Together, We are Craneware®

# Craneware plc
# Interim Report & Accounts

## H1 2022

## Operational **Highlights**

- Acquisition of Sentry completed 12 July 2021
- First cross-group sales achieved
- Integration of Sentry progressing ahead of plan
- Increase of 26% to 1,134 hospitals on the Trisus Platform
- Transition to a Cloud-based offering on track for completion by the end of this calendar year
- % of ARR from the Cloud increased to 67% (30 June 2021: 16%)
- Organic software licence revenue growth, contributing to the strong growth in ARR
- Professional services delivery impacted due to COVID 19 related headwinds in the period

*"The combined scale and expertise of the enlarged Craneware Group provides the potential for acceleration in ARR growth over the medium term, as we unlock the considerable cross and upsell opportunities within our enlarged customer base. Through our increased sales and marketing operations and unique breadth of offering we are also well placed to secure increased market share as the US healthcare industry continues its drive towards achieving greater value in healthcare."*

*- Keith Neilson, CEO and Co-founder*

## Outlook

- Strong progress across all areas of the enlarged Group positions the business well for accelerated growth
- Cross-sell opportunity provides potential for further accelerated ARR Growth
- The Group remains well capitalised with cash reserves of $41.7m and net debt of $72.9m
- The Board's expectations for the full year ending 30 June 2022 remain unchanged

# Financial Highlights

- First interim update for the enlarged Group, following the acquisition of Sentry Data Systems, Inc. ("Sentry")
- Revenue for the six months increased 111% to $80.2m (H1 2021: $38m)
- Adjusted EBITDA[1] increased 78% to $23.7m (H1 2021: $13.3m)
- Adjusted profit before tax[2] increased 68% to $17.1m (H1 2021: $10.2m)
- Profit before tax decreased to $6.2m (H1 2021: $9.9m) after $8.9m of amortisation of acquired intangible assets (H1 2021: $0m) and exceptional costs of $1.9m (H1 2021: $0.3m)
- Adjusted basic EPS[3] increased 34% to 43.5 cents per share (H1 2021: 32.5 cents per share)
- Annual Recurring Revenue[4] reached a new record of approximately $165m (30 June 2021: $64.5m)
- Cash of $41.7m, excluding restricted cash of $9.3m (H1 2021: $50.7m)
- Net debt of $72.9m after the acquisition of Sentry
- Interim dividend increased 4% to 12.5p per share (H1 2021: 12p per share)
- Investment in R&D and innovation of $21.6m (H1 2021: $11.6m) of which $6.8m, being 31%, has been capitalised (H1 2021: $4.5m, 39%)

**$80.2m**
Revenue

**$23.7m**
Adjusted EBITDA[1]

**$17.1m**
Adjusted profit before tax[2]

**43.5¢**
Adjusted Basic EPS[3]

**$165m**
Annual Recurring Revenue[4]

**$41.7m**
Cash (excl. restricted cash)

**12.5p**
Interim Dividend

**$21.6m**
Investment in R&D

*1 Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortisation, share based payments and acquisition and share transaction related costs.*
*2 Adjusted profit before tax refers to profit before tax, amortisation of acquired intangibles and acquisition and share transaction related costs.*
*3 Adjusted Earnings per share (EPS) calculations allow for the tax adjusted acquisition costs and share related transactions together with amortisation on acquired intangible assets.*
*4 Annual Recurring Revenue includes the annual value of licence and transaction revenues as at 31 December 2021 that are subject to underlying contracts.*

# Our Solutions

## Transparent & Defensible Pricing

### Trisus Pricing Analyzer

Using the power of the Trisus Platform, Trisus Pricing Analyzer simplifies and automates the price-modeling process, providing the speed and flexibility needed to adapt to dynamic market conditions.

### Trisus Pricing Transparency

Provides hospitals and healthcare providers an easy, automated application to meet the CMS pricing transparency requirements for both standard prices and shoppable services.

## Charge Capture Analysis

### Trisus Claims Informatics

Designed for retrospective, post-claim audit analysis. Data analysis of claims and remit data highlight issues in the charge capture process such as missing charges and revenue, incorrect/inaccurate charges, and compliance issues.

## Medical Necessity & Prior Authorization

### InSight Medical Necessity

Serves all parts of your organization that need instant access to medical necessity requirements, from admissions to medical records and external practices.

## Chargemaster Completeness & Accuracy

### Chargemaster Solution

Our Chargemaster Management Solution combines the award-winning feature set of Chargemaster Toolkit with the power of Trisus Chargemaster, providing powerful auditing capabilities, ease of use, and workflow process to facilitate effective collaboration between clinical and financial staff. This dynamic solution highlights opportunities to optimize revenue and impact operational inefficiencies.

### Physician Revenue Toolkit

Ensures consistent, accurate pricing and coding for optimal reimbursement and compliance issues within physician chargemaster and fee schedule line items.

### Online Reference Toolkit

A browser-based application providing quick access to comprehensive clinical, coding, financial, and regulatory reference data, enabling improved collaboration between clinical and financial staff and accurate coding and charging.

### Reference Plus

Created to support the specific business needs of critical access and small hospitals with all the necessary tools to perform a complete chargemaster review in minutes.

### Integration for Chargemaster Management

Eliminating manual data entry, Integration for Chargemaster Management ensures a quick and secure transfer of chargemaster changes and edits to Epic, Cerner, MEDITECH, and 32 additional accounting systems.

# 340B Program & Compliance

## Sentinel

Helps you capture more by providing detailed tracking of all drug activity at the 11-digit NDC level for a complete audit trail and more insights into your pharmacy operations. Our steadfast focus on compiling the right data means that this solution can track dispensations from multiple sources, qualify dispensations automatically, and provide a fully integrated and longitudinal record that links providers, patients, locations, payers, purchases, and dispensations.

## Sentrex

A SaaS-based solution that helps covered entities (i.e. hospitals) manage their 340B contract pharmacy relationships to expand medication access to more patients while maintaining compliance with evolving legislation. This solution offers flexible configuration options that can be tailored to reflect each organization's own unique business process.

## Sentrex330

Our contract pharmacy management solution for community health centers and clinics, helping expand access to affordable care through the industry's most complete retail and specialty pharmacy network. All while maintaining full compliance with the law and all HRSA guidance and regulations.

## 340B Business Intelligence

Provides a central place to view and analyze enterprise-wide reporting for the dispensations, claims, and purchasing data housed within your Sentry application(s), offering immediate and critical insight into your organization's 340B program performance. Designed specifically to sit on top of your Sentry application(s), it rolls up numbers like drug spend, claim volume, and covered entity revenue across your organization, translating them into meaningful visualizations that help you see data more clearly, manage it more easily – and act upon it more confidently. 340B Business Intelligence requires customers to have Sentinel, Sentrex or both solutions implemented prior to integration.

## Referral Verification System

Our Senturion-managed Referral Verification System (RVS) leverages your existing Sentrex platform to access referrals initially deemed ineligible. And our Senturion Referral Verification System team of experts does the leg work for you – so you can stay focused on your overall 340B program success.

## eRx

A new data extract option that uses your existing e-prescription data to tie prescriptions to the service location and capture the 340B eligibility that can potentially boost financial benefit to your organization. By using eRx Eligibility Check as an initial extract to get up and running, you can start realizing benefit in as little as 45 days. eRx is an add-on solution for Sentrex customers.

## Supply Chain & Pharmacy Margin Management

### Pharmacy ChargeLink

By synching the drug purchase history and the chargemaster, while addressing the gaps that cause revenue loss, Pharmacy ChargeLink helps you identify revenue opportunities and create defensible pricing strategies.

### Trisus Pharmacy Financial Management Module

The newest app on the Trisus Platform, Trisus Pharmacy Financial Management provides visibility into net reimbursement at the medication level. This information, combined with purchase history, allows pharmacy leaders to make informed, strategic decisions on the business of the pharmacy. Taking a new approach to pharmacy financials, you can quickly identify unexpected purchase and reimbursement variances, revise processes where change is needed in workflow, policy, or payor coverage, and take control of your revenue and expense budget targets.

