



ENDAVA PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE 2021**

COMPANY REGISTRATION NUMBER 5722669



COMPANY REGISTRATION NUMBER	5722669
REGISTERED OFFICE	125 Old Broad Street LONDON EC2N 1AR
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The Directors present their Strategic, Directors' Remuneration and Directors' Reports on and the audited financial statements of Endava Plc (the "Company" and, together with its subsidiary undertakings, the "Group") for the year ended 30 June 2021.

STRATEGIC REPORT

Our Business

We are a leading next-generation technology services provider and help accelerate disruption by delivering rapid evolution to enterprises. We aid our clients in finding new ways to interact with their customers and users, enabling them to become more engaging, responsive and efficient. Using Distributed Enterprise Agile at scale, we collaborate with our clients, seamlessly integrating with their teams, catalysing ideation and delivering robust solutions. Our approach to ideation comprises an empathy for user needs, curiosity, creativity and a deep understanding of technologies. From proof of concept, to prototype, to production, we use our engineering expertise to deliver enterprise platforms capable of handling millions of transactions per day. Our people, whom we call Endavans, synthesise creativity, technology and delivery at scale in multi-disciplinary teams, enabling us to support our clients from ideation to production.

Waves of technological change are disrupting the nature of competition in every industry. New technologies have enabled the growth and success of companies that leverage these technologies in every aspect of their businesses, or digital native companies, allowing them to be nimble, innovative, data driven and focused on user experience, often through an Agile development approach. Technology has also increased customer expectations, giving customers the ability to choose not only the products and services that they want, but also where, when and how they want them delivered. Incumbent enterprises must undertake digital transformation of their businesses by leveraging technology in order to meet ever-evolving customer expectations and compete with digital native disruptors. According to International Data Corporation, or IDC, the worldwide market for digital transformation services is expected to grow at a compound annual growth rate of 15.5% from 2020 to 2023 and is expected to approach \$6.8 trillion.

Technological transformation poses numerous challenges for incumbent enterprises. Incumbent enterprises are often laden with legacy infrastructure and applications that are deeply embedded in core transactional systems, making it difficult to reconcile maintenance of existing infrastructure and applications with a nimble approach to using next-generation technologies. Incumbent enterprises are also often stymied by institutional constraints that impede their ability to solve complex problems and rapidly respond to shifting competitive dynamics, as well as ingrained traditional approaches to development. The Agile methodology stands in stark contrast to the IT-department-driven, legacy approach often used by incumbent enterprises, which is premised on a sequential and siloed structure, involves long development cycles, fails to integrate user feedback and is often more costly. Likewise, internal IT teams at incumbent enterprises often struggle to absorb the rapid pace of technology development and its growing complexity. To effectively harness the power of technology, incumbent enterprises need talent in ideation, strategy, user experience, Agile development and next-generation technologies. While incumbent enterprises have historically looked to traditional information technology, or IT, service providers to undertake technology development projects, these traditional players were built to serve, and remain focused on serving, legacy systems using offshore delivery.

We reimagine the relationship between people and technology and help our clients become digital, experience-driven businesses by assisting them in their journey from idea generation to development and deployment of products, platforms and solutions. Our expertise spans the entire ideation-to-production spectrum. We create value for our clients through creation of Product and Technology Strategies, Intelligent Digital Experiences, and World Class Engineering, delivered through our 24 capabilities, grouped into four key areas: Define, Design, Build and Run & Evolve. We accelerate our clients' ability to take advantage of new business models and market opportunities by ideating and delivering dynamic platforms and intelligent digital experiences that are designed to fuel rapid, ongoing transformation of our customer's businesses. By leveraging next-generation technologies, our agile, multi-disciplinary teams provide a combination of Product & Technology Strategies, Intelligent Experiences, and World Class Engineering to help our clients become more engaging, responsive, and efficient.

At the core of our approach is our proprietary Distributed Enterprise Agile scaling framework, known as The Endava Agile Scaling framework, or TEAS. TEAS utilises common Agile scaling frameworks, but enhances them by balancing the requirements of delivering both quality and speed-to-market, helping our clients release higher-quality products to market faster, respond better to market changes and incorporate customer and user feedback through rapid releases and product iterations. Our deep familiarity with technologies developed over the last decade including mobile connectivity, social media, automation, big data analytics and cloud delivery, as well as next-generation technologies such as the Internet of Things, or IoT, artificial intelligence, machine learning, augmented reality, virtual reality and blockchain, allows us to help our clients transform their businesses.

Our Strategy

We are focused on continuing to distinguish ourselves as a leader in next-generation technology services. The key elements of our strategy include:

Expand relationships with existing clients

We are focused on continuing to expand our relationships with existing clients by helping them solve new problems and become more engaging, responsive and efficient. We have a demonstrated track record of expanding our work with clients after an initial engagement. Our ten largest clients together contributed 34.9% and 38.1% of our total revenue in the last two financial years, respectively, and the number of clients that have a minimum annual spend of at least £1.0 million has grown from 65 to 85 over the same time period. Expansion of our relationships with existing active clients will remain a key strategy going forward as we continue to leverage our deep domain expertise and knowledge of emerging technology trends in order to drive incremental growth for our business.

Establish new client relationships

We believe that we have a significant opportunity to add new clients. We have established ourselves as a leader in delivering end-to-end ideation-to-production services in the Financial Services and Payments and Technology, Media and Telecommunications, or TMT verticals. Clients in the Payments and Financial Services vertical contributed to 50.7%, 52.8% and 52.9% of our total revenue in the 2021, 2020 and 2019 financial years, respectively. Clients in the TMT vertical contributed 27.1%, 25.7% and 27.4%, of our total revenue in the 2021, 2020 and 2019 financial years, respectively. Clients in our Other vertical contributed 22.2%, 21.5% and 19.7%, of our total revenue in the 2021, 2020 and 2019 financial years, respectively. We believe that we continue to have a significant untapped opportunity in these sectors and we plan to leverage this experience to expand our vertical reach.

As waves of technological change sweep across industries and increasingly facilitate seamless integration of different aspects of customers and users lives, we believe our experience working within our core client base will also be of particular value in expanding our vertical reach. For example, as customers increasingly demand a frictionless and consistent buying experience and the payments and retail sectors converge, we believe our deep expertise in developing payment systems and e-commerce platforms will allow us to grow our base of retail clients. Similarly, we believe that our expertise in data analytics and augmented and virtual reality will be increasingly relevant in the healthcare industry as technology continues to reshape the practice and provision of medicine. We are also focused on the consumer products, logistics and professional services verticals as key areas for potential growth.

We are likewise focused on geographic expansion, particularly in North America. In the 2021 financial year, approximately 31.4% of our revenue came from clients in North America. With our acquisition of Five and Levvel, we further increased our sales presence in the United States. In addition, we plan to evaluate other growth markets, including countries in the Asia Pacific region, to expand our client footprint.

Lead adoption of next-generation technologies

We seek to apply our creative skills and deep digital technical engineering capabilities to enhance our clients' value to their end customers and users. As a result, we are highly focused on remaining at the forefront of emerging technology trends, including in areas such as IoT, artificial intelligence, machine learning, augmented reality, virtual reality and blockchain. For example, we have developed next-generation technology solutions such as blockchain payment gateways and chatbot-enabled social payments. We are embedded and integrated with our clients, which gives us unique insight into how emerging industry trends can help address their needs. We plan to leverage these insights to continue innovating for our clients.

Expand scale in nearshore delivery

We believe that our proprietary Distributed Enterprise Agile at scale framework requires that we have teams based in locations with similar time zones to those of our clients since our delivery teams are in constant dialogue and interaction with our clients. We focus on being an employer of choice for IT professionals in the regions in which we operate, which include countries with deep and largely untapped creative and engineering talent pools, and on being an employer of choice in local markets. As we continue to expand our relationships with existing clients and attract new clients, we plan to expand our teams at existing delivery centres and open new delivery centres in nearshore locations with an abundance of technical talent.

Selectively pursue "tuck-in" acquisitions

We plan to selectively pursue "tuck-in" acquisitions. Our focus is on augmenting our core capabilities to enhance our expertise in new technologies and verticals and increase our geographic reach, while preserving our corporate culture and sustainably managing our growth. Consistent with these goals, we have completed six acquisitions in the past five financial years, all of which have enabled us to accelerate core strategic goals. For example, our acquisition of Levvel in March 2021 increased our client base in payments, banking, media and mobility in the United States and increased our U.S. onshore delivery capabilities.

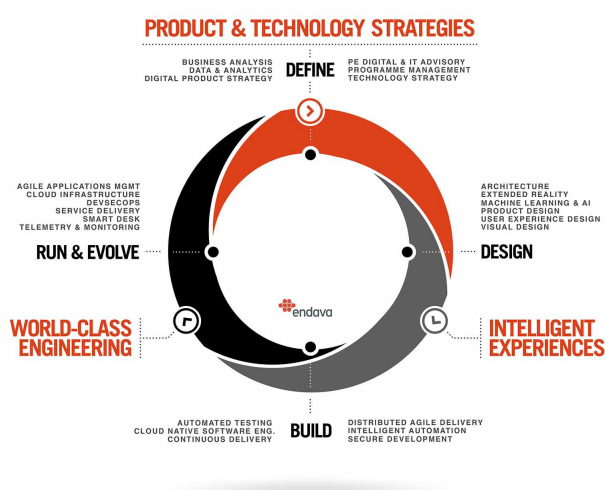
Our acquisition of Five in March 2021 enhanced our capabilities in digital product strategy and performance optimisation services and increased our nearshore delivery centres in the Adriatic region. Our acquisition of CDS in August 2020 increased our nearshore delivery centres in the Adriatic region and our client base in Europe across several verticals including logistics, mobility, energy, healthcare, government, banking and others.

We have a demonstrated track record of successfully identifying, acquiring and integrating complementary businesses and plan to leverage this experience as we pursue “tuck-in” acquisitions that help accelerate our strategy. All acquired companies have been integrated into our core and single operating segment immediately upon acquisition.

Our Business Model

We reimagine the relationship between people and technology. We accelerate our clients’ ability to take advantage of new business models and market opportunities by ideating and delivering dynamic platforms and intelligent digital experiences that are designed to fuel rapid, ongoing transformation of their businesses. By leveraging next-generation technologies, our agile, multi-disciplinary teams provide a combination of Product & Technology Strategies, Intelligent Experiences and World-Class Engineering to help our clients become more engaging, responsive, and efficient.

We offer our clients capabilities in four key areas, as depicted below. The multiplicative impact of different combinations of these capabilities across the delivery of strategies, experiences and engineering, allows us rapidly to create real transformation for our clients.



Our frameworks, methods and tools, including TEAS, enhance our ability to develop and deploy solutions based on next-generation technologies. Developed with a focus on providing innovation, quality and productivity at scale, we believe our frameworks, methods and tools allow us to:

- Deliver outcome driven programs to our clients, with faster time-to-market and favourable return on investment;
- Tailor our approach to the needs of our clients and respond flexibly to changing client objectives and market conditions;
- Improve our clients visibility into budgets, status and progress of technology projects; and
- Provide better solutions.

We believe the development of a scaled global, nearshore delivery model with selective close-to-client capabilities enables us to deliver higher-quality technology services to meet our clients' needs. Nearshore delivery locations with geographic proximity, cultural affinity and complementary time zones enable increased interaction with our clients, enhance relationships and improve responsiveness for more efficient delivery of our services. As a result, we are able to differentiate ourselves on projects that require a high degree of client collaboration and iteration.

Our Business Performance

Revenues grew 27.2% year on year. Our revenue composition by industry vertical is as follows:

Revenue by industry vertical	Year Ended 30 June		Year Ended 30 June	
	2021	2020	2021	2020
	(in millions)		%	
Payments and Financial Services	226.4	185.2	50.7 %	52.8 %
TMT	121.0	90.3	27.1 %	25.7 %
Other	98.9	75.5	22.2 %	21.5 %
Total	446.3	351.0	100.0 %	100.0 %

In terms of geographic composition (defined as where our projects are delivered to), revenue is split as follows:

Revenue by geography	Year Ended 30 June		Year Ended 30 June	
	2021	2020	2021	2020
	(in millions)		%	
North America	140.1	100.1	31.4 %	28.5 %
Europe	108.0	85.9	24.2 %	24.5 %
United Kingdom	187.0	155.5	41.9 %	44.3 %
RoW ¹	11.2	9.5	2.5 %	2.7 %
Total	446.3	351.0	100.0 %	100.0 %

1 Rest of World (RoW)

Revenue

Revenue for the year ended 30 June 2021 ("FY2021" or "the 2021 financial year") was £446.3 million, an increase of £95.3 million, or 27.2%, over the year ended 30 June 2020 ("FY2020" or "the 2020 financial year"). In constant currency terms, revenue grew by 29.6% over FY2020.

We achieved significant growth in revenue across all verticals. Revenue from clients in the Payments and Financial Services vertical increased by £41.2 million, or 22.3%, to £226.4 million in FY2021 from £185.2 million in FY2020. Revenue from clients in the TMT vertical increased by £30.8 million, or 34.1%, to £121.0 million in FY2021 from £90.3 million in FY2020. Revenue from clients in our Other vertical also grew significantly, increasing by £23.3 million, or 30.9%, to £98.9 million in FY2021 from £75.5 million in FY2020.

The acquired operations of CDS contributed £27.2 million in FY2021, particularly within our Other vertical and in Europe. The acquired operations of Five contributed £4.8 million in FY2021, particularly within our Other and TMT verticals and in North America. The acquired operations of Levvel contributed £11.6 million in FY2021, particularly within our Other and Payments and Financial Services verticals and in North America.

Revenue also grew across all geographies. Revenue from clients based in Europe increased by £22.1 million, or 25.7%, to £108.0 million in FY2021 from £85.9 million in FY2020. Revenue from clients based in the United Kingdom increased by £31.5 million, or 20.3%, to £187.0 million in FY2021 from £155.5 million in FY2020. Revenue from clients based in North America increased by £40.0 million, or 40.0%, to £140.1 million in FY2021 from £100.1 million in FY2020. Revenue from clients based in Rest of World increased by £1.7 million, or 18.1%, to £11.2 million in FY2021 from £9.5 million in FY2020. Revenue from our top 10 clients in FY2021 increased by £22.1 million, or 16.6%, to £155.9 million compared to £133.8 million in revenue from our top 10 clients in FY2020.

Cost of sales

Total cost of sales increased by £41.7 million, or 16.6%, in FY2021 compared to FY2020. The increase consisted of a £38.4 million increase in direct cost of sales, as a result of increased personnel costs, which reflected an increase in the average number of employees involved in delivery of our services from 5,633 in FY2020 to 6,943 in FY2021. Our growth in operational headcount consisted of new employees located in Europe in connection with our acquisitions of CDS and Five and new employees in the Americas in connection with our acquisitions of Five and Levvel. Grant income decreased by £0.2 million in FY2021 compared to FY2020 and research and development credits (in respect of innovative work we carried out for contract customers) increased by £1.0 million in FY2021 compared to FY2020. Included in the allocated cost of sales is the portion of depreciation and amortisation expense attributable to the portion of our property and equipment and intangible assets utilised in the delivery of services to our clients. This increased by £3.3 million in FY2021 compared to FY2020, or 19.0% due to the increase in size of our delivery organisation. Gross margin increased to 34.5% in FY2021 from 28.5% in FY2020.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by £15.2 million, or 20.2% in FY2021 compared to FY2020. The increase in total selling, general and administrative expenses is primarily related to an increase of £5.0 million in general and administrative expenses as a result of increased support functions costs in line with growth, increased merger and acquisition costs and Sarbanes-Oxley compliance expenses. Sales and marketing expenses increased by £4.0 million. Depreciation and amortisation increased by £3.1 million, or 50.0%, in FY2021 compared to FY2020, primarily as a result of a £2.7 million increase in amortisation of acquired intangible assets acquired.

As a percentage of revenue, selling, general and administrative expenses decreased from 21.4% to 20.2%. Excluding the non-recurring cost of the discretionary EBT bonus, as a percentage of revenue, selling, general and administrative expenses in FY2020 would have been 21.6%, FY2021 on FY2020 selling, general and administrative expenses as a percentage of revenue have reduced.

Net impairment losses on financial assets

The net impairment losses on financial assets charge declined by £3.2 million, or 99.9% in FY2021 compared to FY2020. Due to the impact of the COVID-19 pandemic, in FY2020 expected credit losses were charged against clients linked to industry sectors that we consider most heavily affected by the pandemic. In addition, expected credit losses were charged against other clients linked to the ageing of their debtor balance and an analysis of the debtors' current financial position. In FY2021 the aggregate charge was lower compared to FY2020 due to changes in debtor balances and client financial positions.

Net finance (expense)/income

In FY2021, we recognised net finance expense of £9.2 million, which included a charge to lease interest of £1.2 million and a £6.5 million expense related to changes in foreign exchange rates.

Gain on sale of subsidiary

On 1 June 2019, Endava entered into an agreement to sell the Worldpay Captive subsidiary ("the Captive") and to terminate the option and transfer agreement. On 31 August 2019 the transaction was completed and the employees of the Captive became employees of Worldpay. The aggregate selling price of the Captive was £3.6 million and the Group recognised a gain on disposal of subsidiary of £2.2 million in FY2020. No subsidiaries were sold in FY2021.

Profit before tax

Our profit before taxes was £54.4 million and £25.3 million for the financial years ended 30 June 2021 and 30 June 2020 respectively. Our profit before taxes as a percentage of revenue was 12.2% and 7.2% respectively, for the same periods. During the year ended 30 June 2020 we incurred £27.9 million of costs in connection with our non-recurring, discretionary employee bonus. The EBT funded the bonus through sales of our Class A ordinary shares. As previously disclosed, the EBT, whose beneficiaries are our employees, was holding certain Class A ordinary shares for sale in the event it decided to fund a discretionary cash bonus to our employees. Excluding the discretionary EBT bonus, profit before taxes for the financial year ended 30 June 2020 was £53.0 million, and profit before taxes as a percentage of revenue, 15.1%. There were no EBT bonus related costs during the year ended 30 June 2021.

Tax on profit on ordinary activities

Tax on profit on ordinary activities increased by £7.1 million, or 183.8%, in FY2021 compared to FY2020. Our annual effective tax rate for FY2021 was 20.1%, compared to an annual effective tax rate of 15.2% for FY2020. The FY2020 effective tax rate benefitted from the non-taxability of the gain on the sale of the Captive and one-off tax measures introduced by governments in response to the COVID-19 pandemic which were not repeated in FY2021.

Liquidity and capital resources

Net current assets decreased to £86.9 million as at 30 June 2021 compared to £111.1 million as at 30 June 2020. This was driven by a lower closing cash and cash equivalents balance arising from cash generated from operations. Further information on liquidity and going concern is included in the Directors' Report.

Key Performance Indicators

We regularly monitor a number of financial and operating metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Our management metrics may be calculated in a different manner than similarly titled metrics used by other companies.

	Year Ended 30 June	
	2021	2020
	(pounds in millions)	
Revenue growth rate at constant currency	29.6%	21.0%
Average number of employees involved in delivery of our services	6,943	5,633
Revenue concentration	34.9%	38.1%
Number of large clients	85	65
Adjusted profit before taxes margin	20.6%	19.5%
Adjusted free cash flow	£82.7	£31.4

Revenue growth rate at constant currency

We monitor our revenue growth rate at constant currency. As the impact of foreign currency exchange rates is highly variable and difficult to predict, we believe revenue growth rate at constant currency allows us to better understand the underlying business trends and performance of our ongoing operations on a period-over-period basis. We calculate revenue growth rate at constant currency by translating revenue from entities reporting in foreign currencies into British Pounds using the comparable foreign currency exchange rates from the prior period. For example, the average rates in effect for the financial year ended 30 June 2020 were used to convert revenue for the financial year ended 30 June 2021 and the revenue for the comparable prior period ended 30 June 2020, rather than the actual exchange rates in effect during the respective period. Revenue growth rate at constant currency is not a measure calculated in accordance with IFRS.

Average number of employees involved in delivery of our services

We monitor our average number of operational employees because we believe it gives us visibility into the size of both our revenue-producing base and our most significant cost base, which in turn allows us to better understand changes in our utilisation rates and gross margins on a period-over-period basis. We calculate average number of operational employees as the average of our number of full-time employees involved in delivery of our services on the last day of each month in the relevant period.

Revenue concentration

We monitor our revenue concentration to better understand our dependence on large clients on a period-over-period basis and to monitor our success in diversifying our revenue base. We define revenue concentration as the percent of our total revenue derived from our 10 largest clients by revenue in each period presented.

Number of large clients

We monitor our number of large clients to better understand our progress in winning large contracts on a period-over-period basis. We define number of large clients as the number of clients from whom we generated more than £1.0 million of revenue in the prior 12-month period.

Number of clients with Revenue > £1m

	Year Ended 30 June	
	2021	2020
Over £5 Million	19	15
£2 - £5 Million	26	31
£1 - £2 Million	40	19
Total number of clients > £1million	85	65

Adjusted profit before taxes margin

We monitor our adjusted profit before taxes margin, or Adjusted PBT Margin, to better understand our ability to manage operational costs, to evaluate our core operating performance and trends and to develop future operating plans. In particular, we believe that the exclusion of certain expenses in calculating Adjusted PBT Margin facilitates comparisons of our operating performance on a period-over-period basis. Our Adjusted PBT Margin is our Adjusted PBT as a percentage of our total revenue. Our Adjusted PBT, is our profit before taxes adjusted to exclude the impact of share-based compensation expense, discretionary EBT bonus, amortisation of acquired intangible assets, realised and unrealised foreign currency exchange gains and losses, initial public offering expenses incurred, Sarbanes-Oxley compliance readiness expenses, net gain on disposal of subsidiary, fair value movement of contingent consideration, secondary offering expenses incurred and stamp duty on transfer of shares. Share-based compensation expense, amortisation of acquired intangible assets, unrealised foreign currency exchange gains and losses and fair value movement of contingent consideration are non-cash expenses. We do not consider these excluded items to be indicative of our core operating performance. Adjusted PBT Margin is not a measure calculated in accordance with IFRS.

