

# Craneware plc

## Annual Report & Financial Statements

For the year ended 30 June 2024

Registered Number SC196331


Trisus® Power of One	3-4
Final Results	5
Chair's Statement	6-7
Strategic Report: Operational and Financial Review	8-16
Strategic Report: Key Performance Indicators	17-18
Strategic Report: Principal Risks and Uncertainties	19-29
Strategic Report: Environmental, Social and Governance (ESG) Intro	30
Strategic Report: Non-Financial and Sustainability Information Statement	31-40
Strategic Report: Environmental, Social and Governance (ESG) Statement	41-55
Strategic Report: Section 172 (1) Statement	56-60
Stakeholder Engagement	61-63
Directors, Secretary and Advisors	64
Subsidiaries	65
Board of Directors	66-68
Directors' Report	69-77
Corporate Governance Report	78-94
Remuneration Committee's Report	95-113
Independent Auditors' Report to the members of Craneware plc	114-119
Consolidated Statement of Comprehensive Income	120
Statements of Changes in Equity	121-122
Consolidated Balance Sheet	123
Company Balance Sheet	124
Consolidated Statement of Cash Flows	125
Company Statement of Cash Flows	126
Notes to the Financial Statements	127-169

**The Craneware Group continues to demonstrate its ability to innovate and meet the needs of its healthcare customers, while retaining a strong financial foundation.**

Chair's Statement

Trisus® Power of One


The Craneware Group's Trisus platform empowers healthcare organizations to optimize financial performance by unifying compliance, operational efficiency, and revenue growth through Microsoft Azure-based solutions within our Trisus Optimization Suites.




Chargemaster  
Completeness,  
Transparency &  
Revenue Assurance




Regulatory  
Awareness &  
Education



Consulting,  
Pricing, & CDM  
Services



Rational &  
Sustainable Pricing  
Methodology



Pricing  
Transparency &  
Market Visibility



Payor Contract  
Payment  
Accuracy



Pricing  
Integrity

Value-based  
Margin and  
Productivity





Hospital &  
Physician Margin  
Management



Operational  
Intelligence, Decision  
Support & Labor  
Productivity



Productivity &  
Margin  
Optimization  
Consulting Services



Rational &  
Sustainable Pricing  
Methodology




Pricing  
Transparency &  
Market Visibility




Payor Contract  
Payment  
Accuracy




Chargemaster  
Completeness, &  
Revenue Assurance




Supplies/  
Implants Revenue  
Assurance




Medication  
Claim Accuracy  
& Compliance




Post Bill  
Claim  
Analysis



Charge Capture  
Performance  
Improvement  
Consulting Services



Medication  
Margin  
Management



Charge  
Capture

Leveraging innovative technology and real-time insights, these suites enable healthcare leaders to make data-driven decisions that enhance patient care and maximize margins for sustained growth.

- The Craneware Group

**Business of Pharmacy**





Formulary, Accuracy, Alignment & Completeness



340B Performance & Compliance



Medication Claim Accuracy & Compliance



Medication Margin Management




Real World Benchmarking




Regulatory Awareness & Education




Medication Revenue Integrity & 340B Consulting Services




Hospital & Professional Chargemaster Completeness & Accuracy




Regulatory Awareness & Education



Consulting CDM, IM & Formulary Reviews



Item Master Completeness, Accuracy, & Alignment




Formulary Completeness, Accuracy & Alignment

**Data Integrity**




**Revenue Protection**






Medical Necessity



Audit & Denials Analytics



Appeal Management & Consulting Services



# Final Results

## Financial Highlights (US dollars)

- Revenue increased 9% to \$189.3m (FY23: \$174.0m)
- Adjusted EBITDA<sup>1</sup> increased 6% to \$58.3m (FY23: \$54.9m)
- Annual Recurring Revenue<sup>2</sup> increased to \$172.0m (FY23: \$169.0m), associated Net Revenue Retention<sup>3</sup> remains high at 98% (FY23: 100%)
- Statutory Profit before tax increased 20% to \$15.7m (FY23: \$13.1m)
- Adjusted basic EPS<sup>4</sup> increased 9% to 94.8 cents (FY23: 87.0 cents) and adjusted diluted EPS increased to 93.9 cents (FY23: 86.3 cents)
- Basic EPS 33.5 cents (FY23: 26.3 cents) and diluted EPS 33.2 cents (FY23: 26.1 cents)
- Robust Operating Cash Conversion<sup>4</sup> at 90% of Adjusted EBITDA (FY23: 92%)
- Total cash and cash equivalents \$34.6m (FY23: \$78.5m)
- Significant reduction in total Bank Debt in the year at \$35.4m (FY23: \$83.0m), with continued investment in the Trisus Platform
- Proposed final dividend of 16.0p per share (FY23: 16.0p) giving a total dividend for the year of 29.0p per share (FY23: 28.5p) up 2%
- Completed share buyback programme utilising £5m (\$6.3m) allocated

## Operational Highlights

- Investments made over recent years coming to fruition, delivering strong revenue growth and results above market expectations
- US healthcare providers refocusing on their longer-term strategic priorities, including the delivery of value-based care, provides an increasingly supportive market backdrop for Craneware
- Strong sales performance, driven by positive market response to Trisus Optimization Suites and success of the Trisus Platform Partner programme
- Our Shelter platform partner programme has returned over \$250m of additional benefit to hospitals and is expected to contribute to ARR growth in FY25 and beyond
- Continued high levels of customer retention, at over 90% across the multiple measures, demonstrating the value Craneware brings to its customers
- A new strategic alliance formed with Microsoft, enabling a joint go-to-market plan for Trisus offerings on the Microsoft Azure Marketplace expanding Craneware's market reach

## Outlook

- Increasing opportunity ahead, including accelerated innovation via the alliance with Microsoft
- Momentum has continued post-year end, with good levels of trading and customer confidence, providing the Board with confidence in continued growth momentum for FY25, delivering on current expectations and the sustainable return to double digit growth rates

<sup>1</sup>. Certain financial measures are not determined under IFRS and are alternative performance measures as described in Note 27 of the financial statements.

<sup>2</sup>. Annual Recurring Revenue ("ARR") includes the annual value of subscription license and related recurring revenues at 30 June 2024 that are subject to the underlying contracts and where revenue is being recognised at the reporting date.

<sup>3</sup>. Net Revenue Retention is the percentage of revenue retained from existing customers over the measurement period, taking into account both churn and expansion sales.

<sup>4</sup>. Operating Cash Conversion is cash generated from operations (as per Note 18), adjusted to exclude cash payments for exceptional items and movements in cash held on behalf of customers, divided by adjusted EBITDA.

<sup>5</sup>. When we refer to 'Craneware', or 'The Craneware Group' or 'Group' in the annual report we mean the group of companies having Craneware plc as its parent and therefore these words are used interchangeably.

## Chair's Statement

This has been a year of strategic and financial progress for Craneware. Investments made over recent years are coming to fruition, delivering strong revenue growth and results above market expectations. The Group continues to demonstrate its ability to innovate and meet the needs of its healthcare customers, while retaining a strong financial foundation. Through its Trisus platform and the associated platform partnership programme, Craneware is uniquely positioned to be a leading player in the digitalization of US healthcare, supporting its customers in the drive towards value-based care.

### *Strong financial results, above market expectations*

The year has seen the Group deliver on its commitment to increase its rate of growth, while maintaining strong profit margins and reducing bank debt.

Group revenues increased 9% to \$189.3m (FY23: \$174.0m). Adjusted EBITDA increased 6% to \$58.3m (FY23: \$54.9m), maintaining the Group's target EBITDA margin of above 30%.

The healthy sales performance and continued high levels of customer retention have delivered growth in ARR to \$172m (30 June 2023: \$169m), with further sales and platform partner revenue expected to convert to ARR in future years.

The Group's continued high levels of cash generation and revenue visibility have enabled it to invest in the strengthening and ongoing innovation of the Trisus platform, continue our progressive dividend policy and complete our share buyback programme, whilst reducing total bank debt, at an accelerated rate, to \$35.4m (FY23: \$83.0m). The strength of the Group's balance sheet allows the Board to continue to invest organically as well as review appropriate acquisition opportunities aligned with its growth strategy.

### *Leading market position & building momentum*

Over the course of the financial year we have seen US healthcare providers emerge from the high-pressure environment of the COVID-19 pandemic into a more settled state, allowing them to re-focus on other strategic priorities. First in these priorities is the desire to deliver first class, value-based care to their communities against the challenging backdrop that includes increasing drug costs, increasing wage bills and an aging population putting more strain on the healthcare system. These challenges result in continued financial pressures they need to understand and actively manage.

Craneware holds a unique central position within the US healthcare industry, with Craneware customers and customers numbers representing approximately 40% of the total number of registered US hospitals. Craneware customers include more than 12,000 US hospitals, health systems, affiliated retail pharmacies and clinics, and our data

sets now cover more than 200 million patient encounters. Craneware's independence within the US Healthcare ecosystem allows an uncompromised focus solely on the benefit to its customers.

This positioning has been enhanced further this year through the growth of the Group's platform partner programme, leveraging the Group's Trisus platform and data to bring innovative additional offerings to its customers, as well as the recently announced alliance with Microsoft, supporting accelerated innovation and exploration of AI-based opportunities.

### *Benefitting society through our Purpose*

The driving force of Craneware is its commitment to its purpose: to transform the business of healthcare through solutions that streamline and improve the operational and financial performance of its customers, providing the strong foundation for them to continue the provision of high-quality care for their communities. Social responsibility and delivering a positive contribution to society is paramount to Craneware and this is seen in the superb dedication of its team.

The ESG Committee routinely reviews the Group's sustainability credentials and has introduced various initiatives in the year to support its communities. Details about the Group's impact on the communities it serves can be found in the ESG Statement within the Annual Report.

On behalf of the Board, I would like to express my gratitude to the team at The Craneware Group for the hard work and passion they bring every day to serving our customers.

### *Board Changes*

Following many years' service on the Board of Directors, Colleen Blye, Senior Non-Executive Director, and Russ Rudish, Non-Executive Director, have informed the Board of their intention to not stand for re-election at the Company's forthcoming Annual General Meeting. On behalf of the Board, I would like to thank them both for their significant contributions to Craneware's success to date. Their insight into the US healthcare industry has been invaluable and we

## Chair's Statement (continued)

Wish them all the very best. The Board is in the latter stages of reviewing replacement independent Non-Executive Director candidates and will provide an update in due course.

### *Increased opportunity ahead*

Craneware's strong sales performance is testament to the strength of the Trisus platform, the increasing success of its platform partnership programme, and the central role the Group plays in enabling its customers to deliver better value healthcare.

With an increasing opportunity ahead for Craneware, including accelerated innovation via the recently announced alliance with Microsoft, the Board is confident in the Group's ability to further its enviable market position and deliver successful outcomes for all stakeholders.

**Will Whitehorn**

Chair

2 September 2024

# Strategic Report:

## Operational and Financial Review

### Operational Review

Our mission is to transform the business of US healthcare. Our independent position in the market means we are uniquely placed to support all US healthcare providers in this pressing agenda, providing them with the insights they need to achieve greater value in healthcare. It is this powerful motivation that drives the whole Craneware team forward. We are immensely proud of the fantastic support our teams provide to our growing customer base. Together, our offerings continue to return in excess of \$1.5 billion to our customers each year.

This has been another year of progress and delivery. We have seen many of the projects that were put in motion in recent years, such as our Data Foundations work, collecting and building our extensive proprietary data-sets, the launch of Trisus Optimization Suites, and our platform partnership programme, all start to come to fruition this year, as is evidenced in the increasing revenue growth rate, continued high levels of customer retention, and the recently announced alliance with Microsoft.

With this success, the opportunity ahead of us only continues to grow. Hospital management teams are increasingly seeking a greater understanding of the revenue and costs running through their extensive operations as they look to ensure a sustainable financial future for their facilities. Our recently introduced Optimization Suites combine different solutions to directly address some of the key strategic challenges our customers face today, typically delivering a more than 3x return on investment within the first year of ownership. Meanwhile our innovation teams are exploring new applications, including the use of Generative AI, and we will continue to invest in this area of the business to capitalise on this unique position gained from our extensive proprietary data-sets.

As we look to the year ahead, we do so from a position of increasing strength and resilience. Our extensive customer base, powerful cloud-based platform, significant data assets, high levels of recurring revenue and strong balance sheet provide us with a solid foundation from which to continue our growth strategy.

#### Digitalization of US Healthcare

The US healthcare market continues to experience challenges across three broad areas: clinical, financial and operational. Examples within these areas include the opioid epidemic, a mental health crisis, the increasing cost of prescription drugs and the behaviour of manufacturers in selectively honouring contracted and regulatory mandated discounts, medical procedures and associated insurance premiums, the shortage of healthcare professionals and wage inflation.

The combination of these factors means our customers are consistently being asked to do more, with less, while

improving patient care. We believe the key to successfully achieving that is through accurate, accessible and meaningful data and insights, providing the ability to deliver enhanced services, improved infrastructure, robust governance and the ability to make more informed choices around resource allocation.

However, to make those choices our customers need to be able to manage and analyse vast amounts of data, which presents a significant and costly challenges for hospitals in areas such as scalability, interoperability, processing costs, security, and compliance.

Our vision is for the Trisus platform and its applications whether developed by Craneware or third parties to address these challenges, through connected technology in the cloud.

Trisus combines revenue integrity, cost management and decision enablement functions into a single cloud-based platform. The platform brings together siloed data from the various existing software systems in a hospital or healthcare system, normalises that data and applies prescriptive analytics in order to provide insights to customers to support informed decision making regarding a hospital's finances and operations, in one place.

**We provide customers with the ability to build effective strategies related to revenue, pricing, cost, and compliance to mitigate the internal and external challenges described above, delivering real financial returns and freeing up valuable resources that can be re-invested and re-deployed by healthcare providers to support the clinical care of their communities and tackle their clinical challenges.**

# Strategic Report:

## Operational and Financial Review

(continued)

### Digitalization of US Healthcare (continued)

We believe the digitalization of healthcare and improvement of processes using data insights will provide the successful foundation for value-based care and enable the transformation of the business of US healthcare.

**Growth Strategy** - innovation to profoundly impact US healthcare operations, which will drive demand and expand our addressable market.

To date, our growth has been driven through increases in market share and product set penetration (land & expand). In recent years, we have invested in the development of the Trisus platform; a sophisticated cloud delivered data aggregation and intelligence platform which is the foundation for our future growth.

We are building on top of Trisus to strengthen our current products, leverage our proprietary data assets to expand our offering, integrate third party solutions to the platform and benefit from the scalability of cloud-technology.

Through our 25 year history in the US healthcare market, we have collected our own unique and extensive data set, which we believe contains the insights that will generate our products of the future. While we have always had a team analysing this data, the growth in artificial intelligence (“AI”) and machine learning (“ML”) means it is now easier and faster to do so, particularly when combined with the large language training capabilities of our own proprietary data. Meanwhile, we are also using AI across the organisation for efficiency and productivity gains.

### Two Growth Pillars

Our strategy has two fundamental growth pillars:

#### 1. Platform enhancements to increase ease of use and interoperability

With all customers now connected to, and benefitting from, the Trisus platform, our focus is on enhancing the attractiveness and value of the platform. This includes three areas of work:

- the ongoing reengineering of existing offerings enhancing cloud-based applications;
- the growth of our data sets within the platform, to support future product expansion; and
- our Data Foundations programme which aims to increase the speed and ease of hospitals’ interaction with the platform and interoperability of applications on the platform.

### Existing product improvements

The continual improvement of our existing offerings is an ongoing process. Combinations of new technology and their novel applications give speed, productivity and efficiency gains that benefit the ease of use of our offerings by our customers.

### Growth of our data sets

The depth of our product offering continues to expand through the mining of the proprietary and regulatory data that we collect, identifying new ways that data can illuminate and support decision making within the hospital provider environment. We now have data sets covering more than 200 million patient encounters, providing incredibly valuable insights for our customers.

Whilst our Revenue Integrity and 340B related software applications utilise different technology stacks within the Trisus platform, they both supplement and further enrich our Trisus data sets. Eventually the work we are doing with our Trisus Data Foundations programme will enable the full integration of these stacks, making our offerings even more attractive to customers as the speed and depth of insights available is increased.

### Data Foundations

As part of our Data Foundations programme of work, we are utilising the advances in AI and ML data processing to increase the interoperability and connectivity of our applications, while making the platform’s back-end processes more efficient and effective.

### 2. Value driven Customer Expansion

With the first stage of cloud-based enhancements for existing products now complete, our focus is now on the development of new applications and the extension of existing applications, to expand our capabilities and the benefits derived by our Provider customers. We anticipate our customers’ success will in turn encourage new Providers to visit or re-visit The Craneware Group’s solutions, which will facilitate a greater level of cross sale and product penetration across our extensive customer base and the wider US Hospital market over time, driving further growth in ARR as part of an ongoing cycle of transforming the business of healthcare and winning new customers.



## Strategic Report:

### Operational and Financial Review

(continued)

#### Growth Strategy (continued)

##### *Application Adoption and Measured Value*

By equipping our internal teams with proactive indicators of customer engagement, derived from their usage data from the platform, we help customers maximise the value they achieve from their Craneware software investment. Helping customers boost their understanding of what good looks like enables them to enact meaningful change in their organisations en-route to sustainable operating model improvements. Increasing this visibility of shared learnings and success achieves individual customer value but also serves to connect customers across the community of Craneware software users.

##### *Growth in ARR*

Healthy sales performance and continued high levels of customer retention in the year have delivered growth in Annual Recurring Revenue (ARR) to \$172m (30 June 2023: \$169m), Net Revenue Retention remains high at 98% for the year, with additional growth expected in both these metrics as more of the sales and platform partner success converts to ARR.

We continue to see the opportunity to accelerate ARR growth over the medium term, both as our initial platform partners mature and begin generating demonstrable recurring revenue and we unlock the considerable cross and upsell opportunities within our enlarged customer base. Customer retention for the year exceeded 90%, across the multiple measures, which is testament to the value Craneware brings to its customer base.

##### *Six Trisus Optimization Suites*

The Trisus software applications and corresponding service offerings have now been grouped into six Trisus Optimization Suites, bringing together the solutions that address specific strategic and tactical issues facing healthcare providers and are powered by the same sub-set of customer data. Through packaging our applications into suites, we aim to make it easier for our customers to identify which of our multiple additional applications are likely to unlock immediate value and address their challenges most effectively, based on their existing data within the Trisus platform.

The Optimization Suites are: Trisus Pricing Integrity, Trisus Data Integrity, Trisus Business of Pharmacy, Trisus Revenue Protection Optimization, Trisus Charge Capture Optimization and Trisus Value-based Margin & Productivity.

We have seen a very strong response from the market to these suites and their ability to address issues being faced by hospitals at a more strategic level, providing hospitals with a single vendor rather than multiple point solutions.

##### *Sales mix*

We have seen a significant increase in the overall level of new sales, further demonstrating the US healthcare industry's returning focus to strategic priorities after the Healthcare emergency that ended 11<sup>th</sup> May 2023. The proportion of sales coming from each segment remained broadly consistent with the prior year.

Expansion sales to existing customers represents 83% of our total 'new' sales in the year (FY23: 81%), demonstrating the positive response of our customers to the increased ROI derived from the uptake of our partner programme, our additional cloud applications and the packaging of applications and services into our Optimization Suites.

Whilst overall sales to new customers have increased in real terms, as a percentage of our total new sales it is 17% (FY23: 19%), reflecting the success of our Platform partner program and other new sales to existing customers.

##### *Growing Platform partnership programme*

Our growing Platform partnership programme further enables us to leverage the strength of our data, platform and customer numbers to generate additional, highly scalable, Platform Revenue streams. It is an umbrella term that encompasses any revenue that is generated in association with third parties and is typically net of any third party outlays. This can be through the use of the data assets within Trisus to directly support our customers in their ability to leverage third parties or through hosting third party applications on the platform.

Our customers will benefit from increased breadth of solutions to deliver value from the platform partnership solutions, available in an efficient and secure manner through the Trisus platform. The application and service providers can benefit from access to our unique positioning, data sets and extensive customer base, and we can benefit from new revenue opportunities and additional business models. This work also creates important distinction and strong competitive differentiation between our holistic Trisus platform offerings and other Revenue Integrity and 340B potential competitors.

## Strategic Report:

### Operational and Financial Review

(continued)

#### Growth Strategy (continued)

We will seek to transition the majority of this income into recurring revenue models, adding to our ARR, although the nature of the offering may be such that this is not applicable. These revenues from the platform, are initially categorised as 'Platform Revenues – non-recurring', until a repeatable pattern can be established.

We now have our initial programmes successfully generating revenue, and there is a building pipeline of additional programme opportunities, which will be rigorously assessed prior to launch.

#### Microsoft Alliance

We were delighted to announce in early July 2024 that we had formed an alliance with Microsoft to further transform the business of healthcare. As part of this, Craneware was named a Microsoft Global Partner Solution provider and we are in the process of finalising our joint go-to-market plan for our Trisus offerings on the Microsoft Azure Marketplace. The collaboration will see the delivery of differentiated offerings and increased value to customers through the application of industry leading data analytics, AI, and modern platform technology. As part of the agreement, we signed a Microsoft Azure Consumption Commitment (MACC) agreement, bringing predictability to our cloud spending, budget optimisation, and enhanced financial planning, thus driving cost efficiency.

A key factor of the agreement is the Microsoft Unified Support Commitment, which provides for additional resilience and cyber protection to us and our customers, with a guaranteed response time and prioritisation of technical resources were there to be any outages irrespective of the cause.

Craneware teams have begun co-innovation with Microsoft's AI experts to accelerate the application of AI enhancements to existing Trisus offerings and the exploration of new AI-based applications. Craneware's long heritage in the US healthcare industry, as well as more than 200 million unique patient encounters within its datasets, mean it is uniquely positioned to provide powerful, actionable insights to participants across the healthcare industry. These insights support better operational and strategic decisions, enabling further efficiencies in provider performance so they can focus on serving their communities and healthcare missions, transforming the business of healthcare.

The first of the Trisus applications to be made available on the Microsoft Azure Marketplace will be Trisus Chargemaster, Trisus Decision Support, and Trisus Labor Productivity. These offerings, supported by joint go-to-market initiatives and other activities, will help expand The Craneware Group's market reach via the Microsoft partner ecosystem.

To drive the success of both this and the platform partner programme, we have created a new role, SVP of Strategic Partnerships. The role will serve as the lead liaison between The Craneware Group and its partners, working closely with internal and external cross-functional teams to identify new opportunities and negotiate mutually beneficial agreements that drive success for our customers, engender customer loyalty, produce both direct and indirect new revenue opportunities for the Group and expand The Craneware Group's reach.

#### M&A

While organic growth across our portfolio remains the priority, we continue to evaluate the market for suitable M&A opportunities and will continue to pursue strategically aligned companies that will accelerate our growth strategy. We maintain the same four key acquisition criteria of which target companies must fit into at least one, being: the addition of relevant data sets; the extension of the customer base; the expansion of expertise; and the addition of applications suitable for the US hospital market. We view our platform partnering programme as a potential source of future M&A activity, provided this would deliver mutual benefits to all parties.

#### Our People and Community

Our three focus areas of Community, People and Environment continue to guide our ESG efforts. Central to our purpose is that our solutions benefit society. Our solutions deliver value for our customers, through the provision of accurate financial data, insight and analytics, that can be reinvested to support our customers in the provision of care to their communities. In addition, our 340B pharmacy solutions enable our customers to generate cost savings which go directly to the provision of care for the underserved in their communities. The Craneware Group is also directly involved with the 340B Matters initiative, which aims to educate the market regarding the importance of the 340B program for the non-profit healthcare facilities that provide accessible and affordable care within their communities.

Our customers have seen more than \$1.5bn in benefit from utilising our solutions this year, helping to stretch scarce federal resources, to reach more eligible patients and provide more comprehensive services.

## Strategic Report:

### Operational and Financial Review

(continued)

#### Our People and Community (continued)

Extending the considerable support provided for many years, we continue to develop programmes and opportunities to positively and directly impact our communities; this complements our purpose and reflects the causes which are important to our employees. This is achieved through initiatives driven by our employees through Craneware Cares and the Craneware Cares Foundation. During the year, employees have supported several causes and charitable organisations including our quarterly Spotlight Charity and Community Outreach Program.

Our team provides valuable support to our customers and the achievements of the Group are due to the efforts, experience and dedication of our people. Our team is a talented mix of employees from diverse backgrounds, which contributes to high levels of innovation and collaboration. We believe in the importance of fostering a team environment while also celebrating the individuals within the team.

We continue to invest in our team, our facilities and working practices and we welcome feedback and suggestions for improvements through a range of employee engagement mechanisms. During the year we have held sessions under our Craneware Spaces diversity, equity and inclusion programme and relaunched our Employee Advisory Group which is helping to support some of our diversity, equity and inclusion efforts, along with other initiatives such as sustainability.

We continue to progress actions that help to support our environmental focus area. During FY24 we reduced our rented office facility footprint in the US thereby assisting with lowering our energy consumption and corresponding emission reductions. This process involved the closure of our Atlanta office and we relocated our office within Deerfield Beach which provided the opportunity to configure improved collaboration spaces in the new office facility. In FY24 we also extended our climate scenario analysis and risk assessment process and continue to develop the gathering of emissions data in support of compiling appropriate metrics and KPIs to guide our efforts towards our pathway to net zero.

#### Financial Review

This has been a positive year for The Craneware Group, where we have seen our end market of US Healthcare return its focus to its longer-term strategic priorities. We have also seen many of the investments we have made over recent years begin to deliver the expected financial returns, including the acceleration of our platform partnership programme. For the year ended 30 June 2024, we are

reporting revenue of \$189.3m (FY23: \$174.0m) representing accelerated and strong revenue growth of 9%.

We continue to invest in our future while delivering an Adjusted EBITDA for the year of \$58.3m, 6% ahead of the prior year (FY23: \$54.9m), representing an Adjusted EBITDA margin of 31% (FY23: 32%).

The Group continues to be highly cash generative with a strong balance sheet. Our continued high levels of cash generation allowed us to reduce bank debt by \$48m to \$35.4m, pay dividends of \$12.8m, reduce interest costs, and to commit a total of \$6.3m to a share buyback programme. The Group has maintained its Revolving Credit Facility ("RCF") and strong banking relationships, hence has considerable financial resources at its disposal.

As a result of all of the above, our Adjusted Basic Earnings per share increased 9% to 94.8 cents (FY23: 87.0 cents).

#### *Underlying Business Model and Revenue Mix*

The contracts we sign with our hospital customers provide a license for that customer to access a specified product or suite of products throughout their subscription license period. At the end of an existing subscription license period, or at a mutually agreed earlier date, we look to renew these contracts with customers. We recognise software subscription license revenue and any minimum payments due from any 'other long term' contracts evenly over the life of the underlying contract term.

In addition to the subscription license fees, we provide contracted transactional services, which are highly dependable, and recurring, but can occasionally see some variation year to year based on volume of transactions. Transactional services are recognised as we provide the service and include our contracts with our 340B customers that enable them to engage with their network of contract pharmacies.

We also provide professional and consulting services to our customers. Where these services are provided over an extended contract period, usually alongside the multi-year software license as part of one of our Trisus Optimization Suites, or where they relate to a complex implementation integral to the use of the software, the revenue is recognised evenly over the life of the underlying contract or project term.

The combination of these two software revenue models plus our recurring professional services represent the recurring platform revenues of the business, which for the current year have increased to \$168.3m (FY23: \$163.7m).

## Strategic Report:

### Operational and Financial Review

(continued)

#### *Underlying Business Model and Revenue Mix (continued)*

Shorter professional or consulting services engagements are also provided, usually taking less than one year to complete. These revenues are usually recognised as we deliver the service to the customer, on a percentage of completion basis. In the year, despite increasing underlying sales, these engagements have delivered \$7.2m of revenue (FY23: \$9.2m), which reflects the timing and resource available to complete the engagements during the year. However, a building backlog of these projects has been generated and associated revenues will be recognised during FY25.

We continue to look for new and innovative ways to leverage the Trisus platform and the significant data assets within it. Our Platform partnership programme aims to deliver meaningful benefit to our customers and derive new revenue opportunities and additional business models for the Group. These revenues are recognised at the point we are able to invoice our customers. As initially, it is often too early to establish a pattern of what would become recurring, they are shown separately as "Platform Revenues – non-recurring", however once proven we expect many of these revenue opportunities to deliver future annual recurring revenue.

In the year, we are reporting Platform Revenues – non-recurring of \$13.8m (FY23: \$1.1m).

#### *Annual Recurring Revenue*

We define ARR as the annual value of subscription license and related recurring revenues as at the Balance Sheet date that are subject to underlying contracts and where revenue is being recognised at the reporting date.

ARR at 30 June 2024 increased to \$172.0m (at 30 June 2023: \$169.0m) with Net Revenue Retention remaining high at 98% (FY23: 100%) and customer retention for the year, again, exceeding 90%, all combining to provide a resilient foundation for the future growth of the Group. These metrics are a testament to the value Craneware brings to its customer base.

#### *Gross Margins*

Our gross profit margin is calculated after taking account of the incremental costs we incur to obtain the underlying contracts, including sales commission contract costs which are charged in line with the associated revenue recognition and the direct costs of professional services employees who deliver the services required to meet our contractual obligations.

The gross profit for FY24 increased 9% to \$162.2m (FY23: \$148.4m). This represents a gross margin percentage of 86% (FY23: 85%) which is in line with the expected gross margin of the Group.

#### *Operating Expenses*

Net operating expenses (to Adjusted EBITDA) increased 11% to \$103.9m (FY23: \$93.5m), which continues to reflect our investment approach of assessing, priority ranking then approving investment expenditure as we have clear evidence of the revenue growth that will support our commitment to deliver an Adjusted EBITDA margin of +30%. We continue to ensure prudent cost control and leverage our ability to balance our investment between the US and the UK (and the associated Sterling exchange rate).

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

The total cost of development in the year was \$52.1m (FY23: \$50.6m). We continue to capitalise only the costs that relate to projects that have yet to be released to the market and will deliver new "future economic benefit" to the Group. With the total amount capitalised in the year, being \$15.8m (FY23: \$15.0m) representing 30% of total R&D spend in FY24 (FY23: 30%), which represents a reduction to our historical run rates of 35% to 40% of total R&D spend.

We continue to believe this investment is an efficient and cost-effective way to further build out our growth strategy alongside any acquisition and Platform partner strategy. As specific products and enhancements are made available to relevant customers, the associated development costs capitalised are amortised and charged to the Group's income statement over their estimated useful economic life, thereby correctly matching costs to the resulting revenues.

#### *Net Impairment (charge)/ reversal on financial and contract assets*

In the prior year, the culmination of efforts since the acquisition of Sentry Data Systems, Inc. ('Sentry') and associated improvements to ongoing relationships with customers resulted in a benefit to FY23 of \$2.1m. For the current year we have seen a more normalised bad debt provision in the current year of \$1.1m.



## Strategic Report:

### Operational and Financial Review

(continued)

#### Adjusted EBITDA and Profit before taxation

To supplement the financial measures defined under IFRS the Group presents certain non-GAAP (alternative) performance measures as detailed in Note 27. We believe the use and calculation of these measures are consistent with other similar listed companies and are frequently used by analysts, investors and other interested parties in their research.

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

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

In the year, total costs of \$0.7m (FY23: \$0.5m) have been identified as exceptional. These relate primarily to the one-off costs associated with the later stages of the back-office systems integration of Sentry. As such, these costs were adjusted from earnings in presenting Adjusted EBITDA.

Adjusted EBITDA has grown in the year to \$58.3m (FY23: \$54.9m) an increase of 6%. This reflects an Adjusted EBITDA margin of 31% (FY23: 32%), confirming we continue to meet our target of a combined Group adjusted EBITDA margin of 30+%.

Following the amortisation charge on acquired intangible assets relating to the Sentry acquisition of \$20.9m (FY23: \$20.9m), and the reduction in our net Finance expense to \$4.0m (FY23: \$6.1m) through the success of our treasury management, profit before taxation reported in the year has increased 20% to \$15.7m (FY23: \$13.1m).

#### Taxation

The Group generates profits in both the UK and the US. The Group's effective tax rate is primarily dependent on the applicable tax rates in these respective jurisdictions. Following the Sentry acquisition, whose profits are solely generated in the US, the Group now generates a higher proportion of its profits there.

Other factors impacting the effective tax rate include tax deductibility of amortisation of acquired intangibles, tax losses brought forward and the number of share options exercised and associated tax treatment. Reconciliation of the tax charge for the year can be seen in Note 9. As a result, the effective tax rate for the year ended 30 June 2024 is 26% (FY23: 29%).

#### EPS

The Group presents an Alternative Performance Measure of Adjusted EPS, to provide consistency to other listed companies. Both Basic and Diluted Adjusted EPS are calculated excluding costs incurred as a result of acquisition and share related activities, being \$0.5m (tax adjusted) in the year (FY23: \$0.4m) and amortisation of acquired intangibles of \$20.9m (FY23: \$20.9m).

Adjusted basic EPS, continues to move back in line with the increased levels of Adjusted EBITDA and has increased 9% to \$0.948 (FY23: \$0.870) and adjusted diluted EPS has increased to \$0.939 (FY23: \$0.863). Basic EPS in the year increased to \$0.335 (FY23: \$0.263) and Diluted EPS increased to \$0.332 (FY23: \$0.261).

#### Cash and Bank Facilities

Cash generation and a strong balance sheet have always been a focus of the Group. Our business model, based on recurring revenues and our ongoing efforts to maintain high levels of customer retention, provide the basis for high levels of cash generation. We always monitor the quality of our earnings through Operating Cash Conversion, this being our ability to convert our Adjusted EBITDA to "cash generated from operations" (as detailed in the consolidated cash flow statement).

In the year, having made the necessary improvements to Sentry's cash management processes, bringing them into line with the rest of the Group's operations, we continue to deliver high levels of Operating Cash Conversion across the combined Group at 90% in the year (FY23: 92%).

We continually review our capital allocation approach, ensuring we balance investing in our future with returning funds to our shareholder base and reducing our external bank debt. We have returned funds to our shareholders during the year via our normal progressive dividend policy, returning \$12.8m in the current year (FY23: \$12.1m), and our share buyback.

In the prior year (on 12 April 2023), the Group commenced a share buyback programme of up to £5 million. The shares purchased through this programme are held in treasury and will be used to satisfy employee share plan awards. The Programme was undertaken using a phased approach. The Programme was operated under the authority granted to the Company by shareholders at the Company's Annual General Meetings in 2022 and in 2023, and within the regulatory guidance on the quantity of shares the Company may purchase on any single day.



## Strategic Report:

### Operational and Financial Review

(continued)

#### *Cash and Bank Facilities (continued)*

This programme completed during the year utilising the balance of the allocated £5 million (\$6.3 million) (FY23: £3.09 million (\$3.87 million)). Through the programme the Company purchased a total of 332,531 Ordinary Shares (FY23: 223,632) at an average price of £15.03 per share. At 30 June 2024 the Company's share price was £23.10. These shares represent 0.94% (FY23: 0.63%) of the Company's issued Ordinary Shares and are held in treasury. During the year 99,646 shares (FY23: 9,621 shares) were issued from treasury to satisfy exercises under the existing employee share plan awards as a result at the Balance sheet date, 223,264 Ordinary Shares (FY23: 214,011 Ordinary Shares) are held in treasury.

In regard to the bank debt, the facility entered into for the acquisition of Sentry comprised a term loan of \$40m, which continues to be repaid at \$2m per quarter, and a Revolving Credit Facility of up to \$100m. During the year, \$8m (FY23: \$8m) of the term loan has been repaid on schedule, and a further \$40m of the Group's cash reserves have been offset against the Revolving Credit Facility in line with our current Treasury Management Policy. The RCF balance has reduced from \$60m to \$20m, which provides further available facility of \$80m.

All covenants continue to be met, the facilities currently expire in June 2026 and we have already had early stage discussions in regards to their extension beyond this date. We thank our banking partners, alongside our shareholders, for their continued support of our growth strategy.

As a result, Cash reserves at the year-end were \$34.6m (FY23: \$78.5m) and total bank debt outstanding of \$35.4m (FY23: \$83m) giving the Group both significant liquidity and a strong balance sheet.

#### *Balance sheet*

Within the balance sheet, deferred income levels reflect the amounts of the revenue under contract that we have invoiced but have yet to recognise as revenue and therefore are subject to timing. This balance is a subset of the future performance obligations detailed in Note 4.

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

#### *Currency*

The functional currency for the Group, debt and cash reserves, is US dollars. Whilst the majority of our cost base is US-located and therefore US dollar denominated, we have approximately twenty percent of the cost base situated in the UK, relating primarily to our UK employees which is therefore denominated in Sterling. As a result, we continue to closely monitor the Sterling to US dollar exchange rate and where appropriate, consider hedging strategies. The average exchange rate throughout the year was \$1.2595 as compared to \$1.2043 in the prior year. The exchange rate at the Balance Sheet date was \$1.2645 (FY23: \$1.2619).

#### *Dividend*

In proposing a final dividend, the Board has carefully considered a number of factors including the prevailing macro-economic climate, the Group's trading performance, our current and future cash generation and our continued desire to recognise the support our shareholders provide. After carefully weighing up these factors, the Board proposes a final dividend of 16.0p (20.23 cents) per share giving a total dividend for the year of 29p (36.67 cents) per share (FY23: 28.5p (35.95 cents) per share), an increase of 2%. Subject to approval at the Annual General Meeting, the final dividend will be paid on 18 December 2024 to shareholders on the register as at 29 November 2024, with a corresponding ex-Dividend date of 28 November 2024.

The final dividend of 16.0p per share is capable of being paid in US dollars subject to a shareholder having registered to receive their dividend in US dollars under the Company's Dividend Currency Election, or who register to do so by the close of business on 29 November 2024. The exact amount to be paid will be calculated by reference to the exchange rate to be announced on 29 November 2024. The final dividend referred to above in US dollars of 20.23 cents is given as an example only using the Balance Sheet date exchange rate of \$1.2645/£1 and may differ from that finally announced.

## **Strategic Report:** **Operational and Financial Review (continued)**

### **Outlook**

The strong financial results during the year demonstrates the strength of the Trisus platform, our increasing platform partnership successes and the role we play in helping healthcare providers drive for better value in the US healthcare market.

We see increased opportunity ahead. Our alliance with Microsoft will allow us to accelerate innovation and explore new AI-based applications in an efficient manner which, alongside the breadth of the Trisus platform, our unique data assets and our considerable and extensive customer base provides significant scope for expansion in the size of our addressable market.

We approach this opportunity from a position of strength and resilience, with a strong balance sheet, high levels of recurring revenue and consistently high customer retention rates. This gives us the confidence and the ability to continue investing for growth, to secure our long-term market position.

We have commenced FY25 with a good level of trading, and remain confident in achieving another positive year ahead, growth acceleration over the near term, and our ability to create further long-term value for all stakeholders.

**Keith Neilson**  
**Chief Executive Officer**  
**2 September 2024**

**Craig Preston**  
**Chief Financial Officer**  
**2 September 2024**

## Strategic Report:

### Key Performance Indicators

The key performance indicators listed below are focused on growing our revenues and improving our revenue mix as well as improving earnings growth for our shareholders and generating sustainable cashflows. Detailed explanation of the movements is contained in the Financial Review on pages 12 to 15.

#### Key Performance Indicator Review

<i>Revenue Growth</i>	<b>2024</b>	<b>2023</b>
Revenue	\$189.3m	\$174.0m
Growth	9%	5%

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

<i>Annual Recurring Revenue</i>	<b>2024</b>	<b>2023</b>
Annual Recurring Revenue	\$172m	\$169m
Growth	2%	2%

Annual Recurring Revenue ("ARR") is defined as the annual value of subscription license and related recurring revenues as at the Balance Sheet date that are subject to underlying contracts and where revenue is being recognised at the reporting date.

ARR at 30 June 2024 increased to \$172m from the \$169m reported at 30 June 2023, demonstrating the Group's continued high levels of contracted revenue visibility.

<i>Net Revenue Retention</i>	<b>2024</b>	<b>2023</b>
% Net revenue retention	98%	100%

Net Revenue Retention is the percentage of revenue retained from existing customers over the measurement period, taking into account both churn and expansion sales. NRR remains high at 98%.

<i>Adjusted EBITDA</i>	<b>2024</b>	<b>2023</b>
Adjusted EBITDA	\$58.3m	\$54.9m
Adjusted EBITDA margin	31%	32%
Growth	6%	6%

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

## Strategic Report:

### Key Performance Indicators

(continued)

#### Key Performance Indicator Review (continued)

<i>Adjusted EPS</i>	<b>2024</b>	<b>2023</b>
Adjusted EPS	94.8 cents	87.0 cents
Growth	9%	(2)%

Adjusted EPS growth demonstrates the Group's overall profitability, adjusted for exceptional items, after taking into account the taxation in the year, reduction in debt costs and any changes in share capital.

<i>Net Borrowings / Cash</i>	<b>2024</b>	<b>2023</b>
Net Borrowings	\$(0.8)m	\$(4.5)m
Cash	\$34.6m	\$78.5m

The Group continues to maintain healthy cash reserves of \$34.6m (FY23: \$78.5m). Net Borrowings has reduced to \$0.8m at 30 June 2024 (FY23: \$4.5m) due to repayments on the term loan and a reduction in the outstanding revolving credit facility balance drawn down. This represents a comfortable level of borrowing for the business.

<i>Net Borrowings / Adjusted EBITDA</i>	<b>2024</b>	<b>2023</b>
Net Borrowings / Adjusted EBITDA	(1)%	(8)%

Net Borrowings as a percentage of Adjusted EBITDA represents the leveraging of the Group's Balance Sheet and its ability to access future funds to continue its buy, build or partner strategy. At the current levels, the Board is comfortable with the level of debt and leveraging of the Group.

<i>Operating Cash Conversion</i>	<b>2024</b>	<b>2023</b>
Operating Cash Conversion	90%	92%

The Group continues to convert very high levels of the Adjusted EBITDA reported in the year into operating cash flows. Overall Operating Cash Conversion, at 90% for the year ended 30 June 2024, is consistent with the prior year of 92%.

## Strategic Report:

### Principal Risks and Uncertainties

#### Risk Management, Principal Risks and Uncertainties

Risks and uncertainty (as well as opportunities) are intrinsic factors of conducting any business. To deliver continued sustainable growth, the Group recognises the need to minimise the likelihood and impact of key risks. These risks are both general in nature i.e. business risks faced by all businesses, and more specific to the Group and the market in which it operates. Our approach to risk management and how we intelligently assume risks that will help enable future growth, are key considerations for how we deliver long-term stakeholder value whilst protecting our business, people, assets, capital and reputation.

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

#### Risk Management

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

The Operations Board is chaired by the Chief Executive Officer and also comprises the Chief Financial Officer, the Chief People Officer and six further members of the Senior Management Team. The risk review is exercised through the monthly management reports and Operations Board meetings and, due to the importance of this topic, there is a sub-committee of the Operations Board (the Risk and Compliance Committee ("R&C Committee")), chaired by the Chief Financial Officer) to ensure there is specific focus on risk review and risk management.

For each risk identified, the control strategy and who is accountable for discharging that strategy is identified and documented in the meeting minutes. During monthly Operations Board meetings, material emerging risks are

reviewed with discussion concerning actions to reduce or monitor Group exposure. In this way, risks are reviewed and updated monthly.

The R&C Committee is a sub-committee of the Operations Board that takes the lead responsibility of monitoring and assessing risks across the Group. The Committee usually meets monthly and comprises the Chief People Officer, the Chief Financial Officer, the Chief Legal Officer, the Chief Technology Officer and the Chief Information Officer. The Head of Risk and Compliance role is the secretary to this committee and attends all meetings.

The Group also has three further committees that report into the R&C Committee: the Security Council, the Health & Safety Committee and the ESG Committee. The Security Council is chaired by the Chief Information Officer and its purpose is to assess current technology risks, approval and implementation of mitigation plans and to inform the Chief Information Officer of future strategy around this key business area. The Health & Safety Committee, chaired by the Chief People Officer, monitors compliance with health and safety regulations and develops and monitors the Group's health and safety policies and strategy. The ESG Committee is chaired by the Chief People Officer, further details of this Committee and its activities are included in the Non-Financial and Sustainability Information Statement and the ESG Statement sections of this Annual Report.

The Corporate Governance Report includes an overview of the Group's internal control systems.

We will continue to enhance our risk management processes, prioritising specific areas of focus, including: cyber security risks and operational resilience, as well as being alert to the identification of emerging risks.

#### Risk Appetite

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

The Group assesses, scores, ranks and then manages individual risks. For each identified risk, it is characterised, estimated how often the specified events could occur and a judgement is made regarding the magnitude of their likely consequences. For each identified risk, the risk management priorities are decided by evaluating and comparing the level of risk.



## Strategic Report:

### Principal Risks and Uncertainties

(continued)

#### Risk Appetite (continued)

This allows each risk to be quantified as to the of risk.

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

#### Principal Risks and Uncertainties

The risks outlined here are those principal risks and uncertainties that are considered to be material to the Group. They do not include all risks associated with the Group and are not set out in any order of priority. For each risk an indication is also provided for the estimated trend in the risk exposure being increased, decreased or relatively unchanged compared to the prior year.

The risk assessment conducted through the risk management process has not identified additions to the principal risks category however the scope and title of two of the principal risks have been changed. 'Technology Risks' encompasses broader interrelated risk considerations which were described within 'Competitive Landscape' risk last year. Also 'Treasury Risk' incorporates 'Compliance with debt finance facility covenants' and 'Banking Environment' which were disclosed as separate risks in last year's Annual Report. It has also been concluded that:

- based on an appraisal of its likely consequences, 'Management of Growth' is no longer a principal risk but is instead a general business risk; and
- having completed the transaction and integration of an acquisition the size of Sentry, we are now confident that

the Group has the established and tested experience within the management team. Therefore 'Acquisitions' is no longer assessed to be a principal risk.

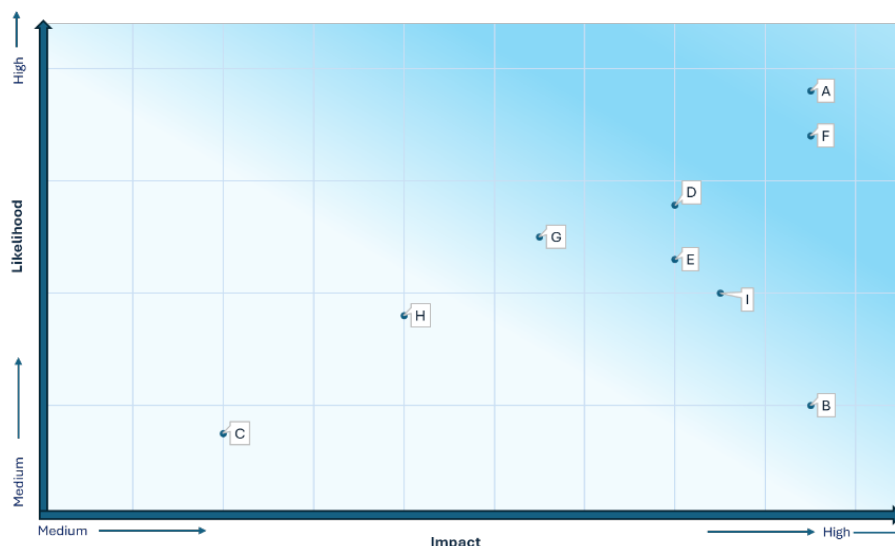
The principal financial risks are detailed in Note 3 to the financial statements. The Board's process for determining and managing risks is also detailed in the Corporate Governance Report.

