented by market value), the corresponding credit is taken directly to equity. In the year, a total credit of £0.6 million was recognised directly in retained earnings (2020: £nil).

The deferred tax asset is offset against deferred tax liabilities in accordance with IAS 12, and therefore is included within this financial statement caption, due to the tax impacts occurring in the same jurisdiction.

11. Earnings Per Share (EPS)

	Year ended 30 June 2021 Pence	Year ended 30 June 2020 Pence
Continuing operations		
Basic earnings per share	**1.84p**	0.04p
Diluted earnings per share	**1.78p**	0.04p
Adjusted earnings per share	**5.77p**	4.70p
Diluted adjusted earnings per share	**5.58p**	4.52p
Discontinued operations		
Basic earnings per share	**0.45p**	1.56p
Diluted earnings per share	**0.43p**	1.50p
Adjusted earnings per share	**0.45p**	1.56p
Diluted adjusted earnings per share	**0.43p**	1.50p
Total Group		
Basic earnings per share	**2.29p**	1.60p
Diluted earnings per share	**2.21p**	1.54p
Adjusted earnings per share	**6.22p**	6.26p
Diluted adjusted earnings per share	**6.01p**	6.02p

Continuing operations	**Year ended 30 June 2021 £'000**	Year ended 30 June 2020 £'000
Profit/(loss) for the year	**1,380**	(10)
(Profit)/loss attributable to non-controlling interests	**(14)**	37
Profit attributable to equity holders of the parent company	**1,366**	27
Reconciliation to adjusted profit:		
Revaluation of contingent consideration	**62**	–
Acquisition costs	**–**	575
Amortisation of acquired intangible assets	**2,859**	2,921
Exceptional income	**(837)**	(875)
Amortisation of bank fees	**3**	6
Share-based payments charge	**1,490**	1,447
Tax impact of above adjustments	**(667)**	(699)
Adjusted profit for the year	**4,276**	3,402

The weighted average number of shares and reconciliation between basic and diluted measures is presented below:

Number of shares	Year ended 30 June 2021 '000s	Year ended 30 June 2020 '000s
Weighted average number of shares (excluding bonus element and treasury shares)	**73,964**	72,187
Bonus element from share placing in July 2019	**140**	140
Basic	**74,104**	72,327
Impact of dilutive share options	**2,573**	2,938
Diluted	**76,677**	75,265

The bonus element increasing the basic number of shares used in the earnings per share calculation arises from the placing of 8,000,000 shares in July 2019 and represents the number of shares effectively issued without consideration, due to the issue price of 125 pence being at a discount on the market price of 127.5 pence prior to the placing.

The dilutive share options are in respect of the shares awarded under the Blancco Performance Share Plan and Sharesave Plan and further details of the schemes are in note 29.

12. Cash Flows Associated with Acquisitions and Disposals

Within the consolidated cash flow statement, the £0.3 million cash outflow relating to "acquisitions of subsidiaries, net of cash acquired" arises from the final payment of contingent consideration on the Xcaliber acquisition. In the prior year, the £2.7 million outflow was in relation to the acquisition of YouGetItBack Limited (now Blancco Technology Group Ireland Limited).

13. Goodwill

	Total £'000
Cost	
At 1 July 2019	47,262
Acquisition	3,481
Foreign exchange movement	1,138
At 30 June 2020	51,881
Foreign exchange movement	(3,682)
At 30 June 2021	**48,199**
Accumulated impairment losses	
At 1 July 2019, 30 June 2020 and 30 June 2021	–
Net book value	
At 30 June 2021	**48,199**
At 30 June 2020	51,881
At 30 June 2019	47,262

Management has used the Board approved budget for the year ending 30 June 2022 as the basis on which future cash flow projections are calculated.

A future cash flow projection is modelled out for ten years using assumptions of annual growth rates, increases in the cost of direct and indirect costs. Additionally, the modelling takes into account the movement in working capital required to sustain the growth, and the continued annual investment in R&D in order to maintain the products to support the projected revenues.

The projections in excess of the budget period extend to ten years, which is in excess of the standard projection period of five years. The Directors continue to consider the extended period appropriate for the following reasons:

- The Group has historically observed growth rates in excess of the post-war real annual average growth rate, and over a sustained period in excess of five years.
- The technology sector is generally growing at a higher rate that than the average for the countries in which we operate, with the level of data creation far in excess of long-term average growth rates.
- Data security continues to become a much more regulated sector, which is leading to higher levels of market education around the benefits of data erasure, which is continuing to expand our market reach.

The assumptions used in the ten-year projection period remain the same as the prior period and include annual compound growth in revenue and sales and marketing costs of 7.5%. This level of growth is lower than each of the compound average growth rate observed within the Group, the growth rates observed over the last 18 months which have been COVID-19 affected, and the growth rate used in the approved budget. This is, therefore, considered to be a prudent forecast of medium-term growth potential due to market drivers. The growth in the fixed cost base in the model remains at 2%.

Notes to the Accounts continued

for the year ended 30 June 2021

This equates to a compound annual growth in Adjusted EBITDA over this period of 10.9%, with this metric being the key driver behind cash generation. The Directors consider the increase in operating margin to be appropriate given the low cost of sales of the product, resulting in the overall cost base growing at a slower rate than revenues.

A terminal growth value of 2% has been used in year ten, which is benchmarked upon the post-war real annual average growth in GDP in the markets the Group serves.

The pre-tax discount rate applied is 9.8%. In the prior year, the pre-tax discount rate applied was 8.9%. The discount rate has increased due to the increase in the risk-free rate of return applied in the weighted average cost of capital calculations.

Management has undertaken sensitivity analysis on several of the key assumptions in the value-in-use calculations. However, the results of the sensitivity analysis conclude that there would have to be a significant change in key assumptions to occur before impairment would be triggered. For example, the compound annual revenue and EBITDA growth rate would have to decline to 0.7% before any impairment was triggered which is considered unrepresentative of long-term future growth prospects, and would represent a 91% reduction on the current assumption. Analysis completed on the fixed cost base and discount factor conclude that a similarly significant adjustment to those single inputs would be required to trigger impairment

Management have therefore concluded that there is a more than adequate amount of headroom in the calculations and that there is no single reasonably possible change in the key assumptions that would trigger impairment. It is therefore reasonable to value the goodwill at its purchased value and that no impairment is necessary at 30 June 2021.

14. Other Intangible Assets

	Brand name £'000	Intellectual property £'000	Customer contracts £'000	Development expenditure £'000	Assets under construction £'000	Other intangible assets £'000	Total £'000
Cost							
At 1 July 2019	**3,585**	**15,591**	**8,948**	**11,181**	**1,220**	**2,362**	**42,887**
Additions	–	–	–	4,079	381	452	4,912
Acquisitions	56	1,281	312	–	–	–	1,649
Reclassifications	–	–	–	1,220	(1,220)	–	–
Exchange movement	76	357	187	226	24	39	909
At 30 June 2020	**3,717**	**17,229**	**9,447**	**16,706**	**405**	**2,853**	**50,357**
Additions	–	–	–	4,211	–	461	4,672
Disposals	–	–	–	–	–	(331)	(331)
Reclassifications	–	–	–	405	(405)	–	–
Exchange movement	(248)	(1,173)	(613)	(1,182)	–	(502)	(3,718)
At 30 June 2021	**3,469**	**16,056**	**8,834**	**20,140**	**–**	**2,481**	**50,980**
Accumulated amortisation							
At 1 July 2019	**1,563**	**7,780**	**4,485**	**6,057**	**–**	**1,280**	**21,165**
Charge for the year	295	1,719	907	2,662	–	329	5,912
Exchange movement	47	227	120	66	–	22	482
At 30 June 2020	**1,905**	**9,726**	**5,512**	**8,785**	**–**	**1,631**	**27,559**
Charge for the year	241	1,719	899	3,324	–	429	6,612
Disposals	–	–	–	–	–	(265)	(265)
Exchange movement	(145)	(710)	(375)	(625)	–	(440)	(2,295)
At 30 June 2021	**2,001**	**10,735**	**6,036**	**11,484**	**–**	**1,355**	**31,611**
Net book value at 30 June 2021	**1,468**	**5,321**	**2,798**	**8,656**	**–**	**1,126**	**19,369**
Net book value at 30 June 2020	1,812	7,503	3,935	7,921	405	1,222	22,798
Net book value at 30 June 2019	2,022	7,811	4,463	5,124	1,220	1,082	21,722

The Group's capitalised internal development expenditure of £4.1 million (2020: £3.8 million), relates predominantly in the continued development of Blancco software. Amortisation of internally generated development expenditure for the Group is £3.0 million (2020: £2.6 million).

