d4t4 solutions

D4t4 Solutions plc

Annual Report and Accounts 2022

Unlock new possibilities with limitless, compliant first-party data

We capture and connect the data that activates cross-channel experiences and powers customer analytics

Celebrus Customer Data Platform

Capture, contextualise, and activate data in real-time

Harness the most advanced cross-channel, first party data collection to create meaningful, data-driven experiences.

Celebrus Fraud Data Platform

Don't just manage fraud – prevent it

Catch the Fraudster before the fraud by activating contextualised identity and biometric data instantly.

Celebrus Customer Data Management

Turn raw data into actionable insight

Automate the intake, integration, transformation, and delivery of customer data effectively with Celebrus CDM.

CONTENTS

Highlights

Operational

- Launch of Celebrus FDP to address the needs of customers in protecting their end-customers against fraud.
- Key wins and upsells in the period including;
    - A new win in the Healthcare sector.
    - An upsell of an existing banking customer of our CDM business to both the FDP and the CDP which marks our first paying customer of the FDP.
    - Continued conversion of existing customers onto ARR based contracts.
- Prickly Cactus acquisition fully integrated and assisting in bringing stronger account management disciplines and relationships with customers.
- Started building a direct sales channel, and investing in the marketing automation to support, whilst also seeking new strategic partnerships for sales.
- Continued development of the pipeline of CDP/FDP opportunities with a strong year end position.
- Valuable enhancements to CDP product during the year including the Identity Graph and 100 new marketing signals.
- Numerous key hires at senior level to strengthen the management team, including in Sales, Marketing, HR and Information Security.
- Investment into a group-wide systems infrastructure to better support scalability and growth.
- Restructured plc board and newly formed Operations Board working effectively, with a clear separation between strategy, operations and execution.
- Improvements to corporate governance and publication of the Group's first ESG report including a carbon audit.

Financial

- Annual recurring revenue* (ARR) up 32% to £14.0 million (2021: £10.6 million).
- Revenues up 7.3% to £24.5 million (2021: £22.8 million).
- ARR as percentage of total revenue increased to 57% (2021: 47%), delivering significant progress against medium term target of 65%.
- Gross profit margin of 51.9% (2021: 62.4%).
- Adjusted profit before tax** of £3.3 million (2021: £4.4 million), and statutory profit before tax of £1.8 million (2021: £3.0 million).
- Diluted Adjusted EPS of 7.1p (2021: 9.5p), and Diluted Basic EPS of 4.1p (2021: 6.75p).
- Proposed final dividend of 2.07p (2021: 2.00p), making a total dividend for the year of 2.92p (2021: 2.81p), an increase of 3.9%.
- Year-end cash position £11.4 million (2021: £14.2 million), increased to free cash of £26.5 million as at 30 June 2022.
- Proposed special dividend of 12.5p per share.

Outlook

- Delivering ARR growth remains our key strategic focus.
- Trading during the new financial year has been in line with the Board's expectations with good levels of both existing and new client activity.
- Strong pipeline of sales opportunities at last year end has continued to build in FY23.
- Market conditions are moving in the Group's favour, with growing distrust and reduced usage of third-party cookies, and tighter regulation of financial institutions to enforce better management of fraud
- Continued investment, into marketing, sales, and product development to grow ARR and maintain the Group's competitive advantage.
- Board is highly confident in the Group's strategy and ability to deliver results and create significant shareholder value in the coming years.
- After the period, we secured another FDP win in the Retail sector.

** ARR (Annual Recurring Revenue) is the amount of revenue currently contracted at a point in time that is expected to recur within the next twelve months.*
*** Adjusted profit before tax is calculated before amortisation of intangibles, restructuring costs, acquisition costs, foreign exchange gains/losses and share based payment charges.*

Delivering sustainable value

Market-leading proprietary software

D4t4 has unique proprietary software:

- **Celebrus Customer Data Platform (CDP)**,
- **Celebrus Fraud Data Platform (FDP)**, and
- **Celebrus Customer Data Management (CDM)**

and the know-how to enable customers around the globe to better use and manage their data.

Find out more about our products on pages **4, 5, 8, 9, 12-13**

Presence in growth sectors

D4t4 operates in growth sectors:

- **Fraud Detection and Prevention via our FDP**: providing granular, real-time, individual level data and evidence to reduce the fraud losses within an organisation and protect its customers.
- **Digital Transformation via our CDP:** providing the right data and contextualisation to enable organisations to better understand their customers and provide a tailored experience for each customer across all channels and devices to derive more value.
- **Data Activation and Management via our CDM**: building hybrid cloud platforms focused on data ingestion, integration and transformation to provide actionable insights to benefit our customers' business.

Hear from the CEO on our growth sectors on pages **16 to 19**

Blue-chip customer base

D4t4 has a blue-chip international customer base located in **27 countries**, with high customer satisfaction, and a very low customer **churn rate of less than 2% pa**.

Find out how our customers benefit from our products on pages **12-13**

Proven management team

The company has a **strong management team** with a track record of success in growing software businesses.

See the structure of our Group Operations Board on page **56**

Profitable with a strong balance sheet

The company is **profitable**, **cash generative**, and **dividend paying**. It has a strong balance sheet with ample cash to fund investment into revenue growth.

See our results for the year on pages **88-89**

Our products and services

Unlock new possibilities with limitless, compliant first-party data

Transform experiences with more complete data sets - captured, contextualised, and activated with Celebrus.

For over 23 years, Celebrus has delivered data-first innovation. Borrowing from its Latin meaning of "rich in something," Celebrus strives to provide the most abundant individual-level engagement and behavioral data technology available.

In response to a desire to expand data capabilities, Celebrus was acquired by parent company, D4t4 Solutions plc, global leaders in data management in 2015. This acquisition bridged innovation such as automated patching, advanced monitoring scripts, and performance management and optimisation with the advanced data management capabilities of a customer data platform.

D4t4 Solutions has since consolidated data products under the Celebrus product suite to include Celebrus Customer Data Platform and Celebrus Customer Data Management. In mid-2021, D4t4 Solutions added Celebrus Fraud Data Platform as a data-first solution to combat the global fraud pandemic.

D4t4 Solutions continues to invest heavily in developing new data solutions and innovations to ensure clients are well-placed to leverage their data assets.

Customer Data Platform

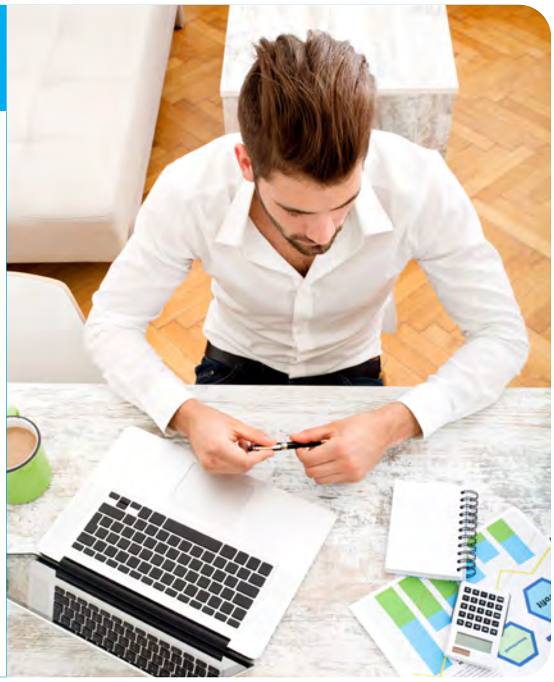
Data and marketing professionals don't have the whole story – they use third-party systems with limited data capture capabilities and long lag times to make decisions centered around the customer experience. They jeopardise, and sometimes violate compliance regulations without access to the data resources they need to create truly personalised experiences. As a result, they don't actually know who their customer is, jeopardising conversion rates and revenues. Celebrus CDP simplifies the process with first-party data capture and identity tracking technology built to adhere to evolving, complex compliance standards that reduce costs and fuel identity-based personalised experiences. Never having to hear "we didn't tag for it," gives data and marketing professionals the ability to provide a relevant customer experience and an enhanced corporate reputation.

"Accuracy and transparency at scale, in our view, is only achievable with true first-party solutions like Celebrus that have a long and impressive history of solving large, complex digital data problems...."

Nicholas Gent, CEO,
Future Proof AI

Fraud Data Platform

Security and data professionals have been focused on managing scams and fraud – but the third-party systems they've been using have sub-par prevention capabilities. They risk jeopardising relationships with legitimate customers with their use of limited, one-size-fits-all solutions that lack advanced behavioral biometrics, sense and trace, and data contextualisation capabilities. These solutions often cause false positives and unnecessary interruptions for legitimate customers, damaging reputation. Celebrus FDP is the world's most advanced, comprehensive solution that captures real-time, first-party behavioural biometrics and PII across the entire customer journey – not just on the payment page. Instant availability to contextualised data transforms the prevention of scams and financial fraud such as new account creation, account takeover, and payment fraud. The ability to intervene to catch the fraudster before the fraud provides a more seamless customer experience, streamlines resource management, and reduces fraud expense to the organisation.



Customer Data Management

Organisations looking to utilise customer data effectively across the business struggle with data silos, underperforming environments, cumbersome datasets, and compliance challenges. To reach maximum efficiency, organisations need a high-performing on-premise, cloud or hybrid-cloud environment that bridges necessary data across the business in a compliant manner, easily accessible by analysts and data scientists. Underperforming data environments disrupt commerce and ultimately jeopardise earnings and reputation, giving way to incomplete data stories and inefficient processes which are unable to create the experiences customers expect. Celebrus CDM provides an enterprise platform that automates the integration and transformation of customer data from all relevant data sources, whether on-premises or cloud, to power efficient and effective data science, modelling, and regulatory analytics.

Our strategy

Whether we are building high-performing analytic environments or capturing and contextualising the data that becomes the backbone for Marketing and Fraud, our goal is to continue to challenge organisations to think differently about data and ultimately accelerate their digital transformation goals.

As a business, this past year has been the beginning of our transformational journey driven by a new management team and a renewed focus on driving more aggressive growth in our key markets.

Annual Recurring Revenue (ARR)

Annual Recurring Revenue has been a focus for the business to drive more value for our shareholders. Our goal, given the nature of our business, is to get to the point where ARR comprises roughly 65% of our total revenues.

What We Did in FY21/22

For the first time since we announced our transition to an ARR business, our ARR was more than 50% of our total revenues. This year's level of 57% is an important milestone towards our 65% goal as we continue to deliver new contracts on an ARR basis wherever possible.

What We're Doing in FY22/23

We will continue to;

- focus on converting legacy customers and ensuring that most, if not all, new customers for the Celebrus CDP and FDP contract on an ARR basis.
- drive more ARR revenue in CDM in the form of our Software and IP as well as our Managed Services that also now underpin our cloud deployments of the CDP and FDP.

Links to KPIs

A B C D
E F G H

Links to risks

1 2 3 4
5 6 7 8

Building for scale

The management team has spent a considerable amount of their careers in high-growth businesses, and we understand the importance of systemisation and automation to aid scalability during rapid growth. By ensuring that we are automating manual processes we free up our resources to focus on higher-value tasks.

What We Did in FY21/22

In the year, we;

- implemented a new HR system to assist in employee engagement and process automation
- a new CRM and Marketing Automation platform to support our direct sales and better enable our partners
- a license management system to better scale our delivery and management of our CDP, FDP, and CDM licenses.

What We're Doing in FY22/23

We will;

- continue to focus on various systems and processes to create efficiencies, allowing our teams across the business to focus on more high-value activities that will ultimately help us achieve the goals we are setting internally.
- implement a new Finance system to increase scalability and improve processes, and build out better reporting and analysis to support the Operations Board in the daily management of the business.

Links to KPIs

A B C D
E F G H

Links to risks

1 2 3 4
5 6 7 8

Culture

A business can only go as far as the people within it. D4t4 has a team of incredibly talented people, and we want to be able to support and develop them, to deliver greater shareholder value.

What We Did in FY21/22

As a global business, bringing our people together is extremely important. During the year we;

- invested in a new HR system to improve employee engagement, develop a culture of open communication, and facilitate ESG initiatives
- restructured our leadership team to create an Operations Board, to empower leaders across the business and improve accountability and understanding of expectations for all roles and levels.

What We're Doing in FY22/23

We will continue to;

- invest in our people and their development, while also leveraging our global HR function to bring people togther across the globe to drive more innovation and opportunity.
- evolve the culture, during this year of transition, to foster innovation, creativity, and productivity.
- utilise ESG to play a key role in bringing people together

Links to KPIs

A B C D
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Links to KPIs

- (A) Revenue
- (B) ARR
- (C) Adjusted profit before tax
- (D) ARR as a % of total revenue
- (E) Adjusted diluted earnings per share
- (F) Dividend
- (G) Net assets
- (H) Cash

Learn more about our KPIs on pages **20-21**

Links to risks

1. Global economy
2. Execution and sacalability
3. Regulatory changes
4. Competition
5. Customer and partner loss
6. Information and cyber security
7. People
8. Foreign exchange losses

Learn more about how we manage risk on pages **26 to 29**

Grow CDP and FDP revenues

With the launch of our Celebrus FDP, we now have two technologies on the forefront of digital transformation. By focusing on these two products we can continue to drive ARR growth, increasing shareholder value, and continue to build upon our favorable customer retention rates across the business to support organic growth.

What We Did in FY21/22

- We continued to onboard new partnerships and extend existing ones.
- We won our first paying FDP customer.
- Our acquisition and successful integration of Prickly Cactus has resulted in deepening relationships with existing customers resulting in higher utilisation of our core products.
- We've also invested in a direct sales team and have restructured the Marketing team to focus on growth and brand visibility.

What We're Doing in FY22/23

We will;

- Have a continued focus on direct sales and innovation of both platforms to ensure we maintain our core differentiators in the market.
- explore new partnerships that can increase the market exposure of our brands.
- bring PR in-house to build upon the successful strategy from last year and take more control of our messaging.

Links to KPIs

A B C D
E F G H

Links to risks

1 2 3 4
5 6 7 8

Innovate and differentiate

- We pride ourselves on building upon our IP to solve for the key challenges customers are facing in the marketing and fraud worlds.
- We continue to innovate our platforms with a view of launching new features twice a year.

What We Did in FY21/22

- We launched versions 9.4 and 9.5 of the platform and continued to innovate our product roadmap based upon the challenges brands face in the marketplace today.
- We focused on various research projects that will play into future releases, as well as the continued use of our Customer and Partner Advisory Boards.
- We launched our Customer and Partner Portal, to create channels of feedback that are crucial to our product development and growth.

What We're Doing in FY22/23

We will continue to;

- incentivise our product and engineering teams to find opportunities to identify and protect Intellectual Property
- invest in key research projects that are driven by where we see the market going and the challenges that we see on the horizon.

Links to KPIs

A B C D
E F G H

Links to risks

1 2 3 4
5 6 7 8

Diversify our revenue streams

- We see clear opportunities in the market, based on industry changes and new legislation; we will seek to fully capitalise on those.
- We will continue to grow our existing partnerships, and develop new ones, but we want to bring our products direct to new customers and control our own destiny.

What We Did in FY21/22

- We built our Sales and Marketing teams around this core concept, which started as a "Go Loud" campaign and continued with our investment in a new CRM and Marketing Automation platform.
- Our PR initiative created quality brand exposure, and also resulted in several bylines being published from our key thought leaders across the business.

What We're Doing in FY22/23

We will;

- continue our mission of improving our visibility in the market by updating our branding and positioning in the marketplace.
- continue to revamp our digital and social presence and bring our PR in-house to take the next steps in our "Go Loud" campaign.
- simplify our messaging to better explain the products to our prospects and investors.
- further build out our direct sales toolkit to support our global sales team.

Links to risks

1 2 3 4
5 6 7 8

Product development

Intelligence is the ability to adapt to change

Fraud Prevention

The launch of the Celebrus Fraud Data Platform in June 2021 was the most exciting step we've taken in several years. It is a product uniquely well placed to address the issues we see in society today. Widespread scams and identity theft have created huge losses for companies and huge distress for individuals, on a worldwide scale, and there are no signs of this epidemic slowing down.

Celebrus FDP utilises the world's most accurate customer insights technology and focuses it on a range of real-time fraud detection use cases. These use cases include Scams, New Account Fraud, Remote Account Takeover Fraud and Payment Fraud.

The feedback we have garnered from customers and partners has been fantastic and really motivates us to continue to build further functionality into the platform.

Infrastructure

The world of data platforms continues to evolve with new generation technology stacks starting to take shape. First amongst equals in this world is Kubernetes. Kubernetes is quickly becoming the dominant system for the deployment, scaling and management of applications.

Kubernetes also promises to become the platform for moving workloads between on-premise and cloud environments. Kubernetes is born from the DevOps movement where building for scale is a key focus and this drive to automate is something we are focusing on this year so that the business can grow quickly and efficiently. Increasing automation means we can service existing customers more efficiently and onboard new customers more quickly than ever before. It also means that traditional challenges around compliance, such as ensuring security vulnerabilities in servers are patched quickly, can be done with less manual work and therefore less cost to the business.

Privacy

The ever-changing story of Intelligent Tracking Protection (ITP) rolled on through 2021 with Apple releasing new privacy features including Private Relay. These technologies limit the ability that marketers have to understand their customers and communicate with them.

AdTech and MarTech companies continue to build workarounds to ensure their technology still works in Safari, albeit in a limited capacity. These workarounds have not gone unnoticed by Apple. In response, Apple implemented changes to its privacy features to shut down many of these workarounds.

Google also announced a delayed timeline for phasing out third-party cookies from 2022 to 2023. Google's decision to extend its timeline to 2023 appears to be based on its objective to move to privacy-compliant alternatives including their recently announced Topics API.

These privacy changes define an industry where Celebrus is uniquely well placed to help marketers. Celebrus is a first party real-time solution which enables us to provide the granular and timely understanding of activity on digital channels which our customers require.

A strong identity resolution solution built on a foundation of concrete first party data and resilient identifiers such as account number and email address, not IP addresses or cookies, is the key requirement. To support these requirements we released the world's first real-time, first party, Identity Graph. This unique feature enables our customers to understand who their visitors are even after third party cookies have disappeared from the industry.

Compliance

Privacy regulations accelerated during 2021 with a host of US states bringing new data privacy regulations forward. The pioneer of these in the US, the California Consumer Privacy Act (CCPA, and subsequently CPRA) is moving forwards with the introduction of a new enforcement agency, the California Privacy Protection Agency (CPPA). The measures and protections afforded by CPRA are now looking remarkably similar to the EU GDPR.

Following the lead of Colorado and Virginia, numerous legislatures throughout the United States introduced their own data privacy bills modelled off the CPRA. This momentum has carried forward into 2022, with thirteen states already introducing, or reintroducing, privacy legislation since the beginning of the new year: Alaska, Florida, Hawaii, Kentucky, Indiana, Nebraska, New Jersey, New York, Oklahoma amongst others. Away from the US, enforcement teeth are sharpening in France, Turkey, China and Europe.

Compliance is one of our strongest feature areas and has underpinned the product since its inception. This is an area where we see great opportunity and we expect to announce exciting new product innovations later this year. We also have new patent applications in flight to make sure these innovations deliver us valuable intellectual property for years to come.

Engagement

One of my favourite features this year is the work we have done with one of our business partners, Pegasystems. Pega provides a range of applications for customer relationship management, which we work with including Customer Decision Hub (CDH). CDH is the tool of choice for personalised customer experiences. CDH relies on Celebrus CDP as being the sensory network understanding visitors on web and mobile.

We have taken our integration with Pega to the next level by helping CDH understand not just what interests visitors but also measure their engagement and intensity. This deep understanding of visitor behaviours is how Celebrus enables Pega to deliver the very best offers and messages to visitors.

Teamwork

No update would be complete without a big note of thanks to my team. I am lucky enough to lead a hugely talented and committed team of people who deliver world class products and services. I fully expect the year ahead to challenge us as we move forwards together.

Ant Phillips
Chief Technology Officer

Staying ahead of evolving risks

As the recently appointed Chief Security Officer it is encouraging to join an organisation with a strong security culture which permeates our products, people and organisational culture. A key part of this culture is our security framework and certification to ISO 27001, which is globally recognized as a strong independently audited Information Security standard. This standard is currently being strengthened and the new version is expected to be published in Oct 2022.

At D4t4 we aim for best practice in this field, and so we welcome the standards evolving in response to changes in the Information Security landscape. Through our analysis of the changes expected, we have already started preparations for the transition to ISO 27001:2022. It's important to highlight that an implementation of such a standard goes far beyond a once-per-year external audit. D4T4 commits resource, thought leadership and effort throughout the year to ensure we are continuously improving our application of ISO 27001. Analysing trends, scope review, reviewing controls, internal auditing and a strong risk management process all form part of this process.

Cyber Operations

Staying in front of evolving cyber risks is something the business has achieved comfortably over the past year with strong reactions to Log4J and other threats. Global events such as these provide the impetus to drive further improvement across the business and signify the importance of attack planning whether pre-, during and post-attack, to ensure we are resilient to such threats.

With our standards-based approach, our strong risk management processes form the foundation of this robustness. In order to build strong cyber operations, you must first know the risks which the business faces and the context in which it operates. Technology and services play a role in ensuring we are appropriately resilient to current and emerging threats, and at D4t4 we deploy technology to this effect. Cyber-attacks are getting smarter and the threat landscape of the workplace is changing with a strong shift to hybrid working across many industries. D4t4 has coped well with these shifts in the past twelve months. Looking to the future the organisation will continue to evolve its cyber operations skills and capabilities and over the next twelve months and we will deploy a dedicated Security Operations Centre to further strengthen our capabilities.

Product Security

The security of our Celebrus product has been a key focus for the team. As a product, Celebrus is tested both internally and externally with excellent results achieved. D4t4's secure development lifecycle provides the foundation for these strong results. In turn this has provided the foundation for a product that can be deployed in secure environments and highly regulated industries.

ISO 27001 ISOQAR REGISTERED alcumus.com UKAS MANAGEMENT SYSTEMS 0026

Certificate Number 8869
ISO 27001

Legislation and regulatory framework

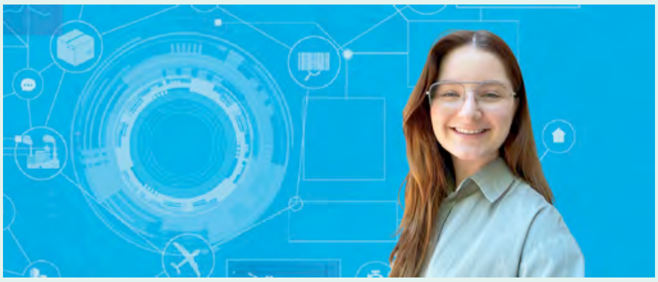
Operating in a secure and compliant manner requires understanding of multiple legislative and compliance frameworks. Operating in regulated industries, such as banking, insurance, and healthcare has been a strong part of the business for D4t4. Having healthcare customers has meant that we have put in place processes to meet complex compliance requirements such as HIPAA, (the Health Insurance Portability and Accountability Act) applicable in the United States which sets out extensive regulations for the processing of Personal Health Data within this jurisdiction.