In summary, and as explained in the Operational Review section of this Strategic Report, the US healthcare market is not immune to the macro-economic climate and, with the increasing focus and requirements of the evolving healthcare marketplace, the Group expects the market to continue to be competitive. Our customers are continually taking steps to create further resilience across their financial operations. We are committed to partnering with our customers by providing the platform, regulatory information and data to enable them to do so. The Group aims to remain at the forefront of product innovation and delivery, through a combination of in-house development and specific acquisition opportunities. This requires the recruitment, retention, and reward of skilled employees, alongside responsiveness to changes and the opportunities that result, as they arise.

#### Conflicts in Ukraine and the Middle East

Craneware does not have any operations or customers in any current conflict zone or any bordering areas and the Board considers that the risk of direct operational issues for Craneware, as a result of these situations, to be relatively low based on current knowledge. There are, however, geopolitical with macro-economic adverse impacts occurring as a result in the UK and in the US where Craneware operates. The Board continues to keep these situations under review, including the following risks: increasing cyber threat; escalating energy and fuel costs will increase Craneware's costs to power its offices and operations and travel costs; a period of relatively high inflation and longer-term economic downturn may have a detrimental impact on the financial performance of The Craneware Group.

#### Principal Risks & Uncertainties



Principal Risk	Change / Trend from FY23
A Data and cyber security	↑
B Protection of Data	↔
C Intellectual Property Risk	↔
D Regulatory Environment	↑
E US Healthcare: Complexity, Evolution & Reform	↑
F Complex market dynamics	↑
G Technology Risks	↑
H Macro-economic Environment	↔
I Treasury Risks	↔

## Strategic Report:

### Principal Risks and Uncertainties

(continued)

<u>Data and cyber security</u>	Trend since last year: <b>Increased</b>
<p><b>Issue:</b> Security of customer, commercial, and personal data poses heightened risks to all businesses, especially against a backdrop of increasingly complex regulatory environments and safeguards over personal and patient data. The continually growing instances and variety of cyber and data-related threats presents a significant challenge in terms of securing data and systems against attack. Craneware continues to strengthen its cyber security and information safeguarding capabilities however it is recognised that the global threat of cyber-attack is increasing along with the Group becoming a larger target as we grow.</p> <p>The Craneware Group's utmost priority is the reliable protection of customer data, especially the large amounts of Protected Health Information being administered. If our systems become compromised, this may result in the loss of sensitive data and / or the interruption of services for our customers. This could also lead to significant reputational risk as well as a significant financial risk that can only be partially mitigated through insurance.</p> <p>While it is important to have up to date policies and procedures in place, human error and increasing sophistication of the potential attackers will always pose a risk to organisations.</p>	
<p><b>Mitigating Actions:</b> Security of our systems and data is critical to our business and we strive for strong, effective and comprehensive security and governance aligned to the nature of the data the Group is handling and relevant and evolving regulations. Our systems are monitored and actively managed to mitigate and address any threats. Whilst it is impossible to completely eliminate data and cyber security risk, we are clear that effective mitigation now goes beyond building and operating security controls. The Group continues to invest in strict physical and data security systems and protocols with multiple layers of defences, including data loss prevention systems, internal and external threat monitoring. We deploy comprehensive auditing of our controls and processes targeted in these areas.</p> <p>The Group's Security Council assesses current technology risks, approval and implementation of mitigation plans as well as to advise on the future strategy around this key business area. The Group also has a dedicated Information Security team.</p> <p>It is important to continually reinforce the level of awareness of these risks across all personnel within the Group. The Group recognises and supports (including through ongoing employee training and applicable policies and procedures) a culture that embeds security across the business. Along that vein, as many studies suggest that employees and contractors are the most common cause of data breaches, with phishing attacks being the predominant cause, the Group requires mandatory data security training to be completed by all employees on at least an annual basis and when employees join the Group. There is ongoing development and investment in additional training. The effectiveness of this training is regularly tested and, where any shortcomings are identified, employees are required to reperform and supplement their mandatory training.</p> <p>In view of the importance of the procedures, security, regulation and controls around Craneware's solutions and customer data, since 2019 Craneware has met the requirements for and has maintained the HITRUST CSF certification for its Trisus and InSight solutions and corporate services. Health Information Trust Alliance ('HITRUST' Alliance) is a collaboration with healthcare, technology and information security organisations which develops, maintains and provides broad access to its widely adopted common risk and compliance management and de-identification frameworks; related assessment and assurance methodologies; and initiatives advancing cyber sharing, analysis and resilience.</p> <p>HITRUST has established a 'common security framework' (CSF) to address the multitude of security, privacy and regulatory challenges facing organisations. The scope of the HITRUST CSF's requirements is wide and requires a very high standard of data security arrangements as these have been set in the context of the accreditation being relevant to US healthcare providers with handling sensitive data (Protected Health Information) and impacts in some way all areas of the business (at least in respect of the required enhancement to the Group-wide IT and data security policies). This serves to inform IT Security roadmaps and significant investments with continued compliance being an ongoing focus. Adherence to HITRUST security requirements go beyond basic government regulations.</p>	

## Strategic Report:

### Principal Risks and Uncertainties

(continued)

#### **Data and cyber security (continued)**

##### **Mitigating Actions (continued):**

Sentinel®, Sentrex®, Trisus Decision Support, Trisus Labor Productivity and Trisus Medication Inpatient Rebate applications meet American Institute of Certified Public Accountants (AICPA) Service Organization Controls (SOC) requirements, completing the external audit verified SOC Type II assessments annually. We reconfirm our audit certifications on an annual basis, and regularly evaluate to ensure our certification selections continue to be the best measure of security controls.

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

#### **Protection of Data**

Trend since last year: **No Change**

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

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

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

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

The Craneware Group maintains a detailed Information Security Program, which aligns with applicable laws and regulations. This program governs how The Craneware Group employees and applications interact with sensitive, protected customer data. All employees and contractors are required to undertake regular mandatory training in key topics.

The Chief Legal Officer is certified in privacy law in the US and the UK. We continue to ensure we address current and evolving regulations.

The 'Data and Cyber Security' section above contains details regarding the HITRUST CSF certification for Trisus and InSight solutions and corporate services and also AICPA SOC Type II certification in place for Sentinel, Sentrex, Trisus Decision Support, Trisus Labor Productivity and Trisus Medication Inpatient Rebate applications. HITRUST is expanding their security and data privacy controls to cover key legislation.

## Strategic Report:

### Principal Risks and Uncertainties

(continued)

<b><u>Intellectual Property Risk</u></b>	Trend since last year: <b>No change</b>
<p><b>Issue:</b> The Group's intellectual property is centred around the software solutions and services it develops for customers. Failure to protect, register and enforce (if appropriate) the Group's Intellectual Property Rights could materially impact the Group's future performance. The use of third party contractors within the Group's software development organisation as well as increasing numbers of customers using outsourced partners to operate parts of their finance departments, in addition to the increased utilisation of third party content to provide services to our customers (especially by the Trisus platform), results in a larger number of third parties having access to the Group's Intellectual Property.</p>	
<p><b>Mitigating Actions:</b> The Group will continue to register its trademarks and protect access to its confidential information, as appropriate. The Group continues to include appropriate legal protections in its contractual relations with customers, suppliers, and employees. There are developed processes and procedures for the management and control of contractors as well as their access to information. The Group would vigorously defend itself against a third-party claim should any arise. The Group also has in place strict physical and data security processes and encryption to protect its intellectual property.</p>	

<b><u>Regulatory Environment</u></b>	Trend since last year: <b>Increased</b>
<p><b>Issue:</b> The Group operates in an increasingly complex and heavily regulated market environment at both the federal and state levels. This includes very specific requirements and policies in dealing with, for example, data privacy, security, labour / employment, anti-kickback statutes, compliance with and operation of the 340B program. This risk is also driven by new state-level data privacy legislation which is coming into play on a rolling basis across the US, in addition to existing 340B and GDPR and HIPAA regulations.</p>	
<p>The US regulatory environment is driven by three areas of government focus that includes Congressional actions (federal and state), Judicial decisions, and Administration actions. When there is uncertainty in regulatory oversight or a desire for change in policy, it drives either judicial or congressional engagement or the opportunity for constituents to provide comments to the Administration. In the case of healthcare, there is a current drive to lower drug pricing, create transparency, and reduce the total cost of care.</p>	
<p>An increasing number of drug manufacturers (37) have been excluding their products from 340B contract pharmacies or placing further data requirements on covered entities in order to alleviate these exclusions. These exclusions are reducing covered entities' 340B benefits and, as a result, potentially curtailing their ability to provide services in their underserved communities. These restrictions and their implications have led to litigation (which is ongoing) both on and from the manufacturers with the federal government agency Health Resources and Services Administration (HRSA). This is creating uncertainty across the healthcare and pharmaceutical industries, potentially reducing the funding and support budget that non-profit US healthcare facilities count on through 340B program pricing. Additionally, legislation is ongoing in some states that have enacted protections for their covered entities. The outcome of these actions or any legislation to limit the scope and benefit of 340B could result in a fundamental change (reduction) in potential revenue.</p>	
<p>Additionally, we continue to monitor the annual changes to the hospital outpatient prospective payment system (OPPS) that is administered by the Centers for Medicare and Medicaid Services (CMS) and any regulatory changes that can impact healthcare reimbursement and payer strategies.</p>	
<p>The Group operates in both the UK and the US and is therefore exposed to the changes in the political and economic environments of both jurisdictions.</p>	

## Strategic Report:

### Principal Risks and Uncertainties

(continued)

#### **Regulatory Environment (continued)**

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

All employees and contractors are required to undertake regular mandatory training in key topics. In addition to utilising external experts in the relevant areas, senior management regularly attend educational events and forums to keep up to date with evolving regulations.

Legislative changes are occurring on a regular basis. The Risk & Compliance Committee, comprising senior management from both countries, oversee activities and concerns pertaining to the strict regulatory environment.

The Craneware Group retains two lobbyists to support and advocate for positive changes to the 340B program (340B Matters) as well as keeping Craneware up to date as potential legislation changes.

Increased regulatory requirements regarding price transparency has created a market need which The Craneware Group is able to address within its product and service offerings.

#### **US Healthcare: Complexity, Evolution and Reform**

Trend since last year: **Increased**

**Issue:** The US healthcare industry, already a complex and highly regulated environment (as more fully detailed separately in the 'Regulatory Environment' risk above), continues to evolve, with a drive for increased value from healthcare spend and a shift towards consumerisation. The US healthcare market is subject to continual change, which can be implemented by the various participants within the US healthcare market such as insurers and drug manufacturers, and all of which could impact the Group's market opportunity.

**Mitigating Actions:** The Group has taken steps to ensure it stays at the forefront of how the industry is interpreting current proposals and actions they are taking. It has and it continues to develop significant industry expertise, across revenue cycle and 340B program aspects, at all levels of management including the Board of Directors. It actively promotes developing further experience throughout the wider organisation by, amongst other things:

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

The Group's Value Cycle strategy, delivering revenue integrity visibility and optimisation as well as 340B program management, together with the ongoing expansion of the Trisus platform, strengthens our position as a trusted financial performance partner to hospitals. In addition, the Group continues to innovate and develop further new products to meet evolving market needs, such as the ongoing development of the Group's new products in the medication area. Our focus on the core themes for data gathering, regardless of reimbursement model, enables Craneware to be flexible in assisting hospitals to run more efficiently and adapt to evolving models.

These strategies, in addition to the customer engagement activities outlined in the ESG Statement, keep the Group at the forefront of industry developments.

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

Our independence is a compelling and differentiating attribute – The Craneware Group is not owned by a health insurance provider or a pharmaceutical company unlike many organisations providing solutions to US healthcare providers.



## Strategic Report:

### Principal Risks and Uncertainties

(continued)

<b><u>Complex Market Dynamics</u></b>	Trend since last year: <b>Increased</b>
<p><b>Issue:</b> The global economic environment continues to be uncertain. Factors such as the post-pandemic environment, staffing shortages, inflation, Russia's invasion of Ukraine and supply chain issues, along with increased legislation around healthcare and healthcare reform in the US require healthcare organisations to continuously shift in response to the changing environment.</p> <p>The pressure on healthcare providers continues and the drive for increased value from healthcare spend and the shift towards consumerisation remains. Consolidations and the scrutiny around some of those mergers among healthcare providers have increased and there is also continued consolidation around technology service providers. The evolving market in US Healthcare continues to place significant pressure on healthcare providers, which is resulting in ongoing market consolidation. As a result, the Group's market is increasingly dominated by larger hospital networks. Failure to enhance products, ensure scalability or add to the current product suite could significantly limit the Group's market opportunity and leave it unable to meet its customers' evolving needs.</p> <p><b>Mitigating Actions:</b> Healthcare economies are increasingly challenged in terms of cost relative to outcomes. Providers need to adjust to achieve margins that allow them to re-invest in clinical care. The continued move to value-based care is consistent with The Craneware Group's Value Cycle strategy and the ongoing expansion of the Trisus Platform including our 340B product portfolio.</p> <p>The Group continues to innovate and develop further new products to meet market needs. The Group has taken steps to ensure it stays at the forefront of how the healthcare organisations are interpreting current proposals and the actions they are taking, including continually adding to and developing industry expertise at all levels of management including the Board of Directors.</p>	

<b><u>Technology Risks</u></b>	Trend since last year: <b>Increased</b>
<p>(Note: this risk incorporates 'Competitive Landscape' which was included in the Principal Risks and Uncertainties section of prior year Annual Reports)</p> <p><b>Issue:</b> With The Craneware Group's solutions being primarily software, the business is exposed to relatively rapid changes in technology and the risk of falling behind competitors if the Group does not keep pace with the relevant advances in technology, including Artificial Intelligence (AI), and also the general trend for software to become commoditised during its lifecycle.</p> <p>New entrants to the market or increased competition from existing competitors and those with vertical growth strategies could significantly impact the Group's market opportunity.</p> <p>The Group is also expanding its Platform partnership program which will see products developed externally to the Group being hosted on the Trisus platform and as such these products will have some level of access to both the Group's technology and its data.</p> <p><b>Mitigating Actions:</b> Our data assets and the ability to generate new and innovative products from them strengthens our competitive position. Going forward, this is expected to be further enhanced through the new Microsoft alliance providing access to state of the art technologies, especially AI.</p> <p>The Trisus platform continues to evolve and expand, with new modules being released and a growing customer base. The Craneware Group is positioned to deliver a broader range of solutions, particularly in the medication and pharmacy areas, helping improve revenue and profitability for our customers. The introduction of the Trisus Optimization Suites in FY24 are creating more market relevance.</p> <p>Partners that are provided access to the Trisus platform will be heavily vetted and required to meet the compliance standards (such as SOC II or HITRUST) of the rest of the Group.</p>	

## Strategic Report:

### Principal Risks and Uncertainties

(continued)

#### **Technology Risks** (continued)

##### **Mitigating Actions** (continued):

The Group continually monitors its competitive landscape, including both existing and potential new market entrants. Significant barriers to entry continue to exist, including but not limited to the significant data content built over the Group's history that exists within its products. The Group continues to expand and develop its product portfolio and to ensure its products are platform agnostic and actively seeks partnerships with other healthcare IT vendors. Our longer-term contracts help limit any unexpected customer departures. We also monitor customer satisfaction to ensure delivery of services meets customer expectations.

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

#### **Macro-economic environment**

Trend since last year: **No Change**

**Issue:** The Group has significant operations in the UK and, predominantly, the US and is therefore exposed to the changes in the political and economic environments of both as well as relevant aspects of the global environment. The current macro-economic environment has several compounding influences which are resulting in headwinds and challenges for many businesses globally. These factors include (but are not limited to): widening political divide; climate of social instability and industrial actions; relatively high interest rates; cost of living increases and salary inflation pressures; supply chain issues; instability and uncertainties caused by ongoing conflicts. Any worsening of economic conditions could lead to further cost inflation and reduced healthcare budgets which could impact demand for the Group's solutions and services.

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

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

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

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

## Strategic Report:

### Principal Risks and Uncertainties

(continued)

#### **Macro-economic environment** (continued)

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

#### **Treasury Risks**

Trend since last year: **No Change**

(Note: this risk incorporates 'Compliance with debt finance facility covenants' and 'Banking Environment' which were included as separate risks in the Principal Risks and Uncertainties section of the prior year Annual Report)

##### **Issues:**

##### **Cash management risks**

There is an acknowledged expanding risk, in general for companies, from internally and externally perpetrated fraud in relation to payments processing and / or transfer of funds, with wider scale use of electronic communications and documentation, use of Artificial Intelligence and remote working arrangements. The Craneware Group reconciles and disburses customer cash as part of services provided by the Group in connecting them to their contract pharmacy network, in conjunction with healthcare partners.

##### **Counterparty risks**

The financial services industry, and notably banking, have faced significant challenges in recent years that have led to increased risk impacting cashflow and lending products. Industry risks exist with increased threats of security breaches, exacerbated by global conflicts and national tensions.

##### **Compliance with debt finance facility covenants**

As part of the funding for the acquisition of Sentry, the Group entered into debt facility arrangements which provide up to \$140m of secured funding. This secured committed debt facility, comprises a term loan and a revolving credit facility. Details of these borrowings are provided in Note 20 to the financial statements. The loan agreements require specific bank covenants and quarterly reporting to ensure compliance with the conditions of the loan facilities. If the covenants were breached, the lenders could take action against the Group. This could include the lenders using their security over the Group's assets to repay the outstanding debt, thus adversely impacting shareholders.

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

##### **Mitigating Actions:**

##### **Cash management risks**

Internal controls including authorisation protocols, segregation of duties and reconciliations are in place and kept under review in addition to executive supervision of financial risk management considerations and policies and procedures.

##### **Counterparty risks**

Insurance measures, to the extent commercially available, are already in place along with good relationships with a number of financial institutions allows the Group's cash reserves being "spread" across multiple banks.

## Strategic Report:

### Principal Risks and Uncertainties

(continued)

#### **Treasury Risks** *(continued)*

##### **Mitigating Actions** *(continued):*

##### Counterparty risks *(continued)*

We continue to implement process improvements, including increasing visibility on high-value contracts which result in significant payments into a single account. Insurance measures have also been reviewed to ensure as effective coverage as is possible. As noted below, in addition to scheduled term loan repayments, the Group is actively reducing the cash reserves it holds through offsetting the revolving loan facility balance whilst maintaining the available facility – therefore the Group's cash on its balance sheet has been reduced by offsetting the revolving facility.

##### Compliance with debt finance facility covenants

There is regular monitoring of financial information across the organisation, including monitoring of compliance with the loan covenants. The forecasting process enables evaluation of projected financial information against the bank covenant requirements and this is kept under review. We retain regular and detailed dialogue with our lenders and these relationships continue to be supportive.

The Group benefits from high levels of recurring revenues leading to strong cash generation which is improving levels of headroom against the borrowing facilities and reducing leverage. The Group's loan facility is provided by a broad and supportive banking syndicate and the business is operating well within the loan covenants.

The Group has paid down some of the revolving facility and continues to allocate any excess cash to reduce the balance. The loan facility has been drawn down to the extent of \$120m of which \$35.4m was outstanding at 30 June 2024 (\$83.0m at 30 June 2023) comprising a \$16m term loan and a \$20m revolving loan facility (\$24m term loan and \$60m revolving loan at 30 June 2023). These facilities are due to expire on 30 June 2026 and on 7 June 2026 respectively.

#### **Emerging Risks**

Emerging risks are newly developing risks that cannot yet be fully assessed but that could, in the future, affect the viability of our strategy. In addition to known risks, we are consistently reviewing and re-assessing other emerging risks and the need for mitigation, as well as reporting to the Board, as part of our existing risk management processes. These processes include the identification of relevant internal and external factors and are designed to capture those emerging risks which are current and those that will impact future years.

##### Climate Change

The Group is aware that, for all businesses, the profile and therefore impact of climate-related risks are likely to change not just in terms of physical impacts but also as a result of evolving government policy to enable transition to low carbon economies. Climate change has both immediate effects and progressive, long-term effects on the risk profile of all businesses. In the short-term there is an increasing frequency of extreme weather events (wind/rain/flood); this may lead to significant changes in certain costs, including but not limited to taxation e.g. on emissions. In addition to any physical impacts, Governments may seek to introduce new regulations in this area to accelerate the transition to a low carbon economy. The profile and therefore impact of climate-related risks are set to alter as government policy evolves. The actions required to reduce carbon usage and to mitigate the impacts of climate change may be wide-ranging, resulting in an increase in operational costs or capital expenditure. Climate-related risk considerations, including governance arrangements, are disclosed within the Group's Non-Financial and Sustainability Information Statement.

The nature of Craneware's operations, i.e. not manufacturing or transporting goods, means its environmental impact is relatively low compared with other sectors and our overall risk from climate change is assessed as low. However, all businesses, including Craneware, must recognise the importance of responding appropriately and to act responsibly in reducing their contribution to global climate change. Also, as the size of the Group grows, we are conscious of the impact our operations may increasingly have

## Strategic Report:

### Principal Risks and Uncertainties

(continued)

#### Emerging Risks (continued)

##### Climate Change (continued)

on the environment. Craneware aims to manage its environmental impacts responsibly and this is further outlined within the Environmental, Social and Governance Statement.

In regard to specific risks to Craneware; existing resilience plans include mitigation strategies for extreme weather events; energy costs are a relatively small proportion of the Group's costs and likely regulatory interventions are seen as manageable; and a significant proportion of our employees are home-based and we already rely on video conferencing technology, thereby reducing our travel requirements. The Group also remains cognisant of the significant reputational risk if it does not continue to respond appropriately to global climate change.

#### Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have considered the viability of the Group over the three-year period from 30 June 2024.

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

The current economic climate has remained largely stable over the previous year which has been reflected in the forward view of the model. Modest increases in revenue alongside cost increase greater than inflation provide a cautious base case against which viability has been assessed.

In addition, the directors assessed the current banking facilities and the Group's ability to satisfy the terms and covenants of the loan agreements, effective from July 2024.

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

The Directors consider that three years is an appropriate period for this assessment as it corresponds with the outlook used internally and for strategic planning.

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

The Directors have therefore considered, in making this assessment, the Group's current financial position and future prospects and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period from 30 June 2024. However, future assessments of the Group's prospects are naturally subject to uncertainty that increases with time and therefore future performance cannot be guaranteed.

## Strategic Report:

### Environmental, Social and Governance (ESG) Introduction

#### ESG Committee Chair's Introduction

Our three ESG Focus Areas (outlined below) are founded on our Purpose and continued to guide our ESG initiatives and actions through FY24.

At the very heart of our ESG endeavours are our customers and communities. We are honoured as a team at The Craneware Group to be able to support and enable our customers to provide quality care to their communities through the profound impact our solutions deliver. This social impact is substantial. In FY24 we delivered in excess of \$1.5 billion of benefit to our customers from utilising our solutions, helping them stretch their scarce healthcare resources as far as possible.

Craneware Cares continues to embody our team's strong community ethos and is testament to our culture. We value our colleagues on the Cares committee and everyone throughout the organisation as they continue to provide considerable time and precious resources to the significant efforts and achievements of the Cares programs to support the causes in their own communities.

I and my fellow ESG Committee members appreciate the support, enthusiasm and engagement from the Employee Advisory Group and colleagues across The Craneware Group in helping to collectively progress our Diversity, Equity and Inclusion and Environmental initiatives during the year. Thank you to everyone who has committed, and continues to provide, their time and energy to these efforts.

We are mindful of the fact that climate change is a global challenge and a responsibility for everyone. As a software and services provider, we operate with a relatively low impact on the environment however, we are working diligently to reduce this impact.

We hope that our Non-Financial and Sustainability Information Statement and accompanying ESG Statement provides you with both an understanding and appreciation of our team's collective efforts and progress with the various initiatives within our three ESG Focus Areas. I look forward to ongoing involvement with colleagues in the year ahead as we advance further activities within our ESG Focus Areas.

**Issy Urquhart**

Chair of the ESG Committee & Chief People Officer

DRIVEN BY OUR PURPOSE: to transform the business of healthcare through the profound impact our solutions deliver, enabling our customers to provide quality care to their communities	Key ESG Focus Area	Overview of our ESG credentials
	<b>Our Customers &amp; Community</b>	<p>Our solutions benefit society, supporting our customers' financial stability and sustainability so that they can focus and prioritise patient care and provide healthcare services which benefit their communities. In FY24 our customers have seen in excess of \$1.5 billion benefit from utilising our solutions, helping to stretch scarce healthcare resources as far as possible.</p> <p>Craneware Cares is driven and led by our employees and forms a central and important part of life at Craneware; coordinating our charitable giving and community outreach.</p> <ul style="list-style-type: none"><li>Further details are in our ESG Statement</li></ul>
	<b>Our People</b>	<p>We have a talented mix of employees from diverse backgrounds, which brings a high level of innovation and collaboration. Our diversity metrics are on pages 46 and 47.</p> <p>Our reward practices, working arrangements, learning &amp; development, employee engagement strategies, talent acquisition and wellness focus support our diversity aims and facilitate a culture of high contribution, equity and inclusion.</p> <ul style="list-style-type: none"><li>Further details are in our ESG Statement</li></ul>
	<b>Our Environment</b>	<p>Our environmental impact is relatively low and our climate-related risks are not significant. However, in the global challenge of climate change we have a responsibility to reduce our environmental impact. We have various initiatives underway and in plan to lower emissions and energy use and supporting environmentally responsible practices.</p> <ul style="list-style-type: none"><li>Further details are in our Non-Financial and Sustainability Information Statement (on pages 31 to 40) and in our ESG Statement</li></ul>
<b>LEADERSHIP AND OVERSIGHT BY THE BOARD OF DIRECTORS:</b> (Our Governance framework includes: business ethics, corporate governance, information security, anti-bribery and corruption policy, anti-slavery and human trafficking policy, whistleblowing policy) <b>UNDERPINNED BY OUR VALUES AND CULTURE</b>		



## Strategic Report:

### Non-Financial and Sustainability Information Statement

In accordance with section 414CB of the Companies Act 2006 (the 'Act'), the Board provides, within this Statement, the climate-related financial disclosures for the Group of companies which has Craneware plc as its ultimate parent company (the 'Group').

The Board acknowledges that s414CB of the Act states that companies should include disclosures on climate change-related risks and opportunities, where these are material. Although not considered to be material risks and opportunities to the Group at this time, we understand that this information may be useful to stakeholders. We recognise the importance of transparency and reporting for our stakeholders to enable decision making and more effective monitoring of risk mitigations and progress towards emission reductions as we transition to a low carbon economy.

During the year ended 30 June 2024 ('FY24') we continued to advance some actions in this the Group's second year of reporting under these provisions in the Act and the Group aims to make further progress in FY25. Whilst the compilation of a baseline emissions data set for establishing appropriate targets and defining key performance indicators to monitor our response to climate-related risks remain in progress, we have implemented steps to reduce the Group's impact on the environment.

#### Introduction and overview

The nature of the Group's operations means that our environmental impact is relatively low compared with other sectors, such as manufacturing or transporting goods, and our overall risk and impact from climate change is assessed as low. As a result of our activities, we are not involved in energy-intensive processes nor do we generate significant emissions or waste however, we understand that we all have a responsibility to protect the environment. The Board believes that all businesses, including The Craneware Group, must recognise the importance of responding appropriately and reducing their contribution to global climate change. Consequently, we seek to manage and minimise the Group's impact on the environment through good governance, measuring and monitoring climate-related risks and opportunities and taking steps to reduce energy use, emissions and waste, in alignment with net zero ambitions.

Supported by our ESG Committee, the Board aims to keep abreast of this evolving situation by monitoring and ensuring risks and potential opportunities are assessed and that we are implementing appropriate mitigating actions to support the reduction in the Group's environmental impact. The 'Potential impacts and resilience' section of this Statement describes that, in FY24, the ESG Committee was supported by colleagues from various parts of the business to conduct an externally facilitated qualitative climate scenario analysis process thereby enhancing the initial high level scenario analysis conducted by the Committee in FY23. This process also assisted with expanding, to some extent, the awareness of climate scenarios and implications for the organisation beyond the Board and senior management level within the Group.

The Board recognises that further development of assessments, emissions data and monitoring in this area are required, and we are committed to ensuring continued progress with these activities through FY25. We intend to enhance our reporting of climate-related information as we make further progress as an organisation towards net zero emissions, in the context of the UK and US governments' targets for net zero by 2050. We assessed climate-related risks and opportunities and their potential impact (described further below); the results from this assessment along with a more complete composition of the Group's emissions data will form the basis of our targets to manage climate-related risks.

Our commitment, noted in our Non-Financial and Sustainability Information Statement last year, was to advance more immediate actions rather than waiting for data to be gathered or specific targets to be set as climate concerns continue to evolve with a heightened urgency. Being aware of our main areas of energy use and emissions we focussed our efforts in FY24 accordingly. Some of the actions progressed in FY24 aimed to further our understanding of potential climate-related scenarios and their possible impacts facilitating the updating of our appraisals of climate-related risks (and relevant mitigations) and opportunities. In addition, activities to assist with reducing our environmental impact included the following in FY24, along with our wider sustainability initiatives that are described within the Environmental, Social and Governance ('ESG') Statement on pages 41 to 55.

## Strategic Report:

### Non-Financial and Sustainability Information Statement

(continued)

#### Introduction and overview (continued)

- Our ESG Committee continues to support the Board with the operational coordination and direction of the Group's sustainability activities (further details are in the Governance section below and our ESG Statement);
- Reviewing climate-related risks identified from the Group's risk management procedures, and resilience through applicable mitigating actions;
- Consideration of different climate change scenarios and an overview of potential impacts;
- The reduction in the rented office space in the US was implemented, as planned, during FY24 with an initial 13% decrease in rented office space in early FY24 with a full year impact of the reduced space to be realised in FY25. This contributed to a decrease in Scope 2 emissions of 30% in FY24 compared to FY23 with further decline expected through FY25 when a full year of the office space reduction is in place. This is described further below in the 'Energy Use and Emissions' section and in the ESG Statement;
- Further progress with the gathering of Scope 3 emissions data in additional categories (for voluntary reporting), where practicable, and this activity is ongoing;
- Reviewing availability of emissions data, particularly from significant vendors;
- Continued migration of internal information technology on-premise services to more energy efficient cloud services;
- Further review and monitoring of some key vendors' sustainability credentials, renewable energy policies and other emission reduction actions - this assessment will continue during the year ahead;
- Enhancing employee engagement and broadening awareness of environmental impact considerations facilitated by our Employee Advisory Group and this is ongoing in FY25; and
- Continued progress with the review of business travel procedures, employee communications and availability of carbon / emissions data.

Further actions, which are anticipated to help to reduce our environmental impact, are also in plan for the coming year and we refer to some of these activities within this Statement and in our ESG Statement. In addition to the actions noted above, we are assessing the process and requested contents for disclosure of environmental information, during FY25, through the proposed submission of responses to the 2024 CDP corporate questionnaire. Therefore, with these various activities underway or in plan, we look forward to reporting on progress in our FY25 annual report.

The Board is cognisant that the provisions of s414CB of the Act comprise specified climate-related disclosures that are aligned with the Task Force on Climate-related Financial Disclosures ('TCFD'), but do not directly reference these. During our preparatory activities for actions and reporting, we referred to various published guidance including (but not limited to): the TCFD guidance; guidance on the 'Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs' issued by Department for Business, Energy & Industrial Strategy; in addition to relevant publications by the Financial Reporting Council ('FRC') including the FRC's Annual Review of Corporate Reporting 2022/23 and the FRC's Thematic Review of TCFD Metrics and Targets.

Set out below are the requirements of the Act in this regard and the sections within this Statement containing the relevant information, other than in the overview description above:

## Strategic Report:

### Non-Financial and Sustainability Information Statement

(continued)

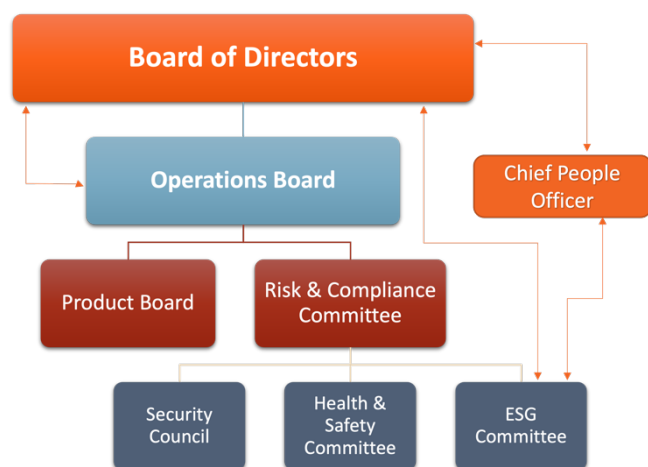
#### Introduction and overview (continued)

Requirements of s414CB (2A) Companies Act 2006	Section name in this Statement and page number containing this information
(a) a description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities	<b>Governance</b> (pages 33 and 34)
(b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities	<b>Risk Management</b> (page 34)
(c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process	<b>Risk Management</b> (page 34)
(d) a description of: (i) the principal climate-related risks and opportunities arising in connection with the company's operations, and (ii) the time periods by reference to which those risks and opportunities are assessed	<b>Climate-related Risks &amp; Opportunities</b> (pages 34 to 37)
(e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy	<b>Potential impacts and resilience</b> (pages 37 and 38)
(f) an analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios	<b>Potential impacts and resilience</b> (pages 37 and 38)
(g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	<b>Metrics and targets</b> (pages 38 to 40)
(h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based	<b>Metrics and targets</b> (pages 38 to 40)

## Governance

The sustainability governance framework within the Group, which includes the assessment and management of climate-related risks and opportunities, is summarised below.

#### Overview of ESG / Sustainability governance framework:



The Board of Directors has overall responsibility for sustainability or 'environmental, social and governance' ('ESG') matters including oversight of climate-related considerations and effective management of any climate-related risks and opportunities, as part of the Board's responsibilities to monitor any issues which impact strategy, risk management and the operations of the Group.

## **Strategic Report:**

### **Non-Financial and Sustainability Information Statement**

**(continued)**

#### **Governance (continued)**

Our ESG Committee was chaired by Issy Urquhart, an executive Director of the Company and the Group's Chief People Officer, throughout the year ended 30 June 2024 and since the Committee's inception during the prior financial year. Membership of this Committee consists of senior representation from across the business, including the Chief Information Officer. The Board of Directors maintains oversight of the ESG Committee and approved the terms of reference for its operation and receives regular updates from the ESG Committee. In addition, from an operational perspective, the ESG Committee provides regular updates and copies of Committee meeting minutes to the Risk & Compliance Committee (with two of the members of the ESG Committee also being members of the Risk & Compliance Committee).

The ESG Committee meets on at least a quarterly basis. The ESG Committee's remit is wider than environmental (including climate-related) matters; and the Board has approved three key focus areas within which to structure the ESG Committee's efforts, as explained within the ESG Statement.

#### **Risk Management**

The Group's Risk Management process is described on page 19. The management of climate risks has been embedded into those risk management arrangements. The process maintains a consistent approach to the management of climate-related risks, in line with all other risks managed across the business so that their significance is evaluated relative to the same appraisals as other identified risks. In FY24 this process received the outputs from the climate-related scenario analysis as described in the 'Potential impacts and resilience' section of this Statement. This was a qualitative climate risk impact appraisal including consideration of mitigation and adaptation arrangements.

The Board considers that the Group's current processes, including risk management and the operational oversight by the Operations Board and its subcommittees are sufficient at this time to maintain monitoring of climate-related risks and mitigation plans.

Risks identified through this process are assessed based on their potential impact and likelihood of occurrence using defined criteria which are applied throughout the risk assessment procedures. The process also considers mitigation of the risks, the responsible owner(s) within the senior management team, emerging risks and ongoing monitoring.

In prior financial years, through the Group-wide risk management process, climate change was identified as an 'emerging risk'. Overall, our analysis indicated no short term material climate-related risks that would affect our strategy or performance, and therefore it was concluded that climate change remains an emerging risk. However, we will continue to evolve, develop and keep under review our understanding of climate risks, with further appraisals, given the evolving nature of climate change and its progression and impact updates based on scientific data and analyses.

#### **Climate-related Risks and Opportunities**

Climate change is dynamic and is anticipated to have long term implications. It is acknowledged that many of the more significant and prolonged effects of climate change are expected to arise in the longer term and therefore come with an inherent uncertainty. Therefore, the use of climate-related scenario analysis is applied to support the identification of risks and opportunities and to appraise the resilience of the organisation to potential future climate states. We have identified those climate-related risks and potential opportunities most likely to affect The Craneware Group as set out in this section of the Statement but none of these have been assessed as significant to the Group.

Building on our initial assessment conducted last year, in FY24 our further appraisals of climate-related risks, (both physical and transitional risks) and opportunities, from climate change, have been considered as well as taking into account the geographical locations in which the Group operates. Physical risks are those arising from the climatic impact of higher average temperatures (such as the increased frequency and severity of extreme weather events), whilst transition risks are those arising from the changes in technology, markets, policy, regulation, and consumer sentiment which will result from the transition to net zero.

None of the identified climate-related risks (which are described below), based on current assessments and mitigations, are expected to have a significant negative or positive impact on the Group's business model and / or strategy. It is considered that the impacts of these risks are not material to an understanding of the business or its strategy but are disclosed to provide context in relation to the developing nature of climate-related concerns. We appreciate, as is the case for other potential risks, that these should be kept under review and as significant new pertinent information or changes in the business occur.

## Strategic Report:

### Non-Financial and Sustainability Information Statement

(continued)

#### Climate-related Risks and Opportunities (continued)

Potential climate-related risks are being assessed within the following three time horizons and for the main reasons outlined in the table below:

Time period	Short term	Medium term	Long term
	Up to 3 years	3 to 15 years	More than 15 years
Rationale	Aligns to our business planning and forecast period	We aim to set some emission reduction targets to be achieved within this timeframe	Covers 2050; the year by which UK and US governments are targeting for net zero greenhouse gas emissions

#### Climate-related risks

The following climate-related risks have been identified as potentially relevant to the Group although none are considered to be material to the Group and the impact for each is currently assessed as low. In summary:

Risk title	Climate-related threats to facilities and infrastructure	Carbon pricing in operations and value chain	Reputational issues linked to environmental performance and reporting
Risk type	Physical	Transition	Transition
Potential impact overview	Disruption to operations as a result of severe weather events or long term changes to climate and sea levels	Increased operating costs due to higher pricing of energy and other inputs	Potential damage to reputation and higher cost of capital
Time horizon	Medium	Medium	Medium
Impact (with mitigation)	Low	Low	Low
Likelihood (with mitigation)	Unlikely	Possible	Unlikely
Mitigation / adaptation	Refer to summary below	Refer to summary below	Refer to summary below

#### Climate-related threats to facilities and infrastructure

With potentially higher frequency or severity of weather-related events (for example floods, storms) and also longer term changes to weather patterns and associated sea level rises caused by climate change, there is an increased potential for business interruption and damage to premises and infrastructure.

The Group has several mitigations, as a result of its operations, facilities arrangements, infrastructure configurations and business continuity plans. In addition, the Group does not have a dependency on a single physical location and our working arrangements are such that a relatively small proportion of our employees are office-based; the majority of our US employees are home-based. The Group utilises leased office premises in geographically dispersed locations which are not highly vulnerable, based on our current resilience assessment. All our office-based employees are able to work remotely and we operate a Dynamic Working Framework allowing flexibility to work between home and office (as described within the ESG Statement).

Over time the Group has also been migrating internal information technology on-premise services to cloud services therefore increasing resilience from an infrastructure perspective. We also continue to appraise our infrastructure requirements, including the use of cloud services and data centres, in addition to the resilience of those arrangements incorporating climate-related risk mitigations. The Group will keep under review the potential vulnerability (in particular to physical climate-related risks) over the medium to longer term, of its office locations, facilities and infrastructure and regularly appraise the adequacy of mitigations.

We acknowledge the potential physical effects of climate change in the longer term, depending on the severity of the climate scenario projections, and those could have significant adverse consequences for our stakeholders thereby highlighting the importance that society collectively work towards emission reductions.



## Strategic Report:

### Non-Financial and Sustainability Information Statement (continued)

#### *Carbon pricing in operations and value chain*

As regulations come into effect to implement the emission reductions needed to achieve governments' net zero targets, there is likely to be some increase in the price of carbon to drive organisations to reduce their carbon emissions and energy use. The Craneware Group is therefore likely to experience an increase in operational costs resulting from carbon pricing. This is expected to be as a result of our own operations, as well as vendors within our value chain, due to higher costs associated with energy and other inputs. This is anticipated to potentially affect some elements of the Group's operating costs however there are actions already in process and planning will assist with addressing some of this risk, for example the reduction in our rented office space in the US implemented in FY24 is resulting in a reduction in energy use and emissions (as outlined in the 'Metrics and targets' section of this Statement).

The Group will continue to review vendor arrangements in respect of energy use and renewable sources, pricing and vendor activities for reducing emissions. Some of the Group's significant vendors have initiatives in place or in plan for energy efficiencies, increased use of renewable energy sources, and monitoring and reduction in utilities consumption.

#### *Reputational issues linked to environmental performance & reporting*

We have an obligation to investors, regulators, and other stakeholders to communicate progress in respect of sustainability considerations including climate-change. The Board is aware that, for all businesses, the profile and therefore impact of climate-related risks are likely to change not just in terms of physical impacts but also as a result of evolving government policy to enable transition to low carbon economies. Failure to address this risk, which is relatively low for our organisation, could nonetheless result in damage to our reputation and possible regulatory penalties in certain instances. We acknowledge that damage to the Group's reputation could potentially affect all of our stakeholders to some degree.

Whilst reputational sensitivities in relation to climate-change could be thought to be low risk for the Group because its business does not generate large levels of emissions or waste, we are mindful of the importance of the collective effort across society to address the challenge of climate change and our ESG Committee is directing the operational responses to develop and enhance our policies and processes in this area.

## Overview

We do not expect any material impact to the Group in the short term as a consequence of these identified climate-risks, based on current appraisals. As a consequence, we do not believe it is meaningful at this stage to quantify their financial impacts. Nevertheless, we will continue to keep these under review as climate-related projection scenarios continue to evolve including scenario projections for the medium to long term.

#### *Metrics to track climate related risks*

It is recognised that the Group's initiatives to assist with reduction in emissions are more relevant and appropriate than developing specific metrics for each climate-related risk. However, this will be kept under review by the Board and ESG Committee. Whilst our activities to baseline our relevant energy use and emissions data are still in progress and climate-related Key Performance Indicators (KPIs) or targets are not currently reported by the Group, we believe this information is not considered necessary for an understanding of the business.

#### *Climate-related opportunities*

A few potential opportunities, which may arise as a direct result of climate-related implications, were identified and considered as part of the climate scenario analysis in FY24. However, these are regarded to be not material to the Group's business model and strategy at this time. These potential opportunities include:

- **Hiring and retaining talent:** it is recognised that employers' sustainability credentials are becoming more important to stakeholders including employees (and prospective employees). Therefore, appropriate sustainability initiatives, including those addressing environmental impacts, can help to attract and retain talent. We have a number of environmental and other sustainability activities initiated or in plan, as outlined within the 'Introduction and overview' section of this Statement and in our ESG Statement. The direction, coordination and progression of these initiatives is assisted by our ESG Committee.
- **Increasing demand for lower carbon footprint products, such as cloud-based and digital services:** Customers may increasingly seek lower carbon product offerings to reduce their own carbon footprints and be aligned with anticipated incoming regulation. Offering cloud-based services with providers who are on a pathway to net zero emissions will help them achieve that, thereby potentially increasing the demand for our solutions. In addition, Craneware has an opportunity to help customers transition to a more digitalised infrastructure which can help towards improved efficiencies and reducing their emissions.



## Strategic Report:

### Non-Financial and Sustainability Information Statement

(continued)

#### *Climate-related opportunities (continued)*

- **Efficiency of resource management and renewable energy:** improving the Group's energy use and transitioning to renewable energy sources could help reduce exposure to carbon pricing and also reduce our Scope 2 emissions. However, the Group's current ability to ensure it derives benefit from these opportunities is limited because our office facilities are leased within serviced premises and therefore control over energy supply and waste treatment resides with the landlords. Within the operation of our office space, we have recycling points and encourage a reduction in waste such as eliminating single use plastics. Some of the Group's significant vendors have arrangements in place or are in progress towards an increasing proportion of renewable energy coverage and improved efficiencies in the use of utilities.

#### Potential impacts and resilience

We understand the need to assess, at suitable intervals, the appropriateness and adequacy of climate resilience in addressing both physical and transitional climate risks and in estimating the materiality of their impact and doing this on a consistent basis to the materiality estimation for all other identified risks, as described in the Principal Risks and Uncertainties section of this Strategic Report.

As explained in last year's Non-Financial and Sustainability Information Statement, the ESG Committee conducted an initial high-level risk and opportunity assessment and scenario analysis in FY23. Three climate-related scenarios (ranging from high to low emissions) were referred to in that appraisal to assist the Committee's understanding of the sensitivity of identified potential physical and transition climate-related risks. We recognised then that further scenario analysis should be conducted to support a more detailed review and to ensure that the scenario projections we referenced are the most appropriate for the circumstances and up to date. We stated our intention to complete this more detailed review during FY24.

Accordingly, during this year the ESG Committee engaged an independent external consultancy firm, specialising in ESG advisory services, to plan and facilitate this process. The objective of this exercise was to validate and build on the initial assessment, based on a more detailed scenario analysis, especially over the longer term. In order to enhance the breadth of perspectives for this assessment, the Committee invited colleagues from a range of functions across the business to participate in a scenario analysis

workshop. Background information, to provide context to the proposed scenarios, was considered and initial thoughts prepared by the participants ahead of the workshop event. The process sought to assess the resilience of the Group's business model and strategy within projected climate scenarios to:

- understand key drivers causing potential risks or opportunities;
- identify and describe climate-related risks and opportunities, with wider perspectives than solely the ESG Committee, to provide appraisals of the potential risks and opportunities;
- (through representation from across the organisation) provide indications of how these climate projections may impact the different areas of the business; and
- propose the organisation's existing mitigations and / or possible response.

The climate scenario workshop referred to two scenarios compiled and published by the Intergovernmental Panel on Climate Change (IPCC) in the IPCC's sixth assessment report under climate warming scenarios which included:

- **RCP 8.5:** a high-emissions scenario (often referred to as 'business as usual'), where carbon emissions continue growing unmitigated; suggesting a likely outcome if global concerted efforts to cut greenhouse gas emissions does not happen. This scenario indicates a pathway to global temperature increase of an average of around 4.4°C above pre-industrial levels by the year 2100 and would therefore lead to more severe physical risks.
- **RCP 1.9:** a low-emissions scenario which indicates a predicated global temperature increase, on average, to 1.5°C or below compared to pre-industrial levels by the year 2100. This scenario therefore reflects the goal of the Paris Climate Agreement of limiting global warming to less than a 1.5°C increase above pre-industrial levels. This scenario would require rapid global action (by governments and society) and declining emissions.

