Craneware plc

Annual Report and Financial Statements

For the year ended 30 June 2021

Together, We are Craneware®

Helping healthcare providers further their mission through optimal financial and operational performance

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Financial

- Revenue increase of 6% to $75.6m (FY20: $71.5m)
- Adjusted EBITDA[1] increased 8% to $27.1m (FY20: $25.2m)
- Profit before tax $13.2m (FY20: $19.3m) reflecting one-off exceptional costs associated with acquisition funding
- Basic adjusted EPS[1] increased 6% to 69.0 cents (FY20: 65.4 cents) and adjusted diluted EPS increased to 68.1 cents (FY20: 64.4 cents)
- Basic EPS 48.1 cents (FY20: 62.8 cents) and diluted EPS 47.5 cents (FY20: 61.9 cents)
- Three Year Total Visible Revenue[2] (including Sentry contribution from 13th July 2021 onwards) of $471.2m (FY20 same 3 year period: $196.2m)
- Strong operating cash conversion[1] at 99% of Adjusted EBITDA (FY20: 92%)
- Cash at year-end of $235.6m (FY20: $47.9m) after raising $187.3m (net) via a share placing and prior to completion of the Sentry acquisition
- Proposed final dividend increase to 15.5p per share (21.47 cents) (FY20: 15.0p, 18.45 cents) giving a total dividend for the year of 27.5p per share (38.10 cents) (FY20: 26.5p, 32.60 cents) up 4%

[1] Certain financial measures are not determined under IFRS and are alternative performance measures as described in Note 26 of the financial statements

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

Operational

- Total Sales[1] for the year increased 19% to $78.1m (FY20: $65.4m)
- New Sales[1] for the year increased 40% to $42.4m (FY20: $30.4m)
- Sales of Trisus Enterprise Value Platform products represented 17% of New Sales in the year (FY20: 14%)
- Acceleration of migration of customers to the Trisus platform, with the Trisus user base increasing to over 900 customers (FY20: 200 customers)
- Continued investment in R&D and innovation to capitalise on growing market opportunity
- The acquisition of Sentry Data Systems, Inc. was completed following the year end, significantly expanding Craneware's scale, offering and opportunity

Quick Facts — Financial

$75.6m
Revenue

$27.1m
Adjusted EBITDA[1]

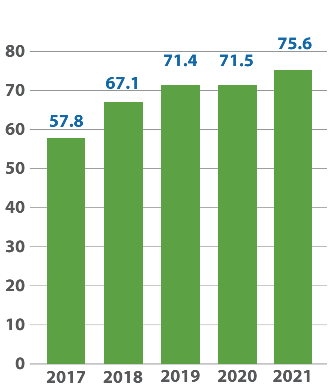
$13.2m
Profit

69.0¢
Adjusted EPS[1]

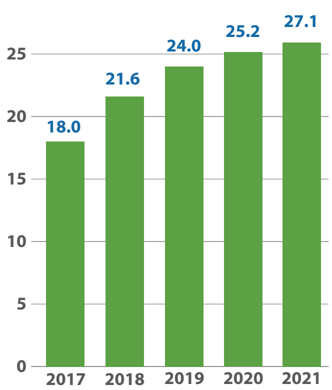
$235.6m
Cash

15.5p
Final Dividend

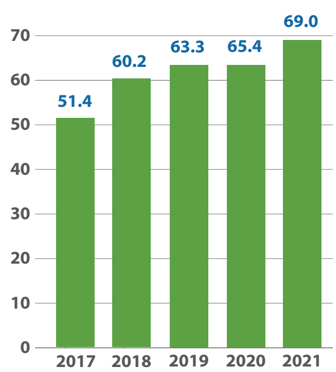
Revenue $m



Adjusted EBITDA[1] $m



Basic adjusted EPS cents/share



Craneware Solutions

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

Utilizes 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.

Charge Capture & Pricing

Patient Engagement

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.

Pharmacy ChargeLink®

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

Trisus Pricing Analyzer™

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

Online Reference Toolkit®

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

Trisus Supplies Assistant

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

Solutions for healthcare providers to optimise financial and operational performance.

InSight Medical Necessity®

A SaaS solution that provides medical necessity validation for all major US 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

Claims Analytics

An easy, automated application for hospitals to meet the 2021 CMS pricing transparency requirements for posting both standard charges and shoppable services online. Analytics on patient searches for shoppable services are provided back to hospitals to ensure ongoing, proactive pricing strategies.

Trisus Pricing Transparency

Revenue Recovery & Retention

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

InSight Denials®

Cost & Margin Analytics

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

Appeals Service

Customer Success Management

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.

Customer Success Management and Consulting Services

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

Chairman's Statement

In a year still defined by the wider context of a global pandemic, our purpose has been brought into sharp focus. As we reflect on our mission, I am proud of the impact Craneware has made in helping our US healthcare customers improve operational efficiency and margins so that they can continue to invest in providing quality care for their communities.

Our contribution and continued success are made possible through the efforts of our dedicated and talented employees who work to push Craneware closer towards the long-term ambition of being the pre-eminent company in improving US healthcare. Our teams and customers have shown great fortitude and adaptability in a complex and challenging pandemic environment, and on behalf of the Board I would like to extend our admiration and gratitude.

The Group has made strategic strides in the year through positive sales momentum, targeted innovation and at the same time sustained customer retention rates above 90%, all underpinning the foundation for a return to double-digit organic growth in future years. Continued new product releases drove strong adoption of Trisus, the Group's cloud-based Financial and Operational performance platform, from both new and existing customers. As a result, New Sales increased 40% to over $42.4m (FY20: $30.4m) with approximately 50% of Craneware customers now using one or more of the platform's products. The building sales momentum translated into an increase in total recognised revenue of 6% to $75.6m, (FY20: $71.5m), with Adjusted EBITDA growing 8% to $27.1m (FY20: $25.2m).

Following the year end, the Group completed the acquisition of US-based Sentry Data Systems, Inc. ("Sentry"), enhancing the Group's pharmacy offering and cementing Craneware's position as a leading provider of Value Cycle solutions to the US healthcare market. This has provided an immediate step change in scale to operations and expanded our coverage of the US Healthcare market with Craneware now serving approximately 40% of all US hospitals and more than 10,000 clinics and pharmacies. In Sentry we identified a business aligned to our vision and the combined data sets from both companies will deliver far-reaching actionable insights for better operational and strategic decisions such that our customers can spend dollars far more productively on keeping people well.

The Group's cash reserves remain healthy, delivering an operating cash conversion rate of 99%, ahead of the prior year's 92%. We maintained a strong balance sheet, with cash of $235.6m at 30 June 2021, including the net funds of $187.3m received from the equity raise in anticipation of the acquisition of Sentry (FY20: $47.9m).

A continued focus has been our commitment to social responsibility and community engagement. Craneware has and continues to develop many initiatives that contribute to our credentials in these areas. I am particularly proud of the work of Craneware Cares and the Craneware Cares Foundation, driven by our employees. Even though they were mostly working from home through this year, they still managed to help a total of 41 different charities across the UK and US, including our eight Spotlight Charities.

Our opportunity to effect real change is clear and our ability to execute has been considerably enhanced. Following a year of heightened pressure, our US hospital customers are more motivated than ever to implement strategic and long-term planning and our Trisus platform is specifically designed to help them achieve this. The high visibility we have over future revenues combined with our robust financial position gives us the ability to plan and execute our long-term strategy to serve the best needs of our customers. We enter the new year with a strong pipeline, supporting the Board's confidence in the Group's continued growth and our ability to increase stakeholder value.

Will Whitehorn
Chairman
20 September 2021

Operational Review

We are pleased to deliver this set of financial results in the year, with the growth in customer numbers, New Sales and Trisus Sales being strong indicators of the successes being achieved across all three of our growth pillars, building the foundations for accelerated growth. Through our Trisus platform we are at the vanguard of change in healthcare, a force which continues to gather momentum. Our strong New Sales growth demonstrates the relevance of our offering and we are increasingly confident in achieving our long-term vision of becoming the pre-eminent company in improving US healthcare.

Following our growth in FY21 and the subsequent acquisition of Sentry Data Systems, Inc. ("Sentry"), approximately 40% of US hospitals are now Craneware customers, alongside more than 10,000 clinics and retail pharmacies. Our enlarged scale and capabilities have considerably strengthened our ability to achieve our mission: to profoundly impact healthcare by improving our customers' operational efficiency and margins so they can continue to invest in providing quality care for their communities. This mission guides our strategy and actions, ensuring that everything we do has a positive impact on our customers' performance.

With over 900 US hospitals now interacting with our Trisus platform, contributing many millions of individual anonymised data points daily, it is an increasingly powerful source of insight into the ways in which hospital management teams can improve their financial and operational performance. Our Trisus platform and applications combine revenue integrity, cost management and decision enablement into a single cloud-based platform. The platform makes the raw data taken from multiple disparate systems useable for analysis, resolves communication gaps between departments, remedies operational inefficiencies and helps to manage and maintain our customers' competitive advantage while preserving margin. In turn, the mitigated risks, efficiencies and returns on investment being delivered by our applications will provide the confidence and continuity for our customers to invest in the delivery of quality care to their communities.

The positive progress in the year has been achieved against the ongoing backdrop of COVID-19. Whilst as a business we continue to be relatively insulated from the direct impacts of the pandemic, our customers are on the front-line, managing a constantly evolving and complex situation. Supporting them and the phenomenal work has been, and will continue to be our top priority. Never has the need for accurate financial data, insight and analytics been more important, and we will continue to do all we can to ensure our customers have the tools they need to maintain the financial health of their organisations and support them in their long-term strategic ambitions.

Market

The move to value-based care continues at pace

Managing the impact of the COVID-19 pandemic has clearly been the top priority for all healthcare-related organisations over the past 18 months and will continue to be so. While elective procedures have increased across the majority of US States, they are yet to get back to pre-pandemic levels. However, industry reports suggest that hospital operating margins have been largely protected through this time.

Operationally, healthcare providers have had to adjust to new methods of healthcare delivery, while ensuring their financial operations have the flexibility and agility to charge for those services appropriately, highlighting the importance of usable financial and operational data. Healthcare providers' requirements for greater insight into cost of care, associated margins and the value being derived is as high, if not higher, than ever. Against that backdrop, 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 US healthcare between spend and outcomes. Under value-based care, healthcare providers, including hospitals and physicians, are paid based on patient health outcomes. A hospital's ability to remain financially secure 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. 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.

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.

Both Republicans and Democrats have previously expressed their desire for healthcare reform and the industry widely anticipates that reform will remain a key agenda point moving forward, with the drive to derive greater value from healthcare sitting at its heart. Recent government initiatives have seen a robust defence of existing healthcare legislation. In addition, the new administration in the White House has recently expressed the desire to see an increase in investment into healthcare, both from Private Equity and the community, which we anticipate will in turn boost operational investments by healthcare providers.

While other platforms have been designed to address the clinical side of a hospital, from a competitive positioning perspective, we have created the market's only platform addressing the breadth of the value cycle, aiming to solve inefficiencies and waste across both operational, administrative and financial functions of a hospital. Through the acquisition of Sentry, we have created considerable distance between us and other point solution vendors, in terms of depth of data, breadth of offering, size of customer base and scale of operations, increasing our ability to address what is a growing and sustainable, long-term addressable market.

Growth Strategy

Innovation to profoundly impact US healthcare operations which will drive demand and expand our addressable market

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 the Trisus platform; 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.

Our software solutions sit at the heart of our customers' operations, tapping into the aggregated anonymised data held within Trisus to provide greater insight and control to their financial operations and thereby optimise their financial performance.

Three Growth Pillars

Our growth strategy has three fundamental growth pillars:

1. 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.

By the end of June 2021, over 900 customers, approximately half of our customer base, were utilising one or more of the Trisus applications, with almost the entirety of the remainder connecting to the platform via the Trisus Bridge – the first step for significant migration to the platform from within our user base. This is another positive step forward, from the 500 reported at the half year stage and 200 at the end June 2020, evidence that both our existing customer base and the wider healthcare provider market have responded positively to the technological evolution of the Craneware solution set.

The full Trisus Chargemaster solution, the re-platformed version of our Chargemaster Toolkit, is on course to be available by the end of calendar 2021. All existing Chargemaster Toolkit customers are now on a hybrid version, with their data synchronised to the Trisus platform, and using a single Trisus sign on, meaning migration to the full cloud version and all its additional functionality will take minutes once launched.

We are commencing the migration of customers to Trisus Chargemaster in phases, with migration of early adopters now complete. Customer feedback has been extremely positive, identifying clear additional benefits that the platform is delivering, including ease of migration, use and deployment throughout large scale implementations. We are on track to have all customers migrated to the platform by the end of calendar 2022.

All customers who have signed new contracts for Chargemaster Toolkit in recent periods have an understood migration plan to Trisus Chargemaster and recognise this as an easy entry to the Trisus platform.

We have also commenced the migration of early adopter customers to Trisus Pharmacy Financial Management (TRxFM), a new product, which in phase one, will sit alongside our on-premise Pharmacy ChargeLink and the range of pharmacy products will subsequently be expanded to include all Pharmacy ChargeLink functionality in a new suite of applications. Pharmacy ChargeLink customers are currently being offered the opportunity to extend their products with the addition of the cloud based TRxFM, which is a precursor to further applications in the Trisus Pharmacy suite, the complete replacement for the on-premise solution. This will continue to be developed in a modular fashion, allowing customers to select which mix of applications best suits their needs as they become available. It is anticipated that the cloud-based replacements for Pharmacy Chargelink (PCL) will be available Q4 FY22.

All of the acquired customers of Sentry are serviced utilising the Oracle cloud architecture.

We are continuing to develop the additional functionality of all our cloud offerings as we move towards general release.

2. To continue to enhance the capabilities of the platform through the addition of new technology layers and applications, developed through internal R&D, selective M&A and Third-Party Partnerships.

During the first half of the year we announced the availability of Trisus Pricing Transparency ("TPT") to all US healthcare providers. This no cost Trisus solution was developed to enable organisations not only to meet CMS Pricing Transparency Final Rule requirements (which came into effect in January 2021) but ensure that organisational pricing data is most accurately represented for patients on an ongoing basis allowing individuals to "shop" for their healthcare needs.

Adoption of the module has continued in the second half with and acceleration of the migration of existing customers to the Trisus platform alongside take-up by new users. This provides a clear pathway for wider Trisus application uptake in the future by these new customers and the significant majority of the 900 Trisus users are now on paid for modules.

Through the growth of our Trisus customer base, and the interaction of their data with the Trisus platform, we have in excess of 120m individual anonymised patient encounters recorded on the platform, an increase of more than 30% over the course of the year. The greater number of data points, the more powerful the analytics and insights that can be provided to help hospitals in their financial decision-making. These encounters include one fifth of all emergency room visits in the US during the last year and almost one quarter of all hospital admissions.

We will continue to invest in expanding the capabilities of the platform, developing additional applications and tools, to provide further benefits to our customers. Following the acquisition of Sentry post year end, the focus is on the integration of Sentry data onto the platform, adding more contextual data which will in turn drive the development of more applications and increase the attractiveness of the platform and provide further reasons for a healthcare provider to join. We are pleased to confirm that the level of sales of Trisus applications exceeds 60% of the amount of capitalised R&D spent on the platform and Trisus applications development to date, already underwriting the majority of the investment made.

M&A

While organic growth remains a priority, we continue to evaluate the market and will continue to pursue strategically aligned companies that will accelerate our growth strategy, although it is unlikely that any acquisitions in the short-term will be of the relative scale of Sentry. We maintain the same four key acquisition criteria of which target companies must fit into at least one, being:

1. the addition of data sets;
2. the extension of the customer base;
3. the expansion of expertise; and
4. the addition of applications suitable for the US hospital market.

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.

3. To grow our customer footprint, through increasing the attractiveness of our offering and acquiring non-overlapping customers, which in turn provides further cross-sale opportunities.

We are pleased with the sales activity during the year, which saw New Sales >40% ahead of the prior year. 26% of these New Sales were to net new customers. Expansion Sales to existing customers represented 74%, demonstrating Craneware's ability to continue to cross sell further solutions. All sales have been driven by mitigation of risk, efficiency of operations and compelling ROIs for our customers.

Sales of Trisus products represented 17% of New Sales in the year (FY20: 14%) representing a steadily increasing proportion of sales in addition to the take up from our customers of the Trisus Pricing Transparency product. We also saw our first Trisus renewals in the year.

Customer retention has always been strong, and we continued to see our customer retention rate remain high in the period above 90%.

Acquisition of Sentry Data Systems, Inc.

Sentry Data Systems, Inc. is a leader in pharmacy procurement, compliance and utilisation management. The successful conclusion of the acquisition following the end of the year marks a transformational point in our journey, considerably expanding our customer base, data sets, product offering and market presence.

The acquisition enhances our focus on pharmacy operations within healthcare providers, the largest cost area for US hospitals outside the workforce and extends the reach of our Pharmacy Chargelink product family within retail and contract specialty pharmacies. Sentry's 147 million unique longitudinal patient records collected over a 17 year period will enhance the power of our Trisus platform and we also envisage significant cross-selling opportunities will be provided by the complementary nature of Sentry's product suite and customer base.

Having known the business and management team for over a decade we are delighted they are now part of our organisation, with a shared vision and purpose. Together, we will offer healthcare organisations innovative new ways to measurably impact operational and financial performance and generate sustainable margins that can be re-invested in providing better care for underserved communities.

Following the acquisition, the Group now serves approximately 40 percent of US hospitals and more than 10,000 clinics and retail pharmacies across all the major pharmacy brands as well as local community pharmacies and clinics.

The quality and breadth of the combined data sets from both companies increases our ability to provide far-reaching actionable insights for better operational and strategic decisions, enabling further efficiencies in provider performance so our customers can focus on serving their communities and healthcare missions. The data will be integrated into the Trisus platform to help identify new areas of product development to support our customers. Sentry applications currently reside in modern web architecture environments and no technical integration is required, just the front end of the applications will be harmonised to create the same look and feel.

We anticipate benefits of this increased scale to be seen in greater operational efficiencies across areas such as office space and future product development and provides for a considerably enlarged sales and marketing team. Integration of the Sentry team into our organisation is progressing well, with the various teams now working through their first 100 day integration plans. We have begun the analysis to identify cross-sale opportunities, with these programmes expected to launch in H2 FY22. The successful integration of Sentry will be a key focus for the year ahead.

Our People and Community

As part of our commitment to social responsibility and community engagement, Craneware has continued to develop a number of programs and opportunities to positively impact the community around us. A number of years ago, we formed 'Craneware Cares', an employee committee that is aimed at raising awareness and funds for charity. Craneware Cares and its foundation are integral to our business - 'better outcomes for all' is not just a tag line, it is how we approach our Social agenda.

The focus for 2021 was to help the charities who had been hit by a shortfall in donations as a result of the COVID-19 pandemic. Craneware Cares helped over 40 charities across the UK and the US, not only by making cash donations, but also by providing housing supplies, school supplies, care bags for children in the foster system, holiday gifts and even chocolate easter eggs to The Spartans CFA. Some of the charities we supported include one of our US Spotlight Charities, Guardian Angels Suitcases 4 Kids where we exceeded our goal and sponsored 24 children in need, the MS Therapy Centre by raising funds to allow them to purchase essential physiotherapy equipment so they could continue helping their community, and one of our UK Spotlight Charities, CERT UK, a 100% volunteer-run organisation that takes care of people affected by crisis, emergencies created by natural disasters, to name only a few. 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.

With the addition of Sentry's solutions we are now directly involved in the 340B Program, assisting eligible healthcare organisations with regulatory compliance and pharmacy procurement and utilisation that goes with this program, thereby enabling them to generate cost savings which go directly to the provision of more care for the underserved in their communities.

Financial Review

In a year that has been dominated by the ongoing global pandemic, we are proud of the progress that Craneware has made, whilst, at all times, focusing on delivering to our customers. Our customers are on the front line in dealing with the pandemic and supporting them has been, and will continue to be, our top priority. The role Craneware continues to play, allowing our customers to improve operational efficiency and margins so that they can continue to invest in providing quality care for their communities, has never been more important.

Through this year, the strength of the Craneware business model, it's long term visible revenue, our strong balance sheet and sensible cost management whilst investing for the future have served us well. This has allowed us to continue our development of new products, further building out the depth of the Trisus platform across the Value Cycle, continue our sales momentum delivering a further increase in New Sales in the year, and see a return to growth in key financial metrics for the year. Further, post year end, through the acquisition of Sentry, we have seen a transformational change in the Group's scale and operations.

During the year ended 30 June 2021, we saw significant growth in the Total Contract Value of New Sales of 40% to $42.4m (FY20: $30.4m) which combined with the total value of renewals signed in the year saw a 19% increase in the Total Value of all contracts written to $78.1m (FY20: $65.4m). As a result of our business model, "sales" and "revenue" have very different meanings and are not interchangeable. With only a small proportion of the revenue resulting from the sales made in the year impacting on the current year's reported revenue, the vast majority is recognised in future years, providing further long-term visibility over future revenues, supporting our future growth.