The following table presents a reconciliation of Adjusted PBT to profit before taxes, the most directly comparable financial measure calculated and presented in accordance with IFRS, for the financial years ended 30 June 2021 and 2020, respectively.

	Year Ended 30 June	
	2021	2020
	£'000	£'000
Profit before taxes	54,355	25,256
Share-based compensation expense	24,427	15,663
Amortisation of acquired intangible assets	6,725	4,075
Foreign currency exchange gains	6,546	(2,054)
Discretionary EBT bonus	—	27,874
Net gain on disposal of subsidiary	—	(2,215)
	92,053	68,599

Adjusted free cash flow

We monitor our adjusted free cash flow to better understand and evaluate our liquidity position and to develop future operating plans. Our adjusted free cash flow is our net cash provided by/(used in) operating activities, plus grant received, less purchases of non-current tangible and intangible assets. Adjusted free cash flow is not a measure calculated in accordance with IFRS.

	Year Ended 30 June	
	2021	2020
	(pounds in thousands)	
Net cash provided by operating activities	88,352	40,243
Grant received	228	888
Purchases of non-current assets (tangible and intangible)	(5,920)	(9,685)
Adjusted free cash flow	82,660	31,446

Principal risks and uncertainties

In common with other companies in the IT services market, the Group faces a number of principal risks and uncertainties. Internal controls are in place to help identify, manage and mitigate these risks. The overall success of the Group depends, in part, upon its ability to succeed in different operating environments and to manage and to mitigate such risks.

The Group's management applies a risk management framework which it uses to monitor Business Unit risks and further identify corporate-level risks. The framework is used by all management in the Group to identify areas where risk has been identified and where management may be required to act. Each of the Group's Business Units identifies the risks associated with that unit and implements internal control procedures to mitigate and exercise control over those risks in accordance with the laws and regulations in the country where they operate. The risks have been identified as follows:

Summary of Our Principal Risks

- Our results of operations may be negatively impacted by the COVID-19 pandemic.
- We have taken certain precautions due to the ongoing COVID-19 pandemic that could harm our business.
- We may not be able to sustain our revenue growth rate in the future.
- We are dependent on our existing client base and our ability to retain such clients.
- We generally do not have long-term commitments from our clients, and our clients may terminate engagements before completion or choose not to enter into new engagements with us.
- We must attract and retain highly-skilled IT professionals.
- Increases in our current levels of attrition may increase our operating costs and adversely affect our future business prospects.
- Our revenue is dependent on a limited number of industry verticals, and any decrease in demand for technology services in these verticals or our failure to effectively penetrate new verticals could adversely affect our results of operations.
- Our contracts could be unprofitable.
- Our profitability could suffer if we are not able to maintain favourable pricing.
- We must maintain adequate resource utilisation rates and productivity levels.
- Recent acquisitions and potential future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources.

- We may be unable to effectively manage our rapid growth or achieve anticipated growth, which could place significant strain on our management personnel, systems and resources.
- If we do not continue to innovate and remain at the forefront of emerging technologies and related market trends, we may lose clients and not remain competitive.
- We operate in a rapidly evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not continue to be successful.
- We have in the past experienced, and may in the future experience, a long selling and implementation cycle with respect to certain projects that require us to make significant resource commitments prior to realising revenue for our services.
- If we provide inadequate service or cause disruptions in our clients' businesses, it could result in significant costs to us, the loss of our clients and damage to our corporate reputation.
- If we are unable to comply with our security obligations or our computer systems or the computer systems of our clients are or become vulnerable to security breaches, we may face reputational damage and lose clients and revenue.
- We are subject to stringent regulatory, legislative or self-regulatory standards regarding privacy and data security matters. Failing to comply with such requirements could expose us to financial liabilities and/or adversely affect our ability to conduct our business.
- Our client relationships, revenue, results of operations and financial condition may be adversely affected if we experience disruptions in our internet infrastructure, telecommunications or IT systems.
- We may not receive sufficient intellectual property rights from our employees and contractors to comply with our obligations to our clients and we may not be able to prevent unauthorised use of our intellectual property.
- We use third-party software, hardware and software-as-a-service, or SaaS, technologies from third parties that may be difficult to replace or that may cause errors or defects in, or failures of, the services or solutions we provide.
- We incorporate third-party open source software into our client deliverables and our failure to comply with the terms of the underlying open source software licenses could adversely impact our clients and create potential liability.
- Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our services, and could have a negative impact on our business.
- We have significant fixed costs related to lease facilities and may incur additional expense as we adapt our facilities in response to the COVID-19 pandemic.
- Our ability to expand our business and procure new contracts or enter into beneficial business arrangements could be affected to the extent we enter into agreements with clients containing non-competition clauses.
- Fluctuations in currency exchange rates and increased inflation could materially adversely affect our financial condition and results of operations.
- Our revenue, margins, results of operations and financial condition may be materially adversely affected if general economic conditions in Europe, the United States or the global economy worsen.
- Our international operations involve risks that could increase our expenses, adversely affect our results of operations and require increased time and attention from our management.
- Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business.
- Changes and uncertainties in the tax system in the countries in which we have operations, could materially adversely affect our financial condition and results of operations.

- Emerging markets are subject to greater risks than more developed markets, and financial turmoil in any emerging wage inflation and other compensation expense for our IT professionals could adversely affect our financial results.
- We have identified a material weakness in our disclosure controls and internal controls over financial reporting. If we fail to remediate the material weakness and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired, and the trading price of our ADSs may be negatively impacted.
- Our share price may be volatile or may decline regardless of our operating performance.
- Shareholder protections found in provisions under the U.K. City Code on Takeovers and Mergers, or the Takeover Code, will not apply if our place of management and control is considered to change to outside the United Kingdom.
- The dual class structure of our ordinary shares has the effect of concentrating voting control for the foreseeable future, which will limit your ability to influence corporate matters.
- The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.
- Holders of our ADSs have fewer rights than our shareholders and must act through the depositary to exercise their rights.
- Claims of U.S. civil liabilities may not be enforceable against us.
- We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant legal, accounting and other expenses.
- We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our ADSs.

Risks Related to Our Business and Industry

Our results of operations may be negatively impacted by the COVID-19 pandemic.

The ongoing COVID-19 pandemic has resulted in many countries around the world imposing lockdowns, shelter-in-place orders, quarantines, restrictions on travel and mass gatherings, including the cancellation of trade shows and other events, and the extended shutdown of certain non-essential businesses that cannot be conducted remotely. While the potential economic impact brought by, and the duration of, the ongoing COVID-19 pandemic is difficult to assess or predict, it has resulted in significant disruption of global financial markets, which may reduce our ability to access capital and which could negatively affect our liquidity in the future. In addition, ongoing global economic uncertainty resulting from the spread of COVID-19 could materially affect our business, including the demand for our services, and the value of our ADSs. This financial uncertainty may also negatively impact pricing for our services or cause our clients to reduce or postpone their technology spending significantly, which may, in turn, lower the demand for our services and negatively affect our revenue, profitability and cash flows. The increased uncertainty and disruption to global markets may also negatively impact our growth opportunities whether organically or through acquisitions.

Furthermore, if a significant number of our employees are infected with SARS-CoV-2 and have COVID-19 and are unable to work, then our ability to deliver for our clients and run our business could be negatively affected.

While it is not possible at this time to estimate the full impact that the COVID-19 pandemic could have on worldwide economic activity and our business in particular, the continued spread of COVID-19 and the measures, and the market participant's perception and responses to the measures, taken by governments, businesses and other organisations in response to COVID-19 could materially and adversely impact our business, results of operations and financial condition.

In addition, to the extent the ongoing COVID-19 pandemic adversely affects our business, results of operations and financial condition, it may also have the effect of heightening many of the other risks and uncertainties described in this "Risk Factors" section which may materially and adversely affect our business, results of operations and financial condition.

We have taken certain precautions due to the ongoing COVID-19 pandemic that could harm our business.

In light of the uncertain and rapidly evolving situation relating to the ongoing COVID-19 pandemic, we have taken precautionary measures intended to help minimise the risk of the virus to our employees, our customers, and the communities in which we participate, which could negatively impact our business. As a company with employees, customers, partners and investors across the globe, we believe in upholding our company value of being good citizens by doing our part to help slow the spread of the virus. To this end, while we have opened some of our offices in compliance with local regulations, we have enabled all of our employees to work remotely and reduced travel worldwide for our employees. In addition, we have cancelled, postponed or limited company-sponsored events, including employee attendance at industry events and non-essential in-person work-related meetings. While we have a distributed workforce and our employees are accustomed to working remotely or working with other remote employees, our workforce is not fully remote. Our employees travel frequently to establish and maintain relationships with one another and with our customers, and many of our business processes assume that employees can meet with customers and prospective customers in person. Although we continue to monitor the situation and may adjust our current policies as more information and guidance become available, both the reduction in travel and conducting business in-person and general uncertainty regarding the timing and nature of a return to in-person work could negatively impact our marketing efforts, challenge our ability to enter into customer contracts in a timely manner, slow down our recruiting efforts, or create operational or other challenges, including decreased productivity, as we continue to adjust to a substantially remote workforce, any of which could harm our business. Though we are taking these precautionary measures as well as preparing our systems for the likelihood of increased cybersecurity threats, there is no guarantee that our precautions will fully protect our employees or enable us to maintain our productivity. The full extent to which the ongoing COVID-19 pandemic and our precautionary measures related thereto may impact our business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

We may not be able to sustain our revenue growth rate in the future.

We have experienced rapid revenue growth in recent periods. Our revenue increased by 27.2% over the financial year ended 30 June 2020, to £446.3 million in the financial year ended 30 June 2021, and has increased by over 20% in each of the prior two years. We may not be able to sustain revenue growth consistent with our recent history or at all. You should not consider our revenue growth in recent periods as indicative of our future performance. As we grow our business, we expect our revenue growth rates to slow in future periods due to a number of factors, which may include slowing demand for our services, increasing competition, decreasing growth of our overall market, our inability to engage and retain a sufficient number of IT professionals or otherwise scale our business, prevailing wages in the markets in which we operate or our failure, for any reason, to capitalise on growth opportunities.

We are dependent on our existing client base and our ability to retain such clients.

Historically, a significant percentage of our revenue has come from our existing client base. For example, during the financial year ended 30 June 2021, 81.8% of our revenue came from clients from whom we generated revenue during the prior financial years. Additionally, during the financial years ended 30 June 2021, 2020 and 2019 our 10 largest clients accounted for 34.9%, 38.1% and 37.7% of our revenue, respectively. However, the volume of work performed for a specific client is likely to vary from year to year, especially since we generally do not have long-term commitments from our clients and are often not our clients' exclusive technology services provider. A major client in one year may not provide the same level of revenue for us in any subsequent year. Further, one or more of our significant clients could get acquired and there can be no assurance that the acquirer would choose to use our services in respect of such client to the same degree as previously, if at all. In particular, some of our clients are owned by private equity firms and are therefore inherently more likely to be sold at some point in the future.

In addition, the services we provide to our clients, and the revenue and income from those services, may decline or vary as the type and quantity of services we provide changes over time. In addition, our reliance on any individual client for a significant portion of our revenue may give that client a certain degree of pricing leverage against us when negotiating contracts and terms of service. In order to successfully perform and market our services, we must establish and maintain multi-year close relationships with our clients and develop a thorough understanding of their businesses. Our ability to maintain these close relationships is essential to the growth and profitability of our business. If we fail to maintain these relationships and successfully obtain new engagements from our existing clients, we may not achieve our revenue growth and other financial goals.

We anticipate that a limited number of clients will continue to account for a significant portion of our revenue in any given financial year for foreseeable future and, in some cases, a portion of our revenue attributable to an individual client may increase in the future. There can be no assurance that we will be successful in maintaining our relationship with and successfully obtaining new engagements from our existing clients. If we fail to maintain these relationships and successfully obtain new engagements from our existing clients, we may not achieve our revenue growth and other financial goals.

Additionally, if our existing client base, notably our largest clients, are adversely impacted by the ongoing COVID-19 pandemic, then we may experience a decrease in demand, delays in payment or postponement of projects, which could have a material adverse effect on our business, results of operations and financial condition.

We generally do not have long-term commitments from our clients, and our clients may terminate engagements before completion or choose not to enter into new engagements with us.

Our clients are generally not obligated for any long-term commitments to us. Our clients can terminate many of our master services agreements and work orders with or without cause, in some cases subject only to 15 days' or less prior notice in the case of termination without cause. Although a substantial majority of our revenue is typically generated from clients who also contributed to our revenue during the prior year, our engagements with our clients are typically for projects that are singular in nature. In addition, large and complex projects may involve multiple engagements or stages, and a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. Therefore, we must seek to obtain new engagements when our current engagements are successfully completed or are terminated as well as maintain relationships with existing clients and secure new clients to maintain and expand our business.

Even if we successfully deliver on contracted services and maintain close relationships with our clients, a number of factors outside of our control could cause the loss of or reduction in business or revenue from our existing clients. These factors include, among other things:

- the business or financial condition of that client or the economy generally;
- a change in strategic priorities by that client, resulting in a reduced level of spending on technology services;
- changes in the personnel at our clients who are responsible for procurement of information technology, or IT, services or with whom we primarily interact;
- a demand for price reductions by that client;
- mergers, acquisitions or significant corporate restructurings involving that client;
- a decision by that client to move work in-house or to one or several of our competitors; and
- uncertainty and disruption to the global markets including due to public health pandemics, such as the ongoing COVID-19 pandemic.

The loss or diminution in business from any of our major clients could have a material adverse effect on our revenue and results of operations. The ability of our clients to terminate agreements makes our future revenue uncertain. We may not be able to replace any client that elects to terminate or not renew its contract with us, which could materially adversely affect our revenue and thus our results of operations. Further, terminations or delays in engagements may make it difficult to plan our project resource requirements.

We must attract and retain highly-skilled IT professionals.

In order to sustain our growth, we must attract and retain a large number of highly-skilled and talented IT professionals. During the financial year ended 30 June 2021, we increased our headcount by 2,259 employees, or 34.1%. Our business is people driven and, accordingly, our success depends upon our ability to attract, develop, motivate, retain and effectively utilise highly-skilled IT professionals in our delivery locations, which are principally located in Bosnia & Herzegovina, Bulgaria, Croatia, Moldova, North Macedonia, Romania, Serbia and Slovenia, which we collectively refer to as Central Europe, and Argentina, Colombia, Mexico, Uruguay and Venezuela in Latin America. We believe that there is significant competition for technology professionals in the geographic regions in which our delivery centres are located and that such competition will continue for the foreseeable future. Increased hiring by technology companies and increasing worldwide competition for skilled technology professionals has led to a shortage in the availability of suitable personnel in the locations where we operate and hire. In addition, the increased uncertainty and disruption resulting from the COVID-19 pandemic may negatively impact our ability to recruit, hire and train the IT professionals we require to operate our business. Our ability to properly staff projects, maintain and renew existing engagements and win new business depends, in large part, on our ability to recruit, train and retain IT professionals. Failure to hire, train and retain IT professionals in sufficient numbers could have a material adverse effect on our business, results of operations and financial condition.

Increases in our current levels of attrition may increase our operating costs and adversely affect our future business prospects.

The technology industry generally experiences a significant rate of turnover of its workforce. There is a limited pool of individuals who have the skills and training needed to help us grow our company. We compete for such talented individuals not only with other companies in our industry but also with companies in other industries, such as software services, engineering services, financial services and technology generally, among others. High attrition rates of IT personnel would increase our hiring and training costs and could have an adverse effect on our ability to complete existing contracts in a timely manner, meet client objectives and expand our business.

Our revenue is dependent on a limited number of industry verticals, and any decrease in demand for technology services in these verticals or our failure to effectively penetrate new verticals could adversely affect our results of operations.

Historically, we have focused on developing industry expertise and deep client relationships in a limited number of industry verticals. As a result, a substantial portion of our revenue has been generated by clients operating in the banking, capital markets, insurance and payments, or Payments and Financial Services, vertical and the technology, media and telecommunications, or TMT, vertical. Payments and Financial Services and TMT constituted 50.7% and 27.1%, 52.8% and 25.7%, and 52.9% and 27.4% of our revenue, respectively, for the financial years ended 30 June 2021, 2020 and 2019, respectively. Our business growth largely depends on continued demand for our services from clients in Payments and Financial Services and TMT, and any slowdown or reversal of the trend to spend on technology services in these verticals could result in a decrease in the demand for our services and materially adversely affect our revenue, financial condition and results of operations.

We have also recently begun expanding our business into other verticals, such as consumer products, healthcare, logistics and retail. However, we have less experience in these verticals and there can be no assurance that we will be successful in penetrating these verticals. There may be competitors in these verticals that may be entrenched and difficult to dislodge. As a result of these and other factors, including increased spending controls by companies due to the economic impact of the ongoing COVID-19 pandemic, our efforts to expand our client base may be expensive and may not succeed, and we therefore may be unable to grow our revenue. If we fail to further penetrate our existing industry verticals or expand our client base in new verticals, we may be unable to grow our revenue and our operating results may be harmed.

Other developments, including impacts from the ongoing COVID-19 pandemic, in the industries in which we operate may also lead to a decline in the demand for our services, and we may not be able to successfully anticipate and prepare for any such changes. For example, consolidation or acquisitions, particularly involving our clients, may adversely affect our business. Our clients and potential clients may experience rapid changes in their prospects, substantial price competition and pressure on their profitability. This, in turn, may result in increasing pressure on us from clients and potential clients to lower our prices, which could adversely affect our revenue, results of operations and financial condition.

Our contracts could be unprofitable.

We perform our services primarily under time-and-materials contracts (where materials costs consist of travel and out-of-pocket expenses). We charge out the services performed by our employees under these contracts at daily or hourly rates that are agreed at the time at which the contract is entered. The rates and other pricing terms negotiated with our clients are highly dependent on our internal forecasts of our operating costs and predictions of increases in those costs influenced by wage inflation and other marketplace factors, as well as the volume of work provided by the client. Our predictions are based on limited data and could turn out to be inaccurate, resulting in contracts that may not be profitable. Typically, we do not have the ability to increase the rates established at the outset of a client project, other than on an annual basis and often subject to caps. Independent of our right to increase our rates on an annual basis, client expectations regarding the anticipated cost of a project may limit our practical ability to increase our rates for ongoing work.

In addition to our time-and-materials contracts, we undertake some engagements on a fixed-price basis and also provide managed services in certain cases. Our pricing in fixed-price and managed service contracts is highly dependent on our assumptions and forecasts about the costs we expect to incur to complete the related project, which are based on limited data and could turn out to be inaccurate. Any failure by us to accurately estimate the resources, including the skills and seniority of our employees, required to complete a fixed-price or managed service contracts on time and on budget or meet a service level on a managed service contract, or any unexpected increase in the cost of our employees assigned to the related project, office space or materials could expose us to risks associated with cost overruns and could have a material adverse effect on our business, results of operations and financial condition. In addition, any unexpected changes in economic conditions that affect any of the foregoing assumptions and predictions could render contracts that would have been favourable to us when signed unfavourable.

Our profitability could suffer if we are not able to maintain favourable pricing.

Our profitability and operating results are dependent on the rates we are able to charge for our services. Our rates are affected by a number of factors, including:

- our clients' perception of our ability to add value through our services;
- our competitors' pricing policies;
- bid practices of clients and their use of third-party advisors;
- the ability of large clients to exert pricing pressure;
- employee wage levels and increases in compensation costs;
- employee utilisation levels;
- our ability to charge premium prices when justified by market demand or the type of service; and
- general economic conditions.

If we are not able to maintain favourable pricing for our services, our profitability could suffer.

We must maintain adequate resource utilisation rates and productivity levels.

Our profitability and the cost of providing our services are affected by our utilisation rates of our employees in our delivery locations. If we are not able to maintain appropriate utilisation rates for our employees involved in delivery of our services, our profit margin and our profitability may suffer. Our utilisation rates are affected by a number of factors, including:

- our ability to promptly transition our employees from completed projects to new assignments and to hire and integrate new employees;
- our ability to forecast demand for our services (and which may be impacted due to the effects of the ongoing COVID-19 pandemic) and thereby maintain an appropriate number of employees in each of our delivery locations;
- our ability to deploy employees with appropriate skills and seniority to projects;
- our ability to manage the attrition of our employees; and
- our need to devote time and resources to training, professional development and other activities that cannot be billed to our clients.

Our revenue could also suffer if we misjudge demand patterns, including as a result of uncertainties related to the ongoing COVID-19 pandemic, and do not recruit sufficient employees to satisfy demand. Employee shortages could prevent us from completing our contractual commitments in a timely manner and cause us to lose contracts or clients. Further, to the extent that we lack sufficient employees with lower levels of seniority and daily or hourly rates, we may be required to deploy more senior employees with higher rates on projects without the ability to pass such higher rates along to our clients, which could adversely affect our profit margin and profitability.

Recent acquisitions and potential future acquisitions could prove difficult to integrate, disrupt our business, dilute shareholder value and strain our resources.