The elements of these scenarios were contemplated and discussed by the workshop participants with further detail of projected impacts on the United Kingdom and the United States provided from various IPCC's Sixth Assessment Report, Working Group II – Impacts, Adaptation and Vulnerability Factsheets. The elements referred to within the Factsheets included (but were not limited to): projected change in relative sea levels; annual average temperatures; extreme heat incidence; precipitation levels; human health and wellbeing aspects. The scenario analysis benefitted from involvement and insights provided through this focussed workshop and assists with a broader evaluation of the resilience of our business to climate change.

## Strategic Report:

### Non-Financial and Sustainability Information Statement

(continued)

#### Potential impacts and resilience (continued)

Following the climate scenario workshop, the ESG Committee reviewed the outputs from the workshop session and incorporated these into the Committee's updated appraisals of climate change risks and opportunities. These risk appraisals were then included within the corporate risk management and risk assessment process (as outlined on pages 19 and 20) and therefore were subject to further review in the context of the Group's other identified risks and were thereby assessed, in terms of their significance, on a consistent basis. Based on those assessments, no significant risks have been identified from the scenario review that we are unable to adequately mitigate. The vulnerability of the Group in the context of the climate-related risks is considered to be low as a result of the mitigations and adaptations referred to in the 'Climate-related risks and opportunities' section above including our facilities, infrastructure and working arrangements, use of leased office premises and their locations.

Our business continuity plans, which are kept under review by our Operations Board, seek to ensure that effective business continuity practices and arrangements are in place, so the Group is more likely to be able to prevent, quickly respond to, and assist the organisation to recover from disruptions. The Group's business continuity plans appraise threats, including climate-related effects and impacts, with the aim of mitigations and adaptations being adequate and appropriate.

The ESG Committee acknowledges that climate scenario analysis is complex and involves many uncertainties especially over the longer term. The Committee aims to ensure that the scenario analysis will continue to be enhanced and developed (taking into account updated published assessments of climate-related scenarios), at appropriate intervals in the future, to more fully establish and quantify The Craneware Group's climate related risks and opportunities and an iterative approach will therefore be required.

#### Metrics and targets

Conscious of the UK and US governments' ambitions for net zero emissions by 2050, in order to achieve The Craneware Group's aligned net zero goal within that timeframe, we expect to set a number of targets to be achieved along the way. We had envisaged in early FY24 to have progressed further by now with the definition of such targets; advancing this process has been slower than anticipated but we have made some incremental steps towards broadening our collection of, and deepen our analysis of, emissions data. When this activity is further advanced, it is expected to help to enhance our monitoring and reporting and to assist the

organisation to focus efforts on areas where the greatest reductions can be made from a practical perspective. However, in the meantime, actions are being implemented or planned, as summarised within the 'Introduction and overview' section above.

In the interim we are reviewing the Group's environmental impact in more detail so as to develop a carbon emission reduction plan which will involve the setting of incremental targets to monitor progress towards an overall goal of net zero emissions. We appreciate that emissions reductions will only realistically be achieved incrementally and with a collective effort – employee engagement is therefore part of this, as is helping our people make sustainable choices and some of these engagement activities were initiated in FY24 and are ongoing. We appreciate that further work is still needed to conclude on appropriate KPIs and this continues to be an action for the ESG Committee to develop.

The Remuneration Committee's Report section of this annual report explains the performance conditions which currently apply to performance-related elements of executive Director remuneration. Environmental or other ESG-related metrics are not currently included in the metrics selected by the Remuneration Committee for performance-related elements of executive Director remuneration.

Reporting of our energy consumption and Scope 1, 2 and (on a voluntary basis) two elements of Scope 3 emissions are included within our Streamlined Energy and Carbon Reporting (SECR) table within the 'Energy Use and Emissions' section below. We also explain in that section the extent of our energy use and emissions data and plans for further extending that data so that we have an improved baseline for setting emission reduction targets and metrics for reporting in the future.

At present we are aiming for carbon reduction and we do not have any short term plans to offset our carbon emissions however this may be an aspect to evaluate as we make further steps along a path to net zero.

#### Energy Use and Emissions

The Company is required to report its energy use and impact under the Streamlined Energy and Carbon Reporting (SECR) regulations. The data presented below is in respect of the energy usage by the Company and its subsidiaries in the year ended 30 June 2024 with comparisons for the prior financial year.

Although only UK energy usage by the Company, Craneware plc, is required to be reported in accordance with the SECR Regulations, we decided from FY23 to voluntarily extend our energy use and greenhouse gas ('GHG') emissions data collection and reporting in two ways:

## Strategic Report:

### Non-Financial and Sustainability Information Statement

(continued)

#### Metrics and targets (continued)

- a) our energy use and GHG emissions data includes our US leased office premises rather than being only in respect of our UK facilities; and
- b) we have started to report emissions for one category within Scope 3; this being emissions from car travel on business journeys (not commuting).

We explained in last year's Annual Report that we widened the extent of this data collection and reporting in order to

move towards a better baseline for setting emission reduction targets and monitoring our progress. Our Scope 3 emissions voluntary reporting has been expanded again in FY24 with the inclusion of estimated emissions from our use of cloud-based services, to the extent that such emissions data was available, which is an element within the 'Purchased Goods and Services' category in Scope 3.

We will continue to assess and keep under review the extent of our energy use and GHG emissions data collection and completeness with a view to potentially further expanding our Scope 3 emissions reporting in the future.

The Group has defined its organisational boundary using an operational control approach. Therefore, the figures include all office locations in the UK and in the US for FY24 and for FY23. It is intended that a consistent Group basis will continue be applied for future reporting years.

	2024			2023		
	Group total	US only	UK only	Group total	US only	UK only
<b>Energy use (kWh):</b>						
Natural Gas	7,474	7,474	-	10,075	10,075	-
Electricity	423,496	344,653	78,843	580,000	492,162	87,838
	2024			2023		
	Group total	US only	UK only	Group total	US only	UK only
<b>Gross emissions in metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>e):</b>						
Scope 1 (Natural Gas)	1.37	1.37	-	1.81	1.81	-
Scope 2 (Electricity)	146.26	129.94	16.32	208.84	190.65	18.19
<b>Total of the above Scope 1 and 2 emissions</b>	<b>147.63</b>	<b>131.31</b>	<b>16.32</b>	<b>210.65</b>	<b>192.46</b>	<b>18.19</b>
	2024			2023		
	Group total	US only	UK only	Group total	US only	UK only
<b>Intensity measure (average no. of employees)</b>	<b>747</b>	<b>544</b>	<b>203</b>	<b>734</b>	<b>541</b>	<b>193</b>
<b>Intensity ratio in tonnes of CO<sub>2</sub>e per employee (based on Total Scope 1 and 2 emissions):</b>	<b>0.20</b>	<b>0.24</b>	<b>0.08</b>	<b>0.29</b>	<b>0.36</b>	<b>0.09</b>

For the UK data, emissions were calculated from electricity billing information for our UK rented office premises and the UK Government's 2024 GHG Conversion Factors Guidance. Emissions from our US rented office premises were calculated using electricity billing information for each office and / or energy meter readings provided by the building management organisation and by applying the US Government's EPA 2022 eGrid conversion factors.

The Group has identified that the key intensity ratio, an expression of the quantity of emissions in relation to a quantifiable factor of business activity, is tonnes of CO<sub>2</sub>e per employee based on the average number of employees in the Group in the relevant financial year.

<b>Scope 3 emissions</b> (for elements of these categories)	<b>2024</b>	<b>2023</b>
	<b>Gross emissions in metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>e):</b>	
<b>Purchased goods &amp; services <sup>A</sup></b>	<b>24.92</b>	16.88
<b>Business travel – cars only</b>	<b>34.89</b>	27.09
<b>Total of the above reported Scope 3 emissions</b>	<b>59.81</b>	43.97
	<b>Intensity ratio in tonnes of CO<sub>2</sub>e per employee (based on Reported Scope 3 emissions):</b>	
	<b>2024</b>	<b>2023</b>
<b>Total for the Group, based on the above reported Scope 3 emissions</b>	<b>0.08</b>	0.06

<sup>A</sup> In both financial years this category is limited to the estimated emissions from the purchase of cloud-based services, to the extent that attributed emissions data was available (allocated on a usage or expenditure basis).

## Strategic Report:

### Non-Financial and Sustainability Information Statement

(continued)

#### *Office-related energy use (natural gas consumption (Scope 1) and purchased electricity consumption (Scope 2)) (continued)*

During the year to 30 June 2024 the Group utilised leased office premises located in:

- Edinburgh (UK) – this office space was used throughout FY24 and FY23;
- Pittsburgh, Pennsylvania (US) – this office space was used throughout FY24 and FY23;
- Deerfield Beach, Florida (US) – until April 2024 we utilised a larger office space in this location; we relocated to a smaller office space within this location in April 2024
- Atlanta, Georgia (US) - until October 2023 when this office space was vacated and the lease expired.

We explained in our FY23 Annual Report that, as a consequence of the changes in how our employees choose to work, the types of spaces they prefer to work and collaborate in, and also as a result of our commitments to reducing our impact on the environment, we reviewed our office facility requirements. Following this review, we decided not to renew the lease for the office space in Atlanta, Georgia (US) and during the second half of FY23 this office was slowly decommissioned and the lease expired in October 2023. In addition, we decided to move office premises within Deerfield Beach in Florida, reducing our facilities footprint in that location. We provide further details within the 'Environment' section our ESG Statement.

The Group has minimal Scope 1 emissions generated from the direct consumption of fossil fuels at one of our leased office premises in the US. Other than in that situation, the Group does not purchase fuel.

Scope 2 emissions arise from the purchase of electricity for our leased office premises in the UK and in the US. As shown in the table above, our energy use and resulting emissions from our UK office premises declined in FY24 by some 10% and this is considered to be a result of building energy efficiency measures, an improvement in the air conditioning arrangements and a reduction in on-premise information technology hardware with the migration of further services to the cloud. As a result of the reductions to our rented US office space implemented during FY24, there was an almost

30% reduction in energy use and emissions from our US offices in FY24 compared to the prior financial year. A further reduction in energy use and emissions is expected for FY25 when there will be a full year's effect of the smaller US office footprint. We expect that, with this initiative, in FY25 our energy use and Scope 2 emissions should reduce by at least a further 10% compared to FY23. This is an important aspect of our overall emissions reductions.

#### *Scope 3 emissions*

##### Purchased goods and services

The providers of the cloud services and data centres, utilised by the Group, have carbon reduction or carbon neutral goals and many sustainability and ESG initiatives including a high proportion or 100% renewable energy coverage and improving efficiencies in usage of utilities.

##### Business travel

The level of business travel was higher in FY24 compared to FY23 reflecting in-person delivery of professional services and customer meetings and more healthcare sector conferences, trade shows and training events were attended in-person.

Following the review during the year by the travel subgroup directed by the ESG Committee, we have plans in place to initiate the gathering of data for further elements of business travel to enable the estimation of emissions from at least one other mode of transport. We shall provide an update on this initiative in next year's Annual Report.

##### Employee commuting

Although we currently do not calculate estimated emissions from employee commuting, we do plan to do so from FY25 subject to data gathered from the planned commuting survey for our office-based employees. However, in the meantime we believe that qualitative commentary on this aspect would be helpful context for readers of this report because the Group's employees do not have a daily commute to their workplace. The ESG Statement explains that the majority of our US employees are home-based and for our office-based employees our Dynamic Working Framework enables flexibility in working arrangements between their home and the office. Therefore, our office-based employees do not have to commute to an office every day. From a comparative point of view, the general extent and pattern of employee commuting during the year ended 30 June 2024 was similar to that for the prior year except that, with the closure of our office in Atlanta in FY24, the employees in the vicinity of that office are now home-based.

Strategic Report:

Environmental, Social and Governance (ESG) Statement

Our Purpose is to transform the business of healthcare through the profound impact our solutions deliver, enabling our customers to focus their resources on their healthcare priorities and providing quality care to their patients and communities.

Craneware has well developed initiatives which contribute to its sustainability credentials, and we continue to develop these further to positively impact the community around us. Our ESG Committee enables a coordinated and measured approach to the Group’s many activities under the sphere of sustainability (focussed on ‘Social’ and ‘Environmental’ initiatives).


**ESG Committee**




The composition and oversight of the ESG Committee is described in the Non-Financial and Sustainability Information Statement on pages 31 to 40. The remit of the Committee is guided by our ESG framework which has three key focus areas: ‘Community’ and ‘People’, which form our social agenda, and ‘Environmental’ matters - these are described below.

The Committee’s activities evolved in FY24 as we made progress in the key focus areas. A portion of the Committee’s time in FY23 and in FY24 was directed to support the Board’s responsibilities in relation to climate-related considerations as referenced in the Non-Financial and Sustainability Information Statement. The other activities of the ESG Committee during FY24 are outlined in this Statement.

Three key focus areas have been approved by the Board, appropriate to the Group’s Purpose and responsibilities, that serve as a framework within which the Group’s ESG efforts are prioritised:

ESG Framework: Key Focus Areas



 Community	<ul style="list-style-type: none"><li>• Customer needs met in support of their community impact</li><li>• Advocacy for care access through hospitals and clinics</li><li>• Corporate Social Responsibility focused on philanthropic and economic impact</li></ul>
 People	<ul style="list-style-type: none"><li>• Diversity, Equity &amp; Inclusion</li><li>• Engagement</li><li>• Learning Culture</li><li>• Wellbeing</li></ul>
 Environment	<ul style="list-style-type: none"><li>• Facilities</li><li>• Travel</li><li>• Data Centres</li><li>• Vendors</li></ul>



## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Our Solutions benefit our Customers and their Communities



For more than 25 years, we have partnered with hospitals and health systems across the US to help improve and sustain operational financial performance. The Group now serves approximately 40 percent of registered US hospitals, including more than 12,000 US hospitals, health systems and affiliated retail pharmacies and clinics. The Craneware Group's solutions benefit society by delivering value for our customers through the provision of accurate financial data, insight and analytics. Our solutions help to save our customers significant administrative time, resources and costs. Therefore, we support our customers' financial stability and long-term sustainability so that they can focus on and prioritise patient care and provide healthcare services which benefit their communities.

Supporting our customers and the vital work their teams provide has been, and will continue to be, a top priority for The Craneware Group.

We provide expertise in clinical analytics and value cycle solutions, pharmacy procurement, compliance and utilisation management solutions and provision of real-time pharmacy data analytics across the healthcare finance and 340B continuum.

Within our portfolio of solutions we provide software solutions for optimising performance within the hospital's owned pharmacy, as well as related to the relationship between eligible hospitals and retail pharmacies in the community via the vital, complex 340B Drug Pricing Program. Our 340B management solutions support customers registered in the 340B Program (outlined in the section below), assisting eligible healthcare organisations ('covered entities') with regulatory compliance and pharmacy procurement and utilisation, enabling them to generate cost savings which go directly to the provision of comprehensive care for their communities, particularly the underserved. Pharmacy is the largest cost area for US hospitals after personnel costs.

#### Supporting 340B management

The 340B Program enables eligible facilities to stretch scarce federal resources through the ability to purchase drugs at substantially discounted prices thereby allowing organisations to use pharmacy cost savings to fund crucial programs that may not otherwise be financially possible. Through partnering with external pharmacies, prescriptions may be provided to low income or uninsured patients at a discount (or free).

##### The 340B Drug Pricing Program

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

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

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

\* Source: [www.hrsa.gov/opa](http://www.hrsa.gov/opa)



## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Our Solutions benefit our Customers and their Communities (continued)

The 340B Program does not present a cost to US taxpayers; the savings come from manufacturer discounts on outpatient medications. The percentage of 340B sales, of the total sales of medication in the US, has steadily increased over the last decade, with an emphasis on pharmacy participation and the high cost of specialty medications accounting for much of the growth. We aim to help our customers, which are eligible healthcare organisations, build and manage a successful 340B program. Our 340B solutions continue to advance, taking into account customer needs.

##### Advocacy

The healthcare marketplace that The Craneware Group serves, and provides software and services to, can be impacted by a three-pronged strategy through state, federal, government agency policies and judicial or court outcomes. These influencing branches of the government can impact the 340B Program and demand that The Craneware Group have an ear to the ground to understand what policies may shift how our products and services are delivered. We have a team of advocates internally and externally that monitor state and federal policies that may impact 340B/value cycle or other components of healthcare (i.e. Medicare, Medicaid, Health Information Technology, Security). The team, along with our lobbyists, provide input into strategy and how The Craneware Group can influence these policies through notice and comment opportunities or meetings with government officials to provide insights.

##### About 340B Matters

340B Matters is an informational campaign that seeks to protect the 340B Program for the non-profit healthcare facilities and patients who benefit from it. 340B Matters is supported and underwritten by Sentry Data Systems, Inc., now The Craneware Group. The 340B Matters website is at [www.340bmatters.org](http://www.340bmatters.org)

The core mission of 340B Matters is to protect the 340B Program from pharmaceutical manufacturers and others aiming to severely restrict access to reduced cost outpatient medications for non-profit healthcare organisations.

340B Matters supports patients over profits; the advocacy group lends a voice to all safety-net hospitals that provide accessible and affordable care to their most vulnerable populations.

The Craneware Group, in stepping forward as the power behind 340B Matters, demonstrates our continued and unwavering commitment to being more than just a revenue intelligence and 340B performance partner. We are committed to transforming the business of healthcare with our customers, closely engaging with them to achieve operational and financial goals that make healthcare more accessible and affordable for more people; including advocacy efforts to support safety-net providers and their mission to serve the unmet need in their communities.

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

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

In 2020, at the height of the COVID-19 pandemic, a small number of drug manufacturers began to implement their own policies for managing 340B utilisation increases through excluding contract pharmacies from 340B purchases for their medications or a subset of their medications. Since that time, it has grown to 37 participating drug manufacturers which have the largest volume of prescriptions. These contract pharmacy exclusions are reducing covered entities' 340B benefits and curtailing their ability to provide services in their communities – the impact for affected customers is real and has lasting effects on caring for the most vulnerable.

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

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

## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Our Solutions benefit our Customers and their Communities (continued)

##### *Our Trisus Platform*

We partner with our customers through the provision of our solutions and related services, we assist them in solving problems efficiently and aligning data sets to provide actionable insights that are digestible, achievable and measurable. In doing this we help our customers optimise their revenue, allowing them to stretch scarce resources further across their communities' healthcare.

We offer not just exceptional support but ongoing education and a strong consultative approach to best practices that are provided by our team of enthusiastic professionals, committed to our Purpose, with deep industry experience. Our applications and industry-leading team of experts contextualise data, pushing through the challenges of siloed information and confusing operating signals, to provide actionable insights with ease in Trisus, our SaaS-based cloud platform. That is how the future works. We call this the

Power of One – one platform, one vendor, one data lift, one best-in-KLAS experience for our customers – infinite possibilities.

As explained within the Operational and Financial Review sections of this Strategic Report, we will continue to invest in expanding the capabilities of the Trisus platform, developing additional applications and tools, to provide further actionable insights that bring tangible benefits to our customers.

#### Our Customers

##### *Customer engagement*

Our competitive edge is in our keen understanding of both marketplace needs and listening to customer preferences, allowing us to create valuable insights for customers, to improve and sustain their operational and financial performance, through the connectivity of data in our solutions. We therefore recognise the importance of, and are fully committed to, engaging with our customers in meaningful, two-way conversations. We continually enhance our customers' experience through several targeted initiatives that support our extensive customer success efforts during implementation, professional services engagements, and ongoing customer support. Some of these initiatives are outlined below:

#### ***How we engage: examples of our Customer Engagement initiatives***

##### **The Advisory Council powered by The Craneware Group**

A forum representing leadership from within The Craneware Group plus key leaders from our customer organisations which focuses on themes central to revenue integrity and 340B program management, compliance, precision, and advocacy to jointly define the future of scalable and cost-effective value cycle solutions. Through innovative and collaborative focus groups, we collect qualitative feedback, which is prioritised and refined into application features and services. This enables us to add value that benefits our customers and their communities as well as informing our team about issues of strategic importance related to the market, our applications and services; thereby meeting the evolving needs of healthcare organisations. Ongoing member feedback is also requested through surveys and thought leadership projects. Advisory Council members are also asked to participate in our Communities of Practice training sessions and webinars.

##### **Executive Relationship Program**

This program provides our strategic accounts an exclusive experience with our executive and senior leaders, thereby connecting c-suite executives and decision makers, enabling us to grow and foster relationships over the course of the customer journey to better support our customers in transforming the business of healthcare.

##### **The Annual Performance Summit powered by The Craneware Group**

This is our main customer event – a broader opportunity to engage customers in a virtual setting, providing users of our applications and services with educational and networking opportunities.

##### **Educational webinars and Communities of Practice**

We regularly offer complimentary live webinars providing training and thought leadership across our solutions.

## Strategic Report:

# Environmental, Social and Governance (ESG) Statement

(continued)

## Our Customers (continued)

### Customer engagement (continued)

#### ***How we engage: examples of our Customer Engagement initiatives (continued)***

##### **Publications**

Our thought leaders contribute to blogs, newsletters, case studies, white papers, and insights to provide customers real-time content on breaking industry news and software functionality.

##### **The Academy powered by The Craneware Group**

This is our knowledge centre, with a triple aim: professional development, The Craneware Group knowledge, and industry knowledge. The Academy allows our customers to access materials specific to their needs and the use of our solutions. It provides a high standard of healthcare financial industry training to support ongoing customer education and certification. This is complemented by courses that provide testing scenarios and hands-on practice within the system.

##### **Instructor Led Customer Training Programs**

We offer over 50 different courses to our 340B customers and we host the foundations courses and webinars for external customers.

##### **Customer Experience**

We work across all departments to place the customer's voice at the centre of everything we do. We base our efforts on a robust data collection process that analyses customer sentiment to help us identify opportunities for improvement. We have a department dedicated to customer experience to provide oversight and to coordinate our efforts in these activities.

##### **Customer Care Team (for customers of our Revenue Integrity solutions)**

This is a designated team of problem-solving, relationship specialists. Their focus includes partnering with customers to engage and optimise the value of our solutions, services, webinars, and expert advice.

##### **Account Management Survey (for customers of our 340B Program solutions)**

This survey is sent through our customer relationship management platform, providing an additional feedback loop for continuous improvements in our customer experience. Due to the success of this process, it is being expanded to similar interactions across the Group's business. The Craneware Group donates \$5 to the American Cancer Society each time a customer completes this survey.

##### **KLAS Results**

KLAS's annual "Best in KLAS" report provides unique insight gathered from thousands of healthcare organisations across the US. Best In KLAS is a recognition awarded to vendors whose solutions help healthcare providers deliver better patient care.

The Craneware Group achieved continued positive and top echelon performance in the KLAS rankings in 2024, narrowly placing second in the Chargemaster Management category and fourth in the 340B category. This year's rankings mark the 17<sup>th</sup> year that The Craneware Group has placed as a top vendor in these solution spaces, reaffirming our unwavering commitment to excellence in the business of healthcare. This result reflected continued improvement for our Sentinel and Sentrex solutions in the 340B Management Systems category, with the overall score from our customers being an increase from our rating in 2023.

# Strategic Report:

## Environmental, Social and Governance (ESG) Statement

(continued)

### Our People



Our employees are the reason for our success through the connections they make with our customers and each other, maximising collaboration to drive innovations in the Company's solutions to deliver increasing value to our customers, aligned to our purpose.

#### Culture

The Framework provides clarity on who we are and how we show up every day to delight our customers. It is part of employees' onboarding when they join and underpins contribution management. The Framework comprises of our values and target culture and has five core values:

Framework	
Our Values	Our Target Culture
<ul style="list-style-type: none"> <li>Be Authentic</li> <li>Demonstrate integrity</li> <li>Provide excellent service</li> <li>Work hard to the highest quality</li> <li>Enjoy the challenge</li> </ul>	<ul style="list-style-type: none"> <li>Be the best version of yourself</li> <li>Represent a learning organisation</li> <li>Fail fast and learn faster</li> <li>We are in this together</li> </ul>

Each value has a guiding principle which describes the value and how it is demonstrated by our employees.

One of the outcomes of Contribution Management is to assess that the values and target culture are being demonstrated in how our employees perform in their role which is, in turn, recognised and linked to reward throughout the organisation. We celebrate employees who embody our Framework through an employee nominated annual Award which is presented to employees who have demonstrated the values to the highest degree.

#### Diversity, Equity and Inclusion

We respect the dignity and rights of all of our employees. We have a talented mix of employees from diverse backgrounds, which contributes to high levels of innovation and collaboration. We believe in the importance of fostering a team environment while also celebrating individuals.

We do not tolerate any sexual, physical or mental harassment of our employees. We operate an equal opportunities policy and specifically prohibit discrimination on grounds of colour, ethnic origin, gender, age, religion, political or other opinion, disability or sexual orientation. We do not employ underage employees.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of

employees becoming disabled, every effort is made to ensure that their employment with the Group continues, and the appropriate accommodations and training are arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

At the end of the financial year, our team comprised 47% female and 53% male employees (at 30 June 2023: 47% female and 53% male employees). At Operations Board plus Senior Vice and Vice President level, the composition is approximately 39% female and 61% male (at 30 June 2023: 34% female and 66% male employees). The Board of Directors is 33% female and 67% male directors (at 30 June 2023: 33% female and 67% male directors). The average base salary for female employees compared to male employees is approximately 1.007:1.

We monitor diversity data across the employee lifecycle spanning applicant tracking for open positions, hiring decisions through to pay and promotion decisions during employment which includes gender, ethnicity, age data.

The following chart shows the ethnicity profile at The Craneware Group as at 30 June 2024 which was 68.2% White 26.4% Black, Hispanic, Asian, Indigenous/Native, or Two or more Ethnic groups; with a further 5.4% of employees not specifying ethnicity (as at June 2023: 66.5% White; 24.9% Black, Hispanic, Asian, Indigenous/Native, or Two or more

## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Our People (continued)

##### *Diversity, Equity and Inclusion (continued)*

Ethnic groups; with a further 8.6% of employees not specifying ethnicity).

Through FY24 we continued to evolve our Diversity, Equity and Inclusion ('DEI') programme by relaunching our Craneware Spaces sessions. We held a 'Women in the Boardroom' session with our two female non-executive directors and one female executive director, a session on 'Veterans in the Workplace' and repeated mental health sessions that we have hosted in prior years. In addition, our re-formed Employee Advisory Group (as outlined below) focussed their time on DEI topics including encouraging employees to update their demographic data in our human resources information system to improve our diversity reporting.



##### *Employee engagement and communication*

The Craneware Group is dependent on having a diverse and engaged team, that is motivated and aligned with the Group's values and culture. We recognise the value of our employees and that the success of the Group is due to their efforts.

#### ***How we engage: examples of our Employee Engagement activities***

##### **Advisory Group**

During FY24 we relaunched our Employee Advisory Group (EAG) which is comprised of employees, below senior management level, representing a range of areas of the business. The membership of the EAG was compiled from employees who expressed an interest and volunteered to be considered to serve on the EAG. The purpose of the EAG is a forum for employee representatives to exchange ideas that influence the employee value proposition. It is not a decision-making body; the forum provides a platform for employees to share information and have discussions about issues that are of interest to them and make recommendations to decision makers. In FY24 the EAG focussed on DEI and sustainability topics and activities.

##### **Employee engagement survey action plan**

Through FY24 we continued to drive the action plan from the FY23 engagement survey. Each action plan area has an Executive Sponsor partnered with a change practitioner to ensure successful outcomes from the action plan. Updates are communicated regularly through cascades and on the Group's intranet. Managers can access their own manager dashboard within the survey tool and create localised action plans to complement and reinforce the Group-wide action plan. The Board of Directors and the Operations Board are updated on action plan progress. The next employee engagement survey is scheduled for September 2024.

##### **Annual all-employee meeting (plus mid-year update)**

A key part of the meeting is the explanation and cascade to all employees of Group-wide strategic themes and outcomes, as agreed by the Board of Directors, and related operational plans and deliverables (with key performance indicators). The teams across the business are provided with regular updates on these strategic themes, and progress with deliverables, throughout the year through cascades from the Operations Board as well as on the Group's intranet. The event also provides employees with updates regarding product development and customer engagement activities in addition to an overview of US healthcare sector trends.

##### **All-employee Townhalls**

These meetings are hosted by our CEO and CFO, usually following the full and half year financial results announcements, to provide an update to all employees on the business. There is a question and answer section for employees to ask questions.

## Strategic Report:

# Environmental, Social and Governance (ESG) Statement

(continued)

## Our People (continued)

### *Employee engagement and communication (continued)*

#### ***How we engage: examples of our Employee Engagement activities (continued)***

##### **Ongoing communication**

An inclusive working environment and a culture of openness are maintained by the regular dissemination of information. We use the Group-wide intranet to share information and updates, including the employee handbook. The intranet is also a place for employees to recognise their colleagues through a digital notice board. We also use Teams channels to communicate on topics such as Craneware Cares initiatives, wellness and benefits.

Each week a 30 minute 'Craneware Information Mini Series' Teams meeting is held and all employees are invited to attend (the sessions are also recorded and made available on the Group's intranet). The presenter and topic change each week and is a way for employees to understand what other teams are working on across the business, including regular updates from the Craneware Cares team and EAG.

##### **Leadership Roundtables**

The Leadership Roundtable is an informal face-to-face gathering of one or two Operations Board members and 8 to 10 employees (which is a mixture of employees from different departments with various tenure). The purpose is for Leadership to get to know the employee population better, to learn about their experience of The Craneware Group, and to understand the challenges they may be facing and potential solutions they have. This is also a great opportunity for employees to get face time with the leaders and to learn more about the organisation from their perspective.

##### **Community and Social initiatives**

Craneware Cares provides a direct link to employee engagement with relevant community engagement. Further details are contained in the 'Our Community' section below.

We encourage our teams to have social time together whether that is informally organised or formally organised by the Company. Budgets are available for remote employees who live close to each other to get together outside of working hours to help with collaboration and engagement.

The Stakeholder Engagement overview section on page 61 explains how employee engagement outcomes are considered in the discussions and decision making of the Board of Directors.

### *Office working space*

We have offices in Edinburgh (UK), Pittsburgh (US), and Deerfield Beach, Florida (US). Our new Deerfield Beach office was opened in April 2024 with the design of the space matching that of our UK headquarters with collaborative areas and offering a range of different desk configurations, meeting areas and spaces to spend time away from work areas to relax and socialise with colleagues. Our office premises, and related initiatives, are described in the 'Environment' section below.

### *Lean initiatives*

We strive to develop continuous improvement mindsets that embrace a Lean culture which respects and empowers employees. Through the implementation and execution of shared best practices, the Transformation Office provides the tools and data to support operational success by optimising and aligning the drivers of performance (people, culture, processes, and measures) with the business strategy in order to deliver maximum value to the customer.



## Strategic Report:

# Environmental, Social and Governance (ESG) Statement

(continued)

### Our People (continued)

#### *Talent Acquisition and Onboarding*

We want to attract and retain the best people. Our Talent Acquisition team, in partnership with hiring managers, are responsible for identifying, acquiring, assessing candidates and supporting with the onboarding of new joiners. The team have completed unconscious bias training, enabling them to present an inclusive shortlist of suitable candidates to our hiring managers. Hiring managers have attended unconscious bias awareness sessions through our LINK programme. We offer candidates a structured selection process and use a competency-based framework, against which to interview candidates, to ensure consistency and fairness. Many of our employees are sourced via our Employee Referral Programme.

The onboarding of new employees is considered key to having employees who are role ready as soon as possible. We have a comprehensive corporate onboarding programme which is delivered online through the Academy learning management system. Hiring managers also deliver department and role specific onboarding.

During the year we designed a graduate recruitment programme which will be implemented in FY25.

#### *Learning and development*

Contribution management is the process whereby employees collaborate with their line manager to plan, monitor, and review their goals and overall contribution. It links the contribution of everyone to the overall strategic direction of the organisation and provides clarity and transparency around expectations. The process aims to drive a high contribution culture with strategy alignment, organisational development, and founded on The Craneware Group Framework and Purpose.

We endeavour to provide an environment and culture where all employees can develop their skills. Our employees are encouraged to maintain a personal development plan, linked to their role and goals, to identify proposed areas for learning as well as training and development that employees wish to complete.

Career Pathways illustrate the possibilities and potential routes to career progression, serving as a resource, along with line management support, for employees to develop their careers.

The Academy (our learning management system) hosts on demand learning solutions, covering a wide range of topics. Each employee has an account within the portal system which allows the allocation and tracking of training including product knowledge; leadership development; process guides; and onboarding modules for newer employees. The system also enables the control of (and tracking of) mandatory and annual training modules.

LinkedIn Learning, also an online training platform, provides all employees with on demand access to 23,200 instructor led courses and learning paths covering a wide range of business and technology skill sets. Managers have the ability to create learning pathways and customised curriculums supporting both individual and team development and also complementing the onboarding process.

In addition, we have three categories of leadership programs to bring together and further develop internal leaders. We also support individualised professional development and other development in line with role-based requirements to meet business needs.

#### *Reward*

Our reward strategy links pay progression to contribution through our Contribution Management process to promote a contribution culture. We aim to remain competitive and keep pace with the market through compensation structures which are developed from robust benchmarking. The Group has a median pay positioning policy and as such has sought to position, on average, base salaries at the median of the market for all employees in respect of their role, their contribution and company affordability.

We value the health and wellbeing of our employees and their families. We offer a comprehensive benefits package to our employees including medical insurances, life assurance, pension and 401K plans, wellbeing and work-life balance benefits. We also have fertility benefits in both the UK and US in support of our DEI programme. All employees can also access discount platforms which offer a variety of discounts on specified purchases and expenditure including grocery shopping, insurance, travel and leisure events and activities.

In the US we offer employees the opportunity to participate in a variety of flexible spending accounts and a health savings account. In addition, we offer supplemental health benefits including accident, critical illness, and hospital indemnity, a legal plan, identity theft protection plan, and discount pet insurance options. US employees also have short-term disability, and long-term disability benefits.

In the UK, we offer employees the opportunity to participate in an electric vehicle leasing scheme, through a salary sacrifice arrangement, Cyclescheme and Techscheme. UK employees also have company-paid critical illness insurance and can access private health assessments through a monthly payroll deduction.

## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Our People (continued)

##### *Reward (continued)*

The Remuneration Committee of the Company's Board of Directors recognises the importance of providing opportunities to become Craneware plc shareholders in the future, which promotes alignment to shareholder interests and aids recruitment and retention. As such, share option awards were granted during the year to employees in junior roles in addition to the usual senior leadership long term incentive grants. Further details are included in the Remuneration Committee's Report.

##### *Recognition*

Employee recognition is embedded into Craneware's culture, and includes an extensive range of opportunities for recognition, from casual recognitions to formal annual peer-nominated awards. The Cudos programme also includes service commitment awards and informal peer to peer acknowledgements.

##### *Health & Safety*

The Health & Safety Committee, which is chaired by our Chief People Officer, meets on a quarterly basis and reports to the Risk and Compliance Committee. Our Health & Safety Committee operates cohesively across the organisation and it conducts reviews to ensure compliance with legislation, guidelines, training and certification both in the US and UK.

In accordance with our Health & Safety policy, we have a shared responsibility with employees for achieving safe working conditions, both in our offices and whilst working from home or any other remote location. In addition, we review our business continuity plans, and our physical security plans, at least annually.

The Craneware Group tracks all Health & Safety Incident Reports; there was one incident reported across all of the Group's offices and our home-based employees in FY24.

We endeavour to support our employees in their wellbeing. We do this by conducting safety sessions in our offices and introducing our new employees to both our First Aiders and our Mental Health First Aiders. We also train our managers in supporting their teams with their wellbeing.

##### *Craneware Wellness*

Our Dynamic Working Framework provides flexibility in working arrangements for our office-based employees supporting a balance between work and life demands and demonstrates our commitment to the wellbeing of our team.

Our Wellness programme is designed to encourage and support a healthy lifestyle for our employees by providing educational tools and resources and having fun with challenges and events including:

- a section of the Group's intranet dedicated to Wellness information including links to publications, webinars and guidance, organisations which can provide assistance and also information regarding our Mental Health First Aiders;
- a wellness platform that provides more opportunities for employees to access wellness awareness and education and facilitates the creation of enjoyable challenges across the organisation or in smaller groups;
- two in-person yoga classes each week are held in our Edinburgh office;
- our US employees receive a cash incentive for attending their annual preventative care appointments in support of their wellbeing.

The Craneware Group strives to be an organisation where employees feel supported and empowered to speak about their mental health. Our Mental Health First Aiders are non-judgemental points of contact and reassurance to anyone experiencing a mental health issue or a mental health crisis or if they are concerned about someone else's mental health. All employees have access to an Employee Assistance Programme which offers access to a confidential helpline 24 hours a day, 365 days a year. During the year we ran mental health sessions for all employees.

## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Our Community



‘Our Community’ Focus Area also encompasses our commitment to corporate social responsibility and community engagement. Complementing our Purpose and reflecting the causes which are

important to our employees, we have a significant number of programs and opportunities to positively impact our local communities.

#### *Craneware Cares*

Craneware Cares is our central mechanism for corporate charitable giving, employee fundraising, and community volunteer work. An executive committee and various sub-committees comprised of employees from across the business coordinate all charitable giving and volunteering in the US and UK. All charitable giving in the US is distributed through the Craneware Cares Foundation, our official charitable foundation.

Craneware Cares engaged its quarterly ‘Spotlight Charity’ model of fundraising in FY24 which alternated between US and UK based charities, selected entirely by employees. We supported the following diverse organisations as Spotlight Charities in FY24:

- Q1 - The Drum Riding for the Disabled (UK)
- Q2 - The Birthday Party Project (US)
- Q3 - Border Women’s Aid (UK)
- Q4 - Wigs For Kids (US)

The total support provided to these charities combined employee donations and corporate donation-matching.

Alongside these quarterly Spotlight Charities, Craneware Cares supports our longstanding Community Outreach Program and further additional causes throughout the year, including ad-hoc employee fundraisers and charity work. Supporting our employees in their personal charitable endeavours is a core part of the Craneware Cares identity. We provide monetary donations as well as ‘Volunteer Time Off’ (VTO) days for employees so they can volunteer in their local communities. For example, employees took part in walking the Seven Hills of Edinburgh to raise funds for Cancer Research UK in September 2023.

Further details of the considerable work conducted by Craneware Cares and the range of charitable organisations and community causes, (including initiatives brought to the Craneware Cares committee by our employees through their own charity work or special circumstances) that have been supported in FY24 are available within the Environmental, Social and Governance section of our website at [www.thecranewaregroup.com/company/esg/](http://www.thecranewaregroup.com/company/esg/).

Overall, including our four Spotlight Charities, we are proud to have supported 22 charities this year. In FY24, The Craneware Group contributed over \$47,500 in charitable donations (in addition to our VTO days) across all our various fundraising campaigns and corporate donations.

#### Environment



We aim to minimise any environmental impacts of our business activities. As a SaaS company we are not involved in any energy-intensive processes nor do we generate significant waste; we use leased office facilities. Whilst our environmental impact is relatively low compared

with other sectors, this does not diminish our commitment to reducing our environmental impact.

We recognise that we are in the relatively early stages of our journey to measure, manage and reduce our impact on the environment, however we are committed to making continuous improvements as described in our Non-Financial and Sustainability Information Statement. It is our policy to support and encourage environmentally sound business operations, when practical to do so, with factors and impact on the environment being considered by the Board of Directors with operational coordination by our ESG Committee.

#### *Facilities and employee working arrangements*

Across the organisation we utilise leased office premises located in Edinburgh (UK), in Deerfield Beach, Florida (US) and in Pittsburgh, Pennsylvania (US). During the year we significantly reduced our US office footprint (by over 70% on an annualised basis) given that the vast majority of our US employees are home-based. Our Dynamic Working Framework, for office-based employees, also reduces the impact of any daily commute upon the environment.

We operate sustainable practices within our offices, when possible, and we encourage similar practices for our home-based employees. The rented office suite for our head office

## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Environment (continued)

##### *Facilities and employee working arrangements*

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

Our US Headquarters relocated in FY24 to a rented office within the Hillsboro Center in Deerfield Beach. This office campus is centrally located on the city's most established business corridor with easy access to the highway, hotels and has various recently refurbished and upgraded on-site facilities for employees. This property has an Energy Star rating of 79 which promotes energy efficiencies.

Greenhouse gas emissions and energy use in our rented office premises are summarised within the Non-Financial and Sustainability Information Statement on pages 39 and 40.

The Craneware Group actively encourages employees to move to a paperless environment and reduce printing requirements whenever possible. All offices have recycling points for items such as paper, cardboard, tins, and plastic. Throughout FY24 we continued to move to more sustainable practices, where possible, such as reducing the use of single use plastic for water consumption in our US offices.

Our facilities-related plans for FY25, with oversight and direction by the ESG Committee, will continue to focus on employee engagement in environment-related initiatives through active campaigns driven by the EAG.

##### *Travel*

We do not provide company vehicles to employees or Directors nor do we operate any form of vehicle fleet. Although there has been an increase in trans-Atlantic and domestic US business travel in FY24, as a mainly home-based workforce, we continue to leverage technologies such as video conferencing as an alternative to travel and we have invested in improved video conferencing equipment. We encourage booking US domestic travel via a travel portal to

enable data collection and review, as we continue to aim to progress to more sustainable travel practices. During the year we provided travel related tips and information to help our employees choose travel options which are more sustainable.

Any overall daily commuting time and distance incurred by our employees (and consequently the related emissions generated by that activity) is not extensive. The vast majority of our US employees are home-based and our office-based employees across the Group work flexibly between their home and an office and this significantly reduces the impact of daily commuting upon the environment. During FY25 the EAG plan to engage office-based employees in a commuting survey so that it may be possible to obtain sufficient data for the estimation of a further category of Scope 3 emissions.

The leased space for our head office in central Edinburgh is easily reached by public transport, by bicycle or on foot. We encourage cycling to work and all the related health and environmental benefits this brings by participating in the Cyclescheme programme in the UK. In addition, the Company encourages and helps facilitate carpooling arrangements in the UK.

Our travel-related initiatives during FY24, with oversight and direction by the ESG Committee, included:

- Introduction of salary sacrifice electric vehicle leasing scheme for UK employees;
- Regular and ongoing communication with UK employees about the relevant benefits of the Cycle to Work scheme;
- Further development and updates to our business travel policy, travel hints and tips and data availability when travel and accommodation choices are viewed by employees, prior to booking. This is intended to allow more informed decisions (including, when available, carbon-related considerations by employees) when selecting travel and accommodation for essential business trips that are approved within our business travel policy; and
- Facilitating employee engagement in travel and environment-related initiatives through the introduction of a subgroup of the ESG Committee to help drive these activities.

##### *Cloud services and data centres*

It was noted in prior year annual reports that many previously internal IT services were being migrated to a 100% carbon neutral cloud services vendor. Our data centre providers also report that they are using renewable energy for power and improving efficiencies of their operations and use of utilities and/or have strategies in place to reduce emissions in line with climate science through science-based targets.



## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Environment (continued)

##### *Other Vendors*

As part of The Craneware Group's environmental sustainability goals we aim to partner with vendors who have a strong commitment to the environment wherever possible and relevant to the goods and / or services provided to the Group by those vendors.

##### *Shareholder communications*

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

#### Governance

The Board is primarily responsible for the overall conduct of the Group's business and for promoting the long-term success of the Group; our Section 172 (1) Statement explains this and other responsibilities. The Board of Directors of Craneware plc seeks to continue to ensure the overarching objective that the governance of the Company and the Group contributes to its long-term sustainable success and achievement of wider objectives, including the Company and the Group's contribution to the communities in which it operates and wider society. Recognising the importance of corporate governance matters, Craneware plc (an AIM listed company) has selected the UK Corporate Governance Code 2018 as its corporate governance framework although this Code has been drafted in the context of larger, main market listed companies. Our Corporate Governance Report is set out on pages 78 to 94 which provides an explanation of our corporate governance arrangements including the Board composition, committee structure and responsibilities together with the extent of compliance with the Code.

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

Our Business Ethics Policy is a mandatory policy for all employees and for any contractors engaged by us. The Policy includes and explains the process and arrangements for reporting any ethics violations. To ensure a high level of understanding of business ethics within our business, we provide training to our employees as part of our annual mandatory Legal and Regulatory curriculum as well as this training being included in the onboarding programme for new employees.

##### *Information security, data security and data protection*

The Craneware Group prioritises the reliable protection of customer data. Our aim is to defend against reasonably anticipated threats and hazards, including risks created by unauthorised access, to the security and integrity of sensitive customer information entrusted with The Craneware Group. Since the Company's inception, the healthcare landscape has evolved and created new data security challenges for US hospitals and health systems. We have evolved alongside our customers to meet these challenges. With presence in the UK and US, and as part of the Healthcare industry, Craneware has substantial obligations and interest in data protection and ensuring access security. Key legislation includes the Health Insurance Portability and Accountability Act (HIPAA, as amended) and Health Information Technology for Economic and Clinical Health Act (HITECH) in the US and General Data Protection Regulation (GDPR) in the UK, which have specificity on protecting patient data and personal data.

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

Oversight of the Information Security Program is managed by The Craneware Group's Security Council and led by the Chief Information Officer. The Council is comprised of expert representatives from the following functional areas: Chief Technology Officer; Information Security; Information Technology Infrastructure; Platform Engineering; DevOps and Corporate Risk and Compliance. The Craneware Group employs a dedicated Information Security Team and additionally contracts with specialist third party services who assist with monitoring, testing and improving our security position and technology. The Craneware Group requires stringent training on information security and data protection for all employees annually and when new employees join the Group. The highest ethical standards are foundational to the Group's code of conduct.

## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Governance (continued)

##### *Information security, data security and data protection (continued)*

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

We require and compel adherence with all applicable laws and regulations regarding data privacy and security. In view of the importance of the procedures, security, regulation and controls around our solutions and customer data, since 2019 The Craneware Group has maintained HITRUST Certification for its Trisus, InSight solutions and Corporate Services, as well as associated operational processes. It is an external, validated audit of Craneware's security and data privacy practices based on the US Government's National Institute of Standards and Technology (NIST) Cybersecurity and Privacy Framework, ISO 27001 and HIPAA. Health Information Trust Alliance ('HITRUST' Alliance) is a collaboration with healthcare, technology and information security organisation which develops, maintains and provides broad access to its widely adopted common risk and compliance management and de-identification frameworks; related assessment and assurance methodologies; and initiatives advancing cyber sharing, analysis and resilience.

HITRUST has established a 'common security framework' (CSF) to address the multitude of security, privacy and regulatory challenges facing organisations. The scope of the HITRUST CSF's requirements is wide and requires a very high standard of data security arrangements as these have been set in the context of the accreditation being relevant to US healthcare providers with handling sensitive data (Protected Health Information) and impacts in some way all areas of the business (at least in respect of the required enhancement to the Group-wide IT and data security policies). HITRUST CSF is considered to be a gold standard for security frameworks within the healthcare industry. Craneware currently has no open findings in this audit, the very small number of items from the previous audit, mostly related to a subcontractor, are all remediated.

