GOVERNANCE

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Rob Woodward  
Board Chair  
Chair of Nomination Committee

Rob joined the Board in June 2013 and became Chair in March 2017. He has significant experience in the technology, media and telecommunications (TMT) industry, having spent 11 years as Chief Executive of STV Group plc. He has also been Commercial Director of Channel 4 Television, a Managing Director with UBS Corporate Finance and the lead partner for Deloitte’s TMT industry Group in Europe. Rob is also Chair of Ebiquity plc and the UK’s Met Office.

Matt Jones  
Chief Executive Officer

Matt joined the Board as CEO in March 2018. He has broad experience with both private equity backed and public companies. Specialising in the technology sector, Matt is a recognised leader with a successful track record of developing and overseeing the execution of growth strategies for companies in security, storage and communications. Matt was previously CEO of E8 Security, a pioneer in behavioural intelligence and cybersecurity based in the USA (acquired by VMware). Before this, he held senior positions at InterAct, a leading cloud-based software provider for public safety, CloudShield Technologies, a provider of cybersecurity (acquired by SAIC) and Allocity, a software company concentrating on storage management (acquired by EMC). Matt also has senior level experience at Excite@Home, Sprint and AT&T.

Adam Moloney  
Chief Financial Officer

Adam joined the Board as CFO in July 2018. Adam was CFO of AIM quoted Eckoh plc (Eckoh), a leading provider of customer service and secure payment technology solutions for contact centres, until 2017. He had been with Eckoh since 2003 and was appointed CFO in 2005. During Adam’s time there, he managed the negotiation and integration of various significant acquisitions in the UK and US, as well as the opening of a US subsidiary. Prior to Eckoh, Adam held senior positions in the finance functions of a number of privately owned companies.

Frank Blin  
Independent Non-executive Director  
Chair of Audit Committee

Frank joined the Board in December 2014. He holds a number of directorships with private equity backed companies in the healthcare, food and drink and property sectors. He was with PwC for 38 years, where he was a board member and partner. He was awarded a CBE in 2002 for services to the financial services sector.
Catherine Michel
Independent Non-executive Director

Catherine joined the Board in January 2020. She is currently Chief Technology Officer (CTO) for life-saving technology company Halma plc (Halma), where she has global responsibility for the group’s data and technology strategy. She is also a member of Halma’s Executive Management Board. Previously, Catherine was CTO for Sigma Systems following its acquisition of Tribold Limited in 2013, a business she founded and, as CTO, was principal architect of the company’s products and solutions portfolio. She also serves on the UK5G advisory board and was formerly on the TM Forum Executive Committee. She has won a number of industry accolades including ’CTO of the Year’ at Digital Transformation World, the leading ‘Woman in Telecoms’ at the World Communications Awards and twice named one of the ’Top Most Powerful People in the Telecoms Industry’ by Global Telecoms Business.

Philip Rogerson
Senior Independent Director

Philip joined the Board in March 2017. He is currently also a non-executive director of Marshalls plc. He was formerly chairman of Bunzl plc, De La Rue plc and a number of other companies. Philip was an executive director of BG plc (formerly British Gas plc) latterly as deputy chairman.

Tom Skelton
Independent Non-executive Director
Chair of Remuneration Committee

Tom joined the Board in October 2015. He is currently Chief Executive Officer of Surescripts LLC, a leading healthcare information technology business. Before joining Surescripts, he served as Chief Executive Officer for the Foundation Radiology Group and as a founding member of Confluence Medical Systems, a healthcare and technology consulting partnership. Previously, he served at Misys Healthcare Systems from January 2002 until March 2007, and as a director of Misys plc. Prior to that, he was Chief Executive Officer of Medic Computer Systems, a US-based software company focused on the healthcare information technology market. Tom also spent nine years as a Non-executive Director of Micro Focus International plc between 2006 and 2015.
Directors’ Report

The Directors present their report, together with the audited consolidated financial statements, for the year ended 30 June 2021.

Strategic Report
In accordance with sections 414A-D of the Companies Act 2006, a Strategic Report is set out on pages 05 to 49, which incorporates the Chair’s Statement, the Chief Executive’s Report, the Chief Financial Officer’s Report and Business Model. The Strategic Report includes details of expected future developments in the business of the Group, principal risks and uncertainties and the key performance indicators used by management.

The Group is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations as amended in 2013, which enhanced reporting requirements for the Directors’ Remuneration Report. However, the Remuneration Report on pages 66 to 70 does set out the Remuneration Policy and shareholders are invited to vote on this report at the Annual General Meeting (AGM).

The Strategic Report has been prepared to provide the Company’s shareholders with a fair review of the Company’s business and a description of the principal risks and uncertainties facing it. It should not be relied upon by anyone, including the Company’s shareholders, for any other purpose.

Results and Dividends
The audited financial statements for the Group for the year ended 30 June 2021 are set out from page 80. The Group profit for the year after taxation was £1.7 million (2020: £1.1 million). The future plans for the business are such that the Board anticipates continued investment into the business that will require cash resources to be deployed into opportunities for future growth. As such, the Board has decided that it is not appropriate to pay a dividend for the time being.

Directors
The Directors of the Company who served during the year and up to the date of signing of the report and accounts were as follows:

F Blin
M C Jones
C E Michel
A P Moloney
P G Rogerson
T K Skelton
R S L Woodward

Biographical details of the Directors are on pages 52 and 53 and the interests of the Directors in the shares of the Company are set out on page 70.

Directors’ Liability Insurance and Indemnities
The Company maintains liability insurance for the Directors and Officers of all Group companies, and has entered into deeds of indemnity during the year with each Director of Blancco Technology Group plc, as permitted by the Companies Act 2006 and the Company’s articles of association. These indemnities are qualifying third-party indemnity provisions as defined by the Companies Act 2006. These indemnities were introduced in May 2021 and have continued in place since the year end.

Related Party Transactions
The details of transactions with Directors and other related parties are set out in note 30 to the financial statements.

Share Capital
The issued share capital of the Company at 1 July 2020 was £1,507,276.84 comprised of 75,363,842 ordinary shares of two pence each (ordinary shares). On 29 September 2020, 216,454 shares were allotted at par in respect of the vesting of an award under the Company’s performance share plan.

The issued share capital of the Company at 30 June 2021 was therefore £1,511,605.92, comprised of 75,580,296 ordinary shares.