As a result, we are reporting a 6% growth in our Revenue to $75.6m (FY20: $71.5m) which has contributed to an 8% increase in Adjusted EBITDA in the period, growing to $27.1m (FY20: $25.2m).

Acquisition of Sentry Data Systems, Inc.

On 7 June 2021 the Board announced the proposed acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc.. The acquisition was completed on 12 July 2021. The headline consideration for the acquisition of Sentry (on a cash free / debt free basis) was $400m, subject to benchmark level of working capital and other expected adjustments. The consideration for the acquisition was satisfied by the payment of $312.5m (as adjusted) in cash and $87.5m by the issuance of 2,507,348 new ordinary shares in Craneware plc on 14 July 2021.

The cash consideration was funded from a combination of the Group's existing cash resources, a new secured loan of $120m and the $187.3m net proceeds of the share placing which completed in June 2021.

The acquisition marks the next stage of Craneware's growth journey, as the enlarged Group now serves approximately 40 percent of US hospitals and more than 10,000 clinics and retail pharmacies. The increased scale that Sentry brings will deliver greater operational efficiencies across all areas of the Group, including considerably strengthened sales and product development teams.

With the completion of this acquisition after the year end Sentry has not contributed to these results. Also, with the proximity to the publication of these accounts, we have yet to complete the associated acquisition accounting. However, where applicable and meaningful to the KPI's presented we have included details of Sentry's expected contribution.

Associated share placing completed (June 2021)

To partly fund the acquisition of Sentry, in June 2021, the Company completed a share placing which resulted in the allotment of 6,192,652 new Ordinary Shares at an issue price of £22.00 ($31.05) per share, representing approximately 23.1% of the issued share capital prior to the placing.

The Placing was conducted through an accelerated bookbuild process and was effected by way of a cash box structure. This structure was necessary as the Company was required, by the vendors, to reduce the execution risk of the acquisition (recognising the normal risk profile of an expected US purchaser) and, without such certainty, we would likely have been unable to participate in the acquisition process. Whilst the Placing was not carried out on a fully pre-emptive basis, we consulted with our major shareholders prior to the Placing and working with our advisors, respected the principles of pre-emption through the allocation process.

Underlying Business Model

The new contracts we sign with our customers provide a licence for the customer to access specified products throughout their licence period. The underlying licence period of these New Sales are expected to be, on average, four years. At the end of an existing licence period, or at a mutually agreed earlier date, we look to renew these contracts with our customers.

The existing contracts within Sentry are similar in their nature albeit are for a slightly shorter duration. In addition to the licence fees, Sentry can also provide a number of transactional services to customers, throughout the life of their underlying contracts. These transactional services, whilst highly dependable, will see some variation period to period dependent on volume of transactions.

Under the Group's business model, we recognise software licence revenue and any minimum payments due from our 'other long term' contracts evenly over the life of the underlying contract term. Transactional services are recognised as we provide the service and we are contractually able to invoice the customer.

By renewing the underlying contracts, and ensuring we continue to deliver the transactional services to our customers we sustain a highly visible recurring revenue base, which means sales of new products to existing customers or sales to new hospital customers are adding to this recurring revenue.

In addition to the licence revenues recognised in any year, we also expect revenue to be recognised from providing services to our customers. These services are typically separately identifiable from any associated licence and as such, 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

Total Sales, can be broken down into the total value of contracts with new customers or new products to existing customers at some time in their underlying 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 graph 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.

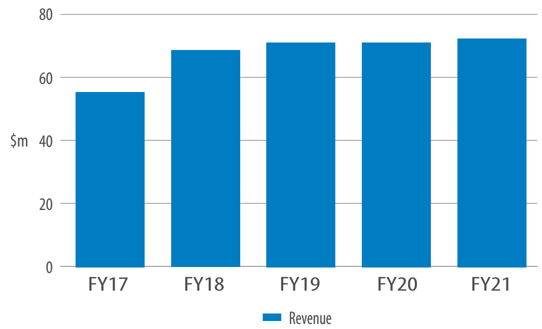
As the majority of the revenue resulting from sales in any one year is recognised over future years, the results in any individual year do not fully reflect this valuable 'asset' that is contracted, but not yet recognised. As such, the Group presents its "Revenue Visibility". This KPI identifies revenues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

With the acquisition of Sentry, the visible revenue derived from the existing contracts has been included over the three-year period to 30 June 2024. However, as the acquisition only completed on 12th July, visible revenue is only included from this date forward (i.e. FY22 includes Sentry visible revenues from 13th July 2021 to 30 June 2022).

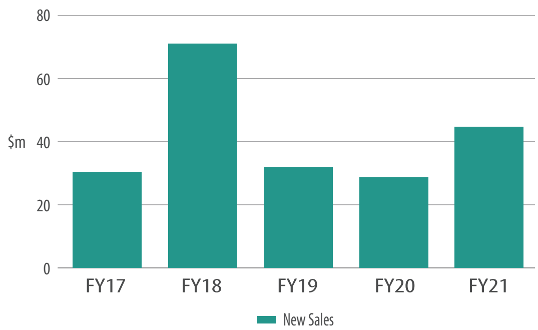
The Three-Year Revenue Visibility KPI is a forward looking KPI and therefore will always include some judgement, especially in regards to transactional revenues. To help assess this, we separately identify different categories of revenue to better reflect the nature of these recurring revenues. This Three-Year Visible Revenue metric includes:

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

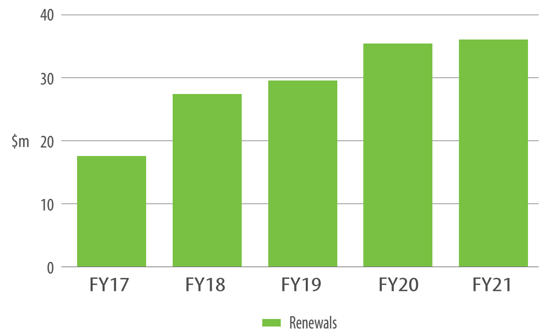
Reported Revenue



New Sales



Renewals*



* 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 year on 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.

Future revenue under contract is, as the title suggests, subject to an underlying contract and therefore when invoiced, we reasonably expect to recognise in the respective future years. Renewal revenues relate to the contracts that are coming to the end of their original contract term 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. Here, we estimate based on past performance a level of revenue we would reasonably expect to recognise associated to the service provided. No growth from new sales is assumed to occur when making these estimates.

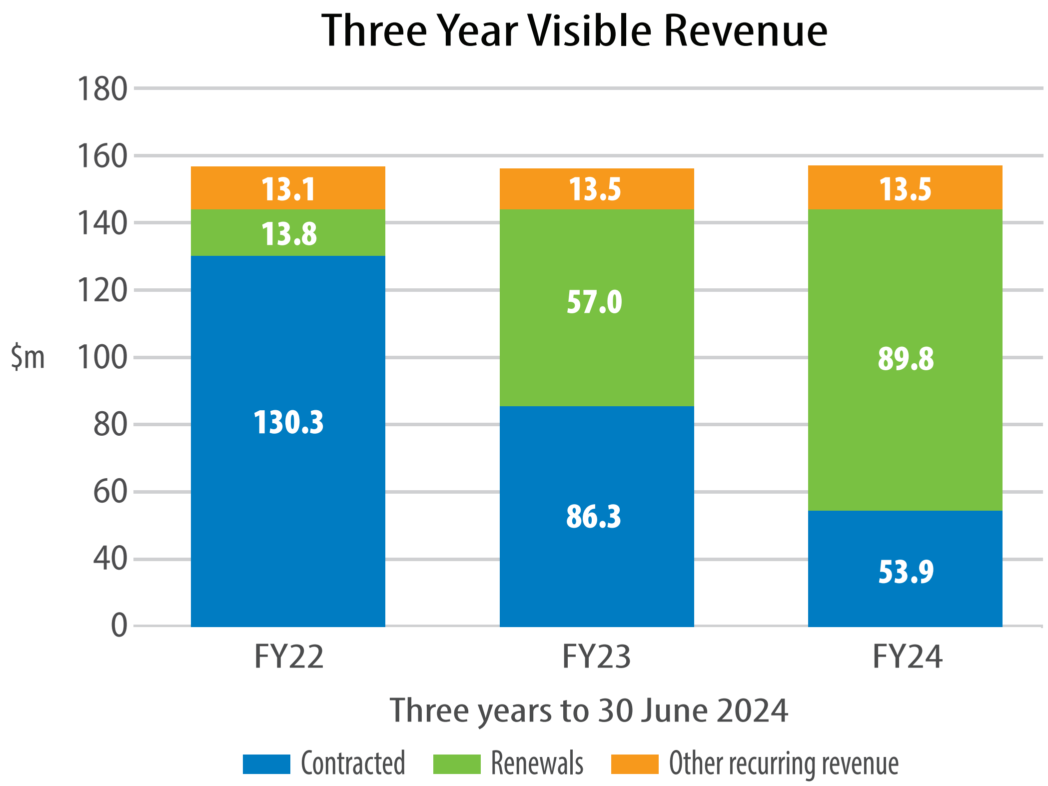
The Group's total visible revenue for the three years ended 30 June 2022, 2023 and 2024, including visible revenue from Sentry from the date of its acquisition, identifies $471.2m of revenue (FY20 same 3 year period: $196.2m) which we reasonably expect to benefit the Group in this next three-year period. This visible revenue breaks down as follows:

- future revenue under contract contributing $270.5m of which $130.3m is expected to be recognised in FY22, $86.3m in FY23 and $53.9m in FY24
- revenue generated from renewals contributing $160.6m; being $13.8m in FY22, $57.0m in FY23 and $89.8m in FY24
- other revenue identified as recurring in nature of $13.1m in FY22 and $13.5m in FY23 and FY24

These future revenues, with customers continuing to renew their contracts with us, expand beyond the three-year time horizon we report on, creating a dependable base of recurring revenue. This recurring 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

Our gross profit margin is calculated after taking account of 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 FY21 was $70.2m (FY20: $67.0m) representing a gross margin percentage of 93% (FY20: 94%).



Operating Expenses

The increase in net operating expenses (to Adjusted EBITDA) to $43.1m (FY20: $41.8m) reflects continued investment in our Research & Development spend combined with prudent cost control across the rest of the business.

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, alongside our acquisition activities in the year, we have continued to invest significant resource in R&D as we build out the Trisus platform and its portfolio of products. As a result of this investment, the total cost of development in the year was $24.7m (FY20: $21.6m), a 14% increase which is reflective of the opportunities in the market for our products. We continue to capitalise only the costs that relate to projects that bring future economic benefit to the Group. As a result, the total amount capitalised in the year reduced from 43% of total R&D spend in FY20 to 41% in the current year, being $10.1m (FY20: $9.3m).

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 to continue at the same proportion of revenue in future years 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.

Net Impairment Charge on Financial and Contract Assets

This relates to the movement in the provision for the impairment of trade receivables in the year (or 'bad debts'), being $495,000 (FY20: $529,000). The nature of the market the Group serves and the SaaS based business model limit the Group's exposure in this regard, but are required to be shown separately on the face of the Consolidated Statement of Comprehensive Income.

Adjusted EBITDA and Profit Before Taxation

To supplement the financial measures defined under IFRS the Group presents certain non-GAAP (alternative) performance measures. We believe the use and calculation of these measures are consistent with other similar listed companies and are frequently used by analysts, investors and other interested parties in their research.

The Group use these adjusted measures in its operational and financial decision-making as it excludes certain one-off items, allowing focus on what the Group regards as a more reliable indicator of the underlying operating performance.

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").

In the year total costs of $6.5m have been identified as exceptional. These include the costs associated with the acquisition of Sentry and its associated share placing as well as the costs associated with the aborted share placing in connection with a different acquisition target in August 2020. As such these costs were adjusted from earnings in presenting Adjusted EBITDA in the year. No costs were identified as exceptional in the prior year.

Adjusted EBITDA has grown in the year to $27.1m (FY20: $25.2m) an increase of 8%. This reflects an Adjusted EBITDA margin of 36% (FY20: 35%). This is consistent with the Group's continued approach to making investments in line with the revenue growth and prudent cost management.

Primarily as a result of the costs detailed above as exceptional and an increase in the IFRS 2 share-based payment charge, profit before taxation reported in the year has reduced to $13.2m (FY20: $19.3m). The increase in the share-based payment charge included charges from Long-Term Incentive Grants made during the period, an adjustment to retention rates and an increased accrual for estimated employer National Insurance contributions on the unexercised options granted under the 2007 Share Option Plan.

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 positively affected by the finalisation of R&D tax relief claims in respect to the prior two years of $1.6m (FY20: $0.3m) and the R&D tax relief provision for the current year of $0.7m (FY20: $0.5m). In addition, as a result of UK Corporation tax rates increasing to 25% from 1 April 2023, closing UK deferred tax assets and liabilities were revalued which has reduced the current year tax charge by $0.5m (FY20: $nil) in accordance with the now enacted rate.

As such the current year effective tax rate is 2% (FY20: 13%).

EPS

Regarding EPS, the Group again presents an Alternative Performance Measure of Adjusted EPS, to provide consistency to other listed companies and take account of certain one-off events. Both Basic and Diluted Adjusted EPS are calculated excluding costs incurred as a result of acquisition and share related activities, being $5.6m (tax adjusted) in the year (FY20: $nil) and in the prior year amortisation of acquired intangibles of $0.7m.

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 6% to $0.690 (FY20: $0.654) and adjusted diluted EPS has increased to $0.681 (FY20: $0.644).

Basic EPS in the period reduced to $0.481 (FY20: $0.628) and Diluted EPS reduced to $0.475 (FY20: $0.619) primarily as a result of the exceptional items noted above.

Strategic Report: Operational and Financial Review [Cont'd]

Cash and Bank Facilities

Cash generation and a strong balance sheet have always been a focus of the Group. Our business model provides the basis for high levels of cash generation and we continue to monitor the quality of our earnings through Operating Cash Conversion, this being our ability to convert our Adjusted EBITDA to "cash generated from operations" (as detailed in the cash flow statement). We achieved strong Operating Cash Conversion of 99% in the year (FY20: 92%).

As a result, we are able to continue to invest in our future and return funds to our shareholders via dividends, returning $9.7m in the current year (FY20: $9.1m).

As detailed above, to fund the acquisition of Sentry $187.3m (net) was raised via a share placing in June. As the acquisition did not complete until post year end, these amounts were held as cash reserves of the Group. As a result, cash reserves at the year-end were $235.6m (FY20: $47.9m) of which $48.3m represents operating cash reserves.

Also, as part of the funding for the acquisition of Sentry, the Group entered into a Debt Facility with Silicon Valley Bank to provide up to a further $140m of secured funding. As the acquisition did not complete until after that year end, no draw down on this facility had taken place and as such any arrangement and other related fees prepaid are recorded in Trade and Other receivables.

Balance Sheet

The Group maintains a strong balance sheet. Intangible assets have increased by $6.3m to $43.1m (FY20: $36.8m) primarily as a result of capitalised development costs in the year net of the amortisation charged. The level of trade and other receivables has decreased in comparison to the prior year. This is a result of the factors identified in the prior year that impacted our cash collections now having returned to a more normal position.

Deferred income levels reflect the amounts of the revenue under contract that we have invoiced but 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 $1.3466 as compared to $1.2598 in the prior year.

Audit Tender

During the year the Audit Committee conducted an audit tender process for the Group's External Audit. As part of this process a number of audit firms were invited to tender. Details of the process followed and the selection criteria are provided in the Corporate Governance Report on page 46. As a result of this process the Board has approved PricewaterhouseCoopers LLP for recommendation to shareholders, for re-appointment as auditors, at the Company's Annual General Meeting to be held in November 2021.

Dividend

In proposing a final dividend, the Board has carefully considered a number of factors including the prevailing macroeconomic effects of the COVID-19 pandemic, the Group's trading performance, our current and future cash generation especially in light of the Sentry acquisition and our continued desire to recognise the support our shareholders provide. After carefully weighing up these factors, the Board proposes a final dividend of 15.5p (21.47 cents) per share giving a total dividend for the year of 27.5p (38.10 cents) per share (FY20: 26.5p (32.60 cents) per share), an increase of 4%. Subject to approval at the Annual General Meeting, the final dividend will be paid on 21 December 2021 to shareholders on the register as at 26 November 2021, with a corresponding ex-Dividend date of 25 November 2021.

Outlook

The successful completion of the acquisition of Sentry Data Systems following the end of the year marks a transformational point in our journey, considerably expanding our customer base, data sets, product offering and market presence. Together, we will offer healthcare organisations innovative new ways to measurably improve operational and financial performance to generate sustainable margins that they can re-invest to provide better care for those underserved communities.

With a strong balance sheet, high levels of recurring revenues, high customer retention rates and visible revenue in the next three years of $471.2m, we have a strong financial foundation from which to accelerate growth and investment to fulfil our potential, thereby increasing future shareholder value.

We have enjoyed early sales momentum across the now enlarged Group and with our expanded opportunity we look to the future with considerable excitement and confidence as we work with the Sentry team to transform the business of US healthcare.

Keith Neilson
Chief Executive Officer
20 September 2021

Craig Preston
Chief Financial Officer
20 September 2021

Key Performance Indicators and Principal Risks and Uncertainties

The key performance indicators listed below are focused on growing our revenues and improving our revenue mix as well as improving earnings growth for our shareholders and generating sustainable cashflows. Detailed explanation of the movements is contained in the Financial Review on pages 8 to 12.

Key Performance Indicator Review

Revenue Growth	2021	2020
Revenue	**$75.6m**	$71.5m
Growth	**6%**	0%

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	2021	2020
Three Year Revenue Visibility	**$471.2m**	$196.2m

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 to 30 June 2024. Full details of how this is calculated are detailed in the financial review section of the Strategic Report. The KPI for 2021 includes the visible revenue for Sentry from 13 July 2021 following its acquisition by the Group as detailed in Note 25.

Adjusted EBITDA Growth	2021	2020
Adjusted EBITDA	**$27.1m**	$25.2m
Growth	**8%**	5%

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	2021	2020
Adjusted EPS	**69.0 cents**	65.4 cents
Growth	**6%**	3%

Adjusted EPS growth demonstrates the Group's overall profitability, adjusted for exceptional items, 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	2021	2020
Total Sales	**$78.1m**	$65.4m

Total Sales represents to 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 year on 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	2021	2020
Total Cash	**$235.6m**	$47.9m
Operating Cash	**$48.3m**	$47.9m

The Group continues to convert very high levels of the Adjusted EBITDA reported in the year into operating cash flows which, having returned $9.7m to shareholders by dividend during the year and raised $187.3m via share placing, has resulted in cash balances of $235.6m at 30 June 2021. Operating cash of $48.3m at 30 June 2021 excludes the funds raised via the share placing. Overall operating cash conversion, at 99% for the year ended 30 June 2021, is above the prior year of 92%.

Risk Management, 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 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.

Risk Management

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 been at the forefront of the risk management process during the year and in the prior financial year. 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 has put in place mitigation wherever possible; further details are provided in the section below.

The Operations Board is chaired by the Chief Executive Officer and also comprises the Chief Financial Officer and five further members of the Senior Management Team. The risk review is exercised through the monthly management reports and Operations Board meetings and, due to the importance of this topic, there is a sub-committee of the Operations Board (the Governance Committee, chaired by the Chief Financial Officer) to ensure there is specific focus on risk review and risk management. The purpose of the Governance Committee is to function as a sub-committee of the Operations Board focused on Corporate Governance responsibilities and risk management.

The Group's risk and compliance function was expanded during the year. 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 Governance 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 of future strategy around this key business area. In addition, the Group has a Health & Safety Committee which is also under the supervision of the Governance Committee.

During the year ended 30 June 2021, as was the case during the prior financial year, the Governance Committee (chaired by the Chief Financial Officer and joined by the CEO), had the responsibility of being the COVID-19 response Committee.

The Corporate Governance Report on pages 39 to 47 includes an overview of the Group's internal control systems.

Risk Appetite

The Group's risk appetite is reflected in the way it assesses, scores, ranks and then manages individual risks. For each identified risk it is characterised, estimated how often the specified events could occur and a judgement is made regarding the magnitude of their likely consequences. For each identified risk, the risk management priorities are decided by evaluating and comparing the level of risk. This allows each risk to be quantified as to the:

- effect of the risk and its impact;
- likelihood of the risk occurring;
- consideration of any advantage associated with the risk;
- action to avoid or mitigate the risk;
- action to take if the risk occurs.

Principal Risks and Uncertainties

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. For each risk an indication is also provided for the estimated trend in the risk exposure being increased, decreased or relatively unchanged compared to the prior year.

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 39 to 47.

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. The acquisition of Sentry both presents the Group with increased opportunities as well as changes in the risk dynamics which have to be carefully assessed and monitored in the year ahead.

COVID-19

The Strategic Report on pages 5 to 12 acknowledges the impact COVID-19 has on our customers and their operations. It also details the financial and operational impact on Craneware. Whilst as a business Craneware continues to be relatively insulated from the direct impacts of the pandemic, our customers are on the front-line. 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.

