D4t4 Solutions plc

Annual Financial Report 2021

Fulfilling our mission

To be on the forefront of powering digital transformation and fulfil the marketplace need for customer-centricity in a real-time, fully compliant manner.

Strategic Report

Corporate governance

Financial statements

Headlines

Revenue

£22.8m

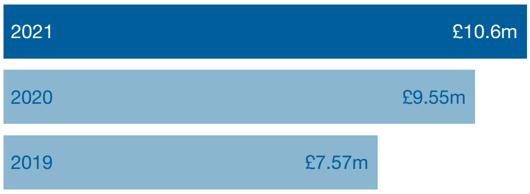
+4.6%

Revenue from sales made to all customers (excluding intra-group sales which are eliminated on consolidation). Reflecting transition to recurring revenue business model

ARR

£10.6m

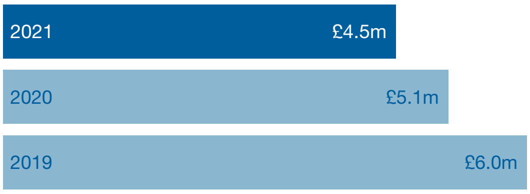
+11.0%



Annual recurring revenue

Adjusted profit before tax

£4.5m



Profit before amortisation of intangibles, share based payment charges, foreign exchange gain/(loss) and restructuring costs (see KPIs)

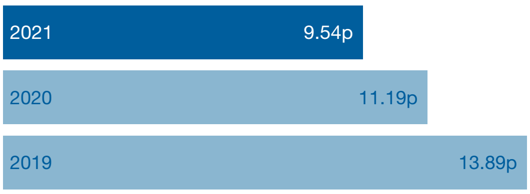
Gross profit margin

62.4%

Gross profit (being less all direct third-party cost of sales) as a percentage of revenue

Adjusted diluted EPS

9.54p



Adjusted diluted EPS as per note 13

Cash balance

£14.2m

+10.9%

Cash and cash equivalents. The Group has no debt

Key Performance Indicators page 10

Statement by the Chairman

Peter Simmonds
Non-Executive Chairman

Despite the unprecedented and challenging circumstances of the last year, I am pleased to report that D4t4 Solutions has continued to deliver on its strategic objectives - increasing revenues from our Celebrus family of software products and continuing the transition to an Annual Recurring Revenue model (ARR). This has led to increased revenue visibility and better-quality earnings.

We have continued to invest in our existing Celebrus Customer Data Platform (CDP) and following positive market soundings invested in the development of the Celebrus Fraud Data Platform (FDP) which has been launched in June 2021.

Our geographic expansion has continued, and we have expanded and deepened our partner relationships in existing and different verticals. I am very pleased with the progress made and can confidently confirm the year has been a strong one for D4t4, building the foundations for further growth.

D4t4's financial performance in the year was ahead of our expectations, reflecting the strength of our product offering and partner relationships, as well as the fundamental shift of businesses online and the essential part we play in that digital transformation. However, the global pandemic situation inevitably forced some customers to focus on internal challenges, resulting in some client projects and new initiatives being paused or slowed. This had a modest impact on top line growth in 2020/21.

We enter the new financial year with positive market tailwinds and continue to proactively develop our product offering so to empower clients to maximise the value gained from their customer data, with the objective of delivering major uplifts in terms of their revenue and profitability.

Our position

During the year, global events have increased the speed at which companies have transitioned their businesses online and the volume of data that is now being produced. Enterprises are increasingly focused on improving and differentiating their customer experience in a crowded marketplace. The expectations and sophistication of successful businesses is creating increased demands for products which capture customer experience in real time across a wide variety of platforms. This is resulting in a real opportunity, as our products provide that real time data to enable and improve these experiences in a relevant, compliant and personalised way.

This unique real time capability, along with global digital transformation is helping us to drive our reach into new sectors and verticals. Customers and partners are finding that our capabilities can provide vital functionality beyond our traditional core focus of financial services and into the retail, automotive, telecoms and healthcare sectors.

It is our strong partner relationships and customer-led approach that have driven our innovation in R&D. New releases of Celebrus CDP have provided key solutions for clients such as seamless integration with other software, natural language and machine learning capabilities and reductions in data storage costs.

Research into other markets where real time, highly granular client interaction would be value enhancing has led us to invest in a new fraud detection and identity verification tool. This product has been launched, post period end. Known as Celebrus FDP, this product is built on the foundations of the Celebrus CDP and represents a completely new vertical for us. This product has a huge addressable market and is the result of nearly two years of design, development and testing.

Although the addressable market for the Celebrus FDP is incremental with client spend often controlled by a different budget holder to the rest of the Celebrus offering, its core focus is Financial Services where we already have strong customer references and a resilient following. This, combined with the underlying similarities in code with the already successful Celebrus CDP product, gives me a high level of confidence that the FDP opportunity represents a high value, low risk business opportunity worthy of significant investment to build a parallel and highly complementary Annual Recurring Revenue stream.

Geographic expansion has also been an important driver. During the year we opened a new APAC office in Sydney, Australia and have added to our operations in Cary, US and Chennai, India.

Global pandemic

On behalf of the Board, I would like to say how grateful I am to our leadership team and staff across the world for their commitment to the business and the way they have responded to the challenges of the pandemic.

Despite having to close our offices at short notice, our staff have been able to work from home with little interruption and have maintained the highest levels of customer service. Following the lockdowns across the world, the Board reviewed the impact on all roles across the business. Although a few roles were not required during the office closures, the Group did not use taxpayer funded furlough schemes in any geographies.

Whilst we are a technology driven company, we are also a people led business and innovation is driven from personal interaction across the firm and with customers, so we look forward to returning to a more hybrid working model. We envisage this as a combination of home and office working, whilst optimising opportunities for creative interaction, communication and efficient working.

Board changes

In January 2021, John Lythall announced his intention to retire as a Non-Executive Director at the end of March 2021. Formerly CEO of D4t4 until he stepped down in 2016, John co-founded the business along with Peter Kear and has been instrumental in the Group's development. We wish him the very best for his retirement.

In February 2021, Charles Irvine, CFO, announced his decision to leave the Group to pursue another opportunity outside of the public markets. Charles has been replaced by interim CFO Nitil Patel and the search for a permanent CFO is ongoing.

After the period end, in April 2021, Peter Kear, CEO, announced his plans to retire by June 2022. Peter's energy, leadership skills and strength of personality have been critical to the success of D4t4 since he co-founded the Group back in 1985 and became CEO in 2016. On behalf of the entire Board, I would like to thank Peter for all his contributions to the business and would like to say a personal thank you for the professional manner in which he has handled the process and contributed pro- actively to the search for his successor.

Following an extensive search process led by Monika Biddulph, Chair of the Nominations Committee, I am delighted that Peter will be replaced by Bill Bruno, previously Vice President of D4t4's US business. I am confident that following a well-managed handover the business will continue to thrive and develop a host of new global opportunities under Bill's leadership.

Prior to joining D4t4 in 2018, Bill was CEO of Stratigent between 2009-2013 until it was acquired by Ebiquity. He then served as Ebiquity's CEO (North America) until 2018. Bill's wealth of industry knowledge and excellent track record in the digital data market and in growing an international digital media, analytics and intelligence business will be of great benefit to D4t4 as it moves into the next phase of its development.

Additionally, we are intending to create a new Group Operations Board below the main D4t4 Board which will consist of Jim Dodkins (CTO), Mark Boxall (COO) and a number of our existing senior managers; accordingly, Jim and Mark both stepped down from the D4t4 Board on the 30th of June 2021 to lead the formation of the Group Operations Board. This will enable them to focus entirely on the execution and delivery of Group strategy.

I would personally like to take this opportunity to thank Jim and Mark for all their hard work and support and I know that they will ensure the success of the new management structure.

This gives the opportunity to streamline the main D4t4 Board to allow increased focus on corporate governance, group strategy formulation as well as investor and wider stakeholder relations. From the 1st of July 2021 the Board of D4t4 will consist of the Chief Executive Officer, the Non-Executive Chairman, two Non-Executive Directors and (upon making a permanent appointment) the Chief Financial Officer.

Dividend

Notwithstanding the global pandemic, the Board has maintained dividend payments during FY21 reflecting the financial strength of the Group, its significant liquidity position and the Board's longer term confidence in the performance of the business.

The Board recognises the importance of returns to shareholders so we are delighted today to be recommending the payment of a final dividend, subject to shareholder approval at the 2021 AGM, of 2.0p per share (2020: 1.9p). The final dividend is expected to be paid on 17 September 2021 to shareholders on the register as at the close of business on 13 August 2021.

The Board expects to maintain a dividend payment in line with adjusted profit before tax and cash generation metrics, though always subject to the constant assessment of the impact of the global pandemic on the Group.

Outlook

Despite the obvious challenges of the pandemic the business has continued to thrive over the last year as evidenced by our financial and operational performance, proving that our robust strategy continues to deliver. Our high level of customer retention, excellent customer references and increasing recurring revenue visibility position the Group well.

We enter FY22 in a solid financial position, with high profit margins, a strong cash position with no debt and a well proven business model. Trading during the new financial year has been in line with the Board's expectations with strong levels of both existing and new client activity.

The Board is excited about the growth opportunity represented by the new FDP product and has now launched a comprehensive program to market the product and build the associated team to ensure a successful global launch during FY22. Whilst FDP is only expected to drive modest initial recurring revenues this year customer and partner interest levels are already encouraging, with several currently using and evaluating the technology.

The Board remains highly confident in the Group's strategy; our underlying business is delivering against our key KPI's and performing well, and D4t4 is well positioned in its key markets. The current revenue visibility, order book and pipeline of opportunities all bode well for the future.

Peter Simmonds
Chairman
28 July 2021

Statement by the Chief Executive Officer

Peter Kear
Chief Executive Officer

The year to 31 March 2021 was one of good progress for D4t4, despite the impact of the global pandemic. After a slightly slower start to the year while customers got used to the "new normal" way of conducting business remotely, our customers accelerated their efforts to affect their digital business transformations, with an industry report (Dynatrace) suggesting digital transformation accelerated by 89% in the last 12 months, with further momentum expected.

The Group delivered revenue and adjusted profit before tax of £22.8 million and £4.5 million respectively, ahead of the Board's prior expectations and with significant progress on our strategy of migrating towards an ARR model. ARR increased by 11% year on year to £10.6 million (2020: £9.55 million), providing more revenue visibility and better quality earnings. Statutory profit before tax was £3.0 million which was in line with expectations.

We are proud to have achieved this without any assistance from government schemes, with no staff furloughed and whilst continuing to pay all relevant taxes.

With the emphasis on businesses' online offerings growing hugely due to the global pandemic, we saw strong demand for our Celebrus family of products. Being able to optimise a customer's online experience and harness the data generated in real time have become ever more important as our clients seek to differentiate themselves and their digital offering in a crowded marketplace.

This demand resulted in a healthy sales pipeline, with new contract wins in the healthcare and telecoms sectors broadening our customer base beyond our traditional financial and consumer markets.

Constantly innovating, we have continued to invest in the development of our products and were proud to launch both Celebrus CDP 9.2 and 9.3 versions during the year. These included newly embedded machine learning and natural language processing capabilities as well as cloud connectivity, reducing data storage costs for clients.

This drive for innovation and the current emphasis on the importance of identity, privacy and data protection has led to the development of our new Celebrus Fraud Data Platform (FDP) which was launched post period-end, taking D4t4 into an exciting new area of fraud prevention and security, along with its associated verticals.

Strategy and position

We have delivered real progress on our aim to transition towards a predominantly ARR model which has had a positive impact on the visibility and stability of our revenue. The shift is being driven by new product innovations and uptake, although the pace is ultimately driven by customer requirements.

We are progressing on our strategy of growing product revenues within our Celebrus family of products. This has been enabled by broadening our offering to target additional verticals such as healthcare, retail, telecoms, automotive and travel, as well as developing innovative capabilities in new versions of our Celebrus CDP software.

Global Reach

We have focused on international expansion during the year, establishing a presence in APAC, as well as investing in our operations in the US and India, which will all be key drivers going forward.

With customers extending the use of our products into additional territories, our software is now used in 27 countries around the globe.

Sales overview

During the year, we saw new international sales wins from customers across Europe, the US, Asia and the Middle East.

These were not only in our core areas of financial services, but also included the automotive, online retail, healthcare and telecoms sectors. The majority of these contracts are on an ARR basis, helping to drive our ARR transition. Existing clients were also key customers over the year, often adding geographical expansions and additional capabilities to current contracts.

Revenue for the year grew by 4.6% to £22.8 million (2020: £21.8 million) with adjusted profit before tax of £4.5 million (2020: £5.0 million). Sales of our Celebrus product family of software and services now make up 81% of total company revenue (2020: 80%). As a result of the improved quality of revenues, gross margins also improved to 62.4% (2020: 60.7%).

We closed the year with £14.2 million in cash up 11% on last year's £12.8 million, and due to the successful fourth quarter, we ended the year with £10.2 million in debtors, which is expected to unwind by the next reporting date.

As we invest behind our newly launched Celebrus FDP fraud product, we expect an increase in operating expenditure as we recruit specialists in this new sector and increase our marketing spend for our new product family.

Partnerships

Our strategic industry partnerships continue to be a focus for future growth and providing geographical reach and business diversity beyond our own core verticals and territories. During the year we have strengthened relationships with key partners including Teradata, Pegasystems, SAS and Dell, working together to innovate and to ensure seamless product integration.

This resulted in the development and launch of a joint innovation with Teradata in April 2020. Celebrus CDP's real time capabilities were integrated with Teradata's Vantage CX software, enabling it to provide customer behaviour data instantly from across all digital channels to create personalised and optimised customer experiences, at scale.

Post period-end, D4t4 also launched a key joint update with Pegasystems to its Pega Customer Profile Designer platform, integrating Celebrus CDP to generate complete, compliant, individual-level digital behaviour data, enabling enterprises to create relevant, contextualised offers and messaging in real-time, for every customer.

Channel partner sales contribute a major proportion of our revenues, so working closely with our partner base to provide solutions driven by customer need is a priority. Further collaborations with our strategic partners are underway and are expected to continue to provide valuable product innovations and updates in the short to medium term.

Markets and opportunities

The benefits of this partner focus are demonstrated by the new opportunities that arise - we are being introduced to different user groups within partners and customers which want to use the depth and quality of our data in new ways. One particular area has been in risk and fraud, which has driven both the development of our new Celebrus FDP software and the requirement for new strategic partnerships to exploit the use of our software and data in those areas.

> “D4t4 Solutions has been a great partner to Pega and our clients. Their data collection solutions are a valuable complement to Pega's decisioning solutions, and they have been central to our winning a number of strategic new business opportunities

HAYDEN STAFFORD
President Global Client Engagement
PEGASYSTEMS

> “We have a long-standing mutually beneficial partnership with D4t4 Solutions and their Celebrus product set, and together we have helped some of the world's largest banks, including three of the top ten retail banks, plus global airlines, telecommunications companies, healthcare providers, and insurers, generate significant incremental revenue and deliver outstanding Customer Experience for our joint clients

STEVE MCMILLAN
President and Chief Executive Officer
TERADATA

Customer Data Platform (CDP)

Celebrus CDP uses machine learning to deliver Automated Marketing Signals. These enable enterprises to better understand customer interest, life events, subscriptions and customer experience in real time. These preconfigured signals reveal new revenue generating opportunities and dramatically limit customer churn.

Celebrus CDP's new natural language processing functionality provides enterprises with a valuable and immediate insight into customer sentiment across all digital channels including online chatbots, complaints feedback and product review forums. Speed is significant because it allows clients to make meaningful interventions 'in the moment' to safeguard customer relationships and reinforce their brand values.

Our solutions give our customers confidence in the depth and quality of their data, safe in the knowledge that they can collect all relevant data from every customer interaction across all digital channels in real time.

The launch of CDP version 9.3 in January 2021, also helps enterprises to substantially reduce their storage costs. As more and more customers engage with businesses through online channels, enterprises are seeing a huge rise in data volumes. Celebrus CDP now includes seamless Cloud connectivity which significantly reduces data storage costs.

Notable wins for Celebrus CDP
during the year included:

- A new business win with a European b2b e-commerce provider
- A multi-year contract extension with an existing global automotive manufacturing customer
- A significant contract expansion with a major US financial services organisation
- An extension of a contract with a major UK bank
- A new business win with a top five Taiwanese insurance provider
- A significant multi-year, fully managed, contract extension with an existing UK top five online retail customer
- A new multi-year contract with a top five middle eastern telecommunications company

celebrus
CUSTOMER DATA PLATFORM

Customer Data Management (CDM)

Our Celebrus customer data management (CDM) technology, previously known as Hybrid Cloud, ensures that digital channel data can be easily combined and managed with any other customer data that exists – thereby enabling customer analytics, optimised customer experiences and more accurate targeted marketing, or for risk and fraud applications all in real time.

Our data migration, data management and data monitoring software is used in many organisations where combining and managing very large historical data sets at scale is the challenge.

We recently launched a new product in this area which enables the detection of unintentional mass data deletions. The mass deletion alert module has been successfully deployed with one major global banking group and has proved invaluable to them immediately.

With companies continually demanding more from their data our CDM software offerings are in greater demand than ever before.

Notable wins for Celebrus CDM
during the year included:

- A significant multi-year contract extension with a major US financial services organisation
- A significant multi-year, fully managed, contract extension with an existing UK top five online retail customer

celebrus
CUSTOMER DATA MANAGEMENT

Technology platform leadership

The evolution of our Celebrus CDP software has continued during the year and we are proud that it remains the leading real time, multi-channel digital data collection platform, used by many of the world's largest financial services and consumer organisations.

This drive for excellence and innovation has resulted in the launch of our completely new capability, the Celebrus Fraud Data Platform (FDP).

Using automated behavioural biometrics to eliminate fraud around the three core fraud use cases of Account Opening, Account Takeover and Payment Processing, FDP is able to identify potentially fraudulent signals in real-time so as to pre-empt occurrence, enabling enterprises to improve their fraud management processes, avoid losses, reduce reputational damage and help with identification of fraudsters even before a fraud has taken place.

FDP helps businesses protect their customers through:

- Behavioural biometrics and analytics which provide seamless detail about users as they navigate digital channels;
- Insights that signal unusual online interactions in real-time to identify fraud across the customer journey;
- Integration to existing fraud detection and investigation systems to identify and prevent multiple fraud types;
- Complete control to quickly adapt to evolving threats.

The launch will incur additional expenditure in the current financial year as the new product will be supported by a new specialist fraud team which is being recruited and we will also be supplementing our installed base customer success team with a number of new hires around the globe.

New Board structure

As previously announced, I will be retiring by the end of June 2022 with Bill Bruno (currently Deputy CEO) assuming the CEO role in due course. Bill and I are currently working closely together to ensure an orderly transition over the coming months, and I will continue to support him after the formal handover through to 30 June 2022.

Additionally, we are intending to create a new Group Operations Board below the main D4t4 Board which will consist of Jim Dodkins (CTO), Mark Boxall (COO) and a number of our existing senior managers; accordingly, Jim and Mark both stepped down from the D4t4 Board on the 30th of June 2021 to lead the formation of the Group Operations Board. This will enable them to focus entirely on the execution and delivery of Group strategy.

I would personally like to take this opportunity to thank Jim and Mark for all their hard work and support during the last six years while I have been CEO and I know that they will ensure the success of the new management structure.

This gives the opportunity to streamline the main D4t4 Board to allow increased focus on corporate governance, group strategy formulation as well as investor and wider stakeholder relations. From the 1st of July 2021 the Board of D4t4 will consist of the Chief Executive Officer, the Non-Executive Chairman, two Non-Executive Directors and (upon making a permanent appointment) the Chief Financial Officer.

Looking forward

D4t4 has performed well during a challenging year. Our strategic focus continues to pay off with good growth in the business and significant progress in the transition to ARR. We continue to lead in our technology segment, through innovation and through customer and partner led development.

We are expanding geographically and are working to develop new partner relationships in different verticals.

As demonstrated by the number of new product launches alongside digital transformation tailwinds, we have entered the current financial year with strong momentum. With the launch of our new fraud offering, and with our improved revenue visibility, order book and pipeline, we are optimistic about the year ahead.

Peter Kear
Chief Executive Officer
28 July 2021

Chief Financial Officer Report

Income statement

Revenue

The Group achieved continuing operations revenue growth of 4.6% despite the impact of the global pandemic to working practices. Revenue was £22.8 million (2020: £21.8 million). The quality of the revenue growth is evidenced by increased Annual Recurring Revenues (ARR) of 11.0% to £10.6 million (2020: £9.55 million).

The Group maintained its international growth with non-UK revenues accounting for 87% of the total revenue for the year (2020: 81%).

As the Group continues the migration to ARR, emphasis on CDP and CDM continues. As the new Celebrus Fraud Data Platform (FDP) product gains traction we expect it to achieve the same prominence, especially to new clients and/or partners. Sales of the Celebrus product family of software and services now make up 81% of total Group revenue (2020: 80%).

Gross margin

The gross margin for continuing operations was 62.4% (2020: 60.7%). The increase in gross margin comes from the growth in revenue from CDP sales. The Group continues to see value in both the direct and indirect models of selling and hence will continue to invest in building long term ARR.

Operating expenses

Adjusted operating profit before tax from continuing operations decreased by 11.8% from £5.1 million to £4.5 million. Operating expenses as a percentage of revenues moved from 38% to 49%. The main cost categories were increased employment costs, share based payments and foreign exchange expenses in the year.

The administration expenses increase relates to additional staff, salaries, bonuses and one-off FDP associated expenses (£1.2 million), foreign exchange charge in the year (£0.7 million) plus a comparative year on year movement from a foreign exchange credit of £0.4 million, share based payments (£0.2 million), director remuneration (£0.2m) and other costs (£0.2 million). This has resulted in an increase of £2.9m to £11.2 million for the year (2020: £8.3 million).

The addition of new staff and the retention, motivation and reward for success of our existing employees are critical for the Group and these additional expenses reflect these aims and the current employment environment. This and the additional costs associated with the development of our new FDP platform contributed to the extra administration expenses. Further, the foreign exchange expense is a consequence of the rapid appreciation of the pound against dollar denominated contracts, which the Group will look to manage going forward, utilising forward foreign exchange contracts.

Taxation

Profitability in the year was lower than last year and as a consequence the tax liability decreased to £0.3 million (2020: £0.5 million). With an effective tax rate of 9%, the Group continues to utilise R&D and Patent Box tax credits. In addition, the Group benefited from the tax impact of share options being exercised in the year.

Earnings per share

Basic EPS for the year was 6.88p (2020: 11.12p) and diluted basic EPS was 6.75p (2020: 11.04p). The basic figure has been calculated using the weighted average number of shares in issue being 40,235,856 (2020: 39,976,957) and the diluted figure using 41,007,252 (2020: 40,276,951).

Adjusted basic EPS was 9.72p (2020: 11.28p) and adjusted diluted EPS was 9.52p (2020: 11.19p) following adjustments for amortisation, share based payments, exceptional items, foreign exchange expense and tax on these adjustments as set out in note 13 below.

Dividend Policy

The Board is today proposing a final dividend, subject to shareholder approval at the 2021 AGM, of 2.0p per share (2020: 1.9p). The final dividend is expected to be paid on 17 September 2021 to shareholders on the register as at the close of business on 13 August 2021.

Financial Position

Intangibles

Goodwill of £8.7 million (2020: £8.7 million) results from the acquisition of Celebrus (Speed- Trap) in 2015 with the net balance of £0.87 million (2020: £0.96 million) of other intangibles representing purchased IPR, trade name and capitalised development costs. The Group expenses the majority of its R&D costs and capitalised £0.2 million in the year (2020: £0.2 million).

Right of use Assets

The Group has applied IFRS 16 Leases for the year commencing 1 April 2020 as it was immaterial for the previous financial year.

The Group has applied the modified approach from 1 April 2020 but has not restated comparatives for the year ended 31 March 2020 as permitted under the specific transitional provisions in the standard. The net asset value at year end was £0.26 million (2020: £nil).

