Transforming the Business of Healthcare

Craneware plc

Annual Report and Financial Statements

For the year ended 30 June 2022

Registered Number SC196331

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Our value cycle insights are delivered through our Trisus platform for revenue integrity and 340B management, as well as margin and operational intelligence.

The Craneware Group – Transforming the Business of Healthcare™

Financial Highlights (US dollars)

- Revenue increase of 119% to $165.5m (FY21: $75.6m)
- Adjusted EBITDA[1] increased 91% to $51.8m (FY21: $27.1m)
- Profit before tax $13.1m (FY21: $13.2m) reflecting increased operating profit offset by amortisation of acquired intangibles and bank interest payments resulting from the Sentry Data Systems, Inc ("Sentry") acquisition
- Basic adjusted EPS[1] increased 29% to 89.0 cents (FY21: 69.0 cents) and adjusted diluted EPS increased to 88.1 cents (FY21: 68.1 cents)
- Basic EPS 26.8 cents (FY21: 48.1 cents) and diluted EPS 26.5 cents (FY21: 47.5 cents)
- Annual Recurring Revenue[2] increased by 164% to $170.3m (FY21 $64.5m)
- Robust operating cash conversion[1] at 80% of Adjusted EBITDA (FY21: 99%) reflecting different cash generation profiles of acquired business
- Operating cash reserves at year-end of $47.2m (FY21: $48.3m) and Net Debt of $64.4m (FY21: Net Debt $Nil)
- Proposed final dividend increase to 15.5p per share (18.80 cents) (FY21: 15.5p, 21.47 cents) giving a total dividend for the year of 28p per share (33.96 cents) (FY21: 27.5p, 38.10 cents) up 2%

Operational Highlights

- Sentry and Agilum businesses successfully acquired and integrated during the year, providing considerably increased scale, offering, team and opportunity
- The enlarged business has successfully rebranded to The Craneware Group[3]
- Synergies realised have delivered target +30% Adjusted EBITDA[1] margin ahead of schedule
- Initial cross-sales achieved and building pipeline of opportunities
- 80% of ARR now from the Cloud, demonstrating successful execution of cloud strategy
- Trisus Chargemaster launched and vast majority of customers expected to have moved to the Trisus platform by end of current calendar year
- Continued investment in R&D and innovation to capitalise on growing market opportunity

1. Certain financial measures are not determined under IFRS and are alternative performance measures as described in Note 27 of the financial statements.
2. Annual Recurring Revenue ("ARR") includes the annual value of licence and transaction revenues as at 30 June 2022 that are subject to underlying contracts.
3. When we refer to 'Craneware', or 'The Craneware Group' or 'Group' in the annual report we mean the group of companies having Craneware plc as its parent and therefore these words are used interchangeably.

Solutions

Our applications and industry-leading team of experts contextualize operational, financial, and clinical data, providing insights that clearly demonstrate realistic revenue integrity and 340B compliance opportunities for our customers.

Pricing

Trisus Pricing Transparency

Trisus Pricing Transparency helps you meet the requirements of the rule and go beyond posting prices by providing valuable analytics to monitor market dynamics.

Trisus Pricing Analyzer

Trisus Pricing Analyzer simplifies and automates the price-modeling process. Your organization can readily assess the potential impact of pricing changes, such as revenue shortfalls or changes in payor contracts.

Revenue

Trisus Chargemaster

Trisus Chargemaster is designed with the user in mind, to enhance efficiency in workflow, collaboration, and communication across clinical and financial teams.

Insight Medical Necessity

InSight Medical Necessity serves all parts of your organization that need instant access to medical necessity requirements, from admissions and order-entry to medical records and external practices.

Trisus Claims Informatics

Trisus Claims Informatics, a retrospective charge capture analytical application, identifies high-impact areas of risk for your team to investigate.

Trisus Supply

Align data sets from the item master, chargemaster, and operatory with automated reviews to eliminate disparity which can result in lost or incorrect data and revenue.

Appeals Services

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

Trisus Healthcare Intelligence

Trisus® Healthcare Intelligence goes beyond traditional cost and accounting tools and provides insights into resource consumption on the patient level.

Trisus Supplies Assistant

Trisus Supplies Assistant is Craneware's proprietary supplies coding search function that delivers HCPCS codes, UNSPSC codes, manufacturer, description, catalog ID, status indicator, reimbursable flag, revenue codes, and other reference information – in a single screen.

Trisus Medication Analytic Solutions

Prioritize, diagnose, and resolve issues in your medication systems to impact finances, workflow efficiencies, and patient outcomes while mitigating compliance risks.

Sentinel

Sentinel® helps you capture more by providing detailed tracking of all drug activity at the 11-digit NDC level for a complete audit trail and more insights into your pharmacy operations.

Sentrex

Sentrex® is a SaaS-based solution that helps covered entities expand medication access while maintaining compliance with evolving legislation.

Sentrex 330

Sentrex330™ helps you leverage contract pharmacy relationships to expand your 340B program benefit to as many eligible patients as possible, with the most complete retail and specialty pharmacy network.

Referral Verification System (Sentrex)

Our Referral Verification System™ (RVS™) leverages your existing Sentrex® platform to access referrals initially deemed ineligible, helping you reclaim eligible prescriptions and capture more 340B opportunity.

Referral Verification System (Senturion)

Our Referral Verification System™ (RVS™) leverages your existing Sentrex® platform to access referrals initially deemed ineligible, helping you reclaim eligible prescriptions and capture more 340B opportunity.

Sentry Core

Simplify the complexities of pharmacy procurement, utilization and compliance, and capture more with advanced NDC mapping functionality and flexible configuration options that reflect your business processes and 340B program requirements.

Senturion Professional Service

As the leader in value cycle solutions for nearly 20 years, hospitals of all sizes and types rely on The Craneware Group's Professional Services to help address their toughest challenges. We deliver results that lead to improved revenue recognition and retention.

Professional Services Catalog

Our team members act as an extension of your team, bringing with them 20+ years of experience working with thousands of covered entities and contract pharmacies.

Customer Journey to Value Cycle Success

Hospitals and health systems across the country leverage the passion of our professionals, strength of our data and innovative high-value solutions to drive better outcomes for all.

Cost | **340B** | **Services**

Chair's Statement

I am pleased to report on a year of significant strategic progress, in which the acquisitions of US-based Sentry Data Systems, Inc. ("Sentry") and Agilum Healthcare Intelligence, Inc. ("Agilum") (collectively referred to as the acquisition of Sentry), were successfully completed, considerably increasing the scale of The Craneware Group, enhancing our pharmacy offering and cementing Craneware's position as a leading provider of Value Cycle solutions to the US healthcare market. The combination of the three organisations paves the way for long-term sustained growth, as COVID-19 related impediments dissipate, and the Group unlocks the significant opportunities of our extended product suite. With the transition of the Craneware offerings to the Cloud, which remains on track to complete in the current calendar year, and 80% of ARR now derived from Cloud based solutions, we are confident the building blocks are in place for our ongoing success.

Financials demonstrate increased scale of the Group

The increased scale of the Craneware Group can be seen in the financial figures we are reporting. Group Headline Revenues increased 119% in the year to $165.5m with an adjusted EBITDA increase of 91% to $51.8m, achieving the combined Group adjusted EBITDA margin target of 30% ahead of schedule.

Software revenue and customer retention continues to be robust across the Group's offerings, as demonstrated by the growth in underlying ARR to $170.3m (30 June 2021: $64.5m). As previously reported, professional services revenues continue to be affected by the impact of the COVID pandemic on hospital workforce and operations. We are confident we will see professional services revenues return to pre-COVID levels once hospital staffing pressures ease.

As at 30 June 2022, the Group had strong operating cash reserves of $47.2m (30 June 2021: $48.3m) and net debt of $64.4m (30 June 2021: $nil) representing circa 1.2 times reported adjusted EBITDA. This balance sheet strength, combined with our high levels of ARR, standing at $170.3m at year end, and the potential for a return to pre-pandemic levels of professional services revenue, leaves the Group well positioned for FY23 and beyond.

Investment in innovation provides increased addressable opportunity

With a customer base representing approximately 40% of registered US hospitals including more than 12,000 US hospitals, health systems, clinics and affiliated retail pharmacies, supported by access to over 20 years of contextualised healthcare data, we have an enviable position within the US healthcare industry.

Our investment in innovation and M&A strategy provide us with a growing solution set to provide further value to our customers. Following two years of intense pressure on our customers and healthcare professionals, they are more motivated than ever to implement strategic and long-term planning. Our Trisus platform is specifically designed to help them achieve this. While we may see fluctuations in our professional services revenue in any individual reporting period, our largely recurring revenue business model provides us with the revenue visibility to continue to invest in our people and offering, to capitalise on the significant opportunity.

Making a positive contribution to society

Our purpose is to transform the business of healthcare through the profound impact our solutions deliver, enabling our customers to provide quality care to their communities.

This tangible positive impact our solutions can make on the lives of others continues to be a great motivator for our talented team. The Craneware Group has always had a strong commitment to social responsibility and community engagement, which has been enhanced by the integration of our 340B offerings and colleagues We have been delighted to welcome the Sentry and Agilum teams into The Craneware Group as well as additional new colleagues across the Group, on behalf of the Board, I would like to thank all the enlarged team for their continued passion and commitment. We detail more of the impact the Group makes within the communities we serve in our ESG Statement.

We were pleased to welcome Issy Urquhart, the Group Chief People Officer to the Craneware plc Board in April this year. Issy has been central in the successful integration of the Sentry team into The Craneware Group and the appointment of a leader with her skillset reflects both the importance the Board places on creating the right environment for our people to thrive and the increased scale of The Craneware Group.

Positive Outlook

The strength of the newly enlarged Craneware Group, our high levels of Annual Recurring Revenue, the breadth of solutions we can provide and the scale of data flowing through our platform are the solid foundations for growth. Building on these foundations, whilst remaining cognisant of the challenges our customers and partners continue to face, the Board has confidence in Craneware's ability to address the expanded market opportunity presented.

Will Whitehorn

Chair

19 September 2022

Operational Review

We are pleased to be reporting such positive results, which clearly demonstrate the increased scale of the enlarged Craneware Group and the breadth of our future market opportunity. The addition of Sentry, which completed during the fiscal year, represents a significant milestone for Craneware. We are now bolstered by the deepened pharmacy data insights within our platform, the addition of new customers with further products and expertise. We are delighted to have welcomed the Sentry and Agilum teams along with their customers to The Craneware Group as we look forward to our next phase of growth together, in line with our shared vision of transforming the business of healthcare.

Following Sentry's acquisition we have seen pleasing initial cross-sales which we believe are only a glimpse of things to come, as we look to capitalise on this considerable opportunity moving forwards. Additionally we have made good progress in growing the number of customers on Trisus, our cloud-based platform, with the vast majority of hospital customers now interacting with the platform, and we expect to have largely completed the migration of customers onto the platform by the end of calendar 2022. Having achieved the scale and integration we had been aiming for during the period, we now have a solid foundation to move to the next step of our evolution.

There is great pride across the Group in the way in which the team has achieved these results amid a significant integration process and testing macro-economic challenges. Whilst remaining cognisant of the challenges our customers and partners continue to face, the strength of the newly enlarged Craneware Group, the applicability of our powerful data sets and solutions together with the scale of the opportunity ahead, means the Board remains confident in the Group's future success.

Market – the move to value-based care continues at pace

As we move through 2022, market conditions are continuing to normalise following the impact of the COVID pandemic, although there is still some way to go before full recovery in hospital workforce and operations to pre-pandemic conditions.

The pandemic ushered in a new era for the industry with healthcare providers having to adjust to new methods of healthcare delivery, with a reduced workforce available to them. Financially, both providers and payers struggled to navigate the rapidly changing market. However, with the US continuing to lag other developed nations in terms of life-expectancy while incurring the highest cost per capita in healthcare spend, the need to provide increased value in healthcare has continued unabated. We expect investment across the healthcare industry to deliver this change to grow, with software and analytics being a key component.

The need for accurate financial data, supporting analytics and the insights those analytics can bring along with the efficiency of technology solutions has never been more important. We provide our customers with access to the market's only platform that directly and holistically addresses issues pertaining to the value cycle. Our products and systems, which are built on the insights of our data, enhance efficiency and helps ensure that both operational and administrative functions of a hospital are working optimally, enabling the existing teams to be more effective and efficient in their roles. Through these insights our solutions can deliver real financial returns and free up resource with a more targeted approach, that can be re-invested and re-deployed by healthcare providers to support the clinical care for their communities.

Our customers have remained resilient in the face of this challenging and evolving landscape and we are committed to providing them with the support to navigate through the future impacts of the pandemic and deliver value-based care.

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 delivered data aggregation and intelligence platform which will be the foundation for our future growth as we migrate our existing on-premise products to the Cloud, leverage our data assets to expand our offering, integrate third party solutions to the platform and benefit from the scalability of cloud-technology.

Three Growth Pillars

Our growth strategy has three fundamental growth pillars:

1. The transition of our customers to cloud-based versions of our existing solutions, to act as a gateway to the benefits and additional applications on the Trisus platform.

We are pleased with the rate at which our customers are transitioning onto the Trisus platform, and we are on track in our move to be a fully cloud based provider. We currently have 80% of our annual recuring revenue (30 June 2021: 16%) being delivered from cloud based solutions, pointing to the strong progress made and the Sentry products acquired already being cloud based. There has been strong adoption of the Trisus Chargemaster offering, the cloud version of our original Chargemaster Toolkit product and we anticipate the migration of our existing customers to Trisus to be largely complete by end of calendar 2022. We are confident in the value our new Trisus Chargemaster will bring to our customers through more readily accessible insights into hospital operations providing a more efficient and effective manner of driving improvements.

Pharmacy operations within healthcare providers is the largest cost area for US hospitals apart from staff costs and an area where we see considerable opportunity to scale our value-focused solutions. We are continually evolving our full Pharmacy product suite, due to the dynamic nature of the 340B marketplace, to ensure our market leading position.

As a result of our R&D in this area and the acquisition of Sentry, we now have four cloud based pharmacy offerings to take to market, effectively replacing our existing on premise offering, Pharmacy Chargelink (PCL) and 65% of the current PCL customer base are already scheduled to migrate to the new cloud-based replacements before the end of the calendar year. These four offerings are: Trisus Pharmacy Financial Management (TRxFM) and Trisus Medication Formulary, which was launched in the last 12 months, and Trisus Medication Claims and Trisus Medication Compare, which are both evolutions of two original Sentry products.

While we are planning to refresh the user interface of the existing Sentry offerings, to create the same look and feel as the Craneware Trisus platform, they are using established cloud architecture and do not require technical integration.

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.

The dynamic nature of the healthcare market means that we are consistently developing additional applications and tools to provide benefits to our customers. We are continuing to see additional opportunities for the Group as we evolve and expand our capabilities.

While organic growth remains a priority, we continue to evaluate the market for M&A opportunities 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 size of Sentry. We maintain the same four key acquisition criteria of which target companies must fit into at least one, being: the addition of relevant data sets; the extension of the customer base; the expansion of expertise; and the addition of applications suitable for the US hospital market.

In evaluating acquisition opportunities, the Board implements a rigorous and disciplined approach to valuation, 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.

In addition to seeing a higher percentage of our ARR from cloud based solutions, we have also seen pleasing ARR growth from sales activities during the period, including our initial cross sale successes. ARR for the enlarged Group now stands at $170.3m (30 June 2021: $64.5m). This provides the foundation for further growth through our sales successes and high levels of customer retention, to deliver future organic growth. During the year we have seen some significant customers transition to Trisus and extend their long-term relationships with Craneware through both renewals and extensions to existing contracts, along with competitive wins in the Chargemaster and Pharmacy space.

We are confident that we will be able to further increase sales activity in the future with our broadened and improved products and add to our substantial existing customer base. This success is underpinned by consistently strong customer retention rates which remained high in the period at above 90%.

Post-Acquisition Integration Update

We were delighted with the Sentry acquisition integration during the period. There are strong synergies between the businesses through the complementary nature of Sentry's product suite and customer base, which has been typified by the collaboration between the teams. We have formed one combined management team, including a new role of Transformation Officer, to oversee the continued evolution of The Craneware Group with our commitment to a lean operating model.

We are proud of the manner in which the challenges of integrating businesses of comparable size have been dealt with by the team, achieving comparatively strong staff retention rates and we have successfully achieved the scale and level of integration we had been targeting.

We are now benefitting from an integrated, well-structured team which will no doubt drive strong levels of new sales moving forward.

Our People and Community

Our commitment to our people has always been at the centre of what we do. We are always reviewing our work practices to ensure that our employees are receiving maximum support. We provide further details of these activities with our ESG Statement.

Craneware continues to develop many social initiatives, such as Craneware Cares and the Craneware Cares Foundation which is driven by our employees. Further, following our acquisition of Sentry, we have also become directly involved with the 340B Coalition. This program aims to give back to local communities with vulnerable populations. Even though our staff were mostly working from home through this year, they still managed to help a total of 42 different charities across the UK and US, including our four Spotlight Charities.

Our People and Community [Cont'd]

We are uniquely positioned to provide the insights our customers need to manage their operations more efficiently and mitigate risk while they focus on delivering increased levels of care. Importantly, in the period our customers have seen in excess of a $1 billion in benefit from utilising our solutions including a significant contribution from our 340B offerings, helping to stretch scarce federal resources as far as possible, reach more eligible patients and provide more comprehensive services.

Financial Review

We began this financial year as a standalone business, and then completed the transformational acquisition of Sentry. Whilst the financial results we are reporting have yet to include a full twelve-month contribution from this acquisition, they do demonstrate the significant step change that has occurred within The Craneware Group. We are pleased to report the successful integration of Sentry and be able to demonstrate this evolution of our enlarged Group despite the backdrop of the pandemic and the challenges this created for all healthcare providers.

For the year ended 30 June 2022, The Craneware Group is reporting an increase in revenue of 119% to $165.5m (FY21: $75.6m) and a 91% increase in adjusted EBITDA to $51.8m (FY21: $27.1m).

These results not only demonstrate the new scale of The Craneware Group but, with our resulting enlarged portfolio of products and data sets that support them, provide a new 'foundation' for all our key performance metrics. From this foundation, we can demonstrate future organic growth as we do even more to support our customers as they meet the challenges of the post-pandemic macro environment.

Sentry Acquisition

Our intention to acquire Sentry was originally announced in our prior financial year (June 2021) and was accompanied by a share placing which resulted in the allotment of 6,192,652 new Ordinary Shares. Following the clearance of the relevant regulatory hurdles, we completed the acquisition on 12 July 2021. The final consideration for the acquisition (being on a cash free / debt free basis and after adjusting for working capital) was $372.9m.

We have completed our assessment of the fair value of the assets and liabilities acquired and the consolidated balance sheet presented includes these amounts; as detailed in Note 13 to the Consolidated Financial Statements, we have recorded $226.5m of goodwill, having recognised $146.5m of net assets acquired including the fair value of intangible assets: customer list and customer contracts of $151m, proprietary software of $51.5m and trademarks of $5.0m. Deferred tax of $37.8m, $12.9.m and $1.2m has been provided respectively in relation to the fair value of those intangible assets. Sentry contributed revenue of $94.7m and net profit of $1.6m to the Group for the period from 13 July 2021 to 30 June 2022.

Underlying Business Model and Professional Services

In Sentry, we have acquired a business model which was similar in its nature to the existing Craneware Annuity SaaS business model. The Sentry business also signed multi-year contracts albeit they are often for a slightly shorter duration, usually three years. In addition to the licence fees, Sentry also provides a number of transactional services to customers, throughout the life of their underlying contracts. These transactional services, whilst highly dependable, see some variation period to period dependent on volume of transactions.

As The Craneware Group, the new contracts we sign with our customers provide a licence for the customer to access specified products throughout their licence period. At the end of an existing licence period, or at a mutually agreed earlier date, we look to renew these contracts with our customers.

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.

In addition to the licence revenues recognised in any year, we also expect revenue to be recognised from providing professional and consulting services to our customers. These revenues are usually recognised as we deliver the service to the customer, on a percentage of completion basis.

The COVID-19 pandemic and the current macro-economic environment has resulted in shortages of available staff at hospitals which has continued to impact our ability to deliver professional services to our full capability, impacting the underlying growth (especially organic) in the year. As a result, we have experienced a reduction in our professional services revenues, reducing to $13.9m from $14.5m in FY21 despite the enlarged Group and well below our expectations of 15%+ of our combined revenues in any single year being generated from delivery of these services.

However, we have retained our professional services capacity and as this, anticipated to be, short-term impact reverses we are well positioned to return to growth in our professional services delivery and associated revenue.

Annual Recurring Revenue

By renewing our 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 add to this recurring revenue.

Operational and Financial Review [Cont'd]

Financial Review [Cont'd]

Following the acquisition of Sentry, we have introduced a new KPI of Annual Recurring Revenue ("ARR") to supplement our existing financial KPIs. With the increasing standardisation in how SaaS companies report, this KPI will replace our historic three year visible revenue KPI. ARR demonstrates the annual value of licence and transactional revenues that are subject to underlying contracts.

At 30 June 2022, ARR had reached a new milestone of \$170.3m (30 June 2021: \$64.5m). Within this metric we include the annual value of licence and recurring transaction revenues as at 30 June 2022 that are subject to underlying contracts. In future years, we will introduce further KPIs to demonstrate how the underlying growth of the Group is progressing from this 'foundation', such as Net Revenue Retention. We believe this will allow even easier comparison between the Group and its peers.

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 FY22 was \$142.4m (FY21: \$70.2m). This represents a gross margin percentage of 86% (FY21: 93%) which was expected following the Sentry acquisition and reflects the nature of the enlarged portfolio of software and services the Group now delivers. This represents a normal level of Gross Margin, going forward.

Operating expenses

The increase in net operating expenses (to Adjusted EBITDA) to \$90.6m (FY21: \$43.1m) again reflects the scale of our enlarged Group. The bringing together of the organisations has delivered on anticipated synergies to deliver our combined target Adjusted EBITDA margin of +30% ahead of schedule and has helped to offset the macro-economic inflationary pressures faced. With the ongoing macro-economic challenges, our ability to deliver focused investment whilst retaining our normal prudent cost control is key. Whilst the majority of our cost base is US-located, our ability to balance our investment between the US and the UK (and the associated Sterling exchange rate) will provide an element of protection against the inflationary pressures that currently exist.

Product innovation and enhancement continue to be core to this future and our ability to achieve our potential. We continue to pursue our buy, build, or partner strategy to build out the Trisus platform and its portfolio of products. As we are cash generative, we are able to use our cash reserves to further "build" alongside the acquisition activities in the year and therefore continue to invest significant resource in R&D.

The total cost of development in the year was \$51.1m (FY21: \$24.7m), a 107% increase primarily as a result of bringing the R&D departments together. We continue to capitalise only the costs that relate to projects that bring future economic benefit to the Group. With a focus in the year on integration activities, the total amount capitalised in the year reduced from 41% of total R&D spend in FY21 to 26% in the current year, being \$13.5m (FY21: \$10.1m).

We continue to believe this investment is an efficient and cost-effective way to further build out our Value Cycle strategy alongside any acquisition strategy. With the completion of our integration efforts, we expect to see both the levels of development expense and capitalisation return to our historical proportion of revenue in future years. As specific products are made available to relevant customers, the associated development costs capitalised are amortised and charged to the Group's income statement over their estimated useful economic life, thereby correctly matching costs to 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, being \$461,000 (FY21: \$495,000). 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 as detailed in Note 27 to the Financial Statements. 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 uses 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 \$2.1m (FY21: \$6.5m) have been identified as exceptional. These relate primarily to the costs associated with the acquisition of Sentry. As such, these costs were adjusted from earnings in presenting Adjusted EBITDA.

Adjusted EBITDA has grown in the year to \$51.8m (FY21: \$27.1m) an increase of 91%. This reflects an Adjusted EBITDA margin of 31% (FY21: 36%). This result confirms we have achieved our post acquisition target of returning to a combined Group adjusted EBITDA margin of 30% ahead of

Financial Review [Cont'd]

schedule. This is a result of the success of the integration following the Sentry acquisition and the synergies the combined organisations have delivered.

Following the amortisation charge relating to acquired intangible assets relating to the Sentry acquisition of $20.2m (FY21: $nil), profit before taxation reported in the year is $13.1m (FY21: $13.2m).

Taxation

The Group generates profits in both the UK and the US. The Group's effective tax rate is primarily dependent on the applicable tax rates in these respective jurisdictions. As Sentry has no UK operations, its profits are solely generated in the US and therefore the Group now generates a higher proportion of its profits there.

In prior years, the Company qualified for the enhanced small and medium-sized enterprises (SME) R&D tax relief in the UK but, with the increased scale of the Group, this enhanced relief is no longer applicable to the Group and we now fall into the R&D Expenditure Credit (RDEC) scheme at reduced rates of relief. R&D tax relief has reduced in the current year to $0.5m (FY21: $0.7m) due to the reduced rate of applicable relief. RDEC also requires the qualifying expenditure to be included as a tax credit in other income and therefore taxable, rather than a reduction to the tax charge and ultimately results in a net increase of $0.4m.

In the year ended 30 June 2021, the effective tax rate had been further positively affected by the finalisation of R&D tax relief claims in respect to the two prior two years, totaling $1.6m, along with the estimated R&D tax relief for that year. In addition, in the year to 30 June 2021, following the substantive enactment of the increase in UK corporation tax rate to 25% effective from 1 April 2023, the UK deferred tax assets and liabilities at 30 June 2021 were revalued which reduced that year's tax charge by $0.5m.

Other factors impacting the effective tax rate include tax deductibility of amortisation of acquired intangibles, tax losses brought forward in the new enlarged Group and the number of share options exercised and associated tax treatment. Reconciliation of the tax charge for the year can be seen in Note 10. As a result of all these factors, the effective tax rate for the year ended 30 June 2022 is 28% (FY21: 2%).

EPS

The Group presents an Alternative Performance Measure of Adjusted EPS, to provide consistency to other listed companies. Both Basic and Diluted Adjusted EPS are calculated excluding costs incurred as a result of acquisition and share related activities, being $1.6m (tax adjusted) in the year (FY21: $5.6m) and amortisation of acquired intangibles of $20.2m (FY21: $nil).

Adjusted EPS, after the factors noted above including the increased levels of Adjusted EBITDA has increased 29% to $0.890 (FY21: $0.690) and adjusted diluted EPS has increased to $0.881 (FY21: $0.681).

Basic EPS in the period reduced to $0.268 (FY21: $0.481) and Diluted EPS reduced to $0.265 (FY21: $0.475) primarily as a result of the exceptional items noted above and bank interest relating to the new borrowings.

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 consolidated cash flow statement).

Sentry, prior to its acquisition, whilst cash generative was not achieving the levels of cash generation achieved by Craneware. In the year, we have made improvements in the operating cash conversion of Sentry and as a result achieved Operating Cash Conversion across the combined group of 80% in the year after adjusting for cash outflows relating to exceptional costs accrued in the prior year (FY21: 99%).

We continue to invest in our future and return funds to our enlarged shareholder base via dividends, returning $13.0m in the current year (FY21: $9.7m).

Also, as part of the funding for the acquisition of Sentry, the Group entered into a debt facility and during the year drew down $120m of secured funding provided by our consortium of banking partners. This facility was provided on a 3+1+1 year term basis. During the year, $8m (FY21: $nil) of the loan has been repaid on schedule, all covenants have been met, and the first extension of the term has been agreed. We would like to thank our banking partners, alongside our shareholders, for their continued support of our growth strategy.

Cash reserves at the year-end were $47.2m (FY21: $48.3m operating cash reserves) with net debt of $64.4m (FY21: $nil) representing a comfortable level of debt for the Group.

Balance Sheet

Whilst the consolidated balance sheet has significantly changed following the Sentry acquisition (details of net assets acquired are provided in Note 13 to the financial statements), the Group maintains a strong balance sheet.

Within the balance sheet, 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 Annual Recurring Revenue described above and future performance obligations detailed in Note 4 to the financial statements.

Operational and Financial Review [Cont'd]

Financial Review [Cont'd]

Deferred income, accrued income and the prepayment of sales commissions all arise as a result of our 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, debt 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 was $1.3317 as compared to $1.3466 in the prior year. The exchange rate at the Balance Sheet date was $1.2128 (FY21: $1.3853).

Audit Tender

Following the audit tender process conducted in the prior year, in which a number of audit firms were invited to tender, the Board approved PricewaterhouseCoopers LLP for recommendation to shareholders, for re-appointment as auditors, and this was approved by shareholders at the Company's Annual General Meeting which was held in November 2021.

Dividend

In proposing a final dividend, the Board has carefully considered a number of factors including the prevailing macro-economic climate, 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 (18.80 cents) per share giving a total dividend for the year of 28p (33.96 cents) per share (FY21: 27.5p (38.10 cents) per share), an increase of 2%. Subject to approval at the Annual General Meeting, the final dividend will be paid on 16 December 2022 to shareholders on the register as at 25 November 2022, with a corresponding ex-Dividend date of 24 November 2022.

The final dividend of 15.5p per share is capable of being paid in US dollars subject to a shareholder having registered to receive their dividend in US dollars under the Company's Dividend Currency Election, or who register to do so by the close of business on 25 November 2022. The exact amount to be paid will be calculated by reference to the exchange rate to be announced on 25 November 2022. The final dividend referred to above in US dollars of 18.80 cents is given as an example only using the Balance Sheet date exchange rate of $1.2128/£1 and may differ from that finally announced.

Outlook

Whilst we remain abreast of the ongoing challenges faced by our customers and partners, we are proud of the manner in which the Group has dealt with the challenging backdrop during the year. A focus for the year was to integrate our widened team which was achieved with great success. Now, with our expanded team we are confident will be able to serve the considerable market need within the US healthcare space through the next stage of our evolution.

We anticipate accelerated levels of sales moving forwards delivering our next phase of growth. We have a robust balance sheet, high levels of recurring revenues and high customer retention rates and we look forward to further increasing shareholder value.

Keith Neilson

Chief Executive Officer

19 September 2022

Craig Preston

Chief Financial Officer

19 September 2022

Key Performance Indicators

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 9 to 12. The contribution from Sentry for FY22 is disclosed in Note 13 of the Financial Statements.

Key Performance Indicator Review

Revenue Growth	**2022**	2021
Revenue	**$165.5m**	$75.6m
Growth	**119%**	6%

Through the Group's SaaS revenue recognition model, underlying sales levels in the current year and acquisition of Sentry 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.

Annual Recurring Revenue	**2022**	2021
Annual Recurring Revenue	**$170.3m**	$64.5m
Growth	**164%**	

Annual Recurring Revenue includes the annual value of licence and recurring transaction revenues as at 30 June 2022 that are subject to underlying contracts.

% Annual Recurring Revenue (ARR) from the Cloud	**2022**	2021
% ARR from the Cloud	**80%**	16%

ARR % from the Cloud relates specifically to cloud based products. We previously provided a metric of the percentage of new sales relating to the Trisus platform, reflecting one of our fundamental growth pillars: 'The transition of our customers to cloud based versions of our existing on-premise solutions, to act as a gateway to the benefits and additional applications on the Trisus platform'. The metric was replaced during the financial year with the key performance indicator '% ARR from the Cloud'. This reflects the inclusion of Sentry products, which are already on the Cloud, within the Group's portfolio of solutions and the sale of these to our existing customer base is a key part of our growth strategy.

Adjusted EBITDA	**2022**	2021
Adjusted EBITDA	**$51.8m**	$27.1m
Adjusted EBITDA margin	**31%**	36%
Growth	**91%**	8%

We take a measured approach to our investment, ensuring to invest to support the future growth of the Group. The continued revenue growth and acquisition of Sentry has allowed us to both continue and, in certain areas, accelerate this investment whilst delivering Adjusted EBITDA growth. This result confirms we have achieved our post acquisition target of returning to a combined Group adjusted EBITDA margin of 30% ahead of schedule. 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	**2022**	2021
Adjusted EPS	**89.0 cents**	69.0 cents
Growth	**29%**	6%

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.