In what has been an exciting challenge, the organisation has been through a process of review to ensure compliance with these requirements, which enables our clients to be confident in processing this type of data within our products.

We will continue to work diligently to ensure we remain in the top tier as far as information and cybersecurity are concerned.

Tony Bennett
Chief Security Officer

OUR PEOPLE



Rebecca Hairfield

Project Manager, Cary, North Carolina, USA

Joined D4t4 2019

What was your degree or initial qualification?

Bachelor's in Politics, and a background in Project Management

How did you get into data and tech?

I was specifically looking for a change in field to a new and growing industry.

What attracted you to D4t4?

The size of the company means there's effective, interpersonal connections and the team seemed to actively work against the disconnect you experience at a large company. This, partnered with my desire to change fields, made D4t4 the perfect fit.

What do you like about working at D4t4?

The team is willing and eager to teach, something I was looking for when I joined the company. I find fulfilment in a working environment where I continue to learn and grow in my knowledge base.

How have you grown professionally while working at D4t4?

I have grown both in my capacity as a Project Manager as well as in my knowledge of tech. It is incredibly gratifying to have a solid understanding of the tech behind what I manage on a day-to-day basis, having started out just three years ago for the first time in this field.

What would you say to people who might be thinking about wanting to work in data and tech and at D4t4?

Especially for those who are looking to change fields, who have a hunger to learn and develop, this is a great place to work.

Strategy in action

How a multinational retail bank increased revenue by $12M from a single campaign using personalisation

85%
reduction in time to deploy personalisation

$3m
incremental profit from additional sales

$12m
incremental revenue from a single campaign

Challenges

Millions of visitors come to the bank's websites and repeatedly view specific products every day, but don't progress to a purchase. Before deploying the Celebrus Customer Data Platform (CDP), their tag-based solutions didn't allow them to act on this opportunity because individual tags aren't able to see this complex sequence of interactions. The bank wanted to retarget these potential customers - either in-session, or with outbound follow up.

The bank also wanted to get serious about rolling out real-time personalisation, by creating thousands of new targeted, personalised messages and offers on its web channel. The bank wanted to trial deploying new triggers to see if they could speed up what had been a laborious and lengthy process. Typically, when using their tag-based solution, developing new triggers took weeks or even months!

Finally, the bank wanted to increase sales by optimising loan conversions via intelligent retargeting. They knew that a large number of customers interacted with their online mortgage or loan calculator but didn't convert. These were prime targets for intelligent retargeting.

Solution

Celebrus CDP was chosen because it addressed all the challenges the bank had, simply and cost effectively. The solution delivers a fully compliant collection of visitor and customer data across the bank's public and authenticated websites, including Accelerated Mobile Pages (AMP) and native mobile applications, in more than 15 countries.

Celebrus CDP provides instant (milliseconds) delivery of data into the bank's real-time decisioning systems, with rapid and efficient implementation of data collection via a single line of code – no tagging required. The maintenance free solution offers data control, access, and ease of use with a business-friendly data model that is continuously loaded into the bank's existing data platforms.

Celebrus CDP was rapidly deployed on all public and authenticated websites as part of the bank's major transformation program.

> Celebrus has enabled us to transform the depth of our personalisation, achieve true real-time website personalisation, and deliver a consistent cross-channel customer experience.

How first-party, tag-free data capture increased conversion by 24% for a leading European health insurer

24%
increase in conversion rates

$↓
significant call centre cost reductions

↑CX
improved customer experience

Challenges

Faced with growing competition in a multi-channel marketplace, a leading Dutch health insurance company understood that being relevant is critical to creating a successful website. For them, every visitor to the site has specific insurance requirements based on age, gender, occupation, and parenthood.

They saw a clear opportunity to improve the relevance of their online content for each visitor through effective real-time personalisation. The insurer decided to explore the opportunities this approach could deliver.

Solution

Celebrus CDP was adopted to take advantage of the tag-free, multi-channel 1st party data capture. This solution enabled them to execute real-time website personalisation while simultaneously testing the wide range of new banners, ads, and campaigns they created.

The company embarked on a program of delivering personalised online banners and advertisements to customers based on life stage information. This information is captured online during a five-stage process to provide the data for actuaries to determine the insurance premium. Layering Celebrus on top of the existing process enabled the insurer to optimise customer personalisation in real-time, and at scale.

All customers initially see the same banner when they arrive on the health insurance site. After completing the first step in the five-stage process, the company then tailors the banners to reflect each customer’s different life stage – from age, to whether they have children.

After conversion, the company can see which banner the customer saw, compare it to their life stage, and draw a relevant conclusion from the data. Information is presented to the company via dashboards, enabling easy and rapid assessment of the performance of each new banner or campaign.

The solution provided instant and low-cost deployment with a single line of code - no tagging required. The data collected is instantly contextualised and written into a business-friendly data model in the insurer's existing data, providing instant and low-cost access.

> Celebrus enabled us to extract an unprecedented granular level of detail from each of those campaigns. It enables us to look back at every single customer visit to the web site step by step and analyse behavior.

Chairman's statement

Transitional year whilst delivering market expectations

I'm very pleased with the progress that we have made over the last year. This has seen a transition to a restructured board, a strengthened management team, improvements to our corporate governance and the production of our first ESG report. It has also seen investment into a new product launch, an acquisition and significant ARR growth, all whilst delivering market expectations for revenue and adjusted profit before tax.

As I outlined in last year's statement, during this past year we have restructured the board to create a leaner board focused on strategy and governance, with the creation of an Operations Board to focus on execution of the strategy. We believe this is the right structure to deliver growth in future periods. The board now consists of three non-executive directors and two executive directors. Peter Kear stepped down from the board on 31 March 2022 and left the Group on 30 June 2022, after a successful handover of the CEO role to Bill Bruno. We thank Peter for his contribution to the Group's success over the last 37 years and wish him well for his retirement. In June 2021, Jim Dodkins and Mark Boxall stepped down from the D4t4 Board. Jim continues to work for D4t4 on a part-time basis whilst Mark left the Company earlier this year. I would personally like to take this opportunity to thank Jim and Mark for all their hard work and support over the years.

The Nominations Committee undertook two major searches last year for the roles of CEO and CFO and we are delighted to have chosen Bill Bruno, as CEO, who was previously our VP North America, and Ash Mehta as CFO who has a track record in growing public companies.

Since his appointment in August 2021, Bill has created a Group Operations Board with the successful recruitment of key talent into vital roles such as VP Global Sales, VP Marketing, Head of HR People and Culture and most recently a Chief Security Officer. The latter role signifies the importance we place on information security and the trust our multinational customers place in us in helping them manage their critical data. With this management team in place, I am confident we have the right people to drive future growth.

With the change in board structure, we have taken the opportunity to review and strengthen our corporate governance with the adoption of new Terms of Reference for our Board committees as well as a new Matters Reserved for the Board schedule, in line with current best practice. This clarifies the split of responsibilities between the main Board and the Operations Board ensuring firm oversight of operational matters.

I'm pleased to report that we have produced our first ever ESG report, having appointed consultants to undertake a carbon audit. The report provides a valuable insight into our carbon footprint and actions we plan to take to reduce our impact on the environment, as well as outlining how we interface with our communities and protect and support our employees.

During the year, we launched a new product, the Celebrus Fraud Data Platform, to address the needs of our customers in protecting their end-customers in real-time across all digital devices, using automated behavioural touchpoints. Fraud is an ever-growing threat causing distress and financial loss to a growing number of victims, *"We have successfully executed a year of transition which positions us well for future growth"*

and the current regulatory focus on addressing this problem creates a strong opportunity for our product especially as regulators move towards holding banks fully responsible for compensating customers who become victims of fraud. This provides an impetus to banks to address the issue to avoid such losses. Our first sale of FDP was made in December 2021 and with several organisations currently trialling the product, we anticipate further contract wins in the coming months.

As well as launching FDP, during the year we have made numerous product developments to our CDP product to maintain our competitive advantage in the market and add further value to our customers.

Against this backdrop of significant change within the business, we have successfully met market expectations delivering on Revenue and Adjusted Profit before Tax, as well as growing ARR by 32%, generating cash and paying a growing dividend.

The Board is today proposing a final dividend, subject to shareholder approval at the 2022 AGM, of 2.07p per share which along with the interim dividend paid of 0.85p per share in January 2022 brings the full year dividend to 2.92p per share, an increase of 3.9% over last year. The final dividend is expected to be paid on 24 August 2022 to shareholders on the register as at the close of business on 15 July 2022.

Whilst the Group has increased investment in recent years, cash generation continues to be strong. The board has considered uses for the cash, and although the search for acquisition opportunities is an ongoing one, with no such opportunities in sight the board will focus investment on organic growth, in the knowledge that our product set is market-leading, and the market opportunity is large.

We will maintain a regular dialogue with shareholders on potential uses for the cash, but even after allowing for all investments that may be required as we continue to grow, the Board is of the view that we are in a position to return some excess cash to shareholders.

Therefore, I'm delighted to announce that as a result of the Group's healthy cash balance, the board is also proposing a special dividend of 12.5p per share payable to shareholders on the register as at the close of business on 7 October 2022. The special dividend is expected to be paid on 27 October 2022.

The Group's significant progress in the year is a testament to our many staff across our four locations around the world and I thank them for their efforts, especially during a period when we have had the instability of intermittent coronavirus lockdowns still ongoing. We are increasing our focus on our people. The new Executive team is evolving the Group culture to be one which is more empowered, accountable and enjoyable, as we aim to become an even better company to work for. This is vital in a global economy, post-lockdown, in which there is a shortage of talent and intense competition for good people.

Outlook

We start the new financial year in a good position with products well aligned with market requirements and trends, a strengthened management team, a healthy cash balance, and most importantly a strong pipeline of sales opportunities. I'm delighted to say that the Board is highly confident in the Group's strategy and our ability to deliver results and create significant shareholder value in the coming years. Therefore, we will continue to invest wisely where we see opportunities for good returns on investment.

Peter Simmonds
Chairman
6 July 2022

Chief Executive Officer's statement

Building blocks to drive and manage growth

I'm delighted to present my first annual statement to shareholders since taking on the CEO role in October 2021, and I'd like to thank Peter Kear, the outgoing CEO, for his contribution to building the company we have today. We have market-leading products which can form the basis of a sizeable business, creating significant shareholder value over the coming years.

Since my appointment, our Chief Financial Officer and I have been focused on implementing the building blocks to drive and manage the growth we anticipate. Core to this has been ensuring that the business is scalable and that we minimise the growing pains that arise during periods of growth. This covers ongoing investment into a number of areas including internal systems, processes, reporting, employee empowerment and accountability and not least company culture.

This is being undertaken in parallel with ensuring that the day-to-day business continues to perform, and I'm pleased to report a good set of financial results for the year ended 31 March 2022 ("FY22") with Revenue up by 7.3% during the year and a very healthy growth in ARR of 32%.

Strategy and Market trends

Our strategy remains unchanged, with the key objective being to grow ARR through increased sales of CDP and FDP to customers. The market trends during the year have been in our favour and we aim to capitalize on these in the coming year through our strengthened Sales and Marketing teams.

For the CDP product, the trends towards greater control of privacy of data are evidenced by the deprecation of third-party cookies, the impacts of Apple Intelligent Tracking Prevention (ITP) and other browser changes relating to privacy for consumers. Celebrus CDP is not impacted by any of these as we help our clients collect first-party data, utilising our IP, which is not affected by these trends in the way that our competitors' products are. Our approach to compliance, identity, and instant data activation provides us with a strong go-to-market strategy. This ultimately has allowed us to retain and upsell our existing account base, while also building significant pipeline activity through both key partners and our direct sales capacity.

On the fraud side, there are two key trends: the speed at which fraud occurs and the ongoing regulatory discussions in many jurisdictions about reimbursing consumers who are victims of scams. This regulatory trend is strongest in Europe, and like GDPR which was a European initiative, we believe best practice will quickly be adopted around the world. With millisecond data capture and contextualization, our Celebrus FDP ultimately helps brands catch the fraudster before the fraud. The data that we capture offers unique and differentiated solutions for preventing scams, saving banks millions of pounds and ultimately protecting consumers.

Products and technologies

Of course, despite market trends being in our favour we continue to develop functionality to maintain our market leading position in the realm of data capture, data contextualization, and data management.

During the year, we added another 100+ automated marketing signals to CDP providing customers with greater ability to identify and convert valuable potential end-customers, as well as adding the world's only first-party real-time Identity Graph to better identify end-customers across a range of devices they might be using.

"Our strategy remains unchanged, with the key objective being to grow ARR through increased sales of CDP and FDP to customers. The market trends during the year have been in our favour and we aim to capitalise on these in the coming year through our strengthened Sales and Marketing teams."

We have continued our commitment of providing two major platform updates each year for the Celebrus CDP and FDP, which is driven by our product roadmap. That roadmap has several inputs: our experience and expertise, feedback from our customers during Advisory Board meetings, our Partners, and research projects within our Engineering team which we continue to grow.

Our technology focus is on innovation and differentiation and the ability to cater for the ever-growing needs of our customers. Most recently, this was demonstrated by our ability to rapidly establish CDP to be HIPAA compliant in the United States. HIPAA is a series of regulations covering the use and disclosure of health information in the United States, and CDP compliance is a requisite for our healthcare customers.

In June 2022, our technologies received recognition from The Global InfoSec Awards in the categories of “Most Comprehensive in Identity Management” and “Most Comprehensive in Account Takeover Protection”, as well as from IDC MarketScape which named Teradata Vantage (powered by Celebrus CDP) as a “Leader” in the CDP market.

We will continue to innovate our Celebrus CDP and FDP to ensure we remain differentiated and are able to solve some of the most complex data challenges in the industry today.

Route to market

This past year had some great wins for our business, including our first contracted customer for FDP just six months after its launch in June 2021. This was an existing customer: a major financial institution in the United States, and they upsold to both our CDP and FDP in addition to our existing CDM relationship with the bank. We are in dialogue with other existing customers, particularly in the Financial Services and retail sectors, and we have built up our partner program in the fraud sector to build a healthy pipeline of FDP opportunities.

Our customer success team, boosted by the addition of the Prickly Cactus team acquired in August 2021, has done a great job instilling new account management disciplines and focus and expanding our relationships with existing accounts, while our new business team has continued to win in our core markets of Financial Services, Insurance, Healthcare, and Telcos.

We continue to focus on driving pipeline and measuring what is working and what isn’t in the market so that we can learn and adapt rapidly around the globe.

Traditionally our business has gone to market exclusively via partners. While that continues to be a strategic pillar of our business, during the year we began to build a direct sales channel. This has already yielded success in the United States, and we are now supporting a global rollout of direct sales via our restructured and better-aligned Sales and Marketing teams.

We believe that the industry trends described above make this an opportune time to build up the direct sales channel, to supplement our partner’s efforts with our own direct approach. This will support our objective of accelerating sales growth by building as many revenue streams as possible to create a stronger pipeline for better, sustained growth in the coming years.

Partners

We have had some great success in our key markets with technology partners including Teradata, Pega, SAS, Quantexa, and Dell. We have deepened our relationships with partners at a corporate level but also at a local level across all territories to reinforce the value-add that CDP and FDP provide to partner offerings. This is illustrated by the announcement, in May 2022, that CDP will be integrated into Always-On Insights, a new offering combining the capabilities of Pegasystems' Customer Decision Hub™ with Celebrus CDP.

We launched our API connector in v9.5 of our CDP and FDP product last November, and at that time we signaled to the market that we would focus on bringing our data together with leading technology across the globe in a meaningful and simple way that creates a synergistic offering for our customers. I’m pleased to say that we are in discussions about new partner opportunities that bring a unique offering to our customers, and we look forward to further progress on this in the coming year.

In addition to technology partners, we continue to seek opportunities to expand our Solution Integrator (SI) partnerships. While we focus on innovating our software and IP, we need partners that can efficiently implement these platforms to assist our objective of building a scalable business and minimising growing pains. This approach will also help us manage costs as we grow. We are building a partner toolkit encompassing training and certifications for SI partners for rapid onboarding and success.

Chief Executive Officer's statement continued

Branding

Since the year-end, we have revamped the branding not only of our Celebrus product family, but also of the D4t4 brand. The new branding is the work of our Marketing team led by our new VP Marketing based in the United States and is more representative of our ethos, messaging, and approach to the market. The message is simpler, conversationally sophisticated, and focuses on being a disruptor in the market. The new branding has enabled us to align Marketing and Sales more closely around the globe to ensure better coordination and success in the coming year.

Robust systems to support growth

We have been busy in the year improving transparency, accountability and reporting whilst establishing greater automation with a view to creating a group-wide systems infrastructure to better support scalability and growth.

We have implemented a new Customer Relationship Management system to support our Sales Strategy. This system will manage our customer lifecycle all the way from lead generation to winning new customers through to customer satisfaction and advocacy.

We are also implementing an HR system which will enable us to automate and better manage key HR processes, and most importantly better engage and communicate with our employee base in four countries and time zones.

We have started to implement a new Finance system which will provide us with better visibility and granularity into our performance to support our initiative of increased empowerment and accountability for our teams.

These systems will set up our teams for better, measurable success and create transparency for our teams globally to better understand what we are trying to do as a business and the role they play in helping us achieve our goals. These systems and processes will also help us create better accountability amongst our leaders across the business, a key value of our culture, so that we can make efficient decisions globally.

Our employees

From a people perspective, we have restructured the business and brought in top talent to drive growth in our key markets. We formalized the Operations Board, established our Leadership Team, brought in new talent to the global roles of VP-Marketing and VP-Global Sales both in the United States, as well as creating new roles such as Head of HR, People, and Culture and Chief Security Officer both in the UK.

The role of Head of HR, People, and Culture is a crucial one because we regard an effective culture established and created by our talent throughout the business as critical in building high-performance teams to drive our growth plans. That culture will be one of openness, empowerment, and accountability.

The Chief Security Officer role is also a vital part of our strategy in the coming year. Whilst the Group has always placed data and cybersecurity high on its priorities the increasing complexity in this area demands a role dedicated to this activity.

I'd like to thank all our employees around the world, who have helped us deliver great results in this past year, during a time of global economic uncertainty, and internal transformation and change.

We recognise the competitive global environment for talent, and we believe that the new culture will provide greater engagement and job satisfaction for our employees which we will consider supplementing with further enhancements to remuneration and benefit packages where appropriate.

Outlook

Our goal in the year ahead will be to continue to improve our go-to-market approach, rapidly develop new partners, and ensure our brand platform and market share continues to grow. These targeted measures are what we believe will deliver ARR growth and shareholder value.

We will also continue to invest into sales and marketing activities and product development whilst ensuring we can still generate healthy profits and cash for future investment. It's important that we look ahead, as part of our three-year plan, to ensure we are investing in the right places now to support that desired growth.

As well as seeking organic growth, we will continue to monitor the space for potential acquisition opportunities to grow the business or bring bolt-on technology into our CDP or FDP products.

We have started the new financial year with a stronger pipeline, revenue already committed to the current financial year, solid growth in ARR. I believe we have an experienced team that can deliver, and I am optimistic about the year ahead.

Guerino Bruno

Bill Bruno
Chief Executive Officer
6 July 2022

Q&A with Bill Bruno, CEO

You've strengthened your team significantly over the last year. What attracts a new joiner to D4T4?

When people see the technology we have, they are blown away. They realise the potential for the business immediately because of the competitive advantage our products have over competitors. Also we have a virtuous circle of good people attracting more good people to the company, that can capitalise on the potential of the products. Since I became CEO, we have been fortunate to have recruited top talent into Sales, Marketing, Finance/HR, Security, Fraud, and Delivery Services to carry the business forward to the next level.

What have been your biggest challenges since becoming CEO and how are you addressing these?

I don't think the challenges are any different for me than anyone else who has come in as CEO to a business with the legacy that D4t4 has. To be honest, I welcomed the challenge and joined this business years ago because I believed in its potential. So, for me, it's less about the challenges and more about the opportunity. That being said, every business has its challenges, and as CEO the most important thing to do is figure out the right balance for bringing change into an organisation rapidly when you see the opportunity in front of you and know you don't have unlimited time to go through that door.

What are the current industry trends and how do they affect D4t4?

This answer could be a thesis if I wrote them all out, but let's give you a quick read on the Marketing and Fraud side. On the Marketing side, the main topics you hear about are the deprecation of third-party cookies, the impacts of Apple Intelligent Tracking Prevention (ITP) and other browser changes, and privacy/compliance for consumers. I'm happy to report that the Celebrus CDP is not impacted by any of these and offers a market-leading solution for compliance. On the Fraud side, there are two trends: the speed at which fraud occurs and the ongoing regulatory discussions in the UK (and eventually globally just like GDPR) about reimbursing consumers who are victims of scams. With millisecond data capture and contextualisation, our Celebrus FDP ultimately helps brands catch the fraudster before the fraud and the data that we capture ultimately offers unique and differentiated solutions for preventing scams as well.

What has been the response of existing Celebrus clients to the fraud product launch?

It's easy to forget that we launched this platform from scratch, not long ago, in June 2021. We had our first paying customer in December 2021, a mere six months post-launch. We now have a good number of existing accounts in conversations and various stages of testing the new platform. We have new partners on board that believe in our product and speak highly of it. It's easy to get impatient, because you want to see quick results and payoffs, but I'm extremely happy with the pipeline and opportunity in front of us in the coming year for Celebrus FDP.

What USPs does D4t4's product have as compared with other anti-fraud offerings?

I'm not going to give away our entire sales approach, but many of the solutions we come up against are third-party in nature. This means the brands don't own the data and therefore can't retain it for as long, and so they lose the ability to identify the customer when they come back to the website, say, a few months later. They also don't capture anywhere near the level of data and granularity that we do, and so only provide a "black box" approach to fraud scoring, and ultimately are unable to truly manage digital identity.

Is the selling process different between the CDP and FDP products?

The process is different in that it's a different business language, talking to a different team in the customer organisations we work with. Marketing teams which buy CDP are primarily driven by competitive pressure to improve customer experience and increase revenues, whereas Fraud teams are primarily concerned about reducing losses to their business of their customers whilst not undermining the customer experience, and increasingly they are also under regulatory pressure to reduce fraud. In response to the difference, we've been fortunate to bring on Fraud expertise in the US and the UK to drive our global positioning and support our sales teams in key markets.

And finally, what do you do when you're not working?

I'm a big proponent of ensuring that you have hobbies and outlets to balance out life. It can't always be about work. Semi-related to our industry, I have a podcast called Analytics Neat which I suppose also highlights my love of a good bourbon. I play golf quite a bit and enjoy woodworking as a hobby as well. For those that have been on camera with me, you've also probably noticed that I collect action figures and other collectibles.

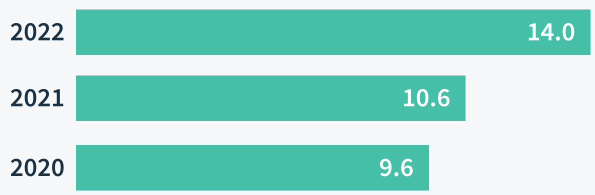
Measuring our performance

Revenue
£24.5m

Revenue is a KPI because it reflects the work we are doing, and the monies received over a period of time for that work. It is driven by new sales, renewals, and upsell/cross-sell to existing customers and includes licenses, hosting, support and maintenance, as well as one-off project work and third-party hardware and software sales.