Cashflow and working capital

The Group had strong cash management in the year with net cash generated from continuing operations of £3.3 million (2020: £2.4 million) an increase of 37.5%. The cash balance at the year end was £14.2 million (2020: £12.8 million).

The Group continues to be debt free and maintains a robust financial position following a full year of the global pandemic and with no recourse to any government support schemes. Financing activities increased in the year from £0.2 million to £1.7 million reflecting cash outflow on dividends paid and net purchase of own shares in the year.

Trade receivables have grown by 27.5% in the year to £10.2 million (2020: £8.0 million), reflecting revenue growth and timing differences at year end in relation to an outstanding debt received after the year end. Overall receivables have grown 31.9% due to the increases mentioned earlier and accrued income of £2.6 million (2020: £1.5 million). Inventories fell significantly to £0.1 million (2020: £1.3 million) as the Group delivered goods before the year end.

Trade payables and accruals decreased in the year to £4.1 million (2020: £4.8 million) as the Group continues to pay its suppliers on due dates. Deferred income increased significantly by 53.6% to £6.3 million (2020: £4.1 million) reflecting growth in ARR.

Purchase of own shares

During the year, the Group increased shares held in Treasury to 191,498 (2020: 159,133).

Equity

The principal increase in the year was retained earnings growing by £1.7 million to £20 million (2020: £18.3 million). As at 31 March 2021 the Group had £30.9 million (2020: £29.3 million) attributable to the shareholders of the company.

Total Assets

The Group ended the year with total assets of £41.9 million (2020: £38.9 million) an increase of £3 million.

Nitil Patel
Interim Chief Financial Officer
28 July 2021

> "D4t4 has performed strongly during the year, despite the difficult circumstances, growing revenues by 4.6% whilst also making significant progress in the transition to more visible and better quality earnings, with our key ARR metric advancing 11% in the year.
>
> Throughout FY21 we have continued to innovate; the recent addition of the Fraud Data Platform to the Celebrus product family provides access to a growing $18 billion risk and fraud market and demonstrates the strength of our creative and technical talent. We have also grown geographically, deepened our existing relationships with strategic partners and developed a robust pipeline of new business as demand for enterprises' digital transformation increases.
>
> We have entered the new financial year in a strong position after a record second half and are well positioned for continued delivery in the year ahead.

PETER KEAR
Chief Executive Officer
D4t4 Solutions plc

Key Performance Indicators

Revenue

4.6%

Revenue from sales made to all customers (excluding intra-group sales which are eliminated on consolidation). Reflecting transition to recurring revenue business model

Gross profit margin

2.6%

Gross profit (being less all direct third-party cost of sales) as a percentage of revenue

Adjusted profit before tax

£4.5m

Profit before amortisation of intangibles, share based payment charges, foreign exchange gain/(loss) and restructuring costs

Adjusted diluted EPS

9.5p

Gross profit (being less all direct third-party cost of sales) as a percentage of revenue

Cash and equivalents

10.9%

Strong cash position with no external borrowings allowing for further strategic investment

ARR

11.0%

ARR expected to continue to grow

Total assets

7.7%

Strong financial position with no external borrowings

Net cash generated from operations consolidated

37.5%

Continued net cash generation from operations strengthens the Group’s overall financial position

Customer centricity in a post-pandemic economy

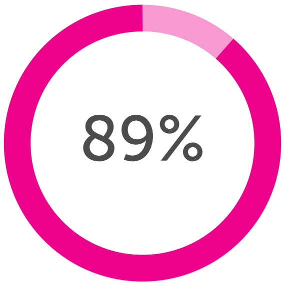
2020 was a year of global transformation, and one of the major changes accelerated by the global pandemic was digital transformation.

At the core of this transformation is anticipating the customer need in a digital-first world. Many organisations were forced to adapt to the new normal of digital interaction as the primary, and in many cases only, interaction with an individual consumer.

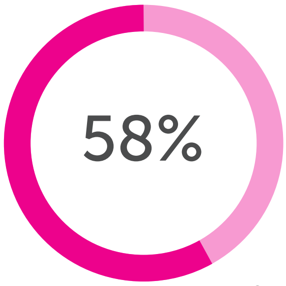
The complexity of the digital landscape, combined with this acceleration, also led to many new approaches to protecting the consumer and the data created and captured about them. Following in the footsteps of GDPR, D4t4 continues to see enhanced legislation around the globe as well as at state-level in the United States. In addition, web browsers and technology organisations continue to crack down on third-party solutions that exist outside of the corporate firewall.

While consumers demand a personalised experience, and expect brands to anticipate their needs, they also expect that their data will be used in a 100% compliant manner. This presents an additional challenge to brands who are attempting to move at the speed of light with data but need to have the confidence that the data being acted on is both ethical and compliant.

This consumer demand, however, must be fulfilled instantly as the patience for slower or less personalised experiences across both channel and device is waning. To deliver that, organisations need to be able to scale and respond in milliseconds, not minutes. However, there are often a whole raft of challenges when it comes to executing at this scale.



of CIOs say their digital transformation has accelerated in the last 12 months

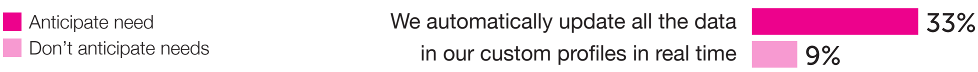


of CIOs say their digital transformation will continue to speed up

Source: Dynatrace 2020 CIO Study

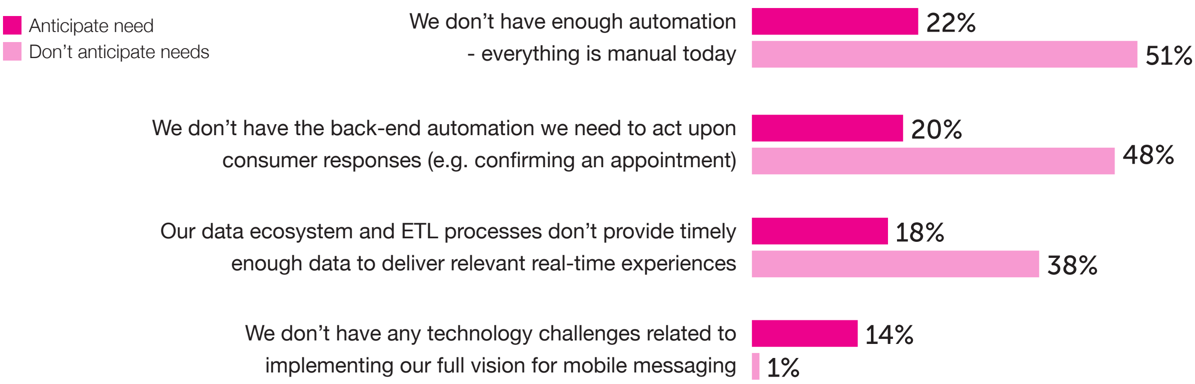
Enterprises lack the automation they need to execute at scale

"Do you agree with the following statement"



Base: 260 digital business executives

"Which, if any, of the following technology challenges does your firm face in implementing your full vision for notifications or mobile messaging. Select all that apply."



Source: "Anticipatory Experiences: The Challenges" by Julie Ask January 20, 2021 (Forrester)

The core opportunity for D4t4

There are four core themes arising as key opportunities for growth which align with D4t4's differentiators in the marketplace as well as with its innovation focus:

Identity

Privacy & Compliance

Activation

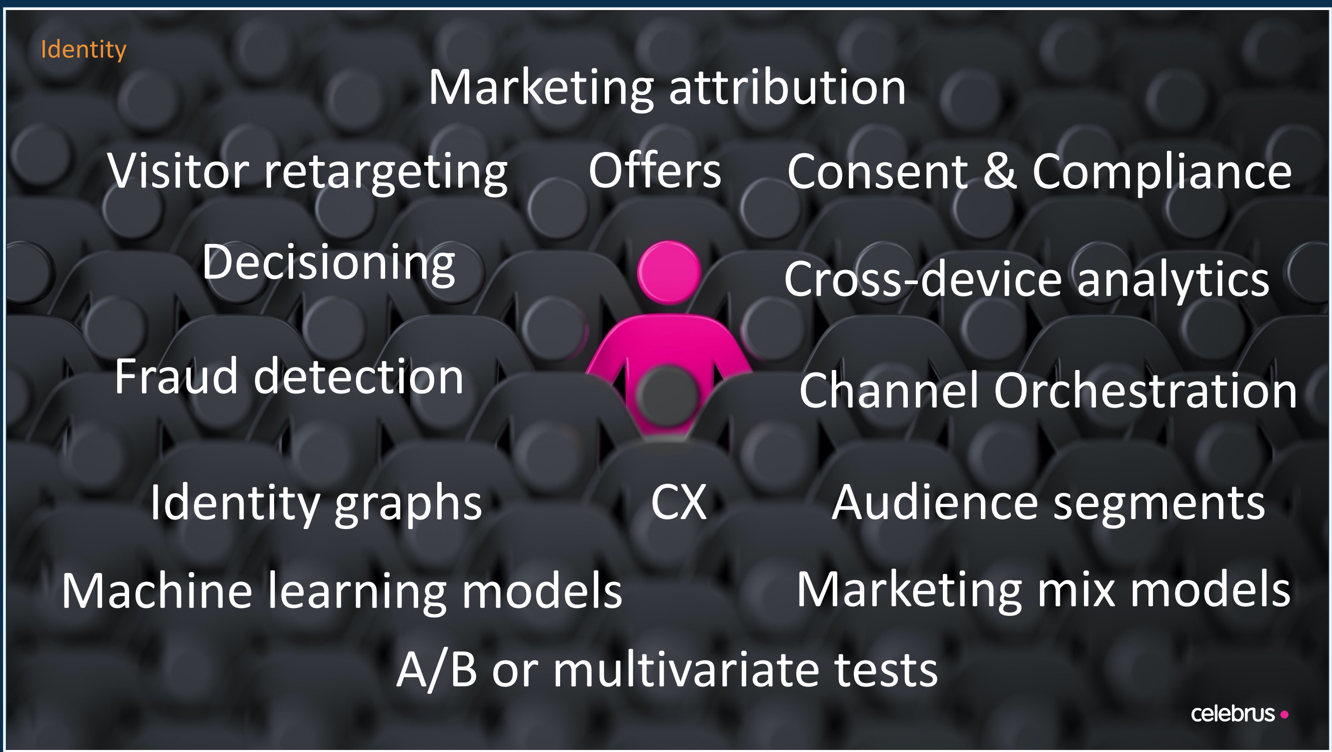
Fraud

Identity

Customer-centricity requires organisations to identify who someone is as they traverse the journey from anonymous to known and everything in between, across both channel and device. To be truly real-time, this identity must exist in the moment and must be able to be stitched together instantly without any delay as new information presents itself. The concept of an Identity Graph is paramount to this discussion and is a core feature of the latest Celebrus CDP version 9.4, launched post-period end in May 2021. Without identity management, the impact of digital transformation for a business can be severely limited.

Recent industry developments, such as Apple's Intelligent Tracking Prevention (ITP) and app-level privacy enforcement as well as browser changes and the blocking of third-party cookies continue to make identity a key issue. It is particularly problematic for traditional tag-based data capture platforms as well as "assembly" CDPs who rely on those solutions to manage customer identity for them before the data lands in their systems.

This presents an opportunity for Celebrus CDP as it is truly first party and is not impacted by the industry changes in any way. Celebrus CDP can quickly and securely identify a customer, in a completely compliant way, leveraging its industry-first true first party identity graph, which is owned and controlled internally by the Group's client within its deployment.

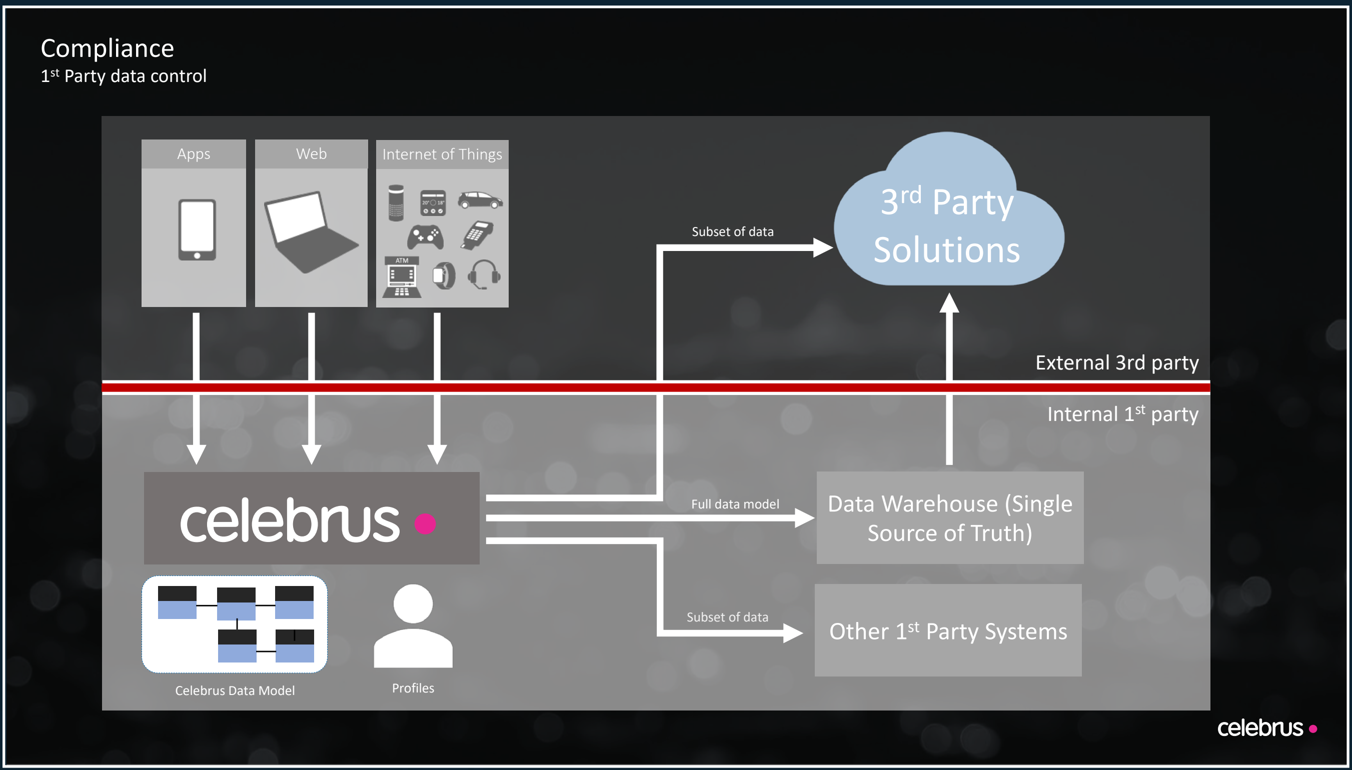


Privacy & Compliance

The core of D4t4's Celebrus product offerings is compliance. D4t4 is referred to by many customers, including Chief Privacy Officers, as the first data solution company to lead with privacy & compliance at the forefront of its platforms.

D4t4's offerings exist behind the firewall in a true, first party manner, which not only ensures that its customers fully own and control any and all data captured about consumers but also that its systems are able to bring this information together in a meaningful, instant manner from other first party systems of record.

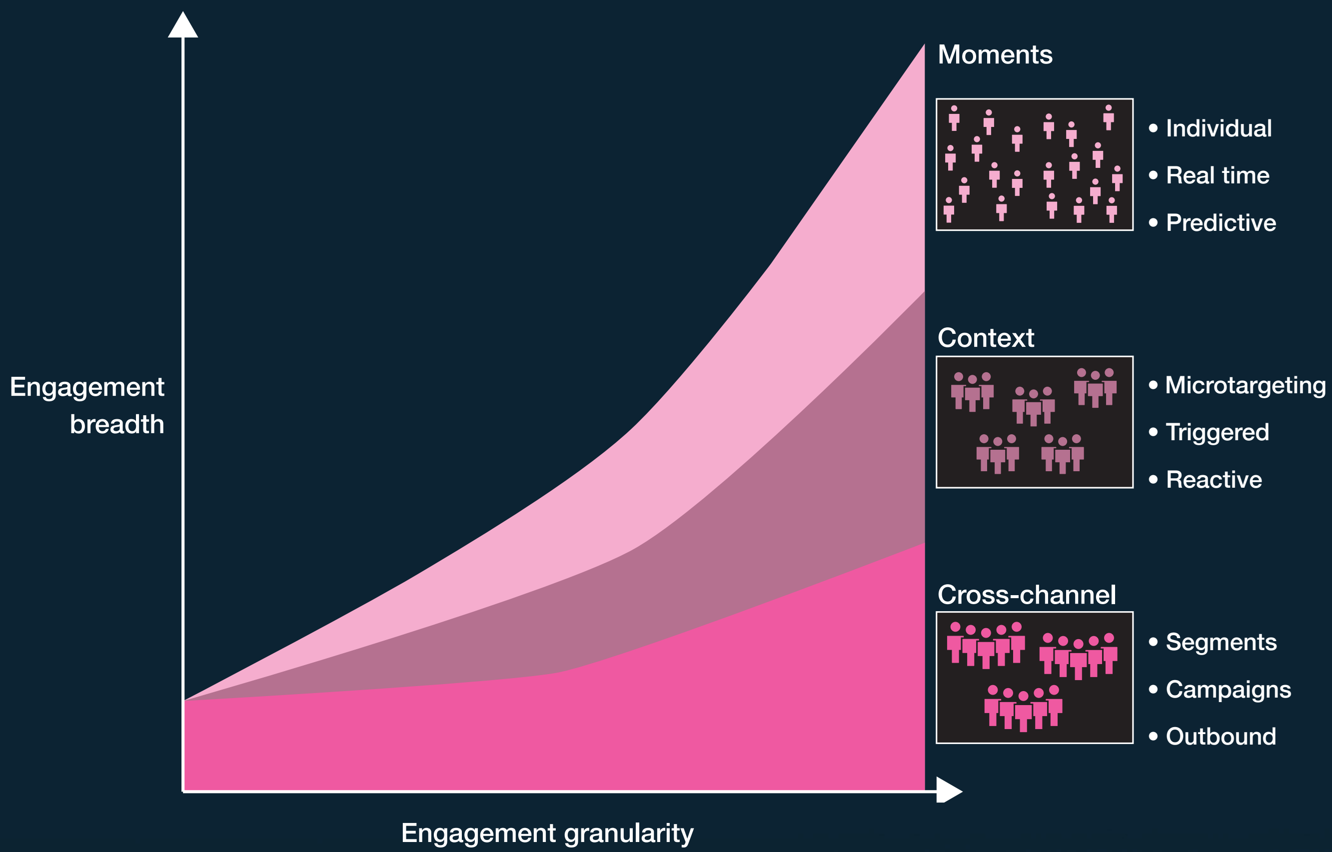
In addition, D4t4 provides Celebrus Control as a module that ultimately ensures that any of its data capture capabilities in the marketplace today adhere to the preferences of a consumer with regards to opt-in and opt-out.



Activation

Forrester refers to creating “Moments” for a consumer as the basis of “table stakes” in today’s economy.

These moments need to be focused on the individual (e.g., 1:1 personalisation) and should be predictive in nature as a result of prior and current context about that individual and the full history of all interactions and profile data available.



Source: Forrester ‘Future of Enterprise Marketing Technology

To do that, the definition of “real time” comes to the forefront. For many of the other CDPs and traditional data capture solutions available, real time means minutes or hours. For Celebrus this is milliseconds.

The bedrock of creating these moments and surfacing the contextual data about an individual is the core Machine Learning (ML) and Natural Language Processing (NLP) capabilities built into Celebrus products that can identify a customer’s intent via modules such as Automated Marketing Signals.

D4t4’s industry-leading partners in the decisioning and personalisation sector (including Pegasystems, Teradata, SAS, Adobe) benefit from having Celebrus data available to deliver upon these moments for customers. Continued global growth with these partners is key to mutual success.

Fraud

Whilst Celebrus has traditionally been focused on business and marketing use, many customers have found ways to use its platform data to identify fraudulent activity. Furthermore, Celebrus CDM has focused on building risk and regulatory environments for Financial Institutions for many years.

The Real Cost of Online Fraud

New research from the Ponemon Institute and sponsored by PayPal looks to understand the current fraud landscape, barriers and challenges organisations face in mitigating the risk of online fraud and the resulting financial losses.

- **$4.5 million** – The average amount organisations are losing per year due to online fraudulent transactions
- **51%** – Say their organisations are prioritising protecting online financial transactions
- **11% decline** – In effectiveness in reducing online fraud due to COVID-19 (45% to 34%)
- **81%** – Say their organisations are more vulnerable as a result of digital transformation

This research was conducted by the Ponemon Institute and commissioned by PayPal. It examines survey data from 632 individuals from December 22, 2020 to January 8, 2021.

With the above in mind, D4t4 has identified a market opportunity to launch a new platform within the Celebrus portfolio: **Celebrus Fraud Data Platform (FDP)**.

The new digital-first economy, combined with the enhanced sophistication of fraudsters, has put organisations in need of identifying the fraudster before the fraud. Celebrus FDP is focused upon providing instant, contextualised data for the purposes of doing just that. This is a completely new market opportunity for D4t4 and the Group will continue to invest in the growth of this new revenue stream with a clear set of differentiators and a battle-tested platform that is market ready today.

Industry Sectors

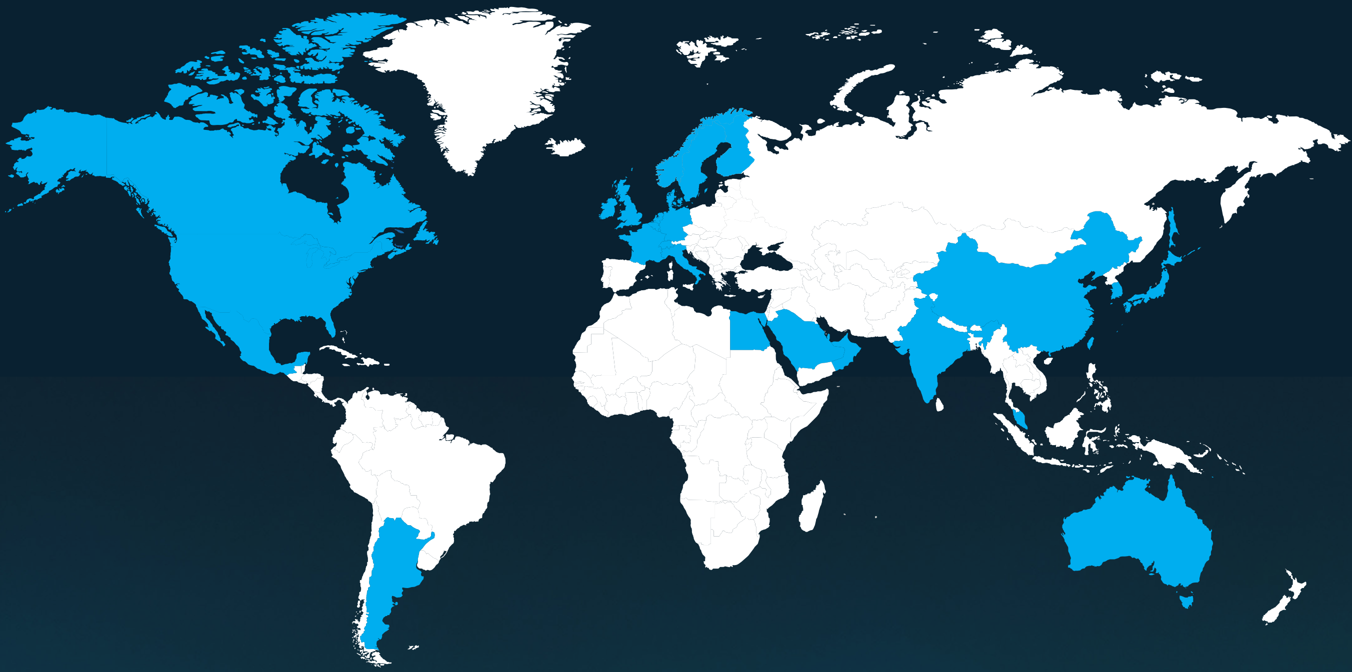
In the past year, D4t4 has seen new wins in both the US Healthcare market and the global Telecoms market. The Group's core focus remains the Financial Services and Insurance sectors, but also with enterprise customers across these new verticals as well as Travel & Hospitality and Retail.