Full HITRUST CSF assessments are conducted every two years; interim assessments are conducted each intervening year. For HITRUST, our in-scope products and corporate infrastructure are evaluated against nearly 600 controls mapped across 19 domains including Access Control, Network Protection, Configuration Management, Vulnerability Management, Third Party Assurance, Business Continuity and Disaster Recovery, Risk Management and Data Protection and Privacy. Our portfolio of product groups regularly conducts penetration testing using external security testing companies. The testing occurs in conjunction with major product updates and no less than annually.

340B Sentinel & Sentrex, Trisus Decision Support, Trisus Labor Productivity and Trisus Medication Inpatient Rebate applications meet American Institute of Certified Public Accountants (AICPA) Service Organization Controls (SOC) requirements, completing the external audit verified SOC1 and SOC2 Type II assessments annually.

The Craneware Group engages with third party auditors to support effective security practices and compliance with appropriate regulations. We regularly evaluate to ensure our certification selections continue to be the best measure of security controls.

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

A copy of The Craneware Group's Information Security Statement is on the website at:

[www.thecranewaregroup.com/security-statement/](http://www.thecranewaregroup.com/security-statement/)

##### *Modern Slavery*

In accordance with the Modern Slavery Act 2015 the Board of Directors approves our Annual Modern Slavery Statement (i.e. the annual slavery and human trafficking statement required by the Act). We publish this annual statement which can be found on the Craneware website at [www.thecranewaregroup.com/modern-slavery-statement/](http://www.thecranewaregroup.com/modern-slavery-statement/). The Craneware Group does not permit, condone or otherwise accept any form of human trafficking or slavery in its business or supply chains. We are committed to conducting our dealings with customers, suppliers, employees and the communities in which they are based, with the utmost integrity and, as such, we are committed to supporting the elimination of acts of modern slavery. Our Anti-Slavery and Human Trafficking Policy reflects our commitment to act ethically and with integrity in all our business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

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



## Strategic Report:

### Environmental, Social and Governance (ESG) Statement

(continued)

#### Governance (continued)

##### *Anti-bribery and corruption*

As a UK company, we are bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct within and outside of the UK. In addition, we uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. The Group has an Anti-Corruption and Bribery Policy which applies to anyone working for The Craneware Group or on our behalf in any capacity. To ensure that employees are aware of this policy and relevant aspects of the Bribery Act, we provide training to our employees as part of our annual mandatory Legal and Regulatory curriculum.

##### *Whistleblowing Policy*

We recognise that our Whistleblowing Policy and associated annual awareness training is an important element of providing a supportive and open culture within the organisation. This Policy includes arrangements by which employees, consultants or contractors may, in confidence and also anonymously should they wish, raise concerns regarding possible improprieties in matters of financial reporting or other matters. These concerns would then be investigated and followed up appropriately. Craneware's Board of Directors has provision to review these arrangements and any reports arising from their operation.

## Strategic Report:

### Section 172 (1) Statement

The Directors consider, both individually and collectively, that they have taken the following factors into account when exercising their duty to promote the success of the Group and of the Company during the year ended 30 June 2024.

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

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

This section of the Strategic Report intends to set out how the Directors, both individually and collectively, have had regard to those factors when undertaking their duties during the year. In addition, more information is provided in this Annual Report relating to matters relevant to the Section 172 (1) statement including on the following pages:

Section 172 (1) factor	Examples	Further information on page(s)
<b>Likely consequences of any decision in the long term</b>	<ul style="list-style-type: none"> <li>• Craneware's aim, driven by its purpose, of generating long term value for its stakeholders through its business model and strategy</li> <li>• Principal Risks and Uncertainties</li> <li>• Viability Statement</li> </ul>	6 to 29
<b>Interests of the Company's employees</b>	<ul style="list-style-type: none"> <li>• Employee engagement and communication</li> <li>• Diversity, equity and inclusion</li> <li>• Health and Safety</li> <li>• Employee wellness programmes</li> <li>• Dynamic Working Framework</li> <li>• Employee learning and development initiatives</li> <li>• Employee reward (including share plan awards)</li> </ul>	46 to 50
<b>Fostering business relationships with suppliers, customers and others</b>	<ul style="list-style-type: none"> <li>• Stakeholder engagement activities</li> <li>• Consideration of Environmental, Social and Governance matters</li> </ul>	61 to 63 41 to 55
<b>Impact of operations on the community and the environment</b>	<ul style="list-style-type: none"> <li>• The Purpose of The Craneware Group</li> <li>• Craneware Cares initiatives</li> <li>• Non-Financial and Sustainability Information Statement</li> <li>• Consideration of Environmental, Social and Governance matters and coordination of ESG initiatives, with oversight by the ESG Committee</li> </ul>	42 to 44 51 31 to 40 41 to 55
<b>Maintaining a reputation for high standards of business conduct</b>	<ul style="list-style-type: none"> <li>• The promotion of responsible business operations underpinned by Craneware's Framework, purpose and values</li> <li>• Corporate Governance</li> <li>• Policies and mandatory all employee awareness training including: business ethics, information security, whistleblowing, anti-bribery and corruption, anti-slavery and human trafficking</li> </ul>	41 to 55 78 to 94 53 to 55
<b>Acting fairly as between members of the company</b>	<ul style="list-style-type: none"> <li>• Shareholder engagement</li> <li>• Corporate Governance</li> </ul>	62, 87 and 88 78 to 94

## Strategic Report:

### Section 172 (1) Statement

(continued)

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

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

Based on the purpose and business model of The Craneware Group and as set out in our Environmental, Social and Governance ('ESG') Statement and in the Stakeholder Engagement section below, the Board identifies our Group's key stakeholders as:

- Our customers
- Our employees
- Our shareholders
- Our banking partners
- Our community

and it is committed to effective engagement with these stakeholders. Details of the Group's key stakeholders and how we engage with them are set out on pages 61 to 63. Our key stakeholders have an important role to play in the successful operation of our business and our Directors are fully aware of their responsibilities to the Group's stakeholders under Section 172 (1) and take their responsibilities seriously. These responsibilities are embedded in our culture, our values and our purpose.

Our purpose, business model, strategy and Board operations are focused on delivering long-term benefits for all of our stakeholders while maintaining a high standard of ethical business conduct. The Board, led by the Chair, ensures that its processes have regard for key stakeholders and that there is sufficient time, information and understanding to properly take into account their interests when making decisions and considering their long-term implications. The Board does also rely on its committees and senior management to develop relationships and to share the views of the relevant stakeholders. Our stakeholder engagement mechanisms are referred below, within the 'Stakeholder Engagement' section.

The Board also recognises the importance of, and the responsibilities for, having regard to the impact of the Group's operations on the environment and our collective obligation, within society, to help to address the global challenge of climate change. This is referenced in our Non-Financial and Sustainability Information Statement.

The Board is cognisant that every decision it makes will not always result in a positive outcome for each of the Group's stakeholders, but it is important to ensure they are all treated consistently and fairly. By considering the Group's purpose and values, together with its strategic priorities and having a process in place for decision-making the Board does, however, aim to make sure that its decisions are consistent and aligned. By understanding our stakeholders, the Directors can factor into Board discussions the potential impact of decisions on relevant stakeholder groups and consider stakeholder needs and concerns, in accordance with section 172 (1) of the Companies Act 2006.

The following table summarises some of the significant decisions made by the Board during the year ended 30 June 2024 which demonstrate the way in which the Directors have exercised their section 172 (1) duty and the stakeholder group(s) impacted by these decisions.

## Strategic Report:

### Section 172 (1) Statement

(continued)

Principal decision / events	Actions and impact	Key Stakeholder group(s) affected
<b>Alliance with Microsoft</b>	<p>The digitalization of US healthcare and our vision for the ongoing development of the Trisus platform and its applications to address the challenges being experienced by the US healthcare market, through connected technology in the cloud, is described within the Operational Review of this Strategic Report. In view of these factors, the Board decided it was in the best interests of the Company and the Group to expand and enhance the existing vendor relationship with Microsoft, encompassing a number of services within a formalised alliance with Microsoft. The alliance was announced by the Company on 2 July 2024, after the agreements with Microsoft had been signed.</p> <p>The collaboration with Microsoft will see the delivery of differentiated offerings by The Craneware Group and increased value to customers through the application of industry leading data analytics, AI, and modern platform technology. In addition, amongst other benefits expected from this alliance, the accelerated innovation of The Craneware Group's solutions will be facilitated utilising Microsoft Azure's advanced tools and services. There will also be ease of access for healthcare customers to purchase the Trisus Platform and products via Microsoft's Azure Marketplace, pre-configured and ready to deploy on Microsoft Azure. A key factor of the arrangements for this alliance is the Microsoft Unified Support Commitment, which provides for additional resilience and cyber protection to The Craneware Group and our customers, with a guaranteed response time and prioritisation of technical resources were there to be any outages irrespective of the cause. The alliance with Microsoft is explained further within the Operational Review section of this Strategic Report.</p>	<p>Customers</p> <p>Shareholders</p> <p>Employees</p>
<b>Treasury-related decisions</b>	<p>The Board ensures that the Group's business model provides ongoing investment in the future, through its continued support of development activities, as explained within the Operating and Financial Review sections of this Strategic Report. In addition, the Group's high levels of cash generation have facilitated the cash and capital allocation policies, as outlined below, and have also allowed Board decisions relating to Treasury considerations whilst retaining a cash balance of \$34.6m at 30 June 2024 (at 30 June 2023: \$78.5m).</p> <p>With the continued relatively high level of interest rates prevailing during FY24, the Board directed that the Group should utilise some of its cash balances to offset more of the principal amount of the revolving loan in order to further lower the net interest cost going forward. This was in addition to the \$8m scheduled loan repayments during the year and \$20m paid down on the revolving loan in the prior year. Therefore, at 30 June 2024, the Group's total bank debt was \$35.4m (FY23: \$83m) as shown in Note 20 to the financial statements.</p>	<p>Banks</p> <p>Shareholders</p>

**Strategic Report:**  
**Section 172 (1) Statement**  
(continued)

Principal decisions / events	Actions and impact	Key Stakeholder group(s) affected
<b>Capital Allocation Policy</b>	<p><i>Dividend Policy</i></p> <p>The Board considered the current and future liquidity and financial position of the business and potential impact on dividend policy, in view of the prevailing macro-economic effects and US healthcare market dynamics. Craneware reported positive financial results for the six-month period to 31 December 2023 together with a solid base of annual recurring revenue, demonstrating the Group's continued high levels of contracted revenue visibility. The Board approved the payment of an interim dividend in April 2024 of 13.0p (16.51 cents) per share (FY23: interim dividend of 12.5p per share (15.13 cents)).</p> <p>Based on the financial position, overall bank debt and cash generation of the Group, and the covenants applicable to the debt facility, it is the intention of the Board to pay a final dividend for the year ended 30 June 2024. As explained on page 71, the Directors are recommending the payment of a final dividend of 16.0p (20.23 cents) per share based on the results for the financial year. Subject to approval at the Annual General Meeting, the final dividend will be paid on 18 December 2024 to shareholders on the register as at 29 November 2024.</p> <p>In reaching these dividend policy decisions, the Board had regard to:</p> <ul style="list-style-type: none"> <li>the long-term interests of the business, including the continued investment in development of the Trisus platform and the Group's solutions; alongside</li> <li>the need to act fairly between its shareholders and its bank finance providers.</li> </ul> <p>The Board believes that the total level of dividend proposed for the year balances the Company's stated progressive dividend policy, based on the Group's financial results, the Company's retained earnings and the current macro-economic climate.</p> <p><i>Share buyback</i></p> <p>As explained in last year's Annual Report, in April 2023 the Board concluded that the market price of the Company's shares at that time did not reflect the substantial potential of the large addressable market opportunity of the Group, nor the significant operational progress the Group has made as it has successfully migrated to a cloud-based SaaS model. This migration further positions the Group to deliver on future growth and enhanced shareholder value. As a result, the Board considered that a share buyback would provide an optimal use of cash to deliver value for shareholders by offsetting future dilution from existing employee share plans.</p> <p>The Board announced the commencement of a share buyback programme (of up to £5 million) on 12 April 2023. The shares purchased through this programme are held in treasury and are being used to satisfy employee share plan awards. During FY24 the Board decided at each subsequent three-monthly interval, taking into account the financial position of the Group, to extend the period for the share buyback programme and it therefore continued until 21 May 2024 when the £5m total purchase cost of shares under the programme was reached. Further details regarding the share buyback are provided in the Directors' Report and in Note 17 to the financial statements.</p>	<p>Shareholders</p> <p>Banks</p>

## Strategic Report:

### Section 172 (1) Statement

(continued)

Principal decision / events	Actions and impact	Key Stakeholder group(s) affected
<b>Board Committee Composition</b>	<p>The Board considers that all of its non-executive directors are independent in character and judgement notwithstanding that Colleen Blye and Russ Rudish have each served on the Board for more than nine years, as explained within the Corporate Governance Report section of both this year's and last year's Annual Reports.</p> <p>The shareholder voting, in respect of each of the resolutions tabled at the Company's Annual General Meeting ('AGM') held on 16 November 2023, passed all of the resolutions. However, a number of the votes received opposed the resolution in respect of the reappointment of Colleen as a director of the Company.</p> <p>Following consultation with shareholders during their AGM voting consideration, the Board identified certain concerns regarding the composition of the Board's Audit and Remuneration Committees. Therefore, with effect from 16 November 2023, Anne McCune replaced Colleen as a member of both the Audit and Remuneration Committees.</p> <p>The Board reviews its composition (and that of its committees) regularly, taking into consideration various factors including: the balance of independent directors, requisite skills, knowledge and experience within the Board and diversity. This is described within the Corporate Governance Report section of this Annual Report.</p> <p>Two of our independent non-executive directors, Colleen Blye and Russ Rudish, have informed the Board of their intention not to stand for re-election as directors of Craneware plc at the Company's AGM to be held in November 2024. The Board is in the latter stages of reviewing replacement independent non-executive director candidates. The role of Senior Independent Director and the composition of our Board committees, particularly the position of Chair of the Remuneration Committee, following the AGM in 2024, is being considered by the Board.</p>	<p>Shareholders</p> <p>Employees</p>

On behalf of the Board

**Craig Preston**

Chief Financial Officer

2 September 2024



# Stakeholder Engagement

## Overview

The Board recognises the importance of balancing the needs of stakeholder groups with the business purpose, values, culture and strategy. The Board is responsible for leading stakeholder engagement, ensuring that we fulfil our obligations to those impacted by the business. We believe that considering our stakeholders in key business decisions is fundamental to our ability to drive value creation over the longer term. Our key stakeholder groups and how we engage with them are referenced in the tables below to denote where further details of engagement mechanisms are provided within this Annual Report.

The views of stakeholders have been considered in the scheduled Board of Directors and Operations Board meetings as well as in the context of principal decisions and events, as outlined in the preceding Section 172 (1) Statement. Not all information is reported directly to the Board and not all stakeholder engagement takes place directly with the Board. The Board does also rely on its committees and senior management to develop relationships and to share the views of the relevant stakeholders. However, the output of this engagement informs business decisions, with an overview of developments and relevant feedback being reported to the Board. More material matters require the Board's consideration, with the Board engaging directly with, primarily, our employees, shareholders and our bank finance providers. Our ESG Committee (chaired by our Chief People Officer who is an executive Director of the Company) reports to the Board on a regular basis. The Non-Financial and Sustainability Information Statement and our Environmental, Social and Governance ('ESG') Statement, contain details of our ESG Committee and its activities including operational oversight of relevant stakeholder engagement programmes.

## Key Stakeholders

### CUSTOMERS

The Craneware Group prioritises customer engagement as a critical component to our long-term partnership success. We recognise the importance of, and are fully committed to, engaging with our customers in meaningful, two-way conversations. Understanding the needs of, and challenges facing, our customers allows us to provide value-adding solutions and services.

#### ***How we engage***

A description of some of our customer engagement initiatives is provided within our ESG Statement.

#### ***How this was considered in Board discussions and decision making***

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

Customer feedback and overall metrics on consumer sentiment and trends are shared regularly with the Board and Operations Board, steering our responses to the key issues impacting customers. Members of the Operations Board attend trade shows and conferences to meet with customers and are involved in the Executive Relationship Program.

### EMPLOYEES

The Craneware Group is dependent on having an engaged team, that is motivated and aligned with the Group's values and culture: to support our customers; to achieve our strategic aims; and to strive to progress the Group's Purpose.

#### ***How we engage***

Employee engagement is based on Craneware's Framework and core values. A summary of some of our employee engagement mechanisms is provided within our ESG Statement.

#### ***How this was considered in Board discussions and decision making***

The Board of Directors and the Operations Board were updated regularly during FY24 on progress with the Group-wide action plan from the FY23 employee engagement survey.

With the Chief People Officer being an executive Director of the Company, the Board receives regular reports about a range of factors and issues affecting our employees to ensure that appropriate consideration is given and early action taken where necessary. The Board also regularly considers matters and initiatives as part of its commitment to promote diversity and equity across all of our teams. Measures exist for the Board and senior management to evaluate workforce composition and to ensure that these trends align with objectives around diversity, equity and inclusion.

## Stakeholder Engagement (continued)

### Key Stakeholders (continued)

#### COMMUNITY

As part of our commitment to corporate social responsibility and community engagement, Craneware has continued to develop a number of programs and opportunities to positively impact our local communities.

##### **How we engage**

Craneware Cares is The Craneware Group's central mechanism for corporate charitable giving, employee fundraising, and community volunteer work. Details of the activities of Craneware Cares are provided in the ESG Statement within this Annual Report.

##### **How this was considered in Board discussions and decision making**

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

#### SHAREHOLDERS

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

##### **How we engage**

Our shareholder engagement arrangements are described within the Corporate Governance Report.

##### **How this was considered in Board discussions and decision making**

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

Following consultation with shareholders during their AGM voting consideration, the Board identified certain concerns regarding the composition of the Board's Audit and Remuneration Committees. Therefore, with effect from 16 November 2023, Anne McCune replaced Colleen Blye as a member of both the Audit and Remuneration Committees.

As explained in the Remuneration Committee's Report, during the year the Remuneration Committee consulted with the Company's substantial shareholders regarding the proposed changes to base salary and benefits elements of the remuneration arrangements for the executive Directors.

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

#### BANK FINANCE PROVIDERS

The Group has a secured committed debt facility, comprising a term loan and a revolving loan facility as detailed in Note 20 to the financial statements.

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

##### **How we engage**

In addition to formal covenant compliance reporting and monitoring, there is a combination of formal and informal meetings and presentations held with our banks. Key topics include financial performance, strategy and risk management.

##### **How this was considered in Board discussions and decision making**

The Board monitors, based on reports and feedback provided by the Chief Financial Officer (CFO), the Group's relationship with the banks including the Group's compliance with financial covenants contained within the committed term loan and revolving loan facility. The Section 172(1) Statement includes, on page 58, an overview of some Treasury-related decisions by the Board in FY24.

## Stakeholder Engagement (continued)

### Key Stakeholders (continued)

#### OTHER STAKEHOLDER GROUPS

##### **SUPPLIERS**

Relationships with suppliers and subcontractors are based on mutual respect, and Craneware seeks to be honest and fair in its relationships with suppliers and subcontractors, and to honour the terms and conditions of its agreements in place with such suppliers and contractors. The Group aims to develop strong working relationships with our key suppliers and we expect our suppliers to provide added value and fair pricing

##### **ENVIRONMENT**

Our environmental impact is relatively low as a consequence of the nature and operations of our business. However, we recognise that we have an obligation within society to help in the collective efforts to address the global challenge of climate change.

##### ***How we engage***

###### Suppliers

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

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

Where external vendors are engaged to support the business in a capacity involving sensitive or controlled data sets, members of Craneware's Security Council appraise and validate the vendors' existing security measures. The Group also operates a standard Business Associate Agreement. This agreement, when applicable, establishes clear expectations and requirements on how data will be handled, along with required background checks and training for employees. Our Business Ethics Policy is a mandatory policy for all employees and for any contractors and consultants engaged by us. The Policy includes and explains the process and arrangements for reporting any ethics violations.

In accordance with The Modern Slavery Act we publish our annual slavery and human trafficking statement. The latest statement can be found on the Craneware website at [www.thecranewaregroup.com/modern-slavery-statement/](http://www.thecranewaregroup.com/modern-slavery-statement/). Neither the Company or any of its subsidiaries permit, condone or otherwise accept any form of human trafficking or slavery in its business or supply chains.

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

###### Environment

Our Non-Financial and Sustainability Information Statement and also our ESG Statement provide details of environmental aspects of our working arrangements and other environmental considerations and initiatives to assist with reducing our impact on the environment.

##### ***How this was considered in Board discussions and decision making***

The Board receives any significant information regarding our suppliers and payment practices and environmental matters in the Board reports including updates from the ESG Committee.

## Directors, Secretary, and Advisors

### Directors

W Whitehorn (non-executive, Chair)  
K Neilson  
C T Preston  
I Urquhart

C Blye (senior independent director)  
R Rudish (non-executive)  
A Erskine (non-executive)  
D Kemp (non-executive)  
A McCune (non-executive)

### Company Secretary and Registered Office

C T Preston  
1 Tanfield  
Edinburgh  
EH3 5DA

### Nominated Advisors and Joint Stockbroker

Peel Hunt LLP  
100 Liverpool Street  
London  
EC2M 2AT

### Registrars

Link Group  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### Independent Auditors

PwC LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

### Financial PR

Alma Strategic  
Communications  
71-73 Carter Lane  
London  
EC4V 5EQ

### Joint Stockbrokers

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

Investec Bank plc  
30 Gresham Street  
London  
EC2V 7QP

### Solicitors

Pinsent Masons LLP  
58 Morrison Street  
Edinburgh  
EH3 8BP

Bryan Cave Leighton  
Paisner LLP  
One Atlantic Center,  
14<sup>th</sup> Floor  
1201 W. Peachtree St. NW.  
Atlanta  
GA 30309-3471

### Bankers

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

Silicon Valley Bank  
(a division of First Citizens Bank)  
3003 Tasman Drive  
Santa Clara  
CA 95054

HSBC Bank plc  
7 West Nile Street  
Glasgow  
G1 2RG

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

Wells Fargo  
500 N. Magnolia Avenue  
8<sup>th</sup> Floor  
Orlando  
FL 32803

Bank of America  
101 E. Kennedy Blvd  
Tampa  
FL 33602

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

## Subsidiaries

### Subsidiaries and Registered offices

Craneware US Holdings, Inc.  
Corporation Trust Center  
1209 Orange St  
Wilmington, DE 19801

Craneware, Inc.  
600 West Hillsboro Boulevard  
Suite 500  
Deerfield Beach, FL 33441

Craneware InSight, Inc.  
600 West Hillsboro Boulevard  
Suite 500  
Deerfield Beach, FL 33441

Craneware Healthcare  
Intelligence, LLC  
200 Pinewood Lane  
Suite 304  
Warrendale, PA 15086

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

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

Agilum Healthcare  
Intelligence, Inc.  
600 West Hillsboro Boulevard  
Suite 500  
Deerfield Beach, FL 33441

Sentry Data Systems, Inc.  
600 West Hillsboro  
Boulevard  
Suite 500  
Deerfield Beach,  
FL 33441



## Board of Directors

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

### **Will Whitehorn, 64**

Non-executive Chair

Appointed 1 January 2020

Will joined The Craneware Group as Chair of the Board on 1 January 2020. Will joined Virgin in 1986 where he established a career as Sir Richard Branson's corporate affairs advisor and brand development director for the group globally. He helped develop Virgin Galactic, Virgin Trains and Virgin Media as businesses and went on to become the first President of Virgin Galactic taking the business from dream to reality. He is currently Chair of Good Energy Group plc and was appointed as Chair of Seraphim Space Investment Trust Plc in June 2021, which floated on the LSE in July 2021. Since 2021 Will has also been a member of the U.K. Space Agency's Space Exploration Advisory Committee and recently retired as Deputy Chair of Stagecoach Group plc.



### **Keith Neilson, 55**

Chief Executive Officer & Co-founder

Keith co-founded The Craneware Group in 1999 and has served as its CEO ever since. Under Keith's guidance, The Craneware Group became recognised as the pioneer in value cycle management and a leading provider of superior products and professional services. Keith's direction has helped The Craneware Group to win multiple prestigious awards in such areas as international achievement, business growth strategy and innovation. Keith was named The Entrepreneurial Exchange's "Emerging Entrepreneur of the Year 2003" and was a finalist in the 2004 World Young Business Achiever Award, winning the Award of Excellence in the Business Strategy category. He received the UK Software & Technology Entrepreneur of the Year Award from Ernst & Young in 2008 and was the Insider Elite Young Business Leader of the Year in 2009. Prior to launching The Craneware Group, Keith worked primarily in international management, where he handled sales, marketing and technical consulting for companies with operations around the world. He studied Physics at Heriot-Watt University, Edinburgh, receiving a bachelor's degree in 1991.



### **Craig Preston, 53**

Chief Financial Officer

Appointed 15 September 2008

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



### **Issy Urquhart, 56**

Chief People Officer

Appointed 27 April 2022

As Craneware's Chief People Officer, Issy brings global experience of strategic and operational HR gained across a number of sectors including Technology, BPO, mature FMCG and Financial Services. Most notably prior to joining Craneware Issy worked at CommScope Inc, Wolfson Microelectronics plc and Convergys Corporation in executive HR roles, where alongside delivering the HR agenda, she led wide-scale change programs to deliver acquisitions, changes in business strategies, and operating models. In addition, Issy is a Non-Executive Director of AIM listed Concurrent Technologies plc, and a member of The Scottish and North American Business Council.





## Board of Directors

(continued)

### Colleen Blye, 64

Non-executive Director, Senior Independent Director  
Appointed 12 November 2013

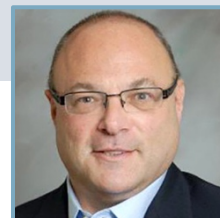
Colleen Blye is the Executive Vice President, Chief Financial Officer and Chief Business Officer for Montefiore Health System and Montefiore Medicine. Montefiore Health System consists of eleven hospitals and an extended care facility; it is a premier academic medical center and includes Montefiore Medicine.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



### Russ Rudish, 72

Non-executive Director  
Appointed 28 August 2014

Russ has more than 40 years' experience in serving the healthcare industry, both in the United States and internationally. Russ holds a directorship in Rudish Health Solutions, LLC, a healthcare professional services firm. Russ is also a principal in Healthcare IT Leaders and Run Consultants, both of which provide IT staffing and consulting services. Between 2006 and 2014, Russ served as partner and Global Sector Leader for Healthcare at Deloitte Touche Tohmatsu, where he led the \$2 billion global consulting, audit, tax and financial advisory business, developing the firm's global health care strategy. He is an Executive Venture Partner with Caduceus Capital Partners and serves on the Advisory Board of LRV Health, both venture capital firms. He is an active speaker and contributor to thought leadership on today's most pressing healthcare business issues.



### David Kemp, 54

Non-executive Director  
Appointed 1 March 2020

David has extensive UK public company experience. He was CFO until April 2024 of the FTSE 250 listed John Wood Group plc, a world leading consulting and engineering company operating across the energy and materials markets, a position he held from 2015. He has held a number of CFO and Non-executive Director positions over the course of his career and is a member of the Institute of Chartered Accountants.



## Board of Directors (continued)

### Alistair Erskine, 54

Non-executive Director  
Appointed 24 February 2020

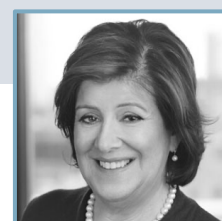
Alistair has held a number of senior positions within the US healthcare sector. He is currently the Chief Information and Digital Officer of Emory Healthcare, the Woodruff Health Science Center, and Emory University, responsible to the digital transformation of the health, science, and academic organization. He has held academic and government roles, including lecturing at Harvard Medical School and a Board Member of the Health Information Technology Standards Committee of the Virginia General Assembly. He holds an MBA from MIT with specialism in Business Analytics and Artificial Intelligence.



### Anne McCune, 68

Non-executive Director  
Appointed 16 November 2022

Anne joined the board as an Independent Non-executive Director on 16 November 2022. Anne is a recognised leader in the US Healthcare industry, having served as a senior executive for several leading academic hospital and physician centres and as a managing director in consulting. She is currently a Community Board member of the Strategy and Transformation committee at Salinas Valley Memorial Healthcare System in California, a principal in the academic healthcare division at ECG Management Consultants and CEO of the Carol Emmott Foundation, an organisation dedicated to achieving fully inclusive gender equality in healthcare leadership and governance. Anne holds an MBA from the Kellogg School of Management, Northwestern University and was recognised by Modern Healthcare as one of the 2021 Top 25 Women Leaders in Healthcare.



## Directors' Report

The Directors present herewith their report and the audited consolidated financial statements of the Group for the year ended 30 June 2024.

### Principal Activities and Business Review

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

The Company is required by the Companies Act to include a business review in this report. This includes an analysis of the development and performance of the Group during the financial year and its position at the end of the financial year, including relevant key performance indicators (principally: revenue growth; annual recurring revenue; net revenue retention; adjusted earnings before interest, tax, depreciation and amortisation (EBITDA); adjusted earnings per share; net borrowings; cash; net borrowings divided by adjusted EBITDA; operating cash conversion. The adjusted measures are stated before exceptional costs and amortisation of acquired intangible assets). Detailed information on all matters required is presented in the Strategic Report contained in pages 8 to 16 and is incorporated into this Report by reference. A description of the principal risks and uncertainties facing the Group is also presented in the Strategic Report.

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

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

the  
craneware  
group™

## Directors' Report

(continued)

Information	Section within this Annual Report	Pages
Appointment and Reappointment of Directors	Directors' Report Corporate Governance Report	72 78 to 94
Biographical Details of the Directors	Board of Directors	66 to 68
Business Model	Strategic Report	12 and 13
Change of Control	Directors' Report Remuneration Committee's Report	74 110
Community and Charitable Giving	Directors' Report Environmental, Social and Governance Statement	75 51
Corporate Governance Framework	Corporate Governance Report	78 to 94
Directors' Conflicts of Interest	Corporate Governance Report	85
Directors' Remuneration	Remuneration Committee's Report	95 to 113
Diversity, Equality and Inclusion	Environmental, Social and Governance Statement Directors' Report Corporate Governance Report	46 and 47 75 85
Employee Engagement	Environmental, Social and Governance Statement Stakeholder Engagement Directors' Report Corporate Governance Report	47 and 48 61 75 88
Employees with disabilities	Directors' Report	75
Environmental Reporting	Non-Financial and Sustainability Information Statement Environmental, Social and Governance Statement Directors' Report	31 to 40 41 to 55 74
Financial Instruments and financial risk management	Note 3 to the consolidated financial statements	134 to 136
Financial Results	Consolidated and Company financial statements and accompanying notes	120 to 169
Future developments and strategic priorities	Strategic Report	8 to 16
Going Concern statement	Directors' Report	71
Independent Auditor	Directors' Report Corporate Governance Report	77 92 and 93
Modern Slavery Statement	Directors' Report Environmental, Social and Governance Statement	75 54
Principal Risks and Uncertainties	Strategic Report	19 to 29
Principal Activities	Directors' Report Strategic Report	69 8 to 16
Research and Development	Directors' Report Strategic Report	71 8 to 12
Risk Management	Strategic Report Corporate Governance Report	19 to 29 89 to 92
Section 172 Statement	Strategic Report	56 to 60
Significant Related Party Transactions	Note 23 to the consolidated financial statements	164 to 166
Stakeholder Engagement	Stakeholder Engagement Environmental, Social and Governance Statement	61 to 63 41 to 55
Strategic Report	Strategic Report	8 to 60
Subsidiary Undertakings	Note 14 to the financial statements	154
Viability Statement	Strategic Report	29

# Directors' Report

## (continued)

### Financial Results and Dividends

The Group's revenue for the year was \$189.3m (FY23: \$174.0m) which has generated a profit before tax of \$15.7m (FY23: \$13.1m) after exceptional costs of \$0.7m (FY23: \$0.5m). The full results for the year, which were approved by the Board of Directors on 2 September 2024, are set out in the accompanying financial statements and the notes thereto.

During the year the Company paid an interim dividend of 13.0p (16.51 cents) per share. The Directors are recommending the payment of a final dividend of 16.0p (20.23 cents) per share giving a total dividend of 29.0p (36.67 cents) per share-based on the results for 2024 (FY23: 28.5p (35.95 cents)). Subject to approval at the Annual General Meeting, the final dividend will be paid on 18 December 2024 to shareholders on the register as at 29 November 2024.

#### Dividends per Share

Year	Dividend (pence)
FY18	24.0
FY19	26.0
FY20	26.5
FY21	27.5
FY22	28.0
FY23	28.5
FY24	29.0 (subject to AGM approval)

We believe the level of dividend proposed for the year balances the Company's stated progressive dividend policy based on the Group's current capital allocation approach and the macro-economic climate.

### Research and Development Activities

The Group continues its development programme of software products for the US healthcare market. The primary focus of this development continues to be the enhancement and expansion of the product suite including the ongoing development of the Trisus platform and its cloud-based solutions, to support the Group's Value Cycle strategy, delivering revenue integrity and 340B compliance, as well as margin and operational intelligence. Full details of the development activities and the Group's strategic and product direction are provided in the Strategic Report contained in pages 8 to 16. The Directors regard investment in development activities as a prerequisite for success in the medium and long-term future. During the year development expenditure amounted to \$52.1m (FY23: \$50.6m) of which \$15.8m (FY23: \$15.0m) has been capitalised.

### Financial Instruments

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

### Subsequent Events

On 23 August 2024 the Company's wholly owned subsidiary, Craneware US Holdings, Inc., declared a dividend of \$18m payable to the Company with a resulting increase of \$18m to the Company's retained earnings.

### Going Concern

The Strategic Report contains information regarding the Group's activities and an overview of the development of its products, services and the environment in which it operates. The Group's revenue, operating results, cash flows and balance sheet are detailed in the financial statements and explained in the Financial Review on pages 12 to 15.

#### Going concern

The Group is profitable and there is a reasonable expectation that this will continue to be the case. Our business model is delivering high levels of recurring revenue, supported by long term underlying contracts, that deliver high levels of cash generation. In addition, the Group has cash and cash equivalents of \$34.6m as well as a committed but undrawn facility available to it of \$80m.

The directors have prepared cash flow forecasts covering a period of over twelve months from the date of approval of these financial statements. These forecasts include consideration of severe but plausible downsides, should these events occur, the Group would have sufficient funds to meet its liabilities as they fall due for that period. These scenarios anticipate a zero-growth scenario, such that the only sales made by the Group would be to replace losses of existing long-term contracts. Under this basis, with minor but appropriate rebalancing of the cost base, the Group remained in compliance with its covenants and had no need to draw upon the committed undrawn facility.

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

## Directors' Report (continued)

### Directors

The biographical details of the current serving Directors of the Company are set out on pages 66 to 68. The Directors who served during the financial year ended 30 June 2024, and up to the date of approval of the financial statements, were:

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

New Directors, who were not appointed at the previous AGM, automatically retire at their first AGM and, if eligible, can seek re-appointment. The Board recognises the UK Corporate Governance Code's recommendation that all Directors should stand for re-election every year and, whilst not a requirement, the Board has decided to adopt this recommendation as best practice. As such, all Directors will retire from office at the Company's forthcoming AGM. It is the intention of all Directors, except for C Blye and R Rudish, to stand for re-appointment. Further details regarding the appointment of directors and the composition of the Board are contained in the Corporate Governance Report.

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

Details of the Directors' service contracts and their respective notice terms are detailed in the Remuneration Committee's Report on page 110.

### Corporate Governance

The Corporate Governance Report on pages 78 to 94 should be read as forming part of the Directors' Report.

### Indemnity of Directors and Officers

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

of this report. In addition, the Company has purchased and maintains appropriate insurance cover against legal action brought against Directors and officers.

### Share Capital

The Company's issued and fully paid up share capital at 30 June 2024 was 35,542,169 Ordinary Shares of 1p each (at 30 June 2023: 35,542,169 Ordinary Shares). The shares are traded on the Alternative Investment Market ('AIM'), a market operated by the London Stock Exchange. The Company's Articles of Association, which are available on the Company's website [www.thecranewaregroup.com](http://www.thecranewaregroup.com), contain the details of the rights and obligations attached to the shares.

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

#### *Restrictions on transfer of Ordinary Shares*

There are no specific restrictions on the transfer of Ordinary Shares in the Company beyond those required by applicable law under the Articles of Association or imposed by laws and regulations (such as the Market Abuse Regulation) and pursuant to the Company's share dealing code, whereby Directors and employees are required to obtain clearance to deal in the Company's securities. The post vesting holding period provisions applicable to long term incentive plan awards granted to the executive Directors and senior managers are described in the Remuneration Committee's Report on page 105.

#### *Authority for purchase of own shares*

Authorisation was given by shareholders at the Annual General Meeting on 16 November 2023 for the Company to purchase up to 3,535,071 Ordinary Shares. A resolution to renew this authority will be proposed at the 2024 Annual General Meeting.

#### *Purchase of own shares*

On 12 April 2023 the Company announced a £5 million share buyback programme to operate under the authority granted by shareholders at the Company's Annual General Meeting ('AGM') held on 15 November 2022, then by the renewed authority granted by shareholders at the Company's AGM held on 16 November 2023, and within the regulatory limit on the quantity of shares the Company may purchase on any single day. The share buyback programme was effected using a phased approach and had an initial duration of three months which was extended until the cost of the Company's own shares purchased under this programme reached £5 million. The duration of the share buyback programme was therefore from 12 April 2023 until 21 May 2024.



## Directors' Report (continued)

### Share Capital (continued)

#### Purchase of own shares (continued)

The Company purchased 108,899 of its own Ordinary Shares in the year ended 30 June 2024 (FY23: 223,632) in accordance with this share buyback programme with a total amount incurred of £5.0m (\$6.3m) (FY23: £3.09m (\$3.87m)), including directly attributable costs. In total, the Company has purchased 332,531 of its own Ordinary Shares through this share buyback programme, which represented 0.94% (FY23: 0.63%) of the Company's issued Ordinary Shares; those Shares are being held in treasury (with no voting rights attached).

#### Ordinary Shares held in Treasury

The Ordinary Shares purchased by the Company through the share buyback programme are held in treasury (with no voting rights attached) for the purpose of satisfying employee share plan awards. During the year ended 30 June 2024, a total of 99,646 (FY23: 9,621) Ordinary Shares were transferred by the Company from Treasury to satisfy the exercise of employee share options and vested employee long term incentive plan awards. Therefore, at 30 June 2024, the Company held 223,264 Ordinary Shares in Treasury (as at 30 June 2023: 214,011).

### Directors and their Interests

The interests of the Directors who held office at 30 June 2024 and up to the date of this report in the share capital of the company, were as follows:

	2024 No.	2023 No.
W. Whitehorn	4,589	2,989
K. Neilson	3,467,707	3,446,539
C T Preston	100,417	93,872
I Urquhart	11,495	8,300
C Blye	547	547
R Rudish	1,095	1,095
	<b>3,585,850</b>	<b>3,553,342</b>

Included within the figures in the table above are Ordinary Shares belonging to each of the executive Directors which were received from the vested long term incentive plan awards on 2 October 2023 that are subject to a two year post vesting holding period as described in the Remuneration Committee's Report on page 105. The number of Ordinary Shares subject to the post vesting holding period are: K Neilson 6,696 shares; C T Preston 4,977 shares and I Urquhart 3,195 shares.

Directors' interests in share options are detailed in the Remuneration Committee's Report on pages 112 and 113.

#### Share capital allotted

During the year ended 30 June 2024, no Ordinary Shares were issued (FY23: nil).

Further details regarding the Company's share capital are included in Note 17 to the financial statements.

#### Employee benefit trust

The Company established an Employee Benefit Trust (EBT), 'The Craneware plc Employee Benefit Trust' during the financial year ended 30 June 2017. As at 30 June 2024 the EBT held 390,620 Craneware plc Ordinary Shares (at 30 June 2023: 365,475 Ordinary Shares). The EBT waived its right to dividends in the year ended 30 June 2024. Further details regarding the EBT are contained in Note 17 to the financial statements.

#### Employee share plans

Details of the Company's employee share plans, including the number of ordinary shares subject to employee share plan awards, are included in Note 7 to the financial statements.

## Directors' Report (continued)

### Substantial Shareholders

As at 1 August 2024, the Company had been notified of the following beneficial interests in 3% or more of the issued share capital pursuant to section 793 of the Companies Act 2006. It should be noted that, other than for K Neilson, W G Craig, these holdings may have changed since the Company was notified. However, notification of any change is not required until an applicable threshold is crossed.

	No. of Ordinary £0.01 Shares	% of issued share capital (excluding 223,264 Ordinary Shares held in Treasury)
Liontrust Asset Management	3,725,003	10.55
K. Neilson	3,467,707	9.82
Canaccord Genuity Group	2,448,654	6.93
W G Craig	2,340,756	6.63
Octopus Investments	1,704,501	4.83
Aegon Asset Management	1,683,590	4.77
abrdn	1,272,805	3.60
Rathbones	1,159,430	3.28

### Change of control provisions

Within the Group's revolving loan facility (as detailed in Note 20), the lender has the right to demand immediate payment of any outstanding balances upon a change of control of the Group.

There are change of control provisions within the rules of the Company's employee share option plans, in its long term incentive plan and in the rules of the Group's senior employee annual performance related bonus plan.

### Section 172 Statement

The statement, in respect of section 172 (1) of the Companies Act 2006, is on pages 56 to 60.

### Stakeholder Engagement

An explanation of the engagement with stakeholders, examples of how the Directors have oversight of stakeholder matters and had regard for these matters when making decisions are included in the Stakeholder Engagement section on pages 61 to 63.

### Corporate Social Responsibility & Environmental Policy

The Group is committed to maintaining a high level of social responsibility. It is the Group's policy to support and encourage environmentally sound business operations, with aspects and impact on the environment being considered at Board level; this is explained within the Environmental, Social and Governance Statement. The Group is required to report its energy use and impact under the Streamlined Energy and Carbon Reporting (SECR) regulations; the required information for the year ended 30 June 2024 is contained on pages 38 to 40 within the Non-Financial and

Sustainability Information Statement. The Group is also required to provide climate-related disclosures in accordance with section 414CB of the Companies Act 2006; this information is contained within the Non-Financial and Sustainability Information Statement section of the Strategic Report on pages 31 to 40.

### Customers

The Group treats all its customers with the utmost respect and seeks to be honest and fair in all relationships with them. The Group seeks to provide its customers with products and levels of customer service of outstanding quality. Further information about engagement with customers is provided within the Stakeholder Engagement section and within the Environmental, Social and Governance Statement.

### Community and Charitable Contributions

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

As part of the Group's commitment to Corporate Social Responsibility and ESG matters, the Group has continued to develop its Craneware Cares program. The focus of Craneware Cares is to raise awareness and funds for charity whilst also supporting employee engagement and involvement.

## Directors' Report (continued)

### Community and Charitable Contributions (continued)

During the year ended 30 June 2024 the Group contributed a total amount of \$47,531 (FY23: \$40,706) to charities in the UK and in the US across all of the Group's fundraising campaigns and employee-led donations. Further information about Craneware Cares and other aspects of engagement with the community is provided within the Environmental, Social and Governance Statement.

### Political Donations

Neither the Company nor its subsidiaries made any donation for political purposes in fiscal years 2024 or 2023.

### Employees and Employee Involvement

The Group recognises the value of its employees and that the success of the Group is due to their efforts. The Group respects the dignity and rights of all its employees and provides clean, healthy and safe working conditions. Reviews are conducted on a regular basis to ensure that policies for training, risk assessment, safe working and accident management are appropriate. The Group has a Health and Safety Committee, which reports to the Risk and Compliance Committee, comprised of appropriate US and UK roles within the organisation. Further details, including employee wellness initiatives, are contained within the Environmental, Social and Governance Statement.

An inclusive working environment and a culture of openness are maintained by the regular dissemination of information. The Group endeavours to provide equal opportunities for all employees and facilitates the development of employees' skill sets. A fair remuneration policy is adopted throughout the Group. Share schemes, to encourage involvement of employees in the Group's performance, have been established, as detailed on page 109 of the Remuneration Committee's Report.

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

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

The general policy of the Group is to welcome employee involvement as far as it is reasonably practicable. Details regarding employee engagement are included in the ESG Statement.

### Employment of Disabled Persons

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

### Anti-Slavery and Human Trafficking Policy

The Modern Slavery Act requires the Company to publish an annual slavery and human trafficking statement. The latest statement can be found on the Craneware plc website at [www.thecranewaregroup.com/modern-slavery-statement/](http://www.thecranewaregroup.com/modern-slavery-statement/). Neither the Company or any of its subsidiaries permit, condone or otherwise accept any form of human trafficking or slavery in its business or supply chains. The Environmental, Social and Governance Statement on page 54 also refers to this Policy.

### Engagement with Suppliers and Policy on Payment of Payables

Relationships with suppliers and subcontractors are based on mutual respect, and the Group seeks to be honest and fair in its relationships with suppliers and subcontractors, and to honour the terms and conditions of its agreements in place with such suppliers and subcontractors. The Stakeholder Engagement section includes a summary of the Group's supplier engagement processes.

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

It is the Group's normal practice to make payments to suppliers in accordance with agreed terms and conditions, generally within 30 days, provided that the supplier has performed in accordance with the relevant terms and conditions. Trade payables at 30 June 2024 represented, on average 25 days purchases (at 30 June 2023: 23 days) for the Group and 40 days purchases (at 30 June 2023: 26 days) for the Company.

## Directors' Report (continued)

### Annual General Meeting

The resolutions to be proposed at the Annual General Meeting ('AGM'), together with explanatory notes, appear in a separate Notice of Annual General Meeting which is issued to all shareholders and will be made available on the Company's website at [www.thecranewaregroup.com](http://www.thecranewaregroup.com). The Directors consider that these resolutions are in the best interests of the Company and its shareholders as a whole. The proxy card for registered shareholders is distributed along with the notice. The arrangements for the AGM, to be held in November 2024, are outlined in the Notice of AGM.

Voting at General Meetings of the Company may be exercised in person, by proxy or, in relation to corporate members, by corporate representatives. Voting at General Meetings of the Company may be conducted:

- on a show of hands with every holder of Ordinary Shares present in person and entitled to vote has one vote;
- on a poll with every member present in person or by proxy and entitled to vote has one vote for every Ordinary Share held.

The notice of the AGM specifies the deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and the voting results are released as an announcement, on the Regulatory News Service of the London Stock Exchange, after the meeting and are published as soon as practicable on the Company's website.

### Company Registration

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

## Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

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

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

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

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

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

## Directors' Report (continued)

### Directors' Confirmations

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

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

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

### Independent Auditors

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

**Approved by the Board of Directors and signed by order of the Board by:**

**Craig Preston**  
Company Secretary  
2 September 2024

# Corporate Governance Report

## Chair's Introduction

On behalf of the Board, I am pleased to present our Corporate Governance Report for the year ended 30 June 2024 in the context of the UK Corporate Governance Code 2018 ('the Code'), our chosen corporate governance framework. The Board believes that, with high standards of corporate governance, including shareholder engagement and engagement with other stakeholders, are critical to the success of our strategy outlined on pages 8 to 12, and to delivering long-term, sustainable shareholder value.

