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**CONSOLIDATED ANNUAL REPORT & ACCOUNTS**

YEAR ENDED 31 MARCH 2024

**VIANET** GROUP PLC  
DATA. REIMAGINED.

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# COMPANY INFORMATION

<b>Directors</b>	J W Dickson (Chairman and Interim CEO) M H Foster (Chief Financial Officer) D C Coplin (Non-Executive Director) S Panu (Non-Executive Director)
<b>Secretary</b>	M H Foster
<b>Registered office</b>	One Surtees Way Surtees Business Park Stockton on Tees TS18 3HR
<b>Registered number</b>	05345684
<b>Auditors</b>	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
<b>Bankers</b>	HSBC UK Bank plc 3rd Floor Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
<b>Nominated Adviser</b>	Cavendish One Bartholomew Close London UK EC1A 7BL
<b>Stockbroker</b>	Cavendish One Bartholomew Close London UK EC1A 7BL
<b>Solicitors</b>	Gordons LLP Riverside West Whitehall Road Leeds LS1 4AW
<b>Registrars</b>	Link Group Central Square 29 Wellington Street Leeds LS1 4DL



# WHO ARE WE

Vianet Group plc is a leading international Business to Business ("b2b") provider of internet enabled, cloud based, telemetric services to the hospitality, unattended retail vending, and remote asset management sectors where we provide data services, actionable management information, and business insight. Combining data from our customers' assets with our smart, cloud-based, Internet of Things ('IoT') solutions, we deliver critical insight and analysis that drives superior operational performance.

With over 350 customers and a combination of near 50,000 venues and unattended retail machines across the UK, Europe, and the US, Vianet's experience and knowledge form a powerful market-leading proprietary technology and insight capability.

We connect customers to their assets via single or multiple IoT smart devices which interface to the asset, collecting the relevant data. The machine data is sent to our cloud-hosted IoT platform, where it is processed.

Vianet currently operates in two core business verticals. Our Smart Machines solution is designed for the unattended coffee, snack and soft drink vending machine market, as well as emerging markets such as petrol forecourts, and our Smart Zones solution is designed for the hospitality venues, both connecting customers to their assets and delivering powerful insights and analytics in real-time.

The Group's Smart Zones division provides unparalleled product quality and waste management, business intelligence and stock management services to the drinks retailing industry.

Our Smart Machines division provides innovative real time monitoring, software management applications, business intelligence and data insights for unattended vending machines that significantly improve operational efficiency, stock control, sales, and cash flow, whilst also reducing our customers' carbon footprint. Smart Machines is one of the largest b2b connected solutions providers in Europe with established long-term relationships with major industry players and growing recurring revenues.

By connecting customers to their assets, we gather data from which insight and analytics support improves decision-making and enables our end-to-end contactless payment solution. The outcome for our clients is increased sales and asset utilisation, reduced operating costs and improved operational performance, with more informed customer decision-making.

We achieve this by;

- Increasing utilisation and significantly reducing servicing costs by identifying asset performance opportunities;
- Maximising asset uptime and sales by providing alerts on fault conditions and product availability;
- Providing seamless touchless payment solutions, reducing customer dependency, on 'dirty' cash, and providing the contactless payment solutions that consumers increasingly desire;
- Improving cash flow management and resource planning by tracking real-time sales performance and enabling more frequent invoicing; and
- Defining potential new procedures, revenue streams, and automation services and incorporating these into the customers' existing processes.
- Real time capture and processing of machine data from the installation base allows customers to significantly improve the efficiency of re-stocking and maintenance operations providing substantial cost and sales benefits whilst also reducing our customers' carbon footprint.

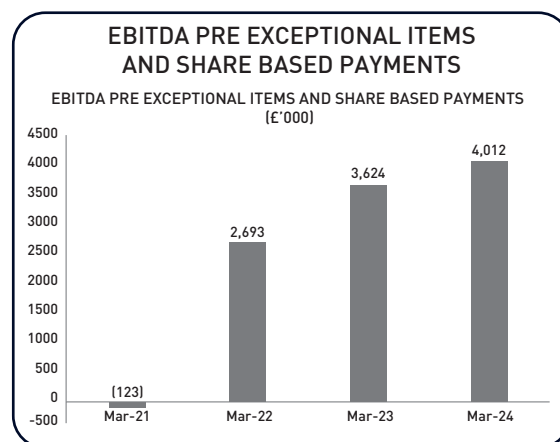
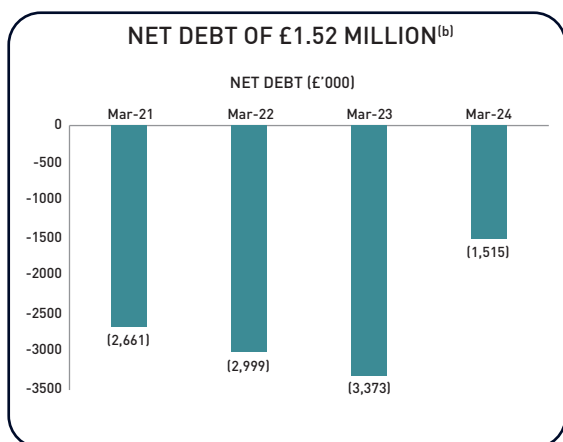
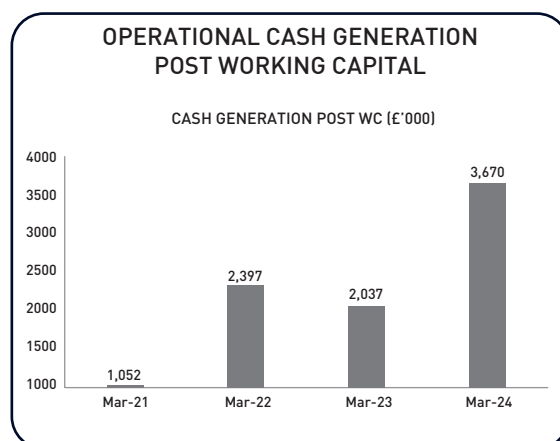
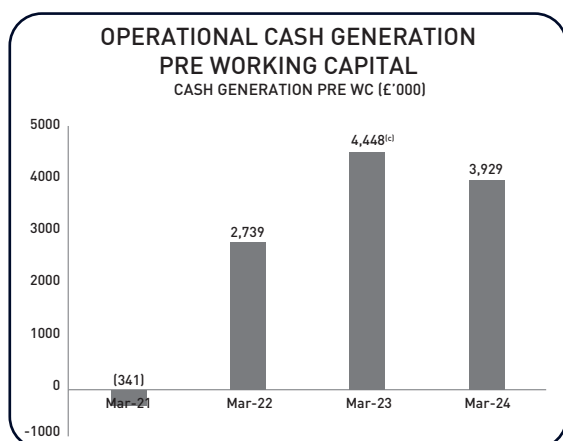
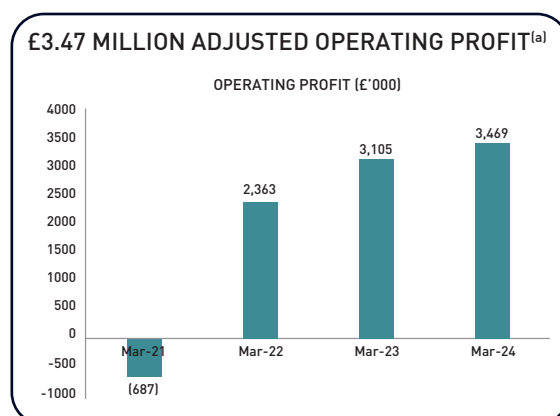
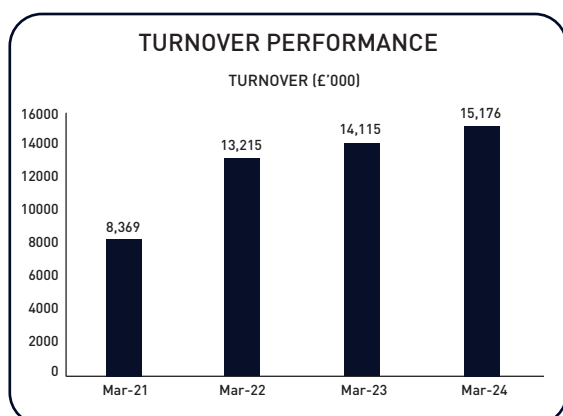
In both divisions, the data collected is structured and rendered through an advanced web portal and mobile applications to provide the analytics and insight that support better business decision making to improve our customers' asset utilisation and profitability.

Whilst our technologies were developed for unattended retailing and hospitality, the flexibility and functionality of our smart devices offer multiple applications and can be connected to practically any machine with a data output. The device used in our Smart Machines division is the same used to connect our contactless payment solution and communicate payment terms to our cloud-based payment services providers. Ongoing successful asset management and contactless payment field trials and conversion have been completed in other verticals such as Fuel Forecourts, fast casual restaurant chains, and environmental services.

As a business, we are passionate about developing innovative solutions and employing talented people focused on transforming business performance.

Our ambitions are underpinned by driving our financial performance through long-term contracts typically with recurring high cash margins and scalable annuity revenue streams that facilitate ongoing product development.

# FINANCIAL HIGHLIGHTS



RECURRING REVENUE

**85%**

(2023: 89%)

NEW CONNECTIONS

**9,160**

(2023: 6,813)

BASIC EPS

**2.72p**

(2023: 0.56p)

DIVIDENDS

**0.75p**

(2023: 0.5p)

**Note:**

(a) Adjusted operating profit is profit before exceptional costs, amortisation, interest and share-based payments

(b) Net debt includes a RCF

(c) Includes one off tax rebate accrued £0.92m, received May 23

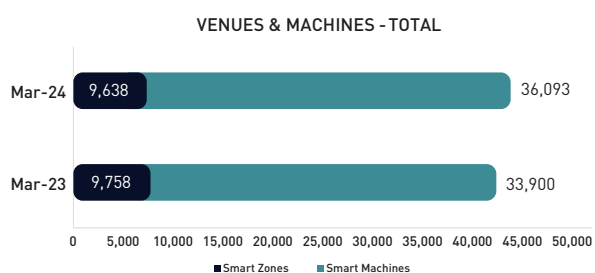
# OPERATIONAL HIGHLIGHTS

## Smart Machines unattended retail division

- Adjusted operating profit increased 22.2% to £2.46m (FY2023: £2.01m).
- Added 8,900 new connected machines (FY2023: 6,554) despite sector distraction of planning related to the UK-wide 3G switch-off.
- Key long-term contract wins and renewals with Baxter Storey, The Vending People, Compass, and both Rontec and Wilcomatic in the fuel forecourt market.

## Smart Zones hospitality division

- Acquisition of trade and assets of US-based Beverage Metrics Inc (BMI)
- Revenue increased 5.5% to £8.62m (FY2023: £8.16m) with operating profit up 3.9% to £3.94m (FY2023: £3.79m) despite absorbing c £0.5m of post-acquisition cost associated with BMI.
- Net installation base solid at c 9,640 (FY2023: 9,758) as ongoing investment and a pipeline of new installations offset a slowing rate of hospitality sector closures.
- We had several contract extensions, including Stonegate, and post-year-end contract renewals, including Heineken.



# CHAIRMAN'S STATEMENT

**James Dickson**  
Chairman



## Introduction

I am delighted to report that the Group has continued to build positive sales and commercial momentum in FY2024. We are exceptionally well placed to capitalise on the opportunities in the UK and USA hospitality markets, unattended retail in the UK and Europe, and the adjacent fuel forecourt market.

Sales grew c.8% to £15.2m (FY2023: £14.1m), delivering an adjusted operating profit of £3.47m (FY2023 £3.11m), representing c.12% year-on-year growth. We have maintained a rigorous drive to grow the top line and maximise the business's profitability, enabling progressive dividend payments. This is a testament to the team's hard work.

Progress from the unattended retail and hospitality divisions has been particularly strong, marked by key initiatives bringing in new customers, strengthening existing relationships and expanding our service offering. The initial delay in customers adapting to the 3G network switch-off was more than offset as demand rebounded in Q4. The sharp acceleration in 4G LTE systems upgrades, preventing connectivity issues on payment devices, has resulted in numerous new contracts, enhancing our installation pipeline well into FY2025.

In addition, recent contract wins illustrate the successful expansion of our business into new industry verticals and our ability to react swiftly to a changing dynamic. We are building on these opportunities with key players in the manufacturing and retail sectors of the forecourt industry.

## Strategic Developments

Vianet has made significant strategic developments in the past year. One of the key highlights is the acquisition and subsequent integration of Beverage Metrics Inc. in May 2023. This has allowed Vianet to accelerate its product roadmap in the hospitality sector by 18 months and expand its presence in the US market. Through the integration of Beverage Metrics' comprehensive inventory platform and Vianet's draught beer management solution, the Company has created a compelling beverage management and inventory offering. Together with the recent product integration with Fintech we are providing customers with a complete procure and pay solution.

Pilot testing of the integrated solution with leading brands in the US has yielded encouraging results. This success has reinforced the potential for Vianet to increase its installation footprint in the US and UK throughout FY2025 and beyond.

Our focus on customer engagement has received positive feedback, demonstrating our commitment to Vianet Americas. We have recently showcased the solution, sharing a stand with Fintech at the National Restaurant Association show in Chicago in May. The integrated offering was well received, providing valuable exposure and generating promising sales leads. Vianet has also renewed and won several contracts in the UK for the Beverage Metrics beer module, establishing a solid foundation for revenue growth in FY2025.

Furthermore, Vianet completed its refinancing and transitioned to HSBC in August 2023. This has resulted in lower finance costs, reflecting the strength of the business and its ability to secure favourable financial arrangements.

These strategic developments have positioned the Company for continued growth and success in the hospitality sector, both in the US and the UK.

## Dividend

The high levels of customer engagement and commercial momentum provide confidence that the Group will benefit from solid revenue growth and high levels of cash generation in FY2025.

Despite uncertainties over inflationary and interest rate pressures, the new HSBC facility offers flexibility to support ongoing investment in the business. The Board recognises the significance of dividends for

shareholders and supports a progressive dividend policy, including the reinstatement of an interim dividend at the earliest opportunity. For the full-year dividend, the Board proposes 0.75p per share, payable on 2 August 2024 to shareholders on the register on 21 June 2024.

### **Board and Staff**

The Board has agreed that I shall remain as acting CEO to build on the success of FY2024, maintain our strong sales momentum, and develop our strategic options. I am committed to realising significant growth in shareholder value.

The Board regularly evaluates its composition and effectiveness to ensure a balanced mix of experience and independence, supporting our business and growth ambitions. The operational structure of the Group continues to evolve, and I am pleased to report further development of the management team. They are highly motivated and focused on delivery, providing a strong succession pathway.

Our exceptional people consistently demonstrate enthusiasm, commitment, and openness, underpinning the Group's excellent reputation among customers, suppliers, and stakeholders.

I take considerable pride and am incredibly grateful for the unwavering commitment of our executive team, employees, and Board members in continuing to drive the Group's success.

### **Conclusion and Outlook**

FY2024 saw increased sales, profit, cash generation & a reduction in net debt. However, what really stands out is the excellent customer engagement and momentum generated by our innovative solutions, partnerships, and commercial initiatives. This provides a platform for the Company's future growth.

We empower customers to transform their business performance, fostering deeper relationships and creating substantial sales opportunities. We enable customers to do more with less to unlock excellent returns on their investment.

The Group is on track to deliver strong earnings growth across both divisions and maximise the opportunities in adjacent new verticals through FY2025 and beyond.

- Smart Machines leads the industry with its comprehensive product suite, strengthened by new SmartVend releases. We have a robust pipeline of opportunities for telemetry, contactless sales and data management. This is based on the strength of our commercial proposition, footprint extension in existing long-term contracts with blue-chip customers, and a strong presence in UK and European markets, where further contract wins reinforce our progress.
- The partnership with Suresite Group Ltd has bolstered our position in the fast-growing 'unattended' contactless payments sector. Combining our hardware and end-to-end solution with Suresite's market-leading acquiring services is unique. We can now offer a competitive, user-friendly, and highly secure payments solution that future-proofs any unattended or automated retail business. It caters to various applications, from charging points and unmanned car washes to air and vacuum stations.
- Our proactive approach to the MNO 3G switch-off and transition to 4G LTE will continue to pay dividends. Customers are upgrading to new, predominantly 5-year contracts to achieve full estate connectivity with the resulting productivity and sales gains.
- The integration and successful launch of Beverage Metrics has boosted our UK hospitality growth and is a significant step forward in developing a profitable footprint in the USA. There is a growing pipeline of new installations in the UK, and our US operations are on track to deliver good sales traction as it moves towards breakeven through FY2025.
- Our investments in technology and commercial activity have attracted strong interest from the unattended retail and fuel forecourt sectors, and further breakthroughs are expected in FY2025. Investment in cloud infrastructure and mobile technology will drive revenues in both Smart Machines and Smart Zones. This will enable scalability, flexibility, and speed, which are crucial for supporting rapid growth in existing and new verticals.

# Chairman’s Statement (continued)

The Company maintains a strong contracted recurring revenue, which is higher quality subscription rather than transaction-based and expects to generate solid operating cash flow. The Board remains confident in the Group’s long-term growth strategy to achieve earnings growth and expand future strategic options. While cash management is a priority, the Board’s primary focus is on driving sales growth and seizing exciting growth opportunities.



**James Dickson**  
Chairman

20 June 2024



# STRATEGIC REPORT

## James Dickson Chairman and Chief Executive

The year to March 2024 was building on the growth momentum from the previous year and solidifying our position in the market. We have successfully navigated both the global semiconductor chip supply problems and 3G switch-off distractions to make sound progress in a high-inflation economy. We are pleased to have exceeded the market expectations as at the time of our H1 2024 results in key measures such as revenue, EBITA and EBITDA, cash generation and net debt.

Our core operations provide connectivity to assets, enabling the collection of operational data and the production of actionable analytics and insights to help customers transform their business performance. In a world increasingly reliant on the Internet of Things and AI (Artificial Intelligence), we are at the forefront of our industry, not only in providing solutions for today but developing tools for the future. Vianet's leading-edge contactless payment capability supports customer sales growth from unattended retail machines and the business is well placed to strengthen its position in this rapidly developing area. There are further contactless and data opportunities on assets in marketplaces such as fuel forecourts, where we saw a breakthrough with two announced orders totalling c1,800 units.

Our well-invested cloud-based platform now supports much greater flexibility of data point connection and data connectivity to the extent that it is possible to connect a range of business-critical third-party devices, enabling entry to new vertical markets beyond those we currently supply. Through collaboration with customers and partners, such as Suresite and Vendekin, in unattended retail, we can identify compelling end-to-end solutions to address business opportunities. This combination of capabilities will enable us to drive sustained business growth over the coming years.