Substantial Shareholdings
As at 27 September 2021, the following shareholders owned more than 3% of the issued share capital of the Company:

<table>
<thead>
<tr>
<th>% of issued share capital</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soros Fund Management</td>
<td>21.89</td>
</tr>
<tr>
<td>Canaccord Genuity Group Inc</td>
<td>12.01</td>
</tr>
<tr>
<td>Inclusive Capital Partners LP</td>
<td>11.56</td>
</tr>
<tr>
<td>Schroder Investment Management</td>
<td>7.32</td>
</tr>
<tr>
<td>Kabouter Management LLC</td>
<td>3.85</td>
</tr>
<tr>
<td>Jupiter Asset Management</td>
<td>3.45</td>
</tr>
<tr>
<td>Chelverton Asset Management</td>
<td>3.16</td>
</tr>
<tr>
<td>BGF</td>
<td>3.14</td>
</tr>
<tr>
<td>Janus Henderson Investors</td>
<td>3.12</td>
</tr>
</tbody>
</table>

Section 172 Report
In accordance with Section 172 of the Companies Act 2006, the Board of Directors ensures that the Company engages productively and openly with its stakeholders. The Board considers matters raised by stakeholders in a fair and balanced manner and takes their views into account when making decisions. The following table describes why and how we engage with each of our stakeholder groups: investors, employees, customers, partners, industry bodies, communities and regulators. Additional information about the ways in which the Board engages with stakeholders can be found in our Corporate Governance Report on page 58. For more detailed information about our ESG management, please see our ESG Report on pages 42 to 49.
## Stakeholder group

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Why we engage</th>
<th>How we engage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investors</strong></td>
<td>Our shareholders have a key role in monitoring the performance of, and supporting the success of, the business. We ensure regular and open dialogue with our major shareholders in order to keep them informed of our strategic progress and plans.</td>
<td>The CEO and CFO regularly engage with our major investors, particularly at the time of the announcement of our full and half year results when investor roadshows are arranged. The Chair of the Board, Chair of the Remuneration Committee and Company Secretary engage with investors on matters of corporate governance, and the AGM provides another forum where investors can interact with the Board. The CFO also attends investor conferences from time to time. We issue updates on material matters via the Regulatory News Service and other materials are available on our website.</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>For our employees, in order to promote high performance and ensure retention, we want to maintain a supportive culture with opportunities to develop and progress. We engage with our employees to enable them to feedback on their experience and ensure that they are supported.</td>
<td>Our Annual Global Employee survey gives an opportunity for formal feedback from employees. We conduct HR Country Calls on a fortnightly basis, an All-Hands Call that includes the global workforce and the key themes of which are regularly fed back to the Board. We have cultivated an open and honest culture in which the Senior Leadership Team members are easily approachable. Where we have voluntarily closed certain small offices, regular face-to-face meetings have been scheduled. Our Global Employee Forum, comprising 15 employees from across the business, provides an opportunity to engage the executive team on key issues.</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>We are committed to delivering the highest possible standard of customer experience and want to ensure we retain our loyal customers as well as attracting new business. We engage with our customers regularly and respond to their feedback in order to understand and meet their evolving needs.</td>
<td>We engage with customers through a number of channels, including our Net Promoter Score (NPS) survey, Win Loss survey, the Customer Advisory Board, and direct interactions between our sales team and customers. From time to time, customers attend meetings with the Board, enabling an exchange of views.</td>
</tr>
<tr>
<td><strong>Partners</strong></td>
<td>Engaging with our strategic partners enables us to improve our services and focus our research and development to meet the needs of our customers and ensure we obtain the best possible value from our investments.</td>
<td>In addition to the regular feedback we receive, a Customer Advisory Board has been set up that meets once a year to invite feedback from some of the Group’s customers and partners. This key engagement forum enables an in-depth understanding of our partners’ requirements and facilitates collaboration to develop new solutions and to implement efficiencies in our existing products.</td>
</tr>
<tr>
<td><strong>Industry bodies</strong></td>
<td>We want to continue to drive progress in our sector and take part in the exchange of knowledge, expertise, and best practice through engagement with industry bodies.</td>
<td>We support and are members of a range of industry bodies around the globe and encourage active participation of our employees in these associations, with employees attending conferences, meetings, and round tables.</td>
</tr>
<tr>
<td><strong>Communities</strong></td>
<td>We want to be able to give back to the communities we operate in, not only through charitable giving, but in the deployment of our resources to support specific needs.</td>
<td>We have matched funds for employees raising money for charity during our Christmas campaign in Ireland, Finland, the UK, and the US. We support the “Laptops for Kids” project in England, donating our licences and expertise.</td>
</tr>
<tr>
<td><strong>Regulators</strong></td>
<td>We maintain open and transparent dialogue with regulators, which enables a positive and productive relationship as well as effective oversight of our operations for customers.</td>
<td>Our solutions have been tested, certified, approved, and recommended by 13+ governing bodies and leading organisations around the world.</td>
</tr>
</tbody>
</table>
Directors’ Report continued

Research and Development
The Group has a significant focus on continued research and development, to ensure that the Group’s key products continue to evolve and remain industry leading. This covers both new inventions, which are encouraged via staff incentives for proposing new ideas, and ensuring that the product set keeps pace with technological development generally in the market.

We continue to invest in patenting our technology to ensure that new advances are sufficiently well protected from competition, and also obtain certifications in the geographies in which we operate to ensure our product developments are supported by endorsements from governing bodies.

The Group continues to invest a significant amount in research and development, with expensed research and development costs totalling £1.1 million (2020: £1.1 million) and capitalised development costs totalling £4.2 million (2020: £4.1 million).

Streamlined Energy and Carbon Reporting
During the year, we have taken steps to assess the environmental impact of our business, and engaged a consultancy to conduct a carbon audit of the business. Our energy consumption metrics are disclosed in the ESG Report on pages 42 to 49.

Going Concern
The Group meets its day-to-day working capital through its cash reserves and overdraft facility. The Group has a revolving credit facility in place; however, the Group’s forecasts and projections indicate current cash reserves are sufficient to meet the Group’s day-to-day operating activities. The performance of the Group has remained resilient through the COVID-19 pandemic and largely sheltered from any adverse consequences of Brexit, and current forecasts indicate these are not material risks to the Group’s ability to continue as a going concern.

Further information on the Group’s business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chief Executive’s Statement on pages 30 to 33. Further information on the financial position of the Group, its cash flow and liquidity position are described in the Chief Financial Officer’s Report on pages 34 and 35. In addition, note 26 to the financial statements details the Group’s objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.

The Board, therefore, has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial Risks
Information on the Group’s financial risk management objectives and policies and its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk can be found in note 26.

Post Year End Events
There have been no events requiring disclosure since the year end.

Annual General Meeting
The notice of Annual General Meeting with an explanation of the business to be transacted can be found on pages 120 to 123.

Independent Auditors
A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the AGM.

Disclosure of Information to the Auditors
As required by Section 418 of the Companies Act 2006, each Director serving at the date of approval of the financial statements confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company’s auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company’s auditors are aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

By order of the Board

Lorraine Young
Company Secretaries Limited
Company Secretary
27 September 2021
Corporate Governance Statement from the Chair

The Board has adopted the Quoted Companies Alliance Corporate Governance Code (2018) (QCA Code), and this is our third year of reporting against this code. Information about how the Company has applied the ten principles from the QCA Code follows this statement. The Board considers that the Company complies with the QCA Code.

