Together, We are Craneware®

Annual Report 2020

Solutions for healthcare providers to optimise financial and operational performance.

Helping healthcare providers further their mission through optimal financial performance

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Financial and Operational Highlights

Financial

- Revenue of $71.5m (FY19: $71.4m)
- Adjusted EBITDA[1] increased 5% to $25.2m (FY19: $24.0m)
- Profit before tax increased 5% to $19.3m (FY19: $18.3m)
- Basic adjusted EPS[2] increased 3% to $0.654 (FY19: $0.633) and adjusted diluted EPS increased to $0.644 (FY19: $0.620)
- Basic EPS increased 12% to $0.628 (FY19: $0.561) and diluted EPS increased 13% to $0.619 (FY19: $0.550)
- Three Year Total Visible Revenue[3] of $200.1m (FY19 same 3 year period: $197.5m)
- Operating cash conversion[3] at 92% of Adjusted EBITDA (FY19: 63%)
- Cash at year-end of $47.9m (FY19: $47.6m) after having returned $9.1m to shareholders via dividends
- Proposed final dividend of 15p per share (18.45 cents) (FY19: 15.0p, 19.05 cents) giving a total dividend for the year of 26.5p per share (32.60 cents) (FY19: 26.0p, 33.02 cents)

[1] Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortisation, exceptional items and share based payments.

[2] Adjusted Earnings per share (EPS) calculations allow for the tax adjusted acquisition costs and share related transactions together with amortisation on acquired intangible assets.

[3] Refer to the Financial Review section of the Strategic Report for further details.

Operational

- Rapid implementation of our business continuity plan and the transition of employees to remote working with minimal disruption to customers
- Total Sales [4] for the year of $65.4m (FY19: $63.1m)
- Total Sales to 31 March 2020 tracking 30% ahead of the same period in FY19, impacted in the final quarter by COVID-19
- Sales of Trisus Enterprise Value Platform products represented 14% of New Sales in the year (FY19: 13%)
- Healthy sales mix, with 90% of sales being to existing customers or new hospitals within existing healthcare system customers, demonstrating the successful execution of our land and expand strategy
- Continued investment in R&D and innovation to capitalise on growing market opportunity

[4] Total Sales refers to the total value of contracts signed in the year.

Quick Facts — Financial

$71.5m
Revenue

$25.2m
Adjusted EBITDA[1]

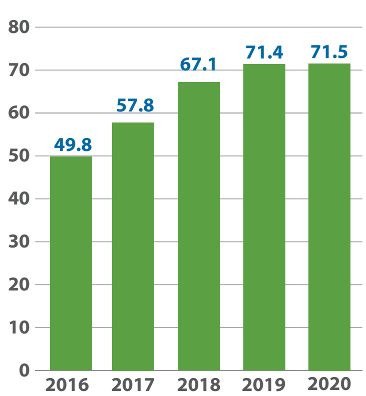
$19.3m
Profit before tax

65.4¢
Adjusted EPS[2]

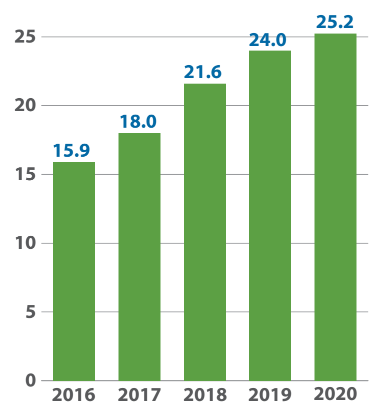
$47.9m
Cash

15p
Final Dividend

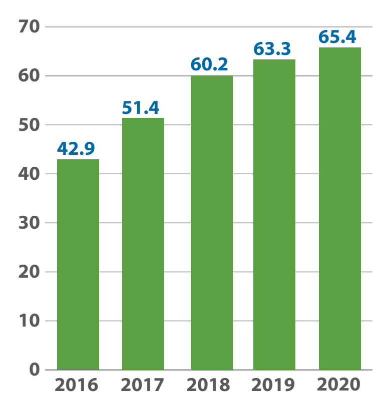
Revenue $m



Adjusted EBITDA[1] $m



Basic adjusted EPS cents/share



Craneware Solutions

Charge Capture & Pricing

Chargemaster Toolkit®

Automated SaaS chargemaster management solutions for capturing optimal legitimate reimbursement for providers, while mitigating compliance risk. Chargemaster Toolkit is customisable for any organisation, from small community providers to large healthcare networks, and addresses the challenges that enterprise chargemaster data presents to hospitals by enabling all related chargemaster data to be viewed in one place

Trisus® Supply

Utilises foundational data from the item master, OR file, purchase history, and chargemaster to identify data gaps between the systems, ensuring every reimbursable supply, implant, and device is billed.

Physician Revenue Toolkit®

SaaS solutions for managing physician group KPIs, charges, codes, RVUs, fee schedules, and related information

Reference Plus™

SaaS solution for providers with less than $44 million in operating expenses to perform chargemaster analysis, and efficiently optimise revenue, charge compliance and coding integrity.

Integration for Chargemaster Management

Software that automatically uploads chargemaster changes to the patient billing system for accurate billing.

Pharmacy ChargeLink®

Improves charge capture, pricing and cost management, while simplifying the process for ensuring drug coding and billing units are complete and compliant, and establishing and maintaining a connection between a provider's pharmaceutical purchases and billing.

Trisus® Pricing Analyzer

SaaS solution that simplifies the price modelling process, creating a repeatable, well-documented method to establish transparent, defensible and competitive pricing.

Online Reference Toolkit®

Web-based and mobile-friendly application for reducing risk by providing access to reference and regulatory resources.

Supplies Assistant

Web-based, mobile-friendly supplies lookup application available in Trisus Supply or Online Reference Toolkit. Supplies Assistant enables providers to access Craneware's proprietary supply master catalog and quickly and correctly code expensive implants and devices.

Patient Engagement

Craneware Value Cycle Solutions span five product families – Patient Engagement, Charge Capt
In addition, hospitals of all sizes and types rely on Craneware's Customer Success Management an

Solutions for healthcare providers to optimise financial performance.

InSight Medical Necessity®

A SaaS solution that provides medical necessity validation for all major U.S. payors and Advance Beneficiary Notice (ABN) creation. The software helps reduce accounts-receivable days by preventing medical necessity denials, and facilitates payment communication with patients.

Trisus® Claims Informatics

Software built on Craneware's Trisus platform that automates claim and coding reviews to identify missed charges, billing errors, and categorise areas of risk to help ensure that all legitimate revenue is captured.

InSight Audit®

A comprehensive, web-based audit management application that empowers healthcare organisations to manage government and commercial audits from one central location.

Trisus® Healthcare Intelligence

A cost analytics and resource efficiency platform that unites cost and operational information across the provider organisation, delivering revenue, cost, and operational information for each patient encounter.

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Claims Analytics

Patient Charge Estimator®

Simplifies the process of providing patient bill estimates for inpatient and outpatient services to improve up-front collections and reduce bad debt.

Revenue Recovery & Retention

InSight Denials®

Analyses, tracks, trends and reports on denial data, providing workflow for expediting repair and resubmission of denied claims.

Appeals Service

Craneware has the experienced staff needed to review denials, write successful appeals and overturn improper denials.

Cost & Margin Analytics

Customer Success Management

Customer Success Management and Consulting Services

Our consultants provide onsite staffing and expertise to help hospitals achieve their financial goals. Customer Success Managers design future state operations, develop policies and procedures, train staff on operational tasks, and measure and report on success metrics information for each patient encounter.

Capture & Pricing, Claims Analytics, Revenue Recovery & Retention, and Cost & Margin Analytics.
nt and other Professional Services to help deliver results that lead to improved financial outcomes.

Chairman's Statement

This is the first full year I am reporting on as Chairman, and whilst it has not been the year we would have been anticipating 12 months ago, it has been a year of growth, development and learning. The pressures faced by the world's healthcare industries since the outbreak of the COVID-19 pandemic have been considerable, and I am proud of the support the Craneware team has provided to our customers in the US during this time.

COVID-19 had an unprecedented impact on our customers, with their operations disrupted and repurposed in order to maximise capacity to deal with the incredibly high demand for emergency services. During this time, our efforts were focused on supporting our customers whilst they met the needs of their communities and managed the impact, to them, of the cessation of elective procedures and associated income. The swift implementation of our business continuity plan and the transition of employees to remote working enabled the Group to continue operating with minimal disruption to customers and I would like to thank all employees for their utmost professionalism and commitment.

In the first nine months of the year to 31 March 2020, Total Sales were tracking over 30% higher than in the prior year, demonstrating a considerably improved performance and strong sales of both our existing and newly developed cloud-based Trisus applications.

In addition to the impact to our customers, the travel restrictions and lockdowns imposed due to COVID-19 particularly impacted our sales and professional services teams' ability to close sales, deliver their projects and complete renewals with the associated up-sales in the final quarter. Despite this challenging environment, Total Sales for the year were ahead of the prior year at $65.4m (FY19: $63.1m). Recognised revenue was consistent with the previous year at $71.5m (FY19: $71.4m) and adjusted EBITDA increased to $25.2m (FY19: $24.0m), reflecting both the impact of IFRS 16 and the Group's ongoing careful management of costs and reduction in certain discretionary spend, such as travel costs in the final quarter. Capitalised R&D in the period decreased to $9.3m (FY19: $9.6m) despite an overall increase in our R&D spend, in line with our continued commitment to invest in innovation, to capture the sizeable opportunity ahead.

Although it is clear COVID-19 held back the Group's financial growth in the final quarter of the year, there are many positives to point to in the financials – with customer churn remaining very low, at less than 10%, and the Group exiting the year with Total Visible Revenue for the next three years of $200.1m. We maintain a strong balance sheet with no debt and cash reserves consistent with the end of the previous year of $47.9m (30 June 2019: $47.6m).

In the second half of the year, we welcomed Alistair Erskine and David Kemp to the Board as Independent Non-Executive Directors. Both bring significant experience and expertise to the Board and I am confident their blend of extensive industry knowledge and Board experience will be extremely valuable in helping the Group fulfil its growth ambitions. The Company also wished all the best to outgoing Chairman, George Elliott, who stepped down from his position following the AGM, after over 12 years' outstanding service. As previously announced, current long-standing Non-Executive Director Ron Verni will not be standing for re-election at the forthcoming AGM, due to his length of tenure with the Company, and we thank him for all his guidance and support.

Following the period end, in August 2020, the Company successfully launched a placing to take advantage of a small number of identified acquisition opportunities. Despite the placing seeing strong oversubscription from both new and existing investors, the Board ultimately took the difficult decision not to proceed with the proposed fundraise following the news that the principal acquisition target had agreed terms with a third party. Whilst a disappointing outcome, we are very grateful for the support shown by our existing and those new potential investors. The potential for accelerated growth through M&A activity remains in place and continues to be assessed by the Board. The Group's strong balance sheet and undrawn debt facilities provide the Company with the ability to continue its investment strategy whilst executing on any market opportunities that arise. Whilst acquisitions are very much part of our long-term strategy we are still first and foremost focused on delivering against our considerable organic growth opportunity.

Despite the challenges we have had to navigate over the course of the year, and into the current financial year, the Group continues to make strides towards its long-term vision of becoming a leader in Value Cycle software solutions to US hospitals. The pandemic has reinforced the requirement for useable financial and operational data, to enable healthcare providers to respond swiftly to change and continue to deliver outstanding healthcare services, while ensuring the financial health of their operations.

Craneware's long-term objective remains intact: to provide the tools to support US healthcare providers in their mission to deliver increased value in healthcare. The encouraging sales pipeline we have seen over the year combined with the significant market opportunity give me confidence that the Group is on the right trajectory for continued and sustained growth.

I would like to thank all employees across the UK and US for their unwavering support and hard work throughout the year, especially during these particularly trying times. It is evident I have joined a company with a strong set of core values, clear vision and supportive customer base, and I look forward to being part of its growth journey going forward.

Will Whitehorn
Chairman
18 September 2020

Strategic Report:
Operational Review

Our Trading update provided on 8 July 2020 referred to the bravery and dedication of our customers, who were and are at the forefront of dealing with the pandemic; and we again pay tribute to them for selflessly serving their communities.

The Group's continued progress made throughout this year, despite challenges imposed by the COVID-19 pandemic in the final quarter, was reassuring. While we as a business were relatively insulated from the direct impacts of the pandemic, our customers were on the front-line. Supporting them and the phenomenal work their teams have done has been, and will continue to be, our top priority.

Following a strong first nine months sales performance, the impact of COVID-19 delayed our return to growth, however the strength of our underlying recurring revenue model and high levels of cash conversion place the Group in a strong ongoing financial position. We continue to make excellent progress on the execution of our growth strategy, and I am pleased to report we are on track for all our product suite to be live on the Trisus platform during 2021. This is a significant milestone that we believe will be key to unlocking the benefits of the Trisus platform for both our customers and Craneware.

Our purpose, to profoundly impact healthcare by improving healthcare providers' operational efficiency and margin, so they can continue investing in providing quality care for their communities has never been more important. The global pandemic has highlighted the importance of usable financial and operational data and our customers continue to take steps to create further resilience across their financial operations. We are committed to partnering with them by providing the platform, regulatory information and data to enable them to do so. We believe that both the Group and our customer base are strongly placed to deal with the future impacts of the pandemic and for our products to be part of the solution in terms of helping hospital preparedness.

Market

The move to value-based care

The US healthcare market continues to transition from a fee-for-service reimbursement model, towards value-based care, aiming to redress the current imbalance in the US between spend and outcomes. The US has the highest health spending per capita in the world with one of the lowest life expectancies in the developed world.

Payors (insurance companies, charities, individuals, and Government) are exerting considerable pressure on US Healthcare providers to deliver better health outcomes and manage cost. This has brought pressure to move towards value-based care – a healthcare delivery model in which providers, including hospitals and physicians, are paid based on patient health outcomes. A hospital's ability to participate in a value-based care system is dependent on the collection of granular data and the use of insightful analytics to understand the opportunity to deliver better value. As a result, the North American healthcare analytics market is forecast to grow 29.54% CAGR from US$3bn in 2020 to US$11bn[1] by 2025. This presents a large, growing opportunity for the Group given Craneware's specialism in helping hospitals better understand and manage revenue and cost through data-driven solutions.

[1] North American Healthcare Analytics by Market Data Forecasts.

Growth Strategy

Craneware develops and provides financial and operational optimisation software and analytics, for US hospitals and clinics, using aggregated anonymised data. Our on-premise and cloud-based software solutions sit at the heart of our customers' operations, helping them to optimise their financial performance. We are helping to drive a shift in healthcare delivery and reimbursement through the use of data with powerful and insightful analytics.

Our long-term strategic aim is to become ubiquitous in US hospitals. Functioning as the intelligence layer sitting across all other administrative and financial systems, we aim to deliver the information required to improve financial and operational performance

To date, our growth has been driven through increases in market share and product set penetration (land and expand). In recent years, we have invested in the development of a cloud-based platform; Trisus, a sophisticated cloud data aggregation and intelligence platform which will allow us to migrate our existing products to the cloud, leverage our data assets to expand our offering, integrate third party solutions to the platform and benefit from the scalability of cloud-technology.

Three Growth Pillars

Our growth strategy has three fundamental growth pillars:

- The transition of our customers to cloud-based versions of our existing on-premise solutions, to act as a gateway to the benefits and additional applications on the Trisus platform.
- To continue to enhance the capabilities of the platform through the addition of new technology layers and applications, developed through both internal R&D and selective M&A. Our investment in R&D will continue to grow, in line with revenue growth, as we fulfil our vision for Trisus.
- To grow our customer footprint, through increasing the attractiveness of our offering and acquiring non-overlapping customers, which in turn to provides further cross-sale opportunities.

The Trisus platform, our wealth of proprietary data collected over our 20 years of servicing the US healthcare industry and our breadth of customer base differentiate us from other healthcare solutions vendors, providing substantial benefits for our customers and making a meaningful impact on the value of healthcare as a whole. This will result in extensive improvements to the financial and operational effectiveness of US hospital providers and thereby drive significant customer demand for Craneware solutions in the future.

We are on track to transition all our core products to the Trisus platform during 2021, meaning we are near the completion of the fundamental building blocks of the next stage of our growth strategy.

M&A

While organic growth remains a priority, as we have publicly stated, we continue to evaluate the market and will continue to pursue strategically aligned companies that will accelerate our growth strategy. This is underpinned by four key acquisition criteria of which target companies must fit into at least one, being:

- the addition of data sets;
- the extension of the customer base;
- the expansion of expertise;
- the addition of applications.

In evaluating acquisition opportunities, the Board implements a strong valuation discipline seeking to maintain its prudent approach to preserving balance sheet strength and efficiency for the long-term. Targets that are profitable with recurring revenue models that provide earnings accretion within the first 12 months of ownership are prioritised.

Product Roadmap

We are executing on a roadmap to migrate all our solutions onto the Trisus platform and continue to look for innovative combinations of our data sets into new unique product offerings.

We are particularly pleased to note how both our existing customer base and the wider healthcare provider market have responded positively to the technological evolution of the Craneware solution set, delivered on the Trisus platform, with over 300 of our customers already utilising one or more of the native Trisus applications and almost the entirety of the remainder connecting to it via the Trisus Bridge; this is the first step for significant migration to the platform from within our user base

Trisus® Chargemaster and Trisus® Pharmacy

We are excited to now be at the stage to start the roll out of the Trisus versions of our two core product offerings: Trisus Chargemaster, the upgrade version of our Chargemaster Toolkit, and Trisus Pharmacy, a new product which in stage one will sit alongside our on-premise Pharmacy ChargeLink, and subsequently be expanded to include all Pharmacy ChargeLink functionality.

We will commence the staged migration of our customer base to Trisus Chargemaster from September this year with customers able to elect, via their existing installation, whether to remain using the on-premise for a period of time, or switch to the cloud version.

Both Pharmacy ChargeLink and Trisus Pharmacy will be available to new and existing customers for the next year, with customers able to select which application best suits their needs

Sales and Marketing

As highlighted previously, the Company enjoyed positive sales activity in the first nine months of the year, with Total Sales tracking 30% ahead of the prior year. We signed contracts with hospitals of all sizes and for all segments of our product offering, with a particularly strong performance from Chargemaster Toolkit and encouraging sales of Trisus applications.

Expansion Sales, being new sales made either to existing hospitals, or to new hospitals within an existing hospital system customer, accounted for the biggest component of new sales, representing 90%. This demonstrates our ability to deliver on our "land and expand" strategy, cross selling further solutions to our extensive customer base, driven by compelling ROIs for our customers.

Consistent with the prior year, Trisus products represented 14% of our New Sales in the year (FY19: 13%). All customers who have signed new contracts for Chargemaster Toolkit in the year have an understood migration plan to Trisus Chargemaster, which will be rolled out through the course of 2021, and recognise this as an easy entry to the Trisus platform.

An increased number of hospitals renewed their contracts during the year, which when netted off against those lost in the period resulted in a consistent customer retention rate of over 90%. Many of the renewals due in Q4 which were delayed due to COVID-19 travel restrictions have now successfully taken place.

Strategic Report:
Financial Review

Since the first Financial Review we published as a listed company back in 2008, we have regularly referred to our prudent business model, the Annuity SaaS business model, which is focused on long-term sustainable growth; our healthy, cash positive balance sheet and our prudent approach to cost management whilst balancing investment for the future. These concepts, which we have followed throughout our growth as a Group, have served us well as we have navigated the global uncertainty the COVID-19 pandemic has caused.

The Trading update provided on 8 July 2020 outlined, how, when considering the financial performance of the Group, the year ended 30 June 2020 should be viewed in two parts. While the first nine months of trading saw Total Sales tracking over 30% ahead of the prior year, the final three months saw our teams' activities pivot towards the enhanced support of our customers (and non-customers) as they focused on their mission.

There is no doubt COVID-19 has impacted the financial results for the current year. For example, the travel restrictions and lockdowns imposed particularly impacted our sales and professional services teams' ability to close sales, deliver their projects and complete renewals with the associated up-sales in the final quarter. However, the concepts I refer to above combined with the hard work and dedication of our employees mean we are able to report on a robust set of financial results and a solid foundation for future growth as hospitals need for usable financial and operational data intensifies as they look for further resilience across their financial operations post the pandemic.

Revenues remained consistent at $71.5m (FY19: $71.4m) whilst prudent cost management and reductions in certain spend, such as travel, saw adjusted EBITDA increase 5% to $25.2m (FY19: $24.0m). We have also closed the year with $47.9m (FY19: $47.6m) of cash reserves and visible revenue to be recognised over the next three years of $200.1m (FY19 same 3 year period: $197.5m).

Underlying these results are the total value of contracts signed in the year ("Total Sales"). As detailed, whilst Total Sales had been tracking 30% above the prior year, we ultimately closed the year marginally ahead at $65.4m (FY19: $63.1m). As a result of our business model, "sales" and "revenue" have very different meanings and are not interchangeable. In fact, only a small proportion of the revenue resulting from the sales made in the year is recognised in the current year's reported revenue, instead the vast majority of the associated revenue is recognised in future years, which delivers the Group's long-term visibility over future revenues.

The Annuity SaaS Business Model

The new contracts we sign with our customers provide a licence for the customer to access specified products throughout their licence period. A new customer will, on average, sign a four year contract and this average is calculated up to the first renewal point/break clause for any specified product. At the end of an existing customer's initial licence period, or at a mutually agreed earlier date, we look to renew these contracts with our customers. By renewing these contracts, we are sustaining our underlying annuity revenue base, which means sales of new products to existing customers or sales to new hospital customers are adding to this annuity revenue.

Under the Group's business model, we have always recognised software licence revenue and any minimum payments due from our 'other route to market' contracts evenly over the life of the underlying contract term.

In addition to the licence revenues recognised in any year, we also expect between 10% to 20% of revenue recognised to be from services. The services we provide generally accompany a new licence sale and are focused on embedding the software within the customers' core processes to maximise the value the software can bring to them. This service is typically separately identifiable from the licence and the associated revenue is recognised as we deliver the service to the customer, usually on a percentage of completion basis. However, the nature and scope of these engagements will vary depending on both our customers' needs and which of our solutions they have contracted for. As a result, the period over which we deliver the services and consequently recognise the associated revenue will vary.

Sales, Revenue and Revenue Visibility

Our Total Sales is broken down into the total value of contracts with new customers or new products to existing customers at some time in their existing contract ("New Sales") and the total value of contracts of customers renewing their existing products at the end of their current contract terms ("Renewals").

The table below shows the total value of contracts signed in the relevant years, split between New Sales and Renewals and how these sales have translated into reported revenue in the corresponding year.

As the majority of the revenue resulting from sales in any one year is recognised over future years, the financial statements do not fully reflect the valuable 'asset' that is contracted, but not yet recognised, revenue. As such, at every reporting period, the Group presents its "Revenue Visibility". This KPI identifies revenues which we reasonably expect to recognise, as of the first day of the new Fiscal Year, over the next three-year period, based on sales that have already occurred.

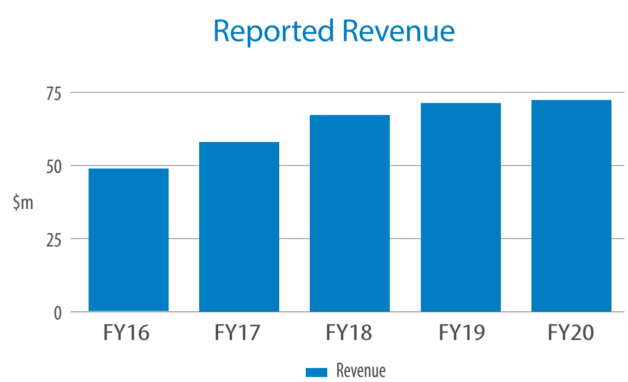
The Three-Year Revenue Visibility KPI is a forward looking KPI and therefore will always include some judgement. To help assess this, we separately identify different categories of revenue to better reflect any inherent future risk in recognising these revenues.

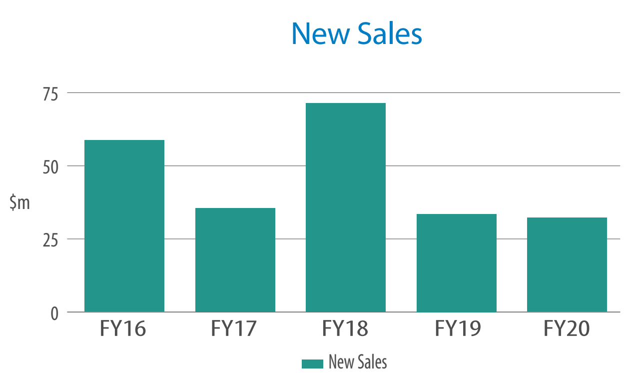
This Three-Year Visible Revenue metric includes:

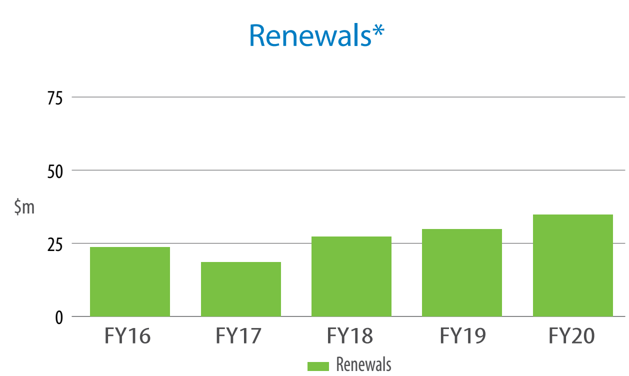
- future revenue under contract;
- revenue generated from renewals (calculated at 100% dollar value renewal); and
- other recurring revenue.

Future revenue under contract is, as the title suggests, subject to an underlying contract and therefore once invoiced will be recognised in the respective future years (subject to future collection risk that exists with all revenue). Renewal revenues are contracts coming to the end of their original contract term (e.g. four years) and will require their contracts to be renegotiated and renewed for the revenue to be recognised. To appropriately represent the quantum of revenue within this category we present the total of revenue subject to renewal (i.e. 100% of dollar value). The final category 'other recurring revenue', is revenue that we would expect to recur in the future but is monthly or transactional in its nature and as such there is increased potential for this revenue not to be recognised in future years, when compared to the other categories.

To ensure the representation of renewal revenues are reasonable in our visible revenue KPI, we monitor the long-term average to ensure it remains above 100%. In assessing this long-term average, we would normally expect this metric to be between 85% and 115%, but recognise a result







*As the Group signs new customer contracts for between three to nine years, the number and value of customers' contracts coming to the end of their term ("renewal") will vary in any one year. This variation along with whether customers auto-renew on a one year basis or renegotiate their contracts for up to a further nine years, will impact the total contract value of renewals in that year.

outside of this range (both above and below) in a single year is unlikely to materially impact the long-term average renewal rate. We reported at the interim results this metric was below this range at 73% following the loss of a larger customer. Whilst we have seen this metric increase to 80% for the full year, the impact on sales since March caused it to remain marginally below our expected range, with certain contract renewal discussions still ongoing.

The Group's total visible revenue for the three years as at 30 June 2020 (i.e. visible revenue for FY21, FY22 and FY23) identifies $200.1m of revenue which we reasonably expect to benefit the Group in this next three year period. This visible revenue breaks down as follows:

- future revenue under contract contributing $141.9m of which $62.7m is expected to be recognised in FY21, $47.4m in FY22 and $31.8m in FY23;
- revenue generated from renewals contributing $57.0m; being $6.2m in FY21, $17.6m in FY22 and $33.2m in FY23;
- other revenue identified as recurring in nature of $1.2m.

These future revenues, with customers continuing to renew their contracts with us, expand beyond the three-year time horizon we report on, creating a foundation of annuity revenue. This annuity revenue provides the foundation for future financial growth as well as giving increased certainty to the Board when making the annual assessment for the Viability Statement.

Gross Margins

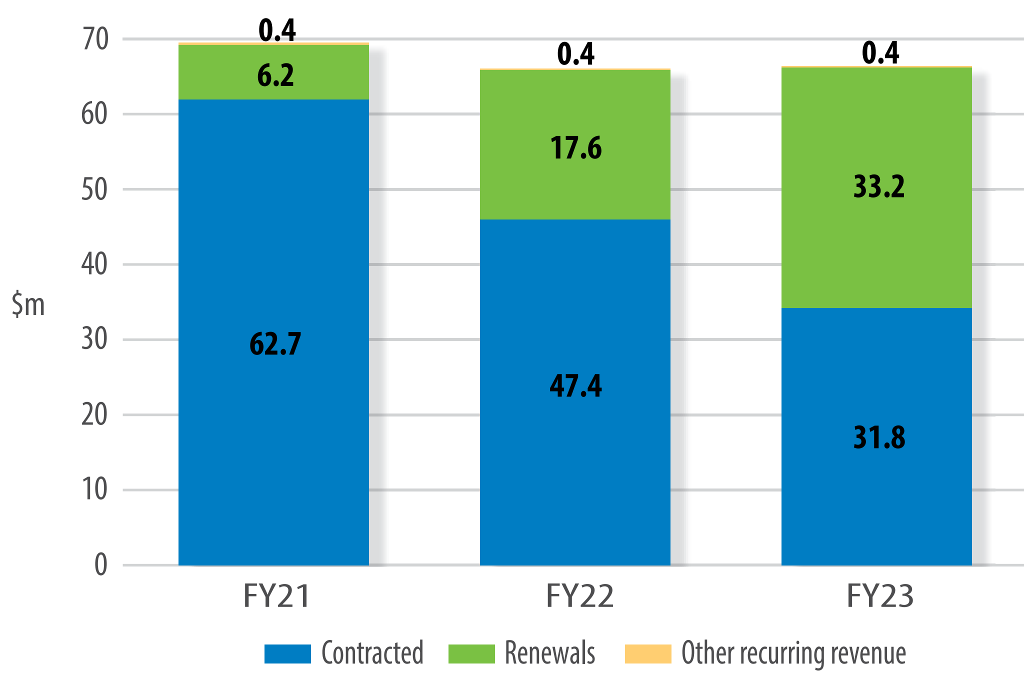
Typically, we expect the gross profit margin to be between 90% to 95% reflecting the incremental costs we incur to obtain the underlying contracts, including sales commission contract costs which are charged in line with the associated revenue recognition. The gross profit for FY20 was $67.0m (FY19: $67.0m) representing a gross margin percentage of 94% (FY19: 94%) which continues to be within our historical range. This reflects the correct matching of these incremental costs with the associated revenue being recorded.

Earnings

The Group presents an adjusted earnings figure as a supplement to the IFRS based earnings figures. The Group uses this adjusted measure in its operational and financial decision-making as it excludes certain one-off items, so as to focus on what the Group regards as a more reliable indicator of the underlying operating performance. We believe the use of this measure is consistent with other similar companies and is frequently used by analysts, investors and other interested parties.