The amortisation is presented in the income statement within administrative expenses, with the amortisation associated with acquired intangibles included within adjusted administrative expenses and therefore not recorded in adjusted operating profit.

15. Property, Plant and Equipment

	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Right-of-use assets £'000	Total £'000
Cost					
At 1 July 2019	**6**	**661**	**398**	**3,585**	**4,650**
On acquisition	–	–	136	132	268
Additions	12	244	145	307	708
Reclassification	62	–	(62)	–	–
Disposals	–	–	(122)	(463)	(585)
Exchange movement	–	13	8	65	86
At 30 June 2020	**80**	**918**	**503**	**3,626**	**5,127**
Additions	–	197	38	1,723	1,958
Disposals	(27)	(36)	(19)	(1,486)	(1,568)
Exchange movement	(5)	(100)	(50)	(217)	(372)
At 30 June 2021	**48**	**979**	**472**	**3,646**	**5,145**
Accumulated depreciation					
At 1 July 2019	**6**	**445**	**232**	**1,888**	**2,571**
On acquisition	–	–	118	66	184
Charge for the year	18	129	126	827	1,100
Reclassification	32	–	(32)	–	–
Disposals	–	–	(121)	(416)	(537)
Exchange movement	–	2	6	36	44
At 30 June 2020	**56**	**576**	**329**	**2,401**	**3,362**
Charge for the year	10	158	79	882	1,129
Disposals	(27)	(36)	(19)	(1,341)	(1,423)
Exchange movement	(4)	(81)	(27)	(60)	(172)
At 30 June 2021	**35**	**617**	**362**	**1,882**	**2,896**
Net book value at 30 June 2021	**13**	**362**	**110**	**1,764**	**2,249**
Net book value at 30 June 2020	24	342	174	1,225	1,765
Net book value at 30 June 2019	–	216	166	1,697	2,079

16. Leases

The balance sheet includes the following amounts relating to leases:

	2021 £'000	2020 £'000
Right-of-use assets		
Buildings	**1,709**	1,170
Vehicles	**55**	55
	1,764	1,225

	2021 £'000	2020 £'000
Lease liabilities		
Current	**678**	727
Non-current	**1,092**	556
	1,770	1,283

Additions to the right-of-use assets during the year were £1.7 million (2020: £0.3 million) and principally comprise new building leases.

The income statement includes the following amounts relating to leases.

	2021 £'000	2020 £'000
Depreciation charge of right-of-use assets		
Buildings	**852**	800
Vehicles	**30**	27
	882	827
Interest charge on lease liabilities	**95**	64
Expense relating to lease of low-value assets	**25**	24

The total cash outflow for leases in the year was £1.0 million (2020: £0.9 million), which includes the cash outflow from low-value leases of £25,000 (2020: £24,000).

17. Investments

The Group's subsidiary undertakings are as follows:

Company name	Principal activity of the Company	Ownership percentage by the Group	Country of incorporation	Company address
Held directly by the Company				
Blancco Central Services Ltd	Intermediate services company	100%	England and Wales	Suite 1, Chapel House, Thremhall Park, Start Hill, Bishops Stortford, Hertfordshire CM22 7WE
Blancco (Software) Services Ltd	Intermediate holding company	100%	England and Wales	Suite 1, Chapel House, Thremhall Park, Start Hill, Bishops Stortford, Hertfordshire CM22 7WE
Blancco Trustees Ltd	Trustee for the Blancco Employee Benefit Trust	100%	England and Wales	Suite 1, Chapel House, Thremhall Park, Start Hill, Bishops Stortford, Hertfordshire CM22 7WE
Blancco Technology Group Ireland Limited (formerly YouGetItBack Limited)	Smartphone diagnostics	100%	Ireland	Evergreen House, Congress Road, Cork T12 X792
Held indirectly by the Company				
Blancco APAC Pte. Limited	Data erasure	100%	Singapore	1 Paya Lebar Link, #04-01 Paya Lebar Quarter Singapore 408533
Blancco Finland Acquisitions Oy	Intermediate holding company	100%	Finland	Upseerinkatu 1-3 FIN-02600 Espoo Lansikatu 15
Blancco Technology Group IP Oy	Data erasure	100%	Finland	Upseerinkatu 1-3 FIN-02600 Espoo Lansikatu 15
Blancco Diagnostics (India) Pvt Ltd**	Smartphone diagnostics	100%	India	Sai Radhe Complex, B Wing, Ofc No.109, Urbanwrk Floor 5 Sangamwadi, Kennedy Rd, Bhd Hotel Sheraton Grand, Pune MH 411001
Blancco (Software) India Private Limited**	Data erasure	100%	India	Sai Radhe Complex, B Wing, Ofc No.109, Urbanwrk Floor 5 Sangamwadi, Kennedy Rd, Bhd Hotel Sheraton Grand, Pune MH 411001
Blancco (Software) Netherlands BV	Data erasure	100%	Netherlands	Schiphol Boulevard 127, 1118 BG Schiphol
Blancco Technology (Beijing) Co., Ltd*	Data erasure	100%	China	17/F, Tower D1, DRC Diplomatic Office Building, No. 19 Dongfangdong Road, Chaoyang District, Beijing 100016 China

Company name	Principal activity of the Company	Ownership percentage by the Group	Country of incorporation	Company address
Blancco Software Services Inc.	Intermediate holding company	100%	United States of America	555 Northpoint Center East, Suite 400, Alpharetta, GA, 30022
Blancco Services US LLC	Intermediate services company	100%	United States of America	555 Northpoint Center East, Suite 400, Alpharetta, GA 30022
Blancco Oy Ltd	Data erasure	100%	Finland	Upseerinkatu 1-3 FIN-0200 Espoo Lansikatu 15
Blancco UK Ltd	Data erasure	100%	England and Wales	Suite 1, Chapel House, Thremhall Park, Start Hill, Bishops Stortford, Hertfordshire CM22 7WE
Blancco France SAS	Data erasure	100%	France	2, Allée de la Marque, Centre d'Affaires du Molinel, Bât E – 2ème étage, 59290 Wasquehal, France
Blancco US LLC	Data erasure	100%	United States of America	555 Northpoint Center East, Suite 400, Alpharetta, GA, 30022
Blancco Central Europe GmbH	Data erasure	100%	Germany	Monrepossstrasse 53, D-71634 Ludwigsburg
Blancco Canada Inc.	Data erasure	100%	Canada	Unit 1B, 33820 South Fraser Way, Abbotsford, B.C. V2S2C5
Blancco SEA Sdn Bhd	Data erasure	100%	Malaysia	Suite B-10-2, Level 10, Tower B, Plaza Paintai, Off Jalan Patai Baru 59200 Kuala Lumpur
Blancco Australasia Pty Ltd	Data erasure	100%	Australia	Level 19 10 Eagle Street Brisbane, QLD 4000
Blancco Japan Inc.	Data erasure	80%	Japan	Gaien Building SF, 2-23-8 Minami-Aoyama, Minato-Ku, Tokyo 107-002
Blancco Sweden SFO	Data erasure	100%	Sweden	Franzengatan 53 112 15 Stockholm
SafeIT Security Sweden AB	Data erasure	100%	Sweden	Franzengatan 53 112 15 Stockholm
YouGetItBack (Nominees) Limited*	Smartphone diagnostics	100%	Ireland	Ground Floor, 6 Lapps Quay, Cork
YouGetItBack Inc*	Smartphone diagnostics	100%	United States of America	One Broadway, 14th Floor Kendall Square, Cambridge, MA 02142

* Year end date is 31 December, but consolidated to 30 June.
** Year end date is 31 March, but consolidated to 30 June.

The proportion of voting rights represented by the shareholdings is consistent with the percentages disclosed in the table above.