Links to strategy
A B C D E F

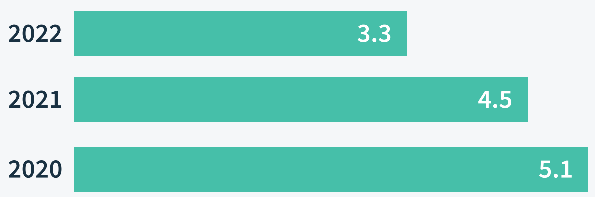
ARR
£14.0m



ARR is an important metric as it is an indicator of valuation of software companies. Investors value the certainty of knowing that there is revenue which will recur year after year from customers who derive benefit from D4t4's products.

Links to strategy
A B C D E F

Adjusted profit before tax
£3.3m



Adjusted profit before tax is a key indicator because it approximates to the cash generation of the ongoing operations. It excludes non-cash items such as amortisation, foreign exchange gains/losses, and share-base payment charges etc, as well as exceptional one-off costs. See note 5 on page 102 for reconciliation of Adjusted profit before tax.

Links to strategy
A B C D E F

ARR as % of total revenue
57%

ARR as a % of total revenue indicates our progress to improve the quality of revenues by making a higher percentage of them recurring revenues. This includes converting existing customers from perpetual licenses to term licenses as well as adding new customers on a term license ARR basis.

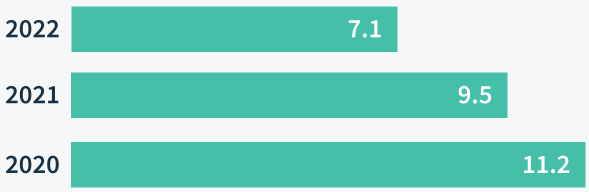
Links to strategy
A B C D E F

Links to strategy

- A ARR
- B Building for scale
- C Culture
- D Grow CDP and FDP revenues
- E Innovate and differentiate
- F Diversify revenue streams

Learn more about our strategy on pages **6-7**

Adjusted diluted EPS
7.1p



Adjusted diluted EPS is driven from the Adjusted profit before tax figure and indicates the adjusted profit per share to provide a like-for-like calculation of value creation per share per year.

Links to strategy

A B C D E F

Dividend
2.92p

The Dividend is a key metric, as many shareholders value the cash payment to them, but this metric is one that is considered extensively by the board balanced against the need to invest surplus cash into growing the business.

Links to strategy

A B C D E F

Net assets
£31.9m

The net assets indicate the net value of the assets and liabilities of the business and are important as a key metric to illustrate the impact of profits and dividend payments on the value retained by the company.

Links to strategy

A B C D E F

Cash
£11.4m

Cash is a key metric as it provides assurance on our ability to invest to grow the business as well as make dividend payments to shareholders. It also provides comfort to customers from a vendor risk perspective.

Links to strategy

A B C D E F

Chief Financial Officer's review

Delivering results in a year of change

Overview

This has been a year of strong financial performance which is all the more pleasing given the significant organizational change we have been making over the same period.

Whilst investing significantly in our new FDP product we have delivered against expectations on Revenue and Adjusted PBT, as well as increasing Annual Recurring Revenue by 32%. The overall performance and financial position of the Group provides us with ample comfort to be able to increase the full year dividend by 3.9% over last year, as well as propose a special dividend of 12.5p per share.

During the year, we also strengthened the business by an acquisition which provides us with improved account management expertise to better service, maintain and grow share of wallet with our new and existing customers alike.

We undertook a share buyback programme to hold shares in Treasury to mitigate the dilutive effect of future share option exercises.

We believe that all these measures along with additional steps described below put us on a strong footing for future growth.

Income Statement

Group Revenue grew 7.3% to £24.5m (FY21: £22.8m) during a year when the ongoing impact of the pandemic along with the global economic situation continued to slow down buying decisions by our prospective customers. However, the quality of revenues increased significantly, with ARR growing 32% to £14.0m (FY21: £10.6m) and now accounting for approximately 57% (FY21: 47%) of revenues. We expect this ratio to continue to increase up to a level of around 65% in the medium term.

The gross margin was 51.9% (FY21: 62.4%) due to a change in mix of revenues. In the year there was a higher proportion of third-party products supplied to customers which have a much lower gross margin than the other revenue streams. We expect this to revert in the current year to a figure in line with historic levels.

Operating expenses reduced during the year to £11.0 million (FY21: £11.2 million). This includes restructuring charges of £0.4m (FY21: £0.1 million) arising from the board changes and creation of the Operations Board. The average number of employees increased during the year to 149 (FY21: 139) primarily due to investment into Sales and Marketing and addition of staff with domain expertise in the fraud space.

The adjusted profit before tax was £3.3 million (FY21: £4.4 million), whilst the unadjusted profit before tax was £1.8 million (FY21: £3.0 million). The increased difference between the adjusted and unadjusted figures is due to a higher non-cash charge for share-based payments arising from share option grants during the year of £0.7 million (FY21: £0.3 million) and restructuring costs of £0.4 million (FY21: £0.1 million).

"The Group ARR grew by £3.4m to £14.0 million... for the first time... the ARR value accounts for more than 50% of Revenues, with a value of 57%"

Foreign currency risk

There was a high degree of volatility during the last few months of the year. This impacts the Group which has around 70% of revenues in US Dollars, but just 37% of Group expenses. The Group's tighter policies and management of foreign currency risk meant that the foreign currency loss was £0.1 million (FY21: £0.7 million).

Taxation

Taxable profits were lower for the year and the tax charge is also lower for the year at an effective rate of 3.9% (FY21: 9.0%). This low level is assisted by our significant investment into research and development, much of which qualifies for R&D and Patent Box tax credits in the UK. Proposed changes to qualifying costs under the UK R&D tax credit scheme may result in smaller claims being made in future, and a higher effective tax charge.

Financial position

The Intangibles balance of £10.3 million (FY21: £9.6 million) is comprised of Goodwill of £9.4 million (FY21: £8.7 million) from the acquisition of Celebrus in 2015, and £0.7 million from the acquisition of Prickly Cactus during 2021. The balance of £0.8 million (FY21: £0.9 million) is comprised of purchased IPR, trade names and capitalised development costs. The Group expenses the majority of its R&D costs and capitalized just £0.2 million in the year (FY21: £0.2 million).

Trade creditors decreased to £0.8 million (FY21: £1.4 million); this was due to normal operating cycles. The Group seeks to pay all suppliers within terms and the supplier payment days at the year-end were 25 days (FY21: 40 days).

Deferred revenue increased to £14.2 million (FY21: £6.3 million) partly due to a number of three-year contracts signed during the year, as well as payment for services due to be delivered in the first half of the current year.

Trade debtors were high at £25.0m (FY21: £10.2m) due to two of our major partners paying just after the year end. Both of these partners account for a number of end clients and the payments were received during April.

The cash balance at the year-end was £11.4 million (FY21: £14.2 million) for the reasons described above. Due to the size and financial strength of our end customers, credit risk is not a major risk for the Group and bad debt write-offs during the year were nil (FY21: nil). Following the partner payments mentioned above the free cash balance had increased to £26.5]million as at 30 June 2022.

Cashflow and funds

The Group used net cash in operations of £0.7 million (FY21: net cash generated £3.3 million) primarily due to movements in working capital from the delayed payment of debtors as described above.

Financing activities in the year were £1.5 million (FY21: £1.7 million) comprised mainly of dividends paid of £1.1 million (FY21: £1.1 million) and a net purchase of own shares of £0.4 million (FY21: £0.9 million).

The Group continues to be debt free and maintains a robust financial position whilst having claimed no funds from any government support schemes.

The healthy cash balance is important not just to enable the Group to invest in future growth as appropriate, but also to counter any concerns about vendor risk from our customers, who are typically large multinational businesses.

Annual Recurring Revenue

We define ARR as the amount of revenue contracted with a customer, at a given point in time, that is expected to recur within the next twelve months. As a recognised driver of shareholder value in software businesses we use this as one of our primary metrics.

Chief Financial Officer's review continued

Group ARR grew by £3.4m to £14.0 million (FY21: £10.6 million) during the year. The current ARR is comprised of Licenses of £6.3 million (FY21: £3.0 million) and Support and Maintenance of £7.7 million (FY21: £7.6 million). Therefore, for the first time since the Group announced the move to an ARR model the ARR value accounts for more than 50%, with a value of 57% (FY21: 47%).

We see future growth in ARR coming primarily from CDP and FDP sales and expect that the ARR/Revenue ratio could reach around 65% in the medium term. We have some existing CDP customers still under perpetual license that we will seek to convert to term licenses with ARR. Moreover, all new proposals to prospective customers are being issued as term licenses.

Acquisition of Prickly Cactus

In August 2021, the Company acquired Prickly Cactus Limited ("Prickly Cactus"), a UK data and analytics consultancy, for up to £0.75 million. The Prickly Cactus team is experienced in product management having previously worked with several of D4t4's partners and customers in the key markets of Financial Services, Telecoms and Insurance. Since the acquisition the Prickly Cactus team has been instrumental in deepening our relationships with existing customers identifying opportunities for greater customer engagement and satisfaction as well as helping develop relationships with new customers and partners.

A sum of £0.5 million is held as Deferred Consideration payable to the Prickly Cactus vendors (all of whom have been retained by D4t4) in the Statement of Financial Position contingent upon the team's contribution to existing customer growth and the acquisition of new customers for the CDP and FDP product groups, in the period from acquisition to September 2023.

Earnings per share

Basic EPS for the year was 4.21p (2021: 6.88p) and diluted basic EPS was 4.14p (2021: 6.75p). The basic figure has been calculated using the weighted average number of shares in issue being 40,240,799 (2021: 40,235,856) and the diluted figure using 40,966,020 (2021: 41,007,252).

Adjusted basic EPS was 7.24p (2021: 9.72p) and adjusted diluted EPS was 7.11p (2021: 9.53p) following adjustments for amortisation, share based payments, exceptional items, foreign exchange expense and tax on these adjustments.

Dividend

The Board is today proposing a final dividend, subject to shareholder approval at the 2022 AGM, of 2.07p per share (2021: 2.0p), which along with the interim dividend paid of 0.85p per share (2021: 0.81p) in January 2022 brings the full year dividend to 2.92p per share (2021: 2.81p), an increase of 3.9%. The final dividend is expected to be paid on 24 August 2022 to shareholders on the register as at the close of business on 15 July 2022.

The board is also proposing a special dividend of 12.5p per share, subject to shareholder approval at the 2022 AGM, payable to shareholders on the register as at the close of business on 7 October 2022. The special dividend is expected to be paid on 27 October 2022.

Purchase of own shares

In December 2021, the Company commenced a share buyback programme to acquire up to 200,000 ordinary shares of 2p in the capital of the Company. The shares will be held for the purpose of satisfying future obligations in relation to its employees' or other share schemes, thereby mitigating dilution for existing investors.

By 31 March 2022, 64,434 shares had been acquired at an average price of 291p bringing the number of shares held in Treasury to 224,932. Since the year end, the programme has continued and the shares held in Treasury now total 268,936.

Equity

At the year end, the Group had £31.9 million (FY21: £30.9 million) attributable to the shareholders of the company. The increase in the year was mainly due to retained earnings in the year of £1.7 million (FY21: £2.8 million) set off against dividends paid during the year of £1.1 million (FY21: £1.1 million), and share buybacks of £0.4 million (FY21: £0.9 million).

Ash Mehta

Ash Mehta
Chief Financial Officer
6 July 2022

Q&A with Ash Mehta, CFO

Your business has traditionally been very second half weighted. Is there an opportunity to balance this out more?

Yes there is and we're working on it. Historically, the H2 weighting has been due to our partners having December year ends and closing deals in December, which is in our H2 (October to March). As we expand our direct sales efforts, the phasing should spread out more than before. Having said that potential customers with December year ends might wait until a new budget year to sign with us in January to March, which is still our H2. So, we'll probably always have an H2 weighting but in the long run we'd like to see the H1:H2 ratio move to be around 40:60.

Why did you choose the key metrics you use?

For D4t4, the most important key metric is Annual Recurring Revenue because it's a commonly used metric for the valuation of software companies. This year we've been able to drive it up by 32% to £14 million. We define ARR as the total of all live contracts and the annual license, maintenance and hosting value of those contracts at a point in time; it is revenue which we can generally depend upon as a baseline. The ultimate aim is to get the cost base of the company covered by ARR so that anything more in terms of professional services effectively flows down to the profit line.

How far along are you on the journey to transition your business to a more recurring revenue model and what could be long-term targets here?

We've made great progress this year, moving the percentage of revenues which are ARR from 44% to 57%. That's the first time we've gone above 50% and we're now aiming to get to at least 65% in the long term.

How has the Prickly Cactus acquisition performed?

We're very pleased with the acquisition. The Pricky Cactus guys have not just helped us deepen relationships with existing customers, they've also put in place processes for that type of engagement to become the norm across all our customer interactions. This results in closer relationships with customers helping us ensure customer satisfaction, greater engagement and more revenue opportunities, and that churn levels remain very low.

What are your intentions for the group cash balance?

The cash serves a number of purposes. As most of our customers are large multinationals signing up for multi-year contracts, it mitigates any vendor risk concerns they might have. Secondly, we will continue to pay dividends as they are expected by many of our shareholders. And thirdly, it is available if we need it for acquisition opportunities.

How do you manage the balance between increased investment and continued profitability?

This is a continuous discussion between me, and the board. It's a delicate balance between investing into initiatives that will accelerate revenue growth, whilst also wanting to remain profitable and cash generative. Unsurprisingly, as a business we're very data driven and so the new systems we implement will help guide us in our decision making and getting the balance right!

Undertaking insightful risk management

D4t4 faces the normal economic, commercial and political risks facing a global technology business with employees, customers and suppliers spread across the world.

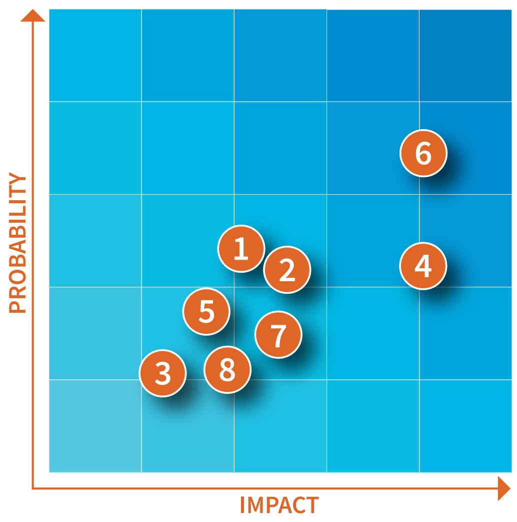
To manage these risks, the Group has a Risk Committee with a regular and detailed process to address the identification of new risks and monitor development of existing risks and their mitigation. This Committee is comprised of the Chief Technology Officer, Chief Financial Officer, the Chief Security Officer, Director of Managed Services and the Manager of Information Security. Other employees of the Group are invited to Committee meetings as required, depending upon the topic being discussed. Further detail on the structure, remit and reporting of the Group's Risk Committee is explained on page 62 of this Annual Report.

During the year, the risk level of a number of the principal risks and uncertainties mentioned below has changed from the last Annual Report for the reasons given in the table. The Board is confident that it has the appropriate people, processes and reporting to continue to manage risks effectively.

Principle risks

The Group's principal risks are identified as those risks which have the potential for the highest impact on the Group. The Board reviews the principal risks annually along with the mitigation measures in place.

1. Global economy
2. Execution and scalability
3. Regulatory changes
4. Competition
5. Client or partner loss
6. Information and cyber security
7. People
8. Foreign exchange losses



Decrease Increase No change

1 Global economy

Changes in the global economy can have an impact on the business. The rate of inflation has increased around the world, and this has implications for costs in our customers' and prospective customers' businesses. Consequently, they might be slower to commit to new projects or renew existing projects.

Risk level

Increase

This is a new risk after many years of low inflation, and the full effects are not yet known. Inflation could have an impact on the Group's cost base resulting in lower profitability.

Mitigation

The Group will monitor the market for price sensitivity amongst prospective customers and engage more closely with existing customers to demonstrate value for their spend on our products. It will also engage with suppliers more closely to manage cost increases.

Links to strategy

A B C D E F

2 Execution and scalability

As the Group has a plan to accelerate Sales and Revenue growth, there are risks of not being able to achieve appropriate Sales levels, as well as the risk of not being able to deliver projects which are signed up. There is also the risk of the Group's back-end infrastructure not being able to support the growth.

Risk level

Increase

The plans for accelerated growth will require every department to function more effectively and this may cause growing pains, resulting in lower quality of execution and delivery.

Mitigation

The Group has increased the size and capability of its Sales and Marketing teams during the year. It is also investing into internal systems to better manage and support the business. Finally, we are examining the possibility of appointing delivery partners who could manage project implementations.

Links to strategy

A B C D E F

3 Regulatory changes

The Group is exposed to the risks of changing regulations for the collection of consumer data. Some of these changes may be positive, but others negative which could impact on D4t4's performance and outlook.

Risk level

No change

Mitigation

D4t4 closely monitors the markets in which it operates with enhanced collaboration with our clients, suppliers and partners. We then plan product, project or operational changes to ensure we are minimising the impact of changes. We follow proposed regulatory changes closely and where necessary adapt our processes and policies.

Links to strategy

A B C D E F

Links to strategy

- A ARR
- B Building for scale
- C Culture
- D Grow CDP and FDP revenues
- E Innovate and differentiate
- F Diversify revenue streams

Learn more about our strategy on pages **2 to 13**

Principal risks and uncertainties continued

Decrease Increase No change

4 Competition

New competitors or changes to existing competitors' products can significantly alter the market dynamics, which in turn risks the position and standing that our own Intellectual Property has in the financial and consumer marketplace.

Risk level

No change

Mitigation

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. We are seeking to develop technology that cannot be easily disrupted, and which can be protected by patents.

Links to strategy

A B C D E F

5 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.

Risk level

No change

Mitigation

During the year we have deepened relationships with existing partners. We have also brought new partners on board thereby reducing the dependence on any single partner. Moreover, our efforts on building a direct sales channel will, over time, further reduce dependence on any individual partner.

Links to strategy

A B C D E F

6 Information and cyber security

A significant IP, data loss, or security breach could impact the brand and reputation of the Group, as well as cause the Group to spend a great deal of time in rectifying the loss or breach.

Risk level

From our own assessments, along with industry and governmental publications it is clear that information and cybersecurity risk is growing worldwide.

Mitigation

Following the year end we appointed a Chief Security Officer, Tony Bennett, to a new dedicated CSO role in the Group. Mr Bennett is now a member of the Operations Board to ensure that security is high on the Group's agenda.

In addition, we are certified to ISO 27001 and operate 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.

Links to strategy

A B C D E F

7 People

A loss of or failure to attract key personnel could impact the ability of the Group to execute on its strategy, causing adverse reputational, operational and financial challenges.

Risk level

This is an increased risk due to the global shortage of talent. This might make it more difficult to recruit and retain talent to support our growth plans.

Mitigation

D4t4 is acknowledged as a great place to work.

Our staff are engaged, motivated and enjoy working with market leading software, and having responsibility they might not get in larger companies. We have also enlarged our benefits package during the year and will continue to do so to ensure we remain competitive on remuneration.

Links to strategy

A B C D E F

8 Foreign exchange losses

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.

Risk level

In the last six months, there has been increased volatility in currency markets. As the Group reports in GBP but has a high proportion of revenues in USD, this could lead to financial losses on conversion of USD to GBP.

Mitigation

The Group has taken steps during the year to mitigate risk. A new tighter Treasury policy was adopted by the Board. There is a monthly meeting to review and discuss cashflows, which covers foreign exchange exposure, as well as cash holdings, deposits, funding of subsidiaries, and trade debtor aging and bad debt risk.

Links to strategy

A B C D E F

Links to strategy

- A ARR
- B Building for scale
- C Culture
- D Grow CDP and FDP revenues
- E Innovate and differentiate
- F Diversify revenue streams

Learn more about our strategy on pages **2 to 13**

Connecting with our key stakeholders

The Board considers the interests of its key stakeholders when making decisions. This ensures that the Directors are fulfilling their duties under Section 172 (s.172) of the Companies Act 2006, to ensure the long-term success of the Company.

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.**

These pages outline the priorities of customers, partners, employees and shareholders, and how the Board engages with these groups. Further information is available in the rest of this Strategic Report on pages 2 to 29 and Corporate Governance Report on pages 52 to 82.

Throughout the year, the Group Operations Board updated the Board with information on important areas of business focus, and in particular those relating to our key stakeholders as well as environmental, social and governance (ESG) matters. This ensured that the Board had a good understanding of the priorities of each stakeholder group to aid decision making. More information on the Group's ESG activities can be found in the ESG report on pages 38 to 49. Topics considered by the Board during the year are shown in the table on page 55.

From a stakeholder perspective the key considerations for the board during the year were;

Stakeholder group	Consideration and action
Customers and Partners	The Group consulted widely with customers and partners on future development of our products. This assists the board in ensuring that our products continue to meet customers' ever growing needs to support their stakeholders, whether end-customers, employees or shareholders. This consultation resulted in new features in the CDP and FDP products as well as an enhanced customer and partner portal.
Employees	We consulted widely with employees on an ongoing basis about a post-Covid-19 hybrid working policy to ensure that employees were able to maintain a balance between work and home life. For our ESG programme, we also consulted them on their preferences for local charitable initiatives, and their choices for our UN SDG objectives.
Shareholders	We have ongoing feedback from shareholders on the balance between financial investment for growth and the healthy cash balance held by the Group. These considerations have led the board to continue strong investment into growth, including an acquisition during the year, and investment into core systems, whilst also being able to announce a 3.9% increase in the dividend and a special dividend. Following other feedback from shareholders, the board decided to strengthen its focus on governance by reshaping the board composition and adopting new Matters Reserved for the Board and Terms of Reference for its committees.

Mark Krebs
VP, Global Sales

For new business, we are actively simplifying our approach to Sales and putting the automation in place to build for scale in partnership with Marketing. For existing customers, our focus is on listening to customer needs and pain points to build a value-based story to drive growth in our key accounts.

Customers

What is important to them

- Reliable technology that adds value to their business
- Ongoing product development to meet their future needs
- Customer satisfaction with our products and support service
- Good relationships as a trusted supplier
- Integrations with key technology
- Input into the future features of the products

How we engage

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, and also provides a sounding board for our CTO and Product Teams as they evaluate various research projects and roadmap items.

Customer and partner portal

Our Customer and Partner Portal has the goal of streamlining communication, providing better support, and offering a variety of self-service options to customers and partners. This also ensures we are able to communicate openly and effectively, while also providing a central location for all the latest information about our products and services. Further plans are in place to enhance the portal and continue to make this a key relationship driver for our existing customers and partners.

Customer success meetings

Our Account Management teams regularly hold Customer Success meetings with our existing customers and build strategic plans for existing customers that are reviewed quarterly. We also ensure that all customers are communicated with during the product updates that we generally release twice annually.