Adjusted earnings represent operating profits excluding costs incurred as a result of acquisition and share related activities (if applicable in the year), share related costs including IFRS 2 share-based payments charge, interest, depreciation and amortisation ("Adjusted EBITDA").

Three Year Visible Revenue



As at 30 June 2020

Strategic Report:
Financial Review [Cont'd.]

No costs were identified as exceptional in the current year. However, in the prior year we incurred $1.2m of professional and other fees relating to a significant proposed acquisition that ultimately the Board decided not to enter into in that year, as such these costs were adjusted from earnings in presenting Adjusted EBITDA in that year.

Adjusted EBITDA has grown in the year to $25.2m (FY19: $24.0m) an increase of 5%. This reflects an Adjusted EBITDA margin of 35% (FY19: 34%). This is consistent with the Group's continued approach to making investments in line with the revenue growth, prudent cost management and reductions in certain spend, such as travel during the pandemic.

IFRS16 "Leases"

In the year, we have adopted IFRS 16 Leases (using the modified retrospective application approach). Under this approach, the impact of initially applying the standard has been reflected as an adjustment to the opening balance of retained earnings and, as such, the prior period comparatives have not been restated. However, in summary, IFRS 16 requires leases to be recognised as an asset and a corresponding liability. At transition, leases previously classified as operating leases (under IAS 17) have been measured at the present value of the remaining lease payments, discounted at an incremental borrowing rate. As a result of adopting IFRS 16, during the period, the Group charged $916,978 of depreciation and $94,193 of interest costs against profit. Under IAS 17, a charge of $726,413 would have been made.

Operating Expenses

Our Purpose is to profoundly impact healthcare by improving healthcare providers' operational efficiency and margin, so they can continue investing in providing quality care for their communities. Through our Value Cycle strategy, the Trisus platform and the applications that sit on it, we are supporting our customers as they tackle the challenges of a market that continues to evolve towards value-based economics and the new reimbursement models. If we are to deliver on our potential to both support our customers in this evolving market place and address the market opportunity available to us, we must ensure we are building a scalable business that can meet the future challenges our growth will bring.

The reduction in net operating expenses (to Adjusted EBITDA) to $41.8m (FY19: $43.0m) reflects continued prudent cost control and reductions in travel spend from March onwards. The Group always looks to invest in all areas of the business in line with revenue growth, and we have adhered to this principle through the current year.

We have remained highly cash generative and as a result we have continued to use our cash reserves (after returning funds to shareholders via dividends) to invest in our future. Product innovation and enhancement continue to be core to this future and our ability to achieve our potential. As such we have continued to invest significant resource in this area as we build out the Trisus platform and the portfolio of products that will be part of this platform. We continue our Build, Buy or Partner strategy to build out this portfolio of products, recognising Build is often the best way forward. We use our Agile development methodology to develop innovative new products whilst maintaining and enhancing our current product offerings and ensuring they remain market-leading. As a result of this investment the total cost of development in the year was $21.6m (FY19: $20.0m), a 10% increase which is ahead of our revenue growth and reflective of the opportunities in the market for our products.

From this total investment we have capitalised projects that will bring future economic benefit to the Group. With the significant increase in our investment into our development and product management teams we have ensured costs relating to expanding and training of the new teams are not capitalised. As a result, the total amount capitalised in the year reduced to $9.3m (FY19: $9.6m).

The amounts we capitalise represent the cash reserves we have utilised in the year, to invest in our future. This is an efficient and cost-effective way to further build out our Value Cycle strategy. We expect to see both the levels of development expense and capitalisation continue as we progress with building out this solution set. As specific products are made available to relevant customers, the associated amounts capitalised are charged to the Group's income statement over their estimated useful economic life, thereby correctly matching costs and the resulting revenues.

In assessing the useful life to correctly match costs and resulting revenues, we must continually apply careful judgement based on past experience, advances in product development and also best practice. During the year, we have re-assessed the estimated useful life of our Intellectual Property (more specifically the Trisus enterprise suite of products), to be between 5 and 10 years (FY19: 5 years). As this is a change in estimate, it has been applied on a prospective basis. The impact of this change has been a reduction in the amortisation charge in the year of $977,008, with the total amortisation charge in the year being $3.2m (FY19: $2.9m).

Cash and Bank Facilities

Cash generation and maintaining cash reserves have always been a focus of the Group, but never more so than through this recent period. Our ability to generate cash has enabled us to navigate the challenges the pandemic brought without the need to rely on government assistance in either geography. We have also been able to provide targeted support to our customers, maintain our investment in our business, continue our investment in development and return funds to shareholders via dividends.

We have always targeted 100% conversion of our earnings into cash. In the current year, we were able to use our cash reserves to provide targeted support to customers who requested it, via payment plans or deferred payment terms and in doing so recognised we were unlikely to meet this target in the current year. We did, however, achieve a 92% conversion of our adjusted EBITDA to cash. Our customers continue to make payments post year end, including those we have agreed payment plans with, and as a result we have collected a further $10.6m.

During the year we have returned $9.1m to our shareholders via dividends. As a result of all these factors, we retain cash reserves of $47.9m (FY19: $47.6m).

This significant level of cash reserves and our balance sheet strength allows us to fund acquisitions should suitable opportunities arise. To supplement these reserves, the Group retains a funding facility from the Bank of Scotland of up to $50m. Whilst no draw down of this facility occurred in the year, the Group continues to investigate strategic opportunities to add to the Value Cycle strategy.

Balance Sheet

The Group maintains a strong balance sheet position. Intangible assets have increased by $6.4m to $36.8m (FY19: $30.4m) primarily as a result of capitalised development costs in the year net of the amortisation charged. The level of trade and other receivables has increased in comparison to the prior year. This is a result of the factors identified above that impacted our cash collection in the year.

Deferred income levels reflect the amounts of the revenue under contract that we have invoiced and/or been paid for in the year, but we have yet to recognise as revenue. This balance is a subset of the total visible revenue we describe above and reflected through our three year visible revenue metric.

Deferred income, accrued income and the prepayment of sales commissions all arise as a result of our Annuity SaaS business model described above and we will always expect them to be part of our balance sheet. They arise where the cash profile of our contracts does not exactly match how revenue and related expenses are recognised in the Statement of Comprehensive Income. Overall, levels of deferred income are significantly more than any accrued income and the prepayment of sales commissions, we therefore remain cash flow positive in regards to how we account for our contracts.

Currency

The functional currency for the Group, and cash reserves, is US dollars. Whilst the majority of our cost base is US-located and therefore US dollar denominated, we have approximately one quarter of the cost base situated in the UK, relating primarily to our UK employees which is therefore denominated in Sterling. As a result, we continue to closely monitor the Sterling to US dollar exchange rate, and where appropriate consider hedging strategies. The average exchange rate throughout the year being $1.2598 as compared to $1.2945 in the prior year.

Taxation

The Group generates profits in both the UK and the US. The overall levels are determined by both the proportion of sales in the year and the level of professional services income recognised. The Group's effective tax rate remains dependent on the applicable tax rates in these respective jurisdictions. In the current year the effective tax rate has been affected by R&D tax relief of $0.5m (FY19: $0.4m) and share options issued and exercised in the year which reduced the tax charge by $0.8m (FY19: $0.4m). As such the current year effective tax rate is 13% (FY19: 18%).

EPS

In the year being reported adjusted EPS has seen the benefit of the increased levels of Adjusted EBITDA combined with the effective tax rate reported above, partially offset by an increase in both the amortisation and share based payment charges, and as such has increased 3% to $0.654 (FY19: $0.633) and adjusted diluted EPS has increased to $0.644 (FY19: $0.620).

Dividend

In proposing a final dividend, the Board has carefully considered a number of factors including the impact of the pandemic, the Group's trading performance, our current and future cash generation and our continued desire to recognise the support our shareholders provide. After carefully weighing up these factors, the Board proposes a final dividend of 15p (18.45 cents) per share giving a total dividend for the year of 26.5p (32.60 cents) per share (FY19: 26p (33.02 cents) per share). Subject to approval at the Annual General Meeting, the final dividend will be paid on 15 December 2020 to shareholders on the register as at 20 November 2020, with a corresponding ex-Dividend date of 19 November 2020.

The final dividend of 15p per share is capable of being paid in US dollars subject to a shareholder having registered to receive their dividend in US dollars under the Company's Dividend Currency Election, or who register to do so by the close of business on 20 November 2020. The exact amount to be paid will be calculated by reference to the exchange rate to be announced on 20 November 2020. The final dividend referred to above in US dollars of 18.45 cents is given as an example only using the Balance Sheet date exchange rate of $1.2302/£1 and may differ from that finally announced.

Outlook

While the disruption and stress of the COVID-19 pandemic has eased in some areas, many healthcare providers continue to be under considerable pressure and while a second wholesale lockdown is unlikely, this situation is likely to continue. On the whole, hospitals now have increased clinical capacity and the focus has shifted to ensuring robust operational and financial processes are in place to ensure their financial future.

We have experienced strong sales momentum in Q1 and continue to have sales discussions with hospitals across the US. We are cautiously optimistic we are seeing the first signs of sales cycles slowly normalising; however, we remain cognisant of the ongoing macro uncertainties.

Our passion and purpose is to impact healthcare profoundly by improving healthcare providers' operational efficiency and margin, so they can continue investing in providing quality care for their communities. The challenges hospitals are currently facing, combined with the ongoing transition to value-based reimbursement, means this has never been more relevant, or important, and we will do all we can to support our customers through this time.

We continue to benefit from a strong balance sheet and high levels of recurring revenue, entering the new financial year with an annuity revenue base of over $65m, providing us with a strong foundation for future growth.

Keith Neilson
Chief Executive Officer
18 September 2020

Craig Preston
Chief Financial Officer
18 September 2020

Strategic Report:
Key Performance Indicators and Principal Risks and Uncertainties

Key Performance Indicator Review

Revenue Growth	**2020**	2019
Revenue	**$71.5m**	$71.4m
Growth	**0%**	6%

Through the Group's Annuity SaaS revenue recognition model, underlying sales levels in the current year combine with prior year's sales and continued high levels of customer retention, to increase the recurring revenue reported each year. The long-term nature of our contracts supports sustainable growth with the majority of revenue resulting from current year sales being recognised in future periods.

Three Year Revenue Visibility	**2020**	2019
Three Year Revenue Visibility	**$200.1m**	$197.5m

The Group's revenue recognition model means the full benefit of current year's sales are not reflected in the current year financial statements. Instead, the vast majority of any new sales adds to the growth in the underlying 'annuity' of recurring revenue. This is demonstrated through the Group's 'Three Year Revenue Visibility' KPI. This metric compares the growth in the three years contracted revenue, revenue subject to renewal and other recurring revenue, for the same three year period starting 1 July 2020. Full details of how this is calculated are detailed in the financial review section of the Strategic Report.

Adjusted EBITDA Growth	**2020**	2019
Adjusted EBITDA	**$25.2m**	$24.0m
Growth	**5%**	11%

We take a measured approach to our investment, ensuring to invest to support the future growth of the Group. The continued revenue growth has allowed us to both continue and in certain areas accelerate this investment whilst delivering Adjusted EBITDA growth. By taking this approach, we aim to release additional investment, in line with revenue growth, with the focus on delivering profitable growth to all stakeholders.

Adjusted EPS	**2020**	2019
Adjusted EPS	**65.4 cents**	63.3 cents
Growth	**3%**	5%

Adjusted EPS growth demonstrates the Group's overall profitability after taking into account the taxation in the year and any changes in share capital. The Group generates profits in both the UK and the US. The Group's effective tax rate remains dependent on the applicable tax rates in each respective jurisdiction.

Total Sales	**2020**	2019
Total Sales	**$65.4m**	$63.1m

Total Sales represents the total value of contracts signed in the year. As the Group signs new customer contracts for between three to nine years, the number and value of customers' contracts coming to the end of their term ("renewal") will vary in any one year. This variation, along with whether customers auto-renew on a one year basis or renegotiate their contracts for up to a further nine years, will impact the total sales value of renewals in that year.

Cash	**2020**	2019
Cash	**$47.9m**	$47.6m

The Group continues to convert very high levels of the Adjusted EBITDA reported in the year into operating cash flows which, having returned $9.1m to shareholders by dividend during the year, has resulted in cash balances of $47.9m at 30 June 2020. Overall Operating cash conversion, at 92% in the year ended 30 June 2020, is below our current long-term target of 100% for the reasons explained in the Financial Review section on page 10.

Strategic Report:
Key Performance Indicators and Principal Risks and Uncertainties [Cont'd.]

Principal Risks and Uncertainties

To deliver continued sustainable growth, the Group recognises the need to minimise the likelihood and impact of key risks. These risks are both general in nature i.e., business risks faced by all businesses, and more specific to the Group and the market in which it operates. Our approach to risk management is a key consideration to how we deliver long-term stakeholder value whilst protecting our business, people, assets, capital and reputation. The Corporate Governance Report on pages 35 to 44 includes an overview of the Group's risk management and internal control systems, including details of the Group's Risk and Compliance Committee.

The Board is very much aware that as a public company, reputational damage is a risk and as such a key concern. Whilst the risks outlined in this report do not specifically detail the risk from reputational damage, the potential effects to our reputation are not under-estimated by the Board.

The risks outlined here are those principal risks and uncertainties that are material to the Group. They do not include all risks associated with the Group and are not set out in any order of priority

COVID-19

The Strategic Report on pages 5 to 11 details the unprecedented impact COVID-19 has on our customers and their operations. It also details the financial and operational impact that resulted to Craneware. Whilst the ongoing situation continues to evolve, we anticipate, based on what is currently known, under the current climate, that any further business impact to Craneware operations will not go beyond those identified in the Strategic Report and future impacts in these areas are expected to be limited. We have continued to support our US hospital customers to assist them, where we can, with their challenges and adding value by ensuring they can maximise their reimbursements and maintain their financial stability. This in turn gives them the ability to better serve their communities.

Additional support has been provided to our customers and non-customers with regular webinars updating the coding and legislation changes being implemented by the US Government. This provided information needed to ensure the correct reimbursements could be claimed for treatment of COVID-19 patients.

Craneware took the decision in mid-March 2020 to implement our business continuity plan and move all of our office-based staff to remote home workers ahead of the Government guidelines. This decision was driven by the desire to protect and safeguard the well-being and health of our workforce and allowing the continued support to our customers as they faced the challenge of dealing with COVID-19 patients in their hospitals.

The Risk and Compliance Committee took responsibility for being the COVID-19 response Committee with the remit to enlist the assistance of colleagues with specific industry knowledge and expertise to assist the ongoing task of monitoring and information sharing to both employees and customers in the UK and in the US.

The COVID-19 response committee ran weekly update calls to inform all employees of the changes in legislation in both jurisdictions and any policy changes being implemented by Craneware. These sessions were informative and also provided question and answer sections to allow any concerns and queries to be answered. All new updates are conducted as and when significant changes occur. A dedicated section on the Group's intranet is being maintained with up to date information and the five stages of COVID-19 indicator, currently sitting at stage 2; mandatory work from home.

As all office-based employees moved into a new working from home environment, various steps were taken to ensure the safety and wellbeing of these staff members. Craneware benefited hugely from the experience of having a large percentage of the US workforce already being home based and therefore was able to pull on that experience to transition the newly reassigned office-based employees.

With constant wellbeing articles and a check of facilities at home to provide a comfortable and ergonomically suitable workspace taken, employees were given the support needed to make this transition as smooth as possible.

Employees were further supported through this period with the ability to work reduced hours to fit in with their personal circumstances.

Data and cyber security

Issue: Security of customer, commercial, and personal data poses increasing risks to all businesses, especially against a backdrop of increasingly complex regulatory environments and safeguards over personal and patient data. The continually increasing instances of cyber and data-related crime presents a significant challenge in terms of securing data and systems against attack.

Actions: Whilst it is impossible to completely eliminate data and cyber security risk, it is clear that effective mitigation now goes beyond building and operating security controls. The Group continues to invest in strict physical and data security systems and protocols, including data loss prevention systems, internal and external threat monitoring. We deploy comprehensive auditing of our controls and processes targeted in these areas. The Group has a Security Council, chaired by the Chief Information Officer, which assesses current technology risks, approval and implementation of mitigation plans as well as to inform the Chief Information Officer of future strategy around this key business area.

Strategic Report:
Key Performance Indicators and Principal Risks and Uncertainties [Cont'd.]

The Group also recognises and supports (including through ongoing employee training and applicable policies and procedures) a sustained evolution of culture within the organisation that embeds security across the business.

Along that vein, as many studies suggest that employees and contractors are the most common cause of data breaches, with phishing attacks being the predominant cause, the Group requires mandatory data security training of all employees and continues to develop and invest in additional training.

In view of the importance of the procedures, security, regulation and controls around Craneware's solutions and customer data, Craneware met the requirements for and was awarded the HITRUST CSF certification. Health Information Trust Alliance ('HITRUST' Alliance) is a collaboration with healthcare, technology and information security organisations which develops, maintains and provides broad access to its widely adopted common risk and compliance management and de-identification frameworks; related assessment and assurance methodologies; and initiatives advancing cyber sharing, analysis and resilience. HITRUST has established a 'common security framework' (CSF) to address the multitude of security, privacy and regulatory challenges facing organisations. The scope of the HITRUST CSF's requirements is wide and requires a very high standard of data security arrangements as these have been set in the context of the accreditation being relevant to US healthcare providers with handling sensitive data (Protected Health Information) and impacts in some way all areas of the business (at least in respect of the required enhancement to the Group-wide IT and data security policies). This serves to inform IT Security roadmaps and significant investments with continued compliance being an ongoing a focus.

Intellectual Property Risk
Issue: Failure to protect, register and enforce (if appropriate) the Group's Intellectual Property Rights could materially impact the Group's future performance. The use of third party contractors within the Group's software development organisation as well as increasing numbers of customers using outsourced partners to operate parts of their finance departments, results in a larger number of third parties having access to the Group's Intellectual Property.

Actions: The Group will continue to register its trademarks and protect access to its confidential information, as appropriate. The Group continues to include appropriate legal protections in its contractual relations with customers, suppliers, and employees to ensure legal protections available are taken advantage of. The Group would vigorously defend itself against a third-party claim should any arise. The Group also has in place strict physical and data security processes and encryption to protect its intellectual property

US Healthcare Evolution and Reform
Issue: The US healthcare industry continues to evolve, with a drive for increased value from healthcare spend and a shift towards consumerisation. The US healthcare market is subject to continual change and as such could impact the Group's market opportunity.

Actions: The Group has taken steps to ensure it stays at the forefront of how the industry is interpreting current proposals and actions they are taking. It has and it continues to develop significant industry expertise at all levels of management including the Board of Directors. It actively promotes developing further experience throughout the wider organisation by, amongst other things:

- key hires adding to the industry expertise across the Group, both at operational and strategic levels;
- having independent industry experts attend and speak at internal and external Company events;
- regular attendance by senior management at healthcare forums and industry education events; and
- customer forums.

The Group's Value Cycle strategy and the ongoing expansion of the Trisus platform strengthens our position as a trusted financial performance partner to hospitals. In addition, the Group continues to innovate and develop further new products to meet evolving market needs, such as the ongoing development of the Group's new product in the cost analytics area.

These strategies, in addition to the customer engagement activities outlined on page 22, keep the Group at the forefront of industry developments.

Regulatory Environment
Issue: The Group operates in an increasingly complex and heavily regulated market environment. This includes very specific requirements in dealing with, for example, data privacy, security, labour / employment, anti-kickback statutes.

Actions: The Group has a Risk and Compliance Committee, comprised of the Chief Information Officer, Chief People Officer, Chief Financial Officer, and the Chief Legal Officer to oversee activities and concerns pertaining to the strict regulatory environment.

All employees and contractors are required to undertake regular mandatory training in key topics. The Chief Legal Officer is certified in privacy law in the US and UK. In addition to utilising external experts in the relevant areas, senior management regularly attend educational events and forums to keep up to date with evolving regulations.

Political and Macroeconomic Changes
Issue: The Group has significant operations in both the UK and the US and therefore is exposed to the changes in the political and economic environments of both. This includes the ongoing Brexit negotiations and any changes in freedom of movement and international trade.

Actions: The Group has experienced Board members and senior management in both countries. The Group's operations are currently evenly balanced between the two, contributing positively to both economies. Globally there is a restricted supply of qualified personnel within the technology sector. Political uncertainty in the world can exacerbate this situation within specific geographies. To ensure the ongoing availability of qualified personnel, the Group continues to support training programs both internally and externally as well as develop third party partnerships. The current multijurisdictional operations of the business substantially mitigate the Group's exposure to foreign exchange rates and risk to cross border trade which can be volatile in times of uncertainty. The Group continues to monitor emerging news and trends to stay alert to any potential future impacts.

Market Consolidation
Issue: The evolving market in US Healthcare continues to place significant pressure on Healthcare providers, which is resulting in ongoing market consolidation. As a result, the Group's market is increasingly dominated by larger hospital networks. Failure to enhance products, ensure scalability or add to the current product suite could significantly limit the Group's market opportunity and leave it unable to meet its customers' evolving needs.

Actions: The Group's value cycle strategy and Trisus platform, combined with the ongoing investment in the product suite, positions the Group to provide scalable solutions to US Healthcare providers of all sizes.

Competitive Landscape
Issue: New entrants to the market or increased competition from existing competitors could significantly impact the Group's market opportunity.

Actions: The Group continually monitors its competitive landscape, including both existing and potential new market entrants. Significant barriers to entry continue to exist, including but not limited to the significant data content built over the Group's history that exists within its products. The Group continues to expand and develop its product portfolio and to ensure its products are platform agnostic, and actively seeks partnerships with other healthcare IT vendors.

Acquisition Risk
Issue: The Group has a stated acquisition strategy. Any acquisition carries with it an inherent risk, including failure to identify material matters that could adversely affect future Group performance.

Actions: The Group and Board members individually have relevant experience in regards to completing acquisitions and this experience has been added to in recent years through key appointments to the Operations Board. In addition, and where appropriate, the Board appoints independent professional advisors to assist in the consideration of potential acquisitions and to assist management in the due diligence process.

The principal financial risks are detailed in Note 3 to the financial statements. How the Board determines and manages risks is detailed in the Corporate Governance report on pages 35 to 44.

In summary, and as explained in the Operational Review section of this Strategic Report, the US healthcare market is not immune to the macro-economic climate and, with the increasing focus and requirements of the evolving healthcare marketplace, the Group expects the market to continue to be competitive. The Group aims to remain at the forefront of product innovation and delivery, through a combination of in-house development and specific acquisition opportunities. This requires the recruitment, retention, and reward of skilled employees, alongside responsiveness to changes, and the opportunities that result, as they arise.

Emerging Risk
In addition to known risks, we are consistently reviewing and re-assessing other emerging risks and the need for mitigation, as well as reporting to the Board, as part of our existing risk management processes. These processes include the identification of relevant internal and external factors and are designed to capture those emerging risks which are current and those that will impact future periods.

Viability Statement
In accordance with the UK Corporate Governance Code, the Directors have considered the viability of the Group over the three year period from 30 June 2020.

Considerations that impact this assessment include the Group's current financial position and available financial resources, the Group's Annuity SaaS business model as outlined within the Strategic Report, including Revenue Visibility, the Group's strategic initiatives, the financial forecasts, the Group's cost base and annual forecast.

In the current year this assessment has also included consideration of the potential impact of COVID-19 on viability. The current impact of this so far, has been the lengthening of sales cycles especially in the last quarter of the year ended 30 June 2020 including renewals and associated upsell and cross sell.

The Directors also considered a number of other factors including the Group's risk management and internal control effectiveness and the principal risks and uncertainties and their likelihood of occurrence within the period of assessment.

The Directors consider that three years is an appropriate period for this assessment as it corresponds with the Three Year Revenue Visibility key performance indicator, as explained in the Strategic Report and the strategic planning horizon.

The Annuity SaaS business model with its underlying long-term contracts (as described in the Strategic Report on page 7), high levels of associated cash generation and long-term focus on customer success provides a foundation of revenue for future years. This foundation of contracted revenue forms the basis of the stress testing considered by the Directors in making this assessment, including a scenario which envisages no further sales or renewal activity during the assessment period. The Directors confirm that they have a reasonable expectation that the Group will be able to withstand the impact of this severe adverse scenario, should this occur in the course of the three-year assessment period.

The Directors have therefore considered, in making this assessment, the Group's current financial position and future prospects and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period from 30 June 2020. However, future assessments of the Group's prospects are naturally subject to uncertainty that increases with time and therefore future performance cannot be guaranteed.

Strategic Report:
Section 172 (1) Statement

In accordance with the Companies Act 2006, each director of a company has a duty to promote the success of the company. **Section 172(1)(a) to (f) of the Companies Act 2006 ('s172 (1)')** requires a director of a company to act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:

a. the likely consequences of any decision in the long-term;
b. the interests of the company's employees;
c. the need to foster the company's business relationships with suppliers, customers and others;
d. the impact of the company's operations on the community and the environment;
e. the desirability of the company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly as between members of the company.

This statement intends to set out how the Directors, both individually and collectively, have had regard to the above factors when undertaking their duties during the year ended 30 June 2020. The Directors consider, both individually and collectively, that they have taken these factors into account when exercising their duty to promote the success of the Group and of the Company during the year.

In addition, more information is provided in this annual report relating to matters relevant to the section 172 statement in the following pages

s172 (1) considerations:	Further information at page(s)
Likely long-term consequences	4 to 15
Interests of the Company's employees	19 to 21; 33
Business relationships with suppliers, customers and others	22, 24, 25, 32 and 33
Impact on the community and the environment	24, 25 and 32
Reputation for high standards of business conduct	33 and 35 to 44
Acting fairly as between members of the company	23, 34, 40 and 41

In discharging their section 172 (1) duty, the Directors have regard for these factors and take them into consideration when making decisions. Induction materials provided on appointment include an explanation of Directors' duties, and the Board is regularly reminded of their duties.

The Directors have oversight of stakeholder matters and have regard for these matters when making decisions. The Board, led by the Chairman, ensures that its processes have regard for key stakeholders and that there is sufficient time, information and understanding to properly take into account their interests when making decisions and considering their long-term implications.

The Board recognises that every decision it makes will not always result in a positive outcome for each of the Group's stakeholders. By considering the Group's purpose, vision and values, together with its strategic priorities and having a process in place for decision-making the Board does however, aim to make sure that its decisions are consistent and aligned.

A key consideration of the Board in making its decisions is to balance the sometimes conflicting needs of the Group's and the Company's stakeholders to ensure they are all treated consistently and fairly. This was demonstrated through the decisions made in response to the COVID-19 pandemic which are outlined, in the context of stakeholder considerations, on page 17.

By understanding our stakeholders, the Directors can factor into Board discussions the potential impact of decisions on relevant stakeholder groups and consider stakeholder needs and concerns, in accordance with section 172 (1) of the Companies Act 2006. Details of the Group's key stakeholders and how we engage with them are set out on pages 19 to 25.

The following table summarises some of the significant decisions made by the Board during the year ended 30 June 2020 and the stakeholder group(s) impacted by these decisions.

Strategic Report:
Section 172 (1) Statement [Cont'd.]

Principal decisions/events	Actions and impact	Key Stakeholder group(s) affected
Re-organisation of the Product function	The decision to evolve our organisational design relating to, and focusing on, our product areas was implemented during the year and this was explained in our interim results announcement on 3 March 2020. The business now has four functional solution divisions for developing and enhancing product, each with defined objectives, talented teams and clear KPIs. The aim of this evolution was to promote innovation, operational excellence and customer intimacy, while providing us with the structure to continue to scale. This is described further in our Strategic Report on pages 5 to 11.	Customers Employees
COVID-19 response	Further details of actions in response to the COVID-19 pandemic are on page 13. The health, safety and well-being of our employees is a primary focus of the Board and senior management in response to the pandemic. This focus had to be balanced with maintaining excellent levels of service to our customers. Craneware instigated an immediate response, focusing primarily on both employees and customers, by putting measures in place to assist and alleviate issues raised by the significantly challenging situation facing our customers and the restrictions in response to the pandemic imposed in both the UK and the US. The Risk and Compliance Committee chaired by the Chief Financial Officer and joined by the CEO, was given the responsibility of being the COVID-19 response Committee. Regular updates are provided from the Committee to the Board of Directors of the Company. As all office-based employees moved into a new working from home environment, various steps were taken to ensure the safety and wellbeing of these colleagues. Employees were further supported through this period including the ability to work reduced hours to fit in with their personal circumstances. Regular Q&A sessions, conducted by the COVID-19 Response Committee by virtual meetings, provided a forum for employees to receive updates, ask questions and raise concerns. A dedicated section on the Group's intranet is being maintained by the Committee with up to date information. We have continued to support to our US healthcare customers to assist them, where we can, with their challenges and adding value by ensuring they can maximise their reimbursements and maintain their financial stability. This in turn gives them the ability to better serve their communities. The Directors maintained an ongoing dialogue with shareholders throughout the period. The Trading Update published on 8 July 2020 included an explanation of the impact, as assessed by the Board at that time, of the pandemic on the Group. During the financial year ended 30 June 2020, notwithstanding the challenges of the COVID-19 pandemic, the Group has retained all employee positions and maintained employee remuneration at all levels across the Group. The Group was able to do this through its own resources and chose to utilise only a minimal amount of COVID-19 related UK or US government support. The Group has continued to pay suppliers in accordance with agreed terms and has not sought to delay or refuse payment of valid invoices.	Employees Customers Shareholders Community Government Suppliers
Dividend Policy (proposed final dividend for year ended 30 June 2020)	The Board considered the current and future liquidity and financial position of the business and potential impact on dividend policy, particularly in view of the prevailing macroeconomic effects of the COVID-19 pandemic. Based on the financial position and cash reserves of the Group, the Trading Update published on 8 July 2020 stated the intention of the Board to pay a final dividend for the year ended 30 June 2020. As explained on page 11, the Directors are recommending the payment of a final dividend of 15p (18.45 cents) per share based on the results for 2020. Subject to approval at the Annual General Meeting, the final dividend will be paid on 15 December 2020 to shareholders on the register as at 20 November 2020.	Shareholders

Strategic Report:
Section 172 (1) Statement

Principal decisions/events	Actions and impact	Key Stakeholder group(s) affected
Share option participation	In order to provide a wider population of employees with an opportunity to become Craneware shareholders, which promotes alignment to shareholder interests and aids with recruitment and retention, the Board decided to implement the SAYE and ESPP all employee share option plans which had been established, and adopted by shareholders, in 2018. The Remuneration Committee approved the first grant of share options under the all employee SAYE (UK) and ESPP (US) share option plans in the year ended 30 June 2020, as summarised in Note 8 to the financial statements and as outlined on page 48 of the Remuneration Committee's Report.	Employees Shareholders
Appointment of Non-executive Directors	As stated in the 2019 Annual Report, the Board had identified from its Board evaluation process that adding further non-executive experience could complement the Board. During the year ended 30 June 2020, Alistair Erskine and David Kemp were appointed to the Board as independent non-executive directors. As announced in September 2019, George Elliott stepped down as Chairman of the Board at the Company's AGM on 12 November 2019, having served as Chairman since August 2007, and William Whitehorn was appointed to the Board as Chairman on 1 January 2020. The Board considered each of these appointments in the context of the Board's balance (including the provisions of the UK Corporate Governance Code 2018), experience, skills and expertise. Further details regarding the director appointments during the year are contained within the Corporate Governance Report on pages 35 to 44 and the biographies of the directors are on pages 27 and 28.	Shareholders

Craig Preston
Chief Financial Officer
18 September 2020

Stakeholder Engagement

The Board is responsible for leading stakeholder engagement, ensuring that we fulfil our obligations to those impacted by the business. We believe that considering our stakeholders in key business decisions is fundamental to our ability to drive value creation over the longer term. Our key stakeholder groups and how we engage with them are summarised in the tables below.