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Investments in Part-owned Subsidiaries

Summarised financial information relating to each of the Group's subsidiaries with non-controlling interest (NCI) that are material to the Group, before any intra-group eliminations, is shown below. These are aggregated for all Blancco subsidiaries as they are performing the same function for the Group in different jurisdictions:

	2021 £'000	2020 £'000
Shareholdings	80%	51–80%
Current assets	2,131	2,236
Non-current assets	2,642	2,676
Current liabilities	(1,957)	(1,589)
Non-current liabilities	–	–
Net assets	2,816	3,323
Net assets attributable to NCI	563	665
Revenue	7,925	7,672
Profit/(loss) after taxation	70	(162)
Profit/(loss) after taxation attributable to NCI	14	(37)
Cash flows from operating activities	281	367
Cash flows from investing activities	(24)	(4)
Cash flows from financing activities	(113)	(2,004)
Net increase/(decrease) in cash and cash equivalents	144	(1,641)
Other non-cash movements – exchange rate changes	(75)	33

18. Inventory

	2021 £'000	2020 £'000
Finished goods	110	102

There is no provision for obsolete stock held in the consolidated balance sheet (2020: £nil).

19. Trade and Other Receivables

	2021 £'000	2020 £'000
Trade receivables	4,953	6,106
Less: loss allowance	(209)	(198)
Trade receivables net of provision	4,744	5,908
Prepayments, contract assets and other receivables	1,460	1,346
	6,204	7,254

A reconciliation of the movement in the loss allowances for trade receivables is as follows:

	2021 £'000	2020 £'000
At 1 July	198	284
Increase/(decrease) in loss allowance recognised in the income statement during the year	65	(86)
Write-offs	(54)	–
At 30 June	209	198

20. Cash and Cash Equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	10,071	6,719

21. Trade and Other Payables

Included within the trade and other payables current liability are:

	2021 £'000	2020 £'000
Trade payables	**498**	595
Other taxes and social security	**1,554**	1,707
Lease liabilities	**678**	727
Other payables	**134**	128
Accruals	**4,079**	4,661
Contract liabilities	**824**	995
	7,767	8,813

Included within the other payables non-current liability are:

	2021 £'000	2020 £'000
Lease liabilities	**1,092**	556
Contract liabilities	**39**	431
	1,131	987

22. Bank Borrowings

The bank borrowing is secured on the majority of the Company's assets for the duration of the revolving credit facility, which was entered into in January 2021. The total cash facility available to the Company, including an overdraft facility, as at 30 June 2021 totalled £7.0 million (2020: £12.0 million), of which £nil (2020: £nil) had been drawn down in cash at the balance sheet date, resulting in an unutilised facility of £7.0 million (2020: £12.0 million). The facility is available until January 2024.

The overdraft facility is presented within cash and cash equivalents.

Under the revolving credit facility, the Group is subject to certain financial covenants relating to:

- Leverage – the ratio of total net debt to EBITDA.
- Interest cover – the ratio of EBITDA to total debt costs.

The Group has complied with these financial covenants in the year and future forecasts indicate these will be met for the remaining duration of the facility.

23. Net Cash

	2021 £'000	2020 £'000
Cash and cash equivalents	**10,071**	6,719
	10,071	6,719

24. Reconciliation of Movement in Cash and Financing Liabilities

	At 1 July 2020 £'000	Cash flow £'000	Other non-cash items £'000	At 30 June 2021 £'000
Cash at bank and in hand	6,719	3,955	(603)	**10,071**
Net cash	6,719	3,955	(603)	**10,071**
Lease liabilities	1,283	(1,022)	1,509	**1,770**

	At 1 July 2019 £'000	Cash flow £'000	Other non-cash items £'000	At 30 June 2020 £'000
Cash at bank and in hand	6,636	77	6	6,719
Borrowings	(6,494)	6,500	(6)	–
Net cash	142	6,577	–	6,719
Lease liabilities	1,757	(884)	410	1,283

Other non-cash items within lease liabilities includes new leases of £1.7 million (2020: £0.3 million) and disposals of £0.1 million (2020: £nil).

25. Provisions

	Total £'000
At 1 July 2019	**1,119**
Released during year	(787)
At 30 June 2020	**332**
Released during year	(332)
At 30 June 2021	**–**

The provisions represented tax and other potential liabilities relating from the disposal of the discontinued businesses in 2016.

	2021 £'000	2020 £'000
Current	–	227
Non-current	–	105
	–	332

26. Financial Instruments – Risk Management

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising return for stakeholders through the optimisation of the debt and equity balance.

The Group's capital structure is as follows:

	2021 £'000	2020 £'000
Cash and cash equivalents	10,071	6,719
Net cash	10,071	6,719
Equity holders of the Company	74,338	76,685
Gearing ratio (net debt to equity)	n/a	n/a

Under the revolving credit facility, the Group is subject to certain financial covenants relating to:

- Leverage – the ratio of total net debt to EBITDA.
- Interest cover – the ratio of EBITDA to total debt costs.

The Group has complied with these financial covenants in the year and future forecasts indicate these will be met for the remaining duration of the facility.

Categories of Financial Instruments

The following assets and liabilities at carrying values meet the definition of financial instruments and are classified according to the following categories.

	2021 £'000	2020 £'000
Assets carried at amortised cost		
Trade and other receivables	5,352	6,476
Cash	10,071	6,719
Financial assets	**15,423**	13,195

	2021 £'000	2020 £'000
Liabilities carried at amortised cost		
Trade and other payables	4,700	5,371
Lease liabilities	1,770	1,283
Liabilities carried at fair value through profit and loss		
Contingent consideration	–	288
Financial liabilities	**6,470**	6,942

Estimation of Fair Values

The Group analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. There are no Level 1 financial assets or liabilities.

Level 2: 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). There are no Level 2 financial assets or liabilities.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The only Level 3 instrument is the contingent consideration liability and it is carried at fair value derived using a Level 3 valuation method. The movement in the fair value is shown below:

	Xcaliber £'000	Total £'000
At 1 July 2019	**278**	**278**
Revaluation of contingent consideration	10	10
At 30 June 2020	**288**	**288**
Reassessment of fair value of contingent consideration	62	62
Revaluation of contingent consideration	(31)	(31)
Payment of contingent consideration	(319)	(319)
At 30 June 2021	**–**	**–**

During the year, the contingent consideration for Xcaliber was revalued resulting in a credit recognised in the Translation Reserve, since the liability is recorded in subsidiaries whose reporting currency is non-sterling. The fair value of the contingent consideration was reassessed resulting in a non-cash charge of £0.1 million to the income statement. The contingent consideration was paid in January 2021.

For the other financial assets and financial liabilities, the carrying value and fair value is considered to be the same with the following assumptions:

- For trade and other receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value.
- For cash and cash equivalents, the amount reported on the balance sheet approximates to fair value.
- For borrowings at floating rates, the carrying value is deemed to reflect the fair value as it is considered to represent the price of the instrument in the marketplace.

Financial Risk Management

The main risks arising from the Group's financial instruments are market risk (including foreign currency risk and interest rate risk), liquidity risk and credit risk. The Group seeks to minimise the effects of these risks by developing and consistently applying Board approved policies and procedures. Such policies and procedures are regularly reviewed for their appropriateness and effectiveness to deal with the changing nature of financial risks.

Market Risk – Interest Rate Risk

During the year, the revolving credit facility attracted a margin of 1.75% (2020: 1.65% under the previous facility) above LIBOR (for GBP amounts drawn down). The undrawn part of the revolving credit facility is subject to a charge during its availability, computed at 35% (2020: 40% under the previous facility) of margin.

The facility allows for a change in interest rate benchmark, due to the planned discontinuation of LIBOR and EURIBOR rates at the end of this year. The benchmark is anticipated to change to SONIA (for GBP borrowings) and ESTR (for EUR borrowings). The change in benchmark is not expected to materially impact the Group's interest charge, since the replacement measures have historically tracked very closely to the LIBOR and EURIBOR rates.

A change in the LIBOR or EURIBOR rate (and potential future changes in the SONIA and ESTR rates) of 1% would increase or decrease the annual interest charge on the revolving credit facility drawn down as at 30 June 2021 of £nil (2020: £nil) by £nil (2020: £nil).

Foreign Currency Risk

One of the risks that the Group faces in doing business in overseas markets is currency fluctuations. The Group's hedging policy is the responsibility of the Board. The CFO periodically reviews the Group's hedging activities and will formally recommend any changes to the Board as necessary.

- Where we have accumulated a significant value of non-sterling cash through trading, we will periodically convert this back to sterling at spot rates, or forward rates if the Group can obtain a more attractive conversion rate.
- We may undertake a limited number of forward contracts for certain payments and receipts, where the amounts are large, are not denominated in the local country's functional currency, where the timing is known in advance, and where the amount can be predicted with certainty.
- We may undertake natural hedging between the cash and borrowings of different currencies, through the Group's multi-currency pooled overdraft.
- We may undertake natural hedging by structuring and paying future earn-outs on acquisitions and significant investments in the target Company's local currency.
- We do not undertake any other hedging activities in respect of tangible and intangible fixed assets, working capital such as stock, debtors, or creditors, or other balance sheet items, as these are generally small in nature in any one individual country. We do not undertake any cash flow or profit hedging activities to insulate from currency movements in respect of overseas earnings, as we cannot assess these earnings with any high degree of accuracy in terms of timings and amounts.