Whilst FY2024 has had its global challenges, the Group has made excellent progress executing key elements of our growth plan, including securing new and renewed customer contracts over several years, successfully launching SmartVend and our new market data insights, and establishing 'strategic go-to-market' partnerships. Our contactless payment and telemetry solutions have strengthened customer relationships and helped secure new business in existing new verticals, such as retail & fuel forecourts.

The acquisition of the trade and assets of BMI in May 2023, combined with our draught beer monitoring solution, established a comprehensive beverage management platform that is unrivalled in our view. The combined US operations will require initial investment during FY2025, but the acquisition has accelerated our hospitality-related development roadmap, enabling profitable expansion of our footprint in the USA and UK beyond our legacy leased and tenanted customers.

As outlined in our September interim results, our H1 financial position was strengthened by a £927,774 tax refund and a new refinancing agreement with HSBC, enhancing our liquidity and supporting our growth ambitions.

## OPERATING REVIEW

### Smart Machines – Unattended Retail Division

Investment in sales and marketing, including a new CRM system, resulted in solid business gains, including 73 new customer contract wins, providing a healthy pipeline to underpin our growth plans.

Turnover was up 10.3% at £6.56m (FY2023: £5.95m), with operating profit up 22.4% at £2.46m (FY2023: £2.01m).

The number of connected unattended retail machines was 8,900 (FY2023: 6,554). Post machine rationalisation, the total machines grew 6.5% to 36,093 at the year-end (FY2023: 33,900).

The division made good progress despite the challenges of the MNO 3G switch-off, being a short-term distraction to vending operators developing plans to upgrade machines from 3G to 4G LTE. Whilst this dampened short-term demand, Vianet proactively supported our customers, and we saw a Q4 FY2024 acceleration of demand and associated new long-term contracts.

The division's recurring revenues grew 2% YOY by £0.09m and now represent c 74% of turnover (FY2023: 80%). As we have reported previously, this measure will flex dependant on the number of new capex hardware sales compared to rental-based sales. Regardless, this is a healthy level of recurring revenue that has grown incrementally year-on-year and will continue to do so.

As has been widely reported in the press, the trend toward non-cash transactions is growing significantly, with contactless payments giving a fast,

## Strategic Report (continued)

easy, and secure transaction in a world where fewer people carry cash. Contactless payment solutions drive increased machine utilisation and sales for our customers, who benefit from the reduced cost of cash handling, improved cash flow and assured payment.

We believe that there is a continued significant opportunity to drive growth in the unattended retail market by delivering market-leading analytics and insight into premium coffee and unattended retail snack & can channels from new device connections and the rollout of contactless payment capability, as well as other market verticals such as fuel forecourts where we have seen a breakthrough during the year.

The market opportunity for the Group is significant, even when limited to the immediately addressable market of over 300,000 vending machines in the UK alone. It is estimated that the wider addressable market in mainland Europe is nearer 3 million devices, and there are 15 million machines worldwide, of which only c.30% have any form of connectivity.

Vianet's contactless payment solution is supported by leading industry partners Elavon, Worldpay and NMI and is enhanced by establishing our PCI Master Merchant service. This allows us to speed up the onboarding of customers for payment capability and provide a more cost-effective reconciliation and payment service.

Contactless payment remains a compelling solution in a market where traditional cash-only payments have long inhibited vending-related usage, consumption, and customer experience. The evolution and growth of contactless payment solutions, QR code technology and the insight from our telemetry firmware will materially change this dynamic and attract more consumers to the vending vertical.

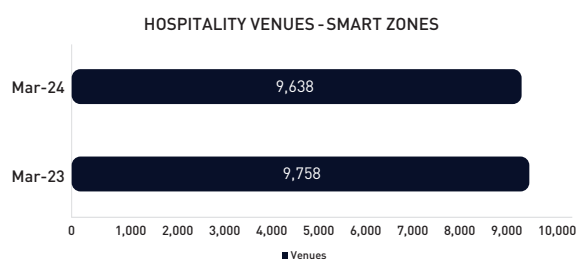
In summary, the growth prospects for the Smart Machines business are positive, and there is a clear line of sight toward significant growth in this sector over the coming 2-3 years.

### Smart Zones - Hospitality Division

The Hospitality division's recovery continued strongly. Revenues rose by 5.5% at £8.62m (FY2023: £8.16m), with profit being up 4.0% at £3.94m (FY2023: £3.79m).

Sales held strong with 260 (FY2023: 259) new site installations, 3 new contract wins, and 8 contract renewals as customers' needs and demand for data and insights grew.

Our UK estate had 454 (FY2023: 603) pub closures and 260 new installations (FY2023: 259), resulting in a net 194 site reduction (FY2023: 344), representing 43% less than last year, taking our installed base to c 9,640. Whilst it is difficult to predict the pace of closure rates and new openings, with our plans and opportunities, this is now a sustainable leased and tenanted level to deliver growth.



The trade and asset acquisition from BMI will accelerate our penetration of the UK hospitality sector beyond our current leased and tenanted footprint and, more importantly, help unlock the significant marketplace that exists in hospitality venues in the USA and support commercial traction during FY2025 and beyond.

We see an increased appetite for market data insights building on the customer engagement of the last two years with the launch of BMI and the Smart Insights portal. This is particularly relevant for the provision of retail data for brewers. Through our relationship with the Oxford Partnership, we deliver ground-breaking insights that support consumer-level decision-making for beer brands. We expect to show further growth in this exciting area in FY2025.

Adding our compliance service and data insight analytics to the BMI assets is resulting in a heightened emphasis on improving operational and retail performance. This strategic approach drives value from pubs, especially those under private equity ownership, by maximising their return potential.

### Vianet Americas Inc ("VAI")

VAI reported losses at pre-amortisation and exceptional items of £387k (FY2023: £150k loss), impacted by the acquisition costs and integration of BMI principally due to staff and licence costs.

The acquisition included customers, an established inventory operating platform, software IP, patents for barcode 3D scanning and advanced technology for point-of-sale data integration.

The combination of Vianet's SmartDraught draught beer management solution with BMI's inventory platform provides a comprehensive one-stop drinks management solution which enables operators to reduce costs, improve productivity and maximise sales, driving improved profitability across the entire drinks category. SmartDraught integration with the inventory platform will allow Vianet to provide brewers with a more cost-effective and competitive brand monitoring and market insight solution.

Alongside recent investment in our draught beverage monitoring solution, this acquisition positions Vianet's hospitality operations firmly on the path to growth in the UK and to establishing a profitable footprint in the USA, where we benefit from direct access to a considerable number of national retail chains.

The opportunity for the Company in the US, the world's largest single-operator market, remains significant, with several conversations and commercial opportunities at advanced stages. While the combined US operations will require investment and are expected to be loss-making during FY2025, we anticipate monthly losses to have narrowed significantly by year-end and remain committed to establishing a significant US profit centre.

Overall, the Board remains confident that the Smart Zones division will see growth and deliver enhanced turnover, profit, and cash conversion to the Group.

### **R&D Investment**

R&D investment is vital to maintaining the Group's market position, and thus, we have continued to invest in delivering our product roadmap and operational capabilities.

- SmartVend vending management software service module was released in Q3 FY2023, and following the finance module in FY2024, customer migrations should be completed during FY2025.
- SmartDraught hardware and software development, including BMI, has resulted in enhanced features and reduced the cost of both hardware and support.
- SmartInsight market insight portal developed and launched.
- Speed and latency of our solutions have improved with incremental hardware development to adapt existing technology for new verticals.

Further product enhancements, migration of all customers to SmartVend, leverage of BMI products and services, and securing new market verticals for telemetry and contactless payments on a cloud-based platform will further boost our services to customers in existing and new verticals.

The Board believes the investment in data capture technology, our core data management capability, and management software platforms will continue to deliver growth and enhance the quality and visibility of our recurring revenue streams.

### **LOOKING FORWARD**

Vianet has an exciting outlook with excellent momentum to take advantage of opportunities in remote asset management, contactless payment and market data insights both in our core and new markets, and the end-to-end product suite with BMI is enabling growth in our hospitality operations.

- The launch of the SmartVend management platform in H2 2023 has been well received and will generate further operational efficiencies for our customers, with complex migrations expected to be completed in FY2025. This will further cement Smart Machines as the marketplace's leading end-to-end solution. The highly motivated sales and commercial team in Smart Machines are continuing to accelerate the conversion from the significant pipeline of opportunities from existing and new customers in the c 3 million machine UK and Europe vending machine market. New business gains resulted in 73 customers being onboarded, helping us deliver significant new machine sales.
- Smart Zones has a healthy sales pipeline in its core UK leased and tenanted sector driven primarily by our data capabilities. We expect new system sales in FY2025 to more than offset further pub closures. The combination of BMI's inventory platform and Vianet's draught beer monitoring creates a comprehensive and affordable beverage management solution which will also unlock opportunities for stock management, enhanced analytics, and insight. This will result in growth across all UK pub sectors, and we are already seeing enthusiastic engagement in the USA. Continued Private Equity pub company ownership is expected to drive greater focus on operating and retail performance, where we are well placed to deliver value for customers.

## Strategic Report (continued)

- Growing demand for connectivity solutions, data capture, insights, and payment systems are driving new sales in our core hospitality and unattended retail sectors. The recent announcement of our partnership with Suresite, a leading forecourt retail specialist with two core contract wins, and Vendekin QR payment specialists demonstrates our progress toward leveraging our existing technology to extend our growth in sectors such as catering and forecourt solutions where we anticipate good growth.

Whilst we are not immune from the global supply chain challenges or the inflationary economic backdrop, increasing demand for our highly relevant products will continue to drive growth, high-quality recurring revenue at 85%, cash generation and reducing net debt. Ongoing investment in product development and people is creating real momentum. The Group is confident that the team, products, and financial capabilities we have will continue delivering growth for the business.

The Board remains confident that momentum and sales will continue to build as we execute our long-term strategy and deliver sustainable earnings growth and profitability.

Finally, our high-calibre, energised team, robust strategy, and strong earnings visibility provide a natural platform for growth as we expand our IoT capability and deliver data and insight applications that help our customers make better decisions about their assets to transform business performance.

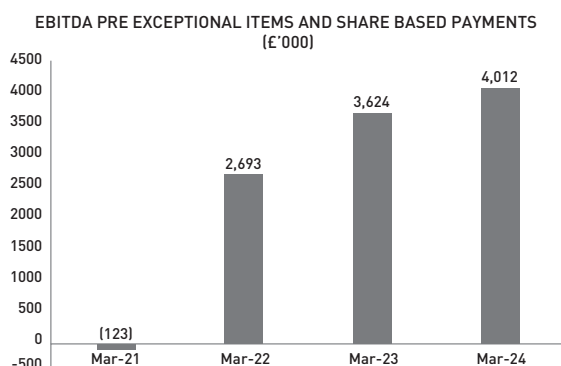
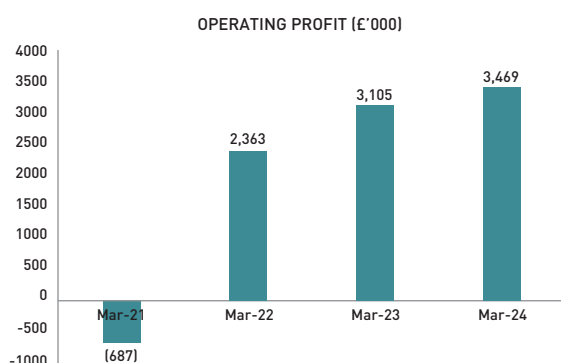
# FINANCIAL REVIEW

Mark Foster  
Chief Financial Officer



## FINANCIAL PERFORMANCE

Group operating profit, pre-exceptional costs, amortisation and share-based payments was £3.47m (FY2023: £3.11m), c12% year-on-year growth. It is important to recognise these results are net of post-acquisition BMI people and licence costs of nearly £0.5m.



Proactive management delivered robust gross margins at c69% (FY2023: 66%), reflecting the strength of the margin-enhancing growing incremental recurring revenue footprint.

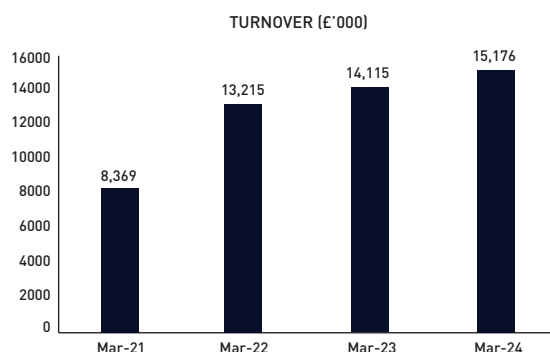
## TURNOVER

Turnover improved by 7.6%, £1.08m, to £15.18m (FY2023: £14.12m), with Smart Machines continuing its growth curve and best result to date, in addition to Smart Zones growing revenue and profit.

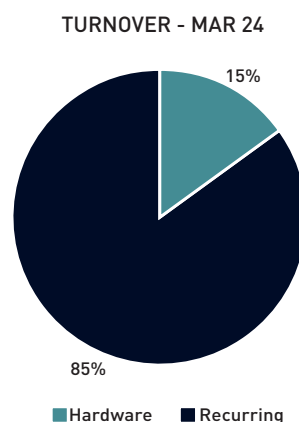
## RECURRING REVENUE

Group contracted recurring revenue base remains robust and has been strengthened by several new 3–5-year contracts, both from new customers and contract renewals.

Recurring revenue is measured by taking full-year revenue from service packs, licenses, rentals, and technology upgrades, as per Note 3.

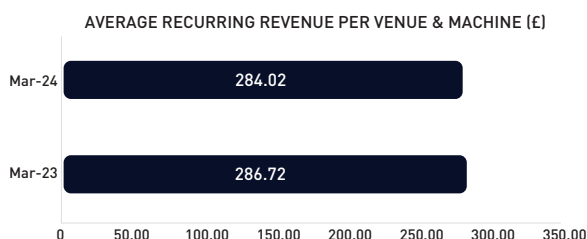


Consolidated recurring revenue across the two divisions remained robust at 85% (FY2023: 89%) despite recent sales being more capex based, demonstrating the strength of a growing incremental recurring revenue footprint. Overall actual recurring revenue grew 3.3%, £0.42m year on year, and it is set to continue.



The absolute recurring revenue increased year on year, with the average recurring revenue per connected device remaining flat at £284.02 (FY2023: £286.72), impacted only by the revenue mix.

## Financial Review (continued)



This KPI is measured by taking full year recurring revenue and dividing it by the total number of connected venues and machines at the year end.

### PERFORMANCE SUMMARY

Profit before tax was £0.78m (FY2023: £0.45m), a material improvement from the low of the FY2021 pandemic year. For FY2023, we took the opportunity to seek a tax refund, which was received during FY2024, for historic accrued R&D losses. FY2024 shows a tax credit of £17k after all tax movements. The table below shows the performance of the Group.

	FY2024	FY2023	Change
Revenue	£15.18m	£14.12m	7.6%
Operating profit (a)	£3.47m	£3.11m	11.6%
Profit before tax	£0.78m	£0.45m	73.3%
EBITDA (b)	£4.01m	£3.62m	10.8%
Basic EPS	2.72p	0.56p	385.7%
Dividend per share	0.75p	0.5p	50.0%
Net debt (c)	£1.52m	£3.37m	54.9%

a) Pre-exceptional items, share-based payments and amortisation

b) Pre-exceptional items and share-based payments

c) Refer to note 24

### EXCEPTIONALS

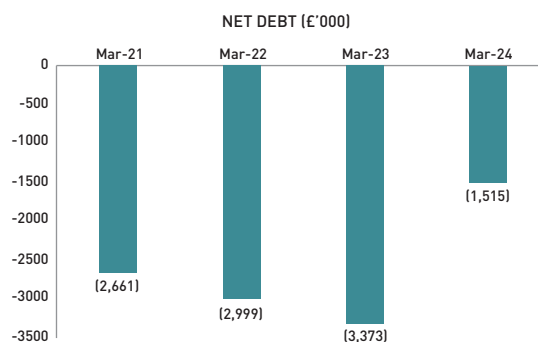
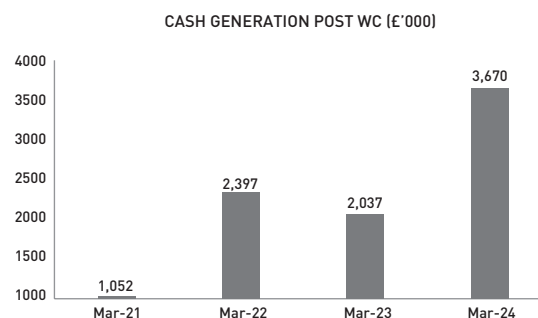
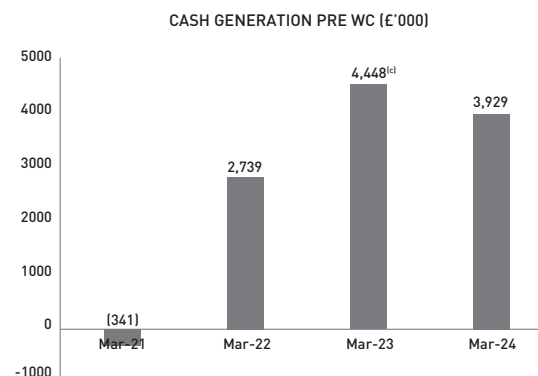
	FY2024 '£000	FY2023 '£000
People and office rationalisation	65	17
3G Network obsolescence costs	25	-
Corporate Activity and BMI acquisition costs	346	66
Recovered corporate costs	(350)	-
Bank Refinance costs	59	37
Other items	-	2
<b>Total</b>	<b>145</b>	<b>122</b>

Corporate activity and acquisition costs relate to fees paid to corporate advisors with respect to prospective acquisitions and corporate evaluations. During the year, the Company recovered costs associated with a previous historic matter that is the subject of a Confidentiality Agreement

### DIVIDEND

As noted in the Chairman's statement, the Board has proposed a final dividend payment of 0.75p per share (FY2023: 0.50p).

### CASH



Net cash generation pre-working capital movements was an inflow of £3.93m (2023: £4.45m, which includes an accrued tax rebate of c£0.92m). Normalised cash generation was £3.53m), 113.6% of pre-exceptional EBITA, and 104.2% of net EBITDA (97.9% of pre-exceptional EBITDA) – very healthy levels of profit to cash conversion.



Working capital was proactively managed, with a more normalised draw of £0.26m in the year as expected, which delivered a post-working capital generation inflow of £3.67m (2023: £2.04m).