Since mid-March 2020 all of Craneware's office-based staff have been working remotely from home in line with Government guidelines. This approach 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 Governance Committee continued to have responsibility for being the COVID-19 response Committee throughout the financial year ended 30 June 2021, 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 facilitate regular 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 time for questions and answers to allow any concerns and queries to be addressed. All new updates are conducted as and when significant changes occur. A dedicated section on the Group's intranet continues to be maintained with up to date information and the five stages of COVID-19 indicator.

Operational efforts have been designed with employee safety as a priority. While all office-based employees continued to work from home in the financial year, various programmes were provided to ensure their safety and wellbeing, including an increased emphasis on mental health awareness and the training of mental health first aiders within the organisation.

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

Climate Change

Climate change has both immediate effects and progressive, long-term effects on the risk profile of all businesses. In the short-term there is an increasing frequency of extreme weather events (wind/rain/flood); this may lead to significant changes in certain costs, including but not limited to taxation e.g. on emissions.

The nature of Craneware's operations, i.e. not manufacturing or transporting goods, means its environmental impact is relatively low compared with other sectors and our overall risk from climate change is assessed as low. However, all businesses, including Craneware, must recognise the importance of responding appropriately and reducing their contribution to global climate change.

In regard to specific risks to Craneware; existing resilience plans include mitigation strategies for extreme weather events; energy costs are a small proportion of its costs and likely regulatory interventions are seen as manageable; and COVID-19 has clearly demonstrated our ability to work together using video conferencing, thereby reducing our travel requirements. The Group also remains cognisant of the significant reputational risk if it does not continue to respond appropriately to global climate change.

Data and cyber security	**Trend since last year: Increased**

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.

It is important to continually reinforce the level of awareness of these risks across all Company personnel. While it's important to have up to date policies and procedures in place, human error and increasing sophistication of the potential attackers will always pose a risk to organisations.

Mitigating 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 with multiple layers of defences, 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. 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 to be completed by all employees on at least an annual basis and continues to develop and invest in additional training. The effectiveness of this training is regularly tested and where any shortcomings are identified employees are required to reperform and supplement their mandatory 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.

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

Intellectual Property Risk	**Trend since last year: No change**

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.

Mitigating 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. 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: Complexity, Evolution and Reform	**Trend since last year: No change**

Issue: The US healthcare industry, already a complex and highly regulated environment, 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.

Mitigating 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 24, keep the Group at the forefront of industry developments.

Regulatory Environment	**Trend since last year: Increased**

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. This risk is also driven by new state-level data privacy legislation which is coming into play on a rolling basis across the US, in addition to existing GDPR and HIPAA regulations. The Group operates in both the UK and the US and is therefore exposed to the changes in the political and economic environments of both jurisdictions.

Mitigating Actions: The Group has a Governance 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 the 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	**Trend since last year: No change**

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

Mitigating Actions: The Group has experienced Board members and senior management in both countries. The Group's operations were, until July 2021, evenly balanced between the two, contributing positively to both economies. Since the completion of the acquisition of Sentry in July, the Group now has a larger presence in the US. 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 multi-jurisdictional 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 and Customer Consolidation	Trend since last year: No change

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.

Mitigating 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	Trend since last year: No change

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

Mitigating 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	Trend since last year: No change

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.

Mitigating Actions: The Group and Board members individually have relevant experience in regard 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 integration of the Sentry business, following its acquisition by Craneware in July 2021, is being managed on a phased basis, using established change management controls and strong leadership support across the organisation.

Emerging Risks

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 2021.

Considerations that impact this assessment include the Group's current financial position, including the addition of the bank facility and other 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 continuing impact of COVID-19 on viability. The impact continues to be largely a lengthening of sales cycles including renewals and associated upsell and cross sell, as well as, the slowing of cash collection from certain individual customers.

In addition, the Directors assessed the current banking facilities and the Group's ability to satisfy the terms and covenants of newly added loan agreements, effective from July 2021.

The Directors also considered several 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 earlier in the Strategic Report), 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 scenarios considered by the Directors in making this assessment, including a scenario which envisages no revenue growth. The Directors confirm that through making sensible changes to the discretionary cash requirements, they have a reasonable expectation that the Group will be able to withstand the impact of this adverse scenario, should this occur during 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 2021. 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

This statement intends to set out how the Directors, both individually and collectively, have had regard to the following factors when undertaking their duties during the year ended 30 June 2021.

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.

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 (1) statement in the following pages:

Section 172 (1) Factor	Examples	Further information on page(s)
Likely consequences of any decision in the long term	• Craneware's aim, driven by its purpose, of generating long term value for its stakeholders through its business model and strategy	5 to 17
Interests of the Company's employees	• Employee engagement and communication • Employee wellness programmes • Craneware Spaces	22 to 24, 27 and 28
Fostering business relationships with suppliers, customers and others	• Stakeholder engagement activities	24 to 26, 36 and 37
Impact of operations on the community and the environment	• Craneware Cares initiatives • Consideration of Environmental, Social and Governance matters	23, 25 and 26, 27 to 29, 36
Maintaining a reputation for high standards of business conduct	• The promotion of responsible business operations underpinned by Craneware's Framework, purpose and values	37 and 39 to 47
Acting fairly as between members of the company	• Shareholder engagement	25, 37, 43 and 44

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.

Our key stakeholders have an important role to play in the successful operation of our business and our Directors are fully aware of their responsibilities to the Company's stakeholders under Section 172 (1) and take their responsibilities seriously. The Directors have oversight of stakeholder matters and the Board factors the needs and concerns of the Company's stakeholders into its discussions and decisions in accordance with section172 (1).

These responsibilities are embedded in our culture, our values and our purpose. Our purpose, business model, strategy and Board operations are focused on delivering long-term benefits for all of our stakeholders while maintaining a high standard of ethical business conduct. 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, but it is important to ensure they are all treated consistently and fairly. By considering the Group's purpose 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.

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 22 to 26.

The following table summarises some of the significant decisions made by the Board during the year ended 30 June 2021 which demonstrate the way in which the Board has exercised their section 172 (1) duty and the stakeholder group(s) impacted by these decisions.

Principal decisions / events	Actions and impact	Key Stakeholder group(s) affected
COVID-19 response	Whilst as a business Craneware continues to be relatively insulated from the direct impacts of the COVID-19 pandemic, our customers have and continue to be on the front-line. Supporting our customers and the phenomenal work their teams continue to provide has been, and will continue to be, Craneware's top priority through these times. 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. Details of one initiative during this year, Trisus Pricing Transparency, is outlined below. Further details of actions in response to the COVID-19 pandemic are on pages 14 and 15. 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. In 2020, 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. Throughout 2021 all office-based employees continued to work from home and the safety and wellbeing of colleagues was, and remains, a constant significant focus for the Board and the senior management team. The Governance Committee chaired by the Chief Financial Officer and joined by the Chief Executive Officer, was given the responsibility, from 2020, of being the COVID-19 response Committee. Regular updates continue to be provided from the Committee to the Board of Directors of the Company. 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 continues to be maintained by the Committee with up to date information. The Directors maintained an ongoing dialogue with shareholders throughout the period. The Trading Update published on 8 July 2020 and then the Annual Report 2020 included an explanation of the impact, as assessed by the Board at that time, of the pandemic on the Group. This assessment was updated again in the trading update published on 20 January 2021 and in the interim report for the half year to 31 December 2020. During the year ended 30 June 2021 (as was the case in the prior financial year), notwithstanding the challenges of the COVID-19 pandemic, the Group 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
Trisus Pricing Transparency (TPT): a free-to-use application	In October 2020, Craneware announced the availability of Trisus Pricing Transparency ('TPT') to all US healthcare providers. This no cost Trisus solution was developed to enable organisations not only to meet CMS Pricing Transparency Final Rule requirements, which came into effect in January 2021, but ensure that organisations' pricing data is most accurately represented for patients on an ongoing basis on the new Craneware Patient portal allowing individuals to 'shop' for their healthcare needs. TPT identifies a hospital provider's top 300 'shoppable services' being the bundles of care most frequently delivered to patients and recommends which services to publish across a variety of payors, meeting and going beyond the needs of the regulation. These insights allow hospitals to make valuable business decisions, inform the overall pricing strategy of the hospital, monitor patient search behaviour, and rebalance pricing strategies to ensure compliance and market competitiveness while addressing the pressing problem of transparency of cost for potential patients.	Customers

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

Principal decisions / events	Actions and impact	Key Stakeholder group(s) affected
Dividend Policy (interim dividend paid and proposed final dividend for year ended 30 June 2021)	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. Craneware reported positive financial results for the half year to 31 December 2020 and continued to maintain healthy cash reserves, despite the macroeconomic uncertainties created by the COVID-19 pandemic. The Board approved the payment of an increased interim dividend in April 2021 of 12p (16.68 cents) per share (FY20: interim dividend of 11.5p per share). Based on the financial position, the cash reserves of the Group, and the covenants applicable to the new debt facility, it is the intention of the Board to pay a final dividend for the year ended 30 June 2021. As explained on page 12, the Directors are recommending the payment of a final dividend of 15.5p (21.47 cents) per share based on the results for 2021. Subject to approval at the Annual General Meeting, the final dividend will be paid on 21 December 2021 to shareholders on the register as at 26 November 2021. In reaching these dividend policy decisions, the Board had regard to the need to act fairly between its shareholders, its lenders and the long-term interests of the business.	Shareholders
Share Placing	Aborted share placing (August 2020) 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 that time.	Shareholders
	Share placing completed (June 2021) In June 2021, the Company completed a share placing which resulted in the allotment of 6,192,652 new Ordinary Shares at an issue price of £22.00 ($31.05) per share, representing approximately 23.1% of the issued share capital prior to the placing. The new Ordinary Shares rank pari passu in all respects with the existing Ordinary Shares of the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of issue, including the final dividend declared in respect of the year ended 30 June 2021. The purpose of the share placing was to obtain net proceeds to part fund the acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc.. Further details are included in Note 18 to the financial statements. The Placing was conducted through an accelerated bookbuild process and it was effected by way of a cash box structure. This Placing structure was chosen as the Company was required to reduce the execution risk in respect of the acquisition or it would have been unable to participate in the acquisition process. Whilst the Placing was not carried out on a fully pre-emptive basis, Craneware consulted with a number of its major shareholders prior to the Placing and has respected the principles of pre-emption through the allocation process. The Company was pleased by the support it received from both existing and new shareholders.	Shareholders

Principal decisions / events	Actions and impact	Key Stakeholder group(s) affected
Acquisition	On 7 June 2021 the Board announced the proposed acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc. ("Sentry"). The acquisition was completed on 12 July 2021. The aggregate consideration for the acquisition of Sentry (on a cash free / debt free basis) was $400m. The consideration for the acquisition was satisfied as to $312.5m (as adjusted) in cash and as to $87.5m by the issuance, on 14 July 2021, of 2,507,348 new ordinary shares in Craneware plc. The cash consideration was funded from a combination of: the Group's existing cash resources; from a new secured debt facility; and the $187.3m net proceeds of the share placing which completed in June 2021. Further details regarding the acquisition are contained in Note 25 to the financial statements. The Board of Directors believe that this acquisition is both strategically and financially compelling. Sentry's focus on the hospital link to community pharmacies adds breadth and depth to our healthcare data, providing extra insight into margin improvement opportunities within hospital operations and pharmacy costs in particular. As the second largest cost centre for hospitals after the workforce, this is an important area of focus for hospital management teams, as they seek to deliver greater value in healthcare. The successful conclusion of the acquisition of Sentry marks a transformational point in Craneware's journey, considerably expanding our customer base, data sets, product offering and market presence. Together, we will offer healthcare organisations innovative new ways to measurably impact operational and financial performance and generate sustainable margins that can be re-invested in providing better care for those who are in need. Following the acquisition, Craneware now serves approximately 40 percent of US hospitals and more than 10,000 clinics and retail pharmacies across all the major pharmacy brands as well as local community pharmacies and clinics. With the quality and breadth of the combined data sets from both companies, Craneware will deliver far-reaching actionable insights for better operational and strategic decisions, enabling further efficiencies in provider performance so Craneware's customers can focus on serving their communities and healthcare missions.	Customers Shareholders Employees

On behalf of the Board

Craig Preston
Chief Financial Officer
20 September 2021

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 principal decisions and events including the response to the COVID-19 pandemic and the acquisition of Sentry Data Systems, Inc. ("Sentry"), as outlined in the Section 172 (1) Statement. 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 18.

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.

Employee engagement initiatives have been further developed in the year ended 30 June 2021 using appropriate arrangements while the whole team worked from home during the year due to the COVID-19 pandemic.

We aim to continue to further enhance employee engagement on an ongoing basis, appropriate to the development and expansion of the team.

How we engage

Employee engagement surveys: We now conduct quarterly employee surveys which are hosted by an external survey vendor. Each 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 nature and format of the questions for this year's survey were considered in conjunction with the Employee Advisory Committee.

Employee Advisory Committee (EAC): We launched our EAC during last 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 was established and continues to operate, 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.

During the year, the EAC has supported several initiatives including: development of information regarding career ladders; updates to the format of employee engagement surveys; consulting on proposed working arrangements when offices re-open; and hosting online informal forums for employees to connect around the time of our all-employee meetings.

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. The format for this meeting in July 2020 (and again in July 2021) was a virtual event and positive feedback has been received from employees regarding the format and content of the meeting.

In the year ended 30 June 2021 we decided to bring all employees together again with a mid-year all employee virtual meeting. This provided, amongst other information, an update for employees on progress with the strategic themes.

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 has also played an important role during the COVID-19 pandemic as the host of the COVID-19 Information Hub (explained further below). We also use Microsoft Teams channels to communicate general reminders on a group-wide basis for topics including wellness and benefits.

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.

Craneware Spaces: Towards the end of the prior financial year, we launched a new initiative called Craneware Spaces which are hosted sessions creating safe space

EMPLOYEES

How we engage (continued)

for conversation and community on the topic of racism, diversity, and inclusion. The sessions are led by and involve employees and guest speakers. There has been an extensive programme of Craneware Spaces sessions provided during the year ended 30 June 2021 involving guest speakers, contributors and employees. In addition, a section of the intranet has been developed to host links to articles, broadcasts and information regarding diversity and inclusion as well as supporting information from the Craneware Spaces listening sessions.

COVID-19 response: Appropriate adaptations were made to employee engagement mechanisms, including employee communications, policies and wellness initiatives, during the year ended 30 June 2020, and continued through the year ended 30 June 2021, with the ongoing 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 in 2020 by the COVID-19 Response Committee, the COVID-19 Information Hub on the Group's intranet continued to provide a one stop shop for employees to access latest information. In addition, a 30 minute COVID Q&A is hosted on a regular basis in order for employees to ask live questions of the COVID-19 response 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 also 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.

In addition, an initiative has been established across the organisation by providing education, support and collaboration in regard to day-to-day management challenges, bridging the gap between on-the-job manager activities and leadership. As an optional program, it offers a series of topics with sessions lead by managers for managers, offering the participants the forum to discuss and share management challenges and successes. This drives a supportive manager network and culture where ideas, opportunities and best practices can be shared.

Onboarding: We have a comprehensive onboarding 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.

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 operate 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 granted under these two share option plans in the year ended 30 June 2021 and in the prior year, as summarised in Note 8 to the financial statements. There has been a good level of participation in the plans, in terms of the numbers of employees who chose to join.

Wellness: We have enhanced our employee wellness programmes again during the financial year and increased the programme content in respect of mental wellness topics. Employees have volunteered to be Wellness Ambassadors to provide wellness information on the Group's intranet and support employee wellness events. During the year members of the team became Mental Health First Aiders, being non-judgemental points of contact and reassurance to anyone experiencing a mental health issue or a mental health crisis.

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.

Stakeholder Engagement [Cont'd]

How this was considered in Board discussions and decision making

The results and anonymised feedback received from the employee engagement surveys 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 grants of share options under the all employee SAYE (UK) and ESPP (US) share option plans in the years ended 30 June 2020 and 2021, as summarised in Note 8 to the financial statements and as outlined in the Remuneration Committee's Report.

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

CUSTOMERS

Craneware prioritises customer engagement as a critical component to our long-term partnership success. We recognise the importance of, and are fully committed to, engaging with our customers in meaningful, two-way conversations. We continually enhance our customers' experience through several targeted initiatives that support our award-winning customer success efforts during implementation, professional services engagements, and 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 and informs Craneware of guidance on issues of strategic importance related to our applications and services. In addition to scheduled meetings, ongoing Craneware Advisory Council member feedback is collected through surveys, mastermind sessions, and thought leadership projects. We were delighted to welcome more participants into this forum in the year ended 30 June 2021.

Craneware Performance Summit: This event is a broader opportunity to engage customers, providing users of Craneware applications and services with educational and networking opportunities. The Financial Performance Summit had to be delivered as a virtual event in October 2020. All current customers are invited to attend this event and, for the first time at a Craneware Financial Performance Summit, healthcare providers who are not customers could attend the event in October 2020. It had nearly 1,000 registrants and Craneware received positive feedback from participants regarding the content and delivery of the four-day virtual event. This event will be held virtually again in October 2021.

Educational webinars: Craneware regularly offers complimentary live webinars providing training and thought leadership across our solutions. Webinars cover educational topics including billing, coding and regulatory changes which impact hospitals' revenues and costs. These webinars were integral to Craneware's response to the COVID-19 pandemic during the past 18 months. In the early months of the 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. This has allowed customers to enjoy access to Craneware Academy developing materials specific to their needs and the use of our solutions. Craneware Academy also provides a high standard of healthcare financial industry training to support ongoing education. 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 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.

The Craneware Value Cycle Excellence Awards: These awards recognise outstanding customer adopters of Craneware solutions who are driving value cycle excellence by optimising every opportunity to achieve the best outcome for the best cost.

KLAS results: Craneware is continually recognised by its customers in the annual 'Best In KLAS' report. This is a recognition awarded to vendors whose solutions help healthcare providers deliver better patient care. Craneware has consistently been a leader in the Revenue Cycle – Chargemaster Management category since its inception 15 years ago

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

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 usually invited to attend the Annual General Meeting ('AGM') of the Company and are encouraged to take the opportunity to ask questions to the Directors. However, due to the COVID-19 pandemic and Government guidance at the time, the AGM held in November 2020 was convened as a closed meeting with only the required quorum of shareholders present in person to conduct the formal business of the AGM. Therefore, shareholders and /or their proxies were not permitted to attend the AGM in person in 2020. Shareholders who wished to vote on any of the resolutions proposed for the AGM were encouraged to submit their votes in advance by proxy. The proxy voting, for the resolutions proposed for the AGM, could 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 one of the resolutions proposed at the AGM in November 2020 (further information is provided on page 44).

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.

Share Placing (in June 2021): The Section 172 (1) Statement outlines this process including the explanation that the Placing was conducted through an accelerated bookbuild process and it was effected by way of a cash box structure. Craneware consulted with a number of its major shareholders prior to the Placing and has respected the principles of pre-emption through the allocation process. The Company was pleased by the support it received from both existing and new shareholders.

Investor conferences: The CEO and / or the CFO regularly attend (which through the pandemic has been virtual attendance) 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, as outlined above, different arrangements had to be made for the AGM in November 2020, due to the 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.

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 charities 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 focus charities supported in the year, Craneware Cares also supported a number of employees' personal charity efforts and celebrated global charity initiatives. Craneware Cares and the Craneware Cares Foundation are a central part of life at Craneware. 'Better Outcomes for All' is not just a tagline, it is how we approach our charitable giving and corporate responsibility. So even though we remained fully remote through this year Craneware Cares still managed to help a total of 41 different charities across the UK and US. Craneware Cares helped causes big and small, with not just monetary donations but also with items including household supplies, school supplies, holiday gifts, and chocolate Easter eggs. The Cares team created a Craneware Cares cookbook and sold it on Amazon with proceeds being donated to charities through the Craneware Cares Foundation.

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.

Stakeholder Engagement [Cont'd]

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. The procedures for review and monitoring of our vendor contracts aim to ensure that fair and reasonable contract terms are in place with suppliers.

Where external vendors are engaged to support the business in a capacity involving sensitive or controlled data sets, members of Craneware's Security Council conduct Vendor Secure Assessment Questionnaires to validate the vendors existing security measures. The Company has also implemented a standard Business Associate Agreement. This agreement establishes clear expectations and requirements on how data will be handled, along with required background checks and training for employees.

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.

The Board is given updates from management, as appropriate, regarding the Group's relationships with its material suppliers, including with respect to any material risks, performance issues or potential future changes.

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, with the health and environmental benefits this brings, 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 virtual meetings, hybrid working practises 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 2021 is on pages 28 and 36 in accordance with the Streamlined Energy and Carbon Reporting (SECR) regulations.

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.

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.' This purpose drives our strategy and defines our "why".

We aim to operate in a way that allows us to meet the needs of our stakeholders and have a positive impact on the communities in which we operate and the wider society. Craneware has developed many initiatives over the past several years which contribute to its sustainability credentials. We continue to develop a number of programs and opportunities to positively impact the community around us. However, we recognise that sustainability is a constantly evolving issue and that organisations must continually strive to do more.