The views of stakeholders have been considered in the scheduled Board and Operations Board meetings as well as in the context of the response to the COVID-19 pandemic. By understanding our stakeholders, we can factor into the Board's discussions the potential impact of our decisions on each key stakeholder group and consider their needs and concerns, in accordance with section 172 (1) of the Companies Act 2006, as outlined on page 16.

Not all information is reported directly to the Board and not all stakeholder engagement takes place directly with the Board. However, the output of this engagement informs business decisions, with an overview of developments and relevant feedback being reported to the Board. More material matters require the Board's consideration, with the Board engaging directly with, primarily, our employees and shareholders.

EMPLOYEES

We recognise the value of our employees and that the success of the Group is due to their efforts. Employee engagement is based on Craneware's Framework and core values of honesty, integrity, hard work to the highest quality, service and enjoying the challenge.

Driving employee engagement, empowerment and execution by prioritising the Framework and Lean principles was one of our strategic themes and outcomes for the year.

How we engage

Annual employee engagement survey: We conduct an annual employee survey which is hosted by an external survey vendor. Our employee engagement survey gathers employee views, with anonymised responses, on topics including: culture, understanding strategy, working environment, morale, reward, work-life balance. The survey conducted this year achieved a very high level of response from employees. Satisfaction scores are evaluated to provide a breadth of context about how employees are feeling and an Employee Engagement Index is also collated and monitored. The annual employee engagement survey is supplemented by further pulse surveys during the year. Going forward into FY21, our employee engagement survey will be quarterly with updated questions.

Employee Advisory Committee (EAC): We launched our EAC during the year which comprises a diverse panel of employees who were selected, based on interested applicants, to represent a cross-section of teams. The mission of the EAC, which meets monthly, is: to enable a high contribution culture where employees feel empowered, valued, achieve personal development and contribute effectively. The EAC has been established, with the full support of the Operations Board (which includes the executive Directors and other members of the senior management team), as a forum through which employees can meaningfully and responsibly participate in an advisory capacity to the Group. The EAC is not a decision-making body. The EAC provides a platform for information and discussions about issues that are of interest to employees and provide recommendations back to the Operations Board and, if appropriate, to the Board of Directors.

Annual all-employee meeting: a key part of this meeting is the explanation and roll out of Group-wide strategic themes and outcomes, as agreed by the Board, and related deliverables (with key performance indicators) to all employees at the start of the financial year. The team is then provided with regular updates on these strategic themes and progress with deliverables during the year.

All-employee update meetings: on a minimum six monthly basis, usually following the full and half year financial results announcements, an all employee update meeting is hosted by the CEO and CFO to provide an update to employees on the business. There is always a question and answer section at the end of these meetings which provides the opportunity for employees to ask the Directors questions.

Ongoing communication: We use the Group-wide intranet, as a main point of communication to share information and updates with employees. The intranet hosts the employee handbook of policies and procedures in addition to employee, company, and industry news and other departmental and Group-wide information such as employee wellness activities and Craneware Cares initiatives. The intranet also played an important role during the COVID-19 pandemic as home to the COVID-19 Information Hub (explained further below). Each week a 30 minute Craneware Information Mini Series is held. The presenter and topic change each week, and is a way for employees to understand what other employees and teams are working on across the business.

Stakeholder Engagement [Cont'd.]

EMPLOYEES [Cont'd]

How we engage (continued)

Craneware Spaces: Towards the end of this year we launched a new initiative called Craneware Spaces which are hosted sessions creating safe spaces for conversation and community on the topic of racism, diversity, and inclusion. The sessions are led by and involve employees and guest speakers.

COVID-19 response: Appropriate adaptations have been made to employee engagement mechanisms, including employee communications, policies and wellness initiatives, during the year ended 30 June 2020 (and ongoing at the time of compiling this annual report) with the changes to working practices required due to the COVID-19 pandemic. Employees required regular updates on steps being taken by Craneware, support to understand key policies and procedures which might be helpful, links to guidance from the government and local authorities, and general wellness support.

Created by the COVID-19 Response Committee, the COVID-19 Information Hub on the Group's intranet provided a one stop shop for employees to access latest information. In addition, a 30 minute COVID Q&A is hosted on a bi-weekly basis in order for employees to ask live questions of the COVID-19 team.

Framework: Craneware's Framework has been at the core of the company since it was first formed. The Framework provides the organisation with a clear definition of "who we are and how we perform". It is part of employees onboarding when they join Craneware and underlies, and is interlinked to, contribution management. The Framework comprises: Craneware's characteristics and values connecting to each competency, strengthening the way in which the organisation recognises the Craneware Ethos within employee contribution management.

LEAN Initiatives: Lean methodology is a way of optimising people, resources, effort and energy of an organisation toward creating value for the customer. It is based on two guiding tenets: continuous improvement; and respect for people. LEAN Methodology reinforces Craneware's trust, respect and desire to empower its employees who are responsible for the achievement of the business' objectives through their daily work. The program was introduced at Craneware in financial year 2017 and continues to be utilised to drive accountability and discover value in our process to deliver on commitments and business goals with balanced throughput that matches customers' needs and sustains company growth.

Contribution management: This links the contribution of each individual to the overall strategic direction of the organisation and provides clarity and transparency around expectations. The process aims to drive a high contribution culture and it has a direct impact on reward, strategy alignment, organisational development and the Company ethos. Employees are encouraged to maintain a personal development plan, linked to an employee's role and goals, as part of the contribution management process.

Learning and development: Craneware's employee learning management system ('LMS') called the Academy, hosts on demand learning solutions, covering a wide range of subject matter. Each Craneware employee has a personal log-on and account within the portal system which allows the allocation and tracking of training for each employee. The system also enables the control of (and tracking of completion of) mandatory and annual training modules. In addition, a technology specific learning platform called Pluralsight is available for employees in technical roles. The platform delivers training in many areas of technology, such as coding languages. Three different types of leadership programs exist to bring together and further develop internal leaders. For a number of years, Craneware has supported a Masters Degree in Business Administration ('MBA') program in partnership with University of Strathclyde to provide employees, who are interested in pursuing an MBA, a way of further developing their business knowledge and leadership potential.

Induction: We have a comprehensive induction programme in place for new members of the team. This includes being assigned a "buddy", a suite of introductory information and mandatory training hosted on the LMS. The induction experience is monitored by HR through 30, 60 and 90-day check-ins with the new employee.

Recognition: Employee recognition is embedded into Craneware's culture, and includes a broad range of opportunities from casual recognitions to formal annual peer-nominated awards.

Stakeholder Engagement [Cont'd.]

EMPLOYEES [Cont'd]

How we engage (continued)

All-employee share plans: In order to provide a wider population of employees with an opportunity to become Craneware shareholders, which promotes alignment to shareholder interests and aids with recruitment and retention, we have established a Save As You Earn ('SAYE') share option plan for UK employees and an Employee Stock Purchase Plan ('ESPP') for US employees. Share options were first granted under these two share option plans in the year ended 30 June 2020, as summarised in Note 8 to the financial statements. There was a good level of participation in the plans this year, in terms of the numbers of employees who chose to join.

Wellness: We have enhanced our employee wellness programmes again during the financial year. Employees have volunteered to be Wellness Ambassadors to provide wellness information on the Group's intranet and support employee wellness events.

Community initiatives: Craneware Cares, an employee committee, links an element of employee engagement with relevant community engagement in an ongoing and active mechanism. Further details are contained in the 'Community' section below.

How this was considered in Board discussions and decision making

The results and anonymised feedback received from the annual employee engagement survey are collated and rated to identify any aspects for improvement, which then guide initiatives to address those areas. The results and anonymised feedback are reviewed and considered by both the senior management team and also by the Board.

The Board receives regular reports about a range of factors and issues affecting our employees to ensure that appropriate consideration is given and early action taken where necessary. The Board also regularly considers matters and initiatives as part of its commitment to promote diversity and equality across all of our teams.

The Remuneration Committee approved the first grant of share options under the all employee SAYE (UK) and ESPP (US) share option plans in the year ended 30 June 2020, as summarised in Note 8 to the financial statements and as outlined on page 48 of the Remuneration Committee's Report.

Measures exist for the Board and senior management to evaluate Craneware's workforce structure and to ensure that these trends align with objectives around diversity and inclusion.

Stakeholder Engagement [Cont'd.]

CUSTOMERS

Craneware prioritises customer engagement as a critical component to our long-term success. We recognise the importance of, and are fully committed to, engaging with our customers in meaningful, two-way conversations. Craneware is also improving our customers' experience via several initiatives, in addition to our extensive engagement during implementation, professional services, and from ongoing customer support.

How we engage

Craneware Advisory Council (CAC): This forum represents leadership from both within Craneware, as well as key leaders from our customer organisations. Through innovative and collaborative focus groups, we collect qualitative feedback, which is prioritised and refined into application features and services. This enables us to add value for our customers. In addition to scheduled meetings, ongoing Craneware Advisory Council member feedback is collected through surveys, mastermind sessions, and thought leadership projects.

Craneware Financial Performance Summit: This event is a broader opportunity to engage customers, providing users of Craneware applications and services with educational and networking opportunities. All current customers are invited to attend this live event, which is held in a different location each year. In October 2020, the event is being delivered virtually.

LEAN Principles: We employ a consultative approach across all solutions to measurably improve customer financial and operational performance. This approach is founded upon LEAN principles for effective process development, and includes utilising voice of the customer exercises to develop Critical-To-Quality trees, discovery questionnaires, role assessments, and application-specific value scorecards.

Educational webinars: Craneware regularly offers complimentary live webinars providing training across our solutions. Webinars also cover educational industry topics including billing, coding and regulatory changes which impact hospitals' revenues and costs. As noted on page 13 , these webinars were integral to Craneware's response to the COVID-19 pandemic. Craneware's professionals quickly released new insights that were critical to customers' management of these coding and operational changes. Using an existing customer engagement channel for webinars, new sessions, specifically designed to support hospitals and healthcare organisations, were offered to both customers and non-customers as a collaborative measure to support the industry.

Craneware Academy: Craneware Academy is the knowledge centre of Craneware, with a triple aim: professional development, Craneware knowledge, and industry knowledge. Customer proficiency with their Craneware applications is assessed through courses that provide testing scenarios and hands-on practice within the system. These courses contribute to levels of Craneware certification, which are celebrated annually.

Customer Care Team: This is a designated team of problem-solving, relationship specialists. Their focus includes partnering with select customers to engage and optimise the value of the Craneware relationship, including our solutions, services, webinars, and expert advice. This level of service contributes to customers renewing existing contracts and purchasing additional opportunities.

How this was considered in Board discussions and decision making

Customer feedback regarding the value of Craneware's applications and services, as well as sales data, is regularly presented to the Board of Directors. These insights inform strategic decisions.

Stakeholder Engagement [Cont'd.]

SHAREHOLDERS

The Company engages in full and open communication with both institutional and private investors and responds promptly to all queries received.

How we engage

In conjunction with the Company's nominated adviser, all relevant news is distributed in a timely fashion through the regulatory news service of the London Stock Exchange to ensure shareholders are provided with material information on the Company's progress.

The primary point of contact for shareholders on operational matters is the CEO and the CFO. The primary point of contact for shareholders on corporate governance and other related matters is the Chairman. The Senior Independent Director is available as a point of contact should a shareholder not wish to contact the Chairman for any reason.

Annual General Meeting: All shareholders are invited to attend the Annual General Meeting ('AGM') of the Company and are encouraged to take the opportunity to ask questions to the Directors. The proxy voting, for the resolutions proposed for the AGM, can be submitted to the Company's Registrar online, through CREST or by paper forms submitted by post. The Board sought feedback from shareholders during the year to understand the reasons for proxy votes cast against three of the resolutions proposed at the AGM in November 2019 (further information is provided on page 41).

Meetings: The CEO and the CFO meet regularly with shareholders, normally immediately following the Company's half year and full year financial results announcements, to discuss Craneware's performance and answer any questions.

Investor conferences: The CEO and / or the CFO regularly attend investor conferences which provide an opportunity to meet with both existing and potential shareholders.

Capital Markets Day: These events are typically arranged by the Company for institutional investors and analysts. The last Capital Markets Day was held in November 2018 and was attended by all of the Directors of the Company

Website: The Company's website at www.craneware.com, in compliance with the AIM Rules, has a section for investors which contains all publicly available financial information and news on the Company.

How this was considered in Board discussions and decision making

The Board monitors the success of CEO and CFO meetings with shareholders through anonymous evaluations from both shareholders and analysts performed by the Company's Corporate Broker and Financial PR advisor.

Unfortunately, different arrangements are having to be made for the AGM in November 2020, due to the current public health guidelines in relation to COVID-19; and consideration for the safety and well-being of our shareholders, the Directors and employees of the Company. This is explained on page 34.

All Board decisions are made with regard for the long-term success of the Group and the Company, which are ultimately aligned to our shareholders' interests.

COMMUNITY

As part of the commitment to corporate social responsibility and community engagement, Craneware has continued to develop a number of programs and opportunities to positively impact the community around us.

How we engage

Craneware Cares

The focus of Craneware Cares is to raise awareness and funds for charity in both the UK and the US coordinated through an employee committee, with donations to US organisations approved and distributed through the Craneware Cares Foundation, an official charitable foundation in the US. With these initiatives being co-ordinated by an employee committee, Craneware Cares thereby links an element of employee engagement with relevant community engagement in an ongoing and active mechanism. In addition to the four focus charities supported in the year (two in the UK and two in the US), Craneware Cares also supported a number of employees' personal charity efforts and celebrated global charity initiatives. From March 2020 onwards, the UK and US Craneware Cares committee responded to the pandemic by moving social event funds that could no longer be used into our donation budget to help support groups in our communities particularly affected by the virus.

Volunteer Time Off program

The fund raising activities of Craneware Cares supplement the Volunteer Time Off program where Craneware employees take paid leave to support projects and charities in their communities.

How this was considered in Board discussions and decision making

The Board continues to support the operation of Craneware Cares and ensures that budgeted expenditure, to provide donations and matching employee sponsorship, is included in the financial plan.

OTHER STAKEHOLDER GROUPS

SUPPLIERS

Relationships with suppliers and subcontractors are based on mutual respect, and Craneware seeks to be honest and fair in its relationships with suppliers and subcontractors, and to honour the terms and conditions of its agreements in place with such suppliers and contractors.

ENVIRONMENT

The Group is committed to maintaining a high level of social responsibility. It is the Group's policy to support and encourage environmentally sound business operations, with aspects and impact on the environment being considered at Board level.

How we engage

Suppliers

Our teams interact with our main suppliers on a regular basis to strengthen trading relationships and to ensure that supplier engagements continue to operate well to support the business. Our vendor contracts review and monitoring procedures aim to ensure that fair and reasonable contract terms are in place with suppliers.

It is the Group's normal practice to make payments to suppliers in accordance with agreed terms and conditions, generally within 30 days, provided that the supplier has performed in accordance with the relevant terms and conditions

Environment

We engage in recycling programmes where possible within the parameters of building management for our offices. In the UK, we participate in Cyclescheme, an employee benefit programme which helps facilitate cycling to work by offering discounts on bikes and equipment.

As an office-based operator using leased facilities, our environmental impact is relatively low compared with other sectors. We do not manufacture or transport goods and the Group does not provide company vehicles to employees or Directors. Recognising that the Group's operations have minimal direct environmental impact, the Group aims to ensure that:

- it meets all statutory obligations;
- where sensible and practical, it encourages working practices, such as teleconferencing, teleworking and electronic information exchange that reduce environmental impact; and
- recycles waste products wherever possible, encouraging use of environmentally friendly materials, and disposing safely of any non-recyclable materials.

Our energy use reporting for the year ended 30 June 2020 is on page 32.

How this was considered in Board discussions and decision making

The Board receives any significant information regarding our suppliers, payment practices and environmental matters in the Board reports.

Directors, Secretary, Advisors and Subsidiaries

Directors

W Whitehorn (non-executive, Chairman)
K Neilson
C T Preston

R F Verni (non-executive)
C Blye (non-executive)
R Rudish (non-executive)
A Erskine (non-executive)
D Kemp (non-executive)

Company Secretary & Registered Office

C T Preston

1 Tanfield
Edinburgh
EH3 5DA

Nominated Advisors

Peel Hunt LLP

120 London Wall
London
EC2Y 5ET

Registrars

Link Asset Services Ltd

The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Stockbrokers

Peel Hunt LLP

120 London Wall
London
EC2Y 5ET

Investec Bank plc

30 Gresham Street
London
EC2V 7QP

Bankers

Bank of Scotland

The Mound
Edinburgh
EH1 1YZ

The Royal Bank of Scotland plc

36 St. Andrew Square
Edinburgh
EH2 2YB

Clydesdale Bank

20 Waterloo Street
Glasgow
G2 6DB

Barclays Commercial Bank

Aurora House
120 Bothwell Street
Glasgow
G2 7JT

HSBC Bank plc

7 West Nile Street
Glasgow
G1 2RG

Wells Fargo

500 N. Magnolia Avenue, 8th Floor
Orlando, FL 32803

Silicon Valley Bank

3003 Tasman Drive
Santa Clara, CA 95054

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants & Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Solicitors

Pinsent Masons LLP

Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

Subsidiaries and Registered Offices

Craneware, Inc.

3340 Peachtree Rd NE
Suite 850
Atlanta, GA 30326

Craneware InSight, Inc.

3340 Peachtree Rd NE
Suite 850
Atlanta, GA 30326

Kestros Ltd t/a Craneware Health

1 Tanfield
Edinburgh
EH3 5DA

Craneware Healthcare Intelligence, LLC

12570 Perry Highway
Suite 110
Wexford, PA 15090

Board of Directors

The Directors of the Company and their responsibilities within the Group are set out below:

Will Whitehorn, 60 — Non-Executive Chairman : Appointed 1 January 2020

Will joined Craneware as Chairman of the board on 1 January 2020. Will joined Virgin in 1986 where he established a career as Sir Richard Branson's corporate affairs advisor and brand development director for the group globally. He helped develop Virgin Galactic, Virgin Trains and Virgin Media as businesses and went onto become the first President of Virgin Galactic taking the business from dream to reality. He is currently Chairman of Good Energy Group plc and a Director of AAC Clyde Space AB and a member of the Royal Air Force Main Board. He was a founder shareholder in Purplebricks plc and recently retired as Deputy Chair of Stagecoach Group plc.

Keith Neilson, 51 — Chief Executive Officer & Co-founder

Keith co-founded Craneware in 1999 and has served as its CEO ever since. Under Keith's guidance, Craneware became recognised as the pioneer in value cycle management and a leading provider of superior products and professional services. Keith's direction has helped Craneware to win multiple prestigious awards in such areas as international achievement, business growth strategy and innovation. Keith was named The Entrepreneurial Exchange's "Emerging Entrepreneur of the Year 2003" and was a finalist in the 2004 World Young Business Achiever Award, winning the Award of Excellence in the Business Strategy category. He received the UK Software & Technology Entrepreneur of the Year Award from Ernst & Young in 2008 and was the Insider Elite Young Business Leader of the Year in 2009. Prior to launching Craneware, Keith worked primarily in international management, where he handled sales, marketing and technical consulting for companies with operations around the world. He studied Physics at Heriot-Watt University, Edinburgh, receiving a bachelor's degree in 1991. Keith is an active member of the Young Presidents Organisation (YPO), a syndicate member and Partner in Par Equity LLP, a CBI Scotland Council Member and a board member of the Scottish North American Business Council (SNABC). Keith is also proud to be a Patron of the Princes Trust and a Trustee of the Polar Academy both charitable organisations that work for the benefit of young people.

Craig T Preston, 49 — Chief Financial Officer : Appointed 15 September 2008

Craig was appointed to the Board on 15 September 2008, just as the company was entering its second year as a publicly traded corporation on the London Stock Exchange. As CFO, he directs Craneware's financial operations in both the United Kingdom and United States. Craig has significant experience in senior financial roles with other private and public technology companies, including those with a multi-national presence. Prior to Craneware, he was group director of finance and company secretary at Intec Telecom Systems plc. Earlier, he served as corporate development manager at London Bridge Software plc. During his time there, he also held the role of CFO for Phoenix International, a previously NASDAQ-traded software company, following its acquisition by London Bridge. Earlier in his career, Craig worked for Deloitte in both the United Kingdom and United States. Craig has a degree in Accounting and Financial Management from the University of Sheffield. He is also a member of the Institute of Chartered Accountants in England and Wales.

Ron F Verni, 72 — Non-Executive Director : Appointed 1 May 2009

Ron is currently a director of On Deck Capital. Before that he served on the Board of Directors of Kewill plc., was President & CEO of Sage Software, Inc., and a member of the Board of Directors of the Sage Group plc. Prior to Sage Software, Ron was President and CEO of Peachtree Software, Inc., a leading pioneer in business management solutions for small to medium size businesses. Ron also was the President and CEO of NEBS Software, Inc., the founder and CEO of ASTEC Software, and Vice President of Marketing with Automatic Data Processing.

Board of Directors [Cont'd.]

Colleen Blye, 60 — Non-Executive Director : Appointed 12 November 2013

Colleen Blye is the Executive Vice President and Chief Financial Officer for Montefiore Health System and Montefiore Medicine. Montefiore Health System consists of eleven hospitals and an extended care facility; it is a premier academic medical center and includes Montefiore Medicine. Colleen has a distinguished background in large, complex healthcare organizations. Prior to joining Montefiore, she served as Executive Vice President and Chief Financial Officer of Catholic Health Services of Long Island, an integrated healthcare delivery system comprising six hospitals and three nursing homes. Earlier, she served as Executive Vice President for Finance and Integrated Services at Catholic Health Initiatives, a health system with 102 hospitals across the United States. Her previous experience includes responsibility for treasury management, revenue cycle, financial reporting and planning, third-party contracting, supply chain, accounts payable, payroll, and information technology. Colleen Blye is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the Healthcare Financial Management Association.

Russ Rudish, 68 — Non-Executive Director : Appointed 28 August 2014

Russ Rudish has more than 30 years' experience in serving the healthcare industry, both in the United States and internationally. Russ holds a directorship in Rudish Health Solutions, LLC, and StarBridge Advisors, LLC, both healthcare professional services firms. Russ is also a principal in Healthcare IT Leaders and Run Consultants, both of which provide IT staff augmentation services. Between 2006 and 2014, Russ served as partner and Global Sector Leader for Healthcare at Deloitte Touche Tohmatsu, where he led the $2 billion global consulting, audit, tax and financial advisory business, developing the firm's global health care strategy. He is an active speaker and contributor to thought leadership on today's most pressing healthcare business issues.

David Kemp, 50 — Non-Executive Director : Appointed 1 March 2020

David joined the board as Independent Non-executive director in March 2020. David has extensive UK public company experience. He is currently CFO of the FTSE 250 listed business, John Wood Group plc, the global projects, operations and consulting business, a position he has held since 2015. He has held a number of CFO and Non-executive Director positions over the course of his career and is a member of the Institute of Chartered Accountants.

Alistair Erskine, 50 — Non-Executive Director : Appointed 24 February 2020

Alistair joined the board as Independent Non-executive Director in February 2020. Alistair has held a number of senior positions within the US healthcare sector. He is currently the Chief Digital Health Officer of Mass General Brigham, a US not-for-profit healthcare system which is a leader in the application of clinical information technology to care delivery. He has held academic and government roles, including lecturing at Harvard Medical School and a Board Member of the Health Information Technology Standards Committee of the Virginia General Assembly. He holds an MBA from MIT with specialism in Business Analytics and Artificial Intelligence.

Directors' Report

The Directors present herewith their report and the audited consolidated financial statements for the year ended 30 June 2020.

Principal Activities and Business Review

The Group's principal activity continues to be the development, licensing and ongoing support of computer software for the US healthcare industry.

The Company is required by the Companies Act to include a business review in this report. This includes an analysis of the development and performance of the Group during the financial year and its position at the end of the financial year, including relevant key performance indicators (principally revenue, adjusted operating profit (before exceptional costs and share related payments, share based payments, interest, depreciation and amortisation), visibility of revenue over the next three years and cash generation during the year). Detailed information on all matters required is presented in the Strategic Report contained in pages 5 to 18 and is incorporated into this Report by reference. A description of the principal risks and uncertainties facing the Group is also presented in the Strategic Report.

Where the Directors' Report, Chairman's Statement and Operational Review contain forward looking statements, these are made by the Directors in good faith, based on the information available to them at the time of their approval of this Report. Consequently, such statements should be treated with caution due to their inherent uncertainties, including both economic and business risk factors underlying such forward looking statements or information.

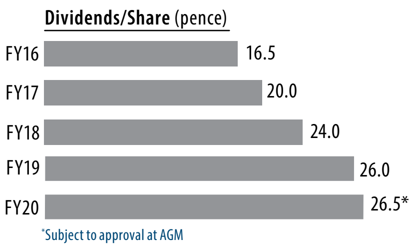
The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to provide disclosures and information in relation to a number of matters which are included in the Strategic Report or elsewhere in this Annual Report and are incorporated into this Directors' Report by reference. These matters and cross-references to the relevant sections of this Annual Report are shown in the table below.

Information	Section within this Annual Report	Page(s)
Appointment and Reappointment of Directors	Directors' Report, Corporate Governance Report	30 and 31, 37 to 40
Biographical Details of the Directors	Board of Directors	27 and 28
Business Model	Strategic Report	7
Change of Control	Remuneration Committee's Report	49
Community and Charitable Giving	Directors' Report, Stakeholder Engagement	32, 24
Corporate Governance Framework	Corporate Governance Report	35 to 44
Directors' Conflicts of Interest	Corporate Governance Report	39
Directors' Remuneration	Remuneration Committee's Report	49 and 52
Diversity, Equality and Inclusion	Directors' Report, Corporate Governance Report, Stakeholder Engagement	32 and 33,41, 19 to 21
Employee Engagement	Directors' Report, Corporate Governance Report, Stakeholder Engagement	32 to 33, 41, 19 to 21
Employees with disabilities	Directors' Report	33
Environmental Reporting	Directors' Report	32
Financial Instruments and financial risk management	Note 3 to the consolidated financial statements	68 and 69
Financial Results	Consolidated and Company financial statements and accompanying notes	58 to 88
Future developments and strategic priorities	Strategic Report	5 to 11
Going Concern statement	Directors' Report	30
Independent Auditor	Directors' Report, Corporate Governance Report	34, 43 and 44
Modern Slavery Statement	Directors' Report	33
Principal Risks and Uncertainties	Strategic Report	13 to 15
Principal Activities	Directors' Report, Strategic Report	29, 5 to 11
Research and Development	Directors' Report, Strategic Report	30, 5 to 6 and 10
Risk Management	Corporate Governance Report	41 and 42
Section 172 Statement	Strategic Report	16 to 18
Significant Related Party Transactions	Note 23 to the consolidated financial statements	87 and 88
Stakeholder Engagement	Stakeholder Engagement	19 to 25
Strategic Report	Strategic Report	5 to 18
Subsidiary Undertakings	Note 15 to the financial statements	81 and 82
Viability Statement	Strategic Report	15

Financial Results and Dividends

The Group's revenue for the year was $71.5m (2019: $71.4m) which has generated a profit before tax of $19.3m (2019: $18.3m). The full results for the year, which were approved by the Board of Directors on 18 September 2020, are set out in the accompanying financial statements and the notes thereto.

During the year the Company paid an interim dividend of 11.5p (13.46 cents). The Directors are recommending the payment of a final dividend of 15p (18.45 cents) per share giving a total dividend of 26.5p (32.60 cents) per share based on the results for 2020 (2019: 26p (33.02 cents)). Subject to approval at the Annual General Meeting, the final dividend will be paid on 15 December 2020 to shareholders on the register as at 20 November 2020.



We believe the level of dividend proposed for the year balances the Company's stated progressive dividend policy based on the Group's retained annual earnings and the current macro-economic climate resulting from the ongoing pandemic. The level of distributions will be subject to the Group's working capital requirements and the ongoing needs of the business.

Research and Development Activities

The Group continues its development programme of software products for the US healthcare market. The primary focus of this development continues to be the enhancement and expansion of the product suite including the ongoing development of the Trisus platform and its cloud based solutions, to support the Group's Value Cycle strategy. Full details of the development activities and the Group's roadmap is provided in the Strategic Report contained in pages 5 to 11. The Directors regard investment in development activities as a prerequisite for success in the medium and long-term future. During the year development expenditure amounted to $21.6m (2019: $20.0m) of which $9.3m (2019: $9.6m) has been capitalised.

Financial Instruments

The financial risk management strategy of the Group, its exposure to currency risk, interest rate risk, counterparty risk and liquidity is set out in Note 3 to the financial statements.

Proposed Placing

On 11 August 2020, the Company announced a proposed placing to institutional investors in order to raise approximately £80 million before expenses. Conducted through an accelerated bookbuild process, the proposed placing was to be of new Ordinary Shares in the Company that were expected to represent approximately 20% of its then issued share capital. The net proceeds of the proposed placing were intended to be used for acquisition opportunities, whilst maintaining the Group's prudent balance sheet. Despite the successful launch of the accelerated bookbuild and a strong oversubscription, on 12 August 2020 the Company announced that the Board had decided that it would be in the best interests of the Company and its shareholders not to proceed with the placing at this time.

Going Concern

The Strategic Report on pages 5 to 18 contains information regarding the Group's activities and an overview of the development of its products, services and the environment in which it operates. The Group's revenue, operating results, cash flows and balance sheet are detailed in the financial statements and explained in the Financial Review on pages 7 to 11. The Directors, having made suitable enquiries and analysis of the financial statements, including the consideration of:

- net cash reserves;
- continued cash generation; and
- Annuity SaaS business model;

have determined that the Group has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the consolidated and Company financial statements.