In my role as Chair, I lead the Board’s deliberations on governance matters and work with the rest of the Board and the Company Secretary to promote good governance across the Group. I am also responsible for the effective running of the Board, including ensuring that the Board has open debate on appropriate matters, in which all Directors are encouraged to participate. This debate should be based on clear, timely and good quality information. Where we agree to make changes to our governance arrangements, I take responsibility to make sure the agreed actions are completed. More information about my role is given under principle 9 below.

Over the past year, the Board has considered a number of matters relating to the Group’s governance. We conducted a Board effectiveness review at the end of 2020. No major areas of concern were raised. More details of the process and outputs are given under principle 7 below. We also had Board discussions on risk and diversity and inclusion (D&I). Developments in each of these areas are ongoing and described below. There continues to be a focus on Environmental, Social and Governance (ESG) matters within the Group. In 2020, Blancco produced its first ESG Report, which is available on our website. This is being updated for 2021. We also provide information on our ESG credentials on pages 42 to 49.

Our engagement with our shareholders has continued. We held our 2020 AGM fully virtually. Shareholders were able to attend, vote by proxy and ask questions. We have now incorporated presentations on the “Investor Meet Company” platform into our full and half year results roadshows. These are open to both current and potential retail investors, and anyone interested can register here www.investormeetcompany.com. Our engagement with institutional shareholders is noted under principle 2 below.

We continue to engage with our other stakeholders to hear their views and obtain feedback. Some engagement is carried out by the Board, but where this is not the case, the Board receives reports on the outcome and takes account of this when making decisions. Our Section 172 Report can be found on pages 54 and 55 of the Annual Report.

In conclusion, all of the Directors take seriously their obligations to act in good faith to promote the success of the Company for the longer term and we strive to provide the right support and challenge for the executive team to deliver outstanding performance at an exciting stage in the Company’s growth and development. This is done while maintaining appropriate checks and balances to ensure risk is properly managed and that there is no compromise in adhering to our corporate culture and values.

Rob Woodward
Chair
27 September 2021
The following statement describes how Blancco has applied the ten principles in the QCA Code during the past year. The full version of this statement can be found under the investor section of the Company’s website. The QCA Code recommends that certain disclosures appear in the Annual Report and others appear on the website. Where more information is provided on the website, this is indicated in the statement below.

**GOVERNANCE**

**Deliver Growth**

**Principle 1: Deliver a strategy and business model which promote long-term value for shareholders**

The Board has a discussion on strategy in May each year with the senior management team, following deliberations by the executive team. This is normally part of a two-day Board offsite meeting; however, during the restrictions imposed by the pandemic, discussions were held virtually again in 2021. The Board is continuing to pursue the current strategy while considering longer-term opportunities for business growth, with a focus on how Blancco can help its end customers to do business in a more sustainable and environmentally friendly way.

The Board receives regular updates from members of the senior management team about progress in delivering the strategy and will, from time to time, invite individuals to present to the Board so that Directors can understand and discuss various aspects of the business model, providing support and challenge from their skills and experience. During the year, the Board received reports on various projects carried out by the executive team to drive improvements and efficiencies in the business including customer support, intellectual property protection and the simplification of the Group corporate structure.

The Board and executive team have continued to discuss the impacts of the pandemic on the Group’s business – both positive and negative – including how risks can be mitigated and opportunities exploited. There remained a focus on prudent financial management throughout the year and the normal budgeting process was adapted to allow it to be flexible and fit for purpose in the new circumstances in which we all found ourselves.

**Principle 2: Seek to understand and meet shareholder needs and expectations**

The Company seeks to engage with shareholders in a number of ways. These are described in the full version of the corporate governance statement, which is on the Company’s website.

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

As the executive team reviews the Group’s strategy from time to time, they consider the key resources and relationships which are essential to the ongoing success and growth of the business in light of the evolution of the technology, products and services offered, the markets in which the business operates and the competitor landscape, among other things. Their conclusions are shared with the Board. Further information on the Company’s stakeholders and how the Board takes their views into account is given on the Company’s website.

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

During the year, the executive team has continued to assess the opportunities and risks facing the Group, particularly as the pandemic and its impacts evolved. They produced an updated risk analysis and matrix, which lists the key risks faced by the Group, their likelihood and impact and what is being done to mitigate them.

The Board considers this high level analysis as an agenda item at least twice each year and on other occasions if something significant has changed which requires reconsideration of the risks the business faces. The executive team also reviews the risk analysis quarterly. The Audit Committee reviews the risk management and internal control framework at least
annually and reports to the Board on its effectiveness, with any recommendations for improvements.

During the last year, an external firm (Protiviti) was engaged on a project to review how risk was assessed, monitored and reported across the Group. An immediate output from the project was a thorough review and updating of the Group’s risk register. The executive team is now refining this work and the next iteration of the register has been presented to and discussed by the Board.

The Board is considering the output from the project and more work may be undertaken in future on defining a risk appetite with associated tolerances and limits, adopting a risk taxonomy, considering additional inputs to the risk identification process and enhancing the Group’s Risk Management Policy. The Board agreed that, while some improvements could be made to the Group’s risk management processes and framework, this had to be balanced with the need for them not to become too complex, given the size and nature of the organisation.

A list of the key risks facing the Group, with the actions taken to mitigate them can be found in the Strategic Report on pages 36 to 40.

Maintain a Dynamic Management Framework

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

The Board considers that each of the Non-executive Directors is independent. The Executive Directors are both employed by the Company on a full-time basis. All of the Non-executive Directors demonstrate the commitment to their roles which is expected of them and give sufficient time to carry out their duties properly.

Information on the roles and duties of the Chair, CEO, Non-executive Directors and the Company Secretary is given under principle 9 below. The time commitment for the Chair is approximately one day per week. The time commitment for the other Non-executive Directors is approximately 30 days per year.

The table below shows the number of Board and Committee meetings held during the financial year to 30 June 2021 and the attendance record of each Director.

<table>
<thead>
<tr>
<th>Director</th>
<th>Board</th>
<th>Audit Committee</th>
<th>Remuneration Committee</th>
<th>Nominations Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rob Woodward</td>
<td>9</td>
<td>9</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Matt Jones</td>
<td>9</td>
<td>–</td>
<td>3*</td>
<td>–</td>
</tr>
<tr>
<td>Adam Moloney</td>
<td>9</td>
<td>–</td>
<td>–</td>
<td>3*</td>
</tr>
<tr>
<td>Frank Blin</td>
<td>9</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Catherine Michel</td>
<td>9</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Philip Rogerson</td>
<td>9</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Tom Skelton</td>
<td>9</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

* Attended by invitation.

If Directors are unable to attend Board or Committee meetings, they review the relevant papers and give their views to the Board or Committee Chair and are provided with an update after the meeting.