Strategic Report:

Key Performance Indicators [Cont'd]

Key Performance Indicator Review [Cont'd]

Net (Debt) / Cash	**2022**	2021
Net (Debt) / Cash	**$(64.4)m**	$235.6m
Operating Cash	**$47.2m**	$48.3m

The Group continues to maintain healthy operating cash reserves of $47.2m (2021: operating cash: $48.3m). The total cash balance at 30 June 2021, of $235.6m, included the funds raised via the share placing in June 2021. Following the draw down from the term loan and revolving loan facilities in July 2021, to fund part of the consideration for the acquisition of Sentry, net debt of $64.4m at 30 June 2022 (at 30 June 2021: $235.6m cash) represents a comfortable level of debt for the business.

Net (Debt) or Cash / EBITDA	**2022**	2021
Net (Debt) or Cash / EBITDA	**(124%)**	869%

Net debt as a percentage of EBITDA represents the leveraging of the Group's Balance Sheet and its ability to access future funds to continue its buy, build or partner strategy. At the current levels, the Board is comfortable with the level of debt and leveraging of the Group. In the prior year, prior to the completion of the Sentry acquisition, the Group had yet to draw on its debt facilities and the cash balance at 30 June 2021 included funds raised through the share placing the occurred in June 2021.

Operating Cash conversion	**2022**	2021
Operating Cash conversion	**80%**	99%

The Group continues to convert very high levels of the Adjusted EBITDA reported in the year into operating cash flows which, having returned $13.0m to shareholders by dividend during the year. Overall operating cash conversion, at 80% for the year ended 30 June 2022, is below the prior year of 99%.

Risk Management, Principal Risks and Uncertainties

Risks and uncertainty (as well as opportunities) are intrinsic factors of conducting a business. 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.

The acquisition of Sentry in July 2021 presented the Group with increased opportunities as well as changes in the risk dynamics which have been carefully assessed and monitored during the year and included within the risk review and assessment process on an ongoing basis. In the year ended 30 June 2022 this has included the consideration and monitoring of integration risks.

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 Board recognises that the nature and scope of risks can change. Whilst review of the risk register is a scheduled item on the calendar of Board agenda items, the Board's consideration of risk matters is not limited to those occasions. Risks and opportunities are factors which are continually considered when the Board is making decisions about the business and strategy.

The implications of the COVID-19 pandemic have been at the forefront of the risk management process during the year and in the previous two financial years. While the critical health risks of the pandemic appear to be behind us, there remains a level of uncertainty not least to the aftereffects and their impact. 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 Group continues to demonstrate financial and operational resilience to the ongoing impact resulting from the pandemic.

The Operations Board is chaired by the Chief Executive Officer and also comprises the Chief Financial Officer, the Chief People Officer and six 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 Governance Committee is a sub-committee of the Operations Board that takes the lead responsibility of monitoring and assessing risks across the Group. The Committee usually meets monthly and comprises the Chief People Officer, the Chief Legal Officer and the Chief Information Officer, the Head of Risk and Compliance is the secretary to this committee and attends all meetings. During the year ended 30 June 2022, as was the case during the previous two financial years, the Governance Committee, had the responsibility of being the COVID-19 response Committee.

The Group also has two further committees that report into the Governance Committee; the Security Council and the Health & Safety Committee. The Security Council is chaired by the Chief Information Officer and its purpose 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. The Health & Safety Committee, chaired by the Chief People Officer, monitors The Craneware Group's compliance with health and safety regulations and develops and monitors the Group's health and safety policies and strategy. The Committee aims to ensure there is a co-ordinated, compliant approach across all Craneware locations to health and safety matters.

The Corporate Governance Report on pages 60 to 74 includes an overview of the Group's internal control systems.

We will continue to enhance our risk management processes, prioritising specific areas of focus, including: cyber security

Principal Risks and Uncertainties [Cont'd]

Risk Management [Cont'd]

risks and operational resilience, as well as being alert to the identification of emerging risks.

Risk Appetite

Risk appetite is not static and is regularly assessed by the Board to ensure it continues to be aligned with the Group's strategy. The Group's risk appetite defines the level and type of risk the Group is able and willing to accept in order to achieve its strategic aims. The Group's risk appetite influences the Group's culture and operating decisions, and is reflected in the way risk is managed. The Board aims to ensure that the Group is only exposed to appropriate risks which are managed effectively in accordance with the Group's tolerance to risk.

The Group 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 60 to 74.

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. Throughout the pandemic our customers were on the front-line and whilst this year saw the easing of direct impacts of the pandemic, this has not relieved the pressure on all healthcare providers world-wide. Our customers continue to take steps to create further resilience across their financial operations. We are committed to partnering with our customers by providing the platform, regulatory information and data to enable them to do so. 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.

COVID-19

The Strategic Report on pages 7 to 12 acknowledges the impact COVID-19 has on our customers and their operations. It also explains 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 and, although this year saw the easing of critical health risks of the pandemic, this has not relieved the pressure on healthcare providers. 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, optimise 340B program benefits to covered entity customers and their communities and maintain their financial stability. This in turn gives them the ability to better serve their communities.

The impacts of the pandemic have highlighted the importance of robust internal controls and risk management systems to ensure that the Group remains resilient in the face of change, while remaining operationally agile and adaptable.

The Governance Committee continued to have responsibility for being the COVID-19 response Committee throughout the financial year ended 30 June 2022, 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. This included, during the year ended 30 June 2022, the oversight of the arrangements for re-opening the Group's offices following the easing of public health restrictions in each location.

Since mid-March 2020 until part way through the year ended 30 June 2022, all of Craneware's office-based employees were 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 team and allowing the continued support to our customers as they faced the challenge of dealing with COVID-19 patients in their hospitals.

The COVID-19 response committee facilitated regular update calls to inform all employees of the changes in legislation in

Principal Risks and Uncertainties {Cont'd]

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 were conducted as and when significant changes occurred during the period. A dedicated section on the Group's intranet continues to be maintained with up to date information including related policies and the arrangements for the Dynamic Working Framework which was rolled out during the year ended 30 June 2022.

Operational efforts were designed with employee safety as a priority. While all office-based employees worked from home from mid-March 2020 until the latter part of the year ended 30 June 2022, 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. These programmes continued throughout the year and are ongoing. Employees were further supported through the period when public health restrictions required all office-based employees to work from home with the ability to work reduced hours to fit in with their personal circumstances.

With the easing of COVID-19 pandemic restrictions in the latter part of the year, The Craneware Group introduced a Dynamic Working Framework which aims to enable flexibility in working arrangements for our employees and to create a balance between work and life demands. Our Dynamic Working Framework enables all office-based employees to work flexibly between their home and the office in agreement with their manager and in line with business needs. Further details regarding the Dynamic Working Framework are contained in the Stakeholder Engagement section and in the Environmental, Social and Governance Statement in this annual report.

Ukraine conflict

Craneware does not have any operations or customers in Ukraine or in Russia or in bordering countries and the Board considers that the risk of direct operational issues for Craneware, as a result of this situation, is therefore relatively low based on current knowledge. This situation is, however, having geopolitical and macro-economic adverse impacts, and uncertainty and instability in the UK and in the US where Craneware operates. The Board will keep this situation under review, including the following risks: increasing cyber threat; escalating energy and fuel costs will increase Craneware's costs to power its offices and operations and travel costs; a period of high inflation and longer-term economic downturn may have a detrimental impact on the financial performance of The Craneware Group.

Climate Change

The Group is aware that, for all businesses, the profile and therefore impact of climate-related risks are likely to change not just in terms of physical impacts but also as a result of evolving government policy to enable transition to low carbon economies. 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. In addition to any physical impacts, Governments may seek to introduce new regulations in this area to accelerate the transition to a low carbon economy. The profile and therefore impact of climate-related risks are set to alter as government policy evolves through the transition to a low carbon economy. The actions required to reduce carbon usage and to mitigate the impacts of climate change may be wide-ranging, resulting in an increase in operational costs or capital expenditure.

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. Also, as the size of the Group grows, we are conscious of the impact our operations may increasingly have on the environment. Craneware aims to manage its environmental impacts responsibly and this is further outlined within the Environmental, Social and Governance Statement on pages 39 to 49.

In regard to specific risks to Craneware; existing resilience plans include mitigation strategies for extreme weather events; energy costs are a relatively 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.

Principal Risks and Uncertainties [Cont'd]

Data & 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 and variety of cyber and data-related threats presents a significant challenge in terms of securing data and systems against attack. With the acquisition of Sentry came a significant increase in the amount of Protected Health Information being processed by the Group. Craneware continues to strengthen its cyber security and information safeguarding capabilities, however it is recognised that the global threat of cyber-attack is increasing along with a larger target area in the Group.

The Craneware Group's utmost priority is the reliable protection of customer data. If our systems become compromised, this may result in the loss of sensitive data and / or the interruption of services for our customers.

It is important to continually reinforce the level of awareness of these risks across all personnel within the Group. 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: Security of our systems and data is critical to our business and we strive for strong, effective and comprehensive security and governance aligned to the nature of the data the Group is handling and relevant and evolving regulations. Our systems are monitored and actively managed to mitigate and address any threats. 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 has a dedicated Information Security team to focus efforts on security across the business.

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 when employees join the Group. There is ongoing development and investment 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 for its Trisus and InSight solutions. 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. Adherence to HITRUST security requirements go beyond basic government regulations.

Sentinel, Sentrex, and DataNext applications meet American Institute of Certified Public Accountants (AICPA) Service Organization Controls (SOC) requirements, completing the SOC1 and SOC2 Type II audits annually.

We reconfirm our audit certifications on an annual basis, and regularly evaluate to ensure our certification selections continue to be the best measure of security controls.

Further details regarding the Group's information security arrangements are contained in the Environmental, Social and Governance Statement in this annual report.

Principal Risks and Uncertainties [Cont'd]

Data Protection	**Trend since last year: Increased**

Issue: The Group maintains a large amount of customer data and also holds and processes employee data, which is protected and subject to legislative requirements in multiple jurisdictions. We have an obligation to protect the data we hold, whether it is customer or employee data. Loss and/or misuse of this data could result in a loss of reputation, and regulatory sanctions or fines.

The protection of customer data, which includes Protected Health Information, falls under the provision of the Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health ('HITECH') Act. Any data breach must be reported and, depending on the size of the breach, it may be made public which could damage the Group's reputation.

In addition to the regulations for protection of Protected Health Information and also General Data Protection Regulation (GDPR) compliance, over the past few years States across the US have been negotiating and passing data privacy legislation. As legislation is occurring at the State level, there are now a considerable number of variations on data privacy to be addressed, increasing the complexity of compliance and therefore resulting in a higher possibility of non-compliance.

Mitigating Actions: The 'Mitigating Actions' described above for Data and Cyber Security risks are relevant for Data Protection risks too.

The Craneware Group maintains a detailed Information Security Program, which aligns with applicable laws and regulations. This program governs how The Craneware Group employees and applications interact with sensitive, protected customer data. 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. We continue to ensure we address current and evolving regulations.

The 'Data and Cyber Security' section above contains details regarding the HITRUST CSF certification for Trisus and InSight solutions and also AICPA SOC1 and SOC2 Type II certification in place for Sentinel, Sentrex, and DataNext applications. HITRUST is expanding their security and data privacy controls to cover key legislation.

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

Issue: The Group's intellectual property is centred around the software solutions and services it develops for customers. 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. There are developed processes and procedures for the management and control of contractors as well as their access to information. 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.

Principal Risks and Uncertainties [Cont'd]

US Healthcare: Complexity, Evolution and Reform	**Trend since last year: Increased**

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, across revenue cycle and 340B program aspects, 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 and speaking engagements by senior management at healthcare forums and industry education events; and
- customer forums.

The Group's Value Cycle strategy, delivering revenue integrity visibility and optimisation as well as 340B program management, together with 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 products in the medication area. Our focus on the core themes for data gathering, regardless of reimbursement model, enables Craneware to be flexible in assisting hospitals to run more efficiently and adapt to evolving models.

These strategies, in addition to the customer engagement activities outlined on pages 33 and 34, keep the Group at the forefront of industry developments.

The reimbursement environment is constantly evolving. While the threat exists and ongoing changes continue to occur, the situation has been ongoing for some time. Healthcare reform is a point of political focus and fluctuation; reform measures occur in varying directions depending on the political party in power and their success in passing new legislation while in power.

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

Issue: The Group operates in an increasingly complex and heavily regulated market environment at both the federal and state levels. This includes very specific requirements and policies in dealing with, for example, data privacy, security, labour / employment, anti-kickback statutes, compliance with and operation of the 340B program. 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 340B and GDPR and HIPAA regulations.

The US regulatory environment is driven by three areas of government focus that includes Congressional actions (federal and state), Judicial decisions, and Administration actions. When there is uncertainty in regulatory oversight or a desire for change in policy, it drives either judicial or congressional engagement or the opportunity for constituents to provide comments to the Administration. In the case of healthcare, there is a current drive to lower drug pricing, create transparency, and reduce the total cost of care.

An increasing number of drug manufacturers (18) have been excluding their products from 340B contract pharmacies or placing further data requirements on covered entities in order to alleviate these exclusions. These exclusions are reducing covered entities' 340B benefits and, as a result, potentially curtailing their ability to provide services in their underserved communities. These restrictions and their implications have led to litigation (which is ongoing) both on and from the manufacturers with the federal government agency Health Resources and Services Administration (HRSA). The outcome of these actions or any legislation to limit the scope and benefit of 340B could result in a fundamental change (reduction) in potential revenue.

Additionally, we continue to monitor the annual changes to the hospital outpatient prospective payment system (OPPS) that is administered by the Centers for Medicare and Medicaid Services (CMS) and any regulatory changes that can impact healthcare reimbursement and payer strategies.

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. 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.

Legislative changes are occurring on a regular basis. The Governance Committee, which is made up of senior management from both countries, oversee activities and concerns pertaining to the strict regulatory environment.

Principal Risks and Uncertainties [Cont'd]

Complex Market Dynamics	**Trend since last year: Increased**

Issue: The global economic environment continues to be uncertain. Factors such as the post-COVID-19 environment, staffing shortages, inflation, Russia's invasion of Ukraine and supply chain issues, along with increased legislation around healthcare and healthcare reform in the US require healthcare organisations to continuously shift in response to the changing environment.

While the critical health risks of the pandemic have subsided, the pressure on healthcare providers continues and the drive for increased value from healthcare spend and the shift towards consumerisation (as evidenced by the recent CMS Pricing Transparency Final Rule legislation) remains.

Consolidations and the scrutiny around some of those mergers among healthcare providers have increased. Continued consolidation around technology service providers has accelerated. 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: Healthcare economies are increasingly challenged in terms of cost relative to outcomes. Providers need to adjust to achieve margins that allow them to re-invest in clinical care. The continued move to value-based care is consistent with The Craneware Group's Value Cycle strategy and the ongoing expansion of the Trisus Platform.

The Group continues to innovate and develop further new products to meet market needs. The acquisition of Sentry provides The Craneware Group with a significant product portfolio within the 340B space.

The Group has taken steps to ensure it stays at the forefront of how the healthcare organisations are interpreting current proposals and the actions they are taking, including continually adding to and developing industry expertise at all levels of management including the Board of Directors.

Competitive Landscape	**Trend since last year: No change**

Issue: New entrants to the market or increased competition from existing competitors and those with vertical growth strategies 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. The Trisus platform continues to evolve and expand, with new modules being released and a growing customer base. Our longer-term contracts help limit any unexpected customer departures. We also monitor customer satisfaction to ensure delivery of services meets customer expectations.

The successful completion of the acquisition of Sentry in July 2021 considerably expanded the Group's customer base, data sets, product offering and market presence.

The Group's combined suite of applications and industry-leading team of experts help our customers contextualise operational, financial and clinical data, providing valuable insights and best practice. These value cycle insights deliver revenue integrity and 340B compliance, as well as margin and operational intelligence – something no other single partner can provide.

Management of Growth	**Trend since last year: Increased**

Issue: Significant growth, both organically and through acquisition, can place strain on the current management bandwidth and other resources across the Group. There is a risk that significant reliance can be placed on a few members of the senior management team, the retention of which cannot be guaranteed. If the correct level of investment in people and technology is not maintained it is possible that the quality of the Group's service offering could drop and/ or cost control and operational effectiveness will deteriorate.

The integration of Sentry, following its acquisition in July 2021, required Board level focus and detailed operational planning to address the increased risk resulting from acquiring an organisation similar in size to the Group at the time of the acquisition.

Principal Risks and Uncertainties [Cont'd]

Management of Growth [Cont'd]	**Trend since last year: Increased**

Mitigating Actions: Organisational development and design, including Lean initiatives, and aligning the corporate infrastructures are helping drive accountability to the most appropriate levels.

Management bandwidth continues to be built at all senior levels of the organisation, this has included the formation of the Transformation Office which is led by a new member of the Operations Board. The addition of the Transformation Office will support future significant initiatives as the Group grows and evolves. The Operations Board has also benefitted during the year from the addition of the Chief Customer Officer.

Ongoing leadership development programs ensure that the next generation of Craneware leadership is equipped to manage the growth of the organisation.

The Group has a programme of continual investment in all aspects of the business including: operational, financial and management controls, procedures and training programmes. This is constantly reviewed and monitored to ensure that the Group can continue to maintain the high standards of customer service and product development activities.

Acquisition Risk	**Trend since last year: No change**

Issue: The Group has a stated acquisition strategy, as explained within the Operational Review and Financial Review section of the Strategic Report. Any acquisition carries with it an inherent risk, including failure to identify material matters that could adversely affect future Group performance and failure to effectively integrate an acquired business in order to realise the anticipated benefits (including strategic goals, synergies and cost savings).

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. The Craneware Group continues to mature and has both wider management bandwidth and more experience to manage and integrate an acquisition. 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, was managed on a phased basis, using established change management controls and strong leadership support across the organisation. Experience gained from that integration process will assist with the management of the integration of any future acquisitions.

Macro-economic Environment	**Trend since last year: Increased**

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 as well as relevant aspects of the global environment. The current macro-economic environment has several compounding influences which are resulting in headwinds and challenges for many businesses globally. These factors include (but are not limited to): government spending during COVID-19 pandemic and recovery measures as public health restrictions have eased; escalation of energy prices; increase in interest rates; rise in food and commodity prices; resulting cost of living increases and salary inflation pressures; increased employee attrition globally; supply chain issues; instability and uncertainties caused by the Russia / Ukraine conflict. The compounding influences of these factors are setting the stage for significant inflation over a currently unknown timeframe. The US and UK, where the Group operates, have already experienced inflation of several percentage points within a relatively short period. The worsening of economic conditions could lead to further cost inflation and reduced healthcare budgets which could impact demand for the Group's solutions and services.

The COVID-19 pandemic and its aftereffects continue to create uncertainty and sets a challenging economic environment within which the business operates. The Group's operations were, until July 2021, evenly balanced between the UK and the US, contributing positively to both economies. Since the completion of the acquisition of Sentry in July 2021, the Group has a larger presence in the US.

Employee retention is an increasing challenge to all businesses. This issue is compounded by the ability to attract talent with specific skillsets and experience. Globally there is a restricted supply of qualified personnel within the technology sector. There are also associated costs of recruitment, onboarding and training. The potential impact is that we will have a gap in the required resources needed to deliver on our short-term strategic goals. Falling short of these will impact customer contracts and revenue. High levels of attrition can have a negative impact on the performance of the business, on customer service and on organisational culture.

Principal Risks and Uncertainties [Cont'd]

Macro-economic Environment [Cont'd]	**Trend since last year: Increased**

Mitigating Actions: Macro-economic risks are outside the Group's control, but the Group will continue to focus on ensuring it has effective measures in place to identify and react quickly to changes in macro-economic conditions, including robust planning, forecasting and resource allocation procedures. The Group's current financial position includes a strong balance sheet and cash generation. There is regular monitoring of economic trends, review of financial forecasts and scenarios and tracking contract prices. This supports regular forecast updates that allow the Board to monitor the performance of the Group on a timely basis and respond accordingly. The Group has experienced Board members and senior management in both the UK and in the US.

There is close monitoring of the inflationary environment and the impact of inflationary increases is being assessed by financial modelling. Our long term contracts with customers often contain annual increases which provide an element of annual increased revenue to offset increasing costs.

With operations across both the UK and the US, we are able to recruit from talent pools in both geographies. We continue to develop and enhance our employee value proposition, specifically the balance between investing in reward and other factors which are important to our employees such as learning and development, employee engagement initiatives and the launch during the year of the Dynamic Working Framework. These are outlined in the Stakeholder Engagement Statement on pages 30 to 33 and in the Environmental, Social and Governance Statement. We conduct monitoring of salary and total compensation structures compared to benchmarks. Regular reviews are performed and benchmark data obtained to understand and manage salary trends. Further monitoring of attrition rates and exit interviews provide insight into the impact on the Group and help to direct actions.

Compliance with debt finance facility covenants	**New Risk**

Issue: As part of the funding for the acquisition of Sentry, which completed on 12 July 2021, the Group entered into debt facility arrangements which provide up to $140m of secured funding. This secured committed debt facility, comprising a term loan and a revolving loan facility, was in place at 30 June 2021 although there was no drawdown on this facility until July 2021 when $120m was drawn down. Details of these borrowings are provided in Note 22 to the financial statements. This is the first time the Group has drawn down borrowings since the Company's initial public offering in 2007. The loan agreements require specific bank covenants and quarterly reporting to ensure compliance with the conditions of the loan facilities. If the covenants were breached, the lenders could take action against the Group. This could include the lenders using their security over the Group's assets to repay the outstanding debt, thus adversely impacting shareholders.

It is necessary that the borrowings are appropriately managed to ensure the Group continues meet all obligations as they fall due, to ensure the Group has sufficient headroom to execute on our strategy and to deliver returns for our shareholders.

Mitigating Actions: There is regular monitoring of financial information across the organisation, including monitoring of compliance with the loan covenants. The forecasting process enables evaluation of projected financial information against the bank covenant requirements and this is kept under review.

The Group benefits from high levels of recurring revenues leading to strong cash generation which is improving levels of headroom against the borrowing facilities and reducing leverage. The Group's loan facility is provided by a broad and supportive banking syndicate and the business is operating well within the loan covenants. The loan facility has been drawn down to the extent of $120m of which $112m was outstanding at 30 June 2022 comprising a $32m term loan and a $80m revolving loan facility. These facilities were originally due to expire on 30 June 2026 and on 7 June 2024 respectively.

We retain regular and detailed dialogue with our lenders. During the year ended 30 June 2022, we have completed an extension of our banking facilities, as described on page 11. In the second half of the financial year ended 30 June 2022, we undertook engagement with our lenders to agree the expected extension to the duration of the term loan and revolving loan facility. Based on the relationships we have developed and regular engagement, each of the banks were supportive and agreed the requested extension of the facilities. This demonstrates the positive support we continue to receive from our banking partners.

Strategic Report:

Principal Risks and Uncertainties [Cont'd]

Emerging Risks

Emerging risks are newly developing risks that cannot yet be fully assessed but that could, in the future, affect the viability of our strategy. 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 2022.

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 SaaS business model as outlined within the Strategic Report, 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 and the current macro-economic climate on viability.

COVID-19 continues to affect our customers, primarily through impacts to the hospital workforce and operations. This inevitably has an impact to Craneware including our ability to deliver professional services, a lengthening of sales cycles, as well as the slowing of cash collection from certain individual customers.

With regard to the current economic climate, significant increases in inflation and interest rates have been modelled as part of this assessment for their impact on the Group's cost base.

In addition, the Directors assessed the current banking facilities and the Group's ability to satisfy the terms and covenants of the loan agreements, effective from July 2022.

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 outlook used internally and for strategic planning.

The 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 and a reduction in revenues during the assessment period. The Directors confirm that they have a reasonable expectation that the Group will be able to withstand the impact of this severe adverse scenario, should this occur 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 2022. However, future assessments of the Group's prospects are naturally subject to uncertainty that increases with time and therefore future performance cannot be guaranteed.

Section 172 (1) Statement

This section of the Strategic Report 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 2022.

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 • Viability Statement • Principal Risks and Uncertainties	7 to 24
Interests of the Company's employees	• Employee engagement and communication • Integration of Sentry, following completion of the acquisition at the start of the financial year • Dynamic Working Framework • Employee wellness programmes • Craneware Spaces • Enhancement of employee learning and development initiatives • Employee share plan awards granted to all employees in November 2021	27 and 28; 30 to 33; 41 to 45
Fostering business relationships with suppliers, customers and others	• Stakeholder engagement activities • Consideration of Environmental, Social and Governance matters	33 and 34; 36 to 41
Impact of operations on the community and the environment	• The purpose of The Craneware Group • Craneware Cares initiatives • Consideration of Environmental, Social and Governance matters	36 to 38; 39 to 41; 45 to 47
Maintaining a reputation for high standards of business conduct	• The promotion of responsible business operations underpinned by Craneware's Framework, purpose and values • Corporate Governance • Policies and mandatory all employee awareness training including: business ethics, information security, whistleblowing, anti-bribery and corruption, anti-slavery and human trafficking	32, 39 to 49; 57 and 58; 60 to 74
Acting fairly as between members of the company	• Shareholder engagement • Corporate Governance	35 and 36; 60 to 74

Section 172 (1) Statement [Cont'd]

The sections referred to in the table above have been incorporated, by reference, into this Section 172 (1) Statement.

In discharging their Section 172 (1) duty, the Directors have regard for these factors and take them into consideration when making decisions. Induction materials and briefings provided on appointment include an explanation of Directors' duties, and the Board is regularly reminded of their duties. Stakeholder considerations and our culture play an important part in the Board's discussions and decision making in promoting the long-term success of the Company, as outlined in this statement.

Based on the purpose and business model of The Craneware Group and as set out in our Stakeholder Engagement and in our Environmental, Social and Governance Statement on pages 30 to 49, the Board identifies our Group's key stakeholders as:

- Our customers
- Our employees
- Our shareholders
- Our banks and finance providers
- Our community

and it is committed to effective engagement with these stakeholders. Details of the Group's key stakeholders and how we engage with them are set out on pages 30 to 38.

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 Group'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 Group's stakeholders into its discussions and decisions in accordance with Section 172 (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 Chair, 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 does also rely on its committees and senior management to develop relationships and to share the views of the relevant stakeholders.

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.

Section 172 (1) Statement [Cont'd]

The following table summarises some of the significant decisions made by the Board during the year ended 30 June 2022 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
Integration of Sentry	The acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry completed on 12 July 2021. The successful conclusion of the acquisition of Sentry marked a transformational point in Craneware's journey, considerably expanding our customer base, data sets, product offering and market presence. Employee engagement has been a high priority as we brought the organisations and our employees together to create The Craneware Group during the year ended 30 June 2022. This successful integration was based on a structured implementation plan, driven, in part, through our employee engagement mechanisms. The engagement mechanisms for employees were adapted during the year as part of the integration process, including the establishment of an Advocacy Group, comprised of employees from across the enlarged organisation. The Advocacy Group supported the Integration Steering Group. Regular updates, regarding the status of the integration process were provided to all employees during the year. Further details are provided in the Stakeholder Engagement and in the Environmental, Social and Governance sections of this Annual Report. The acquisition has enhanced one of our focus areas – pharmacy operations within healthcare providers. Pharmacy is the largest cost area for US hospitals apart from personnel costs and the acquisition of Sentry extends the intelligence of our Pharmacy product family to hospital affiliated retail and contract specialty pharmacies. There are considered to be significant cross-selling opportunities through the complementary nature of Sentry's product suite and customer base. The Craneware Group has already secured cross-sales in each of the three main categories of cross-sell (being both sales of Sentry and sales of Craneware products to each other's historic customer base as well as expansion sales to historic joint customers). Our full Pharmacy suite continues to be developed and now benefits from the addition of the Sentry applications and expertise, with the Pharmacy teams fully combined they have become our Medication suite of products. All of the acquired customers of Sentry are serviced utilising the Oracle cloud architecture therefore no technical integration is required, although we will refresh the user interface to create the same look and feel as the Trisus platform. The benefits of the Group's increased scale are evident in greater operational efficiencies across areas such as supply chain, office space, product development and a considerably enlarged sales and marketing team.	Employees Customers Shareholders Suppliers

Section 172 (1) Statement [Cont'd]

Principal decisions / events	Actions and impact	Key Stakeholder group(s) affected
Dynamic Working Framework	The Craneware Group introduced a Dynamic Working Framework during the year ended 30 June 2022 for office-based employees. With the easing of COVID-19 pandemic restrictions in the latter part of the year, a Dynamic Working Framework was established which aims to enable flexibility in working arrangements for our employees and to create a balance between work and life demands. Our Dynamic Working Framework enables all office-based employees to work flexibly between their home and the office in agreement with their manager and in line with business needs. The introduction of this framework demonstrates a commitment to improving the working lives and wellbeing of employees. As explained on page 30 within the Stakeholder Engagement section, the Dynamic Working Framework has been developed and evolved from employee feedback and engagement, through the Employee Advisory Committee and employee engagement surveys, and also from piloting the Framework first in two of our offices in the US.	Employees Environment
Dividend Policy (interim dividend paid and proposed final dividend for year ended 30 June 2022)	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 macro-economic effects and the ongoing uncertainties and challenges caused by the COVID-19 pandemic. Craneware reported positive financial results, in line with expectations, for the six month period to 31 December 2021 and continued to be cash generative. The Board approved the payment of an increased interim dividend in April 2022 of 12.5p (16.88 cents) per share (2021: interim dividend of 12p per share (16.68 cents)). Based on the financial position, the net debt and cash generation of the Group, and the covenants applicable to the debt facility, it is the intention of the Board to pay a final dividend for the year ended 30 June 2022. As explained on page 12, the Directors are recommending the payment of a final dividend of 15.5p (18.80 cents) per share based on the results for the financial year. Subject to approval at the Annual General Meeting, the final dividend will be paid on 16 December 2022 to shareholders on the register as at 25 November 2022. In reaching these dividend policy decisions, the Board had regard to the need to act fairly between its shareholders, its banks and finance providers and the long-term interests of the business.	Shareholders Banks

Section 172 (1) Statement [Cont'd]

Principal decisions / events	Actions and impact	Key Stakeholder group(s) affected
Establishment of Transformation Office	As explained in Interim Report and Financial Statements for the six months ended 31 December 2021, a new role of Chief Transformation Officer was formed within the Group's senior management team and this role serves on the Operations Board. The Chief Transformation Officer oversees the continued evolution of The Craneware Group with the Group's commitment to a Lean operating model. The Craneware Group has a continuous improvement mindset that embraces a Lean culture which respects and empowers employees. During the year ended 30 June 2022, we standardised our operational model to provide an embedded and consistent platform that underpins our Lean culture and strategy deployment. To enable this the Transformation Office was introduced, led by the Chief Transformation Officer. The Transformation Office is responsible for coordinating and deploying organisational initiatives and strategy to connect The Craneware Group's vision to our day-to-day operations. By applying progressive business planning and change management techniques, The Craneware Group is positioned to achieve immediate business targets while implementing frameworks that foster innovation and provide opportunities to make rapid and impactful breakthrough change. Additionally, through the implementation and execution of shared best practices, the Transformation Office provides the tools and data to support operational success. This success is achieved by optimising and aligning the drivers of performance (people, culture, processes, and measures) with the business strategy in order to deliver maximum value to our customers.	Employees Shareholders Customers Suppliers
Appointment of Chief People Officer as an Executive Director of the Company	Issy Urquhart, the Group's Chief People Officer was appointed as an executive Director of the Company on 27 April 2022. Issy has been central in the successful integration of the Sentry team into The Craneware Group and the appointment of a leader with her skillset reflects both the importance the Board places on creating the right environment for our people to thrive and the increased scale of The Craneware Group.	Employees Shareholders

On behalf of the Board

Craig Preston
Chief Financial Officer
19 September 2022

Stakeholder Engagement

The Board recognises the importance of balancing the needs of stakeholder groups with the business purpose, values, culture and strategy.