We received a c.£922k tax rebate in the year, which meant cash generated overall post working capital was £4.59m.

The cash generated was principally used to invest in R&D technology spend (as noted in the Chairman's and Strategic review), new recurring revenue rental assets, new leased engineer vehicles alongside the impact of the bank facility refinance and move to HSBC. This resulted in an overall cash inflow of £2.92m (2023: £1.37m cash outflow) – a strong cash rebound generated from cash generative results, tax rebate and bank refinance to more flexible facilities.

At the year-end, the Group had gross cash of £1.82m (2023: £0.07m) and net debt of £1.52m (2023: £3.37m) – a significant step forward in the cash strength of the business.

The strong results and cash base of the business, together with the expected business progress outlined in the Chair and CEO report, serve to underline our belief in our business strategy and allow for our growth plans.

## DIVISIONAL PERFORMANCE

### SMART MACHINES

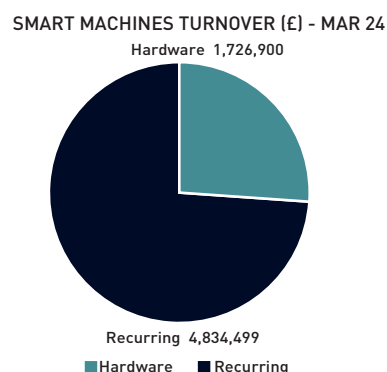
The Smart Machines division consists of telemetry insights and monitoring and contactless payment predominantly in the unattended vending retail and coffee sector, as well as ERP and mobile connectivity services.

	FY2024	FY2023
Turnover	£6.56m	£5.95m
Operating profit (a)	£2.46m	£2.01m
Profit before tax	£2.40m	£1.65m
New Telemetry machines	3,644	2,046
New Contactless machines	5,256	4,508
YE net machine estate	c36,083	c33,900

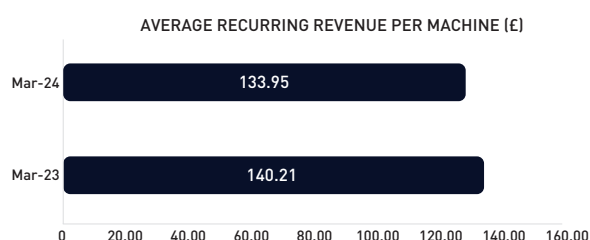
a) Pre-exceptional items, share-based payments and amortisation on a continuing basis

Turnover mix is shown in the chart below.

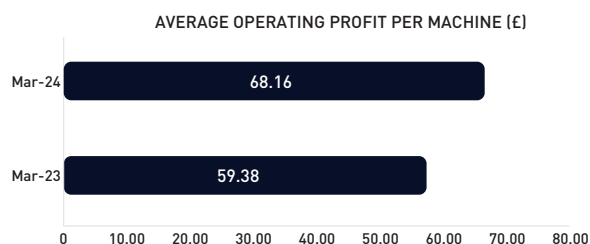
Recurring revenues were c 74% of turnover (2023: 80%), reflecting the mix of capex to recurring revenue, but with an underlying increase in recurring revenue growth of 2.2%.



Machine unit estate grew c6.4% year on year to an estate size of 36,083, with unit sales growth of c35.8% pre any customer estate refinement.



Average recurring revenue per machine unit was £133.95 (FY2023: £140.21), reflecting a growing footprint in larger customers who attract keener pricing, but absolute recurring revenue is increasing, nevertheless. As stated previously, this is an evolving growth story, with overall turnover and profit growth trends being driven by increased penetration of our contactless and telemetry solutions, and so these measures will flex each year.



## Financial Review (continued)

Profit per device increased 14.8% to £68.16 (FY2023: £59.38), reflecting the footprint growth, associated recurring revenue and cost base. As a result, profit grew to £2.46m from £2.01m last year, representing a growth of c22.4%

### SMART ZONES

Currently, the Smart Zones division principally consists of the core beer monitoring and insight business services (including the US).

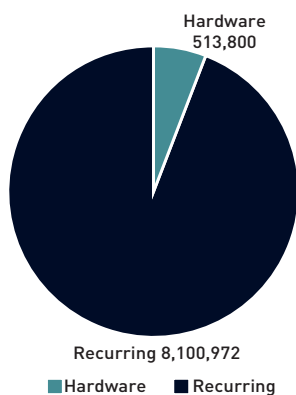
	FY2024	FY2023
Turnover	£8.62m	£8.16m
Operating profit (a)	£3.94m	£3.79m
Profit before tax	£2.76m	£2.97m
New site installations	260	259
YE net premises (b)	c. 9,638	c. 9,758

a) Pre-exceptional items, share-based payments and amortisation.

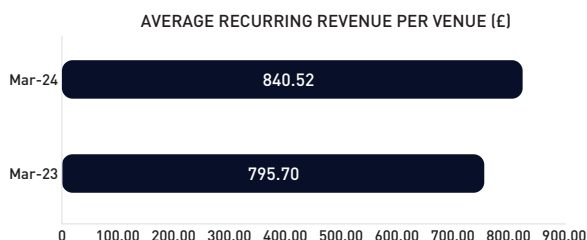
b) UK, USA, and Europe.

Turnover mix is shown below, with recurring revenue being 94% (2023: 95%).

SMART ZONES TURNOVER (£) - MAR 24

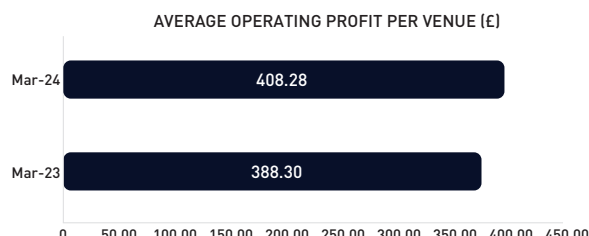


Recurring revenue per device has improved to £840.52 (2023: £795.70), an increase of 5.6%.



Average operating profitability per venue is measured by taking full-year operating profit before amortisation, share-based payments and exceptional items and dividing it by the total number of venues at the year-end.

Average adjusted operating profit per venue in the year grew to £408.28 (2023: £388.30), 5.1% year-on-year growth.



The division performed well from robust recurring revenue streams, new venue sales and a declining rate of pub disposals, coupled with the addition of the venues and their revenue streams from the USA BMI acquisition, demonstrating both the customer engagement for the services we provided and the resilience of the revenue model. The net estate at the year-end was circa 9,640 sites (UK, USA & Europe) versus last year's c.9,760.

Smart Zones operating profit of £3.94m (2023: £3.79m), c4% growth despite the increased USA losses from the post-acquisition costs of BMI.

### Taxation

The Group has continued to utilise available tax losses during the year resulting in no tax being paid (FY2023: £nil). The Group will continue to utilise the available tax losses carried forward into FY2025. The impact of tax movements in the year, including the tax rebate for prior year surrendered losses, contributed to an overall tax credit of £0.02m (FY2023 tax charge £0.29m), recognising the impact of the tax losses available and being utilised.

### Earnings per share

Basic EPS was 2.72p (2023: 0.56p). This reflects the step forward in results.

### Balance sheet and cash flow

The Group balance sheet remains strong, very capable of supporting our growth position and is further enhanced by the more flexible HSBC bank facility we now have.

The Group generated operating cash flow pre-working capital of £3.93m (2023: £3.53m) being 12.46% growth year on year.

Post working capital draw of £0.26m but receipt of a £0.922m tax rebate, there was a net inflow of £4.59m (2023: £2.04m), working capital movement being more normalised in the year.

The cash generated was used to continue to invest in the Group's technology plans, service less onerous borrowings, and acquire rental assets alongside some vehicle fleet refreshment.

At the year-end, the Group had borrowings of £3.34m (2023: £3.44m) across an RCF (Revolving Credit Facility), term loan and mortgage, with net debt of £1.52m (2023: £3.37m).

Our resilient balance sheet and capacity to generate cash provides the Company with a solid base to build on the results of FY2024 to pursue the significant growth opportunities that have been identified.

### Business risk

The Board and senior management review business risk two to three times per year. The last year has seen an increased inflationary environment. The Directors had considered the areas of potential risk in assessing the Group's prospects. Based on their review and having considered a range of factors such as market conditions, stock supply and premium costs, inflation, financial plans, and new bank facilities, they believe that the business is of sound financial footing and has a forward looking sustainable operating future. They note that the business has achieved financial results ahead of market expectation as at H1 2024 and prior year, set against overall market confidence in liquidity and credit.

The Directors consider that material business risks are limited to:

- Inflation remaining for a further period.
- The potential for a cyber security breach where data security is compromised resulting in unauthorised access to information which is sensitive and/or proprietary to Vianet or its customers. This threat is in common with most technology businesses, however both short term and long-term mitigation plans continue to be in place. Payment Card Industry Data Security Standard (PCI DSS - Level 1) highest level of compliance has already been achieved to support the Group's contactless payment solutions and by May 2022 all on premise servers are in the cloud.

### Going Concern

- As is required, the Board has considered "Going Concern" and, coupled with a new more flexible finance facility with HSBC, concluded we have sufficient cash and reserves see us through the 12 months post the signing date of the statutory accounts, and beyond with associated committed bank facilities. Going Concern is covered in more detail in the Report of the Directors.

### Key performance indicators

	Target	Actual 2024	Actual 2023
Percentage of revenue from recurring income streams <sup>1</sup>	80%	85%	89%
Gross Margin <sup>2</sup>	70%	69%	66%
Employee Turnover <sup>3</sup>	2%	1.7%	3.8%

### Notes to KPIs

<sup>1</sup> Percentage of revenue from recurring income streams = recurring income streams as a percentage of all income streams. Group trading companies aim to increase shareholder value through growth in revenue, linked to profitability (see Gross Margin below). Source data is taken from management information. The recurring contractual nature of the Company's income stream has led to continued improvement in performance versus target. The achievement of this target depends on the mix of new hardware sales versus on going recurring revenue.

<sup>2</sup> Gross Margin = Gross profit as a percentage of revenue. Group trading companies aim to generate sufficient profit for both distribution to shareholders and re-investment in the Company, as measured by Gross Margin.

<sup>3</sup> Employee Turnover = Gross trading companies aim to be seen as a good, attractive employer with positive values and career prospects, measured against internal People and Development reports. In addition to normal employee turnover, the figure also includes employees leaving as a result of business rationalisation activity.

# REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 2024.

## Business Risk

Business risk is discussed in the Chief Executive's report pages 5 to 16.

## Going Concern

The Directors, after having made appropriate enquiries, including (but not limited to) a review of the Group's budget for 2024/2025, two year plan including the budget, cash generating capacity at least 12 months from the date of signing (underpinned by long term contracts in place and historical results), cash funds in the balance sheet and new bank facilities as follows:

- 1) a £4m three year committed RCF from 1 August 2023
- 2) £0.84m fifteen year mortgage and,
- 3) £0.6m four year term loan

As a result, the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

## Current Trading

- The Group made an operating profit of £3.47 million for the year to March 2024. The underlying group retains a strong track record of earnings and cash growth. We have delivered a credible result to build from in what may be considered more normalised trading.
- The Group has bank facilities with HSBC which have been in place since 1 August 2023. This covers a £4m three year committed RCF (of which £2m is drawn), £0.84m fifteen year mortgage and £0.6m four year term loan.
- The Directors have prepared prudent forecasts through to March 2026, built from the detailed Board approved FY25 budget and a further forecast year to March 2026. The forecasts include a number of assumptions in relation to sales volume, pricing, margin impact and potential new avenues of business and associated bank facilities. These forecasts have been extended to March 26 to ensure the forecast period covers at least 12 months from signing the financial statements.
- The Group's trading and cash flow forecasts have been prepared on the basis of assumptions based on more normalised, underpinned by historical performance noted above.

The Groups cash flow forecast and projections, show that the Group will be able to operate within the level of its facilities for at least the next 12 months.

## **Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The Board of Directors of Vianet Group plc consider that, individually and collectively, they have acted in the way which in good faith would be most likely to promote the success of the Company for the benefit of its stakeholders, employees, customers, suppliers, local government and communities in accordance with the stakeholder and matters noted in S172(1)(a-f) of the Act in the decisions taken during the year reported on, having regard to;

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The need to regularly communicate with our Investor community
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct,
- The need to act fairly as between members of the Company
- Bank facilities in place

The Board looked to promote the success of the Company, having regard to the long term, whilst taking into account the interests of all stakeholders. Our strategy is designed to secure the long-term financial viability of the Company to the benefit of its members and all stakeholders. A main feature of this is to continue to operate the business within tight budgetary controls and in line with regulatory requirements. This was done in particular by reference to:

- our continued and ongoing communication with our employees
- our continued and ongoing communication with our investor community
- our continued priority for health and safety improvement measured through ongoing risk assessments, the KPIs on incidents and enhancement to health and safety across the business
- our continued review towards environmental compliance and protection
- the approval of our strategic objectives ('our strategy') for the Company
- the business plan for the next financial year ('our plan')
- the approval of terms to enter into significant contracts

We engage with stakeholders through regular meetings and dialogue with employees, customers, suppliers and investors. We undertake customer satisfaction surveys, periodic employee Best Company engagement survey and host regular live employee Q&A sessions. The Board have considered the impact of increased interest rates and inflationary economics. The new bank facilities do help mitigate and manage interest rate exposure as the facilities carry a lower interest rate margin above bank base rate, than the previous facilities have. The economy is expecting rates to reduce in the second calendar half of 2024.

While the company did face in FY23 increased cost of semi-conductor components, such high and extraordinary increases have now receded and are not expected to re-occur. Wage inflation has not affected the company, and fuel costs for running our fleet have started to normalise.

The Board continually recognises that our employees are fundamental to the success of the Company and the delivery of our plan and we are proud of how they have engaged over the last four very challenging year's. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is of primary concern in the way we do business and is monitored extensively by the Board.

# Report of the Directors (continued)

As the Board of Directors, our intention is to behave responsibly to all stakeholders and to ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours. Acting in this way will contribute to the delivery of our plan.

As the Board of Directors, our intention is also to make decisions which lead to the long-term success of the Company whilst behaving responsibly towards our Shareholders, treating them fairly and equally, so they benefit from the successful delivery of our strategy and plan.

## Financial Instruments

Information about the use of financial instruments by the company and its subsidiaries and the Group’s financial risk management policies is given in note 18.

## Environment

The Group recognises the important role it plays in the environment and communities within which it operates. The health, safety and wellbeing of our employees, compliance with regulations and monitoring of energy usage are important business priorities for the Group. Vianet is committed to conducting its business operations in an open and responsible manner and we recognise the need to continually improve our operations where practical to do so, to reduce our impact on the environment; to continuously improve assets and processes; to ensure the safety and welfare of our employees; and to act as a good neighbour, minimising the impact of our operations on the wider community.

The Company is not defined as a large company required to meet the full reporting required under the Streamlined Energy and Carbon Reporting (SECR) needs. That said, however, the company recognizes SECR and environmental objectives are an important matter to continually seek to address.

The company is not directly involved in manufacturing - we are a people based global business operating from one UK head office. As a company, however, we have embarked on an ESG programme that involved assessing how our office we operate from influences the environment and what actions we can take to improve that impact.

A full external audit was undertaken in 2021 which in summary confirmed we consumed in the region of 300,000 KWH or energy a year, or c78 tonnes of carbon.

We committed to a range of actions in 2022 the major component of which was installing 288 solar panels on the roof of our building.





This, along with several other initiatives, has seen a significant reduction in carbon consumption to around 135,000 KWH, representing c35 tonnes of consumption, around a 55% reduction in the year.

The services we provide reduce the carbon footprint significantly for some of our customer base - these factors will help us determine by when we can be confident of being a net zero carbon user.

The Group's policy with regard to the environment today, and in particular Health and Safety requirements, is to ensure that the Group's operational subsidiaries understand and effectively operate in such a way that they comply with all the legal requirements relating to the health and safety environments in which they operate. During the period covered by this report, no Group company has incurred any fine or penalties or been investigated for any breach of health and safety regulations.

## **Employees**

The Group places great importance on the involvement of its employees, the majority of whom are able to work closely with their managers on a daily basis. Employees are encouraged to be involved in the Group's performance through regular performance management, live Q&A company-wide sessions and in the adoption of an open door policy of engagement. Employees have frequent opportunities to meet and have discussions with management. The Group aims to keep employees regularly informed of the financial and economic factors affecting the performance of the Group and its objectives in part through the Group intranet and website and in part through regular communication.

The quality and commitment of our people overall has continued to play a major role in our business performance. This has been demonstrated in many ways, including improvements in employee engagement, cost of living support, customer satisfaction, contract gains and improved financial performance, the development of customer offering and the flexibility they have shown in adapting to changing business requirements and new ways of working. Employees' performance is aligned to company goals through an annual performance review process that is carried out with all employees. Employee turnover was 1.7% on average per month, above the target of 2% we have set.

The Group's policy is that, where it is reasonable and practicable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training and career development. We adopt an equal opportunities approach.

## **Research and Development**

The Group has a continuing commitment to levels of research and investment in ensuring systems are at the forefront of customer needs to ensure future growth. During the year expenditure on research and development was £1,724,000 (2023: £1,699,000) but the like for like underlying rate was £1,424,000 pre the impact of the BMI acquisition, all of which has been capitalised as an asset on the balance sheet.

## **Dividends**

The directors are proposing a final dividend in respect of the year ended 31 March 2024 of 0.75p per share payable on 2 August 2024 to shareholders on the register on 21 June 2024. Total dividend payable 0.75p (2023: 0.50p).

## **Capital Structure**

Details of the authorised and issued share capital, together with details of the movements in the company's issued share capital during the year are shown in note 20. The company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation.

The Directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights.

## Report of the Directors (continued)

Details of employee share schemes are set out in note 22 and no person has any special rights of control over the company's share capital and all issued shares are fully paid.

### Directors' Indemnity

Qualifying third party indemnity provisions are in force for the benefit of the directors.

### Directors and their interests

The current directors of the company are shown below.