The Group has a good mix of business across ten main currencies and this does provide some degree of smoothing of currency movements in any one country through a portfolio effect.

The table below shows the extent to which the Group had significant monetary assets and liabilities denominated in currencies other than the local currency of the Company in which they are recorded, for those currencies which represent over 10% of revenues.

	JPY denominated		EUR denominated		USD denominated	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Monetary assets	**806**	2,178	**2,817**	2,914	**1,194**	1,006
Monetary liabilities	**–**	(1,736)	**(4,829)**	(5,242)	**(2,643)**	(1,817)
Net monetary assets/(liabilities)	**806**	442	**(2,012)**	(2,328)	**(1,449)**	(811)

There is one forward contract in place as at 30 June 2021 (2020: one). The quantum of the forward contract at 30 June 2021 is £0.3 million (2020: £1.7 million) and hedges against part of the Group's euro cash holding at this date, and is included as a euro denominated asset in the above table. The fair value of the forward contract as at 30 June 2021 was immaterial (2020: immaterial).

The large euro and US dollar monetary liabilities represent the overdraft balance held in foreign currencies by the Company, which are hedged against cash balances denominated in those currencies which are held in overseas subsidiaries. The overseas holdings do not generate foreign currency volatility through the income statement, and hence are not represented in the above monetary assets, since they generally report their results in the currencies of those cash balances.

Sensitivity Analysis

This quantifies the impact of change in value of assets and liabilities denominated in a currency other than the functional currency of that business unit. A 10% appreciation/depreciation of the Japanese yen, the euro and the US dollar against sterling, applied to the net exposures as at 30 June, would give rise to the following gain/(loss) in the retranslation of these balances:

	JPY denominated		EUR denominated		USD denominated	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Profit/(loss) before tax – gain/(loss)						
10% appreciation of JPY/EUR/USD	**81**	44	**(201)**	(233)	**(145)**	(81)
10% depreciation of JPY/EUR/ USD	**(81)**	(44)	**201**	233	**145**	81

The analysis has been performed using the Group exchange rates at the 30 June 2021 reporting date of 1.16 €/£ (2020: 1.09 €/£); 152.83 JPY/£ (2020: 132.16 JPY/£); and 1.38 US$/£ (2020: 1.23 US$/£).

It is noted that while volatility exists in future income statements, due to the hedging of overdraft and cash balances across currencies and subsidiaries, the balance sheet volatility in respect of net debt is minimised as far as practical.

The Group is exposed to fluctuations in exchange rates on the translation of net assets and profits earned by foreign subsidiaries. These profits are translated at the prior month closing exchange rate during the year, which is an approximation of the rates at the date of the transaction.

Credit Risk

The top ten customers (all of which are major businesses or large public sector clients) account for 20.76% (2020: 19.64%) of the Group's revenue and hence there is some customer reliance risk, although the biggest single customer accounts for 5.42% (2020: 4.20%) of revenue.

As at the year-end, 93% (2020: 80%) of our net trade receivables balances were in terms and therefore the Board believes these balances do not present a significant credit risk that could lead to a loss for the Group.

Ageing of trade receivables, net of impaired balances, is as follows:

	2021 £'000	2021 %	2020 £'000	2020 %
Current	4,448	93	4,702	80
Past due				
Less than 30 days overdue	133	3	649	11
30 to 60 days overdue	133	3	203	3
More than 60 days overdue	30	1	354	6
	4,744	100	5,908	100

The average credit period taken on sales is 47 days (2020: 62 days).

The Group has provided for specific trade receivables where the recoverability is highly unlikely and provided an expected loss provision across all other debtors. As at 30 June 2021, the total loss allowance was £209,000 (2020: £198,000).

Receivables are written off against the impairment provision when management considers the debt is no longer recoverable.

Liquidity Risk

The Group ensures that there are sufficient levels of committed facility, cash and cash equivalents to ensure that the Group is, at all times, able to meet its financial commitments.

The Group has available cash of £10.1 million and forecasts indicate this is sufficient to meet the Group's day-to-day operating obligations, including under assessment of reasonably possible downside sensitivities.

The table below summarises the contractual maturity profile of the undiscounted cash flows of the Group's financial liabilities:

	2021 Effective interest rate %	2021 Less than one year £'000	2021 One to five years £'000	2021 Over five years £'000	2020 Effective interest rate %	2020 Less than one year £'000	2020 One to five years £'000	2020 Over five years £'000
Trade and other payables	–	4,700	–	–	–	5,371	–	–
Lease liabilities	1–11	680	1,298	–	1–17	744	596	–
Contingent consideration	–	–	–	–	14	288	–	–
	–	5,380	1,298	–	–	6,403	596	–

27. Deferred Tax Assets/(Liabilities)

	At 1 July 2020 £'000	Recognised in the income statement £'000	Recognised in equity £'000	Reallocations and utilisations £'000	Exchange £'000	At 30 June 2021 £'000
Property, plant and equipment	50	(50)	–	–	–	–
Intangible assets	(4,938)	157	–	–	277	(4,504)
Short-term timing differences	100	(56)	–	–	(24)	20
Employee benefits	1,024	(120)	609	–	–	1,513
Tax losses	681	40	–	(141)	(145)	435
	(3,083)	(29)	609	(141)	108	(2,536)

	At 1 July 2019 £'000	Recognised in the income statement £'000	Recognised upon acquisition £'000	Exchange £'000	At 30 June 2020 £'000
Property, plant and equipment	50	–	–	–	50
Intangible assets	(4,776)	101	(206)	(57)	(4,938)
Short-term timing differences	155	86	29	(170)	100
Employee benefits	800	224	–	–	1,024
Tax losses	758	(98)	–	21	681
	(3,013)	313	(177)	(206)	(3,083)

Deferred tax assets are recognised to the extent that they are considered recoverable against the future profits of the Group. No deferred tax asset has been recognised in relation to taxation on UK losses amounting to £2.0 million (2020: £1.3 million).

Certain deferred tax assets and liabilities have been offset to the extent permitted by IAS12. The deferred tax asset balance of £0.1 million (2020: £0.4 million) as at 30 June 2021 is made up of a UK deferred tax asset balance of £nil (2020: £0.2 million) and overseas deferred tax assets of £0.1 million (2020: £0.2 million). The deferred tax liability balance as at 30 June 2021 is made up wholly of overseas deferred tax liabilities of £2.7 million (2020: £3.5 million).

Of the total deferred tax asset of £0.1 million (2020: £0.4 million), all of this balance is current (2020: £0.4 million current). Of the deferred tax liability of £2.7 million (2020: £3.5 million), £0.5 million is current (2020: £0.6 million).

A brought forward deferred tax asset totalling £0.1 million has been reclassified to the current tax account during the year.

28. Called Up Share Capital

	2021 Number of shares	2021 £'000	2020 Number of shares	2020 £'000
Allotted, called up and fully paid:				
Ordinary shares of 2p	**75,580,296**	**1,512**	75,363,842	1,507

The Company has one class of ordinary shares, which carry no rights to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

Share Issue

On 29 September 2020, 216,454 ordinary shares were allotted at par in respect of vesting of an award under the Company's Performance Share Plan. Following this, the total number of ordinary shares in issue is 75,580,296 and the total number of voting rights is 75,580,296.

Share Premium

This arises on issue of the Company's shares over and above the nominal value of the shares, less any expenses of issue incurred in issuing equity.

Merger Reserve

The merger reserve arose in respect of the premium arising on the ordinary shares issued as consideration for the acquisition of shares in another Company.

Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Capital Redemption Reserve

The capital redemption reserve arose on the cancellation of part of the Group's previous share capital.

Employee Benefit Trust (EBT)

Of the issued share capital at 30 June 2021, 1,133,839 shares (30 June 2020: 2,275,442) are held by the Employee Benefit Trust and are treated as Treasury shares.

During the year, 1,141,603 shares held by the EBT were used to settle awards under the Performance Share Plan.