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 integration of the team and the business operations following the completion of the acquisition of Sentry in July 2021, 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 pages 25 and 26.

Not all information is reported directly to the Board and not all stakeholder engagement takes place directly with the Board. The Board does also rely on its committees and senior management to develop relationships and to share the views of the relevant stakeholders. 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, shareholders and our bank finance providers.

EMPLOYEES

The Craneware Group is dependent on having an engaged team, that is motivated and aligned with the Group's values and culture: to support our customers; to achieve our strategic aims; and to strive to progress the Group's purpose. 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: be authentic; demonstrate integrity; provide excellent service; work hard to the highest quality; and enjoy the challenge. The team's commitment to our purpose and values is critical to The Craneware Group's long term success.

Following the completion of the acquisition of Sentry in July 2021, employee engagement has been a high priority within the integration process as we brought the organisations, including our employees, together within The Craneware Group during the year ended 30 June 2022. This successful integration was based on a structured implementation plan, driven, in part, through our employee engagement mechanisms.

We aim to continue to further enhance employee engagement on an ongoing basis, appropriate to the development of the team and in response to employee feedback, when this is received, regarding employee engagement mechanisms.

How we engage

Employee Advisory Committee (EAC): We launched our EAC during the year ended 30 June 2020. The EAC 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, is: to enable a high contribution culture where employees feel empowered, valued, achieve personal development and contribute effectively. The EAC was established with the full support of the Operations Board (which includes the executive Directors and other members of the senior management team), as a forum through which employees can meaningfully and responsibly participate in an advisory capacity to the Group. The EAC is not a decision-making body. The EAC provides a platform for information and discussions about issues that are of interest to employees and provide recommendations back to the Operations Board and, if appropriate, to the Board of Directors.

Following the acquisition of Sentry, there were two employee bodies in existence within the enlarged Group - the Employee Advisory Committee and the Employee Advisory Group from Sentry. Both bodies of employees were working on impactful initiatives and therefore the decision was made to maintain the two groups for a period. Outputs from their efforts informed the integration initiatives, such as harmonising employee benefits across The Craneware Group.

The Dynamic Working Framework has been developed and evolved from employee feedback and engagement, through the Employee Advisory Committee and employee engagement surveys, and also from piloting the Framework first in two of our offices in the US. Further details regarding the Dynamic Working Framework are provided in the Environmental, Social and Governance (ESG) Statement in this annual report.

Advocacy Group: To complement and bring cohesion to the integration efforts, the Advocacy Group was formed, being a mix of employees from across the enlarged Group of companies. The Advocacy Group's remit was to focus on supporting change management and communication around the integration and particularly on bringing the cultures, values, and guiding principles together. The Advocacy Group has also supported the social and Craneware Cares teams as employees have got to know each other across the scaled organisation. A key outcome from the Advocacy Group during the year was the assimilation of the Craneware Values and the Sentry Guiding Principles which were very similar. After carrying out a cultural crosswalk, The Craneware Group's Framework was established encompassing the core values of: be authentic; demonstrate integrity; provide excellent service; work hard to the highest quality; and enjoy the challenge.

EMPLOYEES [Cont'd]

How we engage [Cont'd]

Employee engagement surveys: Following the Sentry acquisition, a different cadence for the employee engagement surveys, to the quarterly surveys we previously performed, has been adopted. In the first quarter of the year ended 30 June 2022, the Advocacy Group carried out a cultural cross walk survey. This survey generated inputs and ideas for how the organisation cultures aligned, and provided valuable input for integrating the businesses, especially with regard to the values. The survey also generated insights into engagement, particularly in the early integration steps. The survey responses informed action planning around change management as it helped identify areas where engagement was high and areas of possible risk. From the survey findings integration actions were either accelerated, decelerated, or alternative courses of action taken.

An engagement pulse survey across The Craneware Group was also conducted which was hosted by an external survey vendor and gathered anonymised responses. The decision to hold this type of survey, at appropriate points in the fiscal year, was made recognising the fact that the integration was progressing and it is optimal timing to regularly gather feedback and inputs across several areas of engagement. There was a positive response rate to this survey. The overall engagement index was slightly lower than for previous surveys. In view of the recent acquisition and the scope of organisation change that the business and employees had been absorbing, these slightly lower scores were not surprising. Managers were able to access their own manager dashboard within the survey tool and create localised action plans to complement and reinforce the Group-wide action plan. Progress against the plan is communicated regularly through cascades and on the Group's intranet.

Annual all-employee meeting (plus mid-year update): 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 operational plans and deliverables (with key performance indicators) to all employees at the start of the financial year. The teams are then provided with regular updates on these strategic themes and progress with deliverables during the year both through cascades from the Operations Board as well as on the Group's intranet. The format for this meeting for the past two years (and again in July 2022) was a virtual event and positive feedback was received from employees regarding the format and content of the meeting.

Consistent with the arrangements in the prior year, we also held a mid-year all employee virtual meeting in January 2022. This provided, amongst other information, an update for employees on progress with the strategic themes and the integration efforts.

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 a question and answer section at the end of these meetings which provides the opportunity for employees to ask the CEO and the CFO questions.

Ongoing communication: An inclusive working environment and a culture of openness are maintained by the regular dissemination of information. 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). The intranet also is a place for employees to recognise their colleagues and peers through a digital notice board called 'Cudos, Cheers and Chat'; Cudos being the name of the Recognition Program.

We also use Teams channels to communicate general reminders on a Group-wide basis for topics including Craneware Cares initiatives, wellness and benefits. A Teams channel was established early in the year to communicate to all employees regular updates from the Advocacy Group. This Teams channel has transitioned, towards the end of the year, into the 'Need to Know' channel for updates from the Advocacy Group.

Each week a 30 minute Craneware Information Mini Series is held and all employees are invited to attend (the sessions are also recorded and made available on the Group's internet in case employees are unable to attend). 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.

COVID-19 response and office re-opening arrangements: 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 years ended 30 June 2021 and 2022, with the ongoing changes to working practices required due to the COVID-19 pandemic. Employees required regular updates on steps being taken, 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, as public health restrictions eased the COVID-19 Information Hub was updated to include information on the arrangements for office re-openings including the Dynamic Working Framework (which is described further within the Environmental, Social and Governance (ESG) Statement and in the Section 172 (1) Statement sections of this annual report).

Stakeholder Engagement [Cont'd]

EMPLOYEES [Cont'd]

How we engage [Cont'd]

Framework: The Craneware Group's Framework has been at the core of the Group 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 the Group and underlies, and is interlinked to, contribution management. The Framework comprises: Craneware's characteristics and values connecting to each competency, articulating the way in which the organisation recognises The Craneware Group Framework within employee contribution management. As explained within the Advocacy Group section above, during the year the Advocacy Group worked on the assimilation of the Craneware Values and the Sentry Guiding Principles which were very similar. After carrying out a cultural crosswalk, The Craneware Group's Framework was established.

Learning and development: Contribution management is the process whereby employees collaborate with their line manager to plan, monitor, and review their goals and overall contribution to The Craneware Group. It 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 across the Group with strategy alignment, organisational development, and founded on The Craneware Group Framework and purpose.

We endeavour to provide an environment and facilities for all employees to develop their skill sets. An overview of the learning and development programmes, which were enhanced during the year, and our learning management system is provided in the Environmental, Social and Governance (ESG) Statement in this annual report.

Onboarding: The onboarding of new employees into The Craneware Group is considered key to having employees who are role ready as soon as possible. We have a comprehensive onboarding programme in place for new members of the team. Part of this experience is delivered online through the learning management system, which contains all courses required for onboarding new joiners to the business. In addition, a Welcome Wednesday is facilitated by the Employee Success team to provide knowledge, information, and networking for new joiners.

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. The Cudos program, as it's known, also includes service commitment awards, and informal peer to peer acknowledgements.

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.

In order to acknowledge the considerable and wide ranging activities and efforts which the whole team have embraced during the integration process during the year, the Remuneration Committee decided that the grant of share-based awards should be extended to all employees within the Group during the year.

Wellness: We have enhanced our employee wellness programmes again during the financial year and increased the programme content in respect of mental wellness topics and change management. During the year ended 30 June 2021, 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. All employees have access to an Employee Assistance Programme which offers access to a confidential helpline 24 hours a day, 365 days a year.

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.

Overviews of other employee initiatives operating during the year are included in the Environmental, Social and Governance (ESG) Statement in this annual report on pages 41 to 45.

EMPLOYEES [Cont'd]

How this was considered in Board discussions and decision making

Since the completion of the acquisition of Sentry, the Board has been overseeing, within our corporate governance framework, the integration process which was effectively completed during the year. Our framework of values was reviewed and evolved during the year, led by the Advocacy Group, recognising the importance of bringing together a common set of values to the enlarged group.

During the year the Remuneration Committee of the Board recognised the considerable and wide ranging activities and efforts which the whole team embraced during the integration process following the acquisition of Sentry. In order to acknowledge this, the Committee decided that the grant of share-based awards should be extended to all employees within the Group during the year. The Committee considered that the grant of share options to employees for this recognition award was appropriate and provided alignment of employee interests across the enlarged Group with those of our shareholders. Further details are provided within the Remuneration Committee's Report on page 84.

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 Board considers these employee engagement mechanisms, to be further supported and developed following the appointment in April 2022 of the Group's Chief People Officer, Issy Urquhart, to the Board as an executive Director. During the year ended 30 June 2022, the Board recognised, following the successful integration of the Sentry acquisition, the importance of having a strong representation for, and extensive experience of, employee matters on the Board. It is considered that Issy's appointment will continue to improve the Board's effectiveness in monitoring culture, support the focus on investment in The Craneware Group team and enhance the awareness of employee engagement and other ESG matters

Measures exist for the Board and senior management to evaluate 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. Understanding the needs of, and challenges facing, our customers allows us to provide value-adding solutions and services. 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

The Craneware Group Advisory Council: this forum represents leadership from both within Craneware, as well as key leaders from our customer organisations. The Craneware Group Advisory Council focus on themes central to revenue integrity and 340B management, precision, and advocacy to jointly define the future of scalable and cost-effective value cycle solutions. 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 that benefits our customers and informs Craneware of guidance on issues of strategic importance related to our applications and services; meeting the evolving needs of healthcare organisations through strategic, focused effort to transform the business of healthcare. In addition to scheduled meetings, ongoing member feedback is collected through surveys, mastermind sessions, and thought leadership projects. The Craneware Group Advisory Council are also asked to participate in Communities of Practice training sessions, and attend Craneware webinars.

Craneware Performance Summit: this event is a broader opportunity to engage customers, providing users of Craneware applications and services with educational and networking opportunities expanding our content in the value cycle to include 340B compliance. With the challenges of live events during the past two years, we hosted our Craneware Performance Summit virtually and will again in the year ending 30 June 2023. All current customers are invited to attend this event each year. We had significant increase in attendance from previous years since we were able to host virtually and opened the event to non-customers.

Educational webinars: The Craneware Group 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, including advocacy and compliance with the 340B Program. These webinars were integral to The Craneware Group's response to the COVID-19 pandemic during the past two years. The Craneware Group's webinar program continues to evolve as we balance the return to live events and how our webinar program best supports our current and prospective customers. In addition, The Craneware Group is involved in more than 25 annual advocacy events, including webinars and speaking engagement in relation to the 340B Program and committee participation with leading advocacy organisations.

Stakeholder Engagement [Cont'd]

CUSTOMERS [Cont'd]

How we engage [Cont'd]

Publications: The Craneware Group's thought leaders within the organisation provided input into blogs, newsletters, case studies, white papers, and insights to provide customers real-time content on breaking industry news and software functionality. The 340B solution customers receive a weekly newsletter with product and industry updates and a monthly blog that provides insights and perspectives on current events impacting healthcare and the 340B program.

Customer Recognition Program (for 340B solution customers): The customer recognition program was created within Sentry in 2018 with the purpose of recognising customers and industry partners that demonstrate program stewardship and responsibility. Traditionally, 340B was viewed purely through a financial lens and many covered entities overlooked the complex risk and legal compliance structure. The team decided that it was important to encourage and empower customers to take responsibility for those lesser-considered aspects of the program, as well as to advocate for themselves and the program's success.

Executive Relationship Program: The intent of the executive relationship program is to provide our top strategic accounts an exclusive experience with executive and senior leaders at The Craneware Group enabling us to grow and foster relationships with strategic customer executives and leaders over the course of the customer journey with us to increase our revenue opportunity. The program continues to provide our strategic 340B customers an executive touch point and will expand in the year ending 30 June 2023 to incorporate our revenue intelligence customers.

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. Our 340B solutions began content development to also offer an on-demand educational offering to connect with more customers and consultant users. 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.

Instructor Led Customer Training Programs: 340B customers are provided over 40 courses to select from on various topics to address their product training needs with an on-line instructor throughout the customer life cycle. We also offer a Foundations program that is a certificate program developed for our 340B solutions through a 12-week instructor led program offered three times a year with an annual recertification.

Customer Experience: Through a closed-loop survey feedback process, our customers are provided the opportunity to provide direct feedback on their experience with our entire organisation that can lead to discussions on processes, tools, and people. Our customers may connect with the customer experience team via email to arrange for a follow up discussion such that the voice of the customer is captured, and areas of opportunity are addressed that assist us determine sentiment and drivers. This continuous quality improvement provides an opportunity to focus on the customer journey map and improve the overall experience with the voice of the customer as our guide.

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.

How this was considered in Board discussions and decision making

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

Customer feedback and overall metrics on consumer sentiment and trends are shared regularly with the Board and Operations Board, steering our responses to the key issues impacting customers. Members of the Operations Board and executive directors attend trade shows and conferences to meet with customers. Also, industry experts regularly present at Operations Board meetings.

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 and the Group's progress.

The primary point of contact for shareholders on operational matters is the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The primary point of contact for shareholders on corporate governance and other related matters is the Chair of the Board. The Senior Independent Director is available as a point of contact should a shareholder not wish to contact the Chair of the Board for any reason.

Annual General Meeting (AGM): All shareholders are usually invited to attend the AGM and encouraged to take the opportunity to ask questions. The Board welcomes the opportunity to engage with the Company's shareholders, typically providing a brief update presentation at each AGM and with the Directors available to answer 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 in November 2020 therefore had to be held as a closed meeting with only the required quorum of shareholders present in person.

With some easing of COVID-19 restrictions, it was possible to arrange an open Annual General Meeting in November 2021 however shareholders were encouraged to carefully consider their attendance at that AGM due to ongoing uncertainties regarding the COVID-19 situation at that time. Shareholders were therefore strongly encouraged to participate in the AGM by voting by proxy ahead of the meeting and, given the ongoing uncertainty around pandemic restrictions, it was recommended that all shareholders appoint the Chair of the meeting as their 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. In order to provide shareholders with an opportunity to ask questions, as they would normally be entitled to do at the AGM, shareholders were invited to submit to the Directors any questions they would otherwise have raised at the AGM, in advance of the meeting via email. Responses to the questions were provided following the conclusion of the Annual General Meeting.

The AGM to be held in November 2022 is planned to be arranged as a normal AGM with all shareholders therefore being invited to attend.

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.

Completion of acquisition presentation: On 13 July 2021, the date of the announcement of the completion of the acquisition of Sentry, an online meeting was held regarding the acquisition (including the strategic rationale for the acquisition and an overview of future prospects for the combined business) and presented by the CEO and CFO to which shareholders and analysts and other interested parties were invited. There was the opportunity for attendees to ask questions at the end of the presentation. The presentation slides from this meeting can be viewed on the Investors section of the Company's website at www.thecranewaregroup.com.

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 arranged by the Company for institutional investors and analysts, at appropriate times following major developments in the Group. The last Capital Markets Day was held in November 2018 (pre the pandemic) and was attended by all of the Directors of the Company.

Audit Committee: As explained in the Audit, Risk and Internal Control section of last year's annual 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 auditors.

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

Stakeholder Engagement [Cont'd]

SHAREHOLDERS [Cont'd]

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.

As noted within the AGM section above, with some easing of COVID-19 restrictions, it was possible to arrange an open Annual General Meeting in November 2021 however shareholders were encouraged to carefully consider their attendance at that AGM due to ongoing uncertainties regarding the COVID-19 situation at that time. Shareholders were therefore strongly encouraged to participate in the AGM by voting by proxy ahead of the meeting and shareholders were invited to submit to the Directors any questions they would otherwise have raised at the AGM, in advance of the meeting via email.

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

Craneware Cares is The Craneware Group's central mechanism for corporate charitable giving, employee fundraising, and community volunteer work. An executive committee and various sub-committees comprising employees from across the Group coordinate all charitable giving and volunteering for the Group across the US and UK. 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 continues to support ad-hoc fundraising and charity work by our employees. During the year, Craneware Cares supported eighteen different charities brought to the committee by our employees through their own charity work.

Craneware Cares continues to be a central part of life at The Craneware Group, as it has been within Craneware for several years. 'Better Outcomes for All' is not just a tagline, it is how we approach our charitable giving and corporate responsibility.

Updates on the activities of Craneware Cares are provided to all employees on at least a quarterly basis to raise further awareness of the various initiatives and how employees can get involved. The updates also help to generate support for the Craneware Cares programs.

Further details regarding Craneware Cares are provided in the Environmental, Social and Governance (ESG) Statement in this annual report.

Volunteer Time Off program

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

How this was considered in Board discussions and decision making

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

BANK FINANCE PROVIDERS

As part of the funding for the acquisition of Sentry, which completed on 12 July 2021, the Group entered into a debt facility to provide up to $140m of secured funding. This secured committed debt facility, comprising a term loan and a revolving loan facility, was in place at 30 June 2021 although there was no drawdown on this facility until July 2021. Details of these borrowings are provided in Note 22 to the financial statements.

We recognise the importance of the Group having a good relationship with its lenders as well as continued compliance with the loan covenants and the interest payments and loan repayments schedule. We endeavour to maintain and develop effective relationships with our banks. We actively engage with our banks to develop and maintain the positive relationship, while also providing them with information about the Group's prospects and governance.

BANK FINANCE PROVIDERS [Cont'd]

How we engage

In addition to formal covenant compliance reporting and monitoring, there is a combination of formal and informal meetings and presentations held with our banks. Key topics include financial performance, strategy and risk management. Presentations have been given to our banks after the half year and full year results are announced to update them on financial performance and give them the opportunity to ask further questions.

In the second half of the financial year ended 30 June 2022, we undertook engagement with our lenders to confirm the extension to the term of the term loan and revolving loan facility. Based on the relationships we have developed and regular engagement, each of the banks were supportive and approved the extension of the facilities. This demonstrates the positive support we continue to receive from our banking partners.

How this was considered in Board discussions and decision making

The Board monitors, based on reports and feedback provided by the Chief Financial Officer (CFO) the Group's relationship with the banks. In view of the availability of the right to request an incremental one year extension of the debt facilities and the appetite of the banks to consider and support such a request, during the year the Board decided to initiate the process to make such a request. This was successfully concluded before 30 June 2022, demonstrating the positive support we continue to receive from our banking partners.

The Board receives information from the CFO regarding the Group's compliance with financial covenants contained within the committed term loan and revolving loan facility.

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. The Group aims to develop strong working relationships with our key suppliers and we expect our suppliers to provide added value and fair pricing

ENVIRONMENT

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

<u>*Suppliers*</u>

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 vendor's existing security measures. The Group 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. 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 at www.thecranewaregroup.com/modern-slavery-statement. 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.

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

Stakeholder Engagement [Cont'd]

OTHER STAKEHOLDER GROUPS [Cont'd]

How we engage [Cont'd]

Environment

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 operate a vehicle fleet or otherwise 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 2022 is on page 46 in accordance with the Streamlined Energy and Carbon Reporting (SECR) regulations.

Even prior to the public health restrictions, in respect of the COVID-19 pandemic, being imposed the majority of our US employees were home-based. Further increasing our commitment to both our employees and the environment, during the year The Craneware Group initiated a Dynamic Working Framework for all office-based employees, as explained on page 42. This framework aims to enable flexibility in working arrangements for our employees and to create a balance between work and life demands. This arrangement also reduces the impact of daily commuting upon the environment.

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 bicycles and equipment.

Whilst there has been some increase in trans-Atlantic business travel now that COVID-19 pandemic public health restrictions have been lifted, The Craneware Group continues to leverage videoconferencing wherever possible as an alternative to travel. Where domestic travel is necessary within the US, we have mandated that it be booked via a travel portal.

We engage in recycling programmes where possible within the parameters of building management for our offices. During the renovation and refurbishment project conducted during the year within our office in Edinburgh, where possible, efforts were made to minimise the level of waste going to landfill.

Further details of this and other environmental aspects of our working arrangements are provided in the Environmental, Social and Governance Statement in this annual report.

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 transform the business of healthcare through the profound impact our solutions deliver, enabling our customers to provide quality care to their communities'. This purpose drives our strategy and defines our "why". The Craneware Group's solutions benefit society. The Group provides solutions which save our customers significant administrative time and resources, allowing their teams to focus on additional priorities that benefit both the hospital and their communities.

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. Sustainable business practices will play an increasingly important role in our ability to grow and continue to be successful. 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, however 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. We have organised this section in the following order of aspects relevant to The Craneware Group: Social, Environmental and Governance.

Social

Our Solutions benefit our Customers and their Communities

For more than 20 years, Craneware has partnered with hospitals and health systems across the US to help improve and sustain operational financial performance. Craneware now serves approximately 40 percent of US hospitals, including more than 12,000 US hospitals, health systems and affiliated retail pharmacies and clinics. The Craneware Group's solutions benefit society. Our solutions help deliver value for our customers through the delivery of accurate financial data, insight and analytics. Our solutions help to save our customers significant administrative time, resources and costs. Therefore we support our customers' financial stability and long-term sustainability so that they can focus and prioritise patient care and provide healthcare services which benefit their communities. Supporting our customers and the vital work their teams provide has been, and will continue to be, a top priority for The Craneware Group.

The Craneware Group comprises expertise in clinical analytics and value cycle solutions, pharmacy procurement, compliance and utilisation management solutions and provision of real-time pharmacy data analytics. This makes The Craneware Group a concentration of intellect, skill and experience across the healthcare finance and 340B continuum.

Following the completion of the acquisition of Sentry in July 2021, The Craneware Group now provides software solutions for optimising performance related to the interaction between eligible hospital and retail pharmacies in the community via the vital, complex 340B Drug Pricing Program. The Craneware Group's 340B management solutions support customers involved in the 340B Program (outlined in the section below), assisting eligible healthcare organisations ('covered entities') 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. Pharmacy is the largest cost area for US hospitals apart from personnel costs.

Supporting 340B management

The 340B program enables substantially discounted (or free) prescriptions to be provided to low income or uninsured patients and also enables eligible healthcare organisations to use pharmacy cost savings to fund crucial programs that may not otherwise be financially possible.

The 340B Drug Pricing Program

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

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.'*

Eigible healthcare organisations for the 340B Program include Medicare / Medicaid Disproportionate Share Hospitals, children's hospitals, certain rural hospitals, State AIDS Drug Assistance programs, HRSA-supported health centers and additional federal grantees as described by the 340B law.

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

Our Solutions benefit our Customers and their Communities [Cont'd]

The 340B program does not present a cost to US taxpayers; the savings come from manufacturer discounts on outpatient medications. The 340B program sales represent $43.9 billion^ of the total sales of medication in the US in 2021, which is estimated to be $486 billion^. The percentage of 340B sales has steadily increased over the last decade, with an emphasis on the high cost of specialty medications accounting for some of the growth. (^Source: www.hrsa.gov/opa/updates/2021-340b-covered-entity-purchases)

The Craneware Group aims to help our customers, which are eligible healthcare organisations, build and manage a successful 340B program. Our 340B solutions will continue to advance, taking into account customer needs.

Advocacy

The healthcare marketplace that The Craneware Group serves, and provides software and services to, can be impacted by a three-pronged strategy through state and federal Congressional actions, government agency policies referred to as "administration", and judicial or court outcomes.

In 2022, we monitored state 340B policies in 22 states designed to protect covered entities from discriminatory pharmacy benefit management (PBM) practices and to some extent manufacturers. Additionally, four bills impacting 340B were introduced in Congress, with one bill becoming a law to protect certain hospitals from losing eligibility due to the public health emergency related to COVID-19, and the second impacting Medicare price negotiations and 340B. These laws may lead to administrative clarifications through regulatory updates or federal register notices for public comment. Last, we saw the most lawsuits in the history of the 340B program in 2021 through 2022, with a tremendous win for 340B covered entities in the Supreme Court to stop deep reimbursement cuts in Medicare Part B. The manufacturer challenges have created the use of the above three-pronged approach to support stopping these new manufacturer driven policies that are seen as contrary to the "340B law".

These influencing branches of the government that can impact the 340B program and demand that The Craneware Group have an ear to the ground to understand what policies may shift how our products and services are delivered. The Craneware Group has a team of advocates internally and externally that monitor state and federal policies that may impact 340B/value cycle or other components of healthcare (i.e. Medicare, Medicaid, Health Information Technology, Security). The team provides input into strategy and how The Craneware Group can influence these policies through notice and comment opportunities or meetings with government officials to provide insights.

Supporting our customers with 340B management – responding to industry demands impacting our customers

Example: The Craneware Group is helping Covered Entities contend with contract pharmacy exclusions

In 2020, at the height of the COVID-19 pandemic, a small number of drug manufacturers began to implement their own policies for managing 340B utilisation increases through excluding contract pharmacies from 340B purchases for their medications or a subset of their medications. Since that time, it has grown to 18 participating drug manufacturers which have the largest volume of prescriptions. These contract pharmacy exclusions are reducing covered entities' 340B benefits and curtailing their ability to provide services in their communities – the impact for affected customers is real and has lasting effects on caring for the most vulnerable.

Recognising these challenging circumstances, The Craneware Group is committed to supporting its affected customers in a number of ways, including: compilation of impact reports for each of our customers; providing enhancements to our solutions; and the development of resources to assist our customers. We have prepared guides, court summaries and articles to help customers decipher the various manufacturer letters and other information. In addition, within our secure customer community we provide updates as changes occur. Our customers also have access to our account management team, our Senior Vice President Industry Relations and a weekly newsletter.

Further information regarding our pharmacy solutions and other 340B-related activities by The Craneware Group is contained on our website at: www.thecranewaregroup.com/solutions/340b-pharmacy/

Our Trisus Platform

The Craneware Group's Value Cycle solutions that go beyond traditional revenue cycle to include pharmacy, supplies and service line optimisation. By optimising critical data assets in these areas, Craneware helps healthcare organisations optimise revenue. The Craneware Group aims to be a partner to our customers, not a product vendor. Through the provision of our solutions and related services, we want to assist our customers' teams in solving problems efficiently, aligning data sets across the system to provide actionable insights from the data that are digestible, achievable and measurable. We offer not just exceptional support but ongoing education and a strong consultative approach to best practices that are provided by our team of enthusiastic professionals, committed to our purpose, with deep industry experience.

Our Trisus platform and applications combine revenue integrity, cost management and decision enablement into a single cloud based platform. With an increased number of 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. The Trisus 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.

Our Solutions benefit our Customers and their Communities [Cont'd]

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. We will continue to invest in expanding the capabilities of the Trisus platform, developing additional applications and tools, to provide further actionable insights that bring tangible benefits to our customers. Our investment in research and development during the year ended 30 June 2022 was $51.1m (2021: $24.7m) and this is explained within the Financial Review section of the Strategic Report within this annual report.

Our Customers

Customer engagement

Craneware recognises the importance of and is fully committed to engaging its customers in meaningful conversations. Details of our customer engagement mechanisms and initiatives are described in the Stakeholder Engagement section on pages 33 and 34.

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 The Craneware Group is due to their efforts.

Integration of Sentry

The acquisition of Sentry in July 2021 marked a transformational point in Craneware's journey, enlarging our team, considerably expanding our customer base, data sets, product offering and market presence.

Employee engagement has been a high priority as we brought the organisations and our employees together to create The Craneware Group during the year ended 30 June 2022. This successful integration was based on a structured implementation plan, with a clear roadmap and milestones, supervised by an Integration Steering Group (comprised mainly of senior managers and reporting to the Board of Directors) and driven, in part, through our employee engagement mechanisms.

The engagement mechanisms for employees were adapted during the year as part of the integration process, including the establishment of an Advocacy Group, comprised of employees from across the enlarged organisation. The Advocacy Group supported the Integration Steering Group. Regular updates, regarding the status of the integration process were provided to all employees during the year. Further details are provided in the Stakeholder Engagement section of this Annual Report.

Our integration process included the harmonisation of employment policies and the assessment of every role within the enlarged organisation including role descriptions with articulated responsibilities and accountabilities. In addition, we aligned all roles into our grading structure across The Craneware Group.

Culture

The Framework provides our 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 Framework within employee contribution management. As explained within the Advocacy Group information within the Stakeholder Engagement section of this Annual Report, during the year the Advocacy Group worked on the assimilation of the Craneware Values and the Sentry Guiding Principles which were very similar. After carrying out a cultural crosswalk, The Craneware Group Framework was established.

The Craneware Group Framework has five core values:

- Be Authentic
- Demonstrate integrity
- Provide excellent service
- Work hard to the highest quality
- Enjoy the challenge

Each value has a characteristic or guiding principle which articulates the way the value typically presents itself by our employees.

The Craneware Group promotes a culture of openness through a high contribution culture where employees feel empowered, valued, achieve personal development and contribute effectively.

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.

Diversity and inclusion

The Craneware Group respects the dignity and rights of all of its employees. We have a talented mix of employees from diverse backgrounds, which brings a high level of innovation and collaboration. We believe in the importance of fostering a team environment while also celebrating the individuals within the team. We want to embrace this diversity in talent and location, therefore, we offer flexible working and a blend of remote and office-based work. Our Dynamic Working Framework, which was launched in the year ended 30 June 2022 for our office-based employees, is explained in the section below.

Our People [Cont'd]

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 employees 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.

At the end of the financial year, our team comprised 47% female and 53% male employees (at 30 June 2021: 39% female and 61% male employees). At Operations Board plus vice president level, the composition is approximately 37% female and 63% male (at 30 June 2021: 35% female and 65% male employees). The Board of Directors, from 27 April 2022, is 25% female and 75% male directors (at 30 June 2021: 14% female and 86% male directors). The average base salary for female employees compared to male employees is approximately 1.04:1.

We launched "Craneware Spaces" in the year ended 30 June 2021, 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. During the year ended 30 June 2022, the formal Spaces program was paused to focus on the integration efforts, with a renewed focus planned for the year ending 30 June 2023.

Employee engagement and communication

With the acquisition of Sentry in the year ended 30 June 2022, employee engagement has been a high priority as we brought our employees and processes together. We established additional and complementary approaches throughout the integration to inform, consult and engage our existing and new employees. This included the introduction of an Advocacy Group, a group of employees from across the organisations who have supported the change management and integration efforts.

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, the Advocacy Group and other aspects of our employee engagement mechanisms are contained in the Stakeholder Engagement section on pages 30 to 33. We utilise a variety of employee communication vehicles and these are also outlined within the Stakeholder Engagement section.

Dynamic Working Framework

The Craneware Group introduced a Dynamic Working Framework during the year ended 30 June 2022 for office-based employees. With the easing of COVID-19 pandemic public health restrictions in the latter part of the year, a Dynamic Working Framework was established which aims to enable flexibility in working arrangements for our employees and to create a balance between work and life demands. Our Dynamic Working Framework enables all office-based employees to work flexibly between their home and the office in agreement with their manager and in line with business needs. The introduction of this framework demonstrates a commitment to improving the working lives and wellbeing of employees.

As explained on page 30 within the Stakeholder Engagement section, The Dynamic Working Framework has been developed and evolved from employee feedback and engagement, through collaboration with the Employee Advisory Committee and employee engagement surveys, and also from piloting the Framework first in two of our offices in the US.