Those directors serving at the end of the period had interests in the share capital of the company at 31 March as follows:

	Ordinary shares of 10p each 2024	Ordinary shares of 10p each 2023
J W Dickson	5,144,981	5,124,981
M H Foster	347,192	343,050
S Panu	310,000	75,000
D Coplin	7,500	7,500

### Directors' emoluments

Details of Directors' emoluments for the year are as follows:

	Salary and fees 2024 £'000	Other emoluments 2024 £'000	Total emoluments 2024 £'000	Salary and fees 2023 £'000	Other emoluments 2023 £'000	Total emoluments 2023 £'000
<b>Executive</b>						
M H Foster	255	39	294	241	39	280
J W Dickson	224	27	251	247	-	247
<b>Non-executive</b>						
C Williams	-	-	-	11	-	11
D Coplin	33	-	33	32	-	32
Stella Panu	37	-	37	20	-	20
Total	549	66	615	551	39	590

1. Executive remuneration is determined by the remuneration committee consisting of non-executive Directors D Coplin, S Panu, and Chairman J W Dickson. Director remuneration is externally benchmarked to ensure it is appropriate for the roles the directors undertake.
2. Other emoluments received consist of the provision for private medical care, motor car allowances and pension contributions.
3. S Panu fees for 2024 were paid to Heron Consulting Group Limited, a company of which she is a Director.
4. Pension contributions represent payments made to defined contribution schemes. Payments made are disclosed within other emoluments. Non-executive Directors are not entitled to retirement benefits.
5. The company does not have a formal policy for directors notice periods, they are in line with best practice for an AIM listed business.
6. M H Foster has 19 years' service, J W Dickson 21 years' service, D Coplin 7 years' service, S Panu 2 year service.

## Directors' share options

Details of the share options held by Directors are as follows:

	At 1 April 2023	At 31 March 2024	Option price	Date granted
M H Foster	135,000	135,000	85.0p	April 2014*
	124,000	124,000	103.0p	December 2015
	100,000	100,000	72.0p	February 2021
	100,000	100,000	75.0p	February 2023*
James Dickson	250,000	250,000	75.0p	February 2023
Dave Coplin	50,000	50,000	75.0p	February 2023*
Stella Panu	50,000	50,000	75.0p	February 2023*

\* Unapproved

Share options are exercisable between nil and ten years from the date of the grant.

No options have been exercised by Directors in the current or prior year.

The market price of the Company's shares at the end of the financial year was 111.5p and the range of market prices during the year was between 118.5p and 63.5p.

## Long Term Incentive Plan

Vianet adopted a new LTIP scheme on 17 December 2015. On 21 December 2015, awards were granted to five members of staff, who each had a percentage entitlement in the overall awards pool. Further detail is provided on page 70. The LTIP scheme remains in place for one member of staff. No awards were made during the year.

## Substantial Shareholdings

The Company has been informed that on 1 May 2024 the following shareholders (excluding Directors) held substantial holdings of the issued ordinary shares of the company:

	Holding of Ordinary shares Number	Issued Share capital %
Gresham House plc	5,087,286	17.29%
Liontrust Asset Management	2,520,942	8.57%
Interactive Investor Trading	1,583,064	5.38%
Hargreaves Lansdown plc	1,106,802	3.76%
Canaccord Genuity	1,072,300	3.65%
Teviot Partners LLP	988,610	3.36%

## Annual General Meeting

The Annual General Meeting will be held on 18 July 2024 at 11.00pm, at the company's offices One Surtees Way, Surtees Business Park, Stockton on Tees, TS18 3HR.

# Report of the Directors (continued)

## Statement of Directors' responsibilities for the financial statements

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 elected to prepare the group and company financial statements in accordance with UK adopted International Accounting Standards, ('IFRS') in conformity with the requirements of 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 company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 they have been prepared in accordance with UK adopted international accounting standards (IFRS) in conformity with the requirements of Companies Act 2006, subject to any material departures disclosed and explained in the financial statements
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Auditor

BDO LLP has indicated its willingness to continue in office. A resolution for its re-appointment as independent auditor will be proposed at the AGM.

## Approval

The report of the Directors was approved by the Board on 20 June 2024 and signed on its behalf by:



**Mark Foster**  
Director

# CORPORATE GOVERNANCE STATEMENT

## General Principle

### The QCA Code

The Company has adopted the QCA Code in compliance with Aim Rule 26. A very in depth explanation on how Vianet complies with the Code and the ten principles of the Code and how the Company addresses these can be found on the Company Investor website link noted below;

<https://vianetplc.com/wp-content/uploads/2024/05/2024.05.13-VNET-Corporate-Governance-Statement-May-24.docx>

We summarise the key Corporate Governance features below and, in addition, we further comment on certain principles of the Code as follows;

### Principle 1: Establish a strategy and business model which promotes long terms value for stakeholders

Narrative covering the strategy and business model of the Group is included in the Strategic Report to this Annual Report and Financial statements, include key challenges in their execution.

### Principle 8: Promote a culture that is based on our values and behaviours

The Board aims to lead by example and do what is in the best interests of the Company. The Group's culture, values and frameworks, whereby everyone at Vianet collectively and individually always 'seeks to do the right thing' for customers, suppliers, colleagues, shareholders and other stakeholders, are fundamental to delivering business growth.

Living and breathing 'doing the right thing' not only underpins Vianet's ethos and corporate governance but also the reputation for integrity and transparency, which is a key component of the Group's solutions for customers.

The Board ensures that the company has the means to determine that values are recognised and respected through its reward and recognition frameworks from performance and development review through to recognition awards

Over the period, general positive feedback has been received from shareholders in relation to the management. There have been no other key governance matters to report during the year.

## The Board

The below disclosures in respect of the makeup of the Board are considered to comply with Principle 5: Maintain the board as a well-functioning balanced team led by the Chair:

The Board currently consists of one Executive and three Non-Executive Directors as follows:

### Executive Directors

M H Foster (Chief Financial Officer and Company Secretary)

### Non-Executive Directors

J W Dickson (Chairman/CEO)

D Coplin

S Panu

All Directors have access to the advice and services of the Company Secretary.

There is a clear division of responsibilities between the Chairman, who is responsible for the running of the Board, and the acting Chief Executive Officer, who, together with the other Executive Director, are responsible for running the business.

## Corporate Governance statement (continued)

The Board meets regularly, with no less than eight meetings planned over 10 days in any one calendar year. All Board members attended each meeting that was planned in the year.

Each Director is provided with sufficient information to enable them to consider matters in good time for meetings and enable them to discharge their duties properly. There is a formal schedule of matters reserved for Board approval. In principle the Board agrees the Group business plan, determines overall Group Strategy, acquisition, investment, people and development and health and safety policies, as well as approval for major items of capital expenditure.

The Directors continually ensure they are trained in association with duties and responsibilities of being a Director of a listed Company.

To add further detail in support of the QCA code;

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

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of IOT, b2b, software as a service, finance, innovation, international trading, ecommerce and marketing. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting.

All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.

#### Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.

Mark Foster, CFO, and David Coplin, Non Executive Director, retired by rotation this year and, being eligible for re-election will be re-appointed to the Board at the AGM on 18 July 2024.

#### Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Mark Foster, Company Secretary and Chief Financial Officer who in turn may refer directly to the Group's advisors, in particular the company lawyers and auditors.

The Company Secretary is responsible for ensuring that the Board procedures are followed and that the Company complies with all applicable rules and regulations, governing its operation

The Board and senior management from time to time seek advice on significant matters from external advisers. These advisers include, amongst others, the Company's nominated adviser and broker, public relations, external auditors, legal advisers, capital advisory services and remuneration advisory services.

The independent non-executive Directors being James Dickson (Chairman), currently CEO, David Coplin and Stella Panu, bring an independent judgement to the management of the Group. They are free from any business or other relationships which could interfere with the exercise of their judgement. The non-executive Directors fulfil a key role in corporate accountability.



The Board considers, after careful review, that the Non-Executive Directors bring an independent judgement to bear. In particular, the Board has considered the independence of James Dickson, Chairman and current CEO - who was CEO until 2013 and holds a shareholding of c17.49% and has concluded that his interests are fully aligned to shareholders.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company and markets on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Chairman holds regular update meetings with each Director to ensure they are performing as they are required and comfortable that they are allowed to do so independently in an inclusive environment. During the year nine Board meetings took place including two two-day Performance & Strategy Reviews with senior management. All Board members attended all meetings.

Key Board activities this year included:

- Input into our strategic priorities and accelerating the growth plan
- Ongoing open dialogue with the investment community, including follow up meetings with the Chairman.
- Considered our financial and non-financial policies.
- Discussed the Group's capital structure and financial strategy, including capital investments, shareholder returns and the dividend policy
- Reviewed the investment justification and progress of the Group's technology platform and infrastructure development.
- Discussed internal governance processes
- Reviewed the Group risk register
- Reviewed feedback from shareholders post full and half year results
- Ongoing review and monitoring of Health & Safety, GDPR and Cyber Security
- Discussed and supported the Group's response to the Coronavirus pandemic including a Going Concern review.

Time commitments and meetings attended by directors is available in the Company's annual report however the Company's Non-Executive Directors are expected to commit between 15-18 days per year to the Company and the Chairman is expected to commit at least 40 days per year to the Company, however as the Chairman has been acting as the CEO since December 2020, he is full time.

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

As regards evaluating Board performance, we adopt Principle 7 of the QCA code, noted below;

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

The Chairman assesses the individual contributions of each of the members of the team on an ongoing basis to ensure that:

- Their contribution is relevant and effective
- That they are committed
- Where relevant, they have maintained their independence

## Corporate Governance statement (continued)

The chairman holds regular individual reviews with each board member to discuss matters reserved for the Board and matters impacting Board effectiveness.

The last internal Board effectiveness evaluation sought anonymous feedback from Directors and senior managers covering areas including structure & skills, operating effectiveness, quality & timeliness of information, and board development. This exercise identified a number of areas for positive action including a modest increase in the number of Board meetings from 6 to 8 comprising:

- Two two-day Board meetings incorporating Performance & Strategy reviews with senior management attending
- 6 one day Board meetings. The All board meetings are face to face, however MS Teams can be utilised where travel logistics are problematic.

This resulted in greater exposure between management and Non-Executive Directors, and also enables the board to have more in depth discussions with more timely decision making and action.

The evaluation also concluded that the Chairman, whilst occasionally direct, has an open, inclusive leadership style, demonstrates independence and objectivity, and has a strong understanding of the business.

The next Board Effectiveness Review is due in September 2024, when we intend to review the performance of the team as a unit to ensure that the members of the board collectively function in an efficient and productive manner

### Board Committees

The Group has established a number of committees, details of which are set out below and all of which operate with defined Terms of Reference. All committees operate within those terms of reference and where appropriate pay due regard to the Companies risk register as needed in discharging the responsibilities of their roles.

As regards evaluating Board committees, we adopt Principle 10 of the QCA code, noted below;

### Audit Committee

This consists of:

S Panu (Chairman)  
J W Dickson  
D Coplin

It meets at least twice in any year and is usually attended as a minimum by the Chief Executive Officer and the Chief Financial Officer, as well as the Group's External Auditor. All members attended each meeting that occurred during the year.

The Audit Committee has terms of reference (which are available for inspection) to report on matters such as the Group's annual accounts, interim reports, major accounting issues and developments, the appointment of external auditor and their fee, the objectivity of the auditor, the Group's statement on internal control systems and the scope and findings of external audit.

The Audit Committee business covers Full and Interim audit results, review of half and full year results announcements, key audit findings and a review of the risk register. All of the Committee's duties were discharged during the period by a review of all these business areas. An audit committee meeting was held on 4 June 2024 in respect of the full year results to 31 March 2024 with BDO LLP. An Audit Committee was held on 5 December 2023 for the half year results. The external auditors plan for the audit of these Group financial statements was approved and an Audit Committee meeting was held on 4 June 2024 to review and discuss the financial statements, including the external auditors detailed audit completion report including the consideration of key audit matters and risks.

## Remuneration Committee

This consists of:

D Coplin (Chairman)  
J W Dickson  
S Panu

The Remuneration Committee has terms of reference (which are available for inspection) and meets at least twice per year, reviewing and advising upon the remuneration and benefit packages of the Executive Directors and other senior management. The Chief Executive attends only in relation to senior management matters on the agenda however, and is not in attendance for matters relating to the Group Chairman and Chief Executive remuneration. The remuneration of the Chairman and non-executive Directors is normally decided upon by the Board's Executive Directors, however the Chairman's remuneration for the additional responsibility on the acting CEO was decided by the non-executive directors and the CFO. All members attended each meeting that occurred during the year.

The Remuneration policy is to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhancing shareholder value.

The remuneration of the Executive Directors consists of a basic salary and benefits, performance related bonuses and share options. The non-Executive Directors are eligible for performance related share options. Information on Directors share interests, Directors remuneration & emoluments, Directors share options and share option schemes can be found above in the Report of the Directors on pages 21 and 22.

## Nominations Committee

This consists of:

J W Dickson (Chairman)  
S Panu  
D Coplin

The Committee has met two times during the course of the year with particular focus on senior management structure. The Committee has terms of reference which are available for inspection. All members attended each meeting that occurred during the year.

## Internal Control and Risk Management

The below disclosures in respect of the internal control and risk management are considered to comply with Principle 4: Embed effective risk management, considering opportunities and threats, throughout the organisation:

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, and recognises these systems are designed to manage rather than eliminate the risk of material loss.

The Board monitors risk through ongoing processes and provides assurance that the significant risks faced by the Group are being identified, evaluated and appropriately managed.

The main elements of the internal control systems are:

- management structure with clearly identified responsibilities
- budget setting process including longer term forecast review and plans
- comprehensive monthly financial reporting system, with comparison to budget, supported by written report from the Chief Executive Officer and Chief Financial Officer
- report to the Audit Committee from the external auditor stating the material findings arising from the audit. This report is also considered by the main Board and action taken where appropriate

# Corporate Governance statement (continued)

- a framework for capital expenditure and controls including authorisation procedures and rules relating to delegation of authority
- risk management policies to manage issues relating to health and safety, environment, legal compliance, insurance and security
- day to day hands on involvement of the Executive Directors

As a result of the above systems and controls, and due to its current size, the Group does not operate an internal audit function, but is keeping its position under review. We believe these are key areas of risk under Companies Act 2006 s414C (2) and are noted below;

Risk description	Mitigation
<p><b>General economic risk</b> The performance of the business is linked to economic activity in two vertical markets currently, the pub retailing market and unattended retail vending</p>	<ul style="list-style-type: none"> <li>• Close customer relationships and long term contracts</li> </ul>
<p><b>Cyber Security</b> A cyber security breach where customer data security is compromised resulting in unauthorised access to sensitive/proprietary customer information.</p>	<ul style="list-style-type: none"> <li>• Ongoing PCI-DSS compliance – Level 1</li> </ul>
<p><b>Environmental sustainability</b> The company is seeking to address a sustainability agenda around health, safety and wellbeing, operating efficiently giving due regard to environmental responsibility.</p>	<ul style="list-style-type: none"> <li>• See above section.</li> </ul>
<p><b>Price Risk</b> Price pressure from suppliers in the semi-conductor commodity market (less of a risk today)</p>	<ul style="list-style-type: none"> <li>• Agree forward buying of components and healthy stock levels</li> </ul>
<p><b>Technological factors</b> Technological risk factors may cause technology in use to become obsolete or too costly to maintain</p>	<ul style="list-style-type: none"> <li>• Vianet has a full technology strategy both commercially and infrastructure wise</li> <li>• Employ strategic planning to make timely investments in existing and new equipment</li> </ul>
<p><b>Ukraine/Russia risk</b> While the impact currently is minimal, the Board will monitor events and sanctions as they unfold and act accordingly.</p>	<ul style="list-style-type: none"> <li>• The Company has implemented all recommended review actions and has support contracts ready to implement if needed</li> </ul>

## Shareholder and Stakeholder Communication

The Group places a high level of importance on communicating with its shareholders and key stakeholders including customers, suppliers and employees. The Group welcomes and encourages such dialogue with all such parties and with the investor community in compliance with the regulations governed by the London Stock Exchange. The Group actively engages directly with shareholders and works closely with Cavendish its nominated advisor and broker, Weston Advisors and H2Glenfern, investor communications and corporate finance & relations advisors.

While attending to full and half year investor meetings and follow up, the Directors actively engage in new and existing investor contact throughout each reporting period. This is also the case with customers and suppliers as needed, and very importantly with employees, undertaking a periodic engagement survey to determine employee engagement and views on the company and actions that may need to be considered to build upon that engagement.

Whilst the challenges of the pandemic and the semi-conductor chip supply issues were addressed in FY21-FY23 it did afford the Board and management with a great opportunity to demonstrate leadership and engage proactively with all stakeholders. Many of the activities and actions have been covered in prior year reports, however it is worthy to note that employee engagement and welfare management has been exceptionally good, and we continue with regular live all business MS Teams question and answer sessions attended by over 90% of employees with the recording available to those who were unable to join.

The Group prides itself on pro-active communication across all interested parties where appropriate as our relationships with investors, customers, suppliers and employees form core foundations upon which the businesses success is built, and it is the Directors considered view that we treat all such parties fairly and impartially.

### **Share Options**

The share option plans in existence on 31 March 2024 were the EMI plan, the Executive plan, the Employee Plan, and a Long-Term Incentive Plan. Share options will be issued at appropriate intervals in order to motivate and retain Executive Directors, senior management and other key staff whilst aligning their interests with those of the Group's shareholders. Such grants are approved by the Remuneration Committee.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIANET GROUP PLC

## Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Vianet Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash flow Statement and Notes to the Consolidated Financial Statements, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the Company Balance Sheet, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

## Basis for opinion

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

## Independence

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

## Conclusions relating to going concern

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

- Obtaining and examining the Boards' Going Concern paper alongside supporting forecasts for the period of at least twelve months from when the financial statements are authorised for issue;
- Challenging the Directors' assumptions, such as revenue pipeline, as used in the forecast period through review of the historic forecast accuracy, comparing forecasts to post year end results, cost performance, current business trends and pipeline/contract analysis;
- Considering the Boards' probable scenarios of sensitivities, to understand the robustness of the forecast trading model and the headroom available to the Group and Parent Company;
- Review of the available cash and financing facilities within the Group, and evaluation of the Directors' downside sensitivities on cash flow headroom, incorporating a review of financial covenants compliance and headroom analysis throughout the forecast period; and
- Review of the disclosures made in the financial statements.

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 and the Parent 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.

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

**Overview**

<b>Coverage</b>	95% of Group profit before tax 100% of Group revenue 95% of Group total assets	
<b>Key audit matters</b>	<b>2024</b>	<b>2023</b>
	Valuation of non-current assets <input type="checkbox"/>	<input type="checkbox"/>
<b>Materiality</b>	<b>Group financial statements as a whole</b> £228k (2023: £212k) based on 1.5% of revenue (2023: 1.5% of revenue).	

**An overview of the scope of our audit**

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Parent Company and Vianet Limited were considered to be significant components and were subject to a full scope audit by the Group audit team, covering 100% of the revenue of the Group for the year.

Non-significant components (being Vianet Americas Inc), were subject to specified audit procedures and relevant analytical procedures. The cost base included in these non-significant components was approximately £0.9m which was audited by the group audit team.