Service reviews

Internal service reviews are conducted daily based upon client communication and support requests, which are managed on a 24/7 basis for most customers. Regular service reviews with customers are held to ensure we continue to add value across our customer base.

Key resources

We make investments in key resources around the globe to continue to support our growth and existing customers.

Marketing and messaging

A primary focus of ours as part of our "go loud" campaign is to provide our customers and prospects with a better understanding of our product, core use cases, and differentiators. This will also further enhance our partner engagement and onboarding as well as our direct sales initiatives.

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. We have also introduced PR bylines to exhibit expertise in our relevant fields for our key stakeholders.

Stakeholder engagement continued

Simon Burton
VP, Alliances

Alliances have always been important for our business and we continue to innovate with them in the market. We are focused on expanding our existing partnerships, building new partnerships for both the CDP and FDP, and building out a new set of consulting partners to build for scale.

Partners

What is important to them

- Good sales and marketing support and information regarding our products
- Understanding of our products and product development pipeline
- Continued onboarding of front-line teams and strategic account mapping
- Strong relationships between our sales teams and partners' sales teams, in order to work effectively with mutual customers

How we engage

Trusted partnerships

The Board is committed to building trusted relationships with partners, which are crucial to delivering many of our customer commitments and growing the business. These partnerships will continue to be expanded in the coming year to ensure that our platform is getting the recognition it deserves in the marketplace, and we will continue to innovate our partner messaging to drive more engagement from the channel.

Engagement and communication

Our Global Partner team fosters a strong relationship between our partners and our field sales and account management teams. The strategy is set annually, revisited quarterly, and discussed weekly around the globe.

Partner portal

Partner onboarding and engagement is crucial to our success. As we continue to innovate our product, the Partner portal has better enabled and engaged our partners around the globe for the Celebrus family of products. We will continue to drive adoption of this as a core communication channel.

Vicky Baker
Head of HR, People and Culture

Making the business scalable is a key objective, and so the HR team is engaging with employees to drive empowerment and job satisfaction. Employees tell us D4t4 is a good place to work and we're striving to make it great!

Employees

What is important to them

- Feeling engaged with the business and its overall purpose, especially during lockdown and hybrid working, and understanding their roles within the organisation clearly
- Feeling valued, trusted and empowered
- Wellbeing and work-life balance
- Being fairly rewarded and incentivised for their contribution

How we engage

Employee briefings

Bi-monthly Town Hall meetings are held enable colleagues to engage with the board and leadership team to ask questions, raise issues and to be provided with updates on the business. During the year, each non-executive director gave a brief presentation of their role and answered questions from employees.

Improved communication

During lockdown and more recently during hybrid working we have effectively used systems such as Microsoft Teams to not only increase verbal communication but short messaging reducing the number of emails. These systems have also allowed us to share documents and build accessible repositories of information, thereby improving efficiency.

ESG

During the year we set up an ESG committee and sub-teams. This has proven to be very valuable allowing employees to influence the Group's and each location's ESG activities specially in relation to the Social aspects.

Performance updates

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

Share schemes

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

Stakeholder engagement continued

Ash Mehta
Chief Financial Officer

We value our engagement with shareholders and so we are increasing the volume and quality of our communication by using investor meeting tools, social media as well as our new investor website.

Shareholders

What is important to them

- Shareholder value
- Staying up to date with Group strategy and business performance
- Timely, clear and relevant communication
- Understanding the remuneration policy and management incentivisation

How we engage

Annual General Meeting ("AGM")
The AGM is a key opportunity for engagement between the Board and shareholders.

Analysts and investor meetings
The Executive directors hold broker, 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. The investor section of the website has recently been updated making it more engaging and informative.

Capital Markets Day
This is an opportunity for investors to meet with management and for management to go into more detail about aspects of the business. An event was held in December 2021 and the video recording is available on the Group website.

What our partners say about us...

“Our partnership with D4T4 is one of the strongest in our portfolio – together Teradata and Celebrus have forged a relationship to target the largest enterprises in the world with a robust and powerful enterprise offering.

The value delivered from this partnership to our joint customers can be measured in the billions of dollars across the very largest enterprises in retail, financial services, telcos, transportation and healthcare.”

Yasmeen Ahmad, SVP, WW Industry, Teradata

“Celebrus' commitment to development and investment in graph technology, advanced machine learning and extensive API capabilities underpins its ability to operate at scale as part of a sophisticated customer engagement, personalisation and decisioning ecosystem of technologies. These combine with our leading-edge business thinking and practice to secure the huge value improvements available. The partnership between Optima Partners and Celebrus will go from strength to strength."

Alan Crawley, CEO, Optima Partners

“With EY as lead advisory partner and D4t4/Celebrus as the behavioural biometrics and analytics technology vendor, we believe this approach can disrupt existing fraud solutions that fail to deliver effective and efficient outcomes, and significantly enhance Financial Institutions’ capabilities to prevent scam fraud.”

Patrick Craig, FSO UK Consulting Partner, EY

“In addition to better insights in marketing spend and the customer journey, our customers have achieved substantial gain in conversion and revenue/margin improvement due to advanced personalisation. Celebrus’ unique tag-free collection mechanism is the foundation for a unique set of business applications.”

Gerard Brinkman, CEO, Onmarc NL

“Accuracy and transparency at scale in our view is only achievable with true first-party solutions like Celebrus that have a long and impressive history of solving large, complex digital data problems. Celebrus provides rich intent analysis from inside Celebrus' internal analytics capabilities and a constant stream of site analytics from which we can build predictive, feature rich data models to better deliver personalised experiences at scale for our clients."

Nicholas Gent, CEO, Future Proof AI

A challenging environment that feels like home

Tom Keefer

Senior Architect & pre-sales engineering, Cary, NC, USA

Joined D4t4 2018

What was your degree or initial qualification?

B.S. Computer Science

How did you get into data and tech?

Started my Career at NASA Langley Research as Unix System Administrator

What attracted you to D4t4?

I was impressed with the knowledge and leadership of the management. After working with them and their teams while I was at a large bank, I wanted to work more closely with them and their teams.

What have been your biggest accomplishments at D4t4?

We support one of the largest analytic environments at one of the top tier financial institutions in North America. Our team has taken the lead on the design and support of this environment, I'm very proud of what we have built so far, and of the things to come in the near future.

What aspirations do you have to develop further at D4t4?

New technologies excite me. We continue to update and augment our customers environments with cloud and other related technologies, to improve their value to our customers. There is no shortage of things to learn and skills to develop.

What would you say to people who might be thinking about wanting to work in data technology and at D4t4?

In larger companies you don't always feel you make an impact. Smaller companies are a great place to learn all aspects of the business. It also gives you a great sense of pride to be close to the life blood of the organisation. Also, it's nice to like the people you work with!!!

Tell us something most people don't know about you?

I have a 65 Gallon Saltwater fish tank (I love to scuba dive).

For more on our people see pages **11, 45 and 49**

Kumar Duvvuri

R & D Manager, Andhra Pradesh, India

Joined D4t4 2007

What was your degree or initial qualification?

Bachelor of Technology (Civil)

How did you get into data and tech?

I was always fascinated with Software development, and started off by learning Unix, C, Oracle, and Java.

What attracted you to D4t4?

A D4t4 employee introduced me to the company in 2007. For me, it was basically the technology and the projects that interested me.

What do you like about working at D4t4?

D4t4 has a friendly ecosystem with cultural diversity and most welcoming place to work. I like the fact that D4t4 believes in developing talent.

What have been your biggest accomplishments at D4t4?

Development and delivering the Celebrus Dashboard. This work was especially fascinating due to the fact we started the project from scratch using the latest technical building blocks.

How have you grown professionally while working at D4t4?

I have had the opportunity to work with various technologies and applications at D4t4. I joined as a Senior developer and moved on to become Tech Lead and Manager.

What would you say to people who might be thinking about wanting to work in data and tech and at D4t4?

D4t4 is more jeans and tee-shirts, than suits and ties. We are smart on the inside! People with the right skills are always encouraged and supported.

Tell us something most people don't know about you?

I am believer and practitioner of natural remedies.

Thangam Natarajan

Professional Services Consultant, Chennai, India

Joined D4t4 2015

What was your degree or initial qualification?

Master Of Computer Applications

How did you get into data and tech?

While studying for my masters I had developed an interest in data analytics and visualisation. It was so fascinating to see how people bring insights & statistics from the raw data. That made me hooked into data-science and related technologies.

What attracted you to D4t4?

My real passion is data and I also enjoy solving issues using an analytical approach. I believe that my passion and skills match the D4t4's drive and capabilities.

What do you like about working at D4t4?

The work culture is good across all the locations of D4t4. Friendlier employees and the work-life balance here is what attracted me the most, along with the opportunities it provides to get exposed to multiple trending technologies.

How have you grown professionally while working at D4t4?

I joined D4t4 as a junior product support professional and became a Technical leader of my team within 3 years.

Tell us something most people don't know about you?

In spite of the appreciation for my quick turnaround at work, I am an extremely slow person when it comes to cooking and cleaning at home. Sometimes, I have my sparks of inspiration for work things, while spending endless hours of time in the kitchen.

Conducting business to the highest ethical standards

D4t4 conducts its business activities to the highest ethical standards and expects clients and suppliers to embrace these same principles. This report outlines how we conduct our activities and should be read in conjunction with other sections of the Annual Report, notably the Corporate Governance section.

Introduction and Overview

How we incorporate ESG into what we do

In last year's report, we announced the formalisation of our ESG efforts. At that time, as well as the involvement of an Executive and a Non-Executive director we also had the engagement of nine colleagues from across our four locations. This initiative has clearly caught the imagination of our employees as we have had as many as twenty colleagues involved in committee and sub-committee meetings and many more engaging in our initiatives.

Therefore, on behalf of the board and all the employees who have contributed and engaged with this initiative, we're delighted to present D4t4's first ESG Report. The first section describes our Environmental impact with data on our carbon usage and our initiatives to reduce our impact on the environment.

The second section focusses on the social impact we have been able to have on our communities but also on our employees and their safety and wellbeing.

The third section discusses our approach and initiatives to being a good corporate, and ensuring we treat all our stakeholders fairly, including policies covering matters such as tax fairness, bribery and whistleblowing.

Impact of the global pandemic

The coronavirus pandemic has had a dramatic impact on people's lives and has caused us to consider more urgently what we can do to support our employees and our communities.

It has also 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, whether in the office, while travelling, or working from home.

Environmental

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:

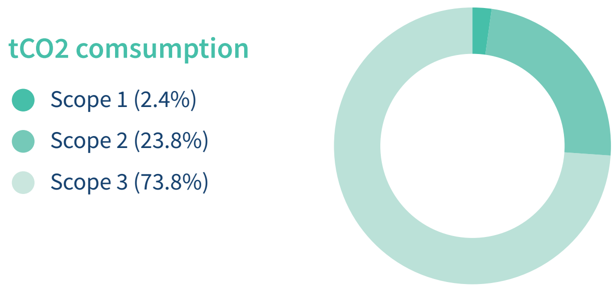
- wholly supporting the requirements of accepted international standards and current EU environmental legislation and codes of practice.
- minimising consumption through the reduction, reuse, or recycling of materials as much as possible.
- encouraging efficient use of energy, utilities, and natural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

Carbon Audit 2021

For the first time ever, D4t4 appointed an external consultant, Alectro LLP, to perform a carbon audit for the calendar year 2021. Whilst there are no comparisons with previous years, this report sets out a baseline of understanding about the Group's carbon impact and makes recommendations for reducing our carbon impact.

During the year, the Group's activities including our facilities, operations and transport generated 334 tonnes of CO2 with Facilities and Transport each accounting for 129t and Operations accounting for 76t. These figures include Scope 1,2 and 3 emissions as defined under the Greenhouse Gas (GHG) Protocol, and the breakdown is shown below;

Category	tCO_{2e}	tCO_{2e} per employee	% of total
Scope 1	8.16	0.06	2.4%
Scope 2	79.49	0.54	23.8%
Scope 3	246.82	1.69	73.8%
Total	**334.47**		



Of the Facilities figure of 129t, an amount of 79t was due to purchased electricity for the India offices. Whilst we have taken steps to move to green electricity tariffs in our US and UK offices which produce no CO2, this is more difficult to do in India where in the Chennai area 76% of electricity is coal, diesel or gas, with 24% being nuclear, hydro or other renewables, and no purely green tariffs are available.

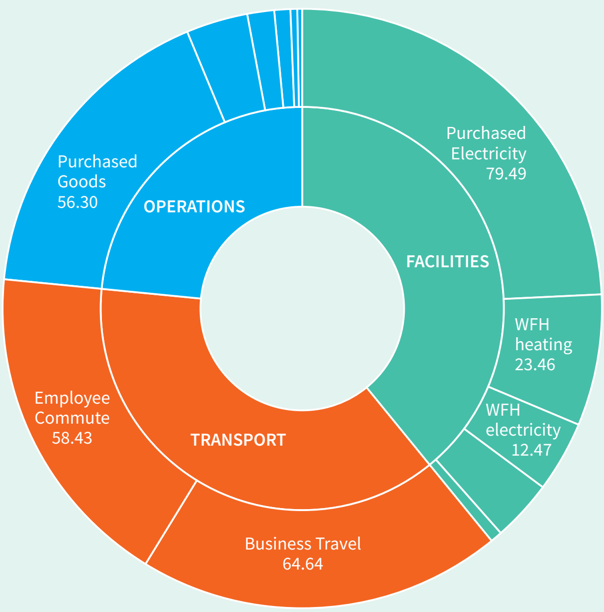
On a positive note, over the last few years we have been working on reducing our consumption of natural gas and this year, for the first time, we brought it down to zero.

Due to the disruption of the pandemic, the report considered the excess energy use caused by employees working from home. This increases the emissions from facilities for two reasons:

- Not all employees use low-carbon/renewable electricity.
- Employees use natural gas for heating their home, and home setups tend to be less optimized for working and cost-saving.

The additional working-from-home emissions are still comparatively lower than the alternative of having all staff commute to the office five days a week.

ESG report continued



Emissions summary

Total emissions

334 tCO_{2e}

Emissions per employee

2.29 tCO_{2e}

Facilities

334 tCO_{2e}

38.48% of total

Transport

129 tCO_{2e}

38.64% of total

Operations

76 tCO_{2e}

22.87% of total

Reproduced from a report produced by Alectro LLP

The Transport emissions of 129t were generated by business travel (64.6t) and employee commute (58.4t). Flying was a large contributor as the total impact created by flights was 59.6 tonnes. Due to different national lockdowns in the US, India and UK, working patterns were different in each country. The commute was lower than in a typical year because of these lockdowns, and so it only contributed to the impact on days where staff came to the office. A proportion of employees did not travel to their respective office at all in 2021, and it is expected in coming years there could be increased commuting and higher emissions.

The impact of the employee commute will be considered in the coming periods, as new working patterns are introduced in each of the offices post-pandemic. Additionally, we recognise that flights will likely be a large contributor to carbon footprint in the coming year, as with the relaxing of lockdown rules we expect there to be more flights than in the previous year.

Of the Operations figure of 76t, the largest component was Purchased goods, resulting from physical technology emissions (14% of overall), embodied emissions in vehicles and general purchased goods such as stationery and office items. There also were small amounts of stationery and home office equipment purchased for employees, but these are likely to have been one-off purchases made to support employees working from home during COVID.

The impact from cloud infrastructure is largely low carbon, based on the offsetting undertaken by Microsoft Azure, one of our cloud computing suppliers. However, AWS isn't as far along as Azure, and so still contributes to the overall impact.

Category	2021	2020	2019	2018
Electricity (kWh)	311,472	177,533	342,783	275,041
Impact (tCO_2)	79.5			
Gas (kWh)	0	3,692	39,673	99,227
Impact (tCO_2)	0			
Diesel (litres)	747			
Impact (tCO_2)	2.0			

Emissions per employee

Based on 146 full-time employees on average in 2021, the Group's total impact of 334t results in a value of 2.29t CO2/employee. This is above an interim target of 1.5t CO2e/employee needed to reach UK domestic targets by 2030. The largest single contributing factor to this high number is the electricity usage in India, which will be a major area of focus for the Group in the coming year. However, making a significant reduction will be difficult due to the lack of green energy in the Chennai region.

Waste and recycling

kg	2021	2020	2019	2018
IT recycling	710	282	480	557
General recycling	563	624	922	1,521
Total recycling	**1,273**	**906**	**1,402**	**2,078**
General waste	1,804	3,158	3,664	963

UK waste and recycling data

All our offices have recycling stations to recycle key materials such as glass, plastics, and paper.

In the UK the Group recycles IT hardware and other waste using a third-party company. The level fluctuates year to year but in 2021 1,077kg of hardware was recycled ensuring that metals and plastics are not sent to landfill, and 563kg of general waste was recycled. This includes paper, plastic, and glass. The amount of general waste in the UK was 1,804 kg. Data is not currently available for the US and India offices but will be sought for future reports.

ESG report continued

Employee insights

As mentioned above, we have been delighted by the level of employee engagement in our ESG initiative. This engagement is based on the shared beliefs amongst employees as evidence by an Environmental survey undertaken during the year, the results of which are shown in the chart below.

Summary	1	2	3	4	5
Our climate is changing	2%	1%	5%	31%	61%
Humans have had an appreciable contribution to climate change	2%	2%	13%	28%	55%
I'm confident in quantifying carbon emissions resulting from my lifestyle choices and actions	5%	15%	35%	29%	15%
Climate change is an important issue in my life	5%	4%	25%	40%	26%
It is important for me to be working for an organisation that takes responsibility for its actions relating to climate change	2%	4%	20%	37%	37%

Opinion categories: 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 =- Strongly agree

92%
of employees agree that the climate is changing

44%
of employees agree that they were confident quantifying emissions resulting from lifestyle choices and actions

74%
of employees agree that it's important to be working for a company that takes responsibility for its actions relating to climate change

We were pleased with the suggestions received from employees for how we can reduce our carbon impact, and we will be considering these during the current year. The suggestions included matters such as;

- A formalised Work From Home ("WFH") policy to counter carbon emissions relating to daily commuting
- An electric car scheme and the installation of more electric chargers in our UK office car park.
- Automatic lighting to be extended across the whole of the group offices.
- Workshops on how employees can reduce carbon emissions at home as well as in the office.

We care about the environment, fully support and are committed to, the principles of promoting good environmental practice and sustainability

UN Sustainable Development Goals

As part of our ESG initiative, D4t4 will look to support the United Nations Sustainable Development Goals through carbon emission offsets. These are a blueprint to achieve a better and more sustainable future for all.

We asked employees to vote for their top three goals for guidance on which projects to support. The top goals were SDG13 (Climate Action), SDG3 (Good Health and Well-Being), SDG2 (Zero Hunger) and SDG4 (Quality Education). We will consider offset projects to best reflect these choices.

2 Zero Hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

3 Good Health and Well-Being

Ensure healthy lives and promote well-being for all at all ages.

4 Quality Education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

13 Climate Action

Take urgent action to combat climate change and its impacts.

SUSTAINABLE DEVELOPMENT GOALS

Future progress

The baseline created by the carbon audit provides useful pointers for actions we can take in the coming year to manage our carbon footprint. Some of the challenges we will face will be a likely increase in travel and a lack of influence over the energy sources for our Chennai office. However, we will continue to investigate our energy efficiency and consumption, on matters such as:

- Employee education and supporting individual responsibility
- Office efficiencies eg. automatic sensor lighting
- Ongoing review of office supplies and consumables

Business travel will inevitably increase as our customers value face-to-face engagement with our project and delivery teams. However, we will test more rigorously the need to travel, especially by air, and we will encourage the use of public transport whenever it is a suitable mode of transport and consider hiring personnel closer to key customer locations to reduce transcontinental flights.

We will aim to launch an electric car scheme and install more electric car chargers in our offices where practical. In the UK, electric car lease schemes are very attractive due to the use of salary sacrifice schemes and the low tax rate on the car benefit.

Social

Our employees

As a technology business, the Group's success is built on the intellectual capital of our people, and the pride they feel in working for the Group. The aim of the leadership team and the HR function is to enable, empower and strengthen this drive through the creation of a positive working culture in which employees feel engaged and motivated.

Coronavirus

The most important employee aspect in the Group over the last two years has been our response to COVID with a view to protecting our employees and their families. Our leadership team and staff across the world displayed outstanding commitment to the business and the way they responded to the challenges of the pandemic. During the closure of 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. 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.

Resetting culture and values, and Appointment of Head of HR, People and Culture

To support our ambitious growth plans and following a review of company culture and values, the new CEO and CFO decided to expand the HR role identifying a need for the culture to focus more on accountability and empowerment, and to create a more vibrant working environment.

In November 2021 we decided to expand the HR role and appointed our first Head of HR, People and Culture, Vicky Baker. Vicky has a strong background in technology companies and is putting in place effective organisational structures and cultural change to facilitate improved operational performance. She is engaging with all of our employees to evolve our culture to one of individual empowerment, openness and communication across all divisions and locations.

Inevitably, such changes take time to permeate through the organisation to change ways of working, but we have already seen some very positive outcomes from improved employee communication and employee engagement.

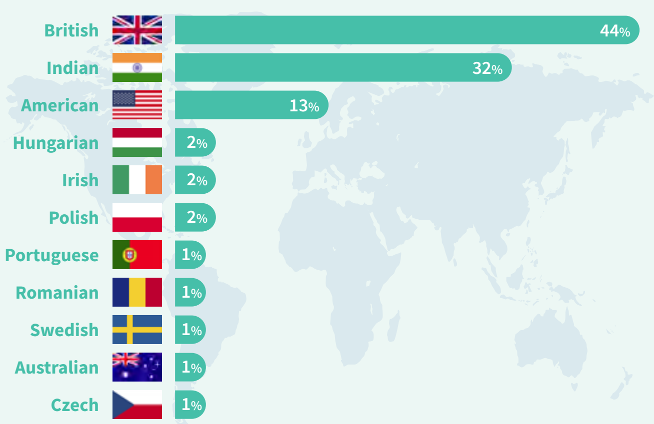
This has been assisted by the recent implementation of an HR portal enabling employees to improve communication and relationships amongst themselves, as well as manage their own personal development plans whilst being supported by their line managers.

Diversity of employee base, equal opportunities, inclusion and treating people fairly

With employees in four countries and coming from many different backgrounds, D4t4 is proud to have a diverse workforce. Nevertheless, we recognise that more can always be done, and we accept the need to ensure that the management team becomes more diverse. During the year we have added more women into key roles such as VP-Marketing, Head of Public Relations, and Head of HR, People and Culture.

We treat individuals openly and fairly with dignity and respect, and we value their contribution towards providing a quality service to our customers.

Employee nationalities



Our focus on diversity and inclusion extends to treating all our employees and job applicants fairly and equally. It is our policy not to discriminate based on gender or gender identity, sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy, or trade union membership or the fact that they are a part-time worker or a fixed-term employee. The equal opportunities policy operated by the Group ensures all workers have a duty to act in accordance with this.

As part of our investment into a new HR portal, we will be in a stronger position to review HR analytics to be able to provide detailed information regarding this in future ESG reports.