Office working space

In advance of the re-opening of our head office in Edinburgh, the space was extensively renovated and refurbished. The re-design of the space complemented the Dynamic Working Framework by the creation of more collaborative areas to work with colleagues whilst offering a range of different desk configurations, collaborative spaces, meeting areas and spaces to spend time away from work areas to relax and socialise with colleagues. At the same time, we took the opportunity to ensure that The Craneware Group re-branding activity was also reflected within the office environment.

Lean initiatives

The Craneware Group has a continuous improvement mindset that embraces a Lean culture which respects and empowers employees. During the year ended 30 June 2022, we standardised our operational model to provide an embedded and consistent platform that underpins our Lean culture and strategy deployment. To enable this a new Transformation Office was introduced, with representation on the Operations Board.

The Transformation Office is responsible for coordinating and deploying organisational initiatives and strategy to connect the corporate vision to the day-to-day operations. By applying progressive business planning and change management techniques, The Craneware Group is positioned to achieve immediate business targets while implementing frameworks that foster innovation and provide opportunities to make rapid and impactful changes.

Additionally, through the implementation and execution of shared best practices, the Transformation Office provides the tools and data to support operational success. This success is achieved by optimising and aligning the drivers of performance (people, culture, processes, and measures) with the business strategy in order to deliver maximum value to the customer.

Our People [Cont'd]

Craneware Wellness

The Craneware Group is committed to improving the working lives and wellbeing of all employees, enabling flexibility in working arrangements and facilitating a balance between work and life demands, as outlined in the Dynamic Working Framework section above. We aim to continue to encourage and develop a sustainable and high achieving team within a dynamic working environment, for office-based employees, that is conducive to attracting and retaining team members.

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 and information in respect of mental wellness topics. The Craneware Group strives to be an organisation where employees feel supported and empowered to speak about their mental health.

There were two 8-week wellness information series offered to all employees during the year in recognition of the change that employees were going through with the integration efforts, focussing on change management and also the fundamentals of performing effectively in demanding conditions. During the prior financial year, members of the team became Mental Health First Aiders which are non-judgemental points of contact and reassurance to anyone within the team experiencing a mental health issue or emotional distress or if they are concerned about someone else's mental health. There is a section within the Craneware Wellness area of the Group's intranet dedicated to Mental Health and Wellness which includes links to publications, webinars and guidance, organisations which can provide assistance and also information regarding the Mental Health First Aiders. All employees have access to an Employee Assistance Programme which offers access to a confidential helpline 365 days a year and 24 hours a day.

Recruitment

The Craneware Group wishes to attract and retain the best people. Our Talent Acquisition team, in partnership with hiring managers, are responsible for identifying, acquiring, assessing and supporting with the onboarding of 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, against which to interview candidates, in order 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 The Craneware Group and build our brand within the local business community.

The onboarding of new employees into The Craneware Group is considered key to having employees who are role ready as soon as possible. Emphasis is placed on the joint responsibility of the line manager and the HR team to deliver a specific onboarding experience per employee. Part of this experience is delivered online through our learning management system, which contains all courses required for onboarding new joiners to the business. In addition, a Welcome Wednesday is facilitated to provide knowledge, information, and networking for new joiners.

Employee development and career progression

Contribution management is the process whereby employees collaborate with their line managers to plan, monitor, and review their goals and overall contribution. It 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, strategy alignment, organisational development, and The Craneware Group Framework.

Employees are encouraged to maintain a personal development plan, linked to their role and goals, as part of the contribution management process. Personal development plans identify proposed areas for learning as well as training and development that employee wish to complete.

We have a Career Pathways, which is available for reference on the Group's intranet, to illustrate career progression and provide clarity to employees, serving as a resource for employees to manage their careers within The Craneware Group.

Learning and development

The Craneware Group endeavours to provide an environment and facilities for all employees to develop their skill sets. 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.

Craneware's employee learning management system, called the Academy, hosts on demand learning solutions, covering a wide range of topics. 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 including: product knowledge; leadership development; process guides; and onboarding modules for new employees. The system also enables the control of (and tracking of completion of) mandatory and annual training modules.

LinkedIn Learning is an online training platform, which provides users on demand access to over 16,000 instructor led courses covering a wide range of business and technology skill sets. The Craneware Group provides full, unlimited, access to LinkedIn

Our People [Cont'd]

Learning for all permanent employees. LinkedIn Learning is a key investment in our culture as a learning organisation. Managers have the ability to create learning pathways and customised curriculums supporting both individual and team development and also complementing the onboarding process.

In addition, we have three categories of leadership programs to bring together and further develop internal leaders. Rising Leaders, Performing Leaders, and LINK a program of bite sized sessions on leadership and management topics 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.

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.

The Craneware Group supports individualised professional development and other development in line with role-based requirements to meet business needs.

Reward

A fair remuneration policy is adopted throughout The Craneware Group. Our reward strategy aims to link pay progression to contribution through our Contribution Management process to promote a contribution culture. We aim to remain competitive, with regard to employee reward, and keep pace with the market through salary ranges which are created from real time benchmarking data. The Group has sought to achieve, at a minimum, on average, median levels of base salary for all employees within the organisation in respect of their role, based on external benchmark data (which is refreshed at least bi-annually). We value the health and wellbeing of our employees and their families. We offer a comprehensive benefits package to our employees including medical insurances, life assurance, pension and 401K plans, work-life balance benefits. The company contribution matching for our UK pension plan was increased from 5% to 6% from September 2021 and we harmonised benefits for US employees including healthcare plans and 401K provisions following the acquisition of Sentry. Our leave policies were also harmonised during the year, with an additional two days' leave offered, for 2022 only, for the Queen's Platinum Jubilee.

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.

The Remuneration Committee of the Company's Board of Directors recognised the considerable and extensive activities and efforts which the whole team embraced during the integration process during the year ended 30 June 2022, following the acquisition of Sentry in July 2021. In order to acknowledge this, the Remuneration Committee decided that the grant of share-based awards should be extended to all employees within the Group during the year. It was considered that the grant of share options to employees for this recognition award was appropriate and provided alignment of employee interests across the enlarged Group with those of our shareholders. Further details are included in the Remuneration Committee's Report section of this annual report.

In the UK, in addition to operating Cyclescheme, Craneware offers employees the opportunity to participate in Techscheme which gives assistance with the purchase of electronic equipment whilst spreading the payment over a period of time at a cost saving.

Employee recognition is embedded into Craneware's culture and includes a broad range of opportunities from casual recognitions to formal annual peer-nominated awards through "Cudos", The Craneware Group's recognition program.

Health & Safety

The Health & Safety Committee, chaired by our Chief People Officer, reports into the Governance Committee and meets on a quarterly basis to review related topics, discuss proposals, and make recommendations as required. All employees are required to complete mandatory health and safety awareness training, provided through the Learning Management System, on an annual basis and when employees join Craneware. As part of creating a safe work environment for our employees, The Craneware Group tracks all Health & Safety Incident Reports. There were no incidents reported across all of the Group's offices and our home-based employees in the year ended 30 June 2022.

Following the acquisition of Sentry in July 2021, health and safety has been integrated across the scaled business so that it is managed consistently across the enlarged organisation and all locations. Employees from across the enlarged organisation were added to the Health & Safety Committee to provide their perspectives as well as to ensure specific coverage of the additional office location in the US.

During the year ended 30 June 2022, office locations within The Craneware Group re-opened for normal business operations in line with the lifting of COVID-19 public health restrictions across the US and in the UK. The Dynamic Working Framework was trialled and then introduced during the year, as explained above. Before each office was re-opened, all health and safety requirements were systematically re-examined in order to ensure that all offices were safe to re-open including any appropriate COVID-19 measures. Prior to the re-opening of each location, all

Our People [Cont'd]

office based employees were given a briefing reminding them of important health and safety information pertaining to their particular office. All employees, whether they work from home permanently or on a flexible basis under our Dynamic Working Framework, are provided with guidance on the set up of suitably safe and productive home workspaces.

Our Community

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

Craneware Cares

Craneware Cares and the Craneware Cares Foundation are driven by our employees and form a central part of life at Craneware. Importantly, they are how we approach our charitable giving and corporate responsibility. Both the Craneware Cares Foundation and Craneware Cares as an internal committee have been in operation for several years now and over this time they have expanded the scope and scale of their activities.

Craneware Cares is The Craneware Group's core mechanism for corporate charitable giving, employee fundraising, and community volunteer work. An executive committee and various sub-committees comprising employees from the scaled business coordinate all charitable giving and volunteering for the Group across the US and UK. All charitable giving in the US is distributed through the Craneware Cares Foundation, an official charitable foundation.

Craneware Cares further streamlined our 'Spotlight Charity' model, for planned annual fundraising, in the year ended 30 June 2022 in order to give the maximum amount to each organisation every quarter. Our quarterly charities alternated between US and UK based charities, which continue to be nominated and chosen entirely by employees. In the year ended 30 June 2022, Craneware Cares supported the following four diverse organisations as our Spotlight Charities:

- Steps to Hope (UK)
- The Gregory S. Fehribach Center (US)
- Kindness Homeless Street Team Glasgow (UK)
- Refugees International (US)

Craneware Cares raised funds for all of these Spotlight Charities; combining employee donations and corporate donation-matching, enabling The Craneware Group to make a significant contribution to each organisation. Craneware Cares also produced a second volume of the 'At the Table with Craneware' charity cookbook, compiled from recipes shared by our employees, and the proceeds are donated to our Spotlight Charities.

Alongside these quarterly Spotlight Charities, Craneware Cares continues to support ad-hoc employee fundraisers and charity work. Supporting our employees in their personal charitable endeavours is an essential and popular part of the Craneware Cares identity. Alongside the four Spotlight Charities, we supported thirty eight other charities during the year.

Some of the causes which Craneware Cares assisted during the year ended 30 June 2022 included the following wide-ranging initiatives:

- Craneware Cares continues to support our longstanding 'Lotus Backpack' fundraising campaigns. In the US, our Lotus Backpack Committee completed a very successful Spring Fundraiser in support of three domestic violence shelters in the US, using the money raised to purchase many boxes of essential supplies. In the UK, the Lotus Backpack campaign took the form of a donation of backpacks and school supplies for local children in need.
- An International Women's Day fundraising campaign for the US charity March of Dimes, predominantly powered by the production of fantastic charity t-shirts by a creative employee of The Craneware Group.
- In honour of 'Movember', the annual global fundraising event directed to The Movember Foundation's efforts to improve men's health, The Craneware Group supported a huge fundraising drive across the whole organisation which raised a total of over $2,500 thanks to the efforts of many employees.
- For the holiday season, Craneware Cares donated gifts to two local organisations supporting local families in need and also donated gifts to a Spotlight Charity to support their Easter family event.
- When the conflict began in Ukraine in early 2022, Craneware Cares donated to the Disasters Emergency Committee's Ukraine Appeal.
- Craneware Cares made donations to two appeals in response to tragic events that impacted two schools and their communities in the US.
- In honour of a beloved Craneware Group employee who sadly passed away, a donation was made to the International Myeloma Foundation.
- The Craneware Group also donated prizes to charity auctions for Cancer Research UK and The Yard.

Over this past year, Craneware Cares supported eighteen different charities brought to the committee by our employees through their own charity work. These causes were diverse and were for charitable initiatives in both the UK and in the US.

In total during the year ended 30 June 2022, Craneware has contributed $47,943 (2021: $45,368) to charities across all of our many fundraising campaigns, employee-led donations and corporate donations.

Our Community [Cont'd]

Updates on the activities of Craneware Cares are provided to all employees on at least a quarterly basis to raise further awareness of the various initiatives and how employees can get involved. The updates also help to generate support for the Craneware Cares programmes.

Volunteer Time Off

The fundraising activities of Craneware Cares are supplemented by Volunteer Time Off days for employees so that they can take paid leave to support projects and charities in their communities. During the year this included a group of our UK employees donating their time to help a previous year's Spotlight Charity to prepare their treatment centre for vital renovations.

Environmental

Craneware aims to minimise any environmental impacts of its business activities. We are in the early stages of our journey to measure and reduce our impact on the environment, but we are committed to making continuous improvements. 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.

The Group does not manufacture or transport goods. As a result of what we do, we are not involved in any energy-intensive processes nor does the organisation 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. All businesses, including Craneware, must recognise the importance of responding appropriately and reducing their contribution to global climate change. Also, as the size of the Group grows, we are conscious of the impact our operations may increasingly have on the environment. Craneware aims to manage its environmental impacts responsibly.

As a software company, we are primarily an office-based operator in the UK, using leased facilities. However, since mid-March 2020 and until the latter part of the year ended 30 June 2022, all UK employees have been working from home due to the public health restrictions required in response to the COVID-19 pandemic. A Dynamic Working Framework was introduced recently across the Group, as described within the 'Our People' section above, which further increased our commitment to both our employees and the environment. This framework aims to enable flexibility in working arrangements for our employees and to create a balance between work and life demands. This arrangement also significantly reduces the impact of daily commuting upon the environment. In the US we operate a relatively small office footprint with the vast majority of our employees working from home even prior to the COVID-19 pandemic. Whilst the acquisition of Sentry in July 2021 resulted in the Group gaining additional rented office space in the US, the majority of our US employees remain home-based.

The rented office space for our head office in central Edinburgh is easily reached by public transport, by bicycle or on foot. The Craneware Group encourages cycling to work and all the related health and environmental benefits this brings by participating in the Cyclescheme programme, an employee benefit scheme in the UK which helps facilitate cycling by offering discounts on bikes and related equipment.

Although there has been some increase in trans-Atlantic and domestic US business travel now that COVID-19 pandemic public health restrictions have been lifted, The Craneware Group continues to leverage video conferencing wherever possible as an alternative to travel. Where domestic travel is necessary within the US, we have mandated that it be booked via a travel portal to enable a data review, as we aim to progress to more sustainable travel practices. We do not provide company vehicles to employees or Directors nor do we operate any form of vehicle fleet.

The data centres which the Group uses have carbon reduction or carbon neutral goals and many sustainability and ESG initiatives.

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 2022, 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.

	2022	2021
UK Energy Use (kWh):		
Electricity	**81,832**	87,373
Gross emissions in metric tonnes of carbon dioxide equivalent (CO_2e):		
Electricity	**15.82**	18.55

Emissions were calculated from using electricity billing information for our UK properties and the UK government's 2022 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.

	2022	2021
Intensity ratio in tonnes of CO_2e per UK employee:	**0.08**	0.10

Environmental [Cont'd]

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: video conferencing rather than in person meetings; the operation of the Dynamic Working Framework; and electronic information exchange that reduce environmental impact; and
- it recycles waste products wherever possible, encouraging use of environmentally friendly materials, and disposing safely of any non-recyclable materials.

The rented office suite for our head office in central Edinburgh is within a building which has an Energy Performance Certificate (EPC) rating of B which denotes a high level of energy efficiency, according to the current rating system. The whole building features a full Building Energy Management System (BEMS), which helps to optimise the energy efficiency of all tenant suites and common areas. Office facilities have light timers and sensors to help conserve energy. The building also includes large and centrally maintained communal garden areas at both ground level and roof level for the enjoyment of tenants.

As referred to in the 'Our People' section above, during the year our rented office suite in Edinburgh was extensively renovated and, during this process, we were committed to minimising the level of waste going to landfill. As a result, we only engaged disposal companies with strong sustainable practices to remove any of our waste and surplus office furniture. All companies used for our office clearance works are dedicated to diverting waste from landfill and recycling as many items as possible using registered recycling facilities. Craneware also donated a wide range of items, including furniture and kitchen supplies, to local organisations such as homeless charities and schools rather than let serviceable goods become landfill. In particular, we gave a substantial number of desks and chairs to a nearby school district for use in their classrooms. This donation saved the schools much needed money and it also helped minimise carbon emissions. The total weight of the donated furniture was 3.25 tonnes, and the avoided emissions in the value chain is calculated to be 5.41 tonnes of CO_2e which no longer needs to be expended to produce new furniture for these schools.

The Craneware 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, tins, and plastic throughout the suites.

Craneware offers its shareholders the opportunity to register to receive shareholder communications, such as the annual report, notice of annual general meeting, and related forms of proxy, electronically rather than printed documents.

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 60 to 74.

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. To ensure a high level of understanding of business ethics within our business, we provide training to our employees as part of our annual mandatory Legal and Regulatory curriculum as well as this training being included in the onboarding programme for new employees.

Information security, data security and data protection

The Craneware Group prioritises the reliable protection of customer data. Our aim is to defend against reasonably anticipated threats and hazards, including risks created by unauthorised access, to the security and integrity of sensitive customer information entrusted with The Craneware Group. 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 the 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 the Health Insurance Portability and Accountability Act (HIPAA) in the US and Data Privacy (US and UK), which has specificity on protecting patient data and personal data.

The Craneware Group maintains a detailed Information Security Program which aligns with applicable laws and regulations. This program governs how The Craneware Group employees and applications interact with sensitive, protected customers' data. The policies and procedures which inform the Information Security Program are reviewed and updated no less than annually and with any significant changes to relevant laws, regulations, infrastructure or company structure.

Key oversight of the Information Security Program is managed by The Craneware Group's Security Council and led by the Chief Information Officer. The Council is comprised of expert representatives from the following functional areas: Information

Governance [Cont'd]

Security; Risk & Compliance; Information Technology; Infrastructure and Operations; Engineering; and the Governance Committee. The Craneware Group employs a dedicated Information Security Team and contracts with specialist third party services, who assist with monitoring, testing and improving our security position and technology. The Craneware Group requires stringent training on information security and data protection for all employees annually and when new employees join the Group. The highest ethical standards are foundational to The Craneware Group's code of conduct.

Data and Information System assets include customer data and company resources; these are protected with Data Loss Prevention software and processes. The Craneware Group's Information Security Program manages those assets that are subject to legislative requirements i.e. HIPAA and GDPR.

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).

Full HITRUST CSF assessments are conducted every two years; interim assessments are conducted during the intervening periods. For HITRUST, our products and corporate infrastructure are evaluated against around 500 controls mapped across 19 domains. Our portfolio of products regularly conducts penetration testing using external security testing companies. The testing occurs in conjunction with major product updates and no less than annually.

Sentinel, Sentrex, and DataNext applications meet American Institute of Certified Public Accountants (AICPA) Service Organization Controls (SOC) requirements, completing the SOC1 and SOC2 Type II audits annually.

The Craneware Group engages with third party auditors to support effective security practices and compliance with HITRUST, HIPAA and AICPA SOC. We reconfirm our audit certifications on an annual basis, and regularly evaluate to ensure our certification selections continue to be the best measure of security controls.

The Craneware Group also follows individual US state-based guidance and criteria where appropriate.

A copy of The Craneware Group's Information Security Statement is on the website at: www.thecranewaregroup.com/security-statement/

Modern Slavery

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 at www.thecranewaregroup.com/modern-slavery-statement/. The Craneware Group does not permit, condone or otherwise accept any form of human trafficking or slavery in its business or supply chains. We are committed to conducting our dealings with customers, suppliers, employees and the communities in which they are based, with the utmost integrity and, as such, we are committed to supporting the elimination of acts of modern slavery. Our Anti-Slavery and Human Trafficking Policy reflects our commitment to act ethically and with integrity in all our business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and in our business, we provide training to our employees as part of our annual mandatory Legal and Regulatory curriculum.

Anti-bribery and corruption

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. The Group has an Anti-Corruption and Bribery Policy which applies to anyone working for The Craneware Group or on our behalf in any capacity. To ensure that employees are aware of this policy and relevant aspects of the Bribery Act, we provide training to our employees as part of our annual mandatory Legal and Regulatory curriculum.

Governance [Cont'd]

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.

ESG Governance

The Board is conscious of the need to coordinate all of its ESG-related policies and initiatives and to align these to a more formalised governance framework appropriate to the Group. The Board also acknowledges the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. Any disclosures required by the Company, in accordance with these regulations, shall be provided in the Annual Report and Financial Statements for the year ending 30 June 2023.

Directors, Secretary, Advisors and Subsidiaries

Directors

W Whitehorn (non-executive, Chair)
K Neilson
C T Preston
I Urquhart (appointed 27 April 2022)
C Blye (senior independent director)
R Rudish (non-executive)
A Erskine (non-executive)
D 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
29 Wellington Street
Leeds
LS1 4DL

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Financial PR

Alma PR
71-73 Carter Lane
London
EC4V 5EQ

Joint Stockbrokers

Berenberg, Gossler & Co.
60 Threadneedle Street
London
EC2R 8HP

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Solicitors

Pinsent Masons LLP
58 Morrison Street
Edinburgh
EH3 8BP

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.
Corporation Trust Center
1209 Orange St
Wilmington, DE 19801

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

Craneware InSight, Inc.
3340 Peachtree Rd NE,
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

SDS Holdco, Inc.
251 Little Falls Drive
Wilmington, DE 19808

SDS Intermediate, Inc.
251 Little Falls Drive
Wilmington, DE 19808

Sentry Data Systems, Inc.
1946 Tyler Street
Hollywood, FL 33020

Agilum Healthcare Intelligence, Inc.
300 Montvue Road
Suite 400
Knoxville, TN 37919

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

Will Whitehorn, 62
Non-executive Chair
Appointed 1 January 2020

Will joined Craneware as Chair 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 Chair 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 recently invited to the join the U.K. Government's Space Exploration Advisory Committee.

Keith Neilson, 53
Chief Executive Officer & Co-founder

Keith co-founded Craneware in 1999 and has served as its CEO ever since. Under Keith's guidance, The Craneware Group 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.

Craig T Preston, 51
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.

Issy Urquhart, 54
Chief People Officer
Appointed 27 April 2022

Issy was appointed to the board on 27 April 2022. As Craneware's Chief People Officer, Issy drives sustainable growth and facilitates change through a focus on people. Issy brings 25-plus years of strategic and operational global HR experience gained across a number of sectors including Technology, BPO, mature FMCG and Financial Services. Key strengths are her breadth and depth of global HR experience across all facets of HR and OD. Most notably prior to joining Craneware in 2015, Issy worked at CommScope Inc, Wolfson Microelectronics plc and Convergys Corporation in executive HR roles, where alongside delivering the HR agenda, she lead wide-scale change programs to deliver acquisitions, changes in business strategies and operating models. Issy is also prominent in the Scottish charitable and not-for-profit spheres, in her roles as Vice-Chair of the Edinburgh Business Beats Cancer Board and member of the Scottish and North American Business Council.

Board of Directors [Cont'd]

Colleen Blye, 62
Non-executive Director, 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 and Chief Financial Officer 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, 70
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, 52
Non-executive Director
Appointed 1 March 2020

David joined the Board as an Independent Non-executive Director in March 2020. David has extensive UK public company experience. He is currently CFO of the FTSE 250 listed 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, 52
Non-executive Director
Appointed 24 February 2020

Alistair joined the Board as an 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 of the Group for the year ended 30 June 2022.

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; annual recurring revenue; percentage of annual recurring revenue from the Cloud; adjusted earnings before interest, tax, depreciation and amortisation (EBITDA); adjusted earnings per share; net debt; operating cash; net debt divided by adjusted EBITDA; operating cash conversion. The adjusted measures are stated before exceptional costs and amortisation of acquired intangible assets). Detailed information on all matters required is presented in the Strategic Report contained in pages 7 to 29 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, Chair'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.

Directors' Report [Cont'd]

Information	Section within this Annual Report	Pages
Appointment and Reappointment of Directors	Directors' Report Corporate Governance Report	55 60 to 74
Biographical Details of the Directors	Board of Directors	51 and 52
Business Model	Strategic Report	9
Change of Control	Directors' Report Remuneration Committee's Report	57 85
Community and Charitable Giving	Directors' Report Stakeholder Engagement Environmental, Social and Governance Statement	57 36 45 and 46
Corporate Governance Framework	Corporate Governance Report	60 to 74
Directors' Conflicts of Interest	Corporate Governance Report	65
Directors' Remuneration	Remuneration Committee's Report	75 to 88
Diversity, Equality and Inclusion	Stakeholder Engagement Environmental, Social and Governance Statement Directors' Report Corporate Governance Report	30 to 33 41 and 42 57 and 58 66
Employee Engagement	Directors' Report Corporate Governance Report Stakeholder Engagement	57 and 58 68 30 to 33
Employees with disabilities	Directors' Report	58
Environmental Reporting	Environmental, Social and Governance Statement Directors' Report	46 and 47 57
Financial Instruments and financial risk management	Note 3 to the consolidated financial statements	107 to 109
Financial Results	Consolidated and Company financial statements and accompanying notes	96 to 140
Future developments and strategic priorities	Strategic Report	7 to 12
Going Concern statement	Directors' Report	55
Independent Auditor	Directors' Report Corporate Governance Report	59 72 and 73
Modern Slavery Statement	Directors' Report Environmental, Social and Governance Statement	58 48
Principal Risks and Uncertainties	Strategic Report	15 to 24
Principal Activities	Directors' Report Strategic Report	53 7 to 12
Research and Development	Directors' Report Strategic Report	55 7, 8 and 10
Risk Management	Corporate Governance Report Strategic Report	68 to 74 15 and 16
Section 172 Statement	Strategic Report	25 to 29
Significant Related Party Transactions	Note 25 to the consolidated financial statements	136 to 138
Stakeholder Engagement	Stakeholder Engagement	30 to 38
Strategic Report	Strategic Report	7 to 29
Subsidiary Undertakings	Note 16 to the financial statements	126
Viability Statement	Strategic Report	24

Financial Results and Dividends

The Group's revenue for the year was $165.5m (2021: $75.6m) which has generated a profit before tax of $13.1m (2021: $13.2m) after exceptional costs of $2.1m (2021: $6.5m). The full results for the year, which were approved by the Board of Directors on 19 September 2022, are set out in the accompanying financial statements and the notes thereto.

During the year the Company paid an interim dividend of 12.5p (16.88 cents) per share. The Directors are recommending the payment of a final dividend of 15.5p (18.80 cents) per share giving a total dividend of 28p (33.96 cents) per share based on the results for 2022 (2021: 27.5p (38.10 cents)). Subject to approval at the Annual General Meeting, the final dividend will be paid on 16 December 2022 to shareholders on the register as at 25 November 2022.

Dividends per share	
Year	**Dividend (pence)**
FY17	20.0
FY18	24.0
FY19	26.0
FY20	26.5
FY21	27.5
FY22	28.0 (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.

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, delivering revenue integrity and 340B compliance, as well as margin and operational intelligence. Full details of the development activities and the Group's roadmap is provided in the Strategic Report contained in pages 7 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 $51.1m (2021: $24.7m) of which $13.5m (2021: $10.1m) has been capitalised.

Going Concern

The Strategic Report on pages 7 to 29 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 9 to 12. The Directors, having made suitable enquiries and analysis of the financial statements, including the consideration of:

- net debt;
- continued cash generation;
- continued compliance with: debt facility covenants and related payments (Note 22); and
- SaaS business model

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

Directors

The biographical details of the current serving Directors of the Company are set out pages 51 and 52. The Directors who served during the financial year ended 30 June 2022 were:

W Whitehorn	(Non-executive Chair)
K Neilson	(Chief Executive Officer)
C T Preston	(Chief Financial Officer)
I Urquhart	(Chief People Officer): Appointed 27 April 2022
C Blye	(Senior Independent Director)
R Rudish	(Non-executive Director)
A Erskine	(Non-executive Director)
D Kemp	(Non-executive Director)

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 60 to 74.

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 85.

Corporate Governance

The Corporate Governance Report on pages 60 to 74 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 2022 was 35,542,169 Ordinary Shares of 1p each (2021: 33,019,191 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.thecranewaregroup.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.thecranewaregroup.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 'share capital allotted' section below refers to the issue of 2,507,348 new ordinary shares in Craneware plc on 12 July 2021, as part of the consideration for the acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry. These shares were distributed by the vendor of Sentry to the underlying equity holders of the vendor of Sentry and were subject to restrictions (subject to customary exceptions). These restrictions were a twelve month hard lock-up and subsequent twelve month orderly market arrangements in respect of certain 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 2022 nor in the year ended 30 June 2021.

Authority for purchase of own shares

Authorisation was given by shareholders at the Annual General Meeting on 16 November 2021 for the Company to purchase up to 3,552,654 Ordinary Shares. A resolution to renew this authority will be proposed at the 2022 Annual General Meeting.

Share capital allotted

On 12 July 2021, 2,507,348 new Ordinary Shares in Craneware plc were issued as part of the consideration for the acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry. Note 13 contains further details of this business combination.

During the year ended 30 June 2022, 15,630 Ordinary Shares (2021: no Ordinary Shares) were issued on the exercise of share options by employees in March 2022.

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. Further details are included in Note 19 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 2022 the EBT held 411,323 Craneware plc Ordinary Shares (at 30 June 2021: 348,585 Ordinary Shares). The EBT waived its right to dividends in the year ended 30 June 2022. Further details regarding the EBT are contained in Note 19 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 2022 and up to the date of this report in the share capital of the Company, were as follows:

	2022 No.	2021 No.
W Whitehorn	**2,989**	2,989
K Neilson	**3,431,522**	3,429,394
C T Preston	**89,329**	89,329
I Urquhart	**6,577**	–
C Blye	**547**	547
R Rudish	**1,095**	1,095
	3,532,059	3,523,354

Directors' interests in share options are detailed in the Remuneration Committee's Report on pages 87 and 88.

Substantial Shareholders

As at 1 September 2022, the Company had been notified of the following beneficial interests in 3% or more of the issued share capital pursuant to section 793 of the Companies Act 2006. It should be noted that, other than for K Neilson, W G Craig, these holdings may have changed since the Company was notified. However, notification of any change is not required until an applicable threshold is crossed.:

	No. of Ordinary £0.01 Shares	% of issued share capital
Liontrust Assset Management	4,605,912	12.96
K Neilson	3,431,522	9.65
Canaccord Genuity Group	2,563,567	7.21
W G Craig	2,342,756	6.59
Amati Global Investors	1,544,266	4.34
Sanford DeLand Asset Management	1,460,000	4.11
Abry Partners	1,191,171	3.35
abrdn	1,152,927	3.24

Change of control provisions

Within the Group's revolving loan facility (as detailed in Note 22), the lender has the right to demand immediate payment of any outstanding balances upon a change of control of the Group.

There are change of control provisions within the rules of the Company's employee share option plans and its long term incentive plan.

Section 172 Statement

The statement, in respect of section 172 (1) of the Companies Act 2006, is on pages 25 to 29.

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 30 to 38.

Corporate Social Responsibility & Environmental Policy

The Group is committed to maintaining a high level of social responsibility as outlined in the Environmental, Social and Governance Statement (on pages 39 to 49) 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; this is explained within the Environmental, Social and Governance Statement (on pages 46 and 47). The Group is required to report its energy use and impact under the Streamlined Energy and Carbon Reporting (SECR) regulations; the required information for the year ended 30 June 2022 is contained on page 46 of this Annual Report within the Environmental, Social and Governance Statement.

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 on pages 33 and 34 and within Environmental, Social and Governance Statement on pages 39 to 41.

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 and ESG matters, the Group has continued to develop its "Craneware Cares" program. The focus of Craneware Cares is to raise awareness and funds for charity. During the year ended 30 June 2022 the Group contributed a total amount of $47,943 (2021: $45,368) to charities in the UK and in the US across all of the Group's fundraising campaigns and employee-led donations. Further information about Craneware Cares and other aspects of engagement with the community is provided within the Stakeholder Engagement section on page 36 and Environmental, Social and Governance Statement on pages 45 and 46.

Political Donations

Neither the Company nor its subsidiaries made any donation for political purposes in fiscal years 2022 or 2021.

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 has a Health and Safety Committee, which reports to the Governance Committee, comprised of appropriate US and UK roles within the organisation. Further details, including employee wellness initiatives, are contained within the Environmental, Social and Governance Statement on pages 41 to 45.

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, as detailed on page 84 of the Remuneration Committee's Report.