As an office-based operator using leased facilities, our environmental impact is comparatively low, this does not in any way relieve us of the obligation to minimise the environmental impact of our business. We all have a collective responsibility within society to help contribute towards efforts to address one of the greatest challenges facing society; climate change and our efforts in this area are summarised below.

Our Community

Craneware now serves approximately 40 percent of US hospitals and more than 10,000 clinics and retail pharmacies. Our products help deliver value for our customers through the delivery of accurate financial data, insight and analytics. We support their financial stability and long-term sustainability so they can focus and prioritise patient care. Supporting our customers and the vital work their teams provide has been, and will continue to be, a top priority.

Looking ahead: positive impact on Society following our Sentry Data Systems, Inc. ("Sentry") acquisition:

The 340B Drug Pricing Program

The 340B Drug Pricing Program ('340B Program') requires drug manufacturers to provide considerable discounts on outpatient drugs in order to have their drugs covered by Medicaid.

Health Resources and Services Administration (HRSA) (of the US Department of Health and Human Services) administers the 340B Program. HRSA describes the 340B Program as enabling 'covered entities to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.'*

Eligible healthcare organisations for the 340B Program include children's hospitals, Medicare / Medicaid Disproportionate Share Hospitals, State AIDS Drug Assistance programs, HRSA-supported health centres.

Sentry's solutions are directly involved in the 340B Program, assisting eligible healthcare organisations with regulatory compliance and pharmacy procurement and utilisation, thereby enabling them to generate cost savings which go directly to the provision of more care for the underserved in their communities.

** Source: www.hrsa.gov/opa/index.html*

Craneware Cares

Craneware Cares and the Craneware Cares Foundation, driven by our employees, are a central part of life at Craneware, it is how we approach our charitable giving and corporate responsibility. It has been in operation for several years and over this time has expanded its scope and scale of its activities. Even though we were mostly working from home through this year, Craneware Cares still managed to help a total of 41 different charities across the UK and US, including our 8 Spotlight Charities:

- Saheliya (UK) and Black Women's Health Imperative (US)
- LOVE Gorgie Farm (UK) and Michele's Rescue (US)
- MS Therapy Centre Lothian (UK) and MyGroundStrokes (US)
- CERT UK (UK) and Guardian Angels Suitcases 4 Kids (US)

Alongside these charities, Craneware Cares continues to support ad-hoc fundraising and charity work. For example, running opportunities for employees to gift either presents for local disadvantaged children or contribute to a charity supporting vulnerable communities during the continuing pandemic as well as supporting a number of individual employees' fundraising and requests for charity contributions.

One key company-wide fundraising project was the creation of a Craneware Charity Cookbook. Many Craneware employees donated recipes and each quarter profits from sales of the cookbook are given to the Spotlight Charity.

In the financial year ended 30 June 2021, Craneware has contributed a total amount of $45,368 to UK and US charities across all of our fundraising campaigns and employee-led donations.

The fundraising activities of Craneware Cares are supplemented by our Volunteer Time Off programme where Craneware employees take paid leave to support projects and charities in their communities.

Our People

People are at the heart of every connection we build, whether it be with our customers or our people. We recognise the value of all our employees and that the success of Craneware is due to their efforts.

We have a talented mix of employees from diverse backgrounds, which brings a high level of innovation and collaboration. At the end of the financial year, our team comprised 39% female and 61% male employees. At Operations Board plus vice president level, the composition is approximately 35% female and 65% male. The average base salary for female employees compared to male employees is approximately 1.14: 1.

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.

Communication and engagement

An inclusive working environment and a culture of openness are maintained by the regular dissemination of information. Our Employee Advisory Committee ('EAC') comprises a diverse panel of employees whose mission is to enable a high contribution culture where employees feel empowered, valued, achieve personal development and contribute effectively.

Further details about the activities of the EAC are contained in the Stakeholder Engagement section on page 22.

Craneware Wellness

The Craneware Wellness programme is designed to encourage and support a healthy lifestyle for our employees by connecting one another, providing educational tools and resources and having fun with challenges and events. This year we have again enhanced our employee wellness programmes increasing the programme content in respect of mental wellness topics. During the year members of the team became Mental Health First Aiders, being non-judgemental points of contact and reassurance to anyone experiencing a mental health issue or a mental health crisis.

Craneware Spaces

We launched a new initiative "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. The team is creating a culture where every voice and every perspective matters. Within our Spaces events we have partnered with not for profit organisations such as Girl Geek and Stonewall in Scotland to educate our managers and support us in an objective review of our people policies and practices to ensure we follow best practices in facilitating an inclusive work environment, and ensuring we attract diverse talent into the Craneware Group.

Recruitment

Craneware wishes to attract and retain the best people. Our Talent Acquisition team is responsible for identifying, acquiring, assessing and onboarding new joiners. We promote our opportunities, internally and externally, through our applicant tracking system and careers portal and applications are reviewed by our experienced team. Our Talent Acquisition team have completed unconscious bias training, enabling them to present an inclusive shortlist of suitable candidates to our hiring managers. We offer candidates a structured selection process and use a competency based framework to interview candidates against to ensure consistency and fairness.

Many of our employees are sourced via our Employee Referral Programme. This programme encourages our team to introduce talented professionals to Craneware and build our brand within the local business community.

Learning and development

We endeavour to provide an environment and facilities for all employees to develop their skill sets. An overview of Craneware's learning and development programmes and our learning management system is provided in the Stakeholder Engagement section on pages 22 to 24. Our employees are encouraged to maintain a personal development plan, linked to an employee's role and goals, as part of the contribution management process.

Reward

A fair remuneration policy is adopted throughout Craneware. We value the health and well-being of our employees and their families. We offer a comprehensive benefits package to our employees including medical insurance, life assurance, pension plan, work-life balance benefits.

In order to provide a wider population of employees with an opportunity to become Craneware shareholders, which promotes alignment to shareholder interests and aids recruitment and retention, we operate a Save As You Earn ('SAYE') share option plan for UK employees and an Employee Stock Purchase Plan ('ESPP') for US employees. These share option plans were launched in the financial year ended 30 June 2020 with a further grant of share options under these share option plans in 2021.

Our Environment

Craneware aims to minimise any environmental impacts of its business activities. Sustainable business practices will play an increasingly important part of our ability to grow and continue to be successful. As a software company, in the UK we are primarily an office-based operator using leased facilities (more recently home working) and in the US we operate a very small office footprint with the vast majority of our employees home working. As a result of what we do, we are not involved in any energy-intensive processes or generate significant waste. Whilst our environmental impact is relatively low compared with other sectors, this does not reduce our commitment to reducing our environmental impact.

The COVID-19 pandemic brought with it a number of operational changes, including many that reduced our environmental impact. These included our physical offices being closed to all except a handful of essential employees and a significant reduction in business travel, especially trans-Atlantic flights. We are developing new Group-wide strategies to build on what has been achieved so far, including a new, more flexible hybrid model of working which will enable employees to work from home more of the time, thereby reducing the impact of commuting upon the environment, (amongst many other benefits related to remote working) and further increasing our use of video conferencing to sustain a reduction in business travel. Where travel is necessary within the US, we have mandated that it be booked via a travel portal, which enables a data review, as we begin our journey to more sustainable travel practices.

We do not provide company vehicles to employees or Directors or operate any form of vehicle fleet and offer our UK employees a cycle to work scheme to promote healthy living practises and further reducing pollution from daily commuting. We engage in recycling programmes, wherever possible, within the parameters of building management for our offices.

We are only at the start of our journey to measure and improve our impact on the environment, but we are committed to making continuous improvements.

The Group is required to report its energy use and impact under the Streamlined Energy and Carbon Reporting (SECR) regulations. The data is in respect of the UK energy usage by the Company in the year ended 30 June 2021, with comparisons for the prior financial year. Energy usage by subsidiaries which are not in the UK are outside the scope of this report and therefore are excluded from the figures below.

	2021	2020
UK energy use (kWh):		
Electricity	**87,373**	96,455
Gross emissions in metric tonnes of carbon dioxide equivalent (CO_2e):		
Electricity proportionality and alignment to culture	**18.55**	22.0

Emissions were calculated from using electricity billing information for our UK properties and the UK government's 2021 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 CO_2e per UK employee.

	2021	2020
Intensity ratio in tonnes of CO_2e per UK employee:	**0.10**	0.13

Governance

Recognising the importance of corporate governance matters, Craneware (an AIM quoted company) has selected the UK Corporate Governance Code 2018 as its corporate governance framework although this Code has been drafted in the context of larger, main-market listed companies, our Corporate Governance Report is set out on pages 39 to 47.

Our purpose, business model, strategy and Board operations are focused on delivering long-term benefits for all of our stakeholders while maintaining a high standard of ethical business conduct. These responsibilities are embedded in our culture, our values and our purpose. We are committed to conducting our business with honesty and integrity and it is expected that these high standards be maintained throughout the organisation.

Our Business Ethics Policy is a mandatory policy for all employees and for any contractors and consultants engaged by us. The Policy includes and explains the process and arrangements for reporting any ethics violations.

In accordance with The Modern Slavery Act we publish our annual slavery and human trafficking statement. The latest statement can be found on the Craneware 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.

As a UK company, we are 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.

Whistleblowing Policy

One element of providing a supportive and open culture within the organisation, is our Whistleblowing Policy and associated annual awareness 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. Craneware's Board of Directors has provision to review these arrangements and any reports arising from their operation.

Information security, data security and data protection

Since Craneware's inception, the healthcare landscape has evolved and created new data security challenges for US hospitals and health systems. We have evolved alongside our customers to meet these challenges. With presence in UK and US, and as part of the Healthcare industry, Craneware has substantial obligations and interest in data protection and ensuring access security. Key legislation includes HIPAA (US) and Data Privacy (US and UK), which has specificity on protecting patient data and personal data.

We require and compel adherence with all applicable laws and regulations regarding data privacy and security. In view of the importance of the procedures, security, regulation and controls around our solutions and customer data, during the financial year ended 30 June 2020, Craneware achieved HITRUST CSF Certification for 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 is considered to be a gold standard for security frameworks within the healthcare industry.

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). As we move forward, we will also be embracing HITRUST standards to help us align with new data privacy legislation.

Receiving HITRUST CSF Certification was a significant acknowledgement to the steadfastness of our employees, systems and technology in this critical area, and demonstrates to our customers we will remain vigilant in keeping their data secure.

Directors, Secretary, Advisors and Subsidiaries

Directors

Will Whitehorn (non-executive, Chairman)
Keith Neilson
Craig T Preston
Colleen M Blye (Senior independent director)
Russ Rudish (non-executive)
Alistair Erskine (non-executive)
David Kemp (non-executive)

Company Secretary & Registered Office

Craig T Preston
1 Tanfield
Edinburgh
EH3 5DA

Nominated Advisors and Joint Stockbrokers

Peel Hunt LLP
120 London Wall
London
EC2Y 5ET

Registrars

Link Asset Services Ltd
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Financial PR

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London
EC4V 5EQ

Joint Stockbrokers

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60 Threadneedle Street
London
EC2R 8HP

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Solicitors

Pinsent Masons LLP
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

Bryan Cave LLP
One Atlantic Center,
14th Floor
1201 W. Peachtree St. NW.
Atlanta, GA, 30309-3471

Bankers

The Royal Bank of Scotland plc
36 St. Andrew Square
Edinburgh
EH2 2YB

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA
95054

HSBC Bank plc
7 West Nile Street
Glasgow
G1 2RG

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Clydesdale Bank
20 Waterloo Street
Glasgow
G2 6DB

Wells Fargo
500 N Magnolia Avenue
8th Floor
Orlando, FL 32803

Barclays Commercial Bank
Aurora House
120 Bothwell Street
Glasgow
G2 7JT

Subsidiaries and Registered Offices

Craneware US Holdings, Inc.
3340 Peachtree Rd NW,
Suite 850
Atlanta, GA 30326

Craneware, Inc.
3340 Peachtree Rd NW,
Suite 850
Atlanta, GA 30326

Craneware InSight, Inc.
3340 Peachtree Rd NW,
Suite 850
Atlanta, GA 30326

Craneware Healthcare Intelligence , LLC
12570 Perry Highway
Suite 110
Wexford, PA 15090

Kestros Ltd. t/a Craneware Health
1 Tanfield
Edinburgh
EH3 5DA

Board of Directors

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

Will Whitehorn, 61
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 was appointed as Chair of Seraphim Space Investment Trust Plc in June 2021, which floated on the LSE in July 2021. He was a founder shareholder in Purplebricks plc and recently retired as Deputy Chair of Stagecoach Group plc.

Keith Neilson, 52
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. Keith is also proud to be a Patron of the Princes Trust, a charitable organisation that works for the benefit of young people.

Craig T Preston, 50
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.

Board of Directors [Cont'd]

Colleen Blye, 61
Senior independent 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, 69
Non-executive Director
Appointed 28 August 2014

Russ Rudish has more than 40 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 staffing and consulting 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, 51
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, 51
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.

The Directors present herewith their report and the audited consolidated financial statements for the year ended 30 June 2021.

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 growth; visibility of revenue over the next three years; adjusted earnings before interest, tax, depreciation and amortisation; adjusted earnings per share; total sales; and cash generation during the year. The adjusted measures are stated before exceptional costs and share based payments). Detailed information on all matters required is presented in the Strategic Report contained in pages 5 to 21 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	Pages
Appointment and Reappointment of Directors	Directors' Report Corporate Governance Report	34 and 35 40 to 42
Biographical Details of the Directors	Board of Directors	31 and 32
Business Model	Strategic Report	8 to 10
Change of Control	Remuneration Committee's Report	52
Community and Charitable Giving	Directors' Report Stakeholder Engagement Social Responsibility and Sustainability Statement	36 25 27
Corporate Governance Framework	Corporate Governance Report	40 to 47
Directors' Conflicts of Interest	Corporate Governance Report	42
Directors' Remuneration	Remuneration Committee's Report	48 to 56
Diversity, Equality and Inclusion	Directors' Report Corporate Governance Report Stakeholder Engagement	36 and 37 42 22 to 26
Employee Engagement	Directors' Report Corporate Governance Report Stakeholder Engagement	36 and 37 44 22 to 26
Employees with disabilities	Directors' Report	37
Environmental Reporting	Directors' Report	36
Financial Instruments and financial risk management	Note 3 to the consolidated financial statements	73 and 74
Financial Results	Consolidated and Company financial statements and accompanying notes	64 to 99
Future developments and strategic priorities	Strategic Report	5 to 12
Going Concern statement	Directors' Report	34
Independent Auditor	Directors' Report Corporate Governance Report	38 46 and 47
Modern Slavery Statement	Directors' Report	37
Principal Activities	Directors' Report Strategic Report	33 5 to 12
Research and Development	Directors' Report Strategic Report	34 6 and 11
Risk Management	Corporate Governance Report	44 to 47
Section 172 Statement	Strategic Report	18 to 21
Significant Related Party Transactions	Note 23 to the consolidated financial statements	95 and 96
Stakeholder Engagement	Stakeholder Engagement	22 to 26
Strategic Report	Strategic Report	5 to 21
Subsidiary Undertakings	Note 15 to the financial statements	88
Viability Statement	Strategic Report	17

Directors' Report [Cont'd]

Financial Results and Dividends

The Group's revenue for the year was $75.6m (2020: $71.5m) which has generated a profit before tax of $13.2m (2020: $19.3m) after exceptional costs of $6.5m (2020: $nil). The full results for the year, which were approved by the Board of Directors on 20 September 2021, are set out in the accompanying financial statements and the notes thereto.

During the year the Company paid an interim dividend of 12.0p (16.68 cents) per share. The Directors are recommending the payment of a final dividend of 15.5p (21.47 cents) per share giving a total dividend of 27.5p (38.10 cents) per share based on the results for 2021 (2020: 26.5p (32.60 cents)). Subject to approval at the Annual General Meeting, the final dividend will be paid on 21 December 2021 to shareholders on the register as at 26 November 2021.

Dividends per share	
Year	**Dividend (pence)**
FY16	16.5
FY17	20.0
FY18	24.0
FY19	26.0
FY20	26.5
FY21	27.5 (subject to AGM approval)

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.

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 12. 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 $24.7m (2020: $21.6m) of which $10.1m (2020: $9.3m) 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.

Subsequent events

Following the announcement on 7 June 2021, regarding the proposed acquisition of SDS Holdco, Inc. the ultimate holding company of Sentry Data Systems, Inc. ("Sentry"), the acquisition concluded on 12 July 2021. The aggregate consideration for the acquisition of Sentry (on a cash free / debt free basis) was $400m with the consideration also subject to adjustment as against a benchmark level of working capital, all as calculated and agreed or determined in accordance with the terms of the agreement relating to the acquisition. The consideration for the acquisition was satisfied as to $312.5m (as adjusted) in cash and as to $87.5m by the issuance, on 14 July 2021, of 2,507,348 new ordinary shares in Craneware plc. The cash consideration was funded from the Group's existing cash resources, $120m from a new $140m debt facility and the $187.3m net proceeds of the share placing which completed in June 2021. The new debt facility comprises a term and revolving facilities agreement and is secured by a Scots law floating charge granted by the Company, an English law debenture granted by the Company and a New York law security agreement to which the Company and certain of its subsidiaries are parties. The securities granted by the Company and the relevant subsidiaries provide security over all of the assets of the Company and specified assets of the Group. Further details regarding the acquisition are contained in Note 25 to the financial statements.

Going Concern

The Strategic Report on pages 5 to 21 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 8 to 12. The Directors, having made suitable enquiries and analysis of the financial statements, including the consideration of:

- net cash reserves;
- continued cash generation;
- Annuity SaaS business model; and
- the integration of the Sentry Data Systems, Inc. business following its acquisition in July 2021

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 31 and 32. The Directors who served during the financial year ended 30 June 2021 were:

W Whitehorn (Non-executive Chairman)

K Neilson (Chief Executive Officer)

C T Preston (Chief Financial Officer)

C Blye (Senior Independent Director)

R Rudish (Non-executive Director)

A Erskine (Non-executive Director)

D Kemp (Non-executive Director)

R Verni (Non-executive Director): resigned 17 November 2020

R Verni decided not to seek re-election at the Company's Annual General Meeting ('AGM') held in November 2020 and stepped down from the Board following the conclusion of the AGM on 17 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 to stand for re-appointment. Further details regarding the appointment of directors are contained in the Corporate Governance Report on pages 39 to 47.

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 52.

Corporate Governance

The Corporate Governance Report on pages 39 to 47 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 2021 was 33,019,191 Ordinary Shares of 1p each (2020: 26,826,539 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.

The 'subsequent events' section above refers to the issue of 2,507,348 new ordinary shares in Craneware plc after the end of the financial year, on 14 July 2021, as part of the consideration for the acquisition of Sentry. These shares are expected to be immediately distributed by the vendor of Sentry to the underlying equity holders of the vendor of Sentry and will be subject to restrictions (subject to customary exceptions). These restrictions are a twelve month hard lock-up and subsequent twelve month orderly market arrangements in respect of members of Sentry management or a six month hard lock-up and subsequent six month orderly market arrangements in respect of the other underlying equity holders of the vendor of Sentry.

Purchase of own shares

The Company did not purchase any of its own shares in the year ended 30 June 2021 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 17 November 2020 for the Company to purchase up to 2,682,654 Ordinary Shares. A resolution to renew this authority will be proposed at the 2021 Annual General Meeting.

Share capital allotted

In June 2021, the Company completed a share placing which resulted in the allotment of 6,192,652 new Ordinary Shares at an issue price of £22.00 ($31.05) per share, representing approximately 23.1% of the issued share capital prior to the placing. The new Ordinary Shares rank pari passu in all respects with the existing Ordinary Shares of the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of issue, including the final dividend declared in respect of the year ended 30 June 2021. The purpose of the share placing was to obtain net proceeds to part fund the acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc. Further details are included in Note 18 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 2021 the EBT held 348,585 Craneware plc Ordinary Shares (at 30 June 2020: 366,194 Ordinary Shares). The EBT waived its right to dividends in the year ended 30 June 2021. Further details regarding the EBT are contained in Note 18 to the financial statements.

Employee share plans

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.

Directors and their Interests

The interests of the Directors who held office at 30 June 2021 and up to the date of this report in the share capital of the company, were as follows:

	2021 No	2020 No
W Whitehorn	**2,989**	1,171
K Neilson	**3,429,394**	3,418,599
C T Preston	**89,329**	85,927
C Blye	**547**	547
R Rudish	**1,095**	1,095
	3,523,354	3,507,339

Directors' interests in share options are detailed in the Remuneration Committee's Report on pages 55 and 56.

Directors' Report [Cont'd]

Substantial Shareholders

As at 1 September 2021, 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 and 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 Assset Management	**4,611,270**	**12.98**
K Neilson	**3,429,394**	**9.65**
W G Craig	**2,342,756**	**6.59**
Abry Partners	**2,167,721**	**6.10**
Canaccord Genuity Group	**2,144,493**	**6.04**
Sanford DeLand Asset Management	**1,946,984**	**5.48**
Aberdeen Standard Investments	**1,199,379**	**3.38**
Fidelity International	**1,133,100**	**3.19**

Section 172 Statement

The statement, in respect of section 172 (1) of the Companies Act 2006, is on pages 18 to 21.