Directors

The biographical details of the current serving Directors of the Company are set out pages 27 and 28. The Directors who served during the financial year ended 30 June 2020 were:

GR Elliott	(Non-executive Chairman) : resigned 12 November 2019
W Whitehorn	(Non-executive Chairman) : appointed 1 January 2020
K Neilson	(Chief Executive Officer)
CT Preston	(Chief Financial Officer)
R Verni	(Senior Independent Director)
C Blye	(Non-executive Director)
R Rudish	(Non-executive Director)
A Erskine	(Non-executive Director) : appointed 24 February 2020
D Kemp	(Non-executive Director) : appointed 1 March 2020

As announced on 3 March 2020, R Verni has decided not to seek re-election at the Company's Annual General Meeting ('AGM') to be held in November 2020. New Directors, who were not appointed at the previous AGM, automatically retire at their first AGM and, if eligible, can seek re-appointment. The Board recognises the UK Corporate Governance Code's recommendation that all Directors should stand for re-election every year and, whilst not a requirement, the Board has decided to adopt this recommendation as best practice. As such, all Directors will retire from office at the Company's forthcoming AGM. It is the intention of all Directors, apart from Ronald Verni as explained above, to stand for re-appointment. Further details regarding the appointment of directors are contained in the Corporate Governance Report on pages 35 to 44.

The Directors have the power to manage the business of the Company, subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, and to any directions given by special resolution, including the Company's power to purchase its own shares. The Company's Articles of Association may only be amended by a special resolution of the Company's shareholders.

Details of the Directors' service contracts and their respective notice terms are detailed in the Remuneration Committee's Report on page 49.

Corporate Governance

The Corporate Governance Report on pages 35 to 44 should be read as forming part of the Directors' Report.

Indemnity of Directors and Officers

Under the Company's Articles of Association and subject to the provisions of the Companies Act, the Company may and has indemnified all Directors or other officers against liability incurred by them in the execution or discharge of their duties or exercise of their powers, including but not limited to any liability for the costs of legal proceedings where judgement is given in their favour. This indemnity was in place during the financial year and is ongoing up to the date of this report. In addition, the Company has purchased and maintains appropriate insurance cover against legal action brought against Directors and officers.

Share Capital

The Company's issued and fully paid up share capital at 30 June 2020 was 26,826,539 Ordinary Shares of 1p each (2019: 26,698,984 Ordinary Shares). The shares are traded on the Alternative Investment Market ('AIM'), a market operated by the London Stock Exchange. The Company's Articles of Association, which are available on the Company's website www.craneware.com, contain the details of the rights and obligations attached to the shares.

Each of the Company's Ordinary Shares carries the right to one vote at general meetings of the Company. Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, are set out in the Company's Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting, which are available on the Company's website www.craneware.com.

Restrictions on transfer of Ordinary Shares

There are no specific restrictions on the transfer of Ordinary Shares in the Company beyond those required by applicable law under the Articles of Association or imposed by laws and regulations (such as the Market Abuse Regulation) and pursuant to the Company's share dealing code, whereby Directors and employees are required to obtain clearance to deal in the Company's securities.

Purchase of own shares

The Company did not purchase any of its own shares in the year ended 30 June 2020 nor in the year ended 30 June 2020.

Authority for purchase of own shares

Authorisation was given by shareholders at the Annual General Meeting on 12 November 2019 for the Company to purchase up to 2,680,907 Ordinary Shares. A resolution to renew this authority will be proposed at the 2020 Annual General Meeting.

Share capital allotted

During the year ended 30 June 2020, 127,555 Ordinary Shares (2019: 36,713 Ordinary Shares) were allotted to satisfy employee share options which were exercised in accordance with The Craneware plc Employee's Share Option Plan 2007 and The Craneware plc Unapproved Company Share Option Plan (2016). Details of the Company's employee share plans, including the number of ordinary shares subject to employee share plan awards, are included in Note 8 to the financial statements.

Employee benefit trust

The Company established an Employee Benefit Trust (EBT), 'The Craneware plc Employee Benefit Trust' during the financial year ended 30 June 2017. As at 30 June 2020 the EBT held 366,194 Craneware plc Ordinary Shares (at 30 June 2019: 353,124 Ordinary Shares). The EBT waived its right to dividends in the year ended 30 June 2020. Further details regarding the EBT are contained in Note 18 to the financial statements.

Directors and their Interests

The interests of the Directors who held office at 30 June 2020 and up to the date of this report in the share capital of the company, were as follows:-

	2020	2019
W Whitehorn	1,171	-
K Neilson	3,418,599	3,382,647
CT Preston	85,927	82,103
R Verni	1,095	-
C Blye	547	-
R Rudish	1,095	-
	3,508,434	3,464,750

Directors' interests in share options are detailed in the Remuneration Committee's Report on pages 51 and 52.

Substantial Shareholders

As at 1 September 2020, the Company had been notified of the following beneficial interests in 3% or more of the issued share capital pursuant to section 793 of the Companies Act 2006. It should be noted that, other than for K Neilson, W G Craig, these holdings may have changed since the Company was notified. However, notification of any change is not required until an applicable threshold is crossed.

	No. of Ordinary £0.01 Shares	% of issued share capital
Liontrust Asset Management	3,622,164	13.50
K Neilson	3,418,599	12.74
W G Craig	2,342,756	8.73
Sanford DeLand Asset Management	1,756,000	6.55
Canaccord Genuity Group	1,668,400	6.22
AXA Investment Managers	965,000	3.60
Fidelity International	846,536	3.16
Rathbones	844,840	3.15

Section 172 Statement

The statement, in respect of section 172 (1) of the Companies Act 2006, is on pages 16 to 18.

Stakeholder Engagement

An explanation of the engagement with stakeholders, examples of how the Directors have oversight of stakeholder matters and had regard for these matters when making decisions are included in the Stakeholder Engagement section on pages 19 to 25.

Corporate Social Responsibility & Environmental Policy

The Group is committed to maintaining a high level of social responsibility. It is the Group's policy to support and encourage environmentally sound business operations, with aspects and impact on the environment being considered at Board level. Recognising that the Group's operations have minimal direct environmental impact, the Group aims to ensure that:

- it meets all statutory obligations;
- where sensible and practical, it encourages working practices, such as teleconferencing, teleworking and electronic information exchange that reduce environmental impact; and
- recycles waste products wherever possible, encouraging use of environmentally friendly materials, and disposing safely of any non-recyclable materials.

The Group aims to minimise any environmental impacts of its business activities. As an office-based operator using leased facilities, our environmental impact is relatively low compared with other sectors. The Group does not manufacture or transport goods. The Group does not provide company vehicles to employees or Directors.

Office facilities have light timers and sensors to help conserve energy. The Group actively encourages employees to move to a paperless environment and reduce printing requirements whenever possible. All offices also have recycling points for paper, cardboard and plastic throughout the space and food recycling available in the kitchen areas to reduce waste and encourage recycling.

We actively promote video conferencing as an alternative to local and international travel and aim to reduce unnecessary travel whenever possible. COVID-19 has clearly demonstrated our ability to work together using video conferencing more frequently. The cycle to work scheme is also available to all UK based employees.

The Group is required to report its energy use and impact under the Streamlined Energy and Carbon Reporting (SECR) regulations. For the year ended 30 June 2020, the UK energy used by the Company was 96,455 kWh which resulted in emissions of 22 tonnes of carbon dioxide equivalent. Emissions were calculated from using electricity billing information for our UK properties and the UK governments 2020 GHG Conversion Factors Guidance. The Group does not purchase fuel in the UK.

The Group has identified that the key intensity ratio, an expression of the quantity of emissions in relation to a quantifiable factor of business activity, is tonnes of $CO2e$ per employee. For the year ended 30 June 2020 the intensity factor per employee was 0.06.

Customers

The Group treats all its customers with the utmost respect and seeks to be honest and fair in all relationships with them. The Group provides its customers with products and levels of customer service of outstanding quality.

Community and Charitable Contributions

The Group seeks to be a good corporate citizen respecting the laws of the countries in which it operates and adhering to best social practice where feasible. It aims to be sensitive to the local community's cultural, social and economic needs.

As part of the Group's commitment to Corporate Social Responsibility, the Group has continued to develop its "Craneware Cares" program. The focus of Craneware Cares is to raise awareness and funds for charity. The focus for 2020 was the support of the Scottish Association for Mental Health and The Yard in the UK, the Fanconi Anemia Research Fund and Kaboom in the US. In addition to supporting these focus charities, Craneware Cares initiatives during the year also provided support and / or donations to several other charitable organisations in the UK and in the US. For 2021, the focus will be on a chosen UK and US charitable organisation for each quarter of the financial year. The fund raising activities of Craneware Cares supplement the Volunteer Time Off program where Craneware employees take paid leave to support projects and charities in their communities. Further information about engagement with the community is provided within the Stakeholder Engagement section on page 24.

Political Contributions

Neither the Company nor its subsidiaries made any donation for political purposes in fiscal years 2020 or 2019.

Employees and Employee Involvement

The Group recognises the value of its employees and that the success of the Group is due to their efforts. The Group respects the dignity and rights of all its employees. The Group provides clean, healthy and safe working conditions. Reviews are conducted on a regular basis to ensure that policies for training, risk assessment, safe working and accident management are appropriate.

The Group enhanced its employee wellness programmes during the financial year. An inclusive working environment and a culture of openness are maintained by the regular dissemination of information. The Group endeavours to provide equal opportunities for all employees and facilitates the development of employees' skill sets. A fair remuneration policy is adopted throughout the Group. Share schemes to encourage involvement of employees in the Group's performance have been established and were launched in the financial year ended 30 June 2020 as detailed on page 48 of the Remuneration Committee Report.

The Group does not tolerate any sexual, physical or mental harassment of its employees. The Group operates an equal opportunities policy and specifically prohibits discrimination on grounds of colour, ethnic origin, gender, age, religion, political or other opinion, disability or sexual orientation. The Group does not employ underage employees.

The general policy of the Group is to welcome employee involvement as far as it is reasonably practicable. An employee advisory committee was established in the financial year ended 30 June 2020. Further details regarding employee engagement are included on pages 19 to 21. Employees are kept informed by meetings, including the explanation and initiation of the roll out of Group-wide strategic themes and related deliverables (with key performance indicators) to all employees at the start of the financial year with regular updates during the year. In addition, the Group's UK and US senior management teams meet regularly to review performance against the Group's strategic outcomes and development roadmaps. There are also frequent postings and information updates available to all employees on the Group's intranet. Enhancements were made to the extent and frequency of employee communications in response to the COVID-19 pandemic.

An annual employment engagement survey is conducted with anonymised responses collated and rated to identify any aspects for improvement, which then guide initiatives to address those areas.

The Group maintains core values of honesty, integrity, working hard to the highest quality, providing excellent service and quality and actively promotes these values in all activities undertaken on behalf of the Group.

Employment of Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Anti-Slavery and Human Trafficking Policy

The Modern Slavery Act requires the Company to publish an annual slavery and human trafficking statement. The latest statement can be found on the Craneware plc website. Neither the Company or any of its subsidiaries permit, condone or otherwise accept any form of human trafficking or slavery in its business or supply chains.

Engagement with Suppliers and Policy on Payment of Payables

Relationships with suppliers and subcontractors are based on mutual respect, and the Group seeks to be honest and fair in its relationships with suppliers and subcontractors, and to honour the terms and conditions of its agreements in place with such suppliers and subcontractors.

As a UK company, Craneware plc is bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct within and outside of the UK. In addition, we uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

It is the Group's normal practice to make payments to suppliers in accordance with agreed terms and conditions, generally within 30 days, provided that the supplier has performed in accordance with the relevant terms and conditions. Trade payables at 30 June 2020 represented, on average 17 days purchases (2019: 18 days) for the Group and 14 days purchases (2019: 16 days) for the Company.

Annual General Meeting

The resolutions to be proposed at the Annual General Meeting, together with explanatory notes, appear in a separate Notice of Annual General Meeting which is issued to all shareholders and will be made available on the Company's website at www.craneware.com. The Directors consider that these resolutions are in the best interests of the Company and its shareholders as a whole. The proxy card for registered shareholders is distributed along with the notice.

Voting at General Meetings of the Company is usually on a show of hands with every holder of Ordinary Shares present in person and entitled to vote has one vote. On a poll, every member present in person or by proxy and entitled to vote has one vote for every Ordinary Share held. The notice of the Annual General Meeting ('AGM') specifies the deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and the voting results are released as an announcement after the meeting.

Given the current public health guidelines in relation to COVID-19, and notwithstanding any revisions to Government guidance at the time of the AGM to be held in November 2020, the Board has decided that certain aspects of the process for this year's AGM will need to be changed. The AGM will be convened as a closed meeting with only the required quorum of shareholders present in person (with the meeting facilitated by the Company) to conduct the formal business of the AGM. As a result, for the safety and well-being of our shareholders and the Directors and employees of the Company, shareholders and /or their proxies will not be permitted to attend the AGM in person this year. Shareholders wishing to vote on any of the resolutions proposed for the AGM will be encouraged to submit their votes in advance by proxy using one of the methods referred to in the Notice of AGM.

Company Registration

The Company is registered in Scotland as a public limited company with number SC196331.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group and the company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are also 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Group 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, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of this information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be re-appointed and a resolution for reappointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board by:

Craig Preston
Company Secretary
18 September 2020

Corporate Governance Report

Chairman's Introduction

On behalf of the Board, I am pleased to present our Corporate Governance Report for the year ended 30 June 2020. This year we are reporting under the UK Corporate Governance Code 2018 ('the 2018 Code') for the first time.

For part of the financial year and ongoing, at the time of compiling this report, Craneware is operating during a global pandemic. In this situation, balancing the needs and expectations of our stakeholders has never been a more important responsibility. Details of how the business has responded to the challenges of the COVID-19 pandemic are set out in our Strategic Report on page 13.

Board changes

George Elliott stepped down as Chairman on 12 November 2019 after serving as Chairman of the Board since the Group joined the AIM market in 2007. The Board and the Group benefitted greatly from George's supervision, support and significant commitment and contribution. I was delighted to join Craneware in January 2020 and to become a member of the Board and the Craneware team.

The Board has since been delighted to welcome two further new independent non-executive directors, Alistair Erskine and David Kemp who joined the Board on 24 February and 1 March 2020 respectively. Alistair has held a number of senior positions within the US healthcare sector and is currently the Chief Digital Health Officer of Mass General Brigham, a US not-for-profit healthcare system that is a leader in the application of clinical information technology to care delivery. David Kemp is currently CFO of John Wood Group plc, the FTSE 250 listed global project management consulting business. Both Alistair and David bring extensive experience and expertise to the Board and have contributed significantly to Board matters since their appointments. More information about Alistair and David is contained in the directors' biographies on pages 27 and 28.

Purpose, Values and Culture

Our Purpose is to profoundly impact healthcare by improving healthcare providers' operational efficiency and margin, so they can continue investing in providing quality care for their communities. Supporting our purpose is Craneware's ethos framework and our core values of honesty, integrity, working hard to the highest quality, providing excellent service and quality.

During the year, the Board has monitored how the purpose, vision, strategy and values align to the Group's culture (page 36 contains further details).

Section 172 and Stakeholder Engagement

A key focus of the 2018 Code is the requirement to report on how the interests of the Group's stakeholders and the matters set out in section 172 of the Companies Act 2006 have been considered in Board discussions and decision making. It is also important for the Board to keep stakeholder engagement mechanisms under review so that they remain effective. Page 16 to 18 contains the Board's first section 172 (1) statement. Details of our engagement with stakeholders can be found on page 19 to 25.

Annual General Meeting ('AGM')

The Board recognises that the AGM is an important event for all shareholders and we would usually encourage all shareholders to attend the AGM. However, for the AGM that is planned to be held in November 2020, the arrangements needed to be considered in view of: current public health guidelines in relation to COVID-19; and the safety and well-being of our shareholders, the Directors and employees of the Company. The Board has therefore decided that, in view of this situation, the Company's AGM will be convened as a closed meeting with only the required quorum of shareholders present in person. These arrangements are outlined on page 34 and are explained within the information accompanying the Notice of AGM.

The year ahead

No doubt, the year ahead will bring with it its own challenges we will have to navigate but I am confident the Group, as a leader in Value Cycle software solutions to US hospitals, will continue to support our customers helping to ensure the financial health of their operations. We will also continue to drive our purpose, vision, strategy and values to ensure that the culture of the organisation is aligned to enable their achievement.

Will Whitehorn
Chairman
18 September 2020

The Board of Directors ("the Board") has always recognised the importance and value of good corporate governance and has elected to adopt the UK Corporate Governance Code as its corporate governance framework but it is aware that this Code has been drafted in the context of larger, main-market listed companies. Our 2019 Corporate Governance Report referred to the 2016 version of the UK Corporate Governance Code however, a new version of the UK Corporate Governance Code was published in July 2018. As the 2018 Code is applicable to accounting periods beginning on or after 1 January 2019, this is the first year that the Board is reporting under the 2018 version of the UK Corporate Governance Code (the 'Code').

The Board is pleased to report how it has applied the principles and complied with the provisions of the Code in line with best practice and in view of the size of the Company. This Report sets out how it has complied with the individual provisions and applied the 'spirit' of the UK Corporate Governance Code 2018 as a whole and explains any areas of non-compliance with the provisions of the Code. The UK Corporate Governance Code 2018 is available from the Financial Reporting Council at www.frc.org.uk.

Overview: Application of the UK Corporate Governance Code 2018 (the "Code")

The Code itself explains that its set of Principles "emphasise the value of good corporate governance to long-term sustainable success…the governance of the company contributes to its long-term sustainable success and achieves wider objectives. Achieving this depends crucially on the way boards and companies apply the spirit of the Principles." It is this overarching objective that the Board has sought to achieve in applying the Code principles. The Company is a smaller company for the purposes of the Code and, as such, certain provisions of the Code either do not apply to the Company or are judged to be disproportionate or less relevant in its case. Where the Company does not comply with any specific Code provision then this is highlighted and explained in this report.

Compliance statement

The Board has complied with the spirit of the UK Corporate Governance Code 2018 and applied the principles and complied with the provisions of the Code throughout the year ended 30 June 2020, with the exception of the following areas the Board believes are not appropriate for a company of our size or steps are ongoing to achieve compliance:

- Provision 17: due to the size of the Board a separate nomination committee has not been established, instead these duties have been fulfilled by the Board as a whole;
- Provision 21: regarding annual Board evaluation, with the changes to Board composition that occurred throughout the year, no annual Board evaluation has taken place. This will, however, take place next year once all current Board members have been in place for at least 12 months; and
- Provision 36: concerning the development of a formal policy for post-employment shareholding requirements. Whilst still not considered the norm for AIM listed companies, a formal policy regarding minimum holding requirements and periods have been introduced for future Long Term Incentive grants for directors and senior management.

Further information regarding the Board's committees is on page 38 and the Remuneration Committee's Report is on pages 45 to 52.

Board Leadership and Company Purpose

The role of the Board

The Board is primarily responsible for promoting the long-term success of the Group and is collectively accountable to shareholders for its proper management. The Board must balance this responsibility with ensuring that the Directors have regard for key stakeholders and that there is sufficient time, information and understanding to properly take into account those stakeholders' interests when making decisions and considering their long-term implications. The Board recognises that effective engagement with key stakeholders, including employees, customers, shareholders, the community and suppliers, is a core component of long-term sustainability and success.

Purpose, vision, strategy, values and culture

The Board leads and establishes the Group's purpose, vision, strategy and values and ensures that they are being carried out in practice across the business. The Board provides leadership across the Group and applies a governance framework to ensure that this is delivered effectively with appropriate control mechanisms.

The Board is responsible for delivering value for shareholders by setting the Group's strategy and overseeing its implementation by the Operations Board. Our strategy and business model are explained within the Strategic Report on pages 5 to 18. The Board, at least annually, meets to review the Group's strategy, drawing on the wide and varied experience of the Board members, including detailed healthcare sector knowledge. The Board also receives regular updates on progress against the agreed strategy at Board meetings.

The Board is responsible for setting the Company's purpose and values and ensuring these are aligned with the Group's culture. Our purpose forms the basis of Group-wide strategic initiatives each year. Our culture is the way that we work together and is fundamental to how we operate. Our culture is underpinned by our Values.

The Board has a fundamental role in shaping our corporate culture defined by our values and purpose. The Board assesses and monitors the Group's culture through regular interaction with management and other colleagues to ensure that its policies, practices and behaviours are aligned with the Group's purpose vision, strategy and values.

The Board meets regularly to discuss and agree on the various matters brought before it, including the Group's trading results. The Board is well supported by the Group's Operations Board (details of which are provided below) and a broader senior management team, who collectively have the qualifications and experience necessary for the day to day running of the Group.

There is a formal schedule of matters reserved for the Board, which include approval of the Group's strategy, annual budgets and business plans, acquisitions, disposals, business development, annual reports and interim statements, plus any significant financing and capital expenditure plans. As part of this schedule, the Board has clearly laid out levels of devolved decision making authority to the Group's Operations Board.

Board Composition and Division of Responsibilities

Board of Directors

There were several changes to the Board during the year ended 30 June 2020. George Elliott stepped down as Chairman of the Board at the Company's AGM on 12 November 2019. In the period from 13 November to 31 December 2019, our Senior Independent Director, Ronald Verni, was interim Chairman. William Whitehorn joined the Board as Chairman on 1 January 2020. Alistair Erskine and David Kemp were appointed as non-executive directors of the Company on 24 February 2020 and on 1 March 2020 respectively.

Therefore, in the period 1 March 2020 to 30 June 2020 the Company's Board comprised of: its Chairman, William Whitehorn; two executive Directors: Keith Neilson, Chief Executive Officer; and Craig Preston, Chief Financial Officer; along with five further non-executive Directors (each of whom the Board considers to be independent), Ronald Verni (Senior Independent Director), Colleen Blye, Russ Rudish, Alistair Erskine and David Kemp. Detailed biographies of all Directors are contained on pages 27 and 28.

A summary of the composition of the Board for different periods during the year ended 30 June 2020 is:

Period	Composition of the Board		
	Chairman (Independent on Appointment)	Executive Directors	Independent Non-executive Directors
1 July to 12 November 2019	1	2	3
13 November to 31 December 2019	interim	2	3
1 January to 23 February 2020	1	2	3
24 February to 29 February 2020	1	2	4
From 1 March 2020	1	2	5

It was announced in March 2020, and as noted in the Chairman's Statement on page 4, that Ronald Verni will not be standing for re-election as a Director of the Company at the upcoming AGM and will be stepping down as Senior Independent Director.

Division of Responsibilities

The Board has established clearly defined and well understood roles for the Chairman of the Company and the Chief Executive Officer. A summary of the responsibilities of these roles is contained in the table below. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. Once strategic and financial objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon. To facilitate this, Keith Neilson as CEO chairs the Group's Operations Board that comprises the Chief Financial Officer and five further members of the Senior Management Team. The day-to-day operation of the Group's business is managed by this Operations Board, subject to the clearly defined authority limits.

The following table summarises the main responsibilities of the roles of: Chairman, Chief Executive Officer and Senior Independent Director.

Role	Summary of Responsibilities
Chairman	The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He promotes a culture of openness and debate facilitating constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that the Board receive accurate, timely and clear information.
Chief Executive Officer	The Chief Executive Officer (CEO) ensures that the strategic and financial objectives, as agreed by the Board, are delivered upon. To facilitate this, the CEO chairs the Group's Operations Board which manages, subject to the clearly defined authority limits, the day-to-day operation of the Group's business.
Senior Independent Director	The Senior Independent Director provides a sounding board for the Chairman as well as providing an additional channel of contact for shareholders, other Directors or employees, if the need arises.

The Chairman

William Whitehorn was appointed Chairman of the Board on 1 January 2020 and was independent on appointment, in accordance with Provisions 9 and 10 of the Code.

In the period from 1 July to 12 November 2019, George Elliott was Chairman of the Board, having served as a Director in that role since August 2007, shortly before the Company listed on the AIM market. At that time the then Board satisfied themselves that George was independent, fulfilling the requirements of the Code. As noted above, George did not stand for re-election as a Director of the Company at the AGM in 2019 and stepped down as Chairman on 12 November 2019.

Non-Executive Directors

The Board has appointed Ronald Verni as Senior Independent Director. In this role, Ronald provides a sounding board for the Chairman as well as providing an additional channel of contact for shareholders, other Directors or employees, if the need arises.

In addition to matters outlined above, there is regular communication between executive and non-executive Directors, including where appropriate, updates on matters requiring attention prior to the next Board meeting. The non-executive Directors meet, as appropriate but no less than annually, without executive Directors being present and further meet annually without the Chairman present.

The Composition of the Board

The composition of the Board has been designed to give a good mix and balance of different skill sets, including significant experience in:

- high growth companies;
- software and healthcare sectors;
- entrepreneurial cultures;
- senior financial reporting;
- both UK and US companies;
- acquisitions; and
- other listed companies.

The Board has been enhanced during the year with the appointments of three new directors, as explained above. Through this mix of experience, the Board and the individual Directors are well positioned to set the strategic aims of the Company as well as drive the Group's values and standards throughout the organisation, whilst remaining focused on their obligations to shareholders and meeting their statutory obligations.

The Board reviews on an annual basis the independence of each non-executive Director. In making this assessment, in addition to considering Provision 10 of the Code, the Board determines whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

Ronald Verni, having been appointed on 1 May 2009, has completed his eleventh year of service on the Board this year. The Board in making its assessment of independence has noted the significant growth and changes in the Company during this period, this combined with Ronald's conduct has led the Board to conclude his length of tenure has not affected his independence. As stated in the annual report for 2019, following George Elliott's decision not to stand for re-election as a Director of the Company at the 2019 AGM, the Board reviewed the appointment of Ronald Verni and concluded that his continued appointment is both beneficial and appropriate, allowing for an appropriate period of succession to the new Board members and does not present any issues regarding independence. Ronald has decided not to seek re-election as a Director of the Company at the AGM to be held in November 2020.

In regards to all of the other non-executive directors, the Board has not identified any matters that would affect their independence. Throughout the year ended 30 June 2020, a least half the Board, excluding the Chair, were non-executive directors whom the Board considers to be independent.

The Board has established an Audit Committee and a Remuneration Committee, details of which are provided below. The Board does not have a separate Nomination Committee as the Company has incorporated this function within the remit of the entire Board. Although not in compliance with Provision 17 of the Code, the Board considers this to be an appropriate arrangement in view of the size of the Group.

Attendance of Directors at Board and Committee meetings convened in the year, along with the number of meetings that they were invited to attend, are set out below:

	Board	Remuneration Committee	Audit Committee
No. Meetings in year	10	2	2
Executive Directors			
K Neilson	10/10	-	-
C T Preston	10/10	-	-
Non-Executive Directors			
W Whitehorn*	5/5	-	-
G R Elliott*	3/3	-	-
R Verni	10/10	2/2	2/2
C Blye	10/10	2/2	2/2
R Rudish	10/10	2/2	2/2
A Erskine*	5/5	-	-
D Kemp*	3/4	-	-

* for those directors that were appointed to / stepped down from the Board during the year, the number of meetings attended is with reference to those held from / until their date of appointment / resignation.

Where any Director has been unable to attend Board or Committee meetings during the year, their input has been provided to the Company Secretary ahead of the meeting. The relevant Chairman then provides a detailed briefing along with the minutes of the meeting following its conclusion.

As detailed in the Directors' Report on page 31, the Company maintains appropriate insurance cover against legal action brought against Directors and officers. The Company has further indemnified all Directors or other officers against liability incurred by them in the execution or discharge of their duties or exercise of their powers.

Board Appointments and Evaluation

Appointments to the Board

When a new appointment to the Board is to be made, consideration is given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition. A formal process is then undertaken, usually involving external recruitment agencies, with appropriate consideration being given, in regards to executive appointments, to internal and external candidates. Before undertaking the appointment of a non-executive Director, the Board establishes that the prospective Director can give the time and commitment necessary to fulfil their duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times. This includes, prior to appointment, significant existing commitments being disclosed and assessed along with an indication of time commitment involved.

There were three new appointments to the Board in the year ended 30 June 2020, as explained above. External search consultancies were engaged by the Board in respect of the formal process to identify potential candidates for these positions. The search consultancies engaged were: FWB Park Brown; and WittKieffer. These external search consultancies have no other connection with the Company or with individual directors.

Any conflicts, or potential conflicts, of interest are disclosed and assessed prior to a new Director's appointment to ensure that there are no matters which would prevent that person from accepting the appointment. The Group has procedures in place for managing conflicts of interest and Directors have continuing obligations to update the Board on any changes to these conflicts. This process includes relevant disclosure at the beginning of each Board meeting. If any potential conflict of interest arises, the Articles of Association permit the Board to authorise the conflict, subject to such conditions or limitations as the Board may determine.

The Group is supportive of and recognises the importance of diversity, including gender, ethnicity, nationality, skills and experience. This is evident from the diverse, inclusive and breadth and depth of skills and experience within the Craneware team. While not in favour of setting specific targets, in the event that a Board position is required to be filled, during succession planning, the Board aims to ensure that the search process is sufficiently inclusive to encourage applications from diverse candidates with relevant skills, experience and knowledge, and that the selection process is fair and transparent.

Across the Group, the team comprises 40% female and 60% male employees. At Operations Board plus vice president level, the composition is approximately 41% female and 59% male.

Commitment

All Directors recognise the need to allocate sufficient time to the Company for them to be able to meet their responsibilities as Board members. All non-executive Directors' contracts include minimum time commitments; however, these are recognised to be the minimums.

Details of the other directorships held by each Board member are provided in the Directors' biographies on pages 27 and 28. The Board has evaluated the time commitments required by these other roles and does not believe it affects their ability to perform their duties with the Company. No executive Director currently holds any other directorship of a listed company. The non-executive Director contracts are available for inspection at the Company's registered office and are made available for inspection both before and during the Company's Annual General Meeting.

Succession Planning

During the year, the Board has successfully seen the succession of the Chair and the appointment of two new non-executive directors prior to Ronald Verni stepping down at the upcoming AGM. Succession plans are in place for the senior management talent pipeline which are re-visited and reviewed with the Board as appropriate. The Board takes an active interest in the quality and development of talent and capabilities within Craneware, ensuring that appropriate opportunities are in place to develop high-performing individuals.

Development

The Chairman is responsible for ensuring that all the Directors continually update their skills, their knowledge and familiarity with the Group in order to fulfil their role on the Board and the Board's Committees. Updates dealing with changes in legislation and regulation relevant to the Group's business are provided to the Board by the Company Secretary/Chief Financial Officer and through the Board Committees.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for advising the Board on all governance matters, ensuring that Board procedures are properly complied with and that discussions and decisions are appropriately minuted. Directors may seek independent professional advice at the Company's expense in furtherance of their duties as Directors. The Board ensures that the Audit and Remuneration Committees are provided with sufficient resources to undertake their duties.