Employees and Employee Involvement [Cont'd]

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 Group maintains core values of: be authentic; demonstrate integrity; provide excellent service; work hard to the highest quality; enjoy the challenge. These values are actively promoted in all activities undertaken on behalf of the Group.

The general policy of the Group is to welcome employee involvement as far as it is reasonably practicable. Details regarding employee engagement are included on pages 30 to 33.

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 at www.thecranewaregroup.com/modern-slavery-statement/ 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. The Environmental, Social and Governance Statement on page 48 also refers to this Policy.

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. The Stakeholder Engagement section on page 37 includes a summary of the Group's supplier engagement processes.

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 2022 represented, on average, 29 days purchases (2021: 18 days) for the Group and 38 days purchases (2021: 19 days) for the Company. Although this is an increase compared to the position at 30 June 2021, it is anticipated this will return to historic norms in the next fiscal year.

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.thecranewaregroup.com. The Directors consider that these resolutions are in the best interests of the Company and its shareholders as a whole. The proxy card for registered shareholders is distributed along with the notice. The arrangements for the AGM, to be held in November 2022, are outlined in the Notice of AGM.

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 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, on the Regulatory News Service of the London Stock Exchange, after the meeting and are published as soon as practicable on the Company's website.

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 UK adopted international accounting standards (IFRS) 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

Statement of Directors' Responsibilities [Cont'd]

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;
- 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 financial statements, 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
19 September 2022

Corporate Governance Report

Chair's Introduction

On behalf of the Board, I am pleased to present our Corporate Governance Report for the year ended 30 June 2022 in the context of the UK Corporate Governance Code 2018 ('the Code'), our chosen corporate governance framework. The Board believes that strong corporate governance, shareholder engagement and engagement with other stakeholders are critical to the success of our strategy outlined on pages 7 to 9, and to delivering long-term, sustainable shareholder value.

Our purpose is to transform the business of healthcare through the profound impact our solutions deliver, enabling our customers to provide quality care to their communities. Throughout the pandemic our customers were on the front-line and whilst this year saw the easing of direct impacts of the pandemic, this has not relieved the pressure on all healthcare providers world-wide. Supporting our customers, and the phenomenal work they do, continues to be our top priority.

This year has also seen us welcome the Sentry team to Craneware, following the completion of the acquisition of Sentry on 12 July 2021. Since then the Board has been overseeing, within our corporate governance framework, the integration process which was effectively completed during the year. This successful integration was based on a structured implementation plan, driven, in part, through our employee engagement mechanisms (as outlined within the Stakeholder Engagement and Environmental, Social and Governance (ESG) sections of this annual report). Underpinned by our purpose, it is clear that there are significant positive impacts that the combined team can provide to our stakeholders, including the communities in which we operate and wider society. This therefore continues to progress The Craneware Group's purpose, vision, strategy and values to ensure that the culture of the integrated organisation is aligned to enable their achievement.

I would like to thank the Board, the senior management team and all colleagues within The Craneware Group for the significant time, energy and commitment they have provided throughout the integration process and the ongoing enthusiasm to collectively uphold our purpose. I would like to thank all of The Craneware Group team for their continued passion and commitment.

Purpose, Values and Culture

Supporting our purpose is The Craneware Group's Framework consisting of our core values of: be authentic; demonstrate integrity; provide excellent service; work hard to the highest quality; enjoy the challenge. Our framework of values was reviewed and evolved during the year, recognising the addition of Sentry to bring together a common set of values to the enlarged group, this is described further in the Stakeholder Engagement and in the Environmental, Social and Governance (ESG) sections.

The Board continues to monitor how the purpose, vision, strategy and values align to the Group's culture (page 63 contains further details). We have a talented mix of employees from diverse backgrounds with a range of skills and experience, which brings a high level of innovation and collaboration. 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 team and we aim to ensure that we continue to attract diverse talent into The Craneware Group.

During the year the Board oversaw the Group's progress with the three fundamental pillars of its growth strategy, as explained in my Chair's Statement and in the Strategic Report. This included the completion of the acquisition of Sentry and its integration as well as an increase in the Group's investment in R&D. The acquisition of Sentry resulted in an immediate step change in the scale of our operations whilst expanding our coverage of the market, with The Craneware Group now serving approximately 40 percent of US hospitals, including more than 12,000 US hospitals, health systems and affiliated retail pharmacies and clinics.

In these circumstances, good governance and balancing the needs and expectations of our stakeholders continues to be an important responsibility.

Section 172 and Stakeholder Engagement

A key focus of the 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, particularly with the expansion of the Group during the year. The Board's section 172 (1) statement and details of our engagement with stakeholders can be found on pages 25 to 38.

Environmental, Social and Governance (ESG)

We have summarised within our ESG Statement, on pages 39 to 49, an overview of current programmes and alignment to sustainability principles. As a Board, we acknowledge the challenges facing businesses in general, and that of the Group, in respect of sustainability, including climate change and environmental, social and governance (ESG) considerations. Whilst The Craneware Group has developed many initiatives over the past several years which contribute to our sustainability credentials, in the financial year ending 30 June 2023, we aim to formalise a Group-wide ESG governance framework, building upon our purpose and with a specific focus on ESG matters.

Board composition

We were delighted to welcome Issy Urquhart, The Craneware Group's Chief People Officer, to the Board on Issy's appointment as an executive director of the Company on 27 April 2022.

Having joined the Craneware team in 2015, Issy is a valued member of the Operations Board of the Company and leads on the development and implementation of human resources, on organisation design and development and on change management strategies. Issy was instrumental in the integration of the Sentry team. Issy is already making an important contribution to the Board and I am confident that Issy's appointment will continue to improve the Board's effectiveness in monitoring culture, support our focus on investment in The Craneware Group team and enhance our awareness of employee engagement and other ESG matters.

We aim to attract a diverse pool of candidates, with relevant skills, experience and knowledge, for any senior appointments. As a Board, we are not in favour of setting specific diversity targets for the Board and senior management team and all appointments will ultimately be made on merit. Nonetheless, we are pleased to be able to demonstrate positive progress in this area over the past year.

With the prioritisation and focus on the integration process during the year following the acquisition of Sentry, it was considered appropriate to defer the Board evaluation by a few months. It is, however, planned to conduct a Board evaluation process in the first half of the new financial year rather than during the year ended 30 June 2022.

Annual General Meeting ('AGM')

The Board recognises that the AGM is an important event for all shareholders. The arrangements for the AGM, to be held in November 2022, are outlined in the Notice of AGM and we look forward to welcoming shareholders at the AGM.

The year ahead

Aligned with our purpose, we aim to continue 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 wider society. Although over several years The Craneware Group has established (and continues to encourage) many sustainability initiatives which benefit various stakeholder groups, we recognise that a Group-wide ESG governance framework should be formalised during the year ahead.

As a Board, inclusivity throughout the business is highly important to us and we continue to support our diverse and inclusive team within The Craneware Group and the development of our diverse talent pipeline.

We thank our shareholders, our other stakeholders, including our employees, for their ongoing support during this past year and for the future as we together uphold the Purpose of The Craneware Group.

Will Whitehorn
Chair
19 September 2022

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, including the Company and the Group's contribution to the communities in which it operates and wider society. 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 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 2022, 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;
- Provision 21: a formal evaluation of the performance of the Board, its committees, the Chair and individual directors was not conducted during the year. With the prioritisation and focus on the integration process during the year following the acquisition of Sentry, it was considered appropriate to defer the Board evaluation process by a few months. It is, however, planned to conduct a Board evaluation process during the first half of the financial year ending 30 June 2023;
- Provision 36: concerning the development of a formal policy for post-employment shareholding requirements. Post-employment shareholding policies are not usual practice for AIM Companies. The Remuneration Committee keeps this area under review but considers that, whilst no formal post-employment shareholding policy for executive Directors is in place, its current approach is acceptable. There is a current required shareholding guideline applicable to executive Directors and senior management in place and that guideline has already been significantly exceeded by two of the executive Directors. In addition, there is a post-vesting holding period applicable to Long Term Incentive awards granted since October 2020 (and intended to apply to future such awards) to the executive Directors and senior management. These 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; and
- Two of the seven elements of Provision 41: As an AIM listed company, Craneware plc is not required to comply with the Directors' Remuneration Report regulations however the Company does aim to comply with the spirit of all of Provision 41 of the Code in so far as the Board considers is appropriate for the size of the Company and as such provides a Remuneration Committee's Report within this annual report. With reference to two of the elements of Provision 41, the Remuneration Committee has not engaged directly with shareholders during the year ended 30 June 2022 regarding executive Director remuneration policy. However, shareholders have not raised any concerns with the Board during the year regarding the remuneration of the executive Directors. The Chair of the Remuneration Committee is available to discuss remuneration matters with shareholders if and when that is required or requested. There was no engagement with employees, in respect of executive Director remuneration, during the year however, the same policy of paying at median (based on benchmark data) applies across the whole Group. Notwithstanding that policy, due to the macro-economic environment, the Remuneration Committee decided to defer any benchmarking and associated base salary changes for the executive Directors. This has been the decision for the past three financial years including the year ended 30 June 2022. As such there have been no changes to the base salary or bonus entitlements for the executive Directors during this time.

In accordance with AIM Rule 26, details of compliance with the Code and explanations for any non-compliance are also made available on the Company's website at www.thecranewaregroup.com/company/governance/

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, banks and finance providers and suppliers, is a core component of long-term sustainability and success. Stakeholder Engagement information is set out on pages 30 to 38. The Directors consider, both individually and collectively, that they have taken the factors, set out in s172(1)(a) to (f) of the Companies Act 2006, into account when exercising their duty to promote the success of the Group and of the Company during the year. The Board's Section 172(1) Statement is on pages 25 to 29 and it includes examples of how those matters have been considered in significant decisions of the Board.

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 setting the Group's purpose and values. Our purpose forms the basis of Group-wide strategic initiatives each year. Our purpose is to transform the business of healthcare through the profound impact our solutions deliver, enabling our customers to provide quality care to their communities. 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 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 7 to 29. 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 with the agreed strategy at each Board meeting.

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 and a broader senior management team, who collectively have the qualifications and experience necessary for the day to day running of the Group. The Operations Board is chaired by the CEO and also comprises the Chief Financial Officer, the Chief People Officer and six further members of the Senior Management Team

There is a formal schedule of matters reserved for the Board, which includes approval of the Group's strategy, annual strategic themes and related 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

Issy Urquhart, the Group's Chief People Officer, was appointed as an executive Director of the Company on 27 April 2022. Therefore, in the period 27 April 2022 to 30 June 2022 the Company's Board comprised of: its Chair, Will Whitehorn; three executive Directors: Keith Neilson, Chief Executive Officer; Craig Preston, Chief Financial Officer; and Issy Urquhart, Chief People 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 51 and 52.

Board Composition and Division of Responsibilities [Cont'd]

A summary of the composition of the Board for different periods during the year ended 30 June 2022 is:

Period	Composition of the Board		
	Chair (Independent on Appointment)	Executive Directors	Independent Non-executive Directors
1 July 2021 to 26 April 2022	1	2	4
From 27 April 2022	1	3	4

Division of Responsibilities

The Board has established clearly defined and well understood roles for the Chair of the Company and the Chief Executive Officer. A summary of the main responsibilities of these roles, and also that of the Senior Independent Director, is contained in the table below.

Role	Summary of Responsibilities
Chair	The Chair is responsible for the leadership of the Board, ensuring its effectiveness in directing the Company, and setting its agenda. The Chair promotes a culture of openness and debate facilitating constructive Board relations and the effective contribution of all Non-Executive Directors to provide constructive support and challenge to the executive Directors and senior management. The Chair ensures that the Board receives accurate, timely and clear information. The Chair is also responsible for ensuring that the Board is aware of the views of shareholders and other stakeholders.
Chief Executive Officer	The Chief Executive Officer (CEO) ensures that the strategic and financial objectives, as agreed by the Board, are delivered upon in addition to ensuring the effective implementation of the Board's decisions. 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 in an ethical and sustainable manner, aligned to the culture of The Craneware Group. Maintaining an effective framework of internal controls and risk management are also within the responsibilities of the CEO. In addition, the CEO is responsible for leading, motivating and monitoring the performance of the Group's senior management.
Senior Independent Director	The Senior Independent Director provides a sounding board for the Chair as well as providing an additional channel of contact for shareholders, other Directors or employees, if the need arises.

The Chair

William Whitehorn was appointed Chair 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. In this role, Colleen provides a sounding board for the Chair as well as providing an additional channel of contact for shareholders, other Directors or employees, if the need arises.

The non-executive Directors assist in the development of strategy and monitor its delivery within the Company's established risk appetite. They are responsible for bringing sound judgement and objectivity to the Board's deliberations and decision-making process. In addition, the non-executive Directors constructively challenge, support and review the performance of executive Directors.

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 Chair 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;
- healthcare sector;
- software sector and analytics;
- entrepreneurial cultures;
- senior financial reporting;
- both UK and US companies;
- acquisitions;
- integration of acquired businesses; and
- other listed companies.

The Board was enhanced during the year with the appointment of Issy Urquhart, the Group's Chief People Officer, as an executive Director of the Company.

Through this mix of experience and skills, 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.

Board Composition and Division of Responsibilities [Cont'd]

In regards to all of the non-executive Directors, the Board has not identified any matters that would affect their independence. Throughout the year ended 30 June 2022, 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 has not changed during the year:

Audit Committee members	Remuneration Committee members
Throughout the year ended 30 June 2022	**Throughout the year ended 30 June 2022**
David Kemp (Chair)	Russ Rudish (Chair)
Colleen Blye	Colleen Blye
Alistair Erskine	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	12	2	1^
Executive Directors			
K Neilson	12/12	-	-
C T Preston	12/12	-	-
I Urquhart*	2/2	-	-
Non-Executive Directors			
W Whitehorn	12/12	-	-
C Blye	10/12	2/2	1/1
R Rudish	12/12	2/2	-
A Erskine	10/12	2/2	1/1
D Kemp	12/12	-	1/1

*for this director, who was appointed to the Board during the year, the number of meetings attended is with reference to those from the date of appointment.

^in addition, an Audit Committee meeting scheduled for June 2022 had to be reconvened and held in the first week of July 2022 (the first week of the new financial year) – all members of the Audit Committee attended that meeting but that meeting and the attendance is not included in this table.

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 56, 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

Board composition is regularly reviewed to ensure the requisite mix of skills, business experience and diversity is achieved and maintained, appropriate for the Group, as well as the balance within the Board of independent non-executive directors. 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 Director, the Board establishes that the prospective candidate 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.

During the year ended 30 June 2022, the Board (led by the Chair) recognised that, following the successful integration of the Sentry acquisition, the importance of a strong representation for, and extensive experience of, employee matters on the Board. The Board determined that it was an essential requirement for this executive director position to have the requisite skillset plus an in depth understanding of the organisation and team across the entire Group. Further, experience and insights from the integration process conducted during the year would benefit the Board immediately. As such, independent search consultancies were not engaged by the Board in respect of the formal process to identify potential candidates for this executive director position.

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.

Board Appointments and Evaluation [Cont'd]

Diversity

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 team at The Craneware Group. 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.

Following the appointment of Issy Urquhart to the Board on 27 April 2022, the Board comprises 25% female and 75% male directors. At the end of the financial year, across The Craneware Group, our team comprised 47% female and 53% male employees. At Operations Board plus vice president level, the composition is approximately 37% female and 63% 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 51 and 52. 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. During the prior financial year the Chair, Will Whitehorn, was appointed in June 2021 as Chair of Seraphim Space Investment Trust Plc which floated on the London Stock Exchange in July 2021. This appointment was reviewed by the Board and the estimated time commitment required by that other role was considered not to affect the Chair's ability to perform his duties with the Company. Prior approval of the Board is required in advance of executive Directors undertaking external appointments. 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

The Board as a whole recognises its responsibility to ensure that appropriate plans are in place for orderly succession to the Board and has plans in place for any unforeseen circumstances regarding the executive Directors. 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. The learning and development support and initiatives available to employees have been augmented during the year as outlined in the ESG section of this annual report. The composition of the Operations Board was expanded during the year, reflecting the larger scale and development of the organisation following the acquisition of Sentry, with the addition of the Chief Customer Officer and Chief Transformation Officer.

Development

The Chair 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 and financial reporting requirements relevant to the Group's business are provided to the Board by the Chief Financial Officer and through the Board Committees by the Group's external auditors and advisors.

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, who have not been employed within the Group prior to appointment, are provided with an induction in order to introduce them to the operations and management of the business. All new Directors receive a briefing on their role and duties as a director of a company which has its shares traded on AIM. This briefing is conducted by the Company's advisors.

Information and Support

In setting the agenda for each Board meeting, the Chair, 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 prioritisation and focus on the integration process during the year following the acquisition of Sentry, it was

Board Appointments and Evaluation [Cont'd]

considered appropriate to defer the Board evaluation. It is, however, anticipated that a Board evaluation process will be conducted in the first half of the financial year ending 30 June 2023 rather than during the year ended 30 June 2022. 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 Chair 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 constituted, was relatively new and resolved to monitor its progress 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. With some easing of COVID-19 restrictions, it was possible to arrange an open Annual General Meeting in November 2021 however shareholders were encouraged to carefully consider their attendance at that AGM due to ongoing uncertainties regarding the COVID-19 situation at that time. Shareholders were therefore strongly encouraged to participate in the AGM by voting by proxy ahead of the meeting and, given the ongoing uncertainty around pandemic restrictions, it was recommended that all shareholders appoint the Chair of the meeting as their proxy. The AGM to be held in November 2022 is planned to be arranged as a normal AGM with all shareholders therefore being invited to attend.
- 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 Chair. Colleen Blye, as Senior Independent Director, is available as a point of contact should a shareholder not wish to contact the Chair for any reason.
- The Board welcomes regular engagement with major shareholders to understand their views on governance and performance against our stated strategy.
- The Chair ensures that the Board as a whole has a clear understanding of the views of shareholders.
- The Board aims to ensure that both the investor and analyst communities understand our purpose, strategy, business model and financial and operational performance.

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

On 13 July 2021, the date of the announcement of the completion of the acquisition of Sentry, an online meeting was held regarding the acquisition (including the strategic rationale for the acquisition and an overview of future prospects for the combined business) and presented by the CEO and CFO to which shareholders and analysts and other interested parties were invited. There was the opportunity for attendees to ask questions at the end of the presentation. The presentation slides from this meeting can be viewed on the Investors section of the Company's website at www.thecranewaregroup.com.

Stakeholder Engagement [Cont'd]

Shareholders [Cont'd]

As explained in the Audit, Risk and Internal Control section of last year's Corporate Governance 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 auditors. The Remuneration Committee's Report section of this annual report explains that, in view of the greater emphasis on long term incentive arrangements, the provisions of our long term incentive plan (LTIP) have been reviewed since 30 June 2022 to ensure that our LTIP continues to provide an effective mechanism for incentivising and rewarding our executive Directors and senior management team and aligning their interests with those of our shareholders. The changes identified as part of this review are planned to be implemented by the adoption of a new plan. The Remuneration Committee is sending a letter to the Company's significant shareholders regarding the proposed new LTIP.

The Company's website (at www.thecranewaregroup.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 56 and 57 respectively.

Constructive Use of General Meetings

The Board normally encourages attendance at its Annual General Meeting ('AGM') from all shareholders however the arrangements for, and guidance for attendance at, the AGMs held in November 2020 and in November 2021 were different as a consequence of the COVID-19 restrictions applicable at those times.

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 financial statements. 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.

The voting on each Resolution tabled at the AGM in November 2021 was conducted by way of poll votes (rather than votes being conducted on a show of hands), in view of the fact that shareholders were encouraged to carefully consider their attendance at that AGM due to ongoing uncertainties regarding the COVID-19 situation at that time. Shareholders were therefore strongly encouraged to participate in the AGM by voting by proxy ahead of the meeting and, given the ongoing uncertainty around pandemic restrictions, it was recommended that all shareholders appointed the Chair of the meeting as their proxy.

If an AGM resolution receives 20% or more of votes cast against, the Board will consult with shareholders to understand the reason behind the result. Following the AGM that was held on 16 November 2021, the Company announced that all resolutions were passed and in respect of each resolution at least 94.9% of the proxy votes received were 'for' each of the resolutions proposed.

Employee engagement

The Board has decided to utilise alternative workforce engagement mechanisms, instead of the suggested workforce engagement mechanisms in the Code (i.e. a director appointed from the workforce, a formal workforce advisory panel or a designated non-executive director). As explained in previous annual reports, Craneware has an established Employee Advisory Committee and utilises the results and feedback received from the annonymous engagement surveys, as well as the other engagement mechanisms (including additions and adaptations implemented during the year as part of the integration process), as outlined in the Stakeholder Engagement section and in the ESG Statement section within this Annual Report. The additions during the year included the creation of an Advocacy Group, represented by employees from across the enlarged organisation. The Board considers these employee engagement mechanisms, to be further supported and developed following the appointment in April 2022 of the Group's Chief People Officer, Issy Urquhart, to the Board as an executive Director, to be appropriate at this time, in view of the size of the Group. The Board will continue to keep these engagement mechanisms, in addition to those for other stakeholders, under review to ensure that the engagement mechanisms are effective.

Engagement with other key stakeholder groups

The Environmental, Social and Governance (ESG) 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 and banks and finance providers.

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. Throughout the year ended 30 June 2022 and for the period to the date of approval of this Report, 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

Audit, Risk and Internal Control [Cont'd]

the Company's website, at www.thecranewaregroup.com, and at the Company's registered office. Details of how the Audit Committee has discharged its responsibilities are provided on pages 69 and 70.

Financial and Business Reporting

The Board recognises its responsibilities, including those statutory responsibilities laid out on pages 58 and 59. An assessment of the Group's market, business model and performance is presented in the Chair's Statement and the Strategic Report on pages 6 to 12.

As detailed on page 55 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 2022. The Board has explained within the Viability Statement section of the Strategic Report on page 24 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, as well as projected compliance with debt finance covenants.

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 15 to 24. 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 have been extended, as part of the integration process, to include Sentry and 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. During the financial year and in the period to the date of approval of this report, the Board has received information regarding the Group's compliance with financial covenants contained within the committed term loan and revolving loan facility. Further details regarding these borrowing facilities are contained in Note 22 to the financial statements.

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.

There is an extensive complement of policies and procedures, applicable across The Craneware Group, including: business ethics, information security, whistleblowing, anti-bribery and corruption, anti-slavery and human trafficking along with monitoring of mandatory training and policy acknowledgement for key areas. This is referred to in the ESG Statement section of this annual report.

Audit Committee: role, responsibilities and activities during the year

During the year the Audit Committee, operating under its terms of reference (which are available on the Company's website, at www.thecranewaregroup.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;
- the integrity of the Annual Report and Financial Statements, the Interim Report and any formal announcements relating to financial performance, to ensure clarity and completeness of disclosures, including those relating to alternative performance measures (including adjusted performance measures);
- developments in accounting and reporting requirements;
- matters of accounting significance, estimation and judgement including those in respect of the Sentry acquisition completed during the year;
- consideration of the disclosure matter noted in the letter received from the Financial Reporting Council regarding its review of the Group's Annual Report and financial statements for the year ended 30 June 2021;
- 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;

Audit, Risk and Internal Control [Cont'd]

Audit Committee: role, responsibilities and activities during the year [Cont'd]

- the requirements or otherwise for an internal audit function;
- external auditors' plan for the year-end audit of the Company and the Group, including the updated Group audit scope following the acquisition of Sentry;
- 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 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's effectiveness.

The Audit Committee has reviewed the Group's profitability and liquidity as part of a number of forecast scenarios, incorporating the impact of COVID-19 and the wider macro-economic conditions. As part of this assessment, the Committee has also reviewed the viability statement and going concern note (as included on page 24 and page 55 respectively), following which it was agreed that the going concern basis of accounting continues to be an appropriate basis of preparation for the financial statements.

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

Financial Reporting Council Review

As explained in last year's Corporate Governance Report section of the annual report, 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 were addressed by additional disclosures, where material and relevant, in the annual report and accounts for the year ended 30 June 2021. A further letter was received from the FRC in April 2022, regarding the FRC's review of the Group's Annual Report and Accounts for the year ended 30 June 2021. The FRC noted a disclosure point in that letter regarding solely the parent company accounts which has been addressed in the notes to the financial statements for the year ended 30 June 2022.

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 Committee considers the appropriateness of accounting policies, critical accounting judgements and sources of estimation uncertainty relating to the financial statements. To do this, the Committee reviewed information provided by the Chief Financial Officer and reports from the external auditors setting out its views on the accounting treatments and judgements for the year ended 30 June 2022. The Audit Committee is satisfied that the judgements and estimates applied in the financial statements satisfy the requisite standards both in terms of accounting treatment and disclosure.

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 2022, in particular the critical judgements and estimates of the Company as disclosed in the financial statements:

Audit, Risk and Internal Control [Cont'd]

Audit Committee: role, responsibilities and activities during the year [Cont'd]

Area of judgement or estimate	Matter considered and Role of the Committee
Revenue recognition (Group and Company), including compliance with IFRS 15	Revenue and deferred income are significant amounts in the context of the Consolidated Statement of Comprehensive Income and the Group and Company Balance Sheets respectively. The amount of revenue to be recognised and timing of revenue recognition are determined based on the details and terms contained in the contracts with customers. Revenue recognition on non-standard contracts can involve significant judgment and interpretation of both the Group's policy and IFRS 15. In the current year this included ensuring revenue related to Sentry contracts has been correctly recognised in the consolidated financial statements of the Group in accordance with IFRS 15. Sentry's financial statements prior to its acquisition were prepared in accordance with US GAAP.
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.
Business Combination: Valuation of assets and liabilities acquired as part of the acquisition of Sentry	During the year the Group completed the acquisition of Sentry and, as part of the accounting for this business combination, engaged a third-party specialist to undertake a valuation of any intangible assets generated. The judgements in relation to this valuation are those assumptions underpinning the valuation methodology and relate to the future performance expectations of the business. Plans prepared by senior management supporting the future performance expectations used in the calculations were reviewed by the Board. The Audit Committee received a presentation on the outcome of both the plan and finalised valuation report and was satisfied with the position. Note 13 to the financial statements contains details of the accounting for this business combination.
Impairment assessment	Goodwill and other intangible assets, as disclosed in Note 15 to the financial statements, are significant assets on the Group's balance sheet and the carrying amounts of these assets increased during the year as a result of the Sentry acquisition. The carrying amount of the Group's and the Company's tangible and intangible assets, including goodwill on the Group's balance sheet, 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 2022. The Committee received and reviewed reports from both management and the external auditors and, where appropriate, challenged the assumptions taken and the conclusion reached. The Committee reviewed summary reports produced by management detailing the outcomes of the impairment assessment.

The Group uses Alternative Performance Measures (APMs) and provides additional disclosures, including reconciliations to statutory measures, as set out in Note 27 to the financial statements. The Committee considers it important to take account of both the statutory measures and the APMs when reviewing these financial statements. In particular, items excluded from underlying results were reviewed by the Committee and it is satisfied that the presentation of these items is clear, applied consistently across years and that the level of disclosure is appropriate.

The Audit Committee also reviewed and considered other matters during and in respect of the financial year ended 30 June 2022 including management's assessment of new accounting standards that were not effective for adoption until after 30 June 2022.

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.

Audit, Risk and Internal Control [Cont'd]

Internal audit arrangements

The Committee has also reviewed the arrangements in place for internal audit and concluded, due to the current size, geographical dispersion, complexity and internal control environment of the Company and the Group, that a formal internal audit function was not required. This review by the Committee considered the relevant implications of the enlarged Group following the completion of the acquisition of Sentry. 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). Full HITRUST CSF assessments are conducted every two years; interim assessments are conducted during the intervening periods. The Craneware Group engages with third party auditors to support effective security practices and compliance with HITRUST, Health Insurance Portability and Accountability Act (HIPAA) and the System and Organisation Controls as defined by the American Institute of Certified Public Accountants (AICPA SOC). Further details regarding information security are provided in the Principal Risks and Uncertainties section and in the Environmental Social and Governance (ESG) Statement within this annual report.

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.

As explained in the Corporate Governance Report section of the annual report for the year ended 30 June 2021, the Audit Committee was responsible for conducting an audit tender process on behalf of the Board in that year and, based on the Audit Committee's assessment of the proposals received from invited audit firms, the Committee made recommendations to the Board. The Board considered the Audit Committee's recommendation and subsequently approved PricewaterhouseCoopers LLP for recommendation to shareholders, for re-appointment as auditors, at the Company's Annual General Meeting (AGM) held in November 2021. This resolution for the re-appointment of PricewaterhouseCoopers LLP as the Company's auditors was approved by the Company's shareholders.

The audit partner within PricewaterhouseCoopers LLP is required to rotate every five years. This is the second year that the audit partner, Paul Cheshire, has led the engagement team for the audit of the Group's 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. With regards to the acquisition of Sentry during the financial year, the auditors updated their group audit scope assessment to include Sentry as a full scope financially significant component.

This audit plan was reviewed, along with the Committee's assessment of auditors independence, and was 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 2022, the Committee was satisfied that the approach adopted was robust and appropriate and that auditors independence and objectivity could be relied upon. The Committee is satisfied with the performance of the external auditors and with the policies and procedures in place to maintain their objectivity and independence. The Audit Committee conducted a review of PricewaterhouseCoopers LLP's effectiveness in respect of the audit of the Group and Company financial statements for the year ended 30 June 2022. The Committee considered several factors when determining the effectiveness of the external auditors, including: the overall quality and scope of the audit; the audit partner and team; communication and engagement

Audit, Risk and Internal Control [Cont'd]

External audit [Cont'd]

with the Audit Committee and the way in which matters were reported, followed up and resolved; the independence of PricewaterhouseCoopers LLP and whether an appropriate level of challenge and scepticism existed in the audit team's work. The Committee considers that PricewaterhouseCoopers LLP possesses the skills and experience required to fulfil its duties effectively and efficiently and that the audit of the Group and Company financial statements for the year ended 30 June 2022 was effective. The Committee has therefore recommended to the Board the reappointment of PricewaterhouseCoopers LLP as the Company's auditors at the forthcoming AGM of the Company.

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 Chair 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 auditors do 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.

During the year ended 30 June 2022, as was the case in the previous financial year, 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 the Committee is chaired by Russ Rudish and its other members are Colleen Blye and Alistair Erskine. 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 Chair 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 75 to 88, which details the work undertaken operating under its terms of reference (which are available on the Company's website, at www.thecranewaregroup.com, and at the Company's registered office) to discharge its responsibilities. The Remuneration Committee's Report also explains the extent of 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 for Companies;
- seek advice from its Nominated Advisor ("Nomad") regarding its compliance with the AIM Rules for Companies whenever appropriate and take that advice into account;
- provide the Company's Nomad with any information it reasonably requests or requires in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisors, including any proposed changes to the Board and provision of draft notifications in advance;

AIM Rule Compliance Report [Cont'd]

- ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules for Companies; and
- ensure that each Director discloses to the Company 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 60 to 74.

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

Craig Preston
Company Secretary
19 September 2022

Chair's introduction

On behalf of the Board, I am pleased to present the Remuneration Committee's Report for the year ended 30 June 2022.

It has been an exciting and significant year for The Craneware Group with the completion of the acquisition of Sentry near the start of the fiscal year. The focus of the Committee during the year has been 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.

We recognise the considerable and wide ranging activities and efforts which the whole team have embraced during the integration process and to acknowledge this we decided that the grant of share-based awards should be extended to all employees within the Group during the year. The Committee considered that the grant of share options to employees for this recognition award was appropriate and provided alignment of employee interests across the enlarged Group with those of our shareholders and adds to the savings-related share plans which we operated in the previous two years.

During the year ended 30 June 2022, as part of the Sentry integration process, a project led by our Chief People Officer was progressed with the objectives of: alignment of roles into our grading structure across The Craneware Group; harmonisation of reward practices and all employment policies. Further details of this and other aspects of the integration process are contained in the Stakeholder Engagement and Environmental, Social and Governance (ESG) sections of this Annual Report.