The customer-centricity desire, and the expedited digital transformation investments, are prevalent in every vertical. While the Group continues to expand its core base in the Financial Services industry, it will continue to market its platform more broadly with focused, use-case driven solutions built upon its Celebrus portfolio of products.

Geographic Focus

D4t4 can provide 24/7 support for its customers, partners and end users due to its geographical presence and its talented staff. The Group continues to identify opportunities in each market while also ensuring it balances the right breakdown of skills and capabilities to respond to key industry trends.

The Group's largest growth market continues to be the US, but it also expects to create new global revenue streams with the launch of Celebrus FDP. With the opening of its new office in Sydney, Australia, D4t4 is investing in exploring the APAC market as well as ensuring it continues to review opportunities across Europe and South America.



Vision and strategy

01 Mission

To be on the forefront of powering digital transformation and fulfil the marketplace need for customer-centricity in a real-time, fully compliant manner.

D4t4's Celebrus CDM, CDP, and FDP products are uniquely positioned to make this mission a reality in how the Group engages and deploys across its customer base.

02 Vision

To continually innovate and build a steadily growing business that earns high margins and recurring revenues by partnering with clients to drive maturity in their usage of data along their transformative journey.

D4t4 intends to lead on digital disruption by powering artificial intelligence, machine learning, advanced analytics, compliance, fraud, risk, marketing, and customer experience with the Group's CDM, CDP, and FDP products.

03 Strategy

To deliver the vision, D4t4's strategy is to continue to focus its activity on three complimentary areas for growth:

i. Increasing ARR (Annual Recurring Revenues) derived from Celebrus CDP by leveraging recent innovations in Identity, Compliance and Activation to deliver the most high-value solutions for customers.

ii. To launch and grow ARR for our new Celebrus FDP in the fraud sector and build strategic partnerships that can perform efficiently and better as a result of our instant, contextualised data, combined with machine learning and artificial intelligence.

iii. Generating recurring income through developing, deploying, and managing hybrid cloud platforms that combine the intellectual property, services, software, and hardware needed to help clients evolve their digital transformation. Continue to offer the flexibility and scalability of D4t4's environments to support a hybrid cloud or multi cloud approach.

04
Tactics

This strategy will be executed by continuing to live the Group's core values of innovation, trust, collaboration, and security.

D4t4 will continue to enhance and grow capabilities across the three main pillars of the business: CDM, CDP, and FDP.

The Group has depth of expertise and wide connections within the financial services and consumer sectors, and will continue to further apply its learnings to other verticals and partnerships as it strategically grows its business around the globe. and hardware needed to help clients evolve their digital transformation. Continue to offer the flexibility and scalability of D4t4's environments to support a hybrid cloud or multi cloud approach.

05
Core offerings

To be the best at capturing, unifying, and activating Customer Data, we created the Celebrus Suite of products.

Our Celebrus Suite provides data-driven businesses with a competitive advantage that allows them to unlock the right data at the right time and to activate it to make smarter business decisions.

The suite comprises:

celebrus
CUSTOMER DATA PLATFORM

Allowing businesses to connect instantly with their customers, as if they are face-to-face in real-time.

celebrus
FRAUD DATA PLATFORM

Allowing businesses to protect their customers from online fraud and financial crimes in real-time.

celebrus
CUSTOMER DATA MANAGEMENT

Allowing businesses to turn their raw data into actionable insights with automated ingestion, integration, transformation and delivery.

TOXBASE - The UK National Poisons Information Service

A customer success story

Everyday thousands of people around the world present to medical specialists seeking urgent help following exposure to a chemical or a drug. Whether this is because of an accident, deliberate misuse of a drug or substance abuse in the context of self-harm, speed of response is of the essence and determines outcomes. Medical teams need instant access to high quality, evidence-based and up to date information about the many thousands of different substances that might be involved, the potential side effects of exposure and the appropriate remedial action to be taken by clinical teams.

The Challenge

The National Poisons Information Service (NPIS) saw an opportunity to leverage new technologies to improve access to their service, for all their UK NHS users. They wanted to create a solution that was instantly and equally accessible to all healthcare professionals at the point of care 24hours a day, 7 days a week and 365 days a year, regardless of their location.

Enter TOXBASE. In 1999, NPIS Edinburgh (formerly known as the Scottish Poisons Information Bureau) set about solving this challenge and commissioned D4t4 Solutions plc D4t4 are data solutions experts with a strong reputation for creating innovative data platforms and secure solutions for an impressive range of global clients spanning 26 countries. D4t4 designed, tested and in 1999 together with NPIS led the launch of migrating the TOXBASE solution to the Internet to expand its availability for users and improve speed of access to vital information. It has no fewer than 17,000 + individual entries which are systematically peer reviewed and meticulously maintained, and over 2 million individual page accesses a year.

The Solution

D4t4 Solutions designed and built the data platform for the National Poisons Information Service and has been responsible for the support, maintenance and hosting of this clinical toxicology database for more than 30 years without interruption. They have become the trusted outsourced IT department of NPIS underpinning the production and delivery of the TOXBASE platform. This collaboration of disciplines between the medical and IT worlds is a success story both organisations are rightfully proud of. Ms Lindsay Gordon, Knowledge & Information Manager at NPIS, remarked that “We have always valued D4t4’s knowledge, flexibility and approachability. As an organisation of medics and scientists with limited IT expertise, we love the empathy and care shown by the D4t4 team who always make these IT related matters easy for us to understand and manage. And importantly they have innovated and reliably maintained the platform for us ensuring the highest customer satisfaction levels”.

Web and Mobile App

The TOXBASE solution is available online via web, with hospital departments being the top users of the service accounting for more 60 % of TOXBASE accesses; and via a convenient mobile app where paramedics and emergency departments account for >65% of their subscribers.

In December 2019, D4t4 undertook a significant redesign of the app to improve usability and to create a more seamless user experience for web and app users. The app is available for both iOS and been Android.

Access to TOXBASE remains free to UK NHS staff but can also be purchased by other interested healthcare professionals, private healthcare providers and international poisons centres. The availability of the mobile app has enabled this valuable platform to be more widely used by toxicologists, clinicians, and front-line medical teams the world over. So far it has been deployed in >95 countries.

Celebrus CDP

In 2012 NPIS were looking for a reliable way to see specific types of accesses to the TOXBASE platform in real-time. The Celebrus Customer Data Platform (formerly known as Speedtrap) was deployed to handle their digital data capture on the web. The Celebrus Customer Data Platform (CDP) now provides them with insight into both aggregated usage data and individual user journey data in real time. It is envisaged that the Celebrus CDP will also be deployed on the mobile app to give a complete picture of all their users which will enable deeper understanding and optimisation of the user experience provided over time.

Use Cases and Outcomes

While the major workload of the NPIS is to advise hospital emergency departments, NHS telephone advice services and primary care services when accidental or intentional poisonings occur, real time data insights can deliver value for other use cases.

For example, it can uncover trends in exposures in a region which can give early warning of an impending public health issue enabling both public health authorities and law enforcement to make early interventions to preserve life and valuable resources. (A monograph is a predetermined page providing data on active ingredients, doses, formulations, toxicity, expected features in poisoning, and management advice.)

Having a real time alerting system allows NPIS to see user accesses to specific monographs and can alert them to serious poisonings and incidents. They are then able to contact users to offer additional expert advice during management of their patients which can significantly improve patient outcome.

D4t4 Value

There is a very close working partnership between the team at NPIS and D4t4 Solutions which has endured and thrived for over 30 years. Dr Gill Jackson, Information Services Manager commented "NPIS have no IT qualified staff or infrastructure in-house, and we rely on D4t4's support, technical expertise and guidance to run our TOXBASE platform, which is a critical healthcare resource and front-line NHS service. Therefore, it is crucial for us to work with a partner who can guarantee, 24/7 availability of our platform, immediate response to contacts and adherence to the highest security standards as lives are at stake. We are fortunate to have enjoyed decades of reliable service from D4t4. We look forward to continuing to innovate and expand the access to TOXBASE with their support".

Peter Kear, CEO and co-founder of D4t4 Solutions said "Working with the talented team at NPIS to create the TOXBASE solution has been a privilege for our team. Their trust in D4t4's expertise and willingness to innovate how they democratise access to vital poisons information and treatment information is hugely motivating. Being their partner of choice to deliver this critical healthcare resource which is responsible for saving lives is something that I am immensely proud of and we look forward to continuing and deepening our partnership"

At a glance

1980s Expert resource launched **1999** Application taken online **2015** Mobile App launched	TOXBASE is a wholly owned and managed solution of **The UK National Poisons Information Service** NPIS	Over **7,000** UK Health Departments supported
Approaching **20,000** UK and International TOXBASE Mobile App subscribers	**225,000** Mobile App accesses (+47.4% increase 2019-20)	**>2m** page views from 686,000 user sessions (www.toxbase.org)
More than **17,000** unique substance entries held on TOXBASE	Circa **40,000** telephone enquiries (down 5.6% 2019-20)	Available in **>95** countries and growing

> "We are fortunate to have enjoyed decades of reliable service from D4t4. We look forward to continuing to innovate and expand the access to TOXBASE with their support

Dr GILL JACKSON
Information Services Manager
TOXBASE

> "Being their partner of choice to deliver this critical healthcare resource which is responsible for saving lives is something that I am immensely proud of and we look forward to continuing and deepening our partnership

PETER KEAR
Chief Executive Officer
D4t4 Solutions plc

Tactical plans to manage challenges

Like most technology and innovation companies, D4t4 has several inherent challenges that it must overcome in order to execute its strategy successfully. The table below sets out some of the tactics and actions taken to ensure the Group continues to deliver successful outcomes for its stakeholders.

1. Addressing the global pandemic impact

The global pandemic has had a major impact on many businesses across the world. The way in which D4t4 does business is constantly changing and as a result of the pandemic, some of these changes will be felt for a long time. Whilst the market in which D4t4 operates should not be overly impacted in the long term, there are clearly challenges nonetheless, least of all a reluctance on the part of some businesses to commit to large investment plans in the current environment. Similarly, ensuring the health and safety of all the Group's staff and that products are able to function for all clients at a time when many offices are closed and travel restrictions remain in place, is a priority.

Management actions

- All staff set-up for home-working and able to fulfil duties remotely
- Board meetings and weekly Executive meetings held via video conference
- Stress-testing of forecast scenarios to confirm no cashflow issues
- Working with our Partners and end-user clients to ensure no interruption to service levels
- Continued focus on sales pipeline, supported by ability to offer variety of contracts to suit e.g. SaaS, PaaS, term or perpetual licences

2. Creating the right products

Development resources are allocated based upon financial performance targets and consequently management prioritises product development carefully. The challenge is to understand the market and make the right investment decisions which will deliver a return on investment for all stakeholders as well as add value to D4t4's clients.

Management actions

- Frequent client and partner engagement to understand evolving requirements
- Interaction with industry analysts to understand current and future trends
- Attendance at industry events and seminars to widen knowledge
- Growing the development team, especially in areas such as mobile and AI
- Structured product planning meetings involving all stakeholders
- Exploration of Client Advisory Boards to generate more input from the Group's install base for its Product Planning team

3. Sales cycle management

The sales cycle for D4t4's products and services is generally greater than one year due to the cutting-edge nature of the Group's products. Also, there are multiple stakeholders within the client that have to be addressed and due to the size of projects, internal budgets have to be planned far in advance. The challenge is to manage the sales pipeline so that investor expectations for steady, predictable growth can be met.

Management actions

- Fortnightly sales reviews
- Monthly Board review of the sales pipeline
- Regular review of account plans for every major client
- Relationship mapping for major clients
- Flexible pilot projects offerings to engage the client early in the process
- Renewed focus on Partner education and activation in the marketplace

4. Expanding the relationship base

To increase the breadth and depth of D4t4's revenue streams, the Group needs to expand both the number of partners through which sales are made and the number of direct client relationships it has. To achieve D4t4's stated financial performance targets, resources need to be carefully allocated between sales, marketing and partnering activities

Management actions

- Additional strategic sales & marketing investment
- Growing partner base
- Mix of direct and indirect commercial relationships
- Deeper understanding of client needs

5. Developing the right talent

As the Group has evolved into a data-focused technology and innovation company, retaining, developing and motivating existing and new staff is even more essential. As always, the challenge is to create a balanced, flexible, diverse and highly talented global team

Management actions

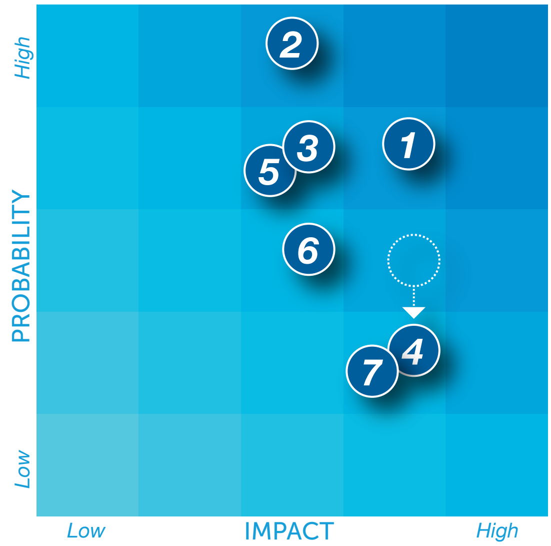
- Effective upskilling
- Flexible working
- Redeployment where possible and cost effective
- Increased communication
- Remuneration, including share options and other benefits, reviewed annually

Principal risks and uncertainties

D4t4 faces the standard economic, commercial and political risks facing a global technology business with employees, customers and suppliers spread across the world. Whilst in the short term the extraordinary circumstances created by the global pandemic have not negatively impacted the business, clearly the uncertainty this crisis continues to create impacts the risk profile of the Group.

The risk level of a number of the principal risks and uncertainties mentioned below have remained unchanged since the last Annual Report and the Group remains well-placed to mitigate these.

The structure, remit and reporting of the Group's Risk Committee is explained on page 38 of this Annual Report.



① Execution timing
② People risks
③ Market and regulatory changes
④ Client or partner loss
⑤ Foreign currency management
⑥ Competition
⑦ Data loss and reputational risk

RISK TREND

↑ Increasing → No change ↓ Decreasing

RISK	RISK LEVEL	MITIGATION
1 Execution timing →		
A key aspect of D4t4's strategy is the delivery of product, services and projects in line with its business plan. Failure to deliver on our services within the constraints of customers and the Group's fiscal periods would impact its overall objectives.	Risk remains mitigated with ongoing improvement to standardised delivery processes, though the global pandemic has inevitably increased the risk of delays in execution.	D4t4's clients are typically engaged on multiyear programmes, so the Group invests significantly in sales, marketing and partner activities to ensure it can plan and predict the associated growth and revenue targets. Collaboration tools are being used whilst working from home to maintain regular and effective communication with partners and clients.
2 People risks →		
A loss or failure to attract key personnel could impact the ability of the Group to execute on its strategy, causing adverse reputational and operational challenges.	Increased risk that employees may be lost on a temporary basis at least, due to the global pandemic.	Key individuals are identified, succession plans put in place and actions taken to spread the risk between more individuals. The global pandemic risks are mitigated by existing and robust business continuity plans.

RISK	RISK LEVEL	MITIGATION
3 Market and regulatory changes →		
The Group is exposed to the risks of changing regulations for the collection of consumer data. Some of these changes could impact D4t4's performance and outlook, positively or negatively.	The Risk Committee have carefully considered this and deem there to be no change in risk.	D4t4 closely monitors the markets in which it operates with enhanced collaboration with clients, suppliers and partners. It then plans product, project or operational changes to ensure it is minimising the impact of changes. The Group follows proposed regulatory changes closely and where necessary adapts processes and policies.
4 Client or partner loss ↓		
The loss of a key client or significant sales partner would impact the ability of the Group to meet its key business objectives.	The global pandemic has made it more likely that a client or partner could be lost, though this risk is well mitigated.	The business has specific relationship management plans in place for both clients and partners. The status of the relationships is reviewed by management on a regular basis and actions are in place to reduce the risk of loss. The increased risk is mitigated by the market sector in which the majority of the Group's clients operate, a move to a higher recurring revenue model with improved visibility of future revenues and broadening of sales partners.
5 Foreign currency management →		
Significant changes in foreign exchange rates can result in reduced profitability due to cash collection values not matching transaction values and an increased potential for currency losses in the income statement.	As the global pandemic continues, the currency markets are particularly volatile and much uncertainty remains.	Foreign currency fluctuation risks are mitigated via the use of vanilla financial instruments, mainly utilising forward foreign exchange contracts. As a consequence, there is no change in the risk profile.
6 Competition →		
New competitors or changes to existing competitors' products can significantly alter the market dynamics, which in turn risks the position and standing that D4t4's own Intellectual Property has in the financial and consumer marketplace.	The Risk Committee carefully and constantly reviews this and considers the Group is ready for any opportunities as they arise.	The Group continually scans the market for potential technology threats and has a development process in place to ensure its own technology continues to evolve to meet client needs, that cannot be easily disrupted, and which can be protected by patents.
7 Data loss and reputational risk →		
A significant IP, data loss, or security breach could impact the brand and reputation of the Group.	The Risk Committee have considered this with respect to the global pandemic and conclude this is mitigated via existing information security controls.	D4t4 is certified to ISO 27001 and operates an information security process that controls and minimises the risks. This process is externally assessed yearly. These risks are mitigated via existing and established information security controls.

Corporate responsibility

The global events of 2020 have highlighted more than ever the need for businesses to operate in a socially responsible and environmentally sustainable way and to look after their staff by providing a safe operating environment. D4t4 conduct its activities to the highest ethical standards and expect clients and suppliers to embrace these same principles.

As the Group expands, it has formalised its efforts in Environmental, Social and Governance (ESG), and has established an ESG Committee, with nine diverse colleagues from across the Group including a Non-Executive and Executive member. The Committee has focussed on key environmental aspects and, in light of the global pandemic, charitable activities.

Environment

Policy statement

D4t4 cares about the environment and fully supports, and is committed to, the principles of promoting good environmental practice and sustainability in the conduct of its activities. The Group wants to ensure that any adverse effects on the environment are kept to a minimum.

It aims to do this by:

- wholly supporting the requirements of accepted international standards and current EU environmental legislation and codes of practice.
- minimising consumption through the reduction, reuse or recycling of materials as much as possible.
- encouraging efficient use of energy, utilities and natural resources.
- continually strives to improve environmental performance.
- communicating its environmental commitment to clients and suppliers and encouraging their support.

Carbon emissions

The Group's recent Head Office refurbishment was conducted with a strong environmental ethos at its core, focusing on delivering the latest standards in insulation, lighting, heating and energy waste reduction.

The electricity supply at D4t4's Head Office is based entirely on renewable energy sources. In addition, an electric vehicle car charging facility has been installed.

The rollout of improved office collaboration software is facilitating a more dynamic and flexible workforce whilst further reducing travel and associated environmental impacts.

Further, the ESG Committee has agreed that over the coming year, the Group will increase its focus on energy minimisation, the use of renewable energy, considerations of carbon emissions offset options for the Group as a whole, as well as recycling initiatives.

Energy Consumption and Waste

Following its refurbishment in 2018, the electricity supply at D4t4's Head Office is based entirely on 100% renewable energy sources. The data below is for the calendar years 2018, 2019 and 2020, and for the Head Office only. During FY22, the ESG committee will aim to begin reporting on and setting targets to reduce emissions for all operations worldwide. It should be noted that the 2020 data is heavily skewed by the global pandemic which significantly reduced energy and waste consumption in the office due to the majority of staff working from home for most of the year.

Total energy (KWh)
-53%
Electricity -48%
Gas -91%

Total waste (kg)
-18%
Recycling -32%
General waste -14%

	2020	2019	2018	Variance	%
Electricity (KWh)	**177,533**	342,783	275,041	-165,250	-48%
Gas (KWh)	**3,692**	39,673	99,227	-35,981	-91%
Total energy (KWh)	**181,224**	382,456	374,268	-201,232	-53%
Recycling (kg)	**623**	922	1,521	-299	-32%
General waste (kg)	**3,158**	3,664	963	-506	-14%
Total waste (kg)	**3,781**	4,585	2,484	-804	-18%
% recycling	**16%**	20%	61%	-4%	-18%

Charitable activity

Although D4t4 has always informally supported charitable activities for many years, the impact of the global pandemic has prompted a refresh and reassessment of the Group's activities. To better understand its global colleagues, and as part of the initiatives started by the ESG committee, the Group is now launching a survey to assess what colleagues care most about and would like to support going forward. D4t4 will look to implement a range of initiatives and activities during 2021.

Colleagues

D4t4's key asset is its staff. The Group values teamwork, taking personal responsibility, positive attitudes and working hard to deliver beneficial outcomes for clients, staff and shareholders alike. The Group encourages personal learning and development to create a more sustainable workforce and is very proud of its low attrition rates with the average length of tenure being over 9 years.

The ESG committee will be looking at ways to continue to improve employee wellbeing, teamworking and communication in the coming months.

Ethical Business Practices

Human rights

D4t4 Solutions fully recognises and supports the protection of Human Rights, the UN Universal Declaration of Human Rights (UDHR) and the ten principles of the UN Global Compact.

Anti-corruption and bribery

It is the Group's policy to conduct all its business in an honest and ethical manner. It takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates - implementing and enforcing effective systems to counter bribery.

D4t4 will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which it operates.

As a UK plc, the Group remains bound by the laws of the UK, including the Bribery Act 2010, in respect of its conduct both at home and abroad.

Modern slavery

D4t4 has a zero-tolerance approach to modern slavery and will act ethically and with integrity in all its business dealings and relationships. The Group's approach is also underlined by its recognition and support for the UDHR and UN Global Compact. Supplier engagement includes a check on approach to modern slavery and a record is noted with respect to their statement on modern slavery.

Diversity and Inclusion

Creating a diverse, inclusive and great place for colleagues to work is a core focus for the Group. It also fosters an environment that enhances innovation, creativity and productivity.

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at D4t4 are based on merit, qualifications and abilities.

Except where required by law, employment practices will not be influenced or affected by an applicant's or employee's race, colour, religion, gender, national origin, political affiliation, marital status, sexual orientation, age or any other characteristic protected by law.

This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Health & safety

D4t4 is committed to maintaining high standards of health and safety.

The Group's response to the global pandemic has clearly been a priority and it has been and remains committed to ensuring the safety of all colleagues both now and in the future. All colleagues are set up for home working and able to fulfil duties remotely. Office layouts and guidelines have been introduced for colleagues working in the office, and for any visitors to the Group's offices in line with government recommended procedures.

Section 172 statement – our stakeholders

The Board recognises the importance of setting high standards of corporate governance and complying with all legal requirements. In particular, the Directors are required to act in accordance with a set of general duties as detailed within section 172 of the UK Companies Act 2006. These duties are summarised as follows;

A Director of a Company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term
- The interests of the Group's employees
- The need to foster the Group's business relationships with suppliers, customers and others
- The impact of the Group's operations on the community and environment
- The desirability of the Group to maintain a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

Our stakeholders

The Board during its discussions, deliberations and decision-making, acknowledges its duty to consider the needs and concerns of the Group's key stakeholders. How this has been discharged under section 172 of the Companies Act 2006 is further available in the rest of this Strategic Report on pages 4 to 29 and Corporate Governance Report on pages 31 to 55.

Employees

Employee briefings

Quarterly briefing sessions are held with the Board to enable colleagues to ask questions, raise issues and to be provided with updates on the business.

Performance updates

Key performance information such as trading updates and financial results are always promptly communicated to the Group.

Surveys

Confidential surveys are performed in the Group and action plans are developed in response.

Share schemes

The Group has in place Share Option Plans to enable employees to become personally invested as shareholders of the Group.