### *Purpose, Values and Culture*

Our Purpose is to help transform the business of healthcare through the profound impact our solutions deliver, enabling our customers to provide quality care to their communities. We continue to demonstrate that The Craneware Group is uniquely placed with our independent standing in our end market, and with our solutions across healthcare finance and 340B continuum, to support US healthcare providers in their mission to serve their communities. Supporting our customers, and the phenomenal work they do for their communities, continues to be our top priority and this ethos is evident throughout The Craneware Group.

I would like to thank all colleagues within the team for their unwavering commitment, enthusiasm and passion – together we uphold our Purpose. The Group is supportive of, and recognises the importance of diversity, including gender, ethnicity, nationality, skills and experience. This is evident from the diverse, inclusive and breadth and depth of skills and experience within the team and we aim to ensure that we continue to attract diverse talent into The Craneware Group.

Supporting our Purpose is our Framework consisting of our core values which are described further in the Environmental, Social and Governance (ESG) Statement within this Annual Report. The Board continues to monitor how the Purpose, vision, strategy and values align to the Group's culture.

### *Employee voice and engagement*

Our People are at the centre of our collective commitment to our Purpose and as a Board we are aware of our responsibilities to prioritise their wellbeing, including working arrangements, conditions and reward, in support of our culture. The Board appreciates the benefits from effective employee engagement mechanisms, including honest and constructive feedback from employees, and these are referred to within this Report and further described within the ESG Statement. We continue to see great benefit from employee interaction, communication and collaboration and the Board endorses the Operations Board's efforts to increase the opportunities for collaboration both within and across teams.

### *Section 172 and Stakeholder Engagement*

A key focus of the Code is the requirement to report on how the interests of the Group's stakeholders and the matters set out in section 172 of the Companies Act 2006 have been considered in Board discussions and decision making. It is also important for the Board to keep stakeholder engagement mechanisms under review so that they remain effective. The Board's section 172 (1) statement and details of our engagement with stakeholders can be found on pages 56 to 63.

### *Environmental, Social and Governance (ESG)*

Our Purpose inherently prioritises the 'Social' emphasis for our Environmental, Social and Governance (ESG) endeavours. For many years The Craneware Group has established (and continues to encourage) many sustainability initiatives which benefit various stakeholder groups and we are committed to continue, in alignment with our Purpose, to operate in a way that allows us to meet the needs of our stakeholders and have a positive impact on the communities in which we operate and wider society.

The Board is supportive of the Group's ESG Committee, chaired by Issy Urquhart, which has made great progress with overseeing various initiatives within the context the framework of our three key ESG Focus Areas. The Non-Financial and Sustainability Information Statement and ESG Statement sections of this annual report provide a comprehensive synopsis of the range of activities in FY24 some of which are ongoing in FY25 within the Diversity, Equity and Inclusion and other sustainability projects. It is pleasing to see the involvement of many employees with various ESG efforts, including those driven by our Employee Advisory Group. The support and enthusiasm for this range of activities is appreciated and highlights the breadth of issues that matter to our team.



# Corporate Governance Report

(continued)

## Chair's Introduction (continued)

The ESG Committee conducted a more detailed climate scenario analysis during the year, with the valuable support of other colleagues, which assisted to provide a more extensive appraisal of potential climate-related risks and opportunities. We continue to work on the baselining of our environmental data so that we have an appropriate foundation to establish targets along the pathway to net zero emissions. This baseline data should also assist with the compilation of appropriate key performance indicators for monitoring the reduction in our impact on the environment and for managing climate-related risks. We are committed to make further progress with this during the year ending 30 June 2025.

### *Board composition*

The Board, and Craneware as a whole, has benefitted significantly over the past ten years from the considerable US Healthcare sector experience, governance credentials, dedication and support provided by Colleen Blye and Russ Rudish. The independent guidance provided by Colleen and Russ has been invaluable, particularly in their respective Chair roles within the Board's Audit and Remuneration Committees and with Colleen serving as our Senior Independent Director for many years.

We thank Colleen and Russ for their significant contribution to The Craneware Group and respect their decisions not to stand for re-election as directors of the Company at the AGM to be held in November 2024. We appreciate their dedication to ensure a smooth transition for new independent directors whom we are seeking to recruit in the coming months. We aim to attract a diverse pool of candidates, with relevant skills, experience and knowledge, for any senior appointments. As a Board, identifying the prerequisite skill sets for the highly regulated and complex environment of US Healthcare has taken precedent over setting and specific diversity targets for the Board and senior management team. All appointments will ultimately be made on merit.

### *Board evaluation*

We conducted a Board evaluation in the financial year. The helpful contributions and engagement provided by my fellow directors through this process was appreciated and I am happy to report that the overall conclusions from the evaluation were positive. An overview of the process is provided within this Corporate Governance Report.

### *Annual General Meeting ('AGM')*

The Board recognises that the AGM is an important event for all shareholders. The arrangements for the AGM, to be held in November 2024, are outlined in the Notice of AGM and we look forward to welcoming shareholders at the AGM.

### *The year ahead*

We are well progressed in our efforts to identify and appoint new non-executive Directors to take the place of Russ and Colleen. Our short list of candidates bring with them a wealth of experience including direct experience of the ongoing challenges faced by US hospitals and Healthcare, more generally. We look forward to working with our new Board dynamics and continuing to see The Craneware Group support US hospitals and Healthcare as they provide care to their communities.

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

**Will Whitehorn**

Chair

2 September 2024

## Corporate Governance Report (continued)

The Board of Directors ("the Board") has always recognised the importance and value of high standards of corporate governance and has elected to adopt the UK Corporate Governance Code 2018 (the 'Code') as its corporate governance framework but it is aware that this Code has been drafted in the context of larger, main market listed companies.

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

### **Overview: Application of the UK Corporate Governance Code 2018 (the 'Code')**

The Board seeks to continue to ensure the overarching objective that the governance of the Company contributes to its long-term sustainable success, aligned to its purpose, and achievement of wider objectives, including the Company and the Group's contribution to the communities in which it operates and wider society. The Board recognises, as stated in the Code, that achieving this depends on the way it applies the spirit of the Principles of the Code. The Company is a smaller company for the purposes of the Code and, as such, certain provisions of the Code are judged to be disproportionate or less relevant in its case. Where the Company does not comply with any specific Code provision then this is highlighted and explained in this report.

### **Compliance statement**

The Board has complied with the spirit of the UK Corporate Governance Code 2018 and applied the principles and complied with the provisions of the Code throughout the year ended 30 June 2024 ('FY24'), with the exception of the following areas that the Board believes are not appropriate for a Group of our size:

- Provision 17: due to the size of the Board, a separate nomination committee has not been established. Instead, these duties have been fulfilled by the Board as a whole.
- Provision 36: concerning the development of a formal policy for post-employment shareholding requirements. Post-employment shareholding policies continue to be the exception for AIM Companies. The Remuneration Committee continues to keep this area under review but considers that, whilst no formal post-employment shareholding policy for executive Directors is in place, its current approach is acceptable. There is a current required shareholding guideline applicable to executive Directors and senior management and that guideline has already been significantly exceeded by two of the executive Directors. In addition, there is a post-vesting holding period applicable to Long Term Incentive awards granted since October 2020 to the executive Directors and senior management. These policies are considered to promote long-term shareholdings by executive Directors that support alignment with long-term shareholder interests although they do not include post-employment shareholding requirements; and
- Two of the seven elements of Provision 41: Craneware plc, being an AIM listed company, is not required to comply with the Directors' Remuneration Report regulations however the Company does aim to comply with the spirit of all of Provision 41 of the Code in so far as the Board considers is appropriate for the size of the Company and therefore it provides a Remuneration Committee's Report, with the FY24 Report on pages 95 to 113. During the year there was no specific engagement with employees in respect of executive Director remuneration. However, the same policy of paying at median (based on benchmark data) applies across the whole Group.  
Regarding one of the other elements of Provision 41 of the Code, the reference to internal and external measures for executive Director remuneration review and assessment is not presented within the Remuneration Committee's Report due to the deferral of benchmarking during the previous four financial years. With the independent benchmarking study for executive Director remuneration completed in FY24, external measures have been utilised for that assessment. Going forward, it is anticipated that internal and external measures would be tracked by the Remuneration Committee for executive Director remuneration comparison purposes.

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

# Corporate Governance Report (continued)

## Board Leadership and Company Purpose

### The role of the Board

The Board is primarily responsible for the overall conduct of the Group's business and for promoting the long-term success of the Group. The Board is collectively accountable to shareholders for its proper management. The Board must balance this responsibility with ensuring that the Directors have regard for key stakeholders and that there is sufficient time, information and understanding to properly take into account those stakeholders' interests when making decisions and considering their long-term implications. The Board recognises that effective engagement with key stakeholders, including employees, customers, shareholders, the community, bank finance providers and suppliers, is a core component of long-term sustainability and success. Stakeholder Engagement information is set out on pages 61 to 63. The Directors consider, both individually and collectively, that they have taken the factors, set out in s172(1)(a) to (f) of the Companies Act 2006, into account when exercising their duty to promote the success of the Group and of the Company during the year. The Board's Section 172(1) Statement is on pages 56 to 60 and it includes examples of how those matters have been considered in significant decisions of the Board.

The Board delegates authority for the day to day management of the Group to the Chief Executive Officer and the rest of senior management within the Operations Board, under a set of delegated authorities. The Board is well supported by the Group's Operations Board and a broader senior management team, who collectively have the qualifications and experience necessary for the day to day running of the Group. The Operations Board is chaired by the Chief Executive Officer and also comprises the Chief Financial Officer, the Chief People Officer and six further members of the Senior Management Team.

The governance structure is summarised below.



### Purpose, vision, strategy, values and culture

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

Our Purpose forms the basis of Group-wide strategic initiatives each year. **Our Purpose is to transform the business of healthcare through the profound impact our solutions deliver, enabling our customers to provide quality care to their communities.** Our culture is the way that we work together and is fundamental to how we operate. The Board has a fundamental role in shaping our corporate culture defined by our values and purpose. The Board assesses and monitors the Group's culture through regular interaction with management and other colleagues to ensure that its policies, practices and behaviours are aligned with the Group's purpose, vision, strategy and values. Employee engagement mechanisms are referred to below within the 'Stakeholder Engagement' section.

The Board is responsible for delivering value for shareholders by setting the Group's strategy and overseeing its implementation by the Operations Board. Our strategy and business model are explained within the Strategic Report on pages 8 to 16. The Board meets at least annually to review the Group's strategy, drawing on the wide and varied experience of the Board members (as outlined below within the 'Composition of the Board' section), including detailed healthcare sector knowledge. The Board meets regularly to discuss and agree on the various matters brought before it, including progress with the agreed strategy and the Group's trading results.

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

## Board Composition and Division of Responsibilities

### Board of Directors

Throughout the financial year ended 30 June 2024 and until the date of approval of this report the Company's Board comprised of: its Chair, Will Whitehorn; three executive Directors: Keith Neilson, Chief Executive Officer; Craig Preston, Chief Financial Officer; and Issy Urquhart, Chief People Officer; along with five further non-executive Directors (each of whom the Board considers to be independent), Colleen Blye (Senior Independent Director), Russ Rudish, Alistair Erskine, David Kemp and Anne McCune. Detailed biographies of all Directors are contained on pages 66 to 68.

# Corporate Governance Report

(continued)

## Board Composition and Division of Responsibilities (continued)

### Board of Directors (continued)

A summary of the composition of the Board throughout the year ended 30 June 2024 is:

Period	Composition of the Board		
	Chair (Independent on Appointment)	Executive Directors	Independent^ Non-executive Directors
Year ended 30 June 2024	1	3	5

^The Board considers that all of the non-executive directors are independent in character and judgement, notwithstanding their tenure on the Board, as described further below within 'The Composition of the Board' section.

### Division of Responsibilities

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

Role	Summary of Responsibilities
<b>Chair</b>	The Chair is responsible for the leadership of the Board, ensuring its effectiveness in directing the Company and the Group, and setting its agenda. The Chair is also responsible for upholding high standards of corporate governance and for promoting a culture of openness and debate facilitating constructive Board relations and the effective contribution of all Non-Executive Directors to provide constructive support and challenge to the executive Directors and senior management. The Chair ensures that the Board receives accurate, timely and clear information. In addition, the Chair's responsibilities include to ensure that the Board is aware of the views of shareholders and other stakeholders.
<b>Chief Executive Officer</b>	The Chief Executive Officer (CEO) ensures that the strategic and financial objectives, as agreed by the Board, are delivered upon in addition to ensuring the effective implementation of the Board's decisions. To facilitate this, the CEO chairs the Group's Operations Board which manages, subject to the clearly defined authority limits, the day-to-day operation of the Group's business in an ethical and sustainable manner, aligned to the culture of The Craneware Group. Maintaining an effective framework of internal controls and risk management are also within the responsibilities of the CEO. In addition, the CEO is responsible for leading, motivating and monitoring the performance of the Group's senior management.
<b>Senior Independent Director</b>	The Senior Independent Director provides a sounding board for the Chair, in addition to supporting governance matters, as well as providing an additional channel of contact for shareholders, other Directors or employees, if the need arises.

### The Chair

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

### Non-Executive Directors

The Board has appointed Colleen Blye as Senior Independent Director. The responsibilities of this role are outlined in the 'Division of Responsibilities' section above.

The non-executive Directors assist in the development of strategy and monitor its delivery within the Company's established risk appetite. They are responsible for bringing sound judgement and objectivity to the Board's deliberations and decision-making process. In addition, the non-executive Directors constructively challenge, support and review the performance of executive Directors. As Board committee members the non-executive Directors also, amongst other matters within the terms of reference of each committee, review the integrity of the Group's financial information and set the remuneration of the executive Directors.

# Corporate Governance Report (continued)

## Non-Executive Directors (continued)

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

The non-executive Director contracts are available for inspection at the Company's registered office and are made available for inspection both before and during the Company's Annual General Meeting.

## The Composition of the Board

The Board reviews its composition (and that of its committees) regularly, taking into consideration various factors including: the balance of independent directors, requisite skills, knowledge and experience within the Board and diversity. The composition of the Board has been designed to give a good mix and balance of different skill sets, including significant experience in:

- healthcare sector;
- high growth companies;
- software sector and analytics;
- entrepreneurial cultures;
- senior financial reporting;
- strategic and operational human resource management;
- both UK and US companies;
- acquisitions;
- integration of acquired businesses; and
- other listed companies.

Through this mix of experience and skills, the Board and the individual Directors are well positioned to set the strategic aims of the Company as well as drive the Group's values and standards throughout the organisation, whilst remaining focused on their obligations to shareholders and meeting their statutory obligations.

Throughout the year ended 30 June 2024 at least half the Board, excluding the Chair, were non-executive Directors whom the Board considers to be independent. The Board reviews, on an annual basis, the independence of each non-executive Director. In making this assessment, in addition to considering Provision 10 of the Code, the Board determines whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

In regards to all of the non-executive Directors, the Board has not identified any matters that would affect their independence; the Board considers that all of the non-executive Directors are independent in character and judgement and free from any business or other relationship that could materially interfere with exercising that judgement. The Board acknowledges the factors contained in Provision 10 of the Code. Notwithstanding that both Colleen Blye and Russ Rudish have served on the Board for more than nine years, having been appointed to the Board in November 2013 and in August 2014 respectively, the Board considers that both Colleen and Russ are independent in character and judgement.

The Board has carefully considered the role Colleen has within the Board and ongoing contribution, including in Colleen's role as the Senior Independent Director being one of the four senior Board positions. The Board concluded the knowledge and independent challenge Colleen brings to the Board, including discussions at Board meetings, continues to contribute great value to the Board and as such it is appropriate to retain Colleen's independent services in the Senior Independent Director role at this time. The Board has performed a similar review of Russ' independence and concluded that Russ continues to be independent. The Board keeps the composition of the Board and its committees under review, including its continued independent balance.



# Corporate Governance Report

## (continued)

### Board Composition and Division of Responsibilities (continued)

#### The Composition of the Board (continued)

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

The Board keeps the composition of the committees under review. The membership of both of the Committees changed during the year as explained below.

Audit Committee members	Remuneration Committee members
<b>From 1 July 2023 to 16 November 2023</b> David Kemp (Chair) Colleen Blye Alistair Erskine	<b>From 1 July 2023 to 16 November 2023</b> Russ Rudish (Chair) Colleen Blye Alistair Erskine
<b>From 16 November 2023 to 30 June 2024</b> David Kemp (Chair) Alistair Erskine Anne McCune	<b>From 16 November 2023 to 30 June 2024</b> Russ Rudish (Chair) Alistair Erskine Anne McCune

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

	Board	Remuneration Committee	Audit Committee
No. Meetings in year	10	3	2
<b>Executive Directors</b>			
K Neilson	10/10	-	-
C T Preston	10/10	-	-
I Urquhart	10/10	-	-
<b>Non-Executive Directors</b>			
W Whitehorn	10/10	-	-
C Blye	9/10	2/2	1/1
R Rudish	10/10	3/3	-
A Erskine	9/10	3/3	2/2
D Kemp	10/10	-	2/2
A McCune	10/10	1/1	0/1

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

The shareholder voting, in respect of each of the resolutions tabled at the Company's Annual General Meeting ('AGM') held on 16 November 2023, passed all of the resolutions. However, a number of the votes received opposed the resolution in respect of the reappointment of Colleen as a director of the Company. Following consultation with shareholders during their AGM voting consideration, the Board identified certain concerns regarding the composition of the Board's Audit and Remuneration Committees. Therefore, with effect from 16 November 2023, Anne McCune replaced Colleen Blye as a member of both the Audit and Remuneration Committees.



# Corporate Governance Report (continued)

## Board Composition and Division of Responsibilities (continued)

### The Composition of the Board (continued)

Colleen and Russ have each informed the Board of their intention not to stand for re-election as directors of Craneware plc at the Company's AGM to be held in November 2024. The Board is in the latter stages of reviewing replacement independent non-executive director candidates. The role of Senior Independent Director and the composition of our Board committees, particularly the position of Chair of the Remuneration Committee, following the AGM in 2024, is being considered by the Board.

## Board Appointments and Evaluation

### Appointments to the Board

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

Following the decision by both Colleen and Russ not to stand for re-election as non-executive directors of the Company at the Company's AGM to be held in November 2024, in early FY25 the Board commenced a search and recruitment process for new independent non-executive directors. Details of that process shall be provided in the annual report for the year ending 30 June 2025.

### Conflicts of interest

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

determine. The Board is satisfied that there is no compromise to the independence of, and nothing which would give rise to conflicts of interest for, any of the Directors who serve as directors on other company boards or who hold other external appointments.

### Diversity

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

The Board comprised 33% female and 67% male directors throughout the year ended 30 June 2024. The Senior Independent Director (one of the four senior Board positions) is female. At the end of the financial year, across The Craneware Group, our team comprised 47% female and 53% male employees (at 30 June 2023: 47% female and 53% male employees). At Operations Board plus vice president level, the composition is approximately 39% female and 61% male (at 30 June 2023: 34% female and 66% male employees). Further information regarding Diversity, Equity and Inclusion is contained within the ESG Statement on pages 46 and 47.

### Commitment

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

Details of the other directorships held by each Board member are provided in the Directors' biographies on pages 66 to 68. The Board has evaluated the time commitments required by these other roles and does not believe it affects their ability to perform their duties with the Company. Prior approval of the Board is required in advance of executive Directors undertaking external appointments. In February 2024, I Urquhart was appointed as a non-executive director of Concurrent Technologies plc whose shares are listed on the AIM market of the London Stock Exchange. The other executive Directors do not hold any outside appointments with any other publicly traded company.

# Corporate Governance Report

## (continued)

### Board Appointments and Evaluation (continued)

#### Succession Planning

The Board as a whole recognises its responsibility to ensure that appropriate plans are in place for orderly succession to the Board and has plans in place for any unforeseen circumstances regarding the executive Directors. The Board considers succession planning periodically, usually as part of its evaluation exercise. The composition of the Board has been carefully considered with these factors in mind. In FY25 the Board is in the process of recruiting further independent non-executive directors following the decision by Colleen and Russ not to stand for re-election as directors of the Company at the AGM to be held in November 2024.

Succession plans are in place for the senior management talent pipeline which are re-visited and reviewed with the Board as appropriate. The Board takes an active interest in the quality and development of talent and capabilities within Craneware, ensuring that appropriate opportunities are in place to develop high-performing individuals. The learning and development support and initiatives available to employees, including manager advancement, have been augmented in recent years as outlined in the ESG Statement within this annual report.

#### Development

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

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

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

#### Information and Support

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

In addition, the non-executive Directors have access to, and correspond with, the Group's Operations Board on an informal basis. This allows for better understanding of how the strategy set by the Board is being implemented across the Group.

As detailed in the Directors' Report on page 72, the Company maintains appropriate insurance cover against legal action brought against Directors and officers. The Company has further indemnified all Directors or other officers against liability incurred by them in the execution or discharge of their duties or exercise of their powers.

#### Evaluation

In the financial year ended 30 June 2024 a Board evaluation process was conducted by means of a detailed questionnaire completed by each Director. This evaluation included a review of the performance of the Chair and the Board Committees. The results of the process were collated by the Company Secretary on behalf of the Chair and were reviewed by the Board as a whole. Overall, the Board concluded that its performance in the period under review had been satisfactory.

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

#### Re-election

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

# Corporate Governance Report (continued)

## Board Appointments and Evaluation (continued)

### Re-election (continued)

However, the Board recognises the Code's recommendation that all Directors should stand for re-election every year, and whilst not a requirement, the Board has decided to adopt this recommendation as best practice. As such, all Directors will retire from office at the Company's forthcoming AGM. Colleen and Russ have each informed the Board of their intention not to stand for re-election as directors of Craneware plc at the Company's AGM to be held in November 2024. It is the intention of all of the other Directors to stand for re-appointment.

In determining whether a Director, who wishes to stand for re-appointment, should be proposed for re-election at the 2024 AGM, the Board took into account each Director's contribution to the Board's effectiveness, which formed part of the 2024 Board evaluation. This review confirmed that all Directors continue to be effective and demonstrate commitment to their roles and so the Board recommended their re-appointment.

## Stakeholder Engagement

### *Shareholders*

#### Dialogue with Shareholders

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

To facilitate this:

- All shareholders are invited to attend the AGM and encouraged to take the opportunity to ask questions.
- The primary point of contact for shareholders on operational matters are Keith Neilson as Chief Executive Officer and Craig Preston as Chief Financial Officer.
- The primary point of contact for shareholders on corporate governance and other related matters is Will Whitehorn as Chair. Colleen Blye, as Senior Independent Director, is available as a point of contact should a shareholder not wish to contact the Chair for any reason.
- The Board welcomes regular engagement with major shareholders to understand their views on governance and performance against our stated strategy.

- The Chair ensures that the Board as a whole has a clear understanding of the views of shareholders.
- The Board aims to ensure that both the investor and analyst communities understand our purpose, strategy, business model and financial and operational performance.

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

During the year, the Chair of the Board met with shareholders at their request. The Chair is available to answer questions and to meet with shareholders on request.

The Remuneration Committee's Report section of this annual report explains that, following the results of the executive Director remuneration benchmarking study conducted by the independent adviser, the Committee consulted with the Company's substantial shareholders (excluding K Neilson and WG Craig). This was specifically in relation to the Committee's proposals for the changes to elements of executive Director remuneration. No objections were received from those shareholders regarding the proposals. Also, feedback was received from a shareholder during the year regarding one aspect of the performance metrics for executive Directors' long-term incentive awards which will be addressed in one of the performance metrics to apply to awards proposed to be granted in FY25.

The Board receives questionnaires from some shareholders periodically in relation to 'Environmental, Social and Governance' ('ESG') matters. These questionnaires are reviewed, now with assistance from the ESG Committee, and then the questionnaires are completed and returned to the requestor.

The Company's website (at [www.thecranewaregroup.com](http://www.thecranewaregroup.com)) has a section for investors that contains all publicly available financial information and news on the Company and the Group.

Details of the Company's share capital and substantial shareholders are contained in the Directors' Report on pages 72 to 74.

# Corporate Governance Report (continued)

## Stakeholder Engagement (continued)

### Shareholders (continued)

#### Constructive Use of General Meetings

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

The voting on each Resolution tabled at the AGM can be conducted on a show of hands or by way of poll votes. Shareholders, if they are unable to attend the meeting in person, are strongly encouraged to participate in the AGM by voting by proxy ahead of the meeting.

If an AGM resolution receives 20% or more of votes cast against, the Board will consult with shareholders to understand the reason behind the result. Following the AGM that was held on 16 November 2023 the Company announced that all resolutions were passed and in respect of each resolution, apart from one, at least 80% of the proxy votes received were 'for' the resolutions proposed. However, a number of the votes received opposed the resolution in respect of the reappointment of Colleen as a director of the Company. Following consultation with shareholders during their AGM voting consideration, the Board identified certain concerns regarding the composition of the Board's Audit and Remuneration Committees. Therefore, with effect from 16 November 2023, Anne McCune replaced Colleen as a member of both the Audit and Remuneration Committees.

#### **Employee engagement**

The Board uses alternative workforce engagement mechanisms, instead of the suggested workforce engagement mechanisms in the Code (i.e. a director appointed from the workforce, a formal workforce advisory panel or a designated non-executive director). There are several employee engagement initiatives in place, as outlined in the Our People section within the ESG Statement. The Group-wide action plan from the FY23 employee engagement survey continued to be advanced through FY24 and regular updates on the progress of the action plan were provided to the Board and to the Operations Board. The Board considers these employee engagement mechanisms to be appropriate at this time, in view of the size of the Group, and that they are supported by the Group's Chief People Officer, Issy Urquhart, being an executive Director of the Company. The Board will continue to keep these engagement mechanisms, in addition to those for other

stakeholders, under review to ensure that the engagement mechanisms are effective.

The Chief People Officer ensures that the Board receives regular reports about a range of factors and issues affecting our employees to ensure that appropriate consideration is given and early action taken where necessary.

As part of the regular agenda for Board meetings, the People strategies, plans, policies, and practices have oversight from the Board through the provision of key people metrics such as retention and engagement metrics and updates on relevant topics such as culture. In addition, qualitative synopses from other lifecycle surveys such as onboarding and exit surveys are also provided to the Board for review and discussion.

The Human Resources team facilitates regular in person Leadership Roundtables. These are sessions for a small group of employees, between 8 to 10, from a cross section of business functions and roles and responsibilities providing an opportunity for face to face discussions with executive leadership. These have provided a two-way feedback opportunity for employees and executive leadership to discuss relevant topics such as culture and engagement as well as business performance and other matters of interest.

#### **Engagement with other key stakeholder groups**

The Environmental, Social and Governance (ESG) Statement, the Stakeholder Engagement section and the Directors' Report within this Annual Report contain an overview of the engagement with other key stakeholder groups including: customers and the community and bank finance providers.

#### **ESG Committee**

Our ESG Committee was established in FY23 and the Board appointed Issy Urquhart, an executive Director of the Company and the Group's Chief People Officer, to chair the ESG Committee. Although this Committee is a subcommittee of the Operations Board, the Board maintains oversight of the ESG Committee and approved the terms of reference for the operation of the Committee and the Board receives regular updates from the ESG Committee. Further details regarding the ESG Committee and activities during the year are set out within the ESG Statement section of this Annual Report. A description of the Group's governance arrangements in relation to assessing and managing climate-related risks and opportunities is contained within the Non-Financial and Sustainability Information Statement.



# Corporate Governance Report (continued)

## Audit, Risk and Internal Control

### Audit Committee and Auditors

The Board has established an Audit Committee to assist the Board with the discharge of its responsibilities in relation to internal and external audits and controls. The Audit Committee will normally meet at least twice a year. Throughout the year ended 30 June 2024 and for the period to the date of approval of this Report, the Audit Committee is chaired by David Kemp. Its other members during FY24 were as shown on page 84. The Chief Financial Officer, Chief Executive Officer and other senior management attend meetings by invitation and the Committee also meets the external auditors without management present. David Kemp and Colleen Blye, as current and previous chair of the Audit Committee and a member of the Committee until 16 November 2023, have recent and relevant financial experience and the Audit Committee as a whole has significant experience and competence in healthcare and software sectors.

The terms of reference of the Audit Committee are available on the Company's website, at [www.thecranewaregroup.com](http://www.thecranewaregroup.com), and at the Company's registered office. Details of how the Audit Committee has discharged its responsibilities are provided on pages 90 to 93.

### Financial and Business Reporting

The Board recognises its responsibilities, including those statutory responsibilities laid out on page 76. An assessment of the Group's market, business model and performance is presented in the Chair's Statement and the Strategic Report on pages 6 to 16.

As detailed on page 71 of the Directors' Report, the Board has confirmed that it is appropriate to adopt the going concern basis in preparing the consolidated and Company financial statements for the year ended 30 June 2024. The Board has explained within the Viability Statement section of the Strategic Report on page 29 that it has assessed the prospects of the Company and the Group, taking into account the Group and the Company's current position and principal risks, as well as projected compliance with debt finance covenants.

### Risk Management and Internal Control

Details of the principal risks and uncertainties and emerging risks facing the Group, along with a description of the Group's risk management procedures, are detailed in the Strategic Report on pages 19 to 29. The principal financial risks are detailed in Note 3 to the financial statements.

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

The annual financial forecast is reviewed and approved by the Board. Financial results, with comparisons to forecast results, are reported on at least a quarterly basis to the Board together with a report on operational achievements, objectives and issues encountered. The quarterly reports are supplemented by interim monthly financial information. Forecasts are updated no less than quarterly in the light of market developments and the underlying performance and expectations. Significant variances from plan are discussed at Board meetings and actions set in place to address them. During the financial year and in the period to the date of approval of this report, the Board has received information regarding the Group's compliance with financial covenants contained within the committed term loan and revolving credit facility. Further details regarding these borrowing facilities are contained in Note 20 to the financial statements.

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

Internal controls and risk management procedures are embedded into the business processes of the organisation and these are subject to review and assessment so that any identified areas of improvement, which come to management's and the Board's attention, can be actioned, as appropriate. Metrics and quality objectives continue to be actively implemented and monitored as part of a continual improvement programme. The visibility of regularly updated metrics, across many areas of the business, continues to be enhanced with oversight from the Group's Transformation team.

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

## Corporate Governance Report (continued)

### Audit, Risk and Internal Control (continued)

#### *Audit Committee: role, responsibilities and activities during the year*

During the year the Audit Committee, operating under its terms of reference (which are available on the Company's website, at [www.thecranewaregroup.com](http://www.thecranewaregroup.com), and at the Company's registered office), discharged its responsibilities, including reviewing and monitoring:

- interim and annual reports information including consideration of the appropriateness of accounting policies and material assumptions and estimates adopted by management;
- the integrity of the Annual Report and Financial Statements, the Interim Report and any formal announcements relating to financial performance, to ensure clarity and completeness of disclosures, including those relating to alternative performance measures (including adjusted performance measures);
- developments in accounting and reporting requirements;
- matters of accounting significance, estimation and judgement including in the current year the Prior Year Restatement detailed in Note 26 to the financial statements;
- the systems of internal control and their effectiveness, reporting and making new recommendations to the Board on the results of the review and receiving regular updates on key risk areas of financial control;
- the requirements or otherwise for an internal audit function;
- external auditors' plan for the year-end audit of the Company and the Group;
- the performance and independence of the external auditors. The auditors provide annually a letter to the Committee confirming their independence and stating the methods they employ to safeguard their independence;
- the audit fees charged by the external auditors;
- the formal engagement terms entered into with the external auditors;
- the provision of tax compliance services to the Group;
- the Committee's effectiveness.

The Audit Committee has reviewed the Group's profitability and liquidity as part of a number of forecast scenarios, incorporating the impact of relevant macro-economic conditions. As part of this assessment, the Committee has also reviewed the viability statement and going concern note (as included on page 29 and page 71 respectively), following which it was agreed that the going concern basis of accounting continues to be an appropriate basis of preparation for the financial statements.

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

#### *Significant matters considered in relation to the financial statements*

The Committee considers the appropriateness of accounting policies, critical accounting judgements and sources of estimation uncertainty relating to the financial statements. To do this, the Committee reviewed information provided by the Chief Financial Officer and reports from the external auditors setting out its views on the accounting treatments and judgements for the year ended 30 June 2024. The Audit Committee is satisfied that the judgements and estimates applied in the financial statements satisfy the requisite standards both in terms of accounting treatment and disclosure.

The following table sets out the significant areas considered by the Committee in relation to the Group's financial statements for the year ended 30 June 2024, in particular the critical judgements and estimates of the Company as disclosed in the financial statements:



## Corporate Governance Report (continued)

### Audit, Risk and Internal Control (continued)

#### *Audit Committee: role, responsibilities and activities during the year (continued)*

#### *Significant matters considered in relation to the financial statements (continued)*

Area of judgement or estimate	Matter considered and Role of the Committee
<b>Revenue recognition (Group and Company), including compliance with IFRS 15</b>	Revenue and deferred income are significant amounts in the context of the Consolidated Statement of Comprehensive Income and the Group and Company Balance Sheets respectively. The amount of revenue to be recognised and timing of revenue recognition are determined based on the details and terms contained in the contracts with customers. Revenue recognition on non-standard contracts can involve significant judgement and interpretation of both the Group's policy and IFRS 15.
<b>Internally developed intangible assets (Group and Company)</b>	The Group and the Company capitalise development costs when the conditions for capitalisation, as specified in the principal accounting policies within Note 1 to the financial statements, have been met. Consequently, the Directors are required to continually assess the commercial potential of each product in development and its useful life following launch. There is judgement involved in determining whether or not costs being capitalised meet the definition of intangible assets under IAS 38 <i>Intangible assets</i> . In addition, there may be judgement involved in the assessment of whether or not the intangible assets will generate future economic benefit sufficient to recover the carrying value of the intangible asset. The Committee reviews this area as there is judgement involved in the Directors' assessment.
<b>Impairment assessment</b>	Goodwill and other intangible assets, as disclosed in Note 13 to the financial statements, are significant assets on the Group's balance sheet. The carrying amount of the Group's and the Company's tangible and intangible assets, including goodwill on the Group's balance sheet, is considered at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. The Committee reviews this assessment. If there is such an indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) through determining the value in use of the cash generating unit that the asset relates to. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense. There are no impairment losses recognised in respect of intangible assets in the financial statements of the Group in the year ended 30 June 2024. The Committee received and reviewed reports from both management and the external auditors and, where appropriate, challenged the assumptions taken and the conclusion reached. The Committee reviewed summary reports produced by management detailing the outcomes of the impairment assessment.

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

The Audit Committee also reviewed and considered other matters during and in respect of the financial year ended 30 June 2024 including management's assessment of new accounting standards that were not effective for adoption until after 30 June 2024.

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

# Corporate Governance Report

## (continued)

### Audit, Risk and Internal Control (continued)

#### Internal audit arrangements

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

In view of the importance of the procedures, security, regulation and controls around The Craneware Group's solutions and customer data, the focus for other assurance activities for the Group is in respect of those areas. Since 2019 The Craneware Group has maintained HITRUST CSF Certification for its Trisus and InSight solutions and corporate services, as well as associated operational processes which is an external, validated audit of Craneware's security and data privacy practices, as described on pages 53 and 54 within the ESG Statement. Full HITRUST CSF assessments are conducted every two years; interim assessments are conducted each intervening year. The Craneware Group engages with third party auditors to support effective security practices and compliance with appropriate regulations. We regularly evaluate to ensure our certification selections continue to be the best measure of security controls. Further details regarding information security are provided in the Principal Risks and Uncertainties section and in the Environmental Social and Governance (ESG) Statement within this annual report.

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

#### External audit

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

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

The audit partner within PricewaterhouseCoopers LLP is required to rotate every five years. This is the fourth year that the audit partner, Paul Cheshire, has led the engagement team for the audit of the Group's full year financial statements.

The audit plan identified what the external auditors consider to be the key audit risks, the planned scope of work, the audit timetable and also details of how they have assessed their independence to be able to undertake the audit work. This audit plan was reviewed, along with the Committee's assessment of auditors independence, and was agreed in advance by the Audit Committee. Having considered the planning work carried out and the results of the audit of the Group and Company financial statements for the year ended 30 June 2024, the Committee was satisfied that the approach adopted was robust and appropriate and that auditor independence and objectivity could be relied upon. The Committee is satisfied with the performance of the external auditors and with the policies and procedures in place to maintain their objectivity and independence. The Committee considers that PricewaterhouseCoopers LLP possesses the skills and experience required to fulfil its duties effectively and efficiently and that the audit of the Group and Company financial statements for the year ended 30 June 2024 was effective. The Committee has therefore recommended to the Board the reappointment of PricewaterhouseCoopers LLP as the Company's auditors at the forthcoming AGM of the Company.

#### Non-audit services provided by the external auditors

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

The Audit Committee has implemented procedures relating to the provision of non-audit services by the Company's auditors, which include non-audit work and any related fees over and above a de-minimis level to be approved in advance by the Chair of the Audit Committee. Subject to the limitations in respect of Craneware being an OEPI, a summary of the policy in respect of non-audit services provided by the external auditors is:

# Corporate Governance Report

## (continued)

### Audit, Risk and Internal Control (continued)

#### Non-audit services provided by the external auditors (continued)

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

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

During the year ended 30 June 2024, as was the case in the previous financial year, the Company's auditors have not provided the Group or the Company with any non-audit work. Details of the fees paid to the auditors for audit services are shown in Note 5 to the financial statements.

#### Whistleblowing Policy

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

### Remuneration

The Board has established a Remuneration Committee which comprises non-executive Directors all of whom the Board considers to be independent, as described within the 'Composition of the Board' section above. The Committee is chaired by Russ Rudish and the membership of this Committee during the financial year is set out on page 97.

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

- making recommendations to the Board on the Company's policy on executive Directors' and senior management remuneration, and to oversee long-term incentive plans (including share plans);
- ensuring remuneration is both appropriate to the level of responsibility and adequate to attract and/or retain Directors and employees of the calibre required by the Company and the Group; and
- ensuring that executive Director remuneration is in line with current industry practice as well as in line with the internal policies for remuneration for all employees within the Group.

The Committee has presented its Remuneration Report on pages 95 to 113, which details the work it has undertaken operating under its terms of reference (which are available on the Company's website, at [www.thecranewaregroup.com](http://www.thecranewaregroup.com), and at the Company's registered office) to discharge its responsibilities. The Remuneration Committee's Report also explains the extent of the Board's compliance with provisions 32 to 41 of the Code.

# Corporate Governance Report

## (continued)

### AIM Rule Compliance Report

The Ordinary Shares of Craneware plc are listed on the Alternative Investment Market ('AIM') of the London Stock Exchange and, as a result, the Company has complied with AIM Rule 31 which requires the Company to:

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

In addition, Craneware plc maintains compliance with AIM Rule 26, which specifies a list of information that the Company is required to make publicly available. AIM Rule 26 also requires the Company to adopt a corporate governance code and the Company has chosen the UK Corporate Governance Code 2018, against which the Directors are responsible for reporting the Company's compliance as set out on pages 78 to 94.

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

**Craig Preston**  
Company Secretary  
2 September 2024

# Remuneration Committee's Report

## Chair's introduction

On behalf of the Board, I am pleased to present the Remuneration Committee's Report for the year ended 30 June 2024.

The focus for our remuneration continues to be in support of our culture and rewarding and retaining our employees, whilst at all times remaining fair and equitable. The Group retains a median pay positioning policy and as such has sought to position, on average, salaries and benefits at the median of the market for employees based on their role, their contribution and company affordability.

The Financial Review section of our Strategic Report explains the financial performance of the Group for FY24 which has seen the Group deliver results at the top end of expectations as the US Healthcare market begins to stabilise following the challenges of the recent years. We continue to be very mindful of the priorities of all our stakeholders.

There continues to be a very competitive market in both the UK and US for talent and this brings an absolute focus on ensuring a positive employee experience of which remuneration is one factor. Many of our employee engagement and other people initiatives, including reward, are summarised within the ESG Statement.

We continue to believe providing the opportunity for employees across the organisation to become Craneware plc shareholders delivers benefits by further aligning our stakeholders. As such we have continued our practice of a grant of market value share options, first adopted in September 2022, to employees across the Group in roles below senior manager level.

### *Executive Director Remuneration Policy*

The Committee remains committed to playing its part in the future growth of The Craneware Group by meeting its requirement to develop remuneration packages to attract, motivate and retain Directors of the calibre necessary to achieve the Group's objectives. I explained in my introduction to last year's Remuneration Committee Report that in early FY24 we initiated an executive Director remuneration benchmarking study to be conducted by an independent consultancy organisation. The Committee appointed Mercer Ltd to conduct this benchmarking study and we carefully assessed the conclusions from the study.

We consulted with our substantial shareholders regarding the proposed changes to Executive Director remuneration (i.e. base salaries and benefits) arising from the Committee's assessment of the conclusions from the study. We thank those shareholders for their support for those proposals.

The resulting increases to base salaries for Executive Directors, which were effective from 1 September 2023, whilst greater than the average increase in base salaries for other employees in percentage terms for this year alone, are actually below the equivalent that has been awarded to employees over recent years when no increases to Executive remuneration were made and brings Executive Director base salaries closer in line with median levels and therefore to the Group remuneration policy. The Committee decided to supplement the benefits provided to Executive Directors, so these are commensurate with the market median for UK Executive Directors, as indicated by the results from the benchmarking study.

We concluded the changes made to Executive Director remuneration were the minimum required to achieve this in the UK market, however, should we need to recruit in the US market (being the end customer market for the Group) we would need to significantly enhance these packages to attract equivalent talent.

### *Executive Director Remuneration Outcome for year ended 30 June 2024*

Our remuneration focus has been to continue to support the organisation on its growth strategy as the US Healthcare market begins to stabilise following the challenges of the recent years. The Group has successfully maintained its stated goal of a 30+% EBITDA margin whilst investing in the future of the business and its products. The senior team continues to drive the success of the enlarged Group. We have also been able to continue to focus our policy of paying all employees at median market rates.

## Remuneration Committee's Report (continued)

The Revenue and EBITDA growth achieved in the year, being at the upper end of consensus, has allowed for a portion of the bonus to be payable to all senior employees (including the executive Directors).

The Remuneration Committee has assessed the extent to which the relative Total Shareholder Return performance condition has been satisfied, over each of three overlapping three year measurement periods, for the long term incentive plan awards which were granted to executive Directors and other senior managers in November 2021. The Committee considered that the formulaic outcome of the performance condition provided an appropriate vesting level and therefore we did not apply Committee discretion to override that outcome. This assessment will result in these awards vesting to the extent, in total, of 71.02% on 18 November 2024.

We believe our emphasis on Long Term Incentives within our remuneration strategy continues to be successful in aligning the interests of our Executive Team with those of our shareholders. The associated performance targets continue to appropriately reward performance without delivering any windfall gains due to external factors.

On behalf of the Committee, I thank you for your support and we hope that this report provides you with a good understanding of remuneration matters within The Craneware Group.

Russ Rudish

**Chair of the Remuneration Committee**



# Remuneration Committee's Report (continued)

## Introduction

This report sets out Craneware plc's remuneration and benefits provided to Directors for the financial year ended 30 June 2024. A resolution to approve the report will be proposed at the Annual General Meeting ("AGM") of the Company at which the financial statements will be presented for consideration by shareholders. As an AIM listed company, Craneware plc is not required to comply with the Directors' Remuneration Report regulations requirements under Main Market UK Listing Rules or those aspects of the Companies Act 2006 applicable to listed companies. The Board of Directors selected the UK Corporate Governance Code 2018 ('the Code') as its corporate governance framework and our extent of compliance within the Code, is set out and explained within the Corporate Governance Report on pages 78 to 94. Further details and explanations regarding the extent of compliance with the Remuneration provisions of the Code are included within this report of the Remuneration Committee.

## Remuneration Committee

The Company has a Remuneration Committee ("the Committee") in accordance with the recommendations of the Code. The members of the Committee during the financial year were:

From 1 July 2023 to 16 November 2023	From 16 November 2023 to 30 June 2024 and to the date of approval of this Report
Russ Rudish (Chair)	Russ Rudish (Chair)
Alistair Erskine	Alistair Erskine
Colleen Blye	Anne McCune

On 16 November 2023, Colleen Blye stepped down from the Committee and Anne McCune became a member of the Committee. None of the Committee members has any personal financial interests in matters directly decided by this Committee, nor are there any conflicts of interests arising from cross directorships or day to day involvement in the running of the business.

The responsibilities of the Remuneration Committee are outlined on page 93 and the Committee's terms of reference are available on the Company's website at [www.thecranewaregroup.com](http://www.thecranewaregroup.com) and at the Company's registered office.

The Committee met three times during the year and the meeting attendance is shown on page 84. No Director is involved in any decisions as to their own remuneration. The Company's Chief Executive Officer and / or the Chief People Officer will attend meetings on occasion, at the invitation of the Committee, to advise on operational aspects of implementing existing and proposed policies and also to provide a summary of relevant results and feedback from employee engagement surveys and roundtable discussions, market data and updates on general remuneration policy trends and peer group information. The Company Secretary acts as secretary to the Committee. Under the Committee Chair's direction, the Chief Executive Officer, the Chief People Officer and the Company Secretary have responsibility for ensuring the Committee has the information relevant to its deliberations. In formulating its policies, the Committee has access, as required, to professional advice from outside the Company and to publicly available reports and statistics.

### *Chair of the Remuneration Committee*

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

### *Shareholder consultation*

The Board of Directors welcomes dialogue with its shareholders over matters of remuneration. During the year the Committee consulted with the Company's substantial shareholders regarding the proposed changes to base salary and benefits elements of the remuneration arrangements for the executive Directors. This is outlined further in the 'Engagement with stakeholders' section below. Shareholders will be informed by the Remuneration Committee of any future changes in executive Director remuneration policy in the Remuneration Committee's Report. In addition, if such policy changes are considered substantial and after having taken advice from relevant advisers, significant shareholders will be consulted in advance.

## Remuneration Committee's Report (continued)

### *Voting at General Meeting: Directors' Remuneration Report*

The Directors' Remuneration Report will be put to an advisory vote at the AGM in November 2024. A similar resolution was put to the AGM held on 16 November 2023 and was supported by the resolution being passed on a poll vote at that meeting, with the voting summarised as follows:

### Resolution 2: To approve the Directors' Remuneration Report for the financial year ended 30 June 2023

Votes For		Votes Against		Votes Total	Votes Withheld
21,993,109	98.1%	415,087	1.9%	22,408,196	2,483,026

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

### **Director Remuneration Policy**

The Remuneration Committee is conscious of its need to ensure that executive remuneration packages are designed to attract, motivate and retain Directors of the calibre necessary to operate in the Group's end market of US Healthcare whilst achieving the Group's growth objectives and to reward them for enhancing shareholder value. The Remuneration Committee intends that the Director Remuneration Policy conforms with best practice, as far as reasonably practicable, and is appropriate for the organisation; the Committee retains the right to exercise discretion to ensure the appropriate outcomes in relation to executive Director remuneration. In addition, the Remuneration Committee also considers that executive remuneration policy should not only be easy to understand, but also straightforward and simple to implement and administer, as outlined in the table below in the context of Provision 40 of the Code.