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

The names of the Directors who served during the year are given in the Directors’ Report on page 54. Brief biographical details of each Director are set out on pages 52 and 53 and on our website. The Directors come from diverse professional backgrounds and have a wide range of experience. Three of them have served as CEOs in public companies and all have experience of running businesses and/or advising business owners and leaders, some of which was carried out with international organisations. In their other roles, they have contributed to the development of strategy and handled M&A and other corporate finance transactions. Four of the Directors have relevant experience in the technology (including cybersecurity) and related sectors. Three are accountants and several have served on listed company boards (including as Chair) for many years, bringing a good breadth of corporate governance knowledge.

Each year, the Board receives an update on the AIM rules from the Company’s nomad. As part of the strategy review sessions and at other times during the year, the Board is given presentations by members of the leadership team on various aspects of the business. The Company Secretary provides a regular update to the Board on relevant legal, regulatory and governance matters. This year, these updates included the new QCA guide to ESG as well as research reports on directors using independent judgement and board dynamics. The Board also considered certain aspects of the government’s consultation “Restoring trust in audit and corporate governance” and the potential impact of the proposals on Blancco, as a result of which it submitted a response to the consultation.
The external auditor provides information about changes to accounting standards and developments in financial reporting. The Remuneration Committee has appointed Deloitte to advise it on market practice and investor relations in respect of remuneration matters.

Details of the Company’s other retained professional advisors are given on page 53 and on our website.

The Company Secretary provides advice to the Board and Committees, as well as to individual Directors, as required. She supports the Chair on matters of corporate governance and the running of the Board and Nominations Committee. A full role description for the Company Secretary can be found on the Company’s website.

Philip Rogerson is the Senior Independent Director (SID) and a role description for this position is on the Company’s website. He is also available to engage with investors if they prefer this route to the normal channels of communication. Any engagement with shareholders is reported to the Board either immediately or at the next following Board meeting, as appropriate.

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

The Board carries out a regular (usually annual) effectiveness review using questionnaires. The review includes an evaluation of the Board’s own effectiveness and that of its Committees and individual Directors. The questions are updated each year. As part of the review, the Chair meets with each of the Directors to discuss performance, Board composition and succession planning. The SID leads a review of the Chair’s performance. All of these interactions were conducted virtually for the most recent review, which was held at the end of 2020. More details of the review are given on the Company’s website. The overall conclusion was that the Board, Committees and Directors were performing well and there were no major concerns. The Board also noted changes in responses compared to the review held in 2019.

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

The executive team launched the Company’s vision, mission and values during 2019. More information relating to this principle is on the Company’s website.

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

The Board is made up of seven Directors, two of whom are Executive and five of whom are Non-executive. All of the Non-executive Directors are independent. The Board has an Audit Committee, chaired by Dr Frank Blin, a Remuneration Committee, chaired by Tom Skelton, and a Nominations Committee, chaired by Rob Woodward. All of the Non-executive Directors are members of these Committees. The Executive Directors and others may be invited to attend the Committee meetings from time to time.

The Chair is responsible for the leadership of the Board and ensuring its effectiveness. He is also responsible for creating the right Board dynamic and for promoting a culture of openness and debate, in addition to ensuring constructive and productive relations between Executive and Non-executive Directors. The Chair acts as an ambassador for the Company to its stakeholders, and in particular, works to ensure there is sufficient and effective communication with shareholders and to understand their issues and concerns.

The CEO, with the senior management team, is responsible for running the business, developing Group strategy having regard to the Group’s responsibilities to its shareholders, customers, business (channel) partners, employees and other stakeholders. He is also responsible for delivery of the successful achievement of objectives and execution of strategy following presentation to, and approval by, the Board, optimising the use of the Group’s resources.

The Non-executive Directors are responsible for exercising independent and objective judgement when making Board decisions, developing corporate strategy with senior management, and for scrutinising and constructively challenging the actions of senior management.

Philip Rogerson is the Senior Independent Non-executive Director, to whom concerns may be conveyed by shareholders if they are unable to resolve them through existing routes for investor communications or where such channels are inappropriate.

The Company Secretary is responsible for advising the Board on corporate governance matters, supporting the Board and Committee Chairs in the running of the Board and Committees, and liaising with shareholders on governance matters, among other things.

Further information, including links to role descriptions for the Board, the list of matters reserved to the Board and the terms of reference for the Board Committees can be found on the Company’s website. The Board considers that the current governance framework is fit for purpose for the Company at its present stage of development and there are no current plans to change it.

**Build Trust**

** Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The work of the Audit and Remuneration Committees during the year is given in their respective reports. The report of the Audit Committee is on pages 62 to 65 and the report of the Remuneration Committee is on pages 66 to 70.

The Board skills audit was refreshed in 2020 as part of the Board effectiveness review. This showed that the Directors do have, between them, a wide range of relevant skills and experience, which is sufficient for the needs of the Group at the current time. The balance of knowledge, skills and experience on the Board will be kept under review as the business grows.

Information about the disclosure of AGM voting and publication of the Annual Report can be found on the Company’s website.
Audit Committee Report

Key Areas of Focus During the Year

During the 2021 annual cycle, the Audit Committee met three times. It has an annual work plan, developed from its terms of reference, with standing items that the Committee considers at each meeting in addition to any specific matters, which the Committee chooses to focus on.

The Audit Committee primarily focuses on challenging the assumptions and agreeing the accounting proposed by the executive management team in judgmental areas and to ensure sufficient controls are in place to mitigate against potential misstatement in the financial statements. This includes assessing Group-wide internal controls.

Additionally, the Committee reviews the Group’s Risk Management Framework at each meeting.

The Chief Financial Officer presents the risks as documented by the Group’s Risk and Opportunities Committee, which are presented against an assessment of likelihood and severity, and the associated mitigations of those risks. The key risks faced by the Group are presented in the Strategic Report.

During the year, the Committee reviewed the outcome of a review of the Group’s risk framework by a third party, Protiviti. The purpose of the review was to review and appraise the Group’s existing risk register and to provide an external viewpoint of the risks that the Group faces. The Committee was satisfied the outcome of this review has resulted in sufficient coverage and documentation of the significant risks that the Group faces, which are disclosed in the Principal Risks and Uncertainties on pages 36 to 40.

The Committee also reviews the Group’s Code of Conduct and any instances of whistleblowing in the year. There have been no incidents of whistleblowing events in the current or previous financial years.

The Committee reviews the work of the external auditor. This includes approving the audit scope and approach, the fees for both audit and non-audit services and reviewing the outcome of audit work. Any non-audit work provided by the incumbent auditor, for which the fee would be above £20,000, must be approved by the Board.

Auditor’s Independence

The Group’s auditor is PricewaterhouseCoopers LLP (PwC). PwC was first appointed auditor at the 2017 Annual General Meeting and reappointed at each subsequent AGM. Assignments of non-audit work have been, and continue to be, subject to controls by management that have been agreed by the Audit Committee, so that auditor independence is not compromised. The Group has not instructed any non-audit work by PwC during the 2021 financial year.