Suppliers

Trusted pertnerships

The Board is committed to building trusted partnerships with the Group's suppliers, which are crucial to delivering many of our commitments.

Engagement and communication

We have in place a programme which ensures regular engagement and communication with all key strategic partners and suppliers.

Partner portal

Partner portal re-launch has better enabled our partners around the globe for our Celebrus family of products.

Customers

Customer Advisory Board (CAB)

Creation of a CAB with a global remit to ensure proper flow of information from our key customers to our engineering teams. This is also used to vet and adjust upcoming product roadmaps to ensure we are solving for the key issues in the marketplace.

Customer and Partner portal

Redevelopment and launch of our Customer and Partner portal to allow for better sharing of information and more engagement with all parties.

Customer success meetings

Ongoing Customer Success meetings and development of strategic plans for existing customers on an annual basis.

Service reviews

Regular service reviews with customers
to ensure we continue to add value across our customer base.

Key resources

Investment in key resources around the globe to continue to support our growth and existing customers.

Marketing and messaging

Various marketing and messaging to not only ensure awareness of new features but to also support our customer onboarding into the newer platforms of Celebrus.

Case studies

Inclusion of key customer case studies as part of our PR campaign to raise awareness of the value of the Celebrus family of products.

Shareholders

Annual General Meeting ("AGM")

The AGM is a key opportunity for engagement between the Board and shareholders.

Analysts and investor meetings

The Executive Board hold analyst and investor roadshows meetings throughout the year, particularly following the release of the Group's interim and full year results and feedback from those meetings is shared with the Board.

Annual Report and Accounts

The Group's Annual Report and Accounts is made available to all shareholders both online and in hard copy where requested.

Group website

Presentations and announcements and other key shareholder information is available on the investor section of the Group's website.

This strategic report was approved by the Board on 28 July 2021 and signed on its behalf by:

Peter Kear
Chief Executive Officer

Corporate Governance

Contents

Chairman's introduction to governance

Dear Shareholder

I am pleased to report on the corporate governance procedures undertaken by D4t4 for the financial year 2021.

The Board recognises the importance of high standards of corporate governance for delivering long-term success to the Group and acknowledges its role in setting the culture, values and ethics of the Group (as outlined in Principle 8) and communicating these to all the Group's stakeholders.

This requirement is set out formally on the following page. The Board meets regularly to discuss the monitoring and promotion of a healthy corporate culture. The Chairman has ultimate responsibility for corporate governance matters and has overseen the preparation of this governance statement accordingly.

AIM Rule 26 was amended to require all AIM companies to disclose details of a recognised corporate governance code that its Board of Directors has decided to apply, how the Group complies with that code and, where it departs from its chosen corporate governance code, an explanation of the reasons for doing so.

The Board believes the Quoted Companies Alliance Corporate Governance Code 2018 ("QCA Code") is the most applicable set of principles for governance considering the size, resource and current development stage the Company is in. Board discussions are conducted openly and transparently, which creates an environment for sustainable and robust debate. In the year, the Board has constructively and proactively challenged management on Group strategies, proposals, operating performance and key decisions, as part of its ongoing work to assess and safeguard the position and prospects of the Group.

Key risks and uncertainties affecting the business are regularly assessed and updated. The Board challenges management to ensure appropriate risk mitigation measures are in place. The Board has completed a full, specific review of the Group's key risks and uncertainties (pages 24-25 of the 2021 Annual Report), in light of the new and emerging risks or uncertainties arising from the Group's strategic growth plans and the wider economic, political and market conditions. As part of a critical review of the Group's procedures, a rolling risk review process has been developed which seeks to ensure that risks are constantly monitored, assessed and quantified, so that action may be prioritised by the Board accordingly.

The incidence of the global pandemic this calendar year has resulted in unprecedented times. Noting that uncertainty is commonplace in the world both economically and societally, the Board of D4t4 continues to recognise that now more than ever there is a need for strong leadership. Since March 2020 the Board has embarked on holding additional meetings to coordinate the operations of the business, whilst ensuring the safety and welfare of its employees.

As mentioned in my statement on page 3 various Board changes have occurred during the financial year and after the year end. These changes give the opportunity to streamline the main D4t4 Board to allow increased focus on corporate governance, group strategy formulation as well as investor and wider stakeholder relations. From the 1st of July 2021 the Board of D4t4 will consist of the Chief Executive Officer, the Non-Executive Chairman, two Non-Executive Directors and (upon making a permanent appointment) the Chief Financial Officer.

Finally, the Board continues to engage with shareholders and welcomes ongoing dialogue throughout the year. Due to the pandemic, this year's AGM will be a closed meeting but I welcome your participation in the accompanying online investor meeting immediately afterwards.

A statement of the Directors' responsibilities in respect of the accounts is set out on page 55 of the 2021 Annual Report.

By order of the Board

Peter Simmonds
Non-Executive Chairman
28 July 2021

Board of Directors

Peter Simmonds
Non-Executive Chairman

Peter was appointed to the Board as Chairman in April 2015. He was CEO of dotDigital Group plc for eight years and a major contributor to their success prior to stepping down. He is also Chairman of Cloudcall Group plc and is a Board member of the Quoted Company Alliance.

COMMITTEES

A N Re

Peter Kear
Chief Executive Officer

Peter co-founded D4t4 Solutions in 1985. Prior to this he was a divisional director for Hawke Electronics, then a subsidiary of Lex Service plc. He became CEO in 2016, having been responsible until then for both the sales and business development aspects of the Company. His position as CEO involves overall responsibility for the management of the Group's activities and he works closely with the other Executive Directors on the determination of the Group's overall strategy.

COMMITTEES

N

Jim Dodkins
Chief Technical Officer

Jim is responsible for the Group's strategic direction in technology, specialising in solution architecture for D4t4 Solutions and its clients, and is a member of the Risk Committee. Prior to joining D4t4 Solutions he worked for Logica plc in various roles, where he gained wide industry experience and later managed the division responsible for projects in the broadcast and media sector.

COMMITTEES

Ri

Mark Boxall
Chief Operating Officer

Mark brings a wealth of knowledge and experience in the areas of sales, delivery, operations and finance having been both board director and senior manager at technology consultancies and product based technology companies such as rbase, Morse, PTC and Siemens, and most recently Dell EMC.

Monika Biddulph
Non-Executive Director

Monika has a wide range of experience in both the commercial and technical aspects of an international technology business. In over twenty years at ARM, Monika held various General Manager, IP licensing and technical roles in the business. Currently Monika is also a Non-Executive Director on the board of Ilika plc. She was previously NED at Linaro Limited, and holds a PhD in High Energy Particle Physics from the ETH Zurich. She was appointed to the Board in December 2019.

COMMITTEES

A N Re

Peter Whiting
Non-Executive Director

Over a 30-year career, Peter has gained extensive financial and commercial experience. His core skills are centred around the financial services and technology industries; he has the proven ability to quickly understand complex technologies and their applications and at the same time successfully developed strong interpersonal and management skills which have enabled him to build a technology-led NED portfolio. He is currently a Non-Executive Director of Aptitude Software Group plc, FDM Group plc and Keystone Law plc.

COMMITTEES

A N Re

BOARD OF DIRECTORS KEY

EXECUTIVE NON-EXECUTIVE

COMMITTEE MEMBERSHIP

- A Audit Committee
- N Nomination Committee
- Re Remuneration Committee
- Ri Risk sub-Committee
- Chair of Committee

Statement of corporate governance

The likely consequences of any decisions in the long-term	Please refer to Principle 1 – "Establish a strategy and business model which promote long-term value for shareholders" on page 35 and Principle 9 – "Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board" on page 42.
The interests of the Group's employees	Please refer to Principle 3 – "Take into account wider stakeholder and social responsibilities and their implications for long-term success" on page 36. Particular attention is drawn to the section on staff.
The need to foster the Group's business relationships with suppliers, customers and others	Please refer to Principle 3 – "Take into account wider stakeholder and social responsibilities and their implications for long-term success" on page 36. Particular attention is drawn to the sections on clients, suppliers and industry bodies.
The impact of the Group's operations on the community and environment	Please refer to Principle 3 – "Take into account wider stakeholder and social responsibilities and their implications for long-term success" on page 36. Particular attention is drawn to the sections on communities and the environment.
The desirability of the Group to maintain a reputation for high standards of business conduct	Please refer to Principle 8 – "Promote a corporate culture that is based on ethical values and behaviours" on page 41.
The need to act fairly as between the shareholders of the Group	Please refer to Principle 1 – "Establish a strategy and business model which promote long-term value for shareholders" on page 35 and Principle 2 – "Seek to understand and meet shareholder needs and expectations", also on page 35.

This statement explains how D4t4 Solutions plc has applied the main and supporting principles of corporate governance and describes the Group's compliance with the provisions of the QCA Corporate Governance Code (2018).

For the purposes of clarity and candour, the description of how the Group complies with the ten key principles of the QCA Code begins with a summary of the two areas where the Group does not yet fully comply, followed by a review of each of the principles in turn.

No significant corporate governance matters arose during the period covered by the 2021 Annual Report nor subsequently to the date of this statement on which it was considered necessary for the Board or any of its Committees to seek external advice.

The Board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.

Exceptions to the application of the QCA Code

The following table summarises the specific areas within one of the principles where the Board considers that the Group does not fully comply, or may be perceived as not fully complying, with the QCA Code.

Principle 5 (Maintain the Board as a well-functioning, balanced team led by the Chair)	Exceptions and explanations
Application: The Board should have an appropriate balance between Executive and Non-Executive Directors.	During the 2020/21 financial year, the Board consisted of 8 members, 4 Executive and 4 Non-Executive of whom 3 were considered independent. On 31 March 2021 and 28 April 2021 respectively, J Lythall and C Irvine resigned from the Board. On 30 June 2021 J Dodkins and M Boxall resigned from the Board. This means that as at 28 July 2021, the Board comprises one Executive and three Non-Executive members, all of whom are considered independent. The general expectation that at least half of a Board should be independent Non-Executives has been satisfied since year-end.

Principle 6 (Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities)	Exceptions and explanations
Application: The Board should contain the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the Group's strategy over the medium to long term.	The male to female ratio on the Board is presently 3:1 and there are currently no female Executive Directors. We believe that this reflects a strong gender bias in the technology industry as a whole, and the Board remains confident both that the opportunities in the Group are not excluded or limited by any diversity issues (including gender) and that the Board nevertheless contains the necessary mix of experience, skills and other personal qualities and capabilities necessary to deliver its strategy.

The Principles of the QCA Code

Principle 1 - Establish a strategy and business model which promote long-term value for shareholders

The Board's shared view of the Group's purpose, business model, opportunities and strategy, and the values underpinning them, are detailed in the Strategic Report within pages 12 to 19 of the 2021 Annual Report as follows:

- "What we do" (pages 12 to 17) explains what D4t4 Solutions' services and products are.
- "Vision and strategy" (pages 18 to 19) considers how D4t4 Solutions seeks to realise its' vision of earning high-margin, recurring revenues.
- "Business model and opportunities" (pages 12 to 19) reviews D4t4 Solutions' key strengths, capabilities and values. This is further illustrated with a case study (pages 20 to 21).

The Group's approach to delivering long-term value for shareholders is addressed in the Statement of the Chief Executive Officer on pages 4 to 7. Pages 18 to 19 set out the Group's Vision and Strategy and pages 24 to 25 ("Principal risks and uncertainties") detail the key risks faced by the business and how these continue to be addressed.

Principle 2 – Seek to understand and meet shareholder needs and expectations

Relations with shareholders and dialogue with institutional shareholders

The Board as a whole is responsible for ensuring that a dialogue is maintained with shareholders based on the mutual understanding of objectives.

Members of the Board meet with major shareholders on a regular basis, including presentations after the Group's announcement of the year-end results and at the half year.

In addition to regulatory news announcements the Directors have published the annual report and accounts, the annual results presentation, the half year results and announcements on new contract wins as they arise.

In the period from 1 April 2020 to the date of this corporate governance statement, the following activities and events with stakeholders have been arranged with the view to:

- Communicating the Group's business model, strategy and values,
- Provide financial updates and explanations sought by shareholders, and
- Engage with shareholders to fully understand their needs and expectations.

Date	Description of engagement	Group participants	Notes
June 2020	Preliminary results roadshow	P Kear, C Irvine	
August 2020	AGM	Directors	Shareholders invited to attend online Q&A session due to the global pandemic
November 2020	Interim results roadshow	P Kear, C Irvine	
June 2021	Preliminary results roadshow	P Kear, G (Bill) Bruno, N Patel	
August 2021	AGM (scheduled 26 August)	Directors	Shareholders invited to attend with Q&A session (TBC due to the global pandemic)
Various	Shareholder/potential shareholder meetings	P Kear, G (Bill) Bruno, N Patel	

The Board is kept informed of the views of shareholders and other stakeholders at each monthly Board meeting through a report from the Chief Executive Officer together with formal feedback on shareholders' views gathered and supplied by the Group's advisers. The views of private and smaller shareholders, typically arising from the AGM or from direct contact with the Group, are also communicated to the Board on a regular basis.

P Simmonds is available to shareholders if they have concerns where contact through the normal channel of Chief Executive Officer has failed to resolve or for which such contact is inappropriate. P Simmonds can be contacted through the UK head office contact information shown on our website.

Constructive use of the AGM

The Board uses the AGM to communicate with private and institutional investors and welcomes their participation.

All members of the Board usually attend the AGM but due to the global pandemic this was not possible last year. Instead, the AGM was a closed meeting but all shareholders were invited to attend an online presentation and Q&A session immediately afterwards.

At all investor meetings, shareholders are asked to confirm that their questions have been successfully answered. At the year end and interim presentations to shareholders, the Group's Nominated Advisor consults with attendees for feedback to ensure that future presentations encapsulate their requirements where possible.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board is fully aware that the long term success of the Group relies upon maintaining successful relationships with a range of different stakeholders, both internal and external. The table below identifies who the key stakeholders are and how we engage with them.

Stakeholders	Reason for engagement	How we engage
Staff	Our ability to provide an industry leading software and services business is dependent upon good communications within our organisation.	We have identified our internal values in order to recruit and maintain talented and motivated staff. These values form the basis of all communications which are sought through internal appraisals and regular cross-functional meetings. There are also regular opportunities for the staff to engage with other parts of the organisation and recognise the successes of others. Examples include fortnightly staff breakfasts and quarterly Group-wide "Town Hall" meetings, which are held to provide staff with an operational and sales update on what is happening within the business and ask any questions they may have of any of the Executive Team.

Stakeholders	Reason for engagement	How we engage
Clients & Partners	Understanding current and emerging requirements of clients enables us to develop new and enhanced services, together with software to support the fulfilment of those services.	We have account managers and account directors whose primary responsibility is to engage with our clients and partners to understand and develop our products and services so that we can work with them to exceed their requirements. In relation to our own IP products we seek formal and informal feedback on product roadmap and enhancements via our support offering and annual user group meetings.
Suppliers	Our relationships with our suppliers are key to the core success of our business.	We treat all suppliers as individuals, build long term collaborative relationships and where possible work within the local community. Our partnership and purchasing teams seek to build ongoing communication with our suppliers so that feedback can be received and acted upon. We seek to ensure that supplier invoices are processed and paid promptly.
Shareholders	As a public company it is vital that we build relationships with our shareholders so that we can both inform them of our successes and listen to their guidance.	This is achieved in several ways: • Regulatory news releases • Investor relations section of the Group's website • Annual and half-year reports and presentations • AGM • Capital Markets day and Technology demo events Our intention is to engage with our shareholders to inform them of our successes and to listen to the question and comments. This feedback is usually received at the AGM and the investor presentations.
Industry bodies	Information security is fundamental to our business, clients, partners, suppliers and associated data subjects and so we ensure that our policies and procedures provide a cohesive approach to this important area.	We have an established information security management system which encompasses independently audited ISO27001 and PCI DSS controls, industry best practices, as well as latest regulatory requirements including General Data Protection Regulations (GDPR) and the UK Data Protection Act (2018). Our experienced Information Security Committee ensure that governance, risk and compliance is actively managed and that our policies and procedures evolve to meet ongoing requirements.
Communities	We consider that it is important to be a business that makes a positive contribution to local economies and is attractive as an employer and partner.	We look to recruit locally experienced staff and through the local universities, both in the UK and India. We employ local suppliers where possible and throughout the year, we encourage staff to identify charities that they have an affiliation with for the Group as a whole to support.

Stakeholders	Reason for engagement	How we engage
Environment	Irrespective of our status as a public company, it is part of our ethos to conduct business operations that minimise any adverse impact on the climate these may have.	We endeavour to use technology wherever possible such that meetings with both internal and external stakeholders can be held online, thus reducing the need for travel. This further extends to allowing employees to work at home, further reducing commuting costs on both economic and environmental grounds. In addition, our HQ at Sunbury was recently refurbished using the latest standards in insulation, lighting, heating and energy waste reduction and is now fully powered using renewable resources.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board's risk management controls and mitigation strategies are described in the 2021 Annual Report at pages 24 to 25 ("Principal risks and uncertainties") and pages 41 to 42 outline the control environment the Board has put in place – as per Principles 8 and 9 of the QCA Code – to promote a corporate culture based on ethical values and behaviours and to maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Directors and management have a clear responsibility for identifying risks facing each of the businesses and for putting in place procedures to mitigate and monitor risks. To this end the Company has a Risk sub-Committee appointed by, and reporting directly to, the Board. It currently consists of the Chief Technology Officer, the interim Chief Financial Officer, the Director of Finance and the Information Security and Process Manager; other members of the Company are seconded to the Committee as required.

The remit of the Committee is to examine the vulnerability of the Group to all types of risk, the mitigation of such risks, maintain the risk register to properly reflect this and to report back to the Board with any changes in, or new areas of, vulnerability to risks and recommendations for mitigation.

This is done at three levels:

- A review of the risk register is included in the monthly Board pack
- A quarterly report provided to the Board
- A formal assessment of risks during the annual budget process

The Risk Committee meets every two months, or more often as required, and on each occasion reviews two areas of the corporate risk register in detail to assess the vulnerability of the Group to risks under consideration and how to mitigate such risks. Employees from with the relevant areas of the business are invited to help provide a more informed opinion of which risks are key and how they can be managed. The Committee report back to the Board with any changes in, or new areas of, vulnerability to risks and recommendations for mitigation. The global pandemic is an example of an occasion when the Risk Committee has convened more frequently in order to review the register for any changes to the level of risk due to the pandemic and the emergence of any new issues which may require mitigation.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair

Composition

Directors' biographies are shown both in the 2021 Annual Report on pages 32 to 33 and on the Group's website.

The Board is currently comprised of the Non-Executive Chairman, one Executive Director and a further two Non-Executive Directors. From the 1st of July 2021 the Board of D4t4 consists of the Chief Executive Officer, the Non-Executive Chairman, two Non-Executive Directors and (upon making a permanent appointment) the Chief Financial Officer. At the date of this corporate governance statement, all of the Non-

Executive Directors are considered to be independent. The Board does not consider it necessary to appoint an independent Director to a formal "Senior Independent Director" role.

All Directors are subject to election by shareholders at the first AGM immediately following their appointment and thereafter are subject to re-election at intervals of no more than three years. All Non-Executive Directors are appointed for fixed terms in line with corporate governance requirements, although any Non-Executive Director whose independence may be called into question is subject to re-election annually.

All of the Executive Directors are full-time employees of D4t4 Solutions plc.

Operation of the Board

The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 55 and a statement of going concern is given on page 52.

The Board meets at least once a month, more often as required for example during the global pandemic. The formal schedule of matters specifically reserved to it for decision was reviewed and adopted by the Board on 27 May 2021 and is reviewed annually (see Group's website).

Other matters are delegated to the Executive Directors, supported by policies for reporting to the Board. Presentations are made to the main Board at each monthly meeting by the Executive Directors and also on regular occasions by operational management.

The Company Secretary is responsible for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with and for advising on corporate governance matters. The Group maintains appropriate insurance cover in respect of any legal action against the Group's Directors and the Company Secretary, but no cover exists if a Director is found to have acted fraudulently or dishonestly.

The Non-Executive Chairman and Non-Executive Directors are able to meet without Executives present prior to each Board meeting. The agenda and relevant briefing papers are distributed in advance of each Board meeting.

When Directors have concerns which cannot be resolved about the running of the Group or a proposed action, these concerns are recorded in Board minutes. Upon resignation, a Non-Executive Director is asked to provide a written statement to the Chairman for circulation to the Board if there are any such concerns.

Commitment

All Directors are expected to attend the monthly meeting of the full Board, or to make themselves available to join the meeting by telephone or online, and to attend all meetings of any Committee(s) of which they are members. In addition, the Directors are expected to attend strategy and business planning meetings each year. The Non-Executive Directors are expected to make themselves available at all reasonable times for consultation by other members of the Board.

Prior to each monthly Board meeting the Directors receive a detailed pack which includes:

- Board meeting agenda
- Minutes from previous Board meeting
- Board pack which includes financial summary, update on each part of the business, strategy execution update and risk assessment update
- Papers as required for additional items requiring Board attention

Meetings and attendance

The following table summarises the number of Board, Audit Committee, Nomination Committee and Remuneration Committee meetings held during the period covered by the 2021 Annual Report and the attendance record of individual Directors at those meetings:

	Board	Audit	Remuneration	Nomination
MG Boxall (resigned 30 June 2021)	15/15	-	-	-
M Biddulph	15/15	3/3	3/3	9/9
JL Dodkins (resigned 30 June 2021)	15/15	-	-	-
CC Irvine (resigned 28 April 2021)	15/15	3/3	-	-
PJ Kear	15/15	3/3	3/3	9/9
J Lythall (resigned 31 March 2021)	15/15	-	3/3	-
PA Simmonds	15/15	3/3	3/3	9/9
PF Whiting	15/15	3/3	3/3	9/9
Non-statutory director attendance				
CC Irvine	2/2	-	-	-
GL (Bill) Bruno	1/1	-	-	-
N Patel (appointed interim CFO 2 March 2021)	1/1	-	-	-

The Board met monthly as in prior years but also had additional ad-hoc meetings to discuss, amongst other matters, the global pandemic and consider what actions the business should take to ensure its employees were as protected as possible whilst continuing to execute the business strategy.

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

The 2021 Annual Report includes, at pages 32 to 33, particulars of the current Board of Directors.

It is Board policy that Executive Directors receive suitable ongoing training for their position, which is considered as part of the appraisal process. All Directors are expected to keep their skills up to date, for example the CFO attends a number of seminars through the year to keep abreast of the latest accounting and tax regulations.

The Chairman ensures that all Directors update their skills and knowledge required to fulfil their roles on the Board and Committees.

Ongoing training is provided as necessary and includes updates from the Company Secretary and Nominated Adviser on changes to the AIM rules, requirements under the Companies Act and other regulatory matters. Directors may consult with the Company Secretary or Nominated Adviser at any time on matters related to their role on the Board. More detail on the experience and capability of the Directors is included in their biographies on pages 32 to 33 of the 2021 Annual Report and also on the Group's website.

External Advice

No significant matters of a corporate governance nature arose during the period covered by the 2021 Annual Report nor subsequently to the date of this statement on which it was considered necessary for the Board or any of its committees to seek external advice. That said, the Board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business, for example a remuneration consultancy was engaged to advice on the implementation of the executive LTIP scheme.

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

The Board annually reviews the effectiveness of itself, its Committees and the individual Directors in the following manner:

(i) The role of the Committees is considered by the Executive Directors without the presence of the Non-Executive Directors.

(ii) The Chairman and CEO examine the contribution and effectiveness of the individual Directors with regard to their line role and contribution at Board meetings.

(iii) The whole Board examines its purpose and effectiveness with regard to identified key areas.

(iv) The whole Board considers its structure, size and composition with particular regard to the skills, knowledge and experience of its members and otherwise as advised by the Nomination Committee.

In addition, a formal Board effectiveness evaluation process is conducted biannually. The process involves all Directors completing a detailed individual evaluation of Board performance, which covers effectiveness in several areas including Board composition, Board information, Board process, internal control and risk management, Board accountability, CEO/Senior management and Standards of conduct.