During the previous five financial years, we have completed six acquisitions (Velocity Partners LLC, or Velocity Partners, in December 2017, Intuitus Limited, or Intuitus, in November 2019, Exozet Berlin GmbH, or Exozet, in December 2019, the Comtrade Digital Services business, or CDS, in August 2020, Pet Minuta d.o.o., or Five, in March 2021 and Levvel LLC, or Levvel, in March 2021). In the future, we may acquire additional businesses that we believe could complement or expand our business. Realising the benefits of acquisitions depends in part on the successful integration of operations and personnel. Integrating the operations of acquired businesses successfully or otherwise realising any of the anticipated benefits of acquisitions, including anticipated cost savings and additional revenue opportunities, is complex and time-consuming and involves a number of potential challenges, including the effective and timely alignment of the acquired entity's processes and systems with Endava's processes and systems, notably Endava's Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, controls. In addition, travel and physical distancing restrictions due to the ongoing COVID-19 pandemic and related precautionary and safety measures could extend timelines and delay integration activities and operating synergies. The failure to meet these integration challenges could seriously harm our financial condition and results of operations. Past acquisitions and any acquisitions we may complete in the future will give rise to certain risks and we may encounter unexpected difficulties or incur unexpected costs, including:

- diversion of management attention from ongoing business concerns to integration matters;
- lack of available staff to perform the integration in a timely manner or alternatively, to perform ongoing business activities due to their integration work;
- consolidating and rationalising information technology platforms and administrative infrastructures;
- complexities associated with managing the geographic separation of the combined businesses and consolidating multiple physical locations;
- retaining IT professionals and other key employees and achieving minimal unplanned attrition;
- integrating personnel from different corporate cultures while maintaining focus on providing consistent, high quality service;

- demonstrating to our clients and to clients of acquired businesses that the acquisition will not result in adverse changes in client service standards or business focus;
- possible cash flow interruption or loss of profit as a result of transitional matters;
- inability to generate sufficient profit to offset acquisition and integration costs in a reasonable timeframe or at all; and
- inability to achieve the operating synergies anticipated in the acquisitions.

Additionally, acquired businesses may have liabilities or adverse operating issues that we fail to discover through due diligence prior to the acquisition. In particular, to the extent that prior owners of any acquired businesses or properties failed to comply with or otherwise violated applicable laws or regulations, or failed to fulfil their contractual obligations to clients, we, as the successor owner, may be financially responsible for these violations and failures and may suffer financial or reputational harm or otherwise be adversely affected. Similarly, our acquisition targets may not have as robust internal controls over financial reporting as would be expected of a public company. Acquisitions also frequently result in the recording of goodwill and other intangible assets which are subject to potential impairment in the future that could harm our financial results. We may also become subject to new regulations as a result of an acquisition, including if we acquire a business serving clients in a regulated industry or acquire a business with clients or operations in a country in which we do not already operate. In addition, if we finance acquisitions by issuing convertible debt or equity securities, our existing shareholders may be diluted, which could affect the market price of our ADSs. As a result, if we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of any such acquisitions, and we may incur costs in excess of what we anticipate. Acquisitions frequently involve benefits related to the integration of operations of the acquired business. The failure to successfully integrate the operations or otherwise to realise any of the anticipated benefits of the acquisition could seriously harm our results of operations.

We may pursue acquisition opportunities which may cause our business to suffer.

We may pursue acquisition opportunities to grow our business. We can offer no assurance that any such acquired businesses will prove to be successful and accretive to shareholder value. Among other negative effects, our pursuit of such business opportunities could reduce operating margins and require more working capital, subject us to additional laws and regulations and materially and adversely affect our business, financial condition, cash flows or results of operations.

We are focused on growing our client base in North America and Europe and may not be successful.

We are focused on geographic expansion, particularly in North America and Europe. In financial years 2021, 2020 and 2019, 31.4%, 28.5% and 27.5% of our revenue, respectively, came from clients in North America and 24.2%, 24.5% and 27.5% of our revenue, respectively, came from clients in Europe. From FY2020 to FY2021, our revenue from clients in North America and Europe increased by 40.0% and 25.7%, respectively, and from FY2019 to FY2020, our revenue from clients in North America and Europe increased by 26.3% and 8.5%, respectively. We have made significant investments to expand in North America, including our acquisitions of Velocity Partners in December 2017 and Five and Levvel in March 2021, which increased our sales presence in North America and added nearshore delivery capacity in Latin America. We have also made meaningful investments to expand in Europe, including our acquisitions of Intuitus in November 2019, Exozet in December 2019, CDS in August 2020 and Five in March 2021, which expanded our sales presence in Europe and expanded the services we can provide clients.

However, our ability to add new clients will depend on a number of factors, including the market perception of our services, our ability to successfully add nearshore delivery centre capacity and pricing, competition, overall economic conditions, including the impact of the COVID-19 pandemic. If we are unable to retain existing clients and attract new clients in North America and Europe, we may be unable to grow our revenue and our business, financial condition and results of operations could be adversely affected.

We may be unable to effectively manage our rapid growth or achieve anticipated growth, which could place significant strain on our management personnel, systems and resources.

We have experienced rapid growth and significantly expanded our business over the past several years, both organically and through acquisitions. We intend to continue to grow our business in the foreseeable future and to pursue existing and potential market opportunities. We have also increased the size and complexity of the projects that we undertake for our clients and hope to continue being engaged for larger and more complex projects in the future. As we add new delivery sites, acquire new companies, introduce new services or enter into new markets, we may face new market, technological and operational risks and challenges with which we are unfamiliar, and we may not be able to mitigate these risks and challenges to successfully grow those acquisitions, services or markets. In addition, the increased uncertainty and disruption resulting from the ongoing COVID-19 pandemic may negatively impact our growth opportunities as clients may reduce or postpone their technology spending and finding and consummating suitable acquisition opportunities becomes more challenging. We may not be able to achieve our anticipated growth or successfully execute large and complex projects, which could materially adversely affect our revenue, results of operations, business and prospects.

Our future growth depends on us successfully recruiting, hiring and training IT professionals, expanding our delivery capabilities, adding effective sales staff and management personnel, adding service offerings, maintaining existing clients and winning new business. We often recruit skilled professionals by having them visit our offices. Consequently, the ongoing travel restrictions or disruptions resulting from the COVID-19 pandemic that prevent us from meeting with professional prospects may adversely impact our ability to recruit the IT professionals necessary to grow our business. Further, effective management of these and other growth initiatives will require us to continue to improve our infrastructure, execution standards and ability to expand services. As our company grows, and we are required to add more employees and infrastructure to support our growth, we may find it increasingly difficult to maintain our corporate culture. If we fail to maintain a culture that fosters career development, innovation, creativity and teamwork, we could experience difficulty in hiring and retaining IT professionals. Failure to manage growth effectively could have a material adverse effect on the quality of the execution of our engagements, our ability to attract and retain IT professionals and our business, results of operations and financial condition.

We face intense competition.

The market for technology and IT services is intensely competitive, highly fragmented and subject to rapid change and evolving industry standards and we expect competition to intensify. We believe that the principal competitive factors that we face are the ability to innovate; technical expertise and industry knowledge; end-to-end solution offerings; delivery location; price; reputation and track record for high-quality and on-time delivery of work; effective employee recruiting; training and retention; responsiveness to clients' business needs; scale; and financial stability.

Our primary competitors include next-generation IT service providers, such as Globant S.A. and EPAM Systems; digital agencies and consulting companies, such as Ideo, McKinsey & Company, The Omnicom Group, Sapient Corporation and WPP plc; global consulting and traditional IT services companies, such as Accenture PLC, Capgemini SE, Cognizant Technology Solutions Corporation and Tata Consultancy Services Limited; and in-house development departments of our clients. Many of our competitors have substantially greater financial, technical and marketing resources and greater name recognition than we do. As a result, they may be able to compete more aggressively on pricing or devote greater resources to the development and promotion of technology and IT services. Companies based in some emerging markets also present significant price competition due to their competitive cost structures and tax advantages.

In addition, there are relatively few barriers to entry into our markets and we have faced, and expect to continue to face, competition from new market entrants. Further, there is a risk that our clients may elect to increase their internal resources to satisfy their services needs as opposed to relying on a third-party service provider, such as us. The technology services industry may also undergo consolidation, which may result in increased competition in our target markets from larger firms that may have substantially greater financial, marketing or technical resources, may be able to respond more quickly to new technologies or processes and changes in client demands, and may be able to devote greater resources to the development, promotion and sale of their services than we can. Increased competition could also result in price reductions, reduced operating margins and loss of our market share. We cannot assure you that we will be able to compete successfully with existing or new competitors or that competitive pressures will not materially adversely affect our business, results of operations and financial condition.

If we do not continue to innovate and remain at the forefront of emerging technologies and related market trends, we may lose clients and not remain competitive.

Our success depends on delivering innovative solutions that leverage emerging technologies and emerging market trends to drive increased revenue, particularly in response to the ongoing COVID-19 pandemic, whose challenges require many businesses to increase their reliance on digital technologies. Technological advances and innovation are constant in the technology services industry. As a result, we must continue to invest significant resources to stay abreast of technology developments so that we may continue to deliver solutions that our clients will wish to purchase. If we are unable to anticipate technology developments, enhance our existing services or develop and introduce new services to keep pace with such changes and meet changing client needs, we may lose clients and our revenue and results of operations could suffer. Our results of operation would also suffer if our employees are not responsive to the needs of our clients, not able to help clients in driving innovation and not able to help our clients in effectively bringing innovative ideas to market. Our competitors may be able to offer engineering, design and innovation services that are, or that are perceived to be, substantially similar or better than those we offer. This may force us to reduce our daily rates and to expend significant resources in order to remain competitive, which we may be unable to do profitably or at all. Because many of our clients and potential clients regularly contract with other IT service providers, these competitive pressures may be more acute than in other industries.

We are dependent on members of our senior management team and other key employees.

Our future success heavily depends upon the continued services of our senior management team, particularly John Cotterell, our Chief Executive Officer, and other key employees. We currently do not maintain key man life insurance for any of the members of our senior management team or other key employees. We also do not have long-term employment contracts with all of our key employees. We are only entitled to six to 12 months' prior notice if our executive officers intend to terminate their respective employment with us and three months' prior notice if any of our other senior executives intend to terminate their respective employment with us. If one or more of our senior executives or key employees are unable or unwilling to continue in their present positions, it could disrupt our business operations, and we may not be able to replace them easily, on a timely basis or at all. In addition, competition for senior executives and key employees in our industry is intense, and we may be unable to retain our senior executives and key employees or attract and retain new senior executives and key employees in the future, in which case our business may be severely disrupted.

If any of our senior management team or key employees joins a competitor or forms a competing company, we may lose clients, suppliers, know-how and IT professionals and staff members to them. Also, if any of our sales executives or other sales personnel, who generally maintain close relationships with our clients, joins a competitor or forms a competing company, we may lose clients to that company, and our revenue may be materially adversely affected. Additionally, there could be unauthorised disclosure or use of our technical knowledge, business practices or procedures by such personnel. Any non-competition, non-solicitation or non-disclosure agreements we have with our senior executives or key employees might not provide effective protection to us in light of legal uncertainties associated with the enforceability of such agreements.

Additionally, we have a number of current employees whose equity ownership in our company gives them a substantial amount of personal wealth. As a result, it may be difficult for us to continue to retain and motivate these employees, and this wealth could affect their decisions about whether or not they continue to work for us. Further, although the Class B ordinary shares that are held by our employees are subject to certain restrictions on disposition for periods of up to five years following the completion of our initial public offering in July 2018, sales of our ADSs by our employees in the open market or the perception that such sales may occur may negatively impact the market price of our ADSs. The risk that our employees may sell ADSs in the open market may be made more acute as a result of the fact that we do not anticipate paying dividends for the foreseeable future, meaning open market sales or sales in registered offerings may be our employees' only means of generating liquidity from their ownership of our securities.

Forecasts of our market may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, there can be no assurance that our business will grow at similar rates, or at all.

Growth forecasts included in the Annual Report on Form 20-F relating to our market opportunity and the expected growth in the market for our services are subject to significant uncertainty and are based on assumptions and estimates which may prove to be inaccurate. Even if these markets meet our size estimates and experience the forecasted growth, we may not grow our business at similar rates, or at all. Our growth is subject to many risks and uncertainties, including our success in implementing our business strategy. Accordingly, the forecasts of market growth included in the Annual Report on Form 20-F should not be taken as indicative of our future growth.

Our business will suffer if we are not successful in delivering contracted services.

Our operating results are dependent on our ability to successfully deliver contracted services in a timely manner. We must consistently build, deliver and support complex projects and managed services. Failure to perform or observe any contractual obligations could damage our relationships with our clients and could result in cancellation or non-renewal of a contract. Some of the challenges we face in delivering contracted services to our clients include:

- maintaining high-quality control and process execution standards;
- maintaining planned resource utilisation rates on a consistent basis;
- maintaining employee productivity and implementing necessary process improvements;
- controlling costs;
- maintaining close client contact and high levels of client satisfaction;
- maintaining physical and data security standards required by our clients;
- recruiting and retaining sufficient numbers of skilled IT professionals; and
- maintaining effective client relationships.

If we are unable to deliver on contracted services, our relationships with our clients will suffer and we may be unable to obtain new projects. In addition, it could damage our reputation, cause us to lose business, impact our margins and adversely affect our business and results of operations.

Our sales of services, operating results or profitability may experience significant variability and our past results may not be indicative of our future performance.

Our operating results may fluctuate due to a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. Fluctuations in our operating results may be particularly pronounced in the current economic environment due to the uncertainty caused by and the unprecedented nature of the current COVID-19 pandemic. You should not rely on our past results as an indication of our future performance.

Factors that are likely to cause these variations include:

- the number, timing, scope and contractual terms of projects in which we are engaged;
- delays in project commencement or staffing delays due to difficulty in assigning appropriately skilled or experienced professionals;
- the accuracy of estimates on the resources, time and fees required to complete projects and costs incurred in the performance of each project;
- inability to retain employees or maintain employee utilisation levels;
- changes in pricing in response to client demand and competitive pressures;
- the business decisions of our clients regarding the use of our services or spending on technology;
- the ability to further grow sales of services from existing clients;
- seasonal trends and the budget and work cycles of our clients;
- delays or difficulties in expanding our operational facilities or infrastructure;
- our ability to estimate costs under fixed price or managed service contracts;
- employee wage levels and increases in compensation costs;
- unanticipated contract or project terminations;
- the timing of collection of accounts receivable;
- our ability to manage risk through our contracts;
- the continuing financial stability of our clients;
- changes in our effective tax rate;
- fluctuations in currency exchange rates;

- general economic conditions; and
- the impact of public health pandemics, such as the ongoing COVID-19 pandemic.

As a result of these factors, our operating results may from time to time fall below our estimates or the expectations of public market analysts and investors.

We operate in a rapidly evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not continue to be successful.

The technology services industry is competitive and continuously evolving, subject to rapidly changing demands and constant technological developments. As a result, success and performance metrics are difficult to predict and measure in our industry. Because services and technologies are rapidly evolving and each company within the industry can vary greatly in terms of the services it provides, its business model, and its results of operations, it can be difficult to predict how any company's services, including ours, will be received in the market. Neither our past financial performance nor the past financial performance of any other company in the technology services industry is indicative of how our company will fare financially in the future. Our future profits may vary substantially from those of other companies and those we have achieved in the past, making an investment in our company risky and speculative. If our clients' demand for our services declines as a result of economic conditions, market factors or shifts in the technology industry, our business would suffer and our results of operations and financial condition would be adversely affected.

We have in the past experienced, and may in the future experience, a long selling and implementation cycle with respect to certain projects that require us to make significant resource commitments prior to realising revenue for our services.

We have experienced, and may in the future experience, a long selling cycle with respect to certain projects that require significant investment of human resources and time by both our clients and us. Before committing to use our services, potential clients may require us to expend substantial time and resources educating them on the value of our services and our ability to meet their requirements. Therefore, our selling cycle is subject to many risks and delays over which we have little or no control, including our clients' decision to choose alternatives to our services (such as other technology and IT service providers or in-house resources) and the timing of our clients' budget cycles and approval processes. If our sales cycle unexpectedly lengthens for one or more projects, it would negatively affect the timing of our revenue and hinder our revenue growth. For certain clients, we may begin work and incur costs prior to executing the contract. A delay in our ability to obtain a signed agreement or other persuasive evidence of an arrangement, or to complete certain contract requirements in a particular quarter, could reduce our revenue in that quarter or render us entirely unable to collect payment for work already performed.

Implementing our services also involves a significant commitment of resources over an extended period of time from both our clients and us. Our clients may experience delays in obtaining internal approvals or delays associated with technology, thereby further delaying the implementation process. Our current and future clients may not be willing or able to invest the time and resources necessary to implement our services, and we may fail to close sales with potential clients to which we have devoted significant time and resources. Any significant failure to generate revenue or delays in recognizing revenue after incurring costs related to our sales or services process could materially adversely affect our business.

Additionally, we have experienced and may continue to experience longer sales and implementation cycles for current and future clients due to the worldwide economic impact of the COVID-19 pandemic and the restrictions and precautions that have been implemented by governments and companies, including ours, around the world. Notably, restrictions on face-to-face meetings with clients and our ability to work from client facilities could lengthen our selling and implementation cycles.

If we provide inadequate service or cause disruptions in our clients' businesses, it could result in significant costs to us, the loss of our clients and damage to our corporate reputation.

Any defects or errors or failure to meet clients' expectations in the performance of our contracts could result in claims for substantial damages against us. Our contracts generally limit our liability for damages that arise from negligent acts, error, mistakes or omissions in rendering services to our clients. However, we cannot be sure that these contractual provisions will protect us from liability for damages in the event we are sued. In addition, certain liabilities, such as claims of third parties for intellectual property infringement and breaches of data protection and security requirements, for which we may be required to indemnify our clients, could be substantial. The successful assertion of one or more large claims against us in amounts greater than those covered by our current insurance policies could materially adversely affect our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, we may incur reputational harm and substantial legal fees. In addition, a failure or inability to meet a contractual requirement could seriously damage our corporate reputation and limit our ability to attract new business.

In certain instances, we guarantee clients that we will complete a project by a scheduled date or that we will maintain certain service levels. We are generally not subject to monetary penalties for failing to complete projects by the scheduled date, but may suffer reputational harm and loss of future business if we do not meet our contractual commitments. In addition, if the project experiences a performance problem, we may not be able to recover the additional costs we will incur, which could exceed revenue realised from a project. Under our managed service contracts, we may be required to pay liquidated damages if we are unable to maintain agreed-upon service levels.

Our business depends on a strong brand and corporate reputation.

Since many of our specific client engagements involve highly tailored solutions, our corporate reputation is a significant factor in our clients' and prospective clients' determination of whether to engage us. We believe the Endava brand name and our reputation are important corporate assets that help distinguish our services from those of our competitors and also contribute to our efforts to recruit and retain talented IT professionals. However, our corporate reputation is susceptible to damage by actions or statements made by current or former employees or clients, competitors, vendors and adversaries in legal proceedings, as well as members of the investment community and the media. There is a risk that negative information about our company, even if based on false rumour or misunderstanding, could adversely affect our business. In particular, damage to our reputation could be difficult and time-consuming to repair, could make potential or existing clients reluctant to select us for new engagements, resulting in a loss of business, and could adversely affect our employee recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of our Endava brand name and could reduce investor confidence in us and adversely affect our operating results.

Our cash flows and results of operations may be adversely affected if we are unable to collect on billed and unbilled receivables from clients.

Our business depends on our ability to effectively bill and successfully obtain payment from our clients of the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. We maintain provisions against receivables. Actual losses on client balances could differ from those that we currently anticipate and, as a result, we may need to adjust our provisions. We may not accurately assess the creditworthiness of our clients. Macroeconomic conditions, such as a potential credit crisis in the global financial system and the ongoing global COVID-19 pandemic, have resulted and could continue to result in financial difficulties for our clients, including limited access to the credit markets, insolvency or bankruptcy. Such conditions have caused some clients and could cause other clients to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables balance. Timely collection of fees for client services depends on our ability to complete our contractual commitments and subsequently effectively bill for and collect our contractual service fees. If we are unable to meet our contractual obligations, including as a result of the ongoing global COVID-19 pandemic, or effectively prepare and provide invoices, we might experience delays in the collection of or be unable to collect our client balances, which would adversely affect our results of operations and could adversely affect our cash flows. In addition, if we experience an increase in the time required to bill and collect for our services or if our clients are delayed in making payments or stop payments altogether, our cash flows could be adversely affected, which in turn could adversely affect our ability to make necessary investments and, therefore, could affect our results of operations.

If we are unable to comply with our security obligations or our computer systems or the computer systems of our clients are or become vulnerable to security breaches, we may face reputational damage and lose clients and revenue.

The ongoing COVID-19 pandemic and the sustained associated restrictions on travel and public assembly in the locations where we operate have required our workforce to transition from being based primarily in our offices or at client sites to working from their homes via internet based remote access. We anticipate that even once the immediate threat from COVID-19 has subsided, a significant number of our employees will continue to work from home at least part time, as we, like many other technology firms, move to a hybrid work model in order to remain competitive as an employer of choice for technology workers. While we have taken, and will continue to take, steps to adjust our security policies and practices to meet the changed security profile that this presents, this situation increases our risk of a cybersecurity incident. Additionally, our operations could be materially adversely affected by interruptions in internet service or power at employee residences.