We were pleased to welcome Issy Urquhart, our Chief People Officer, to the Board in April 2022. Issy's appointment as a director of the Company enhances the Board's appreciation of the employee perspective in the decisions we take and strengthens the employee representation at this critical time with the macro-economic pressures all businesses are currently facing especially in regards to working practices, recruitment and retention.

Our remuneration strategy for executive Directors and senior management is focusing to an even greater extent on long term growth and retention, rather than shorter term base salary increases – executive Director base salaries were not increased in the year under review; those base salaries have now been unchanged for three years.

Looking ahead

The work of the Remuneration Committee will continue to focus on the long-term strategy as we enter the new fiscal year; the Committee seeks to align our remuneration policies to the broader interests of all our stakeholders. In view of the greater emphasis on long term incentive arrangements, the provisions of our long term incentive plan (LTIP) have been reviewed since 30 June 2022 to ensure that our LTIP continues to provide an effective mechanism for incentivising and rewarding our executive Directors and senior management team and aligning their interests with those of our shareholders. The changes identified as part of this review are planned to be implemented by the adoption of a new plan. A resolution is therefore to be proposed at the Company's Annual General Meeting (AGM) in November 2022 to request shareholder approval for the new LTIP. Further details are provided in the Notice of AGM which shall be issued to shareholders and made available on the Company's website in due course.

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

Russ Rudish
Chair of the Remuneration Committee

Introduction

This report sets out Craneware plc's remuneration and benefits provided to Directors for the financial year ended 30 June 2022. 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 Code'). The members of the Committee throughout the financial year ended 30 June 2022 and for the period to the date of approval of this Report are Russ Rudish (Chair), Colleen Blye and Alistair Erskine. 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 73 and the Committee's terms of reference are available on the Company's website at www.thecranewaregroup.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 Chair'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 65.

No Director is involved in any decisions as to their own remuneration.

Chair of the Remuneration Committee

Russ Rudish has been the Chair of the Remuneration Committee since 18 November 2020, having previously served as a member of the Committee for four years.

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.

Voting at General Meeting: Directors' Remuneration Report

The Directors' Remuneration Report will be put to an advisory vote at the AGM in November 2022. A similar resolution was put to the AGM held on 16 November 2021 and was supported by the resolution being passed on a poll vote at that meeting, with the voting summarised as follows:

Resolution 2: To approve the Directors' Remuneration Report for the financial year ended 30 June 2021

Votes for	Votes Against	Votes Total	Votes Withheld
22,413,713 *(98.9%)*	246,762 *(1.1%)*	**22,660,475**	53,257

A vote withheld is not a vote in law which means that a vote withheld is not counted in the calculation of votes for or against the resolution.

Directors' Remuneration 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, as outlined in the table below in the context of Provision 40 of the Code.

Directors' Remuneration Policy [Cont'd]

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 complicated in order to assist with understanding and engagement. Executive Director remuneration policy is not complex with variable pay elements being an annual performance bonus and equity-settled long term incentives. Only a small number of targets, based on the Group's performance, are used for these variable pay elements.
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. Post-vesting holding periods for LTIP awards granted from October 2020 onwards and shareholding guidelines also apply to the executive Directors.
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. Post-vesting holding periods for LTIP awards and shareholding guidelines also provide shareholder alignment.

Consideration of employee pay structures across the Group

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 base salary for all employees within the organisation in respect of their role based on external benchmark data (which is refreshed bi-annually). Annual remuneration planning takes place in consultation with all managers across the Group.

This base salary objective applies equally for the executive Directors however, due to the macro-economic environment, the Remuneration Committee has decided to defer any benchmarking and associated base salary changes for the executive Directors. This has been the decision for the past three financial years including the year ended 30 June 2022, as such there has been no changes to the base salary for the executive Directors during this time. The reference to internal and external measures for executive Director remuneration review and assessment therefore is not presented due to this deferral of benchmarking during the period.

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 savings-related share option plans (as described on page 84). In addition, during the year ended 30 June 2022, the Committee decided that share plan awards should be granted to all employees below senior manager level to recognise the activities and efforts by the whole team during the integration process following the acquisition of Sentry. These awards are described within the 'All employee share option awards' section below.

The Committee also reviews employee remuneration and related practices which includes approving the design of, and determining targets for, the bonus plan which was Group wide and applicable to all eligible employees for the year ended 30 June 2022. The targets set under the plan are consistent to all participants, 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 to benefit and pay structures throughout the Group.

Directors' Remuneration Policy [Cont'd]

The Committee did not appoint a remuneration consultant during the year ended 30 June 2022.

Engagement with stakeholders regarding executive Director remuneration

The Committee has not engaged with shareholders during the year ended 30 June 2022 regarding executive Director remuneration policy.

There was no workforce engagement, in respect of executive Director remuneration, during the year, However, as noted above, the same policy of paying at median applies across the whole Group (based on benchmark data) but the Committee decided that it was not appropriate to increase base salary for executive Directors for a number of years.

Elements of Executive Director Remuneration

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

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

The Company's policy is that a substantial proportion of the remuneration of executive Directors should be performance related. There were no significant changes to the remuneration policy for executive Directors for the year ended 30 June 2022.

Basic salary

Objective	Providing a competitive basic annual salary for the market in which the Group operates, allows the Company to attract and retain high calibre executive Directors with the skills and experience required to help to achieve the Group's strategy.
Operation	Basic salary for each executive Director is usually reviewed annually, or when an individual's position or responsibilities change. A review will not necessarily result in an increase to basic salary. Basic salary is paid in cash, normally as a fixed amount each month.
Opportunity	Any proposed executive Director salary increases are considered by the Remuneration Committee in the context of factors such as: Group performance, role, responsibilities, experience, market data for comparable roles, employment conditions elsewhere in the Group and the economic environment.

Benefits

Objective	A benefits package, in line with market practice, is offered to executive Directors to complement basic salary.
Operation	Executive Directors are entitled to private medical insurance, life insurance and permanent health insurance.
Opportunity	Benefits are set at a level which the Remuneration Committee considers appropriate.

Pension Entitlement

Objective	To provide an appropriate level of post-retirement benefit for executive Directors.
Operation	The Company operates a defined contribution group personal pension plan in which all UK employees, including executive Directors, are entitled to participate. As part of this pension scheme, the Company matches employee contributions into the pension plan at up to 6% of basic salary (from September 2021, previously 5% of basic salary) (year ended 30 June 2021: 5% of basic salary from November 2020; prior to that 4% of basic salary). The Company will make payments in lieu of pension in the event that an executive Director has exceeded their pension annual allowance. In addition, the Company pays a fixed sum of £5,000 ($6,600 approximately) per annum in lieu of contributions to a personal pension plan for the Chief Executive Officer.
Opportunity	The current level of contribution by the Company to the pension scheme for executive Directors is at the same rate as applies for all other UK employees who participate in the pension scheme.

Directors' Remuneration Policy [Cont'd]

Elements of Executive Director Remuneration [Cont'd]

Annual performance-related bonus

Objective	To incentivise the achievement of short-term financial and strategic goals.
Operation	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. 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 Group 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. Annual bonuses are normally paid in cash following the publication of the Group's audited annual financial results for the relevant financial year.
Opportunity	Maximum bonus entitlements are set at a level that allow additional growth of overall remuneration for out-performance of targets.

Long term incentives

Objective	To incentivise the achievement of the Company's long-term strategy and the creation of long-term shareholder returns.
Operation	Awards are granted annually with vesting dependent on the achievement of specified performance conditions over three years. The awards granted to executive Directors, from October 2020, are also subject to an additional two-year holding period after the vesting date. The Remuneration Committee has discretion to decide whether and to what extent the performance conditions have been met and, in appropriate circumstances, to override the formulaic outcome. Clawback provisions apply.
Opportunity	Maximum award in a financial year of 150% of basic salary; with maximum of 200% of basic salary in exceptional circumstances.
Performance measures	Vesting will be subject to the extent of achievement of specified performance conditions, usually tested on an annual basis, as determined by the Remuneration Committee. Details of the performance conditions applicable to the awards granted in the year ended 30 June 2022 are set out in the 'Share-based awards' section below.

Directors' Remuneration Policy [Cont'd]

Elements of Executive Director Remuneration [Cont'd]

Savings-related all employee share plans

Objective	To provide a wider population of employees with an opportunity to become Craneware plc shareholders, which promotes alignment to shareholder interests and aids with recruitment and retention
Operation	Save As You Earn ('SAYE') and Employee Stock Purchase Plan ('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. The executive Directors are permitted, if they choose to do so, to participate in the savings-related share option plan on the same terms as other employees in the same jurisdiction.
Opportunity	Executive Directors, who are all based in the UK, can participate on the same terms as all other eligible UK employees therefore the maximum level of participation in the SAYE share option plan is at a savings contribution amount of £500 per month.

Shareholding guideline

Objective	To create greater alignment of executive Directors' and senior managers' interests with those of our shareholders
Operation	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 interests of the Chief Executive Officer and the Chief Financial Officer in the ordinary shares of the Company, as set out in the Directors' Report on page 56, exceed the shareholding guideline.

Policy on non-executive director remuneration

The remuneration of the non-executive Directors, other than the Chair 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 Chair of the Board, do not participate in performance related bonus or share-based incentive arrangements.

Fees	Fees are not performance-related. Non-executive Director fees reflect the time commitment and responsibilities of each role, appropriate for a Group of our size and complexity.
Objective	The aim is to set the fees at a level appropriate to attract and retain high calibre non-executive Directors with a range of skills and commercial and other experience relevant to the Group and to complement the Board.
Basis of Fee	The Chair of the Board is paid a single annual fee. The other non-executive Directors are paid a basic annual fee reflecting membership of the Board and Committee(s) of the Board. Additional fees may be paid to non-executive Directors for further responsibilities such as chairing committees of the Board. Fees are paid in cash. The setting and review of the remuneration of non-executive Directors is a matter for the Chair of the Board and the executive Directors. The non-executive Directors are not involved in any decisions about their own remuneration. The level of fees for the year ended 30 June 2022 are shown in the tables on pages 85 and 86.
Other Items	Non-executive Directors do not receive any benefits or pension contributions. Non-executive Directors do not participate in the Group's bonus plan or long term incentive plans.

Directors' Remuneration

The Committee develops overall Directors' remuneration packages, based on the Director remuneration policy outlined in the previous section, 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. It is considered, taking into account macro-economic factors and remuneration practices across the Group, that executive Director remuneration policy operated as intended for the financial year, in terms of Company performance and quantum. However the Committee is conscious that: there was again no change to executive Directors' base salaries in the year ended 30 June 2022 for the third consecutive year; and, as a result, overall remuneration levels are falling below the Group policy of paying at or above median. The Committee aims to make some progress towards addressing and re-

Directors' Remuneration [Cont'd]

balancing, to some extent, these aspects of executive Director remuneration policy during the financial year ending 30 June 2023 and beyond.

The remuneration package for the executive Directors, for the year ended 30 June 2022, comprised:

(i) **Basic salary**

For the third consecutive year, in recognition of the wider macro-economic environment, no changes were made to the executive Directors' base salaries in the year ended 30 June 2022.

(ii) **Pension entitlement**

The executive Directors participate in the same defined contribution group personal pension plan which is available to all UK employees. The Company matches the executive Director and other UK employee contributions into the pension plan at up to 6% of basic salary (from September 2021, previously 5% of basic salary) (year ended 30 June 2021: 5% of basic salary from November 2020; prior to that 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 makes 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**

The Group's annual performance related bonus plan is outlined in the Director Remuneration Policy section above and under this plan, executive Directors are eligible to earn a cash bonus (non-pensionable) payment based on targets that are set by the Committee.

For the year ended 30 June 2022, 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 Company currently operates three discretionary employee share plans and long term incentive awards can be granted to executive Directors and to senior management from these plans:

- 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 have the flexibility to grant "market value" options if the need arises. 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, recognising the significantly increased responsibilities across the enlarged Group arising from the integration of Sentry, the Committee deemed that exceptional circumstances existed. As a consequence, the value of long term incentive awards granted to the executive Directors in November 2021 were at 200% of base salary (awards in year ended 30 June 2021: at 200% of base salary; awards in previous years: at 100% of base salary). Further details regarding these awards 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.

Directors' Remuneration [Cont'd]

(v) **Share-based awards [Cont'd]**

Post vesting holding period

It was acknowledged in previous Remuneration Committee Reports that, whilst it is still not common practice for holding periods to be applied in respect of AIM 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 and as explained in last year's annual report, 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 post vesting holding period also applies to the LTIP awards (net of associated taxes) granted to the executive Directors and senior management on 18 November 2021. 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

The interests of the Chief Executive Officer and of the Chief Financial Officer in the ordinary shares of the Company, as set out in the Directors' Report on page 56, exceed the shareholding guideline which expects executive Directors and senior managers to build up a shareholding equivalent to 200% of base salary.

A post-employment shareholding policy for executive Directors has not been developed and implemented although it is acknowledged by the Committee that this is expected by Provision 36 of the Code. The Committee will keep this under review but considers that this is acceptable, in view of the shareholding guideline applicable to executive Directors and senior management and with that guideline already exceeded by two of the executive Directors. In addition, there is post-vesting holding period applicable to LTIP awards granted in the last two years (and intended to apply to future LTIP awards) to the executive Directors and senior management as well as post-employment shareholding policies not being usual practice for AIM companies.

Long Term Incentive Plan

The Committee is satisfied that the overall structure of The Craneware plc Long Term Incentive Plan (2016) continues to represent an effective mechanism for incentivising and rewarding Craneware's executive Directors and senior management team and for aligning their interests with those of our shareholders. However, in view of the greater emphasis on long term incentive arrangements, the Committee decided in July 2022 to initiate a review of the provisions of the Long Term Incentive Plan (2016). The aim of this review, given that it has been nearly six years since the 2016 plan was established, is to ensure that our LTIP continues to appropriately reflect the most up-to-date market practice in incentive scheme design amongst similarly sized AIM companies.

The substantive changes identified as part of this review are proposed to be implemented by the adoption of a new plan. A resolution is therefore to be proposed at the Company's Annual General Meeting (AGM) in November 2022 to request shareholder approval for the new long term incentive plan. Further details are provided in the Notice of AGM which shall be issued to shareholders and made available on the Company's website in due course.

Awards granted to executive Directors under the 2016 share plans in the year ended 30 June 2022

In November 2021, the Chief Executive Officer and the Chief Financial Officer were each granted a conditional share award under the LTIP. For the reasons explained in 'The 2016 share plans' section above, 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 88.

Conditional share awards and / or share options were granted to certain other employees (including senior management) in November 2021 under the 2016 share plans.

The vesting of the awards, which were granted from the 2016 share plans to the executive Directors and to senior management in the year ended 30 June 2022, 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 in November 2021 under the LTIP to executive Directors and to senior management and for share options granted from the 2016 share option plans to other senior employees, 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 October 2020.

The performance conditions applicable to the conditional share awards granted under the LTIP to the executive Directors and to senior management on 18 November 2021 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	50%
Upper quartile or above	100%
Between median and upper quartile	Between 50% to 100% on a straight line basis

Directors' Remuneration [Cont'd]

(v) **Share-based awards [Cont'd]**

Awards granted to executive Directors under the 2016 share plans in the year ended 30 June 2022 [Cont'd]

The vesting profile applicable to share plan awards granted to the executive Directors in September 2018, in September 2019 and in October 2020, although on a similar basis to the table above, allowed for 25% vesting at median with the vesting being between 25% and 100% on a straight line basis between the median and the upper quartile.

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 2022; one third based on performance over the three years ending 30 June 2023; and the final third based on performance over the three years to 30 June 2024 – 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. Share options granted under the Schedule 4 Option Plan or the Unapproved Option Plan 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 2022

For LTIP awards previously granted to the executive Directors: in November 2021, the first tranche is not due to vest until November 2022; in October 2020, the second tranche is not due to vest until October 2022; and for the LTIP awards granted in September 2019, the third (final) tranche is not due to vest until 21 September 2022. However, the performance criteria for these tranches are tested against the Company's TSR for the three years to 30 June 2022 compared to the TSR of the constituent companies in the FTSE AIM 100 Index. Craneware plc's relative TSR for this period, when ranked against that Comparator Group was between the median and the upper quartile and therefore these tranches, being one third each of the awards, will vest to the extent of:

- 57.8% for the first tranche of the LTIP awards which were granted in November 2021; and
- 36.8% for the second and third tranche of the LTIP awards which were granted in October 2020 and in September 2019 respectively.

In addition, and as explained in last year's Remuneration Committee's Report, following the significant share placing (and associated discount) that occurred, the Committee 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. Accordingly, for the Chief Executive Officer and the Chief Financial Officer, the following tranches of LTIP awards and (for share plan awards granted in September 2018) share options were tested alongside those stated in the previous paragraph: the first tranche of the awards which were granted in October 2020; the second tranche of the awards granted in September 2019; and the final tranche of the awards granted in September 2018. As stated above, Craneware plc's relative TSR for the period ended 30 June 2022 was between the median and the upper quartile and therefore these tranches, being one third each of the relevant awards, will each vest to the extent of 36.8%.

As a result of this performance condition measurement to 30 June 2022, for the final tranche of those LTIP awards and share option awards which were granted to executive Directors in September 2018 and for the LTIP awards granted in September 2019, will result in those awards vesting as follows on 21 September 2022:

Executive Director	Award (and grant date)	Held At 30/06/22	Lapsed (due to performance condition assessment to 30 June 2022)	Due to vest in September 2022^
K Neilson	Share option (5 Sept 2018)[A]	5,692	(1,232)	4,460
	Conditional share award (5 Sept 2018)[A]	5,692	(1,232)	4,460
	Conditional share award (4 Sept 2019)	17,100	(7,205)	9,895
C T Preston	Share option (5 Sept 2018)[A]	4,218	(913)	3,305
	Conditional share award (5 Sept 2018) [A]	4,218	(913)	3,305
	Conditional share award (4 Sept 2019)	12,710	(5,355)	7,355
I Urquhart	Conditional share award (4 Sept 2019)	5,122	(1,079)	4,043

^the vesting date for these awards will be (in accordance with the Rules of the LTIP and share option plan) 21 September 2022, being the day following the announcement of the Group's audited financial results for the year ended 30 June 2022.

[A] as explained in the Annual Report for the year ended 30 June 2019, the extent of vesting of the first tranche of these awards (being one third of the amount granted), with performance conditions tested for the three year period to 30 June 2019, was 92%. The award amount held at 30 June 2022, in the table above, is therefore stated after the 8% of the first tranche lapsed when the performance condition for that measurement period was tested.

Directors' Remuneration [Cont'd]

(v) **Share-based awards [Cont'd]**

All employee share option awards

Share options granted to employees in the year ended 30 June 2022

The Committee recognises the considerable and wide ranging activities and efforts which the whole team have embraced during the integration process during the year. In order to acknowledge this, the Committee decided that the grant of share-based awards should be extended to all employees within the Group during the year. The Committee considered that the grant of share options to employees for this recognition award was appropriate and provided alignment of employee interests across the enlarged Group with those of our shareholders. Share options were therefore granted to employees on 18 November 2021 from the Schedule 4 Option Plan (for UK employees) or from the Unapproved Option Plan (for US employees).

There are no performance conditions applicable to these share options, only a service condition applies whereby the share option will become exercisable (subject to limited exceptions allowed for in the rules of the option plan) from the third anniversary of the date of grant if the option holder remains in continuous employment within the Craneware group of companies throughout that period.

Savings-related 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 and were first operated in the year ended 30 June 2020. The Committee supported 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 granted under these two share option plans in the years ended 30 June 2020 and 30 June 2021, as summarised in Note 8 to the financial statements. The executive Directors chose to participate in the SAYE and the details of the share options granted are contained in the table on page 87.

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 19 to the financial statements.

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

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

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

Details of all share options and conditional share awards, which have been awarded and had not lapsed or been exercised or released at 30 June 2022, are contained in Note 8 to the financial statements.

Service Contracts

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

	Contract Date	Unexpired Term	Normal Notice Period
K Neilson	Founder	Rolling	3 months*
C T Preston	15 September 2008	Rolling	3 months*
I Urquhart	27 April 2022	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, Craig Preston and Issy Urquhart 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 56.

Directors' Emoluments (audited)

For Directors who held office during the course of the year, emoluments[1] in respect of the year ended 30 June 2022 were as follows: (note: with the exception of C Blye, R Rudish, A Erskine and, in the prior year, R Verni, 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 2022 $	Total 2021 $
Executives						
K Neilson	432,669	934	-	31,897	**465,500**	465,535
C T Preston	321,606	1,039	-	18,760	**341,405**	341,321
I Urquhart[3]	40,244	179	-	2,777	**43,200**	-
Non-Executives						
W Whitehorn	99,878	-	-	-	**99,878**	100,992
D Kemp	62,198	-	-	-	**62,198**	59,526
R Verni[4]	-	-	-	-	**-**	25,295
C Blye	60,708	-	-	-	**60,708**	60,708
R Rudish	60,708	-	-	-	**60,708**	56,676
A Erskine	54,216	-	-	-	**54,216**	54,216
Total	1,132,227	2,152	-	53,434	**1,187,813**	1,164,269

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. I Urquhart was appointed as a Director of the Company on 27 April 2022

4. R Verni resigned from the Board on 17 November 2020

Directors' Emoluments (audited) [Cont'd]

The following Directors were paid in Sterling:

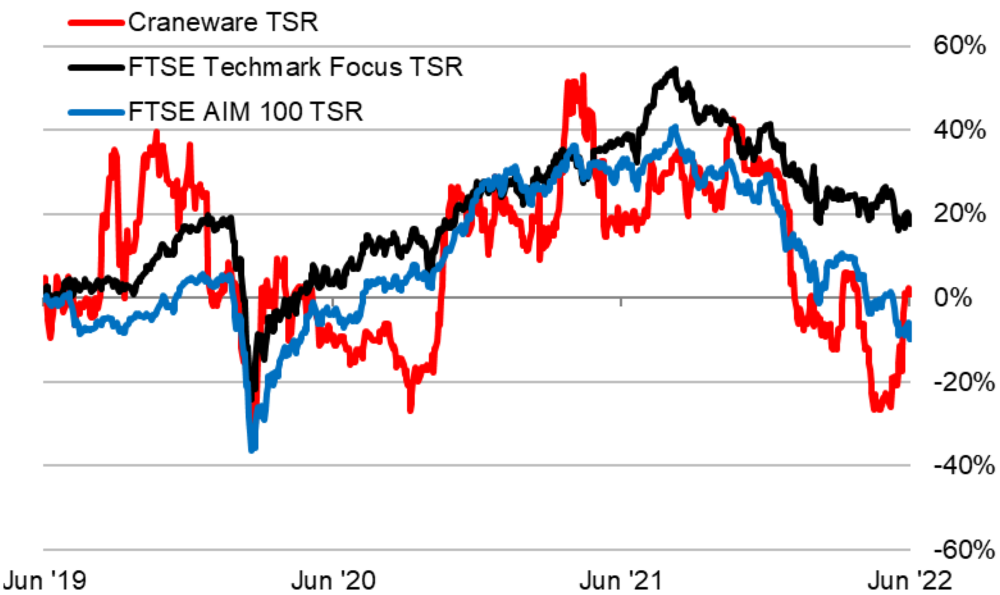
	Salary/Fees £	Benefits £	Bonus £	Pension £	Total 2022 £	Total 2021 £
Executives						
K Neilson(i)	324,900	702	-	23,952	**349,554**	345,723
C T Preston(i)	241,500	780	-	14,088	**256,368**	253,477
I Urquhart(ii)	30,220	134	-	2,085	**32,439**	-
Non-Executives						
W Whitehorn	75,000	-	-	-	**75,000**	75,000
D Kemp	46,706	-	-	-	**46,706**	44,206
Total	718,326	1,616	-	40,125	**760,067**	718,406

Further information regarding Directors' share options and LTIP awards are contained in the tables on pages 87 and 88.

(i) For the third consecutive year, no changes have been made to either K Neilson or C T Preston's base salary.
(ii) I Urquhart was appointed to the Board on 27 April 2022.

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 generally 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 2022, 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 30/06/21*	Granted During Year	Exercised During Year	Lapsed During Year	Held At 30/06/22	Exercisable from date	Expiry date
K Neilson									
Share Option Plan 2007									
Grant Date									
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**	Note (i)	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									
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**	Note (i)	5 Sep 28
SAYE Option Plan									
20 Apr 2020	1432.0	1147.5	1,568	-	-	-	**1,568**	1 May 2023	1 Nov 23
I Urquhart									
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	1,236	-	-	-	**1,236**	24 Mar 2020	24 Mar 27
17 Jan 2018	2445.0	1775.0	2,654	-	-	-	**2,654**	17 Jan 2021	17 Jan 28
5 Sep 2018	3488.0	2710.0	1,747	-	-	-	**1,747**	22 Sep 2021	5 Sep 28
SAYE Option Plan									
19 Apr 2021	2539.0	1836.0	196	-	-	-	**196**	1 May 2024	1 Nov 24

*for I Urquhart this is at 27 April 2022, being the date of appointment as a director of the Company

(i) these share options, to the extent that they vest as shown in the table on page 83, will be exercisable from 21 September 2022, being the day following the announcement of the Group's audited financial results for the year ended 30 June 2022.

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

Directors' interests in share options and LTIP awards [Cont'd]

The maximum number of Ordinary Shares subject to conditional share awards granted to Directors under the LTIP as at 30 June 2022 were as follows, in respect of Directors who held office during the course of the year:

	Grant Date	Held At 30/06/21*	Granted During Year	Released During Year	Lapsed During Year	Held At 30/06/22	Share price at date of grant (pence)	Normal vesting date
K Neilson								
Conditional share award	5 Sep 2018	5,692	-	-	-	**5,692**	2,710.0	Refer to note (a) below
Conditional share award	4 Sep 2019	17,100	-	-	-	**17,100**	1,900.0	Refer to note (b) below
Conditional share award	2 Oct 2020	43,176	-	-	-	**43,176**	1,505.0	2 Oct 2023
Conditional share award	18 Nov 2021	-	24,896	-	-	**24,896**	2,610.0	18 Nov 2024
C T Preston								
Conditional share award	5 Sep 2018	4,218	-	-	-	**4,218**	2,710.0	Refer to note (a) below
Conditional share award	4 Sep 2019	12,710	-	-	-	**12,710**	1,900.0	Refer to note (b) below
Conditional share award	2 Oct 2020	32,093	-	-	-	**32,093**	1,505.0	2 Oct 2023
Conditional share award	18 Nov 2021	-	18,505	-	-	**18,505**	2,610.0	18 Nov 2024
I Urquhart								
Conditional share award	4 Sep 2019	5,122	-	-	-	**5,122**	1,900.0	Refer to note (b) below
Conditional share award	2 Oct 2020	12,932	-	-	-	**12,932**	1,505.0	2 Oct 2023
Conditional share award	18 Nov 2021	7,632	-	-	-	**7,632**	2,610.0	18 Nov 2024

*for I Urquhart this is at 27 April 2022, being the date of appointment as a director of the Company

(a) As explained in the annual report for the year ended 30 June 2021, in light of the significant share placing (and associated discount) conducted in June 2021, the Committee concluded that the testing of relative TSR performance at 30 June 2021 was not appropriate. As such, the Committee exercised its discretion, as permitted in these circumstances, to defer testing of the performance condition to 30 June 2022 allowing the alignment of executive and shareholder interests to be maintained. Further details are on page 83.

(b) The normal vesting date for these awards, to the extent that they vest based on achievement of performance conditions, would have been 4 September 2022 however because this date is at a time when Share Dealing Restrictions apply in respect of the Market Abuse Regulation, the vesting date for these awards will instead be (in accordance with the Rules of the LTIP) 21 September 2022, being the day following the announcement of the Group's audited financial results for the year ended 30 June 2022.

There was no consideration for the grant of these conditional awards and no consideration will be payable by the award holders to receive the Shares from these awards, if and to the extent that they vest. The entitlement to shares under the LTIP is subject to achieving the performance conditions referred to on pages 82 and 83. The table above shows the maximum entitlement at 30 June 2022 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
Chair of the Remuneration Committee
19 September 2022

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 2022 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 UK-adopted international accounting standards; 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 2022; the consolidated statement of comprehensive income, the consolidated and Company 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 other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We performed an audit of the complete financial information of Craneware plc, Craneware, Inc. and Sentry Data Systems Inc.
- We also audited material balances in Craneware Insight, Craneware Healthcare Intelligence LLC, Craneware U.S. Holdings Inc. and Craneware plc Employee Benefit Trust.
- Taken together, the entities we audited comprise 100% of Group revenues. The audit work for Sentry Data Systems Inc. was undertaken by the PwC U.S. audit engagement team and rest of all other audit work was undertaken by a single engagement team in the UK.

Key audit matters

- Revenue Recognition (group and parent)
- Internally developed intangible assets (group and parent)
- Valuation of assets and liabilities related to acquisition of Sentry Data Systems Inc. (group)

Materiality

- Overall group materiality: US$1,206,690 (2021: US$982,600) based on 2.5% of EBITDA adjusted for exceptional items. (2021: 5% of profit before tax adjusted for exceptional items).
- Overall company materiality: US$530,999 (2021: US$658,250) based on 5% of 3 year average profit before tax adjusted for exceptional items. (2021: profit before tax adjusted for exceptional items).
- Performance materiality: US$905,018 (2021: £736,950) (group) and US$398,249 (2021: £493,700) (company).

The scope of our audit

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

Key audit matters

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

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

Valuation of Purchase Price allocation related to acquisition of Sentry Data Systems Inc. (group) is a new key audit matter this year. Impact of Covid-19 (group and parent), which was a key audit matter last year, is no longer included because of no material impact of Covid-19 during the reporting period. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition (group and parent)	
The Group has revenue of $165,544k (2021: $75,578k) and the Company has revenue of $40,863k (2021: $43,700k). These amounts are significant in the context of the Group statement of comprehensive income. 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 at the journals level related to existence and occurrence of the all revenue streams.	To address significant risk at the journals level we ran unusual account combinations tests and tested journals triggered by the test to ascertain that it doesn't represent fraud. No matters arose during our testing.
Internally developed intangible assets (group and parent)	
As per note 15, the Group has net book value of development costs capitalised amounting to $40,489k (2021: $31,652k) and the Company has $37,500k (2021: 31,652k) 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 had discussions with management and obtained underlying support to assess the ability of the projects to generate future economic benefit which included project road maps, sales order value generates so far as well as future pipeline and potential of sales. We also 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
Valuation of Purchase Price allocation related to acquisition of Sentry Data Systems Inc. (group)	
As per Note 13, the group has acquired Sentry Data Systems, Inc. and it's holding Companies during the year for consideration of $372.9m ($297.0m cash and $75.9m shares). The identification of assets and liabilities for Purchase Price allocation and their fair valuation per IFRS 3 are subject to complex estimates and judgements hence we have identified a significant risk related to the valuation of the purchase price allocation and the completeness of assets and liabilities identified.	We obtained management's purchase price allocation papers and workings including supporting reports from experts engaged by management to assist in determining the fair value of assets acquired and liabilities subsumed. We challenged management on the key judgements and estimates made in identification and valuation of the assets and liabilities acquired. We engaged our internal PwC valuations experts to assist our audit of the methodology, approach and assumptions used in the valuation exercises and challenged management where anything wasn't in line with our expectations. Based on the work performed we determined that the final fair values determined for the assets and liabilities acquired were reasonable.

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.

We performed an audit of the complete financial information of Craneware plc, Craneware, Inc. and Sentry Data Systems Inc. · We also audited material balances in Craneware Insight, Craneware Healthcare Intelligence LLC, Craneware U.S. Holdings Inc. and Craneware plc Employee Benefit Trust. · Taken together, the entities we audited comprise 100% of Group revenues. The audit work for Sentry Data Systems Inc. was undertaken by the PwC U.S. audit engagement team and rest of all other audit work was undertaken by a single engagement team in the UK.