29. Share-Based Payments

Performance Share Plan

The Group has implemented long-term incentive arrangements for its senior management and Directors in order to align their interests to those of the shareholders. The Blancco Performance Share Plan (the "PSP") was established in March 2018 and several tranches of awards have been granted since this date. The PSP was created to incentivise Executive Directors and senior management, and drive long-term sustainable growth for shareholders.

It is intended to grant annual awards under the PSP to Executive Directors and senior management. The maximum opportunity under the Plan is 170% of base salary.

These awards will usually be subject to stretching performance conditions over a three-year period. The performance measures and targets will be selected annually by the Remuneration Committee prior to the grant of awards and will closely align to the Company's key business objectives.

Awards granted in the year ended 30 June 2019 shall vest based 50% on invoiced revenue and 50% adjusted operating cash flow. Performance will be assessed based on outcomes for the year ended 30 June 2021, with vesting taking place after the completion of the audit of the financial statements. Invoiced revenue, being closely linked to revenue, and adjusted operating cash flow are key financial metrics for the Company. Strong performance in both areas is essential to the long-term success of the business and delivering value for shareholders. When assessing the level of vesting in respect of the invoiced revenue portion, the Remuneration Committee will also consider the profitability of such revenue to ensure that growth in invoiced revenue reflects value creation for shareholders.

Following a review by the Remuneration Committee in the prior year, the awards granted in the year ended 30 June 2020 and thereafter shall vest based on IFRS revenue, adjusted operating cash flow and adjusted operating profit for the performance in the year ending 30 June 2022 and years thereafter, with equal weighting across all three metrics.

As of 30 June 2021, dilution in respect of Blancco share awards granted in the last ten years represented 4.1% of the Company's issued share capital.

Details of share awards movement during the year is as follows:

Scheme	Performance Share Plan (March and May 2018 Award)	Performance Share Plan (July and November 2018 Award)*	Performance Share Plan (November 2018 Award)	Performance Share Plan (October 2019 Award)	Performance Share Plan (October 2019 Award)	Performance Share Plan (November 2020 Award)	Performance Share Plan (November 2020 Award)	Total
Exercise price	0.0–2.0p	0.0p	2.0p	0.0p	2.0p	0.0p	2.0p	
Year in which options are exercisable	2020	2021	2021	2022	2022	2023	2023	
At 1 July 2019	**1,685,513**	**1,314,184**	**59,836**	**–**	**–**	**–**	**–**	**3,059,533**
Granted	–	–	–	1,008,933	34,926	–	–	1,043,859
At 30 June 2020	**1,685,513**	**1,314,184**	**59,836**	**1,008,933**	**34,926**	**–**	**–**	**4,103,392**
Granted	–	–	–	–	–	661,898	23,261	685,159
Exercised**	(1,358,057)	–	–	–	–	–	–	(1,358,057)
Lapsed	(327,456)	–	–	–	–	–	–	(327,456)
At 30 June 2021	**–**	**1,314,184**	**59,836**	**1,008,933**	**34,926**	**661,898**	**23,261**	**3,103,038**

* 302,632 shares issued in July and 1,011,552 shares issued in November.
** Share price at the date of exercise was 195.0p.

The fair value for the outstanding PSP awards were calculated using the inputs outlined in the table below:

	Performance Share Plan (July 2018 Award)	Performance Share Plan (November 2018 Award)	Performance Share Plan (October 2019 Award)	Performance Share Plan (November 2020 Award)
Date of grant	25 July 2018	05 November 2018	02 October 2019	11 November 2020
Fair value of options granted (per share) at date of grant	76.0p	106.3p	127.5p	190.5p
Expected term (years)	2.92	2.67	2.75	2.67
Settlement	Equity	Equity	Equity	Equity

Sharesave Plan

The Company operates a sharesave scheme, introduced in the year, which is available to full-time employees based in the UK, and other operating locations with a significant staff footprint, including Executive Directors of the Company. The Sharesave plan gives employees the unconditional right to purchase shares at an option price (which is at a 20% discount to the market price at the date the exercise price is determined) on or after the maturity date which is three years after the grant date provided the employee remains with the Company or its subsidiaries and completes the saving obligation prior to the maturity date. Maturity is deferred to the extent an employee hasn't completed the total saving obligation after three years.

The fair value of services received in return for shares options granted under this scheme is calculated with reference to the fair value of the award on the date of grant. This is spread over the period during which the employee becomes entitled to the award and adjusted to reflect expected levels of vesting. The Black–Scholes pricing model has been used to calculate the fair value of options awarded under the Sharesave plan.

The assumptions used in the model are illustrated in the table below

	Grant date	Fair value at measurement date	Exercise price	Expected volatility	Expected term	Risk-free rate
Sharesave Plan	29 March 2021	£1.00	£2.28	38.8%	3 years	0.16%

The expected volatility has been based on the historical volatility of the Company's share price over the previous historical period in line with the expected term. There is a zero assumption for dividend yield on the options awarded.

The total share-based payment cost represents the accrued value of both schemes during the year, in addition to directly attributable fees of implementing and administering the schemes and accrued employer taxes in respect of the plans. This corresponded to a charge of £1.5 million (2020: £1.4 million). The accrued IFRS 2 expense for the schemes has been recorded as an equity-settled share-based payment scheme and accordingly has been recognised as an expense through the consolidated income statement, with a corresponding credit in equity of £1.1 million (2020: £1.3 million), which represents the movement in the cumulative compensation expense in the year. This has reduced year-on-year due to a reassessment of the expected attainment of prior year tranches of the Performance Share Plan.

The total amount recognised in equity of £1.7 million (2020: £1.3 million) includes the impact of deferred tax (see note 10).

30. Related Party Transactions

Transactions between Blancco Technology Group plc and its subsidiaries, which are related parties, have been eliminated on consolidation. No disclosure of these transactions is required under IAS 24.

All transactions with Directors are included in the Directors' Remuneration Report from page 66, as well as in the key management personnel disclosures in note 8.

31. Subsequent Events

There were no subsequent events that took place following the year ended 30 June 2021.

Company Balance Sheet

As at 30 June 2021

	Note	30 June 2021 £'000	30 June 2020 £'000
Assets			
Non-current assets			
Investments	5	**18,435**	17,552
		18,435	17,552
Current assets			
Debtors	6	**82,847**	86,993
Deferred tax	7	**–**	188
		82,847	87,181
Creditors			
Amounts falling due within one year	8	**(5,375)**	(6,476)
Net current assets		**77,472**	80,705
Total assets less current liabilities		**95,907**	98,257
Net assets		**95,907**	98,257
Equity			
Called up share capital		**1,512**	1,507
Share premium account		**21,103**	21,103
Merger reserve		**5,861**	5,861
Capital redemption reserve		**417**	417
Retained earnings		**67,014**	69,369
Equity shareholders' funds		**95,907**	98,257

The Company's loss for the year was £3.4 million (2020: profit of £1.5 million).

The financial statements on pages 111 to 117 were approved by the Board of Directors and authorised for issue on 27 September 2021 and were signed on its behalf by:

Adam Moloney
Chief Financial Officer

Company number: 05113820

Company Statement of Changes in Equity

for the year ended 30 June 2021

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Capital redemption reserve £'000	Total shareholders' funds £'000
Balance as at 30 June 2019	**1,304**	**10,397**	**4,034**	**66,530**	**417**	**82,682**
Profit for the year	–	–	–	1,505	–	1,505
Issue of shares	203	10,706	1,827	–	–	12,736
Recognition of share-based payments	–	–	–	1,334	–	1,334
Balance as at 30 June 2020	**1,507**	**21,103**	**5,861**	**69,369**	**417**	**98,257**
Loss for the year	–	–	–	(3,443)	–	(3,443)
Issue of shares	5	–	–	(5)	–	–
Recognition of share-based payments	–	–	–	1,093	–	1,093
Balance as at 30 June 2021	**1,512**	**21,103**	**5,861**	**67,014**	**417**	**95,907**

Notes to the Company Accounts

for the year ended 30 June 2021

1. Basis of Preparation

Blancco Technology Group plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. Details of its registered office are published on page 53.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a qualifying entity as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company is a qualifying entity for the purposes of FRS 101.

FRS 101 sets out amendments to international accounting standards in conformity with the requirements of the Companies Act 2006 that are necessary to achieve compliance with the Act and related regulations.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes.
- Comparative period reconciliations for share capital and tangible fixed assets.
- Disclosures in respect of transactions with wholly owned subsidiaries.
- Disclosures in respect of capital management.
- The effect of new but not yet effective IFRSs.
- Disclosures in respect of compensation of key management personnel.
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.
- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS7 'Financial Instrument' disclosures.
- IFRS 2 Share-based payment in respect of Group-settled share-based payments.