### *Compliance with Provision 40 of the UK Corporate Governance Code 2018*

<b>Clarity</b>	The Committee aims to provide clear and transparent explanations and disclosures of Director remuneration arrangements, as set out in this Report.
<b>Simplicity</b>	Simplicity is an important guiding feature to the Committee in the design of the remuneration structure for executive Directors. The Remuneration Committee believes that executive Director remuneration policy should not only be easy to understand, but also straightforward and simple to implement and administer. Executive Director remuneration policy is deliberately not complex with variable pay elements being an annual performance bonus and equity-settled long term incentives. Only a small number of focused targets, based on the Group's performance, are used for these variable pay elements.
<b>Risk</b>	It is considered that the annual bonus and long term incentive arrangements do not encourage inappropriate risk taking. Performance conditions for bonus and share-based incentives are appraised each year by the Committee in view of corporate objectives, including performance expectations, as well as alignment to shareholder interests. The Committee has the ability to apply discretion to formulaic outcomes. Clawback provisions apply to the Long Term Incentive Plan (LTIP). Post-vesting holding periods for LTIP awards and shareholding guidelines also apply to the executive Directors.
<b>Predictability</b>	The executive Director remuneration policy has maximum opportunity levels for variable components, with actual incentive outcomes varying depending on the level of the Group's performance achieved against specific measures.
<b>Proportionality</b>	A primary link of executive remuneration outcomes to long term performance is through the long term incentive awards which have stretching targets, based on relative total shareholder return performance and earnings per share. In addition to performance conditions, post-vesting holding periods for LTIP awards and shareholding guidelines provide shareholder alignment.
<b>Alignment to culture</b>	The Committee believes that the executive incentive schemes promote behaviours consistent with Group's purpose, values and strategy. The metrics used to measure performance for the annual bonus and long term incentives are considered to drive behaviours that are consistent with the business strategy, values and culture of the organisation and aligned to shareholder interests. The Committee voluntarily puts this Remuneration Committee Report to an advisory vote at the Company's AGM.

# Remuneration Committee's Report (continued)

## Director Remuneration Policy (continued)

### *Review of Executive Director Remuneration*

As explained in previous Remuneration Committee reports, the Committee was very conscious that there had been no benchmarked change to executive Directors' base salaries since the year ended 30 June 2017. In addition to this, the Group's "EBITDA gate" policy on bonus payments (ensuring bonus payments do not result in EBITDA falling below market consensus) has resulted in the Group only paying bonuses twice in the past six years, in 2023 (a partial payment) and 2018. This was despite the levels of growth achieved by the Group and many individual goals being met. As a result, overall remuneration levels for the executive Directors had fallen well below the Group policy of paying, on average, at the median. In early FY24, the Remuneration Committee engaged Mercer Limited ('Mercer') to provide an independent benchmarking study focusing on executive Director remuneration. This appointment was made by the Committee after an assessment of proposals from different UK executive remuneration consultancy organisations.

Mercer Limited are members of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice it received from Mercer during the year was objective and independent. Mercer does not provide any other services to The Craneware Group nor does it have any connections with the Group or any individual directors which may impair Mercer's independence. Fees charged by Mercer for the services provided to the Committee during the year totalled £20,000 (\$24,475). The Committee did not appoint a remuneration consultant during the previous financial year ended 30 June 2023.

The results of the benchmarking study were reviewed and considered by the Remuneration Committee. In summary, the results confirmed that levels of base salary and benefits normally expected to be a part of executive Director compensation are below the lower quartile when compared to a UK listed peer group and a more general index of AIM listed companies. These results confirmed that the executive Director remuneration failed to meet the stated and generally applied Group policy.

The Committee concluded that this position was unsustainable, did not meet the stated remuneration strategy and objectives and as such, was not in the best interest of our shareholders. Therefore, the following adjustments (implemented after inviting consultation with the Company's substantial shareholders) to executive Director remuneration were made, effective from 1 September 2023:

- Base salary increases for each of the executive Directors; and
- Enhancements to the benefits offered to the executive Directors by the addition of: family cover for private medical, dental and travel insurance; and a car allowance payment.

Since March 2017 (in FY17) the last time there was an increase to Executive salaries, the Group has seen over 300% growth in both Revenue and EBITDA and the average number of employees in the Group has grown from 263 to 734 in FY23. The Committee acknowledges these individual executive Director base salary increases were greater than the general level of employee base salary increases in FY24. However, the increases are below the average salaries (excluding the executive Directors) increases across the Group (over 30% cumulatively) in the timeframe under review.

The current executive Director remuneration package includes a bonus entitlement of 100% of base salary. However, the "EBITDA gate" policy prevents any payment of bonus if it would result in reported EBITDA falling below the established market consensus. Whilst the benchmarking study identified this as unusual in the market (and generally more limiting than the bonus policies of other companies in the peer group) the Committee intends to retain the EBITDA gate at this time as it believes this further aligns directors' and shareholders' interests.

The Committee concluded, from the results of the benchmarking study, that no changes should be made at that time to the bonus arrangements or the long term incentive policy but those elements of executive Director remuneration will be kept under review by the Committee.

# Remuneration Committee's Report (continued)

## Director Remuneration Policy (continued)

### *Consideration of employee pay structures across the Group*

The Committee considers pay structures across the wider Group when setting the remuneration policy for executive Directors. As explained below, no direct comparison measures are presented however the Committee believes that the intentions of the Code are achieved in the resulting executive Director remuneration policy applicable from 1 September 2023. The Group has a median pay positioning policy and as such has sought to position, on average, base salaries at the median of the market for all employees in respect of their role, their contribution and company affordability.

The reference to internal and external measures for executive Director remuneration review and assessment is not presented due to the deferral of benchmarking during the previous four financial years. With the benchmarking study completed in FY24, external measures have been utilised for that assessment. Going forward, it is anticipated that internal and external measures would be tracked by the Remuneration Committee for executive Director remuneration comparison purposes.

Although the Committee does not formally consult with employees to explain how executive remuneration aligns with the Group-wide pay policy, as part of this process, all members of the Committee are members of the Board and the Board receives employee updates which contain, amongst other updates, feedback from employee engagement surveys which include general views on employee remuneration. This employee-related information is provided and explained to the Board by the Chief People Officer (Issy Urquhart) who is also an executive Director of the Company. There was no formal employee engagement, in respect of executive Director remuneration, during the year, however employee and leadership roundtable discussions (which have an open agenda) have taken place during the year, as described on page 48. As noted above, the same policy of paying at median applies across all employees of the Group (based on benchmark data).

The Committee and the rest of the Board continue to believe that encouraging wider share ownership, by all employees, delivers benefits by further aligning our stakeholders. During the year, the Committee again decided that discretionary share option awards should be granted to employees in roles below senior manager level in order to provide this opportunity in the future, if employees choose to do so. The 'All employee share option awards' section below describes these share option awards.

The Committee also reviews employee remuneration and related practices which includes approving the design of, and determining targets for, the bonus plan which is applicable to all eligible senior employees within the Group for the year ended 30 June 2024. The targets set under the plan are consistent to all participants, including executive Directors and senior managers. The Committee also authorises the extent of any annual payments made under the bonus plan. In addition, the Committee provides guidance on general remuneration practices across the Group and the Committee is consulted regarding any significant changes to benefit and pay structures throughout the Group.

### *Engagement with stakeholders regarding executive Director remuneration*

Following the results of the executive Director remuneration benchmarking study conducted by Mercer, the Committee consulted with the Company's substantial shareholders (excluding K Neilson and WG Craig). This was specifically in relation to the Committee's proposals for the changes to elements of executive Director remuneration, being: to increase the base salary for each of the executive Directors; and enhancements to their benefits. No objections were received from those shareholders regarding the proposals and therefore they were implemented effective from 1 September 2023. These changes are explained above, they are noted within the Base salary and Benefits sections below and are reflected in the Directors' Emoluments figures for the year ended 30 June 2024 on page 111.

The Committee has not engaged with shareholders during the year ended 30 June 2024 in relation to any other aspects of executive Director remuneration policy. However, feedback was received from a shareholder regarding the performance metrics for executive Directors' long-term incentive awards. The Committee intends, in view of this feedback, to adjust the vesting criteria of the Total Shareholder Return (TSR) measure for long term incentives to be granted in FY25, such that fewer shares will vest at Median TSR performance. The specified vesting level at Median shall be determined ahead of the next grant of long-term incentive awards in FY25.

# Remuneration Committee's Report

## (continued)

### Director Remuneration Policy (continued)

#### Elements of executive Director remuneration

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

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

The Company's policy is that a substantial proportion of the remuneration of executive Directors should be performance related. Other than increases to the base salaries for the executive Directors and the additions to the complement of benefits effective from 1 September 2023 mentioned above, there were no significant changes to the remuneration policy for executive Directors for the year ended 30 June 2024.

#### Base salary

<i>Objective</i>	Providing a competitive base annual salary for the market in which the Group operates, allows the Company to attract and retain high calibre executive Directors with the skills and experience required to help to achieve the Group's strategy within the US Healthcare market.
<i>Operation</i>	The Committee intends that base salary for each executive Director should usually be reviewed annually, or when an individual's position or responsibilities change. A review will not necessarily result in an increase to base salary. However, for the reasons outlined in previous years' Remuneration Committee Reports, the base salaries for executive Directors had remained unchanged for the past four years, and had not been benchmarked since FY17, until 1 September 2023 following the Committee's review of the results of the executive benchmarking study, as described above. Base salary is paid in cash, normally as a fixed amount each month.
<i>Opportunity</i>	Any proposed executive Director salary increases are considered by the Remuneration Committee in the context of factors such as: Group performance, role, responsibilities, experience, market data for comparable roles, employment conditions elsewhere in the Group and the economic environment.

#### Benefits

<i>Objective</i>	A benefits package, in line with market practice, is offered to executive Directors to complement base salary.
<i>Operation</i>	Executive Directors are entitled to private medical and dental insurance, life assurance, critical illness cover, permanent health insurance, annual health assessment and travel insurance. In addition, with effect from 1 September 2023, executive Directors are entitled to: family cover for private medical and dental insurance; family cover for travel insurance; and also a car allowance of £15,000 per annum. The type of benefits offered, eligibility and the cost of benefits are reviewed periodically. Market rates govern the cost of benefits which is not capped.
<i>Opportunity</i>	Benefits are set at a level which the Remuneration Committee considers appropriate.

#### Pension entitlement

<i>Objective</i>	To provide an appropriate level of post-retirement benefit for executive Directors.
<i>Operation</i>	The Company operates a defined contribution group personal pension plan in which all UK employees, including executive Directors, are entitled to participate. As part of this pension scheme, the Company matches employee contributions into the pension plan at up to a specified percentage of base salary.  The Company will make payments in lieu of pension in the event that an executive Director has exceeded their pension annual allowance. In addition, the Company pays a fixed sum per annum in lieu of contributions to a personal pension plan for the Chief Executive Officer.
<i>Opportunity</i>	The current level of contribution by the Company to the pension scheme for executive Directors is at the same rate as applies for all other UK employees who participate in the pension scheme.

# Remuneration Committee's Report

## (continued)

### Director Remuneration Policy (continued)

#### Elements of executive Director remuneration (continued)

##### Annual performance-related bonus

<i>Objective</i>	To incentivise the achievement of short-term financial and strategic goals.
<i>Operation</i>	<p>Under the Group's senior employee annual performance related bonus plan, executive Directors are eligible to earn a cash bonus (non-pensionable) payment based on targets that are set by the Committee. In determining these targets, the Committee's objective is to set stretching targets that reflect challenging financial performance in the year, whilst ensuring returns to shareholders through the "EBITDA gate", but also provide for the future growth of the Group. The choice of metrics reflects those that have been identified as the key, primarily financial, indicators of the Group's success against its strategy.</p> <p>Bonus plan rules are exclusively subject to Remuneration Committee discretion. This includes, but is not limited to, whether or not to fund the bonus plan, to make any payment or the amounts to be paid by way of bonus under the plan (regardless of whether the Group has achieved or exceeded the required targets). The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the financial year.</p> <p>Annual bonuses are normally paid in cash following the publication of the Group's audited annual financial results for the relevant financial year.</p>
<i>Opportunity</i>	Maximum bonus entitlements are set at a level that allow additional growth of overall remuneration for out-performance of targets.

##### Long term incentives

<i>Objective</i>	To incentivise the achievement of the Group's long-term strategy and the creation of long-term shareholder returns.
<i>Operation</i>	<p>Awards are granted annually with vesting dependent on the achievement of specified performance conditions over three years. Award levels and applicable performance conditions are considered by the Remuneration Committee prior to the grant of awards. The Remuneration Committee has discretion to decide whether and to what extent the performance conditions have been met and, in appropriate circumstances, to override the formulaic outcome.</p> <p>The awards granted to executive Directors are also subject to an additional two-year holding period after the vesting date.</p> <p>Malus and Clawback provisions apply, as outlined in the 'Share-based awards' section below.</p>
<i>Opportunity</i>	Maximum award in a financial year of 200% of base salary; with maximum of 300% of base salary in exceptional circumstances.
<i>Performance measures</i>	<p>Vesting will be subject to the extent of achievement of specified performance conditions, measured over at least a three year period and usually tested on an annual basis, as determined by the Remuneration Committee.</p> <p>Details of the performance conditions applicable to the awards granted in the year ended 30 June 2024 are set out in the 'Share-based awards' section below.</p>

##### Shareholding guideline

<i>Objective</i>	To create greater alignment of executive Directors' and senior managers' interests with those of our shareholders
<i>Operation</i>	<p>A shareholding guideline was introduced, applicable for the executive Directors and for senior management, effective from October 2020. The guideline expects executive Directors and senior managers to build up a shareholding equivalent to 200% of base salary. Vested but unexercised share option awards are included in the shareholding guideline on a net of exercise cost and tax basis.</p> <p>The interests of the Chief Executive Officer and the Chief Financial Officer in the Ordinary Shares of the Company, as set out in the Directors' Report on page 73, exceed the shareholding guideline.</p>



# Remuneration Committee's Report

## (continued)

### Director Remuneration Policy (continued)

#### Policy on non-executive director remuneration

The remuneration of the non-executive Directors, other than the Chair of the Board, is determined by the Board as a whole within limits set out in the Articles of Association. The levels of remuneration for non-executive Directors are considered to reflect the time commitment and responsibilities of the role. The non-executive Directors, including the Chair of the Board, do not participate in performance related bonus or share-based incentive arrangements.

<i>Fees</i>	Fees are not performance-related. Non-executive Director fees reflect the time commitment and responsibilities of each role, appropriate for a Group of our size and complexity.
<i>Objective</i>	The aim is to set the fees at a level appropriate to attract and retain high calibre non-executive Directors with a range of skills and commercial and other experience relevant to the Group and to complement the Board.
<i>Basis of fee</i>	The Chair of the Board is paid a single annual fee. The other non-executive Directors are paid a base annual fee reflecting membership of the Board and Committee(s) of the Board. Additional fees may be paid to non-executive Directors for further responsibilities such as chairing committees of the Board. Fees are paid in cash. The setting and review of the remuneration of non-executive Directors is a matter for the Chair of the Board and the executive Directors. The non-executive Directors are not involved in any decisions about their own remuneration. The level of fees for the year ended 30 June 2024 are shown in the tables on page 111.
<i>Other items</i>	Non-executive Directors do not receive any benefits or pension contributions. Non-executive Directors do not participate in the Group's bonus plan or long term incentive plans.

#### Directors' remuneration

The Committee considers, following the changes to base salaries and benefits for executive Directors from 1 September 2023, as described above, also taking into account macro-economic factors and remuneration practices across the Group, that executive Director remuneration policy operated in line with the Committee's aims for the financial year, in terms of Company performance and quantum.

The remuneration package for the executive Directors, for the year ended 30 June 2024, comprised:

##### (i) Base salary

Following the review of the results of the executive Director remuneration benchmarking study, as described above, the Committee specified an increase to the base salary for each of the executive Directors with effect from 1 September 2023.

##### (ii) Benefits in kind

The 'Benefits – Operation' section above describes the entitlement to benefits for the executive Directors in FY24.

##### (iii) Pension entitlement

The executive Directors participate in the same defined contribution group personal pension plan which is available to all UK employees. The Company matches the executive Director and other UK employee contributions into the

pension plan at up to 6% of base salary (year ended 30 June 2023: 6% of base salary) per annum. In addition, the Company pays a fixed sum, of £5,000 (\$6,000 approximately) per annum, to a personal pension plan on behalf of the Chief Executive Officer. The Company makes payments in lieu of pension in the event that an executive Director has exceeded their pension annual allowance.

##### (iv) Annual performance related bonus

The annual performance related bonus plan is outlined in the Director Remuneration Policy section above and under this plan, executive Directors are eligible to earn a cash bonus (non-pensionable) payment based on targets that are set by the Committee. In addition to the executive Directors, the other members of the senior management team and other senior managers across the Group were also eligible to participate in this bonus plan.

For the year ended 30 June 2024, the Remuneration Committee determined, after careful consideration of the Group's performance and the interests of its relevant stakeholders, that the calculated outcome of the bonus payable to the executive Directors, was appropriate. Consequently, no discretion has been applied by the Committee to the formulaic outcome for the bonus. The amount payable to each of the executive Directors is included in the Directors' Emoluments table below.

## Remuneration Committee's Report (continued)

### Directors' remuneration (continued)

#### (v) Share-based awards

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

#### Share plans

The Company currently operates several employee share plans which are described in Note 7 to the financial statements. Long term incentive awards can be granted to executive Directors and to senior management from these plans:

- The Craneware plc Long Term Incentive Plan (2022) (the "2022 LTIP");
- The Craneware plc Schedule 4 Company Share Option Plan (2016) (the "Schedule 4 Option Plan"); and
- The Craneware plc Unapproved Company Share Option Plan (2016) (the "Unapproved Option Plan").

There are also two legacy share plans which are:

- The Craneware plc Employees' Share Option Plan 2007 (the "Share Option Plan 2007"); and
- The Craneware plc Long Term Incentive Plan (2016) (the "2016 LTIP").

The Company no longer grants awards from the legacy share plans but awards, which were granted under these plans in the past and are still outstanding, continue to subsist on their original terms and in accordance with the rules of the relevant plan until they vest or are exercised or lapse.

Following its establishment in November 2022, the 2022 LTIP has been used to grant conditional rights to acquire shares in the Company to executive Directors and senior employees, the vesting of which is normally dependent on both the satisfaction of prescribed performance conditions and the continued employment of the relevant individual throughout the period of three years from grant. Although the 2022 LTIP is intended to be used as the primary means of incentivising senior management, the Committee was also of the view that it would be useful for the Company to have the flexibility to grant "market value" options if and when it was appropriate to do so.

The Schedule 4 Option Plan allows for the grant of tax advantaged options to UK based participants over shares worth up to £60,000 per individual (for options granted prior to 6 April 2023, up to £30,000 per individual); and the Unapproved Option Plan is used to grant options where the above limit has been reached or where the relevant individual is not based in the UK.

#### Long Term Incentive Plan awards

The value of long term incentive awards granted to the executive Directors in September 2023 continued at 200% of base salary. Further details regarding these awards are provided below.

#### Malus and Clawback provisions

The Rules of the 2022 LTIP provide that awards may be reduced (including to nil) at any time before they vest if the Remuneration Committee determines that one or more of the following circumstances arises or comes to light:

- the material misstatement of the Company's financial results for whatever reason;
- the discovery that the number of shares over which the award was granted was based on an error or on the basis of any information or assumption that the Committee subsequently discovers to have been inaccurate or misleading;
- the relevant participant's employment with the Group is summarily terminated (or, in the opinion of the Committee, could have been summarily terminated) for any reason including, but not limited to, dishonesty, fraud, misconduct, misrepresentation or breach of trust;
- the relevant participant has breached any applicable anti-bribery or anti-corruption laws;
- the Company or any other Group member becomes insolvent or otherwise suffers a corporate failure so that the value of the Company's shares is materially reduced, provided that the Committee determines following an appropriate review of accountability that the relevant individual should be held responsible (in whole or in part) for that insolvency or corporate failure;
- any other circumstances arise where, in the Committee's reasonable opinion, any act or omission of the relevant individual has caused, or is reasonably expected to cause, significant damage to the business interests or reputation of the Company or any other Group Company.

## Remuneration Committee's Report (continued)

### Directors' remuneration (continued)

#### (v) Share-based awards (continued)

##### *Malus and Clawback provisions (continued)*

The Rules of the 2022 LTIP also provide that during the period of two years following vesting, the Committee may apply clawback to all or a proportion of the shares received by a participant in connection with their award in substantially the same circumstances as apply to malus (as described above). Clawback may be effected, among other means, by requiring the transfer of shares back to the Company or as it directs, payment of cash or reduction of outstanding or future awards.

##### *Remuneration Committee discretion – share plans*

The Remuneration Committee has the power to vary the terms of the performance conditions attaching to an outstanding share plan award in exceptional circumstances, provided that the amended conditions are, in their opinion, neither materially easier nor more difficult to achieve than the original performance conditions as envisaged by the Committee at the date of grant of that award.

Consistent with Provision 37 of The UK Corporate Governance Code 2018, the rules of the 2022 LTIP contain an overarching discretion for the Committee to vary (upwards or downwards) the formulaic vesting outcomes produced by the operation of the prescribed performance conditions (thereby reducing the risk that there is a misalignment between overall corporate performance, the award holder's personal performance and the level of reward delivered to executives). The rules of the 2022 LTIP contain change of control provisions which allow the Committee to take into account a range of considerations (including the underlying performance of the Group) when determining vesting levels in these circumstances.

##### *Post vesting holding period*

There is a two-year post vesting holding period for LTIP awards (net of associated taxes) applicable for all awards granted to and whilst serving as, executive Directors and senior management on LTIP awards including those awards granted on 6 September 2023. The Committee intends that a post vesting holding period requirement will also apply to future LTIP awards granted to the executive Directors and senior management.

##### *Shareholding guideline*

The interests of the Chief Executive Officer and of the Chief Financial Officer in the ordinary shares of the Company, as set out in the Directors' Report on page 73, exceed the shareholding guideline which expects executive Directors to build up a shareholding equivalent to 200% of base salary.

Provision 36 of the Code expects there to be a post-employment shareholding policy for executive Directors. This policy has not been developed and implemented although this provision in the Code is acknowledged by the Committee. The Committee will keep this under review but considers that this is acceptable, in view of the shareholding guideline applicable to executive Directors and that this guideline is already significantly exceeded by two of the executive Directors.

##### *Share plan awards granted to executive Directors in the year ended 30 June 2024*

On 6 September 2023, each of the executive Directors were granted a conditional share award under the 2022 LTIP and these awards are included in the tables on page 113. The total value of the award at date of grant was equal to a total of 200% of the base salary for each of these directors.

Conditional share awards and / or share options were granted to certain other employees (including senior management) on 6 September 2023 under the 2022 LTIP and the 2016 option plans. In relation to those employees (not the executive Directors or other members of the senior management team) who were granted share options as part of their long term incentive awards, those share options granted under the Schedule 4 Option Plan or the Unapproved Option Plan will only become exercisable three years after the date of grant. Share options will expire, at the latest, 10 years after the date of grant.

The vesting of the awards, which were granted in September 2023 to the executive Directors and to senior management, are subject to two sets of performance conditions, with equal weighting, set by the Committee that are appropriate to the strategic objectives of the business, are considered to be challenging and in line with best practice/investor guidelines and are measured over three years.

## Remuneration Committee's Report (continued)

### Directors' remuneration (continued)

#### (v) Share-based awards (continued)

##### *Share plan awards granted to executive Directors in the year ended 30 June 2024 (continued)*

The Committee reviewed the appropriateness of the performance metrics, applicable for the long term share-based incentives to be awarded to the executive Directors and senior management in the year ended 30 June 2024, in the context of the Group's purpose and strategy, business performance and alignment to stakeholder interests. The Committee concluded that a profit measure - a growth in adjusted diluted Earnings per Share (EPS) metric, should again apply to the long term incentive awards in addition to a relative total shareholder return (TSR) metric and the Committee considered that these measures would provide an appropriate assessment of the Group's performance.

Accordingly, for the conditional share awards granted on 6 September 2023 to executive Directors and to senior management and for share options granted from the 2016 share option plans to other senior employees, the performance conditions are:

- (i) 50% of the quantity of each share plan award is subject to a relative TSR metric; and
- (ii) 50% of the quantity of each share plan award is subject to a performance condition based on the growth in adjusted diluted EPS for the Group.

##### Relative TSR performance condition

This performance condition is based on the Company's TSR performance relative to the performance achieved by the constituent companies in the FTSE AIM 100 Index (the "Comparator Group").

The TSR performance condition applicable to the conditional share awards granted under the 2022 LTIP to the executive Directors and to senior management on 6 September 2023 are assessed over the period of three years, commencing on the date of grant, during which each company in the Comparator Group will be ranked in order of TSR performance. The relative TSR performance condition, which applies to 50% of the total of each award, is measured

in three tranches such that one sixth of the Ordinary Shares, over which the awards subsist, will vest based on performance over the three years ending on 30 June 2024; one sixth based on performance over the three years ending 30 June 2025; and the final sixth based on performance over the three years to 30 June 2026 – resulting in an aggregate, minimum five year performance evaluation period.

Vesting will then take place as shown in the table on page 107 based on the TSR ranking. However, notwithstanding the TSR ranking achieved by the Company, no part of a share plan award subject to the above conditions will vest unless the Committee is satisfied that there has been an overall satisfactory and sustained improvement in the underlying financial performance of the Group over the relevant period.

A similar vesting profile applies to the LTIP awards granted to executive directors in November 2022, as shown in the table on page 107. The share plan awards that were granted to the executive Directors and to senior managers in November 2021 had only a relative TSR performance metric and this is summarised within the table on page 107 as well as the applicable vesting profile. The extent of vesting for the tranches of those awards measured to the period ended 19 July 2024 is described in the 'Performance condition measurement assessment to 30 June 2024' section below.

##### Growth in Adjusted Diluted EPS performance condition

This performance condition is based on the Adjusted Diluted EPS, as presented in the notes to the audited consolidated financial statements of the Group for the relevant financial year but excluding the impact of any share-based payments expense recognised in the financial statements. Adjusted Diluted EPS Growth (expressed as a compound annual growth rate percentage) is calculated by comparing the Adjusted Diluted EPS for the final financial year in the three year measurement period with the Adjusted Diluted EPS for the financial year which ended immediately prior to the commencement of that three year measurement period. Vesting will then take place, based on the Committee's assessment of this performance condition, as noted in the table on page 107.

For the long term incentive share plan awards which were granted on 6 September 2023, if and to the extent that the relative TSR and / or the growth in adjusted diluted EPS performance conditions are satisfied and subject to the award holder's continued employment within The Craneware Group throughout the period, the conditional share award will normally vest three years after the date of grant.

# Remuneration Committee's Report (continued)

## Directors' remuneration (continued)

### (v) Share-based awards (continued)

#### Performance condition measurement assessment to 30 June 2024

For LTIP awards previously granted to the executive Directors: in September 2023, the first tranche is not due to vest until 6 September 2024; in November 2022, the second tranche is not due to vest until 18 November 2024; and for the LTIP awards granted in November 2021, the third (final) tranche is not due to vest until 18 November 2024. However, the performance criteria for these tranches were to be tested against the Company's performance to 30 June 2024. The performance metrics applicable to these awards is summarised in the table below. The extent to which the performance conditions are achieved are assessed by the Committee each year, in respect of each tranche of one third of the quantity of shares subject to each award, over a three-year measurement period.

Long term incentive share plan awards	Summary of Performance Metrics
Granted in year ended 30 June 2022 (grant date: 18 November 2021)	<p>Craneware plc's TSR relative to the ranked TSR of the constituents of the FTSE AIM 100 Index:</p> <ul style="list-style-type: none"> <li>50% to vest if ranking of the Company's TSR against the Comparator Group is at the Median</li> <li>100% will vest if ranking of the Company's TSR against the Comparator Group is at or above the Upper Quartile (with straight line vesting between the Median and Upper Quartile)</li> </ul>
Granted in year ended 30 June 2023 (grant date: 18 November 2022)	<p><u>For 50% of the quantity of each award:</u> Craneware plc's TSR relative to the ranked TSR of the constituents of the FTSE AIM 100 Index:</p> <ul style="list-style-type: none"> <li>50% to vest if ranking of the Company's TSR against the Comparator Group is at the Median</li> <li>100% will vest if ranking of the Company's TSR against the Comparator Group is at or above the Upper Quartile (with straight line vesting between the Median and Upper Quartile)</li> </ul> <p><u>For 50% of the quantity of each award:</u> Growth in Adjusted Diluted EPS of the Group (expressed as a compound annual growth rate):</p> <ul style="list-style-type: none"> <li>50% will vest if growth in adjusted diluted EPS over the measurement period is 8%</li> <li>100% will vest if growth in adjusted diluted EPS over the measurement period is 15% or above (with straight line vesting between 8% and 15% growth)</li> </ul>
Granted in year ended 30 June 2024 (grant date: 6 September 2023)	<p><u>For 50% of the quantity of each award:</u> Craneware plc's TSR relative to the ranked TSR of the constituents of the FTSE AIM 100 Index:</p> <ul style="list-style-type: none"> <li>50% to vest if ranking of the Company's TSR against the Comparator Group is at the Median</li> <li>100% will vest if ranking of the Company's TSR against the Comparator Group is at or above the Upper Quartile</li> <li>with straight line vesting between the Median and Upper Quartile</li> </ul> <p><u>For 50% of the quantity of each award:</u> Growth in Adjusted Diluted EPS of the Group (expressed as a compound annual growth rate):</p> <ul style="list-style-type: none"> <li>50% will vest if growth in adjusted diluted EPS over the measurement period is 8%</li> <li>100% will vest if growth in adjusted diluted EPS over the measurement period is 15% or above</li> <li>with straight line vesting between 8% and 15% growth.</li> </ul>

#### Relative TSR performance measure

To accurately assess the TSR performance in respect of the three relevant financial years under review, TSR performance is tested at the later of the 30 June, or the day after the Trading Statement is issued in respect of the financial year under review. This ensures the TSR incorporates the impact of the current year's Group performance. The Trading Statement in respect of the financial year ended 30 June 2024 was published on 18 July 2024.

Craneware plc's relative TSR for this period to 19 July 2024, when ranked against that Comparator Group (being the constituent companies in the FTSE AIM 100 Index) was within the Upper Quartile and therefore these tranches, being one third of the quantity for each of the awards, will vest to the extent of:



## Remuneration Committee's Report (continued)

### Directors' remuneration (continued)

#### (v) Share-based awards (continued)

##### Performance condition measurement assessment to 30 June 2024 (continued)

- 100% for half of the first tranche and second tranche, respectively, of the long term incentive awards which were granted in September 2023 and in November 2022 (the other half of those tranches being subject to the growth in adjusted diluted EPS metric; the testing of that metric is explained below) and;
- 100% for the third (final) tranche of the awards which were granted in November 2021.

##### Growth in Adjusted Diluted EPS performance measure

The Adjusted Diluted EPS for the Group, excluding the impact of share-based payments expense recognised in the consolidated financial statements, for the relevant financial years was:

	FY24 cents	FY21 cents
Adjusted Diluted EPS (as per Note 11 to the financial statements for FY24)	93.9	68.1
Add back: Impact of Share-based payments expense (net of tax)	9.5	6.1
<b>Adjusted Diluted EPS (for performance condition metric)</b>	<b>103.4</b>	<b>74.2</b>

The compound annual growth in the adjusted diluted EPS metric for the Group was therefore 11.72% for the three-year measurement period ended 30 June 2024. Accordingly, the share plan awards, which are subject to this performance condition shall vest to the extent of 76.57% for the other half of the first tranche of the awards which were granted on 6 September 2023; and of the second tranche of the awards granted on 18 November 2022.

##### Overview of performance condition assessment

In assessing the vesting outcome of the LTIP awards, the Committee has evaluated whether any Windfall Gains occurred or whether it is appropriate to alter the formulaic outcome from the performance condition assessment. The Committee has concluded, based on the outcomes detailed, that neither situation existed in the current year and therefore no exercise of the Committee's discretion was necessary for such factors.

##### Conditional Share Awards (granted from the 2016 LTIP) due to vest in November 2024

As a result of the relative TSR performance condition measurement to 19 July 2024, for the final tranche of the LTIP awards which were granted to the executive Directors on 18 November 2021, will result in those awards vesting as follows on 18 November 2024:

Executive Director	Maximum no. of shares subject to award at grant	Lapsed from 1 <sup>st</sup> & 2 <sup>nd</sup> tranches following testing of performance conditions for FY22 and FY23	Held At 30/06/24	Lapsed (due to performance condition assessment to 19 July 2024)	Due to vest on 18 November 2024
Number of Ordinary Shares subject to the LTIP awards granted on 18 November 2021					
K Neilson	24,896	(7,215)	17,681	-	17,681
C T Preston	18,505	(5,363)	13,142	-	13,142
I Urquhart	7,632	(2,212)	5,420	-	5,420



## Remuneration Committee's Report (continued)

### Directors' remuneration (continued)

#### *All employee share option awards*

##### *Share options granted to employees in the year ended 30 June 2024*

The Committee and the other Directors are supportive of providing the wider population of employees with an opportunity to become Craneware plc shareholders as this promotes alignment to shareholder interests, and aids with recruitment and retention. As such, the Committee again decided (in the context of employee reward arrangements) that a grant of share option awards should be made during FY24 to most eligible employees within the Group in roles below senior manager. Share options were therefore granted to employees on 6 September 2023, and in the previous two financial years, from the Schedule 4 Option Plan (for UK employees) or from the Unapproved Option Plan (for US employees).

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

##### *Savings-related all employee share option plans*

Share options were granted under a Save As You Earn ('SAYE') share option plan (for UK employees) and an Employee Stock Purchase Plan ('ESPP') (for US employees within the Group) in the years ended 30 June 2020 and 30 June 2021, as referenced in Note 7 to the financial statements. The executive Directors chose to participate in the SAYE in FY20, on the same terms as other UK employees, and the details of the share options granted are contained in the 'Directors' interests in share options' table below.

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

The Committee has the discretion to decide whether to launch invitations to participate under these plans, at times when it is permitted to do so in accordance with the rules of the plans. There were no invitations to participate launched, or subsequent share options granted, from these plans in the years ended 30 June 2023 or 30 June 2024. The Committee continues to keep under review when it is appropriate to launch a new invitation under these plans, in view of the complement of other share-based awards across the organisation.

#### *Source of shares and dilution limits*

The share plans are being operated in conjunction with an Employee Benefit Trust, The Craneware plc Employee Benefit Trust, ("EBT"). Further details regarding the EBT are contained in Note 17 to the financial statements.

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

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

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

Details of all share options and conditional share awards, which have been awarded and had not lapsed or been exercised or released at 30 June 2024, are contained in Note 7 to the financial statements.

## Remuneration Committee's Report (continued)

### Service Contracts

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

	Contract Date	Unexpired Term	Normal Notice Period
K Neilson	Founder	Rolling	3 months*
C T Preston	15 September 2008	Rolling	3 months*
I Urquhart	27 April 2022	Rolling	3 months*
W Whitehorn	1 January 2020	Rolling	1 month
C Blye	12 November 2013	Rolling	1 month
R Rudish	28 August 2014	Rolling	1 month
A Erskine	24 February 2020	Rolling	1 month
D Kemp	1 March 2020	Rolling	1 month
A McCune	16 November 2022	Rolling	1 month

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

Subject to the prior approval of the Board in each case, executive Directors can accept external appointments as non-executive directors of other companies provided that any such appointment does not conflict with the director's duties or time commitment to The Craneware Group. Executive Directors are permitted to retain any fees received from such non-executive director appointments. In February 2024, I Urquhart was appointed as a non-executive director of Concurrent Technologies plc whose shares are listed on the AIM market of the London Stock Exchange. The other executive Directors do not hold any outside appointments with any other publicly traded company.

### Directors' Interests

The Directors' interests in the ordinary shares of the Company are set out in the Directors' Report on page 73.

### Directors' Emoluments

For Directors who held office during the course of the year, emoluments<sup>1</sup> in respect of the year ended 30 June 2024 were as follows: (note: with the exception of C Blye, R Rudish, A Erskine and A McCune, all directors are paid in Sterling; the amounts below are translated into US Dollars at the relevant average exchange rate for the year being reported).

# Remuneration Committee's Report (continued)

## Directors' Emoluments (continued)

	Salary/Fees \$	Benefits <sup>2</sup> \$	Bonus \$	Pension \$	Total 2024 \$	Total 2023 \$
<b>Executives</b>						
K Neilson <sup>A,B,C</sup>	451,300	18,844	307,303	31,608	<b>809,055</b>	682,738
C T Preston <sup>C,D</sup>	355,074	18,590	243,547	19,166	<b>636,377</b>	503,313
I Urquhart <sup>E</sup>	232,168	18,709	158,233	15,857	<b>424,967</b>	347,967
<b>Non-Executives</b>						
W Whitehorn	94,463	-	-	-	<b>94,463</b>	90,323
D Kemp	58,826	-	-	-	<b>58,826</b>	56,248
C Blye	60,708	-	-	-	<b>60,708</b>	60,708
R Rudish	60,708	-	-	-	<b>60,708</b>	60,708
A Erskine	54,216	-	-	-	<b>54,216</b>	54,216
A McCune <sup>3</sup>	54,216	-	-	-	<b>54,216</b>	33,885
<b>Total</b>	<b>1,421,679</b>	<b>56,143</b>	<b>709,083</b>	<b>66,631</b>	<b>2,253,536</b>	<b>1,890,106</b>

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

2. Benefits represent payments for health insurance, death in service, disability insurance, critical illness insurance and car allowance.

3. A McCune was appointed as a Director of the Company on 16 November 2022.

A. A conditional share award, in respect of 15,328 Ordinary Shares in the Company, which was granted to K Neilson under the 2016 LTIP in October 2020, vested in October 2023. Based on the share price on the vesting date the total value of those Ordinary Shares was £228,387 (\$276,915) before tax.

B. In September 2023 K Neilson exercised a share option, which was granted in 2013 detailed below, in respect of a total of 34,472 Ordinary Shares in the Company. Based on the share price on the date of exercise, the gain on exercise of that share option was £375,745 (\$469,670) before tax.

C. In October 2023 K Neilson and C T Preston each exercised share options, which were granted in 2020 from the SAYE Option Plan, in respect of 1,568 Ordinary Shares each in the Company. Based on the share price on the date of exercise, the gain on exercise of each of those share options was £6,860 (\$8,323).

D. A conditional share award, in respect of 11,393 Ordinary Shares in the Company, which was granted to C T Preston under the 2016 LTIP in October 2020, vested in October 2023. Based on the share price on the vesting date the total value of those Ordinary Shares was £169,756 (\$205,825) before tax.

E. A conditional share award, in respect of 7,315 Ordinary Shares in the Company, which was granted to I Urquhart under the 2016 LTIP in October 2020, vested in October 2023. Based on the share price on the vesting date the value of those Ordinary Shares was £108,994 (\$132,152) before tax.

The following Directors were paid in Sterling:

	Salary/Fees £	Benefits £	Bonus £	Pension £	Total 2024 £	Total 2023 £
<b>Executives</b>						
K Neilson	358,317	14,962	227,212	25,095	<b>625,586</b>	566,918
C T Preston	281,917	14,760	180,525	15,217	<b>492,419</b>	417,931
I Urquhart	184,333	14,854	117,030	12,590	<b>328,807</b>	288,937
<b>Non-Executives</b>						
W Whitehorn	75,000	-	-	-	<b>75,000</b>	75,000
D Kemp	46,706	-	-	-	<b>46,706</b>	46,706
<b>Total</b>	<b>946,273</b>	<b>44,576</b>	<b>524,767</b>	<b>52,902</b>	<b>1,568,518</b>	<b>1,395,492</b>

Further information regarding Directors' share options and LTIP awards are contained in the tables on pages 112 and 113.

## Total Shareholder Return Performance Graph

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



## Remuneration Committee's Report (continued)

### Directors' interests in share options and LTIP awards

Directors' interests in share options as at 30 June 2024, in respect of Ordinary Shares of 1p each in Craneware plc, were for the following Directors who held office during the course of the year:

Grant Date	Exercise Price (cents)	Exercise Price (pence)	Held At 01/07/23 (number)	Granted During Year (number)	Exercised During Year (number)	Lapsed During Year (number)	Held At 30/06/24 (number)	Exercisable from date	Expiry date
<b>K Neilson</b>									
<i>Share Option Plan 2007</i>									
10 Sep 2013	621.0	395.0	34,472	-	(34,472)	-	-	10 Sep 2016	10 Sept 23
22 Sep 2014	839.0	522.5	39,090	-	-	-	<b>39,090</b>	22 Sep 2017	22 Sept 24
9 Mar 2016	1066.0	750.0	28,628	-	-	-	<b>28,628</b>	9 Mar 2019	9 Mar 26
12 Sep 2016	1563.0	1177.5	36,469	-	-	-	<b>36,469</b>	12 Sep 2019	12 Sept 26
<i>Schedule 4 Option Plan</i>									
17 Jan 2018	2445.0	1775.0	1,690	-	-	-	<b>1,690</b>	17 Jan 2021	17 Jan 28
<i>Unapproved Option Plan</i>									
17 Jan 2018	2445.0	1775.0	7,238	-	-	-	<b>7,238</b>	17 Jan 2021	17 Jan 28
5 Sep 2018	3488.0	2710.0	4,460	-	-	-	<b>4,460</b>	21 Sep 2022	5 Sep 28
<i>SAYE Option Plan</i>									
20 Apr 2020	1432.0	1147.5	1,568	-	(1,568)	-	-	1 May 2023	1 Nov 23
<b>C T Preston</b>									
<i>Share Option Plan 2007</i>									
9 Mar 2016	1066.0	750.0	26,925	-	-	-	<b>26,925</b>	9 Mar 2019	9 Mar 26
<i>Schedule 4 Option Plan</i>									
24 Mar 2017	1544.0	1237.5	2,424	-	-	-	<b>2,424</b>	24 Mar 2020	24 Mar 27
<i>Unapproved Option Plan</i>									
24 Mar 2017	1544.0	1237.5	6,162	-	-	-	<b>6,162</b>	24 Mar 2020	24 Mar 27
17 Jan 2018	2445.0	1775.0	6,618	-	-	-	<b>6,618</b>	17 Jan 2021	17 Jan 28
5 Sep 2018	3488.0	2710.0	3,305	-	-	-	<b>3,305</b>	21 Sep 2022	5 Sep 28
<i>SAYE Option Plan</i>									
20 Apr 2020	1432.0	1147.5	1,568	-	(1,568)	-	-	1 May 2023	1 Nov 23
<b>I Urquhart</b>									
<i>Schedule 4 Option Plan</i>									
24 Mar 2017	1544.0	1237.5	2,424	-	-	-	<b>2,424</b>	24 Mar 2020	24 Mar 27
<i>Unapproved Option Plan</i>									
24 Mar 2017	1544.0	1237.5	1,236	-	-	-	<b>1,236</b>	24 Mar 2020	24 Mar 27
17 Jan 2018	2445.0	1775.0	2,654	-	-	-	<b>2,654</b>	17 Jan 2021	17 Jan 28
5 Sep 2018	3488.0	2710.0	1,747	-	-	-	<b>1,747</b>	22 Sep 2021	5 Sep 28

Information regarding total share options, as granted to executive Directors and other employees, which were in existence during the year is contained in Note 7 to the financial statements.

## Remuneration Committee's Report (continued)

### Directors' interests in share options and LTIP awards (continued)

The maximum number of Ordinary Shares subject to conditional share awards granted to Directors under the LTIP as at 30 June 2024 were as follows, in respect of Directors who held office during the course of the year:

	Grant Date	Held At 01/07/23 (number)	Granted During Year (number)	Released During Year (number)	Lapsed During Year (number)	Held At 30/06/24 (number)	Share price at date of grant (pence)	Normal vesting date
<b>K Neilson</b>								
Conditional share award	2 Oct 2020	24,985	-	(15,328)	(9,657)	-	1,505.0	2 Oct 2023
Conditional share award	18 Nov 2021	21,394	-	-	(3,713)	<b>17,681</b>	2,610.0	18 Nov 2024
Conditional share award	18 Nov 2022	30,796	-	-	(3,824)	<b>26,972</b>	2,110.0	18 Nov 2025
Conditional share award	6 Sep 2023	-	43,320	-	-	<b>43,320</b>	1,500.0	6 Sep 2026
<b>CT Preston</b>								
Conditional share award	2 Oct 2020	18,571	-	(11,393)	(7,178)	-	1,505.0	2 Oct 2023
Conditional share award	18 Nov 2021	15,902	-	-	(2,760)	<b>13,142</b>	2,610.0	18 Nov 2024
Conditional share award	18 Nov 2022	22,890	-	-	(2,842)	<b>20,048</b>	2,110.0	18 Nov 2025
Conditional share award	6 Sep 2023	-	32,200	-	-	<b>32,200</b>	1,500.0	6 Sep 2026
<b>I Urquhart</b>								
Conditional share award	2 Oct 2020	10,208	-	(7,315)	(2,893)	-	1,505.0	2 Oct 2023
Conditional share award	18 Nov 2021	6,558	-	-	(1,138)	<b>5,420</b>	2,610.0	18 Nov 2024
Conditional share award	18 Nov 2022	15,734	-	-	(1,954)	<b>13,780</b>	2,110.0	18 Nov 2025
Conditional share award	6 Sep 2023	-	22,133	-	-	<b>22,133</b>	1,500.0	6 Sep 2026

There was no consideration for the grant of these conditional awards and no consideration will be payable by the award holders to receive the Shares from these awards, if and to the extent that they vest. The entitlement to shares under the LTIP is subject to achieving the performance conditions referred to on page 107. The table above shows the maximum entitlement at 30 June 2024 and the actual number of shares (if any) that vest from the awards will depend on those conditions being achieved.

On behalf of the Remuneration Committee:

#### Russ Rudish

Chair of the Remuneration Committee

2 September 2024

# Independent auditors' report to the members of Craneware plc

## Report on the audit of the financial statements

### Opinion

In our opinion, Craneware plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2024 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 June 2024; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flows, and the Statements of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

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

### Independence

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

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

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

### Our audit approach

#### Overview

Audit scope

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

Key audit matters

- Internally developed intangible assets (group and parent)

Materiality

- Overall group materiality: \$1,378,736 (2023: \$1,297,500) based on 2.5% of EBITDA adjusted for exceptional items.
- Overall company materiality: \$381,331 (2023: \$487,688) based on 1% of revenue of company (2023: 5% of 3 year average profit before tax adjusted for exceptional items).
- Performance materiality: \$1,034,052 (2023: \$973,125) (group) and \$285,998 (2023: \$365,166) (company).