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 22 to 26.

Corporate Social Responsibility & Environmental Policy

The Group is committed to maintaining a high level of social responsibility as outlined in the Social Responsibility and Sustainability Statement (on pages 27 to 29) section of this Annual Report. 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 rather than in person meetings, remote working 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 2021, the UK energy used by the Company was 87,373 kWh (2020: 96,455 kWh) which resulted in emissions of 18.55 tonnes of carbon dioxide equivalent (2020: 22 tonnes). Emissions were calculated from using electricity billing information for our UK properties and the UK government's 2021 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 CO_2e per UK employee. For the year ended 30 June 2021 the intensity factor per employee was 0.10 (2020: 0.13).

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. Further information about engagement with customers is provided within the Stakeholder Engagement section and Social Responsibility and Sustainability Statement on pages 24 and 27.

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. For 2021, the focus was on a chosen UK and US charitable organisation for each quarter of the financial year, selected based on votes submitted by employees. 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. 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 and Social Responsibility and Sustainability Statement on pages 25 to 27.

Political Donations

Neither the Company nor its subsidiaries made any donation for political purposes in fiscal years 2021 or 2020.

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 and 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 further enhanced its employee wellness programmes during the financial year and this included a series of initiatives focusing on mental health. 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 with a further grant of share options under these share schemes in 2021, as detailed on page 51 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 with involvement in several initiatives during fiscal year 2021. Further details regarding employee engagement are included on pages 22 to 24. 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 during 2020 and throughout 2021.

Quarterly employment engagement surveys are 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 2021 represented, on average 18 days purchases (2020: 17 days) for the Group and 19 days purchases (2020: 14 days) for the Company.

Annual General Meeting

The resolutions to be proposed at the Annual General Meeting ('AGM'), 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 arrangements for the AGM, to be held in November 2021, are outlined in the Notice of AGM. 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.

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 accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing 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;

Directors' Report [Cont'd]

- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, 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.

Independent 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
20 September 2021

Chair's Introduction

On behalf of the Board, I am pleased to present our Corporate Governance Report for the year ended 30 June 2021 in the context of the UK Corporate Governance Code 2018 ('the 2018 Code'), our chosen corporate governance framework.

For the financial year and ongoing, at the time of compiling this report, Craneware is continuing to operate during a global pandemic. Whilst as a business we continue to be relatively insulated from the direct impacts of the pandemic, our customers continue to be on the front-line. Supporting them and the phenomenal work their teams have done has been, and will continue to be, our top priority.

During the year the Board oversaw the Group's progress with the three fundamental pillars of its growth strategy, as explained in my Chairman's Statement and in the Strategic Report. This included the successful fund raise and share placing in June 2021 and the announcement of the strategically important acquisition of Sentry which completed in July 2021. This acquisition resulted in an immediate step change in scale of Craneware's own operations whilst expanding our coverage of the market with Craneware now serving approximately 40% of all US hospitals and more than 10,000 clinics and pharmacies.

In these circumstances, good governance and balancing the needs and expectations of our stakeholders has never been a more important responsibility. We thank our shareholders for their ongoing support and to our other stakeholders, including our employees, during this past year and for the future of the enlarged Craneware Group.

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. The Board's section 172 (1) statement and details of our engagement with stakeholders can be found on pages 18 to 26.

Social responsibility and sustainability

We have summarised within our Social Responsibility and Sustainability Statement, on pages 27 to 29, an overview of current programmes and alignment to sustainability principles.

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 continued to monitor how the purpose, vision, strategy and values align to the Group's culture (page 40 contains further details).

Board composition and evaluation

After 11 years of service to Craneware, Ron Verni decided not to stand for re-election as a Director of the Company at the AGM on 17 November 2020 and he stepped down as a non-executive director (and Senior Independent Director) at the conclusion of that meeting. We would like to thank Ron for his significant contribution to the Board throughout his tenure as a non-executive Director of the Company. Following this, Colleen Blye agreed to take over the role as the Senior Independent Director and the Board reviewed the membership of the Audit and Remuneration Committees, as is explained further in this Report.

With new non-executive Directors, including myself, joining the Board in 2020 it was considered appropriate to conduct a Board evaluation during the year ended 30 June 2021. An overview of the process is provided in this report and I thank my fellow Board members for their participation in this evaluation.

Annual General Meeting ('AGM')

The Board recognises that the AGM is an important event for all shareholders. Unfortunately, due to 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 AGM in November 2020 had to be convened as a closed meeting with only the required quorum of shareholders present in person. The arrangements for the AGM, to be held in November 2021, are outlined in the Notice of AGM.

Following our Annual General Meeting on 17 November 2020, we announced that all resolutions were passed with an over 72% majority, however there was one resolution, resolution 11, that had received a number of votes against. We understand the voting in relation to resolution 11 (re-appointment of PricewaterhouseCoopers LLP as auditors) was specifically in relation to the expectation that a competitive audit tender for the external audit services takes place where the existing auditors have been in role for a period of 10 years or longer, in line with best corporate governance practice. This was fully considered by the Board and resulted in the Audit Committee conducting, on behalf of the Board, a tender for external audit services during the year, as explained on page 46.

The year ahead

The new financial year started with the exciting news, announced on 13 July 2021, of completion of the acquisition of Sentry. I would like to thank the Board, the Craneware and Sentry senior management teams and our advisors, in particular, for the significant time, energy and commitment they have provided in the process to complete this acquisition. It is a great pleasure to welcome the Sentry team to Craneware. The Board is overseeing, within our corporate governance framework, the integration process which is already making good progress. Underpinned by our purpose, to profoundly impact healthcare by improving healthcare providers' operational efficiency and margin, it is clear that there are significant potential positive impacts that the combined team can provide to our stakeholders. This will therefore continue to drive Craneware's purpose, vision, strategy and values to ensure that the culture of the integrated organisation is aligned to enable their achievement.

Will Whitehorn
Chairman
20 September 2021

Corporate Governance Report [Cont'd]

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 2018 (the '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.

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 Board seeks to continue to ensure the overarching objective that the governance of the Company contributes to its long-term sustainable success and achievement of wider objectives. The Board recognises, as stated in the Code, that achieving this depends on the way it applies the spirit of the Principles of the Code. The Company is a smaller company for the purposes of the Code and, as such, certain provisions of the Code either do not apply 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 2021, with the exception of the following areas that the Board believes are not appropriate for a Group 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; 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 shareholding requirements and a post-vesting holding period have been introduced during the year in relation to Long Term Incentive grants for executive Directors and senior management. These new policies are considered to promote long-term shareholdings by executive Directors and senior management that support alignment with long-term shareholder interests although they do not include post-employment shareholding requirements.

Further information regarding the Board's committees is contained in this Corporate Governance Report and the Remuneration Committee's Report is on pages 48 to 56.

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 21. 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 Group'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. 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 includes approval of the Group's strategy, annual budgets and business plans, acquisitions, disposals, business development, annual reports and interim statements, plus any significant financing or funding related matters as well as significant 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

Ronald Verni stepped down as a non-executive Director, and Senior Independent Director, of the Company at the conclusion of the Company's AGM on 17 November 2020. Colleen Blye was then appointed by the Board as the Senior Independent Director, having served on the Board since November 2013.

Therefore, in the period 18 November 2020 to 30 June 2021 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 four further non-executive Directors (each of whom the Board considers to be independent), Colleen Blye (Senior Independent Director), Russ Rudish, Alistair

Erskine and David Kemp. Detailed biographies of all Directors are contained on pages 31 and 32.

A summary of the composition of the Board for different periods during the year ended 30 June 2021 is:

Period	Composition of the Board		
	Chairman (Independent on Appointment)	**Executive Directors**	**Independent Non-executive Directors**
1 July to 17 November 2020	1	2	5
From 18 November 2020	1	2	4

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.

Non-Executive Directors

The Board has appointed Colleen Blye as Senior Independent Director from 18 November 2020; Ronald Verni served in this role prior to that date. In this role, Colleen 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 was enhanced last year with the appointments of three new non-executive directors. 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, completed his eleventh year of service on the Board in the year ended 30 June 2020. As reported last year, the Board in making its assessment of independence noted the significant growth and changes in the Company during this period, this combined with Ronald's conduct led the Board to conclude his length of tenure had not affected his independence. Ronald decided not to seek re-election as a Director of the Company at the AGM in 2020 and therefore stepped down from the Board on 17 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 2021, 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.

The membership of both of the Committees changed during the year:

Corporate Governance Report [Cont'd]

Audit Committee members	Remuneration Committee members
1 July to 17 November 2020 Colleen Blye (Chair) Russ Rudish Ronald Verni	**1 July to 17 November 2020** Ronald Verni (Chair) Colleen Blye Russ Rudish
From 18 November 2020 David Kemp (Chair) Colleen Blye Alistair Erskine	**From 18 November 2020** Russ Rudish (Chair) Colleen Blye Alistair Erskine

Attendance of Directors at scheduled 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	10/10	-	-
R Verni*	5/6	1/1	1/1
C Blye	9/10	2/2	1/2
R Rudish^	10/10	2/2	1/1
A Erskine^	9/10	1/1	1/1
D Kemp^	9/10	-	1/1

*for this director, who stepped down from the Board during the year, the number of meetings attended is with reference to those until their date of resignation.

^the membership of the Committees changed during the year, the number of meetings attended is with reference to those while each non-executive Director was a member of each Committee.

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 Chair then provides a detailed briefing along with the minutes of the meeting following its conclusion.

As detailed in the Directors' Report on page 35, 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 regard 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.

It was explained in last year's annual report that there were three new appointments to the Board in the year ended 30 June 2020. External independent search consultancies were engaged by the Board in respect of the formal process to identify potential candidates for those positions.

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, at the end of the financial year, the team comprised 39% female and 61% male employees. At Operations Board plus vice president level, the composition is approximately 35% female and 65% 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 31 and 32. 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 prior financial year, a new Chair and two new independent non-executive directors were appointed to the Board. Ronald Verni stepped down from the Board at the AGM in November 2020. 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 regard 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 have access to and correspond with the Group's Operations Board on an informal basis. This 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 last year, a Board evaluation process was not conducted during that year. A formal Board evaluation process was conducted in the year ended 30 June 2021. 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 Company Secretary and were reviewed by the Board as a whole. Overall, the Board concluded that its performance in the period under review had been satisfactory, however it did recognise the Board as currently constituted, was relatively new and resolved to monitor its progress over the coming year including the possibility of supplementing the Board with a further non-executive Director.

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.

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 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 encouraged to take the opportunity to ask questions. Unfortunately, different arrangements had to be made for the AGM in November 2020, due to the 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. The AGM therefore had to be held as a closed meeting with only the required quorum of shareholders present in person.
- The primary point of contact for shareholders on operational matters are 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. Colleen Blye, 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.

The Company undertook two share placing processes during the year, the first in August 2020. Despite a strong oversubscription, the Board decided it would be in the best interests of the Company and its shareholders not to proceed with

Corporate Governance Report [Cont'd]

the placing at that time. The second, in June 2021, relating to the acquisition of Sentry Data Systems Inc., was completed. Craneware consulted with a number of its major shareholders prior to the Placing and has subsequently held further calls with analysts and shareholders to provide further details in respect of the acquisition. The Company was pleased by the support it received from both existing and new shareholders.

As explained in the Audit, Risk and Internal Control section of this report, the Chair of the Audit Committee wrote to the Company's substantial shareholders to inform them in advance about the audit tender process and to provide them with an opportunity to comment on the tendering and appointment of the external auditor.

The Company's website (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 35 to 36 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 2020 AGM

Following the AGM that was held on 17 November 2020, the Company announced that all resolutions were passed and a majority over 72% of the proxy votes received were 'for' each of the resolutions proposed at the AGM however there were was one resolution (number 11) that had received a number of proxy votes 'against'. Following the conclusion of the AGM in November 2020, 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 1 March 2021, to understand the voting in relation to resolution 11 (re-appointment of PricewaterhouseCoopers LLP as auditors) the Board consulted with shareholders to more fully understand the reasons for those votes against the resolution and it is understood that the voting was specifically in relation to the expectation that a competitive tender for external audit services takes place where the existing auditors have been in place for a period of 10 years or longer. Although the Board and the Audit Committee had been satisfied with the performance of PricewaterhouseCoopers LLP as external auditors, it was concluded that it was an appropriate time to review the market and conduct a tender. Page 46 outlines the audit tender process conducted and its outcome.

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 quarterly engagement surveys, which have 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, in particular in view of the integration process following the acquistion of Sentry in July 2021.

Engagement with other key stakeholder groups

The Social Responsibility and Sustainability Statement, the Stakeholder Engagement section and the Directors' Report within this Annual Report contain 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. From 1 July 2020 until 17 November 2020, the Audit Committee was chaired by Colleen Blye and its other members were Ronald Verni and Russ Rudish. From 18 November 2020, the Audit Committee is chaired by David Kemp and its other members are Colleen Blye and Alistair Erskine. 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. David Kemp and Colleen Blye, as current and previous chair of the Audit Committee, have 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 45.

Financial and Business Reporting

The Board recognises its responsibilities, including those statutory responsibilities laid out on pages 37 and 38. 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 12.

As detailed on page 34 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 2021. The Board has explained within the Viability Statement section of the Strategic Report on page 17 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, along with a description of the Group's risk management procedures, are detailed in the Strategic Report on pages 13 to 17. 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 annual financial forecast is reviewed and approved by the Board. Financial results, with comparisons to 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 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, 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;
- consideration of the points reported by the Financial Reporting Council from its review of the Group's Annual Report and financial statements for the year ended 30 June 2020;
- 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 audit tender process which was conducted during the year;
- the performance and independence of the external auditors. 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;
- the formal engagement terms entered into with the external auditors;
- the provision of tax compliance services to the Group.

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 page17 and 34), 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.

Financial Reporting Council Review

The Conduct Committee of the Financial Reporting Council ('FRC') reviewed the Group's Annual Report and accounts for the year ended 30 June 2020 as part of its routine monitoring activity. The Conduct Committee did not report any material errors in compliance with relevant reporting requirements or require any corrections. It did make some recommendations to support continuous improvements in our financial reporting. These have now been addressed by additional disclosures where material and relevant.

The FRC has requested that we advise shareholders that this review provides no assurance that the Annual Report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. The FRC and its officers, employees and agents therefore accept no liability for any reliance on its review by the Company or any third parties, including but not limited to investors and shareholders.

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 2021: The Audit Committee also reviewed and considered other matters during and in respect of the financial year ended 30 June 2021 including management's assessment of new accounting standards that were not effective for adoption until after 30 June 2021.

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 judgement and interpretation of both the Group's policy and 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. In addition, there may be judgement involved in the assessment of whether or not the intangible assets will generate future economic benefit sufficient to recover the carrying value of the intangible asset. 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 2021.
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.

Corporate Governance Report [Cont'd]

The Audit Committee also reviewed and considered other matters during and in respect of the financial year ended 30 June 2021 including management's assessment of new accounting standards that were not effective for adoption until after 30 June 2021.

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 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 is considered to be a gold standard for security frameworks within the healthcare industry. 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). As we move forward, Craneware will also be embracing HITRUST standards to help us align with new data privacy legislation.

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.

For the Annual General Meeting of the Company held in November 2020, the resolution for re-appointment of PricewaterhouseCoopers LLP as auditors, whilst passed, received a number of votes against. The Board consulted with shareholders to more fully understand the reasons for those votes against the resolution and it is understood that the voting was specifically in relation to the expectation that a competitive tender for external audit services takes place where the existing auditors have been in place for a period of 10 years or longer. Although the Board and the Audit Committee had been satisfied with the performance of PricewaterhouseCoopers LLP as external auditors, it was concluded that it was an appropriate time to review the market and conduct a tender.

The Audit Committee was responsible for conducting the audit tender process on behalf of the Board and, based on the Audit Committee's assessment of the proposals received from invited audit firms, the Committee made recommendations to the Board. The Chair of the Audit Committee wrote to the Company's substantial shareholders to inform them in advance about the audit tender process and to provide them with an opportunity to comment on the tendering and appointment of the external auditor. The Chair of the Audit Committee and management were available to meet with the invited firms to assess their proposed approach and ability to meet the Group's needs. Proposals compiled by audit firms in response to the invitation to tender were reviewed, carefully considered and evaluated by a review panel against an agreed range of factors considered by the Audit Committee to be most relevant and important to the Group. The Committee felt that the breadth and depth of the proposed team's experience of particular relevance to the Group's business, and geographic coverage meant that PricewaterhouseCoopers LLP were assessed as being the most suitable to provide external audit services to the now enlarged Group. The Board considered the Audit Committee's recommendation, including the proposal to appoint a new audit partner to the audit and subsequently approved PricewaterhouseCoopers LLP for recommendation to shareholders, for re-appointment as auditors, at the Company's Annual General Meeting to be held in November 2021.

PricewaterhouseCoopers LLP, under the new audit partner, Paul Cheshire, prepared and presented their audit plan to the Audit Committee for the audit of the full year financial statements. The audit plan identified 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. 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 2021, 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

Craneware is an 'Other Entity of Public Interest' ('OEPI') in accordance with the definition introduced by the Financial Reporting Council and, consequently, the Company's external auditors are only able to perform a limited number of assurance related non-audit services.

The Audit Committee has 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 2021, 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 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, from 18 November 2020, the Committee is chaired by Russ Rudish and its other members are Colleen Blye and Alistair Erskine. Until 17 November 2020, the Committee was chaired by Ronald Verni and its other members were 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 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 48 to 56, 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 39 to 47.

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

Craig Preston
Company Secretary
20 September 2021

Remuneration Committee's Report

Chair's introduction

On behalf of the Board, I am pleased to present the Remuneration Committee's Report for the year ended 30 June 2021. I have been a member of this Committee since November 2016 and I was honoured to be appointed to the role of Chair of the Remuneration Committee in November 2020, when Ronald Verni retired from the Board. We were delighted to welcome Alistair Erskine as a member of the Remuneration Committee from November 2020.

There is no doubt this past year has been a challenging year for all businesses as they have navigated the challenges brought about by the pandemic, and Craneware has not been an exception. Remuneration policy and practices have, rightly, been under an increased level of scrutiny throughout the period and the work of remuneration committees has involved the requirement to balance the needs of all stakeholders, including all employees, shareholders and the wider community. In response to these challenges, I am pleased to report that Craneware did not need to ask any employees, in either the UK or the US, to take furlough leave. We have only taken very limited support from both governments, such as deferring payroll taxes (which are being paid as they fall due).

Our remuneration strategy for executives and senior management is focusing to an even greater extent on long term growth and retention, rather than shorter term base salary increases - base salaries were not increased in the year under review or in the prior year. Our fiscal year, however, finished with much excitement with the acquisition of Sentry Data Systems, Inc. ("Sentry") and the associated fund raise.

As we enter our new fiscal year, the work of the Remuneration Committee will continue to focus on the long-term strategy; seeking to align our remuneration policies to the broader interests of our stakeholders. The focus will be on supporting the successful integration of the Sentry business, retaining key talent, whilst at all times continuing to promote diversity and fair and equal pay.

On behalf of the Committee, I thank you for your support and we hope that you find this report informative and helpful. If shareholders have any questions or comments regarding remuneration matters, the Remuneration Committee will be delighted to receive them and will respond.

Introduction

This report sets out Craneware plc's remuneration and benefits provided to Directors for the financial year ended 30 June 2021. 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 consideration by shareholders. 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 from 18 November 2020 are Russ Rudish (Chair), Colleen Blye and Alistair Erskine. In the period from 1 July 2020 until 17 November 2020 the members of the Committee were Ronald Verni (Chair), 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 47 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 42.

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.

Chair of the Remuneration Committee

As announced in March 2020, Mr Verni decided not to seek re-election at the Company's AGM in November 2020 and stepped down from Chair of the Remuneration Committee and from the Board on 17 November 2020. The Board reviewed and considered the membership and chair of the Committee and appointed Russ Rudish as Chair of the Remuneration Committee effective 18 November 2020, having previously served as a member of the Committee for four years. Alistair Erskine became a member of the Committee on 18 November 2020.

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 2021. A similar resolution was put to the AGM in November 2020 and was supported by the resolution being passed on a poll vote at that meeting, with 97.5% 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 2021 (and the previous financial year), 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 51).

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 2021.

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 objectives including performance expectations as well as 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.

For the second consecutive year, in the year ended 30 June 2021, in recognition of the wider macro-economic environment, no changes were made to the executive Directors' base salaries.

(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 5% of basic salary (from November 2020, previously 4% of basic salary; FY20: 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.

For the year ended 30 June 2021, the Remuneration Committee has concluded that whilst there is growth the specific targets required have not been met for the current financial year and therefore no bonus amounts are payable to the executive Directors.