The Audit Committee and the Board place great emphasis on the objectivity of the external auditor in its reporting to shareholders. The audit partner and senior manager attend Audit Committee meetings as required to ensure full communication of matters relating to the audit. The overall performance of the auditor is reviewed annually by the Audit Committee, taking into account the views of management, and feedback is provided when necessary to senior members of the audit firm unrelated to the audit. The Audit Committee also has discussions with the auditor, without management being present, on the adequacy of controls and on any judgmental areas. These discussions have proved satisfactory.

During the year, the Committee undertook an audit tender involving written and oral presentations from a number of firms. PwC was successful and will retain the audit for the 2022 financial year onwards.
Accounting and Financial Reporting Matters Considered by the Audit Committee

After discussion with both management and the external auditor, the Audit Committee determined that the key risks of potential misstatement in the Group’s financial statements related to revenue recognition, management override of controls, capitalisation of development costs, and, for the parent company, investments in and amounts due from subsidiaries.

As agreed with the external auditor, the risk of goodwill recoverability is reduced and no longer represents a key risk as the Group maintains substantial headroom both under market and income-based valuation methodologies. Additionally, the acquisition of Blancco Ireland is no longer a key risk as this was a one-off event in the previous financial year. The only material fair-value adjustments that remain from this acquisition relate to the acquired intangibles, which comprise less than 5% of the Group’s intangible assets. The Committee is satisfied with the ongoing measurement and annual impairment review of these assets.

These issues were discussed with management during the year and with the external auditor at the time, the Committee reviewed and agreed the external auditor’s audit plan, and also at the conclusion of the audit of the annual financial statements in September 2021.

Internal Audit

On a periodic basis, the Committee discusses the requirement for the Group to have an internal audit function. The Committee believes that the existing control framework, reporting from management, and work performed by the external auditor is sufficient for the size and complexity of the business, and there are therefore no current plans to appoint an internal auditor.

Revenue Recognition

The Group enters into contracts where revenue recognition can be complex. There is potential risk of misstatement of revenues associated with software licence contracts where:

- The contract delivers multiple separable elements
- Timing/proof of delivery of licences and associated services can vary across contracts
- Delivery of contracts takes place through several channels, direct to customers, via a third party, and through virtual delivery via the cloud

Judgement is required in establishing the transfer of control under IFRS 15. This is particularly pertinent for multiple element contracts where certain deliverables could be inherently tied to others and where this judgement could vary on a contract-by-contract basis. There are further judgements made in relation to the point at which delivery has occurred where licences are held on a cloud account managed by Blancco, and in relation to the allocation of the transaction price to separable performance obligations of a revenue contract.

Judgement is required to determine whether the conditions for recognising revenue for any particular contract under the Group’s accounting policies have been met.

The accounting policies of the Group are outlined in note 1.10 to the financial statements.

In exercising this judgement, and with respect to revenue recognition on specific contracts, management highlighted to the Committee how it arrived at the key assumptions. This included:

- A summary of the main contract terms
- The point of revenue recognition under contracts
- Comparison of the payment profile with the revenue profile of key contracts
- Analyses of separable elements of the revenue streams where multiple service components are delivered to the customers
- The controls in place to ensure contracts are appropriately recorded in the financial statements

Management also highlighted the controls in place around inception of a sales contract, completeness of invoicing, processing of revenue recognition and debt management.

The Committee’s deliberations involved considering and understanding the outcome of management’s review of material contracts on an individual basis, to ensure there was sufficient evidence for both meeting the revenue recognition criteria under IFRS 15, and gaining sufficient comfort that the monies for revenues booked would be collected on a timely basis.

It also involved assessment of the findings of the external auditor across individual contracts tested.

The Committee was satisfied that there was a reasonable basis for the revenue recognition assessments, there was an expectation that the revenue recognised would be collected in full and that the accounting treatment adopted was reasonable.

The Committee concluded that:

- In respect of management’s judgements in applying the requirements of IFRS 15, these judgements were reasonable
- In respect of the software and services element arrangements, the basis used was based on contract terms and the treatment adopted by management was reasonable
- In respect of nature and timing of delivery of software, the point of transfer of control was reasonably recorded
- The controls in place for approvals for material and non-standard contracts were appropriate
- The controls in place for review of contracts and ensuring checking of revenue recognition were appropriate
- In respect of the cash collected, there was a strong correlation between revenues recognised and cash collected at and subsequent to the year end

The Committee was satisfied with the disclosures in the financial statements.
Audit Committee Report

Management Override of Controls
The Board recognises that the risk of override of controls cannot be fully eliminated in any business and that there are clearly defined policies and controls in place. The Board is in constant communication with management and requests updates on the state of the control environment, to be comfortable that risks are mitigated as far as practicable, with a particular focus on revenue recognition.

The Board has further reviewed the controls over access to cash and cash management to ensure that the risk of misappropriation of cash is at a sufficiently low level.

The Committee concluded that:
• The Board has performed appropriate procedures to minimise the risk of any possible management override of controls as they relate to the financial statements;
• The scope of work of the auditor has been sufficient to identify weaknesses in the control environment, and that the prevalence of weakness is at a reasonable level;
• The Group’s control environment, including the controls over revenue management, provides an appropriate level of coverage and review over revenue contracts;
• Management’s oversight of its operating locations covering accounting, banking and operational matters is reasonable; and
• The Group’s systems are appropriate for the business.

Capitalisation of Development Costs
The Group undertakes development of its products. A large proportion of this cost capitalisation is for internal staff costs working on these projects.

The accounting policies of the Group are outlined in note 1.6 to the financial statements.

There is a potential risk of misstatement because of:
• Inappropriate judgements on whether a project or asset meets the criteria for capitalisation;
• Inappropriate allocation of staff time between research and administration, which does not qualify for capitalisation, and development work;
• Impairment of capitalised assets which depends on future cash flows; and
• Development of new technology may render previously capitalised assets obsolete.

In addition, uncertainty arises specifically in the assessment of future cash flows which are inherently difficult to predict.

Management highlighted to the Committee how they arrived at the key assumptions. This included:
• A summary of the processes used in determining what costs to capitalise, including assessment of projects completed in the year;
• Consideration of the future economic benefit of current development work and acquired IP, including scrutiny of planning and assessment of contracted future revenues and the pipeline of new business;
• Review of estimates of future cash flows;
• Review of the assumed useful economic life used; and
• Review of past development projects that have generated economic benefit for the Group.

The Committee challenged management’s key assumptions to understand their impact. The Committee was satisfied that the assumptions used were appropriately scrutinised, challenged and sufficiently robust.

The Committee concluded that:
• In respect of the capitalisation of costs, the amounts allocated to the development phase of the intangible assets were appropriately capitalised and supported by project data;
• In respect of potential impairment, future cash flows sufficiently supported the asset value; and
• In respect of the potential impairment of development intangibles, the value of future cash flows was expected to be in excess of the carrying value of the intangible.