The financial statements have been prepared under the historical cost convention and on a going concern basis.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

2. Accounting Policies

The significant accounting policies applied in the preparation of the Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Going Concern

The Group meets its day-to-day working capital requirements through its cash reserves, overdraft facility and access to a revolving credit facility, which at the year end was not drawn upon.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic Report from page 05. Further information on the financial position of the Group, its cash flow, liquidity position and borrowing facility is described in this review.

In addition, note 26 to the Group's financial statements includes the Group's objectives, policies and processes for managing its capital, and its exposures to credit risk and liquidity risk.

After making enquiries, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts.

2.2 Investments

Investments are stated in the balance sheet of the Company at cost less amounts written off. Amounts denominated in foreign currency are translated into Sterling at historical exchange rates.

2.3 Deferred Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.4 Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with in the income statement.

2.5 Pensions

The Company offers defined contribution pension arrangements to employees. Payments to defined contribution pension schemes are expensed as incurred. The Company does not operate any defined benefit pension arrangements.

2.6 Share-based Payments

Some Directors are granted share options that may, if certain performance criteria are met, allow these employees to acquire shares in the Company. The specific schemes are detailed in note 29 to the Group's financial statements.

The fair value of options granted after under equity-settled schemes are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the share price preceding the grant date and the number of shares the employee is awarded. The fair value of the awards is reassessed at each reporting date based on the likelihood of achieving the vesting criteria and the likely level of attainment of the vesting criteria.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

2.7 Own Shares Held by the Blancco Employee Benefit Trust

Transactions of the Company-sponsored EBT are treated as being those of the Company and are therefore consolidated in the Parent Company and Group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

2.8 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Equity Instruments

Equity instruments issued by the Company are initially recorded at the proceeds received, net of direct issue costs.

Non-derivative Financial Instruments

Non-derivative financial instruments include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

- Cash and cash equivalents comprise cash balances and short-term deposits. Bank overdrafts that are repayable on demand are shown within creditors.
- Amounts due from subsidiaries are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost, less a provision for expected lifetime credit loss.
- Trade creditors and amounts due to subsidiaries are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.
- Bank borrowings are recognised initially at fair value net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The Company measures the loss provision on amounts due from subsidiaries by estimating the likelihood of a loss and by benchmarking against industry default rates.

3. Critical Judgements and Estimations in Applying the Group's Accounting Policies

3.1 Judgements

In the process of applying the Company's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements.

The critical judgement, which does not involve management estimates of amounts disclosed in the financial statements, are considered to be the following:

- Underlying assumptions used in assessing uncertain tax positions and the assessment of the recoverability of any related deferred tax assets, based on the likelihood of future profitability against which to offset each deferred tax asset. Uncertain tax positions are estimated based on management's best estimate of the circumstances surrounding them. Judgement is required with respect to situations in which applicable tax regulation is subject to interpretation and management considers whether it is probable that a taxation authority will accept an uncertain tax treatment. Judgement is required in assessing whether certain subsidiaries will generate taxable profits in the future against which to offset deferred tax assets and uses historic performance and committed contractual revenues in making this assessment.

3.2 Estimations

Additionally, management are also required to make judgements over certain balances that are uncertain and therefore require a degree of estimation as to the amounts to be settled in future periods.

The material areas of estimation uncertainty are considered to be the following:

- **Impairment of intercompany receivables**

  Determining to what extent a loss provision is required against intercompany receivables. The receivable is illiquid given the annual cash flow generation of subsidiaries, therefore historical data of the Group is insufficient to provide evidence on default rates. Management must make a best estimate using alternative data in order to assess the likelihood of a loss. An increase in the loss provision rate by 1% would increase the provision by £0.8 million.

4. Staff Costs

The company has five employees (2020: 5) being the Chief Financial Officer and four Non-executive Directors (2020: the Chief Financial Officer and four Non-executive Directors). Aggregate staff costs of the employees are as follows:

Aggregate staff costs	2021 £'000	2020 £'000
Wages and salaries	745	569
Social security costs	97	92
Other pension costs	3	9
	845	670

	2021 £'000	2020 £'000
Aggregate emoluments	745	569
Aggregate amounts receivable under long-term incentive schemes*	810	–
Company contributions to a pension scheme	3	9
	1,558	578

* with respect to options vesting on performance conditions in each year.

Further details of the Directors' remuneration including those of the highest paid Director are provided in the audited section of the Remuneration Committee Report on pages 66 to 70.

Notes to the Company Accounts continued

for the year ended 30 June 2021

5. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 July 2020	17,552
Additions	950
Disposal	(67)
At 30 June 2021	**18,435**
Impairment	
1 July 2020	–
At 30 June 2021	**–**
Net book value	
30 June 2021	**18,435**
30 June 2020	17,552

The additions in the year relate to the grant of options over the Company's own shares to the employees of subsidiaries, which is accounted for as an increase to investments with corresponding credit in equity. Details of the schemes are found in note 29 to the consolidated accounts.

The disposal in the year relates to the disposal of the investment in the issued share capital of Blancco Asia Pte Limited to another group company.

See note 17 in the consolidated accounts for a list of all the Company's direct and indirect investments.

6. Debtors

Amounts falling due within one year:

	2021 £'000	2020 £'000
Amounts due from subsidiaries	**84,230**	87,604
Less: loss allowance	**(1,685)**	(865)
Amounts due from subsidiaries net of provision	**82,545**	86,739
Prepayments and other debtors	**302**	254
	82,847	86,993

Amounts due from subsidiaries are repayable on demand and interest is charged at one month LIBOR/EURIBOR rate (where applicable) plus a benchmarked margin.

7. Deferred Tax

Deferred tax assets are attributable to depreciation in excess of capital allowances, losses and other timing differences are as follows

	2021 £'000	2020 £'000
Property, plant and equipment	–	51
Losses	–	137
Tax assets	–	188

Movements in depreciation in excess of capital allowances and other timing differences during the year are as follows:

2021	At 1 July 2020 £'000	Recognised in income statement £'000	**At 30 June 2021 £'000**
Depreciation in excess of capital allowances	51	(51)	–
Losses	137	(137)	–
	188	(188)	–

2020	At 1 July 2019 £'000	Recognised in income statement £'000	At 30 June 2020 £'000
Depreciation in excess of capital allowances	51	–	51
Losses	137	–	137
	188	–	188

Deferred tax assets are recognised to the extent that they are considered recoverable against future taxable profits of the Company. No deferred tax asset has been recognised in relation to tax losses (2020: £0.2 million recognised). The unrecognised deferred tax asset on losses amounts to £1.0 million (2020: £0.7 million).

8. Creditors: Amounts Falling Due Within One Year

	2021 £'000	2020 £'000
Trade creditors	**15**	70
Overdraft	**2,169**	2,946
Amounts due to subsidiaries	**2,290**	2,648
Accruals	**901**	812
	5,375	6,476

Interest is charged on amounts due to subsidiaries at the central bank short-term lending rate in the jurisdiction where the subsidiary is based.

The overdraft of £2.2 million (2020: £2.9 million) is offset against pooled cash balances held by other Group companies.

9. Bank and Other Borrowings

The terms of the Company's borrowing facility are disclosed in note 22 to the consolidated financial statements.

10. Subsequent Events

There were no subsequent events that took place following the year ended 30 June 2021.

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Notice of AGM

Notice is given that the Annual General Meeting of Blancco Technology Group plc (the "Company") will be held at 12 noon on Tuesday 14 December 2021 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN and via Microsoft Teams, to consider the following resolutions, of which numbers 1 to 8 will be proposed as ordinary resolutions, and numbers 9 and 10 as special resolutions:

1. To receive the Annual Report and Accounts for the year ended 30 June 2021.
2. To approve the Directors' Remuneration Report for the year ended 30 June 2021.
3. To re-elect Frank Blin as a Director of the Company.
4. To re-elect Matt Jones as a Director of the Company.
5. To re-elect Adam Moloney as a Director of the Company.
6. To re-elect Tom Skelton as a Director of the Company.
7. To reappoint PricewaterhouseCoopers LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the members and to authorise the Directors to determine their remuneration.
8. That, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £503,868 during the period commencing on the date of the passing of this resolution and such authority shall expire, unless previously revoked, renewed or varied, at the conclusion of the next Annual General Meeting of the Company or on 13 March 2023, whichever is earlier, and provided further that the Company shall be entitled before such expiry to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights under such offer or agreement as if this authority had not expired.