### Claims Manager Plus

Helps hospitals expedite payment for pharmacy claims and minimize claim denials, while strictly adhering to complex, government-mandated reporting requirements. This solution streamlines the adjudication process by automatically modifying claims based on your configurations, flagging errors and rejections, then re-validating with real-time edits you make directly in the application. Your modifications are then incorporated back into Claims Manager Plus so future claims will adjust correctly without manual intervention. Claims Manager Plus is a stand-alone product which does not require Sentinel or Sentrex solutions.

### Trisus Supply

Align data sets from the item master, chargemaster, purchase history, and operatory with automated reviews to eliminate disparity which can result in lost or incorrect data and revenue.

### Trisus Supplies Assistant

Our proprietary supplies coding search function that delivers reference information such as HCPCS codes, UNSPSC codes, manufacturer, description, catalog ID, GUDID, and more. This app helps ensure your organization is capturing revenue on high-dollar implants and devices.

### Service Line Costing Profitability

Our Service Line Costing and Profitability module is specifically designed to access and process the key performance indicator (KPI) information unique to healthcare service line management. It quickly and easily gives you the data you need to get a complete picture of the operational and financial status of each of your services.

### Comparative Rapid Cycle Analytics P&T

Comparative Rapid Cycle Analytics P&T provides your team direct access to data on drug utilization, trends, costs, and outcomes. You can monitor and compare drug costs with claim remittance, compare your drug spend to our real-world database of more than 160 million patient encounters, and get insight on patient outcomes based on therapeutic interventions.

## Audit & Denials Management

### InSight Denials

Drills into 835 remittance data to uncover the root causes leading to denials. With this solution, identify and implement process improvements to eliminate recurring denials and optimize revenue.

### InSight Audit

Centrally manage all audit types, from initial chart request through to the final levels of appeal.

### Appeals Services

Experienced staff to review your denials, write successful appeals, and overturn improper denials.

## Margin Management & Operational Intelligence

### Trisus Healthcare Intelligence

Integrate clinical, financial, and operational patient information to determine the actual costs and resources consumed down to the patient level. Using Activity Based Costing, this app provides actionable information to improve costs, revenue, and margin.

### Service Line Costing Profitability

Our Service Line Costing and Profitability module is specifically designed to access and process the key performance indicator (KPI) information unique to healthcare service line management. It quickly and easily gives you the data you need to get a complete picture of the operational and financial status of each of your services.

## User Adoption & Customer Success

### Professional Services

Our passionate professionals offer the resources your hospital needs to achieve your specific objectives from strategic analysis and process design, support and training for ensured success, to outsourcing some of the heavy lifting when needed.

### Senturion Professional Services

The Senturion Professional Services team is comprised of some of the industry's most educated and credentialed pharmacy experts, clinicians, data scientists, and analysts. Our experts keenly understand the intricacies of the 340B program and will seamlessly integrate with your team to provide actionable insights and help you increase savings, maintain compliance, reduce costs, and improve patient care. Our 340B pharmacy team of experts will help you deliver significant ROI with customized strategic guidance to specifically address the evolving needs of your 340B program.

# About
# The Craneware Group

We at the Craneware Group, including our latest additions Sentry Data Systems and Agilum Healthcare Intelligence, passionately believe we can impact healthcare profoundly by delivering the insights healthcare organisations need to also transform the business of healthcare. Our shared vision is to be the operational and financial partner for US healthcare providers.

Our combined suite of applications and industry-leading team of experts help our customers contextualise operational, financial, and clinical data, providing insights that clearly demonstrate what great looks like. These value cycle insights deliver revenue integrity and 340B compliance, as well as margin and operational intelligence - something no other single partner can provide.

Together, nearly 40% of registered US hospitals are now our customers, including more than 2,000 US hospitals and health systems and over 10,000 clinics and affiliated retail pharmacies. Our customers are operating with a financial impact of nearly half a trillion dollars. We have data sets from customers covering more than 150 million unique patients encounters.

Learn more at www.craneware.com

the craneware group™

Transforming the Business of Healthcare™

Transforming the business of healthcare through our applications and industry-leading team of experts who contextualise operational, financial and clinical data to provide insights that clearly demonstrate what great looks like for our customers.

sentry data systems™
a Craneware company

Craneware®

AGILUM™
a Craneware company

# Executing on the cross-sale opportunity

sentry data systems
a Craneware company

**~65% of 600**
hospital customer base
Cross sell: CMT, PCL, Trisus Platform

Craneware

**>1,300** customers
Cross sell: Sentinel, Sentrex, Agilum

Cross-sale programme has now commenced across all sales teams

**5** Craneware products renewed + **5** New Sentry products → **$1.2m** Combined value per year = **+215%** Revenue increase

Craneware customer since 2009

Multi-hospital integrated delivery network

Renewal secured and new customer for Sentry

Craneware now involved in Pharmacy, 340B, Rev Cycle, Supplies Management & Strategic Pricing for this customer

# Chairman's Statement

I am delighted to report on a period of positive financial and strategic progress. The Group delivered organic growth in software licence revenue in the period whilst having made significant progress in the integration of the newly acquired Sentry business. This paves the way for long-term sustained acceleration as COVID 19 related impediments dissipate and the Group unlocks the significant cross-sell opportunities across the enlarged customer base and the broader market.

*Annual Recurring Revenue growth provides strong platform*

This is the first reporting period of the enlarged Craneware Group, following the acquisition of Sentry Data Systems, Inc. ("Sentry") on 12 July 2021 and the results demonstrate the increased scale of the business. Group Revenues increased 111% to $80.2m with an adjusted EBITDA increase of 78% to $23.7m. Annual Recurring Revenue grew ahead of management's expectations in the period to a new milestone of approximately $165m (30 June 2021: $64.5m). Customer retention rates remain high, at above 90% across the Group. The Group maintains healthy cash reserves of $41.7m, excluding restricted cash of $9.3m and a net debt of $72.9m after the acquisition of Sentry and the associated acquisition costs, in line with the Board's expectations. These amounts are after the return of $7.2m (H1 2021: $5.3m) to shareholders through dividends, the investment in R&D of $21.6m (H1 2021: $11.6m) and debt repayment of $4m (H1 2021: $0).

*Supportive market drivers*

The long-term drivers for the adoption of Craneware's software continue to strengthen. US healthcare providers face pressure from increasing regulation, competition, pharmacy costs and patient expectations and are struggling to manage the enormity and complexity of their operational cost bases.

Meanwhile both Republicans and Democrats have previously expressed their desire for healthcare reform and the industry widely anticipates that reform will remain a key agenda point moving forward, with the drive to derive greater value from healthcare sitting at its heart.

With over 20 years of healthcare data powering our Trisus platform, we are uniquely positioned to provide the insights our customers need to manage their operations more efficiently and mitigate risk while delivering increased levels of care. Importantly, in the period Craneware Group customers have seen in excess of a $0.5 billion in benefit from utilising our 340B solutions, helping to stretch scarce federal resources as far as possible, reach more eligible patients and provide more comprehensive services.

This tangible positive impact our solutions can make on the lives of others continues to be a great motivator for our talented team. We have been delighted to welcome the Sentry and Agilum teams into the Craneware Group and on behalf of the Board, I would like to thank all the enlarged team for their continued passion and commitment.

*Investment in innovation provides increased addressable opportunity*

Our investment in innovation and M&A strategy provide us with a growing solution set to cross-sell into our customers and with nearly 40% of all US hospitals and over 10,000 clinics and affiliated retail pharmacies as customers, we have an enviable position within the industry. We have seen our average annual hospital contract value increase 60% in the last five years, demonstrating the success of this strategy, with considerable room for further growth. While we may see fluctuations in our professional services revenue in any individual reporting period, our largely recurring revenue business model provides us with the revenue visibility to continue to invest in our people and offering, to capitalise on the significant opportunity.

*Positive Outlook*

We continue to benefit from high operating margins and strong cash flow conversion, and with considerably increased scale and an exit rate of Annual Recurring Revenues at the end of the period of $165m, whilst remaining cognisant of the challenges our customers continue to face, we look to the future with confidence.

**Will Whitehorn**
Chair
14 March 2022

# Strategic Report

**Keith Neilson,** *CEO & Co-founder*

**Craig Preston,** *Chief Financial Officer*

The acquisition of Sentry, which completed in the first month of the fiscal year was a landmark moment in the history of Craneware, significantly strengthening the Group's pharmacy offering, adding customers, products and expertise, while expanding our datasets and providing us with a considerable cross-sale opportunity.