(v) **Share-based 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) can 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 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, 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 going forward". The transition to address the shortfalls identified in the benchmarking analysis continues to be made over multiple years. In addition, in the financial year ended 30 June 2021, the Committee introduced a Clawback provision, a post vesting holding period requirement and a shareholding guideline, applicable to the LTIP awards granted during the year and to all future LTIP awards which are granted to the executive Directors and to senior management. As the Committee continues to address these shortfalls as well as an increased focus on long term reward and retention through the introduction of shareholding requirements and clawback provisions, it deemed exceptional circumstances existed. As a consequence, the value of long term incentive awards granted to the executive Directors was increased to 200% of base salary (previously 100% of base salary). Further details are provided below.

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.

Post vesting holding period

It was acknowledged in the Remuneration Committee's Report section of last year's Annual Report that, whilst it still not common practice for holding periods to be applied in respect of AIM listed companies, the Committee 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 policy and transition referred to above, the Committee introduced a two-year post vesting holding period for LTIP awards (net of associated taxes) applicable for all awards granted to executive Directors and senior management on 2 October 2020. The Committee intends that a post vesting holding period requirement will also apply to future awards granted to the executive Directors and senior management.

Shareholding guideline

A shareholding guideline was introduced, applicable for the executive Directors and for senior management, effective from October 2020. The guideline expects executive Directors and senior managers to build up a shareholding equivalent to 200% of base salary. Vested but unexercised share option awards are included in the shareholding guideline on a net of exercise cost and tax basis. The executive Directors' interests in the ordinary shares of the Company, as set out in the Directors' Report on page 35, exceed the shareholding guideline.

Awards granted under the 2016 share plans in the year ended 30 June 2021

In October 2020, 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 a total of 200% of the basic salary for each of these directors. These awards are included in the tables on page 56.

Conditional share awards and / or share options were granted to certain other employees (including senior management) in October 2020 under the 2016 share plans.

The vesting of the awards, which were granted from the 2016 share plans in the year ended 30 June 2021, 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 October 2020, 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 2019.

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 2021; one third based on performance over the three years ending 30 June 2022; and the final third based on performance over the three years to 30 June 2023 – resulting in an aggregate five year performance evaluation period. 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 2021

For share options and LTIP awards previously granted to the executive directors: in October 2020, the first tranche is not due to vest until October 2021; for the share options and LTIP awards granted in September 2019, the second tranche is not due to vest until September 2021 and LTIP awards granted in September 2018, the third tranche is not due to vest until September 2021.

In light of the significant share placing (and associated discount) conducted in June 2021, the Committee concluded testing of TSR performance at 30 June 2021 was not appropriate. As such, the Committee has exercised its discretion, as permitted in these circumstances, to defer testing to 30 June 2022 allowing the alignment of executive and shareholder interests to be maintained. These tranches will now be tested alongside the tranches scheduled to be tested at that date.

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. The Committee supports this 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 and there was a further grant of share options under both of these plans in the year ended 30 June 2021, 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 in April 2020, and the details of the share options granted are contained in the table on page 55.

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"). 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.

Remuneration Committee's Report [Cont'd]

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 2021, 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	Expired 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
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 35.

Directors' Emoluments (audited)

For Directors who held office during the course of the year, emoluments[1] in respect of the year ended 30 June 2021 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 $	Total 2021 $	Total 2020 $
Executives						
K Neilson[A,B]	437,496	890	-	27,149	**465,535**	390,225
C T Preston[C]	325,194	952	-	15,175	**341,321**	317,844
Non-Executives						
G R Elliott[3]	-	-	-	-	**-**	32,549
W Whitehorn[4]	100,992	-	-	-	**100,992**	47,242
D Kemp[4]	59,526	-	-	-	**59,526**	17,514
R Verni[5]	25,295	-	-	-	**25,295**	60,708
C Blye	60,708	-	-	-	**60,708**	61,596
R Rudish	56,676	-	-	-	**56,676**	52,644
A Erskine[4]	54,216	-	-	-	**54,216**	14,684
Total	1,120,103	1,842	-	42,324	**1,164,269**	995,006

[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 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

[5] R Verni resigned from the Board on 17 November 2020

[A] In August 2020 K Neilson exercised share options, which were granted in 2010 detailed below, in respect of a total of 13,383 Ordinary Shares in the Company. Based on the share price on the date of exercise, the gain on exercise of those share options was £175,183.

[B] The conditional share award, in respect of 8,928 Ordinary Shares in the Company which was granted to K Neilson under the LTIP in January 2018, vested in January 2021. Based on the share price on the vesting date, the value of those Ordinary Shares was £186,149.

[C] The conditional share award, in respect of 6,618 Ordinary Shares in the Company which was granted to C T Preston under the LTIP in January 2018, vested in January 2021. Based on the share price on the vesting date, the value of those Ordinary Shares was £137,985.

The following Directors were paid in Sterling:

	Salary/Fees £	Benefits £	Bonus £	Pension £	Total 2021 £	Total 2020 £
Executives						
K Neilson[(i)]	324,900	661	-	20,162	**345,723**	309,751
C T Preston[(i)]	241,500	707	-	11,270	**253,477**	252,297
Non-Executives						
G R Elliott	-	-	-	-	**-**	25,636
W Whitehorn	75,000	-	-	-	**75,000**	37,500
D Kemp	44,206	-	-	-	**44,206**	13,902
Total	685,606	1,368	-	31,432	**718,406**	639,086

Further information regarding Directors' share options and LTIP awards are contained in the tables on pages 55 and 56.

[(i)] For the second consecutive year, no changes have been made to either K Neilson or C T Preston's base salary. However, during the year ended 30 June 2020 K Neilson took a period of 26 days unpaid leave which reduced his total emoluments in that year. This did not recur in the year to 30 June 2021.

Remuneration Committee's Report [Cont'd]

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 2021, 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 30/06/20	Granted During Year	Exercised During Year	Lapsed During Year	Held At 30/06/21	Exercisable from date	Expiry date
K Neilson									
Share Option Plan 2007									
Grant Date									
6 Sep 2010	618.0	401.0	13,383	-	(13,383)	-	**-**	6 Sep 2013	6 Sept 20
21 Sep 2012	650.0	400.0	6,605	-	-	-	**6,605**	21 Sep 2015	21 Sept 22
10 Sep 2013	621.0	395.0	34,472	-	-	-	**34,472**	10 Sep 2016	10 Sept 23
22 Sep 2014	839.0	522.5	39,090	-	-	-	**39,090**	22 Sep 2017	22 Sept 24
9 Mar 2016	1066.0	750.0	28,628	-	-	-	**28,628**	9 Mar 2019	9 Mar 26
12 Sep 2016	1563.0	1177.5	36,469	-	-	-	**36,469**	12 Sep 2019	12 Sept 26
Schedule 4 Option Plan									
17 Jan 2018	2445.0	1775.0	1,690	-	-	-	**1,690**	17 Jan 2021	17 Jan 28
Unapproved Option Plan									
17 Jan 2018	2445.0	1775.0	7,238	-	-	-	**7,238**	17 Jan 2021	17 Jan 28
5 Sep 2018	3488.0	2710.0	5,692	-	-	-	**5,692**	64% vested	5 Sep 28
SAYE Option Plan									
20 Apr 2020	1432.0	1147.5	1,568	-	-	-	**1,568**	1 May 2023	1 Nov 23
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 26
Schedule 4 Option Plan									
24 Mar 2017	1544.0	1237.5	2,424	-	-	-	**2,424**	24 Mar 2020	24 Mar 27
Unapproved Option Plan									
24 Mar 2017	1544.0	1237.5	6,162	-	-	-	**6,162**	24 Mar 2020	24 Mar 27
17 Jan 2018	2445.0	1775.0	6,618	-	-	-	**6,618**	17 Jan 2021	17 Jan 28
5 Sep 2018	3488.0	2710.0	4,218	-	-	-	**4,218**	64% vested	5 Sep 28
SAYE Option Plan									
20 Apr 2020	1432.0	1147.5	1,568	-	-	-	**1,568**	1 May 2023	1 Nov 23

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.

Remuneration Committee's Report [Cont'd]

The maximum number of Ordinary Shares subject to conditional share awards granted to Directors under the LTIP as at 30 June 2021 were as follows, in respect of Directors who held office during the course of the year:

	Grant Date	Held At 30/06/20	Granted During Year	Released During Year	Lapsed During Year	Held At 30/06/21	Share price at date of grant (pence)	Normal 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	5,692	-	-	-	**5,692**	2,710.0	5 Sep 2021
Conditional share award	4 Sep 2019	17,100	-	-	-	**17,100**	1,900.0	4 Sep 2022
Conditional share award	2 Oct 2020	-	43,176	-	-	**43,176**	1,505.0	2 Oct 2023
C T Preston								
Conditional share award	17 Jan 2018	6,618	-	(6,618)	-	-	1,775.0	17 Jan 2021
Conditional share award	5 Sep 2018	4,218	-	-	-	**4,218**	2,710.0	5 Sep 2021
Conditional share award	4 Sep 2019	12,710	-	-	-	**12,710**	1,900.0	4 Sep 2022
Conditional share award	2 Oct 2020	-	32,093	-	-	**32,093**	1,505.0	2 Oct 2023

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 pages 49 and 50. 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:

Russ Rudish
Chairman of the Remuneration Committee
20 September 2021

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 2021 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements 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 2021; 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

Audit scope

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

Key audit matters

- Revenue and deferred income (group and parent)
- Internally developed intangible assets (group and parent)
- Impact of Covid-19 (group and parent)

Materiality

- Overall group materiality: US$982,600.00 (2020: US$965,200.00) based on 5% of profit before tax adjusted for exceptional items. (2020: profit before tax).
- Overall company materiality: US$658,250.00 (2020: US$537,000.00) based on 5% of profit before tax adjusted for exceptional items.
- Performance materiality: US$736,950.00 (group) and US$493,700.00 (company).

Independent auditors' report to the members of Craneware plc [Cont'd]

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.

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.

The key audit matters below are consistent with last year.

How we tailored the audit scope

Key audit matter	***How our audit addressed the key audit matter***
Revenue and deferred income (Group and Parent)	
The Group has revenue of $75,578k (2020: $71,492k) and deferred income of $33,670k (2020: $37,155k). The Company has revenue of $43,700k (2020: $38,473k) and deferred income of $33,670k (2020: $37,154k). 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. The risk has been identified as being in relation to the correct amount of revenue not being recognised (accuracy) and revenue being recognised on fictitious contracts (occurrence).	The movement between the opening and closing deferred revenue balances 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 key inputs per the accounting policy to conclude on the accuracy of revenue recognised in the period and the closing deferred revenue balance. No matters arose during our testing.
Internally developed intangible assets (Group and Parent)	
As per note 14, the Group has net book value of development costs capitalised amounting to $31,652k (2020: $25,083k) and the Company has $31,652k (2020: 25,083k) 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. We consider this as a key audit matter because there is a risk that the costs being capitalised are not allowable under IAS 38 and also that the intangible assets will not generate sufficient economic benefit to recover the value of the intangible asset.	On a sample basis we agreed additions to intangible assets to supporting documentation, including invoices and time records. We obtained an understanding for the proportion of employee costs being capitalised and verified these against payroll information (for example, payroll reports and employee registers) and timesheets to verify the amount of time that employees spend on the capital projects. 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.

Key audit matter	How our audit addressed the key audit matter
Impact of Covid-19 (Group and Parent)	
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 2021 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 Covid-19 had a 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:

	Financial statement - group	Financial statements - company
Overall materiality	US$982,000.00 (2020: US$965,200.00).	US$658,250.00 (2020: US$537,000.00).
How we determined it	5% of profit before tax adjusted for exceptional items. (2020: profit before tax)	5% of profit before tax adjusted for exceptional items
Rationale for benchmark applied	We believe the measure of profit before tax adjusted for exceptional items is the most relevant measure to the shareholders to measure the underlying performance of the Group. In prior year the benchmark used was profit before tax.	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 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 $400,000 and $950,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US$736,950.00 for the group financial statements and US$493,700.00 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriateWe agreed with those charged with governance that we would report to them misstatements identified during our audit above $49,000 (group audit) (2020: $48,000) and $32,900 (company audit) (2020: $26,850) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $49,000 (group audit) (2020: $48,000) and $32,900 (company audit) (2020: $26,850) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the appropriateness of management's assessment of the group's and the Company's ability to continue as a going concern, including whether the form (e.g. in-depth knowledge of the business or detailed analysis) is appropriate given the nature of the group and the Company, consideration of mitigating factors, the period covered is at least 12 months from the date of the financial statements, and all relevant information has been included.
- making inquiries of management as to its knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the group's and the Company's ability to continue as a going concern.
- testing the cash flow forecast for next 12 months within the financial model of the group and the Company.
- determining whether a material uncertainty exists related to the events or conditions identified by evaluating magnitude of potential impact and likelihood of occurrence of those events or conditions.

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

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

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Craneware plc [Cont'd]

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 Director's report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Strategic Report and Directors' Report

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

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's report.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

Independent auditors' report to the members of Craneware plc [Cont'd]

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

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, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK and US tax legislation, Health and Safety regulations, AIM Listing Rules and UK Corporate Governance Code, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and deter irregularities;
- Review of board minutes;

- Challenging management on assumptions and judgements made in their significant accounting estimates;
- Identifying and testing journal entries, including those with unexpected account combinations impacting revenue, and those with expected words contained within the description.

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
20 September 2021

Consolidated Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	Total 2021 $'000	Total 2020 $'000
Continuing operations:			
Revenue from contracts with customers	4	**75,578**	71,492
Cost of sales		**(5,373)**	(4,518)
Gross profit		**70,205**	66,974
Other income		**37**	9
Operating expenses	5	**(56,507)**	(47,248)
Net impairment charge on financial and contract assets	16	**(495)**	(529)
Operating profit	6	**13,240**	19,206
Analysed as:			
Adjusted EBITDA*		**27,111**	25,189
Share-based payments	8	**(2,141)**	(1,318)
Depreciation of property, plant and equipment	13	**(1,403)**	(1,489)
Exceptional costs**	5	**(6,487)**	-
Amortisation of intangible assets	14	**(3,840)**	(3,176)
Finance income	9	**1**	192
Finance expense	9	**(76)**	(94)
Profit before taxation		**13,165**	19,304
Tax on profit on ordinary activities	10	**(260)**	(2,468)
Profit for the year attributable to owners of the parent		**12,905**	16,836
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss			
Currency translation reserve movement		**(126)**	26
Total items that may be reclassified subsequently to profit or loss		**(126)**	26
Total comprehensive income attributable to owners of the parent		**12,779**	16,862
Earnings per share for the year attributable to equity holders			
- Basic ($ per share)	12	**0.481**	0.628
- Diluted ($ per share)	12	**0.475**	0.619

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

* See Note 26 for explanation of Alternative Performance Measures.

** Exceptional items relate to legal and professional fees associated with an aborted potential acquisition and a successful acquisition post year end and its associated share placing.

Statement of Changes in Equity for the year ended 30 June 2021

Group	Share Capital $'000	Share Premium Account $'000	Capital Redemption Reserve $'000	Merger Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total Equity $'000
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:							
Purchase of own shares through EBT (Note 18)	-	-	-	-	-	(1,255)	(1,255)
Share-based payments	-	-	-	-	1,176	(890)	286
Impact of share options 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**
Total comprehensive income - profit for the year	-	-	-	-	-	12,905	12,905
Total other comprehensive expense	-	-	-	-	-	(126)	(126)
Transactions with owners:							
Share-based payments	-	-	-	-	1,332	-	1,332
Share placing	88	-	-	186,933	-	-	187,081
Purchase of own shares through EBT (Note 18)	-	-	-	-	-	(422)	(422)
Deferred tax taken directly to equity	-	-	-	-	-	1,212	1,212
Impact of share options and awards exercised/lapsed	-	-	-	-	(752)	354	(398)
Dividends (Note 11)	-	-	-	-	-	(9,700)	(9,700)
At 30 June 2021	**624**	**21,097**	**9**	**186,993**	**4,728**	**46,828**	**260,279**

Company	Share Capital $'000	Share Premium Account $'000	Capital Redemption Reserve $'000	Merger Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total Equity $'000
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 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**
Total comprehensive income - profit for the year	-	-	-	-	-	13,159	13,159
Transactions with owners:							
Share-based payments	-	-	-	-	521	-	521
Share placing	88	-	-	186,933	-	-	187,081
Deferred tax taken directly to equity	-	-	-	-	-	579	579
Impact of share options and awards exercised/lapsed	-	-	-	-	(291)	(469)	(760)
Dividends (Note 11)	-	-	-	-	-	(9,700)	(9,700)
At 30 June 2021	**624**	**21,097**	**9**	**186,993**	**1,632**	**28,774**	**239,129**

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

Consolidated Balance Sheet as at 30 June 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	**2,552**	3,798
Intangible assets	14	**43,110**	36,783
Trade and other receivables	16	**5,427**	3,915
Deferred tax	17	**5,459**	2,408
		56,548	46,904
Current Assets			
Trade and other receivables	16	**19,435**	21,003
Cash and cash equivalents	20	**235,617**	47,851
		255,052	68,854
Total Assets		**311,600**	115,758
EQUITY & LIABILITIES			
Non-Current Liabilities			
Lease liability > 1 year		**1,148**	2,017
Other provisions		**764**	-
		1,912	2,017
Current Liabilities			
Deferred income		**33,670**	37,155
Current tax liabilities		**-**	797
Trade and other payables	21	**15,739**	7,394
		49,409	45,346
Total Liabilities		**51,321**	47,363
Equity			
Share capital	18	**624**	536
Share premium account		**21,097**	21,097
Capital redemption reserve		**9**	9
Merger reserve		**186,993**	-
Other reserves		**4,728**	4,148
Retained earnings		**46,828**	42,605
Total Equity		**260,279**	68,395
Total Equity and Liabilities		**311,600**	**115,758**

Registered Number SC196331

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

The financial statements on pages 64 to 97 were approved and authorised for issue by the Board of Directors on 20 September 2021 and signed on its behalf by:

Keith Neilson
Director

Craig Preston
Director

Company Balance Sheet as at 30 June 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Non-Current Assets			
Investment in subsidiary undertakings	15	**9,000**	9,000
Property, plant and equipment	13	**1,201**	1,974
Intangible assets	14	**31,885**	25,544
Deferred tax	17	**2,217**	1,139
Amounts owed from group companies	16	**6,000**	6,000
		50,303	43,657
Current Assets			
Trade and other receivables	16	**28,170**	25,567
Cash and cash equivalents	20	**230,363**	44,480
		258,533	70,047
Total Assets		**308,836**	**113,704**
EQUITY & LIABILITIES			
Non-Current Liabilities			
Lease liability > 1 year		**387**	887
Other provisions		**764**	-
		1,151	887
Current Liabilities			
Deferred income		**33,670**	37,154
Current tax liabilities		**-**	361
Trade and other payables	21	**34,886**	27,053
		68,556	64,568
Total Liabilities		**69,707**	65,455
Equity			
Share capital	18	**624**	536
Share premium account		**21,097**	21,097
Capital redemption reserve		**9**	9
Merger reserve		**186,993**	-
Other reserves		**1,632**	1,402
Retained earnings		**28,774**	25,205
At 1 July		**25,205**	24,649
Profit for the year attributable to owners		**13,159**	10,287
Other charges in retained earnings		**(9,500)**	(9,731)
Total Equity		**239,129**	48,249
Total Equity and Liabilities		**308,836**	**113,704**

Registered Number SC196331

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

The financial statements on pages 64 to 97 were approved and authorised for issue by the Board of Directors on 20 September 2021 and signed on its behalf by:

Keith Neilson
Director

Craig Preston
Director

Statements of Cash Flows for the year ended 30 June 2021

	Notes	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Cash flows from operating activities					
Cash generated from operations	19	**26,711**	23,134	**19,718**	23,001
Tax paid		**(3,174)**	(2,668)	**(919)**	(2,867)
Net cash generated from operating activities		**23,537**	20,466	**18,799**	20,134
Cash flows from investing activities					
Purchase of property, plant and equipment	13	**(159)**	(187)	**(55)**	(90)
Capitalised intangible assets	14	**(10,167)**	(9,522)	**(10,136)**	(9,515)
Interest received		**1**	204	**77**	408
Net cash used in investing activities		**(10,325)**	(9,505)	**(10,114)**	(9,197)
Cash flows from financing activities					
Dividends paid to company shareholders	11	**(9,700)**	(9,077)	**(9,700)**	(9,077)
Shares issued for cash	18	**187,244**	-	**187,244**	-
Paid up share capital	18	**88**	614	**88**	1,162
Loan arrangement fees		**(1,692)**	-	**-**	-
Purchase of own shares from EBT	18	**(422)**	(1,255)	**-**	-
Funds returned from/(advanced to) EBT		**-**	-	**136**	(1,256)
Payment of lease liabilities		**(964)**	(1,003)	**(570)**	(643)
Net cash generated from/(used in) financing activities		**174,554**	(10,721)	**177,198**	(9,814)
Net increase in cash and cash equivalents		**187,766**	240	**185,883**	1,123
Cash and cash equivalents at the start of the year		**47,851**	47,611	**44,480**	43,357
Cash and cash equivalents at the end of the year	20	**235,617**	**47,851**	**230,363**	**44,480**

Shares issued for cash includes net proceeds of $187,331,713 related to the share placing in June 2021 (see note 18), being gross proceeds of $192,282,712 less transaction costs of $4,950,999.