Materiality

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

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

	Financial statements - group	Financial statements - company
Overall materiality	US$1,293,675 (2021: US$982,600).	US$530,999 (2021: US$658,250).
How we determined it	2.5% of EBITDA adjusted for exceptional items. (2021: 5% of profit before tax adjusted for exceptional items)	5% of 3 year average profit before tax adjusted for exceptional items. (2021: profit before tax adjusted for exceptional items)
Rationale for benchmark applied	We believe the measure of EBITDA adjusted for exceptional items is the most relevant measure to the shareholders to measure the underlying performance of the Group post acquistion of Sentry. In prior year the benchmark used was profit before tax adjusted for exceptional items.	Given fluctuation in the profits for Company in last 3 years, we have changed the benchmark this year, which is also a generally accepted materiality benchmark and has resulted in a more appropriate level of materiality to audit 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 $530,999 and $1,146,356. 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% (2021: 75%) of overall materiality, amounting to US$970,276 (2021: $736,950) for the group financial statements and US$398,249 (2021: $493,700) 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 in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $64,684 (group audit) (2021: $49,000) and $26,550 (company audit) (2021: $32,900) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- 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 from the date of the audit report 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.

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 Director's 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 2022 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.

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 U.K. and U.S. employment law, U.K. and U.S. tax legislation and Health and Safety laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- 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 EBITDA.

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 ave 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

19 September 2022

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	Total 2022 $'000	Total 2021 $'000
Continuing operations:			
Revenue from contracts with customers	4	**165,544**	75,578
Cost of sales		**(23,178)**	(5,373)
Gross profit		**142,366**	70,205
Other income		**551**	37
Operating expenses	5	**(124,324)**	(56,507)
Net impairment charge on financial and contract assets	17	**(461)**	(495)
Operating profit	6	**18,132**	13,240
Analysed as:			
Adjusted EBITDA*		**51,757**	27,111
Share-based payments	8	**(2,116)**	(2,141)
Depreciation of property, plant and equipment	14	**(3,259)**	(1,403)
Amortisation of intangible assets - other	15	**(5,905)**	(3,840)
Amortisation of intangible assets - acquired intangibles	15	**(20,239)**	-
Exceptional costs**	5	**(2,106)**	(6,487)
Finance income	9	**1**	1
Finance expense	9	**(5,031)**	(76)
Profit before taxation		**13,102**	13,165
Tax on profit on ordinary activities	10	**(3,693)**	(260)
Profit for the year attributable to owners of the parent		**9,409**	12,905
Other comprehensive income/ (expense)			
Items that may be reclassified subsequently to profit or loss			
Currency translation reserve movement		**42**	(126)
Total items that may be reclassified subsequently to profit or loss		**42**	(126)
Total comprehensive income attributable to owners of the parent		**9,451**	12,779
Earnings per share for the year attributable to equity holders			
- Basic ($ per share)	12	**0.268**	0.481
- Diluted ($ per share)	12	**0.265**	0.475

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

* See Note 27 for explanation of Alternative Performance Measures.

** Exceptional items relate to legal and professional fees associated with a successful acquisition and related integration costs (FY21: legal and professional fees associated with an aborted potential acquisition in H1 2021 and a successful acquisition completed post year end and its associated share placing).

Statements of Changes in Equity

For the year ended 30 June 2022

Group	Share Capital $'000	Share Premium Account $'000	Capital Redemption Reserve $'000	Merger Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 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	-	-	186,993	-	-	187,081
Purchase of own shares through EBT (Note 19)	-	-	-	-	-	(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**
Total comprehensive income - profit for the year	-	-	-	-	-	9,409	9,409
Total other comprehensive income	-	-	-	-	-	42	42
Transactions with owners:							
Share-based payments	-	-	-	-	2,294	-	2,294
Share issue	35	76,107	-	(12)	-	-	76,130
Purchase of own shares through EBT (Note 19)	-	-	-	-	-	(1,726)	(1,726)
Deferred tax taken directly to equity	-	-	-	-	-	(366)	(366)
Impact of share options and awards exercised / lapsed	-	-	-	-	(1,089)	1,025	(64)
Dividends (Note 11)	-	-	-	-	-	(12,976)	(12,976)
At 30 June 2022	**659**	**97,204**	**9**	**186,981**	**5,933**	**42,236**	**333,022**

Company	Share Capital $'000	Share Premium Account $'000	Capital Redemption Reserve $'000	Merger Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 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	-	-	186,993	-	-	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**
Total comprehensive income - profit for the year	-	-	-	-	-	6,034	6,034
Transactions with owners:							
Share-based payments	-	-	-	-	6,142	-	6,142
Share issue	35	76,107	-	(12)	-	-	76,130
Deferred tax taken directly to equity	-	-	-	-	-	19	19
Impact of share options and awards exercised / lapsed	-	-	-	-	(1,841)	1,357	(484)
Dividends (Note 11)	-	-	-	-	-	(12,976)	(12,976)
At 30 June 2022	**659**	**97,204**	**9**	**186,981**	**5,933**	**23,208**	**313,994**

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

Consolidated Balance Sheet

As at 30 June 2022

	Notes	2022 $'000	2021 $'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	14	**8,819**	2,552
Intangible assets - goodwill	15	**237,646**	11,188
Intangible assets - acquired intangibles	15	**187,257**	-
Intangible assets - other	15	**43,430**	31,922
Trade and other receivables	17	**3,234**	5,427
Deferred tax	18	**-**	5,459
		480,386	56,548
Current Assets			
Trade and other receivables	17	**40,001**	19,435
Cash and cash equivalents	21	**47,157**	235,617
Restricted cash	21	**1,251**	-
		88,409	255,052
Total Assets		**568,795**	311,600
EQUITY & LIABILITIES			
Non-Current Liabilities			
Borrowings	22	**103,589**	-
Leased property		**1,206**	1,148
Hire purchase equipment		**290**	-
Deferred tax	18	**47,606**	-
Other provision		**568**	764
		153,259	1,912
Current Liabilities			
Borrowings	22	**8,000**	-
Deferred income	4	**58,722**	33,670
Trade and other payables	23	**15,792**	15,739
		82,514	49,409
Total Liabilities		**235,773**	51,321
Equity			
Share capital	19	**659**	624
Share premium account		**97,204**	21,097
Capital redemption reserve		**9**	9
Merger reserve		**186,981**	186,993
Other reserves		**5,933**	4,728
Retained earnings		**42,236**	46,828
Total Equity		**333,022**	260,279
Total Equity and Liabilities		**568,795**	**311,600**

Registered Number SC196331

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

The financial statements on pages 96 to 140 were approved and authorised for issue by the Board of Directors on 19 September 2022 and signed on its behalf by:

Keith Neilson
Director

Craig Preston
Director

Company Balance Sheet

As at 30 June 2022

	Notes	2022 $'000	2021 $'000
ASSETS			
Non-Current Assets			
Investment in subsidiary undertakings	16	**84,905**	9,000
Property, plant and equipment	14	**679**	1,201
Intangible assets	15	**37,537**	31,885
Deferred tax	18	**805**	2,217
Amounts owed from group companies	17	**6,000**	6,000
		129,926	50,303
Current Assets			
Trade and other receivables	17	**222,516**	28,170
Cash and cash equivalents	21	**28,400**	230,363
		250,916	258,533
Total Assets		**380,842**	**308,836**
EQUITY & LIABILITIES			
Non-Current Liabilities			
Lease liabilities > 1 year		-	387
Other provisions		**568**	764
		568	1,151
Current Liabilities			
Deferred income		**34,947**	33,670
Trade and other payables	23	**31,333**	34,886
		66,280	68,556
Total Liabilities		**66,848**	69,707
Equity			
Share capital	19	**659**	624
Share premium account		**97,204**	21,097
Capital redemption reserve		**9**	9
Merger reserve		**186,981**	186,993
Other reserves		**5,933**	1,632
Retained earnings		**23,208**	28,774
At 1 July		**28,774**	25,205
Profit for the year attributable to owners		**6,034**	13,159
Other changes in retained earnings		**(11,600)**	(9,590)
Total Equity		**313,994**	239,129
Total Equity and Liabilities		**380,842**	**308,836**

Registered Number SC196331

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

The financial statements on pages 96 to 140 were approved and authorised for issue by the Board of Directors on 19 September 2022 and signed on its behalf by:

Keith Neilson
Director

Craig Preston
Director

Statements of Cash Flows

For the year ended 30 June 2022

	Notes	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Cash flows from operating activities					
Cash generated from operations	20	**32,943**	26,711	**(175,869)**	19,718
Tax paid		**(5,979)**	(3,174)	**(1,088)**	(919)
Net cash generated from/(used in) operating activities		**26,964**	23,537	**(176,957)**	18,799
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	13	**(293,288)**	-	**-**	-
Purchase of property, plant and equipment	14	**(353)**	(159)	**(170)**	(55)
Capitalised intangible assets	15	**(13,680)**	(10,167)	**(10,300)**	(10,136)
Interest received		**1**	1	**354**	77
Net cash used in investing activities		**(307,320)**	(10,325)	**(10,116)**	(10,114)
Cash flows from financing activities					
Dividends paid to company shareholders	11	**(12,976)**	(9,700)	**(12,976)**	(9,700)
Shares issued for cash	19	**-**	187,244	**-**	187,244
Share issue professional fees		**(263)**	-	**(263)**	-
Paid up share capital	19	**236**	88	**236**	88
Proceeds from borrowings	22	**120,000**	-	**-**	-
Loan arrangement fees	22	**(268)**	(1,692)	**-**	-
Repayment of borrowings	22	**(8,000)**	-	**-**	-
Interest on borrowings		**(3,080)**	-	**-**	-
Purchase of own shares by EBT	19	**(1,726)**	(422)	**-**	-
Funds (advanced to)/ returned from EBT		**-**	-	**(1,304)**	136
Payment of lease liabilities		**(2,027)**	(964)	**(583)**	(570)
Net cash generated from/(used in) financing activities		**91,896**	174,554	**(14,890)**	177,198
Net (decrease)/ increase in cash and cash equivalents		**(188,460)**	187,766	**(201,963)**	185,883
Cash and cash equivalents at the start of the year		**235,617**	47,851	**230,363**	44,480
Cash and cash equivalents at the end of the year	21	**47,157**	**235,617**	**28,400**	**230,363**

In FY21 shares issued for cash includes net proceeds of $187,331,713 related to the share placing in June 2021, 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 50 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 UK adopted international accounting standards (International Financial Reporting Standards ("IFRS")) and the applicable legal requirements of the Companies Act 2006.

The Group and the Company financial statements have been prepared under the historic cost convention and prepared on a going concern basis. The Strategic Report on pages 7 to 29 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 9 to 12. The Directors, having made suitable enquiries and analysis of the financial statements, including the consideration of:

- net debt;
- continued cash generation;
- continued compliance with: debt facility covenants and related payments (Note 22); and
- SaaS business model

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

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 $1.3317/£1 (2021: $1.3466/£1). Monetary assets and liabilities expressed in foreign currencies are translated into US dollars at rates of exchange ruling at the Balance Sheet date $1.2128 /£1 (2021: $1.3853/£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.

Covid-19 Related Rent Concessions (Amendments to IFRS16) (effective 1 January 2021*), Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16) (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.

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*), Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective 1 January 2023*), Disclosure of Accounting Policies (Amendments to IAS 1) (effective 1 January 2023), Definition of Accounting Estimates (Amendments to IAS 8) (effective 1 January 2023).

*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.

1. **Principal accounting policies [Cont'd]**

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 (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.

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, professional services, including training and consultancy, and transactional fees.

Revenue from Software Licenses

Revenue from both on premises and cloud based 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.

1. Principal accounting policies [Cont'd]

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.

Revenue from transactional services

Transactional service fees are recognised at the point in time when the service is provided.

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 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 and service-based 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 and service-based 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.

Market vesting conditions and non-vesting conditions are factored into the fair value of the share options or conditional share awards granted. As long as all other vesting conditions are satisfied, a charge is recognised irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

1. Principal accounting policies [Cont'd]

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'. Charges relating to subsidiaries are recharged by Craneware plc to the relevant subsidiary.

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 is 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 useful economic 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) 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 fifteen years.

(d) Development Costs

Expenditure associated with developing and maintaining the Group's software products is recognised as incurred.

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, except cloud computing software where the Group does not have control of the software which is expensed as incurred. They are amortised on a straight-line basis over their useful economic life which is typically three to five years.

1. Principal accounting policies [Cont'd]

(f) **Trademarks**

Trademarks acquired in a business combination are initially measured at fair value at the acquisition date. Trademarks have a finite usefule economic life and are 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 up to ten 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

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.

1. Principal accounting policies [Cont'd]

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.

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.

Borrowings

Borrowings represent bank loans, initially measured at fair value net of transaction costs and subsequently measured at amortised cost, using the effective interest rate method.

Finance charges are accounted for in the profit or loss over the term of the loan.

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.

Restricted Cash

Restricted cash is non-distributable and held in separate bank accounts from distributable cash. The balance comprises amounts held on behalf of customers as part of services in connecting them to their contract pharmacy network.

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.

2. Critical accounting estimates and judgements [Cont'd]

Estimates [Cont'd]

- **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 a period of up to 15 years (2021: 5 to 10 years). During the year, the Group has updated the estimated useful life of Customer Relationships to up to 15 years as a result of the valuation work performed on the acquisition of Sentry Data Systems. This has been applied on a prospective basis. All historic customer relationship assets were fully amortised at 30 June 2021 and therefore there is no change to historic asset amortisation as a result of the change.
- **Intangible assets acquired and liabilities assumed**: the Group has measured assets acquired and liabilities assumed on acquisition of Sentry at their fair value on acquisition. Assessing the fair value required the use of a number of assumptions and estimates in relation to future cash flows generated by the assets and the use of valuation techniques. The assumptions were based on the best information available to management and valuation techniques were supported by third party valuation experts. The valuations methods used for the intangibles acquired were:
  - Customer relationships – the residual income method was used for arriving at the fair value of this asset. This calculates the residual profit attributable less the appropriate returns for all other assets that benefit the business.
  - Proprietary software – the cost approach was used in determining the fair value of this asset. This method estimates the cost to replicate the asset as at the purchase date using current prices for time and materials adding an appropriate margin and opportunity cost.
  - Trademarks – the relief from royalty method was used to provide the fair value of this asset. This uses an estimate of the cost savings that accrue on an intangible asset that would otherwise incur royalties or licence fees on revenues generated from the use of the asset.

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.

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 $3,497,000 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's external borrowings at the balance sheet date comprise loan facilities on floating interest rates charged on a daily basis at margin and compounded reference rate. The Group's main interest rate risk arises from these loan facilities and considers the exposure to interest rate risk acceptable. The Directors believe that a 25 basis point move in interest rates on loans would, with all other variables held constant, alter post-tax profit and equity for the year in the region of $291,000 higher/ lower respectively.

3. Financial risk management [Cont'd]

(ii) Cash flow and interest rate risk (Cont'd)

Cash held on deposit attracts interest at variable rates. The Directors believe that a 25 basis point move in interest rates on deposits would, with all other variables held constant, alter post-tax profit and equity for the year in the region of $114,000 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 in advance. Transactional revenue is billed monthly in arrears.

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 50.

(d) Liquidity risk

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

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

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
At 30 June 2022					
Trade and other payables	13,331	-	-	-	13,331
Lease Liabilities	2,439	1,219	325	-	3,983
Borrowings	11,035	11,035	102,070	-	124,140
	26,805	12,254	102,395	-	**141,454**
At 30 June 2021					
Trade and Other Payables	14,686	-	-	-	14,686
Lease Liabilities	1,053	812	380	25	2,270
	15,739	812	380	25	16,956

There is no difference between the undiscounted trade and other payable liabilities and the amounts shown in Note 23 as these liabilities are all short term in nature.

Lease liabilities relate to leases under IFRS 16 and hire purchase financing and are fixed rate financial liabilities. The difference between the undiscounted cash flows above and the liabilities are per Note 23 and the Group Balance Sheet is future finance charge on the lease liabilities of $48,000.

Borrowings relate entirely a term and revolving loan as described in Note 22 and are floating rate financial liabilities. The difference between the undiscounted cash flows above and the liabilities per Note 22 is future finance charge on the borrowings of $12,551,000.

Capital risk management

The Group is cash generative and trading is funded internally. As a result, management does not consider capital risk to be significant for the Group. Contracts are normally billed in advance, except transactional revenue which is billed monthly in arrears. 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. The Group entered into a debt facility and during the year drew down $120m of secured funding provided by our consortium of banking partners. During the year, $8m (FY21: $nil) of the loan has been repaid on schedule, all covenants have been met, and the first extension of the term has been agreed. Net debt of $64.4m (FY21: $nil) represents a comfortable level of debt for the Group.

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 US. 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.

	2022 $'000	2021 $'000
Software licensing	137,956	61,115
Professional services	13,893	14,463
Transactional fees	13,695	-
Total revenue	**165,544**	75,578

Contract assets

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

	2022 $'000	2021 $'000
Prepaid commissions and royalties < 1 year	2,504	2,483
Prepaid commissions and royalties > 1 year	3,208	3,735
Total contract assets	**5,712**	6,218

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 2021 were $2.5m.

Contract liabilities

The following table shows the total contract liabilities at 30 June 2022 from software license and professional service contracts:

	2022 $'000	2021 $'000
Software licensing	53,596	29,245
Professional services	5,126	4,425
Total contract liabilities	**58,722**	33,670

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

Revenue of $33.0m was recognised during the year in relation to contract liabilities as of 30 June 2021.

4. Revenue from contracts with customers [Cont'd]

The following table shows the aggregate transaction price allocated to performance obligations that are partially or fully unsatisfied at 30 June 2022 from software license and professional service contracts:

Revenue expected to be recognised	Total unsatisfied performance obligations $'000	Expected recognition < 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	> 3 years $'000
At 30 June 2022					
- Software	370,081	137,234	102,247	71,642	58,958
- Professional services	13,274	6,891	3,080	1,910	1,393
Total at 30 June 2022	**383,355**	**144,125**	**105,327**	**73,552**	**60,351**
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

Revenue of $64.3m was recognised during the year in relation to unsatisfied performance obligations as of 30 June 2021.

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

5. Operating expenses

	2022 $'000	2021 $'000
Sales and marketing expenses	**15,268**	6,620
Client servicing	**17,729**	12,615
Research and development	**37,584**	14,549
Administrative expenses	**20,383**	9,300
Share-based payments (Note 8)	**2,116**	2,141
Depreciation of property, plant and equipment (Note 14)	**3,259**	1,403
Amortisation of intangible assets - other (Note 15)	**5,905**	3,840
Amortisation of intangible assets - acquired intangibles (Note 15)	**20,239**	-
Exceptional items*	**2,106**	6,487
Exchange loss	**196**	47
Operating expenses	**124,785**	57,002

* Exceptional items relate to legal and professional fees associated with a successful acquisition and related integration costs (FY21: legal and professional fees associated with an aborted potential acquisition in H1 2021 and a successful acquisition completed post year end and its associated share placing).

Included in operating expenses is the movement in the provision for impairment of trade receivable during the year of $444,000 (FY21: $495,000), as per Note 17, plus $17,000 net impairment charge for trade receivables recognised directly in operating expenses.

6. Operating profit

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

	2022 $'000	2021 $'000
Staff costs	**88,698**	40,873
Staff costs capitalised	**(9,584)**	(6,797)
Depreciation of property, plant and equipment (Note 14)	**3,259**	1,403
Amortisation of intangible assets - other (Note 15)	**5,905**	3,840
Amortisation of intangible assets - acquired intangibles (Note 15)	**20,239**	-
Impairment of trade receivables	**77**	46
Operating lease rents for premises	**72**	83

Services provided by the Group's auditors

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

	2022 $'000	2021 $'000
Statutory audit - Parent Company financial statements and consolidation	**414**	175
Statutory audit - non recurring fees	**103**	-
	517	175

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:

	2022 Group Number	2021 Group Number	**2022 Company Number**	2021 Company Number
Sales and distribution	**92**	36	**1**	1
Client servicing	**226**	108	**37**	38
Research and development	**321**	181	**114**	113
Administration	**85**	45	**37**	36
	724	370	**189**	188

	Group $'000	Group $'000	**Company $'000**	Company $'000
Wages and salaries	**78,422**	34,409	**18,795**	18,611
Social security costs	**5,805**	2,975	**1,677**	1,705
Other pension costs	**2,355**	1,348	**981**	812
Share based payments	**2,116**	2,141	**978**	1,389
Total direct costs of employment	**88,698**	40,873	**22,431**	22,517

Employee costs are included in Cost of Sales and Operating Costs.

The remuneration of the highest paid Director is $0.5m (2021: $0.5m). Full details of Directors' emoluments and share option exercises are detailed in the Remuneration Committee's Report on page 85 and key management compensation is given in Note 25, Related Party Transactions.

Contributions are made on behalf of three of the executive Directors to a defined contribution retirement benefit scheme (2021: 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 87 and 88. 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 for the Group of $2,115,285 (2021: $2,141,351) was recognised in the Consolidated Statement of Comprehensive Income for the year, as stated in Note 7 above. This comprises a credit of $178,238 (2021: $239,418 charge) relating to the movement in the accrual for estimated employer National Insurance contributions on the unexercised options granted under the 2007 Share Option Plan and $2,293,523 (2021: $1,901,933) share-based payment charge for the Group in respect of awards granted from the share plans as shown in the following table.

With reference to the Company, a total share based payments expense for the Company of $978,075 (2021: $1,388,709) was recognised in the Statement of Comprehensive Income for the year, as stated in Note 7 above. This comprises a credit of $178,238 (2021: $239,418 charge) relating to the movement in the accrual for estimated employer National Insurance contributions on the unexercised options granted under the 2007 Share Option Plan and $1,156,313 (2021: $1,149,291) share-based payment charge for the Company in respect of awards granted from the share plans as shown in the following table:

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Type of award and name of share plan				
Share options granted under the 2007 Share Option Plan	**-**	-	**-**	-
Share options granted under the 2016 Unapproved Share Option Plan	**333**	246	**74**	178
Share options granted under the 2016 Schedule 4 Share Option Plan	**60**	37	**60**	37
Share options granted under the 2018 Employee Stock Purchase Plan	**88**	69	**-**	-
Share options granted under the 2018 SAYE Option Plan	**89**	85	**89**	85
Conditional share awards granted under the LTIP	**1,724**	1,465	**933**	849
Contingent share awards	**-**	-	**-**	-
Total share-based payments charge	**2,294**	1,902	**1,156**	1,149

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 2022.

Date of grant	Exercise price (GBP)	Exercise price (USD)	Remaining life at 1 July 2021 (years)	No of options at 1 July 2021	Granted	Exercised	Lapsed	No of options at 30 June 2022	Remaining life at 30 June 2022 (years)
2007 Share Option Plan									
04 Sep 2012	£3.60	$5.72	1.2	1,725	-	(1,725)	-	-	-
21 Sep 2012	£4.00	$6.50	1.2	6,605	-	-	-	6,605	0.2
10 Sep 2013	£3.95	$6.21	2.2	47,190	-	-	-	47,190	1.2
22 Sep 2014	£5.225	$8.39	3.2	94,416	-	-	-	94,416	2.2
09 Mar 2016	£7.50	$10.66	4.7	100,756	-	-	-	100,756	3.7
12 Sep 2016	£11.775	$15.63	5.2	36,469	-	-	-	36,469	4.2
2016 Unapproved Option Plan									
24 Mar 2017	£12.375	$15.44	5.7	35,126	-	(3,838)	-	31,288	4.7
17 Jan 2018	£17.750	$24.45	6.5	48,517	-	(5,070)	-	43,447	5.5
05 Sep 2018	£27.100	$34.88	7.2	38,970	-	-	(1,615)	37,355	6.2
04 Sep 2019	£19.000	$23.01	8.2	19,456	-	-	(1,578)	17,878	7.2
02 Oct 2020	£15.050	$19.36	9.3	63,509	-	-	(6,476)	57,033	8.3
18 Nov 2021	£26.100	$35.21	-	-	168,036	-	(41,021)	127,015	9.4
2016 Schedule 4 Option Plan									
24 Mar 2017	£12.375	$15.44	5.7	15,958	-	(4,848)	-	11,110	4.7
17 Jan 2018	£17.750	$24.45	6.5	6,759	-	(845)	-	5,914	5.5
05 Sep 2018	£27.100	$34.88	7.2	3,588	-	-	(359)	3,229	6.2
04 Sep 2019	£19.000	$23.01	8.2	5,312	-	-	(1,920)	3,392	7.2
02 Oct 2020	£15.050	$19.36	9.3	11,692	-	-	(2,159)	9,533	8.3
18 Nov 2021	£26.100	$35.21	-	-	29,645	-	(5,451)	24,194	9.4
2018 Employee Stock Purchase Plan									
24 Mar 2020	£11.475	$13.34	0.7	18,498	-	(15,630)	(2,868)	-	-
23 Mar 2021	£18.360	$25.42	1.7	7,420	-	-	(1,281)	6,139	0.7
2018 SAYE Option Plan									
20 Apr 2020	£11.475	$14.32	2.3	38,726	-	-	(3,790)	34,936	1.3
19 Apr 2021	£18.360	$25.39	3.3	4,302	-	-	(1,010)	3,292	2.3
				604,994	**197,681**	**(31,956)**	**(69,528)**	**701,191**	

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 2022 was £19.62 ($26.37) (2021: £19.11 ($25.79)). The market value of Craneware plc Ordinary Shares at 30 June 2022 was £18.40 ($22.32) per share. The weighted average remaining contractual life of the options outstanding at 30 June 2022 is 5.3 years (2021: 5.1 years).

	2022		2021	
	Number of Options	**Weighted average exercise price (£)**	Numer of Options	Weighted average exercise price (£)
Balance outstanding at beginning of the year	**604,994**	**11.80**	584,300	11.12
Share options granted during the year	**197,681**	**26.10**	94,095	15.47
Exercised during the year	**(31,956)**	**12.46**	(47,382)	7.79
Lapsed during the year	**(69,528)**	**22.74**	(26,019)	17.19
Balance outstanding at end of the year	**701,191**	**14.72**	604,994	11.80
Exercisable at the end of the year	**417,781**	**10.51**	393,523	8.92

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. The final grant of options under the 2007 Share Option Plan was on 12 September 2016 and therefore the fair values of the share options granted under this plan were recognised as share-based payments expense in previous financial years until during the year ended 30 June 2020.

The Craneware plc Unapproved Company Share Option Plan (2016) ('the 2016 Unapproved Option Plan')

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

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 above. 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, and in September 2018 are outlined in the Remuneration Committee's Report on pages 82 and 83. On 18 November 2021, share options in respect of 36,193 and 1,149 ordinary shares in the Company were granted under the 2016 Unapproved Option Plan and the 2016 Schedule 4 Option Plan respectively to certain employees and senior managers. The market-based performance conditions applicable to those share options are outlined in the Remuneration Committee's Report on page 82. The exercise price of these share options was at the Company share price on the day before the grant date.

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

Date of Grant	18-Nov-21	02-Oct-20	04-Sep-19	05-Sep-18	17-Jan-18	24-Mar-17
Share price at date of grant	£26.100	£15.050	£19.000	£27.100	£17.750	£12.375
Share price at date of grant	$35.21	$19.36	$23.01	$34.88	$24.45	$15.44
Vesting period (years)	3	3	3	3	3	3
Expected volatility	41.1%	52.5%	43.5%	26.6%	22.8%	20.5%
Risk free rate	0.36%	-0.04%	0.38%	0.77%	0.56%	0.11%
Exercise price	£26.100	£15.050	£19.000	£27.100	£17.750	£12.375
Exercise price	$35.21	$19.36	$23.01	$34.88	$24.45	$15.44
Shares under option at date of grant	37,342	82,177	33,469	60,976	88,074	93,029
Fair value per option	$8.06	$3.98	$5.63	$5.88	$3.05	$1.55

8. Share-based payments [Cont'd]

Within the assumptions used for the estimation of the fair values of share options granted in financial years 2017 through 2021, the expected volatility was determined by calculating the historic volatility of the Company's share price over the previous three years. However, for the estimation of the fair values of the share options granted on 18 November 2021, the historic volatility of the Company's share price during the period from early April 2020 to the grant date was used. It was considered that this reflects a more normalised level of volatility, given that it is based on the period after the global equity markets were abnormally impacted by the immediate economic effects of the Covid-19 pandemic in February / March 2020.

As explained in the Remuneration Committee's Report on page 84, share options were also granted on 18 November 2021, under the 2016 Unapproved Option Plan and the 2016 Schedule 4 Option Plan, to employees (below senior management level), in respect of 131,843 and 28,496 ordinary shares in the Company respectively. The exercise price of these share options was at the Company's closing share price on the day before the grant date. There are no performance conditions applicable to these share options but there is a service condition such that these share options are not normally exercisable before the third anniversary of the date of grant, subject to the option holder being continuously employed within the Group throughout that period. The Group recognises the fair value of these share options, as a share-based payments expense, over the vesting period based on the number of share options which are expected to vest. The fair value of these share options was estimated using the Black-Scholes option pricing model, as appropriately adjusted, based on the following assumptions:

Date of Grant	18-Nov-21
Share price at date of grant	£26.10
Share price at date of grant	$35.21
Vesting period (years)	3
Expected volatility	42.4%
Risk free rate	0.53%
Dividend yield	1.16%
Exercise price	£26.10
Exercise price	$35.21
Shares under option at date of grant	160,339
Fair value per option	$9.52

The expected volatility was determined by calculating the historic volatility of the Company's share price over the period from the start of April 2020 to 18 November 2021. It was considered that this reflects a more normalised level of volatility, rather than for the historic three year period to the date of grant, given that it is based on the period after the global equity markets were abnormally impacted by the immediate economic effects of the Covid-19 pandemic in February / March 2020.

The Craneware plc Employee Stock Purchase Plan (2018)

The Craneware plc SAYE Option Plan (2018)

Share options were granted under the Save As You Earn (SAYE) option plan and the Employee Stock Purchase Plan (ESPP), to those employees who chose to participate, in the financial years ended 30 June 2020 and 30 June 2021. The exercise price of those share options was at a 15% discount to the Company share price on the business day immediately preceding the date of grant, in accordance with the rules of the ESPP and the SAYE plans.

8. Share-based payments [Cont'd]

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 April 2021	23 March 2021	20 April 2020	24 March 2020
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 Company's share price over the previous three and two years respectively.

Long Term Incentive Plan

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

Conditional share awards were granted under this Plan to certain senior managers and to the executive Directors in November 2021, 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 November 2021, in October 2020, in September 2019, and in September 2018, are outlined in the Remuneration Committee's Report on pages 82 and 83.

	Number of conditional share awards 2022	Number of conditional share awards 2021
Balance outstanding at 1 July	**337,900**	161,826
Awards granted in the year	**173,983**	226,664
Vested awards released during the year	**(15,863)**	(35,421)
Forfeited / lapsed during the year	**(31,847)**	(15,169)
Balance outstanding at 30 June	**464,173**	337,900

The remaining weighted average contractual life of the conditional share awards outstanding at 30 June 2022 is 1.4 years (at 30 June 2021: 1.9 years).

The fair values of the conditional share awards granted in financial years 2022, 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	18 Nov 2021	02 Oct 2020	04 Sep 2019	05 Sep 2018	17 Jan 2018	24 Mar 2017
Share price at date of grant	£26.100	£15.050	£19.000	£27.100	£17.750	£12.375
Share price at date of grant	$35.21	$19.36	$23.01	$34.88	$24.45	$15.44
Vesting period (years)	3	3	3	3	3	3
Expected volatility	41.1%	52.5%	43.5%	26.6%	22.8%	20.5%
Risk free rate	0.36%	-0.04%	0.38%	0.77%	0.56%	0.11%
Fair value per conditional share award	$19.95	$9.33	$16.47	$31.48	$19.84	$12.50

8. Share-based payments [Cont'd]

Within the assumptions used for the estimation of the fair values of conditional awards granted in financial years 2017 through 2021, the expected volatility was determined by calculating the historic volatility of the Company's share price over the previous three years. However, for the estimation of the fair values of the conditional awards granted on 18 November 2021, the historic volatility of the Company's share price during the period from early April 2020 to the grant date was used. It was considered that this reflects a more normalised level of volatility, given that it is based on the period after the global equity markets were abnormally impacted by the immediate economic effects of the Covid-19 pandemic in February / March 2020.