Just a few months post-acquisition, we are seeing exciting signs of what can be achieved, with the first three cross-sales into the existing customer base secured, demonstrating the potential value of cross-sales into the extensive existing customer base. As we look across the Group, we see an energised, cohesive team, all united in the shared mission to transform the business of US healthcare.

Alongside the integration work, we continue to make considerable progress in our transition to a cloud-based offering, with the migration of our customers to the Trisus platform on track for completion by the end of this calendar year. Once on the platform, we are seeing customers respond positively to the increased insights it provides, providing for further upsell opportunities. We are pleased to confirm that the level of sales of Trisus applications already covers 70% of the amount of capitalised R&D spent on the platform and Trisus applications development to date, underwriting the quality of the investment made.

Following a brief time of respite through the summer months, managing the impact of the COVID 19 pandemic and the related fallout, once again became the top priority for all healthcare-related organisations during the period. Our customers continue to be on the front-line, and we are committed to doing all we can both now and into the future, to ensure they have the financial and operational strength to withstand this wave and any future challenges. While this has had a short-term impact on our ability to be on customer sites, and therefore our ability to deliver professional services, the successes achieved prior to the Omicron wave give us confidence in our ability to increase our revenue growth in future periods.

Our customers continue to take steps to create further resilience across their financial operations. We are committed to partnering with them by providing the platform, regulatory information and data to enable them to do so. We believe both the Group and our customer base are strongly placed to deal with the future impacts of the pandemic and for our products to be part of the solution in terms of helping hospital preparedness.

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

To date, our growth has been driven through increases in market share and product set penetration (land and expand). In recent years, we have invested in the development of the Trisus platform; a sophisticated cloud data aggregation and intelligence platform which will be the foundation as we migrate our existing products to the cloud, leverage our data assets to expand our offering, integrate third party solutions to the platform and benefit from the scalability of cloud-technology.

While other platforms have been designed to address the clinical side of a hospital, from a competitive positioning perspective, we have created the market's only platform that addresses the breadth of the value cycle, aiming to solve inefficiencies and waste across operational, administrative and financial functions of a hospital. Through the acquisition of Sentry, we have created considerable distance between us and other point solution vendors, in terms of depth of data, breadth of offering, size of customer base and scale of operations, significantly increasing our ability to serve what is a growing and sustainable, long-term addressable market.

## Integration of Sentry Data Systems, Inc. and new management structure

Sentry Data Systems, Inc. is a leader in pharmacy procurement, compliance and utilisation management.

The successful conclusion of the acquisition marks a transformational point in our journey, considerably expanding our customer base, data sets, product offering and market presence.

The acquisition enhances one of our focus areas; pharmacy operations within healthcare providers. Pharmacy is the largest cost area for US hospitals apart from staff costs and the acquisition of Sentry extends the intelligence of our Pharmacy product family to hospital affiliated retail and contract specialty pharmacies. We see significant cross-selling opportunities through the complementary nature of Sentry's product suite and customer base.

We were delighted to secure cross-sales in each of the three main categories of cross-sell following the acquisition of Sentry, being both sales of Sentry and sales of Craneware products to each other's historic customer base as well as expansion sales to historical joint customers.

The integration of Sentry continues to progress ahead of plan, with the integration of the management teams and associated operational departments nearing completion and the sales and technology teams on target to be fully integrated by the end of the current financial year. The benefits of the Group's increased scale are now being seen in greater operational efficiencies across areas such as supply chain, office space and product development and a considerably enlarged sales and marketing team. We remain on track to achieve the cost synergies anticipated, and while an element of these synergies will be reinvested into the workforce, we anticipate overall the same level to ultimately be achieved as forecast, with an early target of returning to an overall EBITDA margin of 30%.

We have formed one combined management team, including a new role of Transformation Officer, to oversee the continued evolution of the Craneware Group with our commitment to a lean operating model.

New & Expanded KPIs

Following the acquisition of Sentry, and increasing standardisation in how SaaS companies report, we are introducing new and expanded KPIs, to demonstrate the delivery against the growth strategy and to allow easier comparison between the Group and its peers.

For H1 FY22 these are:

- Annual Recurring Revenue (ARR)
- % ARR from the Cloud
- Adjusted Earnings before Interest Tax, Depreciation and Amortisation (Adj. EBITDA)
- Adjusted EBITDA Margin (Adj. EBITDA %)
- Operating Cash conversion percentage
- Net debt
- Revenue Growth

This current list of KPI's is not thought to be exhaustive but a starting point to build on. We intend to add further SaaS KPI's to this list, in particular those that require twelve month financials, alongside the full year results later this year.

*Three Growth Pillars*

Our growth strategy has three fundamental growth pillars:

**1. The transition of our customers to cloud-based versions of our existing on-premise solutions, to act as a gateway to the benefits and additional applications on the Trisus platform.**

We now have 1,134 hospitals on our Trisus platform, an increase of 26% over the last six months, with their flow of data adding to our valuable data lake. Having already transitioned some of our smaller offerings onto the Trisus platform, we are now in a position to accelerate the migration of the cloud version of one of our two leading offerings, Trisus Chargemaster following successful early adoption. All of our existing Chargemaster Toolkit customers are on track to have migrated to the Trisus Chargemaster by the end of calendar 2022.

Our full Pharmacy suite continues to be developed and will now benefit from the addition of the Sentry applications and expertise, with the two Pharmacy teams now fully combined.

For our customers using any of the Craneware or Sentry existing pharmacy offerings, we can now offer additional functionality through our Trisus Pharmacy Financial Management (TRxFM) application and will soon launch two new pharmacy applications for our hospital customers, generated by the combined product team and representing an uplift potential to original contract values.

All of the acquired customers of Sentry are serviced utilising the Oracle cloud architecture, therefore no technical integration is required, although we will refresh the user interface to create the same look and feel as the Trisus platform.

We have previously provided the metric of % of new sales relating to Trisus, this is being replaced with the KPI: % ARR from the Cloud, reflecting that we now have Sentry products that are already on the cloud and the sale of these to our existing base is also a key part of our growth strategy. % of ARR derived from the Cloud was 67% at 31 December 2021 (30 June 2021: 16%), demonstrating considerable progress in the Period

*"Whilst remaining cognisant of the challenges our customers continue to face; the Group remains on-course to deliver results for the current year in line with management's expectations."*

*- Keith Neilson, CEO & Co-founder*

**2. To continue to enhance the capabilities of the platform through the addition of new technology layers and applications - developed through internal R&D, selective M&A and Third-Party Partnerships.**

*Expanding capabilities*

We will continue to invest in expanding the capabilities of the platform, developing additional applications and tools, to provide further actionable insights that bring tangible benefits to our customers. The depth of our product offering continues to grow through the mining of the proprietary and regulatory data that we collect, identifying new ways the data can illuminate and support decision making within the hospital provider environment. As we expand our product offerings, make further acquisitions and add new customers, the data assets available to mine for additional opportunity continues to grow and provide significant barriers to entry for any new competitors.

Partnerships

We are now in a position to explore making the benefits of the Trisus platform greater for hospitals by hosting third party application providers on Trisus. These would typically be specialist application developers that provide single point solutions in niche areas of interest to our customers.

*M&A*

While organic growth remains a priority, we continue to evaluate the market and will continue to pursue strategically aligned companies that will accelerate our growth strategy, although it is unlikely that any acquisitions in the short-term will be significant relative to the scale of the new enlarged group. We maintain the same four key acquisition criteria of which target companies must fit into at least one, being:

(a) the addition of data sets;
(b) the extension of the customer base;
(c) the expansion of expertise; and
(d) the addition of applications suitable for the US hospital market.

In evaluating acquisition opportunities, the Board implements a strong financial discipline seeking to maintain its prudent approach to preserving balance sheet strength and efficiency for the long-term. Targets that are profitable with recurring revenue models that provide earnings accretion within the first 12 months of ownership are prioritised.

***"With a strong balance sheet, high levels of recurring revenues, high customer retention rates and an ARR of $165m as at 31 December 2021, we have a strong financial foundation from which to accelerate growth and investment to fulfil our potential, thereby increasing shareholder value."***

*- Keith Neilson, CEO & Co-founder*

**3. To grow our customer footprint, through increasing the attractiveness of our offering and acquiring non-overlapping customers, which in turn provides further cross-sale opportunities.**

Each new customer extends our data assets that we can then mine to provide better value to our customers through application development and actionable insights. This reinforces our second growth pillar and by furthering the attraction of the platform as a whole we encourage new customers to investigate the benefits of joining the platform.