OUR PEOPLE

Esther Craddock-Taylor

Data Analytics Project Manager, London, UK

Joined D4t4 2020

What was your degree or initial qualification?
Sociology & Philosophy, University of Exeter (if only data analytics was an option for a degree back then!).

How did you get into data and tech?
I got into this space when working at Nielsen (a global data and measurement company) executing discrete choice modelling, to analyse vast sets of market data to advise leading CPG clients on how to optimise their Marketing, Advertising, CRM, GoToMarket and Pricing & Promotion strategies. I learnt early on in my career how much I love working with the wonderful world of data and tech and I would never want to divert away from this in my career.

What attracted you to D4t4?
The broad range of clients and industry leading software, as well as the international presence working across a variety of different teams. I also liked that I could work specifically within the data analytics team as that is where my expertise lies.

What do you like about working at D4t4?
The people - I have a great team who are always supportive and we have a great collaborative, non- hierarchical way of working which encourages everyone to thrive. I really am not just saying that - a day in the life at d4t4 is a great place to be! I am a member of Richmond kayaking club and tennis club and I also have a paddleboard which I use regularly, even in the winter!!!

Tell us something most people don’t know about you?
I am studying for a degree in interior design for fun!

ESG report continued

Employee Reward and Recognition

The company recognises the need to reward and recognise our employees for their contribution to the Group's success as well as supporting their overall wellbeing. We provide an attractive range of benefits tailored to each location.

In both the UK and the US, we offer a company pension contribution higher than the statutory minimum, and during the year we improved our pension plan in the US, moving to a provider with lower costs for employees whilst retaining a good range of investment choices.

We also offer a company-funded healthcare scheme and in the UK we upgraded the scheme to include mental health, better cancer cover and 24/7 online access to a GP.

We also offer a comprehensive Employee Assistance Program to assist employees with issues of any kind, including problems at home, issues with work, housing concerns, legal problems etc. There is also support for face-to-face counselling in complex cases, as well as online live-chat counselling.

The group has an employee share option scheme to motivate and retain key staff and allow them to share in the success of the Group.

Non-financial benefits include the ability to work on a hybrid basis and on a flexible basis if required, allowing employees to work from home on a regular basis to cater, for example, for family obligations etc. This is a core component of building a culture of accountability and empowerment throughout the organization with clear goals and expectations for every role.

Employee development

In a technology business which prides itself on market-leading technologies, it is essential that our employees stay up to date with technical developments and we support them in doing that through targeted training and on-the-job support. We are supplementing this currently with greater business and line manager training. This is positive for employee development and satisfaction, but also important for the Group as it continues to build the "infrastructure" for scalable growth. We expect to add an e-learning platform to our employee development tools in the coming year.

Health and Safety

It is our policy that all of the Group's facilities, products and services comply with applicable laws and regulations governing safety and quality, so that we can maintain a safe working environment for our employees, customers, partners, and visitors.

During the year there were no major injuries reported under the Reporting of Injuries, Diseases, and Dangerous Occurrence Regulations.

Employee engagement

Employee engagement is a critical feature to any successful business. During the past two years of substantial lockdown, it has been even more important. The principal tool of engagement has been our quarterly Town Hall meetings at which all employees across four time zones are invited to join a company update and hear from management, meet new employees, and hear about business progress and initiatives. Due to their success, we have now increased their frequency to bi-monthly and have got considerably more engagement from the team. We have also held "drop-in" meetings under the Brew Monday initiative by the Samaritans in UK, and similar get togethers during Mental Health Awareness Week.

Over this period, we have strongly encouraged staff to use Microsoft Teams for internal communication, for video calls but also for messaging and team discussions, enabling better relationship building between colleagues, and reducing the stress of overflowing email inboxes. We have also invested in conferencing tools and systems to better connect our offices and remote employees around the globe.

We are increasing our engagement by commencing regular employee surveys to identify areas for improvement across the various locations and for granularity into different departments across the business.

Communities

Charitable initiatives

As part of our ESG initiatives, we undertook an employee survey around community engagement and philanthropic causes. This showed that employees were very keen on supporting local causes and initiatives, and have collective participation in fundraising and volunteering, with hands-on face-to-face interaction rather than behind the scenes.

Lands End to John O'Groats cycle ride

In November 2021, a team of UK employees cycled on Gym bikes or through local neighbourhoods to raise funds in aid of Woking Hospice, a patient-led charity providing palliative care and end of life care to people who have advanced life-limiting illnesses. One of our colleagues spent time at this hospice before he passed away in early 2021.

The original target was to cover the 1,748 miles distance from John O'Groats to Land's End and back again by Christmas.

The results were outstanding, with the team not only passing the target but then going on to complete an amazing distance of 3,333 miles. That's just short of cycling by road from London to Cairo via Istanbul! This raised £1,637 for the hospice, in memory of our colleague.

3,333 miles cycled

£1,637 raised for charity

Polio vaccination

A team from our Indian office collaborated with The Rotary Foundation in Chennai, India which gave us the opportunity to contribute towards administering polio vaccine to 3,347 children across 14 booths. We called it "2 Dollars 2 Drops" because it costs about 2 USD (150 INR or 1.50 GBP) to vaccinate a child. Thanks to our employees, we were able to collect 10,250 INR for this cause and vaccinate 68 children.

10,250INR collected for cause

68 children vaccinated

UK food bank collection

The recent increase in the cost of living and energy around the world prompted our UK Team to coordinate a collection for a UK food bank run by the Trussell Trust. The company and employees made financial donations and donations of daily essential food and household products to the food bank for onward distribution to people squeezed by price rises. The total sum raised was approx. £600.

£600 worth of daily essential foods and financial donations

Developments

This was a good start in the first year of our ESG initiative. The Group is in the process of considering further initiatives including time-off for pro-bono and voluntary work. Each office now has plans to complete a number of direct fundraising and volunteering initiatives across the year including setting up an apprentice scheme, and community outreach to schools and colleges to promote data analytics as a career option to young adults.

Governance

Corporate governance is described in detail on pages 50 to 83. The section below outlines other aspects of governance and best practice within the Group.

Tax fairness and COVID support schemes

D4t4 is committed to being a responsible taxpayer, acting in a fair and legal manner at all times. During the year we implemented the final stage of our intragroup trading agreements ensuring that costs are passed into the tax jurisdiction to which they relate and out of jurisdictions where there were originally incurred, typically in the UK but for the benefit of our overseas operations. These agreements are made available to tax authorities as requested to support recharging between group companies and demonstrate that recharges are fair, legitimate and reflect the commercial substance of the activities to which they relate.

In FY22, our total tax contribution was £4.7m (FY21: £4.3m). Taxes borne by the Group totalled £0.9m (FY21: £0.9m) and consist of corporation tax, employer's NICs and stamp duty. Taxes collected by the Group totalled £3.8m (FY21: 3.4m) and consist of PAYE deductions, employees' NICs and net VAT collected.

Over the last two years of COVID-19, the Board has decided to not claim any COVID-19 grants, loans or furlough payments. This decision was made on the basis that the business was not materially impacted by the pandemic and whilst claims could have been made under various scheme criteria this was not felt to be appropriate from the viewpoint of business ethics.

Good Corporate Conduct

D4t4 has policies in place to help ensure that the company is a good corporate citizen, in its own right and through the actions of its employees. These policies are reviewed regularly and the next review will be a comprehensive one to ensure consistency across our offices and ensuring we are in line with current best practice. The key policies are outlined below;

Employee Code of conduct

D4t4 has a Code of Conduct policy covering all internal and external interactions by our employees covering work activities but also activities in their private lives which might fall below the standards we expect of our employees.

Bribery and corruption

D4t4 has an anti-bribery and corruption policy designed to ensure that we conduct our business in an honest and ethical manner. We have identified our principal risks as being corporate hospitality and gifts, facilitation payments and operations in India. The policy covers all members of staff worldwide, and training is provided to all employees on an annual basis.

Modern slavery

D4t4 is committed to acting ethically and with integrity in all our business dealings and relationships, and ensuring that modern slavery is not taking place anywhere in our own business or, as far as possible, in any companies in our supply chain. Our Modern Slavery Statement is available on our website. We have a zero-tolerance approach to modern slavery and expect the same high standards from all our contractors and suppliers. All counterparties are notified of this policy on a regular basis.

Whistleblowing

At D4t4, we are actively developing a more transparent and open culture, which encourages our employees to speak up whenever they have concerns about or encounter poor practice or wrongdoing in our business. Our whistleblowing policy is vital to ensure we maintain high ethical standards in our organisation and operations. We have an internal anonymous reporting facility for employees to raise concerns which are directed to the Group Company Secretary, who is not an employee, to raise with the board.

Corporate governance is described in detail on pages **50 to 83**

Supplier code of conduct

Our Supplier Code of Conduct outlines what we expect of suppliers and includes reference to our other policies such as those on Modern Slavery and Fraud.

Data security

Data security is core to our business, with our multinational customers entrusting us with access to their data and information systems. We handle this through a range of initiatives and we have recently invested further into this critical function by the appointment of a Chief Security Office. This is detailed in the Data security section on pages 10 to 11.

Executive remuneration

The board considers ESG to be an important part of its oversight and activities and seeks to ensure that ESG is a consideration across the whole business. Therefore, this year for the first time the remuneration of the executive directors has a proportion related to the ESG objectives. In the current year this relates to an element of their variable remuneration being linked to the set-up and updating of our ESG infrastructure.

Future ESG developments

This first ESG report demonstrates the status and development of ESG activities across the D4t4 business. Based on benchmarking discussions with advisers and consultants we believe we are in a strong position relative to our peer group of smaller quoted public companies. Our efforts will continue and this coming year we expect to make good progress across a number of areas. We look forward to reporting on that progress periodically in results announcements and on an ongoing basis through the ESG section of our website.

Ash Mehta
Chief Financial Officer

Monika Biddulph
Non-executive Director

OUR PEOPLE

James Deadman

Account Executive, London, UK

Joined D4t4 2021

How did you get into data and tech?

Initially through eLearning and then secure comms for supporting IP based live broadcasting and situational awareness for first responders.

What attracted you to D4t4?

A friend's recommendation, telling me that Celebrus was head and shoulders above the rest of the market.

What do you like about working at D4t4?

The team-work, depth of skill/knowledge and can do attitude, and a collaborative approach.
The strength of the relationships with our partners and end customers, we and Celebrus really add value and underpin all other martech investments.

Could you describe your typical day at D4t4?

Lots of partner and customer engagements, some of which are beginning to be face to face which really helps with building strong relationships.

What do you like to do when you're not working?

Renovating a Grade II listed, Georgian town house.

Tell us something most people don't know about you?

Had trials for the England rowing squad.

What would you say to people who might be thinking about wanting to work in data and tech and at D4t4?

Don't hesitate to join…it's a great place to be.

What's your favourite bit of tech or software?

Celebrus obviously…

Board of Directors

The D4t4 Solutions' Board of Directors is comprised of a Non-executive Chairman, two Executive Directors and two independent Non-executive Directors

Peter Simmonds
Non-executive chairman

APPOINTED
April 2015

BOARD COMMITTEES
A N Re

BIOGRAPHY
Peter was CEO of dotDigital Group plc for eight years and a major contributor to their success prior to stepping down. Peter is FCCA qualified and has 45 years business experience in FMCG, insurance, banking and software. He is also Chairman of Gresham Technologies plc and was Chairman of Cloudcall Group plc until its sale to private equity in January 2022. Peter is an advocate of high standards of corporate governance In public companies and has been a deputy chair of the Quoted Company Alliance since 2019.

Bill Bruno
Chief Executive Officer

APPOINTED
August 2021

BOARD COMMITTEES
N

BIOGRAPHY
Bill joined D4t4 in 2018 as the VP of North America and became CEO in October 2021. He has over 19 years of experience in the media, data, and analytics sectors and has a passion for fostering a culture of innovation while working with brands to drive transformational change. Prior to D4t4, Bill spent many years as CEO (North America) for an AIM listed company upon leading his consulting business through a successful acquisition by that company in 2013.

Ash Mehta
Chief Financial Officer

APPOINTED
September 2021

BOARD COMMITTEES
Ri

BIOGRAPHY
Ash is an experienced public company finance director having previously served on the boards of a number of AIM and full-list businesses. He has also held senior financial roles in a variety of private growth companies, as well as a number of non-executive director roles. Ash qualified as a chartered accountant with KPMG and has extensive experience in investor relations, strategic finance, managing growth, fundraisings, and M&A.

Monika Biddulph
Non-executive Director

APPOINTED
December 2019

BOARD COMMITTEES
A N Re

BIOGRAPHY
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.

Peter Whiting
Non-executive Director

APPOINTED
July 2018

BOARD COMMITTEES
A N Re

BIOGRAPHY
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 Chair of Kooth plc and a Non-Executive Director of FDM Group plc.

Board of Directors key
Executive

Non-executive

Board tenure

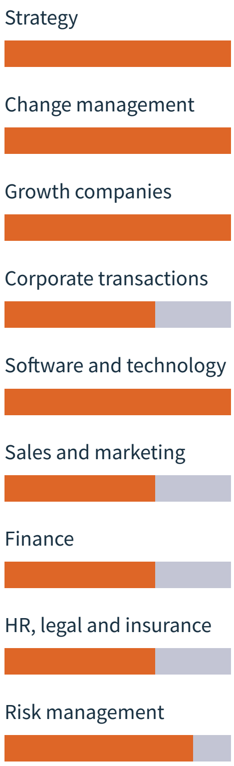

Committee membership
A Audit committee

N Nominations committee

Re Remunerations committee

Ri Risk sub-committee

Chair of committee

Summary of skills


Corporate governance for the next stage of growth

Dear Shareholder

I am pleased to report on the corporate governance procedures undertaken by D4t4 for the financial year 2022, and I'm particularly pleased that this year's report sees an increase in our reporting to provide stakeholders with greater visibility into the workings of the board, its committees and the Group overall.

The role of the board in good governance and business success

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 page 30. 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 requires 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.

Exceptions to the application of the QCA Code

The QCA Code requires the Board to have an appropriate balance between Executive and Non-Executive Directors. At the start of the year the board contained a majority of executive directors and the board felt this was no longer the appropriate balance. The restructuring of the board in June 2021, to create a smaller board focussed on corporate governance and strategy, means that we now have a majority of non-executive directors on the board.

The QCA Code also requires the Board to 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. We believe our restructured board has a strong mix of experience as evidenced in the table on page 51. In the technology industry there is a longstanding gender bias which is changing slowly. For our part, during the year we have appointed women in key roles such as VP Marketing, Head of Fraud, Finance Director, and Head of HR, People and Culture.

By order of the Board

Peter Simmonds
Non-executive Chairman
6 July 2022

Corporate governance statement

Board operation

The Board's principal role is to provide effective leadership of the Group and to establish and align the Group's purpose, strategy, values and culture. It is responsible to shareholders for delivering shareholder value by developing the overall strategy and supporting the development of the direction of the Group. The Board is also responsible for overseeing the Group's external financial and other reporting and for ensuring that appropriate risk management and internal control systems are implemented and maintained.

During the year we reviewed afresh the Matters Reserved for the Board as well as the Terms of reference for our three board committees covering Audit, Nominations and Remuneration.

- Strategy and long-term objectives;
- Financial statements, dividend payments and accounting policies and practices;
- Approval of the Group budget;
- Capital structure;
- Internal controls and risk management;
- Acquisitions and disposals;
- Major capital expenditure;
- Legal (including major contracts), health and safety and insurance issues;
- Approval of policies adopted by the Group; and
- Board structure and the appointment of advisers.

These matters must come to the board for formal approval. However, the board delegates certain powers to its committees allowing them to deal with those matters in detail and report back to the board with their considerations and outputs. The Board has three principal committees: the audit committee, the remuneration committee and the nomination committee. Their responsibilities are set out in formal terms of reference for each committee, which are reviewed annually and are available on the Group's website at www.d4t4solutions.com/investors/corporate-governance.

Audit committee

The committee is responsible for overseeing the Group's external financial reporting and associated announcements, considering risk management, internal controls procedures and the work of the external and internal auditors. Full details of the work of the committee are set out in the audit committee report on pages 68-69.

Nominations committee

The nomination committee is responsible for leading the Board appointments process and for considering the size, structure and composition of the Board. Full details of the work of the committee are set out in the nomination committee report on pages 70-71.

Remuneration committee

The main role of the remuneration committee is to set the company's remuneration policy, determine each executive director's total individual remuneration package and set the targets for performance-related pay, such as to be able to recruit, retain and motivate individuals of the highest calibre. The details of the committee's work are set out on pages 72 to 73.

The Board meets as often as necessary to discharge its duties and the number of Board meetings held during the year, together with the Directors' attendance records, is set out on page 49. Details on the number of committee meetings held during the year together with the Directors' attendance records can be found on page 63.

Corporate Governance Statement continued

Board meetings are in person at the company's offices in Sunbury whenever possible, or alternatively held by video conference.

The Directors have access to the advice and services of the Company Secretary, James Thorne, who have over xx years' experience, and is responsible for ensuring that the Board and its committees' procedures and applicable rules and regulations are met. The Directors all have access to the Group's key advisers. If required in the performance of their duties, Directors may take independent professional advice at the Company's expense.

Appropriate insurance cover is in place in respect of legal action against the Directors. The Group has adopted and maintained a share dealing code for Directors and employees in accordance with the Market Abuse Regulations.

Board and committee papers are circulated approximately one week in advance of meetings to enable the Board to review and consider the materials provided.

The Chair ensures that input is sought and obtained from any Director who is unable to attend a Board meeting and provides a verbal update following the meeting to complement the minutes. There is ongoing contact between the Chair, Executive Directors and Non-executive Directors between Board meetings.

A Board calendar is prepared on an annual basis, and Operations Board members and other staff are regularly invited to attend to present an update on their areas of the business. This is highly valuable in providing further detail to support strategic decisions. In addition, the Board meets on an ad hoc basis as necessary to consider specific issues, such as potential corporate activity, supported by detailed Board papers circulated in advance analysing relevant aspects of the topic under discussion.

Board Roles and Responsibilities

The roles of the Chair and the Chief Executive Officer are separate and defined in writing. This provides a clear division of responsibilities between the running of the Board and the executive responsibility for running the business. The key responsibilities of the Chair, the Chief Executive Officer and Non-executive Directors are set out below:

The Chair's responsibilities include:

- chairing the Board, the nomination committee and shareholder meetings (including the AGM);
- providing leadership of the Board and ensuring the effectiveness of all aspects of the Board's role;
- providing challenge to the Executive Directors and working closely with the Chief Executive Officer on key strategic decisions;
- maintaining a dialogue with major shareholders on governance and other strategic matters, as appropriate;
- setting the Board agenda and ensuring all Directors have the opportunity to maximise their contribution to the Board by encouraging open and honest debate and constructive challenge of the Executive Directors; and
- undertaking the annual evaluation of the Board and the Directors and building an effective Board.

The Chief Executive Officer and Chief Financial Officer are responsible for the implementation of the approved strategic and financial objectives of the Group.

The Chief Executive Officer's responsibilities include:

- the day-to-day running of the business, accountable for the Group's financial and operational performance
- developing and reviewing the Group strategy;
- maintaining close contact with major customers, suppliers and shareholders
- chairing the Group Operations Board to direct and co-ordinate the management of the Group's business generally, including sales and marketing, customer delivery and satisfaction and product development;
- with the Chief Financial Officer, approving the divisional budgets;
- monitoring the performance of senior managers; and

The Chief Financial Officer responsibilities include:

- Supports the Chief Executive in developing and implementing the Group strategy;
- Produces the annual budget and long-term strategic and financial plan; and
- Analyses operations and performance to ensure maximisation of shareholder value over the long term
- Ensures effective financial reporting, processes and controls are in place;
- Leads the finance and admin function;
- Monitoring the Group's principal financial risks, and safeguarding its assets.
- Oversees the Company's relationships with the investment community.

The Non-executive Directors provide independent, constructive challenge and insight to the executive team forming an integral part of the Board's decision-making process together with the monitoring of management and business performance. The Non-executive Directors play a key role in developing and reviewing proposals on strategy, actively participating in the regular strategy forums. They strengthen governance through leading and participating in the Board committees, providing a wide range of experience and independence. This aids the Board in developing a broader understanding and in evaluating the implications, risks and consequences of decisions.

Board effectiveness

The board undertakes a periodic assessment of its effectiveness. Further information is shown under Principle 7 of the Corporate Governance statement.

Board composition and changes

The Board is satisfied that the size of the Board and its committees and the balance of Executive and Non-executive members is such that no individual or small group of individuals can unduly influence its decisions.

As mentioned in my statement on page 14 various Board changes have occurred during the financial year. These changes gave us 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, whilst creating a Group Operations Board for managing the business on a day-to-day basis. From 1st July 2021 the Board has been made up of a majority of independent Non-executive Directors, and is comprised of the roles of Chief Executive Officer, the Chief Financial Officer, the Non-Executive Chairman, and two Non-Executive Directors.

When considering Board appointments, a wide variety of factors is taken into account, including the balance of skills, experience, independence, knowledge of the Group and diversity, including gender.

The directors have a broad range of international business knowledge and experience, as well as specific skills in the digital technology, growth companies, finance, corporate transactions, investor relations, and risk management. A skills matrix reflecting this experience is included in the Directors' biographies on page 51.

KEY TOPICS CONSIDERED BY THE BOARD IN 2021/22

- Review, debate and challenge of the corporate strategy and plan
- Improvement to Management information and KPIs
- Presentations on product roadmap, information security, tech strategy and cybersecurity
- Review of Marketing and relaunch of corporate and product branding
- HR improvements including employee engagement and culture
- ESG Reporting and Carbon Footprint Audit
- Acquisition of Prickly Cactus
- Board restructuring and new organisation structure
- Approval of appointments of B Bruno and A Mehta
- Risk management and internal controls, including a robust assessment of the principal risks
- Updated Treasury Policy
- Review and update or Matters Reserved for the Board and Terms of Reference of board committees
- Group Business Plan and Budget
- Review of Covid status and hybrid policy to safeguard staff
- Financial results announcements, presentations, report and accounts and market updates
- Investor engagement and analyst coverage
- The Group's going concern statement, profitability and dividend policy
- Change of auditor, and corporate lawyers

Corporate Governance Statement continued

Group Operations Board

Following the restructuring of the plc board in June 2021, the Board created a Group Operations Board to focus on day-to-day operations and delivery. This meets weekly and is now comprised of the following roles;

- Chief Executive Officer
- Chief Financial Officer
- Chief Technical Officer
- VP – Marketing
- VP – Global Sales
- Chief Security Officer
- Director of Managed Services

Risk management

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. An outline of the Group's key risks and uncertainties is shown on pages 26 to 29.

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, a rolling risk review process has been implemented which seeks to ensure that risks are constantly monitored, assessed and quantified, so that action may be prioritised by the Board accordingly. This process is undertaken by the Risk Committee which reports to the board on a monthly basis.

The incidence of the global pandemic over the last two years, coupled with increasing global economic and political volatility, has resulted in unprecedented times. The Group continues to monitor closely risks affecting the business and seeks to mitigate them as far as possible.