# Independent auditors' report to the members of Craneware plc (continued)

## The scope of our audit

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

## Key audit matters

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

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

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"><li><i>Internally developed intangible assets (group and parent)</i></li></ul> <p>As per note 13, the Group has net book value of development costs capitalised amounting to \$56,672k (2023: \$48,972k) and the Company has \$48,440k (2023: \$43,244k) capitalised on the balance sheet. Development costs are capitalised when the following criteria have been met: new product development costs are technically feasible; production and sale is intended; a market exists; expenditure can be measured reliably; and sufficient resources are available to complete such projects. The Directors are required to continually assess the commercial potential of each product in development in order to determine if costs can continue to be capitalised. We focus on this area as there is judgement involved in the Directors' assessment. We consider this as a key audit matter because there is a risk that the costs being capitalised are not allowable under IAS 38 and also that the intangible assets will not generate sufficient economic benefit to recover the value of the intangible asset.</p>	<p>To address this key audit matter we performed the following testing: We targeted those projects during the year that had the greatest amount of development costs capitalised and we challenged management on what the capitalisation related to; We obtained corroborating evidence to support the existence of enhancements to projects and to ensure they were enhancing the product and not just maintenance; We audited the underlying costs being capitalised, being employee costs and third party license fees, to timesheets and third party support; We obtained corroborating evidence, including evidence of sales pipeline and renewals success by product, to challenge management's assessment of future economic benefits to be generated. We considered the results from other areas of audit testing, including our audit work on management's impairment assessments, to identify any contradictory evidence. We did not identify anything in our testing to indicate costs had been capitalised inappropriately.</p>

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is structured into different components which include one in the UK and two in the US. One of the components in the US has the intellectual property to Sentry software products and enters into software license agreements with customers. The component in the UK has the intellectual property to Craneware software products and the other US component enters into license agreements with customers for those products. The two US components also provide professional services to customers in the US. We identified all three of these components as financially significant and performed full scope audit procedures. For the Sentry component we engaged our PwC US colleagues to complete the audit under our instruction. We had regular engagement with our PwC US team as part of planning for the Group audit, during their fieldwork at which time we independently reviewed their working papers over key audit areas, and as part of our audit completion when we received their group reporting. The group team visited the US component to review the component audit file and discuss key issues and findings related to audit. For the two Craneware components the audit work was completed by the UK Group audit team. There were other significant balances in other smaller parts of the Group where work was carried out by the UK Group audit team. This included borrowings which sits in a US holding entity within the Group.

## The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

## Materiality

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

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

## Independent auditors' report to the members of Craneware plc (continued)

	Financial statements - group	Financial statements - company
<i>Overall materiality</i>	\$1,378,736 (2023: \$1,297,500).	\$381,331 (2023: \$487,688).
<i>How we determined it</i>	2.5% of EBITDA adjusted for exceptional items	1% of revenue of company (2023: 5% of 3 year average profit before tax adjusted for exceptional items)
<i>Rationale for benchmark applied</i>	We believe the measure of EBITDA adjusted for exceptional items is the most relevant measure to the shareholders to measure the underlying performance of the Group post acquisition of Sentry. In prior year the benchmark used was profit before tax adjusted for exceptional items.	There was year on year volatility in the Company standalone results (moved from a profit to loss). We changed our approach to use revenue as the benchmark as we considered this to be the most consistent indicator of scale and performance of the business year on year. In the prior year the benchmark used was 5% of the 3 year average of profit before tax adjusted for exceptional items.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was \$381,331 and \$1,309,799. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to \$1,034,052 (2023: \$973,125) for the group financial statements and \$285,998 (2023: \$365,166) for the company financial statements.

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

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$68,937 (group audit) (2023: \$64,875) and \$19,066 (company audit) (2023: \$24,384) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

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

- reviewing management's going concern assessment (which includes a base case and a severe but plausible downside scenario) for reasonableness and consistency with our audit work; and to ensure covers the going concern period;
- making inquiries of management as to its knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the Group's and the Company's ability to continue as a going concern;
- testing of management's cashflow forecast model which includes challenging the key assumptions within the model as well as the mathematical accuracy and its integrity;
- determining whether a material uncertainty exists related to the events or conditions identified by evaluating magnitude of potential impact and likelihood of occurrence of those events or conditions;
- reviewing available banking facilities, including consideration of covenant requirements;
- reviewing management's going concern disclosures.

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

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

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

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

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

# Independent auditors' report to the members of Craneware plc (continued)

## Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## Corporate governance statement

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

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

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

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

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

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

## Independent auditors' report to the members of Craneware plc (continued)

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

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

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

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

#### Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK and US employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK Companies Act 2006, UK and US tax legislations, UK Corporate Governance code and UK AIM listing rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and deter irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates;
- Identifying and testing journal entries, including those with unexpected account combinations impacting revenue and EBITDA; and
- Enquiries of entity staff and management's expert in tax and compliance functions to identify any instances of non compliance with taxation laws and regulations.

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

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

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

## Independent auditors' report to the members of Craneware plc (continued)

### Use of this report

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

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

**Paul Cheshire** (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

2 September 2024

## Consolidated Statement of Comprehensive Income

### For the year ended 30 June 2024

	Notes	Total 2024 \$'000	Total 2023 \$'000
Continuing operations:			
<b>Revenue from contracts with customers</b>	4	<b>189,268</b>	174,018
Cost of sales		<b>(27,072)</b>	(25,576)
<b>Gross profit</b>		<b>162,196</b>	148,442
Other income		<b>(398)</b>	600
Operating expenses	5	<b>(140,953)</b>	(131,876)
Net impairment (charge)/ reversal on financial and contract assets		<b>(1,111)</b>	2,062
<b>Operating profit</b>	5	<b>19,734</b>	19,228
<b>Analysed as:</b>			
Adjusted EBITDA*		<b>58,279</b>	54,892
Share-based payments	7	<b>(4,487)</b>	(2,992)
Depreciation of property, plant and equipment	12	<b>(3,293)</b>	(3,451)
Amortisation of intangible assets – other	13	<b>(9,169)</b>	(7,781)
Amortisation of intangible assets – acquired intangibles	13	<b>(20,921)</b>	(20,930)
Exceptional costs**	5	<b>(675)</b>	(510)
Finance income	8	<b>1,143</b>	214
Finance expense	8	<b>(5,130)</b>	(6,357)
<b>Profit before taxation</b>		<b>15,747</b>	13,085
Tax on profit for ordinary actions	9	<b>(4,044)</b>	(3,853)
<b>Profit for the year attributable to owners of the parent</b>		<b>11,703</b>	9,232
<b>Total comprehensive income attributable to owners of the parent</b>		<b>11,703</b>	9,232
<b>Earnings per share for the year attributable to equity holders</b>			
- Basic (\$ per share)	11	<b>0.335</b>	0.263
- Diluted (\$ per share)	11	<b>0.335</b>	0.261

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

\* See Note 27 for explanation of Alternative Performance Measures.

\*\* Exceptional items in both FY24 and FY23 relate to integration costs associated with the purchase of Sentry Data Systems, Inc. ('Sentry').



## Statements of Changes in Equity

### For the year ended 30 June 2024

	Share Capital	Share Premium Account	Treasury Shares	Capital Redemption Reserve	Merger Reserve	Other Reserves	Retained Earnings	Total Equity
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2022	659	97,204	-	9	186,981	5,933	42,236	333,022
<u>Total comprehensive income -</u> profit for the year	-	-	-	-	-	-	9,232	9,232
<u>Transactions with owners:</u>								
Share-based payments	-	-	-	-	-	3,231	-	3,231
Purchase of own shares through EBT (Note 17)	-	-	-	-	-	-	(179)	179
Purchase of own shares through share buyback (Note 17)	-	-	(3,865)	-	-	-	-	(3,865)
Deferred tax taken directly to equity	-	-	-	-	-	-	(1,004)	(1,004)
Impact of share options and awards exercised / lapsed	-	-	128	-	-	(2,324)	1,719	(477)
Dividends (Note 10)	-	-	-	-	-	-	(12,119)	(12,119)
At 30 June 2023	659	97,204	(3,737)	9	186,981	6,840	39,885	327,841
<u>Total comprehensive income -</u> profit for the year	-	-	-	-	-	-	11,703	11,703
<u>Transactions with owners:</u>								
Share-based payments	-	-	-	-	-	4,127	-	4,127
Purchase of own shares through EBT (Note 17)	-	-	-	-	-	-	(863)	(863)
Purchase of own shares through share buyback (Note 17)	-	-	(2,435)	-	-	-	-	(2,435)
Deferred tax taken directly to equity	-	-	-	-	-	-	1,893	1,893
Impact of share options and awards exercised / lapsed	-	-	1,680	-	-	(2,077)	(479)	(876)
Dividends (Note 10)	-	-	-	-	-	-	(12,798)	(12,798)
<b>At 30 June 2024</b>	<b>659</b>	<b>97,204</b>	<b>(4,492)</b>	<b>9</b>	<b>186,981</b>	<b>8,890</b>	<b>39,341</b>	<b>328,592</b>

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

## Statements of Changes in Equity

### For the year ended 30 June 2024

Company	Share		Capital				Retained Earnings	Total Equity
	Share Capital	Premium Account	Treasury Shares	Redemption Reserve	Merger Reserve	Other Reserves		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2022	659	97,204	-	9	186,981	5,933	23,208	313,994
Total comprehensive income - profit for the year	-	-	-	-	-	-	6,544	6,544
Transactions with owners:								
Share-based payments	-	-	-	-	-	3,231	-	3,231
Purchase of own shares through share buyback (Note 17)	-	-	(3,865)	-	-	-	-	(3,865)
Deferred tax taken directly to equity	-	-	-	-	-	-	(666)	(666)
Impact of share options and awards exercised / lapsed	-	-	128	-	-	(2,324)	1,541	(665)
Dividends (Note 10)	-	-	-	-	-	-	(12,119)	(12,119)
At 30 June 2023	659	97,204	(3,737)	9	186,981	6,840	18,508	306,464
Total comprehensive income - profit for the year	-	-	-	-	-	-	(3,065)	(3,065)
Transactions with owners:								
Share-based payments	-	-	-	-	-	4,127	-	4,127
Purchase of own shares through share buyback (Note 17)	-	-	-	-	-	-	-	(2,435)
Deferred tax taken directly to equity	-	-	(2,435)	-	-	-	996	996
Impact of share options and awards exercised / lapsed	-	-	1,680	-	-	(2,077)	(697)	(1,094)
Dividends (Note 10)	-	-	-	-	-	-	(12,798)	(12,798)
At 30 June 2024	659	97,204	(4,492)	9	186,981	8,890	2,944	292,195

## Consolidated Balance Sheet as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	12	8,592	8,464
Intangible assets - goodwill	13	235,236	235,236
Intangible assets - acquired intangibles	13	145,406	166,327
Intangible assets - other	13	56,827	50,230
Trade and other receivables	15	3,634	2,758
Deferred tax	16	733	-
		<b>450,428</b>	<b>463,015</b>
<b>Current Assets</b>			
Trade and other receivables	15	58,638	35,424
Cash and cash equivalents	19	34,589	78,537
		<b>93,227</b>	<b>113,961</b>
<b>Total Assets</b>		<b>543,655</b>	<b>576,976</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Borrowings	20	27,372	75,033
Deferred income	4	958	2,875
Leased property		3,823	2,224
Hire purchase equipment		-	44
Deferred tax	16	33,441	41,337
Other provisions		708	243
		<b>66,302</b>	<b>121,756</b>
<b>Current Liabilities</b>			
Borrowings	20	8,000	8,000
Deferred income	4	65,859	49,643
Amounts held on behalf of customers		53,390	51,220
Tax payable		4,278	2,565
Trade and other payables	21	17,234	15,951
		<b>148,761</b>	<b>127,379</b>
<b>Total Liabilities</b>		<b>215,063</b>	<b>249,135</b>
<b>Equity</b>			
Share capital	17	659	659
Share premium account		97,204	97,204
Treasury shares		(4,492)	(3,737)
Capital redemption reserve		9	9
Merger reserve		186,981	186,981
Other reserves		8,890	6,840
Retained earnings		39,341	39,885
<b>Total Equity</b>		<b>328,592</b>	<b>327,841</b>
<b>Total Equity and Liabilities</b>		<b>543,655</b>	<b>576,976</b>

Registered Number SC196331

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

The financial statements on pages 120 to 169 were approved and authorised for issue by the Board of Directors on 2 September 2024 and signed on its behalf by:

**Keith Neilson**  
Director

**Craig Preston**  
Director

## Company Balance Sheet as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment in subsidiary undertakings	14	277,405	277,405
Property, plant and equipment	12	2,007	2,348
Intangible assets	13	48,448	43,297
Deferred tax	16	733	-
Trade and other receivables	15	337	-
		<b>328,930</b>	<b>323,050</b>
<b>Current Assets</b>			
Trade and other receivables	15	31,974	25,701
Cash and cash equivalents	19	2,957	25,102
		<b>34,931</b>	<b>50,803</b>
<b>Total Assets</b>		<b>363,861</b>	<b>373,853</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Lease liabilities > 1 year		1,424	1,887
Other provisions		645	243
Deferred tax		-	1,226
		<b>2,069</b>	<b>3,356</b>
<b>Current Liabilities</b>			
Deferred income		30,459	30,253
Trade and other payables	21	39,138	33,780
		<b>69,597</b>	<b>64,033</b>
<b>Total Liabilities</b>		<b>71,666</b>	<b>67,389</b>
<b>Equity</b>			
Share capital	17	659	659
Share premium account		97,204	97,204
Treasury shares		(4,492)	(3,737)
Capital redemption reserve		9	9
Merger reserve		186,981	186,981
Other reserves		8,890	6,840
Retained earnings		2,944	18,508
At 1 July		18,508	23,208
(Loss)/ profit for the year attributable to owners		(3,065)	6,544
Other changes in retained earnings		(12,499)	(11,244)
<b>Total Equity</b>		<b>292,195</b>	<b>306,464</b>
<b>Total Equity and Liabilities</b>		<b>363,861</b>	<b>373,853</b>

Registered Number SC196331

The accompanying notes are an integral part of these financial statements. See Note 26 for details of the restatement in the prior year.

The financial statements on pages 120 to 169 were approved and authorised for issue by the Board of Directors on 2 September 2024 and signed on its behalf by:

**Keith Neilson**  
Director

**Craig Preston**  
Director

## Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	53,703	100,591
Tax paid		(11,841)	(1,843)
Net cash generated from operating activities		41,862	98,748
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(1,191)	(520)
Capitalised intangible assets	13	(15,766)	(15,031)
Interest received		1,143	214
Net cash used in investing activities		(15,814)	(15,337)
<b>Cash flows from financing activities</b>			
Dividends paid to company shareholders	10	(12,798)	(12,119)
Proceeds from issuance of treasury shares	17	276	138
Loan arrangement fees	20	-	(252)
Repayment of borrowings	20	(48,000)	(28,000)
Interest on borrowings		(4,624)	(6,503)
Purchase of own shares by EBT	17	(863)	(179)
Share buyback programme	17	(2,485)	(3,815)
Payment of lease liabilities		(1,502)	(2,552)
Net cash used in financing activities		(69,996)	(53,282)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(43,948)</b>	<b>30,129</b>
Cash and cash equivalents at the start of the year		78,537	48,408
<b>Cash and cash equivalents at the end of the year</b>	19	<b>34,589</b>	<b>78,537</b>

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

## Company Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	7,937	18,220
Tax paid		(2,185)	(1)
Net cash generated from operating activities		5,752	18,219
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(213)	(205)
Capitalised intangible assets	13	(12,151)	(11,539)
Interest received		93	443
Net cash used in investing activities		(12,217)	(11,301)
<b>Cash flows from financing activities</b>			
Dividends paid to company shareholders	10	(12,798)	(12,119)
Proceeds from issuance of treasury shares	17	276	138
Intergroup loan repaid		-	6,000
Share buyback programme	17	(2,485)	(3,815)
Funds advanced in EBT	17	(382)	-
Payment of lease liabilities		(237)	(420)
Net cash used in financing activities		(15,626)	(10,216)
<b>Net decrease in cash and cash equivalents</b>		<b>(22,145)</b>	<b>(3,298)</b>
Cash and cash equivalents at the start of the year		25,102	28,400
<b>Cash and cash equivalents at the end of the year</b>	19	<b>2,957</b>	<b>25,102</b>

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



# Notes to the Financial Statements

## General Information

Craneware plc ("the Company") is a public limited company incorporated and domiciled in Scotland. The Company has a primary listing on the Alternative Investment Market ("AIM") of the London Stock Exchange. The address of its registered office and principal place of business is disclosed on page 64 of the Annual Report. The principal activity of the Company is described in the Directors' Report.

## Basis of preparation

The financial statements of the Group and the Company are prepared in accordance with UK adopted international accounting standards (International Financial Reporting Standards ("IFRS")) and the applicable legal requirements of the Companies Act 2006.

The Group and the Company financial statements have been prepared under the historic cost convention and prepared on a going concern basis. The Strategic Report on pages 8 to 29 contains information regarding the Group's activities and an overview of the development of its products, services and the environment in which it operates. The Group's revenue, operating results, cash flows and balance sheet are detailed in the financial statements and explained in the Financial Review on pages 12 to 16.

### *Going concern*

The Group is profitable and there is a reasonable expectation that this will continue to be the case. Our business model is delivering high levels of recurring revenue, supported by long term underlying contracts, that deliver high levels of cash generation. In addition, the Group has cash and cash equivalents of \$34.6m as well as a committed but undrawn facility available to it of \$80m.

The directors have prepared cash flow forecasts covering a period of over twelve months from the date of approval of these financial statements. These forecasts include consideration of severe but plausible downsides, should these events occur, the Group would have sufficient funds to meet its liabilities as they fall due for that period. These scenarios anticipate a zero-growth scenario, such that the only sales made by the Group would be to replace losses of existing long-term contracts. Under this basis, with minor but appropriate rebalancing of the cost base, the Group remained in compliance with its covenants and had no need to draw upon the committed undrawn facility.

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

The applicable accounting policies are set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year, if relevant.

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

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

## 1 Principal accounting policies

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

### Reporting currency

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

### Currency translation

Transactions denominated in currencies other than US dollars are translated into US dollars at the rate of exchange ruling at the date of the transaction. The average exchange rate during the course of the year was \$1.2595/£1 (FY23: \$1.2043/£1). Monetary assets and liabilities expressed in foreign currencies are translated into US dollars at rates of exchange ruling at the Balance Sheet date \$1.2645/£1 (FY23: \$1.2619/£1). Exchange gains or losses arising upon subsequent settlement of the transactions and from translation at the Balance Sheet date, are included within the related category of expense where separately identifiable, or administrative expenses.

# Notes to the Financial Statements

## (continued)

### 1 Principal accounting policies (continued)

#### New Standards, amendments and interpretations effective in the year

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

Disclosure of Accounting Policies (Amendments to IAS 1) (effective 1 January 2023\*),  
Definition of Accounting Estimates (Amendments to IAS 8) (effective 1 January 2023\*).

#### New Standards, amendments and interpretations not yet effective

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

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective 1 January 2024\*),  
Non-current Liabilities with Covenants (Amendments to IAS 1) (effective 1 January 2024\*),  
Clarify the accounting where there is a lack of exchangeability (Amendments to IAS 21) (effective 1 January 2025\*).

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

#### Basis of consolidation

The consolidated Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows include the financial statements of the Company and its subsidiaries.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control transferred to the Group and are deconsolidated from the time control ceases.

Intra-Group revenue and profits / (losses) are eliminated on consolidation and all sales and profit figures relate to external transactions only.

As permitted by Section 408(4) of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented although the Company performance can be seen in isolation in the Statements of Changes in Equity. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### Employee Benefit Trust (EBT)

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

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

#### Revenue from contracts with customers

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

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

Revenue is recognised either when the performance obligation in the contract has been performed (point in time recognition) or over time as control of the performance obligation is transferred to the customer.

Revenue is derived from sales of software licenses, professional services, including training and consultancy, and transactional fees.

#### Revenue from software licenses

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

# Notes to the Financial Statements

## (continued)

### 1 Principal accounting policies (continued)

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

This policy is consistent with the Company's products providing customers with a service through the delivery of, and access to, software solutions (Software-as-a-Service ("SaaS")), and results in revenue being recognised over the period that these services are delivered to customers.

Incremental costs directly attributable in securing the contract are charged equally over the life of the contract and as a consequence are matched to revenue recognised. Any deferred contract costs are included in both current and non-current trade and other receivables.

#### *Revenue from professional services*

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

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

#### *Revenue from transactional services*

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

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

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

Contract assets include sales commissions and prepaid royalties. Contract liabilities include unpaid sales commissions on contracts sold and deferred income relating to license fees billed in advance and recognised over time.

#### *Exceptional items*

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

#### *Employee benefits*

The Group operates a defined contribution Stakeholder Pension Scheme as described in Section 3 of Welfare Reform and Pensions Act 1999. Private medical insurance is also offered to every employee.

Amounts payable in respect of these benefits are charged to the Statement of Comprehensive Income as they fall due. The Group has no further payment obligations once the payments have been made. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### *Share-based payments*

The Group grants share options and / or conditional share awards to certain employees. In accordance with IFRS 2, "Share-Based Payments", equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured using the Black-Scholes pricing model or the Monte Carlo pricing model, as appropriately amended, taking into account the terms and conditions of the share-based awards.

# Notes to the Financial Statements

## (continued)

### 1 Principal accounting policies (continued)

#### Revenue from contracts with customers (continued)

The fair value determined at the date of grant of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. Non-market vesting conditions and service-based vesting conditions are included in assumptions about the number of share options and / or conditional share awards that are expected to vest. At the end of each reporting period, the entity revises its estimates of the number of options and / or conditional share awards that are expected to vest based on the non-market and service-based vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

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

The share-based payments charge is included in 'operating expenses' with a corresponding increase in 'other reserves'. Charges relating to subsidiaries are recharged by Craneware plc to the relevant subsidiary.

When the share options are exercised and are satisfied by new issued shares, the proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

#### Taxation

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

Deferred taxation is computed using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities. They are measured using enacted rates and laws that will be in effect when the differences are expected to reverse.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction does not affect accounting or taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will arise against which the temporary differences will be utilised.

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

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

#### Intangible Assets

##### (a) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as a non-current asset in accordance with IFRS 3 and is not amortised.

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

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

# Notes to the Financial Statements

## (continued)

### 1 Principal accounting policies (continued)

#### Intangible Assets (continued)

##### (b) Proprietary software

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

##### (c) Customer relationships

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

##### (d) Development Costs

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

Development expenditure is capitalised where new product development projects

- are technically feasible;
- production and sale is intended;
- a market exists;
- expenditure can be measured reliably; and
- sufficient resources are available to complete such projects.

Costs are capitalised until initial commercialisation of the product, and thereafter amortised on a straight-line basis over its estimated useful life, which has been assessed as between five and ten years. Expenditure not meeting the above criteria is expensed as incurred.

Employee costs and specific third party costs involved with the development of the software are included within amounts capitalised.

##### (e) Computer software

Costs associated with acquiring computer software and licensed to use technology are capitalised as incurred, except cloud computing software where the Group does not have control of the software which is expensed as incurred. They are amortised on a straight-line basis over their useful economic life which is typically three to five years.

##### (f) Trademarks

Trademarks acquired in a business combination are initially measured at fair value at the acquisition date. Trademarks have a finite useful economic life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the associated costs over their estimated useful lives of up to ten years.

#### Impairment of non-financial assets

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

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

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

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



# Notes to the Financial Statements

## (continued)

### 1 Principal accounting policies (continued)

#### Property, plant and equipment

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

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

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

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

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

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

#### Leases

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

The Group recognises right-of-use assets at cost and lease liabilities at the lease commencement date based on the present value of future lease payments. The right-of-use assets are depreciated on a straight-line basis in line with the Group's accounting policy for property, plant and equipment.

The lease liabilities are recognised at the present value of the future lease payments from the commencement date of the lease. Discount rates used reflect the incremental borrowing rate specific to the lease. Each lease payment is allocated between the lease liability and finance cost, which is charged at a constant periodic rate over the term of the lease.

Lease liabilities resulting from an extension to the lease term not included in the initial lease liability are measured using the same method as for the initial lease. The right-of-use asset relating to the lease liability is recognised as the present value of the future lease payments related to the extension.

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

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

#### Investment in subsidiaries

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

#### Financial assets

The Group classifies its financial assets in the following categories:

- (i) at fair value through profit and loss (FVTPL);
- (ii) financial assets at amortised cost; and
- (iii) fair value through other comprehensive income (FVTOCI).

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At each Balance Sheet date included in the financial information, the Group held only items classified as financial assets at amortised cost.

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

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



# Notes to the Financial Statements

## (continued)

### 1 Principal accounting policies (continued)

#### Impairment of financial assets

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

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

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

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

#### Borrowings

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

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

#### Financial liabilities

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

#### Other provisions

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

and a reliable estimate can be made of the amount of the obligation.

Other provisions relate to employer taxes due in relation to employee share awards from all share plans (FY23: the 2007 Share Option Plan) payable on exercise of options and potential sales tax due in relation to audits in respect of Sentry Data Systems, Inc. ('Sentry') for periods prior to the acquisition.

#### Cash and cash equivalents

For the purpose of the Statements of Cash Flows, cash and cash equivalents comprise cash on hand, deposits held with banks and short term highly liquid investments including, on the Consolidated Balance Sheet, any cash held at the balance sheet date by the Employee Benefit Trust.

#### Share capital

Ordinary shares are classified as equity.

#### Share premium

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

#### Treasury shares

Treasury Shares are Ordinary Shares of the Company which are purchased by the Company in a share buyback programme and held for the purpose of satisfying employee share plan awards. The consideration paid, including any directly attributable costs, for the Company's shares held in treasury is deducted from equity in the Treasury Shares reserve until the shares are transferred or disposed. When these shares in the Company are transferred to employees, in accordance with employee share plans, the cost is transferred from the Treasury Shares reserve to retained earnings.

#### Merger reserve

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

#### Other reserves

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

#### Dividends

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

# Notes to the Financial Statements

(continued)

## 2 Critical accounting estimates and judgements

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

### Critical Estimates

- **Impairment assessment:** the Group tests annually whether Goodwill has suffered any impairment and for other assets, including acquired intangibles, at any point where there are indications of impairment. This requires an estimation of the recoverable amount of the applicable cash generating unit to which the Goodwill and other assets relate. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the specific cash generating unit using certain key assumptions including growth rates and a discount rate. These assumptions result in no impairment in Goodwill. See Note 13 for current year assumptions.

### Other Estimates

- **Useful lives of intangible assets:** in assessing useful life, the Group uses careful judgement based on past experience, advances in product development and also best practice. The Group amortises intangible assets over a period of up to 15 years.

### Judgements

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

## 3 Financial risk management

### Financial risk factors

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

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

#### (a) Market risk

##### (i) Foreign exchange risk

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

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

The Directors believe that a 10% change in the value of Sterling relative to the US dollar would impact post-tax profits and equity in the region of \$1,922,000 lower/ higher respectively as a result of foreign exchange gains/losses on Sterling denominated transactions and the translation of Sterling denominated current liabilities. The Directors believe that, consistent with the prior year, 10% is appropriate for the sensitivity analysis.

##### (ii) Cash flow and interest rate risk

The Group's external borrowings at the balance sheet date comprise loan facilities on floating interest rates charged on a daily basis at margin and compounded reference rate. The Group's main interest rate risk arises from these loan facilities and considers the exposure to interest rate risk acceptable. The Directors believe that a 25 basis point move in interest rates on loans would, with all other variables held constant, alter post-tax profit and equity for the year in the region of \$151,000 higher/ lower respectively.

Cash held on deposit attracts interest at variable rates. The Directors believe that a 25 basis point move in interest rates on deposits would, with all other variables held constant, alter post-tax profit and equity for the year in the region of \$140,000 higher/ lower respectively.

The Directors believe that 25 basis points is appropriate for the sensitivity analysis based on recent market conditions.

## Notes to the Financial Statements (continued)

### 3 Financial risk management (continued)

#### Financial risk factors (continued)

##### **(b) Credit risk**

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

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

##### **(c) Counterparty risk**

The Group has significant cash and cash equivalent balances and in order to mitigate the risk of failing institutions management has treasury deposits spread across a range of reputable banks, the details of which are disclosed on page 64.

##### **(d) Liquidity risk**

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

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

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>At 30 June 2024</b>					
Trade and other payables	15,516	-	-	-	15,516
Lease liabilities	952	954	1,765	1,651	5,322
Borrowings	8,000	28,000	-	-	36,000
	<b>24,468</b>	<b>28,954</b>	<b>1,765</b>	<b>1,651</b>	<b>56,838</b>
<b>At 30 June 2023</b>					
Trade and other payables	14,006	-	-	-	14,006
Lease liabilities	1,309	420	2,050	-	3,859
Borrowings	13,808	13,234	72,660	-	99,702
	<b>29,203</b>	<b>13,654</b>	<b>74,710</b>	<b>-</b>	<b>117,567</b>

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

Lease liabilities relate to leases under IFRS 16 and hire purchase financing and are fixed rate financial liabilities. The difference between the undiscounted cash flows above and the liabilities are per Note 21 and the Group Balance Sheet is future finance charge on the lease liabilities of \$0.5m.

Borrowings relate entirely a term and revolving loan as described in Note 20 and are floating rate financial liabilities. The difference between the undiscounted cash flows above and the liabilities per Note 20 is future finance charge on the borrowings of \$0.6m.

#### Capital risk management

The Group is cash generative and trading is funded internally. As a result, management does not consider capital risk to be significant for the Group. Contracts are normally billed in advance, except transactional revenue which is billed monthly in arrears. Assuming timely receivables collection, the Group will have favourable movements from working capital by generating cash ahead of revenue recognition. Consequently, funds are retained in the business to finance future growth, either organically or by acquisition. The Group has a debt facility of secured funding provided by our consortium of banking partners consisting of a term loan of \$16m (FY23: \$24m) and a \$100m revolving credit facility. During the year, \$8.0m (FY23: \$8.0m) of the term loan has been

## Notes to the Financial Statements (continued)

### 3 Financial risk management (continued)

#### Capital risk management (continued)

repaid on schedule and the revolving credit facility drawn down has been reduced by an additional \$40m (FY23: \$20m) and all covenants have been met. Net borrowings of \$0.8m (FY23: \$4.5m) represents a comfortable level of debt for the Group.

### 4 Revenue from contracts with customers

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

Revenue is analysed as follows:

	2024 \$'000	2023 \$'000
Software licensing	138,687	143,125
Professional services – recurring	4,907	4,533
Transactional revenue	24,708	16,018
Contracted recurring revenue	168,302	163,676
Professional services – non-recurring	7,174	9,208
Platform revenues – non-recurring	13,792	1,134
<b>Total revenue</b>	<b>189,268</b>	<b>174,018</b>

#### Contract assets

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

	2024 \$'000	2023 \$'000
Prepaid commissions and royalties < 1 year	2,485	2,206
Prepaid commissions and royalties > 1 year	3,235	2,758
<b>Total revenue</b>	<b>5,720</b>	<b>4,964</b>

Contract assets are included within deferred contract costs and prepayments in the Balance Sheet. Costs recognised during the year in relation to assets at 30 June 2023 were \$2.2m.

#### Contract liabilities

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

	2024 \$'000	2023 \$'000
Software licensing	56,759	47,037
Professional services	10,058	5,481
<b>Total contract liabilities</b>	<b>66,817</b>	<b>52,518</b>

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

Revenue of \$49.4m was recognised during the year in relation to contract liabilities as of 30 June 2023.

## Notes to the Financial Statements (continued)

### 4 Revenue from contracts with customers (continued)

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

Revenue expected to be recognised	Total unsatisfied performance obligations \$'000	< 1 year \$'000	Expected recognition 1 to 2 years \$'000	2 to 3 years \$'000	> 3 years \$'000
<b>At 30 June 2024</b>					
- Software	301,215	119,167	93,304	57,086	31,658
- Professional services	19,493	12,947	3,309	1,847	1,390
<b>Total at 30 June 2024</b>	<b>320,708</b>	<b>132,114</b>	<b>96,613</b>	<b>58,933</b>	<b>33,048</b>
<b>At 30 June 2023</b>					
- Software	348,919	124,279	99,613	67,757	57,270
- Professional services	14,376	8,313	3,207	1,981	875
<b>Total at 30 June 2023</b>	<b>363,295</b>	<b>132,592</b>	<b>102,820</b>	<b>69,738</b>	<b>58,145</b>

Revenue of \$132.6m was recognised during the year in relation to unsatisfied performance obligations as of 30 June 2023.

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

### 5 Operating profit

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

	2024 \$'000	2023 \$'000
Employee costs (Note 6)	92,496	87,755
Employee costs capitalised	(9,811)	(10,261)
Depreciation of property, plant and equipment (Note 12)	3,293	3,451
Amortisation of intangible assets – other (Note 13)	9,169	7,781
Amortisation of intangible assets – acquired intangibles (Note 13)	20,921	20,930
Impairment of trade receivables (Note 15)	1,822	463
Exceptional items*	675	510
Operating lease rents for premises	12	-

\* Exceptional items relate to integration costs associated with the purchase of Sentry Data Systems, Inc.

Included in reaching operating profit is the movement in the provision for impairment of trade receivables during the year of a \$1,164,000 charge, as per Note 15, plus \$53,000 net impairment credit for trade receivables recognised directly in operating costs.

#### Services provided by the Group's auditors

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

	2024 \$'000	2023 \$'000
Statutory audit – Parent Company financial statements and consolidation	515	477
Statutory audit – non recurring fees	-	-
	<b>515</b>	<b>477</b>

## Notes to the Financial Statements (continued)

### 6 Employee costs

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

	2024 Group Number	2023 Group Number	2024 Company Number	2023 Company Number
Sales and distribution	98	103	1	1
Client servicing	245	241	39	37
Research and development	292	281	118	111
Administration	112	109	45	44
	<b>747</b>	<b>734</b>	<b>203</b>	<b>193</b>

Employment costs of all employees excluding non-executive Directors:

	2024 Group \$'000	2023 Group \$'000	2024 Company \$'000	2023 Company \$'000
Wages and salaries	78,541	75,890	19,559	19,705
Social security costs	6,512	6,049	1,849	1,668
Other pension costs	2,956	2,824	984	919
Share-based payments	4,487	2,992	2,035	1,196
<b>Total direct costs of employment</b>	<b>92,496</b>	<b>87,755</b>	<b>24,427</b>	<b>23,488</b>

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

The remuneration of the highest paid Director is \$1.6m (FY23: \$1.2m), including the \$0.8m gain from exercising share options and vested LTIPs in the year (which were granted in 2013, 2020 and 2020 respectively). Full details of Directors' emoluments and share option exercises are detailed in the Remuneration Committee's Report on page 111 and key management compensation is given in Note 23, Related Party Transactions.

Contributions are made on behalf of three of the executive Directors to a defined contribution retirement benefit scheme (FY23: three).

### 7 Share-based payments

During the year the Group operated seven (FY23: seven) equity-settled share-based payment plans whereby options over, or conditional awards of, Ordinary Shares in Craneware plc can be granted to employees and Directors. Directors' interests in share plan awards are set out in the Remuneration Committee's Report on pages 112 and 113. The fair value of the share-based awards is recognised as an expense, with a corresponding increase in equity, during the vesting period. A total share-based payments expense for the Group of \$4,486,622 (FY23: \$2,992,270) was recognised in the Consolidated Statement of Comprehensive Income for the year, as stated in Note 6. This comprises a charge of \$359,349 (FY23: \$238,542 credit) relating to the movement in the accrual for estimated employer National Insurance contributions on the unexercised options granted under the 2007 Share Option Plan and \$4,127,273 (FY23: \$3,230,812) share-based payment charge for the Group in respect of awards granted from the share plans as shown in the following table.

With reference to the Company, a total share-based payments expense for the Company of \$2,034,507 (FY23: \$1,196,370) was recognised in the Statement of Comprehensive Income for the year, as stated in Note 6 above. This comprises a charge of \$359,349 (FY23: \$238,542 credit) relating to the movement in the accrual for estimated employer National Insurance contributions on the unexercised options granted under the 2007 Share Option Plan and \$1,675,158 (FY23: \$1,434,912) share-based payment charge for the Company in respect of awards granted from the share plans as shown in the following table:



## Notes to the Financial Statements (continued)

### 7 Share-based payments (continued)

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<i>Type of award and name of share plan</i>				
Share options granted under the 2016 Unapproved Share Option Plan	851	558	80	81
Share options granted under the 2016 Schedule 4 Share Option Plan	131	71	131	71
Share options granted under the 2018 Employee Stock Purchase Plan	-	31	-	-
Share options granted under the 2018 SAYE Option Plan	5	62	5	62
Conditional share awards granted under the 2016 LTIP	1,180	1,780	635	941
Conditional share awards granted under the 2022 LTIP	1,960	729	824	280
<b>Total share-based payments charge</b>	<b>4,127</b>	<b>3,231</b>	<b>1,675</b>	<b>1,435</b>

#### Share option plans

Share options, granted by the Company to employees in respect of the following number of Ordinary Shares, were outstanding at 30 June 2024.

Date of Grant	Exercise price (GBP)	Exercise price (USD)	Remaining life at 1 July 2023 (years)	No. of options at 1 July 2023	Granted	Exercised	Lapsed	No. of options at 30 June 2024	Remaining life at 30 June 2024 (years)
<i>2007 Share Option Plan</i>									
10 Sep 2013	£3.950	\$6.21	0.2	34,472	-	(34,472)	-	-	-
22 Sep 2014	£5.225	\$8.39	1.2	94,416	-	-	-	94,416	0.2
09 Mar 2016	£7.500	\$10.66	2.7	100,758	-	(5,610)	-	95,148	1.7
12 Sep 2016	£11.775	\$15.63	3.2	36,469	-	-	-	36,469	2.2
<i>2016 Unapproved Option Plan</i>									
24 Mar 2017	£12.375	\$15.44	3.7	29,672	-	(14,080)	-	15,592	2.7
17 Jan 2018	£17.750	\$24.45	4.5	42,321	-	(3,317)	(845)	38,159	3.5
05 Sep 2018	£27.100	\$34.88	5.2	32,425	-	-	(1,075)	31,350	4.2
04 Sep 2019	£19.000	\$23.01	6.2	12,562	-	(2,699)	(519)	9,344	5.2
02 Oct 2020	£15.050	\$19.36	7.3	40,750	-	(12,305)	(12,459)	15,986	6.3
18 Nov 2021	£26.100	\$35.21	8.4	109,062	-	-	(12,730)	96,332	7.4
23 Sep 2022	£20.500	\$23.03	9.2	158,659	-	(513)	(15,093)	143,053	8.2
18 Nov 2022	£21.100	\$25.09	9.4	71,378	-	-	(11,384)	59,994	8.4
06 Sep 2023	£15.000	\$18.75	-	-	316,064	-	(32,208)	283,856	9.2
<i>2016 Schedule 4 Option Plan</i>									
24 Mar 2017	£12.375	\$15.44	3.7	11,110	-	-	-	11,110	2.7
17 Jan 2018	£17.750	\$24.45	4.5	5,914	-	(1,408)	-	4,506	3.5
05 Sep 2018	£27.100	\$34.88	5.2	3,229	-	-	(90)	3,139	4.2
04 Sep 2019	£19.000	\$23.01	6.2	2,055	-	(332)	(955)	768	5.2
02 Oct 2020	£15.050	\$19.36	7.3	7,000	-	(2,406)	(1,983)	2,611	6.3
18 Nov 2021	£26.100	\$35.21	8.4	19,866	-	-	(2,780)	17,086	7.4
23 Sep 2022	£20.500	\$23.03	9.2	26,278	-	-	(3,758)	22,520	8.2
18 Nov 2022	£21.100	\$25.09	9.4	7,050	-	-	(1,192)	5,858	8.4
06 Sep 2023	£15.000	\$18.75	-	-	77,153	-	(11,423)	65,730	9.2
<i>2018 SAYE Option Plan</i>									
20 Apr 2020	£11.475	\$14.32	0.3	22,980	-	(20,019)	(2,961)	-	-
19 Apr 2021	£18.360	\$25.39	1.3	2,018	-	(1,568)	(254)	196	0.3
				<b>870,444</b>	<b>393,217</b>	<b>(98,729)</b>	<b>(111,709)</b>	<b>1,053,223</b>	

## Notes to the Financial Statements (continued)

### 7 Share-based payments (continued)

The weighted average share price at the date of exercise of share options in the year ended 30 June 2024 was £18.36 (\$22.99) (FY23: £16.72 (\$19.58)). The market value of Craneware plc Ordinary Shares at 30 June 2024 was £23.10 (\$29.21) per share. The weighted average remaining contractual life of the options outstanding at 30 June 2024 is 6.4 years (at 30 June 2023: 5.8 years).

	2024		2023	
	Number of Options	Weighted average exercise price (£)	Number of Options	Weighted average exercise price (£)
Balance outstanding at beginning of the year	870,444	16.38	701,191	14.72
Share options granted during the year	393,217	15.00	301,886	20.67
Exercised during the year	(98,729)	9.97	(31,687)	7.17
Lapsed during the year	(111,709)	18.28	(100,946)	20.61
<b>Balance outstanding at end of the year</b>	<b>1,053,223</b>	<b>16.26</b>	<b>870,444</b>	<b>16.38</b>
<b>Exercisable at end of the year</b>	<b>358,794</b>	<b>11.52</b>	<b>428,383</b>	<b>10.93</b>

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

Options over Ordinary Shares were granted under the 2007 Share Option Plan with an exercise price no less than the market value of the Ordinary Shares on the date of grant and, in the case of the Directors of the Company, were granted subject to sufficiently stretching performance conditions. These options were subject to time-based vesting and were not normally exercisable before the third anniversary of the date of grant. Such options lapse no later than the tenth anniversary of the date of grant. The final grant of options under the 2007 Share Option Plan was on 12 September 2016 and therefore the fair values of the share options granted under this plan were recognised as share-based payments expense in previous financial years until during the year ended 30 June 2020.

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

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

Share options were granted under these Plans to certain employees in each financial year since March 2017, as summarised in the table above. The exercise price of these share options was at the Company share price on the day before the grant date. Share options granted, in prior financial years, to each executive Director are disclosed in the Remuneration Committee's Report. During the year ended 30 June 2024, share options were granted to certain employees as summarised and described below.

Grant date In FY24	Description of share options granted to employees in FY24	2016 Unapproved Option Plan	2016 Schedule-4 Option Plan	Total
		Number of Options	Number of Options	Number of Options
06-Sep-23	Share options granted with service-based vesting condition only	262,064	63,153	325,217
06-Sep-23	Share options granted with market-based performance conditions	27,000	7,000	34,000
06-Sep-23	Share options granted with non-market performance condition	27,000	7,000	34,000
<b>Total share options granted during the year ended 30 June 2024</b>		<b>316,064</b>	<b>77,153</b>	<b>393,217</b>

## Notes to the Financial Statements (continued)

### 7 Share-based payments (continued)

#### Share options granted with service-based vesting condition only

As explained in the Remuneration Committee's Report on page 109, share options were granted on 6 September 2023 and, in prior financial years, on 23 September 2022, on 18 November 2022 and on 18 November 2021, to certain employees with a service-based vesting condition such that those share options are not normally exercisable before the third anniversary of the date of grant, subject to the option holder being continuously employed within the Group throughout that period.

The Group recognises the fair value of these share options, as a share-based payments expense, over the vesting period based on the number of share options which are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest on the basis of the service-based vesting condition. The impact of the revision to original estimates, if any, are recognised in the Statement of Comprehensive Income, with a corresponding adjustment to equity. The fair value of these share options was estimated using the Black-Scholes option pricing model, as appropriately adjusted, based on the following assumptions:

Date of Grant	06-Sep-23	18-Nov-22	23-Sep-22	18-Nov-21
Share price at date of grant (£)	£14.85	£21.30	£20.50	£26.10
Share price at date of grant (\$)	\$18.56	\$25.33	\$23.03	\$35.21
Vesting period (years)	3	3	3	3
Expected volatility	43.9%	42.7%	43.6%	42.4%
Risk free rate	4.75%	3.20%	4.01%	0.53%
Dividend yield	2.38%	1.68%	1.63%	1.16%
Exercise price (£)	£15.00	£21.10	£20.50	£26.10
Exercise price (\$)	\$18.75	\$25.09	\$23.03	\$35.21
Shares under option at date of grant (number)	325,217	32,888	218,553	160,339
Fair value per option	\$5.61	\$7.27	\$7.01	\$9.52

For the estimation of the fair value of the share options granted on 6 September 2023, the expected volatility was determined by calculating the historic volatility of the Company's share price over the historic three year period to the date of grant.

#### Share options granted with performance conditions

##### Market-based performance conditions

The relative total shareholder return (TSR) (i.e. market-based) performance conditions applicable to those share options granted on 6 September 2023 and, in prior financial years, in November 2021 and in October 2020 are outlined in the Remuneration Committee's Report on page 107.

On 6 September 2023 share options were granted from the 2016 Unapproved and the 2016 Schedule 4 Option Plans to certain employees relating to a total of 54,000 and 14,000 Ordinary Shares in the Company respectively. 50% of the quantity of each of these share option awards were subject to a relative TSR performance condition and the other 50% of those share options were subject to a performance condition in respect of growth in adjusted earnings per share of the Group, each condition being measured separately over three overlapping three year periods. The performance conditions were the same as are applicable to the conditional share awards which were granted from the 2022 LTIP, on 6 September 2023, to the executive Directors of the Company and to senior managers, as described in the Remuneration Committee's Report on page 106. The fair value of the share plan awards granted on 6 September 2023, which are subject to the relative TSR performance condition, were estimated using a Monte Carlo pricing model as outlined below.

## Notes to the Financial Statements (continued)

### 7 Share-based payments (continued)

#### Share options granted with performance conditions (continued)

The fair value of the share options granted under the 2016 Unapproved Option Plan and the 2016 Schedule 4 Option Plan, which have market-based performance conditions, was estimated using a Monte Carlo pricing model, as appropriately adjusted, based on the following assumptions:

Date of Grant	06-Sep-23	18-Nov-22	18-Nov-21	02-Oct-20	04-Sep-19
Share price at date of grant (£)	£14.85	£21.30	£26.10	£15.05	£19.00
Share price at date of grant (\$)	\$18.56	\$25.33	\$35.21	\$19.36	\$23.01
Vesting period (years)	3	3	3	3	3
Expected volatility	43.9%	42.7%	41.1%	52.5%	43.5%
Risk free rate	4.92%	3.18%	0.36%	-0.04%	0.38%
Exercise price (£)	£15.00	£21.10	£26.10	£15.05	£19.00
Exercise price (\$)	\$18.75	\$25.09	\$35.21	\$19.36	\$23.01
Shares under option at date of grant	34,000	25,222	37,342	82,177	33,469
Fair value per option	\$6.01	\$8.59	\$8.06	\$3.98	\$5.63

Within the assumptions used for the estimation of the fair values of share options granted on 6 September 2023, the expected volatility was determined by calculating the historic volatility of the Company's share price over the previous three years.

#### Non-Market performance conditions

Share options in respect of a total of 34,000 Ordinary Shares in the Company were also granted on 6 September 2023 but with performance conditions based on growth in adjusted Earnings per Share (EPS) (i.e. a non-market vesting condition) measured over three consecutive three year periods. The Remuneration Committee's Report on page 106 contains details of the performance conditions.