Customer retention has always been strong, and we continued to see our customer retention rate remain high in the period above 90%.

**Financial Review**

On 12 July 2021, we completed the transformational acquisition of Sentry Data Systems, Inc. ("Sentry"), a market leading provider of SaaS solutions which simplify the complexity of pharmacy procurement, utilisation and regulatory compliance. Sentry also provides business intelligence and SaaS analytics solutions and consulting services.

In our trading update released on 31 January 2022, we were able to confirm the scale of the enlarged Group with Sentry not yet contributing a full six months of results, Group revenues have grown by 111% to $80.2m (H1 2021: $38m) and adjusted EBITDA has increased by 78% to $23.7m (H1 2021: $13.3m). Adjusted earnings per share has increased 34% to 43.5 cents per share (H1 2021: 32.5 cents per share).

Whilst proud of this new milestone in our evolution, we continue to remember and remain in awe of the work our customers continue to do. They are on the front line in the battle against the COVID 19 pandemic, Omicron wave and the post pandemic recovery that brings another series of challenges to healthcare providers worldwide. Supporting them and their teams, in the work they have done and continue to do, remains our top priority.

The increased scale and newly enlarged portfolio of products mean we can do even more to support our customers as they look beyond the impact of the pandemic. The need for accurate financial data, supporting analytics and the insights those analytics can bring has never been more important. Our solutions can deliver real financial returns that can be re-invested by the hospital to support the clinical care for their communities. For example, in the period Craneware Group customers have earned in excess of $0.5 billion in benefit from utilizing our 340B solutions to stretch scarce federal resources as far as possible, reach more eligible patients and provide more comprehensive services.

It is essential we continue to make the right investments in our future. As such, and recognising the size of the Group post Sentry, we have further increased our investment in R&D by 86% to $21.6m (H1 2021: $11.6m). The level of this investment capitalised in the period has reduced in percentage terms to 31% of the total investment, being $6.8m (H1 2021: $4.5m, 39%), the balance of $14.8m (H1 2021: $7.1m) has been expensed as incurred. The reduction in the percentage of R&D capitalised reflects the care we continue to take to only capitalise projects that will bring future economic benefit to the Group.

One of the ways we ensure our investments into R&D are benefitting our strategy and delivering valuable future returns to the Group, is to monitor the value of contracts sold for these new products once launched against the costs that have been capitalised to date. I am pleased to confirm, in regard to total costs we have capitalised in this and previous periods relating to our Trisus developments (including applications that have yet to be brought to market) we have contracted revenue that already covers approximately 70% of this total.

We continue to maintain healthy cash reserves, which at the period end were $41.7m, excluding restricted cash of $9.3m (H1 2021: $50.7m) and net debt of $72.9m after the acquisition of Sentry and the associated acquisition costs of $6.2m which were accrued in the prior year but paid in the current period. Both figures are in line with the Board's expectations and represent a comfortable level of debt for the business given our levels of EBITDA. From our cash reserves, we have returned $7.2m to our shareholders through dividends and made the $21.6m investments in R&D detailed above. We continue to target operating cash conversion of 100% of adjusted EBITDA to operating cash over a 12-month period. In the period we achieved 87% adjusted cash conversion (including the acquisition costs detailed above) whilst below our 100% 12 month target, is not unusual for the first half of the year and are confident we will meet our target of 100% cash conversion for the full fiscal year. In addition, we have continued to collect cash post the period end, having already collected $23m related to the period.

*Sentry Acquisition*

The proposal to acquire Sentry was originally announced on 7 June 2021 (being SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc.) and completed on 12 July 2021. The consideration for the acquisition (being on a cash free / debt free basis) was $375m. Whilst we have completed our provisional assessment of the fair value of the assets acquired and the balance sheet presented includes these provisional amounts; $299.1m (as adjusted) in cash and the balance by the issuance of 2,507,348 new ordinary shares in the Company on 12 July 2021.

The cash consideration was funded from a combination of the Group's existing cash resources, a new secured loan of $120m and the $187.3m net proceeds of the share placing which completed in June 2021.

*Underlying Business Model and Professional Services*

The new contracts we sign with our customers provide a licence for the customer to access specified products throughout their licence period. At the end of an existing licence period, or at a mutually agreed earlier date, we look to renew these contracts with our customers.

The existing contracts within Sentry are similar in their nature albeit are often for a slightly shorter duration. In addition to the licence fees, Sentry can also provide a number of transactional services to customers, throughout the life of their underlying contracts. These transactional services, whilst highly dependable, will see some variation period to period dependent on volume of transactions.

Under the Group's business model, we recognise software licence revenue and any minimum payments due from our 'other long term' contracts evenly over the life of the underlying contract term. Transactional services are recognised as we provide the service, and we are contractually able to invoice the customer.

In addition to the licence revenues recognised in any year, we also expect revenue to be recognised from providing services to our customers. These revenues are usually recognised as we deliver the service to the customer, on a percentage of completion basis.

The Omicron wave and the resulting shortages of available staff on site at hospitals impacted our ability to deliver professional services in the period. As professional services revenues are recognised as the service is delivered, this impacted the underlying organic growth in the period. However, we have retained our professional services capacity and as this short-term impact reverses we are well positioned to return to growth in our professional services delivery and associated revenue.

*Annual Recurring Revenue*

By renewing our underlying contracts, and ensuring we continue to deliver the transactional services to our customers we sustain a highly visible recurring revenue base, which means sales of new products to existing customers or sales to new hospital customers add to this recurring revenue.

Following the acquisition of Sentry, we have introduced a new KPI of Annual Recurring Revenue to supplement the existing financial KPI's we present. With the increasing standardisation in how SaaS companies report, this KPI will replace our historic three year visible revenue KPI. This KPI demonstrates the annual value of licence and transactional revenues that are subject to underlying contracts.

As at 31 December 2021, Annual Recurring Revenue had reached a new milestone of approximately $165m (30 June 2021: $64.5m). In future periods, we will introduce further KPI's to demonstrate how the underlying growth of the Group is progressing from this foundation and to allow easier comparison between the Group and its peers.

*Functional Currency*

We continue to report the results (and hold the cash reserves) of the Group in US Dollars, whilst having approximately 20% percent of our costs, mainly our UK employees and UK purchases, denominated in Sterling. The average exchange rate for the Company during the reporting period was \$1.36/£1 which compares to \$1.31/£1 in the corresponding period last year.

**Dividend**

The Board has resolved to pay an increased interim dividend of 12.5p (16.88 cents) per ordinary share on 14 April 2022 to those shareholders on the register as at 25 March 2022 (FY21 Interim dividend 12p). The ex-dividend date is 24 March 2022.

The interim dividend of 12.5p per share is capable of being paid in US dollars subject to a shareholder having registered to receive their dividend in US dollars under the Company's Dividend Currency Election, or who has registered to do so by the close of business on 25 March 2022. The exact amount to be paid will be calculated by reference to the exchange rate to be announced on 25 March 2022. The interim dividend referred to above in US dollars of 16.88 cents is given as an example only using the Balance Sheet date exchange rate of \$1.35/£1 and may differ from that finally announced.

**Outlook**

The combined scale and expertise of the enlarged Craneware Group provides the potential for acceleration of ARR growth over the medium term, as we unlock the considerable cross and upsell opportunity within our existing customer base. Through our enlarged sales and marketing operation and unique breadth of offering we are also well placed to secure increased market share as the US healthcare industry continues its drive towards achieving greater value in healthcare.

Whilst remaining cognisant of the challenges our customers continue to face; the Company remains on-course to deliver results for the current year in line with management's expectations.

With a strong balance sheet, high levels of recurring revenues, high customer retention rates and an ARR of \$165m as at 31 December 2021, we have a strong financial foundation from which to accelerate growth and investment to fulfil our potential, thereby increasing shareholder value.

We are delighted to see our first cross-sales within the enlarged Group which we expect to accelerate once the COVID 19 headwinds fully dissipate. With an expanded opportunity we look to the future with considerable excitement and confidence as we work as one team to transform the business of US healthcare.