The accompanying notes are an integral part of these 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 30 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 accounting standards in conformity with the requirements of the Companies Act 2006 (International Financial Reporting Standards ("IFRS")) and the applicable legal requirements of the Companies Act 2006.

The Group and Company financial statements have been prepared under the historic cost convention and prepared on a going concern basis. See the Directors' Report on page 34 for further details on the factors considered in reaching this conclusion. 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.

Currenty 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 $1.3466/£1 (2020: $1.2598/£1). Monetary assets and liabilities expressed in foreign currencies are translated into US dollars at rates of exchange ruling at the Balance Sheet date $1.3853/£1 (2020: $1.2302/£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 they have concluded that they have no material financial impact on the financial statements of the Group or Company.

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*)

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.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective 1 January 2022*),

Reference to the Conceptual Framework (Amendments to IFRS 3) (effective 1 January 2022*),

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022*),

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.

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.

Employee Benefit Trust (EBT)

Craneware plc established an employee benefit trust (EBT) in conjunction with the operation of the Company's employee share plans for the benefit of the employees of the Group. While it is run by independent trustees, the assets and liabilities of the employee benefit trust are viewed to be ultimately under the control of the Board of directors and hence have been consolidated into the Group results.

Investments in the Company's own shares held by the EBT are presented as a deduction from Retained Earnings.

1. Principal accounting policies [Cont'd]

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 liabilities resulting from any contingent consideration. Any costs directly attributable to the 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.

Revenue from contracts with customers

The Group follows the principles of IFRS 15, 'Revenue from Contracts with Customers'; accordingly, revenue is recognised using the five-step model:

1. Identify the contract;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract;
5. Recognise revenue when or as performance obligations are satisfied.

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 training and consultancy.

Revenue from Software Licenses

Revenue from both on premises and Trisus software licenced products is recognised from the point at which the customer gains control and the right to use our software. The following key judgements have been made in relation to revenue recognition of software license:

- This is right of use software due to the integral updates provided on a regular basis to keep the software relevant and, as a result, the licenced software revenue will be recognised over time rather than at a point in time;
- The software license together with installation, regular updates and access to support services form a single performance obligation;
- The transaction price is allocated to each distinct one year license period with annual increases being recognised in the year they apply;
- Discounts in relation to software licenses are 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 professional services

Revenue from all professional services including training and consulting services is recognised when the performance obligation has been fulfilled and the services are provided. These services could be provided by a third party and are therefore considered to be separate performance obligations. 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 complete 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.

'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.

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 sales commissions on contracts sold and deferred income relating to license fees billed in advance and recognised over time.

Exceptional items

The Group defines exceptional items as transactions (including costs incurred by the Group) which relate to material non-recurring events. These are disclosed

1. Principal accounting policies [Cont'd]

separately where it is considered it provides additional useful information to the users of the financial statements.

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.

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'.

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. They are measured using enacted rates and laws that will be in effect when the differences are expected to reverse. 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.

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.

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 recognised as a non-current asset in accordance with IFRS 3 and is not amortised.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses. It tested at least annually for impairment. Any impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

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.

Notes to Financial Statements [Cont'd]

1. Principal accounting policies [Cont'd]

Development expenditure is capitalised where new product development projects

- 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.

Costs are 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. Expenditure not meeting the above criteria is expensed as incurred.

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. Each lease payment is allocated between the lease liability and finance cost, which is charged at a constant periodic rate over the term of 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.

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.

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 being the invoice value and subsequently measured at amortised cost using the effective interest method, less provision for impairments.

1. Principal accounting policies [Cont'd]

Impairment of financial assets

IFRS 9 uses 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 of the loans. Other debtors consists mainly of the loan to the Employee Benefit Trust. Therefore the identified impairment loss was assessed as immaterial for both.

Financial liabilities

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

Other provisions

Provisions are recognised where the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Other provisions relate to employer taxes due in relation to employee share awards from the 2007 Share Option Plan payable on exercise of options.

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 including any cash held at the balance sheet date by the Employee Benefit Trust.

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.

Merger reserve

The merger reserve represents the difference between the fair value and nominal value of shares issued on the acquisition of subsidiary companies where the company has taken advantage of merger relief.

Other reserves

Other reserves relate to share-based payments and these reserves are not available for distribution.

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 judgement based on past experience, advances in product development and also best practice. The Group amortises intangible assets over 5 to 10 years.

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 Revenue from contracts with customers.

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.

3. Financial risk management [Cont'd]

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.

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 $2,109,000 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 $159,000 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 30.

(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.

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 $69,000.

	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 2020					
Trade and other payables	6,448	-	-	-	6,448
Lease liabilities	946	999	1,057	126	3,128
At 30 June 2021					
Trade and other payables	14,686	-	-	-	14,686
Lease liabilities	1,053	812	380	25	2,270

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 from contracts with customers

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.

	2021 $'000	2020 $'000
Software licensing	**61,115**	59,390
Professional services	**14,463**	12,102
Total revenue	**75,578**	71,492

Contract assets

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

	2021 $'000	2020 $'000
Prepaid commissions and royalties < 1 year	**2,483**	2,565
Prepaid commissions and royalties > 1 year	**3,735**	3,915
Total contract assets	**6,218**	6,480

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 2020 were $2.6m.

Contract liabilities

The following table shows the total contract liabilities at 30 June 2021 from software license and professional service contracts:

	2021 $'000	2020 $'000
Software licensing	**29,245**	30,239
Professional services	**4,425**	6,916
Total revenue	**33,670**	37,155

Contract liabilities are included within deferred income in the Balance Sheet. Revenue of $37.1m was recognised during the year in relation to contract liabilities as of 30 June 2020.

The following table shows the aggregate transaction price allocated to performance obligations that are partially or fully unsatisfied at 30 June 2021 from software license and professional service contracts:

		Expected recognition			
Revenue expected to be recognised	Total unsatisfied performance obligations $'000	< 1 year $'000	1 to 2years $'000	2 to 3 years $'000	> 3 years $'000
At 30 June 2021					
- Software	155,617	57,862	43,485	28,282	25,988
- Professional services	11,513	6,475	2,419	1,306	1,313
Total at 30 June 2021	**167,130**	**64,337**	**45,904**	**29,588**	**27,301**
At 30 June 2020					
- Software	151,383	53,944	44,028	29,756	23,655
- Professional services	15,131	8,730	3,413	2,103	885
Total at 30 June 2020	166,514	62,674	47,441	31,859	24,540

Revenue of $62.7m was recognised during the year in relation to unsatisfied performance obligations as of 30 June 2020.

The majority of these performance obligations are unbilled at the Balance Sheet date and therefore not reflected in these accounts.

Notes to Financial Statements [Cont'd]

5. Operating expenses

Operating expenses are comprised of the following:

	2021 $'000	2020 $'000
Sales and marketing expenses	**6,620**	7,207
Client servicing	**12,615**	12,330
Research and development	**14,549**	12,266
Administrative expenses	**9,300**	9,980
Share-based payments (Note 8)	**2,141**	1,318
Depreciation of property, plant and equipment (Note 13)	**1,403**	1,489
Amortisation of intangible assets (Note 14)	**3,840**	3,176
Exceptional items*	**6,487**	-
Exchange loss	**47**	11
Operating expenses	**57,002**	47,777

* Exceptional items relate to legal and professional fees associated with an aborted potential acquisition of $283,000 and a successful acquisition post year end and its associated share placing of $6,204,000.

Included in operating expenses is the net impairment charge for the year of $495,000 as per note 16.

6. Operating profit

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

	2021 $'000	2020 $'000
Staff costs (Note 7)	**40,873**	36,045
Staff costs capitalised	**(6,797)**	(5,786)
Depreciation of property, plant and equipment (Note 13)	**1,403**	1,489
Amortisation of intangible assets (Note 14)	**3,840**	3,176
Impairment of trade receivables	**46**	631
Operating lease rents for premises	**83**	117

Services provided by the Group's auditors

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

	2021 $'000	2020 $'000
Statutory audit - Parent Company financial statements and consolidation	**175**	145

7. Staff costs

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

	2021 Group Number	2020 Group Number	**2021 Company Number**	2020 Company Number
Sales and distribution	**36**	34	**1**	1
Client servicing	**108**	105	**38**	36
Research and development	**181**	166	**113**	98
Administration	**45**	47	**36**	36
	370	352	**188**	171

Employment costs for all employees excluding non-executive Directors:

	2021 Group $'000	2020 Group $'000	**2021 Company $'000**	2020 Company $'000
Wages and salaries	**34,409**	31,049	**18,611**	16,279
Social security costs	**2,975**	2,541	**1,705**	1,417
Other pension costs	**1,348**	1,137	**812**	632
Share based payments	**2,141**	1,318	**1,389**	491
Total direct costs of employment	**40,873**	36,045	**22,517**	18,819

The remuneration of the highest paid Director including the gain from exercising share options and LTIPs in the year (granted in 2010 and 2018 respectively) is $0.5m (2020: $0.6m). Full details of Directors' emoluments and share option exercises are detailed in the Remuneration Committee's Report on page 53 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 (2020: 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 55 and 56. 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 $2,141,351 (2020: $1,318,175) was recognised in the Statement of Comprehensive Income for the year, as stated in Note 7 above. This comprises a charge of $239,418 (2020: $94,000 credit) relating to the movement in the accrual for estimated employer National Insurance contributions on the unexercised options granted under the 2007 share-based plan and $1,901,933 (2020: $1,412,175) share-based payment charge split as follows:

	2021 $'000	2020 $'000
Type of award and name of share plan		
Share options granted under the 2007 Share Options Plan	**-**	2
Share options granted under the 2016 Unapproved Share Option Plan	**246**	141
Share options granted under the 2016 Schedule 4 Share Option Plan	**37**	25
Share options granted under the 2018 Employee Stock Purchase Plan	**69**	13
Share options granted under the 2018 SAYE Option Plan	**85**	14
Conditional share awards granted under the LTIP	**1,465**	700
Contingent share awards	**-**	517
Total share-based payments charge	**1,902**	1,412

Notes to Financial Statements [Cont'd]

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 2021:

Date of grant	Exercise price (GBP)	Exercise price (USD)	Remaining life at 1 July 2020 (years)	No of options at 1 July 2020	Granted	Exercised	Lapsed	No of options at June 2021	Remaining life at 30 June 2021 (years)
2007 Share Option Plan									
06 Sep 2010	£4.01	$6.18	0.2	18,980	-	(18,980)	-	-	-
04 Sep 2012	£3.60	$5.72	2.2	1,725	-	-	-	1,725	1.2
21 Sep 2012	£4.00	$6.50	2.2	6,605	-	-	-	6,605	1.2
10 Sep 2013	£3.95	$6.21	3.2	47,190	-	-	-	47,190	2.2
22 Sep 2014	£5.225	$8.39	4.2	98,528	-	(4,112)	-	94,416	3.2
09 Mar 2016	£7.50	$10.66	5.7	111,976	-	(11,220)	-	100,756	4.7
12 Sep 2016	£11.775	$15.63	6.2	36,469	-	-	-	36,469	5.2
2016 Unapproved Option Plan									
24 Mar 2017	£12.375	$15.44	6.7	39,974	-	(4,848)	-	35,126	5.7
17 Jan 2018	£17.750	$24.45	7.5	57,621	-	(4,084)	(5,020)	48,517	6.5
05 Sep 2018	£27.100	$34.88	8.2	43,094	-	-	(4,124)	38,970	7.2
04 Sep 2019	£19.000	$23.01	9.2	20,113	-	-	(657)	19,456	8.2
02 Oct 2020	£15.050	$19.36	-	-	67,495	-	(3,986)	63,509	9.3
2016 Schedule 4 Option Plan									
24 Mar 2017	£12.375	$15.44	6.7	19,392	-	(3,434)	-	15,958	5.7
17 Jan 2018	£17.750	$24.45	7.5	7,463	-	(704)	-	6,759	6.5
05 Sep 2018	£27.100	$34.88	8.2	4,126	-	-	(538)	3,588	7.2
04 Sep 2019	£19.000	$23.01	9.2	7,047	-	-	(1,735)	5,312	8.2
02 Oct 2020	£15.050	$19.36	-	-	14,682	-	(2,990)	11,692	9.3
2018 Employee Stock Purchase Plan									
24 Mar 2020	£11.475	$13.34	1.7	21,669	-	-	(3,171)	18,498	0.7
23 Mar 2021	£18.360	$25.42	-	-	7,420	-	-	7,420	1.7
2018 SAYE Option Plan									
20 Apr 2020	£11.475	$14.32	3.3	42,328	-	-	(3,602)	38,726	2.3
19 Apr 2021	£18.360	$25.39	-	-	4,498	-	(196)	4,302	3.3
				584,300	**94,095**	**(47,382)**	**(26,019)**	**604,994**	

8. Share-based payments [Cont'd]

The weighted average share price at the date of exercise of share options in the year ended 30 June 2021 was £19.11 ($25.79) (2020: £21.03 ($26.32)). The market value of Craneware plc Ordinary Shares at 30 June 2021 was £21.30 ($29.51) per share. The weighted average remaining contractual life of the options outstanding at 30 June 2021 is 5.1 years (2020: 6.2 years).

	2021		2020	
	Number of Options	**Weighted average exercise price (£)**	Numer of Options	Weighted average exercise price (£)
Balance outstanding at beginning of the year	**584,300**	**11.12**	680,404	10.22
Share options granted during the year	**94,095**	**15.47**	97,466	14.06
Exercised during the year	**(47,382)**	**7.79**	(154,794)	7.37
Lapsed during the year	**(26,019)**	**17.19**	(38,776)	17.70
Balance outstanding at end of the year	**604,994**	**11.80**	584,300	11.12
Exercisable at the end of the year	**393,523**	**8.92**	**380,841**	**7.39**

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.

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	01 Apr 16	09 Mar 16	22 Sep 14	10 Sep 13
Options over Ordinary shares					
Share price at date of grant	$15.63	$10.72	$10.66	$8.39	$6.21
Share price at date of grant	£11.775	£7.50	£7.50	£5.23	£3.95
Vesting period (years)	3.00	3.00	3.00	3.00	3.00
Expected volatility	16%	31%	31%	33%	36%
Risk free rate	0.15%	0.48%	0.51%	1.33%	1.02%
Dividend yield	2.0%	2.0%	2.0%	2.4%	2.8%
Exercise price	$15.63	$10.72	$10.66	$8.39	$6.21
Exercise price	£11.775	£7.50	£7.50	£5.23	£3.95
Number of employees	2	1	49	36	26
Shares under option	41,263	10,000	257,459	306,765	321,855
Fair value per option	$1.07	$5.78	$1.78	$2.28	$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 October 2020, 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 October 2020, in September 2019, in September 2018 and in January 2018 are outlined in the Remuneration Committee's Report on pages 51.

Notes to Financial Statements [Cont'd]

8. Share-based payments [Cont'd]

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	20 Oct 20	04 Sep 19	05 Sep 18	17 Jan 18	24 Mar 17
Share price at date of grant	£15.050	£19.000	£27.100	£17.750	£12.375
Share price at date of grant	$19.36	$23.01	$34.88	$24.45	$15.44
Vesting period (years)	3	3	3	3	3
Expected volatility	52.5%	43.5%	26.6%	22.8%	20.5%
Risk free rate	(0.04%)	0.38%	0.77%	0.56%	0.11%
Exercise price	£15.050	£19.000	£27.100	£17.750	£12.375
Exercise price	$19.36	$23.01	$34.88	$24.45	$15.44
Shares under option at date of grant	82,177	33,469	60,976	88,074	93,029
Fair value per option	$3.98	$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 Employee Stock Purchase Plan (2018)

The Craneware plc SAYE Option 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 and under the SAYE plans in March 2020 and in April 2020 respectively to those employees and to those Directors who chose to participate. The exercise price of those 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 second grant of share options under the ESPP and under the SAYE plans, to those employees who chose to participate, was in March 2021 and in April 2021 respectively. The exercise price of those share options was at a 15% discount to the Company share price on 22 March 2021 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	19 Apr 21	23 Mar 21	20 Apr 20	24 Mar 20
Options over Ordinary shares	**SAYE**	**ESPP**	**SAYE**	**ESPP**
Share price at date of grant	$35.27	$29.91	$25.58	$15.23
Share price at date of grant	£25.50	£21.60	£20.50	£13.10
Vesting period (years)	3	2	3	2
Expected volatility	54.2%	57.9%	50.6%	55.8%
Risk free rate	0.12%	0.02%	0.11%	0.11%
Dividend yield	1.01%	1.01%	1.58%	1.58%
Exercise price	$25.39	$25.42	$14.32	$13.34
Exercise price	£18.360	£18.360	£11.475	£11.475
Number of employees	18	29	67	37
Shares under option	4,498	7,420	42,328	21,669
Fair value per option	$16.51	$16.19	$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.

8. Share-based payments [Cont'd]

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 October 2020, 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 October 2020, in September 2019, in September 2018, and in January 2018, are outlined in the Remuneration Committee's Report on pages 51.

	Number of conditional share awards 2021	Number of conditional share awards 2020
Balance outstanding at 1 July	**161,826**	119,088
Awards granted in the year	**226,664**	98,782
Vested awards released during the year	**(35,421)**	(43,538)
Forfeited / lapsed during the year	**(15,169)**	(12,506)
Balance outstanding at 30 June	**337,900**	**161,826**

The remaining weighted average contractual life of the conditional share awards outstanding at 30 June 2021 is 1.9 years (at 30 June 2020: 1.6 years).

The fair values of the conditional share awards granted in financial years 2021, 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	02 Oct 20	04 Sep 19	05 Sep 18	17 Jan 18	24 Mar 17
Share price at date of grant	£15.050	£19.000	£27.100	£17.750	£12.375
Share price at date of grant	$19.36	$23.01	$34.88	$24.45	$15.44
Vesting period (years)	3	3	3	3	3
Expected volatility	52.5%	43.5%	26.6%	22.8%	20.5%
Risk free rate	(0.04%)	0.38%	0.77%	0.56%	0.11%
Fair value per conditional share award	$9.33	$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 156,336 Ordinary Shares were outstanding at 30 June 2021 (159,336 Ordinary Shares at 30 June 2020).

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 in the financial year commencing 1 July 2022 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.

9. Finance income and expense

Finance Income	**2021 $'000**	2020 $'000
Deposit interest receivable	**1**	192
Total finance income	**1**	192

Finance Expense	**2021 $'000**	2020 $'000
Deposit interest receivable	**7**	-
Interest on lease liabilites	**69**	94
Total finance expense	**76**	94

Notes to Financial Statements [Cont'd]

10. Tax on profit on ordinary activities

	2021 $'000	2020 $'000
Profit on ordinary activities before tax	**13,165**	19,304
Current tax		
Corporation tax on profits of the year	**3,772**	2,806
Adjustments for prior years	**(1,673)**	(446)
Total current tax charge	**2,099**	2,360
Deferred tax		
Deferred tax for current year	**(1,656)**	108
Adjustments for prior years	**122**	-
Change in UK tax rate	**(305)**	-
Total deferred tax charge	**(1,839)**	108
Total deferred tax charge	**260**	2,468

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% (2020: 19%)	**2,501**	3,666
Effects of:		
Adjustment for prior years	**(1,551)**	(446)
Change in tax rate on opening deferred tax balance	**(305)**	-
Change in tax rate on closing deferred tax balance	**(227)**	-
Additional US taxes on profits 25% (2020: 25%)	**116**	700
R & D tax credit	**(712)**	(490)
Expenses not deductible for tax purposes	**703**	181
Spot rate remeasurement	**12**	-
Deduction on share plan charges	**(258)**	(793)
Other	**(19)**	(350)
Total tax charge	**260**	2,468

On 31 March 2021, the UK Government announced an increase in the rate of corporation tax to 25% from 1 April 2023. The change in rate was substantively enacted on 24 May 2021 and therefore the closing UK deferred tax assets and liabilities have been recognised in accordance with the rate enacted.

11. Dividends

The dividends paid during the year were as follows:

	2021 $'000	2020 $'000
Final dividend, re 30 June 2020 - 19.80 cents (2020: 19.05 cents (15 pence)/ share)	**5,329**	5,311
Interim dividend, re 30 June 2021 - 16.68 cents (2020: 19.05 cents (15 pence)/ share)	**4,371**	3,766
Total dividends paid to Company shareholders in the year	**9,700**	9,077

The proposed final dividend of 21.47 cents (15.5 pence), as noted on page 12, for the year ended 30 June 2021 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

The calculation of basic and diluted earnings per share is based on the following data:

Weighted average number of shares

	2021 No. of Shares 000s	2020 No. of Shares 000s
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	**26,811**	26,796
Effect of dilutive potential Ordinary Shares: share options and LTIPs	**374**	404
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	**27,185**	27,200

The Group has one category of dilutive potential Ordinary shares, being those granted to Directors and employees under the share option schemes.