Recoverability of Amounts Due from Subsidiaries (Company only)
For the Parent Company, the recoverability of amounts due from subsidiaries is considered to be a potential risk should the future profitability of the Group be insufficient to substantiate the carrying value of assets.

Uncertainty arises due to the difficulties in forecasting and discounting future cash flows that support cash generation in the future.

Furthermore, estimation uncertainty exists in assessing the appropriate level of loss provision on amounts due from subsidiaries for the Parent Company, considering the lack of historical evidence available within the Group.

The relevant accounting policies of the Company are outlined in note 3.2 to the Company’s financial statements.
Management highlighted to the Committee how it arrived at the key assumptions to estimate the future cash flows. This included:

- A robust budget process including the input of functional managers across the business for the financial year ending June 2022;
- Other underlying assumptions, by benchmarking these against prior performance and also market and sector trends;
- The resilience of the Group operating within an economic environment impacted by COVID-19, and how the Group expects to continue to generate profit and growth in its forecasts;
- Quality and integrity of the Group’s forecast P&L and cash flow models;
- Sensitivity analysis performed;
- Annual testing procedure together with review of year to date actuals; and
- Assessment of the discount rates used.

The Committee evaluated management’s assumptions through the planning process and in its assessment of the net present value of future cash flows into the medium term, and was satisfied that the value in use as represented by the net present value of future cash flows was sufficient to justify the carrying value of amounts due from subsidiaries. The Committee was satisfied that the work performed sufficiently addressed the ongoing risks associated with the COVID-19 pandemic.

The Committee reviewed the basis of calculation of loss provision for amounts due from subsidiaries for the Company as required under IFRS 9 and concluded this was appropriate.

The Committee concluded it was satisfied with the disclosures in the financial statements and:

- The projected future cash generation of the business was sufficient to justify the carrying value of amounts due from subsidiaries; and
- The loss allowance applied was appropriate based on management’s benchmarking, and impairment testing and sensitivity analysis thereon indicated evidence of recoverability was otherwise sufficient.

Conclusion in Respect of the Annual Report and Financial Statements
The production and the audit of the Company’s Annual Report and Accounts is a comprehensive process requiring input from a number of different contributors. One of the key requirements of the Company’s Annual Report and Accounts is that they are fair, balanced and understandable. The Board has requested that the Audit Committee advises on whether it considers that the Annual Report and Accounts fulfil these requirements.

As a result of the work performed, the Committee has concluded that the Annual Report and Accounts for the year ended 30 June 2021, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group’s position and performance, business model and strategy and has reported on these findings to the Board. The Board’s conclusions in this respect are set out in the Statement of Directors’ Responsibilities on page 71.

Frank Blin
Chair of the Audit Committee
27 September 2021
Remuneration Committee Report

The Remuneration Committee determines on behalf of the Board the Company’s policy on the remuneration and terms of engagement of the Executive Directors and senior executives.

The members of the Remuneration Committee are disclosed in the Corporate Governance Report on page 61. In February 2021, Tom Skelton assumed the role of Chair of the Remuneration Committee, replacing Philip Rogerson.

The Remuneration Committee is supported by Sarah Smith, the Company’s HR Director and by its advisors, Deloitte. Deloitte do not provide any other services to the Group, although have recently been onboarded as a sales partner. Executive Directors also attend Remuneration Committee meetings by invitation when appropriate but are not present at any discussion of their own remuneration.

Remuneration Policy for all Employees

The Group operates in a highly competitive global environment for talent in the technology sector. For the Group to compete successfully, it is essential that the level of remuneration and benefits offered is reflective of the market in each location in order to attract, retain and motivate individuals of a high calibre at all levels across the Group, while ensuring that arrangements are aligned with business strategy and shareholders’ interests.

The Group, therefore, sets out to provide competitive remuneration to all its employees, appropriate to the business environment in the markets in which it operates. To achieve this, each individual’s remuneration package is based upon the following principles:

- Total rewards are set to provide a fair and attractive remuneration package without paying more than is necessary; and
- Appropriate elements of the remuneration package are designed to create alignment with business strategy, to reinforce the link between performance and reward and to reflect the shareholder experience.

Remuneration of Executive Directors

The Executive Directors’ remuneration is made up of:

- Fixed elements, comprising base salary, benefits and pensions; and
- Performance-related elements, comprising an annual bonus and long-term incentive – the Blancco Performance Share Plan.

During the year ended 30 June 2021, the Committee undertook a thorough review of the components of executive remuneration to ensure they remain best positioned to support the delivery of our forward-looking strategy and the creation of long-term value for our shareholders. As part of this review, the Committee considered a number of factors, including:

- Creation of shareholder value – Over the three-year period from July 2018, Blancco’s market capitalisation has grown by 290% to £200 million. Total shareholder return over the same period was 229% compared to around 21% for the AIM All Share index;
- Group performance – The Group continues to deliver on its strategy with strong financial and non-financial performance in the year to 30 June 2021;
- Global talent market – A significant part of our business and half of the executive team, including the CEO, are based in the US where the market for pay is very different and the quantum offered is often higher than in the UK; and
- Shareholder expectations – Reflective of our listing, the Committee remains mindful of market practice and shareholder expectations in the UK.

As a result of the review and in line with the Group’s remuneration principles that apply to all employees, the Committee is proposing a number of changes to executive remuneration arrangements, as detailed in this report. Overall, these changes aim to ensure that the Group continues to pay at a level that enables it to recruit and retain the executives required to execute the strategy and deliver value for shareholders.

Base salary

Base salaries are set by the Remuneration Committee each year, after taking into consideration levels of responsibility, the performance and experience of the individuals and salary levels for similar positions in comparator companies and location.

Following a review in June 2021, the Committee agreed to increase the CEO’s salary to $405,462 per annum (3% increase) and the CFO’s salary to £242,822 per annum (2.5% increase) with effect from 1 July 2021. These increases are in line with the relevant US and UK employee cost of living salary increases awarded to the wider employee population earlier in the year. The annual pay review for the Executive Directors for 2020/21 was deferred from the normal date in October 2020 to July 2021 in light of the pandemic.

The wider employee population will be eligible for a further review from 1 October 2021, and it is intended that at this time the CEO’s salary will be increased by a further 3% to $417,728 per annum in line with the wider US employee cost of living salary increases.

Benefits in kind

These principally comprise car benefits, life assurance, permanent health insurance and membership of the Group’s healthcare insurance scheme or payment in lieu of benefits. Benefits do not form part of pensionable earnings.

Pensions

The Group makes defined contributions into individual pension plans. The CEO receives a pension contribution of 4% of base salary up to the annual pension cap of $26,000 for 2020/2021. The CFO receives a total pension contribution of 4% of base salary, which due to tax regulations is taken as pension contribution of 1.68% of base salary and a cash allowance of 2.32%. Pension contributions for both the CEO and CFO are in line with the approach for the US and UK workforce, respectively.