Training in matters relevant to their role on the Board is available to all Directors. New Directors are provided with an induction in order to introduce them to the operations and management of the business.

Information and Support

In setting the Board agendas, the Chairman, in conjunction with the Company Secretary, ensures input is gathered from all Directors on matters that should be included. Board papers are then issued in advance of meetings to ensure Board members have appropriate detail in regards to matters that will be covered, thereby encouraging openness and healthy debate. At a minimum, these board papers include the Financial Results of the Group and a report from both the Chief Executive Officer and the Chief Financial Officer.

In addition, the non-executive Directors will normally meet periodically with the Group's Operations Board on an informal basis. This provides all Directors with direct access to the senior management of the Group and allows for better understanding of how the strategy set by the Board is being implemented across the Group.

Evaluation

With the changes to the Board part way through the year, a Board evaluation process was not conducted in the year ended 30 June 2020 but it is planned to conduct a Board evaluation process in the financial year ending 30 June 2021, after the recently appointed Directors have served for at least 12 months. The Board has therefore not complied with Provision 21 of the Code during the year ended 30 June 2020.

The Board will continue to consider the Code's recommendation that the evaluation of the Board be carried out with an external evaluator at least every three years, however, at present, remains of the opinion that with the current size of the Board this is not required.

The Board last performed a full formal evaluation in the year ended 30 June 2018. This was performed by means of a detailed questionnaire completed by each Director. This evaluation included a review of the performance of the Chairman and the Board Committees. The results of the process were collated by the Senior Independent Director and were reviewed by the Board as a whole. As explained in 2019 annual report, overall the Board concluded that its performance in the period under review had been satisfactory, however it did identify that adding further non-executive experience could complement the current Board. The Board implemented these recommendations in the year ended 30 June 2020.

Re-election

Under the Company's Articles of Association, at every Annual General Meeting ('AGM'), at least one-third of the Directors who are subject to retirement by rotation, are required to retire and may be proposed for re-election. In addition, any Director who was last appointed or re-appointed three years or more prior to the AGM is required to retire from office and may be proposed for re-election. Such a retirement will count in obtaining the number required to retire at the AGM. New Directors, who were not appointed at the previous AGM, automatically retire at their first AGM and, if eligible, can seek re-appointment.

However, the Board recognises the Code's recommendation that all Directors should stand for re-election every year, and whilst not a requirement, the Board has decided to adopt this recommendation as best practice. As such, all Directors will retire from office at the Company's forthcoming AGM. It is the intention of all Directors, apart from Ronald Verni as explained above, to stand for re-appointment.

Stakeholder Engagement

Shareholders

Dialogue with Shareholders

The Company engages in full and open communication with both institutional and private investors and responds promptly to all queries received. In conjunction with the Company's brokers and other financial advisors all relevant news is distributed in a timely fashion through appropriate channels to ensure shareholders are able to access material information on the Company's progress.

To facilitate this:

- All shareholders are usually invited to attend the AGM and are encouraged to take the opportunity to ask questions. Unfortunately, different arrangements are having to be made for the AGM in November 2020, due to the current public health guidelines in relation to COVID-19; and consideration for the safety and well-being of our shareholders, the Directors and employees of the Company. This is explained on page 34.
- The primary point of contact for shareholders on operational matters is Keith Neilson as Chief Executive Officer and Craig Preston as Chief Financial Officer.
- The primary point of contact for shareholders on corporate governance and other related matters is Will Whitehorn as Chairman. Ronald Verni as Senior Independent Director is available as a point of contact should a shareholder not wish to contact the Chairman for any reason.
- The Board welcomes regular engagement with major shareholders to understand their views on governance and performance against our stated strategy.
- The Chairman ensures that the Board as a whole has a clear understanding of the views of shareholders.

Keith Neilson and Craig Preston meet regularly with shareholders, normally immediately following the Company's half year and full year financial results announcements, to discuss the Group's performance and answer any questions. The Board monitors the success of these meetings through anonymous evaluations from both shareholders and analysts performed by the Company's Broker and Financial PR advisor.

On 6 November 2018, the Company held a Capital Markets Day in London for institutional investors and analysts. This provided an insight into Craneware's Trisus products, including Trisus Healthcare Intelligence. In addition, the presentations discussed the evolution of the US healthcare market. All of the Directors of the Company attended the Capital Markets Day. The presentation slides from the Capital Markets Day can be viewed on the Company's website at www.craneware.com.

The Company's website (at www.craneware.com) has a section for investors that contains all publicly available financial information and news on the Company.

Details of the Company's share capital and substantial shareholders are contained in the Directors' Report on pages 31 and 32 respectively.

Constructive use of General Meetings

The Board normally encourages attendance at its Annual General Meeting ('AGM') from all shareholders. The Notice of AGM together with all resolutions and explanations of these resolutions are sent at least 20 working days before the meeting. The Company proposes separate resolutions for each substantially separate issue and specifically relating to the report and accounts. All Directors, where possible, make themselves available to answer any questions shareholders may have. Results of all votes on resolutions are published as soon as practicable on the Company's website.

Update to the 2019 AGM

Following the AGM that was held on 12 November 2019, the Company announced that all resolutions were passed and a majority of over 71% of the proxy votes received were 'for' each of the resolutions proposed at the AGM however there were three resolutions (numbers 3, 6 and 9) that had received a number of proxy votes 'against'. As stated following the conclusion of the AGM in November 2019, the Board committed to consult with the Company's shareholders to more fully understand the reasons for those votes against and to carefully reflect on the feedback received.

As reported within the Company's interim results announcement on 3 March 2020, the Board understood that the voting in relation to resolution 6 (re-appointment of Colleen Blye as a director of the Company) and resolution 9 (re-appointment of PricewaterhouseCoopers LLP as auditors) was specifically in relation to perceived threats to auditor independence, primarily due to the level of non-audit fees as compared to the level of the audit fees. The votes against Ms. Blye being as chair of the Audit Committee. The level of non-audit fees was the result of the volume of tax compliance work relating to US State filings with each individual filing attaching to a low individual fee. Whilst the Board did not believe this in any way impaired the auditors' independence, we have noted the views of our shareholders and in the year ended 30 June 2020 a different tax advisor has been engaged to assist with this compliance work. We also note that PricewaterhouseCoopers LLP have, as part of their independence requirements, rotated and appointed a new lead audit partner for the audit of the Group and the Company's financial statements for the year ended 30 June 2020 with the previous partner having completed his five year cycle.

The Board understands that the voting in relation to resolution 3 (re-appointment of Ronald Verni as a director of the Company) related to Mr Verni having served on the Board for over 9 years and, whilst the Board had deemed him independent through his actions, this was not in keeping with the UK Corporate Governance Code. As a result, the ratio of Independent Non-executives to executives on the Board was not in keeping with the Code's requirements. Mr Verni has decided not to seek re-election at the Company's next AGM and, as announced on 24 February 2020, the Board has appointed two further independent non-executive directors to the Board. Mr Verni is working with these new directors and the rest of the Board throughout this transition period.

Employee engagement

The Board has decided to utilise alternative workforce engagement mechanisms, instead of the suggested workforce engagement mechanisms in the 2018 Code (i.e. a director appointed from the workforce, a formal workforce advisory panel or a designated non-executive director). Craneware has established an Employee Advisory Committee and utilises the results and feedback received from the annonymous annual engagement survey, which has a high response rate, as well as the other engagement mechanisms outlined in the Stakeholder Engagement section and in the Directors' Report within this Annual Report. The Board considers these employee engagement mechanisms to be appropriate at this time, in view of the size of the Group, but will keep these engagement mechanisms under review.

Engagement with other key stakeholder groups

The Stakeholder Engagement section and the Directors' Report within this Annual Report contains an overview of the engagement with other key stakeholder groups including: customers and the community.

Audit, Risk and Internal Control

Audit Committee and Auditors

An Audit Committee has been established to assist the Board with the discharge of its responsibilities in relation to internal and external audits and controls. The Audit Committee will normally meet at least twice a year. The Audit Committee is chaired by Colleen Blye and its other members are Ronald Verni and Russ Rudish. The Chief Financial Officer, Chief Executive Officer and other senior management attend meetings by invitation and the Committee also meets the external auditors without management present. Colleen Blye, as chair of the Audit Committee, has recent and relevant financial experience and the Audit Committee as a whole has significant experience and competence in healthcare and software sectors.

The terms of reference of the Audit Committee are available on the Company's website, at www.craneware.com, and at the Company's registered office. Details of how the Audit Committee has discharged its responsibilities are provided on page 42.

Financial and Business Reporting

The Board recognises its responsibilities, including those statutory responsibilities laid out on page 34. An assessment of the Group's market, business model and performance is presented in the Chairman's Statement and the Strategic Report on pages 4 to 11.

As detailed on page 30 of the Directors' Report, the Board has confirmed that it is appropriate to adopt the going concern basis in preparing the consolidated and Company financial statements for the year ended 30 June 2020. The Board has explained within the Viability Statement section of the Strategic Report on page 15 that it has assessed the prospects of the Company and the Group, taking into account the Group and the Company's current position and principal risks.

Risk Management and Internal Control

Details of the principal risks and uncertainties and emerging risks facing the Group are detailed in the Strategic Report on pages 13 to 15. The principal financial risks are detailed in Note 3 to the financial statements.

The Directors recognise their responsibility for the Group's system of internal control and have established systems to ensure that an appropriate and reasonable level of oversight and control is provided. These systems, which cover all material controls, including financial, operational and compliance controls are reviewed for effectiveness annually by the Audit Committee and the Board. The Group's systems of internal control are designed to help the Group meet its business objectives by appropriately managing, rather than eliminating, the risks to those objectives. The controls can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. The Group maintains its internal risk register that forms the foundation of the Board and the Audit Committee review process. Executive Directors and senior management meet to review both the risks facing the business and the controls established to minimise those risks and their effectiveness in operation on an ongoing basis. The aim of these reviews is to provide reasonable assurance that material risks and problems are identified and appropriate action taken at an early stage.

The implications of the COVID-19 pandemic have more recently been at the forefront of the risk management process and while there remains a level of uncertainty, management has been considering and evaluating the risk to the Group's people, customers, business and operations and putting in place mitigation wherever possible.

The risk review is exercised through the monthly management reports and Operations Board meetings and, due to the importance of this topic, a sub-committee of the Operations Board has been formed (the Risk and Compliance Committee, chaired by the Chief Financial Officer) to ensure there is specific focus on risk review and risk management. For each risk identified the control strategy and who is accountable for discharging that strategy is identified and documented in the meeting minutes. During monthly Operations Board meetings, material emerging risks are reviewed with discussion concerning actions to reduce or monitor Group exposure. In this way, risks are reviewed and updated monthly. The Group also has a Security Council, chaired by the Chief Information Officer, which meets weekly and reports into the Risk and Compliance Committee. The purpose of the Security Council is to assess current technology risks, approval and implementation of mitigation plans and to inform the Chief Information Officer and the Chief Technology Officer of future strategy around this key business area.

During the year ended 30 June 2020 the Risk and Compliance Committee (chaired by the Chief Financial Officer and joined by the CEO), was given the responsibility of being the COVID-19 response Committee.

The annual financial plan is reviewed and approved by the Board. Financial results, with comparisons to plan and forecast results, are reported on at least a quarterly basis to the Board together with a report on operational achievements, objectives and issues encountered. The quarterly reports are supplemented by interim monthly financial information. Forecasts are updated no less than quarterly in the light of market developments and the underlying performance and expectations. Significant variances from plan are discussed at Board meetings and actions set in place to address them.

Approval levels for authorisation of expenditure are at set levels and cascaded through the management structure with any expenditure in excess of pre-defined levels requiring approval from the executive Directors and selected senior managers.

Measures continue to be taken to review and embed internal controls and risk management procedures into the business processes of the organisation and to deal with areas of improvement which come to the management's and the Board's attention. Metrics and quality objectives continue to be actively implemented and monitored as part of a continual improvement programme

Audit Committee: role, responsibilities and activities during the year
During the year the Audit Committee, operating under its terms of reference (which are available on the Company's website, at www.craneware.com, and at the Company's registered office), discharged its responsibilities, including reviewing and monitoring:

- interim and annual reports information including consideration of the appropriateness of accounting policies and material assumptions and estimates adopted by management;
- developments in accounting and reporting requirements;
- external auditors' plan for the year-end audit of the Company and the Group;
- the Committee's effectiveness;
- the systems of internal control and their effectiveness, reporting and making new recommendations to the Board on the results of the review and receiving regular updates on key risk areas of financial control;
- the requirements or otherwise for an internal audit function;
- the provision of tax compliance services to the Group and, as described above, the decision to engage a new tax advisor instead of PricewaterhouseCoopers LLP;
- the performance and independence of the external auditors concluding, in a recommendation to the Board, on the reappointment of the auditors by shareholders
  at the Annual General Meeting. The auditors provide annually a letter to the Committee confirming their independence and stating the methods they employ to safeguard their independence;
- the audit and non-audit fees charged by the external auditors; and
- the formal engagement terms entered into with the external auditors.

The Committee and the Board as a whole has considered the impact of COVID-19 on our Group and Company financial statements. It has reviewed the Group's profitability and liquidity as part of a number of forecast scenarios. As part of this assessment, the Committee has also reviewed the viability statement and going concern note (as included on page 15 and page 30 respectively), following which it was agreed that the going concern basis of accounting continues to be an appropriate basis of preparation for the financial statements.

In accordance with its terms of reference, the Committee has reported to the Board as to how it has discharged its responsibilities throughout the year.

Significant matters considered in relation to the financial statements

The following table sets out the significant areas considered by the Committee in relation to the Group's financial statements for the year ended 30 June 2020:

Area of judgement or estimate	Matter considered and Role of the Committee
Revenue recognition (Group and Company), including compliance with IFRS 15	Revenue and deferred income are significant amounts in the context of the Consolidated Statement of Comprehensive Income and the Group and Company Balance Sheets respectively. The amount of revenue to be recognised and timing of revenue recognition are determined based on the details and terms contained in the contracts with customers. Revenue recognition on non-standard contracts can involve significant judgment and interpretation of both the Group's policy and the newly adopted IFRS 15.
Internally developed intangible assets (Group and Company)	The Group and the Company capitalise development costs when the conditions for capitalisation, as outlined in the principal accounting policies, have been met. Consequently, the Directors are required to continually assess the commercial potential of each product in development and its useful life following launch. There is judgement involved in determining whether or not costs being capitalised meet the definition of intangible assets under IAS 38 *Intangible assets.* The Committee reviews this area as there is judgement involved in the Directors' assessment.
Impairment assessment	The carrying amount of the Group's and the Company's tangible and intangible assets, including goodwill, is considered at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. The Committee reviews this assessment. If there is such an indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) through determining the value in use of the cash generating unit that the asset relates to. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense. There are no impairment losses recognised in the financial statements of the Group in the year ended 30 June 2020. In regards to the Company, during the year the remaining intellectual property in Kestros Ltd reached the end of its useful life with all relevant code being fully integrated into the Trisus software. Additionally, the number of customers using the MiCheckin software is now minimal. Therefore, the directors decided to provide fully against the investment in Kestros Ltd within the financial statements of the Company in the year ended 30 June 2020.
Provision for income tax (Group and Company)	The Group is subject to tax in the UK and in the US and this requires the Directors to regularly assess the applicability of its transfer pricing policy relevant to the revenue transactions and costs between companies in the Group.

The Audit Committee also reviewed and considered other matters during and in respect of the financial year ended 30 June 2020 including management's assessment of new accounting standards that were not effective for adoption until after 30 June 2020.

The Audit Committee considered and discussed with the rest of the Board whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy.

Internal audit arrangements

The Committee has also reviewed the arrangements in place for internal audit and concluded, due to the current size, complexity and internal control environment of the Company and the Group, that a formal internal audit function was not required. The Audit Committee believes that management is able to derive assurance regarding the adequacy and effectiveness of internal controls and risk management procedures, given the close involvement of the Directors and the senior management on a day to day basis, without the need for an internal audit function.

In view of the importance of the procedures, security, regulation and controls around Craneware's solutions and customer data, the focus for other assurance activities for the Group is in respect of those areas. During the financial year ended 30 June 2020, Craneware achieved HITRUST CSF Certification for all of its Trisus and InSight solutions, as well as associated operational processes. This involved an external, validated audit of Craneware's security and data privacy practices. Health Information Trust Alliance ('HITRUST' Alliance) is a collaboration with healthcare, technology and information security organisation which develops, maintains and provides broad access to its widely adopted common risk and compliance management and de-identification frameworks; related assessment and assurance methodologies; and initiatives advancing cyber sharing, analysis and resilience. HITRUST has established a 'common security framework' (CSF) to address the multitude of security, privacy and regulatory challenges facing organisations. The scope of the HITRUST CSF's requirements is wide and requires a very high standard of data security arrangements as these have been set in the context of the accreditation being relevant to US healthcare providers with handling sensitive data (Protected Health Information) and impacts in some way all areas of the business (at least in respect of the required enhancement to the Group-wide IT and data security policies).

The Audit Committee will continue to monitor whether there is a requirement for an internal audit function and will report accordingly to the Board.

External audit

Under its terms of reference, the Audit Committee is responsible for monitoring the independence, objectivity and performance of the external auditors, and for making a recommendation to the Board regarding the appointment of external auditors on an annual basis. The Group's external auditors, PricewaterhouseCoopers LLP, were first appointed as external auditors of the Company for the year ended 30 June 2003.

Each year PricewaterhouseCoopers LLP prepares and presents their audit plan to the Audit Committee for the audit of the full year financial statements. The audit plan identifies what the external auditors consider to be the key audit risks, the planned scope of work, the audit timetable and also details of how they have assessed their independence to be able to undertake the audit work. As part of ensuring independence, the audit partner within PricewaterhouseCoopers LLP is required to rotate every five years and, accordingly, Kenneth Wilson stepped down following the audit of the financial statements for the year ended 30 June 2019 and was replaced by a new audit partner, Lindsay Gardiner. This audit plan is reviewed, along with the Committee's assessment of auditor independence, and is agreed in advance by the Audit Committee. Having considered the planning work carried out and the results of the audit of the Group and Company financial statements for the year ended 30 June 2020, the Committee was satisfied that the approach adopted was robust and appropriate and that their independence and objectivity could be relied upon.

Non-audit services provided by the external auditors

The Audit Committee has also implemented procedures relating to the provision of non-audit services by the Company's auditors, which include non-audit work and any related fees over and above a de-minimis level to be approved in advance by the Chairman of the Audit Committee. The policy in respect of services provided by the external auditors is set out below:

The external auditors may be appointed to provide non-audit services where it is in the Group's best interests to do so, provided a number of criteria are met. These are that the external auditor does not:

- Audit their own work;
- Make management decisions for the Group;
- Create a conflict of interest;
- Find themselves in the role of an advocate for the Group.

Therefore, during the year ended 30 June 2020, the Company's auditors have not provided the Group or the Company with any non-audit work. Details of the fees paid to the auditors for audit and non-audit services are shown in Note 6 to the financial statements.

Whistleblowing Policy

The Group is committed to conducting its business with honesty and integrity and it is expected that these high standards be maintained throughout the organisation. As an element of providing a supportive and open culture within the organisation, the Group has a Whistleblowing Policy and associated annual training. This Policy includes arrangements by which employees, consultants or contractors may, in confidence and also anonymously should they wish, raise concerns regarding possible improprieties in matters of financial reporting or other matters. These concerns would then be investigated and followed up appropriately. The Board has provision to review these arrangements and any reports arising from their operation.

Remuneration

The Company has established a Remuneration Committee to assist the Board in this area. This Committee comprises non-executive Directors and is chaired by Ronald Verni and its other members are Colleen Blye and Russ Rudish.

When appropriate Keith Neilson, as Chief Executive Officer, is invited to attend meetings (except where matters under review by the Committee relate to him).

The Committee has responsibility for making recommendations to the Board on the remuneration packages of the executive Directors, the remuneration of the Chairman of the Board and setting the level and structure of remuneration for senior management, this includes:

- making recommendations to the Board on the Company's policy on Directors' and senior management remuneration, and to oversee long-term incentive plans (including share option schemes);
- ensuring remuneration is both appropriate to the level of responsibility and adequate to attract and/or retain Directors and staff of the calibre required by the Company; and
- ensuring that remuneration is in line with current industry practice

The Committee has presented its Remuneration Report on pages 45 to 52, which details the work undertaken operating under its terms of reference (which are available on the Company's website, at www.craneware.com, and at the Company's registered office) to discharge its responsibilities. The Remuneration Committee's Report also explains the Board's compliance with provisions 32 to 41 of the Code.

AIM Rule Compliance Report

Craneware plc is quoted on AIM and as a result the Company has complied with AIM Rule 31 which requires the Company to:

- have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- seek advice from its Nominated Advisor ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;
- provide the Company's Nomad with any information it reasonably requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Nominated Advisors, including any proposed changes to the Board and provision of draft notifications in advance;
- ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- ensure that each Director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the Director or could with reasonable diligence be ascertained by the Director.

In addition, Craneware plc maintains compliance with AIM Rule 26, which specifies a list of information that the Company is required to make publicly available. AIM Rule 26 also requires the Company to adopt a corporate governance code and the Company has chosen the UK Corporate Governance Code 2018, against which the Directors are responsible for reporting the Company's compliance as set out on pages 35 to 44.

Approved by the Board of Directors and signed on behalf of the Board by:

Craig Preston
Company Secretary
18 September 2020

Remuneration Committee's Report

This report sets out Craneware plc's remuneration and benefits provided to Directors for the financial year ended 30 June 2020. A resolution to approve the report will be proposed at the Annual General Meeting ("AGM") of the Company at which the financial statements will be presented for approval. As an AIM listed company, Craneware plc is not required to comply with the Directors' Remuneration Report regulations requirements under Main Market UK Listing Rules or those aspects of the Companies Act 2006 applicable to listed companies.

Remuneration Committee

The Company has a Remuneration Committee ("the Committee") in accordance with the recommendations of the UK Corporate Governance Code 2018. The members of the Committee are Ronald Verni (Chairman), Colleen Blye and Russ Rudish. None of the Committee has any personal financial interests in matters directly decided by this Committee, nor are there any conflicts of interests arising from cross directorships or day to day involvement in the running of the business.

The responsibilities of the Remuneration Committee are outlined on page 44 and the Committee's terms of reference are available on the Company's website at www.craneware.com and at the Company's registered office.

The Company's Chief Executive Officer will attend meetings on occasion, at the invitation of the Committee, to advise on operational aspects of implementing existing and proposed policies. The Company Secretary acts as secretary to the Committee. Under the Committee Chairman's direction, the Chief Executive Officer and the Company Secretary have responsibility for ensuring the Committee has the information relevant to its deliberations. In formulating its policies, the Committee has access, as required, to professional advice from outside the Company and to publicly available reports and statistics. The Committee met twice during the year and the meeting attendance is shown on page 38.

No Director is involved in any decisions as to his or her own remuneration. The remuneration of the non-executive Directors, other than the Chairman of the Board, is determined by the Board as a whole within limits set out in the Articles of Association. The levels of remuneration for non-executive Directors are considered to reflect the time commitment and responsibilities of the role. The non-executive Directors, including the Chairman of the Board, do not participate in performance related bonus or share-based incentive arrangements.

Chairman of the Remuneration Committee

As announced in March 2020, Mr Verni has decided not to seek re-election at the Company's AGM in November 2020. The Board will review and consider the membership and chair of the Committee in advance of the AGM.

Shareholder consultation

The Company welcomes dialogue with its shareholders over matters of remuneration. Shareholders will be informed by the Remuneration Committee of any future changes in executive Director remuneration policy in the Remuneration Committee's Report. In addition, if such policy changes are considered substantial and after having taken advice from relevant advisers, significant shareholders will be consulted in advance.

The Directors' Remuneration Report will be put to an advisory vote at the AGM in November 2020. A similar resolution was put to the AGM in November 2019 and was supported by the resolution being passed on a show of hands at that meeting and with 96.5% of the proxy votes received cast in favour of the resolution.

Policy

Executive remuneration packages are designed to attract, motivate and retain Directors of the calibre necessary to achieve the Group's growth objectives and to reward them for enhancing shareholder value. In addition, the Remuneration Committee also considers that executive remuneration policy should not only be easy to understand, but also straightforward and simple to implement and administer.

During the financial year ended 30 June 2020, notwithstanding the challenges of the COVID-19 pandemic, the Group has retained all employee positions and maintained employee remuneration at all levels across the Group. The Group was able to do this through its own resources and chose to utilise only a minimal amount of COVID-19 related government support.

The Committee has regard to pay structures across the wider group when setting the remuneration policy for executive Directors. The Group has sought to achieve, at a minimum, median levels of pay for all employees within the organisation. Although the Committee does not formally consult with employees as part of this process, all members of the Committee are members of the Board and the Board receives employee updates which contain, amongst other updates, feedback from employee engagement surveys which include general views on employee remuneration. The remuneration policy overall for the executive Directors is more heavily weighted towards performance-related pay than it is for other employees. Although more senior roles within the Group are usually eligible to receive long term incentive awards, the Committee and the rest of the Board wish to encourage wider share ownership through the operation of the SAYE and ESPP all employee share option plans (as described on page 48).

The Committee also reviews employee remuneration and related practices which includes approving the design of, and determining targets for, the bonus plan which is Group wide and is applicable to all eligible employees. The targets set under the plan are consistent to all employees, including executive directors and senior managers. The Committee also authorises the extent of any annual payments made under the bonus plan. In addition, the Committee provides guidance on general remuneration practices across the Group and the Committee is consulted regarding any significant changes in benefit and pay structures throughout the Group.

The Committee did not appoint a remuneration consultant during the year ended 30 June 2020.

It is considered that executive Director remuneration policy operated as intended for the financial year, in terms of company performance and quantum.

Compliance with Provision 40 of the UK Corporate Governance Code 2018

clarity	The Committee aims to provide clear and transparent disclosures of Director remuneration arrangements, as set out in this Report.
simplicity	The Remuneration Committee also considers that executive Director remuneration policy should not only be easy to understand, but also straightforward and simple to implement and administer. The Committee aims to ensure that remuneration arrangements across the Group are not complex in order to assist with understanding and engagement.
risk	Performance conditions for bonus and share-based incentives are considered each year by the Committee in view of corporate performance expectations and alignment to shareholder interests. The Committee has the ability to apply discretion to formulaic outcomes. Clawback provisions also apply to the LTIP. It is considered that the annual bonus and long term incentive arrangements do not encourage inappropriate risk taking.
predictability	The executive Director remuneration policy has maximum opportunity levels for variable components, with actual incentive outcomes varying depending on the level of performance achieved against specific measures.
proportionality and alignment to culture	The metrics used to measure performance for the annual bonus and long term incentives are considered to drive behaviours that are consistent with the business strategy, values and culture of the organisation and aligned to shareholder interests.

Elements of executive Director remuneration

The main elements of the remuneration package for executive Directors are:

- basic annual salary and benefits in kind;
- annual performance related bonus;
- pension entitlement; and,
- long term incentives.

The Company's policy is that a substantial proportion of the remuneration of executive Directors should be performance related.

Directors' remuneration

The Committee develops overall Directors' remuneration packages to ensure both the short and long-term objectives of the Company are met and potentially exceeded, thereby ensuring that the Directors are incentivised to maximise return to the Company's shareholders.

The remuneration package for the executive Directors comprises:

(i) Basic salary

This is normally reviewed annually, or when an individual's position or responsibilities change and is normally paid as a fixed cash sum monthly.

(ii) Pension entitlement

The Company operates an open enrolment pension scheme in which all UK employees, including executive Directors, are entitled to participate. As part of this scheme, the Company has matched employee contributions into the scheme at up to 4% of basic salary. In addition, the Company pays a fixed sum to a personal pension plan on behalf of the Chief Executive Officer. The Company will make payments in lieu of pension in the event that an executive Director has exceeded their pension annual allowance.

(iii) Benefits in kind

Executive Directors are entitled to private medical insurance, life insurance and permanent health insurance.

(iv) Annual performance related bonus

Under the Group's annual performance related bonus plan, executive Directors are eligible to earn a cash bonus (non-pensionable) payment based on targets that are set by the Committee. In determining these targets, the Committee's objective is to set stretching targets that reflect challenging financial performance in the current year, but also provide for the future growth of the Group. The choice of metrics reflects those that have been identified as the key, primarily financial, indicators of the Group's success against its strategy. Maximum bonus entitlements were set at a level that allowed additional growth of overall remuneration for out-performance of targets.

Bonus plan rules are exclusively subject to Remuneration Committee discretion. This includes but is not limited to whether or not to fund the bonus plan, to make any payment or the amounts to be paid by way of bonus under the plan (regardless of whether the Company has achieved or exceeded the required targets). The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the financial year.

In view of the financial results of the Group for the year ended 30 June 2020, the Remuneration Committee has concluded that targets have not been met for the current financial year and therefore no bonus amounts are payable to the executive Directors.

(v) Share options and LTIP awards

During the year and historically the Company has operated employee share plans from which, and at the discretion of the Committee, executive Directors and other employees (including senior management) could be granted share-based awards.

The 2016 share plans
The Craneware Employees' Share Option Plan 2007 ("2007 Share Option Plan") was operated by the Company from 2007 and further details regarding this option plan are provided below. As no further grants could be made under the 2007 Share Option Plan after its tenth anniversary, the Company implemented three new discretionary employee share plans in the year ended 30 June 2017, following approval and authorisation obtained from shareholders at the Annual General Meeting on 8 November 2016:

- The Craneware plc Long Term Incentive Plan (2016) (the "LTIP");
- The Craneware plc Schedule 4 Company Share Option Plan (2016) (the "Schedule 4 Option Plan"); and
- The Craneware plc Unapproved Company Share Option Plan (2016) (the "Unapproved Option Plan").

Although the LTIP is intended to be used as the primary means of incentivising senior management going forward, the Committee was also of the view that it would be useful for the Company to retain the flexibility to grant "market value" options if the need arises. Accordingly, two share option plans were also established as direct replacements for the 2007 Share Option Plan. The Schedule 4 Option Plan allows for the grant of tax advantaged options to UK based participants over shares worth up to £30,000 per individual; and the Unapproved Option Plan is used to grant options where the above limit has been reached or where the relevant individual is not based in the UK.