**Keith Neilson**
Chief Executive Officer
14 March 2022

**Craig Preston**
Chief Financial Officer
14 March 2022

| Consolidated Statement of Comprehensive Income | Notes | unaudited H1 2022 $'000 | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|---|
| **Revenue** | 1 | **80,175** | 38,009 | 75,578 |
| Cost of sales | | **(9,839)** | (3,084) | (5,373) |
| **Gross profit** | | **70,336** | 34,925 | 70,205 |
| Other income | | **6** | 9 | 37 |
| Operating expenses | | **(62,528)** | (24,577) | (56,507) |
| Net impairment charge on financial and contract assets | | **(150)** | (383) | (495) |
| **Operating profit** | | **7,664** | 9,974 | 13,240 |
| **Analysed as:** | | | | |
| Adjusted EBITDA[1] | | **23,679** | 13,344 | 27,111 |
| Share-based payments | | **(1,013)** | (1,048) | (2,141) |
| Depreciation of property, plant and equipment | | **(1,511)** | (732) | (1,403) |
| Amortisation of intangible assets - other | | **(2,653)** | (1,307) | (3,840) |
| Amortisation of intangible assets – acquired intangibles | | **(8,919)** | - | - |
| Exceptional costs[2] | | **(1,919)** | (283) | (6,487) |
| Finance income | | **1** | - | 1 |
| Finance expense | | **(1,431)** | (45) | (76) |
| **Profit before taxation** | | **6,234** | 9,929 | 13,165 |
| Tax charge on profit on ordinary activities | | **(1,514)** | (1,482) | (260) |
| **Profit for the period attributable to owners of the parent** | | **4,720** | 8,447 | 12,905 |
| **Other comprehensive income** | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Currency Translation Reserve movement | | **27** | (25) | (126) |
| **Total items that may be reclassified subsequently to profit or loss** | | **27** | (25) | (126) |
| **Total comprehensive income attributable to owners of the parent** | | **4,747** | 8,422 | 12,779 |

[1]See note 15 for explanation of Alternative Performance Measures

[2]Exceptional items relate to legal and professional fees associated with a successful acquisition and related integration costs. (FY21: legal and professional fees associated with an aborted potential acquisition in H1 2021 and a successful acquisition completed post year end and its associated share placing.)

| Earnings per share for the period attributable to equity holders | | | | |
|---|---|---|---|---|
| - Basic ($ per share) | 3 | **0.135** | 0.315 | 0.481 |
| - Adjusted Basic ($ per share)[1] | 3 | **0.435** | 0.325 | 0.690 |
| - Diluted ($ per share) | 3 | **0.133** | 0.311 | 0.475 |
| - Adjusted Diluted ($ per share)[1] | 3 | **0.430** | 0.321 | 0.681 |

| Consolidated Statement of Changes in Equity | Share Capital $'000 | Share Premium $'000 | Capital Redemption Reserve $'000 | Merger Reserve $'000 | Other Reserves $'000 | Retained Earnings $'000 | Total Equity $'000 |
|---|---|---|---|---|---|---|---|
| At 1 July 2020 | 536 | 21,097 | 9 | - | 4,148 | 42,605 | 68,395 |
| Total comprehensive income - profit for the period | - | - | - | - | - | 8,447 | 8,447 |
| Total other comprehensive expense | - | - | - | - | - | (25) | (25) |
| Transactions with owners | | | | | | | |
| Share-based payments | - | - | - | - | 1,003 | - | 1,003 |
| Dividend | - | - | - | - | - | (5,329) | (5,329) |
| **At 31 December 2020** | **536** | **21,097** | **9** | **-** | **5,151** | **45,698** | **72,491** |
| | | | | | | | |
| **Total comprehensive income - profit for the period** | **-** | **-** | **-** | **-** | **-** | **4,458** | **4,458** |
| **Total other comprehensive expense** | **-** | **-** | **-** | **-** | **-** | **(101)** | **(101)** |
| **Transactions with owners** | | | | | | | |
| **Share-based payments** | **-** | **-** | **-** | **-** | **329** | **-** | **329** |
| **Share-placing** | **88** | **-** | **-** | **186,993** | **-** | **-** | **187,081** |
| **Purchase of own shares through EBT** | **-** | **-** | **-** | **-** | **-** | **(422)** | **(422)** |
| **Deferred tax taken directly to equity** | **-** | **-** | **-** | **-** | **-** | **1,212** | **1,212** |
| **Impact of share options and awards exercised/lapsed** | **-** | **-** | **-** | **-** | **(752)** | **354** | **(398)** |
| **Dividend** | **-** | **-** | **-** | | **-** | **(4,371)** | **(4,371)** |
| **At 30 June 2021** | **624** | **21,097** | **9** | **186,993** | **4,728** | **46,828** | **260,279** |
| | | | | | | | |
| **Total comprehensive income - profit for the period** | **-** | **-** | **-** | **-** | **-** | **4,720** | **4,720** |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **-** | **27** | **27** |
| **Transactions with owners** | | | | | | | |
| **Share-based payments** | **-** | **-** | **-** | **-** | **884** | **-** | **884** |
| **Share-issue** | **34** | **75,871** | **-** | **(12)** | **-** | **-** | **75,893** |
| **Impact of share options and awards exercised/lapsed** | **-** | **-** | **-** | **-** | **-** | **(311)** | **(311)** |
| **Dividend** | **-** | **-** | **-** | **-** | **-** | **(7,227)** | **(7,227)** |
| **At 31 December 2021** | **658** | **96,968** | **9** | **186,981** | **5,612** | **44,037** | **334,265** |

| Consolidated Balance Sheet as at 31 December 2021 | Notes | unaudited H1 2022 $'000 | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Property, plant and equipment | | **10,608** | 3,170 | 2,552 |
| Intangible assets - goodwill | 4 | **243,368** | 11,188 | 11,188 |
| Intangible assets - acquired intangibles | 4 | **189,109** | - | - |
| Intangible assets - other | 4 | **43,179** | 28,881 | 31,922 |
| Trand and other receivables | 5 | **3,673** | 4,074 | 5,427 |
| Deferred tax | | **-** | 2,408 | 5,459 |
| | | **489,937** | 49,721 | 56,548 |
| **Current Assets** | | | | |
| Trade and other receivables | 5 | **68,349** | 21,896 | 19,435 |
| Cash and cash equivalents | | **41,696** | 50,721 | 235,617 |
| Restricted cash | | **9,338** | - | - |
| Total Cash and cash equivalents | 9 | **51,034** | 50,721 | 235,617 |
| | | **119,383** | 72,617 | 255,052 |
| **Total Assets** | | **609,320** | 122,338 | 311,600 |
| **EQUITY & LIABILITIES** | | | | |
| **Non-Current Liabilities** | | | | |
| Borrowings | 7 | **107,081** | - | - |
| Leased property > 1 year | | **2,223** | 1,602 | 1,148 |
| Leased equipment > 1 year | | **713** | - | - |
| Deferred tax | | **44,498** | - | - |
| Other provisions | | **893** | - | 764 |
| | | **155,408** | 1,602 | 1,912 |
| **Current Liabilities** | | | | |
| Borrowings | 7 | **7,491** | - | - |
| Deferred income | | **86,079** | 37,015 | 33,670 |
| Current tax liabilities | | **-** | 2,203 | - |
| Trade and other payables | 6 | **26,077** | 9,027 | 15,739 |
| | | **119,647** | 48,245 | 49,409 |
| **Total Liabilities** | | **275,055** | 49,847 | 51,321 |
| **Equity** | | | | |
| Share capital | 8 | **658** | 536 | 624 |
| Share premium account | | **96,968** | 21,097 | 21,097 |
| Capital redemption reserve | | **9** | 9 | 9 |
| Merger reserve | | **186,981** | - | 186,993 |
| Other reserves | | **5,612** | 5,151 | 4,728 |
| Retained earnings | | **44,037** | 45,698 | 46,828 |
| **Total Equity** | | **334,265** | 72,491 | 260,279 |
| **Total Equity and liabilities** | | **609,320** | 122,338 | 311,600 |