The amounts payable in the financial year are set out in the Directors’ emoluments table on page 69.
Annual bonuses

Annual bonuses for the Executive Directors are typically determined by reference to performance targets based on the Group’s financial results and individual personal objectives set at the beginning of the financial year.

Operation for the year ended 30 June 2021

For the year ended 30 June 2021, the core bonus potential for the CEO and CFO was 100% of salary (maximum opportunity of 125% of salary including the ‘kicker’). The operation of the kicker, which was introduced two years ago in order to drive exceptional levels of performance, enables participants to earn up to 125% of their core annual bonus opportunity for the achievement of superior performance above that which is required for the core award.

The annual bonus was based on two-thirds revenue targets and one-third personal objectives, subject to a minimum level of attainment on adjusted operating profit. The minimum level of attainment on the adjusted operating profit was achieved. Revenue increased by 12% in constant currency over the course of the year, which exceeded the Board’s initial expectations for the year and the target set for the core bonus. As a result, 100% of the financial element of the core bonus will pay out. The stretch target set for the kicker was also partially met.

In addition, strong individual contributions from both Executive Directors resulted in 100% delivery of key personal objectives. Key achievements against personal objectives include:

- CEO – driving long-term vision and strategy for the Company, resulting in a robust financial position, building a strong employee culture with employee engagement at an all-time high of 80%, effectively assessing market opportunities and risks, and creating an agile organisation built to quickly respond to changes in the environment enabling strong performance.
- CFO – developing and executing an adaptable operating plan, which resulted in an overachievement of profit and cash flow targets despite the challenges of a world-wide pandemic, leading the development of our ESG strategy and the creation of our first ESG Report card enabling the business to gain an ‘A’ rating from one of the leading ESG rating agencies.

With the kicker applied to both the achievement of financial targets and personal objectives, the overall bonus pay out was 112% of base salary for the CEO and CFO.

Operation for the year ending 30 June 2022

For the year ending 30 June 2022, the annual bonus will continue to be based on two-thirds revenue targets and one-third personal objectives, subject to a minimum level of attainment on adjusted operating profit. Personal objectives for the CEO relate to driving the long-term strategy, building a strong and diverse workforce, driving Blancco to a leadership position in ESG, embedding structural changes and for the CFO relate to leading the development and implementation of the Group’s ESG strategy, driving the long-term financial strategy, financial planning and reviewing the global office space requirements.

The core bonus for the CEO and CFO will remain unchanged at 100% of base salary per annum (maximum opportunity of 125% of salary including the kicker).

Blancco Performance Share Plan

The Company has in place a long-term incentive plan – the Blancco Performance Share Plan (the Plan) – to incentivise Executive Directors and senior management to drive long-term sustainable growth for shareholders.

It is intended that annual awards will be granted under the plan to Executive Directors and senior management. The awards will be subject to stretching performance conditions over a three-year period, which will be selected annually by the Remuneration Committee prior to the grant of awards and will closely align to the Company’s key business objectives.

Vesting of grants made in the year ended 30 June 2019

On 5 November 2018, Matt Jones was granted an award over 407,455 ordinary shares of 2p each in the Company in the form of conditional shares under the Plan. This corresponded to 150% of salary. On 25 July 2018 (when he joined Blancco), Adam Moloney was granted an award over 302,632 ordinary shares of 2p each in the Company in the form of conditional shares under the Plan. This corresponded to 100% of salary.

The vesting of these awards was based 50% on invoiced revenue and 50% on adjusted operating cash flow. The targets are measured in terms of constant currency to allow for the participant to neither benefit from, nor be hindered by, currency movements. When assessing invoiced sales, the Committee also considers the profitability of such revenue to ensure that growth in invoiced sales reflects value creation for shareholders.

In determining vesting, the Committee considers performance against targets as well as broader financial and non-financial performance of the business over the three-year performance period to ensure the outcome is commensurate with the overall performance delivered. At the time of publication of the Annual Report and Accounts, the Committee is still in the process of finalising the vesting outcome, in consultation with key shareholders. The final vesting outcome will be disclosed on the website prior to the AGM.

Operation for grants made in the year ended 30 June 2021

On 11 November 2020, Matt Jones was granted an award over 202,439 ordinary shares of 2p each in the Company in the form of conditional shares under the Plan. This corresponded to 130% of salary. On 11 November 2020, Adam Moloney was granted an award over 74,614 ordinary shares of 2p each in the Company in the form of nil-cost options under the Plan. This corresponded to 60% of salary.

These awards will vest based 33% on revenue, 33% adjusted operating cash flow and 33% adjusted operating profit. These measures were selected to support the delivery of long-term success of the business and increasing value for shareholders. Performance will be assessed based on outcomes for the year ended 30 June 2023 against the following targets, and will vest when the Committee determines the extent to which the performance conditions have been satisfied, which will usually be upon Board approval of the audited financial accounts for that year.
The targets are measured in terms of constant currency to allow for the participant to neither benefit from, nor be disadvantaged by, currency movements.

When assessing the level of vesting in respect of the revenue portion, the Committee will also consider the profitability of such revenue to ensure that growth in revenue reflects value creation for shareholders. The Committee retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period, or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

**Operation for grants made in the year ending 30 June 2022**

Following the review of the components of executive remuneration, as described earlier, the Remuneration Committee agreed to increase the maximum long-term incentive opportunity levels as follows:

- The normal long-term incentive opportunity for the CEO will be increased from 130% to 170% of salary on an ongoing basis.
- The normal long-term incentive opportunity for the CFO will be increased from 60% to 80% of salary on an ongoing basis.

The Committee considers that this level of award is appropriate to reflect the Group’s recent performance both from a growth and profitability perspective, the business environment in the markets we operate, but also to ensure we continue to remain competitive in key geographies from which we source talent, particularly the US where the CEO is located.

Performance measures remain unchanged from prior years. These awards will therefore be based one-third on revenue, one-third on adjusted operating profit and one-third on adjusted operating cash flow.

Other key points related to the operation of the Plan are as follows:

- Awards will receive dividend equivalents, to reflect the value of any dividends paid during the vesting period.
- The Plan limits shareholder dilution to 10% of the issued share capital over a ten-year period. This dilution limit applies to newly issued shares under all Group share incentive plans.

- There are malus and clawback provisions for all awards under the Plan, which allow the Remuneration Committee to reduce or clawback awards made, in the event of a material misstatement of the accounts; error in assessing the performance condition; material failure of risk management; serious reputational damage; or gross misconduct on the part of the participant. The malus and clawback provisions will apply, unless the Remuneration Committee determines otherwise, for a period of five years from the date of grant.

- Where an individual leaves the Group, they would normally lose their awards, unless the Remuneration Committee determines that they should be treated as a “good leaver”, in which case, they would be allowed to keep their awards. A participant is classified a good leaver in the case of ill-health, injury, disability, the individual's employing company or business being sold out of the Group or any other reason at the discretion of the Remuneration Committee. Awards for good leavers would normally be retained post-leaving and vest on the normal vesting date and would normally be pro-rated for time and performance (where applicable).