Special resolutions

9. That, subject to the passing of resolution 8 above, the Directors be empowered under section 570 of the Act to allot equity securities as defined in section 560 of the Act, for cash and/or to sell ordinary shares held in treasury for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

    a. the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities:

        i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

        ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

        and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of any territory or any other matter; and

    b. the allotment of equity securities or sale of treasury shares otherwise than under paragraph (a) above up to a nominal amount of or (in the case of any other equity securities) giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate, £151,160,

    and this power shall expire, unless previously revoked, renewed or varied, at the conclusion of the next Annual General Meeting of the Company or on 13 March 2023, whichever is earlier, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry and the Directors may allot securities (and sell treasury shares) under such offer or agreement as if this power had not expired.

10. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 2 pence each in the capital of the Company, provided that:

    a. the maximum number of shares which may be purchased is 7,558,030;

    b. the minimum price (exclusive of expenses) that may be paid for a share is 2 pence;

    c. the maximum price (exclusive of expenses) which may be paid for a share shall be an amount equal to 5% above the average market value for the Company's shares for the five business days immediately preceding the day on which the share is contracted to be purchased; and

    d. the authority conferred by this resolution shall, unless previously revoked, renewed or varied, expire at the end of the next Annual General Meeting of the Company, or on 13 March 2023, whichever is earlier, save that the Company may, before such expiry, enter into a contract for the purchase of shares which would or might be completed wholly or partly after such expiry and the Company may purchase shares under any such contract as if this authority had not expired.

By order of the Board

Lorraine Young
For and on behalf of Lorraine Young Company Secretaries Limited
Company Secretary

10 November 2021

Registered Office

Suite 1, Chapel House,
Thremhall Park
Start Hill
Bishop's Stortford
Hertfordshire
CM22 7WE

Notes:

1. Attending the meeting and asking questions

This year it is our intention to hold the AGM in person, however, we also intend to allow shareholders to participate via Teams - as last year. You may submit questions to the board, in advance, by sending them to the company secretary at investors@blancco.com. If you wish to attend the AGM by Teams please email the company secretary at investors@blancco.com. Please submit questions and/or request the link no later than 5.30pm on Monday 13 December 2021. Please note you will be asked to confirm certain personal details so that the Company can verify that you are a shareholder. In case the situation for meetings changes in December, you are encouraged to submit your proxy form, appointing the Chair of the meeting as your proxy and giving instructions as to how you wish your votes to be cast. If the arrangements for the AGM change, details will be posted on the Company's website – www.blancco.com. Please do not attend the AGM in person if you feel unwell.

2. Entitlement to Appoint Proxies

Members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. You may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares which you hold. A proxy need not be a member of the Company. If you complete and return a form of proxy you will still be able to attend the AGM, speak and vote in person if you wish - subject to any restrictions which may be in place.

3. Appointing Proxies

You may appoint one or more proxies by:

(a) Completing the accompanying form of proxy and returning it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (together with any power of attorney or other written authority under which it is signed); or

(b) Submitting your proxy electronically by using the CREST proxy service. CREST members may appoint a proxy or proxies electronically via Computershare (ID number 3RA50) in accordance with note 4 below.

To appoint more than one proxy, you may either photocopy the form of proxy accompanying this Notice or contact Computershare on 0370 889 4099 to request additional forms of proxy. If you return more than one proxy appointment in respect of the same shareholding, the proxy last received by Computershare before the latest time for the receipt of proxies will take precedence. To be valid, any proxy form or other instrument appointing a proxy must be deposited with Computershare or lodged via the CREST proxy service (in each case) no later than 12 noon on 10 December 2021.

4. Electronic Proxy Appointment Through CREST

CREST members who wish to appoint a proxy or proxies using the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by 12 noon on 10 December 2021.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Joint Holders

In the case of joint holdings, only one holder needs to sign the form of proxy. The vote of the senior holder who tenders a vote will be accepted to the exclusion of the votes of the other joint holders, seniority for this purpose being determined by the order in which the names stand in the register of members in respect of joint holdings.

Notice of AGM continued

6. Entitlement to Attend and Vote

In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those whose names are on the register of members of the Company at the close of business two days (excluding non-working days) before the meeting or any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

7. Corporate Representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

8. Voting Rights

As at 1 November 2021 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consisted of 75,580,296 ordinary shares, carrying one vote each. There were no shares held in treasury, therefore the total voting rights in the Company as at that date were 75,580,296.

9. Communicating with the Company in relation to the AGM

Except as provided above, shareholders wishing to communicate with the Company in relation to the AGM should write to the Company Secretary c/o the Company's registered office or send an email to investors@blancco.com.

You may not use any electronic address provided either in this notice or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

10. Voting Results

The Company will publish the results of the AGM via a regulatory announcement and on its website www.blancco.com.

Explanation of Business

Resolution 1: To receive the report and accounts

Company law requires the Directors to present the Annual Report and Accounts of the Company to shareholders in respect of each financial year.

Resolution 2: To approve the remuneration report

As the Company's shares are traded on AIM, it is not required to put the remuneration report to shareholders for approval. However, the Directors recognise the importance of adopting best practice corporate governance and are therefore putting the remuneration report to shareholders for approval voluntarily. The remuneration report is set out on pages 66 to 70 of the Annual Report. It describes the Group's policy on remuneration and gives details of Directors' remuneration for the year ended 30 June 2021. The vote is advisory and does not affect the actual remuneration paid to any individual Director.

Resolutions 3 to 6: To re-elect Directors

Frank Blin, Matt Jones, Adam Moloney and Tom Skelton retire by rotation under the Company's articles of association and offer themselves for re-election at the AGM. Biographical details for each of the Directors are given on pages 52 and 53 of the Annual Report.

Frank Blin has many years of high level audit and business advisory experience, including in M&A. His previous international board roles enable him to bring extensive commercial expertise to Board discussions on strategy. Frank is a chartered accountant, and his long career with one of the big four accountancy firms where he held a number of senior leadership positions, makes him extremely well qualified to chair the Audit Committee.

Matt Jones has a proven track record of highly effective business leadership and consistently delivering on growth strategies for technology companies, which he has successfully continued during his tenure at Blancco, as he has established his executive team, refocused the strategy and driven the business forward in a positive direction. Matt has also led on the initiatives on setting a new vision, mission and values for the business and has facilitated the implementation of a culture of openness and inclusion.

Adam Moloney has almost 20 years' experience of operating as a Chief Financial Officer of an AIM listed international technology company. Over that period, Adam's financial management skills have assisted the companies in delivering consistent and significant growth in revenue, profit, cash and shareholder value. He also has extensive experience of M&A transactions and governance, which he has built on over the past three years at Blancco. He has instigated many of the ESG initiatives (including reporting), which Blancco is now pursuing, both for its own business operations and those of its clients.

Tom Skelton has broad business and senior leadership expertise gained over his lengthy career in US-based technology companies. He brings useful insights to Board discussions, particularly those on strategy and change management. He has a passion for building strong cultures, which support innovation and inclusion. His experience serving as a director on several UK listed plc boards equips him with the governance insights essential to chair the Remuneration Committee.

The Board unanimously recommends Frank's, Matt's, Adam's and Tom's re-election.

Resolution 7: To reappoint the auditors and authorise the Board to determine their remuneration

A resolution to reappoint PricewaterhouseCoopers will be put to shareholders at the Annual General Meeting. In line with usual practice, shareholders are also asked to authorise the Board to determine the remuneration of the auditor. In practice, the Audit Committee will consider the audit fees and recommend them to the Board.

Resolution 8: Directors' authority to allot shares

At the 2020 Annual General Meeting, the Directors were given authority to allot shares in the Company and Resolution 8 seeks to renew that authority until the conclusion of the next Annual General Meeting or 13 March 2023, whichever is earlier. The resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £503,868. This amount represents one-third of the issued ordinary share capital of the Company as at 1 November 2021, the latest practicable date prior to the publication of this document. The Directors have no present intention to allot new shares other than in connection with the employee share incentive plans.

Resolution 9: Disapplication of pre-emption rights

If Directors of a company wish to allot shares in the company, or to sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 9 is to authorise the Directors to allot shares in the Company, or sell treasury shares, for cash (i) in connection with a rights issue; and, otherwise, (ii) up to a nominal value of £151,160, equivalent to 10% of the total issued ordinary share capital of the Company as at 1 November 2021 without the shares first being offered to existing shareholders in proportion to their holdings. This level of authority is required in order to give the Company flexibility in the event of acquisition opportunities and major shareholders will be consulted in advance of the authority being exercised.