Shares held by the Employee Benefit Trust are excluded from the weighted average number of Ordinary shares for the purposes of basic earnings per share.

Profit for the year

	2021 $'000	2020 $'000
Profit for the year attributable to equity holders of the parent	**12,905**	16,836
Aborted share placing costs (tax adjusted)	**386**	-
Acquisition and associated share placing costs (tax adjusted)	**5,210**	-
Amortisation of acquired intangibles	**-**	688
Adjusted profit for the year attributable to equity holders of the parent	**18,501**	17,524

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

Notes to Financial Statements [Cont'd]

12. Earnings per share [Cont'd]

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.

Earnings per share

	2021 cents	2020 cents
Basic EPS	**48.1**	62.8
Diluted EPS	**47.5**	61.9
Adjusted basic EPS	**69.0**	65.4
Adjusted diluted EPS	**68.1**	64.4

13. Property, plant and equipment

Group	Leased Properties $'000	Computer Equipment $'000	Office Furniture $'000	Tenants Improvements $'000	Total $'000
Cost					
At 1 July 2020	3,826	2,409	713	1,652	8,600
Additions	-	129	2	28	159
Disposals	-	(584)	(39)	(2)	(625)
At 30 June 2021	3,826	1,954	676	1,678	8,134
Accumulated depreciation					
At 1 July 2020	917	1,915	698	1,272	4,802
Charge for the year	917	355	8	123	1,403
Depreciation on disposal	-	(584)	(37)	(2)	(623)
At 30 June 2021	1,834	1,686	669	1,393	5,582
Net Book Value at 30 June 2021	**1,992**	**268**	**7**	**285**	**2,552**
Cost					
At 1 July 2019	-	2,255	707	1,625	4,587
Adoption of IFRS 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**

13. Property, plant and equipment [Cont'd]

Leased properties

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

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 (FY20: $917,000) was recognised during the year in respect of right-of-use assets.

The average lease term is 3 years.

Company	Leased Properties $'000	Computer Equipment $'000	Office Furniture $'000	Tenants Improvements $'000	Total $'000
Cost					
At 1 July 2020	1,988	1,171	492	1,455	5,106
Additions	-	54	1	-	55
Disposals	-	(210)	(37)	(1)	(248)
At 30 June 2021	1,988	1,015	456	1,454	4,913
Accumulated depreciation					
At 1 July 2020	548	926	486	1,172	3,132
Charge for the year	549	169	4	106	828
Depreciation on disposal	-	(210)	(37)	(1)	(248)
At 30 June 2021	1,097	885	453	1,277	3,712
Net Book Value at 30 June 2021	**891**	**130**	**3**	**177**	**1,201**
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**

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 2020	11,438	2,964	3,043	32,877	2,104	52,426
Additions	-	-	-	10,099	68	10,167
Disposals	-	-	-	-	(1,168)	(1,168)
At 30 June 2021	11,438	2,964	3,043	42,976	1,004	61,425
Accumulated amortisation and impairment						
At 1 July 2020	250	2,964	3,043	7,794	1,592	15,643
Charge for the year	-	-	-	3,530	310	3,840
Amortisation on disposal	-	-	-	-	(1,168)	(1,168)
At 30 June 2021	250	2,964	3,043	11,324	734	18,315
Net Book Value at 30 June 2021	**11,188**	**-**	**-**	**31,652**	**270**	**43,110**
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**

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 13.5% (2020: 14.9%), 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% (2020: 2%). These take into consideration 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.

14. Intangible assets [Cont'd]

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. Certain disclosures, including sensitivities, relating to goodwill have not been made, given the significant headroom on impairment testing.

Company	Development Costs $'000	Computer Software $'000	Total $'000
Cost			
At 1 July 2020	32,470	1,706	34,176
Additions	10,099	37	10,136
Disposals	-	(1,057)	(1,057)
At 30 June 2021	42,569	686	43,255
Accumulated amortisation			
At 1 July 2020	7,387	1,245	8,632
Charge for the year	3,530	265	3,795
Amortisation on disposal	-	(1,057)	(1,057)
At 30 June 2021	10,917	453	11,370
Net Book Value at 30 June 2021	**31,652**	**233**	**31,885**
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**

Notes to Financial Statements [Cont'd]

15. Investment 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	Name of Business
Craneware US Holdings, Inc.	Ordinary	100%	Holding company
Craneware, Inc.	Ordinary	100% (via Craneware US Holdings, Inc.)	Sales & Marketing
Craneware InSight, Inc.	Ordinary	100% (via Craneware US Holdings, Inc.)	Product Development & Professional Services
Kestros Ltd. (t/a Craneware Health)	Ordinary	100%	Software Development
Craneware Healthcare Intelligence, LLC	Ordinary	100% (via Craneware US Holdings, Inc.)	Software Development

Craneware US Holdings, Inc. was incorporated on 30 June 2021 in the United States of America and Craneware plc holds 1,000 shares with a nominal value of $0.01 each.

On 30 June 2021, the full share capital of Craneware, Inc. and Craneware InSight, Inc. was transferred from Craneware plc to Craneware US Holdings, Inc. Craneware, Inc. and Craneware InSight, Inc. are incorporated in the United States of America and have 10,000 (2020: 10,000) and 1,000 (2020: 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 on 30 June 2021 the sole member was transferred from Craneware plc to Craneware US Holdings, Inc.

Kestros Ltd. (t/a Craneware Health) is incorporated within the United Kingdom and Craneware plc holds 1,075 (2020: 1,075) Ordinary shares respectively with a nominal value of £1 each.

	2021 $'000	2020 $'000
Cost		
At 1 July	**9,000**	10,107
Impairment of investment	**-**	(1,107)
At 30 June	**9,000**	9,000

The results of the Subsidiary companies have been included in the consolidated financial statements. Subsidiary registered addresses are listed on Page 30. The carrying value of the subsidiaries is supported by the underlying net assets.

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	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Trade receivables	**16,450**	18,171	**16,450**	18,043
Less: provision for impairment of trade receivables	**(2,270)**	(1,775)	**(2,270)**	(1,775)
Net trade receivables	**14,180**	16,396	**14,180**	16,268
Other receivables	**302**	172	**9,051**	7,880
Current tax receivable	**278**	-	**750**	-
Amounts owed from group companies	**-**	-	**8,331**	6,000
Prepayments and accrued income	**4,090**	2,055	**1,858**	1,419
Deferred contract costs	**6,012**	6,295	**-**	-
	24,862	24,918	**34,170**	31,567
Less non-current amounts owed from group companies	**-**	-	**(6,000)**	(6,000)
Less non-current prepaid loan arrangement fees	**(1,692)**	-	**-**	-
Less non-current deferred contract codes	**(3,735)**	(3,915)	**-**	-
Current portion	**19,435**	21,003	**28,170**	25,567

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 2021.

30 June 2021	**Current $'000**	**<30 days $'000**	**30-60 days $'000**	**61-90 days $'000**	**> 90 days $'000**
Expected credit loss rate	0.0%	3.2%	1.9%	4.8%	56.0%
Gross carrying amount	10,667	1,079	614	130	3,960
Expected credit loss	-	34	12	6	2,218
Net carrying amount	**10,667**	**1,045**	**602**	**124**	**1,742**

30 June 2020	**Current $'000**	**<30 days $'000**	**30-60 days $'000**	**61-90 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**

16. Trade and other receivables [Cont'd]

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

	2021 $'000	2020 $'000
At 1 July	**1,775**	1,246
Provision for receivables impairment on revenue recognised	**631**	1,250
Receivables written off during year as uncollectable	**(46)**	(631)
Unused amounts reversed	**(90)**	(90)
At 30 June	**2,270**	1,775

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 tax

Deferred tax is calculated in full on the temporary differences under the liability method using a rate of tax of 25% (2020: 19%) in the UK and 25% (2020: 25%) in the US including a provision for state taxes.

The movement on the deferred tax account is shown below:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 July	**2,408**	3,244	**1,139**	1,154
Credit/ (charge) to comprehensive income	**1,839**	(108)	**500**	172
Transfer direct to equity	**1,212**	(728)	**578**	(187)
At 30 June	**5,459**	2,408	**2,217**	1,139

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 2021 was $5,459,310 (2020: $2,408,118).

Deferred tax assets - recognised **Group**	**Short term timing differences $'000**	**Losses $'000**	**Share Options $'000**	**Total $'000**
At 1 July 2020	760	148	1,983	2,891
(Charged)/ credited to comprehensive income	(1)	910	729	1,638
Credited to equity	-	-	1,212	1,212
Total provided at 30 June 2021	**759**	**1,058**	**3,924**	**5,741**
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**

17. Deferred tax [Cont'd]

Deferred tax liabilities - recognised

Group	Accelerated tax depreciation $'000	Total $'000
At 1 July 2020	(483)	(483)
Credited to comprehensive income	201	201
Total provided at 30 June 2021	**(282)**	**(282)**
At 1 July 2019	(137)	(137)
Charged to comprehensive income	(346)	(346)
Total provided at 30 June 2020	**(483)**	**(483)**

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

Group	2021 $'000	2020 $'000
Deferred tax assets:		
Deferred tax assets to be recovered after more than 1 year	**4,919**	2,743
Deferred tax assets to be recovered within 1 year	**822**	148
	5,741	**2,891**
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 1 year	**(282)**	(335)
Deferred tax liabilities to be recovered within 1 year	**-**	(148)
	(282)	(483)
Net deferred tax assets	**5,459**	**2,408**

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

Deferred tax assets - recognised

Company	Short term timing differences $'000	Share Options $'000	Total $'000
At 1 July 2020	317	903	1,220
(Charged)/ credited to comprehensive income	(139)	573	434
Credited to equity	-	578	578
Total provided at 30 June 2021	**178**	**2,054**	**2,232**
At 1 July 2019	-	1,203	1,203
Credited / (charged) to comprehensive income	317	(113)	204
Charged to equity	-	(187)	(187)
Total provided at 30 June 2020	**317**	**903**	**1,220**

17. Deferred tax [Cont'd]

Deferred tax liabilities - recognised

Company	Accelerated tax depreciation $'000	Total $'000
At 1 July 2020	(81)	(81)
Credited to comprehensive income	66	66
Total provided at 30 June 2021	**(15)**	**(15)**
At 1 July 2019	(49)	(49)
Charged to comprehensive income	(32)	(32)
Total provided at 30 June 2020	**(81)**	**(81)**

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 and reserves

(a) Share capital

	2021		2020	
	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

	2021		2020	
	Number	**$'000**	Number	$'000
Equity share capital				
Ordinary shares of 1p each				
At 1 July	**26,826,539**	**536**	26,698,984	535
Share placing	**6,192,652**	**88**	-	-
Allotted and issued in the year on exercise of employee share options	-	-	127,555	1
At 30 June	**33,019,191**	**624**	26,826,539	536

The Company did not purchase any of its own shares during the financial year ended 30 June 2021 (2020: nil).

Shares issued during the year

In June 2021, the Company completed a placing of 6,192,652 new Ordinary Shares at an issue price of £22.00 ($31.05) per share, representing approximately 23.1% of the issued share capital prior to the placing. The new Ordinary Shares rank pari passu in all respects with the existing Ordinary Shares of the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of issue, including the final dividend declared in respect of the year ended 30 June 2021. The placing raised proceeds of approximately £132,549,237 ($187,080,731) net of transaction costs. The placing was effected by way of a cash box structure, the resulting transactions satisfied all of the required conditions under section 612 of the Companies Act 2006 to obtain merger relief and therefore the excess of the net proceeds over the nominal value of the shares issued, of £132,487,307 ($186,993,326), has been credited to a merger reserve rather than to the share premium account. The purpose of the share placing was to obtain net proceeds to part fund the acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc. (Note 25 contains further details of this acquisition which completed in July 2021). This merger reserve is not considered to be distributable as a consequence of the net proceeds of the placing being for a specific acquisition.

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 2021 no Ordinary Shares (2020: 127,555 Ordinary Shares) were issued on the exercise of share options by employees.

18. Share capital and reserves [Cont'd]

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, JTC Employer Solutions Trustee Limited. 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 2021 is summarised in the table below.

	2021 $'000	2020 $.000
Loan balance (from Company to the EBT) at 1 July	**7,709**	7,031
Exchange gain / (loss)	**964**	(240)
Addition to the loan from the Company to the EBT during the year	**560**	1,255
Partial repayment of loan by the EBT during the year	**(501)**	(337)
Loan balance (from Company to the EBT) at 30 June	**8,732**	7,709

The EBT purchased 17,087 Craneware plc Ordinary Shares of 1 pence each in the market in the year ended 30 June 2021 (2020: 43,395 Ordinary Shares in the Company were purchased by the EBT in the market) and the EBT purchased 20,904 Ordinary Shares in the Company off market, based on the prevailing market price per share on the date of purchase (2020: no Ordinary Shares in the Company were purchased by the EBT off market). As such the net outflow on the Group in the current year as disclosed in the Statement of Changes in Equity and Consolidated Cashflow Statement is $422,000.

The Shares held by the EBT are utilised to satisfy employee share plan awards and, during the financial year ended 30 June 2021, a total of 55,600 of the Shares from the EBT (2020: 30,325 Shares) were used to satisfy the exercise of employee share options and employee vested conditional share awards. At 30 June 2021 the EBT held 348,585 Craneware plc Ordinary Shares (at 30 June 2020: 366,194 Ordinary Shares).

(b) Reserves

Share premium account

The share premium represents amounts received in excess of the nominal value of shares issued, net of the direct costs of issuing those shares.

Merger reserve

The merger reserve contains the excess of the net proceeds over the nominal value of shares issued in the situation where the conditions, under section 612 of the Companies Act 2006, for merger relief are satisfied. As explained in Note 18 (a) above, this merger reserve is not considered to be distributable.

Capital redemption reserve

The capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled. This is not a distributable reserve.

Other reserves

Other reserves are the credit arising on share-based payment charges in relation to the Company's employee share plans. Amounts are released from this reserve to Retained Earnings when employee share plan awards are exercised, released or lapsed.

19. Cash generated from operations

Reconciliation of profit before taxation to net cash generated from operations:

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Profit before tax	**13,165**	19,304	**12,468**	10,533
Finance income	**(1)**	(192)	**(75)**	(261)
Finance expense	**76**	94	**47**	47
Write off of investment in subsidiary	**-**	-	**-**	1,107
Depreciation on property, plant and equipment	**1,403**	1,489	**828**	904
Amoritsation and impairment on intangible assets	**3,840**	3,176	**3,795**	2,249
Share-based payments	**2,141**	1,318	**1,389**	488
FX on non cash items	**(136)**	-	**-**	-
Movements in working capital:				
Decrease/ (increase) in trade and other receivables	**2,026**	(1,183)	**296**	(2,512)
Increase / (decrease) in trade and other payables	**4,197**	(872)	**970**	10,446
Cash generated from operations	**26,711**	23,134	**19,718**	23,001

20. Cash and cash equivalents

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Cash at bank and in hand	**235,617**	47,851	**230,363**	44,480

The effective rates on short term bank deposits were 0.002% (2020: 0.42%).

21. Trade and other payables

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Trade payables	**1,844**	719	**1,759**	389
Amounts owed to group companies	**-**	-	**29,698**	24,943
Lease creditor due < 1 year	**1,053**	946	**647**	550
Social security and PAYE	**1,556**	973	**507**	395
Other creditors	**50**	49	**-**	-
Accruals	**10,808**	4,707	**1,847**	776
Advanced payments	**428**	-	**428**	-
Trade and other payables	**15,739**	7,394	**34,886**	27,053

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 2021 was 18 days (2020: 17 days). Trade and other payables are classified as financial liabilities at amortised cost.

22. Contingent liabilities and financial commitments

(a) **Capital commitments**

The Group has no capital commitments at 30 June 2021 (2020: 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:

	2021 $'000	2020 $'000
Within one year	**5**	10
Between 1 and 5 years	**5**	8
More than 5 years	**-**	-
	10	18

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:-

	2021		2020	
Group	**Charged $**	**Outstanding at year end $**	Charged $	Outstanding at year end $
Fees for services provided as non-executive Directors				
Fees	**196,895**	**-**	189,632	-
Salaries and short-term employee benefits	**160,518**	-	97,305	-
Executive Directors				
Salaries and short-term employee benefits	**764,531**	-	674,293	-
Post employment benefits	**42,325**	-	33,775	-
Share based payments	**336,320**	-	219,486	-
Other key management				-
Salaries and short-term employee benefits	**1,413,069**	-	1,650,746	-
Post employment benefits	**55,257**	-	65,434	-
Share based payments	**351,792**	**-**	305,294	-

Subsidiary registered addresses listed on page 30.

Notes to Financial Statements [Cont'd]

23. Related party transactions [Cont'd]

	2021		2020	
Company	**Charged $**	**Outstanding at year end $**	Charged $	Outstanding at year end $
Fees for services provided as non-executive Directors				
Fees	**196,895**	**-**	189,632	-
Salaries and short-term employee benefits	**160,518**	**-**	97,305	-
Executive Directors				
Salaries and short-term employee benefits	**764,531**	**-**	674,293	-
Post employment benefits	**42,325**	**-**	33,775	-
Share based payments	**336,320**	**-**	219,486	-
Other key management				-
Salaries and short-term employee benefits	**420,020**	**-**	382,201	-
Post employment benefits	**23,513**	**-**	18,806	-
Share based payments	**111,150**	**-**	79,341	-
Amounts due to Craneware Holdings US, Inc. - Subsidiary company				
Net operating expenses	**(2,331,489)**	**-**	-	
Balance	**-**	**2,331,489**		-
Amounts due to Craneware, Inc. - Subsidiary company				
Sales commission	**27,625,177**	**-**	29,435,053	-
Net operating expenses	**8,882,680**	**-**	9,765,798	-
Balance	**-**	**(17,448,082)**	-	(17,192,826)
Net Amounts due from Craneware InSight, Inc. - Subsidiary company				
Sales commission	**4,299,122**	**-**	3,233,561	-
Net operating expenses	**889,652**		1,178,674	
Balance		**(6,062,988)**	-	3,712,131
Net Amounts due to Kestros Ltd. (t/a Craneware Health) - Subsidiary company				
Net operating expenses	**59,813**		162,718	
Balance		**-**		-
Net Amounts due to Craneware Healthcare Intelligence, LLC - Subsidiary company				
Net operating expenses	**1,627,000**		1,901,378	
Balance		**(6,186,704)**		(5,462,609)

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 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.

25. Subsequent events

On 12 July 2021, the Group acquired 100% of the voting rights of SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc. ('Sentry'), a leader in pharmacy procurement, compliance and utilisation, management based in Florida, USA. The reasons for the purchase and expected synergies have been described in the Strategic Report and in the initial announcement on 7 June 2021.

The aggregate consideration for the acquisition of Sentry on a cash free/ debt free basis was $400m subject to an adjustment against a benchmark level of working capital on the date of acquisition as calculated and determined in accordance with the terms of the agreement relating to the acquisition.

The consideration for the acquisition was satisfied by $312.5m (as adjusted) in cash and $87.5m by the issuance of 2,507,348 new ordinary shares in Craneware plc on 14 July 2021. The cash consideration was funded from the Group's existing cash resources, $120m from a new $140m debt facility and $187.3m net proceeds from a share placing completed in June 2021.

The new debt facility comprises a term and revolving facilities agreement and is secured by a Scots law floating charge granted by the Company, an English law debenture granted by the Company and a New York law security agreement to which the Company and certain of its subsidiaries are parties. The securities granted by the Company and the relevant subsidiaries provide security over all of the assets of the Company and specified assets of the Group. Arrangement fees paid in advance in relation to the new debt facility prior to the year end are included within Trade and Other receivables > 1 year on the Balance Sheet as per Note 16.

Due to the proximity of the acquisition to the publication of these accounts, the Group has not yet completed the acquisition accounting. Therefore not all required IFRS 3 Business Combination disclosures have been included.

26. Alternative performance measures

The Group's performance is assessed using a number of financial measures which are not defined under IFRS and are therefore non-GAAP (alternative) performance measures. These are as follows:

- **Adjusted EBITDA** refers to earnings before interest, tax, depreciation, amortisation, exceptional items and share based payments.
- **Adjusted earnings per share (EPS)** calculations allow for the tax adjusted acquisition costs and share related transactions together with amortisation on acquired intangibles via business combinations.
- **Operating cash conversion** is calculated as cash generated from operations (as per Note 19) divided by adjusted EBITDA.
- **Total Sales** refer to the total value of contracts signed in the year, consisting of New Sales and Renewals.
- **New Sales** refers to the total value of contracts with new customers or new products to existing customers at some time in their underlying contract.

The Directors believe these measures enable the reader to focus on what the Group regard as a more reliable indicator of the underlying performance of the Group since they exclude items which are not reflective of the normal course of business, accounting estimates and non-cash items. The adjustments made are consistent and comparable with other similar companies.

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