Other share-based payments – contingent share awards

In addition to the employee share plans detailed above, employee contingent share awards have also been granted by the Company. Contingent share awards in respect of a total of 159,336 Ordinary Shares were outstanding at 30 June 2022 (159,336 Ordinary Shares at 30 June 2021).

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	2022 $'000	2021 $'000
Deposit interest receivable	1	1
Total finance income	1	1

Finance Expense	2022 $'000	2021 $'000
Deposit interest charge	-	7
Interest on borrowings (Note 22)	4,823	-
Interest on lease liabilities	208	69
Total finance expense	5,031	76

10. Tax on profit on ordinary activities

	2022 $'000	2021 $'000
Profit on ordinary activities before tax	13,102	13,165
Current tax		
Corporation tax on profits of the year	2,774	3,772
Adjustments for prior years	94	(1,673)
Total current tax charge	2,868	2,099
Deferred tax		
Deferred tax for current year	842	(1,656)
Adjustments for prior years	9	122
Change in UK tax rate	(26)	(305)
Total deferred tax charge/ (credit)	825	(1,839)
Tax on profit on ordinary activities	3,693	260

10. Tax on profit on ordinary activities [Cont'd]

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:

	2022 $'000	2021 $'000
Profit on ordinary activities at the UK tax rate 19% (2021: 19%)	**2,490**	2,501
Effects of:		
Adjustment for prior years	**103**	(1,551)
Change in tax rate on opening deferred tax balance	**(26)**	(305)
Change in tax rate on closing deferred tax balance	**339**	(227)
Additional US taxes on profits 25% (2021: 25%)	**328**	116
R & D tax credit	**-**	(712)
Expenses not deductible for tax purposes	**119**	703
Spot rate remeasurement	**39**	12
Expense/ (deduction) on share plan charges	**301**	(258)
Other	**-**	(19)
Total tax charge	**3,693**	260

11. Dividends

The dividends paid during the year were as follows:

	2022 $'000	2021 $'000
Final dividend, re 30 June 2021 - 21.47 cents (15.5 pence)/ share (FY21: 19.80 cents (15 pence) / share)	**7,227**	5,329
Interim dividend, re 30 June 2022 - 16.88 cents (12.5 pence)/ share (FY21: 16.68 cents (12 pence) / share)	**5,749**	4,371
Total dividends paid to Company shareholders in the year	**12,976**	9,700

The proposed final dividend of 18.80 cents (15.5 pence), as noted on page 12, for the year ended 30 June 2022 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

	2022 No. of Shares 000s	2021 No. of Shares 000s
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	**35,110**	26,811
Effect of dilutive potential Ordinary Shares: share options and LTIPs	**367**	374
Weighted average number of shares for the purpose of diluted earnings per share	**35,477**	27,185

12. Earnings per share [Cont'd]

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

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

	2022 $'000	2021 $'000
Profit for the year attributable to equity holders of the parent	**9,409**	12,905
Aborted share placing costs (tax adjusted)	**-**	386
Acquisition and associated share placing costs (tax adjusted)	**1,279**	5,210
Acquisition integration costs (tax adjusted)	**325**	-
Amortisation of acquired intangibles (tax adjusted)	**20,238**	-
Adjusted profit for the year attributable to equity holders of the parent	**31,251**	18,501

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.

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

	2022 cents	2021 cents
Basic EPS	**26.8**	48.1
Diluted EPS	**26.5**	47.5
Adjusted basic EPS	**89.0**	69.0
Adjusted diluted EPS	**88.1**	68.1

13. Business Combination

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 the pharmacy procurement, compliance and utilisation management, based in Florida, USA. For further information on the reasons for the acquisition see Note 25 of the annual report for the year ended 30 June 2021. The aggregate consideration for the acquisition of Sentry on a cash free/ debt free basis 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 deal was funded by $297.0m (as adjusted) of cash and $75.9m from the issue of 2,507,348 new ordinary shares at fair value on 12 July 2021 (measured using the closing market price of the Company's ordinary shares on that date). The cash consideration was funded from the Group's existing cash resources, $120m from a new debt facility and $187.3m net proceeds from a share placing completed in June 2021.

Details of the purchase consideration, net assets acquired and goodwill, are as follows:

	$'000
Cash paid (net of working capital adjusted)	297,015
Shares issued (fair value)	75,905
Total purchase consideration	**372,920**

13. Business Combination [Cont'd]

The fair values for assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Non-current assets	
Property, plant and equipment	9,179
Intangible assets - customer relations	151,000
Intangible assets - proprietary software	51,496
Intangible assets - trademarks	5,000
Intangible assets - other	3,762
Other contract assets	376
Total non-current assets	**220,813**
Current assets	
Trade and other receivables	13,671
Cash and cash equivalents	3,727
Restricted cash	1,880
Total current assets	**19,278**
Non-current liabilities	
Leased property > 1 year	1,540
Leased equipment > 1 year	1,146
Deferred tax	51,874
Total non-current liabilities	**54,560**
Current liabilities	
Deferred income	27,164
Trade and other payables	11,905
Total current liabilities	**39,069**
Net identifiable assets acquired	**146,462**
Add: goodwill	226,458
Total consideration	**372,920**

The goodwill is attributable to Sentry's strong position in the market and synergies expected to arise after the company's acquisition of these new subsidiaries.

The fair value of the acquired customer list and customer contracts of $151m, proprietary software of $51.5m and trademarks of $5.0m have been valued as per the details in Note 2. Deferred tax of $37.8m, $12.9m and $1.2m has been provided respectively in relation to these intangible assets.

Acquisition related costs of $2.1m (FY21: $6.5m) are included within exceptional costs in profit and loss.

The fair value of trade and other receivables is $13.7m and includes trade receivables with a fair value of $9.5m. The gross contractual amount for trade receivables due is $12.7m of which $3.2m is expected to be uncollectible.

Sentry contributed revenue of $94.7m and net profit of $1.6m to the Group for the period from 13 July 2021 to 30 June 2022. If the acquisition had occurred on 1 July 2021, consolidated revenue and consolidated profit after tax for the year ended 30 June 2022 would have been $168.2m and $9.5m respectively.

14. Property, plant and equipment

Group	Leased Properties $'000	Computer Equipment $'000	Office Furniture $'000	Tenants Improvements $'000	Total $'000
Cost					
At 1 July 2021	3,826	1,954	676	1,678	8,134
Additions	-	282	30	40	352
Acquisition of subsidiary	2,155	6,781	183	60	9,179
Disposals	-	(51)	(1)	-	(52)
At 30 June 2022	5,981	8,966	888	1,778	17,613
Accumulated depreciation					
At 1 July 2021	1,834	1,686	669	1,393	5,582
Charge for year	1,575	1,583	44	57	3,259
Depreciation on disposals	-	(46)	(1)	-	(47)
At 30 June 2022	3,409	3,223	712	1,450	8,794
Net Book Value at 30 June 2022	**2,572**	**5,743**	**176**	**328**	**8,819**
Cost					
At 1 July 2020	3,826	2,409	713	1,652	8,600
Additions	-	129	2	28	159
Disposals	-	(584)	(39)	(2)	(623)
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 year	917	355	8	123	1,403
Depreciation on disposals	-	(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**

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.

One new right-of-use leased property was acquired through the purchase of Sentry and there were no disposals during the period. Depreciation of $1,575,000 (FY21: $917,000) was recognised during the year in respect of right-of-use assets.

The average remaining lease term is 2 years.

The Group does not have any other right-of-use assets other than those disclosed under leased properties.

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

Company	Leased Properties $'000	Computer Equipment $'000	Office Furniture $'000	Tenants Improvements $'000	Total $'000
Cost					
At 1 July 2021	1,988	1,015	456	1,454	4,913
Additions	-	100	30	40	170
Disposals	-	(19)	-	-	(19)
At 30 June 2022	1,988	1,096	486	1,494	5,064
Accumulated depreciation					
At 1 July 2021	1,097	885	453	1,277	3,712
Charge for the year	548	106	2	33	689
Depreciation on disposal	-	(16)	-	-	(16)
At 30 June 2022	1,645	975	455	1,310	4,385
Net Book Value at 30 June 2022	**343**	**121**	**31**	**184**	**679**
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 year	549	169	4	106	828
Depreciation on disposals	-	(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**

15. Intangible assets

Group	Goodwill $'000	Customer Relationships $'000	Proprietary Software $'000	Trademarks $'000	Development Costs $'000	Computer Software $'000	Total $'000
Cost							
At 1 July 2021	11,438	2,964	3,043	-	42,976	1,004	61,425
Additions	-	-	-	-	13,506	174	13,680
Acquisition of subsidiary	226,458	151,000	51,496	5,000	-	3,762	437,716
Disposals	-	-	(1,815)	-	(386)	(100)	(2,301)
At 30 June 2022	237,896	153,964	52,724	5,000	56,096	4,840	510,520
Accumulated amortisation and impairment							
At 1 July 2021	250	2,964	3,043	-	11,324	734	18,315
Charge for the year	-	9,742	9,959	538	4,669	1,236	26,144
Amortisation on disposal	-	-	(1,815)	-	(386)	(71)	(2,272)
At 30 June 2022	250	12,706	11,187	538	15,607	1,899	42,187
Net Book Value at 30 June 2022	**237,646**	**141,258**	**41,537**	**4,462**	**40,489**	**2,941**	**468,333**
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**

15. Intangible assets [Cont'd]

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 subsidiaries and is split into the following CGUs:

	2022 $'000	2021 $'000
Craneware InSight	11,188	11,188
Sentry	226,458	-
Total Goodwill	237,646	11,188

Craneware InSight

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.

Sentry

The carrying values are assessed for impairment purposes by calculating the value in use of the Sentry 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 Sentry acquisition.

The key assumptions in assessing value in use for the CGU's are:

	Growth rate in perpetuity		Post-tax discount rate	
	2022	2021	2022	2021
Craneware InSight	2%	2%	12.1%	13.5%
Sentry	2%	-	9.5%	-

After the initial term of 5 years, the Group applied a growth rate for each CGU. These take into consideration the customer bases 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 units; this assessment has confirmed that no significant events or circumstances occurred in the year and that the assets and liabilities showed no significant change from last year.

After review of future forecasts, the Group confirmed the growth forecast for the next five years showed that the recoverable amounts would continue to exceed the carrying values. 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.

15. Intangible assets [Cont'd]

Company	Development Costs $'000	Computer Software $'000	Total $'000
Cost			
At 1 July 2021	42,569	686	43,255
Additions	10,299	1	10,300
Disposals	-	(100)	(100)
At 30 June 2022	52,868	587	53,455
Accumulated amortisation			
At 1 July 2021	10,917	453	11,370
Charge for the year	4,451	168	4,619
Amortisation on disposal	-	(71)	(71)
At 30 June 2022	15,368	550	15,918
Net Book Value at 30 June 2022	**37,500**	**37**	**37,537**
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	7,287	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**

16. Investment in subsidiary undertakings

The following information relates to all of the direct and indirect subsidiaries of the Company:

Name of Company	Class of Shares held	Percentage of ordinary shares held	Country of Incorporation	Nature of Business
		Held directly by Craneware plc		
Craneware US Holdings, Inc.	Ordinary	100%	USA	Holding company
Kestros Ltd	Ordinary	100%	UK	Dissolved
		Held indirectly by Craneware plc		
Craneware, Inc.	Ordinary	100%	USA	Sales & Marketing
Craneware InSight, Inc.	Ordinary	100%	USA	Software Development & Professional Services
Craneware Healthcare Intelligence, LLC	Ordinary	100%	USA	Software Development
SDS Holdco, Inc.	Ordinary	100%	USA	Dormant
SDS Intermediate, Inc.	Ordinary	100%	USA	Dormant
Sentry Data Systems, Inc.	Ordinary	100%	USA	Software Development & Professional Services
Agilum Healthcare Intelligence, Inc.	Ordinary	100%	USA	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.

Kestros Ltd (t/a Craneware Health) was incorporated within the United Kingdom. During the year, the accounting period end was extended to 31 December 2021. Notice to strike off the entity was submitted on 8 June 2022 and this company was dissolved on 30 August 2022 (2021: 1,075 Ordinary shares held with nominal value £1 each).

Kestros Ltd (SC362481) is exempt from the requirement for its financial statements to be audited under the provisions of section 479 A of the Companies Act 2006.

Subsidiary registered addresses are listed on page 50.

	2022 $'000	2021 $'000
Cost		
At 1 July	**9,000**	9,000
Acquisition of subsidiary	**75,905**	-
At 30 June	**84,905**	9,000

The results of the Subsidiary companies have been included in the consolidated financial statements. Subsidiary registered addresses are listed on page 50. The carrying value of the subsidiaries is supported by the underlying net assets.

17. Trade and other receivables

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Trade receivables	**34,730**	16,450	**17,025**	16,450
Less: provision for impairment of trade receivables	**(5,855)**	(2,270)	**(2,714)**	(2,270)
Net trade receivables	**28,875**	14,180	**14,311**	14,180
Other receivables	**827**	302	**9,252**	9,051
Current tax receivable	**3,349**	278	**1,000**	750
Amounts owed from group companies	**-**	-	**202,350**	8,331
Prepayments and accrued income	**4,714**	4,090	**1,603**	1,858
Deferred contract costs	**5,470**	6,012	**-**	-
	43,235	24,862	**228,516**	34,170
Less non-current amounts owed from group companies	**-**	-	**(6,000)**	(6,000)
Less non-current prepayments	**(26)**	(1,692)	**-**	-
Less non-current deferred contract costs	**(3,208)**	(3,735)	**-**	-
Current portion	**40,001**	19,435	**222,516**	28,170

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 - Group

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 30 June 2022.

30 June 2022	**Current $'000**	**<30 days $'000**	**30-60 days $'000**	**61-90 days $'000**	**> 90 days $'000**
Expected credit loss rate	0.4%	3.8%	10.7%	10.7%	50.6%
Gross carrying amount	20,457	1,869	1,055	419	10,930
Expected credit loss	92	71	113	45	5,534
Net carrying amount	**20,365**	**1,798**	**942**	**374**	**5,396**

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

17. Trade and other receivables [Cont'd]

Expected credit loss allowance for trade receivables - Company

The following table provides information about the Company's exposure to credit risk and ECLs for trade receivables as at 30 June 2022.

30 June 2022	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	> 90 days $'000
Expected credit loss rate	0.3%	1.5%	1.9%	3.0%	47.2%
Gross carrying amount	10,203	799	317	54	5,652
Expected credit loss	29	12	6	2	2,665
Net carrying amount	**10,174**	**787**	**311**	**52**	**2,987**
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

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

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
At 1 July	**2,270**	1,775	**2,270**	1,775
Acquisition of subsidiary	**3,141**	-	**-**	-
Provision for receivables impairment on revenue recognised	**716**	631	**840**	631
Receivables written off during year as uncollectable	**(77)**	(46)	**(202)**	(46)
Unused amounts reversed	**(195)**	(90)	**(194)**	(90)
At 30 June	**5,855**	2,270	**2,714**	2,270

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.

18. Deferred tax

Deferred tax is calculated in full on the temporary differences under the liability method using a rate of tax of 25% (2021: 25%) in the UK and 25% (2021: 25%) in the US including a provision for state taxes.

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
At 1 July	**5,459**	2,408	**2,217**	1,139
Credit/ (charge) to comprehensive income	**(825)**	1,839	**(1,431)**	500
Transfer direct to equity	**(366)**	1,212	**19**	578
Deferred tax arising on acquisitions	**(51,874)**	-	**-**	-
At 30 June	**(47,606)**	5,459	**805**	2,217

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 liability at 30 June 2022 was $47,606,000 (2021: net deferred tax asset $5,459,310).

Deferred tax assets - recognised **Group**	**Short term timing differences $'000**	**Losses $'000**	**Share Options $'000**	**Total $'000**
At 1 July 2021	759	1,058	3,924	5,741
Credited/ (charged) to comprehensive income	3,167	(765)	(357)	2,045
(Charged) to equity	-	-	(366)	(366)
Total provided at 30 June 2022	**3,926**	**293**	**3,201**	**7,420**
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

Deferred tax liabilities - recognised **Group**	**Long term timing differences $'000**	**Accelerated tax depreciation $'000**	**Total $'000**
At 1 July 2021	-	(282)	(282)
Charged / (credited) to comprehensive income	764	(3,634)	(2,870)
Arising on acquisition	(51,874)	-	(51,874)
Total provided at 30 June 2022	**(51,110)**	**(3,916)**	**(55,026)**
At 1 July 2020	-	(483)	(483)
Credited to comprehensive income	-	201	201
Total provided at 30 June 2021	-	(282)	(282)

18. Deferred tax [Cont'd]

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

Group	2022 $'000	2021 $'000
Deferred tax assets:		
Deferred tax assets to be recovered after more than 1 year	**7,126**	4,919
Deferred tax assets to be recovered within 1 year	**294**	822
	7,420	5,741
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 1 year	**(50,026)**	(282)
Deferred tax liabilities to be recovered within 1 year	**(5,000)**	-
	(55,026)	(282)
Net deferred tax (liabilities) / assets	**(47,606)**	5,459

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 2021	178	2,054	2,232
Charged to comprehensive income	(77)	(412)	(489)
Credited to equity	-	19	19
Total provided at 30 June 2022	**101**	**1,661**	**1,762**
At 1 July 2020	317	903	1.220
(Charged) / credied to comprehensive income	(139)	573	434
Credited to equity	-	578	578
Total provided at 30 June 2021	178	2,054	2,232

Deferred tax liabilities - recognised **Company**	**Accelerated tax depreciation $'000**	**Total $'000**
At 1 July 2021	(15)	(15)
Charged to comprehensive income	(942)	(942)
Total provided at 30 June 2022	**(957)**	**(957)**
At 1 July 2020	(81)	(81)
Credited to comprehensive income	66	66
Total provided at 30 June 2021	(15)	(15)

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.

19. Share capital and reserves

(a) Share capital

Authorised	2022		2021	
	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	2022		2021	
	Number	**$'000**	Number	$'000
Equity share capital				
Ordinary shares of 1p each				
At 1 July	**33,019,191**	**624**	26,826,539	536
Share placing	**-**	**-**	6,192,652	88
Allotted and issued in the year as part of the consideration for the acquisition of Sentry (Note 13)	**2,507,348**	**34**	-	-
Allotted and issued in the year on exercise of employee share options	**15,630**	**1**	-	-
At 30 June	**35,542,169**	**659**	33,019,191	624

The Company did not purchase any of its own shares during the financial year ended 30 June 2022 (2021: nil).

Shares issued during the year ended 30 June 2022

On 12 July 2021, 2,507,348 new Ordinary Shares in Craneware plc were issued as part of the consideration for the acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry. Note 13 contains further details of this business combination. The fair value of the consideration given in excess of the nominal value of these issued Ordinary Shares was $75,870,408 which is included in the share premium account.

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 2022 15,630 Ordinary Shares (2021: no Ordinary Shares) were issued on the exercise of share options by employees in March 2022. The exercise price of those share options was £11.475 per share (approximately $15.13 cents per share) and therefore the total amount received by the Company was $236,464 (£179,354) including share premium totalling $236,258 (£179,198) recognised on the issue of those Ordinary Shares.

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 2022 is summarised in the table below.

	2022 $'000	2021 $'000
Loan balance (from Company to the EBT) at 1 July	**8,732**	7,709
Exchange (loss) / gain	**(1,169)**	964
Addition to the loan from the Company to the EBT during the year	**3,421**	560
Partial repayment of loan by the EBT during the year	**(2,117)**	(501)
Loan balance (from Company to the EBT) at 30 June	**8,867**	8,732

19. Share capital and reserves [Cont'd]

The EBT purchased 67,420 Craneware plc Ordinary Shares of 1 pence each in the market in the year ended 30 June 2022 (2021: 17,087 Ordinary Shares in the Company were purchased by the EBT in the market) and the EBT purchased 15,797 Ordinary Shares in the Company off market, based on the prevailing market price per share on the date of purchase (2021: 20,904 Ordinary Shares in the Company were purchased by the EBT off market). As such the net outflow from the Group in the current year as disclosed in the Statement of Changes in Equity and Consolidated Cashflow Statement is $1,726,000 (2021: $422,000 net outflow).

The Shares held by the EBT are utilised to satisfy employee share plan awards and, during the financial year ended 30 June 2022, a total of 20,479 of the Shares from the EBT (2021: 55,600 Shares) were used to satisfy the exercise of employee share options and employee vested conditional share awards. At 30 June 2022 the EBT held 411,323 Craneware plc Ordinary Shares (at 30 June 2021: 348,585 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. The balance on the merger reserve as at 30 June 2022 and as at 30 June 2021 comprises the excess of the net proceeds over the nominal value of the Ordinary Shares issued on a share placing in 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. (Note 13 contains further details of this acquisition). The placing was effected by way of a cash box structure and the resulting transactions satisfied all of the required conditions under section 612 of the Act to obtain merger relief. This merger reserve is not considered to be distributable as a consequence of the net proceeds of the share placing being for a specific acquisition.

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. Historically share-based payment charges for the subsidiaries were being processed through other reserves in each subsidiary instead of through other reserves of Craneware plc, resulting in a difference in other reserves between the Group and the Company.

This has been rectified in the current year with a transfer to other reserves in the Company from the subsidiary of $3.8m. There has been no impact on reserves at a Group level.

20. Cash generated from operations

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

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Profit before tax	**13,102**	13,165	**8,633**	12,468
Finance income	**(1)**	(1)	**(279)**	(75)
Finance expense	**5,031**	76	**28**	47
Depreciation on property, plant and equipment	**3,259**	1,403	**689**	828
Amoritsation on intangible assets - other	**5,905**	3,840	**4,619**	3,795
Amortisation on intangible assets - acquired intangibles	**20,239**	-	**-**	-
Gain on disposals	**(5)**	-	**-**	-
Share based payments	**2,116**	2,141	**978**	1,389
FX on non cash items	**-**	(136)	**-**	-
Movements in working capital:				
(Increase)/ decrease in trade and other receivables	**(3,203)**	2,026	**(193,542)**	296
(Decrease)/ increase in trade and other payables	**(13,500)**	4,197	**3,005**	970
Cash generated from operations	**32,943**	26,711	**(175,869)**	**19,718**

21. Cash and cash equivalents and restricted cash

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash held by the Group and short-term bank deposits.

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Cash at bank and in hand	**47,157**	235,617	**28,400**	230,363

The effective rates on short-term bank deposits were 0.003% (2021: 0.002%).

Restricted cash balances comprises amounts held on behalf of customers as part of services provided in connecting them to their contract pharmacy network. These amounts are generally held by the Group for less than 30 days. The Group retains fees from the restricted cash accounts for services provided to customers in managing the transfer of cash and for reconciliation services. The related creditor is held within other creditors in Note 23.

	Group	
	2022 $'000	2021 $'000
Restricted cash	**1,251**	-

22. Borrowings

In June 2021, the Group entered into a new debt facility to finance the purchase of Sentry Data Systems, Inc. The total available amount under the facility is $140m, of which $120m was drawn down on 12 July 2021.

The debt facility comprises a term loan of $40m which is repayable in quarterly instalments over 5 years up to 30 June 2026, and a revolving loan facility of $80m which expires on 7 June 2025. The Group has the ability to extend the revolving loan facility for an additional one year term. Interest is charged on the facility on a daily basis at margin and compounded reference rate. The margin rate was fixed at 2.55% for the initial 9 months of the facility term. Following this initial period, the margin is related to the leverage of the Group as defined in the loan agreement. As the leverage of the Group strengthens, the applicable margin reduces.

The facility 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 assets of the Company and specified assets of the Group.

	2022 $'000	2021 $'000
Current interest bearing borrowings	8,000	-
Non current interest bearing borrowings	103,589	-
Total	**111,589**	-

Arrangement fees paid in advance of the setting up of the facility are being recognised over the life of the facility in operating costs. The remaining balance of unamortised fees and interest at 30 June 2022 is $3.2m.

See Note 3 for the contractual maturity of the Group's borrowings at the period end. See Note 27 for a reconciliation between borrowings, cash and net debt.

Loan covenants

Under the facilities the Group is required to meet quarterly covenants tests in respect of:

a) Adjusted leverage which is the ratio of total net debt on the last day of the relevant period to adjusted EBITDA.

b) Cash flow cover which is the ratio of cashflow to net finance charges in respect of the relevant period.

The Group complied with these ratios throughout the reporting period.

Financing arrangements

The Group's undrawn borrowing facilities were as follows:

	2022 $'000	2021 $'000
Term loan	-	40,000
Revolving facility	20,000	100,000
Undrawn borrowing facilities	**20,000**	140,000

23. Trade and other payables

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Trade payables	**3,587**	1,844	**1,592**	1,759
Amounts owed to group companies	**-**	-	**27,720**	29,698
Lease creditor due < 1 year	**2,439**	1,053	**353**	647
Other provisions < 1 year	**17**	-	**17**	-
Social security and PAYE	**2,705**	1,556	**514**	507
Other creditors	**800**	50	**-**	-
Accruals	**6,222**	10,808	**1,115**	1,847
Advanced payments	**22**	428	**22**	428
Trade and other payables	**15,792**	15,739	**31,333**	34,886

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 2022 was 29 days (2021: 18 days). Trade and other payables are classified as financial liabilities at amortised cost.

24. Contingent liabilities and financial commitments

(a) Capital commitments

The Group has no capital commitments at 30 June 2022 (2021: 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:

	2022 $'000	2021 $'000
Within one year	**3**	5
Between 1 and 5 years	**2**	5
More than 5 years	**-**	-
	5	10

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

25. Related party transactions

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

Group	2022 Charged $	2022 Outstanding at year end $	2021 Charged $	2021 Outstanding at year end $
Fees for services provided as non-executive Directors				
Fees	**175,632**	**-**	196,895	-
Salaries and short-term employee benefits	**162,076**	**-**	160,518	-
Executive Directors				
Salaries and short-term employee benefits	**796,671**	**-**	764,531	-
Post employment benefits	**53,435**	**-**	42,325	-
Share based payments	**447,139**	**-**	336,320	-
Other key management				-
Salaries and short-term employee benefits	**1,764,885**	**-**	1,413,069	-
Post employment benefits	**73,071**	**-**	55,257	-
Share based payments	**494,728**	**-**	351,792	-

25. Related party transactions [Cont'd]

Company	2022 Charged $	2022 Outstanding at year end $	2021 Charged $	2021 Outstanding at year end $
Fees for services provided as non-executive Directors				
Fees	**175,632**	**-**	196,895	-
Salaries and short-term employee benefits	**162,076**	**-**	160,518	-
Executive Directors				
Salaries and short-term employee benefits	**796,671**	**-**	764,531	-
Post employment benefits	**53,435**	**-**	42,325	-
Share based payments	**447,139**	**-**	336,320	-
Other key management				
Salaries and short-term employee benefits	**380,142**	**-**	420,020	-
Post employment benefits	**26,451**	**-**	23,513	-
Share based payments	**133,210**	**-**	111,150	-
Amounts due from Craneware US Holdings, Inc. - Subsidiary company				
Net operating expenses	**-**		(2,331,489)	
Balance		**194,653,801**		2,331,489
Amounts due to Craneware, Inc. - Subsidiary company				
Sales commission	**26,129,580**		27,625,177	
Net operating expenses	**5,723,046**		8,882,680	
Balance		**(11,672,683)**		(17,448,082)
Net Amounts due to Craneware InSight, Inc. - Subsidiary company				
Sales commission	**3,880,648**		4,299,122	
Net operating expenses	**1,032,308**		889,652	
Balance		**(10,531,030)**		(6,062,988)
Net Amounts due from Craneware Health/Kestros - Subsidiary company				
Net operating expenses	**-**		59,813	
Balance		**-**		-
Net Amounts due to Craneware Healthcare Intelligence, LLC - Subsidiary company				
Net operating expenses	**1,908,459**		1,627,000	
Balance		**(5,515,981)**		(6,186,704)
Net Amounts due from Sentry Data Systems, Inc. - Subsidiary company				
Net operating recharges	**(823,486)**		-	
Balance		**1,419,494**		-
Net Amounts due from Agilum Healthcare Intelligence, Inc. - Subsidiary company				
Net operating recharges	**(276,250)**		-	
Balance		**276,250**		-

25. Related party transactions [Cont'd]

Note 19 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 Revenue Officer, Chief Legal Officer, Chief Customer Officer and Chief Transformation Officer.

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

26. Ultimate controlling party

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

27. 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.

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.

Adjusted EBITDA

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

	2022 $'000	2021 $'000
Operating profit	**18,132**	13,240
Depreciation of property, plant and equipment	**3,259**	1,403
Amortisation of intangible assets - other	**5,905**	3,840
Amortisation of intangible assets - acquired intangibles	**20,239**	-
Share based payments	**2,116**	2,141
Exceptional items - aborted share placing	**-**	283
Exceptional items - acquisition and associated share placing	**1,705**	6,204
Exceptional items - integration costs	**401**	-
Adjusted EBITDA	**51,757**	27,111

Adjusted earnings per share (EPS)

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. See Note 12 for the calculation.

27. Alternative performance measures [Cont'd]

Operating cash conversion

Operating cash conversion is calculated as cash generated from operations (as per Note 20), adjusted to exclude cash payments for exceptional items, divided by EBITDA.

	2022 $'000	2021 $'000
Cash generated from operations (Note 20)	**32,943**	26,711
Total exceptional items	**2,106**	6,487
Accrued exceptional items at the start of the year paid in the current year	**5,509**	-
Accrued exceptional items at the end of the year	**(60)**	(5,509)
Trade payable exceptional items at the start of the year paid in the current year	**683**	-
Trade payables exceptional items at the end of the year	**(12)**	(683)
Cash generated from operations before exceptional items	**41,169**	27,006
Adjusted EBITDA	**51,757**	27,111
Operating cash conversion	**79.5%**	99.6%

Adjusted PBT

Adjusted PBT refers to profit before tax adjusted for exceptional items and amortisation of acquired intangibles.

	2022 $'000	2021 $'000
Profit before taxation	**13,102**	13,165
Amortisation of intangible assets - acquired intangibles	**20,239**	-
Exceptional items - aborted share placing	**-**	283
Exceptional items - acquisition and associated share placing	**1,705**	6,204
Exceptional items - integration costs	**401**	-
Adjusted PBT	**35,447**	19,652

Net debt

Net debt refers to the net balance of short term borrowings, long term borrowings and cash and cash equivalents (excluding restricted cash).

	2022 $'000	2021 $'000
Cash and cash equivalents (Note 21)	**47,157**	235,617
Borrowings (Note 22)	**(111,589)**	-
Net (debt)/ cash	**(64,432)**	235,617

Lease liabilities are excluded from borrowings for the purpose of net debt.

27. **Alternative performance measures [Cont'd]**

Total Sales

Total Sales refer to the total value of contracts signed in the year, consisting of New Sales and Renewals.

New Sales

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.

Annual Recurring Revenue

Annual Recurring Revenue includes the annual value of license and transaction revenues at 30 June 2022 that are subject to underlying contracts.

% Annual Recurring Revenue from the Cloud

Annual Recurring Revenue from the Cloud is the Annual Recurring Revenue as described above relating specifically to cloud-based products expressed as a percentage of total Annual Recurring Revenue.

Revenue Growth

Revenue Growth is the increase in Revenue in the current year compared to the year expressed as a percentage of the previous year Revenue.

Notes

Transforming the Business of Healthcare™

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