# Independent auditor's report (continued)

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Valuation of non-current assets</b></p> <p>The Group's accounting policies on goodwill and intangibles are shown in notes 1.6 - 1.8 and 2.1 to the financial statements and related disclosures are included in notes 10 and 11.</p> <p>In line with the requirements of the relevant accounting standards management test non-current assets annually for impairment.</p> <p>The non-current assets impairment assessment model prepared by management, based on the expected present value of future cash flows to be generated from both the Smart Zones and Smart Machines cash generating units, is underpinned by a number of estimates including future cash flows, growth assumptions and the discount rate.</p> <p>The impairment assessment model prepared by management is sensitive to changes in the assumptions adopted. There is also additional uncertainty in predicting future cash flows due to inflationary pressures in the macro-economic environment.</p> <p>Due to the assumptions involved we considered this to be a key audit matter, alongside the related disclosures to ensure compliance with relevant accounting standards in particular in relation to the level of estimation uncertainty inherent in the assessment.</p>	<p>We assessed the underlying methodology for the impairment assessment to check it was in accordance with the requirements of accounting standards.</p> <p>We performed procedures to assess and challenge the assumptions underpinning management's impairment assessment model including:</p> <ul style="list-style-type: none"> <li>• Testing the mathematical accuracy of the calculations and the integrity of the underlying data;</li> <li>• Agreeing forecast cash flows to Board approved budgets (as reviewed in the going concern review) and reviewing the reasonableness of the assumptions adopted against our understanding of past performance, market opportunities available to the Group and wider sector growth expectations;</li> <li>• Challenging the growth assumptions adopted by management for future periods to market expectations and considering the sensitivity to changes in the assumptions;</li> <li>• Considering the short-term and long-term impacts of inflationary pressures in the macro-economic environment and how this has been factored into forecast cash flows;</li> <li>• Assessing the discount rate applied including consideration of whether it appropriately takes account of additional risks arising from inflationary pressures in the macro-economic environment; and</li> <li>• Assessing the disclosures made in relation to goodwill and other non-current assets, to ensure compliance with relevant accounting standards, in particular in relation to the level of estimation uncertainty inherent in the assessment.</li> </ul> <p><b>Key observations</b></p> <p>Based on the procedures performed we did not identify any issues with the assumptions underpinning management's assessment of the valuation non-current assets, and consider the associated disclosures to be reasonable.</p>



## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2024 £k	2023 £k	2024 £k	2023 £k
<b>Materiality</b>	228	212	115	115
<b>Basis for determining materiality</b>	1.5% of revenue	1.5% of revenue	51% of group materiality	54% of group materiality
<b>Rationale for the benchmark applied</b>	We considered revenue to be the most appropriate measure of performance for users of the financial statements, given the volatility in profit before tax.	We considered revenue to be the most appropriate measure of performance for users of the financial statements, given the volatility in profit before tax.	Calculated as a percentage of Group materiality given the assessment of aggregation risk.	Calculated as a percentage of Group materiality given the assessment of aggregation risk.
<b>Performance materiality</b>	171	159	86	86
<b>Basis for determining performance materiality</b>	75% (2023: 75%) of materiality, based upon there being a limited number of areas subject to significant estimation uncertainty and no significant errors identified in the prior period.			

## Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of 95% (2023: 95%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. In the audit of each component, we further applied performance materiality levels of 75% (2023: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £6.5k (2023: £6.3k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Independent auditor's report (continued)

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<p><b>Strategic report and Directors' report</b></p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>• the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li> <li>• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<p><b>Matters on which we are required to report by exception</b></p>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>• the Parent Company financial statements are not in agreement with the accounting records and returns; or</li> <li>• certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>• we have not received all the information and explanations we require for our audit.</li> </ul>

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **Extent to which the audit was capable of detecting irregularities, including fraud**

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:

#### **Non-compliance with laws and regulations**

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, GDPR, PAYE and VAT legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### **Fraud**

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - o Detecting and responding to the risks of fraud; and
  - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

## Independent auditor's report (continued)

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias (including the valuation of non-current assets – refer to key audit matters above); and
- Testing a sample of revenue transactions across the year to check these are recorded in the correct period and were not fictitious in nature.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
*Mark Langford*  
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Mark Langford (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Leeds, UK  
20 June 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

	Note	Before Exceptional 2024 £000	Exceptional 2024 £000	Total 2024 £000	Before Exceptional 2023 £000	Exceptional 2023 £000	Total 2023 £000
Revenue	3	15,176	-	15,176	14,115	-	14,115
Cost of sales		(4,745)	-	(4,745)	(4,737)	-	(4,737)
<b>Gross profit</b>		<b>10,431</b>	<b>-</b>	<b>10,431</b>	<b>9,378</b>	<b>-</b>	<b>9,378</b>
Administration and other operating expenses		(6,962)	(145)	(7,107)	(6,273)	(122)	(6,395)
<b>Operating profit pre amortisation and share based payments</b>		<b>3,469</b>	<b>(145)</b>	<b>3,324</b>	<b>3,105</b>	<b>(122)</b>	<b>2,983</b>
Intangible asset amortisation		(2,164)	-	(2,164)	(2,254)	-	(2,254)
Share based payments		(100)	-	(100)	(71)	-	(71)
Total administrative expenses		(9,226)	(145)	(9,371)	(8,598)	(122)	(8,720)
<b>Operating profit</b>		<b>1,205</b>	<b>(145)</b>	<b>1,060</b>	<b>780</b>	<b>(122)</b>	<b>658</b>
Finance costs	6	(276)	-	(276)	(206)	-	(206)
Profit before tax	5	929	(145)	784	574	(122)	452
Income tax credit/(charge)	7	17	-	17	(291)	-	(291)
<b>Profit and other comprehensive income for the year</b>		<b>946</b>	<b>(145)</b>	<b>801</b>	<b>283</b>	<b>(122)</b>	<b>161</b>
<b>Earnings per share</b>							
<b>Total</b>							
- Basic	8			2.72p			0.56p
- Diluted	8			2.69p			0.56p

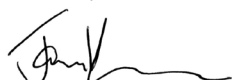
All operations are continuing. Total comprehensive income being attributable to equity holders of the parent. The accompanying accounting policies and notes form an integral part of these financial statements. Details of the exceptional items are included in note 4.

# CONSOLIDATED BALANCE SHEET

at 31 March 2024

	Note	2024 €000	2023 €000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10	17,856	17,856
Other intangible assets	11	5,884	5,425
Property, plant and equipment	12	3,327	3,370
<b>Total non-current assets</b>		<b>27,067</b>	<b>26,651</b>
<b>Current assets</b>			
Inventories	13	2,185	2,275
Trade and other receivables	14	3,873	3,781
Cash and cash equivalents	24	1,822	69
		7,880	6,125
<b>Total assets</b>		<b>34,947</b>	<b>32,776</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	3,061	2,348
Leases	16	123	70
Borrowings	17	177	1,925
		3,361	4,343
<b>Non-current liabilities</b>			
Leases	16	157	122
Borrowings	17	3,159	1,517
Deferred tax liability	19	810	827
Contingent consideration	15	268	-
		4,394	2,466
<b>Equity attributable to owners of the parent</b>			
Share capital	20	2,940	2,880
Share premium account		11,748	11,711
Capital redemption	1.18	32	15
Share based payment reserve		583	563
Merger reserve	1.18	818	310
Retained profit		11,071	10,488
<b>Total equity</b>		<b>27,192</b>	<b>25,967</b>
<b>Total equity and liabilities</b>		<b>34,947</b>	<b>32,776</b>

The Group financial statements were approved by the Board of Directors on 20 June 2024 and were signed on its behalf by:



**J Dickson**  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Share capital £000	Share premium account £000	Own shares £000	Share based payment reserve £000	Merger reserve £'000	Capital Redemption £000	Retained Profit £000	Total £000
<b>At 1 April 2022</b>	2,880	11,711	-	499	310	15	10,320	25,735
Share based payments	-	-	-	71	-	-	-	71
Share option forfeitures	-	-	-	(7)	-	-	7	-
Transactions with owners	-	-	-	64	-	-	7	71
Profit and total comprehensive income for the year	-	-	-	-	-	-	161	161
Total comprehensive income less owners' transactions	-	-	-	64	-	-	168	232
<b>At 31 March 2023</b>	2,880	11,711	-	563	310	15	10,488	25,967
<b>At 1 April 2023</b>	2,880	11,711	-	563	310	15	10,488	25,967
Dividends	-	-	-	-	-	-	(148)	(148)
Share based payments	-	-	-	100	-	-	-	100
Share option forfeitures	-	-	-	(80)	-	-	80	-
Share Capital Issued	77	37	-	-	508	-	-	622
Shares Cancelled	(17)	-	-	-	-	17	(150)	(150)
Transactions with owners	60	37	-	20	508	17	(218)	424
Profit and total comprehensive income for the year	-	-	-	-	-	-	801	801
Total comprehensive income less owners' transactions	60	37	-	20	508	17	583	1,225
<b>At 31 March 2024</b>	2,940	11,748	-	583	818	32	11,071	27,192

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
<b>Cash flows from operating activities</b>			
Profit for the year		801	161
<b>Adjustments for</b>			
Interest payable	6	324	236
Interest receivable		(48)	(30)
Income tax (credit)/charge		(17)	1,213
Amortisation of intangible assets	11	2,164	2,254
Depreciation	12	544	519
Disposal of property, plant and equipment	5	61	24
Share based payments		100	71
<b>Operating cash flows before changes in working capital and provisions</b>		3,929	4,448
Change in inventories		91	(702)
Change in receivables		(996)	(1,091)
Change in payables		646	(618)
Operating cash flows post changes in working capital and provisions		(259)	(2,411)
Cash generated from operations		3,670	2,037
Income taxes refunded		922	
<b>Net cash generated from operating activities</b>		4,592	2,037
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	12	(577)	(651)
Capitalisation of development costs	11	(1,724)	(1,699)
Purchases of other intangible assets	11	(8)	(4)
<b>Net cash used in investing activities</b>		(2,309)	(2,354)
<b>Cash flows from financing activities</b>			
Net interest payable		(324)	(236)
Net interest receivable		48	30
Repayment of leases		(84)	(65)
Repayments of borrowings		(2,378)	(992)
New loans		3,440	-
Payment of contingent consideration		-	(16)
New leases		190	231
Dividends paid		(148)	-
Shares repurchased and cancelled		(150)	-
Issue of share capital		44	-
<b>Net cash used in financing activities</b>		638	(1,048)
Net increase in cash and cash equivalents		2,921	(1,365)
Cash and cash equivalents at beginning of period		(1,099)	266
<b>Cash and cash equivalents at end of period</b>		1,822	(1,099)
Reconciliation to the cash balance in the Consolidated Balance Sheet			
Cash balance as per consolidated balance sheet		1,822	69
Bank overdrafts (see note 18)		-	(1,168)
Balance per statement of cash flows		1,822	(1,099)



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

## 1. Significant accounting policies

### 1.1 Basis of preparation and Going Concern

Vianet Group plc is incorporated in England and Wales and quoted on the London Stock Exchange's Alternative Investment Market. The registered address is One Surtees Way, Surtees Business Park, Stockton on Tees, TS18 3HR. Further copies of these financial statements will be available at the Company's registered office: which is detailed in the Company Information page of this Annual Report, page 1.

The principal activities for the Group are detailed in the Strategic report.

The financial statements have been prepared in accordance with UK adopted International Accounting Standards ('IFRS') in conformity with the requirements of Companies act 2006.

The financial statements have been prepared on the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. The measurement bases and principal accounting policies of the Group are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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 period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates as a result of for example unforeseen inflationary pressures or global supply and stock price premium impacts.

In considering the going concern aspect of the business, the Directors paid due regard to their financial forecasts over the next 2 years, increasing contracted revenue streams, and new bank facilities from 1 August 2023 as follows:

- 1) a £4m three year committed RCF (of which £2m is drawn)
- 2) £0.84m fifteen year mortgage and,
- 3) £0.6m four year term loan

As a result of the above actions and bank facilities, the Directors have produced revised forecasts and also considered possible downside impacts alongside having made appropriate enquiries, including (but not limited to) a review of the Group's budget for 2024/2025, and cash generating capacity at least 12 months from the date of signing (underpinned by long term contracts in place and historical results). Such possible downside impact includes economic inflationary back drop and any sensitivity on income levels.

Together with both the comments noted in the Chairman's report and Strategic and Director reports, and a formal going concern paper we have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### 1.2 Subsidiaries

The consolidated financial statements incorporate the results, assets, liabilities and cash flows of the company and each of its subsidiaries for the financial year ended 31 March 2024.

Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if the Group has all of the following elements:

- power over the entity, i.e. the Group has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the entity's returns)
- exposure, or rights, to variable returns from its involvement with the entity
- the ability to use its power over the entity to affect the amount of the Groups returns

# Notes to the Financial Statements for the year ended 31 March 2024 (continued)

## 1. Significant accounting policies (continued)

The results, assets, liabilities and cash flows of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Unrealised gains on transactions between the Group parent and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

### 1.3 Business combinations

For business combinations occurring since 1 January 2010, the requirements of IFRS 3 have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at the acquisition date fair values.

Under IFRS 3 'Business Combinations' and IFRS 9 'Financial Instruments', management should account for contingent consideration by fair valuing the balance at each reporting date. Any changes in fair value shall be recognised in profit or loss. Please refer to Exceptional cost note 4 in the Financial Review.

### 1.4 Revenue recognition

Revenue arises from the provision of actionable data and business insight services through connected devices. To determine whether to recognise revenue, the Group follows a 5-step process as follows:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT and other sales related taxes. There is no return or refund obligation. Typical payment terms are 30 days from date of invoice and terms do not include a significant financing component.

### Smart Zones and Smart Machines

Customer income is recognised at the point of installation or delivery in respect of outright sale or rental of the connected device, in accordance with contractual terms which can include payments in advance for which we would defer the appropriate amount of income over the length of the contract until a point in time when control is transferred to the customer. Accrued income can arise in relation to customers who are on different billing cycles to a calendar month. Data insight is recognised over time, based upon the timing of data collected from customers connected devices.

### Smart Zones

There are two performance obligations with customers, one being the provision of data insight from data collected from customers connected devices and the other being either the outright sale or rental of the connected device to collect the data. Data insight involves web based reporting and business asset performance for our customers and potential marketing insight to the respective industries.

## **1. Significant accounting policies (continued)**

Therefore, as such, there are separately identifiable transaction prices for either performance obligation. The transaction prices are set out in the customers' contract and is made up of either a fixed charge for the outright sale of the connected device or a fixed element in the form of a monthly income in respect of the data insight or the rental of the connected device. Revenue is recognised when the performance obligations have been satisfied in line with the contract.

There are no unusual or variable payment terms in relation to performance obligations offered to customers.

The customer may from time to time request a repair to their equipment. Revenue is recognised when the performance obligation has been satisfied.

### **Smart Machines**

There are two performance obligations with customers, one being the provision of data insight from data collected from customers connected devices and the other being either the outright sale or rental of the connected device to collect the data.

Therefore, as such, there are separately identifiable contracted transaction prices for either performance obligation noted in each customer's contract. The transaction prices are set out in the customers' contract and is made up of either a fixed charge for the outright sale of the connected device or a fixed element in the form of a monthly income in respect of the data insight or the rental of the connected device. Revenue is recognised when the performance obligations have been satisfied in line with the contract.

There are no unusual or variable payment terms in relation to performance obligations offered to customers.

The customer may spontaneously request a repair to their equipment. Revenue is recognised when the obligation has been satisfied.

## **1.5 Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

## **1.6 Goodwill**

Goodwill on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary. Goodwill is not amortised, but tested at least annually for impairment, and carried at cost less accumulated impairment losses. Impairment losses are immediately recognised in profit or loss and are not subsequently reversed.

Goodwill arising on acquisitions before the date of transition of 1 January 2010 to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Tests have been undertaken using commercial judgements and a number of assumptions and estimates have been made to support the carrying amount, assessed against discounted cash flows. The details of these assumptions are set out in note 10.

# Notes to the Financial Statements for the year ended 31 March 2024 (continued)

## 1. Significant accounting policies (continued)

### 1.7 Intangible assets: business combinations

#### Acquisition as part of a business combination

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill at their fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets acquired as part of a business combination and recognised by the Group include customer contracts, patents and order book.

After initial recognition, intangible assets acquired as part of a business combination are carried at cost less accumulated amortisation and any impairment losses recognised in administrative expenses in the statement of comprehensive income.

#### Amortisation

Intangible assets are amortised on a straight-line basis, to reduce their carrying value to their residual value, over their estimated useful lives. The following useful lives were applied during the year:

Customer contracts and relationships	2 to 5 years
Software	5 years
Trademarks	10 years
Order book	2 to 5 years

Methods of amortisation, residual values and useful lives are reviewed, and if necessary adjusted, at each balance sheet date.

### 1.8 Intangible assets: Research and development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group has the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Directly attributable costs include employee (other than directors) costs incurred on development and directly attributable overheads. The costs of internally generated software developments are recognised as intangible assets.

Capitalised development costs are amortised over a period which is usually no more than five years. Amortisation commences once an asset is available for use, in line with IAS38.

## 1. Significant accounting policies (continued)

### 1.9 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the purchase price of property, plant and equipment together with any directly attributable costs.

Subsequent costs are included in an asset's carrying value or recognised as a separate asset, when it is probable that future economic benefits associated with the additional expenditure will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the profit or loss when incurred.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of assets to their residual values over their estimated useful lives using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Group.

Depreciation is charged in equal annual instalments over the following periods:

Freehold buildings	10 - 50 years
Freehold Land	Nil
Plant, vehicles and equipment	3 - 5 years
Fixtures and fittings	4 years

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item and is included in the profit or loss.

#### 1.10 Impairment

At each balance sheet date, the Group assesses whether there is any indication that its assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss relating to assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss. Impairment losses on goodwill are not subsequently reversed.

# Notes to the Financial Statements for the year ended 31 March 2024 (continued)

## 1. Significant accounting policies (continued)

### 1.11 Leased assets

#### The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been shown separately.

### 1.12 Inventories

Inventories are stated at the lower of cost and net realisable value on an average pricing basis. Cost of finished goods and work in progress includes materials and direct labour.

Net realisable value is the estimated selling price, which would be realised after deducting all estimated costs of completion, and costs incurred in marketing, selling and distributing such inventory.

## 1. Significant accounting policies (continued)

### 1.13 Taxation

The tax expense represents the sum of current tax and deferred tax.

#### Current tax

Current tax is based on taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the balance sheet date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the financial statements or because they are never taxable or deductible.