The results of these biennial evaluations are interpreted by an independent Non-Executive Director, with support from the Chairman, and outputs plus any associated recommendations are reviewed by the Board as a whole, with progress on any actions arising monitored at the monthly Board meetings.

The results of the last evaluation, carried out during early 2020, were interpreted by M Biddulph and presented to the Board at the meeting held in April 2020. Improvements in a number of areas were noted, for example board composition and size, and risk management. Areas were identified for action or closer monitoring, with a focus on succession planning and long-term strategy.

As the business expands and as part of succession planning, the Executive Directors have been challenged to identify potential internal candidates who could potentially occupy Board positions and set out development plans for these individuals and these are in progress.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

Our long-term growth strategy incorporates our objectives and the business model set out in the strategic report. It is also underpinned by our core values, which were redefined following a staff consultation process and are split between client and internal values.

Values

Innovation

D4t4 Solutions is dedicated to the development of innovative technology that provides insight into your business, drives value from your data and pragmatically addresses your challenges.

Security

D4t4 Solutions' advanced technology collects, manages and enables analysis of your data, supporting it with the utmost care for its security.

Trust

D4t4 Solutions takes pride in its relationships with clients, working hard to understand your business needs and developing trust through professional and responsive service provision.

Collaboration

D4t4 Solutions augments its own technology by collaborating with industry partners that provide further opportunities for engendering the long-term success of your operation.

Pride

D4t4 Solutions will be a Group in which we can be proud of our achievements, delivering the highest standards of quality and being confident in our ability to satisfy our clients' needs.

Recognition

D4t4 Solutions will acknowledge the value of all employees and recognise their contribution to the Group's ongoing success.

Teamwork

D4t4 Solutions will create an environment of innovation in which we work together as a team to develop pioneering technology that solves our clients' challenges.

Engagement

D4t4 Solutions will be a workplace in which all employees are engaged with our business and are empowered to get involved with our communications and decision- making processes.

The culture of the Group is characterised by these values which are communicated regularly to staff through internal communications and forums. These core values are also communicated to prospective employees in the Group's recruitment programmes and are further embedded within the induction process.

The Board believes that a culture that is based on the core values is a competitive advantage and consistent with fulfilment of the Group's mission and execution of its strategy.

The Board has a high proportion of Executive Director representation which means communication and feedback between the business and the Board is very well established. Recognition and respect of appropriately ethical values and behaviours within the organisation is therefore both well monitored and promoted. Engagement between the Board and the organisation via these Executive Directors is therefore deemed to be all-inclusive.

Ethical business practices

The Group is committed to corporate sustainability and to applying the highest standards of ethical conduct and integrity to its business activities in the UK and overseas. The Group does not tolerate any form of bribery: the Directors and senior management are committed to implementing and enforcing effective systems throughout the organisation to prevent bribery in accordance with its obligations under the Bribery Act 2010.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Roles and Responsibilities of Directors

The 2021 Annual Report includes, at pages 32 to 33, descriptions of the individual roles and responsibilities of the Chairman, Chief Executive Officer and other Directors.

The Board and its Committees composition

The Board is currently comprised of the Non-Executive Chairman, one Executive Director and a further two Non-Executive Directors. From the 1st of July 2021 the Board of D4t4 will consist of the Chief Executive Officer, the Non-Executive Chairman, two Non-Executive Directors and (upon making a permanent appointment) the Chief Financial Officer.

The roles of Chairman and Chief Executive Officer are distinct, set out in writing and agreed by the Board. The Chairman is responsible for the effectiveness of the Board and ensuring communication with shareholders, and the Chief Executive Officer is accountable for the management of the Group.

Non-Executive Directors constructively challenge and assist in the development of strategy. They scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

The Board has not appointed a Senior Independent Non-Executive Director.

The Company Secretary is J Thorne, a solicitor of over 25 years standing, who was appointed to the role on 27 July 2017. He is not a Director of the Group.

To deal with specific aspects of the Group's affairs, the Board has formed certain Committees. Each of these Committees is governed by terms of reference available upon request from the Company Secretary.

Details of the membership, roles, responsibilities and activities of the Audit, Remuneration and Nomination Committees are described in more detail in the individual Committee reports commencing on page 44 of the 2021 Annual Report. The Chair of each Committee reports to the Board on the activities of that Committee.

The terms of reference for each of the Audit, Remuneration, Nomination can be found in the Annual Report on pages 44 to 46 and on the Group's website.

Evolution of governance framework

In March 2018 the QCA Code was formally selected as the appropriate recognised corporate governance code to be applied for the purposes of AIM Rule 26. The Board monitors the requirements of this code on an annual basis and revise its governance framework as appropriate as the Group evolves.

As part of ongoing governance efforts, the Group decided this year that an additional sub-committee should be formed to focus on ESG (environmental, social & governance). This committee is comprised mainly of staff members who volunteered for the role due to a particular interest in driving the Group's ESG agenda. In March 2021, the first sitting of this ESG Committee took place. The Committee was predominantly formed to focus on the Group's environmental and social initiatives, as governance is clearly a focus of the whole Board and all committees.

As the Group continues to grow the Board fully recognises both the importance and the need of the governance framework to continue to evolve. This has been evidenced over the last two years by the formation of the Risk and ESG sub-committees and the external advice sought regarding the new executive LTIP scheme.

Principle 10 – Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

A range of forums exist at which the functioning of the Group is critically appraised and where opportunities exist for stakeholders to challenge management and hold them to account for the Group's performance.

Board Committees

A description of the work of the Board's Committees in the financial year to 31 March 2021, including a report from each of the Audit, Remuneration and Nomination Committees, is set out at pages 44 to 46 of the 2021 Annual Report.

The work of the Nomination Committee resulted in the appointment on 4 March 2021 of Nitil Patel as interim CFO.

Votes at General Meetings

All resolutions put to the AGM held on 6 August 2020 were passed by majorities of not less than 90% of the votes cast.

The most recent results for the Group, together with Annual Reports for the preceding years and notices of all General Meetings, can be found on the Group's website.

Audit Committee report

Audit Committee membership

- Peter Simmonds (Chair)
- Monica Biddulph
- Peter Whiting

Dear Shareholder

I am pleased to present the report of the Audit Committee for the year ended 31 March 2021.

The Audit Committee comprises three Non-Executive Directors of the Company, all of whom served for the entirety of the year. The Committee is chaired by myself and met thrice during the year under review. It operates under formal terms of reference, which are available on request from the Company Secretary or at the AGM. The Committee provides a forum for reporting by the Group's auditors. By invitation, the meetings are also attended by the CEO and CFO of the Company.

The Audit Committee is responsible for reviewing a wide range of financial matters including ensuring that the financial performance of the Group is adequately measured and controlled, correctly represented, reported to and understood by the Board. The Audit Committee advises the Board on the appointment of external auditors and on their remuneration, both for audit and non-audit work, and discusses the nature and scope of their audit.

The Audit Committee meets the auditors at least once a year without any Executive Directors present.

The Audit Committee includes one financially qualified member as recognised by the Consultative Committee of Accountancy Bodies. All Audit Committee members are expected to be financially literate. Following the above, the Audit Committee has recommended to the Board that RSM UK Audit LLP is re-appointed.

The two main issues that the Audit Committee are concerned with are in relation to revenue recognition and the carrying value of goodwill. The Committee review the Group's revenue recognition policies to ensure they are compliant with current accounting standards. In addition, the Committee monitors the intangible carrying value in the Group for any indications of impairment.

Auditor Independence

To ensure auditor independence, consideration is given to their integrity and the objective approach of the audit process. The use of non-audit services is not considered to be significant and amounts paid in respect of these are disclosed in note 6.

I am satisfied that the Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference, which are reviewed annually.

Peter Simmonds
Chair of the Audit Committee
28 July 2021

Nomination Committee report

Nomination Committee membership

- Monika Biddulph (Chair)
- Peter Kear (CEO)
- Peter Simmonds
- Peter Whiting

Dear Shareholder

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2021.

The Nomination Committee comprises four Directors: three Non-Executives Directors (myself, Peter Simmonds and Peter Whiting) and one Executive Director, Peter Kear. In the performance of its duties, the Committee held nine meetings in the year. The principal activity of the Nomination Committee in the year was succession planning, and the appointment of a CEO successor.

In 2020 Peter Kear informed the Board that he would like to plan his retirement with a view of stepping down as CEO in a 1 to 2 year timeframe. The Nomination Committee set out a plan and timeline to appoint a successor to the CEO.

After thorough discussions with a number of executive search agencies, a specialist recruiter was selected to work with D4t4 on the CEO search. A detailed job specification together with a list of key criteria helped generate a diverse long list, from which a short list of candidates was selected. The process included a merit-based assessment based on objective criteria, having regard to the Group's current and future requirements.

Following a thorough interview process and deliberations, the Nomination Committee recommended to the Board, and the Board decided, to appoint Bill Bruno as CEO-designate/Deputy CEO. Bill will work alongside Peter during the next six to twelve months, then planning to transition to the role of CEO.

Myself, the Nomination Committee and the Board are very pleased with the outcome and look forward to working with Bill in the future. Bill brings passion, insight and a wealth of industry knowledge, he is well known in our industry and has a big following amongst clients and staff. I am confident that under Bill's leadership the business will continue to thrive and develop a host of new global opportunities.

I would like to thank Peter Kear for his proactive involvement in finding his successor. Peter is a hard act to follow, and I have every confidence that his support and mentoring over the coming months will ensure a smooth transition and give Bill the best possible launchpad into the role.

In addition to the CEO succession, the Nomination Committee also took an active role in the appointment of the interim CFO, following Charles Irvine's decision to leave the Group to pursue another opportunity outside of the public markets, and in the appointment of the CFO.

I would also like to thank John Lythall, who decided to step down from the Board at the end of March 2021 to retire, for his dedication and significant contributions to the success of the company over many years.

Following on from John's retirement as a Non-Executive Director, the Nomination Committee will further consider the Board composition and the balance between Non-Executive and Executive Directors as well as the mix of skills amongst the independent Non-Executive Directors and decide on appropriate actions to be taken.

The Board's policy is to ensure that all appointments are merit-based and based on clear and objective criteria, giving due regard to equality of opportunity, and to promote inclusion and diversity. The Board notes that achieving diversity in the technology sector is challenging, having regard to the available pool of individuals with the right skills, experience and talent. Given the size of the Board and the Group, the Nomination Committee does not currently set any measurable objectives for implementing a diversity policy, but it acknowledges the role of the Board in promoting diversity, including gender diversity, throughout the Group. Currently there is one female member of the Board, representing 25% of Board membership.

In relation to succession planning, the Nomination Committee keeps under review, and takes appropriate action to ensure, orderly succession for appointments to the Board and to senior management, thereby maintaining an appropriate balance of skills and experience within the Group and on the Board. With regards to Non-Executive Directors, the Committee considers, amongst other factors, their other significant outside commitments prior to making recommendations. This is designed to ensure that they have sufficient time to meet what is expected of them and keeps any changes to these commitments under review.

I am satisfied that the Nomination Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference, which are reviewed on an annual basis.

Monika Biddulph
Chair of the Nomination Committee
28 July 2021

Remuneration Committee report

Remuneration Committee membership

- Peter Whiting (Chair)
- Monica Biddulph
- Peter Simmonds

Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2021.

The Committee has consisted throughout the entire year of four Non-Executive Directors; Peter Simmonds, John Lythall, Monika Biddulph and me as Chair. John stepped down from both the Board and the Remuneration Committee on 31 March 2021.

The Committee's terms of reference require it to meet not less than once each year. The Committee met three times in the year ended 31 March 2021. It is responsible for reviewing and determining the policy of the Group on executive remuneration including specific remuneration packages for each of the Executive members of the Board, pension rights and compensation payments. The Committee is also responsible for monitoring compliance with the implementation by the Group of the legal requirements and, so far as reasonably practical, recommendations and guidelines relating to Directors' remuneration.

None of the Committee has any personal financial interest (other than as shareholders or as noted in the Directors' report), conflicts of interests arising from cross- directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No Director plays any part in any discussion about his or her own remuneration.

For 2020/2021, the Remuneration Committee has continued to operate a simple remuneration structure made up of basic salary, pensions and benefits, annual performance-related bonuses, and share options. As in prior years, a significant proportion of executive remuneration has been based on performance, designed to align executive pay with shareholder interests. In this respect, the Committee has assessed the performance of Executive Directors for the year reported against the targets set a year ago, set performance targets for the following financial year and made recommendations to the Board on the overall packages for the Executive Directors.

Following the shareholder approval granted at our 2019 AGM, we made our first grants under the Long Term Incentive Plan (LTIP) in August 2020. Providing further alignment with wider shareholder experience, these will vest three years after grant, subject to the satisfaction of performance criteria based on Total Shareholder Return (TSR) and growth in EPS over that period.

I am satisfied that the Committee has appropriately discharged its duties in the year in accordance with its responsibilities and encourage you to read the Directors Remuneration Report on the following pages.

Peter Whiting
Chair of the Remuneration Committee
28 July 2021

Directors' Remuneration report

This report complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the QCA Corporate Governance Code 2018 and the Listing Rules.

The report is in two sections:

- The Directors remuneration policy which sets out the Group's current policy on remuneration for Executive and Non-Executive Directors; and
- The Directors' Remuneration Report. This section sets out details of how the remuneration policy was implemented for the year ended 31 March 2021.

Directors' remuneration policy

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the high calibre needed to maintain the Company's position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and key members of senior management, and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the Non-Executive Directors is determined by the Board within limits set out in the Articles of Association.

The Company's policy is that a substantial proportion of the potential remuneration of the Executive Directors should be performance related. The performance criteria set should motivate the Executive Directors to create value for the shareholders.

There are five main elements of the remuneration package for Executive Directors and senior management:

Element of remuneration	Link to Group strategy	Operation	Framework
Base salary	Ensures that the Company can recruit and retain high-quality Executives to deliver on the Company strategy in the interest of the shareholders.	Base salary is paid monthly and reviewed annually, with any increases applying from 1 April.	An Executive Director's salary is determined by the Remuneration Committee in March of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Remuneration Committee considers the Company as a whole and relies on objective research which gives up to date information on a comparable group of companies.
Benefits	Ensures that the Company can recruit and retain high-quality Executives to deliver on the Company strategy in the interest of the shareholders.	Benefits principally comprise private healthcare and death in service insurance. In addition, one Executive Directors receive company car.	In relation to health care and death in service benefits, premiums are paid by the Company to an external broker to arrange cover, in line with other Group employees. These benefits are standard for all Group employees. The Company offers company cars / car allowances to a number of employees across the organisation.
Annual bonus	Rewards and incentivises the Executive Directors for achievement of strategic objectives.	The Committee sets annual performance targets, linked to strategic objectives and risk management. Bonus payments in respect of a year are made in June, or later if any element is deferred.	The Remuneration Committee sets bonus plans for Executive Directors based upon achieving a number of pre-defined growth targets including revenue and EPS.

Element of remuneration	Link to Group strategy	Operation	Framework
Share option plan	Aligns the interests of the Executive Directors with the interest of the long term shareholders as the options only deliver value if the share price rises.	The Remuneration Committee has discretion to make option grants to Executive Directors and other staff, subject to the scheme rules, and to determine appropriate performance conditions.	The share option plans are subject to rules and limits approved by shareholders in general meeting. Options are granted at an exercise price based on the mid-market price of ordinary shares on the day prior to the date of grant. Any exercise is subject to satisfaction of the specified performance conditions defined.
Pension	Ensures that the Company can recruit and retain high-quality Executives to deliver on the Group strategy in the interest of the shareholders.	Pension contributions are made by the Company to a defined contribution scheme operated by third party providers.	Executive Directors are members of the Company Money Purchase pension scheme. To the extent that contributions to the Company scheme are restricted by HMRC limits, the Company contributes 6% of the Director's salary providing the Director contributes a minimum of 4% of their salary by way of salary sacrifice. There are no unfunded pension promises or similar arrangements for Directors. There were 4 Directors in the scheme in 2021 (2020: 3).
Chairman and Non-Executive Director fees	Ensures that the Group can recruit and retain a high-quality Chairman and Non-Executive Directors to deliver on the Group strategy in the interest of the shareholders.	Fees for Non-Executive Directors are set by the Board (excluding Non-Executive Directors). Fees are paid monthly or quarterly.	A basic fee is set for normal duties, commensurate with fees paid for similar roles in other similar companies, taking account of the time commitment, responsibilities, and committee position(s). Supplementary fees are paid for any additional duties at fixed day rates. Non-Executive Directors are not eligible for pensions, incentives, bonus or any similar payments other than normal out-of-pocket expenses incurred on behalf of the business. Compensation for loss of office is not payable to Non-Executive Directors.

Remuneration policy considerations

Recruitment

The Company's Nomination Committee is responsible for leading the process for Board appointments and making recommendations to the Board. Refer to the report of the Nomination Committee for details.

Loss of office payments

In the event of early termination, all of the Directors contracts provide for compensation up to a maximum of basic salary plus benefits for the notice period.

Wider staff employment conditions

The Remuneration Committee considers pay and employment conditions for other senior Executives and staff members of the Group when designing and setting Executive remuneration. Underpinning all pay is an intention to be fair to all staff of the Group, taking into account the individual's seniority and local market practices.

Consultation with shareholders

The Remuneration Committee is committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders when any major changes are being made to remuneration arrangements. The Committee takes into account the views of significant shareholders when formulating and implementing the policy.

Consultation with employees

The Board and the Remuneration Committee did not consult with employees when formulating and implementing the policy.

Service contracts and letters of appointment

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice.

Executive Directors

P Kear and J Dodkins have Directors' service agreements which can be terminated on twelve months' notice. These agreements were dated 29 August 1997. M Boxall has a service agreement which can be terminated on 3 months' notice dated 1 November 2015.

Non-Executive Directors

P Simmonds, P Whiting and M Biddulph each have an agreement for 12 months. The fees of the Non-Executive Directors are determined and confirmed by the full Board excluding (in each case) the Non-Executive Director concerned.

Policy on Director shareholdings

The Company has no policy on Director shareholdings.

Outside appointments

Executive Directors are entitled to accept appointments outside the Company providing that the Chairman's permission is sought and fees in excess of £20,000 from all such appointments are accounted for to the Company.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2021 £000	2020 £000
Emoluments (Fees / basic salary, benefits and annual bonus)	1,352	1,207
Money purchase pension contributions	39	38
IFRS 2 share-based payment charge	194	66
	1,585	1,311
Employer's National Insurance	183	157
Total	1,768	1,468

One director (2020: three) exercised 166,667 options during the year (2020: 766,667) with gains on exercise of share options during the year totalling £227k (2020: £1,184k).

Single figure for the total remuneration (audited)

31 March 2021	Fees/basic salary £000	Benefits £000	Bonus £000	Sub total £000	Pension £000	**Total 2021 £000**	Total 2020 £000
Executives							
P Kear	214	27	171	412	10	**422**	385
J Dodkins (resigned 30 June 2021)	163	14	131	308	10	**318**	279
M Boxall (resigned 30 June 2021)	184	3	147	334	11	**345**	284
C Irvine (resigned 28 April 2021)	129	9	-	138	8	**146**	-
C Warren (resigned 4 July 2019)	-	-	-	-	-	**-**	68
M Tod (resigned 30 Sept 2019)	-	-	-	-	-	**-**	94
Non-Executives							
P Simmonds	50	-	-	50	-	**50**	50
J Lythall (resigned 31 March 2021)	20	5	-	25	-	**25**	27
P Whiting	45	-	-	45	-	**45**	45
M Biddulph	40	-	-	40	-	**40**	13
Total	**845**	**58**	**449**	**1,352**	**39**	**1,391**	1,245

Remuneration of highest paid Director

	2021	2020
Remuneration	412	375
Company contributions to money purchase pension schemes	10	10
	422	**385**

Emoluments for the highest paid Director for the year ended 31 March 2021 and 31 March 2020 are included in the table above.

The highest paid Director exercised no share options during the year (2020: nil options exercised).

Directors share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of options for Directors who served during the year are as follows:

	Number at 31 March 2020	Number at 31 March 2021	Option price	Expiry date	Exercisable from
P Kear	-	138,591	2.0p	10 Aug 2030	10 Aug 2023
J Dodkins	-	105,593	2.0p	10 Aug 2030	10 Aug 2023
M Boxall	-	118,792	2.0p	10 Aug 2030	10 Aug 2023
	166,667	-	149.0p	13 Aug 2028	1 Jul 2020
	166,666	166,666	149.0p	13 Aug 2028	1 Jul 2021

P Simmonds, C Irvine, J Lythall, P Whiting and M Biddulph did not hold any share options during the year.

All reductions in options held by Directors between 31 March 2020 and 31 March 2021 have arisen due to the exercising of options held at 31 March 2020 and were all exercised whilst in office. No options lapsed.

One director (2020: three) exercised 166,667 options during the year (2020: 766,667) with gains on exercise of share options during the year totalling £227k (2020: £1,184k).

The market price of the shares at 31 March 2021 was 302.5p (140.0p at 31 March 2020) and the range in the period under review was 131.0p to 320.0p.

There have been no variations to the terms and conditions or performance criteria for share options during the financial year. As the share options have been issued on different dates, they have different performance criteria attached. However, these performance criteria are in line with increasing Earnings Per Share.

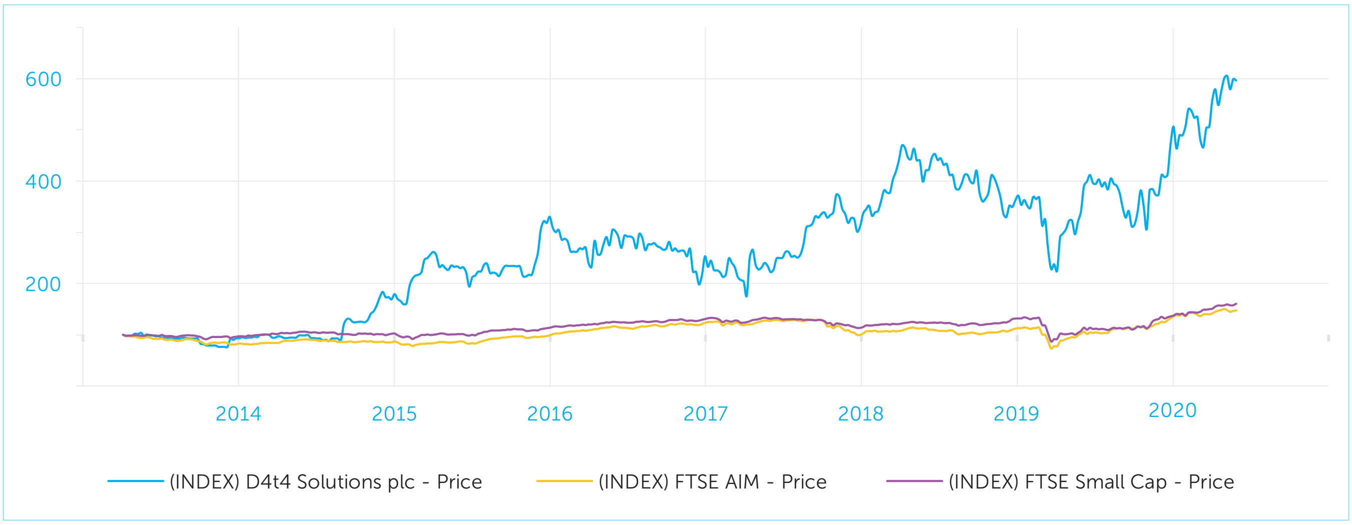
Directors shareholdings and dividends paid to Directors are disclosed in the Directors' Report on page 53.

Advisers

The Committee receives independent advice from FIT Remuneration Consultants LLP when required.

Performance graphs

Company share price



The graph below shows the Company's share price performance compared with the performance of the FTSE AIM All-Share and FTSE SmallCap Index (GTBP) for the last six years. The FTSE Aim All-Share and FTSE SmallCap Index (GBP) have been selected for this comparison because it is the Board opinion that they give a true comparison to its peers.