The services we provide are often critical to our clients' businesses and the level of criticality has increased in some cases as a result of increased reliance on digital systems in the COVID-19 impacted environment. Certain of our client contracts require us to comply with security obligations, which could include maintaining network security and backup data, ensuring our network is virus-free, maintaining business continuity planning procedures, and verifying the integrity of employees that work with our clients by conducting background checks. Any failure in a client's system, whether or not a result of or related to the services we provide, or breach of security relating to the services we provide to the client could damage our reputation or result in a claim for substantial damages against us. Our liability for breaches of data security requirements, for which we may be required to indemnify our clients, may be extensive.

Any significant failure of our equipment or systems, or any major disruption to basic infrastructure like power and telecommunications in the locations in which we operate, could impede our ability to provide services to our clients, have a negative impact on our reputation, cause us to lose clients, and adversely affect our results of operations.

In addition, we often have access to or are required to collect and store confidential client and customer data. If any person, including any of our employees or former employees, penetrates our network security, accidentally exposes our data or code, or misappropriates data or code that belongs to us, our clients, or our clients' customers, we could be subject to significant liability from our clients or from our clients' customers for breaching contractual confidentiality provisions or privacy laws. Unauthorised disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems, systems failure, loss or theft of confidential information or intellectual property belonging to our clients or our clients' customers, or otherwise, could damage our reputation, cause us to lose clients and revenue, and result in financial and other potential losses by us. We have from time to time experienced minor data security incidents, none of which have required regulatory disclosures or notifications. Promptly after each incident's discovery, we took remedial actions to assess and contain the impacts of the data security incident and to evaluate the likelihood and severity of risks to individuals' information. There was no material impact to our business or financial condition. While we believe we responded appropriately, there can be no assurance that we will be successful in these remedial and any preventative measures or successfully mitigating the effects of any future data security failures or breaches.

We may be subject to liability claims for actual or perceived breaches of our contracts and our insurance may be inadequate to cover our losses.

We are subject to numerous obligations, including indemnity obligations, in our contracts with our clients and suppliers. Despite the procedures, systems and internal controls we have implemented to comply with our contracts, we may breach these commitments, whether through a weakness in these procedures, systems and internal controls, negligence or the wilful act of an employee or contractor. Additionally, a client may make a claim against us because they believe such a breach occurred. Our insurance policies, including, but not limited to, our professional indemnity (errors and omissions) and cyber & data security insurance policies, may be inadequate to insure us for the potentially significant losses that may result from claims arising from breaches of our contracts, disruptions in our services, failures or disruptions to our infrastructure, catastrophic events and disasters or otherwise. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and defending a suit, regardless of its merit, could be costly and divert management's attention.

We are subject to stringent regulatory, legislative or self-regulatory standards regarding privacy and data security matters. Failing to comply with such requirements could expose us to financial liabilities and/or adversely affect our ability to conduct our business.

We, along with a significant number of our clients, are subject to laws, rules, regulations and industry standards related to data privacy and cyber security, and restrictions or technological requirements regarding the collection, use, storage, protection, retention or transfer of data.

For example, the European Union General Data Protection Regulation (E.U.) 2016/679, or GDPR, came into force in May 2018 and contains numerous requirements and changes from existing E.U. law, including more robust obligations on data processors and data controllers and heavier documentation requirements for data protection compliance programs.

Specifically, the GDPR introduced numerous privacy-related changes for companies operating in the European Economic Area, or EEA, or offering their services to individuals located in the EEA, including greater control over personal data by data subjects (e.g., the “right to be forgotten”), increased data portability for consumers, data breach notification requirements and increased fines. The GDPR also introduces a number of novel requirements, including: (i) the obligation to appoint a data protection officer in certain circumstances; (ii) increased accountability and record-keeping obligations; (iii) onerous obligations on service providers who process personal data on their customers’ behalf; and (iv) the obligation to carry out so-called data protection impact assessments in certain circumstances. As such, the GDPR is likely to increase the compliance burden on us, including by mandating potentially burdensome documentation requirements and granting certain rights to individuals to control how we collect, use, disclose, retain and leverage information about them. The GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information.

Also, notwithstanding the United Kingdom’s withdrawal from the European Union, the data protection obligations of the GDPR continue to apply to U.K.-related processing of personal data in substantially unvaried form under the so-called “UK GDPR” (i.e., the GDPR as it continues to form part of law in the United Kingdom by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended (including by the various Data Protection, Privacy and Electronic Communications (Amendments etc.) (E.U. Exit) Regulations)). Accordingly, references in this section to the GDPR are also deemed to be references to the UK GDPR in the context of the United Kingdom, unless the context requires otherwise.

Under the GDPR, fines of up to €20 million (or £17.5 million in the case of the UK GDPR) or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR’s requirements.

While we have taken steps to mitigate the impact of the GDPR on us, the efficacy and longevity of these mechanisms remains uncertain. Further, despite our ongoing efforts to bring practices into compliance, we may not be successful either due to various factors within our control, such as limited financial or human resources, or other factors outside our control. It is also possible that local data protection authorities may have different interpretations of the GDPR, leading to potential inconsistencies amongst various EEA Member States (and/or the United Kingdom).

In addition, the GDPR prohibits the transfer of personal data from the EEA, United Kingdom and Switzerland to the United States and other countries in respect of which the European Commission or other relevant regulatory body has not issued a so-called adequacy decision (known as “third countries”), unless the parties to the transfer have implemented specific safeguards to protect the transferred personal data. One of the primary safeguards used for transfers of personal data to the United States was the E.U.-U.S. Privacy Shield Framework administered by the U.S. Department of Commerce. However, on July 16, 2020, in a decision known as “Schrems II,” the Court of Justice of the European Union, or CJEU, invalidated the E.U.-U.S. Privacy Shield Framework, or Privacy Shield. While the CJEU upheld the adequacy of the “Standard Contractual Clauses” (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Use of the Standard Contractual Clauses must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals and additional measures and/or contractual provisions may need to be put in place, however, the nature of these additional measures is currently uncertain.

At present, there are few if any viable alternatives to the Standard Contractual Clauses, and there remains some uncertainty with respect to the nature and efficacy of such supplementary measures in ensuring an adequate level of protection of personal data.

As such, our transfers of personal data from the EEA and the United Kingdom to the United States and other third countries may not fully comply with the cross-border data transfer restrictions set out in the GDPR. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the Standard Contractual Clauses cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results. On June 4, 2021, the European Commission published new versions of the Standard Contractual Clauses. These must be used for all new transfers of personal data from the EEA to third countries (including the United States) starting September 27, 2021, and all existing transfers of personal data from the EEA to third countries relying on the existing versions of the Standard Contractual Clauses must be replaced by December 27, 2022. The implementation of the new Standard Contractual Clauses will necessitate significant contractual overhaul of our data transfer arrangements with customers, subcontractors and vendors.

Additionally, other countries outside of Europe have enacted or are considering enacting similar cross-border data transfer restrictions and laws requiring local data residency, which could increase the cost and complexity of operating our business.

Furthermore, following the United Kingdom's exit from the European Union, the relationship between the United Kingdom and the EEA in relation to certain aspects of data protection law remains somewhat uncertain. On June 28, 2021, the European Commission issued an adequacy decision under the GDPR which allows transfers (other than those carried out for the purposes of U.K. immigration control) of personal data from the EEA to the United Kingdom to continue without restriction for a period of four years ending June 27, 2025. After that period, the adequacy decision may be renewed only if the United Kingdom continues to ensure an adequate level of data protection. During these four years, the European Commission will continue to monitor the legal situation in the United Kingdom and could intervene at any point if the United Kingdom deviates from the level of data protection in place at the time of issuance of the adequacy decision. If the adequacy decision is withdrawn or not renewed, transfers of personal data from the EEA to the United Kingdom will require a valid 'transfer mechanism' and we may be required to implement new processes and put new agreements in place, such as Standard Contractual Clauses, to enable transfers of personal data from the EEA to the United Kingdom to continue, which could disrupt our operations.

In addition, while the U.K. data protection regime currently permits data transfers from the United Kingdom to the EEA and other third countries covered by a European Commission adequacy decision, and currently includes a framework to permit the continued use of the existing version of the Standard Contractual Clauses for personal data transfers from the United Kingdom to third countries, this is subject to change in the future, and any such changes could have implications for our transfers of personal data from the United Kingdom to the EEA and other third countries.

In particular, the U.K. Information Commissioner's Office has stated that it is working on its own bespoke version of the Standard Contractual Clauses and it is not clear whether the new Standard Contractual Clauses published by the European Commission will be accepted as a valid mechanism to permit the transfer of personal data from the United Kingdom to third countries and/or whether any U.K. version of the Standard Contractual Clauses will supersede the existing and/or new E.U. version of the Standard Contractual Clauses. This could necessitate the implementation of both U.K. and E.U. versions of Standard Contractual Clauses, which would require significant resources and result in significant cost to implement and manage.

In the United States, the rules and regulations to which we may be subject include those promulgated under the authority of the Federal Trade Commission, the Gramm Leach Bliley Act and state cybersecurity and breach notification laws, as well as regulator enforcement positions and expectations. Globally, governments and agencies have adopted and could in the future adopt, modify, apply or enforce laws, policies, regulations, and standards covering user privacy, data security, technologies such as cookies that are used to collect, store and/or process data, marketing online, the use of data to inform marketing, the taxation of products and services, unfair and deceptive practices, and the collection (including the collection of information), use, processing, transfer, storage and/or disclosure of data associated with unique individual internet users. New regulation or legislative actions regarding data privacy and security (together with applicable industry standards) may increase the costs of doing business and could have a material adverse impact on our operations and cash flows.

Additionally, California enacted legislation that has been dubbed the first "GDPR-like" law in the United States. Known as the California Consumer Privacy Act, or CCPA, it creates new individual privacy rights for consumers (as that word is broadly defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA went into effect on January 1, 2020 and requires covered companies to provide new disclosures to California consumers, provide such consumers new ways to opt-out of certain sales of personal information, and allow for a new private right of action for data breaches. Despite amendments and multiple revisions of draft regulations (which have now been finalized), it remains unclear how the CCPA will be interpreted, but as currently written, the CCPA could impact our business activities depending on how it is interpreted.

Any failure or perceived failure (including as a result of deficiencies in our policies, procedures, or measures relating to privacy, data protection, marketing, or client communications) by us to comply with laws, regulations, policies, legal or contractual obligations, industry standards, or regulatory guidance relating to privacy or data security, may result in governmental investigations and enforcement actions, litigation, fines and penalties or adverse publicity, and could cause our clients and partners to lose trust in us, which could have an adverse effect on our reputation and business. We expect that there will continue to be new proposed laws, regulations and industry standards relating to privacy, data protection, marketing, consumer communications and information security in the United States, the United Kingdom, the European Union and other jurisdictions, and we cannot determine the impact such future laws, regulations and standards may have on our business. Future laws, regulations, standards and other obligations or any changed interpretation of existing laws or regulations could impair our ability to develop and market new services and maintain and grow our client base and increase revenue.

Our client relationships, revenue, results of operations and financial condition may be adversely affected if we experience disruptions in our internet infrastructure, telecommunications or IT systems.

Disruptions in telecommunications, systems, or internet infrastructure could damage our reputation and harm our ability to deliver services to our clients, which could result in client dissatisfaction and a loss of business and related reduction of our revenue. We may not be able to consistently maintain active voice and data communications between our various global operations and with our clients due to disruptions in telecommunication networks and power supply, or system failures. Any significant failure in our ability to communicate could result in a disruption in business, which could hinder our performance and our ability to complete projects on time. Such failure to perform on client contracts could have a material adverse effect on our revenue, business, results of operations and financial condition and the market price of our ADSs.

Due to the ongoing COVID-19 pandemic and the sustained associated restrictions on travel and public assembly in the locations where we operate, our workforce has transitioned from being based primarily in our offices or at client sites to working from their homes via internet based remote access. We anticipate that even once the immediate threat from COVID-19 has subsided, a significant number of our employees will continue to work from home at least part time, as we move to a hybrid work model. While we have taken, and will continue to take, steps to adjust our policies and practices to meet the challenges this presents, our operations face an increased risk from disruptions in telecommunications, systems or internet infrastructure notably at employee residences. Furthermore, as our workforce has transitioned to working from their residences via an internet based remote access, we face an increased risk of cyber-attacks.

Additionally, the reported incidence of “ransomware” attacks in which attackers encrypt and hold hostage and/or disclose firms’ electronic data has risen significantly. While we have taken technical and planning measures to detect, block and recover from such attacks, it is possible that a sophisticated actor might be able to successfully mount such an attack on us. In this case, we could experience significant recovery costs as well as loss of revenue, potential regulatory penalties related to data privacy, and damage to our reputation and customer relationships.

Cyber-attacks, including “ransomware” attacks, or other information or security breaches, whether directed at us or at third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber-attack on our systems has been successful, whether or not this perception is correct, may damage our reputation with customers and third parties with whom we do business. Unauthorized access to or disclosure of personal information, in particular, could cause serious reputational harm and regulatory penalties with a material impact. A successful penetration or circumvention of system security could cause us serious negative consequences, including loss of customers and business opportunities, significant disruption to our operations and business, misappropriation or destruction of our confidential information and/or that of our customers, or damage to our or our customers’ and/or third parties’ computers or systems. It could also result in a violation of applicable privacy and other laws; increased litigation exposure; regulatory fines, penalties or intervention; loss of confidence in our security measures; reputational damage; reimbursement or other compensatory costs; and additional compliance costs, and therefore could materially adversely affect our revenue, results of operations, business and prospects.

We have from time to time experienced minor data security incidents, none of which have required regulatory disclosures or notifications. Promptly after each incident's discovery, we took remedial actions to assess and contain the impacts of the data security incident and to evaluate the likelihood and severity of risks to individuals' information. There was no material impact to our business or financial condition. While we believe we responded appropriately, there can be no assurance that we will be successful in these remedial and any preventative measures or successfully mitigating the effects of any future data security failures or breaches.

Our business operations and financial condition could be adversely affected by negative publicity about offshore outsourcing or anti-outsourcing legislation in the countries in which our clients operate.

Concerns that offshore outsourcing has resulted in a loss of jobs and sensitive technologies and information to foreign countries have led to negative publicity concerning outsourcing in some countries. Many organizations and public figures in the United States and Europe have publicly expressed concern about a perceived association between offshore outsourcing IT service providers and the loss of jobs in their home countries. Current or prospective clients may elect to perform services that we offer, or may be discouraged from transferring these services to offshore providers such as ourselves, to avoid any negative perceptions that may be associated with using an offshore provider or for data privacy and security concerns. As a result, our ability to compete effectively with competitors that operate primarily out of facilities located in these countries could be harmed.

Legislation enacted in certain European jurisdictions and any future legislation in Europe or any other country in which we have clients that restricts the performance of services from an offshore location could also materially adversely affect our business, financial condition and results of operations. For example, legislation enacted in the United Kingdom, based on the 1977 EC Acquired Rights Directive, has been adopted in some form by many European Union countries, and provides that if a company outsources all or part of its business to an IT services provider or changes its current IT services provider, the affected employees of the company or of the previous IT services provider are entitled to become employees of the new IT services provider, generally on the same terms and conditions as their original employment. In addition, dismissals of employees who were employed by the company or the previous IT services provider immediately prior to that transfer are automatically considered unfair dismissals that entitle such employees to compensation. As a result, in order to avoid unfair dismissal claims, we may have to offer, and become liable for, voluntary redundancy payments to the employees of our clients who outsource business to us in the United Kingdom and other European Union countries who have adopted similar laws. This legislation could materially affect our ability to obtain new business from companies in the United Kingdom and European Union and to provide outsourced services to companies in the United Kingdom and European Union in a cost-effective manner.

Certain of our clients require solutions that ensure security given the nature of the content being distributed and associated applicable regulatory requirements. In particular, our U.S. healthcare industry clients may rely on our solutions to protect information in compliance with the requirements of the Health Insurance Portability and Accountability Act of 1996, the 2009 Health Information Technology for Economic and Clinical Health Act, the Final Omnibus Rule of January 25, 2013, and related regulations, which are collectively referred to as HIPAA, and which impose privacy and data security standards that protect individually identifiable health information by limiting the uses and disclosures of individually identifiable health information and requiring that certain privacy and data security standards be implemented to protect this information.

As a “business associate” to “covered entities” that are subject to HIPAA, such as certain healthcare providers, health plans and healthcare clearinghouses, we also have our own compliance obligations directly under HIPAA and pursuant to the business associate agreements that we are required to enter into with our clients that are HIPAA-covered entities and any vendors we engage that access, use, transmit or store individually identifiable health information in connection with our business operations. Further, various states have implemented similar privacy laws and regulations that impose restrictive requirements regulating the use and disclosure of health information and other personally identifiable information. These laws and regulations are not necessarily pre-empted by HIPAA, particularly if a state affords greater protection to individuals than HIPAA. Where state laws are more protective, we have to comply with the stricter provisions. In addition to fines and penalties imposed upon violators, some of these state laws also afford private rights of action to individuals who believe their personal information has been misused.

Compliance efforts can be expensive and burdensome, and if we fail to comply with our obligations under HIPAA, our required business associate agreements or applicable state data privacy laws and regulations, we could be subject to regulatory investigations and orders, significant fines and penalties, mitigation and breach notification expenses, private litigation and contractual damages, corrective action plans and related regulatory oversight and reputational harm.

Governments and industry organisations may also adopt new laws, regulations or requirements, or make changes to existing laws or regulations, that could impact the demand for, or value of, our services. If we are unable to adapt the solutions we deliver to our clients to changing legal and regulatory standards or other requirements in a timely manner, or if our solutions fail to allow our clients to comply with applicable laws and regulations, our clients may lose confidence in our services and could switch to services offered by our competitors, or threaten or bring legal actions against us.

We may not receive sufficient intellectual property rights from our employees and contractors to comply with our obligations to our clients and we may not be able to prevent unauthorised use of our intellectual property.

Our contracts generally require, and our clients typically expect, that we will assign to them all intellectual property rights associated with the deliverables that we create in connection with our engagements. In order to assign these rights to our clients, we must ensure that our employees and contractors validly assign to us all intellectual property rights that they have in such deliverables. Our policy is to require employees and independent contractors to sign assignment of intellectual property agreements with us upon commencement of employment or engagement, but there can be no assurance that we will be able to enforce our rights under such agreements. Given that we operate in a variety of jurisdictions with different and evolving legal regimes, particularly in Central Europe and Latin America, we face increased uncertainty regarding whether such agreements will be found to be valid and enforceable by competent courts and whether we will be able to avail ourselves of the remedies provided for by applicable law.

Our success also depends in part on certain methodologies, practices, tools and technical expertise our company utilises in designing, developing, implementing and maintaining applications and other proprietary intellectual property rights. In order to protect our intellectual property rights, we rely upon a combination of non-disclosure and other contractual arrangements as well as trade secret, copyright and trademark laws. We consider proprietary trade secrets and confidential know-how to be important to our business.

However, trade secrets and confidential know-how are difficult to maintain as confidential. To protect this type of information against disclosure or appropriation by competitors, our policy is to require our employees, consultants, contractors and advisors to enter into confidentiality agreements with us. We also seek to preserve the integrity and confidentiality of our data, trade secrets and know-how by maintaining physical security of our premises and physical and electronic security of our information technology systems. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. We cannot guarantee that our trade secrets and other proprietary and confidential information will not be disclosed or that competitors will not otherwise gain access to our trade secrets. Current or former employees, consultants, contractors and advisors may unintentionally or wilfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Enforcing a claim that a third party illegally obtained and used trade secrets and/or confidential know-how is expensive, time consuming and unpredictable. The enforceability of confidentiality agreements may vary from jurisdiction to jurisdiction.

Furthermore, if a competitor lawfully obtained or independently developed any of our trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position. If the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret.

We have registered the “Endava” name and logo in the United Kingdom, the United States and certain other countries. We have pending applications for the “Endava” name and logo in other countries; however, we cannot assure you that any future trademark registrations will be issued for pending or future applications or that any registered trademarks will be enforceable or provide adequate protection of our proprietary rights. Our trademarks may also be subject to misappropriation in jurisdictions in which they are not registered.

We may be subject to claims by third parties asserting that companies we have acquired, our employees or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

We could be subject to claims by third parties that companies we have acquired, our employees or we have misappropriated their intellectual property. Our employees may misappropriate intellectual property from their former employers. Many of our employees were previously employed at our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information of others in their work for us, we may be subject to claims that we or these employees have used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims. In addition, we are subject to additional risks as a result of our recent acquisitions and any future acquisitions we may complete. The developers of the technology that we have acquired or may acquire may not have appropriately created, maintained or enforced intellectual property rights in such technology. Indemnification and other rights under acquisition documents may be limited in term and scope and may therefore provide little or no protection from these risks.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management.

If we incur any liability for a violation of the intellectual property rights of others, our reputation, business, financial condition and prospects may be adversely affected.

Our success largely depends on our ability to use and develop our technology, tools, code, methodologies and services without infringing the intellectual property rights of third parties, including patents, copyrights, trade secrets and trademarks. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. Parties making infringement claims may be able to obtain an injunction to prevent us from delivering our services or using technology involving the allegedly infringing intellectual property. Intellectual property litigation is expensive and time-consuming and could divert management's attention from our business.

A successful infringement claim against us, whether with or without merit, could, among others things, require us to pay substantial damages, develop substitute non-infringing technology, or rebrand our name or enter into royalty or license agreements that may not be available on acceptable terms, if at all, and would require us to cease making, licensing or using products that have infringed a third party's intellectual property rights. Protracted litigation could also result in existing or potential clients deferring or limiting their purchase or use of our services until resolution of such litigation, or could require us to indemnify our clients against infringement claims in certain instances. Any intellectual property claim or litigation, whether we ultimately win or lose, could damage our reputation and materially adversely affect our business, financial condition and results of operations.