#### Deferred tax

Deferred tax on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the balance sheet liability method.

Using the balance sheet liability method, deferred tax liabilities are recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, if the deferred tax asset or liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit, it is not recognised.

Deferred taxation is measured at the tax rates that are expected to apply when the asset is realised or the liability settled based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities, calculated on an undiscounted basis, are offset only when there is a legally enforceable right to set off current tax amounts and when they relate to the same tax authority and the Group intends to settle its current tax amounts on a net basis.

Current and deferred tax are recognised in the profit or loss except when they relate to items recognised directly in equity, when they are similarly taken to equity.

### 1.14 Pension Costs

The Group operates a defined contribution pension scheme. The assets of these schemes are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the scheme for the year.

### 1.15 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

#### Financial Assets

##### *Initial recognition and measurement*

In accordance with IFRS 9, 'Financial Instruments' the Group has classified its financial assets through the following categories:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

For either year presented the Group does not have any financial assets classified as FVOCI.

# Notes to the Financial Statements for the year ended 31 March 2024 (continued)

## 1. Significant accounting policies (continued)

The Group determines the classification of its financial assets at initial recognition based on the contractual cash flow characteristics of the financial assets.

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as described below:

### *Financial assets carried at amortised cost*

This category applies to trade and other receivables due from customers in the normal course of business. Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate. A loss allowance for expected credit losses is recognised based upon an amount equal to the 12-month expected credit loss. This assessment is performed on a trade receivables and contract assets basis considering forward-looking information, including the use of macroeconomic information, around our customer contracts and payment history. The credit risk of financial instruments has not considered to have changed since initial recognition. Please see note 14 which relates to expected credit loss

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- (i) the asset is held within a business model with the objective of collecting the contractual cash flows; and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

## **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

## **Financial liabilities**

### *Initial recognition and measurement*

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

### *Subsequent measurement*

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest related charges are included within finance costs or finance income.

Trade payables and borrowings are recorded initially at fair value, net of direct issue costs, and subsequently are recorded at amortised cost using the effective interest method.

Contingent consideration is measured at fair value through profit or loss. The contingent consideration is fair valued and represents management's estimate of the contingent consideration which will be paid and is discounted. Further details on the contingent consideration balance is included in notes 15.



## **1. Significant accounting policies (continued)**

### **1.16 Dividends**

Final dividends are recognised as a liability in the period in which they are approved by the company's shareholders. Interim dividends are recognised when they are paid.

### **1.17 Employee share option schemes**

All share-based payment arrangements are recognised in the financial statements in accordance with IFRS 2.

All goods and services received in exchange for the grant of any share-based payment, including awards made under the Joint Ownership Plan (an equity settled scheme) are measured at their fair values. Where employees are rewarded using share-based payments the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit or loss with a corresponding credit to "Share based payment reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

### **1.18 Equity**

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Capital redemption" represents the nominal value of shares repurchased and cancelled.
- "Share based payment reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Merger reserve" represents the excess over nominal value of fair value of consideration attributed to equity shares issued in part settlement for subsidiary company shares acquired.
- "Retained earnings reserve" represents retained profits.

### **1.19 New IFRS standards and interpretations not applied**

A number of new standards, amendments and interpretations are effective for the year ended 31 March 2024. These are considered either not relevant or to have no material impact on the Group.

There are no standards that are issued but not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Notes to the Financial Statements for the year  
ended 31 March 2024 (continued)

**1. Significant accounting policies (continued)**

		Issued date	IASB mandatory effective date (UK/EU mandatory effective date)	UK Adoption status (EU pre-31 December 2020)	EU Endorsement Status
<b>New Standards</b>					
1	IFRS 17 Insurance contracts including Amendments to IFRS 17 (issued on 25 June 2020)	18-May-2017 and 25-June-2020	01-Jan-23	Adopted by UKEB	Endorsed
2	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	26 June 2023	01-Jan-24	TBC	TBC
3	IFRS S2 Climate-related Disclosures	26 June 2023	01-Jan-24	TBC	TBC
4	IFRS 18 Presentation and Disclosure in Financial Statements	9 April 2024	01-Jan-27	TBC	TBC
5	IFRS 19 Subsidiaries without Public Accountability: Disclosures	9 May 2024	01-Jan-27	TBC	TBC
<b>Amendments to Existing Standards</b>					
6	Amendments to IAS 1: Classification of Liabilities as Current or Non-current	23-Jan-20 31-Oct-22 (Final amendments)	01-Jan-24	Adopted by UKEB	Endorsed
7	Amendments to IAS 8 - Definition of Accounting Estimates	12-Feb-21	01-Jan-23	Adopted by UKEB	Endorsed
8	Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies	12-Feb-21	01-Jan-23	Adopted by UKEB	Endorsed
9	Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	07-Feb-21	01-Jan-23	Adopted by UKEB	Endorsed
10	Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	09-Dec-21	01-Jan-23	Adopted by UKEB	Endorsed
11	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22-Sep-22	01-Jan-24	Adopted by UKEB	Endorsed
12	Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	25-May-23	01-Jan-24	Adopted by UKEB	TBC
13	Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules	23-May-23	01-Jan-23	Adopted by UKEB	Endorsed
14	Amendments to IAS 21 - Lack of Exchangeability	15-Aug-2023	01-Jan-25	TBC	TBC
7	Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	07-Feb-21	01-Jan-23	TBC	Endorsed
8	Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	09-Dec-21	01-Jan-23	Adopted by UKEB	TBC
9	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22-Sep-22	01-Jan-24	TBC	TBC

## **1. Significant accounting policies (continued)**

### **1.20 Exceptional Items**

The Group seeks to highlight certain items as exceptional operating income or costs. These are considered to be exceptional in size, frequency and/or nature rather than indicative of the underlying day to day trading of the Group. These may include items such as acquisition costs, restructuring costs, obsolescence costs, employee exit and transition costs, legal costs, corporate activity costs, material profits or losses on disposal of property, plant and equipment, profits or losses on the disposal of subsidiaries, loan impairment, contingent consideration fair value or pandemic costs. All of these items are charged or credited before calculating overall operating profit or loss. Material profits or losses on disposal of property, plant and equipment are shown as separate items in arriving at operating profit or loss whereas other exceptional items are charged or credited within operating costs and highlighted by analysis. The Directors apply judgement in assessing the particular items, which by virtue of their size and nature are disclosed separately in the Statement of Comprehensive Income and the notes to the financial statements as exceptional items. The Directors believe that the separate disclosure of these items is relevant to understanding the Group's financial performance.

### **1.21 Government Grants and Other Government Assistance**

Government grants shall be recognised when there is reasonable assurance that:

- (a) the entity will comply with the conditions attaching to them; and
- (b) the grants will be received.

Grants related to income are presented as part of profit or loss and are deducted in reporting the related expense. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as an expense the related costs for which the grants are intended to compensate.

The Group received a received a capital grant for carbon saving equipment from the SME Energy Efficiency Scheme (SMEES) - GOV.UK ([www.gov.uk](http://www.gov.uk)) during the prior year for 55% of the capital cost of the equipment.

## **2. Critical accounting judgements and key sources of estimation uncertainty**

### **2.1 Significant judgements and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may however differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Certain accounting policies are particularly important to the preparation and explanation of the Group's financial information. Key assumptions about the future and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities over the next twelve months are set out below.

#### **Asset Acquisition**

Following the purchase of BMI assets (as described in Note 27), the 'concentration test' provisions of IFRS 3 in determining the fair value of the assets have been applied. As substantially all of the fair value of the assets acquired was considered to be the software IP intangible, this transaction was treated as an asset acquisition in the financial statements, rather than a business combination.

# Notes to the Financial Statements for the year ended 31 March 2024 (continued)

## 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

### Impairment of intangible assets and property, plant and equipment (Judgement)

The Group tests goodwill at least annually for impairment, as required by IAS36. All other intangible assets and property, plant and equipment are tested for impairment when indicators of impairment exist. Impairment is determined with reference to the higher of fair value less costs to sell or value in use. Value in use is estimated using adjusted future cash flows and referenced to WACC/discount rate of 15.04%. Significant assumptions are made in estimating future cash flows about future events including future market conditions and future growth rates. Changes in these assumptions could affect the outcome of impairment reviews. See notes 10 to 12.

### Development costs (Judgement)

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Recognition is based on judgements at the time expenditure is incurred. In addition, all internal activities related to the research and development of new software products are continuously monitored by the directors.

## 3. Segment reporting

### Business segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The segment operating results are regularly reviewed by the Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance. Vianet Group is analysed into two trading segments (defined below) being Smart Zones (mainly adopted in the hospitality sector, including US (particularly in pubs)) and Smart Machines (mainly adopted in the vending sector (particularly in unattended retail vending machines)) supported by Corporate/Technology & stores costs.

The products/services offered by each operating segment are:

Smart Zones: Data insight & actionable data services, design, product development, sale and rental of fluid monitoring equipment.

Smart Machines: Data insight & actionable data services, design product development, sale and rental of machine monitoring and contactless payment equipment.

Corporate/Technology: Centralised Group overheads along with technology and stores related costs for the Group.

The inter-segment sales are immaterial. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets and liabilities comprise items of deferred tax. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

### 3. Segment reporting (continued)

2024

Continuing Operations (post exceptional items)	Smart Zones £000	Smart Machines £000	Corporate/ Technology £000	Total £000
Total revenue	8,615	6,561	-	15,176
<i>Of which is recurring</i>	8,101	4,834	-	12,935
Pre-exceptional segment result	3,214	2,070	(4,079)	1,205
Exceptional costs	(181)	325	(289)	(145)
<b>Post exceptional segment result</b>	<b>3,033</b>	<b>2,395</b>	<b>(4,368)</b>	<b>1,060</b>
Finance costs	(276)	-	-	(276)
Profit before taxation	2,757	2,395	(4,368)	784
Taxation				17
Profit for the year from continuing operations				801
<b>Other information</b>				
Additions to property, plant equipment and intangible assets	541	800	704	2,045
Depreciation and amortisation	885	699	1,124	2,708

Recurring revenue is contracted revenue payable monthly over the length of the customer contract

	Smart Zones £000	Smart Machines £000	Corporate/ Technology £000	Total £000
Segment assets	30,730	4,083	134	34,947
Unallocated assets	-	-	-	-
<b>Total assets</b>	<b>30,730</b>	<b>4,083</b>	<b>134</b>	<b>34,947</b>
Segment liabilities	6,619	-	335	6,954
Unallocated liabilities	-	-	801	801
<b>Total liabilities</b>	<b>6,619</b>	<b>-</b>	<b>1,136</b>	<b>7,755</b>

Notes to the Financial Statements for the year  
ended 31 March 2024 (continued)

**3. Segment reporting (continued)**

**2023**

<b>Continuing Operations (post exceptional items)</b>	<b>Smart Zones £000</b>	<b>Smart Machines £000</b>	<b>Corporate/ Technology £000</b>	<b>Total £000</b>
Total revenue	8,163	5,952	-	14,115
<i>Of which is recurring</i>	7,746	4,753	-	12,499
Pre-exceptional segment result	3,174	1,667	(4,061)	780
Exceptional costs	-	(19)	(103)	(122)
<b>Post exceptional segment result</b>	<b>3,174</b>	<b>1,648</b>	<b>(4,164)</b>	<b>658</b>
Finance costs	(206)	-	-	(206)
Profit before taxation	2,968	1,648	(4,164)	452
Taxation				(291)
Profit for the year from continuing operations				161
<b>Other information</b>				
Additions to property, plant equipment and intangible assets	762	687	905	2,354
Depreciation and amortisation	728	664	1,381	2,773

Recurring revenue is contracted revenue payable monthly over the length of the customer contract

	<b>Smart Zones £000</b>	<b>Smart Machines £000</b>	<b>Corporate/ Technology £000</b>	<b>Total £000</b>
Segment assets	28,593	4,083	100	32,776
Unallocated assets	-	-	-	-
<b>Total assets</b>	<b>28,593</b>	<b>4,083</b>	<b>100</b>	<b>32,776</b>
Segment liabilities	5,743	-	239	5,982
Unallocated liabilities	-	-	827	827
<b>Total liabilities</b>	<b>5,743</b>	<b>-</b>	<b>1,066</b>	<b>6,809</b>

**Analysis of revenue by category**

	<b>2024 £000</b>	<b>2023 £000</b>
Continuing operations		
Sale of goods		
- Smart Zones and Smart Machines	2,241	1,597
Rendering of services		
- Smart Zones and Smart Machines	12,935	12,518
	15,176	14,115
Included in rendering of services is £1,917,000 (2023: £2,375,000) of income related to lessor income		
Geographical analysis		
- United Kingdom	13,834	12,700
- Rest of Europe	1,215	1,396
- United States/Canada	127	19
	15,176	14,115

99% (2023: 99%) of the Rest of Europe revenue is derived from the Netherlands

### 3. Segment reporting (continued)

#### Major Clients

In 2024 there were two major customers that individually accounted for at least 10% each of total revenues (2023: two customers). The revenues relating to these customers in 2024 was £3.9m (2023: £3.7m)

Both customers are in the Smart Zones segment (2023: Smart Zone Segment)

#### 4. Exceptional items

	2024 £000	2023 £000
Corporate activity and BMI Acquisition costs	346	66
Recovered corporate costs	(350)	-
Staff transitional costs	65	17
3G Project (4G swap)	25	-
Bank refinance costs	59	37
Other	-	2
	145	122

Corporate activity and acquisition costs relate to fees paid to corporate advisors in respect of prospective acquisitions and corporate evaluations. During the year the company recovered costs associated with a previous historic matter that is the subject of a Confidentiality Agreement.

Staff transitional costs relate to the transition of people and management to ensure we have to succession and calibre of people on board to deliver the strategic aims and aspirations of the Group.

#### 5. Profit for the year

The following items have been included in arriving at profit/(loss) for the year:

	2024 £000	2023 £000
Employee benefits expense (note 21)	6,570	6,056
Depreciation of property, plant and equipment (note 12)	444	477
Depreciation of property, plant and equipment – right of use assets (note 12)	100	42
Amortisation of intangible assets (note 11)	2,164	2,254
Loss on disposal of property, plant and equipment	61	24

Auditor's remuneration

	2024 £000	2023 £000
<b>Services to the company and its subsidiaries</b>		
Fees payable to the company's auditor for the audit of the annual financial statements	30	30
Fees payable to the company's auditor and its associates for other services:		
Audit of the financial statements of the company's subsidiaries pursuant to legislation	70	68
Other services relating to tax – taxation compliance services	14	13
Other services relating to tax – taxation advisory services	25	74
Other services – corporate activity	44	-
Other services – interim review	3	3
	186	188

Notes to the Financial Statements for the year  
ended 31 March 2024 (continued)

**6. Net finance costs**

	<b>2024 £000</b>	<b>2023 £000</b>
Interest payable on bank borrowings	304	210
Interest payable on leasing arrangements	20	26
	324	236
	<b>2024 £000</b>	<b>2023 £000</b>
Interest receivable on bank deposits	-	-
Interest receivable on other loans	48	30
	48	30
Net Interest Payable	276	206

Screenreach was a company which the Group historically provided a loan to. Interest receivable on this loan valued at £75,000 (2023 - £30,000) is due from Screenreach Interactive Limited

**7. Taxation**

Analysis of (credit)/ charge in period:

	<b>2024 £000</b>	<b>2023 £000</b>
Current tax expense		
- Amounts in respect of the current year	-	-
- Amounts in respect of prior periods	-	(922)
	-	(922)
Deferred tax (credit)/ charge		
- Amounts in respect of the current year	(82)	1,213
- Amounts in respect of prior periods	65	-
Income tax (credit)/charge	(17)	291



## 7. Taxation (continued)

### Reconciliation of effective tax rate

The tax for the 2024 period is lower (2023 was higher) than the standard rate of corporation tax in the UK 25% (2023: 19%). The differences are explained below:

	2024 £000	2023 £000
Profit before taxation		
- Continuing operations	784	452
Profit before taxation multiplied by rate of corporation tax in the UK of 25% (2023: 19%)	196	86
Effects of:		
Other expenses not deductible for tax purposes	26	(17)
Non-taxable income	(377)	(44)
Gains/(losses) not provided for	380	(355)
Adjustments for prior years	65	922
Amortisation of intangible assets	512	427
Research and development	(819)	(728)
Total tax (credit)/charge	(17)	291

### Unutilised Trading Losses

The Group continues to carry forward unutilised trading losses of £2,260k (2023: £2,844k). A Deferred Tax Asset of £565k (2023: £711k) has been recognised as at 31 March 2024 in respect of the unutilised trading losses. No further Deferred Tax Asset has been recognised because the Board envisages that a significant period of time will be required to generate sufficient profits to utilise the trading losses carried forward.

Carried forward, unutilised losses which originated in Vianet Group plc and Vianet Americas Inc have not been recognised due to non-trading status and overseas tax regulation requirements respectively.

Deferred Tax Assets of £565k is recognised in respect of unutilised trading losses and short-term timing differences. Deferred Tax Liabilities of £1,375k arise on timing differences in the carrying value of certain of the Company's assets for financial reporting purposes and for corporation tax purposes. These will reverse as the fair value of the related assets are depreciated over time. Deferred Tax balances have been calculated at the rate of 25% (2023: 25%)

## 8. Earnings per share

Earnings per share for the year ended 31 March 2024 was 2.72p (2023: earnings per share 0.56p)

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders being a profit of £801k (2023: Profit £161k) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated on the basis of profit for the year after tax divided by the weighted average number of shares in issue in the year plus the weighted average number of shares which would be issued if all the options granted were exercised.

Notes to the Financial Statements for the year  
ended 31 March 2024 (continued)

**8. Earnings per share (continued)**

	Profit £000	2024 Basic earnings per share	Diluted earnings per share	Profit £000	2023 Basic earnings per share	Diluted earnings per share
Post-tax profit attributable to equity shareholders	801	2.72p	2.69p	161	0.56p	0.56p

	2024 Number	2023 Number
Weighted average number of ordinary shares	29,493,637	28,808,914
Dilutive effect of share options	250,533	66,673
Diluted weighted average number of ordinary shares	29,744,170	28,875,587

**9. Ordinary dividends**

	2024 £000	2023 £000
Final dividend for the year ended 31 March 2023 (year ended 31 March 2022: nil)	148	-
Interim dividend paid in respect of the year of nil (2023: nil)	-	-
Amounts recognised as distributions to equity holders	148	-

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2024 of 0.75p per share payable on 2 August 2024 to shareholders on the register on 21 June 2024. Total dividend payable 0.75p (2023: 0.5p).