It was highlighted in previous benchmarking analysis that executive total remuneration packages within the Group were below median levels, in particular the relative proportion of the total remuneration value that comprises share-based incentives. In view of this, the Committee had previously disclosed its intention to use LTIPs "as the primary means of incentivising senior management go forward". The transition to address the shortfalls identified in the benchmarking analysis continues to be made over multiple years. Continuing this transition, in the financial year ended 30 June 2020 the long term incentive grants to the executive Directors comprised only conditional share awards under the LTIP (rather than, in prior recent years, half of the grant being LTIP awards and the other half share options).

If, in any year, executive Directors are given a combination of LTIP awards and options under the Schedule 4 / Unapproved Option Plans, the same form of performance condition will apply across each of the arrangements and the individual limits on participation will take into account both forms of grant.

Clawback provision
The Rules of the LTIP provide for a Clawback provision, in respect of awards granted under the LTIP, which may be applied in the event of: material misstatement of financial results; error in the calculation of performance condition outcomes; and/ or misconduct.

Holding period
Whilst it is still not common practice for holding periods to be applied in respect of AIM listed companies, the Committee has considered whether it would be appropriate to introduce a post vesting holding period for LTIP awards and/or a post-employment shareholding guideline.

As part of the transition in the use of LTIPs referred to above, the Committee intends to introduce a post vesting holding period for LTIP awards applicable for those awards proposed to be granted to executive Directors and senior management during the financial year commencing 1 July 2020. The Committee also intends to introduce a guideline that executive Directors are required to hold equivalent to 200% of base salary. Vested but unexercised awards are included in the shareholding guideline on a net of tax basis.

Awards granted under the 2016 share plans in the year ended 30 June 2020
In September 2019, the Chief Executive Officer and the Chief Financial Officer were each granted a conditional share award under the LTIP. The total value of the award at date of grant was equal to 100% of the basic salary for each of these directors. These awards are included in the tables on page 52. Conditional share awards and / or share options were granted to certain other employees (including senior management) in September 2019 under the 2016 share plans.

The vesting of the awards, which were granted from the 2016 share plans in the year ended 30 June 2020, are subject to performance conditions set by the Committee that are appropriate to the strategic objectives of the business, are considered to be challenging and in line with best practice/ investor guidelines and are measured over three years.

For the conditional share awards granted under the LTIP and for share options granted from the 2016 share option plans in September 2019, the performance conditions are based on the Company's total shareholder return ("TSR") performance relative to the performance achieved by the constituent companies in the FTSE AIM 100 Index (the "Comparator Group"). These performance conditions are the same, but are measured over a different period, as those applicable for the share plan awards granted to the executive Directors and to certain other employees (including senior management) in September 2018. As disclosed in the 2018 Annual Report, similar performance conditions (but with the comparator group being a group of comparable companies in the same sector) apply to the conditional share awards and share options that were granted in March 2017 and in January 2018.

The performance conditions are assessed over the period of three years, commencing on the date of grant, during which each company in the Comparator Group will be ranked in order of TSR performance. Vesting will then take place as follows:

Ranking of the Company's TSR against the Comparator Group	% of Shares comprised in conditional share award or share option that vest
Below median	0%
Median	25%
Upper quartile or above	100%
Between median and upper quartile	25% – 100% on a straight line basis

The performance condition is measured in three tranches such that one third of the Ordinary Shares, over which the conditional share awards and / or the share options subsist, will vest based on performance over the three years ending on 30 June 2020; one third based on performance over the three years ending 30 June 2021; and the final third based on performance over the three years to 30 June 2022 – resulting in an aggregate five year performance evaluation period. Any tranche (or part thereof) that does not meet the performance criteria will lapse and not be re-tested in later years. However, notwithstanding the TSR ranking achieved by the Company, no part of a share plan award subject to the above conditions will vest unless the Committee is satisfied that there has been an overall satisfactory and sustained improvement in the underlying financial performance of the Company over the relevant period.

If and to the extent that the performance conditions are satisfied and subject to the award holder's continued employment within the Craneware Group throughout the period, the conditional share award will normally vest three years after the date of grant; and the share options will only become exercisable three years after the date of grant. Share options will expire, at the latest, 10 years after the date of grant

Performance condition measurement to 30 June 2020

For share options and LTIP awards granted in January 2018, the third tranche is not due to vest until January 2021. However, the performance criteria for each tranche is tested against the Company's TSR for the three years to 30 June 2020 compared to the TSR of the companies in the Comparator Group. Craneware plc's relative TSR for this period, when ranked against the Comparator Group was within the upper quartile and therefore this tranche, being one third of the award, will vest in full.

For share options and LTIP awards granted in September 2019, the first tranche is not due to vest until September 2020 and for the share options and LTIP awards granted in September 2018, the second tranche is not due to vest until September 2020. However, the performance criteria for these tranches are tested against the Company's TSR for the three years to 30 June 2020 compared to the TSR of the constituent companies in the FTSE AIM 100 Index. Craneware plc's relative TSR for this period, when ranked against that Comparator Group was within the upper quartile and therefore these tranches, being one third each of the awards, will vest in full.

2007 Share Option Plan

Share options can no longer be granted under this share option plan as it was established more than ten years ago. The last grant of share options under this plan occurred in September 2016. Options that were granted under this scheme in earlier financial years are normally exercisable three years after the date the options were granted, provided the option holder is still employed at the date of exercise, subject to the satisfaction of the applicable performance criteria.

All employee share option plans

In order to provide a wider population of employees with an opportunity to become Craneware shareholders, which promotes alignment to shareholder interests and aids with recruitment and retention, a Save As You Earn ('SAYE') share option plan for UK employees and an Employee Stock Purchase Plan ('ESPP') for US employees within the Group were established in the year ended 30 June 2019. The Committee supports this proposed enhancement to Craneware's employee reward offering. The executive Directors are permitted, if they choose to do so, to participate in the SAYE share option plan on the same terms as other UK employees. These share option plans were approved by the shareholders at the 2018 Annual General Meeting.

Share options were first granted under these two share option plans in the year ended 30 June 2020, as summarised in Note 8 to the financial statements. The executive Directors chose to participate in the SAYE, in respect of the first offer of share options under this plan, and the details of the share options granted are contained in the table on page 51.

SAYE and ESPP share option plans allow employees and executive Directors, who choose to participate, to contribute regularly to the plans from their net salary and then to use those funds to buy shares in Craneware plc at the end of the savings period. This is usually at a discounted purchase price that is set at the start of the savings period.

Source of shares and dilution limits

The share plans are being operated in conjunction with an Employee Benefit Trust, The Craneware plc Employee Benefit Trust, ("EBT") which was established during the year ended 30 June 2017. Further details regarding the EBT are contained in Note 18 to the financial statements.

Conditional share awards granted under the LTIP and share options granted from the share option plans may be satisfied either by the issue of new Ordinary Shares, the transfer of shares from treasury or the transfer of existing Ordinary Shares purchased in the market.

In any ten year period, the Company may not issue (or grant rights to issue) more than 10% of the issued ordinary share capital of the Company under the LTIP and any other employee share plan adopted by the Company. For the purpose of this limit:

- any Shares which are purchased in the market by the EBT for the purposes of satisfying Awards will not be counted;
- treasury Shares will count as new issue Ordinary Shares unless institutional investors decide that they need not count;
- no account will be taken of any Shares where the right to acquire them was released or lapsed prior to vesting / exercise; and
- no account will be taken of any Shares where the right to acquire them was granted prior to the Company's original admission to AIM in 2007.

Details of all share options and conditional share awards, which have been awarded and had not lapsed or been exercised or released at 30 June 2020, are contained in Note 8 to the financial statements.

Service Contracts

The executive Directors and the non-executive Directors are employed under individual employment arrangements or letters of appointment where appropriate. Details of these service contracts are set out below:

	Contract Date	Unexpired Term	Normal Notice Period
K Neilson	Founder	Rolling	3 months*
C T Preston	15 September 2008	Rolling	3 months*
W Whitehorn	1 January 2020	Rolling	1 month
R Verni	1 May 2009	Rolling	1 month
C Blye	12 November 2013	Rolling	1 month
R Rudish	28 August 2014	Rolling	1 month
A Erskine	24 February 2020	Rolling	1 month
D Kemp	1 March 2020	Rolling	1 month

** The notice terms for Keith Neilson and Craig Preston are normally three months, however in the event of a change of control, these notice periods are automatically extended to twelve months*

None of the executive Directors holds any outside appointments with any other publicly traded company.

Directors' Interests

The Directors' interests in the ordinary shares of the Company are set out in the Directors' Report on page 31.

Directors' Emoluments (audited)

For Directors who held office during the course of the year, emoluments[1] in respect of the year ended 30 June 2020 were as follows: (note: with the exception of R Verni, C Blye, R Rudish and A Erskine, all directors are paid in Sterling; the amounts below are translated into US Dollars at the relevant average exchange rate for the period being reported)

	Salary/Fees ($)	Benefits [2] ($)	Bonus ($)	Pension ($)	**2020 Total ($)**	2019 Total ($)
Executives						
K Neilson[A]	368,378	806	-	21,041	**390,225**	443,272
C T Preston[B]	304,242	868	-	12,734	**317,844**	325,660
Non-Executives						
G R Elliott[3]	32,549	-	-	-	**32,549**	91,411
W Whitehorn[4]	47,242	-	-	-	**47,242**	-
D Kemp[4]	17,514	-	-	-	**17,514**	-
R Verni	60,708	-	-	-	**60,708**	60,414
C Blye	61,596	-	-	-	**61,596**	54,469
R Rudish	52,644	-	-	-	**52,644**	52,644
A Erskine[4]	14,684	-	-	-	**14,684**	-
Total	959,557	1,674	-	33,775	**995,006**	1,027,870

1. Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire, or conditional share awards in respect of, ordinary shares in the Company held by the Directors.

2. Benefits represent payments for health insurance, death in service and disability insurance.

3. G R Elliott resigned from the Board on 12 November 2019

4. W Whitehorn, D Kemp and A Erskine were appointed as Directors of the Company during the year ended 30 June 2020 on the dates shown above.

A. In December 2019 K Neilson exercised share options, which were granted in 2009 detailed below, in respect of a total of 10,332 Ordinary Shares in the Company. Based on the share price on the date of exercise, the gain on exercise of those share options was £201,991

B. The conditional share award, in respect of 8,586 Ordinary Shares in the Company which was granted to C T Preston under the LTIP in March 2017, vested in March 2020. Based on the share price on the vesting date, the value of those Ordinary Shares was £112,477.

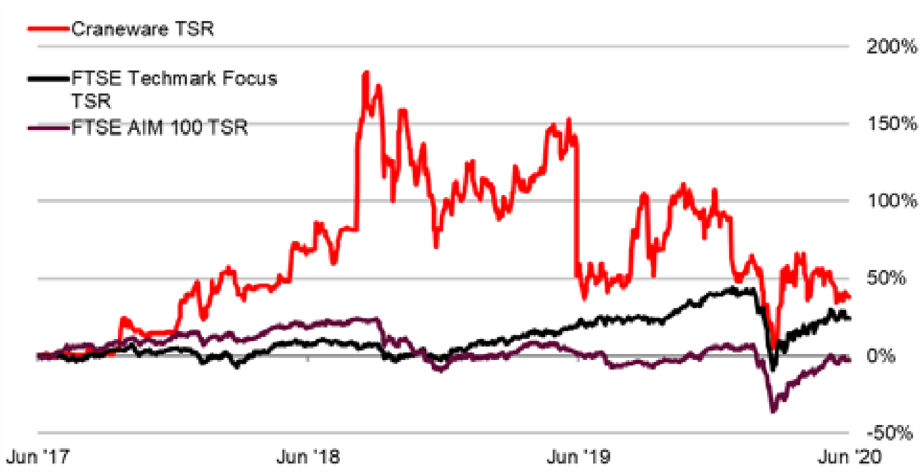
The following Directors were paid in Sterling:

	Salary/Fees (£)	Benefits [2] (£)	Bonus (£)	Pension (£)	**2020 Total (£)**	2019 Total (£)
Executives						
K Neilson	292,410	639	-	16,702	**309,751**	342,428
C T Preston	241,500	689	-	10,108	**252,297**	251,571
Non-Executives						
G R Elliott	25,636	-	-	-	**25,636**	70,615
W Whitehorn	37,500	-	-	-	**37,500**	-
D Kemp	13,902	-	-	-	**13,902**	-
Total	610,948	1,328	-	26,810	**639,086**	664,614

Further information regarding Directors' share options and LTIP awards are contained in the tables on pages 51 and 52.

Total Shareholder Return Performance Graph

The following graph charts the cumulative shareholder return of the Company over the past three years, compared to the FTSE AIM 100 Index and the FTSE techMARK Focus Index. The FTSE AIM 100 Index provides a comparison to a broad equity market index (of which Craneware is a constituent company). The FTSE techMARK Focus Index is selected because the constituents of this index are affected by similar economic and commercial factors to Craneware.



Directors' interests in share options and LTIP awards

Directors' interests in share options as at 30 June 2020, in respect of Ordinary Shares of 1p each in Craneware plc, were for the following Directors who held office during the course of the year:

	Exercise Price (cents)	Exercise Price (pence)	Held At 30/06/19	Granted During Year	Exercised During Year	Lapsed During Year	**Held At 30/06/20**	Exercisable from date	Expiry date
K Neilson									
Share Option Plan 2007									
Grant Date									
23 Dec 2009	534.0	335.0	10,332	-	(10,332)	-	**-**	23 Dec 2012	23 Dec 2019
6 Sep 2010	618.0	401.0	13,383	-	-	-	**13,383**	6 Sep 2013	6 Sep 2020
21 Sep 2012	650.0	400.0	6,605	-	-	-	**6,605**	21 Sep 2015	21 Sep 2022
10 Sep 2013	621.0	395.0	34,472	-	-	-	**34,472**	10 Sep 2016	10 Sep 2023
22 Sep 2014	839.0	523.0	39,090	-	-	-	**39,090**	22 Sep 2017	22 Sep 2024
9 Mar 2016	1066.0	750.0	28,628	-	-	-	**28,628**	9 Mar 2019	9 Mar 2026
12 Sep 2016	1563.0	1177.5	36,469	-	-	-	**36,469**	12 Sep 2019	12 Sep 2026
Schedule 4 Option Plan									
17 Jan 2018	2445.0	1775.0	1,690	-	-	-	**1,690**	2/3rd vested	17 Jan 2028
Unapproved Option Plan									
17 Jan 2018	2445.0	1775.0	7,238	-	-	-	**7,238**	2/3rd vested	17 Jan 2028
5 Sep 2018	3488.0	2710.0	5,848	-	-	(156)	**5,692**	30.67% vested	5 Sep 2028
SAYE Option Plan									
20 Apr 2020	1432.0	1147.5	-	1,568	-	-	**1,568**	1 May 2023	1 Nov 2023
C T Preston									
Share Option Plan 2007									
Grant Date									
9 Mar 2016	1066.0	750.0	26,925	-	-	-	**26,925**	9 Mar 2019	9 Mar 2026
Schedule 4 Option Plan									
24 Mar 2017	1544.0	1237.5	2,424	-	-	-	**2,424**	24 Mar 2020	24 Mar 2027
Unapproved Option Plan									
24 Mar 2017	1544.0	1237.5	6,162	-	-	-	**6,162**	24 Mar 2020	24 Mar 2027
17 Jan 2018	2445.0	1775.0	6,618	-	-	-	**6,618**	2/3rd vested	17 Jan 2028
5 Sep 2018	3488.0	2710.0	4,334	-	-	(116)	**4,218**	30.67% vested	5 Sep 2028
SAYE Option Plan									
20 Apr 2020	1432.0	1147.5	-	1,568	-	-	**1,568**	1 May 2023	1 Nov 2023

Information regarding total share options, as granted to Directors and other employees, which were in existence during the year is contained in Note 8 to the financial statements.

The maximum number of Ordinary Shares subject to conditional share awards granted to Directors under the LTIP as at 30 June 2020 were as follows, in respect of Directors who held office during the course of the year:

	Grant date	Held At 30/06/19	Granted During Year	Released During Year	Lapsed During Year	**Held At 30/06/20**	Share price at date of grant (pence)	Vesting date
K Neilson								
Conditional share award	17 Jan 2018	8,928	-	-	-	**8,928**	1,775.0	17 Jan 2021
Conditional share award	5 Sep 2018	5,848	-	-	(156)	**5,692**	2,710.0	5 Sep 2021
Conditional share award	4 Sep 2019	-	17,100	-	-	**17,100**	1,900.0	4 Sep 2022
C T Preston								
Conditional share award	24 Mar 2017	8,586	-	(8,586)	-	**-**	1,237.5	24 Mar 2020
Conditional share award	17 Jan 2018	6,618	-	-	-	**6,618**	1,775.0	17 Jan 2021
Conditional share award	5 Sep 2018	4,334	-	-	(116)	**4,218**	2,710.0	5 Sep 2021
Conditional share award	4 Sep 2019	-	12,710	-	-	**12,710**	1,900.0	4 Sep 2022

There was no consideration for the grant of these conditional awards and no consideration will be payable by the award holders to receive the Shares from these awards, if and to the extent that they vest. The entitlement to shares under the LTIP is subject to achieving the performance conditions referred to on page 48. The table above shows the maximum entitlement and the actual number of shares (if any) that vest from the awards will depend on those conditions being achieved

On behalf of the Remuneration Committee:

Ronald Verni
Chairman of the Remuneration Committee
18 September 2020

Independent Auditors' Report to the Members of Craneware plc

Report on the audit of the financial statements

Opinion

In our opinion, Craneware 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 2020 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- 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 Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 June 2020; the consolidated statement of comprehensive income, the statements of cash flows, and the 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

Overview

- Overall group materiality: $965,200 (2019: $916,000), based on 5% of profit before tax.
- Overall company materiality: $537,000 (2019: $695,000), based on 5% of profit before tax.

- We performed an audit of the complete financial information of Craneware plc and Craneware, Inc.
- We also audited material balances in Craneware Insight, Inc and Craneware Healthcare Intelligence LLC.
- Taken together, the entities we audited comprise 100% of Group revenues.
- All audit work was undertaken by a single engagement team in the UK.

- Revenue and deferred income (Group and Company).
- Internally developed intangible assets (Group and Company).
- Impact of Covid-19 (Group and 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. 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.

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.

Key audit matter	How our audit addressed the key audit matter
Revenue and deferred income (Group and Company) The Group has revenue of $71,492k (2019: $71,401k) and deferred income of $37,155k (2019: $37,849k). The Company has revenue of $38,473k (2019: $37,962k) and deferred income of $37,154k (2019: $37,848k). These amounts are significant in the context of the Group statement of comprehensive income and the Group and Company balance sheets. The amount of revenue to be recognised is determined based on the contract details. The timing of revenue recognition is dependent on the terms contained in the contracts with customers. There is a risk that revenue and deferred income are not recognised appropriately or within the correct period.	The movement between the opening and closing deferred revenue balance were reconciled to new invoices raised, transfers to revenue and other adjustments. For a sample of transactions relating to invoices raised in the period, we agreed the value of the transaction to the contract, the invoice and cash receipts. We calculated the expected amount of revenue recognised in the period based upon the contracts and the the key inputs per the accounting policy to conclude on the accuracy of revenue recognised in the period and the closing deferred revenue balance. Further procedures to assess cut-off were performed including testing a sample of revenue transactions recorded post year end were assessed to conclude that they should not have been recorded in an earlier period. No matters arose during our testing.
Internally developed intangible assets (Group and Company) The Group has $25,083k (2019: $17,851k) and the Company has $25,083k (2019: $17,691k) of development costs capitalised on the balance sheet. Development costs are capitalised when the following criteria have been met: new product development costs are technically feasible; production and sale is intended; a market exists; expenditure can be measured reliably; and sufficient resources are available to complete such projects. The Directors are required to continually assess the commercial potential of each product in development in order to determine if costs can continue to be capitalised. We focus on this area as there is judgement involved in the Directors' assessment.	On a sample basis we agreed additions to intangible assets to supporting documentation, including invoices and time records. The nature of the costs being capitalised was assessed to ensure it met the accounting requirements to capitalise and analysis was obtained from the technical team to audit time charged by employees. Discussions were held with management in order to understand how all criteria for capitalisation had been met and supporting evidence was obtained to corroborate this. Regarding recoverability of intangible assets, we assessed the intangible assets for indications of impairment. No matters arose during our testing.
Impact of Covid-19 (Group and Company) Covid-19 was declared a pandemic by the World Health Organisation on 11 March 2020 and the on-going response is having an unprecedented impact on the wider economy and it is necessary to consider the impact on Craneware plc. The impact of Covid-19 has pervasive operational and financial risks, as well as audit implications. Covid-19 will have both a direct and indirect impact on Craneware's financial results as at 30 June 2020 and related financial statement disclosures. Management and the directors have assessed the impact of Covid-19 and have determined that the Group and Company continues to operate as normal and the cash has been collected from the customers as per the contractual terms. In adopting the going concern basis in preparing these financial statements, management have considered the impact of the pandemic on the company's current and future operations and have concluded that the likely impact is low. Because of its significance to the financial statements and to our audit, we concluded that the uncertainty created by the Covid-19 pandemic on the operations of the company was a key audit matter.	Our audit addressed the impact of the Covid-19 pandemic on the Group and Company as follows: ▪ We reviewed management's Covid-19 impact assessment paper, and corroborated key aspects to board minutes, and post year end management reports. ▪ We reviewed the group's viability statement and key assumptions to assess the downside stressed scenario and confirmed that the Covid-19 had low impact on entity's cash and sales forecasts. ▪ We considered the disclosures made by management in the financial statements, specifically within the Strategic Report, and the Directors' Report and considered whether these were in line with our understanding. Based on the procedures performed, we agreed that management's assessment in relation to going concern has appropriately considered the Covid-19 pandemic, and that management's assessment of the impact of the pandemic on the company has been appropriately disclosed within the financial statements. Our conclusions in relation to going concern are set out later in this report.

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.

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:

	Group financial statements	Company financial statements
Overall materiality	$965,200 (2019: $916,000).	$537,000 (2019: $695,000).
How we determined it	5% of profit before tax.	5% of profit before tax.
Rationale for benchmark applied	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice. We also believe the measure of profit before tax is the measure most commonly used by the shareholders to measure the performance of the Group.	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice. We also believe the measure of profit before tax is the measure most commonly used by the shareholders to measure the performance of the Company.

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 $537,000 and $790,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $48,000 (Group audit) (2019: $46,000) and $26,850 (Company audit) (2019: $34,750) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going Concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

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 the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06) and ISAs (UK) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group
As a result of the directors' voluntary reporting on how they have applied the UK Corporate Governance Code (the "Code"), we are required to report to you if we have anything material to add or draw attention to regarding:

- The directors' confirmation on page 15 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 30 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report in respect of this responsibility.

Other Code Provisions
As a result of the directors' voluntary reporting on how they have applied the Code, we are required to report to you if, in our opinion:

- The statement given by the directors, on page 43, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 42 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have nothing to report in respect of this responsibility.

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 set out on page 40, 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.

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 received 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.

Lindsay Gardiner (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
18 September 2020

Consolidated Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	**Total 2020 $'000**	Total 2019 $'000
Continuing operations:			
Revenue	4	**71,492**	71,401
Cost of sales		**(4,518)**	(4,394)
Gross profit		**66,974**	67,007
Other income		**9**	-
Net operating expenses	5	**(47,777)**	(49,003)
Operating profit	6	**19,206**	18,004
Analysed as:			
Adjusted EBITDA[1]		**25,189**	23,996
Share based payments	8	**(1,318)**	(1,296)
Depreciation of plant and equipment	13	**(1,489)**	(603)
Exceptional Aborted Acquisition Costs[2]		**-**	(1,168)
Amortisation of intangible assets	14	**(3,176)**	(2,925)
Finance income	9	**192**	318
Finance expense		**(94)**	0
Profit before taxation		**19,304**	18,322
Tax charge on profit on ordinary activities	10	**(2,468)**	(3,337)
Profit for the period attributable to owners of the parent		**16,836**	14,985
Other comprehensive income / (expense)			
Items that may be reclassified subsequently to profit or loss			
Currency Translation Reserve movement		**26**	28
Total items that may be reclassified subsequently to profit or loss		**26**	28
Total comprehensive income attributable to owners of the parent		**16,862**	15,013
Earnings per share for the period attributable to equity holders			
- Basic ($ per share)	12a	**0.628**	0.561
- Diluted ($ per share)	12b	**0.619**	0.55

[1]Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortisation, exceptional items and share based payments.
[2]Exceptional items relate to legal and professional fees associated with an aborted potential acquisition.

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Equity for the year ended 30 June 2020

Group	Share Capital $'000	Share Premium Account $'000	Capital Redemption Reserve $'000	Other Reserves[1] $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2018	534	19,777	9	2,084	29,242	51,646
Total comprehensive income - profit for the year	-	-	-	-	14,985	14,985
Total other comprehensive income	-	-	-	-	28	28
Transactions with owners:						
Share-based payments	-	-	-	1,611	(184)	1,427
Impact of share options exercised / lapsed	1	245	-	(146)	146	246
Dividends (Note 11)	-	-	-	-	(8,497)	(8,497)
At 30 June 2019	535	20,022	9	3,549	35,720	59,835
Adjustment on initial application of IFRS16	-	-	-	-	1,070	1,070
At 1 July 2019	535	20,022	9	3,549	36,790	60,905
Total comprehensive income - profit for the year	-	-	-	-	16,836	16,836
Total other comprehensive income	-	-	-	-	26	26
Transactions with owners:						
Company share movement in employee benefit trust (Note 18)	-	-	-	-	(1,255)	(1,255)
Share-based payments	-	-	-	1,176	(890)	286
Impact of share options and awards exercised / lapsed	1	1,075	-	(577)	175	674
Dividends (Note 11)	-	-	-	-	(9,077)	(9,077)
At 30 June 2020	**536**	**21,097**	**9**	**4,148**	**42,605**	**68,395**

Company	Share Capital $'000	Share Premium Account $'000	Capital Redemption Reserve $'000	Other Reserves[1] $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2018	534	19,777	9	485	21,159	41,964
Total comprehensive income - profit for the year	-	-	-	-	11,193	11,193
Transactions with owners:						
Share-based payments	-	-	-	1,011	(107)	904
Impact of share options exercised / lapsed	1	245	-	(33)	33	246
Dividends (Note 11)	-	-	-	-	(8,497)	(8,497)
At 30 June 2019	535	20,022	9	1,463	23,781	45,810
Adjustment on initial application of IFRS16	-	-	-	-	868	868
At 1 July 2019	535	20,022	9	1,463	24,649	46,678
Total comprehensive income - profit for the year	-	-	-	-	10,287	10,287
Transactions with owners:						
Share-based payments	-	-	-	160	(327)	(167)
Impact of share options and awards exercised / lapsed	1	1,075	-	(221)	(327)	528
Dividends (Note 11)	-	-	-	-	(9,077)	(9,077)
At 30 June 2020	**536**	**21,097**	**9**	**1,402**	**25,205**	**48,249**

[1]Other reserves relate to share-based payments and are detailed in Note 1 and these reserves are not available for distribution.

The accompanying notes are an integral part of these financial statements.

Consolidated Balance Sheet as at 30 June 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	**3,798**	1,274
Intangible assets	14	**36,783**	30,437
Trade and other receivables	16	**3,915**	4,946
Deferred tax	17	**2,408**	3,244
		46,904	39,901
Current Assets			
Trade and other receivables	16	**21,003**	18,789
Cash and cash equivalents	20	**47,851**	47,611
		68,854	66,400
Total Assets		**115,758**	106,301
EQUITY & LIABILITIES			
Non-Current Liabilities			
Lease liabilitity > 1 year		**2,017**	-
Current Liabilities			
Deferred income		**37,155**	37,849
Current tax liabilities		**797**	1,085
Trade and other payables	21	**7,394**	7,532
		45,346	46,466
Total Liabilities		**47,363**	46,466
Equity			
Share capital	18	**536**	535
Share premium account		**21,097**	20,022
Capital redemption reserve		**9**	9
Other reserves		**4,148**	3,549
Retained earnings		**42,605**	35,720
Total Equity		**68,395**	59,835
Total Equity and Liabilities		**115,758**	106,301

Registered Number SC196331

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 58 to 88 were approved and authorised for issue by the Board of Directors on 18 September 2020 and signed on its behalf by:

Keith Neilson
Director

Craig Preston
Director

Company Balance Sheet as at 30 June 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Non-Current Assets			
Investment in subsidiary undertakings	15	**9,000**	10,107
Property, plant and equipment	13	**1,974**	800
Intangible assets	14	**25,544**	18,278
Deferred tax	17	**1,139**	1,154
Amounts owed from group companies	16	**6,000**	6,000
		43,657	36,339
Current Assets			
Trade and other receivables	16	**25,567**	22,435
Cash and cash equivalents	20	**44,480**	43,357
		70,047	65,792
Total Assets		**113,704**	102,131
EQUITY & LIABILITIES			
Non-Current Liabilities			
Lease liabilitities > 1 year		**887**	-
Current Liabilities			
Deferred income		**37,154**	37,848
Current tax liabilities		**361**	1,998
Trade and other payables	21	**27,053**	16,475
		64,568	56,321
Total Liabilities		**65,455**	56,321
Equity			
Share capital	18	**536**	535
Share premium account		**21,097**	20,022
Capital redemption reserve		**9**	9
Other reserves		**1,402**	1,463
Retained earnings		**25,205**	23,781
At 1 July		**23,781**	21,159
Profit for the year attributable to owners		**10,287**	11,193
Other changes in retained earnings		**(8,863)**	(8,571)
Total Equity		**48,249**	45,810
Total Equity and Liabilities		**113,704**	102,131

Registered Number SC196331

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 58 to 88 were approved and authorised for issue by the Board of Directors on 18 September 2020 and signed on its behalf by:

Keith Neilson
Director

Craig Preston
Director

Statements of Cash Flows for the year ended 30 June 2020

	Notes	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Cash flows from operating activities					
Cash generated from operations	19	**23,134**	15,078	**23,001**	17,514
Interest received		**204**	318	**408**	313
Tax paid		**(2,668)**	(1,933)	**(2,867)**	(32)
Net cash generated from operating activities		**20,670**	13,463	**20,542**	17,795
Cash flows from investing activities					
Purchase of plant and equipment	13	**(187)**	(654)	**(90)**	(413)
Capitalised intangible assets		**(9,522)**	(9,780)	**(9,515)**	(9,729)
Net cash used in investing activities		**(9,709)**	(10,434)	**(9,605)**	(10,142)
Cash flows from financing activities					
Dividends paid to company shareholders	11	**(9,077)**	(8,497)	**(9,077)**	(8,497)
Proceeds from issuance of shares		**614**	246	**1,162**	246
Company shares acquired by employee benefit trust		**(1,255)**	-	**(1,256)**	-
Payment of lease liabilities		**(1,003)**	-	**(643)**	-
Net cash used in financing activities		**(10,721)**	(8,251)	**(9,814)**	(8,251)
Net cash increase/ (decrease) in cash and cash equivalents		**240**	(5,222)	**1,123**	(598)
Cash and cash equivalents at the start of the year		**47,611**	52,833	**43,357**	43,955
Cash and cash equivalents at the end of the year	20	**47,851**	47,611	**44,480**	43,357

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

General Information

Craneware plc (the Company) is a public limited company incorporated and domiciled in Scotland. The Company has a primary listing on the AIM stock exchange. The address of its registered office and principal place of business is disclosed on page 26 of the Annual Report. The principal activity of the Company is described in the Directors' Report.

Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, International Financial Reporting Standards Interpretation Committee (IFRSIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group and Company financial statements have been prepared under the historic cost convention and prepared on a going concern basis. The applicable accounting policies are set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year, if relevant.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company and its subsidiary undertakings are referred to in this report as the Group.

1 Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Reporting currency

The Directors consider that as the Group's revenues are primarily denominated in US dollars the Company's principal functional currency is the US dollar. The Group's financial statements are therefore prepared in US dollars.

Currency translation

Transactions denominated in currencies other than US dollars are translated into US dollars at the rate of exchange ruling at the date of the transaction. The average exchange rate during the course of the year was $1.2598/£1 (2019: $1.2945/£1). Monetary assets and liabilities expressed in foreign currencies are translated into US dollars at rates of exchange ruling at the Balance Sheet date $1.2302/£1 (2019: $1.2695/£1). Exchange gains or losses arising upon subsequent settlement of the transactions and from translation at the Balance Sheet date, are included within the related category of expense where separately identifiable, or administrative expenses.

New Standards, amendments and interpretations effective in the year

The Directors have adopted the following Standards, amendments and interpretations (where relevant to the Group and subject to their endorsement by the EU) and they have concluded that they have no material financial impact on the financial statements of the Group or Company.

Annual improvements 2015-2017 (effective 1 January 2019*) - This set of annual improvements addresses issues in the 2015-2017 reporting cycle, which affects four different standards,

IFRS 9, 'Financial Instruments' (effective 1 January 2019*),

IFRIC 23, 'Uncertainty over income tax treatments' (effective 1 January 2019*),

IAS 12, 'Income Taxes' (effective 1 January 2019*),

IAS 28, 'Investments in associates' (effective 1 January 2019*).

*Effective for accounting periods starting on or after this date

IFRS 16 Leases

IThe Group has adopted IFRS 16 Leases from 1 July 2019 using the modified retrospective application approach. Under the modified retrospective application approach, the impact of initially applying the standard has been reflected as an adjustment to the opening balance of retained earnings as of 1 July 2019 and the comparative period has not been restated.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS17. Under IFRS 16, leases are recognised as a right to use asset and a corresponding liability at the date which the leased asset became available to the Group. At transition, leases classified as operating leases under IAS 17 were measured at the present value of the remaining lease payments, discounted at an incremental borrowing rate which reflects the characteristics of the underlying lease at 1 July 2019. The weighted average rate applied was 3%. Right of use assets are measured at the amount equal to the lease liability.

Each lease payment is allocated between the lease liability and finance cost, which is charged on a straight-line basis over the term of the lease. The right to use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. During the year, the Group recognised $916,978 of depreciation charges and $94,193 of interest costs from leases under IFRS 16. Under IAS 17, a charge of $726,413 would have been debited to the income statement.

On transition to IFRS 16, the Group recognised additional right of use assets and additional lease liabilities, recognising the difference in retained earnings. The Group presents lease liabilities > 1 year on the face of the balance sheet and lease liabilities < 1 year in Other Payables.

1 Principal accounting policies (cont'd.)

All right to use assets are leased properties and are recognised within property, plant and equipment. The impact on transition is summarised below:

	1 July 2019 $'000
Right of use assets presented in property, plant and equipment	3,826
Accrued lease incentives derecognised	931
Lease liabilities < 1 year	(836)
Lease liabilities > 1 year	(2,990)
Retained earnings	**931**

The tax impact of the transition is a credit to reserves of $138,819.

The group has elected to account for short term leases and leases of low value assets using the practical expedients. The payments are recognised on a straight-line basis over the life of the lease as an expense to the income statement instead of recognising a right-of-use asset and lease liability. Short term leases are those with a lease term of less than 12 months. The Group is not a lessor.

The following shows a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

	$'000
Total operating lease commitments disclosed at 30 June 2019	4,067
Discounted using the lessee's incremental rate of borrowing at the date of application	(232)
Less low value and short term leases recognised on a straight line basis	(9)
Total lease liability recognised under IFRS 16 at 1 July 2019	**3,826**

New Standards, amendments and interpretations not yet effective

The Directors anticipate that the future adoption of the following Standards, amendments and interpretations (where relevant to the Group and subject to their endorsement) will have no material financial impact on the financial statements of the Group and Company in their current form. None of the below Standards, amendments or interpretations have been adopted early but their potential impact is continually monitored.

Amendments to References to Conceptual Framework in IFRS Standards (effective 1 January 2020*),

Definition of a Business (Amendments to IFRS 3) (effective 1 January 2020*),

Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020*),

IFRS 17, 'Insurance contracts' (effective 1 January 2021*),

Annual Improvements to IFRS 2018-2020 (effective 1 January 2022*).

*Effective for accounting periods starting on or after this date.

Basis of consolidation

The consolidated Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control transferred to the Group and are deconsolidated from the time control ceases. Intra-Group revenue and profits / (losses) are eliminated on consolidation and all sales and profit figures relate to external transactions only. As permitted by Section 408(4) of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented although the Company performance can be seen in isolation in the Statements of Changes in Equity. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and the equity issued by the Group. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration and acquisition costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a financial asset or financial liability is recognised in accordance with IFRS 9 in the Statement of Comprehensive Income and any balances at the Balance Sheet date are categorised as 'fair value through profit and loss'. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Goodwill arising on the acquisition is recognised as an asset and initially measured at cost, being the excess of fair value of the consideration over the Group's assessment of the net fair value of the identifiable assets and liabilities recognised.

If the Group's assessment of the net fair value of a subsidiary's assets and liabilities had exceeded the fair value of the consideration of the business combination, then the excess ('negative goodwill') would be recognised in the Statement of Comprehensive Income immediately. The fair value of the identifiable assets and liabilities assumed on acquisition are brought onto the Balance Sheet at their fair value at the date of acquisition.

1 Principal accounting policies (cont'd.)

Revenue recognition

The Group follows the principles of IFRS 15, 'Revenue from Contracts with Customers'; accordingly revenue is recognised using the five-step model, requiring the transaction price for each identified contract to be apportioned to separate performance obligations arising under the contract. Revenue is recognised either when the performance obligation in the contract has been performed (point in time recognition) or over time as control of the performance obligation is transferred to the customer.

Revenue is derived from sales of software licences and professional services including installation and training.

'White-labelling' or other 'Paid for development work' is generally provided on a fixed price basis and as such revenue is recognised based on the percentage completion or delivery of the relevant project. Where percentage completion is used it is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project. Where contracts underlying these projects contain material obligations, revenue is deferred and only recognised when all the obligations under the engagement have been fulfilled.

Revenue from standard licenced products is recognised from the point at which the customer gains control and the right to use our software. This right to use software will be for the period covered under contract and, as a result, the licenced software revenue will be recognised over the life of the contract. This policy is consistent with the Company's products providing customers with a service through the delivery of, and access to, software solutions (Software-as-a-Service ("SaaS")), and results in revenue being recognised over the period that these services are delivered to customers. Incremental costs directly attributable in securing the contract are charged equally over the life of the contract and as a consequence are matched to revenue recognised. Any deferred contract costs are included in both current and non-current trade and other receivables.

Revenue from all professional services is recognised when the performance obligation has been fulfilled and the services are provided. Where professional services engagements contain material obligations, revenue is recognised when all the obligations under the engagement have been fulfilled. Where professional services engagements are provided on a fixed price basis, revenue is recognised based on the percentage completion of the relevant engagement. Percentage completion is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project.

Software and professional services sold via a distribution agreement will normally follow the above recognition policies.

Should any contracts contain non-standard clauses, revenue recognition will be in accordance with the underlying contractual terms which will normally result in recognition of revenue being deferred until all material obligations are satisfied. The Group does not have any contracts where a financing component exists within the contract.

The excess of amounts invoiced over revenue recognised are included in deferred income. If the amount of revenue recognised exceeds the amount invoiced the excess is included within accrued income.

Contract assets include sales commissions and prepaid royalties. Contract liabilities include unpaid commissions and deferred income.

Exceptional items

The Group defines exceptional items as costs incurred by the Group which relate to material non-recurring costs. These are disclosed separately where it is considered it provides additional useful information to the users of the financial statements.

Intangible assets

(a) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is capitalised and recognised as a non-current asset in accordance with IFRS 3 and is tested for impairment annually, or on such occasions that events or changes in circumstances indicate that the value might be impaired.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Proprietary software

Proprietary software acquired in a business combination is recognised at fair value at the acquisition date. Proprietary software has a finite life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the associated costs over their estimated useful lives of five years.

(c) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful economic life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship which has been assessed as up to ten years.

(d) Research and Development expenditure

Expenditure associated with developing and maintaining the Group's software products is recognised as incurred. Where, however, new product development projects are technically feasible, production and sale is

1 Principal accounting policies (cont'd.)

intended, a market exists, expenditure can be measured reliably, and sufficient resources are available to complete such projects, development expenditure is capitalised until initial commercialisation of the product, and thereafter amortised on a straight-line basis over its estimated useful life, which has been assessed as between five and ten years. Staff costs and specific third-party costs involved with the development of the software are included within amounts capitalised.

(e) Computer software

Costs associated with acquiring computer software and licenced to use technology are capitalised as incurred. They are amortised on a straight-line basis over their useful economic life which is typically three to five years.

Impairment of non-financial assets

At each reporting date the Group considers the carrying amount of its tangible and intangible assets including goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If there is such an indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) through determining the value in use of the cash generating unit that the asset relates to.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised as income immediately. Impairment losses relating to goodwill are not reversed.

Property, plant and equipment

All property, plant and equipment are stated at historic cost less depreciation. Costs are measured at the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use.

Depreciation is provided to write off the cost less estimated residual values of tangible fixed assets over their expected useful lives. Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets. It is calculated at the following rates:

Leased property	- over the life of the lease straight line
Computer equipment	- Between 20% - 33% straight line
Tenant's improvements	- Between 10% - 20% straight line
Office furniture	- Between 14% - 25% straight line

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of assets are included in operating profit.

Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Leases

When entering into a contract the Group assesses whether or not a lease exists. A lease exists if a contract conveys a right to control the use of an asset for a period of time for consideration.

The Group recognises right-of-use assets at cost and lease liabilities at the lease commencement date based on the present value of future lease payments. The right-of-use assets are depreciated on a straight-line basis in line with the Group's accounting policy for property, plant and equipment. The lease liabilities are recognised at the present value of the future lease payments from the commencement date of the lease. Discount rates used reflect the incremental borrowing rate specific to the lease.

The Group subsequently remeasures the lease liability at each reporting date by increasing the carrying amount to reflect the interest on the lease liability.

Leases of low value items and short-term leases (leases of less than 12 months at the commencement date) are recognised on a straight-line basis over the life of the lease as an expense to the income statement instead of recognising a right-of-use asset and lease liability.

Taxation

The charge for taxation is based on the profit for the period as adjusted for items which are non-assessable or disallowable. It is calculated using taxation rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred taxation is computed using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted rates and laws that will be in effect when the differences are expected to reverse. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction does not affect accounting or taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will arise against which the temporary differences will be utilised.

1 Principal accounting policies (cont'd.)

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities arising in the same tax jurisdiction are offset.

In the UK and the US, the Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options and on the vesting of conditional share awards under each jurisdiction's tax rules. As explained under "Share-based payments", a compensation expense is recorded in the Group's Statement of Comprehensive Income over the period from the grant date to the vesting date of the relevant options and conditional share awards. As there is a temporary difference between the accounting and tax bases a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the Balance Sheet date) with the cumulative amount of the compensation expense recorded in the Statement of Comprehensive Income. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

Investment in subsidiaries

Investment in Group undertakings is recorded at cost, which is the fair value of the consideration paid, less any provision for impairment.

Kestros Ltd

Kestros Ltd (SC362481), one of Craneware plc's subsidiaries is exempt from the requirement for its financial statements to be audited under the provisions of section 479 A of the Companies Act 2006.

Financial assets

The Group classifies its financial assets in the following categories: (i) at fair value through profit and loss (FVTPL), (ii) financial assets at amortised cost and (iii) fair value through other comprehensive income (FVTOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At each Balance Sheet date included in the financial information, the Group held only items classified as financial assets at amortised cost.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Balance Sheet date. These are classified as non-current assets. They are classified as 'trade and other receivables' or 'cash and cash equivalents' in the Balance Sheet.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairments.

Impariment of financial assets

IFRS 9 replaced the existing incurred loss model with a forward looking expected credit loss model. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit and loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Group expects to receive.

For trade receivables, the Group applies a simplified approach to calculating ECLs. Therefore the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLS at each reporting date.

The expected credit losses on these trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for management judgement concerning factors that are specific to the receivables, general economic conditions and assessment of the current as well as the forecast direction of conditions at the reporting date based on reasonable and supportable information available. A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflow.

Amounts owed from Group companies and other receivables due to the Company are also subject to the impairment requirements of IFRS 9. All amounts owed from Group companies are repayable on demand and sufficient funds are held or are readily available to satisfy repayment the loans. Other debtors consists mainly of the Employee Benefit Trust. Therefore the identified impairment loss was assessed as immaterial for both.

Financial liabilities

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

For the purpose of the Statements of Cash Flows, cash and cash equivalents comprise cash on hand, deposits held with banks and short term highly liquid investments.

Employee benefits

The Group operates a defined contribution Stakeholder Pension Scheme as described in Section 3 of Welfare Reform and Pensions Act 1999. Private medical insurance is also offered to every employee. Amounts payable in respect of these benefits are charged to the Statement of Comprehensive Income as they fall due. The Group has no further payment obligations once the payments have been made. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1 Principal accounting policies (cont'd.)

Share-based payments

The Group grants share options and / or conditional share awards to certain employees. In accordance with IFRS 2, "Share-Based Payments", equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured using the Black-Scholes pricing model or the Monte Carlo pricing model, as appropriately amended, taking into account the terms and conditions of the share-based awards. The fair value determined at the date of grant of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income, with a corresponding adjustment to equity. When the options are exercised and are satisfied by new issued shares, the proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

The share-based payments charge is included in 'operating expenses' with a corresponding increase in 'Other reserves'.

Share capital

Ordinary shares are classified as equity.

Share Premium

The share premium account represents the difference between the par value of the shares issued and the subscription or issue price.

Dividends

Dividends are recorded in the financial statements in the year in which they are approved by the shareholders. Interim dividends are recognised as a distribution when paid.

2 Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Directors to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below:

Estimates

- **Impairment assessment:** the Group tests annually whether Goodwill has suffered any impairment and for other assets including acquired intangibles at any point where there are indications of impairment. This requires an estimation of the recoverable amount of the applicable cash generating unit to which the Goodwill and other assets relate. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the specific cash generating unit using certain key assumptions including growth rates and a discount rate. These assumptions result in no impairment in Goodwill.
- **Useful lives of intangible assets:** In assessing useful life, the Group uses careful judgment based on past experience, advances in product development and also best practice. During the year, the Group has re-assessed the estimated useful economic life of Intellectual Property (more specifically Trisus enterprise suite of products) to be between 5 and 10 years (2019: 5 years). As this is a change in accounting estimate, it has been applied on a prospective basis. The impact on the year ended 30 June 2020 was a reduction in the amortisation charge of $977,008.

Judgements

- **Capitalisation of development expenditure:** the Group capitalises development costs provided the aforementioned conditions have been met. Consequently, the Directors require to continually assess the commercial potential of each product in development and its useful life following launch.
- **Provisions for income taxes:** the Group is subject to tax in the UK and US and this requires the Directors to regularly assess the applicability of its transfer pricing policy.
- **Revenue recognition:** in determining the amount of revenue and related balance sheet items to be recognised in the period, management is required to make a number of judgements and assumptions. These are detailed in Note 1 and the Financial review section of the Strategic report.

3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (primarily currency risk and cash flow interest rate risk), credit risk, counterparty risk and liquidity risk.

Risk management is carried out under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group operates primarily in the US however a proportion of costs are incurred in Sterling.

3 Financial risk management (cont'd.)

Management is therefore required to continually assess the Group's foreign exchange risk against the Group's functional currency, and whether any form of hedge should be entered into. The Board continues to assess the appropriateness of the Group's hedging policy.

The Directors believe that a 10% change in the value of Sterling relative to the US dollar would impact post-tax profits and equity in the region of $1,853,000 lower/higher respectively as a result of foreign exchange gains/losses on Sterling denominated transactions and the translation of Sterling denominated current liabilities. The Directors believe that, consistent with the prior year, 10% is appropriate for the sensitivity analysis.

(ii) Cash flow and interest rate risk
The Group has no significant interest-bearing assets or liabilities, other than cash held on deposit at variable rates. The Directors believe that a 25-basis point move in interest rates would, with all other variables held constant, alter post-tax profit and equity for the year in the region of $115,000 higher/lower respectively. The Directors believe that 25 basis points is appropriate for the sensitivity analysis based on recent market conditions.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and trade receivables. In order to minimise the Group's exposure to risk, all cash deposits are placed with reputable banks and financial institutions. The Group's exposure to trade receivables is reduced due to contractual terms which require installation, training, annual licensing and support fees, to be invoiced annually in advance.

Credit risk also arises on cash and cash equivalents placed with the Group's banks. The Group monitors the financial standing of any institution with which it deposits cash.

(c) Counterparty risk

The Group has significant cash and cash equivalent balances and in order to mitigate the risk of failing institutions management has treasury deposits spread across a range of reputable banks, the details of which are disclosed on page 26.

(d) Liquidity risk

Management reviews the liquidity position of the Group to ensure that sufficient cash is available to meet the underlying needs of the Group as they fall due for payment.

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity grouping based on the remaining period from the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
At 30 June 2019					
Trade and Other Payables	7,532	-	-	-	7,532
At 30 June 2020					
Trade and Other Payables	**6,448**	-	-	-	**6,448**
Lease Liabilities	**946**	**999**	**1,057**	**126**	**3,128**

There is no difference between the undiscounted trade and other payable liabilities and the amounts shown in Note 21 as these liabilities are all short term in nature.

Lease liabilities relate entirely to leases under IFRS 16 and are fixed rate financial liabilities. The difference between the undiscounted cash flows above and the liabilities are per Note 21 and the Group Balance Sheet is future finance charge on the lease liabilities of $165,000.

Capital risk management

The Group is cash generative and trading is funded internally. As a result, management does not consider capital risk to be significant for the Group. Contracts are normally billed annually in advance. Assuming timely receivables collection, the Group will have favourable movements from working capital by generating cash ahead of revenue recognition. Consequently, funds are retained in the business to finance future growth, either organically or by acquisition.

4 Revenue

The chief operating decision maker has been identified as the Board of Directors. The Group revenue is derived almost entirely from the sale of software licences and professional services (including installation) to hospitals within the United States of America. Consequently, the Board has determined that Group supplies only one geographical market place and as such revenue is presented in line with management information without the need for additional segmental analysis. All of the Group assets are located in the United States of America with the exception of the Parent Company's, the net assets of which are disclosed separately on the Company Balance Sheet and are located in the United Kingdom.

	2020 $'000	2019 $'000
Software licensing	**59,390**	60,488
Professional services	**12,102**	10,913
Total revenue	**71,492**	71,401

Contract assets

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

	2020 $'000	2019 $'000
Prepaid commissions and royalities < 1 year	**2,565**	2,537
Prepaid commissions and royalities > 1 year	**3,915**	4,946
Total contract assets	**6,480**	7,483

Contract assets are included within deferred contract costs and prepayments in the Balance Sheet.

Costs recognised during the year in relation to assets at 30 June 2019 were $2.5m.

Contract liabilities

The following table shows both the total contract liabilities and the aggregate transaction price allocated to performance obligations that are partially or fully unsatisfied at 30 June 2020 from software license and professional service contracts:

	2020 $'000	2019 $'000
Software licensing	**30,239**	33,949
Professional services	**6,916**	3,900
Total contract liabilities	**37,155**	37,849

Contract liabilities are included within deferred income in the Balance Sheet.

Revenue of $37.2m was recognised during the year in relation to unsatisfied performance obligations as of 30 June 2019.

Management expects that 99% of the transaction price allocated to unsatisfied performance obligations as of 30 June 2020 will be recognised as revenue during the next reporting period ($36.8m).

Notes to the Financial Statements [Cont'd.]

5 Operating expenses

Operating expenses comprise the following:

	2020 $'000	2019 $'000
Sales and marketing expenses	**7,207**	9,726
Client servicing	**12,330**	14,086
Research and development	**12,266**	10,405
Administrative expenses	**9,980**	8,723
Share-based payments (Note 8)	**1,318**	1,296
Depreciation of property, plant and equipment (Note 13)	**1,489**	603
Amortisation of intangible assets (Note 14)	**3,176**	2,925
Exceptional aborted acquisition costs*	**-**	1,168
Exchange loss	**11**	71
Operating expenses	**47,777**	49,003

*Exceptional items relate to legal and professional fees associated with an aborted potential acquisition.

6 Operating profit

The following items have been included in arriving at operating profit:

	2020 $'000	2019 $'000
Staff costs (Note 7)	**36,045**	34,714
Staff costs capitalised	**(5,786)**	(5,950)
Depreciation of property, plant and equipment (Note 13)	**1,489**	603
Amortisation of intangible assets (Note 14)	**3,176**	2,925
Impairment of trade receivables	**631**	-
Operating lease rents for premises	**117**	878
Operating lease rents for premises	**878**	775

Services provided by the Group's auditors

During the year the Group obtained the following services from the Group's auditors as detailed below:

	2020 $'000	20189 $'000
Statutory audit - Parent Company financial statements and consolidation	**145**	84
Tax compliance	**-**	149
	145	233

During the year the Group moved from PricewaterhouseCoopers LLP to another provider for all of its tax compliance services.

7 Staff costs

The average monthly number of persons employed by the Group and Company during the year, excluding non-executive Directors, is analysed below:

	2020 Group Number	2019 Group Number	**2020 Company Number**	2019 Company Number
Sales and distribution	**34**	33	**1**	-
Client servicing	**105**	113	**36**	35
Research and development	**166**	148	**98**	87
Administration	**47**	45	**36**	33
	352	339	**171**	155

Employment costs of all employees excluding non-executive Directors:

	2020 Group $'000	2019 Group $'000	**2020 Company $'000**	2019 Company $'000
Wages and salaries	**31,049**	29,888	**16,279**	13,345
Social security costs	**2,541**	2,488	**1,417**	1,191
Other pension costs	**1,137**	1,042	**632**	530
Share based payments	**1,318**	1,296	**491**	1,116
Total direct costs of employment	**36,045**	34,714	**18,819**	16,182

The remuneration of the highest paid Director including the gain from exercising share options in the year (granted in 2009) is $0.6m (2019: $0.4m). Full details of Directors' emoluments and share option exercises are detailed in the Remuneration Committee's Report on page 49 and key management compensation is given in Note 23, Related Party Transactions. Contributions are made on behalf of two of the executive Directors to a defined contribution retirement benefit scheme (2019: two).

8 Share-based payments

During the year the Group operated six equity-settled share-based payment plans whereby options over, or conditional awards of, Ordinary Shares in Craneware plc can be granted to employees and Directors. Directors' interests in share plan awards are set out in the Remuneration Committee's Report on pages 51 and 52. The fair value of the share-based awards is recognised as an expense, with a corresponding increase in equity, during the vesting period. A total share-based payments expense of $1,318,175 (2019: $1,296,220) was recognised in the Statement of Comprehensive Income for the year, as stated in Note 7 above. This comprises a credit of $94,000 (2019: $760,610 expense) relating to the movement in the accrual for estimated employer National Insurance contributions on the unexercised options granted under the 2007 Share Option Plan and $1,412,175 (2019: $535,610) share-based payment charge split as follows:

	2020 $'000	2019 $'000
Type of award and name of share plan		
Share options granted under the 2007 Share Option Plan	**2**	76
Share options granted under the 2016 Unapproved Share Option Plan	**141**	(11)
Share options granted under the 2016 Schedule 4 Share Option Plan	**25**	(10)
Share options granted under the 2018 Employee Stock Purchase Plan	**13**	-
Share options granted under the 2018 SAYE Option Plan	**14**	-
Conditional share awards granted under the LTIP	**700**	459
Contingent share awards	**517**	22
Total share-based payments charge	**1,412**	536

8 Share-based payments (cont'd.)

Share option plans

Share options, granted by the Company to employees in respect of the following number of Ordinary Shares, were outstanding at 30 June 2020.

Date of grant	Exercise price (GBP)	Exercise price (USD)	Remaining life at 1 July 2019 (years)	No. of options at 1 July 2019	Granted	Exercised	Lapsed	No. of options at 30 June 2020	Remaining life at 30 June 2020 (years)
2007 Share Option Plan									
22 Dec 2009	£3.35	$5.34	0.5	17,467	-	(17,467)	-	**-**	-
06 Sep 2010	£4.01	$6.18	1.2	20,310	-	(1,330)	-	**18,980**	0.2
04 Sep 2012	£3.60	$5.72	3.2	5,178	-	(1,725)	(1,725)	**1,728**	2.2
21 Sep 2012	£4.00	$6.50	3.2	6,605	-	-	-	**6,605**	2.2
10 Sep 2013	£3.95	$6.21	4.2	50,408	-	(3,221)	-	**47,187**	3.2
22 Sep 2014	£5.225	$8.39	5.2	105,578	-	(4,700)	(2,350)	**98,528**	4.2
09 Mar 2016	£7.50	$10.66	6.7	213,045	-	(98,264)	(2,805)	**111,976**	5.7
01 Apr 2016	£7.50	$10.72	6.8	10,000	-	(10,000)	-	**-**	5.8
12 Sep 2016	£11.775	$15.63	7.2	41,263	-	(4,794)	-	**36,469**	6.2
2016 Unapproved Option Plan									
24 Mar 2017	£12.375	$15.44	7.7	57,679	-	(13,059)	(4,646)	**39,974**	6.7
17 Jan 2018	£17.750	$24.45	8.5	67,657	-	(234)	(9,802)	**57,621**	7.5
05 Sep 2018	£27.100	$34.88	9.2	52,494	-	-	(9,400)	**43,094**	8.2
04 Sep 2019	£19.000	$23.01	-	-	25,502	-	(5,389)	**20,113**	9.2
2016 Schedule 4 Option Plan									
24 Mar 2017	£12.375	$15.44	7.7	19,392	-	-	-	**19,392**	6.7
17 Jan 2018	£17.750	$24.45	8.5	8,167	-	-	(704)	**7,463**	7.5
05 Sep 2018	£27.100	$34.88	9.2	5,161	-	-	(1,035)	**4,126**	8.2
04 Sep 2019	£19.000	$23.01	-	-	7,967	-	(920)	**7,047**	9.2
2018 Employee Stock Purchase Plan									
24 Mar 2020	£11.475	$13.34	-	-	21,669	-	-	**21,669**	1.8
2018 SAYE Option Plan									
20 Apr 2020	£11.475	$14.32	-	-	42,328	-	-	**42,328**	3.3
				680,404	**97,466**	**(154,794)**	**(38,776)**	**584,300**	

The weighted average share price at the date of exercise of share options in the year ended 30 June 2020 was £21.03 ($26.32) (2019: £32.83 ($43.17)). The market value of Craneware plc Ordinary Shares at 30 June 2020 was £17.05 ($20.97) per share. The weighted average remaining contractual life of the options outstanding at 30 June 2020 is 6.2 years (2019: 6.5 years).

	2020		2019	
	Number of Options	**Weighted average exercise price (£)**	Number of Options	Weighted average exercise price (£)
Balance outstanding at beginning of the year	**680,404**	**10.22**	690,854	8.53
Share options granted during the year	**97,466**	**14.06**	60,976	27.10
Exercised during the year	**(154,794)**	**7.37**	(36,713)	5.11
Lapsed during the year	**(38,776)**	**17.70**	(34,713)	11.65
Balance outstanding at end of the year	**584,300**	**11.12**	**680,404**	**10.22**
Exercisable at end of the year	**380,841**	**7.39**	428,591	6.09

The Craneware plc Employees' Share Option Plan 2007 ('the 2007 Share Option Plan')

Options over Ordinary Shares were granted under the 2007 Share Option Plan with an exercise price no less than the market value of the Ordinary Shares on the date of grant and, in the case of the Directors of the Company, were granted subject to sufficiently stretching performance conditions. These options are subject to time-based vesting and are not normally exercisable before the third anniversary of the date of grant. Such options lapse no later than the tenth anniversary of the date of grant.

8 Share-based payments (cont'd.)

For share option awards granted under the 2007 Share Option Plan, fair value has been estimated on the date of grant using a Black-Scholes option pricing model, as appropriately adjusted. The Group estimates the number of options likely to vest by reference to the Group's employee retention rate, and expenses the fair value over the relevant vesting period. A sufficiently long trading history of the Company's own share price, dating from the IPO to date of grant, results in an actual volatility calculation for all grants from December 2010. The assumptions applied in the option pricing model, in respect of each option grant were as follows:

Date of Grant	12-Sep-16	1-Apr-16	9-Mar-16	22-Sep-14	21-Oct-13	10-Sep-13
Options over Ordinary shares						
Share price at date of grant	$15.63	$10.72	$10.66	$8.39	$7.55	$6.21
Share price at date of grant	£11.775	£7.50	£7.50	£5.23	£4.67	£3.95
Vesting period (years)	3.00	3.00	3.00	3.00	3.00	3.00
Expected volatility	16%	31%	31%	33%	36%	36%
Risk free rate	0.15%	0.48%	0.51%	1.33%	0.90%	1.02%
Dividend yield	2.0%	2.0%	2.0%	2.4%	2.8%	2.8%
Exercise price	$15.63	$10.72	$10.66	$8.39	$7.55	$6.21
Exercise price	£11.775	£7.50	£7.50	£5.14	£4.67	£3.95
Number of employees	2	1	49	36	1	26
Shares under option	41,263	10,000	257,459	306,765	3,975	321,855
Fair value per option	$1.07	$5.78	$1.78	$2.28	$1.79	$1.48

The Craneware plc Unapproved Company Share Option Plan (2016)
The Craneware plc Schedule 4 Company Share Option Plan (2016)

Share options were granted under these Plans to certain employees, senior managers and executive Directors in September 2019, in September 2018, January 2018 and in March 2017, as summarised in the table below. The exercise price of these share options was at the Company share price on the day before the grant date. The market-based performance conditions applicable to all of those share options granted in September 2019, in September 2018, January 2018 and in March 2017 are outlined in the Remuneration Committee's Report on pages 47 and 48.