Internal control

The Board has ultimate responsibility for the Group's internal control arrangements and for reviewing their effectiveness, which guide and direct the Group's activities to support delivery of its strategic, financial, operational and other objectives and safeguard shareholders' investment and the Group's assets. The Board recognises that a system of internal control reduces, but cannot eliminate, the likelihood and impact of poor judgement in decision making, human error, deliberate circumvention of control processes by employees and others, management override of controls and the occurrence of unforeseeable circumstances.

The Board sets policies and seeks and obtains on an ongoing basis, both directly and through the audit committee, assurance regarding the existence and operation of appropriate internal controls to mitigate key strategic, financial, operational, compliance and reputational risks.

The Board and audit committee consider any significant control matters raised in reports from management, and the external auditor and they monitor the progress of remedial actions.

The key features of the Group's overall control frameworks, all of which were in place throughout the year and up to the date of approval of this report, are set out below:

- Delegated limits of authority in place;
- An appropriate finance function across the Group with suitably qualified and experienced professionals;
- Segregation of duties, authorisation limits and other key internal controls are designed into both system-based and manual processes.
- A comprehensive monthly financial and operational performance reporting system which covers, amongst other things, operating results, cash flow, balance sheet information, forecasts and comparisons against budgets;
- A risk committee meeting on a regular basis to review and monitor risk and mitigating controls across the Group; and
- Regular updates to the Board from management on insurance, litigation, human resources, sustainability and health and safety matters.

These arrangements are reviewed periodically by management to ensure they remain appropriate.

The Group has extensive internal quality assurance processes in critical areas of the business and there are functions within the Group that provide assurance and advice covering specialist areas, such as information security.

The Group's businesses hold an ISO certifications for ISO 27001: Information Security. Throughout 2021, the Group maintained the ISO certifications for all our UK, US and India locations. The Group continues to review and make improvements to the implementation of these standards.

Financial planning and monitoring

The Group sets annual budgets, which are subject to Board approval. Financial information, including actual performance versus budget and expected future performance, is provided to all Board members as part of the Board papers. The monthly reporting cycle includes a rolling forecast.

Policies, procedures and authorisation limits

The key policies and documented procedures in place include:

- Group delegated authority limits;
- Group treasury policy;
- Group share dealing code;
- Group anti-bribery and corruption policy;
- Group human resource and staff welfare policies;
- Group health, safety and environmental policies;
- Group code of ethics and standards of business conduct;
- Group data governance policy;
- Group information security policy;
- Group anti-fraud policy; and
- Group whistleblowing policy.

The Group whistleblowing procedures include a confidential reporting hotline operated by an external, independent service provider. The policy and reporting hotline continue to be internally promoted. All employees are required to acknowledge that they have read and understood the policy and procedures.

Directors' responsibilities

A statement of the Directors' responsibilities in respect of the accounts is set out on page 83 of the Annual Report.

Stakeholder engagement

The Board continues to engage with stakeholders and welcomes ongoing dialogue throughout the year. Further information is contained in our Stakeholder Engagement report on pages 30 to 34.

Conflicts of interest

Directors have a legal duty to avoid conflicts of interest. Prior to appointment, conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent that person from taking on the appointment. Disclosure of directors interests is a standing item on the board meeting agenda and any new interests, whether conflicting or not, are disclosed during that item.

If any potential conflict arises subsequently, the Articles of Association permit the Board to authorise the conflict, subject to such conditions or limitations as the Board may determine. In situations where a potential conflict arises, the Director concerned will not be permitted to remain present in any meeting or discussion concerning that conflict, and all material in relation to that matter will be restricted, including Board papers and minutes.

Application of the QCA Corporate Governance Code

This section describes how D4t4 Solutions plc has applied and complied with the main and supporting principles of the QCA Corporate Governance Code (2018).

In last year's Statement of Corporate Governance there were two areas where the Group was not fully compliant with the ten key principles of the QCA Code. These have been addressed as far as possible during the year. These are shown below followed by a review of each of the principles in turn.

No significant corporate governance matters arose during the period covered by the Annual Report 2022, 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.

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

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

Application	Exceptions and explanations
The Board should have an appropriate balance between Executive and Non-Executive Directors.	At the start of the 2021/22 financial year, the Board consisted of seven members, three Non-Executive (all of whom were considered independent) and four Executive. On 28 April 2021, C Irvine resigned from the Board. On 30 June 2021 J Dodkins and M Boxall resigned from the Board. On 27 August 2021 and 01 September 2021, B Bruno and A Mehta respectively were appointed to the board. On 31 March 2022, P Kear stepped down from the board, which now consists of two 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 1 July 2021.

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

Application	Exceptions and explanations
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 4:1 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. This is better reflected amongst the leadership team where we have women in key roles such as VP Marketing, Head of Fraud, Finance Director, and Head of HR, People and Culture, and members of the leadership team being located across all three of our main locations.

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 4 to 49 of the Annual Report as follows:

- "Our products and services" (pages 4-5) explains what D4t4 Solutions' services and products are.
- "Our strategy" (pages 6-7) describes how D4t4 Solutions seeks to transform the business to create shareholder value.
- "Strategy in action" (pages 12-13) illustrates, with case studies, how our customers use and benefit from our products and services.

The Group's approach to delivering long-term value for shareholders is addressed in the Statement of the Chief Executive Officer on pages 16 to 19. Pages 26 to 29 ("Principal risks and uncertainties") detail the key risks faced by the business and how these continue to be addressed. Pages 38 to 49 describe how we are embedding ESG into our business.

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 2021 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 2021	Preliminary results roadshow	P Kear, B Bruno	
August 2021	AGM	Directors	Shareholders invited to attend online and in person Q&A session
December 2021	Interim results roadshow	B Bruno, A Mehta	
December 2021	Capital Markets Day	B Bruno, A Mehta	
Various	Shareholder & potential shareholder meeting	P Kear, B Bruno, A Mehta	

Application of the QCA Corporate Governance Code continued

The Board is kept informed of the views of shareholders and other stakeholders at each monthly Board meeting through a report from the Chief Financial 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.

The Chairman, P Simmonds, is available to shareholders if they have concerns where contact through the normal channel of Chief Executive Officer or Chief Financial 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 are usually present at the AGM.

Capital Markets Day

In December 2021, we held a Capital Markets Day alongside the release of our interim results. This was a good opportunity for our new Executive team to meet with shareholders and vice versa. It was also an opportunity to showcase our Celebrus FDP fraud product and for shareholders to put questions directly to our Head of Fraud, Serpil Hall and our Chief Technology Officer, Ant Philipps. A recording of the day is available on our website.

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 staff brunches and bi-monthly 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 leadership team. Since the year-end we have launched an HR system which facilitates more effective employee engagement and communication across our various locations. This is particularly important in a world where, post-Covid, employees will probably never return to being in the office every day. This system has already proven to be every effective.

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 with respect and care, building long term collaborative relationships and where possible working within the local community, and ensuring ongoing communication 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, in all of our locations. 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. Further information is available in the ESG Report on pages 38 to 49.
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 uses the latest standards in insulation, lighting, heating and energy waste reduction and is now fully powered using renewable resources. During the year we appointed an external consultancy to conduct a carbon audit. Further details are given in the ESG report on pages 38 to 49.

Application of the QCA Corporate Governance Code continued

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 Annual Report at pages 26 to 29 ("Principal risks and uncertainties") and pages 52 to 57 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's membership includes the Chief Technology Officer, the Chief Financial Officer, the Director of Finance and the Chief Information Security Officer; 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.

- 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 and on the Group's website.

The Board is currently comprised of the Non-Executive Chairman, two Executive Directors and a further two Non-Executive Directors. 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.

Both of the Executive Directors are full-time employees of the Group.

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 83 and a statement of going concern is given on page 82.

The Board meets at least eleven times a year, and more often if required. The formal schedule of matters specifically reserved to it for decision was reviewed and adopted by the Board on 24 May 2022 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, an operations 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 Annual Report 2022 and the attendance record of individual Directors at those meetings:

	Board	Audit	Remuneration	Nomination
PA Simmonds	17/17	3/3	4/4	5/5
PF Whiting	17/17	3/3	4/4	5/5
M Biddulph	17/17	3/3	4/4	5/5
B Bruno (appointed 27 August 2021)	10/10*	–	–	1/1
A Mehta (appointed 1 September 2021)	10/10**	–	–	–
PJ Kear (resigned 31 March 2022)	17/17	–	–	2/4
JL Dodkins (resigned 30 June 2021)	5/5	–	–	–
MG Boxall (resigned 30 June 2021)	5/5	–	–	–
CC Irvine (resigned 28 April 2021)	2/2	–	–	–

* also attended 7 as an observer; ** also attended 1 as an observer

The Board met monthly as in prior years but also had additional ad-hoc meetings to discuss, amongst other matters, the global pandemic, business strategy and board changes.

Application of the QCA Corporate Governance Code continued

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

The Annual Report 2022 includes, at pages 50-51, biographies of the current Board of Directors, details of their experience including a skills matrix.

This information is also on the Group's website. The range of skills at the board is also considered by the Nominations Committee in its assessment of board requirements.

All Directors are expected to keep their skills up to date, and it is Board policy that Executive Directors receive suitable ongoing training for their position. 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.

External advice

No significant matters of a corporate governance nature arose during the period covered by the Annual Report 2022 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, on an ongoing basis, with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.

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

The Board periodically reviews the it's own effectiveness, as well as that of its Committees and 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 customers, working hard to understand their 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 our customers.

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 customers' 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 believes that the Executive Directors represent these values and convey them effectively throughout the organisation.

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.

Application of the QCA Corporate Governance Code continued

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 Annual Report 2022 includes, at pages 50-51, descriptions of the individual roles and responsibilities of the Chairman, Chief Executive Officer and other Directors.

The Board and its Committee composition

The Board is currently comprised of the Non-Executive Chairman, two Executive Directors and a further two Non-Executive Directors.

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 68 of the Annual Report 2022. 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 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 last 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 2022, including a report from each of the Audit, Remuneration and Nomination Committees, is set out at pages 68 to 73 of the Annual Report 2022.

Votes at General Meetings

All resolutions put to the AGM held on 26 August 2021 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.

Report of the audit committee

Reviewing of financial performance and controls

Dear Shareholder

I am pleased to present the report of the Audit Committee for the year ended 31 March 2022.

The Audit Committee comprises three Non-Executive Directors of the Company, all of whom served for the entirety of the year. By invitation, the meetings are also attended by the CEO and CFO of the Company. The Audit Committee includes one financially qualified member as recognised by the Consultative Committee of Accountancy Bodies, but all Audit Committee members are expected to be financially literate.

The Committee is chaired by myself and met three times during the year under review. It operates under formal terms of reference, which were reviewed and updated during the year and are now available on our website.

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 and independence, both for audit and non-audit work, and discusses the nature and scope of their audit. If required, the Audit Committee meets the auditors at least once a year without any Executive Directors present. 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.

With RSM UK Audit LLP and its predecessor firms having been in the role since 2010, during the year the Committee undertook a thorough review of the auditor function and ran a selection process for the auditor role for the Group. The process identified five audit firms that were invited to submit proposals and the Committee proposed to the Board that Haysmacintyre LLP ("Haysmacintyre") be appointed as the Group's new auditor.

Haysmacintyre acts for a number of public companies, both fully listed and AIM, operating across a number of sectors, and has a strong presence in the technology sector. The Committee was very impressed throughout the process with the Haysmacintyre account team, their approach, and their references. I'd like to thank RSM for their work over the last ten years. RSM have confirmed that there are no circumstances which they consider should be brought to the attention of shareholders.

I am satisfied that the Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference.

The Audit Committee has recommended to the Board that Haysmacintyre LLP is re-appointed at the forthcoming AGM.

Peter Simmonds
Chair of the audit committee
6 July 2022

COMMITTEE MEMBERS

Peter Simmonds (Chair)
Monika Biddulph
Peter Whiting

Key issues considered during the recent audit	
Revenue recognition	• This is a key issue in all audits due to historic misstatement by companies over the years. The Committee review the Group's revenue recognition policies to ensure they are compliant with current accounting standards and applied consistently.
Carrying value of goodwill	• The Committee monitors the intangible carrying value in the Group for any indications of impairment and undertakes impairment test calculations to support decisions to not impair goodwill.
Management override of controls	• This is the risk of misappropriation of assets and the risks of misrepresentation of financial information, in particular in relation to revenue and associated asset and liability accounts. • The Committee receives updates on internal controls and any instances of management override.
Valuation of share options	• This is the risk of incorrect pricing of share options vesting under market conditions, non-market conditions and LTIP schemes, and hence an incorrect charge being made to the income statement. This is a complex area and so the Group appointed the Valuations department of RSM UK Corporate Finance LLP to value the share options under a Black-Scholes and a Monte Carlo basis.
Capitalisation of development costs	• This is the risk of incorrect capitalisation of research and development costs which do not fall in line with IAS 38. The Committee reviewed the basis and assumptions for the capitalisation.
Accounting for the acquisition of Prickly Cactus Limited	• This is the risk of incorrect accounting for the acquisition of Prickly Cactus Limited, including the recognition of contingent consideration and subsequent goodwill under IFRS 3. • The Committee reviewed the calculations and is satisfied that the contingent consideration will become payable and therefore should be recognised in the Consolidated statement of financial position.

Report of the nomination committee

A focus on succession planning

Dear Shareholder

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2022.

The Nomination Committee comprises four Directors: three Non-Executives Directors (myself, Peter Simmonds and Peter Whiting) and one Executive Director, which was Peter Kear until February 2022, and Bill Bruno from February 2022. In the performance of its duties, the Committee held three meetings in the year. The principal activity of the Nomination Committee in the year was overseeing the CEO transition, the appointment of a CFO successor as well as succession planning , and board composition.

I'm delighted to report that in April 2021, following a thorough selection process, Bill Bruno was appointed as CEO designate to succeed Peter Kear. Bill has an in-depth understanding of the digital data industry and has played an active role in shaping the future strategy at D4t4 since he joined the Group in 2018. He is well placed to drive D4t4's next phase of growth.

Bill and Peter had been working closely together over the first six months of the financial year and in October 2021, Bill was appointed CEO, with Peter moving to the role of Deputy CEO and providing continuing support until June 2022. I would like to thank Peter Kear for his dedication and continuing support during the transition.

In addition to CEO succession, the nomination committee actively engaged in the CFO succession, where a specialist recruiter was used to assemble a high calibre shortlist. Following a thorough interview process and deliberations, in September 2021 Ash Mehta was appointed as CFO. Ash is an experienced public company finance director and has extensive experience in investor relations, strategic finance, managing growth, fundraisings, and M&A. Myself, the Nomination Committee and the Board are very pleased having Ash on board and look forward to working with him!

The Nomination Committee further considers 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.

Following on from the CEO and CFO appointments, and as a result of the main Board reorganisation, Mark Boxall, Chief Operating Officer and Jim Dodkins, Chief Technology Officer, stepped down from the main Board in June 2021 to serve D4t4 on the new Group Operations Board below the main D4t4 Board. The Group Operations Board will be focused entirely on the execution and delivery of Group strategy, and will, in addition to the CEO, CFO, COO and CTO, include a small number of other senior individuals. On behalf of the Nominations Committee and the board I would like to thank Jim and Mark for their many years of service on the board. I am confident that the new Group Operations Board will provide added focus and efficiency for the delivery of shareholder returns.

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 20% 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
6 July 2022

COMMITTEE MEMBERS

Monika Biddulph (Chair)
Peter Kear +
Bill Bruno ++
Peter Simmonds
Peter Whiting

\+ Peter Kear left from the Committee on 24 February 2022
++ Bill Bruno joined the Committee on 24 February 2022

Report of the remuneration committee

Determining executive remuneration

Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2022.

The Committee has consisted throughout the entire year of three Non-Executive Directors; Peter Simmonds, Monika Biddulph and me.

The Committee's terms of reference require it to meet not less than once each year. The Committee met four times in the year ended 31 March 2022. 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 the financial year to 31 March 2022, the Remuneration Committee has continued to operate a remuneration structure made up of basic salary, pensions and benefits, annual performance-related bonuses, and a long-term incentive plan (LTIP). 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.

The committee believes that a combination of Total Shareholder Return (TSR) and growth in EPS provides an optimal alignment with shareholders over the medium term, and these remain the basis of the vesting criteria of the LTIP grants made during the year.

A significant management transition took place during the year, with the roles of both the Chief Executive Officer and Chief Financial Officer being assumed by new incumbents, namely Bill Bruno and Ash Mehta respectively. In the case of Bill, this was by internal promotion, whilst Ash was recruited externally. The Remuneration Committee worked closely with the Nomination Committee and the wider Board during the period of selection and thereafter. In particular, we wished to ensure that the packages offered to Bill and Ash were appropriate to the nature and complexity of the specific roles, align with the wider recruitment market, and encourage the building-up of meaningful shareholdings in the Group. We also set personal objectives for all of the executive directors including retiring CEO Peter Kear designed to ensure that the transition of internal reporting lines and external client and supplier relationships took place as smoothly as possible.

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
6 July 2022

COMMITTEE MEMBERS

Peter Whiting (Chair)
Peter Simmonds
Monika Biddulph

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 2022.

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 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 ARR and Adjusted Profit before tax.

Element of remuneration	Link to Group strategy	Operation	Framework
Share option plan (LTIP)	Aligns the interests of the Executive Directors with the interest of the long term shareholders.	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. Any exercise is subject to satisfaction of the specified performance conditions.
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 3 Directors in the scheme in 2022 (2021: 4).
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.

Directors' remuneration report continued

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

Bill Bruno has a Directors' service agreement dated 27 August 2021 which can be terminated on six months' notice. Ash Mehta has a Directors' service agreement dated 12 May 2021 which can be terminated on three months' notice.

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:

	£000	
	2022	2021
Emoluments (Fees / basic salary, benefits and annual bonus)	1,232	1,352
Money purchase pension contributions	39	39
	1,271	1,391
IFRS 2 share-based payment charge	537	194
Employer's National Insurance	129	183
Total	**1,937**	1,768

Single figure for the total remuneration (audited)

31 March 2022	Fees/basic salary £000	Benefits £000	Bonus £000	Sub total £000	Pension £000	**Total 2022** £000	Total 2021 £000
Executives							
Bill Bruno (appointed 27 August 2021)	149	3	270	422	9	**431**	–
Ash Mehta (appointed 1 September 2021)	100	1	131	232	6	**238**	–
Peter Kear (resigned 31 March 2022)	229	6	75	310	10	**320**	422
Mark Boxall (resigned 30 June 2021)	46	1	–	47	3	**50**	345
Jim Dodkins (resigned 30 June 2021)	41	4	–	45	10	**55**	318
Charlie Irvine (resigned 28 April 2021)	11	1	–	12	1	**13**	146
Non-Executives							
Peter Simmonds	69	–	–	69	–	**69**	50
Peter Whiting	48	–	–	48	–	**48**	45
Monika Biddulph	47	–	–	47	–	**47**	40
John Lythall (resigned 31 March 2021)	–	–	–	–	–	–	25
Total	**740**	**16**	**476**	**1,232**	**39**	**1,271**	1,391

Remuneration of highest paid Director

	2022	2021
Remuneration	422	412
Company contributions to money purchase pension schemes	9	10
	431	422

Emoluments for the highest paid Director for the year ended 31 March 2022 and 31 March 2021 are included in the table above. The highest paid Director exercised no share options during the year (2021: nil options exercised).

Annual bonus payments for executive directors are typically paid 70% in cash and 30% in shares deferred for two years. To ensure a period of ongoing alignment with shareholders beyond his retirement date, the committee considered it appropriate to pay Peter Kear's bonus for the year entirely in shares deferred for one year.

Directors' remuneration report continued

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 2021	Number at 31 March 2022	Option price	Expiry date	Exercisable from
B Bruno	54,000	54,000	2.0p	8 January 2031	15 July 2023
	–	115,823	2.0p	28 October 2031	28 October 2024
A Mehta	–	58,290	2.0p	28 October 2031	28 October 2024
P Kear	138,591	138,591	2.0p	10 August 2030	10 August 2023
J Dodkins	105,593	–	2.0p	10 August 2030	10 August 2023
M Boxall	118,792	–	2.0p	10 August 2030	10 August 2023
	166,666	–	149.0p	13 August 2038	1 July 2021

The awards made during the year were made in two tranches as set out below under the terms of the D4t4 Long Term Incentive Plan ("LTIP"). These awards have been made following the recent appointment of the two directors to their respective roles:

Director/PDMR	Position	Tranche A (Shares)	Tranche B (Shares)
B Bruno	Chief Executive Officer	66,185	49,638
A Mehta	Chief Financial Officer	34,974	23,316

The awards are all exercisable at a price of two pence per Share and will vest three years after the grant date of 28 October 2021, subject to the continued employment of the relevant director.

Vesting of awards in Tranche A is also subject to the satisfaction over the three-year period from the date of grant of specified performance conditions, based on the Company's relative Total Shareholder Return (TSR) in respect of half of the award, and growth in Annual Recurring Revenue (ARR) in respect of the other half. Vesting criteria have been set as follows:

- 15% compound growth in ARR to achieve minimum award vesting, with a sliding scale above this level, up to full vesting at 27.5% compound growth; and
- TSR of no less than median performance against the selected benchmark for minimum vesting, with a sliding scale above this level, up to full vesting for top-quartile performance.

Tranche B represents a one-off award, without performance conditions.

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

No directors (2021: one) exercised options during the year (2021: 166,667) with gains on exercise of share options during the year totalling £nil (2021: £227,000). No director's options lapsed during the year.

The market price of the shares at 31 March 2022 was 262.5p (31 March 2021: 302.5p) and the range in the period under review was 262p to 400p.

There have been no variations to the terms and conditions or performance criteria for share options during the financial year.

Directors shareholdings and dividends paid to Directors are disclosed in the Directors' Report on page 79.

Advisers

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

Peter Whiting
Chair of the remuneration committee

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2022, which should be read in conjunction with the Strategic Report on pages 4 to 49. The Corporate Governance Statement set out on pages 50 to 78 forms part of this report.

Incorporation

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

Adoption of new Articles of Association

The Articles may be amended by special resolution of the shareholders. At the forthcoming Annual General Meeting, a special resolution will be proposed to adopt new Articles of Association. This is to update the Articles in line with best practice.

Directors and Directors' Interests

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

B Bruno
(appointed 27 August 2021)

A Mehta
(appointed 01 September 2021)

P A Simmonds

P Whiting

M Biddulph

P J Kear
(resigned 31 March 2022)

J L Dodkins
(resigned 30 June 2021)

M G Boxall
(resigned 30 June 2021)

C C Irvine
(resigned 28 Apr 2021)

At the AGM, P A Simmonds will offer himself for re-appointment in accordance with the Articles. Additionally, B Bruno and A Mehta will be proposed for re-appointment, each having been appointed a Director since the last Annual General Meeting.

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 2022	Interest at 31 March 2021*
B Bruno	13,000	–
A Mehta	80,000	24,000
P A Simmons	346,500	346,500
P Whiting	22,000	22,000
M Biddulph	–	–

* 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 78.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. Such appointments are overseen by the Nominations Committee. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and in the Corporate Governance Statement on page 52.