**10. Goodwill**

Group	2024 £000	2023 £000
Cost		
At 1 April and 31 March	17,856	17,856
Accumulated impairment losses		
At 1 April and 31 March	-	-
Net book amount	17,856	17,856

Goodwill is tested for impairment annually as required by IAS36. The goodwill impairment test is performed by comparing the carrying value of the CGU including associated goodwill with the aggregate recoverable amount.

The carrying value of goodwill is allocated to the following cash generating units:

	2024 £000	2023 £000
Smart Zones	15,384	15,384
Smart Machines	2,472	2,472
Carrying amount 31 March	17,856	17,856

## 10. Goodwill (continued)

The recoverable amounts attributed are based on value in use calculations. The key assumptions made in undertaking the value in use calculations are set out below.

Budgeted profit and cash flow forecasts for the financial year ended 31 March 2024, together with a two year forecast to March 26, with company forecast growth rates and terminal value were used as the basis for the impairment review. The key assumption included within these is an improvement in profitability, based on committed (medium to long term contracts) and pipeline orders.

Budgets and assumptions are based around historical track record and committed medium to long term contracts. All property, plant and equipment and other intangibles have been allocated to their respective cash generating unit.

Research & Development, as well as other intangibles and Property, Plant and Equipment, has been allocated to the respective Smart Zone and Smart Machine divisions. The impairment review uses a WACC rate of 15.05% following an independent review of the impairment model used. Headroom identified using these base case assumptions amounted to £8.35m for Smart Zones and £25.62m for Smart Machines.

Both business divisions were then further tested to identify at what point a question mark over whether impairment may be required. In respect of Smart Machines division, the WACC under this sensitivity was 23.5%, while for the Smart Zones division the WACC was 17.0%. Whilst the downside sensitivities calculated severely restricted the trading results and growth rates applied to the forecast period, the inclusion of a terminal value calculation, added significant headroom overall to the calculations. Given the remaining headroom available under the downside sensitivities prepared, in management's opinion, there are no reasonably possible scenarios under which future impairment has been noted, and thus no further sensitivity disclosures have been included.

These breaking points, in managements opinion, do not raise any requirement for impairment nor represent scenarios which are considered reasonably possible and thus further sensitivity disclosures have not been included.

Whilst Smart Machines had significant headroom under the base case model, Smart Zones headroom improved materially over the year and is justified as follows:

- 1) Smart Zones division regularly throws off profit and cash in broadly equal measure
- 2) Has a robust c9,640 unit estate that is largely owned by PE houses i.e. our main customers are PE backed and they have invested for a reason – they see the bottom end of the older estates as now divested and investment in expected
- 3) We have new customers and existing customers investing in new systems so potential to grow the estate back
- 4) The managed market place represents a c12,000 pub opportunity in the UK
- 5) There is a freehold market representing c4,000 to 5,000
- 6) We have acquired BMI in May 2023 that significantly broadens the end to end service capability of this division both in the UK and the significant USA market
- 7) Ongoing performance is in line with expectations which delivers profit and cash generation.

Notes to the Financial Statements for the year  
ended 31 March 2024 (continued)

**11. Other intangible assets**

<b>Group</b>	<b>Capitalised development £000</b>	<b>Order book £000</b>	<b>Software £000</b>	<b>Customer contracts £000</b>	<b>Patents £000</b>	<b>Total £000</b>
<b>At 31 March 2022</b>	13,991	281	451	3,229	155	18,107
Internally generated development costs	1,699	-	-	-	-	1,699
Additions	-	-	-	-	4	4
<b>At 31 March 2023</b>	15,690	281	451	3,229	159	19,810
Internally generated development costs	1,724	-	-	-	-	1,724
Additions	-	-	-	-	8	8
Acquisition of BMI assets	-	-	827	-	64	891
<b>At 31 March 2024</b>	17,414	281	1,278	3,229	231	22,433
<b>Amortisation</b>						
<b>At 31 March 2022</b>	8,285	281	413	3,047	105	12,131
Charge for the year	2,048	-	20	182	4	2,254
<b>At 31 March 2023</b>	10,333	281	433	3,229	109	14,385
Charge for the year	2,043	-	106	-	15	2,164
<b>At 31 March 2024</b>	12,376	281	539	3,229	124	16,549
<b>Net book amount</b>						
<b>At 31 March 2024</b>	5,038	-	739	-	107	5,884
<b>At 31 March 2023</b>	5,357	-	18	-	50	5,425

The £1,724,000 (2023: £1,699,000) of capitalised development costs represents expenditure developing technological advancements to ensure the group is at the forefront of technology that fulfils the requirement of IAS 38

## 12. Property, plant and equipment

Group	Freehold Land and buildings £000	Plant, vehicles and equipment £000	Fixtures and fittings £000	Total £000
<b>Cost</b>				
<b>At 31 March 2022</b>	3,187	2,486	2,254	7,927
Additions	139	459	53	651
Disposals	-	(60)	(1)	(61)
<b>At 31 March 2023</b>	3,326	2,885	2,306	8,517
Additions	8	533	36	577
Acquisition of BMI assets	-	-	3	3
Disposals	-	(544)	-	(544)
<b>At 31 March 2024</b>	3,334	2,874	2,345	8,553
<b>Accumulated depreciation</b>				
<b>At 31 March 2022</b>	949	1,576	2,140	4,665
Charge for the year	65	394	60	519
Disposals	-	(37)	-	(37)
<b>At 31 March 2023</b>	1,014	1,933	2,200	5,147
Charge for the year	72	421	51	544
Disposals	-	(465)	-	(465)
<b>At 31 March 2024</b>	1,086	1,889	2,251	5,226
<b>Net book amount</b>				
<b>At 31 March 2024</b>	2,248	985	94	3,327
<b>At 31 March 2023</b>	2,312	952	106	3,370

Included in the net carrying amount of property, plant and equipment as at 31 March 2024, are right-of-use assets as follows:

	Carrying amount £'000	Depreciation expense £'000	Impairment £'000
Motor vehicles	313	100	-
	313	100	-

As at 31 March 2023, right-of-use assets were as follows:

	Carrying amount £'000	Depreciation expense £'000	Impairment £'000
Motor vehicles	213	42	-
	213	42	-

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

The bank has a fixed and floating charge over all assets of the Group.

## Notes to the Financial Statements for the year ended 31 March 2024 (continued)

### 13. Inventories

	2024 £000	2023 £000
Finished goods	2,311	2,353
Provision on finished goods	(126)	(78)
	2,185	2,275

No reversal of previous write-downs was recognised as a reduction of expense in 2024 or 2023. In 2024 £2,671,000 (2023: £2,546,000) was included in the statement of comprehensive income under cost of sales. None of the inventories are pledged as securities for liabilities.

The Group's inventories comprise of products, which are not generally subject to rapid obsolescence on account of technological, deterioration in condition or market trends. Consequently, management considers that there is little risk of significant adjustments to the Group's inventory assets within the next financial year.

### 14. Trade and other receivables

	2024 £000	2023 £000
Trade receivables	3,257	2,165
Other receivables	15	4
Corporation Tax receivable	-	922
Prepayments	437	327
Contract Assets	164	363
	3,873	3,781

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The company took advantage of an opportunity to reclaim tax for historic R&D tax losses for FY21 and FY22. A claim was made in March 23 for £922k and was received in May 23.

The carrying amounts of trade and other receivables are considered to be reasonable approximations to fair value.

The Group's trade receivables have been reviewed for expected credit losses. Provisions have been made amounting to £46,000 (2023: £89,000). It is considered that expected credit loss for receivables balances less than six months is immaterial. Movements on provisions for doubtful debts on trade receivables are as follows:

	£000
Loss allowance as at 1 April 2023 calculated under IFRS9	89
Loss allowance unused and reversed during the year	(89)
Loss allowance provided	46
Loss allowance as at 31 March 2024	46

The expected credit loss for trade receivables as at 31 March 2024 was determined as follows:

	Current	Less than 3 months	Less than 6 months	More than 6 months	Total
Expected credit loss rate	0%	0%	0%	32%	-
Gross carrying amount	1,891	1,147	121	144	3,303
Lifetime expected credit loss	-	-	-	46	46

#### 14. Trade and other receivables (continued)

The expected credit loss for trade receivables as at 31 March 2023 was determined as follows:

	Current	Less than 3 months	Less than 6 months	More than 6 months	Total
Expected credit loss rate	0%	0%	3%	100%	-
Gross carrying amount	977	1,040	153	84	2,254
Lifetime expected credit loss	-	-	5	84	89

#### 15. Trade and other payables

	2024 £000	2023 £000
Trade payables	1,265	929
Other taxation and social security	690	497
Accruals	879	661
Contract Liabilities	163	261
Contingent consideration	64	-
	3,061	2,348

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Contract Liabilities arises when a customer pays the Group in advance (in advance is defined at more than one monthly period) for unfulfilled performance obligations relating to data insight. The entity has contracts spanning from two to four years at the year end. The deferred income will be released to the income statement as the performance obligations are met. Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was £261k (2023: £222k). No revenue has been recognised in the reporting period in respect of performance obligations satisfied in previous periods.

The Group had one contingent consideration liability, from the acquisition of BMI assets from Identec Solutions in May 2023. Total amount recognised is £332k, of which £64k has been realised under one year. £268k is due after one year.

The contingent consideration period for BMI is 4.75 years to December 2028. The expected cash outflows in respect of the BMI contingent consideration have been discounted at 15.05%.

#### 16. Leases

Current	2024 £000	2023 £000
Lease liability	123	70
	123	70
Non-current	2024 £000	2023 £000
Lease liability	157	122
	157	122

## Notes to the Financial Statements for the year ended 31 March 2024 (continued)

### 16. Leases (continued)

During the year, the group capitalised £190k (2023: £231k) of right of use assets. These were capitalised in accordance with IFRS16 and are amortised over the remaining length of the lease.

The Group has leases for some vehicles. With the exception of a short-term property lease, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 12).

Leases of vehicles are generally limited to a lease term of 3 to 4 years.

Lease payments are fixed over the term of the lease.

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over vehicles, the Group must keep those vehicles legally maintained and roadworthy and must return in a good condition at the end of the lease.

### 17. Borrowings

Current	2024 £000	2023 £000
Bank overdraft	-	1,168
Bank loans	177	757
	177	1,925
Non-current	2024 £000	2023 £000
Bank loans	3,159	1,517
	3,159	1,517

Bank loans are denominated in £ sterling and bear interest based on Bank of England Base Rate plus a rate of between 2.42% and 2.62%. The bank loans are secured by a fixed charge over the land and buildings of the Group.

The Group has new bank facilities from a mix of mortgage, term loan and 3 year committed RCF, with interest rates varying between 2.42% and 2.62% above base rate

The effective interest rates on the Group's borrowings were as follows above base rate:

	2024 %	2023 %
Bank overdrafts	N/A	3.25
Bank borrowings – mortgage	2.62	N/A
Bank borrowings – term loan	2.62	N/A
Bank borrowings – RCF	2.42	N/A
Bank borrowings - CBIL loan	N/A	3.65
Bank borrowings – Acquisition loan	N/A	3.10
Bank borrowings – commercial mortgage	N/A	1.00



## 17. Borrowings (continued)

The maturity profile of the Group's non-current bank loans was as follows:

	2024 £000	2023 £000
Between one and two years	177	756
Between two and five years	2,362	761
Between five and ten years	620	-
	3,159	1,517

The Group's bank borrowings bear interest at floating rates, which represent prevailing market rates.

None of the above cash flows have been discounted.

## 18. Financial Instruments

The Group is exposed on a minimal basis to market risk through its use of a US Dollar and a Euro account. The Group's risk management is co-ordinated by the directors who focus actively on securing the Group's short to medium term cash flows through regular review of all the operating activities of the business.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

### Foreign currency sensitivity

Exposures to currency exchange rates arise from the Group's overseas activities, all of which are denominated in US Dollars and Euros. Due to the non-material nature of the Group's exposure to foreign currency risk, sensitivity analyses to movement in exchange rates are not produced.

Foreign currency denominated financial assets and liabilities are set out below.

Denominated in US Dollars	2024 \$000	2023 \$000
Financial assets	31	36
Financial liabilities	-	-
Exposure	31	36

Denominated in Euros	2024 €000	2023 €000
Financial assets	1	14
Financial liabilities	-	-
Exposure	1	14

The Group has no long term foreign exchange exposure.

At the beginning, during and end of the year, the Group had no unexpired forward foreign exchange contracts.

### Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date and which are set out below.

	2024 £000	2023 £000
Cash and cash equivalents	1,822	69
Trade and receivables	3,272	3,091
Contract Assets	164	363
	5,258	3,523

## Notes to the Financial Statements for the year ended 31 March 2024 (continued)

### 18. Financial Instruments (continued)

The Group continuously monitors credit risk of customers and other counterparties and incorporates this information into its credit risk controls. The Group takes up trade references on all new customers and its policy is to deal only with credit worthy companies.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparty is a reputable bank with a high quality external credit rating, therefore no significant mitigating actions are required in respect of credit risk.

The Group uses an expected credit loss model for impairment that represents its estimate of incurred losses in respect of the Trade Receivables as appropriate.

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The expected loss rates are based on the Group's historical credit losses experienced over the two year period prior to the period end.

The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customer. Under the expected credit loss model impairment allowance wasn't material resulting in no provision being made.

#### Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring all scheduled cash outflows. Liquidity needs are monitored in various time bands, on a day-to-day and week to week basis, as well as on the basis of a rolling eight week projection. Longer term needs are monitored as part of the Group's regular rolling monthly reforecasting process. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Budgets and forecasts are agreed and set by the Board in advance to ensure the Group's cash requirement to be anticipated.

This has all been formally considered in the going concern review of the business and the facilities we have access to.

The maturity profile of the Group's financial liabilities at the reporting dates, based on contractual undiscounted payments including lease payments, are summarised below:

At 31 March 2024	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 5 years £000	Over 5 years £000
Trade payables and other payables	1,955	1,042	332	-
Loans and borrowings	44	133	2,539	620
Lease liabilities	31	92	157	-
<b>Total</b>	<b>2,030</b>	<b>1,267</b>	<b>3,028</b>	<b>620</b>

At 31 March 2023	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 5 years £000	Over 5 years £000
Trade payables and other payables	1,426	922	-	-
Loans and borrowings	1,357	568	1,517	-
Lease liabilities	18	52	122	-
<b>Total</b>	<b>2,801</b>	<b>1,542</b>	<b>1,639</b>	<b>-</b>

## 18. Financial Instruments (continued)

### Categories of financial assets and financial liabilities

Accounting policy 1.15 provides a description of each category of financial assets and liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

31 March 2024 Financial assets	Amortised cost £000	FVTPL £000
Cash and cash equivalents	1,822	-
Trade and other receivables	3,272	-
<b>Total assets</b>	<b>5,094</b>	<b>-</b>

31 March 2024 Financial liabilities	Amortised cost £000	FVTPL £000
Non-current borrowings	3,159	-
Current borrowings	177	-
Trade payables	1,265	-
Contingent consideration	332	-
<b>Total financial liabilities</b>	<b>4,933</b>	<b>-</b>

31 March 2023 Financial assets	cost £000	FVTPL £000
Cash and cash equivalents	69	-
Trade and other receivables	3,091	-
<b>Total assets</b>	<b>3,160</b>	<b>-</b>

31 March 2023 Financial liabilities	Amortised cost £000	FVTPL £000
Non-current borrowings	1,517	-
Current borrowings	1,925	-
Trade payables	929	-
Contingent consideration	-	-
<b>Total financial liabilities</b>	<b>4,371</b>	<b>-</b>

### Capital management policies and procedures

The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

No supplier financing arrangements or credit insurance is in place.

The Group's dividend policy is to monitor reserves available for distribution to shareholders.

## Notes to the Financial Statements for the year ended 31 March 2024 (continued)

### 18. Financial Instruments (continued)

The Group monitors capital on the basis of carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is set out below.

	2024 £000	2023 £000
Total equity	27,192	25,967
Less cash equivalents	(1,822)	(69)
	25,370	25,898

The Group is not subject to external imposed capital requirements and any bank covenants have been complied with during the year, other than the minimum capital requirements and duties regarding reduction of capital as imposed by the Companies Act 2006 for all public limited companies.

#### Fair value measurements

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Debtenture	-	-	-	-
Total financial assets			-	-

31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Debtenture	-	-	-	-
Total financial assets			-	-

31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities				
Contingent consideration	-	-	-	-
Total financial liabilities			-	-

31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities				
Contingent consideration	-	-	-	-
Total financial liabilities			-	-

## 19. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2023: 19%).

The movement on the deferred tax account is as shown below:

### Deferred tax asset

	2024 £000	2023 £000
At 1 April	711	1,607
Surrendered	-	(1,276)
Adjustments in respect of prior periods	(92)	-
Profit and loss (debit)/credit in respect of losses realised	(54)	380
At 31 March	565	711

### Deferred tax liability

	2024 £000	2023 £000
At 1 April	(1,538)	(1,221)
Adjustments in respect of prior periods	27	-
Profit and loss credit/(debit) in respect of timing differences	136	(317)
At 31 March	(1,375)	(1,538)

Net position per the Balance sheet at 31 March	(810)	(827)
--	-------	-------

Deferred tax has been recognised during the year in respect of tax losses in certain of the group's subsidiaries as the Directors believe there is sufficient certainty over the extent and timing of their recovery to do so. Included in the amount of £565k (2023: £711k) are amounts of £565k relating to tax losses (2023: £711k). Carried forward, unutilised losses which originated in Vianet Group plc and Vianet Americas Inc have not been recognised due to non-trading status and overseas tax regulation requirements respectively

## 20. Issued share capital

	2024 £000	2023 £000
Issued and fully paid		
Ordinary shares of 10p each: 29,403,414 (2023: 28,808,914)	2,940	2,880

During the year, 175,500 shares were bought back and cancelled as part of an approved share buy back programme.

During the financial year, shares were issued as part of employee share option exercises.

Notes to the Financial Statements for the year  
ended 31 March 2024 (continued)

**21. Employees and directors**

Employee benefit expense during the period

	<b>2024 £000</b>	<b>2023 £000</b>
Wages and salaries	5,749	5,282
Social security costs	493	492
Pension costs	228	211
Share based payments	100	71
	6,570	6,056

Average monthly number of people (including directors) employed

	<b>2024 Number</b>	<b>2023 Number</b>
Sales	8	10
Engineering	18	20
Volume Recovery	9	9
Management	4	4
Administration	90	98
	129	141

Key management personnel - Directors

<b>Group</b>	<b>2024 £000</b>	<b>2023 £000</b>
Short term employment benefits	539	556
Pension contributions	52	27
Share based payments	100	71
	691	654

During the year one (2023: one) director had benefits accruing under defined contribution pension schemes.