In addition, we typically indemnify clients who purchase our services and solutions against potential infringement of intellectual property rights, which subjects us to the risk of indemnification claims. These claims may require us to initiate or defend protracted and costly litigation on behalf of our clients, regardless of the merits of these claims and are often not subject to liability limits or exclusion of consequential, indirect or punitive damages. If any of these claims succeed, we may be forced to pay damages on behalf of our clients, redesign or cease offering our allegedly infringing services or solutions, or obtain licenses for the intellectual property such services or solutions allegedly infringe. If we cannot obtain all necessary licenses on commercially reasonable terms, our clients may stop using our services or solutions.

Further, our current and former employees could challenge our exclusive rights to the software they have developed in the course of their employment. In certain countries in which we operate, an employer is deemed to own the copyright work created by its employees during the course, and within the scope, of their employment, but the employer may be required to satisfy additional legal requirements in order to make further use and dispose of such works. While we believe that we have complied with all such requirements, and have fulfilled all requirements necessary to acquire all rights in software developed by our independent contractors, these requirements are often ambiguously defined and enforced. As a result, we may not be successful in defending against any claim by our current or former employees or independent contractors challenging our exclusive rights over the use and transfer of works those employees or independent contractors created or requesting additional compensation for such works.

We use third-party software, hardware and software-as-a-service, or SaaS, technologies from third parties that may be difficult to replace or that may cause errors or defects in, or failures of, the services or solutions we provide.

We rely on software and hardware from various third parties to deliver our services and solutions, as well as hosted SaaS applications from third parties. If any of these software, hardware or SaaS applications become unavailable due to extended outages, interruptions, cyber-attacks or because they are no longer available on commercially reasonable terms, it could result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated, which could increase our expenses or otherwise harm our business. In addition, any errors or defects in or failures of this third-party software, hardware or SaaS applications could result in errors or defects in or failures of our services and solutions, which could harm our business and be costly to correct. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our clients or third-party providers that could harm our reputation and increase our operating costs.

We incorporate third-party open source software into our client deliverables and our failure to comply with the terms of the underlying open source software licenses could adversely impact our clients and create potential liability.

We use open source software extensively in the solutions that we build for our clients and our client deliverables often contain software licensed by third parties under so-called “open source” licenses, including the GNU General Public License, or GPL, the GNU Lesser General Public License, or LGPL, the BSD License, the Apache License and others.. Any piece of third-party software, whether proprietary or open source, can contain security flaws which in some cases can result in security vulnerabilities in the applications utilizing them. Though we employ strategies to actively manage our software supply chain for open source software and attempt to minimize these risks,, there is no guarantee that these steps will be effective or successful. Any vulnerability in an application that we build for a client could be exploited to subvert the security controls in the system and allow a data breach or other security problem. Such an occurrence could have a material adverse impact on our reputation, client relationship, financial condition or prospects.

In addition, from time to time, there have been claims against companies that distribute or use open source software in their products and services, asserting that such open source software infringes the claimants’ intellectual property rights. Our clients could be subject to suits by third parties claiming that what we believe to be licensed open source software infringes such third parties’ intellectual property rights, and we are generally required to indemnify our clients against such claims. Use of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. In addition, certain open source licenses require that source code for software programs that are subject to the license be made available to the public and that any modifications or derivative works to such open source software continue to be licensed under the same terms.

Although we monitor our use of open source software in an effort both to comply with the terms of the applicable open source licenses and to avoid subjecting our client deliverables to conditions we do not intend, the terms of many open source licenses have not been interpreted by courts in relevant jurisdictions, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our clients’ ability to use the software that we develop for them and operate their businesses as they intend.

The terms of certain open source licenses may require us or our clients to release the source code of the software we develop for our clients and to make such software available under the applicable open source licenses. In the event that all or part of client deliverables are determined to be subject to an open source license, we or our clients could be required to publicly release the affected portions of source code (potentially amounting to the entire source code) or re-engineer all, or a portion of, the applicable software. Disclosing our or our client's proprietary source code could allow our clients' competitors to create similar products with lower development effort and time and ultimately could result in a loss of sales for our clients. Any of these events could create liability for us to our clients and damage our reputation, which could have a material adverse effect on our revenue, business, results of operations and financial condition and the market price of our ADSs.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our services, and could have a negative impact on our business.

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business applications. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could adversely affect the demand for our services or require us to modify our solutions in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, resulting in reductions in the demand for technology services such as ours.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. The performance of the internet and its acceptance as a business tool have been adversely affected by "ransomware," "viruses," "worms," "malware," "phishing attacks," "data breaches" and similar malicious programs, behaviour, and events, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these or any other issues, demand for our services and solutions could suffer.

From time to time, some of our employees spend significant amounts of time at our clients' facilities, often in foreign jurisdictions, which expose us to certain risks.

Some of our projects require a portion of the work to be undertaken at our clients' facilities, which are often located outside our employees' country of residence. The ability of our employees to work in locations around the world may depend on their ability to obtain the required visas and work permits, and this process can be lengthy and difficult. Immigration laws are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. In addition, we may become subject to taxation in jurisdictions where we would not otherwise be so subject as a result of the amount of time that our employees spend in any such jurisdiction in any given year. While we seek to monitor the number of days that our employees spend in each country to avoid subjecting ourselves to any such taxation, there can be no assurance that we will be successful in these efforts.

Additionally, the ability of our employees to work at our clients' facilities has been adversely affected by the COVID-19 pandemic. Due to government restrictions and our own precautions, our employees may be unable to work at our clients' facilities, and their ability to do so will be limited due to ongoing safety precautions, including social distancing and travel restrictions. We may face delays in completing projects, decreased productivity or increased difficulties in delivering for our clients for so long as our employees are unable to work at our clients' offices.

To the extent our employees and contractors are able to work at our clients' facilities, we may incur risks relating to our employees and contractors' presence at our clients' facilities, including, but not limited to: claims of misconduct, negligence or intentional malfeasance on the part of our employees. Some or all of these claims may lead to litigation and these matters may cause us to incur negative publicity with respect to these alleged problems. It is not possible to predict the outcome of these lawsuits or any other proceeding, and our insurance may not cover all claims that may be asserted against us.

Our business is subject to the risks of geo-political actions, including natural disasters, war and terrorism and public health pandemics.

A significant natural disaster, such as an earthquake, fire or a flood, a catastrophic event, such as a significant power outage, or a public health pandemic, such as COVID-19, could have a material adverse impact on our business, operating results and financial condition. In the event we are hindered by any of the events discussed above, our ability to provide our services to clients could be delayed. Additionally, a natural disaster, catastrophic event or public health epidemic could cause us or our customers to suspend all or a portion of their operations for a significant period of time, result in a permanent loss of resources, or require the relocation of personnel and material to alternate facilities that may not be available or adequate. Such an event could also cause an indirect economic impact on our customers, which could impact our customers' purchasing decisions and reduce demand for our products and services.

In addition, our facilities are vulnerable to damage or interruption from human error, intentional bad acts, pandemics, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events. The occurrence of a natural disaster, power failure or an act of terrorism, vandalism or other misconduct could result in lengthy interruptions in provision of our services and failure to comply with our obligations to our clients. The occurrence of any of the foregoing events could damage our systems and hardware or could cause them to fail completely, and our insurance may not cover such events or may be insufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business, that may result from interruptions in the provision of our services to clients as a result of system failures.

All of the aforementioned risks may be exacerbated if our disaster recovery plan proves to be inadequate. To the extent that any of the above results in delayed or reduced sales or increases our cost of sales, our business, financial condition and results of operations could be adversely affected.

Any debt we incur may affect our ability to operate our business and secure additional financing in the future.

In October 2019, we entered into a new Multicurrency Revolving Facility Agreement, or the Facility Agreement, with HSBC Bank plc as agent, or the Agent, HSBC UK Bank plc, DNB (UK) Limited, Keybank National Association and Silicon Valley Bank as mandated lead arrangers, bookrunners and original lenders, or the Mandated Lead Arrangers and the Original Lenders. The Multicurrency Revolving Credit Facility is an unsecured revolving credit facility in the amount of £200 million with an initial period of three years, and it replaces the existing £50 million secured facility with HSBC UK Bank Plc. In 2020, the Facility Agreement was extended by one year, now maturing in October 2023. The Facility Agreement also provides for an uncommitted accordion option for up to an aggregate of £75 million in additional borrowing. The Facility Agreement remains undrawn; however, we may draw down from the Facility in the future.

The Facility Agreement requires us, and any debt instruments we may enter into in the future may require us, to comply with various covenants that limit our ability to, among other things:

- dispose of assets;
- complete mergers or acquisitions;
- incur or guarantee indebtedness;
- sell or encumber certain assets;
- pay dividends or make other distributions to holders of our shares;
- make specified investments;
- engage in different lines of business; and
- engage in certain transactions with affiliates.

Under the terms of the Facility Agreement, we are required to comply with net leverage ratio and interest coverage covenants. Our ability to meet these ratios and covenants can be affected by events beyond our control and we may not meet these ratios and covenants. To the extent we draw down on the Facility, a failure by us to comply with the ratios or covenants contained in the Facility Agreement could result in an event of default, which could adversely affect our ability to respond to changes in our business and manage our operations. Upon the occurrence of an event of default, including the occurrence of a material adverse change, the lenders could elect to declare any amounts outstanding to be due and payable and exercise other remedies as set forth in the Facility Agreement. If any indebtedness under our Facility were to be accelerated, our future financial condition could be materially adversely affected.

We may also incur additional indebtedness under different agreements in the future. The instruments governing such indebtedness could contain provisions that are as, or more, restrictive than our existing debt instruments. If we are unable to repay, refinance or restructure our indebtedness when payment is due, the lenders could proceed against any collateral granted to them to secure such indebtedness or force us into bankruptcy or liquidation.

We may need additional capital, and a failure by us to raise additional capital on terms favourable to us, or at all, could limit our ability to grow our business and develop or enhance our service offerings to respond to market demand or competitive challenges.

We believe that our current cash balances, cash flow from operations and credit facilities should be sufficient to meet our anticipated cash needs for at least the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities, draw down on our revolving credit facility or obtain another credit facility.

The sale of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financing covenants that would restrict our operations. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including investors' perception of, and demand for, securities of IT services companies, conditions in the capital markets in which we may seek to raise funds, our future results of operations and financial condition, and general economic and political conditions, all of which may be heightened due to the ongoing COVID-19 pandemic. Financing may not be available in amounts or on terms acceptable to us, or at all, and could limit our ability to grow our business and develop or enhance our service offerings to respond to market demand or competitive challenges.

We have significant fixed costs related to lease facilities and may incur additional expense as we adapt our facilities in response to the COVID-19 pandemic.

We have made and continue to make significant contractual commitments related to our leased facilities. The total lease related expense (net of any related gains and income) included in our financial statements for the 2021 financial year was £13.87 million, and we are contractually committed to £14.23 million in such lease expenses for the 2022 financial year. These expenses will have a significant impact on our fixed costs, and if we are unable to grow our business and revenue proportionately, our operating results may be negatively affected.

As we continue to adapt to the changes caused by the ongoing COVID-19 pandemic and take necessary safety precautions to ensure a safe and healthy work environment, we may face increased costs to adapt our offices to mitigate the risk of our employees being diagnosed with COVID-19, including office cleaning costs and ensuring we have enough space to maintain appropriate social distancing.

Additionally, we have moved our workforce to a remote working regime in response to the COVID-19 pandemic, and plan to move to a hybrid work model even as social distancing restrictions are loosened. Therefore, we may require less office space than we currently have under our leases. This could require us to renegotiate some of our leases to match a reduced need for office space, which may in turn lead to disputes with existing landlords. This process could be costly and time consuming, and we cannot guarantee that any new leases would be on the same or better terms as our current lease arrangements. Additionally, we plan to make significant changes to our offices to adapt them to new ways of working as we embrace a hybrid working model. This investment could be costly and time consuming as we evolve our plan to meet the requirements and opportunities this new working model presents and to increase our employees' capabilities, wellness, job satisfaction and productivity under this model.

Our ability to expand our business and procure new contracts or enter into beneficial business arrangements could be affected to the extent we enter into agreements with clients containing non-competition clauses.

We are a party to a small number of agreements with clients that restrict our ability to perform similar services for such clients' competitors. We may in the future enter into agreements with clients that restrict our ability to accept assignments from, or render similar services to, those clients' customers, require us to obtain our clients' prior written consent to provide services to their customers or restrict our ability to compete with our clients, or bid for or accept any assignment for which those clients are bidding or negotiating. These restrictions may hamper our ability to compete for and provide services to other clients in a specific industry in which we have expertise and could materially adversely affect our business, financial condition and results of operations.

If our current insurance coverage is or becomes insufficient to protect against losses incurred, our business, results of operations and financial condition may be adversely affected.

We provide technology services that are integral to our clients' businesses. If we were to default in the provision of any contractually agreed-upon services, our clients could suffer significant damages and make claims against us for those damages. We currently carry professional indemnity (errors and omissions) and cyber & data insurance coverage in an amount we consider reasonable and appropriate for all of the services we provide.

To the extent client damages are deemed recoverable against us in amounts substantially in excess of our insurance coverage, or if our claims for insurance coverage are denied by our insurance carriers for any reason, including reasons beyond our control, there could be a material adverse effect on our revenue, business, results of operations and financial condition.

Risks Related to Our International Operations

Fluctuations in currency exchange rates and increased inflation could materially adversely affect our financial condition and results of operations.

We have operations in a number of countries, including Argentina, Austria, Australia, Bosnia & Herzegovina, Bulgaria, Colombia, Croatia, Denmark, Germany, Ireland, North Macedonia, Mexico, Moldova, the Netherlands, Romania, Serbia, Singapore, Slovenia, Switzerland, the United Kingdom, the United States, Uruguay and Venezuela, and we serve clients across Europe, North America and the rest of the world, or RoW. As part of our acquisitions of Five and Levvel in March 2021, we acquired new operations in Croatia, Mexico and the United States. As a result of the international scope of our operations, fluctuations in exchange rates, particularly between the British Pound, our reporting currency, and the Euro and U.S. dollar, may adversely affect us. Currency fluctuations related to the United Kingdom's departure from the European Union on 31 January 2020, or Brexit, and the COVID-19 pandemic had a significant impact on our financial results for the financial year ended 30 June 2021. In the financial year ended 30 June 2021, 43.0% of our sales were denominated in the British Pound, 27.2% of our sales were denominated in U.S. dollars, 28.1% were denominated in Euros and the balance were in other currencies. Conversely, during the same time period, 72.2% of our expenses were denominated in Euros (or in currencies that largely follow the Euro, including the RON) or U.S. dollars. As a result, strengthening of the Euro or U.S. dollar relative to the British Pound presents the most significant risk to us. Any significant fluctuations in currency exchange rates may have a material impact on our business.

In addition, economies in Central European and Latin American countries have periodically experienced high rates of inflation. Periods of higher inflation may slow economic growth in those countries. As a substantial portion of our expenses (excluding currency losses and changes in deferred tax) are denominated in Euros or in currencies that largely follow the Euro, the relative movement of inflation significantly affects our results of operations. Inflation also is likely to increase some of our costs and expenses, including wages, rents, leases and employee benefit payments, which we may not be able to pass on to our clients and, as a result, may reduce our profitability. To the extent inflation causes these costs to increase, such inflation may materially adversely affect our business. Inflationary pressures could also affect our ability to access financial markets and lead to counter-inflationary measures that may harm our financial condition, results of operations or materially adversely affect the market price of our securities.

Our revenue, margins, results of operations and financial condition may be materially adversely affected if general economic conditions in Europe, the United States or the global economy worsen.

We derive a significant portion of our revenue from clients located in Europe and the United States. The technology services industry is particularly sensitive to the economic environment, and tends to decline during general economic downturns. While the potential economic impact and the duration of the COVID-19 pandemic may be difficult to fully assess or predict, it has resulted in significant economic uncertainty and disruption.

If the U.S. or European economies continue to weaken or slow or there is a global economic slowdown, pricing for our services may be depressed and our clients may reduce or postpone their technology spending significantly, which may, in turn, lower the demand for our services and negatively affect our revenue and profitability. A weak or declining economy could also cause our customers to delay making payments for our services. Additionally, any weakening or failure of banking institutions or banking systems, which could be caused by a weakening or slowdown of the U.S., European or global economies, could adversely impact our business, operating results and financial condition and negatively impact our ability to receive and make payments. If we are unable to successfully anticipate changing economic and political conditions affecting the markets in which we operate, we may be unable to effectively plan for or respond to those changes, and our results of operations could be adversely affected.

Our international operations involve risks that could increase our expenses, adversely affect our results of operations and require increased time and attention from our management.

As of 30 June 2021, we had 8,883 employees (including directors), approximately 50.3% of whom work in nearshore delivery centres in European Union countries. We have operations in a number of countries, including Argentina, Austria, Australia, Bosnia & Herzegovina, Bulgaria, Colombia, Croatia, Denmark, Germany, Ireland, North Macedonia, Mexico, Moldova, the Netherlands, Romania, Serbia, Singapore, Slovenia, Switzerland, the United Kingdom, the United States, Uruguay and Venezuela, and we serve clients across Europe, North America and RoW. As part of our acquisitions of CDS in August 2020 and Five and Levvel in March 2021, we acquired new operations in Austria, Bosnia & Herzegovina, Croatia, Germany, Ireland, Mexico, Serbia, Slovenia and the United States. Additionally, we have formed new subsidiaries in Australia in June 2020, Singapore in April 2020 and Switzerland in June 2021. As a result, we may be subject to risks inherently associated with international operations. Our global operations expose us to numerous and sometimes conflicting legal, tax and regulatory requirements, and violations or unfavourable interpretation by the respective authorities of these regulations could harm our business.

Risks associated with international operations include difficulties in enforcing contractual rights, potential difficulties in collecting accounts receivable, the burdens of complying with a wide variety of foreign laws, repatriation of earnings or capital and the risk of asset seizures by foreign governments. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations. Such companies may have long-standing or well-established relationships with desired clients, which may put us at a competitive disadvantage. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. Our international expansion plans may not be successful and we may not be able to compete effectively in other countries. These factors could impede the success of our international expansion plans and limit our ability to compete effectively in other countries. Additionally, addressing the operational and other challenges posed by our international operations will require significant time and attention from management, which may divert management's attention from other important matters.

Our business, results of operations and financial condition may be adversely affected by the various conflicting legal and regulatory requirements imposed on us by the countries where we operate.

Since we maintain operations and provide services to clients throughout the world, we are subject to numerous, and sometimes conflicting, legal requirements on matters as diverse as import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, government affairs, anti-bribery, whistle blowing, internal and disclosure control obligations, data protection and privacy, labour relations and COVID-19 related regulations and restrictions. Our failure to comply with these regulations in the conduct of our business could result in fines, penalties, criminal sanctions against us or our officers, disgorgement of profits, prohibitions on doing business, unfavourable publicity, adverse impact on our reputation and allegations by our clients that we have not performed our contractual obligations. Due to the varying degree of development of the legal systems of the countries in which we operate, local laws might be insufficient to defend us and preserve our rights.

We are also subject to risks relating to compliance with a variety of national and local laws including multiple tax regimes, labour laws, employee health safety and wages and benefits laws. We may, from time to time, be subject to litigation or administrative actions resulting from claims against us by current or former employees individually or as part of class actions, including claims of wrongful terminations, discrimination, misclassification or other violations of labour law or other alleged conduct. We may also, from time to time, be subject to litigation resulting from claims against us by third parties, including claims of breach of non-compete and confidentiality provisions of our employees' former employment agreements with such third parties. Our failure to comply with applicable regulatory requirements could have a material adverse effect on our revenue, business, results of operations and financial condition.

Many commercial laws and regulations in Central Europe and Latin America are relatively new and have been subject to limited interpretation. As a result, their application can be unpredictable. Government authorities have a high degree of discretion in certain countries in which we have operations and at times have exercised their discretion in ways that may be perceived as selective or arbitrary, and sometimes in a manner that is seen as being influenced by political or commercial considerations. These governments also have the power, in certain circumstances, to interfere with the performance of, nullify or terminate contracts. Selective or arbitrary actions have included withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions.

Federal and local government entities have also used common defects in documentation as pretexts for court claims and other demands to invalidate and/or to void transactions, apparently for political purposes. In this environment, our competitors could receive preferential treatment from the government, potentially giving them a competitive advantage. Selective or arbitrary government action could materially adversely affect our business, financial condition and results of operations.

Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business.

From time to time, we may be party to various claims and litigation proceedings, including as part of class actions. We evaluate these claims and litigation proceedings to assess the likelihood of unfavourable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our assessments and estimates. We are not currently party to any material litigation.

Even when not merited, the defence of these lawsuits may divert our management's attention, and we may incur significant expenses in defending these lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial position, cash flows or results of operations. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery.

Changes and uncertainties in the tax system in the countries in which we have operations, could materially adversely affect our financial condition and results of operations.

We conduct business globally and file income tax returns in multiple jurisdictions. Our consolidated effective income tax rate could be materially adversely affected by several factors, including: changing tax laws, regulations and treaties, or the interpretation thereof; tax policy initiatives and reforms under consideration (such as those related to the Organization for Economic Co-Operation and Development's, or OECD, Base Erosion and Profit Shifting, or BEPS, Project, BEPS 2.0, the European Commission's state aid investigations and other initiatives); the practices of tax authorities in jurisdictions in which we operate; the cancellation of or alteration to relevant tax incentive regimes; the resolution of issues arising from tax audits or examinations and any related interest or penalties. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid.