Peter Whiting

Chair of the Remuneration Committee
28 July 2021

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2021, which should be read in conjunction with the Strategic Report on pages 12 to 21. The Corporate Governance Statement set out on pages 31 to 43 forms part of this report.

Incorporation

D4t4 Solutions Plc is a company incorporated in the United Kingdom under the Companies Act 1985.

Dividends

The Directors recommend a final dividend of 2.0p (2020: 1.9p) per ordinary share to be paid this year.

Future outlook

The Group's future outlook and opportunities are referred to in the Chief Executive Officer report on page 4.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary shares which carry no right to fixed income. Each share (other than own shares held in treasury) carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 27.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 34.

Under its Articles of Association, the Company has authority to issue 50,000,000 ordinary shares.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans.

None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above and the risks and uncertainties summarised. The Group and Company has sufficient financial resources to cover budgeted future cash-flows and has contracts in place with customers and suppliers across different geographic areas and industries. As a consequence of these factors, the Directors believe that the Group is well placed to manage its business risks successfully.

Having reviewed the future plans and projections for the business, the Directors believe that the Group and Company and its subsidiary undertakings have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In accordance with the Companies Act s414 c(11) information in relation to the business and risks is shown in the Strategic Report.

Supplier Payment Policy

It is Company policy to pay all claims from suppliers according to agreed terms of payment upon receipt of a valid invoice which is materially correct. The Company does not follow a code on standard payment practice. At 31 March 2021 the Company had 83 days (2020: 93 days) of outstanding liabilities to creditors.

Directors and Directors' Interests

The Directors who held office during the year and to the date of signing, unless otherwise stated, were as follows:

P J Kear

J L Dodkins (resigned 30 June 2021)

M G Boxall (resigned 30 June 2021)

C C Irvine (resigned 28 Apr 2021)

P A Simmonds

J Lythall (resigned 31 March 2021)

P Whiting

M Biddulph

At the AGM, P Whiting will offer himself for re-appointment in accordance with the Articles.

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company as recorded in the register of Directors' share and debenture interests:

	Interest at 31 March 2021	Interest at 31 March 2020*
P J Kear	1,665,752	1,665,752
J L Dodkins	690,266	690,266
M G Boxall	71,115	35,000
C C Irvine	Nil	Nil
P A Simmonds	346,500	346,500
J Lythall	1,000,000	1,000,000
P Whiting	22,000	22,000
M Biddulph	Nil	Nil

* or date of appointment if later

During the year the Directors received dividends on their shares at the same rate as any other shareholder. Details of share options can be found on page 50.

Substantial holdings

As far as the Directors are aware, as at 31 May 2021, the only holdings of 3% or more of the Company's issued share capital were the following:

	Number of ordinary shares	%
Canaccord Genuity Wealth Management	7,362,500	18.30
Ennismore Fund Management	3,192,043	7.94
Herald Investment Management	2,974,800	7.40
Chelverton Asset Management	2,125,000	5.28
P Kear Esq	1,665,752	4.14
Otus Capital Management	1,544,278	3.84

Acquisition of the Company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolution of 6 August 2020, to purchase through the market up to 4,023,342 of the Company's shares at a maximum price of 105% of the average middle market price for the five business days immediately preceding the date of purchase and a minimum price of 2p per share. This authority expires at the AGM to be held on 26 August 2021. 335,208 shares were purchased and 302,667 shares were sold in the year ending 31 March 2021.

Own shares are ordinary 2p shares purchased in order to satisfy outstanding option obligations. Sales from own shares are the shares issued to option holders on exercise of their options. The maximum number of own shares held in the year was 199,113 (2020: 488,880), which represents 0.49% (2020: 1.21%) of the issued share capital.

Directors' indemnities and liability insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout FY21 and is currently in force. The Company also purchased and maintained Directors' and Officers' liability insurance throughout the financial year in respect of itself and its Directors.

Employees

The Group has a policy of offering equal opportunities to employees at all levels in respect of the conditions of work. Throughout the Group it is the Board's intention to provide employment opportunities and training for disabled people and to care for employees who become disabled having regard to aptitude and abilities.

Regular consultation and meetings, formal or otherwise, are held with all levels of employees to discuss problems and opportunities. Information on matters of concern to employees is presented in house.

The Company operates share option Schemes which are open to all employees. The two current Schemes are the D4t4 Solutions Employee Share Options 'A' Scheme and the D4t4 Solutions EMI Share Options Scheme. Details of the share options are laid out on page 89 within note 27 to the accounts.

Treasury policy

The Group's operations are funded by cash reserves. The policy of the Group is to ensure that all cash balances earn a market rate of interest. Bank relationships are maintained to ensure that sufficient cash and unutilised facilities are available to the Group.

Research and Development

The Group has continued to attach a high priority to research and development throughout the year aimed at the development of new products and maintaining the technological excellence of existing products.

Financial instruments

The Group's financial risk management objectives and policies are discussed on page 92 within note 32 to the accounts.

Branch operations

The Group has branch operations located in Chennai, India.

Political and Charitable contributions

The Group made no political contributions or charitable donations during the year (2020: nil).

Insurance

The Group holds Directors and Officers Liability insurance.

Disclosure of information to the Auditor

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of RSM UK Audit LLP as the auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Peter Kear
Chief Executive Officer
Windmill House, 91-93 Windmill Road, Sunbury-on-Thames, TW16 7EF

28 July 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and company financial statements for each financial year. The Directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and to prepare the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

The group and company financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

In preparing each of the group and company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the D4t4 Solutions plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Peter Kear
Chief Executive Officer
28 July 2021

Independent auditor's report

to the members of D4t4 Solutions plc

Opinion

We have audited the financial statements of D4t4 Solutions Plc (the 'Parent Company') and its subsidiaries (together, the 'Group') for the year ended 31 March 2021 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and Parent Company statements of changes in equity, consolidated and Parent Company statements of financial position, consolidated and Parent Company cash flow statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included reviewing and evaluating management's forecasts from 31 March 2021 covering a period of over 12 months from approval of the financial statements, including review of assumptions used in the forecasts and sensitivity analysis, taking into account in particular the Group's net cash position at 31 March 2021.

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 or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition
Materiality	**Group** • Overall materiality: £155,000 (2020: £247,000) • Performance materiality: £116,000 (2020: £185,000) **Parent Company** • Overall materiality: £147,000 (2020: £247,000) • Performance materiality: £110,000 (2020: £185,000)
Scope	Our audit procedures covered, on a sample basis, 100% of revenue, 100% of total assets and 100% of profit before tax.

Key audit matters

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

Revenue recognition

Key audit matter description	The Group has revenue streams under product-own IP, product-3rd party, delivery services and support and maintenance segments - refer to notes 2, 3, 4 and 5 to the financial statements for further details. The product segments include revenue of one or more elements of hardware and software and are in some cases included in the same contract as delivery services and support and maintenance. These elements of the contracts are in some cases individually significant to the results of the Group and involve an element of judgement in allocating the transaction price between different performance obligations within a contract. The different elements of the contracts also often have different recognition periods. We also consider there to be a significant risk of misstatement of the financial statements arising from transactions occurring close to the balance sheet date, as transactions could be recorded in the wrong financial period. As such we have determined revenue recognition to be a key audit matter.
How the matter was addressed in the audit	In order to address the risk of material misstatement related to revenue recognition we have: • considered whether the Group's revenue recognition policy complies with IFRS 15 Revenue from contracts with customers including in respect of the allocation of the transaction price to the various performance obligations in the contracts; • considered whether the revenue recognition policy applied is in line with the Group's policy; • performed detailed testing, focusing in particular on new/major contracts ongoing at the balance sheet date; • tested balances recognised in the Group's statement of financial position and tested individual transactions occurring immediately before and after the balance sheet date. Our tests of detail focused on the impact of contracts and transactions occurring within proximity of the year end across the product segments, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents. We performed tests of details on accrued and deferred revenue, deferred revenue recognised at 31 March 2021. We reviewed disclosure in the financial statements of the revenue recognition policies and key estimates and judgements in respect of revenue recognition.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£155,000 (2020: £247,000)	£147,000 (2020: £247,000)
Basis for determining overall materiality	5% of profit before tax	5% of profit before tax
Rationale for benchmark applied	Profit measure used for the trading activities of the group; the key measure used both internally by the Board and, we believe, to analysts, externally by shareholders in evaluating the performance of the group.	The Parent Company is the Group's main trading component; therefore the same rationale has been applied to the selection of the Parent Company materiality basis; capped for the purposes of calculating an appropriate component materiality.
Performance materiality	£116,000 (2020: £185,000)	£110,000 (2020: £185,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £7,750 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £7,350 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of two non-dormant components, located in the United Kingdom and the United States of America.

A full scope audit was performed on the component in the United Kingdom and on the component in the United States of America, achieving 100% coverage via our audit procedures.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 55, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and Parent Company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
International Accounting Standards and Companies Act 2006	Review of financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Consideration of whether any matters identified during the audit required reporting to an appropriate authority outside the entity.
General Data Protection Regulation	We have inquired of management and where appropriate, inspected legal and regulatory correspondence.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Audit procedures performed in relation to revenue recognition included assessment of the revenue recognition policies in place and their application, the performance of substantive testing including consideration of existence, and review of the cut-off treatment of significant contracts around the year-end.
Management override of internal controls	Testing the appropriateness of accounting journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside of the normal course of business.

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

Use of our report

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

William Farren FCA
Senior Statutory Auditor

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

28 July 2021

Consolidated income statement

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Continuing operations			
Revenue	4,5	22,792	21,748
Cost of sales		(8,566)	(8,537)
Gross profit		**14,226**	**13,211**
Administration expenses	6	(11,234)	(8,343)
Other operating income	8	58	58
Profit from operations		**3,050**	**4,926**
Finance income	9	25	43
Financing costs	9	(32)	-
Profit before tax		**3,043**	**4,969**
Tax	10	(274)	(522)
Attributable to equity holders of the parent		**2,769**	**4,447**
Earnings per share from continuing operations attributable to the equity holders of the parent	13		
Basic		6.88p	11.12p
Diluted		6.75p	11.04p

Consolidated statement of comprehensive income

for the year ended 31 March 2021

		2021 £'000	2020 £'000
Attributable to equity holders of the parent		**2,769**	**4,447**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gains on property revaluation	16	70	71
Exchange differences on translation of foreign operations	11	(11)	24
Total comprehensive income for the year attributable to equity holders of the parent		**2,828**	**4,542**

Consolidated statement of changes in equity attributable to Equity Holders of the Parent

for the year ended 31 March 2021

	Notes	Share capital	Share premium	Merger reserve	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 April 2019		**794**	**2,624**	**5,977**	**1,099**	**(1,127)**	**10**	**15,463**	**24,840**
Dividends paid	12	-	-	-	-	-	-	(1,235)	(1,235)
Purchase of own shares	23	-	-	-	-	(69)	-	-	(69)
Issue of new shares - exercise of share options	22	14	741	-	-	-	-	-	755
Settlement of share-based payments		-	-	4	-	856	(3)	(516)	341
Share-based payment charge	27	-	-	-	-	-	-	97	97
Deferred tax on outstanding share options	11	-	-	-	-	-	(7)	-	(7)
Transactions with equity holders		**14**	**741**	**4**	**-**	**787**	**(10)**	**(1,654)**	**(118)**
Profit for the year		-	-	-	-	-	-	4,447	4,447
Other comprehensive income		-	-	-	71	-	-	24	95
Total comprehensive income		**-**	**-**	**-**	**71**	**-**	**-**	**4,471**	**4,542**
Balance at 1 April 2020		**808**	**3,365**	**5,981**	**1,170**	**(340)**	**-**	**18,280**	**29,264**
Dividends paid	12	-	-	-	-	-	-	(1,090)	(1,090)
Purchase of own shares	23	-	-	-	-	(868)	-	-	(868)
Settlement of share-based payments		-	-	-	-	666	-	(262)	404
Share-based payment charge	27	-	-	-	-	-	-	276	276
Transactions with equity holders		**-**	**-**	**-**	**-**	**(202)**	**-**	**(1,076)**	**(1,278)**
Profit for the year		-	-	-	-	-	-	2,769	2,769
Other comprehensive income		-	-	-	70	-	-	61	131
Total comprehensive income		**-**	**-**	**-**	**70**	**-**	**-**	**2,830**	**2,900**
Balance at 31 March 2021		**808**	**3,365**	**5,981**	**1,240**	**(542)**	**-**	**20,034**	**30,886**

Consolidated statement of financial position

as at 31 March 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	872	956
Property, plant and equipment	16	4,141	4,099
Deferred tax assets	11	-	283
		13,709	**14,034**
Current assets			
Trade and other receivables	18	13,362	10,137
Tax receivables		414	649
Inventories	19	129	1,266
Cash and cash equivalents	31	14,241	12,772
		28,146	**24,824**
Total assets		**41,855**	**38,858**
Equity			
Share capital	22	808	808
Share premium account	22	3,365	3,365
Merger reserve	24	5,981	5,981
Revaluation reserve	25	1,240	1,170
Own shares	23	(542)	(340)
Retained earnings		20,034	18,280
Total equity		**30,886**	**29,264**
Current liabilities			
Trade and other payables	20	10,691	9,377
Lease obligations	21	83	-
		10,774	**9,377**
Non-current liabilities			
Lease obligations	21	194	-
Deferred tax liabilities	11	1	217
		195	**217**
Total liabilities		**10,969**	**9,594**
Total equity and liabilities		**41,855**	**38,858**

These financial statements were approved by the Board of Directors and authorised for issue on 28 July 2021 and were signed on its behalf by:

Peter Kear
Chief Executive Officer

Company registration number: 01892751 (England and Wales)

Consolidated cash flow statement

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash generated from operations	30	**3,258**	**3,116**
Taxes received / (paid)		80	(738)
Net cash generated from operating activities		**3,338**	**2,378**
Investing activities			
Interest received		25	43
Purchase of property, plant and equipment		(34)	(249)
Capitilisation of development costs		(195)	(188)
Net cash used in investing activities		**(204)**	**(394)**
Financing activities			
Dividends paid		(1,090)	(1,235)
Lease repayments		(79)	-
Interest paid		(32)	-
Purchase of own shares		(868)	(69)
Exercise of share options		404	1,096
Net cash used in financing activities		**(1,665)**	**(208)**
Net increase in cash and cash equivalents		**1,469**	**1,776**
Cash and cash equivalents at start of year		12,772	10,996
Cash and cash equivalents at end of year	31	**14,241**	**12,772**

Company statement of changes in equity attributable to Equity Holders of the Parent

for the year ended 31 March 2021

	Notes	Share capital	Share premium	Merger reserve	Revaluation reserve	Own shares	Equity reserve	Retained earnings	Total £'000
Balance at 1 April 2019		**794**	**2,624**	**5,977**	**1,099**	**(1,127)**	**10**	**17,095**	**26,472**
Dividends paid	12	-	-	-	-	-	-	(1,235)	(1,235)
Purchase of own shares	23	-	-	-	-	(69)	-	-	(69)
Issue of new shares - exercise of share options	22	14	741	-	-	-	-	-	755
Settlement of share-based payments		-	-	4	-	856	(3)	(516)	341
Share-based payment charge	27	-	-	-	-	-	-	97	97
Deferred tax on outstanding share options	11	-	-	-	-	-	(7)	-	(7)
Transactions with equity holders		**14**	**741**	**4**	**-**	**787**	**(10)**	**(1,654)**	**(118)**
Profit for the year		-	-	-	-	-	-	3,676	3,676
Other comprehensive income		-	-	-	71	-	-	-	71
Total comprehensive income		**-**	**-**	**-**	**71**	**-**	**-**	**3,676**	**3,747**
Balance at 1 April 2020		**808**	**3,365**	**5,981**	**1,170**	**(340)**	**-**	**19,117**	**30,101**
Dividends paid	12	-	-	-	-	-	-	(1,090)	(1,090)
Purchase of own shares	23	-	-	-	-	(868)	-	-	(868)
Settlement of share based payments		-	-	-	-	666	-	(262)	404
Share-based payment charge	27	-	-	-	-	-	-	276	276
Transactions with equity holders		**-**	**-**	**-**	**-**	**(202)**	**-**	**(1,076)**	**(1,278)**
Profit for the year		-	-	-	-	-	-	1,988	1,988
Other comprehensive income		-	-	-	70	-	-	-	70
Total comprehensive income		**-**	**-**	**-**	**70**	**-**	**-**	**1,988**	**2,058**
Foreign exchange and other movements		-	-	-	-	-	-	(17)	(17)
Balance at 31 March 2021		**808**	**3,365**	**5,981**	**1,240**	**(542)**	**-**	**20,012**	**30,864**

Company statement of financial position

as at 31 March 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	872	956
Property, plant and equipment	16	4,100	4,099
Investment in subsidiaries	17	273	273
Deferred tax assets	11	-	10
		13,941	**14,034**
Current assets			
Trade and other receivables	18	13,835	11,211
Tax receivables		414	649
Inventories	19	4	7
Cash and cash equivalents	31	14,133	12,694
		28,386	**24,561**
Total assets		**42,327**	**38,595**
Equity			
Share capital	22	808	808
Share premium account	22	3,365	3,365
Merger reserve	24	5,981	5,981
Revaluation reserve	25	1,240	1,170
Own shares	23	(542)	(340)
Retained earnings		20,012	19,117
Total equity		**30,864**	**30,101**
Current liabilities			
Trade and other payables	20	11,193	8,277
Lease obligations	21	45	-
		11,238	**8,277**
Non-current liabilities			
Lease obligations	21	191	-
Deferred tax liabilities	11	34	217
		225	**217**
Total liabilities		**11,463**	**8,494**
Total equity and liabilities		**42,327**	**38,595**

The Company's profit for the year was £2.0m (2020: £3.7m).

These financial statements were approved by the Board of Directors and authorised for issue on 28 July 2021 and were signed on its behalf by:

Peter Kear

Chief Executive Officer

Company registration number: 01892751 (England and Wales)

Company cash flow statement

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash generated from operations	30	**3,125**	**3,038**
Income taxes received / (paid)		80	(738)
Net cash generated from operating activities		**3,205**	**2,300**
Investing activities			
Interest received		91	43
Purchase of property, plant and equipment		(33)	(249)
Capitalisation of development costs		(195)	(188)
Net cash used in investing activities		**(137)**	**(394)**
Financing activities			
Dividends paid		(1,090)	(1,235)
Lease repayments		(50)	-
Interest paid		(25)	-
Purchase of own shares		(868)	(69)
Exercise of share options		404	1,096
Net cash used in financing activities		**(1,629)**	**(208)**
Net increase in cash and cash equivalents		**1,439**	**1,698**
Cash and cash equivalents at start of year		12,694	10,996
Cash and cash equivalents at end of year	31	**14,133**	**12,694**

Notes to the financial statements

1. General information

D4t4 Solutions plc is a public limited company incorporated and domiciled in England and Wales and quoted on the AIM Market, hence there is no ultimate controlling party.

Details of substantial shareholdings are shown in the Directors' report on page 53.

The address of its registered office, registered number and principal place of business is disclosed on the inside cover of the financial statements.

The financial statements of D4t4 Solutions plc and its subsidiaries (the Group) for the year ended 31 March 2021 were authorised and issued by the Board of Directors on 28 July 2021 and the Consolidated Statement of Financial Position was signed on the Board's behalf by Peter Kear.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards adopted by the Companies Act 2006 applicable to companies reporting under International Accounting Standards.

The financial statements have been prepared under the historical cost convention, with the exception of land and buildings which is held at valuation.

The presentation and functional currency of the financial statements is British Pounds and amounts are rounded to the nearest thousand pounds.

Going concern

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position and the risks and uncertainties are presented in the Strategic Report on pages 24 to 25. The Group and Company have sufficient financial resources to cover budgeted future cashflows, together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group and Company are well placed to manage their business risks successfully.

Having reviewed the impact of the global pandemic on the business, and stress-tested the Group's future plans and cash flow projections, the Directors are confident that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Adoption of new and revised standards

The Group has applied IFRS 16 Leases for the year commencing 1 April 2020 as it was immaterial for the previous financial year.

The Group has applied the modified retrospective approach from 1 April 2020 but has not restated comparatives for the year ended 31 March 2020 as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2020.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2020.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2020 was 2.5% and 9.3% depending on the jurisdiction of the lease.

The associated right-of-use assets for property leases and other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2021. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Other Standards, amendments effective and applied in the period to 31 March 2021:

Besides the application of IFRS 16 for the first time in the current financial year as already outlined above, the Group has also applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7

- Revised Conceptual Framework for Financial Reporting
- Covid -19 Related Rent Concessions – amendments to IFRS 16 and Interest Rate Benchmark Reform amendments to IFRS 7, IAS 39 and IFRS 9

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards, amendments and interpretations to existing standards that have not been early adopted by the Group:
Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group. These standards – outlined below – are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (all issued on 14 May 2020 and effective for years commencing on or after 1 January 2022)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020 and effective for years commencing on or after from 1 January 2021

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the reporting date.

Investees are classified as subsidiaries where the Company has control, which is achieved where the Company has the power to govern the financial and operating policies of an investee entity, exposure to variable returns from the investee and the ability to use its power to affect those variable returns. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at acquisition date. The results of acquired entities are included in the Consolidated Statement of Comprehensive Income from the date at which control is obtained and are deconsolidated from the date control ceases.

In accordance with Section 408 of the Companies Act 2006 D4t4 Solutions plc is exempt from the requirement to present its own income statement and related notes that form a part of these approved financial statements. The profit of the parent is disclosed at the foot of the Company Statement of Financial Position and Statement of Changes in Equity for the year.

Property, plant and equipment
The carrying value of these assets is stated at cost or valuation, less accumulated depreciation and any impairment loss. Freehold land is not depreciated. The estimated lives of assets are reviewed annually by the Board, the lives and values are adjusted as necessary, and any impairment loss is recognised in the income statement. Freehold land and buildings were last valued professionally at 31 March 2018 but are valued by the Directors on an annual basis. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The Group makes provision for depreciation so that the cost less estimated residual value of each asset is written off by equal instalments over its estimated useful economic life as follows:

Buildings	- up to 35 years
Leasehold improvements	- up to 10 years
Fixtures and equipment	- up to 4 years
Motor vehicles	- up to 5 years

Revaluation gains/losses are shown in the Statement of Comprehensive Income and recognised in Other comprehensive income. Where losses are greater than previously recognised gains, these are taken to the income statement.

Acquisitions
On the acquisition of a business, net fair values are attributed to the identifiable assets and liabilities acquired. Where the cost of acquisition exceeds this net fair value, the difference is treated as purchased goodwill and capitalised in the Group Statement of Financial Position in the year of acquisition. If a subsidiary's assets are subsequently hived up into the parent then the corresponding amount of goodwill is capitalised in the Company Statement of Financial Position.

Goodwill
Capitalised goodwill is shown in the Statement of Financial Position. Its carrying value is subject to annual review and any impairment is recognised immediately as a loss which cannot subsequently be reversed. Goodwill arising on acquisitions made before the date of transition to IFRS has been retained at the previous UK GAAP amount subject to being tested annually for impairment.

Goodwill has arisen from the acquisition of businesses.

Investments in subsidiaries

The carrying value of investments is stated at cost less any provision for impairment. This value is reviewed annually by the Board with respect to future cash flows in respect of revenue streams related to the investment.

Other intangible assets

Intellectual Property Rights (IPR)

On the acquisition of a business, the fair value of IPR is estimated and capitalised taking into consideration the software development cycle and the amount of effort involved between updated versions of the software. The fair value is amortised over the expected development cycle which is estimated to be eight years.

Capitalised IPR is shown in the balance sheet. Its carrying value is subject to annual review and any impairment is recognised immediately as a loss which cannot subsequently be reversed.

Trade names

On the acquisition of a business, the future value of the trade name of that business is estimated and capitalised. The fair value is amortised over ten years.

Impairment of intangibles is reviewed annually with reference to future cash flows from the specific cash generating units to which the intangible asset has been allocated.

Inventory

Inventories are stated at the lower of cost or net realisable value. The valuation method for each item of inventory remains consistent from one accounting period to the next.