| Consolidated Statement of Cash Flow for the six months ended 31 December 2021 | Notes | unaudited H1 2022 $'000 | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | 9 | **12,593** | 13,371 | 26,711 |
| Tax paid | | **(2,511)** | (77) | (3,174) |
| Net cash from operating activities | | **10,082** | 13,294 | 23,537 |
| **Cash flows from investing activities** | | | | |
| Acquisition of subsidiary, net of cash acquired | | **(293,493)** | - | - |
| Purchase of plant and equipment | | **(249)** | (104) | (159) |
| Capitalised intangible assets | | **(6,847)** | (4,612) | (10,167) |
| Interest received | | **1** | 1 | 1 |
| Net cash used in investing activities | | **(300,588)** | (4,715) | (10,325) |
| **Cash flows from financing activities** | | | | |
| Dividends paid to company shareholders | | **(7,227)** | (5,329) | (9,700) |
| Shares issued for cash | | **-** | - | 187,244 |
| Paid up share capital | | **-** | - | 88 |
| Share issue professional fees | | **(263)** | - | - |
| Proceeds from borrowings | | **120,000** | - | - |
| Loan arrangement fees | | **-** | - | (1,692) |
| Rapayment of borrowings | | **(4,000)** | - | - |
| Interest on bank loan | | **(1,341)** | - | - |
| Purchase of own shares by EBT | | **-** | - | (422) |
| Leased property payments | | **(1,246)** | (380) | (964) |
| Net cash used in financing activities | | **105,923** | (5,709) | 174,554 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(184,583)** | 2,870 | 187,766 |
| Cash and cash equivalents at the start of the period | | **235,617** | 47,851 | 47,851 |
| **Cash and cash equivalents at the end of the period** | | **51,034** | 50,721 | 235,617 |

# Notes to
# Financial Statements

## 1. Revenue

The chief operating decision maker has been identified as the Board of Directors. The Group revenue is derived almost entirely from the sale of software licences, professional services (including installation) and transactional fees to hospitals and affiliated pharmacies within the United States of America. Consequently, the Board has determined that Group supplies only one geographical market place and as such revenue is presented in line with management information without the need for additional segmental analysis. All of the Group's assets are located in the United States of America with the exception of the Parent Company's, the net assets of which are disclosed separately on the Company Balance Sheet and are located in the United Kingdom.

| | **unaudited H1 2022 $'000** | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|
| Software licencing | **71,483** | 30,136 | 61,115 |
| Professional services | **6,211** | 7,873 | 14,463 |
| Transactional fees | **2,481** | – | – |
| **Total revenue** | **80,175** | 38,009 | 75,578 |

Software licensing and professional services are recognised over time. Transactional fees are recognised at a point in time.

## 2. Business Combination

On 12 July 2021, the Group acquired 100% of the voting rights of SDS Holdco, Inc., the ultimate holding company of Sentry Data Systems, Inc. ('Sentry'), a leader in the pharmacy procurement, compliance and utilisation management, based in Florida, USA. For further information on the reasons for the acquisition see Note 25 of the annual report for the year ended 30 June 2021. The aggregate consideration for the acquisition of Sentry on a cash free/ debt free basis subject to an adjustment against a benchmark level of working capital on the date of acquisition as calculated and determined in accordance with the terms of the agreement relating to the acquisition.

The deal was funded by $299.1m (as adjusted) of cash and $75.9m raised via the issue of 2,507,348 new ordinary shares at fair value on 12 July 2021 (measured using the closing market price of the Company's ordinary shares on that date). The cash consideration was funded from the Group's existing cash resources, $120m from a new debt facility and $187.3m net proceeds from a share placing completed in June 2021.

Details of the purchase consideration, net assets acquired and goodwill, are as follows:

| | **$'000** |
|---|---|
| Cash paid (net of working capital adjusted) | 299,100 |
| Shares issued (fair value) | 75,905 |
| **Total purchase consideration** | **375,005** |

## 2. Business Combination (cont'd)

The provisional fair values for assets and liabilities recognised as a result of the acquisition are as follows:

| | Provisional Fair value $'000 |
|---|---:|
| **Non-Current assets** | |
| Property, plant and equipment | 9,499 |
| Intangible assets – customer relations | 151,000 |
| Intangible asset – proprietary software | 42,028 |
| Intangible assets – trademarks | 5,000 |
| Intangible assets – other | 6,831 |
| Other contract assets | 521 |
| **Total non-current assets** | **214,879** |
| **Current assets** | |
| Trade and other receivables | 33,088 |
| Cash and cash equivalents | 3,728 |
| Restricted cash | 1,879 |
| **Total current assets** | **38,695** |
| **Non-current liabilities** | |
| Leased property > 1 year | 1,540 |
| Leased equipment > 1 year | 1,146 |
| Deferred tax | 49,957 |
| **Total non-current liabilities** | **52,643** |
| **Current liabilities** | |
| Deferred income | 45,437 |
| Trade and other payables | 12,669 |
| **Total current liabilities** | **58,106** |
| **Net identifiable assets acquired** | **142,825** |
| Add: goodwill | 232,180 |
| **Total consideration** | **375,005** |

## 2. Business Combination (cont'd)

The goodwill is attributable to Sentry's strong position in the market and synergies expected to arise after the company's acquisition of these new subsidiaries.

The fair value of the acquired customer list and customer contracts of $151m, proprietary software of $42.0 and trademarks of $5.0m are provisional pending receipt of the final valuation for these assets. Final fair values will be reported in the Group's Annual Report for the year ending 30 June 2022. Deferred tax of $37.8m, $10.5m and $1.3m has been provided respectively in relation to these adjustments.

Acquisition related costs of $1.9m are included within exceptional costs in profit and loss.

The fair value of trade and other receivables is $33.1m and includes trade receivables with a fair value of $9.5m. The gross contractual amount for trade receivables due is $12.7m of which $3.2m is expected to be uncollectible. Also included within trade and other receivables is the enforceable, non-cancelable unbilled portion of annual software and service contracts with a fair value of $18.8m.

Sentry contributed revenue of $44.9m and net profit of $1.1m to the Group for the period from 13 July 2021 to 31 December 2021. If the acquisition had occurred on 1 July 2021, consolidated revenue and consolidated profit after tax for the half year ended 31 December 2021 would have been $82.8m and $4.8m respectively.

## 3. Earnings per Share

The calculation of basic and diluted earnings per share is based on the following data:

*Weighted average number of shares*

| | **unaudited H1 2022 No. of Shares 000s** | unaudited H1 2021 No. of Shares 000s | audited FY 2021 No. of Shares 000s |
|---|---|---|---|
| **Weighted average number of Ordinary Shares for the purpose of basic earnings per share** | **35,034** | 26,827 | 26,811 |
| Effect of dilutive potential Ordinary Shares: share options and LTIPs | **412** | 346 | 374 |
| **Weighted average number of Ordinary Shares for the purpose of diluted earnings per share** | **35,446** | 27,173 | 27,185 |

## 3. Earnings per Share (cont'd)

The Group has one category of dilutive potential Ordinary shares, being those granted to Directors and employees under the share schemes.

Shares held by the Employee Benefit Trust are excluded from the weighted average number of Ordinary shares for the purposes of basic earnings per share.

*Profit for period*

| | **unaudited H1 2022 $000's** | unaudited H1 2021 $000's | audited FY 2021 $000's |
|---|---|---|---|
| **Profit for the period attributable to equity holders of the parent** | **4,720** | 8,447 | 12,905 |
| Aborted share placing costs (tax adjusted) | **–** | 283 | 386 |
| Acquisition and associated share placing costs (tax adjusted) | **1,321** | – | 5,210 |
| Acquisition integration costs (tax adjusted) | **290** | – | – |
| Amortisation of acquired intangibles | **8,919** | – | – |
| **Adjusted profit for the period attributable to equity holders of the parent** | **15,250** | 8,730 | 18,501 |

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

For diluted earnings per share, the weighted average number of Ordinary shares calculated above is adjusted to assume conversion of all dilutive potential Ordinary shares.