In particular, there have been significant changes to the taxation systems in Central European countries and also in Argentina and the United States in recent years as the authorities have gradually replaced or introduced new legislation regulating the application of major taxes such as corporate income tax, VAT, corporate property tax, personal income taxes and payroll taxes. The post-Brexit deal that the United Kingdom agreed with the European Union did not include an exemption from withholding tax on dividends between U.K. and E.U. resident group members, and so profits recognized by us in Romania are now subject to a 5% withholding tax on distributions to us.

We are unable to predict what tax reforms may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices in jurisdictions in which we operate, could increase the estimated tax liability that we have expensed to date and paid or accrued on our balance sheets, and otherwise affect our financial position, future results of operations, cash flows in a particular period and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our shareholders and increase the complexity, burden and cost of tax compliance.

There may be adverse tax and employment law consequences if the independent contractor status of some of our personnel or the exempt status of our employees is successfully challenged.

We retain certain of our workforce as independent contractors, which has increased due to our recent acquisitions, and the determination of whether an individual is considered an independent contractor or an employee typically varies by jurisdiction and depends on the interpretation of the applicable laws. If there is a change in law or regulation, such as the changes to the rules often referred to as “IR35” or the “off-payroll working rules” in the United Kingdom that took effect from April 2021, or if a government authority or court makes a determination with respect to the requirements for being an independent contractor that differs from our approach either generally or specifically against an independent contractor who works for us, then we could incur significant costs. These could include increased employee benefits costs as well as withholding and other taxes (and potentially interest and penalties), and could apply to previous periods.

Furthermore, any such change in law or regulation or government or court determination could negatively impact how we structure our business and who we hire, which along with any increase in our costs, could materially adversely affect our business, financial condition and results of operations and increase the difficulty in attracting and retaining personnel.

Tax authorities may disagree with our positions and conclusions regarding certain tax positions, or may apply existing rules in an arbitrary or unforeseen manner, resulting in unanticipated costs, taxes or non-realization of expected benefits.

A tax authority may disagree with tax positions that we have taken, which could result in increased tax liabilities. For example, Her Majesty’s Revenue & Customs, or HMRC, the U.S. Internal Revenue Service or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including methodologies for valuing developed technology and amounts paid with respect to our intellectual property development. Similarly, a tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a “permanent establishment” under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions. In particular, tax authorities in Central European countries have been aggressive in their interpretation of tax laws and their many ambiguities, as well as in their enforcement and collection activities.

For example, a tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, where there has been a technical violation of contradictory laws and regulations that are relatively new and have not been subject to extensive review or interpretation, in which case we expect that we might contest such assessment. High-profile companies can be particularly vulnerable to aggressive application of unclear requirements. Many companies must negotiate their tax bills with tax inspectors who may demand higher taxes than applicable law appears to provide. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the implications could increase our anticipated effective tax rate, where applicable.

We do not anticipate being treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the current taxable year, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to qualify as a PFIC, this could result in adverse U.S. tax consequences to certain U.S. holders.

Generally, if, for any taxable year, at least 75% of our gross income is passive income, or on average at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, we would be characterized as a PFIC for U.S. federal income tax purposes.

For purposes of these tests, passive income generally includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. Our status as a PFIC depends on the composition of our income and the composition and value of our assets (for which purpose the total value of our assets may be determined in part by the market value of our ADSs representing Class A ordinary shares, which are subject to change) from time to time. If we are characterized as a PFIC, U.S. holders of our ADSs may suffer adverse U.S. tax consequences, including having gains realized on the sale of our ADSs treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on our ADSs by individuals who are U.S. holders, and having interest charges apply to distributions by us and the proceeds of sales of ADSs.

Although PFIC status is determined on an annual basis and generally cannot be determined until the end of the taxable year, based on the nature of our current and expected income and the current and expected value and composition of our assets, we believe we were not a PFIC for our 2020 tax year and we do not expect to be a PFIC for our current taxable year. However, our status as a PFIC is a fact-intensive determination made on an annual basis, and we cannot provide any assurances regarding our PFIC status for the current, prior or future taxable years. See “Taxation—U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Rules” for a further discussion of the PFIC rules.

Emerging markets are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt our business.

Central European and Latin American countries are generally considered to be emerging markets, which are subject to rapid change and greater legal, economic and political risks than more established markets. Financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Central Europe and Latin America and adversely affect the economy of the region. Political instability could result in a worsening overall economic situation, including capital flight and slowdown of investment and business activity.

Current and future changes in governments of the countries in which we have or develop operations, as well as major policy shifts or lack of consensus between various branches of the government and powerful economic groups, could lead to political instability and disrupt or reverse political, economic and regulatory reforms, which could materially adversely affect our business and operations in those countries. In addition, political and economic relations between certain of the countries in which we operate are complex, and recent conflicts have arisen between certain of their governments. Political, ethnic, religious, historical and other differences have, on occasion, given rise to tensions and, in certain cases, military conflicts among Central European or Latin American countries which can halt normal economic activity and disrupt the economies of neighbouring regions. The emergence of new or escalated tensions in Central European or Latin American countries could further exacerbate tensions between such countries and the United Kingdom, the United States and the European Union, which may have a negative effect on their economy, our ability to develop or maintain our operations in those countries and our ability to attract and retain employees, any of which could materially adversely affect our business and operations.

In addition, banking and other financial systems in certain countries in which we have operations are less developed and regulated than in some more developed markets, and legislation relating to banks and bank accounts is subject to varying interpretations and inconsistent application. Banks in these regions often do not meet the banking standards of more developed markets, and the transparency of the banking sector lags behind international standards. Furthermore, in certain countries in which we operate, bank deposits made by corporate entities generally either are not insured or are insured only to specified limits. As a result, the banking sector remains subject to periodic instability. Another banking crisis, or the bankruptcy or insolvency of banks through which we receive or with which we hold funds may result in the loss of our deposits or adversely affect our ability to complete banking transactions in certain countries in which we have operations, which could materially adversely affect our business and financial condition.

Wage inflation and other compensation expense for our IT professionals could adversely affect our financial results.

Wage costs for IT professionals in Central European and Latin American countries are lower than comparable wage costs in more developed countries. However, wage costs in the technology services industry in these countries may increase at a faster rate than in the past and wage inflation for the IT industry may be higher than overall wage inflation within these countries. We may need to increase the levels of employee compensation more rapidly than in the past to remain competitive, and we may not be able to pass on these increased costs to our clients. Unless we are able to continue to increase the efficiency and productivity of our employees as well as the prices we can charge for our services, wage inflation may materially adversely affect our financial condition and results of operations.

We are subject to the U.K. Bribery Act, the U.S. Foreign Corrupt Practices Act and other anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations.

Our operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010, or the Bribery Act, the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. §201, the U.S. Travel Act, and other anti-corruption laws that apply in countries where we do business. The Bribery Act, the FCPA and these other laws generally prohibit us and our employees and intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to government officials or other persons to obtain or retain business or gain some other business advantage.

Under the Bribery Act, we may also be liable for failing to prevent a person associated with us from committing a bribery offense. We operate in a number of jurisdictions that pose a high risk of potential Bribery Act or FCPA violations. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United Kingdom and the United States, and authorities in the European Union, including applicable export control regulations, economic sanctions and embargoes on certain countries and persons, anti-money laundering laws, import and customs requirements and currency exchange regulations, collectively referred to as the Trade Control laws. We may not be completely effective in ensuring our compliance with all such applicable laws, which could result in our being subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses.

Likewise, any investigation of any potential violations of such laws by United Kingdom, United States or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition.

Risks Related to Our ADSs and the Trading of Our ADSs

We have identified a material weakness in our disclosure controls and internal controls over financial reporting. If we fail to remediate the material weakness and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired, and the trading price of our ADSs may be negatively impacted.

As a public company, we are required, pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the financial year ended 30 June 2021. This assessment is required to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We are also required to have our independent registered public accounting firm issue an opinion on the effectiveness of our internal control over financial reporting on an annual basis.

We identified material weaknesses in our internal control over financial reporting during the financial year ended 30 June 2020, which were remediated as of 30 June 2021. However, for the financial year ended 30 June 2021, we identified a material weakness in internal controls related to our risk assessment process over the design and implementation of process level controls regarding the impact of events after the reporting period on the allowance for credit losses related to trade receivable. While we are actively engaged in implementing remedial measures, we cannot assure you that these measures will be effective. We also cannot assure you that there will not be additional material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any additional or sustained failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to remediate the material weakness or to conclude in the future that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have additional material weaknesses in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our ADSs could decline, and we could be subject to sanctions or investigations by the New York Stock Exchange, the U.S. Securities and Exchange Commission, or SEC, or other regulatory authorities.

Failure to remedy any material weaknesses in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets. For details of the controls, the identified material weakness and our remediation plan, see the section entitled “Item 15. Controls and Procedures-A.-Disclosure Controls and Procedures” of our U.S. Annual Report on Form 20-F which was filed with the SEC on 28 September 2021.

Our share price may be volatile or may decline regardless of our operating performance.

The trading price of our ADSs has fluctuated, and is likely to continue to fluctuate. The trading price of our ADSs depends on a number of factors, many of which are beyond our control and may not be related to our operating performance, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- variance in our financial performance from expectations of securities analysts;
- changes in the prices of our services;
- changes in our projected operating and actual financial results;
- changes in laws or regulations applicable to our business;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- our involvement in any litigation, including class action lawsuits;
- our sale of our ADSs or other securities in the future;
- changes in senior management or key personnel;
- the trading volume of our ADSs;
- changes in the anticipated future size and growth rate of our market;
- natural disasters, pandemics, including the ongoing COVID-19 pandemic, acts of terrorism and other events beyond our control; and
- general economic, regulatory, political and market conditions.

Stock markets frequently experience price and volume fluctuations that affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of our ADSs. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management’s attention.

An active public trading market for our ADSs may not be sustained.

Prior to the completion of our initial public offering, no public market existed for our securities. An active public trading market for our ADSs may not be sustained. The lack of an active market may impair your ability to sell your ADSs at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your ADSs. An inactive market may also impair our ability to raise capital to continue to fund operations by selling ADSs and may impair our ability to acquire other companies or technologies by using our ADSs as consideration.

Future sales of our ADSs by existing shareholders could cause the market price of our ADSs to decline.

Sales of a substantial number of our ADSs in the public market by our existing shareholders, or the perception that these sales might occur, could depress the market price of our ADSs and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our ADSs.

Our articles of association provides for various selling restrictions, including that (i) each holder of Class B ordinary shares may not dispose of (a) more than 40% of the Class B ordinary shares held by such holder as of July 26, 2018 in the three-year period following July 26, 2018 (including by conversion to Class A ordinary shares) and (b) more than 60% of the Class B ordinary shares held by such holder as of July 26, 2018 in the five-year period following July 26, 2018 (including by conversion to Class A ordinary shares). Limitations on conversions and dispositions also applied to holders of our Class C ordinary shares at the time such shares were outstanding. As of January 26, 2020, all of the selling restrictions on our Class C ordinary shares had lapsed, and on July 26, 2020, all of our Class C ordinary shares automatically converted to Class A ordinary shares. As of 30 June 2021, we had 41,871,331 outstanding ordinary shares, which were not subject to lock-ups or selling restrictions.

In addition, as of 30 June 2021 there were outstanding 2,770,076 Class A ordinary shares issuable by us upon exercise of outstanding share options or the vesting of restricted share units, or RSUs. We have registered all of the ADSs representing Class A ordinary shares issuable upon exercise of outstanding options or the vesting of RSUs, and upon exercise of settlement of any options or other equity incentives we may grant in the future, for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements, subject to restrictions on sales of our shares by affiliates.

Shareholder protections found in provisions under the U.K. City Code on Takeovers and Mergers, or the Takeover Code, will not apply if our place of management and control is considered to change to outside the United Kingdom.

The Takeover Code applies to all offers for public limited companies incorporated in England and Wales which have their registered offices in the United Kingdom and which are considered by the Panel on Takeovers and Mergers, or the Takeover Panel, to have their place of central management and control in the United Kingdom.

On July 6, 2018, we re-registered as a public limited company incorporated in England and Wales. Our place of central management and control was at that time, and remains in, the United Kingdom for the purposes of the Takeover Code. Accordingly, we are currently subject to the Takeover Code and, as a result, our shareholders are entitled to the benefit of the various protections provided under the Takeover Code. The Takeover Code provides a framework within which takeovers of companies are regulated and conducted. If, at the time of a takeover offer, the Takeover Panel determines that we do not have our place of central management and control in the United Kingdom, then the Takeover Code would not apply to us and our shareholders would not be entitled to the benefit of the various protections that the Takeover Code affords. In particular, the rules regarding mandatory takeover bids described below would not apply. The following is a brief summary of some of the most important rules of the Takeover Code:

- When any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by that person and an interest in shares held or acquired by persons acting in concert with him or her) carry 30% or more of the voting rights of a company that is subject to the Takeover Code, that person is generally required to make a mandatory offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.
- When any person who, together with persons acting in concert with him or her, is interested in shares representing not less than 30% but does not hold more than 50% of the voting rights of a company that is subject to the Takeover Code, and such person, or any person acting in concert with him or her, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he or she is interested, then such person is generally required to make a mandatory offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.
- A mandatory offer triggered in the circumstances described in the two paragraphs above must be in cash (or be accompanied by a cash alternative) and at not less than the highest price paid within the preceding 12 months to acquire any interest in shares in the company by the person required to make the offer or any person acting in concert with him or her.
- In relation to a voluntary offer (i.e. any offer which is not a mandatory offer), when interests in shares representing 10% or more of the shares of a class have been acquired for cash by an offeror (i.e., a bidder) and any person acting in concert with it in the offer period and the previous 12 months, the offer must be in cash or include a cash alternative for all shareholders of that class at not less than the highest price paid for any interest in shares of that class by the offeror and by any person acting in concert with it in that period. Further, if an offeror acquires for cash any interest in shares during the offer period, a cash alternative must be made available at not less than the highest price paid for any interest in the shares of that class.
- If the offeror or any person acting in concert with it acquires an interest in shares in the offeree company (i.e., the target) at a price higher than the value of the offer, the offer must be increased to not less than the highest price paid for the interest in shares so acquired.
- The offeree company must obtain competent advice as to whether the terms of any offer are fair and reasonable and the substance of such advice must be made known to all the shareholders, together with the opinion of the board of directors of the offeree company.
- Special deals with favourable conditions for selected shareholders are not permitted.
- All shareholders must be given the same information.
- Each document published in connection with an offer by or on behalf of the offeror or offeree must state that the directors of the offeror or the offeree, as the case may be, accept responsibility for the information contained therein.
- Profit forecasts, quantified financial benefits statements and asset valuations must be made to specified standards and must be reported on by professional advisers.
- Misleading, inaccurate or unsubstantiated statements made in documents or to the media must be publicly corrected immediately.
- Actions during the course of an offer by the offeree company, which might frustrate the offer, are generally prohibited unless shareholders approve these plans.

- Stringent and detailed requirements are laid down for the disclosure of dealings in relevant securities during an offer.

Employee representatives or employees of both the offeror and the offeree company and the trustees of the offeree company's pension scheme must be informed about an offer. In addition, the offeree company's employee representatives and pension scheme trustees have the right to have a separate opinion on the effects of the offer on employment and pension scheme(s), respectively, appended to the offeree board of directors' circular or published on a website.

The dual class structure of our ordinary shares has the effect of concentrating voting control for the foreseeable future, which will limit your ability to influence corporate matters.

Our Class B ordinary shares have 10 votes per share, and our Class A ordinary shares, which are the shares underlying the ADSs have one vote per share. Given the greater number of votes per share attributed to our Class B ordinary shares, holders of Class B ordinary shares collectively beneficially hold shares representing approximately 81.8% of the voting rights of our outstanding share capital as of August 15, 2021. Further, John Cotterell, our Chief Executive Officer, beneficially holds Class B ordinary shares representing approximately 42.6% of the voting rights of our outstanding share capital as of August 15, 2021. Consequently, Mr. Cotterell will continue to be able to have a significant influence on corporate matters submitted to a vote of shareholders. Notwithstanding this concentration of control, we do not currently qualify as a "controlled company" under New York Stock Exchange listing rules.

This concentrated control will limit your ability to influence corporate matters for the foreseeable future. This concentrated control could also discourage a potential investor from acquiring our ADSs due to the limited voting power of the Class A ordinary shares underlying the ADSs relative to the Class B ordinary shares and might harm the market price of our ADSs. In addition, Mr. Cotterell has the ability to control the management and major strategic investments of our company as a result of his position as our Chief Executive Officer. As a member of our board of directors, Mr. Cotterell owes statutory and fiduciary duties to us and must act in good faith and in a manner that he considers would be most likely to promote the success of our company for the benefit of our shareholders as a whole.

As a shareholder, Mr. Cotterell is entitled to vote his shares in his own interests, which may not always be in the interests of our shareholders generally. For a description of our dual class structure, see "Description of Share Capital and Articles of Association."

Future transfers by other holders of Class B ordinary shares will generally result in those shares converting on a one-to-one basis to Class A ordinary shares, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of our Class B ordinary shares into Class A ordinary shares will have the effect, over time, of increasing the relative voting power of those holders of Class B ordinary shares who retain their shares in the long-term.

We cannot predict the impact our dual class share structure may have on our ADS price or our business.

We cannot predict whether our dual class share structure, combined with the concentrated control of our shareholders who held our ordinary shares prior to the completion of our initial public offering, including our executive officers, employees and directors and their affiliates, will result in a lower or more volatile market price of our ADSs or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. In July 2017, FTSE Russell announced that it plans to require new constituents of its indexes to have greater than 5% of the company's voting rights in the hands of public shareholders, and S&P Dow Jones announced that it will no longer admit companies with multiple-class share structures to certain of its indexes. Because of our dual class structure, we will likely be excluded from these indexes and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our ADSs less attractive to other investors. As a result, the market price of our ADSs could be adversely affected.

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.

We are incorporated under English law. The rights of holders of ordinary shares and, therefore, certain of the rights of holders of our ADSs, are governed by English law, including the provisions of the Companies Act 2006, or the Companies Act, and by our Articles of Association. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations. See "Item 10.B—Memorandum and Articles of Association" and "Item 16.G—Corporate Governance" in this Annual Report on Form 20-F for a description of the principal differences between the provisions of the Companies Act applicable to us and, for example, the Delaware General Corporation Law relating to shareholders' rights and protections.

Holders of our ADSs have fewer rights than our shareholders and must act through the depositary to exercise their rights.

Holders of our ADSs do not have the same rights as our shareholders and may only exercise their voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Holders of the ADSs have appointed the depositary or its nominee as their representative to exercise the voting rights attaching to the Class A ordinary shares represented by the ADSs. When a general meeting is convened, if you hold ADSs, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw the Class A ordinary shares underlying your ADSs to allow you to vote directly with respect to any specific matter.

We will make all commercially reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive voting materials in time to instruct the depositary to vote, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. Furthermore, the depositary will not be liable for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you request. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting. See "Item 12.D—Description of American Depositary Shares."

Holders of our ADSs may face limitations on transfer and withdrawal of underlying Class A ordinary shares.

Our ADSs, which may be evidenced by ADRs, are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may refuse to deliver, transfer or register transfers of your ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason subject to your right to cancel your ADSs and withdraw the underlying Class A ordinary shares. Temporary delays in the cancellation of your ADSs and withdrawal of the underlying Class A ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our Class A ordinary shares. In addition, you may not be able to cancel your ADSs and withdraw the underlying Class A ordinary shares when you owe money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of Class A ordinary shares or other deposited securities. See "Item 12.D—Description of American Depositary Shares."

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favourable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that holders and beneficial owners of ADSs irrevocably waive the right to a trial by jury in any legal proceeding arising out of or relating to the deposit agreement or the ADSs, including in respect of claims under federal securities laws, against us or the depositary to the fullest extent permitted by applicable law. If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. To our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court. However, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York, which govern the deposit agreement, by a court of the State of New York or a federal court, which have non-exclusive jurisdiction over matters arising under the deposit agreement, applying such law. In determining whether to enforce a jury trial waiver provision, New York courts and federal courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement and the ADSs.

In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim (as opposed to a contract dispute), none of which we believe are applicable in the case of the deposit agreement or the ADSs. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any provision of the federal securities laws. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with such matters, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depositary.

If a lawsuit is brought against us and/or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favourable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

Claims of U.S. civil liabilities may not be enforceable against us.

We are incorporated under English law. Substantially all of our assets are located outside the United States. The majority of our senior management and board of directors reside outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce judgments obtained in U.S. courts against them or us, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws.

The United States and the United Kingdom do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in the United Kingdom. In addition, uncertainty exists as to whether U.K. courts would entertain original actions brought in the United Kingdom against us or our directors or senior management predicated upon the securities laws of the United States or any state in the United States. Any final and conclusive monetary judgment for a definite sum obtained against us in U.S. courts would be treated by the courts of the United Kingdom as a cause of action in itself and sued upon as a debt at common law so that no retrial of the issues would be necessary, provided that certain requirements are met. Whether these requirements are met in respect of a judgment based upon the civil liability provisions of the U.S. securities laws, including whether the award of monetary damages under such laws would constitute a penalty, is an issue for the court making such decision. If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will be enforceable by methods generally available for this purpose. These methods generally permit the English court discretion to prescribe the manner of enforcement.

As a result, U.S. investors may not be able to enforce against us or our senior management, board of directors or certain experts named herein who are residents of the United Kingdom or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than U.S. public companies.

We are a “foreign private issuer,” as defined in the SEC rules and regulations and, consequently, we are not subject to all of the disclosure requirements applicable to companies organized within the United States. For example, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act. In addition, our officers and directors are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Further, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information.

Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies. Accordingly, there may be less publicly available information concerning our company than there is for U.S. public companies.

As a foreign private issuer, we file annual reports on Form 20-F within four months of the close of each financial year ended 30 June and reports on Form 6-K relating to certain material events promptly after we publicly announce these events. However, because of the above exemptions for foreign private issuers, our shareholders are not afforded the same protections or information generally available to investors holding shares in public companies organized in the United States.

While we are a foreign private issuer, we are not subject to certain New York Stock Exchange corporate governance listing standards applicable to U.S. listed companies.

We are entitled to rely on a provision in the New York Stock Exchange's corporate governance listing standards that allows us to follow English corporate law and the Companies Act with regard to certain aspects of corporate governance. This allows us to follow certain corporate governance practices that differ in significant respects from the corporate governance requirements applicable to U.S. companies listed on the New York Stock Exchange.

For example, we are exempt from New York Stock Exchange regulations that require a listed U.S. company to (1) have a majority of the board of directors consist of independent directors, (2) require regularly scheduled executive sessions with only independent directors each year and (3) have a remuneration committee or a nominations or corporate governance committee consisting entirely of independent directors.

In accordance with our New York Stock Exchange listing, our audit committee is required to comply with the provisions of Section 301 of the Sarbanes-Oxley Act and Rule 10A-3 of the Exchange Act, both of which are also applicable to New York Stock Exchange-listed U.S. companies. Because we are a foreign private issuer, however, our audit committee is not subject to additional New York Stock Exchange requirements applicable to listed U.S. companies, including an affirmative determination that all members of the audit committee are "independent," using more stringent criteria than those applicable to us as a foreign private issuer. Furthermore, the New York Stock Exchange's corporate governance listing standards require listed U.S. companies to, among other things, seek shareholder approval for the implementation of certain equity compensation plans and issuances of ordinary shares, which we are not required to follow as a foreign private issuer.

We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant legal, accounting and other expenses.

As a foreign private issuer, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers. We may no longer be a foreign private issuer when such status is assessed as of 31 December 2021 (the end of our second financial quarter), which would require us to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers as of July 1, 2022. In order to maintain our current status as a foreign private issuer, either (a) a majority of our ordinary shares must be either directly or indirectly owned of record by non-residents of the United States or (b)(1) a majority of our executive officers or directors cannot be U.S. citizens or residents, (2) more than 50 percent of our assets must be located outside the United States and (3) our business must be administered principally outside the United States.

If we lose our status as a foreign private issuer, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers and will require that we prepare our financial statements in accordance with U.S. Generally Accepted Accounting Principles. We may also be required to make changes in our corporate governance practices in accordance with various SEC and rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer will be significantly higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our ADSs depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts or the content that they publish about us. If our financial performance fails to meet analyst estimates or one or more of the analysts who cover us downgrade our ADSs or change their opinion of our ADSs, our ADS price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our ADS price or trading volume to decline.

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our ADSs.

We currently intend to retain any future earnings to finance the growth and development of the business and, therefore, we do not anticipate that we will pay any cash dividends on our ordinary shares, including on the Class A ordinary shares underlying our ADSs, in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors and will be dependent upon our future financial condition, results of operations and capital requirements, general business conditions and other relevant factors as determined by our board of directors. Accordingly, investors must rely on sales of their ADSs after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Section 172 Statement

The Directors are aware of their duty under s172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

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

Stakeholder Engagement

Our key stakeholders include our people, customers, suppliers, investors and our wider communities. Doing the right thing, and caring about the success of all our stakeholders, has always been a focus, and it is firmly rooted in our core purpose and values. We actively engage with, and listen to, our stakeholders to understand their views, seek opportunities to learn and improve.

We are committed to effective engagement with all of our stakeholders. Our success depends on this engagement. Direct engagement by the Board with its stakeholders, where possible, enables the Board to deepen their understanding of how the Company's purpose, values and strategy are embedded across the organisation globally.

Where direct engagement is not possible, engagement takes place at the operational level, and the Directors are kept fully informed by Senior Management of all matters on a regular basis, for use in the Board's decision-making.

The table below, and the following pages of our Strategic Report, describes how the Board engages with its key stakeholders, and how it considers their interests when making its decisions. It also demonstrates how the Board takes into consideration the long-term impact of its decisions, and its desire to maintain a reputation for high standards of business conduct and ethics.

Our People	
Why we engage	<p>We believe that our people are our most important and valuable asset and are the foundation of our long-term viability and success. Successful performance can be delivered only through a high level of engagement where our people share the Endava vision, values and core purpose and feel supported by our culture and Code of Conduct. Maintaining a happy and engaged workforce is key to the Board's strategy to attract and retain top talent.</p>
Engagement and influence on decision-making	<p>The Board and Senior Management are committed to enhancing engagement with employees at all levels to ensure we communicate information on decisions taken, emerging developments, innovations and future growth of the business. We care that everyone has a voice and feels heard.</p> <p>The Board recognises the importance of using a variety of communication platforms and activities to maximise employee engagement. The Board and Senior Management regularly engage with our people, answering questions in #EndavaGatherings (live broadcasts hosted in all our regions). Emails and QuickFire newsletters share relevant information on decisions taken by management, emerging developments, innovations and Endava's future growth ambitions. While the Board cannot directly consult with employees on all decisions it makes, it apprises itself of their opinions in a variety of ways. An example of this includes obtaining feedback through regular employee opinion surveys, which provides the Board with honest feedback that the Board uses to inform and drive business improvements.</p> <p>The Board understands that any decisions it makes may impact employees' performance, engagement and work satisfaction. The Board is mindful that any decisions it makes, as well as the manner in which they are made, will inform the culture of the business. The Board seeks to lead by example in order to ensure that high standards of business conduct are maintained by its employees.</p>
Our Customers	
Why we engage	<p>We are focused on building deep, long-term relationships with our customers. We believe that it is important to work closely with our customers and to develop relationships that enable us to provide innovative solutions to meet their needs, and to increase the positive impact we have on our customers' businesses.</p>
Engagement and influence on decision-making	<p>The Board receives regular feedback from management on market trends and customer feedback. The Board encourages the business to focus on building deep, long-term relationships with our customers.</p> <p>The Board has particular regard to the long-term impact its decisions have on our customers. The Board is responsible for approving material business transactions and key strategic changes. Prior to making such decisions, the Board considers the potential impact on its customers.</p>

Our Suppliers	
Why we engage	We recognise the importance of establishing and building strong working relationships with all our suppliers. Working sustainably, respecting human rights, and operating with the highest standards of ethical conduct and professional integrity improve long-term business performance. We are dedicated to these values and require our suppliers to share our commitment.
Engagement and influence on decision-making	The Board approves and implements policies based on ethical and legal minimum standards, which it requires the business to adhere to when engaging suppliers. Our suppliers are required to commit to these standards, including in relation to anti-bribery and corruption, anti-money laundering, human rights and modern slavery and various other matters.
Our Investors	
Why we engage	We are a public company with ADSs listed on the NYSE. Without our investors, we cannot grow or invest for future success. We engage with existing and potential investors to ensure that we provide sufficient, meaningful and relevant information which they can use to make informed investment decisions. We strictly adhere to market regulations and regularly consult our advisors to ensure we are in compliance with such regulations at all times.
Engagement and influence on decision-making	<p>Our Board and Senior Management have regular interaction with investors, to understand their interests and any concerns they may have. This feeds into the Board's strategic discussions and opportunities, ensuring alignment over strategy, operational performance, remuneration policy, capital structure and future expectations of our investors.</p> <p>Examples of investor engagement by the Board and Senior Management includes Board attendance at the Annual General Meeting, NYSE announcements and press releases, Board attendance at conferences, regular reports from the Investor Relations team, direct engagement with investors in relation to remuneration policy, communications such as quarterly trading results, annual reports and notices of general meetings, and making available detailed information about Endava and matters of interest to investors on our website.</p>

Our Wider Communities	
Why we engage	Our global operations are an important part of the communities in which they are located. We have environmental responsibilities to the world in which we live, and societal responsibilities to the communities where we live, work and operate.
Engagement and influence on decision-making	It is important to the Board that the Group gives back to the communities in which it operates. The Board considers these communities in determining the corporate culture it wishes to promote. The Board takes into consideration the impact that its decisions will have on the wider communities in which we operate, and actively supports our people to volunteer in our communities. The Board also takes into consideration the impact that its decisions have on the environment.

Below are examples of how the Board took into consideration its stakeholders' interests when making principal decisions during the year.

Acquisitions during the 2021 financial year

During the 2021 financial year, we acquired CDS, Five and Level. In considering each of these transactions, the Board had regard to the interests of its stakeholders, and in particular, its investors, customers and employees. The Board believes that these acquisitions were in the best interests of each of these stakeholders. The Board determined that the consideration agreed was fair and that the acquired businesses would enhance and strengthen existing services to customers, expand our credentials and provide further opportunities for our people.

Consideration of priority matters

All of our stakeholders are increasingly interested in how we identify and act on the most pressing matters - those which affect the Group's viability, as well as address our impact on the wider world. The Board has considered a range of priority environmental, social and governance matters, and in doing so has both engaged with our stakeholders and considered industry frameworks, including the recommendations of the Sustainability Accounting Standards Board (SASB), as well as the Sustainable Development Goals (SDGs). This helps to shape future strategy, identify gaps in our approach, and determine the most impactful initiatives to focus on in the future.

Our Purpose

Endava has a clear and unchanging purpose to create an environment and culture that breeds success, by caring for our customers as individuals and enabling our people to be the best they can be. It is underpinned by our values which guide the way we behave.

Our Values

Our Company values make us distinctive. They create the culture and environment we work in, and define how we behave towards our stakeholders. We are:

- **Smart** - We employ clever people, blending experience and talent to deliver smarter solutions.
- **Thoughtful** - We care deeply about the success of our people, our customers and the communities in which we operate.
- **Open** - We are confident in our abilities, our approach and our people so we are confident about being transparent.
- **Adaptable** - We embrace change and value differences, enabling us to succeed in complex environments.
- **Trusted** - Our relationships are built on trust and a marriage of equals.

We believe that our values provide the core foundation for us to work for the long-term success of the Group and for the benefit of the Company's stakeholders as a whole.

Our People

Our people are at the heart of who we are and drive our success as a business. To enable our people to be the best they can be, we create a positive working experience where everyone feels respected, included and connected to our culture.

There are many ways our people can learn and develop their skills, with equal and equitable access to career opportunities based on merit. We care about our people's health and wellness, providing virtual workshops and interactive digital resources through the Endava Wellbeing programme.

Employees (including Directors) by Geography

As at 30 June 2021, we had 8,883 employees (including Directors) operating across Europe, Latin America and North America. We provide services from our nearshore delivery centres, located in four European Union countries (Bulgaria, Croatia, Romania and Slovenia), four other Central European countries (Bosnia & Herzegovina, Moldova, North Macedonia and Serbia), and five countries in Latin America (Argentina, Colombia, Mexico, Uruguay and Venezuela).

We have close-to-client offices in six Western European countries (Austria, Denmark, Germany, Ireland, the Netherlands and the United Kingdom), and in Australia, Singapore and the United States.

At each date shown, we had the following employees (including Directors), broken out by geography and gender:

Employees (including Directors) by geography	As of 30 June	
	2021	2020
Western Europe ¹	493	448
Central Europe - EU Countries ^{1,2}	4,469	3,368
Sub-total: Western Europe & Central Europe - EU Countries ^{1,2}	4,962	3,816
Central Europe - Non-EU Countries ^{1,2}	2,361	1,810
Latin America ³	1,244	895
North America ^{1,2,3}	311	103
Asia-Pacific	5	—
Total	8,883	6,624

¹ The increase from 2020 to 2021 in Western Europe, Central Europe and North America headcount includes acquired employees in connection with our acquisition of CDS in August 2020. These include 4 employees in Western Europe, 261 employees in Central Europe - EU (Slovenia) and 319 in Central Europe non-EU (Bosnia & Serbia) and 3 employees in North America.

² The increase in North America and Central Europe-EU from 2020 to 2021 includes acquired employees in connection with our acquisition of FIVE in March 2021. These include 12 employees in North America and 218 employees in Central Europe EU countries (Croatia).

³ The increase in North America from 2020 to 2021 includes 202 acquired employees and 20 headcount in Latin America (Mexico) in connection with our acquisition of Levvel in March 2021.

Employees (including Directors) by gender

	As at 30 June 2021						
	Men	%	Women	%	Non-Binary	%	Total
Directors	6	85.71 %	1	14.29 %	—	— %	7
Senior Management	25	89.29 %	3	10.71 %	—	— %	28
Other Employees of the Group	5,709	64.52 %	3,138	35.47 %	1	0.01 %	8,848
Total	5,740	64.62 %	3,142	35.37 %	1	0.01 %	8,883

Employees (including Directors) by gender

	As at 30 June 2020 (restated ¹)						
	Men	%	Women	%	Non-Binary	%	Total
Directors	7	87.50 %	1	12.50 %	—	— %	8
Senior Management	20	90.91 %	2	9.09 %	—	— %	22
Other Employees of the Group	4,245	64.38 %	2,349	35.62 %	—	— %	6,594
Total	4,272	64.49 %	2,352	35.51 %	—	— %	6,624

¹ The definition of Senior Management was reviewed and adjusted during the year ended 30 June 2021 to reflect certain organisational changes within the Group. The comparative table for the year ended 30 June 2020 has been restated accordingly to reflect the change in definition of Senior Management in order to provide a consistent comparative.

Diversity, Equity and Inclusion

Endava recognises the importance of embracing diversity, equity and inclusion as being essential to our continued success. In 2021, we established the Endava Diversity, Inclusion & Belonging Forum. Underpinned by our values, the Forum aims to bring together a broad and varied group of people from across Endava to drive and deliver sustainable organisational inclusion, champion inclusion initiatives, and help position Endava as an employer that is representative of the societies we live in and serve.

We are an employer that believes in equal opportunities for both our people and job applicants. We consider it vital that we attract, develop and retain a diverse workforce at all levels, and help people progress throughout their careers. Our commitment to continue identifying and eliminating unfair biases, stereotypes, or barriers that may limit people's full participation at work and their access to the opportunity to succeed is covered in our Diversity, Inclusion & Belonging policy. Our Code of Conduct outlines the standards we expect from our people.

The Group also gives full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Depending on the nature, severity and duration of the disability, we continue to employ those employees who have become disabled, making arrangements for their training and career development if necessary.

Our Customers ('clients')

We value deep, long-term relationships with our customers and measure the strength of these relationships through regular surveys. Our account teams focus on our customers' needs and expectations to constantly adapt and deliver innovative solutions. We develop customer-centric behaviours and attitudes through training and workshops.

Our Customer Satisfaction Analysis Tool, or CSAT, is our client management tool, which allows us to collect regular client feedback. CSAT relies on surveys, common use testimonials, continuous service improvement monitoring and the collection of social media mentions to gather a robust view of how clients feel about Endava and how we respond to their feedback. CSAT helps us differentiate ourselves in managing customers in a sustainable way. Building on this tool, in the 2021 financial year we also launched a new internal customer experience (CX) site that reflects our continued commitment to creating, measuring, and improving the client experience. The new site is aimed at client delivery and account management teams and includes guides, documents, training material and CX-related articles.

Our Suppliers

Endava celebrates the fact that working sustainably, respecting human rights, and operating with the highest standards of ethical conduct and professional integrity improve long-term business performance. We are dedicated to these values and require our suppliers to share our commitment. We have a zero-tolerance policy towards slavery and human trafficking. We are committed to making sure there is no human trafficking or modern slavery in any part of our business or supply chain. We publish an annual Modern Slavery Statement in accordance with the UK Modern Slavery Act 2015.

Our Procurement Policy (which includes our Supplier Code of Conduct) details our principles, commitments and requirements regarding the procurement of goods and services by the Company. We are committed to procuring all required goods and services using sound business practices and the highest standards of integrity, transparency, business ethics, effective competition and accountability. We are committed to complying with all applicable laws, rules, and regulations governing procurement. We also endeavour to integrate sustainability and practice social responsibility to be better corporate citizens.

We require our suppliers to adhere to the Standards of our Supplier Code of Conduct, which covers compliance with local law and regulation, bribery and corruption, gifts and hospitality, money-laundering, unfair business practices, conflicts of interest, human rights and modern slavery, child labour, employment conditions, non-discrimination, open and honest engagement, health and safety, accident and emergency readiness, environment and pollution prevention and conflict materials.

All new suppliers with an expected annual spend greater than £100,000 are asked to sign our Supplier Code of Conduct and must complete a Modern Slavery Questionnaire. They are also subject to annual legal and ethics checks, credit checks and sanctions checks.

Our Communities & the Environment

Our definition of Corporate Responsibility is about living the values and principles that govern the way we operate as an organisation and behave as individuals. It is about ensuring we sustain safe operations, have a positive impact on our people, the communities we work in and the wider environment; and build the trust and respect of all our stakeholders.

Endava's Corporate Responsibility policy is part of our commitment to being accountable and transparent in our performance in this area. We aim to follow and promote good Corporate Responsibility practice, and to reduce the environmental impacts of all of our activities and to help our customers do the same.

We care about the communities in which we operate. We support and contribute to the societies we are part of, and our industry more broadly, through partnerships and community and fundraising activities. Our efforts are focused on education, health, and the environment, which are the areas we believe we can have the most impact.

We also care about our impact on the world, and we follow sound environmental practices to help us lower our energy footprint everywhere we operate.

Greenhouse Gas ("GHG") Emissions

The following section includes our mandatory reporting of GHG emissions pursuant to The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Endava's most significant emissions arise from the use of electricity. We have limited use of gas for heating as our lease portfolio relates to property leases of offices and delivery centres.

GHG Emissions (tonnes of CO₂ equivalent)

Emissions from:	FY2021		FY2020	
	UK	RoW	UK	RoW
Scope 2 - Electricity, heat, steam and cooling purchased for own use (location based)	11	1,059	63	3,059
Total	11	1,059	63	3,059
 Intensity ratio (tonnes CO₂e per £m sales)	 0.06	 4.09	 0.40	 15.69
 Energy consumption/ mWh*	 46	 3,500	 256	 7,353

* 1 mWh is 1,000 kWh.

Our methodology for reporting GHG emissions follows the 2013 UK Government environmental reporting guidance (Chapter 2) and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). Endava is reporting on only its location-based Scope 2 footprint, and emissions are calculated using either The Department for Business Environment Innovation and Skills (BEIS), International Energy Association (IEA) or Carbon Footprint Limited emission factors. Endava reports its emissions data using an operational control approach to define the organisational boundary which meets the requirements of the regulations in respect of those emissions for which it is responsible. This includes all subsidiaries 100% owned by Endava. Endava has reported on all emission sources for which we deem ourselves responsible. Properties under operational control have been included.

Energy data was obtained for 13 of our office locations (FY2020: 11 office locations), giving a 69% coverage of Endava's floorspace (FY2020: 82% coverage). This data was then extrapolated across the remaining office locations based on floorspace. Where energy data was not available for all months of the year, the available data was extrapolated up to cover a period of 12 months/data from the previous financial year was used to approximate the missing data for the current year. Emissions from diesel backup generators or fugitive emissions from air conditioning systems have been excluded based on them being immaterial.

We care about our impact on the world, and we are committed to lowering the environmental footprint of our operations. We identify aspects of our business that impact the environment and comply with all relevant legislation and regulatory controls in each of our locations. We consume material goods in moderation, extend the lifecycle of our IT equipment and thoughtfully manage and reduce waste. We also promote low-carbon activities among our employees and support green champions throughout our workforce.

Endava is moving toward a hybrid way of working. Staff are expected to work in an office less often, so those office spaces will be reconfigured, enabling us to support more staff in the same space. The new model will be piloted in our new office in Bucharest, opened in September 2021. The building chosen meets the highest criteria, including Leadership in Energy and Environmental Design (LEED) certification v4, WELL certification v2 and as indicated by the WELL Health-Safety seal. We plan to roll out this hybrid approach globally to reduce our carbon footprint by achieving maximum workplace efficiency and decreasing our resource consumption.

We take our environmental responsibilities seriously, and are continually looking for ways to further reduce our energy footprint. In the 2021 financial year, with our people working predominantly from home, carbon emissions caused by our operations fell.

During 2021 we began introducing the ISO 14001 International Standard for Environmental Management Systems (EMS) at all our locations. This framework will help us reduce our environmental impact by reducing waste and waste management costs and improving resource efficiency.

We aim to move faster toward carbon-neutral operations. We are auditing our footprint to set clear environmental goals and targets by February 2022. Whenever possible, we will avoid producing GHGs through business practices such as using telecommunication technologies rather than travelling. Where emissions cannot be avoided, we will focus on using buildings with green credentials, energy-efficient lighting, hybrid working models, and alternative mobility solutions. We will offset unavoidable emissions by supporting climate projects and working with partners to achieve our targets.

Climate neutrality forms part of our IT partner criteria. In line with national and international agreements to reach climate neutrality, we expect that our partners commit to environmental impact schemes such as the Climate Neutral Data Centre Pact, using renewable energy to power data centres, and recycling redundant equipment responsibly.

GOVERNANCE

The following disclosure explains the arrangements for corporate governance applied by the Company for the year ended 30 June 2021.