Resolution 10: Authority to buy back shares

Under company law, the Company requires authorisation from shareholders if it wishes to purchase its own shares. Resolution 10 seeks to renew the authority given at the last Annual General Meeting. The resolution specifies the maximum number of shares that may be purchased (approximately 10% of the Company's issued share capital) and the highest and lowest prices at which they may be bought.

If the Company buys back its own shares it may cancel them immediately or hold them in treasury. Treasury shares may be sold for cash, cancelled or used to satisfy awards under employee share schemes. The Directors believe that it is desirable for the Company to have this choice as it will give flexibility in the management of its capital base.

The Directors have no present intention of exercising this authority but will keep under review the Company's potential to buy back its shares, taking into account other investment and funding opportunities. The authority will only be used if in the opinion of the Directors this will result in an increase in earnings per share or would otherwise be in the best interests of shareholders generally.

No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

Glossary

Adjusted earnings per share: Adjusted earnings are stated before amortisation or impairment of acquired intangible assets, amortisation of bank fees, exceptional income, acquisition costs, share-based payments, losses on disposals of investments and jointly controlled entities, unwinding of the discounted contingent consideration, adjustments to estimates of contingent consideration, and tax impacts of the above. Adjusted earnings per share is the key earnings per share measure used by the Board.

Adjusted EBITDA: Adjusted operating profit with depreciation of property, plant and equipment and amortisation of intangible assets added back.

Adjusted operating cash flow or AOCF: Operating cash flow excluding taxation, interest payments and receipts, acquisition costs, and exceptional restructuring costs. This measure excludes capital expenditure. This is the key operating cash flow measure used by the Board to assess the underlying cash flow of the Group.

Adjusted operating profit or AOP: Operating profit stated before acquisition costs (because these are one-off in nature), exceptional restructuring costs (because these are not considered to reflect the underlying performance of the Group's operating business), share-based payment charges (because these represent a non-cash accounting charge for long-term incentives to senior management rather than the underlying operations of the Group's business), amortisation or impairment of acquired intangible assets (because these are non-cash charges arising as a result of the application of acquisition accounting, rather than core operations) and disposal of subsidiaries (because these represent a one-off non-cash charge to the consolidated income statement).

Basic earnings per share: Profit after tax attributable to the equity holders of the Company, stated per share.

Capital expenditure: Expenditure on property, plant and equipment, intangible assets, and capitalised R&D.

Carrier: One of the three key sectors of the mobile market, along with Retail and Third-Party Logistics. A mobile carrier is a wireless service provider that supplies cellular connectivity services to mobile phone and tablet subscribers.

Cash conversion: Adjusted operating cash flow stated as a percentage of adjusted operating profit.

Circular economy: A system that is restorative or regenerative by intention and design. It replaces the end-of-life concept with restoration and aims for the elimination of waste through the superior design of materials, products, systems and business models.

Compound annual growth rate (CAGR): Accumulated growth rate over a number of periods.

Contingent consideration: A future cash payment for vendors of acquired companies, contingent on that Company's performance in a predetermined period after acquisition. This is reported within the balance sheet and reassessed at each reporting period.

Constant currency basis: The results of the Group when translating the performance of foreign operations in to Sterling at the foreign exchange rates observed in the prior period. This allows comparison of like-for-like results with the elimination of foreign exchange rate fluctuations.

Data Centre/Enterprise: one of the three end-user markets alongside Mobile and ITAD. Blancco provides data sanitisation software that integrates within the Enterprise ecosystem.

Data sanitisation: The managing of data that is no longer required by organisations.

Diluted adjusted earnings per share: Adjusted earnings per share stated after adjustments to the number of shares for convertible share options.

Diluted earnings per share: Basic earnings per share stated after adjustments to the number of shares for convertible share options.

E-waste: Discarded electronic appliances such as mobile phones, computers and other electronic equipment.

Earn-out: See contingent consideration.

Forward contracts (currency hedging): A banking mechanism for fixing the future exchange rates for known and committed cash flows in order to mitigate the exposure of the Group to movements on exchange rates for these cash flows.

GDPR: General Data Protection Regulation. The General Data Protection Regulation (GDPR) is a legal framework that sets guidelines for the collection and processing of personal information from individuals who live in the European Union.

Gross debt: The total external borrowings of the Group, net of capitalised bank fees.

IDC: International Data Corporation. The International Data Corporation is a premier global provider of market intelligence, advisory services and events, offering global, regional and local expertise on technology and industry opportunities and trends.

ISV: An independent software vendor. ISV partners provide software solutions that are run on or integrated with partner platforms.

ITAD: IT Asset Disposition. This is the business built around disposing of obsolete or unwanted equipment in a safe and ecologically responsible manner.

LTE Networks: A fourth generation (4G) high-performance wireless mobile communication system.

M&A: Mergers and acquisitions. This is the Group's activity in acquisitions of other companies, both to full and part ownership.

Mobile: One of our three end-user markets along with ITAD and Data Centre/Enterprise. The mobile market has three main sectors: Carrier, Retail and Third-Party Logistics.

Net cash/debt: Cash stated after offsetting gross debt against cash reserves.

Non-controlling interest: The Group does not fully own some of its subsidiaries, and for those in which the ownership is shared, the other party is the non-controlling interest. This is relevant for all subsidiaries in which the Group owns (directly or indirectly) between 50% and 99% of the share capital; in the current and prior period these are only some Blancco sales offices. At the end of each reporting period, the Group must allocate the non-controlling interest of its share of profits and net assets in the subsidiary in which the ownership is shared, which are recorded through the consolidated income statement and consolidated balance sheet respectively.

OEM: An Original Equipment Manufacturer.

Operating cash flow: Cash flows originating from transactions in the core operational activities of the Group, for example cash flows resulting from revenues earned and expenditure paid. This excludes cash flows relating to investing or financing activities.

Operating margin: Operating profit stated as a percentage of revenue.

R&D: Research and development into new technologies to improve client service, reduce costs or enhance revenue.

Repair Services business: Part of the Aftermarket Services segment that was disposed of on 4 April 2016 to Communications Test Design Inc. for a consideration of €103.5 million (£79.9 million). This represents the Group's previous Depot Solutions and Advanced Solutions divisions, excluding Digital Care.

Retail: One of the three key areas in the Mobile market, along with Carrier and Third-Party Logistics

Save As You Earn (SAYE): A sharesave scheme operated by the Group since March 2021, allowing staff to join a scheme to purchase shares at a discount after a three year saving requirement has been fulfilled.

Subscription (revenue stream): Contracts with customers which are for a fixed term, typically one to three years.

Third-Party Logistics: An area of the Mobile market, alongside Carrier and Retail, consisting of companies who take possession of large volumes of handsets and prepare them ready for resale, repair of recycle. For these companies, efficiency is crucial as they are focused on processing high volumes in the shortest time frame to retain handset value.

United Nations Sustainable Development Goals (SDGs): An agenda set by the United Nations to promote global improvements in socio-economic conditions, by driving improvements in areas such as poverty and inequality, and engaging in strategies that improve health, education, environmental matters and spur economic growth.

Volume (revenue stream): Contracts with customers that involve an upfront delivery of licences, and typically no additional obligations to the customer.

Working capital: A measure of the Group's current liquidity by showing how much cash has been invested in day-to-day trading. Working capital is the sum of stock, current debtors, contract assets, current creditors and accrued payments.

Locations

Australia
Gateway Tower, Level 36
1 Macquarie Place
Circular Quay
NSW 2000

China
17/F, Tower D1
DRC Diplomatic Office Building
No.19 Dongfangdong Road
Chaoyang District
Beijing
100016

Finland
Upseerinkatu 1-3
FIN-02600 Espoo

Länsikatu 15
FIN-80110 Joensuu

Hermiankatu 6-8 D
FI-33720 Tampere

France
2, Allée de la Marque
Centre d'Affaires du Molinel
Bât E – 2ème étage
59290 Wasquehal

Germany
Monreposstraße 53
D-71634 Ludwigsburg

David-Gilly Straße 1
D-14469 Potsdam

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Urbanwrk Floor5 Sangamwadi,
Kennedy Rd, Bhd Hotel Sheraton Grand,
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Cork
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111, Digital-ro 26-gil
Guro-gu
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