- Awards would normally vest on a change of control. In these circumstances, awards would normally be pro-rated for time and would vest taking into account performance achieved.

As of 30 June 2021, dilution in respect of Blancco share awards granted in the last ten years represented 4.1% of the Company’s issued share capital.

**Service contracts**

The CEO and CFO have both entered into service agreements with the Company. The agreement with the CEO provides for 12 months’ notice from the Company and six months’ notice from the executive. The agreement with the CFO provides for six months’ notice from both the Company and the executive. Under the service agreements a payment in lieu of notice may be made in respect of salary and benefits only.

**Payments to past Directors**

No payments were made to past Directors during the year.
Non-executive Directors’ remuneration
Non-executive Directors are appointed for a specified term, being an initial three-year period, subject to their re-election by shareholders at the first AGM after their appointment. The initial three-year period may be extended for a further three-year term, at the discretion of the Board and subject to the ongoing requirement for re-election by shareholders under the Company’s articles. On termination, no compensation is payable other than outstanding fees.

The Non-executive Directors receive fees that are set by the Board as a whole. For UK-based Directors, the current fee is £45,000 per annum. For Tom Skelton, who is based in the US, the current fee is $66,216 per annum. A further amount is payable to each of the Chairs of the Audit and Remuneration Committees to reflect the additional responsibilities and time commitments of these roles. Up to 30 June 2021, this was £3,000 per annum for UK-based Directors and $4,170 per annum for the US-based Director.

From 1 July 2021, it has been agreed to increase these amounts to £6,000 per annum and $8,340 per annum respectively.

The Board Chair receives an annual fee of £95,000 per annum, which reflects the additional responsibilities and time commitment required for this role. This remains unchanged.

There have been no other changes in Non-executive Director fees during the year or since the year end. No incentives, pensions or other benefits are available to the Non-executive Directors.

The Board may request Non-executive Directors to perform specific additional work at an agreed day rate. It would be the intention of the Board that the Directors’ independence is not prejudiced by the nature of any such additional work, and none was undertaken during the year to 30 June 2021.

Audited details of the Directors’ emoluments are given below.

<table>
<thead>
<tr>
<th>Salary and fees</th>
<th>Benefits 2021</th>
<th>Annual bonus 2021</th>
<th>Pension contributions 2021</th>
<th>Total 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 £'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Current Executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matt Jones¹</td>
<td>294</td>
<td>10</td>
<td>319</td>
<td>632</td>
</tr>
<tr>
<td>Adam Moloney</td>
<td>243</td>
<td>2</td>
<td>265</td>
<td>513</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>537</strong></td>
<td>12</td>
<td><strong>584</strong></td>
<td><strong>1,145</strong></td>
</tr>
<tr>
<td>Non-executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frank Blin</td>
<td>48</td>
<td>–</td>
<td>–</td>
<td>48</td>
</tr>
<tr>
<td>Catherine Michel</td>
<td>45</td>
<td>–</td>
<td>–</td>
<td>45</td>
</tr>
<tr>
<td>Philip Rogerson</td>
<td>47</td>
<td>–</td>
<td>–</td>
<td>47</td>
</tr>
<tr>
<td>Tom Skelton¹</td>
<td>51</td>
<td>–</td>
<td>–</td>
<td>51</td>
</tr>
<tr>
<td>Rob Woodward</td>
<td>95</td>
<td>–</td>
<td>–</td>
<td>95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>286</strong></td>
<td>–</td>
<td>–</td>
<td><strong>286</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>823</strong></td>
<td><strong>12</strong></td>
<td><strong>584</strong></td>
<td><strong>1,431</strong></td>
</tr>
</tbody>
</table>

¹ Remuneration for Matt Jones and Tom Skelton is paid in US dollars and is therefore subject to exchange rate fluctuations when translated into sterling.
Remuneration Committee Report

Directors’ Beneficial Interests in Shares

The interests of the Directors who held office at 30 June 2021 and their connected parties in the ordinary share capital of the Company are as shown in the table below.

<table>
<thead>
<tr>
<th>Directors</th>
<th>As at 30 June 2021 Number</th>
<th>As at 30 June 2020 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Directors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matt Jones</td>
<td>159,232</td>
<td>28,000</td>
</tr>
<tr>
<td>Adam Moloney</td>
<td>28,000</td>
<td>28,000</td>
</tr>
<tr>
<td><strong>Non-executive Directors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frank Blin</td>
<td>37,893</td>
<td>37,893</td>
</tr>
<tr>
<td>Catherine Michel</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Philip Rogerson</td>
<td>17,500</td>
<td>17,500</td>
</tr>
<tr>
<td>Tom Skelton</td>
<td>35,000</td>
<td>27,500</td>
</tr>
<tr>
<td>Rob Woodward</td>
<td>42,134</td>
<td>42,134</td>
</tr>
</tbody>
</table>

Directors’ Interests In Share Awards

The interests of the Executive Directors in awards under the Performance Share Plan described earlier in this report, are shown in the table below.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Awards outstanding at 1 July 2020</th>
<th>Awards granted during the year</th>
<th>Awards exercised during the year</th>
<th>Awards lapsed during the year</th>
<th>Awards outstanding at 30 June 2021</th>
<th>Date of grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matt Jones</td>
<td>524,928</td>
<td>–</td>
<td>(262,464)</td>
<td>(262,464)</td>
<td>–</td>
<td>28/03/2018</td>
</tr>
<tr>
<td>Matt Jones</td>
<td>407,455</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>407,455</td>
<td>05/11/2018</td>
</tr>
<tr>
<td>Matt Jones</td>
<td>325,191</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>325,191</td>
<td>02/10/2019</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,257,574</td>
<td>202,439</td>
<td>(262,464)</td>
<td>(262,464)</td>
<td>935,085</td>
<td></td>
</tr>
<tr>
<td>Adam Moloney</td>
<td>302,632</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>302,632</td>
<td>25/07/2018</td>
</tr>
<tr>
<td>Adam Moloney</td>
<td>111,482</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>111,482</td>
<td>02/10/2019</td>
</tr>
<tr>
<td>Adam Moloney</td>
<td>–</td>
<td>74,614</td>
<td>–</td>
<td>–</td>
<td>74,614</td>
<td>11/11/2020</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>414,114</td>
<td>74,614</td>
<td>–</td>
<td>–</td>
<td>488,728</td>
<td></td>
</tr>
</tbody>
</table>

No other Directors had any interest in awards under the Performance Share Plan.

Signed on behalf of the Remuneration Committee

Tom Skelton
Chair of the Remuneration Committee

27 September 2021
Statement of Directors’ Responsibilities in Respect of the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 “Reduced Disclosure Framework”, and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

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

Directors’ Confirmations

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

On behalf of the Board

Adam Moloney
Chief Financial Officer