The Group recognises the fair value of these share options, as a share-based payments expense, over the vesting period based on the number of share options which are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-market vesting condition. The impact of the revision to original estimates, if any, are recognised in the Statement of Comprehensive Income, with a corresponding adjustment to equity. The fair value of these share options was estimated using the Black-Scholes option pricing model, as appropriately adjusted, based on the following assumptions:

Date of Grant	06-Sep-23	18-Nov-22
Share price at date of grant (£)	£14.85	£21.30
Share price at date of grant (\$)	\$18.56	\$25.33
Vesting period (years)	3	3
Expected volatility	43.9%	42.7%
Risk free rate	4.75%	3.20%
Dividend yield	2.38%	1.68%
Exercise price (£)	£15.00	£21.10
Exercise price (\$)	\$18.75	\$25.09
Shares under option at date of grant (number)	34,000	25,223
Fair value per option	\$5.58	\$7.24

## Notes to the Financial Statements (continued)

### 7 Share-based payments (continued)

*The Craneware plc Employee Stock Purchase Plan (2018)*

*The Craneware plc SAYE Option Plan (2018)*

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

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

Date of Grant	19-Apr-21	23-Mar-21	20-Apr-20	24-Mar-20
Share Option Plan	SAYE	ESPP	SAYE	ESPP
Share price at date of grant (£)	£25.50	£21.60	£20.50	£13.10
Share price at date of grant (\$)	\$35.27	\$29.91	\$25.58	\$15.23
Vesting period (years)	3	2	3	2
Expected volatility	54.2%	57.9%	50.6%	55.8%
Risk free rate	0.12%	0.02%	0.11%	0.11%
Dividend yield	1.01%	1.01%	1.58%	1.58%
Exercise price (£)	£18.360	£18.360	£11.475	£11.475
Exercise price (\$)	\$25.39	\$25.42	\$14.32	\$13.34
Number of employees	18	29	67	37
Shares under option at date of grant (number)	4,498	7,420	42,328	21,669
Fair value per option	\$16.51	\$16.19	\$8.89	\$8.27

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

#### Long Term Incentive Plans

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

Conditional share awards were granted under the 2016 LTIP to certain senior managers and to the executive Directors from financial year 2017 through to November 2021. The market-based performance conditions, measured over three consecutive three year periods, applicable to those conditional share awards granted in November 2021 and in October 2020 are outlined in the Remuneration Committee's Report.

	Number of conditional share awards 2024	Number of conditional share awards 2023
Balance outstanding at 1 July	281,046	464,173
Awards granted in the year	-	-
Vested awards released during the year	(111,246)	(68,356)
Forfeited / lapsed during the year	(73,822)	(114,771)
<b>Balance outstanding at 30 June</b>	<b>95,978</b>	<b>281,046</b>

## Notes to the Financial Statements (continued)

### 7 Share-based payments (continued)

#### Long Term Incentive Plans (continued)

The remaining weighted average contractual life of the conditional share awards outstanding from the 2016 LTIP at 30 June 2024 is 0.4 years (at 30 June 2023: 0.8 years).

The fair values of the conditional share awards granted from the 2016 LTIP in financial years 2020 through 2022 were estimated using the Monte Carlo pricing model, as appropriately adjusted, with the following main assumptions:

Date of Grant	18-Nov-21	02-Oct-20	04-Sep-19
Share price at date of grant (£)	£26.10	£15.05	£19.00
Share price at date of grant (\$)	\$35.21	\$19.36	\$23.01
Vesting period (years)	3	3	3
Expected volatility	41.1%	52.5%	43.5%
Risk free rate	0.36%	-0.04%	0.38%
Dividend yield	1.44%	2.27%	1.74%
Fair value per conditional share award	\$19.95	\$9.33	\$16.47

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

#### *The Craneware plc Long Term Incentive Plan (2022) (the '2022 LTIP')*

As explained in last year's Annual Report and Financial Statements, this long term incentive plan was established during the year ended 30 June 2023 and was approved by the Company's shareholders at the Annual General Meeting in November 2022. Conditional share awards were granted under this Plan, to certain senior managers and to the executive Directors, on 6 September 2023 and also, following the AGM, in November 2022.

	Number of conditional share awards 2024	Number of conditional share awards 2023
Balance outstanding at 1 July	250,876	-
Awards granted in the year	332,445	256,088
Vested awards released during the year	(3,012)	-
Forfeited / lapsed during the year	(44,846)	(5,212)
<b>Balance outstanding at 30 June</b>	<b>535,463</b>	<b>250,876</b>

The remaining weighted average contractual life of the conditional share awards outstanding under the 2022 LTIP at 30 June 2024 is 1.9 years (at 30 June 2023: 2.4 years).



## Notes to the Financial Statements (continued)

### 7 Share-based payments (continued)

#### Long Term Incentive Plans (continued)

The performance conditions, each measured over three consecutive three year periods, applicable to the conditional share awards granted on 6 September 2023, are outlined in the Remuneration Committee's Report on page 106.

#### Market-based performance conditions

Performance conditions, based on a relative TSR measure, apply to 166,222 of the conditional share awards granted on 6 September 2023. The fair values of those conditional share awards were estimated using the Monte Carlo pricing model, as appropriately adjusted, with the following main assumptions:

Date of Grant	06-Sep-23	18-Nov-22
Share price at date of grant (£)	£14.85	£21.30
Share price at date of grant (\$)	\$18.56	\$25.33
Vesting period (years)	3	3
Expected volatility	43.9%	42.7%
Risk free rate	4.92%	3.18%
Dividend yield	2.38%	1.68%
Shares subject to conditional share awards with market-based performance conditions (number)	166,222	121,451
Fair value per conditional share award	\$13.45	\$21.12

Within the assumptions used for the estimation of the fair values of the conditional awards granted on 6 September 2023, the expected volatility was determined by calculating the historic volatility of the Company's share price over the previous three years.

#### Non-Market performance conditions

For a further 166,223 of the conditional share awards granted on 6 September 2023, which have performance conditions based on growth in adjusted EPS of the Group as outlined in the Remuneration Committee's Report, the fair value of these conditional share awards is recognised as a share-based payments expense over the vesting period based on the number of awards which are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of contingent share awards that are expected to vest based on the non-market vesting condition. The fair value of these conditional share awards was estimated using the Black-Scholes option pricing model, as appropriately adjusted, based on the following assumptions:

Date of Grant	06-Sep-23	18-Nov-22
Share price at date of grant (£)	£14.85	£21.30
Share price at date of grant (\$)	\$18.56	\$25.33
Vesting period (years)	3	3
Expected volatility	43.9%	42.7%
Risk free rate	4.92%	3.18%
Dividend yield	2.38%	1.68%
Shares subject to conditional share awards with non-market performance conditions (number)	166,223	121,451
Fair value per conditional share award	\$18.75	\$25.09

#### Conditional share awards granted with service-based vesting condition only

In the prior financial year, conditional share awards in respect of 13,186 Ordinary Shares in the Company were granted on 18 November 2022 which have service-based vesting conditions but no performance conditions. The fair value of these conditional share awards is recognised as a share-based payments expense over the vesting period of three years based on the number of awards which are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of contingent share awards that are expected to vest based on the service condition. The fair value of these conditional share awards, of \$25.09 per share, was estimated using the Black-Scholes option pricing model, as appropriately adjusted, based on the assumptions summarised in the table above for the other conditional share awards granted on that date with non-market performance conditions.

## Notes to the Financial Statements (continued)

### 7 Share-based payments (continued)

#### Other share-based payments – contingent share awards

In addition to the employee share plans detailed above, contingent share awards have also been granted by the Company to certain employees. Contingent share awards in respect of a total of 159,336 Ordinary Shares were outstanding at 30 June 2024 (159,336 Ordinary Shares at 30 June 2023).

There are three sets of non-market performance conditions applicable to each of the contingent share awards such that the vesting of each one-third amount of the award shares is assessed against one of the performance conditions. If the respective performance conditions are achieved, and subject to continuous employment within the Group throughout the period from the grant date: a maximum of 159,336 award shares will vest in the financial year commencing 1 July 2024 at the earliest.

The fair value of the contingent share awards is based on the market value of an Ordinary Share on the date of grant. An assessment of the expected extent of vesting of the awards is made at the end of each reporting period and the share-based payments expense recognised is adjusted so that over the whole vesting period the expense recognised is based on the fair value of the quantity of share awards that actually vest.

### 8 Finance income and expense

	2024	2023
Finance income	\$'000	\$'000
Deposit interest	1,143	214
<b>Total finance income</b>	<b>1,143</b>	<b>214</b>

	2024	2023
Finance expense	\$'000	\$'000
Interest on borrowings (Note 20)	4,964	6,212
Interest on lease liabilities	166	145
<b>Total finance expense</b>	<b>5,130</b>	<b>6,357</b>

## Notes to the Financial Statements (continued)

### 9 Tax on profit on ordinary activities

	2024 \$'000	2023 \$'000
Profit on ordinary activities before tax	15,747	13,085
<b>Current tax</b>		
Corporation tax on profits of the year	10,715	5,596
Adjustments for prior years	65	1,080
Total current tax charge	10,780	6,676
<b>Deferred tax</b>		
Deferred tax for current year	(6,097)	(3,324)
Adjustments for prior years	(630)	485
Change in UK tax rate	(9)	16
Total deferred tax credit	(6,736)	(2,823)
<b>Tax on profit on ordinary activities</b>	<b>4,044</b>	<b>3,853</b>

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

Profit on ordinary activities at the UK tax rate 25% (FY23: 20.5%)	3,937	2,682
Effects of:		
Adjustment for prior years	(565)	1,566
Change in tax rate on opening deferred tax balance	(9)	23
Additional US taxes on profits 25% (FY23: 25%)	229	392
Internally developed software	(235)	628
Expenses not deductible for tax purposes	656	246
Income not taxable in the year	(748)	(1,004)
Movement in/ (use of) tax losses	1,018	(427)
Spot rate remeasurement	(27)	240
(Deduction)/ expense on share plan charges	(271)	(535)
Other	59	42
<b>Total tax charge</b>	<b>4,044</b>	<b>3,853</b>

## Notes to the Financial Statements (continued)

### 10 Dividends

The dividends paid during the year were as follows:

	2024 \$'000	2023 \$'000
Final dividend, re 30 June 2023 – 20.19 cents (16.0 pence)/share	7,046	6,645
Interim dividend, re 30 June 2024 – 16.51 cents (13.0 pence)/share	5,752	5,474
<b>Total dividends paid to Company shareholders in the year</b>	<b>12,798</b>	<b>12,119</b>

Prior year:

Final dividend 18.80 cents (15.5 pence)/share

Interim dividend 15.13 cents (12.5 pence)/share

The proposed final dividend of 20.23 cents (16.0 pence), as noted on page 15, for the year ended 30 June 2024 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

### 11 Earnings per share

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

*Weighted average number of shares*

	2024 No. of Shares 000s	2023 No. of Shares 000s
<b>Weighted average number of Ordinary Shares for the purposes of basic earnings per share (excluding own shares held)</b>	<b>34,957</b>	<b>35,146</b>
Effect of dilutive potential Ordinary Shares: share options and LTIPs	335	289
<b>Weighted average number of shares for the purposes of diluted earnings per share</b>	<b>35,292</b>	<b>35,435</b>

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

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

## Notes to the Financial Statements (continued)

### 11 Earnings per share (continued)

Profit for the year

	2024 \$'000	2023 \$'000
<b>Profit for the year attributable to equity holders of the parent</b>	<b>11,703</b>	9,232
Acquisition interigation costs (tax adjusted)	507	405
Amortisation of acquired intangibles (tax adjusted)	20,921	20,930
<b>Adjusted profit for the year attributable to equity holders of the parent</b>	<b>33,131</b>	30,567

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

For diluted earnings per share, the weighted average number of Ordinary shares calculated above is adjusted to assume conversion of all dilutive potential Ordinary shares.

Earnings per share

	2024 cents	2023 cents
Basic EPS	33.5	26.3
Diluted EPS	33.2	26.1
Adjusted basic EPS	94.8	87.0
Adjusted diluted EPS	93.9	86.3

### 12 Property, plant and equipment

Group	Leased Properties \$'000	Computer Equipment \$'000	Office Furniture \$'000	Tenants Improvements \$'000	Total \$'0000
<b>Cost</b>					
At 1 July 2023	7,845	9,917	889	1,751	20,402
Additions	2,455	863	88	240	3,646
Disposals	(1,308)	(676)	(376)	(162)	(2,522)
At 30 June 2024	8,992	10,104	601	1,829	21,526
<b>Accumulated depreciation</b>					
At 1 July 2023	4,736	4,943	767	1,492	11,938
Charge for year	1,335	1,848	49	61	3,293
Amortisation on disposals	(1,205)	(663)	(310)	(119)	(2,297)
At 30 June 2024	4,866	6,128	506	1,434	12,934
<b>Net Book Value at 30 June 2024</b>	<b>4,126</b>	<b>3,976</b>	<b>95</b>	<b>395</b>	<b>8,592</b>
<b>Cost</b>					
At 1 July 2022	5,981	8,996	888	1,778	17,613
Additions	2,521	504	3	13	3,041
Reclassification	-	450	-	-	450
Disposals	(657)	(3)	(2)	(40)	(702)
At 30 June 2023	7,845	9,917	889	1,751	20,402
<b>Accumulated depreciation</b>					
At 1 July 2022	3,409	3,223	712	1,450	8,794
Charge for year	1,607	1,721	55	68	3,451
Depreciation on disposals	(280)	(1)	-	(26)	(307)
At 30 June 2023	4,736	4,943	767	1,492	11,938
<b>Net Book Value at 30 June 2023</b>	<b>3,109</b>	<b>4,974</b>	<b>122</b>	<b>259</b>	<b>8,464</b>

## Notes to the Financial Statements (continued)

### 12 Property, plant and equipment (continued)

#### Leased properties

All leased properties are right-of-use assets. These properties consist of office spaces used by the Group in the UK and the US.

A new right-of-use property lease was entered into during the year for a term of 11 years. Another right-of-use leased property was vacated during the year at the end of the lease term. There were no other additions or disposals during the year. Depreciation of \$1,335,000 (FY23: \$1,607,000) was recognised during the year in respect of right-of-use assets.

The average remaining lease term is 4.3 years (FY23: 2.4 years).

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

Company	Leased Properties \$'000	Computer Equipment \$'000	Office Furniture \$'000	Tenants Improvements \$'000	Total \$'0000
<b>Cost</b>					
At 1 July 2023	4,073	1,294	487	1,498	7,352
Additions	-	204	9	-	213
Disposals	-	(404)	-	-	(404)
At 30 June 2024	4,073	1,094	496	1,498	7,161
<b>Accumulated depreciation</b>					
At 1 July 2023	2,161	1,036	464	1,343	5,004
Charge for year	417	91	10	32	550
Depreciation on disposals	-	(400)	-	-	(400)
At 30 June 2024	2,578	727	474	1,375	5,154
<b>Net Book Value at 30 June 2024</b>	<b>1,495</b>	<b>367</b>	<b>22</b>	<b>123</b>	<b>2,007</b>
<b>Cost</b>					
At 1 July 2022	1,988	1,096	486	1,494	5,064
Additions	2,085	200	1	4	2,290
Disposals	-	(2)	-	-	(2)
At 30 June 2023	4,073	1,294	487	1,498	7,352
<b>Accumulated depreciation</b>					
At 1 July 2022	1,645	975	455	1,310	4,385
Charge for year	516	62	9	33	620
Depreciation on disposals	-	(1)	-	-	(1)
At 30 June 2023	2,161	1,036	464	1,343	5,004
<b>Net Book Value at 30 June 2023</b>	<b>1,912</b>	<b>258</b>	<b>23</b>	<b>155</b>	<b>2,348</b>

#### Leased properties

All leased properties are right-of-use assets. These properties consist of office spaces used by the Company in the UK.

There were no additions or disposals of right-of-use assets during the year. Depreciation of \$417,000 (FY23: \$516,000) was recognised during the year in respect of right-of-use assets.

The average remaining lease term is 3.6 years (FY23: 4.6 years).



## Notes to the Financial Statements (continued)

### 13 Intangible assets

#### Group

	Goodwill \$'000	Customer Relationships \$'000	Proprietary Software \$'000	Trademarks \$'000	Development Costs \$'000	Computer Software \$'000	Total \$'000
<b>Cost</b>							
At 1 July 2023	235,486	153,964	52,724	5,000	71,056	4,461	522,69
Additions	-	-	-	-	15,761	5	15,766
Disposals	-	-	-	-	-	(220)	(220)
At 30 June 2024	235,486	153,964	52,724	5,000	86,817	4,246	538,237

#### Accumulated amortisation and impairment

At 1 July 2023	250	22,773	21,494	1,094	22,084	3,203	70,898
Charge for the year	-	10,066	10,300	555	8,061	1,108	30,090
Amortisation on disposal	-	-	-	-	-	(220)	(220)
At 30 June 2024	250	32,839	31,794	1,649	30,145	4,091	100,768
<b>Net Book Value at 30 June 2024</b>	<b>235,236</b>	<b>121,125</b>	<b>20,930</b>	<b>3,351</b>	<b>56,672</b>	<b>155</b>	<b>437,469</b>

<b>Cost</b>							
At 1 July 2022	235,486	153,964	52,724	5,000	56,096	4,840	508,110
Additions	-	-	-	-	14,960	71	15,031
Reclassification	-	-	-	-	-	(450)	(450)
At 30 June 2023	235,486	153,964	52,724	5,000	71,056	4,461	522,691

#### Accumulated amortisation and impairment

At 1 July 2022	250	12,706	11,187	538	15,607	1,899	42,187
Charge for the year	-	10,067	10,307	556	6,477	1,304	28,711
At 30 June 2023	250	22,773	21,494	1,094	22,084	3,203	70,898
<b>Net Book Value at 30 June 2023</b>	<b>235,236</b>	<b>131,191</b>	<b>31,230</b>	<b>3,906</b>	<b>48,972</b>	<b>1,258</b>	<b>451,793</b>

## Notes to the Financial Statements (continued)

### 13 Intangible assets (continued)

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

	2024 \$'000	2023 \$'000
Craneware InSight	11,188	11,188
Sentry	224,048	224,048
<b>Total Goodwill</b>	<b>235,236</b>	<b>235,236</b>

#### *Craneware InSight*

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

#### *Sentry*

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

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

	Growth rate in perpetuity		Post-tax discount rate	
	2024	2023	2024	2023
Craneware InSight	2.0%	2.0%	9.0%	9.0%
Sentry	2.0%	2.0%	9.0%	9.0%

After the initial term of 5 years, the Group applied a growth rate for each CGU. These take into consideration the customer bases and expected revenue commitments from it, anticipated additional sales to both existing and new customers and market trends currently seen and those expected in the future.

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

After review of future forecasts, the Group confirmed the growth forecast for the next five years showed that the recoverable amounts would continue to exceed the carrying values. There are no reasonable possible changes in assumptions that would result in an impairment in the Craneware CGU and certain disclosures, including sensitivities, relating to goodwill have not been made for this CGU given the significant headroom on impairment testing. For the Sentry CGU the impairment test was most sensitive to the discount rate assumption. There is no impairment, with all other assumptions remaining the same, with a discount rate up to 17%. There are no reasonable possible changes in any of the other assumptions for this CGU that would result in an impairment. The risk associated with the 340B regulatory environment is monitored consistently and is referenced in the Principal Risks and Uncertainties section of the Strategic Report.

## Notes to the Financial Statements (continued)

### 13 Intangible assets (continued)

Company	Development Costs \$'000	Computer Software \$'000	Total \$'000
<b>Cost</b>			
At 1 July 2023	64,336	658	64,994
Additions	12,146	5	12,151
At 30 June 2024	76,482	663	77,145
<b>Accumulated amortisation</b>			
At 1 July 2023	21,092	605	21,697
Charge for the year	6,970	30	7,000
At 30 June 2024	28,062	635	28,697
<b>Net Book Value at 30 June 2024</b>	<b>48,420</b>	<b>28</b>	<b>48,448</b>
<b>Cost</b>			
At 1 July 2022	52,868	587	53,455
Additions	11,468	71	11,539
At 30 June 2023	64,336	658	64,994
<b>Accumulated amortisation</b>			
At 1 July 2022	15,368	550	15,918
Charge for the year	5,724	55	5,779
At 30 June 2023	21,092	605	21,697
<b>Net Book Value at 30 June 2023</b>	<b>43,244</b>	<b>53</b>	<b>43,297</b>

## Notes to the Financial Statements (continued)

### 14 Investment in subsidiary undertakings

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

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

	2024 \$'000	Restated 2023 \$'000
<b>Cost</b>		
At 1 July and 30 June	<b>277,405</b>	277,405

The results of the Subsidiary companies have been included in the consolidated financial statements. Subsidiary registered addresses are listed on page 65. The carrying value of the subsidiaries is supported by the underlying net assets and future cashflows.

See Note 26 for details of the restatement in the prior year.

## Notes to the Financial Statements (continued)

### 15 Trade and other receivables

	Group		Company	
	2024	2023	2024	Restated 2023
	\$'000	\$'000	\$'000	\$'000
Trade receivables	48,007	27,594	17,425	13,958
Less: provision for impairment of trade receivables	(2,763)	(3,421)	(1,827)	(2,623)
Net trade receivables	45,244	24,173	15,598	11,335
Other receivables	1,862	1,024	11,035	9,666
Current tax receivable	1,921	-	1,921	1,020
Amounts owed from group companies	-	-	1,992	2,167
Prepayments and accrued income	7,787	8,270	1,765	1,513
Deferred contract costs	5,458	4,715	-	-
	62,272	38,182	32,311	25,701
Less non-current other debtors	(399)	-	(337)	-
Less non-current deferred contract costs	(3,235)	(2,758)	-	-
<b>Current portion</b>	<b>58,638</b>	<b>35,424</b>	<b>31,974</b>	<b>25,701</b>

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

See Note 26 for details of the restatement in the prior year.

#### Expected credit loss allowance for trade receivables - Group

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

30 June 2024	Current \$'000	< 30 days \$'000	30 – 60 days \$'000	61 – 90 days \$'000	> 90 days \$'000
Expected credit loss rate	2.3%	0.1%	2.1%	9.8%	18.1%
Gross carrying amount	21,881	9,855	1,605	5,414	9,252
Expected credit loss	511	13	33	533	1,673
Net carrying amount	21,370	9,842	1,572	4,881	7,579

30 June 2023	Current \$'000	< 30 days \$'000	30 – 60 days \$'000	61 – 90 days \$'000	> 90 days \$'000
Expected credit loss rate	0.3%	0.3%	7.7%	4.9%	46.8%
Gross carrying amount	11,377	5,004	1,677	2,913	6,623
Expected credit loss	37	14	130	143	3,098
Net carrying amount	11,340	4,990	1,548	2,771	3,525

## Notes to the Financial Statements (continued)

### 15 Trade and other receivables (continued)

#### Expected credit loss allowance for trade receivables - Company

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

	Current \$'000	< 30 days \$'000	30 – 60 days \$'000	61 – 90 days \$'000	> 90 days \$'000
<b>30 June 2024</b>					
Expected credit loss rate	3.8%	2.0%	2.3%	55.5%	40.2%
Gross carrying amount	13,464	666	343	705	2,247
Expected credit loss	511	13	8	391	904
Net carrying amount	12,953	653	335	314	1,343

	Current \$'000	< 30 days \$'000	30 – 60 days \$'000	61 – 90 days \$'000	> 90 days \$'000
<b>30 June 2023</b>					
Expected credit loss rate	0.4%	2.0%	14.9%	9.7%	78.9%
Gross carrying amount	9,392	484	616	361	3,105
Expected credit loss	37	10	92	35	2,449
Net carrying amount	9,355	474	524	326	656

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

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
At 1 July	3,421	5,855	2,623	2,714
Provision for receivables impairment on revenue recognised	2,602	704	2,002	704
Receivables written off during year as uncollectable	(1,822)	(463)	(1,556)	(447)
Unused amounts reversed	(1,438)	(2,675)	(1,242)	(348)
At 30 June	2,763	3,421	1,827	2,623

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

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



## Notes to the Financial Statements (continued)

### 16 Deferred tax

Deferred tax is calculated in full on the temporary differences under the liability method using a rate of tax of 25% (FY23: 25%) in the UK and 25% (FY23: 25%) in the US including a provision for state taxes.

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
At 1 July	(41,337)	(44,417)	(1,226)	805
Credit/ (charge) to comprehensive income	10,522	4,084	963	(1,365)
Transfer direct to equity	(1,893)	(1,004)	996	(666)
<b>At 30 June</b>	<b>(32,708)</b>	<b>(41,337)</b>	<b>733</b>	<b>(1,226)</b>

The movements in deferred tax assets and liabilities during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The balances for the Group are analysed as follows:

	Group	
	2024	2023
	\$'000	\$'000
Net deferred tax asset	733	-
Net deferred tax liability	(33,441)	(41,337)
<b>At 30 June</b>	<b>(32,708)</b>	<b>(41,337)</b>

Deferred tax assets – recognised		Short term timing differences		Share Options	Total
		\$'000	Losses \$'000	\$'000	\$'000
<b>Group</b>					
At 1 July 2023		4,511	428	2,357	7,296
(Charged)/ credited to comprehensive income		(1,901)	(38)	4,050	2,111
Charged to equity		-	-	(1,893)	(1,893)
<b>Total provided at 30 June 2024</b>		<b>2,610</b>	<b>390</b>	<b>4,514</b>	<b>7,514</b>
At 1 July 2022		3,926	293	3,201	7,420
Credited to comprehensive income		585	135	160	880
Charged to equity		-	-	(1,004)	(1,004)
<b>Total provided as 30 June 2023</b>		<b>4,511</b>	<b>428</b>	<b>2,357</b>	<b>7,296</b>

#### Deferred tax liabilities - recognised

	Long term timing differences	Accelerated tax depreciation	Total
	\$'000	\$'000	\$'000
<b>Group</b>			
At 1 July 2023	(44,378)	(4,255)	(48,633)
Credited to comprehensive income	6,399	2,012	8,411
<b>Total provided at 30 June 2024</b>	<b>(37,979)</b>	<b>(2,243)</b>	<b>(40,222)</b>
At 1 July 2022	(47,921)	(3,916)	(51,837)
Credited/ (charged) to comprehensive income	3,543	(339)	3,204
<b>Total provided as 30 June 2023</b>	<b>(44,378)</b>	<b>(4,255)</b>	<b>(48,633)</b>

## Notes to the Financial Statements (continued)

### 16 Deferred tax (continued)

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

Group	2024 \$'000	2023 \$'000
Deferred tax assets:		
Deferred tax assets to be recovered after more than 1 year	7,124	6,867
Deferred tax assets to be recovered within 1 year	390	429
	<b>7,514</b>	<b>7,296</b>
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 1 year	(40,222)	(43,633)
Deferred tax liabilities to be recovered within 1 year	-	(5,000)
	<b>(40,222)</b>	<b>(48,633)</b>
Net deferred tax liability	<b>(32,708)</b>	<b>(41,337)</b>

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

#### Deferred tax assets - recognised

Company	Short term timing differences \$'000	Share Options \$'000	Total \$'000
At 1 July 2023	55	1,059	1,114
Credited to comprehensive income	10	126	136
Credited to equity	-	996	996
<b>Total provided at 30 June 2024</b>	<b>65</b>	<b>2,181</b>	<b>2,246</b>
At 1 July 2023	101	1,661	1,762
(Charged)/ credited to comprehensive income	(46)	64	18
Charged to equity	-	(666)	(666)
Total provided as 30 June 2023	55	1,059	1,114

#### Deferred tax liabilities – recognized

Company	Accelerated tax depreciation \$'000	Total \$'000
At 1 July 2023	(2,341)	(2,341)
Credited to comprehensive income	828	828
<b>Total provided at 30 June 2024</b>	<b>(1,513)</b>	<b>(1,513)</b>
At 1 July 2022	(957)	(957)
Charged to comprehensive income	(1,284)	(1,384)
Total provided at 30 June 2023	(2,341)	(2,341)

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

## Notes to the Financial Statements (continued)

### 17 Share capital and reserves

#### (a) Share capital

Authorised	2024		2023	
	Number	\$'000	Number	\$'000
<b>Equity share capital</b>				
Ordinary shares of 1p each	50,000,000	1,014	50,000,000	1,014
<b>Allotted called-up and fully paid</b>				
	2024		2023	
	Number	\$'000	Number	\$'000
<b>Equity share capital</b>				
<b>Ordinary shares of 1p each</b>				
At 1 July and at 30 June	35,542,169	659	35,542,169	659

#### Share buyback

During the year, the Company purchased a total of 108,899 of its own Ordinary Shares (FY23: 223,632) in accordance with a share buyback programme which commenced on 12 April 2023 and completed on 21 May 2024. Further details regarding the share buyback are contained in the Directors' Report on pages 72 and 73. Total consideration for this share buyback programme, including directly attributable costs, incurred since 12 April 2023 was \$6,300,000, of which \$2,485,000 was paid during the year ended 30 June 2024 (FY23: \$3,815,000 paid).

The Ordinary Shares purchased by the Company in the share buyback programme are held in treasury (with no voting rights attached) for the purpose of satisfying employee share plan awards. During the year ended 30 June 2024, a total of 99,646 (FY23: 9,621) Ordinary Shares were transferred from treasury by the Company to satisfy the exercise of employee share options. Therefore, at 30 June 2024, the Company held 223,264 Ordinary Shares in treasury (as at 30 June 2023: 214,011).

#### Shares issued during the year ended 30 June 2024

In the year ended 30 June 2024, no new Ordinary Shares in Craneware plc were issued (FY23: nil).

The Company has granted share options and conditional share awards in respect of its Ordinary Shares and details of these are contained in Note 7.

#### Employee Benefit Trust

The Company established the 'The Craneware plc Employee Benefit Trust' (the EBT) during the year ended 30 June 2017. This is a discretionary trust established, in conjunction with the operation of the Company's employee share plans, for the benefit of the employees of the Company and its subsidiaries. The EBT has an independent trustee, JTC Employer Solutions Trustee Limited. The Company has provided a loan to the EBT. The movement in the balance of the loan, which is denominated in Sterling, from the Company to the EBT during the year ended 30 June 2024 is summarised in the table below.

	2024	2023
	\$'000	\$'000
Loan balance (from Company to the EBT) at 1 July	9,263	8,867
Exchange gain	37	355
Addition to the loan from the Company to the EBT during the year	863	179
Partial repayment of loan by the EBT during the year	(218)	(138)
<b>Loan balance (from Company to the EBT) at 30 June</b>	<b>9,945</b>	<b>9,263</b>

## Notes to the Financial Statements (continued)

### 17 Share capital and reserves (continued)

#### (a) Share capital

##### *Employee Benefit Trust (continued)*

The EBT did not purchase any Craneware plc Ordinary Shares of 1 pence each in the market in the year ended 30 June 2024 (FY23: no Ordinary Shares in the Company were purchased by the EBT in the market). The EBT purchased 42,123 Ordinary Shares in the Company off market, based on the prevailing market price per share on the date of purchase, in the year ended 30 June 2024 (FY23: 10,086 Ordinary Shares in the Company were purchased by the EBT off market). As such, the net outflow from the Group in the current year as disclosed in the Statement of Changes in Equity and Consolidated Cashflow Statement is \$863,000 (FY23: \$179,000 net outflow).

The Shares held by the EBT are utilised to satisfy employee share plan awards and, during the financial year ended 30 June 2024, a total of 16,978 of the Shares from the EBT (FY23: 55,934 Shares) were used to satisfy the exercise of employee share options and vested employee conditional share awards. At 30 June 2024 the EBT held 390,620 Craneware plc Ordinary Shares (at 30 June 2023: 365,475 Ordinary Shares).

#### (b) Reserves

##### *Share premium account*

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

##### *Treasury shares*

Treasury Shares represent Ordinary Shares of the Company which were purchased by the Company in a share buyback programme, which commenced in April 2023, and held for the purpose of satisfying employee share plan awards.

##### *Merger reserve*

The merger reserve contains the excess of the net proceeds over the nominal value of shares issued in the situation where the conditions, under section 612 of the Companies Act 2006, for merger relief are satisfied. The balance on the merger reserve as at 30 June 2024 and as at 30 June 2023 comprises the excess of the net proceeds over the nominal value of the Ordinary Shares issued on a share placing in June 2021. The purpose of the share placing was to obtain net proceeds to part fund the acquisition of SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc. The placing was effected by way of a cash box structure and the resulting transactions satisfied all of the required conditions under section 612 of the Act to obtain merger relief. This merger reserve is not considered to be distributable as a consequence of the net proceeds of the share placing being for a specific acquisition.

##### *Capital redemption reserve*

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

##### *Other reserves*

Other reserves comprise the credit corresponding to share-based payment charges recognised in the Statement of Comprehensive Income in relation to the Company's employee share plans. Amounts are released from this reserve to Retained Earnings when employee share plan awards are exercised, released or lapsed.

## Notes to the Financial Statements (continued)

### 18 Cash generated from/ (used in) operations

Reconciliation of profit before taxation to net cash generated from/ (used in) operations:

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Profit/ (loss) before tax	15,747	13,085	(3,147)	8,486
Finance income	(1,143)	(214)	(93)	(443)
Finance expense	5,130	6,357	105	40
Depreciation on property, plant and equipment	3,293	3,451	550	620
Amortisation on intangible assets – other	9,169	7,781	7,000	5,779
Amortisation on intangible assets – acquired intangibles	20,921	20,930	-	-
Loss on disposals	113	7	-	-
Share-based payments	4,487	2,992	2,035	1,196
<b>Movements in working capital:</b>				
(Increase)/ decrease in trade and other receivables	(21,183)	1,116	(3,511)	15,668
Increase/ (decrease) in trade and other payables	14,999	(5,462)	4,998	(13,126)
Increase in amounts held on behalf of customers	2,170	50,548	-	-
Cash generated from operations	53,703	100,591	7,937	18,220

### 19 Cash and cash equivalents

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

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade cash and cash equivalents	34,589	78,537	2,957	25,102

The effective rates on short-term bank deposits were 2.038% (FY23: 0.247%).

### 20 Borrowings

The debt facility comprises a term loan of \$16m (FY23: \$24m) which is repayable in quarterly instalments over 5 years up to 30 June 2026, and a revolving loan facility of \$100m of which \$20m (FY23: \$60m) is drawn down and which expires on 7 June 2026. During the year, \$8m (FY23: \$8m) was repaid on the term loan and the amount drawn down on the revolving credit facility was reduced by \$40m (FY23: \$20m).

Interest is charged on the facility on a daily basis at margin and compounded reference rate. The margin is related to the leverage of the Group as defined in the loan agreement. As the leverage of the Group strengthens, the applicable margin reduces.

## Notes to the Financial Statements (continued)

### 20 Borrowings (continued)

The facility is secured by a Scots law floating charge granted by the Company, an English law debenture granted by the Company and a New York law security agreement to which the Company and certain of its subsidiaries are parties. The securities granted by the Company and the relevant subsidiaries provide security over all assets of the Company and specified assets of the Group.

	2024 \$'000	2023 \$'000
Current interest bearing borrowings	8,000	8,000
Non current interest bearing borrowings	27,372	75,033
<b>Total</b>	<b>35,372</b>	<b>83,033</b>

Arrangement fees paid in advance of the setting up of the facility are being recognised over the life of the facility in operating costs. The remaining balance of unamortised fees and interest at 30 June 2024 is \$0.67m (FY23: \$0.97m).

See Note 3 for the contractual maturity of the Group's borrowings at the year end. See Note 27 for a reconciliation between borrowings, cash and net borrowings.

#### Loan covenants

Under the facilities the Group is required to meet quarterly covenants tests in respect of:

- a) Adjusted leverage which is the ratio of total net borrowings on the last day of the relevant period to adjusted EBITDA.
- b) Cash flow cover which is the ratio of cashflow to net finance charges in respect of the relevant period.

The Group complied with these ratios throughout the reporting period.

#### Financing arrangements

The Group's undrawn borrowing facilities were as follows:

	2024 \$'000	2023 \$'000
Revolving facility	80,000	40,000
<b>Undrawn borrowing facilities</b>	<b>80,000</b>	<b>40,000</b>

### 21 Trade and other payables

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	Restated 2023 \$'000
Trade payables	3,725	4,005	2,849	2,185
Amounts owed to group companies	-	-	32,019	28,138
Lease creditor due < 1 year	952	1,389	557	226
Other provisions < 1 year	512	420	508	58
Social security and PAYE	2,268	1,299	623	552
Other creditors	156	237	-	89
Accruals	9,367	8,466	2,531	2,397
Advanced payments	254	135	51	135
<b>Trade and other payables</b>	<b>17,234</b>	<b>15,951</b>	<b>39,138</b>	<b>33,780</b>

See Note 26 for details of the restatement in the prior year.



## Notes to the Financial Statements (continued)

### 21 Trade and other payables (continued)

Amounts owed to Group companies are non-interest bearing and are payable on demand. Trade payables are settled in accordance with those terms and conditions agreed, generally within 30 days, provided that all trading terms and conditions on invoices have been met. The Group's average payment period at 30 June 2024 was 25 days (FY23: 25 days). Trade and other payables are classified as financial liabilities at amortised cost.

Other provisions relate to employer taxes due in relation to employee share plan awards of \$512,000 (FY23: \$59,000 for 2007 Share Option Plan only). There is a corresponding receivable of \$218,000 included in other debtors (FY23: nil). Timing of the use of this provision is entirely dependent on employees requesting to exercise share awards. The provision for potential sales tax due in relation to audits in respect of Sentry for periods prior to the acquisition from the prior year has been utilised in full during the year (FY23: \$362,000).

### 22 Contingent liabilities and financial commitments

#### a) Capital commitments

The Group has no capital commitments at 30 June 2024 (FY23: nil).

#### b) Lease commitments

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

	2024 \$'000	2023 \$'000
Within one year	-	3
Between 1 and 5 years	-	-
More than 5 years	-	-
	-	3

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

## Notes to the Financial Statements (continued)

### 23 Related party transactions

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

Group	2024	Outstanding	2023	Outstanding
	Charged	at year end	Charged	at year end
	\$	\$	\$	\$
<b>Fees for services provided as non-executive Directors</b>				
Fees	229,848	-	209,517	-
Salaries and short-term employee benefits	153,289	-	146,571	-
<b>Executive Directors</b>				
Salaries and short-term employee benefits	1,803,768	709,083	1,473,370	586,549
Post employment benefits	66,631	-	60,649	-
Share based payments	970,663	-	929,609	-
<b>Other key management</b>				
Salaries and short-term employee benefits	2,311,668	575,068	2,625,438	670,743
Post employment benefits	61,258	-	69,971	-
Share based payments	885,173	-	824,662	-

## Notes to the Financial Statements (continued)

### 23 Related party transactions (continued)

Company	2024		2023	
	Charged \$	Outstanding at year end \$	Charged \$	Outstanding at year end \$
<b>Fees for services provided as non-executive Directors</b>				
Fees	229,848		209,517	
Salaries and short-term employee benefits	153,289		146,571	
<b>Executive Directors</b>				
Salaries and short-term employee benefits	1,803,768	709,083	1,483,370	586,549
Post employment benefits	66,631		60,649	
Share based payments	970,663		929,609	
<b>Other key management</b>				
Salaries and short-term employee benefits	307,216	79,990	273,708	81,955
Post employment benefits	12,362		13,399	
Share based payments	134,333		144,202	
<b>Amounts due to Craneware US Holdings, Inc. – Subsidiary company</b>				
Net operating expenses	-		-	
Balance (FY23: restated)		(2,766,020)		(11,010,082)
<b>Amounts due to Craneware, Inc. – Subsidiary company</b>				
Sales commission	27,585,616		25,775,233	
Net operating expenses	10,000,745		7,430,275	
Balance		(11,592,059)		(3,346,820)
<b>Net Amounts due to Craneware InSight, Inc. – Subsidiary company</b>				
Sales commission	2,519,243		2,051,137	
Net operating expenses	(311,246)		597,648	
Balance		(10,600,237)		(7,392,240)
<b>Net Amounts due to Craneware Healthcare Intelligence LLC – Subsidiary company</b>				
Net operating expenses	2,885,732		3,560,729	
Balance		(7,060,514)		(6,388,775)
<b>Net Amounts due from Sentry Data Systems, Inc. – Subsidiary company</b>				
Sales commission	521,379			
Net operating recharges	(2,379,478)		(808,402)	
Balance		1,991,890		1,199,309
<b>Net Amounts due from Agilum Healthcare Intelligence, Inc. – Subsidiary company</b>				
Net operating recharges	-		(949,002)	
Balance		-		967,455

## Notes to the Financial Statements (continued)

### 23 Related party transactions (continued)

Note 17 contains details of the transactions and balances between the Company and the employee benefit trust during and at the end of the financial year.

Key management are considered to be the Directors together with the Chief Information Officer, Chief Marketing Officer, Chief Legal Officer, Chief Customer Officer, Chief Transformation Officer and Chief Technology Officer.

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

### 24 Ultimate controlling party

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

### 25 Subsequent events

On 23<sup>rd</sup> August 2024 the Company's wholly owned subsidiary, Craneware US Holdings, Inc., declared a dividend of \$18m payable to the Company with a resulting increase of \$18m to the Company's retained earnings.

### 26 Restatement of prior year

#### *Craneware plc investment in Subsidiary*

On the acquisition of Sentry Data Systems, Inc. and related entities ('Sentry') in July 2021, a new US holding company was set up as a direct subsidiary of Craneware plc, Craneware US Holdings, Inc. to acquire the Sentry entities. A portion of the funding for this acquisition was provided by Craneware plc, by way of a subscription by Craneware plc for 1,000 shares in Craneware US Holdings, Inc. This transaction was initially recorded as an intercompany loan rather than the subscription for shares it represented. As such the Craneware plc Company Balance Sheet has been restated to reflect the movement between asset types.

The impact on the opening Company Balance Sheet at 1 July 2022 is the same as the adjustment below, increasing the investment in subsidiary undertaking and reducing the trade and other receivables by \$192.5m.

There is no impact on the Consolidated Balance Sheet or the Consolidated Statement of Comprehensive Income.

## Notes to the Financial Statements (continued)

### 26 Restatement of prior year (continued)

#### *Craneware plc investment in Subsidiary (continued)*

##### *Company Balance Sheet extract*

Note	Restated 2023 \$'000	Adjustment 2023 \$'000	2023 \$'000
<b>Non-Current Assets</b>			
Investment in subsidiary undertakings	277,405	192,500	84,905
	323,050	192,500	130,550
<b>Current Assets</b>			
Trade and other receivables	25,701	(181,490)	207,191
	50,803	(181,490)	232,293
<b>Total assets</b>	373,853	11,010	362,843
<b>Current Liabilities</b>			
Trade and other payables	33,780	11,010	22,770
	64,033	11,010	53,023
<b>Total liabilities</b>	67,389	11,010	56,379
<b>Total Equity and Liabilities</b>	373,853	11,010	362,843

Note 14 Investments in subsidiary undertakings have been updated to reflect the increase in the investment in subsidiary by the Company of \$192.5m.

##### *Note 14 extract*

	Restated 2023	Adjustment 2023	2023
Cost at 1 July and 30 June	277,405	192,500	84,905

Note 15 Trade and other receivables and Note 21 Trade and other payables have been updated for the Company to reflect the reduction in the intercompany receivable from subsidiary of \$192.5m, which results in a movement from a receivable to payable intercompany balance at 30 June 2023.

##### *Note 15 Company extract*

	Restated 2023 \$'000	Adjustment 2023 \$'000	2023 \$'000
Amounts owed from group companies	2,167	(181,490)	183,657
	25,701	(181,490)	207,191
<b>Current portion</b>	25,701	(181,490)	207,191

##### *Note 21 Company extract*

	Restated 2023 \$'000	Adjustment 2023 \$'000	2023 \$'000
Amounts owed to group companies	28,138	11,010	17,128
<b>Trade and other payables</b>	33,780	11,010	22,770

## Notes to the Financial Statements (continued)

### 27 Alternative performance measures

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

The Directors believe these measures enable the reader to focus on what the Group regard as a more reliable indicator of the underlying performance of the Group since they exclude items which are not reflective of the normal course of business, accounting estimates and non-cash items. The adjustments made are consistent and comparable with other similar companies. Alternative performance measures may be viewed as having limitations due to certain items being excluded that would be included in GAAP measures.

#### Adjusted EBITDA

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

	2024 \$'000	2023 \$'000
Operating profit	19,734	19,228
Depreciation of property, plant and equipment	3,293	3,451
Amortisation of intangible assets – other	9,169	7,781
Amortisation of intangible assets – acquired intangibles	20,921	20,930
Share – based payments	4,487	2,992
Exceptional items – integration costs	675	510
<b>Adjusted EBITDA</b>	<b>58,279</b>	<b>54,892</b>

#### Adjusted earnings per share (EPS)

Adjusted earnings per share (EPS) calculations allow for the tax adjusted acquisition costs and share related transactions together with amortisation on acquired intangibles via business combinations. See Note 11 for the calculation.

#### Operating cash conversion

Operating cash conversion is calculated as cash generated from operations (as per Note 18), adjusted to exclude cash payments for exceptional items and movements in cash held on behalf of customers, divided by adjusted EBITDA.

	2024 \$'000	2023 \$'000
Cash generated from operations (Note 18)	53,703	100,591
Total exceptional items	675	510
Movement in amounts held on behalf of customers (Note 18)	(2,170)	(50,548)
Accrued exceptional items at the start of the year paid in the current year	92	60
Accrued exceptional items at the ended of the year	-	(92)
Trade payable exceptional items at the start of the year paid in the current year	-	12
Trade payables exceptional items at the end of the year	-	-
<b>Cash generated from operations before exceptional items</b>	<b>52,300</b>	<b>50,533</b>
<b>Adjusted EBITDA</b>	<b>58,279</b>	<b>54,892</b>
<b>Operating cash conversion</b>	<b>89.7%</b>	<b>92.1%</b>



## Notes to the Financial Statements (continued)

### 27 Alternative performance measures (continued)

#### Adjusted PBT

Adjusted PBT refers to profit before tax adjusted for exceptional items and amortisation of acquired intangibles.

	2024 \$'000	2023 \$'000
Profit before taxation	15,747	13,085
Amortization of intangible assets – acquired intangibles	20,921	20,930
Exceptional items – integration costs	675	510
<b>Adjusted PBT</b>	<b>37,343</b>	<b>34,525</b>

#### Net borrowings

Net borrowings refers to the net balance of short term borrowings, long term borrowings and cash and cash equivalents.

	2024 \$'000	2023 \$'000
Cash and cash equivalents (Note 19)	34,589	78,537
Borrowings (Note 20)	(35,372)	(83,372)
<b>Net borrowings</b>	<b>(783)</b>	<b>(4,496)</b>

Lease liabilities are excluded from borrowings for the purpose of net borrowings.

#### Total Sales

Total Sales refer to the total value of contracts signed in the year, consisting of New Sales and Renewals.

#### New Sales

New Sales refers to the total value of contracts with new customers or new products to existing customers at some time in their underlying contract.

#### Annual Recurring Revenue

Annual Recurring Revenue is the annual value of subscription license and related recurring revenues as at 30 June 2024 that are subject to underlying contracts and where revenue is being recognised at the reporting date.

#### Net Revenue Retention

Net Revenue Retention is the percentage of revenue retained from existing customers over the measurement period, taking into account both churn and expansion sales.

#### Revenue Growth

Revenue Growth is the increase in Revenue in the current year compared to the prior year expressed as a percentage of the previous year Revenue.

## Notes

## Notes



**Craneware plc**

**1 Tanfield**

**Edinburgh**

**EH3 5DA**

**Scotland, UK**

**Telephone: +44 [0] 131 550 3100**

**[thecranewaregroup.com](http://thecranewaregroup.com)**

**[investors@craneware.com](mailto:investors@craneware.com)**

**[marketing@craneware.com](mailto:marketing@craneware.com)**

**[sales@craneware.com](mailto:sales@craneware.com)**

**[support@craneware.com](mailto:support@craneware.com)**

**Company Registration No. SC196331**

**Craneware plc**