The fair value of the share options granted under these two Plans was estimated using a Monte Carlo pricing model, as appropriately adjusted, based on the following assumptions:

Date of Grant	September 4, 2019	September 5, 2018	January 17, 2018	March 24, 2017
Share price at date of grant	£19.000	£27.100	£17.750	£12.375
Share price at date of grant	$23.01	$34.88	$24.45	$15.44
Vesting period (years)	3	3	3	3
Expected volatility	43.5%	26.6%	22.8%	20.5%
Risk free rate	0.38%	0.77%	0.56%	0.11%
Exercise price	£19.000	£27.100	£17.750	£12.375
Exercise price	$23.01	$34.88	$24.45	$15.44
Shares under option at date of grant	33,469	60,976	88,074	93,029
Fair value per option	$5.63	$5.88	$3.05	$1.55

The expected volatility was determined by calculating the historic volatility of the Group's share price over the previous three years.

The Craneware plc SAYE Option Plan (2018)
The Craneware plc Employee Stock Purchase Plan (2018)

The Save As You Earn (SAYE) option plan and the Employee Stock Purchase Plan (ESPP) were approved by the Company's shareholders at the Annual General Meeting held on 6 November 2018. Share options were first granted under the ESPP in March 2020 to those employees who chose to participate.

8 Share-based payments (cont'd.)

The first grant of share options under the SAYE plan, to those employees and to the executive Directors who chose to participate, was in April 2020. The exercise price of these share options was at a 15% discount to the Company share price on 23 March 2020 in accordance with the rules of the ESPP and the SAYE plans.

The fair value of the share options granted under these two Plans was estimated using the Black-Scholes option pricing model, as appropriately adjusted, based on the following assumptions:

Date of Grant	April 20, 2020	March 24, 2020
	SAYE	ESPP
Options over Ordinary shares		
Share price at date of grant	$25.58	$15.23
Share price at date of grant	£20.50	£13.10
Vesting period (years)	3.00	2.00
Expected volatility	50.6%	55.8%
Risk free rate	0.11%	0.11%
Dividend yield	1.58%	1.58%
Exercise price	$14.32	$13.34
Exercise price	£11.475	£11.475
Number of employees	67	37
Shares under option	42,328	21,669
Fair value per option	$8.89	$8.27

The expected volatility was determined by calculating the historic volatility of the Group's share price over the previous three and two years respectively.

Long Term Incentive Plan

The Craneware plc Long Term Incentive Plan (2016) (the 'LTIP')

Conditional share awards were granted under this Plan to certain senior managers and to the executive Directors in September 2019, in September 2018, in January 2018 and in March 2017, as summarised in the table below. The market-based performance conditions, measured over three consecutive three year periods, applicable to those conditional share awards granted in September 2019, in September 2018, in January 2018 and in March 2017, are outlined in the Remuneration Committee's Report on pages 47 and 48.

	Number of conditional share awards 2020	Number of conditional share awards 2019
Balance outstanding at 1 July	119,088	90,842
Awards granted in the year	98,782	33,590
Vested awards released during the year	(43,538)	-
Forfeited / lapsed during the year	(12,506)	(5,344)
Balance outstanding at 30 June	161,826	119,088

The remaining weighted average contractual life of the conditional share awards outstanding at 30 June 2020 is 1.6 years (at 30 June 2019: 1.4 years).

The fair values of the conditional share awards granted in financial years 2020, 2019, 2018 and in 2017 were estimated using the Monte Carlo pricing model, as appropriately adjusted, with the following main assumptions:

Date of Grant	04 Sep 2019	05 Sep 2018	17 Jan 2018	24 Mar 2017
Share price at date of grant	£19.000	£27.100	£17.750	£12.375
Share price at date of grant	$23.01	$34.88	$24.45	$15.44
Vesting period (years)	3	3	3	3
Expected volatility	43.5%	26.6%	22.8%	20.5%
Risk free rate	0.38%	0.77%	0.56%	0.11%
Fair value per conditional share award	$16.47	$31.48	$19.84	$12.50

Other share based payments

In addition to the employee share plans detailed above, employee contingent share awards have also been granted by the Company. Contingent share awards in respect of a total of 159,336 Ordinary Shares were outstanding at 30 June 2020 (159,336 Ordinary Shares at 30 June 2019).

8 Share-based payments (cont'd.)

There are three sets of non-market performance conditions applicable to each of the contingent share awards such that the vesting of each one-third amount of the award shares is assessed against one of the performance conditions. If the respective performance conditions are achieved, and subject to continuous employment within the Group throughout the period from the grant date: a maximum of 159,336 award shares will vest on 1 July 2021 at the earliest.

The fair value of the contingent share awards is based on the market value of an Ordinary Share on the date of grant. An assessment of the expected extent of vesting of the awards is made at the end of each reporting period and the share-based payments expense recognised is adjusted so that over the whole vesting period the expense recognised is based on the fair value of the quantity of share awards that actually vest. In the year ended 30 June 2020, none of the expense in respect of these contingent share awards related to employee costs incurred on the eligible development of software (2019: $315,007 capitalised within development costs).

9 Finance income and expenses

Finance income	2020 $'000	20189 $'000
Deposit interest receivable	**192**	318
Total finance income	**192**	318

Finance expense	2020 $'000	2019 $'000
Interest on lease liabilites	**94**	-
Total finance expense	**94**	-

During the year $94,000 of interest costs were recognised in relation to the implementation of IFRS 16.

10 Tax on profit on ordinary activities

	2020 $'000	2019 $'000
Profit on ordinary activities before tax	**19,304**	18,322
Current tax		
Corporation tax on profits of the year	**2,806**	3,047
Adjustments for prior years	**(446)**	(113)
Total current tax charge	**2,360**	2,934
Deferred tax		
Origination & reversal of timing differences	**108**	323
Adjustments for prior years	**-**	80
Total deferred tax charge	**108**	403
Tax on profit on ordinary activities	**2,468**	3,337

The difference between the current tax charge on ordinary activities for the year, reported in the consolidated Statement of Comprehensive Income, and the current tax charge that would result from applying a relevant standard rate of tax to the profit on ordinary activities before tax, is explained as follows:

Profit on ordinary activities at the UK tax rate 19% (2019: 19%)	**3,666**	3,481
Effects of:		
Adjustment for prior years	**(446)**	(33)
Additional US taxes on profits 25% (2019: 25%)	**700**	54
R&D tax credit	**(490)**	(364)
Expenses not deductible for tax purposes	**181**	17
Origination and reversal of temporary differences	**(350)**	561
Deduction on share plan charges	**(793)**	(379)
Total tax charge	**2,468**	3,337

11 Dividends

The dividends paid during the year were as follows:

	2020 $'000	2019 $'000
Final dividend, re 30 June 2019 - 19.05 cents (15 pence)/share (2019: 18.48 cents (14.0 pence)/share)	**5,311**	4,713
Interim dividend, re 30 June 2020 - 15.1 cents (11.5 pence)/share (2019: 13.50 cents (10.0 pence)/share)	**3,766**	3,784
Total dividends paid to Company shareholders in the year	**9,077**	8,497

The proposed final dividend of 18.45 cents (15 pence), as noted on page 11, for the year ended 30 June 2020 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

12 Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2020	2019
Profit attributable to equity holders of the Company ($'000)	**16,836**	14,985
Weighted average number of Ordinary shares in issue (thousands)	**26,796**	26,691
Basic earnings per share ($ per share)	**0.628**	0.561
Profit attributable to equity holders of the Company ($'000)	**16,836**	14,985
Adjustments* ($'000)	**688**	1,914
Adjusted Profit attributable to equity holders ($'000)	**17,524**	16,899
Weighted average number of Ordinary shares in issue (thousands)	**26,796**	26,691
Adjusted Basic earnings per share ($ per share)	**0.654**	0.633

*Relate to aborted acquisition costs, share related activities and amortisation of acquired intangibles if applicable in the year. These adjustments are to focus on what the Group regards as a more reliable indicator of the underlying operating performance and are consistent with other similar companies.

b) Diluted

For diluted earnings per share, the weighted average number of Ordinary shares calculated above is adjusted to assume conversion of all dilutive potential Ordinary shares. The Group has one category of dilutive potential Ordinary shares, being those granted to Directors and employees under the share option scheme.

	2020	2019
Profit attributable to equity holders of the Company ($'000)	**16,836**	14,985
Weighted average number of Ordinary shares in issue (thousands)	**26,796**	26,691
Adjustments for Share options (thousands)	**404**	555
Weighted average number of Ordinary shares for diluted earnings per share (thousands)	**27,200**	27,246
Diluted earnings per share ($ per share)	**0.619**	0.550
Profit attributable to equity holders of the Company ($'000)	**16,836**	14,985
Adjustments* ($'000)	**688**	1,914
Adjusted Profit attributable to equity holders ($'000)	**17,524**	16,899
Weighted average number of Ordinary shares in issue (thousands)	**26,796**	26,691
Adjustments for Share options (thousands)	**404**	555
Weighted average number of Ordinary shares for diluted earnings per share (thousands)	**27,200**	27,246
Adjusted Diluted earnings per share ($ per share)	**0.644**	0.620

Relate to aborted acquisition costs, share related activities and amortisation of acquired intangibles if applicable in the year. These adjustments are to focus on what the Group regards as a more reliable indicator of the underlying operating performance and are consistent with other similar companies..

13 Property, plant and equipment

Group	**Leased Properties $'000**	**Computer Equipment $'000**	**Office Furniture $'000**	**Tenants Improvements $'000**	**Total $'000**
Cost					
At 1 July 2019	-	2,255	707	1,625	4,587
Adoption of IFR 16	3,826	-	-	-	3,826
Additions	-	154	6	27	187
At 30 June 2020	3,826	2,409	713	1,652	8,600
Accumulated depreciation					
At 1 July 2019	-	1,522	679	1,112	3,313
Charge for year	917	393	19	160	1,489
At 30 June 2020	917	1,915	698	1,272	4,802
Net Book Value at 30 June 2020	**2,909**	**494**	**15**	**380**	**3,798**
Cost					
At 1 July 2018	-	1,755	718	1,480	3,953
Additions	-	500	7	147	654
Disposals	-	-	(18)	(2)	(20)
At 30 June 2019	-	2,255	707	1,625	4,587
Accumulated depreciation					
At 1 July 2018	-	1,109	668	953	2,730
Charge for year	-	413	29	161	603
Depreciation on disposals	-	-	(18)	(2)	(20)
At 30 June 2019	-	1,522	679	1,112	3,313
Net Book Value at 30 June 2019	**-**	**733**	**28**	**513**	**1,274**

13 Property, plant and equipment (cont'd.)

Leases properties

All leased properties are right-of-use assets. These properties consist of office spaces used by the Group in the UK and the USA. The Group does not have any other right-of-use assets other than those disclosed under leased properties.

All right-of-use assets were brought onto the balance sheet on transition to IFRS 16. There were no new right-of-use assets recognised in the period and no disposals of right-of-use assets in the period. Depreciation of $917,000 was recognised during the year in respect of right-of-use assets.

The average lease term is 4 years

Group	Leased Properties $'000	Computer Equipment $'000	Office Furniture $'000	Tenants Improvements $'000	Total $'000
Cost					
At 1 July 2019	-	1,088	489	1,451	3,028
Adoption of IFRS 16	1,988	-	-	-	1,988
Additions	-	83	3	4	90
At 30 June 2020	1,988	1,171	492	1,455	5,106
Accumulated depreciation					
At 1 July 2019	-	729	472	1,027	2,228
Charge for year	548	197	14	145	904
At 30 June 2020	548	926	486	1,172	3,132
Net Book Value at 30 June 2020	**1,440**	**245**	**6**	**283**	**1,974**
Cost					
At 1 July 2018	-	809	489	1,317	2,615
Additions	-	279	-	134	413
At 30 June 2019	-	1,088	489	1,451	3,028
Accumulated depreciation					
At 1 July 2018	-	527	457	883	1,867
Charge for year	-	202	15	144	361
At 30 June 2019	-	729	472	1,027	2,228
Net Book Value at 30 June 2019	**-**	**359**	**17**	**424**	**800**

14 Intangible assets

Goodwill and Other Intangible assets

Group	Goodwill $'000	Customer Relationships $'000	Proprietary Software $'000	Development Costs $'000	Computer Software $'000	Total $'000
Cost						
At 1 July 2019	11,438	2,964	3,043	23,549	1,910	42,904
Additions	-	-	-	9,328	194	9,522
At 30 June 2020	11,438	2,964	3,043	32,877	2,104	52,426
Accumulated amortisation and impairment						
At 1 July 2019	250	2,701	2,618	5,698	1,200	12,467
Charge for the year	-	263	425	2,096	392	3,176
At 30 June 2020	250	2,964	3,043	7,794	1,592	15,643
Net Book Value at 30 June 2020	**11,188**	**-**	**-**	**25,083**	**512**	**36,783**
Cost						
At 1 July 2018	11,438	2,964	3,043	13,969	1,395	32,809
Additions	-	-	-	9,580	515	10,095
At 30 June 2019	11,438	2,964	3,043	23,549	1,910	42,904
Accumulated amortisation and impairment						
At 1 July 2018	250	2,371	2,189	3,902	830	9,542
Charge for the year	-	330	429	1,796	370	2,925
At 30 June 2019	250	2,701	2,618	5,698	1,200	12,467
Net Book Value at 30 June 2019	11,188	263	425	17,851	710	30,437

In accordance with the Group's accounting policy, the carrying values of Goodwill and other intangible assets are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill arose on the acquisition of Craneware InSight, Inc.

The carrying values are assessed for impairment purposes by calculating the value in use of the core Craneware business cash generating unit. This is the lowest level of which there are separately identifiable cash flows to assess the Goodwill acquired as part of the Craneware InSight, Inc purchase.

The key assumptions in assessing value in use are the pre-tax discount rate applied of 14.9% (2019: 15.7%), future growth rate of revenue and the operating margin. After the initial term of 5 years, the Group applied a growth rate in perpetuity of 2% (2019: 2%). These take into account the customer base and expected revenue commitments from it, anticipated additional sales to both existing and new customers and market trends currently seen and those expected in the future.

The Group has assessed events and circumstances in the year and the assets and liabilities of the business cash-generating unit; this assessment has confirmed that no significant events or circumstances occurred in the year and that the assets and liabilities showed no significant change from last year.

After review of future forecasts, the Group confirmed the growth forecast for the next five years showed that the recoverable amount would continue to exceed the carrying value. There are no reasonable possible changes in assumptions that would result in an impairment.

14 Intangible assets (cont'd.)

Goodwill and Other Intangible assets (Cont'd.)

Company	Development Costs $'000	Computer Software $'000	Total $'000
Cost			
At 1 July 2019	23,142	1,519	24,661
Additions	9,328	187	9,515
At 30 June 2020	32,470	1,706	34,176
Accumulated amortisation			
At 1 July 2019	5,451	932	6,383
Charge for the year	1,936	313	2,249
At 30 June 2020	7,387	1,245	8,632
Net Book Value at 30 June 2020	**25,083**	**461**	**25,544**
Cost			
At 1 July 2018	13,549	1,068	14,617
Additions	9,593	451	10,044
At 30 June 2019	23,142	1,519	24,661
Accumulated amortisation			
At 1 July 2018	3,815	646	4,461
Charge for the year	1,636	286	1,922
At 30 June 2019	5,451	932	6,383
Net Book Value at 30 June 2019	17,691	587	18,278

15 Investments in subsidiary undertakings

The following information relates to all of the subsidiaries of the Group:

Name of Company	Class of Shares held	Proportion of Nominal Value of Issued Shares held by Craneware plc	Nature of Business
Craneware Inc	Ordinary	100%	Sales & Marketing
Craneware InSight Inc	Ordinary	100%	Product Development & Professional Services
Kestros Ltd (t/a Craneware Health)	Ordinary	100%	Software Development
Craneware Healthcare Intelligence, LLC	Ordinary	100%	Software Development

Craneware, Inc. and Craneware InSight, Inc. are incorporated in the United States of America and Craneware plc holds 10,000 (2019: 10,000) and 1,000 (2019: 1,000) common shares respectively with a nominal value of $0.01 each. Craneware Healthcare Intelligence, LLC is incorporated in the United States of America and Craneware plc is its sole member. Kestros Ltd (t/a Craneware Health) is incorporated within the United Kingdom and Craneware plc holds 1,075 (2019: 1,075) Ordinary shares respectively with a nominal value of £1 each.

	2020 $'000	2019 $'000
Cost		
At 1 July	**10,107**	10,107
Impairment of investment	**(1,107)**	-
At 30 June	**9,000**	10,107

15 Investments in subsidiary undertakings (cont'd.)

During the year, the remaining IP in Kestros Ltd reached the end of its useful life with all relevant code being fully integrated into the Trisus software. Additionally, the number of customers using the MiCheckin software is now minimal. Therefore, the directors took the decision to provide fully against the investment in Kestros Ltd.

The results of the Subsidiary companies have been included in the consolidated financial statements. Subsidiary registered addresses are listed on page 26.

Kestros Ltd

Kestros Ltd (SC362481), one of Craneware plc's subsidiaries is exempt from the requirement for its financial statements to be audited under the provisions of section 479 A of the Companies Act 2006.

16 Trade and other receivables

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Trade receivables	**18,171**	15,415	**18,043**	15,271
Less: provision for impairment of trade receivables	**(1,775)**	(1,246)	**(1,775)**	(1,246)
Net trade receivables	**16,396**	14,169	**16,268**	14,025
Other receivables	**172**	308	**7,880**	7,335
Amounts owed from group companies	**-**	-	**6,000**	6,000
Prepayments and accrued income	**2,055**	1,924	**1,419**	1,075
Deferred Contract Costs	**6,295**	7,334	**-**	-
	24,918	23,735	**31,567**	28,435
Less non-current receivables	**-**	-	**(6,000)**	(6,000)
Deferred Contract Costs	**(3,915)**	(4,946)	**-**	-
Current portion	**21,003**	18,789	**25,567**	22,435

There is no material difference between the fair value of trade and other receivables and the book value stated above. All amounts included within trade and other receivables are classified as financial assets at amortised cost.

The $6,000,000 loan due to the Company from Craneware InSight Inc. remains outstanding and is payable on demand; interest is charged quarterly in accordance with the agreement at LIBOR plus 1%.

Expected credit loss allowance for trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2020.

30 June 2020	**Current $'000**	**<30 days $'000**	**30 – 60 days $'000**	**60 – 90 days $'000**	**> 90 days $'000**
Expected credit loss rate	**0.0%**	**1.7%**	**1.9%**	**2.5%**	**27.2%**
Gross carrying amount	**7,437**	**2,390**	**1,588**	**532**	**6,224**
Expected credit loss	**-**	**41**	**30**	**13**	**1,691**
Net carrying amount	**7,437**	**2,349**	**1,558**	**519**	**4,533**

30 June 2019	Current $'000	<30 days $'000	30 – 60 days $'000	60 – 90 days $'000	> 90 days $'000
Expected credit loss rate	0.0%	2.1%	1.5%	1.9%	39.8%
Gross carrying amount	6,879	4,073	722	896	2,845
Expected credit loss	-	86	11	17	1,132
Net carrying amount	6,879	3,987	711	879	1,713

16 Trade and other receivables (cont'd.)

Movement on the provision for impairment of trade receivables is as follows:

	2020 $'000	2019 $'000
At 1 July	**1,246**	1,072
Provision for receivables impairment on revenue recognised	**1,250**	443
Receivables written off during year as uncollectable	**(631)**	-
Unused amounts reversed	**(90)**	(269)
At 30 June	**1,775**	1,246

The creation and release of provision for impaired receivables has been included in net operating expenses in the Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

17 Deferred taxation

Deferred tax is calculated in full on the temporary differences under the liability method using a rate of tax of 19% (2019: 19%) in the UK and 25% (2019: 25%) in the US including a provision for state taxes.

The movement on the deferred tax account is shown below:

	Group		Company	
	2020 $'00	2019 $'000	2020 $'000	2019 $'000
At 1 July	**3,244**	3,831	**1,154**	1,204
(Charge) / credit to comprehensive income	**(108)**	(403)	**172**	57
Transfer direct to equity	**(728)**	(184)	**(187)**	(107)
At 30 June	**2,408**	3,244	**1,139**	1,154

The movements in deferred tax assets and liabilities during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The net deferred tax asset at 30 June 2020 was $2,408,118 (2019: $3,243,859).

Deferred tax assets - recognised

Group	Short term timing differences $'000	Losses $'000	Share Options $'000	Total $'000
At 1 July 2019	219	357	2,805	3,381
Credited / (charged) to comprehensive income	402	(209)	45	238
Credited / (charged) to equity	139	-	(867)	(728)
Total provided at 30 June 2020	**760**	**148**	**1,983**	**2,891**
At 1 July 2018	801	461	2,760	4,022
Credited / (charged) to comprehensive income	(582)	(104)	229	(457)
Charged to equity	-	-	(184)	(184)
Total provided at 30 June 2019	219	357	2,805	3,381

Notes to the Financial Statements [Cont'd.]

17 Deferred taxation (cont'd.)

Deferred tax liabilities - recognised

Group	Long-term Timing differences $'000	Accelerated tax depreciation $'000	Total $'000
At 1 July 2019	-	(137)	(137)
Charged to comprehensive income	-	(346)	(346)
Total provided at 30 June 2020	**-**	**(483)**	**(483)**
At 1 July 2018	-	(191)	(191)
Credited to comprehensive income	-	54	54
Total provided at 30 June 2019	-	(137)	(137)

The analysis of the deferred tax assets and liabilities is as follows:

Group	2020 $'000	2019 $'000
Deferred tax assets:		
Deferred tax assets to be recovered after more than 1 year	**2,743**	3,100
Deferred tax assets to be recovered within 1 year	**148**	281
	2,891	3,381
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 1 year	**(335)**	-
Deferred tax liabilities to be recovered within 1 year	**(148)**	(137)
	(483)	(137)
Net deferred tax assets	**2,408**	3,244

The Company's Deferred tax assets and liabilities are all expected to be recovered in the future.

Deferred tax assets - recognised

Company	Share Options $'000	Total $'000
At 1 July 2019	1,203	1,203
Credited to comprehensive income	204	204
Charged to equity	(187)	(187)
Total provided at 30 June 2020	**1,220**	**1,220**
At 1 July 2018	1,269	1,269
Credited to comprehensive income	41	41
Charged to equity	(107)	(107)
Total provided at 30 June 2019	1,203	1,203

Deferred tax liabilities - recognised

Company	Accelerated tax depreciation $'000	Total $'000
At 1 July 2019	(49)	(49)
Charged to comprehensive income	(32)	(32)
Total provided at 30 June 2020	**(81)**	**(81)**
At 1 July 2018	(65)	(65)
Credited to comprehensive income	16	16
Total provided at 30 June 2019	(49)	(49)

The Group continues to monitor the recoverability of deferred tax assets and are satisfied that the continuing profitability will utilise the assets in respect of losses and there remains the expectation that share options will be exercised which will give rise to the utilisation of the asset in this regard.

18 Share Capital

	2020		2019	
	Number	**$'000**	Number	$'000
Equity share capital Ordinary shares of 1p each	**50,000,000**	**1,014**	50,000,000	1,014

Allotted called-up and fully paid

	2020		2019	
	Number	**$'000**	Number	$'000
Equity share capital *Ordinary shares of 1p each*				
At 1 July	**26,698,984**	**535**	26,662,271	534
Allotted and issued in the year on exercise of employee share options	**127,555**	**1**	36,713	1
At 30 June	**26,826,539**	**536**	26,698,984	535

Share buyback

The Company did not purchase any of its own shares during the financial year ended 30 June 2020 (2019: nil).

Shares issued during the year

The Company has granted share options and conditional share awards in respect of its Ordinary Shares and details of these are contained in Note 8. During the year ended 30 June 2020 a total of 127,555 Ordinary Shares (2019: 36,713 Ordinary Shares) were issued on the exercise of share options by employees.

Employee Benefit Trust

The Company established the 'The Craneware plc Employee Benefit Trust' (the EBT) during the year ended 30 June 2017. This is a discretionary trust established, in conjunction with the operation of the Company's employee share plans, for the benefit of the employees of the Company and its subsidiaries. The EBT has an independent trustee, RBC cees Trustee Ltd. The Company has provided a loan to the EBT. The movement in the balance of the loan, which is denominated in Sterling, from the Company to the EBT during the year ended 30 June 2020 is summarised in the table below.

	2020 **$'000**	2019 $'000
Loan balance (from Company to the EBT) at 1 July	**7,031**	7,331
Exchange loss	**(240)**	(300)
Addition to the loan from the Company to the EBT during the year	**1,255**	-
Partial repayment of loan by the EBT during the year	**(337)**	-
Loan balance (from Company to the EBT) at 30 June	**7,709**	7,031

The EBT purchased 43,395 Craneware plc Ordinary Shares of 1 pence each in the market at a weighted average price of £14.22 per share in the year ended 30 June 2020 (2019: no shares in the Company were purchased by the EBT). The Shares held by the EBT are utilised to satisfy employee share plan awards and, during the financial year ended 30 June 2020, a total of 30,325 of the Shares from the EBT (2019: none) were used to satisfy the exercise of employee share options and employee vested conditional share awards. At 30 June 2020 the EBT held 366,194 Craneware plc Ordinary Shares (at 30 June 2019: 353,124 Ordinary Shares).

19 Cash generated from operations

Reconciliation of profit before tax to net cash inflow from operating activities

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Profit before tax	**19,304**	18,322	**10,533**	13,897
Finance income	**(192)**	(318)	**(261)**	(522)
Finance expense	**94**	-	**47**	-
Write off of investment in subsidairy	**-**	-	**1,107**	-
Depreciation on property, plant and equipment	**1,489**	603	**904**	361
Amortisation and Impairment on intangible assets	**3,176**	2,925	**2,249**	1,922
Share-based payments	**1,318**	1,296	**488**	1,116
Movements in working capital:				
(Increase) / decrease in trade and other receivables	**(1,183)**	(5,957)	**(2,512)**	(6,124)
(Decrease) / increase in trade and other payables	**(872)**	(1,793)	**10,446**	6,864
Cash generated from operations	**23,134**	15,078	**23,001**	17,514

20 Cash and cash equivalents

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Cash at bank and in hand	**47,851**	47,611	**44,480**	43,357

The effective rates on short term bank deposits were 0.42% (2019: 0.72%)

21 Trade and other payables

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Trade payables	**719**	1,708	**389**	1,037
Amounts owed to group companies	**-**	-	**24,943**	13,440
Lease creditor due < 1 year	**946**	-	**550**	
Social security and PAYE	**973**	527	**395**	325
Other creditors	**49**	173	**-**	56
Accruals	**4,707**	5,124	**776**	1,617
	7,394	7,532	**27,053**	16,475

Amounts owed to Group companies are non-interest bearing and are payable on demand. Trade payables are settled in accordance with those terms and conditions agreed, generally within 30 days, provided that all trading terms and conditions on invoices have been met. The Group's average payment period at 30 June 2020 was 17 days (2019: 18 days). Trade and other payables are classified as financial liabilities at amortised cost.

Notes to the Financial Statements [Cont'd.]

22 Contingent liabilities and financial commitments

a) Capital commitments

The Group has no capital commitments at 30 June 2020 (2019: $nil).

b) Lease commitments

The Group leases certain buildings and equipment under short term (less than 12 months) and low value assets. The commitments payable by the Group under these leases are as follows:

	2020 **$'000**	2019 $'000
Within one year	**10**	938
Between 1 and 5 years	**8**	2,902
More than 5 years	**-**	227
	18	4,067

The undiscounted lease liability maturity analysis of leases under IFRS 16 is disclosed in Note 3.

23 Related party transactions

During the year the Group has traded in its normal course of business with shareholders and its wholly owned subsidiary in which Directors and the subsidiary have a material interest as follows:-

	2020		2019	
Group	**Charged**	**Outstanding at year end**	Charged	Outstanding at year end
	$	**$**	$	$
Fees for services provided as non-executive Directors				
Fees	**189,632**	**-**	167,527	-
Salaries and short-term employee benefits	**97,305**	**-**	91,411	-
Executive Directors				
Salaries and short-term employee benefits	**674,293**	**-**	730,671	-
Post employment benefits	**33,775**	**-**	38,261	-
Share based payments	**219,486**	**-**	166,377	-
Other key management				
Salaries and short-term employee benefits	**1,650,746**	**-**	2,112,587	-
Post employment benefits	**65,434**	**-**	74,127	-
Share based payments	**305,294**	**-**	285,173	-

Subsidiary registered addresses listed on page 26.

23 Related party transactions (cont'd.)

Company	2020 Charged	2020 Outstanding at year end	2019 Charged	2019 Outstanding at year end
	$	$	$	$
Fees for services provided as non-executive Directors				
Fees	**189,632**	-	167,527	-
Salaries and short-term employee benefits	**97,305**		91,411	-
Executive Directors				
Salaries and short-term employee benefits	**674,293**	-	730,671	-
Post employment benefits	**33,775**	-	38,261	-
Share-based payments	**219,486**	-	166,377	-
Other key management				
Salaries and short-term employee benefits	**382,201**	-	378,510	-
Post employment benefits	**18,806**	-	18,954	-
Share-based payments	**79,341**	-	72,689	-
Amounts due to Craneware Inc - Subsidiary company				
Sales commission	**29,435,053**	-	27,544,819	-
Net operating expenses	**9,765,798**	-	5,518,344	-
Balance	-	**(17,192,826)**	-	(9,201,180)
Net Amounts due from Craneware InSight Inc - Subsidiary company				
Net operating expenses	**1,178,674**	-	4,901,823	-
Balance	-	**(3,712,131)**	-	6,255,571
Net Amounts due from Craneware Health/Kestros - Subsidiary company				
Net operating expenses	**162,718**	-	1,310,153	-
Balance	-	-	-	-
Net Amounts due to Craneware Healthcare Intelligence - Subsidiary company				
Net operating expenses	**1,901,378**	-	2,523,000	-
Balance	-	**(5,462,609)**	-	(4,495,094)

Note 18 contains details of the transactions and balances between the Company and the employee benefit trust during and at the end of the financial year.

Key management are considered to be the Directors together with the Chief Information Officer, Chief Technology Officer, Chief Marketing Officer, Chief People Officer, Executive Vice President of Sales and Chief Legal Officer.

There were no other related party transactions in the year which require disclosure in accordance with IAS 24.

24 Ultimate controlling party

The Directors have deemed that there are no controlling parties of the Company.

Personal Notes

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