Highest paid director

	<b>2024 £000</b>	<b>2023 £000</b>
Short term employment benefits	267	253
Pension contributions	27	27
	294	280

## 22. Share-based payments

There are four share option plans in place the EMI Plan, the Executive Plan, the Employee Plan, and a Long Term Incentive Plan. Under the share option plans, the directors can grant options over shares in the company to employees. Options are granted with a fixed exercise price equal to the market value of the shares at the date of grant. The contractual life of an option is 10 years. Options granted under the EMI share option plans will become exercisable immediately, and options granted under the Executive Plan and the Employee Plan will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment.

Details of share options outstanding during the period (including those held by directors) are set out below:

	2024		2023	
	Number of share options	Weighted average exercise price(p)	Number of share options	Weighted average exercise price(p)
At start of the financial year	2,306,750	74.4	1,639,750	74.7
Granted	70,000	83.4	796,000	74.4
Exercised	(70,000)	(63.5)	-	-
Forfeited	(455,000)	(78.5)	(129,000)	(78.0)
Lapsed	-	-	-	-
At end of financial year	1,851,750	74.2	2,306,750	74.4
Exercisable at end of financial year	1,035,750	73.2	1,005,750	77.7

The below share options are serving Directors only:

Name of director / senior employee	Date of grant	Number of options	Exercise price	Exercise date	Weighted average share price at date of exercise	Gain on exercise	Exercise period
M H Foster	09/04/14	135,000	85.0p	-	-	-	10/04/17 to 09/04/24
M H Foster	21/12/15	124,000	103.0p	-	-	-	21/12/18 to 20/12/25
M H Foster	24/02/21	100,000	72.0p	-	-	-	24/02/24 to 23/02/31
M H Foster	17/02/23	100,000	75.0p	-	-	-	17/02/26 to 16/02/33
J W Dickson	17/02/23	250,000	75.0p	-	-	-	17/02/26 to 16/02/33
S Panu	17/02/23	50,000	75.0p	-	-	-	17/02/26 to 16/02/33
D Coplin	17/02/23	50,000	75.0p	-	-	-	17/02/26 to 16/02/33

Expected volatility was determined by discounting the weighted average volatility of comparable listed companies to a comparable private company volatility. The share price of £0.348 was agreed with HMR&C as the fair value of Vianet Group plc shares at the time of grant of the EMI options. The fair value of the other shares was as per market value at date of grant as shown above. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

The fair value on the EMI Plan, the Executive Plan, the Employee Plan and the Employee Company Share Option Plan were all calculated under the Black Scholes model.

The Group recognised an expense of £100,000 (2023: £71,000) in relation to equity settled share-based payment transactions in the year.

## Notes to the Financial Statements for the year ended 31 March 2024 (continued)

### 22. Share-based payments (continued)

#### Long Term Incentive Plan

The Group adopted a new Long Term Incentive Plan (LTIP) on 17 December 2015 and on 21 December 2015, awards were granted to two executive directors and three key management personnel under the scheme.

LTIP awards give a conditional right to a 'cash payment' at three separate points in time 30 June 2018, 30 June 2019 and 30 June 2020. The amount of the cash payment is determined by the participant's percentage entitlement to the award pool at each date, and the size of the award pool itself is based upon performance criteria relating to growth in the parent company's share price and dividends over the period to 30 June 2020. There is no clawback of earlier awards if performance declines in later periods. The entitlement of Mark Foster in the overall award pool is 29%.

Any cash payment awarded under the LTIP will (after the deduction of income tax and employee national insurance) be used to acquire a number of shares in the Company based upon the prevailing market value on behalf of the participant. Accordingly, the LTIP is accounted as an equity settled share based payment with a net settlement feature.

The fair value of the LTIP was calculated at the date of grant using the Monte Carlo Model and the following key assumptions:

	21 December 2015
Expected volatility (%)	27.3
Risk free rate (%)	1.15
Expected dividend yield (%)	5.534
Share price on grant date (p)	103.0
Exercise price (p)	0
The fair values of each award pool are the following:	
30 June 2018	£000
30 June 2019	305
30 June 2020	143
	108

### 23. Related party transactions

IAS 24 (Related party transactions) requires the disclosure of the details of material transactions between reporting entities and related parties. Transactions with group entities are eliminated on consolidation. D Coplin, a non-executive director, invoiced Vianet Group plc for fees totalling £nil (2023: £nil). As at 31 March 2024 there was £nil outstanding (2023: £nil). S Panu, a non-executive director, invoiced Vianet Group plc for fees totalling £23,499 (2023: £10,998). As at 31 March 2024 there was £2,000 outstanding (2023: £1,833).

IAS 24:17 required disclosures are included in Note 22



## 24. Notes supporting statement of cash flows

	Borrowings due within one year £000	Borrowings due after one year £000	Total £000
Net debt as at 1 April 2022	(993)*	(2,273)	(3,266)
Cash flows	236	756	992
Non-cash flows			
- Interest accruing in the period	-	-	-
Net debt as at 31 March 2023	(757)*	(1,517)	(2,274)
Cash flows	580	(1,642)	(1,062)
Non-cash flows			
- Interest accruing in the period	-	-	-
Net debt as at 31 March 2024	(177)	(3,159)	(3,336)

\* The net debt as at 31 March 2023 for borrowing due within one year of £757k as stated here, does not agree to the Balance Sheet amount of £1,925k, as this does not include the bank overdraft of £1,168k as at 31 March 2023.

Cash and cash equivalents for the purpose of the statement of cash flows comprises:

	2024 £000	2023 £000
Cash at bank available on demand	1,822	69
Cash on hand	-	-
Adjusted net cash generation	1,822	69

No significant non-cash transactions from investing activities are noted.

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions in Note 24.

## 25. Alternative Performance Measures

In the reporting of financial information, the Directors have adopted the APMs "Adjusted operating (loss)/profit", "Adjusted operating cash generation", and "Adjusted net cash generation", (APMs were previously termed 'Non-GAAP measures'), which is not defined or specified under International Financial Reporting Standards (IFRS).

These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMS, including those in the Group's industry. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

### Purpose

The Directors believe that this APM assists in providing additional useful information on the underlying trends, performance and position of the Group. This APM is also used to enhance the comparability of information between reporting periods and business units, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes and this remains consistent with the prior year. Adjusted APMs are used by the Group in order to understand underlying performance and exclude items which distort compatibility, as well as being consistent with public broker forecasts and measures.

Notes to the Financial Statements for the year  
ended 31 March 2024 (continued)

**25. Alternative Performance Measures (continued)**

	2024 £000	2023 £000
Operating profit (IFRS measure)	1,060	658
Add back:		
Amortisation charge	2,164	2,254
Share based payments charge	100	71
Exceptional items charge	145	122
Adjusted operating profit	3,469	3,105

**26. Controlling party**

The Directors consider there to be no ultimate controlling party of the Group.

**27. Asset Acquisition**

On 12 May 2023, the Group acquired the trade and assets of Beverage Metrics Inc (BMI) from Identec Inc, a company based in the USA through Vianet Americas. The purchase price was settled for £577,500 in shares and £332,221 in contingent consideration.

Details of the acquisition are set out below:

	Carrying values pre acquisition £000	IFRS 3 Concentration Test Adjustment £000	Fair value £000
Intangible assets			
- Software	-	891	891
Property, plant and equipment	3	-	3
Trade and other receivables	18	-	18
Trade and other payables	(3)	-	(3)
Taxation			
- Current	-	-	-
- Deferred	-	-	-
Cash and cash equivalents	-	-	-
Net assets acquired	18	891	909
Goodwill			-
Consideration			909
Consideration satisfied by:			
Shares			577
Contingent consideration			332
			909

All intangible assets were recognised at their respective fair values.

No deferred tax balances have been recognised in respect of this, given it has been accounted for under the IFRS 3 Concentration Test provisions as an asset acquisition.

# COMPANY BALANCE SHEET

at 31 March 2024

	Note	2024 £000	2023 £000
<b>Fixed assets</b>			
Investments in subsidiaries	2	5,170	5,121
Other intangible assets	3	48	50
Tangible assets	4	10	12
		5,228	5,183
<b>Current assets</b>			
Debtors	5	13,194	11,560
Cash at bank		2	-
		13,196	11,560
<b>Creditors: amounts falling due within one year</b>	6	(357)	(273)
<b>Net current assets</b>		12,839	11,287
<b>Net assets</b>		18,067	16,470
Capital and reserves			
Ordinary share capital	7	2,940	2,880
Share premium	8	11,748	11,711
Share based payment reserve	8	583	563
Merger reserve	8	818	310
Capital redemption	8	32	15
Retained earnings	8	1,946	991
<b>Total equity</b>		18,067	16,470

The company has taken the exemption under s408 of the Companies Act 2006 to not included the Company Statement of Comprehensive Income

The company's loss for the financial year was £827,000 (2023: loss £197,000).

The balance sheet was approved by the Board on 20 June 2024 and signed on its behalf by:



**J Dickson**

**Director**

**Company number: 05345684**

The accompanying accounting policies and notes form an integral part of the financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Share capital £000	Share premium account £000	Share based payment reserve £000	Merger reserve £'000	Capital Redemption £000	Retained Profit £000	Total £000
<b>At 1 April 2022</b>	2,880	11,711	499	310	15	1,181	16,596
Share based payments	-	-	71	-	-	-	71
Share option forfeitures	-	-	(7)	-	-	7	-
Transactions with owners	-	-	64	-	-	7	71
Loss and total comprehensive income for the year	-	-	-	-	-	(197)	(197)
<b>At 31 March 2023</b>	2,880	11,711	563	310	15	991	16,470
Share based payments	-	-	100	-	-	-	100
Share option forfeitures	-	-	(80)	-	-	80	-
Dividends paid	-	-	-	-	-	(148)	(148)
Shares repurchased and cancelled	(17)	-	-	-	17	(150)	(150)
Share capital issued	77	37	-	508	-	-	622
Transactions with owners	60	37	20	508	17	(218)	424
Loss and total comprehensive income for the year	-	-	-	-	-	(827)	(827)
Dividends received	-	-	-	-	-	2,000	2,000
<b>At 31 March 2024</b>	2,940	11,748	583	818	32	1,946	18,067

The accompanying accounting policies and notes form an integral part of the financial statements.

# NOTES TO THE COMPANY BALANCE SHEET

## 1. Principal accounting policies

### 1.1 Statement of compliance

Going concern has been considered as part of the Group position. See section 1.1 on page 42. The company has ongoing current costs which are supported fully by the operating subsidiary Vianet Limited hence Going Concern is referred as above.

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 - 'The Reduced Disclosure Framework' (FRS 101). The principle accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Sterling (£).

### 1.2 Disclosure exemptions

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- A statement of cash flows and related notes
- The requirement to produce a balance sheet at the beginning of the earliest comparative period
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group
- Capital management disclosures
- Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- The effect of future accounting standards not adopted
- Certain share based payments disclosures
- Disclosures in relation to impairment of assets
- Fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value)

## Notes to the Company Balance Sheet (continued)

### 1. Principal accounting policies (continued)

#### 1.3 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Calculation of deferred tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period that are expected to apply when the asset is realised or the liability is settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover the related asset or settle the related obligation.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are not discounted.

Deferred tax liabilities are generally recognised in full with the exception of the following: on the initial recognition of goodwill on investments in subsidiaries and joint ventures where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future on the initial recognition of a transaction that is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Deferred tax liabilities are not discounted.

#### 1.4 Investment in subsidiaries

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any applicable provision for impairment.

#### 1.5 Employee share option schemes

All share-based payment arrangements are recognised in the financial statements in accordance with IFRS 2.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share based payment" reserve. Subsidiary costs are treated as a capital contribution and added to the cost of investment.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

## 1. Principal accounting policies (continued)

### 1.6 Tangible assets

Property plant and equipment (PPE) is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of assets to their residual values over their estimated useful lives using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

Depreciation is charged in equal annual instalments over the following periods:

Fixtures and fittings	4 years
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Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in the Group statement of comprehensive income.

### 1.7 Intangible assets

#### Software

Purchased software are stated at cost net of amortisation and any provision for impairment.

#### Amortisation

Intangible assets are amortised on a straight-line basis, to reduce their carrying value to their residual value, over their estimated useful lives. The following useful lives were applied during the year:

Trademarks	expected length of trademark
Purchased software	5 years

Methods of amortisation, residual values and useful lives are reviewed, and if necessary adjusted, at each balance sheet date.

### 1.8 Intercompany balances

The Company provides for impairment for amounts due from subsidiary undertakings based on forward looking going concern assessments for the Group including its individual subsidiaries including and excluding Parent Company guarantees.

The Company uses an expected credit loss model for impairment that represents its estimate of incurred losses in respect of the Amounts due from subsidiaries as appropriate.

The Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for amounts due from subsidiaries. The expected loss rates are based on the Company's historical credit losses experienced over the two year period prior to the period end.

The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's subsidiaries. Under the expected credit loss model impairment allowance was considered relevant in respect of amounts due from Vianet Americas Inc, with 100% provision being made at 31 March 2024.

## Notes to the Company Balance Sheet (continued)

### 2. Investments in subsidiaries

Company	2024 £000	2023 £000
Cost and net book amount:		
Shares in subsidiaries		
At 1 April	5,121	5,065
Additions	49	56
At 31 March	5,170	5,121

Additions relate to the subsidiary costs of the employee share option scheme.

The company owns the whole of the issued ordinary share capital of the following subsidiaries:

Subsidiary	Shareholding	Country of incorporation and registration	Principal activity
Brulines Group Limited	100%	UK	Dormant
Vianet Americas Inc	100%	USA	Leisure Solutions
Vianet Limited	100%	UK	Leisure Solutions

Brulines Limited and Vendman Systems Limited, are indirect investments via Vianet Limited in Leisure.

The registered address of the above subsidiaries is:-

Brulines Group Limited – One Surtees Way, Surtees Business Park, Stockton On Tees, TS18 3HR

Vianet Americas Inc - 251 Little Falls Drive, Wilmington, New Castle, DE, 19808

Vianet Limited - 4th Floor 115 George Street, Edinburgh, EH2 4JN

### 3. Other intangible assets

	Patents £000	Software £000	Total £000
<b>Cost</b>			
At 31 March 2022	127	165	292
Additions	4	-	4
At 31 March 2023	131	165	296
Additions	8	-	8
At 31 March 2024	139	165	304
<b>Amortisation</b>			
At 31 March 2022	68	165	233
Charge for the year	13	-	13
At 31 March 2023	81	165	246
Charge for the year	10	-	10
At 31 March 2024	91	165	256
<b>Net book amount</b>			
At 31 March 2024	48	-	48
At 31 March 2023	50	-	50



#### 4. Tangible Assets

	<b>Fixtures and fittings £000</b>
<b>Cost</b>	
At 31 March 2022	47
Additions	3
At 31 March 2023	50
Additions	3
At 31 March 2024	53
<b>Accumulated depreciation</b>	
At 31 March 2022	32
Charge for the year	6
Disposals	-
At 31 March 2023	38
Charge for the year	5
At 31 March 2024	43
<b>Net book amount</b>	
At 31 March 2024	10
At 31 March 2023	12

#### 5. Debtors

	<b>2024 £000</b>	<b>2023 £000</b>
<b>Amounts due more than 1 year</b>		
Amounts due from subsidiaries	13,097	11,488
<b>Amounts due within 1 year</b>		
Other debtors	74	38
Other taxation	23	34
	13,194	11,560

All intercompany debt is repayable on demand. Interest is charged at base rate plus 2.5%.

The amounts due from subsidiaries have been reviewed for expected credit losses, and no further credit losses are expected.

A provision against an amount due from a subsidiary totalling £691k has been made (2023: £1,696k). The subsidiary received funding of £691k during 2024 which was provided against.

## Notes to the Company Balance Sheet (continued)

### 6. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Other payables	106	140
Accruals	251	133
	357	273

### 7. Issued share capital

	2024 £000	2023 £000
Issued and fully paid		
Ordinary shares of 10p each: 29,403,414 (2023: 28,808,914)	2,940	2,880

During the year, the company bought back and cancelled down 175,500 shares as part of an approved share buy back programme.

During the financial year, shares were issued as part of employee share option exercises.

### 8. Share capital and reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption - represents the nominal value of shares repurchased and cancelled.

Share based payment reserve - represents the fair value of all share options issued by the Company which have yet to be exercised.

Merger reserve - excess of fair value of shares issued over nominal value when shares are issued in exchange for obtaining at least a 90% interest in the equity share capital of another entity.

Profit and loss account - includes all current and prior period retained profits and losses.

### 9. Dividends

	2024 £000	2023 £000
Final dividend for the year ended 31 March 2023 of nil (year ended 31 March 2022: nil)	148	-
Interim dividend paid in respect of the year of nil (2023: nil)	-	-
Amounts recognised as distributions to equity holders	148	-

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2024 of 0.75p per share payable on 2 August 2024 to shareholders on the register on 21 June 2024. Total dividend payable 0.75p (2022: 0.50p).

## 10. Employees and directors

Employee benefit expense during the period

	2024 £000	2023 £000
Wages and salaries	539	556
Social security costs	72	74
Pension costs	52	27
Share based payments	100	71
	763	728

Average monthly number of people (including directors) employed

	2024 Number	2023 Number
Management	4	4
	4	4

## 11. Directors

	2024 £000	2023 £000
Directors' emoluments	539	556
Pension contribution	52	27
	591	583

The amounts in respect of the highest paid director are as follows:

	2024 £000	2023 £000
Directors' emoluments	267	253
Pension contribution	27	27
	294	280

For other Directors' emoluments see page 21 in the Report of the Directors.

## 12. Share-based payments

The company disclosures required under FRS 101 are identical to those required under IFRS. See Group accounts, note 22, for details.

## 13. Parent Company Profit and Loss Account

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the financial year was £827,000 (2023: loss £197,000).

## Notes to the Company Balance Sheet (continued)

### **14. Related Party Transactions**

As permitted by FRS 101 related party transactions with wholly owned members of Vianet Group plc have not been disclosed.

Non-executive director payments were incurred in the company during this year.

IAS 24 (Related party transactions) requires the disclosure of the details of material transactions between reporting entities and related parties. Transactions with group entities are eliminated on consolidation. D Coplin, a non-executive director, invoiced Vianet Group plc for fees totalling £nil (2023: £nil). As at 31 March 2024 there was £nil outstanding (2023: £nil). S Panu, a non-executive director, invoiced Vianet Group plc for fees totalling £23,499 (2023: £10,998). As at 31 March 2024 there was £2,000 outstanding (2023: £1,833).

See Group accounts, Report of the Directors for details of non-executive directors' emoluments.









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