In accordance with our Articles of Association and to the extent permitted by law, Directors are granted an indemnity from the Company in respect of liability incurred as a result of their office. In addition, we maintained a Directors' and officers' liability insurance policy throughout the year. Neither our indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

Directors' report continued

Capital structure

Under its Articles of Association, the Company has authority to issue 50,000,000 ordinary shares. 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 and an entitlement to any dividend announced by the board.

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.

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

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.

Substantial holdings

As far as the Directors are aware, as at 6 July 2022, 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	**7,491,155**	**18.64**
Ennismore Fund Management	**3,641,798**	**9.06**
Herald Investment Management	**2,974,800**	**7.40**
Investec Wealth & Management	**2,816,511**	**7.01**
Chelverton Asset Management	**2,065,000**	**5.14**
P Kear Esq	**1,270,752**	**3.16**

Acquisition of the Company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolution of 26 August 2021, 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 03 August 2022. 120,934 shares were purchased and 87,500 shares were sold in the year ending 31 March 2022, as shown in note 23.

Treasury shares are ordinary 2p shares purchased in order to satisfy outstanding option obligations. Sales from Treasury shares are the shares issued to option holders on exercise of their options. The maximum number of own shares held in the year was 224,932 (2021: 199,113), which represents 0.56% (2021: 0.49%) of the issued share capital.

Share option schemes

The Company operates share option Schemes which are open to employees. The three current Schemes are the D4t4 Solutions Employee Share Options 'A' Scheme, the D4t4 Solutions EMI Share Options Scheme, and the D4t4 Long Term Incentive Plan. Details of the share options are laid out on page 117 within note 27 to the accounts.

Dividends

The Directors recommend a final dividend of 2.07p (2021: 2.0p) per ordinary share to be paid this year. Thr directors also recommend a special dividend of 12.50p (2021:nil) per ordinary share to be paid later this year.

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.

System of risk management and internal control

The Board is responsible for maintaining a risk management and internal control system and for managing principal risks faced by the Group. Such a system is designed to manage rather than eliminate business risks and can only provide reasonable and not absolute assurance against material mistreatment or loss. 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 2022 the Company had 25 days (2021: 40 days) of outstanding liabilities to creditors.

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.

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. The Group also has exposure to foreign currency rate fluctuations and undertakes hedging contracts to mitigate potential currency losses.

Financial instruments

The Group's financial risk management objectives and policies are discussed on page 120 within note 30 to the accounts.

Branch operations

The Group has branch operations located in Chennai, India.

Political and Charitable contributions

The Group made no political contributions during the year (2021: nil), and charitable donations of £625 (2021: nil).

Sustainability

Information about the Company's approach to sustainability risks and opportunities is set out on pages 38 to 49. Also included on these pages are details of our greenhouse gas emissions.

Directors' report continued

Auditor

During the year, Haysmacintyre LLP was appointed as auditor following a thorough review and RFP process of the auditor role for the Group, involving five audit firms that were invited to submit proposals. RSM UK Audit LLP and its predecessor firms had been in the role since 2010.

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

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.

Future outlook

The Group's future outlook and opportunities are referred to in the Chief Executive Officer report on page 16.

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.

By order of the Board

Guerino Bruno

Bill Bruno

Chief Executive Officer

Windmill House, 91-93 Windmill Road, Sunbury-on-Thames, TW16 7EF

6 July 2022

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

Guerino Bruno

Bill Bruno

Chief Executive Officer

Windmill House, 91-93 Windmill Road, Sunbury-on-Thames, TW16 7EF

6 July 2022

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 (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive loss, the consolidated statement of financial position, the parent company statement of financial position, the consolidated statement of changing in equity, the parent company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union/ UK adopted international accounting standards.

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 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union/ UK adopted international accounting standards; and
- 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 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.

An overview of the scope of our audit

Our audit scope included all components and was performed to component materiality. Our audit work therefore covered 100% of Group profit and total Group assets and liabilities. It was performed to the materiality levels set out below.

Key audit matters

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

Key Audit Matter	How our scope addressed the matter
Revenue Recognition Included in the Group Statement of Comprehensive Income is revenue of £24.459m. Revenue is derived from the sale of own IP, the sale of 3rd party IP, the provision of delivery services and of support and maintenance. See revenue accounting policy note for further details around revenue recognition. There is a risk that revenue has not been recognised in line with IFRS 15 in relation to ongoing contracts with customers.	We agreed a number of revenue transactions to cash receipts and appropriate evidence of customer acceptance in order to gain comfort over occurrence, completeness and satisfaction of the performance obligations per the underlying revenue agreements. We have reviewed and challenged management's judgment in applying relevant requirements of IFRS 15, specifically around the timing of software license sales. As a result of our procedures we conclude that the Group's revenue is stated accurately in all material aspects.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We determined overall materiality for the Group financial statements as a whole to be £250,000 being 8.75% of adjusted EBITDA for the year. We considered it appropriate to determine our materiality based on adjusted EBITDA as we consider this to be the key metric in assessing the financial performance and position of the Group given its primary purpose is to generate positive EBITDA for the Groups shareholders. On the basis of our risk assessments, together with our assessment of the overall control environment, we apply a different level of materiality, performance materiality, to determine the extent of our testing and this was set at 75% of the overall audit financial statements' materiality, being £187,500.

We agreed with management that we would report to the Audit Committee all audit differences in excess of £12,500 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- We reviewed cash flow forecasts prepared by management and assessed their adequacy, and also challenged the assumptions and judgements inherent within them.
- We have corroborated cash levels after the reporting date to consider whether they are in line with forecasts and investigated the reasons for any significant discrepancies.
- We reviewed prior period budgets and forecasts against actual performance to consider management's ability to accurately forecast and budget.
- We have considered pipeline income and contracts to understand the uncertainty in management's budgets.

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 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.

Independent auditor's report continued

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report 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 its 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 83, 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the company. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to areas subject to significant judgement and management bias through accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with large values, round sum values, significant impact on profit, dated ahead of the date which they were posted and posted to suspense accounts;
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Jon Dawson

Senior Statutory Auditor

For and on behalf of Haysmacintyre LLP, Statutory Auditors
6 July 2022
10 Queen Street Place, London, EC4R 1AG

Group statement of comprehensive income

for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Continuing operations			
Revenue	4,5	**24, 459**	22,792
Cost of sales		(11,755)	(8,566)
Gross profit		**12,704**	14,226
Administration expenses	7	(11,000)	(11,234)
Other operating income	8	58	58
Profit from operations		**1,762**	3,050
Finance income	9	22	25
Financing costs	9	(21)	(32)
Profit before tax		**1,763**	3,043
Tax	10	(68)	(274)
Attributable to equity holders of the parent		**1,695**	2,769
Earnings per share from continuing operations attributable to the equity holders of the parent	13		
Statutory			
Basic		4.21p	6.88p
Diluted		4.14p	6.75p

Group statement of comprehensive income

for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Attributable to equity holders of the parent		**1,695**	2,769
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gains on property revaluation	16	70	70
Exchange differences on translation of foreign operations		(21)	(11)
Total comprehensive income for the year attributable to equity holders of the parent		**1,744**	2,828

The notes on pages 94 to 123 form part of these financial statements.

Group statement of financial position

as at 31 March 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Goodwill	14	9,446	8,696
Other intangible assets	15	808	872
Property, plant and equipment	16	4,012	4,141
Deferred tax assets	11	232	–
		14,498	13,709
Current assets			
Trade and other receivables	18	27,385	13,362
Tax receivables		573	414
Inventories	19	–	129
Cash and cash equivalents		11,430	14,241
		39,388	28,146
Total assets		**53,886**	41,855
Current liabilities			
Trade and other payables	20	(21,344)	(10,691)
Lease obligations	21	(54)	(83)
		(21,398)	(10,774)
Non-current liabilites			
Lease obligations	21	(146)	(194)
Deferred tax liabilities	11	(457)	(1)
		(603)	(195)
Total liabilities		**(22,001)**	(10,969)
Net assets		**31,885**	30,886
Equity			
Share capital	22	809	808
Share premium account	22	3,365	3,365
Merger reserve	24	6,031	5,981
Revaluation reserve	25	1,310	1,240
Treasury shares	23	(670)	(542)
Retained earnings		21,040	20,034
Attributable to equity holders of the parent		**31,885**	30,886

These financial statements were approved by the Board of Directors and authorised for issue on 6 July 2022 and were signed on its behalf by:

Guerino Bruno

Bill Bruno

Director

Company registration number: 01892751 (England and Wales)

The notes on pages 94 to 123 form part of these financial statements.

Group statement of changes in equity

for the year ended 31 March 2022

	Notes	Share capital	Share premium	Merger reserve	Revaluation reserve	Treasury shares	Retained earnings	Total £'000
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)
Issue of new shares - exercise of share options	22	–	–	–	–	–	–	–
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 1 April 2021		**808**	**3,365**	**5,981**	**1,240**	**(542)**	**20,034**	**30,886**
Dividends paid	12	–	–	–	–	–	(1,147)	(1,147)
Purchase of own shares	23	–	–	–	–	(377)	–	(377)
Issue of new shares - exercise of share options	22, 24	1	–	50	–	–	–	51
Settlement of share-based payments		–	–	–	–	249	(140)	109
Share-based payment charge	27	–	–	–	–	–	619	619
Transactions with equity holders		**1**	**–**	**50**	**–**	**(128)**	**(668)**	**(745)**
Profit for the year		–	–	–	–	–	1,695	1,695
Other comprehensive income		–	–	–	70	–	(21)	49
Total comprehensive income		**–**	**–**	**–**	**70**	**–**	**1,674**	**1,744**
Balance at 31 March 2022		**809**	**3,365**	**6,031**	**1,310**	**(670)**	**21,126**	**31,885**

The notes on pages 94 to 123 form part of these financial statements.

Group statement of cash flow

for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Operating activities			
Profit before tax		**1,763**	3,043
Adjustments for:			
Depreciation of property, plant and equipment		391	395
Amortisation of intangible assets		306	279
Finance income		(22)	(25)
Finance expense		21	32
Share-based payments		619	276
Settlement of share-based payments		–	42
Gain on sale of property, plant and equipment		(16)	(8)
Operating cash flows before movements in working capital		**3,062**	4,034
Increase in receivables		(14,023)	(3,225)
Decrease in inventories		129	1,137
Increase in payables		10,671	1,312
Cash (used in)/generated from operations	30	**(661)**	3,258
Tax received		1	80
Net cash (used in)/generated from operating activities		**(660)**	3,338
Investing activities			
Interest received		22	25
Purchase of property, plant and equipment		(197)	(34)
Acquisition of subsidiary, net of cash acquired		(200)	–
Capitalisation of development costs		(242)	(195)
Net cash used in investing activities		**(617)**	(204)
Financing activities			
Dividends paid		(1,147)	(1,090)
Lease repayments		(98)	(79)
Interest paid		(21)	(32)
Purchase of own shares		(377)	(868)
Exercise of share options		109	404
Net cash used in financing activities		**(1,534)**	(1,665)
Net (decrease)/increase in cash and cash equivalents		**(2,811)**	1,469
Cash and cash equivalents at start of year		14,241	12,772
Cash and cash equivalents at end of year	30	**11,430**	14,241

Company statement of financial position

as at 31 March 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Goodwill	14	8,696	8,696
Other intangible assets	15	808	872
Property, plant and equipment	16	3,996	4,100
Investment in subsidiaries	17	1,023	273
Deferred tax assets	11	232	–
		14,755	13,941
Current assets			
Trade and other receivables	18	25,754	13,835
Tax receivables		322	414
Inventories	19	–	4
Cash and cash equivalents		11,387	14,133
		37,463	28,386
Total assets		**52,218**	42,327
Current liabilities			
Trade and other payables	20	(20,335)	(11,193)
Lease obligations	21	(48)	(45)
		(20,383)	(11,238)
Non-current liabilites			
Lease obligations	21	(145)	(191)
Deferred tax liabilities	11	(457)	(34)
		(602)	(225)
Total liabilities		**(20,985)**	(11,463)
Net assets		**31,233**	30,864
Equity			
Share capital	22	809	808
Share premium account	22	3,365	3,365
Merger reserve	24	6,031	5,981
Revaluation reserve	25	1,310	1,240
Treasury shares	23	(670)	(542)
Retained earnings		20,388	20,012
Attributable to equity holders of the parent		**31,233**	30,864

The Company's profit for the year was £0.8m (2021: £2.0m).

These financial statements were approved by the Board of Directors and authorised for issue on 6 July 2022 and were signed on its behalf by:

Guerino Bruno

Bill Bruno

Director

Company registration number: 01892751 (England and Wales)

Company statement of changes in equity

for the year ended 31 March 2022

	Notes	Share capital	Share premium	Merger reserve	Revaluation reserve	Own shares	Retained earnings	Total £'000
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)
Issue of new shares - exercise of share options	22	–	–	–	–	–	–	–
Settlement of share-based payments		–	–	–	–	666	(262)	404
Share-based payment charge	27	–	–	–	–	–	276	276
Deferred tax on outstanding share options	11	–	–	–	–	–	–	–
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**
Balance at 1 April 2021		**808**	**3,365**	**5,981**	**1,240**	**(542)**	**20,012**	**30,864**
Dividends paid	12	–	–	–	–	–	(1,147)	(1,147)
Purchase of own shares	23	–	–	–	–	(377)	–	(377)
Issue of new shares - exercise of share options	22, 24	1	–	50	–	–	–	51
Settlement of share-based payments		–	–	–	–	249	(140)	109
Share-based payment charge	27	–	–	–	–	–	619	619
Transactions with equity holders		**1**	**–**	**50**	**–**	**(128)**	**(668)**	**(745)**
Profit for the year		–	–	–	–	–	1,065	1,065
Other comprehensive income		–	–	–	70	–	(21)	49
Total comprehensive income		**–**	**–**	**–**	**70**	**–**	**1,044**	**1,114**
Balance at 31 March 2022		**809**	**3,365**	**6,031**	**1,310**	**(670)**	**20,388**	**31,233**

The notes on pages 94 to 123 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2022

1. General information

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

Details of substantial shareholdings are shown in the Directors' report on page 79.

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 2022 were authorised and issued by the Board of Directors on 6 July 2022 and the Consolidated Statement of Financial Position was signed on the Board's behalf by Bill Bruno.

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 2 to 49.

The Group and Company have considered these risks and uncertainties along with any impact from the global economic situation and any further impact of coronavirus.

The Directors have reviewed stress tests for future cashflows over the 18 months to 30 September 2023 to ensure there are sufficient financial resources, together with income from existing contracts with a number of customers, to cover budgeted future cashflows.

On this basis, the Directors have adopted the going concern basis in preparing these accounts.

Adoption of new and revised standards

The only new accounting standard applied during the year is shown below. There was no material impact to the accounts.

- 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)

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 2022 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)

Basis of consolidation

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

Investee companies 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 reviewed by the Directors on an annual basis. The carrying values are considered 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

The directors have assessed that no impairment is required in the current period.

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 on the acquisition of Speed-Trap Holdings Limited and Prickly Cactus Limited.

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.

Notes to the financial statements continued

for the year ended 31 March 2022

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.

The useful economic life of development costs capitalised is deemed to be 8 years and capitalised costs are amortised over 8 years.

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.

Leases and Lease commitments

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
- any lease payments made at or before the
- 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.

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.

Dividends

Final dividend and special 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 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 2022. 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 with market-based performance conditions, such as Total Shareholder Performance compared to a peer group of companies, are fair valued using a Monte Carlo model and also 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.

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 contracted goods and services to its customers.

The principle revenue streams are described below:

Products – Own IP

D4t4 creates, authors, markets and sells software products within the Celebrus family of products (e.g., CDP, FDP, and CDM).

The Group's products are licensed predominantly on a term basis and revenue is recognised on an annual basis for each year of that term, upon delivery of the license(s) to the customer, for the whole year in the month of sale or on each successive anniversary for multi-year contracts.

Notes to the financial statements continued

for the year ended 31 March 2022

Perpetual licence revenue is recognised in full 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 on a perpetual basis will be supplied as part of an ongoing maintenance contract that the customer may make. This maintenance contract is covered under the 'Support and maintenance' section below.

Products – 3rd Party

D4t4 also provides services that are focused on delivering data management solutions using public and private cloud infrastructure which is securely designed to ensure our clients can operationalise data within their organisation.

D4t4 design and build performant platforms for critical business, analytics, compliance, risk, marketing and artificial intelligence applications. Customer Data Management platform solutions may include both third-party hardware and software (as well as our own IP software described above).

The revenue for each component of the product is recognised when the full performance obligation has been satisfied. Typically, this is when the hardware is delivered to the customers designated premises, and for the software upon delivery to the customer.

Delivery Services

For fixed-price 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, revenue is recognised based on time spent on a project at an agreed rate on a monthly basis.

Support and maintenance

Support and maintenance is typically of a recurring nature, over the term of a license, and is made up of hosting, support services and product maintenance.

For 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. This reflects the even nature of the Group's obligations to the customer over the duration of the agreement.

In the case of hosting, an amount of effort is required up front to create the environment for hosting. Thereafter, the Group's obligations are evenly spread over the term of the hosting period. Therefore, a proportion of the fees for hosting are recognised during the set-up phase, with the balance being recognised evenly over the term of the period.

Partnerships with third party organisations

The Company sells both directly to the customer and via 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, delivery and support and maintenance as defined in the revenue recognition policy above, and recognised as defined in those sections.

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 four 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 the income statement.

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.

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

The Group is required by accounting rules to capitalise certain development costs. However, the Group almost always expenses a significant percentage of research and development in the period it is incurred.

Notes to the financial statements continued

for the year ended 31 March 2022

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.

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 payment accounting rules require lease payments to be discounted using the lessee's incremental borrowing rate as required by IFRS 16 "Leases". The Group's incremental borrowing rate has been based on local commercial or bank loan rates. Therefore, the 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.

Valuation of freehold land and building

The valuation of freehold land and buildings is reviewed by the Directors on an annual basis. During the year, no professional valuation was undertaken, and so a review was undertaken by the Directors. This review was based on the valuation per square foot of similar office buildings, as well as the valuation based on a rental income and yield basis for the Group's property. The result of the review was that the valuation as at 31 March 2022 was not materially different to the carrying value.

4. Business and geographical segments

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

Whilst having three product groups, the Group operates the business as a single business with no separation into divisions or allocation or people or assets to a particular division. The management team is responsible for all three product groups with no individual having responsibility for a particular product group. This is consistent with the internal reporting for management purposes. Management does however monitor revenues by revenue type.

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

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

The revenue analysis set out below is consistent with that provided to the Board of Directors.

Continuing oprations 2022

	Group 2022 £'000	2021 £'000
Products - Own IP	6,137	9,005
Products - 3rd party	7,001	4,403
Delivery services	4,194	2,886
Support and maintenance	7,127	6,498
Revenue	**24,459**	22,792

Major customers (partners) over 10% of revenue

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
	Customer 1	**Customer 2**	Customer 1	Customer 2
Products - Own IP	2,086	1,577	3,682	1,154
Products - 3rd party	7,001	–	3,775	–
Delivery services	2,337	17	769	–
Support & maintenance	2,538	1,159	2,764	1,663
Total revenue	**13,962**	**2,753**	10,990	2,817

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 2022 £'000	2021 £'000
United Kingdom	3,962	2,983
Rest of Europe	2,421	2,396
United States of America	16,859	16,699
Others	1,217	714
	24,459	22,792

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

Non current assets, including Property, Plant & Equipment, Goodwill and Intangibles, are all located in the United Kingdom.

Notes to the financial statements continued

for the year ended 31 March 2022

Analysis of revenue

	Group 2022 £'000	Group 2021 £'000
Sale of goods	5,548	5,964
Rendering of services	18,911	16,828
	24,459	22,792

Timing of transfer

	Group 2022 £'000	Group 2021 £'000
Goods and services transferred at a point in time		
Products - Own IP	6,137	9,005
Products - 3rd party	7,001	4,403
Delivery services	4,194	2,886
Goods and services transferred over time		
Support & maintenance	7,127	6,498
	24,459	22,792

Contract balances

	Group 2022 £'000	Group 2021 £'000
Receivables included within Trade and other receivables	24,452	10,165
Contract assets	1,657	2,554
Contract liabilities	14,200	6,288

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.

Adjustments to profit before tax

	Group 2022 £'000	Group 2021 £'000
Profit before tax	1,763	3,043
Amortisation of intangible assets	306	279
Share-based payment	678	318
Net foreign exchange differences	93	746
Costs related to acquisition during the year	36	–
Restructuring costs	390	58
Adjusted profit before tax	**3,266**	4,444

6. Analysis of expenses by nature

	2022 £'000	2021 £'000
The breakdown by nature of expenses is as follows:		
Employee remuneration (see note 7)	12,036	11,393
Intangible assets		
Amortisation of intangible assets (see note 15)	306	279
Research and development costs expensed	1,743	913
	2,049	1,192
Property, plant and equipment		
Depreciation of property, plant and equipment (see note 16)	391	395
Gain on disposal of property, plant and equipment	(16)	(8)
	375	387
Auditor's remuneration		
- for audit services (Group and Company, the Company fee is not separately quantifiable)	85	57
- for other services	–	–
	85	57
Impairment of trade receivables	–	–
Operating leases	–	–
Net foreign exchange loss	93	746
Other expenses	8,117	6,025
Total cost of sales and administration expenses	**22,755**	19,800

7. Staff costs

	Group		Company	
The average number of employees (including directors) during the year was:	2022 Number	2021 Number	2022 Number	2021 Number
Product and support	99	94	88	86
Distribution	33	30	27	25
Administration	17	15	16	15
	149	139	**131**	126
Their aggregate remuneration comprised:	**£'000**	£'000	**£'000**	£'000
Wages and salaries	9,953	9,632	7,678	7,924
Social security costs	951	1,025	833	924
Defined contribution costs	455	418	367	359
Share-based payments: equity settled	677	318	677	318
	12,036	11,393	**9,555**	9,525

Included in staff costs is £242k (2021: £195k) which were not recognised through the statement of profit and loss, but rather capitalised and form part of development costs.

Notes to the financial statements continued

for the year ended 31 March 2022

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

	Group & Company	
	2022 £'000	2021 £'000
Emoluments	1,315	1,352
Social security costs	129	183
Defined contribution costs	38	39
Share-based payments: equity settled	537	194
	2,019	1,768

Details of Directors remuneration required by the Companies Act are set out in the audited information included in the Directors Remuneration report on pages 74 to 78.

Other related party transactions including loans and dividends, involving Directors are disclosed in the Directors' report on pages 79 to 82.