Research and development costs

To assess whether research and development expenditure has generated an intangible asset the Group classifies the expenditure into two phases, the research phase and the development phase.

Expenditure on the research phase is recognised as an expense when it is incurred.

Expenditure on the development phase is recognised as an intangible asset if, and only if, each of the following can be demonstrated:

(a) the technical feasibility of completing the asset;

(b) its intention to complete and use or sell the asset;

(c) its ability to use or sell the asset;

(d) how the asset will generate future economic benefit;

(e) the availability of sufficient resources to complete the development and to use or sell the asset;

(f) the ability to measure reliably the expenditure incurred on the asset during its development.

The intangible asset is recognised using the cost model and is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Foreign currencies

In line with IAS 21, transactions denoted in foreign currencies are recorded at an approximation of the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Similarly, for translation of foreign operations, transactions are recorded at an approximation of the exchange rate ruling in the period of consolidation. Monetary assets and liabilities are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in Other comprehensive income.

Profit from operations

Profit from operations is stated before investment income, finance costs and other gains and losses. Other gains and losses principally include movements in property valuation and are included in Other comprehensive income.

Lease commitments

Leases

The Group has applied IFRS 16 using the modified retrospective approach with effect from 1 April 2020 and therefore comparative information has not been restated. Comparative information is therefore still reported under IAS 17 and IFRIC 4.

Accounting policy applicable before 1 April 2020:

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership do not transfer to the lessee are charged to the income statement on a straight line basis over the period of the lease.

Accounting policy applicable from 1 April 2020:

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2020. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2020 was 2.5%.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. These finance leases were not remeasured at the date of initial application as they are considered immaterial.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a lease*. The Group leases various offices, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 March 2020, leases of property, plant and equipment and cars were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

From 1 April 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received • any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Dividends

Final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interim and prior period dividends paid are included in the Statement of Changes in Equity.

Share-based payments

Periodically the Group offers share options (at the prevailing market price) to employees. The Group has conformed with the requirements of IFRS 2 "Share Based Payment" for share options issued after 7 November 2002 and unvested at 31 March 2021. Those options are measured at fair value (using the Black-Scholes model and management's best estimates) and are expensed on a straight-line basis over their vesting period. Options vest only when the Remuneration committee is satisfied that the vesting criteria have been met, and are settled subsequently by equity shares in the parent company and unless the Board, at its discretion, agrees to settle in cash.

Treasury shares

From time to time the Company purchases its own shares for the purpose of satisfying the future exercising of outstanding share options. These shares are held in treasury and are shown as a reduction in the Company's reserves.

Own shares

On the acquisition of a business, the accrual for the future value of own shares contingent upon no warranty claims being made is classified as equity where there is a fixed value and hence fixed number of the company's shares to be issued. Where the value of the contingent shares is not fixed at the point of acquisition, these are treated as a financial liability under IAS 32.

Pension costs

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

Current tax (UK and foreign) is calculated on the profit for the year (adjusted for appropriate tax reliefs, allowances, non-deductible expenses and timing differences) using the appropriate tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all material temporary differences in the treatment of certain items for taxation and accounting purposes which have arisen but have not reversed by the balance sheet date. It is recognised at the expected prevailing rate at the time of reversal, and is recognised as an asset only to the extent that it is probable that taxable profits will be available to utilise it. It is reviewed annually.

Revenue recognition

Revenue is measured at the transaction price received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, rebates and discounts and after the elimination of intercompany transactions within the Group.

The Group recognises revenue as it satisfies its performance obligations by transferring promised goods and services to its customers. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In line with the requirements of IFRS 8 Operating Segments, which requires the disclosure of segmental reporting information that is being used internally by management, the following segmental reporting is in use:

Products – Own IP

D4t4 create, author, market and sell a software product, Celebrus, focused on the capture of customer data from all digital channels. This data is then used in applications that deliver artificial intelligence, customer insight and analytics, personalisation, decisioning and customer relationship management.

The Group has also created its own IP in order to create architecture and deployments for high performance on premise or cloud solutions that combine hardware, software and services.

Perpetual licence revenue is recognised upon delivery as the company has no further obligations to the customer once the non-refundable licences have been delivered. Any upgrade to the software will be supplied as part of an ongoing maintenance contract that the customer may make. This maintenance contract is covered under the hosting and support services policy below. Term licences are recognised upon delivery at the commencement of the term.

Products – 3rd Party

D4t4 services are focused on delivering data management using public and private cloud infrastructure that is securely designed to ensure our clients can operationalise data within their organisation. In addition, we design and build performant platforms for critical business, analytics, compliance, risk, marketing and artificial intelligence applications. Where these are on premise Customer Data Management platform solutions they will include both hardware and third party software. The revenue for each product is recognised when the full performance obligation has been satisfied, typically this is when the hardware and associated third party software is delivered to the customers designated premises. This is when control passes to the customer.

Delivery Services

For delivery services work, revenue is recognised over time by comparing how much of the project has been completed versus total expected time required and also with reference to the completion of specific milestones. This is because costs are incurred in proportion to the Group's progress as it satisfies its performance obligations.

In relation to time-based projects, time on projects is recoverable on a time and expenses basis at an agreed daily rate and is invoiced to the customer in the month of performance and an associated value is recognised. The Group has a right to consideration from its customers in an amount that corresponds directly with the value to the customer of the Group's performance completed on a daily basis.

Support and maintenance

Support and maintenance is typically of a recurring nature and is made up of hosting, support services and maintenance. The Group's efforts are expended evenly throughout the performance period therefore revenue is recognised on a straight-line basis over the period of the contract, normally 12 months.

Bundled goods and services

Products (software and hardware), delivery services and support and maintenance services are often bundled together in a contract.

The products and the services are considered to be separate performance obligations on the basis that the products can be delivered with or without the hosting and other services and therefore the products and services are not interdependent or interrelated with another good or service. Software and hardware however require combined delivery to the customer to benefit from them and are therefore considered to be interdependent and interrelated and one performance obligation.

In allocating the consideration to the separate performance obligations, the standalone selling price is determined by reference to an internal price book.

Partnerships with third party organisations
The Company sells both directly to the customer and through partnerships.. The Company acts as principal in the sale to the partner. The partner then uses the products and services purchased from the Company as part of their sale to their customer. The revenue will consist of a combination of licence, project and recurring as defined in the revenue recognition policy above, and hence is recognised as defined there.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets
Initial and subsequent measurement of financial assets

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months.

Trade, Group and other receivables
Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities
Trade, Group and other payables
Trade, Group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Equity instruments
Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities
A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Impairment of financial assets
An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Trade and other receivables
For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the ageing of the receivable. The Group has adopted a simplified approach to calculating its expected credit loss provision. For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the parent Company assesses the expected manner of recovery.

Borrowings
Interest bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss over the period using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowing costs
Borrowing costs are recognised as an expense in the period in which they arise.

Related party transactions
These are disclosed in note 29 of the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting polices described in note 2 the Directors are required to make judgements, estimates and assumptions of the carrying values of assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimations means that actual outcomes could differ from those estimates. These judgements are reviewed on an ongoing basis, and recognise revisions to accounting estimates in the period in which the Directors revise the estimate and in any future periods affected. It is considered that all judgements have an element of estimation.

a) Judgements

Capitalisation of development costs
Internal activities are continually undertaken to enhance and maintain our products in a bid to stay ahead of our competition. Whether this expenditure is an internally generated intangible asset requires management to make judgements, especially with respect to whether the asset created will generate future economic benefit.

This is a key judgement in this respect as the time between development and any income can be considerable and often the income-generating asset may have considerably evolved from the asset originally created. As a result of this, the Group almost always expenses a significant percentage of research and development in the period it is incurred.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based compensation
Management believes that there will not be only one acceptable choice for estimating the fair value of share based payment arrangements. The judgements and estimates that management apply in determination of the share-based compensation are detailed further in note 27.

Valuation of goodwill and intangible assets
The ongoing valuation of goodwill for the purposes of determining impairment requires the evaluation of future cash flows from the cash generating unit to which the goodwill has been allocated. This is disclosed in note 14.

Lease accounting
Lease payments requires lease payments to be discounted using the lessee's incremental borrowing rate- the incremental borrowing rate IFRS 16 "Leases". The Group's incremental borrowing rate, as at the date of adoption of IFRS 16, has been based on local commercial or bank loan rates. Therefore, specific cost of borrowing has been applied to each lease as this reflects the different economic conditions within each geography and is therefore more representative of the funding facilities available in those countries.

4. Business and geographical segments

IFRS 8 Operating Segments requires these to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and assess their performance.

The Group has four tightly integrated service lines that are offered to clients. These service lines combine one or more of four types of revenue to deliver on our core services.

Information is presented to the Board on the revenue analysis below:

- Product - Own IP
- Product - 3rd party
- Delivery services
- Support and maintenance

All revenue streams are recognised on a point in time basis apart from Support and maintenance which is recognised over time.

No allocation of other income and costs to these categories is made because the Directors consider that any such allocation would be arbitrary and contract sensitive, as would be any allocation of assets and liabilities.

The segmental reporting set out below is consistent with that provided to the Board of Directors.

The segmental reporting analysis is as follows:

Continuing operations 2021

	Group	
	2021	2020
	£'000	£'000
Products - Own IP	9,005	7,658
Products - 3rd party	4,403	4,362
Delivery services	2,886	3,629
Support and maintenance	6,498	6,099
Revenue	**22,792**	**21,748**
Cost of sales	(8,566)	(8,537)
Gross profit	**14,226**	**13,211**
Other operating costs and income	(11,176)	(8,285)
Investing and financing activities	(7)	43
Profit before tax	**3,043**	**4,969**

Major customers (partners) over 10% of revenue	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
	Customer 1	Customer 2	Customer 1	Customer 2
Products - Own IP	3,682	1,154	3,855	1,363
Products - 3rd party	3,775	-	3,401	-
Delivery services	769	-	1,515	2
Support & maintenance	2,764	1,663	2,616	1,767
Total Revenue	**10,990**	**2,817**	**11,387**	**3,132**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

5. Revenue

Geographical information

	Group	
	2021	2020
	£'000	£'000
United Kingdom	2,983	4,158
Rest of Europe	2,396	3,162
United States of America	16,699	13,327
Others	714	1,101
	22,792	**21,748**

The geographical revenue segment is determined by the domicile of the external customer.

Non-current assets, including Property, Plant and Equipment, Goodwill and Intangibles, are all located in the United Kingdom. These are not reported to management on a segmented basis.

	Group	
Analysis of revenue	2021	2020
Continuing operations	£'000	£'000
Sale of goods	5,964	4,472
Rendering of services	16,828	17,276
	22,792	**21,748**

Timing of transfer	Group 2021 £'000	Group 2020 £'000
Goods and services transferred at a point in time		
Products - Own IP	9,005	7,658
Products - 3rd party	4,403	4,362
Delivery services	2,886	3,629
Goods and services transferred over time		
Support and maintenance	6,498	6,099
	22,792	**21,748**

Contract balances	Group 2021 £'000	Group 2020 £'000
Receivables included within Trade and other receivables	10,165	7,970
Contract assets	2,554	1,534
Contract liabilities	6,288	4,057

Contract assets predominantly relate to fulfilled obligations in respect of Own IP and 3rd Party Products, Delivery services and Support and maintenance which have not been invoiced.

At the point of invoice, the contract asset is derecognised and a corresponding trade receivable is recognised.

Contract liabilities relate to consideration received from customers in advance of work being completed.

6. Analysis of expenses by nature

The breakdown by nature of expenses is as follows:	Group 2021 £'000	Group 2020 £'000
Employee remuneration		
(see note 7)	**11,393**	**9,720**
Intangible assets		
Amortisation of intangible assets (see note 15)	279	246
Research and development costs expensed	913	784
	1,192	**1,030**
Property, plant and equipment		
Depreciation of property, plant and equipment (see note 16)	395	327
Gain on disposal of property, plant and equipment	(8)	-
	387	**327**

	Group	
	2021	2020
	£'000	£'000
Auditor's remuneration		
- for audit services (Group and Company, the Company fee is not separately quantifiable)	57	54
- for other services	-	9
	57	**63**
Impairment of trade receivables	-	57
Operating leases	-	58
Net foreign exchange loss / (gains)	746	(362)
Other expenses	6,026	5,987
Total cost of sales and administration expenses	**19,800**	**16,880**

7. Staff costs

	Group		Company	
The average number of employees (including Directors) during the year was:	2021 Number	2020 Number	2021 Number	2020 Number
Production and support	94	90	86	84
Distribution	30	27	25	23
Administration	15	15	15	15
	139	**132**	**126**	**122**
Their aggregate remuneration comprised:	£'000	£'000	£'000	£'000
Salaries	9,632	8,341	7,924	6,856
Social security costs	1,025	870	924	779
Defined contribution costs	418	412	359	357
Share-based payments: equity settled	318	97	318	97
	11,393	**9,720**	**9,525**	**8,089**

Key management personnel consist of the Board of Directors and their remuneration (included in the totals above) was as follows:

	Group and Company	
	2021	2020
	£'000	£'000
Emoluments	1,352	1,287
Social security costs	183	167
Defined contribution costs	39	42
Share-based payments: equity settled	194	66
	1,768	**1,562**

Details of Directors remuneration required by the Companies Act are set out in the audited information included in the Directors Remuneration report on pages 47 to 51.

Other related party transactions including loans and dividends, involving Directors are disclosed in the Directors report on pages 52 to 54.

8. Other operating income

	Group	
	2021	2020
	£'000	£'000
Analysis of other operating income		
Operating lease receipts (see note 28)	58	58
	58	**58**

9. Finance income and finance costs

	Group	
	2021	2020
	£'000	£'000
Analysis of finance income		
Bank interest received	23	43
Other	2	-
	25	**43**
Analysis of finance costs		
Lease interest	(24)	-
Other	(8)	-
	(32)	**-**

10. Taxation

	2021	2020
	£'000	£'000
Current UK tax	101	142
Foreign tax	109	60
Less: double taxation relief	(3)	(1)
Over provision in prior year	-	(245)
	207	**(44)**
Deferred tax		
- change in rate	22	-
- temporary differences	(196)	331
- US tax charge / (credit)	241	235
	67	566
Corporation tax	**274**	**522**

The charge for the year can be reconciled to the reported profit as follows:	2021 £'000	2020 £'000
Profit before tax	3,043	4,969
UK corporation tax at 19% (2020: 19%)	578	944
Research and development credit	(225)	(240)
Patent Box	(70)	(76)
Exercise of share options	(182)	34
Difference between writing-down allowances and depreciation	24	17
Other non-deductible expenses	(14)	10
Amortisation of intangibles - ineligible	(3)	-
Effect of different rates in other jurisdictions	109	33
Movement in US tax losses	38	45
Over provision in prior year	-	(245)
Effect of change in tax rates on deferred tax opening balance	22	-
Double tax relief brought forward - India	(3)	-
Tax charge as above	**274**	**522**

11. Deferred tax

Group	Other timing differences £'000	Equity reserve £'000	Share based payments £'000	Tax losses £'000	Intangibles £'000	Total £'000
Balance at 1 April 2019	(43)	7	340	484	(173)	615
Recognised within the Statement of Changes in Equity	-	(7)	-	24	-	17
(Charge) / credit to Income Statement	(12)	-	(330)	(235)	11	(566)
Balance at 1 April 2020	**(55)**	**-**	**10**	**273**	**(162)**	**66**
(Charge) / credit to Income Statement	10	-	166	(240)	(3)	(67)
Balance at 31 March 2021	**(45)**	**-**	**176**	**33**	**(165)**	**(1)**

Company	Other timing differences	Equity reserve £'000	Share based payments £'000	Intangibles £'000	Total £'000
Balance at 1 April 2019	(43)	7	340	(173)	131
Recognised within the Statement of Changes in Equity	-	(7)	-	-	(7)
(Charge) / credit to Income Statement	(12)	-	(330)	11	(331)
Balance at 1 April 2020	**(55)**	**-**	**10**	**(162)**	**(207)**
(Charge) / credit to Income Statement	10	-	166	(3)	173
Balance at 31 March 2021	**(45)**	**-**	**176**	**(165)**	**(34)**

A deferred tax rate of 19% (2020: 19%) has been used.

The financial statements include a deferred tax asset of £33k (2020: £273k) in respect of trading losses in the Group's US subsidiary. In accordance with the requirement of IAS 12 Income Taxes, the Directors have considered the likely recovery of this deferred tax asset. The Directors have taken into account expected future taxable profits and expect an improvement in profitability and profits in future periods and that this will be sustained. Accordingly the Directors have satisfied themselves that it is appropriate to recognise the above deferred tax asset.

The corporation tax rate in the UK for the year ended 31 March 2021 was 19.0% (2020: 19.0%) which has been applied by D4t4 Solutions plc in calculating its income tax (see note 10). The increase in future UK corporation tax rate to 25.0% (to be effective 1 April 2023) was substantively enacted in May 2021. The effect of this rate change if it was applied for the year ended 31 March 2021 would be an increase in the deferred tax charge and net liability of £10k.

12. Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders:		
Final dividend for the year ended 31 March 2020 of 1.9p (for the year ended 31 March 2019: 2.3p) per share	765	925
Interim dividend for the year ended 31 March 2021 of 0.81p (31 March 2020: 0.77p) per share	325	310
	1,090	1,235
Proposed final dividend for the year ended 31 March 2021 of 2.0p per share		

The proposed final dividend is subject to shareholders' approval at the AGM and has not been included as a liability in these financial statements.

13. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the parent and the weighted average number of ordinary shares in issue during the year.

The adjusted earnings per share figures have been calculated based on earnings before adjusted items. These have been presented to provide shareholders with an additional measure of the Group's year-on-year performance.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares arising from share options granted to employees where the exercise price is less than market price of the Company's ordinary shares at the year end.

Details of the adjusted earnings per share are set out below:

	2021 £'000	2020 £'000
Profit attributable to owners of the parent	2,769	4,447
Amortisation of intangible assets (see note 15)	279	246
Share-based payments (see note 27)	318	97
Net foreign exchange differences	746	(362)
Restructuring costs	58	96
Tax on the adjustments	(260)	(15)
Adjusted profit attributable to owners of the parent	**3,910**	**4,509**

	2021 No.	2020 No.
Basic weighted average number of shares, excluding own shares, in issue	**40,235,856**	**39,976,957**
Dilutive effect of share options	771,396	299,994
Diluted weighted average number of shares, excluding own shares, in issue	**41,007,252**	**40,276,951**

	2021 Pence per share	2020 Pence per share
Basic Earnings per share	6.88	11.12
Diluted Earnings per share	6.75	11.04
Adjusted Basic Earnings per share	9.72	11.28
Adjusted Diluted Earnings per share	9.54	11.19

14. Goodwill

	Group £'000	Company £'000
Cost of goodwill		
Balance at 1 April 2019, 31 March 2020 and 31 March 2021	**10,952**	**10,608**
Accumulated impairment charge		
Balance at 1 April 2019, 31 March 2020 and 31 March 2021	**2,256**	**1,912**
Carrying amount at year end	**8,696**	**8,696**

Allocation of goodwill (Group and Company)

	Speed-Trap
Balance at 1 April 2019 and 31 March 2020	8,696
Balance at 31 March 2021	**8,696**

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination.

Goodwill is not amortised but tested annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates, pre-tax cash flow and forecasts of income and costs.

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of the Group based on financial forecasts approved by management covering a one-year period, taking into account both past performance and expectations for future market developments.

Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each separate business unit if applicable. The impairment charge was £nil (2020: £nil). The recoverable amount of the CGU is determined from value in use calculations.

Key assumptions used for the value-in-use calculations

Value in use was determined by discounting future cash flows generated from the continuing use of the titles and was based on the following most sensitive assumptions:

- cash flows for 2021/22 were projected based on the forecast for 2021/22, using the budget as a base and sensitising in light of the current environment;
- forecasts based on current customer contracts and gross margins being achieved;

- cash flows for year ending 31 March 2022 were projected based on the Group forecast for that year based on the current economic environment in respect of the global pandemic. For years ending 31 March 2023 onwards, cash flows were prepared using underlying growth rates of 2% based on a conservative view;
- cash flows were discounted using the CGU's pre-tax discount rate of 11.6% (2020: 15%).

Based on the above sensitivity assumptions the calculations disclosed headroom against the carrying value of goodwill for the CGU. Management carried out several sensitivity scenarios on the data. These were based on best estimates under the current economic environment created by the global pandemic.

Sensitivity to changes in assumptions
The margins achieved are based on actual margins, the forecast revenues are based on budget for the current year and an ongoing 2% growth rate.

The discount rate is considered to be the variable with the maximum impact. Varying this by 20% would still allow the recoverable amount to exceed the carrying value. Therefore management is confident in the assumptions used.
Management has considered the growth rates used in light of the global pandemic and remains confident that they are reasonable.

Management are satisfied that a reasonable change in the key assumptions used in assessing the recoverable amounts of the cash generating unit would not give rise to the recoverable amount exceeding the carrying value.

15. Other intangible assets

Group & Company	Development Costs £'000	Internally generated IPR £'000	Purchased IPR £'000	Trade name £'000	Total £'000
Cost					
Balance at 1 April 2019	-	56	1,858	142	2,056
Additions	188	-	-	-	188
Balance at 31 March 2020	**188**	**56**	**1,858**	**142**	**2,244**
Additions	195	-	-	-	195
Balance at 31 March 2021	**383**	**56**	**1,858**	**142**	**2,439**
Accumulated amortisation					
Balance at 1 April 2019	-	56	929	57	1,042
Amortisation	-	-	232	14	246
Balance at 1 April 2020	-	**56**	**1,161**	**71**	**1,288**
Amortisation	33	-	232	14	279
Balance at 31 March 2021	**33**	**56**	**1,393**	**85**	**1,567**
Carrying amount					
Balance at 1 April 2019	-	-	929	85	1,014
Balance at 31 March 2020	188	-	697	71	956
Balance at 31 March 2021	**350**	**-**	**465**	**57**	**872**

The amortisation charge for the year is booked to administration expenses.

Development Costs are amortised over 8 years.

The remaining amortisation period for the Purchased IPR is 2 years (2020: 3 years) and for the Trade name is 4 years (2020: 5 years).

16. Property, plant and equipment

Group	Land & buildings £'000	Fixtures & equipment £'000	Motor vehicles £'000	Right of Use Asset £'000	Total £'000
Cost or valuation					
Balance at 1 April 2019	3,300	1,658	111	-	5,069
Additions	-	249	-	-	249
Balance at 1 April 2020	**3,300**	**1,907**	**111**	**-**	**5,318**
Additions	-	34	-	334	368
Disposals	-	(1)	(46)	-	(47)
Balance at 31 March 2021	**3,300**	**1,940**	**65**	**334**	**5,639**
Depreciation					
Balance at 1 April 2019	-	899	64	-	963
Depreciation charge	71	230	26	-	327
Revaluation	(71)	-	-		(71)
Balance at 1 April 2020	**-**	**1,129**	**90**	**-**	**1,219**
Depreciation charge	70	241	10	74	395
Revaluation	(70)	-	-		(70)
Eliminated on disposals	-	-	(46)	-	(46)
Balance at 31 March 2021	**-**	**1,370**	**54**	**74**	**1,498**
Carrying amount					
Balance at 1 April 2019	3,300	759	47	-	4,106
Balance at 31 March 2020	3,300	778	21	-	4,099
Balance at 31 March 2021	**3,300**	**570**	**11**	**260**	**4,141**

Notes to the financial statements
(continued)

Company	Land & buildings £'000	Fixtures & equipment £'000	Motor vehicles £'000	Right of Use Asset £'000	Total £'000
Cost or valuation					
Balance at 1 April 2019	3,300	1,658	111	-	5,069
Additions	-	249	-	-	249
Balance at 1 April 2020	**3,300**	**1,907**	**111**	**-**	**5,318**
Additions	-	33	-	264	297
Disposals	-	-	(46)	-	(46)
Balance at 31 March 2021	**3,300**	**1,940**	**65**	**264**	**5,569**
Depreciation					
Balance at 1 April 2019	-	899	64	-	963
Depreciation charge	71	230	26	-	327
Revaluation	(71)	-	-		(71)
Balance at 1 April 2020	**-**	**1,129**	**90**	**-**	**1,219**
Depreciation charge	70	241	10	45	366
Revaluation	(70)	-	-		(70)
Eliminated on disposals	-	-	(46)	-	(46)
Balance at 31 March 2021	**-**	**1,370**	**54**	**45**	**1,469**
Carrying amount					
Balance at 1 April 2019	3,300	759	47	-	4,106
Balance at 31 March 2020	3,300	778	21	-	4,099
Balance at 31 March 2021	**3,300**	**570**	**11**	**219**	**4,100**

Allocation of Group depreciation charge	2021 £'000	2020 £'000
Cost of sales	51	60
Administration expenses	344	267
Charge for year	**395**	**327**

Property, plant and equipment held at valuation

In respect of property, plant and equipment held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group and Company	2021 £'000	2020 £'000
Land and buildings	**1,753**	**1,753**

Included in land & buildings (valued in 2018) is freehold land at £1,230,000 (2020: £1,230,000) which is not subject to depreciation. The land and buildings original purchase cost was £2,224,000.