*Earnings per share*

| | **unaudited H1 2022 cents** | unaudited H1 2021 cents | audited FY 2021 cents |
|---|---|---|---|
| Basic EPS | **13.5** | 31.5 | 48.1 |
| Diluted EPS | **13.3** | 31.1 | 47.5 |
| Adjusted basic EPS | **43.5** | 32.5 | 69.0 |
| Adjusted diluted EPS | **43.0** | 32.1 | 68.1 |

## 4. Intangible Assets

| | Goodwill $'000 | Customer Relationships $'000 | Proprietary Software $'000 | Trademarks $'000 | Development Costs $'000 | Computer Software $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 July 2021 | 11,438 | 2,964 | 3,043 | – | 42,976 | 1,004 | 61,425 |
| Additions | – | – | – | – | 6,123 | 956 | 7,079 |
| Acquisition of subsidiary | 232,180 | 151,000 | 42,028 | 5,000 | – | 6,831 | 437,039 |
| At 31 December 2021 | 243,618 | 153,964 | 45,071 | 5,000 | 49,099 | 8,791 | 505,543 |
| **Accumulated amortisation and impairment** | | | | | | | |
| At 1 July 2021 | 250 | 2,964 | 3,043 | – | 11,324 | 734 | 18,315 |
| Amortisation charge | – | 4,719 | 3,940 | 260 | 2,027 | 626 | 11,572 |
| At 31 December 2021 | 250 | 7,683 | 6,983 | 260 | 13,351 | 1,360 | 29,887 |
| **Net book value at 31 December 2021** | **243,368** | **146,281** | **38,088** | **4,740** | **35,748** | **7,431** | **475,656** |
| Net book value at 30 June 2021 | 11,188 | – | – | – | 31,652 | 270 | 43,110 |

## 5. Trade and Other Receivables

| | unaudited H1 2022 $'000 | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|
| Trade receivables | **43,161** | 17,411 | 16,450 |
| Less: provision for impairment of trade receivables | **(5,584)** | (2,190) | (2,270) |
| Net trade receivables | **37,577** | 15,211 | 14,180 |
| Unbilled contract revenue | **18,725** | – | – |
| Other receivables | **3,348** | 698 | 302 |
| Current tax receivable | **2,723** | – | 278 |
| Prepayments and accrued income | **3,441** | 3,641 | 4,090 |
| Deferred contract costs | **6,208** | 6,410 | 6,012 |
| | **72,022** | 25,970 | 24,862 |
| Less non-current prepaid loan arrangement fees | **–** | – | (1,692) |
| Less non-current deferred contract costs | **(3,673)** | (4,074) | (3,735) |
| **Trade and other receivables** | **68,349** | 21,896 | 19,435 |

There is no material difference between the fair value of trade and other receivables and the book value stated above. All amounts included within trade and receivables are classified as financial assets at amortised cost.

## 6. Trade and Other Payables

| | unaudited H1 2022 $'000 | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|
| Trade payables | **5,545** | 1,620 | 1,844 |
| Lease creditor due < 1 year | **1,272** | 1,066 | 1,053 |
| Social security and PAYE | **2,452** | 1,903 | 1,556 |
| Other payables | **1,016** | 71 | 50 |
| Amounts held on behalf of customers | **8,867** | – | - |
| Accruals | **6,925** | 4,367 | 10,808 |
| Advanced payments | **–** | – | 428 |
| **Trade and other payables** | **26,077** | 9,027 | 15,739 |

## 6. Trade and other payables (cont'd)

No derivatives have been entered into in the current reporting period. No other assets or liabilities have been measured at fair value. Trade and other payables are classified as financial liabilities at amortised cost.

## 7. Borrowings

In June 2021, the Group entered into a new debt facility to finance the purchase of Sentry Data Systems, Inc. The total available amount under the facility is $140m, of which $120m was drawn down on 12 July 2021.

The debt facility comprises a term loan of $40m which is repayable in quarterly installments over 5 years up to 30 June 2026, and a revolving loan facility of $80m which expires on 7 June 2024. The Group has the ability to extend the revolving loan facility for an additional two year term. Interest is charged on the facility on a daily basis at margin and compounded reference rate. The margin rate is fixed at 2.55% for the first 6 months of the facility term.

The facility agreement and is secured by a Scots law floating charge granted by the Company, an English law debenture granted by the Company and a New York law security agreement to which the Company and certain of its subsidiaries are parties. The securities granted by the Company and the relevant subsidiaries provide security over all assets of the Company and specified assets of the Group.

The contractual maturity of the Group's borrowings at the period end were as follows:

| As at 31 December 2021 | Less than 1 year $'000 | Between 1 to 2 years $'000 | Between 2 to 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| Term loan | **8,000** | **8,000** | **20,000** | **36,000** |
| Revolving facility | **–** | **–** | **80,000** | **80,000** |
| Arrangement fees | **(509)** | **(487)** | **(432)** | **(1,428)** |
| **Borrowing facilities** | **7,491** | **7,513** | **99,568** | **114,572** |

Arrangement fees paid in advance of the setting up of the facility are being recognised over the life of the facility in operating costs.

*Loan covenants*

Under the facilities the Group is required to meet quarterly covenants tests in respect of:

a) Adjusted leverage which is the ratio of total net debt on the last day of the relevant period to adjusted EBITDA
b) Cash flow cover which is the ratio of cashflow to net finance charges in respect of the relevant period.

The Group complied with these ratios throughout the reporting period.

## 7. Borrowings (cont'd)

*Financing arrangements*

The Group's undrawn borrowing facilities were as follows:

| | **unaudited H1 2022 $'000** | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|
| Term Loan | **–** | – | 40,000 |
| Revolving Facility | **20,000** | – | 100,000 |
| **Undrawn Borrowing Facilities** | **20,000** | – | 140,000 |

## 8. Called Up Share Capital

| | **Number** | **unaudited H1 2022 $'000** | Number | unaudited H1 2021 $'000 | Number | audited FY 2021 $'000 |
|---|---|---|---|---|---|---|
| Authorised<br>Equity share capital<br>Ordinary shares of 1p each | **50,000,000** | **1,014** | 50,000,000 | 1,014 | 50,000,000 | 1,014 |
| Allotted called-up and fully paid<br>Equity share capital<br>Ordinary shares of 1p each | **35,526,539** | **658** | 26,826,539 | 536 | 33,019,191 | 624 |

During the period ended 31 December 2021, shares were allotted as part of the consideration for the acquisition of Sentry Data Systems, Inc. as described in Note 2.

## 9. Consolidated Cash Flow Generated from Operating Activities

Reconciliation of profit before taxation to net cash inflow from operating activities:

| | **unaudited H1 2022 $'000** | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|
| Profit before taxation | **6,234** | 9,929 | 13,165 |
| Finance income | **(1)** | – | (1) |
| Finance expense | **1,431** | 45 | 76 |
| Depreciation on property, plant and equipment | **1,511** | 732 | 1,403 |
| Amortisation of intangible assets – other | **2,653** | 1,307 | 3,840 |
| Amortisation of intangible assets – acquired intangibles | **8,919** | – | – |
| Share-based payments | **1,013** | 1,048 | 2,141 |
| FX on non-cash items | **–** | – | (136) |
| **Movements in working capital:** | | | |
| (Increase)/Decrease in trade and other receivables | **(15,343)** | (1,051) | 2,026 |
| Increase/(Decrease) in trade and other payables | **6,176** | 1,361 | 4,197 |
| **Cash generated from operations** | **12,593** | 13,371 | 26,711 |

Total cash and cash equivalents at 31 December 2021 includes restricted cash of $9.3m which relates to amounts held on behalf of customers as part of services provided in connecting them to their contract pharmacy network. These amounts are generally held by the Group for less than 30 days. The Group retains fees from the restricted cash accounts for services provided to customers in managing the transfer of cash and for reconciliation services.

## 10. Basis of Preparation

The interim financial statements are unaudited and do not constitute statutory accounts as defined in S435 of the Companies Act 2006. These statements have been prepared applying accounting policies that were applied in the preparation of the Group's consolidated accounts for the year ended 30th June 2021 and the changes outlined below in Note 13. Those accounts, with an unqualified audit report, have been delivered to the Registrar of Companies.

The interim financial statements have been prepared on a going concern basis. The Group's activities and an overview of the development of its products, services and the environment in which it operates together with an update on the Group's financial performance and position are set out in the Financial Review. Despite the ongoing uncertainties and challenges caused

## 10. Basis of Preparation (cont'd)

by COVID-19 pandemic, the Group is profitable, cash generative and the half year trading results are in line with expectations. An overview of the impact of the COVID-19 pandemic on the Group in the period are contained in the Strategic Report, and details were also contained in the Group's Annual Report and Financial Statements for the year ended 30 June 2021. The Board continues to carefully monitor the impact of the COVID-19 pandemic on the operations of the Group. The Viability Statement and the Board's Going Concern assessment contained the Annual Report for the year ended 30 June 2021 are still considered to be appropriate by the Board. The SaaS business model with its underlying long-term contracts as described earlier in the Financial Review, high levels of associated cash generation and long-term focus on customer success provides a foundation of revenue for future periods. This foundation of contracted revenue forms the basis of the scenarios considered but the Directors in making this assessment.