8. Other operating income

	Group	
	2022 £'000	2021 £'000
Analysis of other operating income		
Operating lease receipts (see note 28)	58	58
	58	58

9. Finance income and finance costs

	Group	
	2022 £'000	2021 £'000
Analysis of finance income		
Bank interest received	22	23
Other	–	2
	22	25
Analysis of finance costs		
Lease interest	(20)	(24)
Other	(1)	(8)
	(21)	(32)

10. Taxation

	2022 £'000	2021 £'000
Current UK tax	–	101
Foreign tax	67	109
Less: double taxation relief	–	(3)
Over provision in prior year	(225)	–
	(158)	207
Deferred tax		
- change in rate	55	22
- temporary differences	138	(196)
- US tax charge / (credit)	33	241
	226	67
Corporation tax	**68**	274

The charge for the year can be reconciled to the reported profit as follows:

	2022 £'000	2021 £'000
Profit before tax	1,763	3,043
UK corporation tax at 19% (2021:19%)	335	578
Research and development credit	(431)	(225)
Patent Box	–	(70)
Exercise of share options	(32)	(182)
Shore-based payments	131	–
Difference between writing-down allowances and depreciation	3	24
Amortisation of intangibles - ineligible	183	(3)
Other non-deductible expenses	33	(14)
Effect of different rates in other jurisdictions	(132)	–
Movement in US tax losses	33	38
Over provision in prior year	(225)	–
Effect of change in tax rates on deferred tax opening balance	55	22
Foreign tax charge - India	9	60
Foreign tax charge - USA	58	49
Double tax relief brought forward - India	–	(3)
Current year loss carried forward	48	-
Tax charge as above	**68**	274

Notes to the financial statements continued

for the year ended 31 March 2022

11. Deferred tax

	Other timing differences £'000	Equity reserve £'000	Share based payments £'000	Tax losses £'000	Intangibles £'000	Total £'000
Group						
Balance at 1 April 2020	(55)	–	10	273	(162)	66
Recognised within the Statement of Changes in Equity	–	–	–	–	–	–
(Charge) / credit to income statement	10	–	166	(240)	(3)	(67)
Balance at 1 April 2021	**(45)**	**–**	**176**	**33**	**(165)**	**(1)**
(Charge) / credit to income statement	(21)	–	53	(33)	(223)	(224)
Balance at 31 March 2022	**(66)**	**–**	**229**	**–**	**(388)**	**(225)**
Company						
Balance at 1 April 2020	(55)	–	10	–	(162)	(207)
Recognised within the Statement of Changes in Equity	–	–	–	–	–	–
(Charge) / credit to income statement	10	–	166	–	(3)	173
Balance at 1 April 2021	**(45)**	**–**	**176**	**–**	**(165)**	**(34)**
(Charge) / credit to income statement	(21)	–	53	–	(223)	(191)
Balance at 31 March 2022	**(66)**	**–**	**229**	**–**	**(388)**	**(225)**
Comprised of:						
Deferred tax assets						232
Deferred tax liabilites						(457)
						(225)

A deferred tax rate of 25% (2021: 19%) has been used.

The financial statements include a deferred tax asset of nil (2021: £33k) in respect of trading losses in the Group's US subsidiary.

12. Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders		
Final dividend for the year ended 31 March 2021 of 2.0p (for the year ended 31 March 2020: 1.9p) per share	805	765
Interim dividend for the year ended 31 March 2022 of 0.85p (31 March 2021: 0.81p) per share	342	325
	1,147	1,090

There is a proposed final dividend for the year ended 31 March 2022 of 2.07p, and a special dividend of 12.50p

The proposed final dividend, and special dividend are subject to shareholders' approval at the AGM and have 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 the market price of the Company's ordinary shares at the year end.

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

	2022 £'000	2021 £'000
Profit attributable to owners of the parent	1,695	2,769
Amortisation of intangible assets	306	279
Share-based payment	677	318
Net foreign exchange differences	93	746
Costs related to acquisition during the year	36	–
Restructuring costs	390	58
Tax on the adjustments	(284)	(260)
Adjusted profit attributable to owners of the parent	**2,913**	3,910

	2022 No.	2021 No.
Basic weighted average number of shares, excluding own shares, in issue	40,240,799	40,235,856
Dilutive effect of share options	725,221	771,396
Diluted weighted average number of shares, excluding own shares, in issue	**40,966,020**	41,007,252

	2022 pence per share	2021 pence per share
Basic Earnings per share	4.21	6.88
Diluted Earnings per share	4.14	6.75
Adjusted Basic Earnings per share	7.24	9.72
Adjusted Diluted Earnings per share	7.11	9.54

Notes to the financial statements continued

for the year ended 31 March 2022

14. Goodwill

	Group £'000	Company £'000
Cost of goodwill		
Balance at 1 April 2020 and 31 March 2021	10,952	10,608
Goodwill acquired on acquisition of subsidiary (see note 26)	750	–
Cost at 31 March 2022	**11,702**	**10,608**
Accumulated impairment charges		
Balance at 1 April 2020, 31 March 2021 and 31 March 2022	2,256	1,912
Carrying amount at year end	**9,446**	**8,696**
Allocation of goodwill		
Speed-Trap	8,696	8,696
Prickly Cactus (see note 26)	749	–
Balance at 1 April 2020 and 31 March 2021	8,696	8,696
Balance at 31 March 2022	**9,446**	**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 (2021: £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 2022/23 were projected based on the forecast for 2022/23, 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 2023 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 2024 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 14.7% (2021: 11.6%).

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 macroeconomic conditions, 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 and Company	Development costs £'000	Iternally generated IPR £'000	Purchased IPR £'000	Trade name £'000	Total £'000
Cost					
Balance at 1 April 2020	188	56	1,858	142	2,244
Additions	195	–	–	–	195
Balance at 1 April 2021	**383**	**56**	**1,858**	**142**	**2,439**
Additions	242	–	–	–	242
Balance at 31 March 2022	**625**	**56**	**1,858**	**142**	**2,681**
Accumulated amortisation					
Balance at 1 April 2020	–	56	1,161	71	1,288
Amortisation	33	–	232	14	279
Balance at 1 April 2021	**33**	**56**	**1,393**	**85**	**1,567**
Amortisation	59	–	233	14	306
Balance at 31 March 2022	**92**	**56**	**1,626**	**99**	**1,873**
Carrying amount					
Balance at 1 April 2020	188	–	697	71	956
Balance at 31 March 2021	350	–	465	57	872
Balance at 31 March 2022	**533**	**–**	**232**	**43**	**808**

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 1 year (2021: 2 years) and for the Trade name is 3 years (2021: 4 years).

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16. Property, plant and equipment

Group	Land & buildings £'000	Fixtures & equipment £'000	Motor vehicles £'000	Right of use assets £'000	Total £'000
Cost or valuation					
Balance at 1 April 2020	3,300	1,907	111	–	5,318
Additions	–	34	–	334	368
Disposals	–	(1)	(46)	–	(47)
Balance at 1 April 2021	**3,300**	**1,940**	**65**	**334**	**5,639**
Additions	–	197	–	–	197
Disposals	–	(790)	(65)	–	(855)
Balance at 31 March 2022	**3,300**	**1,347**	**–**	**334**	**4,981**
Depreciation					
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 1 April 2021	**–**	**1,370**	**54**	**74**	**1,498**
Depreciation charge	70	229	6	86	391
Revaluation	(70)	–	–	–	(70)
Eliminated on disposals	–	(790)	(60)	–	(850)
Balance at 31 March 2022	**–**	**809**	**–**	**160**	**969**
Carrying amount					
Balance at 1 April 2020	3,300	778	21	–	4,099
Balance at 31 March 2021	3,300	570	11	260	4,141
Balance at 31 March 2022	**3,300**	**538**	**–**	**174**	**4,012**

Allocation of depreciation charge

	2022 £'000	2021 £'000
Cost of sales	37	51
Adminstration expenses	354	344
Charge for year	**391**	395

Tangible Assets held at valuation

In respect of tangible assets 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:

	2022 £'000	2021 £'000
Land & buildings	**1,753**	1,753

Included in land & buildings (valued in 2018) is freehold land at £1,230,000 (2021: £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 30.

Company	Land & buildings £'000	Fixtures & equipment £'000	Motor vehicles £'000	Right of use assets £'000	Total £'000
Cost or valuation					
Balance at 1 April 2020	3,300	1,907	111	–	5,318
Additions	–	33	–	264	297
Disposals	–	–	(46)	–	(46)
Balance at 1 April 2021	**3,300**	**1,940**	**65**	**264**	**5,569**
Additions	–	186	–	–	186
Disposals	–	(790)	(65)	–	(855)
Balance at 31 March 2022	**3,300**	**1,336**	**–**	**264**	**4,900**
Depreciation					
Balance at 1 April 2020	–	1,129	90	–	1,219
Depreciation charge	70	241	10	45	365
Revaluation	(70)	–	–	–	(70)
Eliminated on disposals	–	–	(46)	–	(46)
Balance at 1 April 2021	**–**	**1,370**	**54**	**45**	**1,469**
Depreciation charge	70	228	6	51	355
Revaluation	(70)	–	–	–	(70)
Eliminated on disposals	–	(790)	(60)	–	(850)
Balance at 31 March 2022	**–**	**808**	**–**	**96**	**904**
Carrying amount					
Balance at 1 April 2020	3,300	778	21	–	4,099
Balance at 31 March 2021	3,300	570	11	219	4,100
Balance at 31 March 2022	**3,300**	**528**	**–**	**168**	**3,996**

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for the year ended 31 March 2022

17. Investment in subsidiaries

	Company 2022 £'000	Company 2021 £'000
Cost of investment		
Balance at 1 April 2021 and 1 April 2020	273	273
Additions in year (see Note 26)	750	–
Balance at 31 March 2022 and 31 March 2021	**1,023**	273
Accumulated provision for impairment		
Balance at 1 April 2021 and 1 April 2020	–	–
Carrying amount at year end	**1,023**	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%
Prickly Cactus 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	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Trade receivables	24,992	10,165	23,782	9,553
Amounts due from Group undertakings	–	–	–	1,096
Other debtors	66	48	63	40
Prepayments	670	595	666	592
Accrued income	1,657	2,554	1,243	2,554
	27,385	13,362	**25,754**	13,835
Trade receivables				
Ageing of receivables;				
Less than 30 days	2,699	7,070	1,500	6,458
31 to 60 days	52	126	28	126
61 to 90 days	14	2,099	2	2,099
91 to 120 days	22,227	870	22,252	870
	24,992	10,165	**23,782**	9,553

The average credit period taken on sales of goods and services was 111 days (2021: 80 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% and above 120 days has not been considered on the basis of immateriality.

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.

Notes to the financial statements continued

for the year ended 31 March 2022

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 (2021: none) and there was a charge of £nil to the Income Statement as shown in Note 6 (2021: £nil).

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 30.

19. Inventories

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Finished goods and goods for resale	–	129	–	4

There was no write-down in the recognised value of inventories (2021:nil).

20. Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade payables	840	1,450	403	588
Amounts owed to Group undertakings	–	–	3,163	1932
Other taxes and social security	396	274	356	242
Other creditors	1,239	36	1,236	36
Contingent consideration	500	–	–	–
Accruals	4,169	2,643	1,565	2,216
Deferred income	14,200	6,288	13,612	6,179
	21,344	10,691	**20,335**	11,193

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

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2021: 40 days). Their carrying value approximates to their fair value.

Contingent consideration relates to the acquisition of Prickly Cactus Limited as described in note 26.

21. Lease Liabilities

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Lease obligations	200	277	193	236
	200	277	**193**	236

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Opening Balance	277	–	236	–
Additions during the period	–	333	–	264
Interest expense	21	23	20	22
Repaid during the year	(98)	(79)	(63)	(50)
Closing Balance	**200**	277	**193**	236
Repayable within one year	54	83	48	45
Repayable within more than one year	146	194	145	191

At 31 March 2022 there were no undrawn facilities (2021: nil).

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

22. Share capital

			2022			2021
	Shares	**Share capital £'000**	**Share premium £'000**	Shares	Share capital £'000	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 2021	40,417,556	808	3,365	40,417,556	808	3,365
Issued during year	13,897	1	–	–	–	–
Balance at 31 March 2022	**40,431,453**	**809**	**3,365**	40,417,556	808	3,365

The Company issued 13,897 (2021: nil) Ordinary shares during the year which constituted part of the consideration to be paid for the acquisition of Prickly Cactus Limited. These were issued in one tranche at a price of 359.8p. This increased the share premium account by nil (2021: nil).

Costs associated with the issue of new shares were nil (2021: less than £1k) and are recognised in professional fees.

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23. Own shares

At the year end the Company held 224,932 (2021: 191,498) ordinary shares in Treasury, with fair value of £590,447 (2021: £579,281). Details of purchases and sales are shown below.

	Number of own shares	Share price at point of transaction in pence	£'000
Balance of own shares at 1 April 2020	159,133		
Shares acquired into Treasury reserve	335,032	219.27 - 285.00	868
Shares sold out of Treasury reserve	(302,667)	230.00 - 285.00	(666)
Balance of own shares at 31 March 2021	191,498		
Total consideration paid in ye 31 March 2021			868
Shares acquired into Treasury reserve	120,934	260.00 - 340.00	377
Shares sold out of Treasury reserve	(87,500)	295.00 - 340.00	(249)
Balance of own shares at 31 March 2022	**224,932**		
Total consideration paid in ye 31 March 2022			**377**

In the Statement of Changes in Equity (page 90) 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 originally 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 in the year of £50k are a result of the issue of shares as part consideration for the acquisition of Prickly Cactus Limited.

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. During the year, a valuation review was undertaken by the directors, as described on page 123. The gain on revaluation was £70k (2021: £70k). This is a non-distributable reserve as it represents unrealised profits on the revalued assets.

26. Acquisition of Prickly Cactus Limited

On 2 August 2021, the Group acquired Prickly Cactus Limited ("Prickly Cactus"). Prickly Cactus provides digital transformation consulting to companies across the globe and has had a strategic relationship with D4t4 for some time.

The Prickly Cactus team are experienced in product management and customer relationships, and have previously worked with several of D4t4's partners and customers. Within D4t4, they are focused on driving customer success in the key markets of Financial Services, Telecoms and Insurance and building a stable of new Celebrus customers via partners and direct relationships.

The acquisition was part of D4t4's investment in specialist resources to capitalise on the market opportunity for both its Celebrus Customer Data Platform (CDP) and Fraud Data Platform (FDP). The addition of the Prickly Cactus team was to have a positive impact on the Group's performance in the coming periods.

The total consideration comprised an initial consideration of £0.25 million which was satisfied by £0.2 million in cash (funded from current cash reserves) and by the allotment of 13,897 new ordinary shares of 2p each in D4t4 and an earn-out of up to approximately £0.5 million over the period to 31 December 2023 tied to both existing customer growth and the acquisition of new customers for the CDP and FDP. The earn-out will also be satisfied by a mixture of cash and shares at the Company's election.

Details of the fair value of identifiable assets and liabilities acquired, and the purchase consideration are as follows:

	Balance sheet on acquisition £'000	Fair value adjustment £'000	Fair value of assets and liabilities acquired £'000
Trade receivables and other assets	1	(1)	–
Net assets acquired	1	(1)	–
Amount settled and to be settled in cash and shares to the sellers			
Total consideration			750
Goodwill			750

Prickly Cactus contributed £nil to Group revenues and £275,000 to Group loss between the date of acquisition and 31 March 2022.

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 typically 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.

		2022		2021
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Balance at 1 April	1,026,342	57.65p	733,833	134.01p
Granted during the year	191,113	2.00p	595,176	2.00p
Forfeited during the year	(267,736)	–	–	–
Exercised during the year	(87,500)	124.12p	(302,667)	133.34p
Balance at 31 March	862,219	23.52p	1,026,342	57.65p
Exercisable at year end	**152,000**	**112.92p**	119,750	120.02p

The weighted average share price at the exercise date of the exercised options was £3.364 (2021: £2.660). The weighted average contractual life of the outstanding options was 8 years (2021: 9 years), exercisable in the range 2.00p to 205.00p.

87,500 share options were exercised in the year, by way of issue of shares from Treasury.

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A summary of the option price ranges is as follows:

	2022	
	Exercisable price range	Number of share options
	2.00p	701,886
	90.50p - 114.00p	152,000
	205.00p	8,333
		862,219

The Group recognised £6777k (2021: £318k) of expense related to equity-settled share-based payments in the year. This comprised £619k (2021: £276k) as share-based payments and £58k (2021: £42k) as Ers 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.

The inputs into the models in respect of options granted this year are as follows:

Date of Grant	**28-Oct-21**	**28-Oct-21**
Model Type	**Monte Carlo**	**Black Scholes**
Vesting Date	**28-Oct-24**	**28-Oct-24**
Number of options granted	118,159	72,954
Share price at date of grant	383.50p	383.50p
Exercise price	2.00p	2.00p
Option life in years	10	10
Risk-free rate	0.61%	0.61%
Expected volatility	44.40%	44.40%
Expected dividend yield	0.00%	0.00%
Fair value of options	650.00p	382.00p

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

Date of Grant	**13-Aug-18**	**14-Jan-20**	**14-Jan-20**	**10-Aug-20**	**08-Jan-21**	**08-Jan-21**	**08-Jan-21**	**25-Jan-21**
Model Type	**Black Scholes**	**Black Scholes**	**Black Scholes**	**Monte Carlo**	**Monte Carlo**	**Monte Carlo**	**Monte Carlo**	**Black Scholes**
Vesting Date	**01-Jul-21**	**14-Jan-22**	**14-Jan-23**	**09-Aug-23**	**15-Jul-22**	**15-Jul-23**	**15-Jul-24**	**10-Aug-23**
Number of options granted	166,666	8,333	8,333	362,976	59,400	59,400	59,400	54,000
Share price at date of grant	149.00p	205.00p	205.00p	302.5p	302.5p	302.5p	302.5p	302.5p
Exercise price	149.00p	205.00p	205.00p	2.00p	2.00p	2.00p	2.00p	2.00p
Option life in years	3	10	10	10	10	10	10	10
Risk-free rate	3.18%	3.25%	3.25%	0.01%	0.01%	0.01%	0.01%	0.01%
Expected volatility	40.90%	38.50%	38.50%	47.50%	46.50%	43.90%	47.30%	44.60%
Expected dividend yield	2.11%	1.17%	1.17%	0.00%	1.00%	1.00%	1.00%	0.00%
Fair value of options	40.37p	46.33p	56.36p	392.00p	150.00p	151.00p	152.00p	283.00p

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 lessor

	2022 £'000	2021 £'000
Lease receipts recognised as an income during the year	**58**	58

Lease receipts are for fixed-term sub-lets of parts of the parent company's premises bearing no contractual right of renewal or extension.

29. Related party transactions

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

	2022 £'000	2021 £'000
Sales to D4t4 Solutions Inc.	116	1
Purchases from D4t4 Solutions Inc.	6,129	3,837
Management charge to cover services provided (from D4t4 Solutions plc to D4t4 Solutions Inc.)	47	30
Management charge to cover services provided (from D4t4 Solutions Inc. to D4t4 Solutions plc)	1,936	2,481
Interest charged on Intercompany loan (from D4t4 Solutions plc to D4t4 Solutions Inc.)	42	67
Payments made by D4t4 Solutions plc on behalf of D4t4 Solutions Inc.	5,545	5,517

During the year the Company undertook the following transactions with D4t4 Solutions Pty Ltd, a wholly owned Australian subsidiary:

	2022 £'000	2021 £'000
Management charge to cover services provided (from D4t4 Solutions Pty Ltd. to D4t4 Solutions plc)	164	–
Interest charged on Intercompany loan (from D4t4 Solutions plc to D4t4 Solutions Pty Ltd.)	2	–
Payments made by D4t4 Solutions plc on behalf of D4t4 Solutions Pty Ltd.	152	–

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

The Group incurred costs with CV & Background Check Limited, a business controlled by the wife of Peter Kear, a director of the Company during the year and previous year. During that time, the Group made purchases of services totalling £9,000 (FY21: £6,000). At 31 March 2022, CV & Background Check Limited was no longer a related party. The Group has assessed that the terms of these transactions took place at arm's length.

At the end of the year, the Company entered into an arm's length transaction with J Dodkins, who had served as a director in the year, relating to the disposal of a vehicle. The Company had the asset valued at £13k and it was sold to J Dodkins for £13k. The Company had fully depreciated the asset to £nil on the date of the transaction. The balance outstanding on this transaction at the year end is £13k and is included within Other Debtors.

Other than the payment of remuneration, there have been no related party transactions with the Directors.

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30. 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 its 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 to 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 (2021: nil).

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Cash and cash equivalents	11,430	14,241	11,387	14,133
Net cash	**11,430**	13,964	**11,387**	13,897

	Group		Company	
	2022	2021	**2022**	2021
Categories of financial instruments	**£'000**	£'000	**£'000**	£'000
Financial Assets at Amortised Cost				
Cash and bank balances	11,430	14,241	11,387	14,133
Trade and other receivables	26,715	12,767	25,088	13,243
Financial Liabilities at Amortised Cost				
Trade and other payables	6,663	4,084	6,283	4,772

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	
	2022	2021	2022	2021
Categories of financial instruments	£'000	£'000	£'000	£'000
US Dollars				
- cash	–	–	1,115	530
- receivables	–	–	24,224	8,903
- payables	437	1,511	–	–
Euros				
- cash	–	–	86	178
- receivables	–	–	36	36
- payables	29	35	–	–
Australian Dollars				
- cash	–	–	–	–
- receivables	–	–	–	–
- payables	2	–	–	–

The value of foreign currency hedge instruments outstanding at the year end was US$21,500,000 (2021: US$6,000,000).

The following table shows the effect on the Group's result for the year, of £ 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.

	USD $	€	AUD $	Total
	£'000	£'000	£'000	£'000
As at 31 March 2022				
Impact on profit / equity for the year	(1,226)	(4)	–	(1,230)
As at 31 March 2021				
Impact on profit / equity for the year	(377)	(9)	–	(386)

Notes to the financial statements continued

for the year ended 31 March 2022

The following table shows the effect on the Group's result for the year, of £ 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.

	USD $ £'000	€ £'000	AUD $ £'000	Total £'000
As at 31 March 2022				
Impact on profit / equity for the year	1,226	5	–	1,271
Aa at 31 March 2021				
Impact on profit / equity for the year	417	9	–	426

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 partners owed a total of £22.334m (2021: two partners owed £9.020m) and no expected credit loss provision has been made in relation to this balance (2021: nil). 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 2022 (2021: 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	
	2022 **£'000**	2021 £'000	**2022** **£'000**	2021 £'000
In less than one year:				
Trade payables	840	1,450	403	2,055
Amounts owed to Group undertakings	–	–	3,163	465
Other creditors	1,239	36	1,236	36
Accruals	4,584	2,598	1,481	2,171
	6,663	4,084	**6,283**	4,772

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 there were no borrowings 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 & 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 2022. 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 Covid-19 and the global economic situation whether they have 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 Covid 19 pandemic can be readily implemented.

The fair value of the freehold land and buildings were determined based on two tests. Firstly, a market approach based on three properties of broadly similar size available for purchase in the same area, and secondly a yield-based valuation based on the current rental value of one quarter of the property which is currently available for let, divided by the average yield for office buildings in the area. Both tests indicated that the current carrying value of the property was still appropriate as at 31 March 2022.

The Directors are satisfied that the assumptions applied in the professional valuation at 31 March 2018 are still valid at 31 March 2022, and as such have revalued the land and buildings in line with the 2018 valuation.

Shareholder information

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