For detail on the fair value measurement of the freehold land and buildings see note 32.

17. Investment in subsidiaries

	Company	
	2021	2020
Cost of investment	£'000	£'000
Balance at 1 April 2020 and 31 March 2021	**273**	**273**
Accumulated provision for impairment		
Balance at 1 April 2020 and 31 March 2021	-	-
Carrying amount at year end	**273**	**273**

	Country of Incorporation	Nature of business	Proportion of ownership of ordinary shares
IS Solutions Limited (formerly Celebrus Limited)†	England & Wales	Dormant	100%
Celebrus Technologies Limited*†	England & Wales	Dormant	100%
Chapter26 Limited†	England & Wales	Dormant	100%
D4t4 Solutions Inc§	USA	Software & services	100%
D4t4 Solutions Pty Limited‡	Australia	Software & services	100%
Internet Service Solutions Limited†	England & Wales	Dormant	100%
Internet Systems Solutions Limited†	England & Wales	Dormant	100%
Internet Site Solutions Limited†	England & Wales	Dormant	100%
Magiq Limited*†	England & Wales	Dormant	100%
Speed-Trap Holdings Limited†	England & Wales	Dormant	100%

* Owned by Speed-Trap Holdings Limited
† Registered address - Windmill House, 91-93 Windmill Road, Sunbury-on-Thames, TW16 7EF, UK
§ Registered address - 215 E Chatham Street, Suite 215, Cary, North Carolina 27511, USA
‡ Incorporated 12 January 2021. Registered address - Level 19, 207 Kent Street, Sydney, NSW 2000, Australia

All UK subsidiaries individually prepare and file their own financial statements.

The principal place of business is considered to be the registered address.

18. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade receivables	10,165	7,970	9,553	7,241
Amounts due from Group undertakings	-	-	1,096	1,811
Other debtors	48	66	40	61
Prepayments	595	567	592	564
Accrued income	2,554	1,534	2,554	1,534
	13,362	**10,137**	**13,835**	**11,211**

	Group		Company	
Trade receivables	2021	2020	2021	2020
Ageing of receivables:	£'000	£'000	£'000	£'000
Less than 30 days	7,070	6,629	6,458	5,981
31 to 60 days	126	155	126	74
61 to 90 days	2,099	386	2,099	386
91 to 120 days	870	800	870	800
	10,165	**7,970**	**9,553**	**7,241**

The average credit period taken on sales of goods and services was 80 days (2020: 69 days).

In accordance with IFRS 9, the Group performed a year end impairment exercise to determine whether any write down in amounts receivable was required, using an expected credit loss model. The expected loss rate for receivables less than 120 days old is 0%.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Definition of default
The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is significantly more than the associated credit terms past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Determination of credit-impaired financial assets
The Group considers financial assets to be 'credit-impaired' when the following events, or combinations of several events, have occurred before the year end:

- significant financial difficulty of the counterparty arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterparty has insufficient finance from internal working capital resources, external funding and/or group support;
- a breach of contract, including receipts being more than materially past due;
- it becoming probable that the counterparty will enter bankruptcy or liquidation.

Write-off policy
Receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration. During the year, no trade receivables were considered impaired (2020: one trade receivable) and there was a charge of nil to the Income Statement as shown in note 6 (2020: £57k).

Additionally the recoverability of intercompany debts is considered. After review, the Directors believe that no further expected credit loss provision is required. The policy of credit risk management is covered in note 32.

19. Inventories

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	**129**	**1,266**	**4**	**7**

There was no write down in the recognised value of inventories (2020: nil).

20. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade payables	1,450	3,403	588	2,208
Amounts owed to Group undertakings	-	-	1,932	465
Other taxes and social security	274	531	242	487
Other creditors	36	22	36	22
Accruals	2,643	1,364	2,216	1,098
Deferred income	6,288	4,057	6,179	3,997
	10,691	**9,377**	**11,193**	**8,277**

There is no material difference between the fair value of receivables and their carrying value.

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases across the year is 40 days (2020: 46 days). Their carrying value approximates to their fair value.

21. Lease liabilities

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Lease obligations	277	-	236	-
	277	**-**	**236**	**-**

	2021	2020	2021	2020
Leases	£'000	£'000	£'000	£'000
Balance at 1 April 2020	-	-	-	-
Arising in the year	333	-	264	-
Interest	23	-	22	-
Repaid during the year	(79)	-	(50)	-
Balance at 31 March 2021	**277**	**-**	**236**	**-**
Repayable within one year	83	-	45	-
Repayable within more than one year	194	-	191	-

At 31 March 2021 there were no undrawn facilities (2020: nil).

The Group has applied IFRS 16 Leases for the first time for the year commencing 1 April 2020.

The Group has applied the modified approach from 1 April 2020 but has not restated comparatives for the year ended 31 March 2020 as permitted under the specific transitional provisions in the standard. The net asset value of at year end was £0.26m (2020: £nil).

22. Share capital

	Shares	2021 Share capital £'000	2021 Share premium £'000	Shares	2020 Share capital £'000	2020 Share premium £'000
Ordinary shares of 2p each						
Authorised	50,000,000	1,000		50,000,000	1,000	
Issued and fully paid up						
Balance at 1 April 2020	40,417,556	808	3,365	39,700,889	794	2,624
Issued during year	-	-	-	716,667	14	741
Balance at 31 March 2021	**40,417,556**	**808**	**3,365**	**40,417,556**	**808**	**3,365**

The Company issued nil (2020: 716,667) Ordinary shares during the year to satisfy share option exercise requirements. In 2020, these were issued in one tranche at a price of 105.47p. This increased the share premium account by nil (2020: £741k).

Costs associated with the issue of new shares were nil (2020: less than £1k) and are recognised in professional fees.

23. Own shares

At the year end the Company held 191,498 (2020: 159,133) ordinary shares in Treasury, with Fair Value of £579,281 (2020: £222,786). Details of purchases and sales are shown below.

	Number of own shares	Share price at point of transaction in pence	Total Consideration paid £'000
Balance of own shares at 1 April 2019	**478,880**		
Shares acquired into Treasury reserve	45,208	125.00 - 230.00	69
Shares sold out of Treasury reserve	(364,955)	202.50 - 259.00	
Balance of own shares at 31 March 2020	**159,133**		
Total consideration paid in year end 31 March 2020			**69**
Shares acquired into Treasury reserve	335,032	219.27 - 285.00	868
Shares sold out of Treasury reserve	(302,667)	230.00 - 285.00	
Balance of own shares at 31 March 2021	**191,498**		
Total consideration paid in year end 31 March 2021			**868**

In the Statement of Changes in Equity (page 62) the value of Treasury shares is calculated on a First-In-First-Out (FIFO) basis, while the Fair Value represents the value based on the year end share price.

24. Merger reserve

The merger reserve arose on the acquisition of Speed-Trap Holdings Ltd (23 January 2015) and represents the excess consideration paid by the issue of shares over the share capital nominal value. Additions to this reserve of nil (2020: £4k) are a result of the exercise of options issued which have been held in the own shares and equity reserve accounts.

25. Revaluation reserve

This represents the gains on revaluation of the property in line with market valuations. The property was last professionally revalued as at March 2018. The gain on revaluation was £70k (2020: £71k). This is a non-distributable reserve as it represents unrealised profits on the revalued assets.

26. Equity reserve

This is in relation to the options issued following the Speed-Trap acquisition in 2015 and represents the fair value less the cash received to exercise those options. As all options had been exercised by 31 March 2020, the fair value at the balance sheet date is nil (2020: nil). The outstanding balance of these options is included in the balance at 1 April 2020 and 31 March 2021, as applicable, in note 27. There is no deferred tax asset at the year end (2020: nil).

27. Share-based payments

The Company has share option schemes for various employees of the Group, a combination of both EMI and non-EMI schemes. Share options vest in equal instalments over three years based on previously set EPS targets based upon 10% growth. In relation to the share options shown below the Board forecast that the remaining share options will vest.

Options are granted at the closing price on the previous day and have a vesting period of three years. If the options are not exercised within ten years of the grant date, or if employees leave before their options vest then those options are forfeited.

Vested options are settled subsequently by a combination of equity shares in the parent company and cash at Board discretion.

	No. of share options	2021 Weighted av. exercise price	No. of share options	2020 Weighted av. exercise price
Balance at 1 April	733,833	134.01p	1,790,455	113.19p
Granted during the year	595,176	2.00p	25,000	205.00p
Exercised during the year	(302,667)	133.34p	(1,081,622)	101.20p
Balance at 31 March	**1,026,342**	**57.65p**	**733,833**	**134.01p**
Exercisable at year end	**119,750**	**120.02p**	**106,500**	**120.95p**

The weighted average share price at the exercise date of the exercised shares was £2.660 (2020: £2.562). The weighted average contractual life of the outstanding options was 9 years (2020: 7 years), exercisable in the range 2.00p to 205.00p.

302,667 share options were exercised in the year, by issue of shares from Treasury.

A summary of the option price ranges are as follows:

2021 Exercisable price range	Number of share options
2.00p	595,176
90.50p to 114.00p	216,500
149.00p to 205.00p	214,666
	1,026,342

The Group recognised £318k (2020: £97k) of expense related to equity-settled share-based payments in the year, £276k as share-based payments and £42k as Er NI (2020: £97k as share-based payments, £nil as Er NI).

The fair value of options granted during the year is determined by applying the Monte Carlo model. The expense is apportioned over the vesting period of the option and is based on the number which are expected to vest and the fair value of those options at the date of grant.

On 10 August 2020 the Company granted the Executive Directors a Long Term Incentive Plan ("LTIP"). The awards have an exercise price of two pence per Share and will vest three years after grant, subject to the terms of the LTIP, including continued employment and the satisfaction of performance conditions, based on the Company's relative total shareholder return and EPS.

The inputs into the Monte Carlo model in respect of options granted this year are as follows:

Date of Grant	**10 Aug 2020**	**8 Jan 2021**	**8 Jan 2021**	**8 Jan 2021**	**25 Jan 2021**
Vesting date	**09 Aug 2023**	**15 Jul 2022**	**15 Jul 2023**	**15 Jul 2024**	**10 Aug 2023**
Number of options granted	362,976	59,400	59,400	59,400	54,000
Share price at date of grant	302.50p	302.50p	302.50p	302.50p	302.50p
Exercise price	2.00p	2.00p	2.00p	2.00p	2.00p
Option life in years	10	10	10	10	10
Risk-free rate	0.79%	0.79%	0.79%	0.79%	0.79%
Expected volatility	32.10%	32.10%	32.10%	32.10%	38.50%
Expected dividend yield	0.98%	0.98%	0.98%	0.98%	0.98%
Fair value of options	206.11p	303.30p	303.02p	312.49p	303.95p

The inputs into the Black Scholes model of options previously granted which have contributed to the share based payment arising this year are:

Date of Grant	**15 Dec 2017**	**13 Aug 2018**	**13 Aug 2018**	**14 Jan 2020**	**14 Jan 2020**	**14 Jan 2020**
Vesting date	**01 Jul 2020**	**01 Jul 2020**	**01 Jul 2021**	**14 Jan 2021**	**14 Jan 2022**	**14 Jan 2022**
Number of options granted	141,500	166,667	166,666	8,334	8,333	8,333
Share price at date of grant	114.00p	149.00p	149.00p	205.00p	205.00p	205.00p
Exercise price	114.00p	149.00p	149.00p	205.00p	205.00p	205.00p
Option life in years	10	2	3	10	10	10
Risk-free rate	3.10%	3.18%	3.18%	3.25%	3.25%	3.25%
Expected volatility	37.00%	40.90%	40.90%	38.50%	38.50%	38.50%
Expected dividend yield	1.75%	2.11%	2.11%	1.17%	1.17%	1.17%
Fair value of options	28.87p	33.72p	40.37p	32.79p	46.33p	56.36p

Expected volatility was determined by calculating the historical volatility of the Group's share price for the 5 year period prior to the date of grant of the share option. The expected life used in the model is based on management's best estimate. The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

28. Operating lease arrangements (Group and Company)

As lessee

	2021 £'000	2020 £'000
Lease payments recognised as an expense during the year	-	58
Lease payments for rental of premises in India		

Total value of future minimum lease payments committed under non-cancellable operating leases:	2021 £'000	2020 £'000
Not later than one year	-	61
Later than one year and not later than five years	-	278
Later than five years	-	32

No lease payments are disclosed above for the year ended 31 March 2021 as the Directors have decided, with effect from 1 April 2020, to implement IFRS 16 and recognise all significant leases (where the Group is the lessee) as Right of Use assets (see note 16). The corresponding lease liability associated with these leases is disclosed within note 21 to these financial statements.

As lessor

	2021 £'000	2020 £'000
Lease receipts recognised as income during the year	58	58

Lease receipts are for a fixed-term two year sub-let of parts of the parent Company's premises which was extended immediately after the year end and is subject to a three month notice period.

A reconciliation of total operating lease commitments disclosed at 31 March 2020 to the lease liability amount recognised on adoption of IFRS 16 is as follows:

	£'000
Lease commitments under non-cancellable operating lease @ 31 March 2020.	371
Variable lease payments not recognised	(13)
Minor adjustments due to commitment disclosures	(57)
Operating lease liabilities before discounting	301
Discounted using incremental borrowing rate	(58)
Lease liability recognised under IFRS 16 @ 1 April 2021	243

29. Related party transactions

During the year the parent Company undertook the following transactions with D4t4 Solutions Inc., a wholly owned US subsidiary:

	2021 £'000	2020 £'000
Sales to D4t4 Solutions Inc.	1	1
Purchases from D4t4 Solutions Inc.	3,837	2,905
Management charge to cover services provided (from D4t4 Solutions plc to D4t4 Solutions Inc.)	30	35
Management charge to cover services provided (from D4t4 Solutions Inc. to D4t4 Solutions plc)	2,481	2,261
Interest charged on Intercompany loan (from D4t4 Solutions plc to D4t4 Solutions Inc.)	67	-
Payments made by D4t4 Solutions plc on behalf of D4t4 Solutions Inc.	5,517	4,008

Details of any intercompany balances outstanding are shown in Notes 18 and 20.

During the year, the Company entered into an arm's length transaction with P. Kear, a director, relating to the disposal of a vehicle. The Company had the asset independently valued at £8k and it was sold to P Kear for £8k. The Company had fully depreciated the asset to £nil on the date of the transaction.

Other than the payment of remuneration and any dividend income from their disclosed shareholding in the Company, there have been no related party transactions with the Directors.

Notes to the financial statements
(continued)

30. Group reconciliation of profit before corporation tax to cash generated from operations

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Operating Activities				
Profit before tax	**3,043**	**4,969**	**1,973**	**3,962**
Adjustments for:				
Depreciation of property, plant and equipment	395	327	366	327
Amortisation of intangible assets	279	246	279	246
Currency movements	-	-	(30)	-
Finance income	(25)	(43)	(91)	(43)
Finance expense	32	-	25	-
Share-based payments	276	97	276	97
Settlement of share-based payments	42	-	42	-
Gain on sale of property, plant and equipment	(8)	-	(8)	-
Operating cash flows before movements in working capital	**4,034**	**5,596**	**2,832**	**4,589**
(Increase) in receivables	(3,225)	(3,862)	(2,624)	(2,770)
Decrease / (Increase) in inventories	1,137	(1,221)	3	6
Increase in payables	1,312	2,603	2,914	1,213
Cash generated from operations	**3,258**	**3,116**	**3,125**	**3,038**

31. Group cash and cash equivalents

The amounts disclosed in the statements of cash flow in respect of cash and cash equivalents are in respect of these statements of financial position amounts:

	Group	Company
	£'000	£'000
As at 1 April 2019	10,996	10,996
As at 31 March 2020	12,772	12,694
As at 31 March 2021	**14,241**	**14,133**

32. Financial instruments and risk management

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Executive Team.

The Board receives monthly reports from the Executives through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Capital Management policy

Management considers capital to comprise issued share capital, reserves and borrowings, along with cash and cash equivalents.

The Group manages its capital to ensure it operations are adequately provided for, while maximising the return to shareholders through effective management of its resources. The principal financial risks faced by the Group are liquidity risk, interest rate risk and foreign exchange rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders. The Group meets its objectives by aiming to achieve growth which will generate regular and increasing returns to shareholders.

The Group manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

Capital risk management

The Group and Company's capital structure, as defined above, is managed by the Board to ensure that the Group and Company continues as a profitable going concern. There are no externally imposed capital requirements.

The Group has no net debt (2020: nil).

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash and cash equivalents	14,241	12,772	14,133	12,694
Net cash	14,241	12,772	14,133	12,694

	2021	2020	2021	2020
Categories of financial instruments	£'000	£'000	£'000	£'000
Financial Assets at Amortised Cost				
Cash and bank balances	14,241	12,772	14,133	12,694
Trade and other receivables	12,767	9,570	13,243	10,647
Financial Liabilities at Amortised Cost				
Trade and other payables	4,129	4,789	4,772	3,793

Foreign currency risk management

The Group's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies; and
- Monetary items (mainly cash and receivables) denominated in foreign currencies

The exposure to transactional foreign exchange risk is monitored and managed at a Group level. Natural hedging is employed, to the extent possible, to minimise net exposures; however, where significant exposures arise it is Group policy to enter into formal hedging arrangements.

Carrying amounts of the Group's financial assets and liabilities denominated in foreign currencies was as follows:

	Liabilities		Assets	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
US Dollars				
- cash	-	-	530	2,907
- receivables	-	-	8,903	6,464
- payables	1,511	1,626	-	-
Euros				
- cash	-	-	178	167
- receivables	-	-	36	26
- payables	35	26	-	-

The following table shows the effect on the Group's result for the year of the £ strengthening by 5% against debtor, creditor and cash balances denominated in foreign currencies, with all other variables held constant. 5% represents management's assessment of the reasonably possible change in exchange rates.

	$ £'000	€ £'000	Total £'000
At 31 March 2021			
Impact on profit / equity for the year	(377)	(9)	(386)
At 31 March 2020			
Impact on profit / equity for the year	(367)	(8)	(375)

The following table shows the effect on the Group's result for the year of the £ weakening by 5% against debtor, creditor and cash balances denominated in foreign currencies, with all other variables held constant. 5% represents management's assessment of the reasonably possible change in exchange rates.

	$ £'000	€ £'000	Total £'000
At 31 March 2021			
Impact on profit / equity for the year	417	9	426
At 31 March 2020			
Impact on profit / equity for the year	411	9	420

Credit risk management

The Group uses credit reference agencies to determine and monitor the credit limits of new and existing customers. At the end of the year two partners owed a total of £9.020m (2020: two partners owed £5.851m) and no expected credit loss provision has been made in relation to this balance. No other customers / partners owed more than 10% of the outstanding total. No expected credit loss provision has been recognised for trade receivables at 31 March 2021 (2020: nil).

The Group's customers primarily consist of banks, partners and other longstanding customers, primarily blue-chip companies that are deemed to have a low credit risk. As a result, the credit quality of trade receivables that are neither past due nor impaired has been assessed by the Directors to be relatively high, taking account of a low historic experience of bad debts and relatively good ageing profiles.

The Group controls its exposure to credit risk by setting limits on its exposure to individual customers, compliance is monitored by the Credit Control Team. As part of the process of setting customer credit limits, different external credit reference agencies are used, according to the country of the customer. The Group has a policy of dealing only with creditworthy counterparts.

The Group manages the credit risk and quality of cash balances by holding balances with reputable banks.

Liquidity risk management

The Board manages liquidity risk by maintaining adequate reserves of cash and banking facilities to cover day-to-day trading. The Group's policy is to pay creditors in full as and when they become due, which for all practical purposes is at latest by the end of the month following the invoice date. The Board believes that there is little liquidity risk since the Group has adequate cash balances to satisfy its creditors.

Maturity analysis of financial liabilities

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
In less than one year:				
Trade payables	1,450	3,403	2,055	2,208
Amounts owed to Group undertakings	-	-	465	465
Other creditors	36	22	36	22
Accruals	2,598	1,364	2,171	1,098
	4,084	**4,789**	**4,727**	**3,793**

All of the financial liabilities above are recorded in the financial statements at amortised cost. The above maturity analysis amounts reflect the contractual undiscounted cash flows, including future interest charges, which may differ from the carrying values of the liabilities at the reporting date.

Interest rate risk management

The Group's exposure to changes in interest rate risk is immaterial as the loan and mortgage were repaid during the year. The Board of Directors monitor movements in interest rates and have not prepared sensitivity analysis in relation to interest rates as they do not believe that any reasonable variance would have a material impact on the Group and there are no such financial liabilities at the year end.

Fair value measurement

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The freehold land and buildings are observable at Level 2.

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of the revaluation at 31 March 2021. The fair value measurements of the Group's freehold land and buildings as at 31 March 2018 were performed by De Souza & Co, independent valuers not related to the Group. De Souza & Co are members of the Royal Institution of Chartered Surveyors, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location. The valuation was prepared in accordance with the RICS Valuation - Global Standards 2017 and the International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The Directors have considered the impact of global pandemic and whether it has had any impact on the value of the land and buildings of the Group. In their opinion, the property has not suffered any reduction in value on account of it's accessibility, location and the internal refurbishment works which commenced three years ago and which were not therefore not fully incorporated into the 2018 revaluation. The building is also considered to be suitably arranged internally such that any modifications required to the workplace in order to allow for safe working in light of the global pandemic can be readily implemented.

The fair value of the freehold land and buildings were determined based on the market comparable approach that reflects recent transaction prices for similar properties. 10 similar properties with sales within the last two years, and within 10 miles were used as the basis for comparison using both sales value and letting rates to determine the valuation.

In order to determine the apportionment of the fair value between land and buildings, firstly the value of industrial development land in the broad area of the property was assessed, and secondly an allowance for age and obsolescence was applied to the likely rebuilding costs of a modern equivalent.

The Directors are satisfied that the assumptions applied in the professional valuation at 31 March 2018 are still valid at 31 March 2021, and as such have revalued the land and buildings in line with the 2018 valuation.

Corporate information

Registered office
Windmill House
91-93 Windmill Road
Sunbury-on-Thames
Surrey
TW16 7EF

Company registration number
01892751

Solicitor
Moore Barlow LLP
Concord House
165 Church Street East
Woking
Surrey
GU21 6HJ

Bank
HSBC Bank plc
54 Clarence Street
Kingston Upon Thames
Surrey
KT1 1NS

Registrars
SLC Registrars
P.O. Box 5222
Lancing
West Sussex
BN99 3HH

Nominated Adviser & Joint Broker
finnCap
One Bartholomew Close
London
EC1A 7BL

Joint Broker
Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Auditor
RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Financial PR
Instinctif Partners
65 Gresham Street
London
EC2V 7NQ

"With the launch of our new fraud offering, and with our improved revenue visibility, order book and pipeline, we are optimistic about the year ahead"

PETER KEAR
Chief Executive Officer

D4t4 Solutions plc
Windmill House
91-93 Windmill Road
Sunbury-on-Thames
TW16 7EF

www.d4t4solutions.com

Company Registration Number 01892751