The Directors, having made suitable enquiries and analysis of the interim financial statements, including the consideration of: net cash reserves; continued cash generation; compliance with loan facility covenants; and Annuity SaaS business model; have determined that the Group has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the interim financial statements.

## 11. Segmental Information

The Directors consider that the Group operates in predominantly one business segment, being the creation of software sold entirely to the US Healthcare Industry, and that there are therefore no additional segmental disclosures to be made in these financial statements.

## 12. Risks and Uncertainties

The principal risks and uncertainties, as set out on pages 14 to 17 of the Annual Report for the year ended 30 June 2021, remain unchanged. The unchanged risks are:

- Data and Cyber Security
- Intellectual Property Risk
- US Healthcare: Complexity, Evolution and Reform
- Regulatory Environment
- Political and Microeconomic Changes
- Market and Customer Consolidation
- Competitive Landscape
- Acquisition Risk

The Directors regularly review these risks and uncertainties and appropriate actions are taken to manage them. Included within the Strategic Report is more detail on the outlook for the Group for the remaining six months of the year.

## 13. Changes to Significant Accounting Policies, Judgements and Estimates

The accounting policies, significant judgements and key sources of estimation applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021 except as detailed below:

### Borrowings

Borrowings represent bank loans, initially measured at fair value net of transaction costs and subsequently measured at amortised cost, using the effective interest rate method. Finance charges are accounted for in profit or loss over the term of the loan.

## 14. Availability of Announcement and Half Yearly Financial Report

Copies of this announcement are available on the Company's website, www.craneware.com. Copies of the Interim Report will be posted to shareholders, downloadable from the Company's website and available from the registered office of the Company shortly.

## 15. Alternative performance measures

The Group's performance is assessed using a number of financial measures which are not defined under IFRS and are therefore non-GAAP (alternative) performance measures.

The Directors believe these measures enable the reader to focus on what the Group regard as a more reliable indicator of the underlying performance of the Group since they exclude items which are not reflective of the normal course of business, accounting estimates and non-cash items.  The adjustments made are consistent and comparable with other similar companies.

These are as follows:

### Adjusted EBITDA

Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortisation, exceptional items and share based payments.

| | **unaudited H1 2022 $'000** | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|
| Operating profit | **7,664** | 9,974 | 13,240 |
| Depreciation of property, plant and equipment | **1,511** | 732 | 1,403 |
| Amortisation of intangible assets – other | **2,653** | 1,307 | 3,840 |
| Amortisation of intangible assets – acquired intangibles | **8,919** | - | - |
| Share based payments | **1,013** | 1,048 | 2,141 |
| Exceptional items – aborted share placing | **-** | 283 | 283 |
| Exceptional items – acquisition and associated share placing | **1,573** | - | 6,204 |
| Exceptional items – integration costs | **346** | - | - |
| **Adjusted EBITDA** | **23,679** | 13,344 | 27,111 |

## 15. Alternative performance measures (cont'd)

### Adjusted earnings per share (EPS)

Adjusted earnings per share (EPS) calculations allow for the tax adjusted acquisition costs and share related transactions together with amortisation on acquired intangibles via business combinations. See Note 3 for the calculation.

### Operating cash conversion

Adjusted earnings per share (EPS) calculations allow for the tax adjusted acquisition costs and share related transactions together with amortisation on acquired intangibles via business combinations. See Note 3 for the calculation.

| | **unaudited H1 2022 $'000** | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|
| Cash generated from operations (note 9) | **12,593** | 13,371 | 26,711 |
| Total exceptional items | **1,919** | 283 | 6,487 |
| Accrued exceptional items at the start of the period paid in the current period | **5,509** | – | – |
| Accrued exceptional items at the end of the period | **(39)** | – | (5,509) |
| Trade payable exceptional items at the start of the period paid in the current period | **683** | – | – |
| Trade payables cash exceptional items at the end of the period | **(21)** | – | (683) |
| **Cash generated from operations before exceptional items** | **20,644** | 13,654 | 27,006 |
| **Adjusted EBITDA** | **23,679** | 13,344 | 27,111 |
| **Operating cash conversion** | **87%** | 102.3% | 99.6% |

## 15. Alternative performance measures (cont'd)

### Adjusted EBITDA

Adjusted EBITDA refers to profit before tax adjusted for exceptional items and amortisation of acquired intangibles.

| | **unaudited H1 2022 $'000** | unaudited H1 2021 $'000 | audited FY 2021 $'000 |
|---|---|---|---|
| Profit before taxation | **6,234** | 9,929 | 13,165 |
| Amortisation of intangible assets – acquired intangibles | **8,919** | – | – |
| Exceptional items – aborted share placing | **–** | 283 | 283 |
| Exceptional items – acquisition and associated share placing | **1,573** | – | 6,204 |
| Exceptional items – integration costs | **346** | – | – |
| **Adjusted PBT** | **17,072** | 10,212 | 19,652 |

### Net Debt

Net Debt refers to net balance of short term borrowings, long term borrowings and cash and cash equivalents (excluding restricted cash).

### Annual Recurring Revenue

Annual Recurring Revenue includes the annual value of licence and transaction revenues as at 31 December 2021 that are subject to underlying contracts.

### % Annual Recurring Revenue from the Cloud

% Annual Recurring Revenue from the Cloud is the Annual Recurring Revenue as described above relating specifically to cloud-based products expressed as a % of total Annual Recurring Revenue.

### Revenue Growth

Revenue Growth is the increase in Revenue in the current period compared to the previous period expressed as a % of the previous period Revenue.

# Directors, Secretary, Advisors and Subsidiaries

## Directors

**Will Whitehorn** (non-executive, Chairman)
**Keith Neilson**
**Craig T Preston**
**Colleen M Blye** (Senior independent director)
**Russ Rudish** (non-executive)
**Alistair Erskine** (non-executive)
**David Kemp** (non-executive)

## Company Secretary & Registered Office

**Craig T Preston**
1 Tanfield
Edinburgh
EH3 5DA

## Nominated Advisors and Joint Stockbrokers

**Peel Hunt LLP**
120 London Wall
London
EC2Y 5ET

## Registrars

**Link Asset Serices Ltd**
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

## Independent Auditors

**PricewaterhouseCoopers LLP**
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

## Financial PR

**Alma PR**
71-73 Carter Lane
London
EC4V 5EQ

## Joint Stockbrokers

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

**Investec Bank plc**
30 Gresham Street
London
EC2V 7QP

## Solicitors

**Pinsent Masons LLP**
58 Morrison Street
Edinburgh
EH3 8BP

**Bryan Cave LLP**
One Atlantic Center,
14th Floor
1201 W. Peachtree St. NW
Atlanta, GA, 30309-3471

## Bankers

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

**Silicon Valley Bank**
3003 Tasman Drive
Santa Clara, CA
95054

**HSBC Bank plc**
7 West Nile Street
Glasgow
G1 2RG

**Bank of Scotland**
The Mound
Edinburgh
EH1 1YZ

**Clydesdale Bank**
20 Waterloo Street
Glasgow
G2 6DB

**Wells Fargo**
500 N Magnolia Avenue
8th Floor
Orlando, FL 32803

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

## Subsidiaries and Registered Offices

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

**Craneware, Inc.**
3340 Peachtree Rd NW
Suite 850
Atlanta, GA 30326

**Craneware InSight, Inc.**
3340 Peachtree Rd NW
Suite 850
Atlanta, GA 30326

**Craneware Healthcare Intelligence, LLC**
12570 Perry Highway
Suite 110
Wexford, PA 15090

**Kestros Ltd. t/a Craneware Health**
1 Tanfield
Edinburgh
EH3 5DA

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

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

**Sentry Data Systems, Inc.**
1946 Tyler Street
Hollywood, FL 33020

**Agilum Healthcare Intelligence, Inc.**
300 Montvue Road,
Suite 400
Knoxville, TN 37919

# Personal
# Notes

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