As a “foreign private issuer,” as defined by the SEC, we are permitted to follow UK corporate governance practices, instead of certain corporate governance practices required by the NYSE for U.S. domestic issuers. While we intend to follow most NYSE corporate governance listing standards, we follow U.K. corporate governance practices in lieu of NYSE corporate governance listing standards as follows:

- Exemption from quorum requirements applicable to meetings of shareholders. Such quorum requirements are not required under English law;
- Exemption from the NYSE corporate governance listing standards applicable to domestic issuers requiring disclosure within four business days of any determination to grant a waiver of the code of business conduct and ethics to directors and officers. Although we will require board approval of any such waiver, we may choose not to disclose the waiver in the manner set forth in the NYSE corporate governance listing standards, as permitted by the foreign private issuer exemption; and
- Exemption from the requirement to obtain shareholder approval for certain issuances of securities, including shareholder approval of share option plans.

We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and the NYSE corporate governance rules and listing standards.

Composition of our Board of Directors

Our board of Directors currently consists of seven members:

Executive Directors

- **John Cotterell** founded Endava and has served as our Chief Executive Officer and as a member of our board of Directors since our inception in February 2000. Mr. Cotterell holds a B.Eng. from the University of Bristol and an M.B.A. from the Alliance Manchester Business School. Our board of Directors believes that Mr. Cotterell's leadership of Endava since its inception and experience with information technology companies prior to founding Endava provide him with the qualifications and skills to serve as a Director.
- **Mark Thurston** has served as our Chief Financial Officer and as a member of our board of Directors since April 2015. From May 2011 to March 2015, Mr. Thurston served as Group Finance Director at Paragon Education and Skills Ltd. Mr. Thurston holds a Physics degree from Durham University and is a member of the Institute of Chartered Accountants in England and Wales. Our board of Directors believes that Mr. Thurston's perspective and experience as our Chief Financial Officer provide him with the qualifications and skills to serve as a Director.

Non-Executive Directors

- **Trevor Smith** has served as a member of our board of Directors since June 2013 and our chairman since July 2016. Prior to his retirement, Mr. Smith held various roles at Goldman, Sachs & Co., an investment bank, including Chief Information Officer for the EMEA Region from January 2000 to September 2009 and in a part-time Business Resiliency & Crisis Management and Special Project role from March 2010 until June 2013. Mr. Smith holds a B.Sc. in Economics from UCW Aberystwyth. Our board of Directors believes that Mr. Smith's experience in information technology and delivery of large projects provide him with the qualifications and skills to serve as a Director.
- **Andrew Allan** has served as a member of our board of Directors since April 2006, having previously served as a member of the board of Brains Direct Ltd, which we acquired in April 2006. He currently serves as Managing Partner at Fairways Corporate Finance, a position he has held since May 2003. Mr. Allan is a qualified Chartered Accountant and a current member of the Institute of Chartered Accountants of Scotland. Mr. Allan holds a Bachelor's degree in Finance from the University of Strathclyde. Our board of Directors believes that Mr. Allan's business experience provide him with the qualifications and skills to serve as a Director.
- **Sulina Connal** has served as a member of our board of Directors since September 25, 2019. Since April 2020, she has served as Director of Product Partnerships for News, Web and Publishing for EMEA for Google. Previously, Ms. Connal served as the Director of Mobile and Connectivity Partnerships at Facebook from October 2017 to April 2020. Prior to that, from April 2014 until September 2017, she served as the Senior Vice President of Strategic Partnerships at Orange. Ms. Connal holds an M.A. from the University of Oxford. Our board of Directors believes that Ms. Connal's business experience provides her with the qualifications and skills to serve as a Director.

- **Ben Druskin** has served as a member of our board of Directors since September 2017. Mr. Druskin retired from Citigroup in August 2017. From 2014 until his retirement, Mr. Druskin served as the Chairman of the Global Technology, Media and Telecom Investment Banking Group. Prior to becoming Chairman, Mr. Druskin was co-head of the Global Technology, Media and Telecom Investment Banking Group. Mr. Druskin has served as a member of the board of Directors of Zensar Technologies since November 2017 and as a member of the board of Directors of Global Synergy Acquisition Corp since October 2020. Mr. Druskin holds a B.A. in Economics from Rutgers College and an M.B.A. in Finance from The Stern School of Business at New York University. Our board of Directors believes that Mr. Druskin's expertise in capital raising and mergers and acquisitions provide him with the qualifications and skills to serve as a Director.
- **David Pattillo** has served as a member of our board of Directors since January 2017. From February 2014 to January 2019, Mr. Pattillo served as the Chief Financial Officer and member of the board of Directors of ClearStar, Inc. From August 2010 to present, Mr. Pattillo serves as Manager of Dapa, LLC. Mr. Pattillo holds a B.S. from Clemson University and an MBA from the University of Georgia - Terry College of Business. Our board of Directors believes that Mr. Pattillo's knowledge of the information technology industry provides him with the qualifications and skills to serve as a Director.

In accordance with our amended and restated articles of association, each of our Directors serves for a term of one year and retires from office at every annual general meeting of shareholders. If at any such meeting the place of a retiring Director is not filled, the retiring Director shall, if willing to act, be deemed to have been re-elected. If it is resolved not to fill such vacated office, or a motion for the re-election of such Director shall have been put to the meeting and lost, the Director shall not be re-elected unless this would result in the number of Directors falling below the minimum number of Directors required.

In addition to the Executive Directors, our other Executive Officers are:

- **Rob Machin**, who has served as our Chief Operating Officer since July 2017 and previously served as a member of our board of Directors from September 2013 to June 2016. Mr. Machin originally joined Endava in 2000 as our Chief Technical Officer. From September 2007 to September 2010, Mr. Machin served as an Executive Director at UBS Investment Bank. Mr. Machin re-joined Endava in 2010 as our U.K. Managing Director. Mr. Machin is a Fellow of the British Computer Society and a Chartered IT Professional. Mr. Machin holds a first class honours degree from Durham University in Mathematics and Philosophy (B.Sc. Nat Sci).
- **Julian Bull** has served as our Chief Commercial Officer since July 2016. From April 2001 to June 2016, Mr. Bull served as our Sales and Marketing Director.
- **Rohit Bhoothalingam** was appointed as our General Counsel in March 2019. Prior to joining Endava, he served as the Associate General Counsel for VEON, a Nasdaq and Euronext-listed digital and telecommunications company from October 2016 until August 2018. From December 2008 to December 2014, Mr. Bhoothalingam was the General Counsel at London Mining Plc, a global mining company, and from December 2014 to July 2016, he served as Consulting General Counsel at London Mining Plc. Mr. Bhoothalingam studied law at Cambridge University and holds a Masters in Law from Georgetown University Law Center.

Division of Board Responsibilities

Our Board shares collective responsibility for the long-term success of the Group but individual members undertake additional clearly-defined activities on behalf of the Board.

The roles and responsibilities of the Board, its Committees, Chairman and CEO are documented and regularly reviewed. The Board is assisted by various Committees, as further explained below. Our board of Directors has three standing committees: an audit committee, a remuneration committee and a nominating and corporate governance committee.

Audit Committee

The audit committee, which consists of Messrs. Allan, Pattillo and Smith, assists the board of Directors in overseeing our accounting and financial reporting processes and the audits of our financial statements. Mr. Pattillo serves as chairman of the committee. The audit committee consists exclusively of members of our board of Directors who are financially literate, and Mr. Pattillo is considered an “audit committee financial expert” as defined by applicable SEC rules. Our board of Directors has determined that all of the members of the audit committee satisfy the “independence” requirements set forth in Rule 10A-3 under the Exchange Act. The audit committee is governed by a charter that complies with NYSE rules.

The audit committee’s responsibilities include:

- evaluating and making recommendations to the board of Directors regarding the appointment, compensation, retention and oversight of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit services;
- approving the audit services and non-audit services to be provided by our independent auditor;
- evaluating the independent auditor’s qualifications, performance and independence, and presenting its conclusions to the full board of Directors on at least an annual basis;
- reviewing and discussing with the executive officers, the board of Directors and the independent auditor our financial statements and our financial reporting process; and
- approving or ratifying any related person transaction (as defined by applicable rules and regulations) in accordance with our applicable policies.

The audit committee meets as often as one or more members of the audit committee deem necessary, but in any event meets at least four times per year. The audit committee meets at least once per year with our independent auditor, without senior management being present.

Remuneration Committee

The remuneration committee, which consists of Messrs. Allan, Druskin and Smith, assists the board of Directors in determining executive officer compensation. Mr. Allan serves as chairman of the committee. Under SEC and NYSE rules, there are heightened independence standards for members of the remuneration committee, including a prohibition against the receipt of any compensation from us other than standard board member fees. Although foreign private issuers are not required to meet this heightened standard with respect to all members, we have determined that all members meet this heightened standard.

The remuneration committee's responsibilities include:

- approving, modifying and overseeing our overall compensation strategy and policies;
- reviewing and recommending to the board of Directors for approval the type and amount of compensation to be paid or awarded to the members of our board of Directors;
- sole responsibility for the appointment, selection, retention, termination and oversight of any compensation consultants and other advisors retained by the remuneration committee;
- reviewing, evaluating and approving all compensatory agreements and arrangements, elements of compensation, and performance goals and objectives related to compensation of our executive officers, including our chief executive officer;
- reviewing and approving the goals and objectives of our executive officers, including our chief executive officer, and evaluating their performance in light of relevant performance goals and objectives;
- having the full power and authority of our board of Directors to adopt, amend, terminate and administer our equity awards, pension, and profit sharing plans, bonus plans, benefit plans and similar programs; and
- reviewing and assessing risks arising from our compensation policies and practices.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee, which consists of Messrs. Druskin and Smith and Ms. Connal, assists our board of Directors in identifying individuals qualified to become members of our board of Directors consistent with criteria established by our board of Directors and in developing our corporate governance principles. Mr. Smith serves as chairman of the committee.

The nominating and corporate governance committee's responsibilities include:

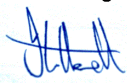
- identifying and evaluating candidates to serve on our board of Directors, including nomination of incumbent Directors for re-election;
- reviewing and evaluating the size and composition of our board of Directors;
- recommending nominees for election to our board of Directors and its corresponding committees;
- overseeing the evaluation and periodically reviewing the performance of the board of Directors and management, including committees of the board of Directors, and reporting the results of such assessment to the board of Directors;
- assisting the board of Directors in overseeing our corporate governance functions, including developing, updating and recommending to the board of Directors corporate governance principles; and
- periodically reviewing with our chief executive officer the succession plans for our executive officers and making recommendations to our board of Directors with respect to the selection of appropriate individuals to succeed to these positions.

Future outlook

Endava has had a strong year, showing revenue growth across all geographies and industry sectors, driven by continued increased demand for digital transformation services in all regions and verticals.

The general economic environment remains fluid and it continues to be challenging to anticipate the ultimate full scope and duration of the impact of the COVID-19 pandemic. However, the Directors believe Endava is well positioned to deal with the ongoing uncertainties and challenges that may arise.

On behalf of the board

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J E COTTERELL
CHIEF EXECUTIVE OFFICER

28 September 2021

DIRECTORS' REMUNERATION REPORT

Dear shareholder,

On behalf of the Remuneration Committee (the "Committee" or "we") I am pleased to present the Directors' Remuneration Report for the financial year ended 30 June 2021 (the "2021 financial year"). The report is presented in two sections - the first sets out the Directors' Remuneration Policy, which was last presented to shareholders for a binding vote in December 2019, is unchanged this year, and as such is not subject to a shareholder vote at this year's annual general meeting ("AGM"); the second is the Annual Report on Remuneration, which will be subject to an advisory vote at the AGM.

Background and our approach to remuneration

Endava is a high-growth technology services company with more than 20 years of experience of working with some of the world's leading finance, payments, insurance, telecommunications, media, technology, and retail companies. As an international company with an expanding global reach, Endava must continue to compete for both business and talent across multiple markets, including the UK and the US. It is important that our remuneration policies and practices continue to allow us to attract and retain individuals of sufficient calibre from the UK, the US and other markets, to ensure that the Company retains the strong leadership required for its continued future success.

In 2019, the Committee put in place (and the Company's shareholders approved) a remuneration policy that reflects Endava's high-growth technology business and geographic reach across the UK and US markets, with a low weighting on the cash elements of pay (salary and annual bonus), and a significant weighting on longer-term deferred equity. The vast majority of Executive Directors' pay is at risk, and is delivered in shares which remain intrinsically linked to the success of the Company and the sustainable creation of shareholder value. Base salaries are currently positioned below typical UK market levels for a company of our size, balanced by a higher weighting placed on equity awards. The Committee believes that this model and the targeted market positioning are appropriate for the Company as a high-growth technology business with global reach.

The remuneration of the broader workforce remains a key consideration in setting Executive Director remuneration. The policy states that salary increases will, under normal circumstances, be aligned with those offered to the workforce, and pension contributions other than a legacy provision provided to the CEO, are also aligned. Furthermore, the performance conditions in place for the annual bonus and EIP awards are aligned with those applying to senior management, ensuring reward is delivered on a consistent basis.

The policy is set out in full on pages 79 to 87.

Our performance in 2020/21

Information in relation to company performance including revenue growth and profitability is disclosed in the 'Our Business Performance' and 'Key Performance Indicators' section of the strategic report.

The annual bonus for the 2021 financial year was based on the achievement of an Adjusted Profit Before Tax (PBT) target. Adjusted PBT for the year exceeded the maximum (Maximum) target. Accordingly, 100% of the bonus is payable, reflecting the strong performance of the Company during the year.

Performance share awards were made under the EIP on and after 1 July 2020 to eligible employees and on 16 September 2020 for Executive Directors, subject to independently weighted targets based on Revenue, Adjusted PBT and Sales Order Book performance to provide a more comprehensive set of demanding targets. The Revenue, Adjusted PBT and Sales Order Book targets were met in full. 100% of this award is eligible to vest. Subject to continued employment, EIP awards will vest in equal tranches in October 2021 and the three following years.

Awards were also granted to Executive and Non-Executive Directors in 2015 under the Company's legacy LTIP, a portion of which vested over the 2021 financial year. These awards were also subject to PBT performance conditions which were met in full.

In considering the above pay-outs, the Committee assessed whether the pay-outs reflected the underlying performance of the Company and concluded that no discretionary adjustments were required.

Executive Director remuneration for 2021/22

The Committee commissioned an independent compensation benchmarking exercise of the Executive team and the Non-Executive Directors. The purpose of this exercise was for the Committee to be informed of current market compensation levels in organisations similar to Endava and inform our compensation decisions for FY22. Increases were subsequently made to the base salaries of Executive Directors (refer to page 95) and executive officers for the financial year ending 30 June 2022 ("FY2022" or the "2022 financial year"). For comparison, the average increase offered to our UK workforce was 5%. The CEO and CFO will be eligible for a maximum annual bonus of 100% and 108% of salary respectively.

The Board has developed a demanding and comprehensive strategic plan for the three subsequent years. The Committee aims to set targets for the EIP and annual bonus each year in support of this plan, taking account of the Company's budget for the year, market consensus, and other factors. For FY22, the Committee has decided to continue the performance condition structure introduced in FY21 following the review of the performance conditions applicable to EIP awards and annual bonuses undertaken last year. Performance will continue to be measured across three independently weighted performance metrics for EIP awards in order to continue to provide a more comprehensive set of demanding targets covering Company performance across Revenue, Adjusted PBT and Sales Order Book targets.

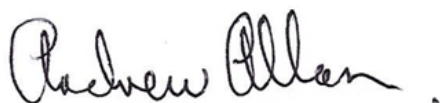
These performance conditions will be applicable for all EIP awards to our Executive Directors and members of senior management. Performance for the 2021/2022 annual bonus scheme will be based solely on Adjusted PBT for the 2022 financial year.

Endava's position as a rapid-growth technology company means that predictable, accurate and meaningful longer-term forecasting is not always possible because of the high-growth nature of the business. As such, the Committee believes that Endava's current one-year EIP performance model (with vesting and pay-out over four years) remains the most robust and appropriate, and is consistent with the remuneration practices and model of a number of similarly high-growth companies in the technology and life science sectors.

Summary

I hope that you find the information in this report helpful and I look forward to your support on the remuneration resolution at the forthcoming AGM.

Andrew Allan,



Remuneration Committee Chair

28 September 2021

This report complies with the provisions of the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018, and the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019.

The following report is set out in two parts:

- The Directors' Remuneration Policy (pages 79 to 87). This was subject to a binding shareholder vote at the Company's 2019 AGM and was passed with 99.79% support. There have been no changes to the policy during the financial period. We will present our Directors' Remuneration Policy for a further binding shareholder vote no later than at our 2022 AGM.
- The Annual Report on Remuneration (pages 88 to 97). This section describes how the remuneration policy has been implemented during the 2021 financial year and how we intend to apply it for the coming year, and it is subject to an advisory vote at this year's AGM.

Part 1 - Directors' Remuneration Policy

The following section of this report describes the formal remuneration policy applying to the Company's Executive and Non-Executive Directors (the "policy"). Our policy remains unchanged from that approved by shareholders at the 2019 AGM. The scenario charts have been updated to reflect the intended application of the policy for the 2022 financial year and references to prior financial years have been updated where appropriate to aid understanding. A copy of the shareholder-approved policy (including the scenario charts for the 2019 financial year) is in the Annual Report and Financial Statements for the Year Ended June 2019, which is available at <https://investors.endava.com/financials-and-filings/UK-Group-Statutory-Accounts>.

It is intended that the policy will remain in place for a period of three years from the date of shareholder approval at the 2019 AGM, unless the Committee determines that it is necessary to seek approval for an amended policy prior to this date.

Remuneration policy table - Executive Directors

Base salary	
Purpose and link to strategy	Provides a core level of reward for the completion of executives' duties. Set at a level such that the total value of remuneration allows us to attract and retain employees of a sufficient calibre to drive the Company's success, taking into account the global nature of the business and the key talent markets (including the UK and US) in which we must compete.
Maximum opportunity	There is no maximum salary limit. When considering salary levels, the Committee will consider the specific nature and responsibilities of the role at Endava, the capabilities and experience of the individual, as well as pay levels in relevant talent markets.
Operation	Salaries are typically reviewed annually, with any increases normally taking effect from 1 July. When awarding salary increases, the Committee will consider the level of increase proposed for the wider workforce, as well as employee pay conditions more broadly and inflation. Where there has been a change in the role or, if the individual is new to the role increases could be higher.
Performance framework	n/a
Pension	
Purpose and link to strategy	Provide employees with long-term savings for their future.
Maximum opportunity	Current Executive Directors are eligible for contributions to a defined contribution scheme (or equivalent cash payments in lieu) of up to 15% of base salary. Any new Executive Directors will be eligible for a maximum pension contribution (or cash equivalent) up to the level offered to other employees of the Company.
Operation	Payments are made directly to a nominated pension scheme or, where payments are made in cash, delivered monthly through payroll.
Performance framework	n/a

Other benefits	
Purpose and link to strategy	Provision of benefits in line with the Executives' local market and those offered to the wider workforce.
Maximum opportunity	There is no defined maximum value for benefits, but the Committee will consider the aggregate value of any such benefits when determining what should be offered.
Operation	<p>Executive directors are eligible to a range of benefits, including a car allowance, private healthcare, health insurance and any other benefit deemed appropriate by the Committee. In most cases these benefits will be offered on similar terms as to other employees of the Company.</p> <p>Where an Executive is required to relocate, the Committee may make reasonable reimbursements for the cost of relocation or provide allowances and other related benefits as appropriate for the particular circumstances.</p> <p>Any reasonable business-related expenses may be reimbursed, including any taxes payable thereon if determined to be a taxable benefit.</p> <p>Executive Directors may also participate in the Company's sharesave scheme (and any other all-employee share plan) on the same terms as all other employees in the relevant jurisdiction.</p>
Performance framework	n/a
Annual bonus plan	
Purpose and link to strategy	<p>To focus attention on the achievement of short-term corporate objectives and incentivise successful delivery of the Company's business plan.</p> <p>Create a tangible link between annual performance and individual pay opportunity.</p>
Maximum opportunity	Executive Directors are eligible for a maximum annual bonus of 120% of base salary per annum. The Committee will determine an appropriate award size each year within this parameter.
Operation	<p>Bonuses are paid each year after the publication of the audited financial statements.</p> <p>Bonus payments are subject to the Company's clawback policy, which allows payments to be recouped under certain circumstances (see the notes to this table).</p>
Performance framework	<p>The Committee will determine one or more relevant performance metrics each year, which will align with the Company's short-term strategic objectives for the coming year. A majority of the bonus will be linked to quantitative financial metrics, although a minority may be linked to specific strategic and qualitative objectives.</p> <p>For each quantitative measure, the Committee will define a threshold target each year, bearing in mind the Company's budget, market consensus, and other internal and external factors. No bonus will be payable unless this threshold level of performance is achieved; 50% of the bonus is payable for threshold performance; while the maximum bonus will only become payable for significant outperformance of the target.</p>

Equity Incentive Plan ('EIP')	
Purpose and link to strategy	To incentivise and reward for long-term, sustainable performance linked to corporate strategy and provide alignment with shareholders' interests.
Maximum opportunity	<p>Executive Directors are eligible for performance share awards under the EIP to a maximum value of 600% of salary each year. The Committee will determine an appropriate award size each year within this parameter.</p> <p>Should awards of a different type be awarded, different maxima will apply such that awards are offered at a broadly equivalent fair value.</p>
Operation	<p>Performance share awards will be subject to performance measured over one financial year and will vest in equal tranches over a four-year period.</p> <p>Awards will be granted under the Company's omnibus plan under which awards of share options, restricted stock or performance share units ('PSUs') may be made. Although Executive Directors currently receive awards of PSUs only, the Committee reserves the right to make awards of other types should it feel that they would be better aligned with the Company's strategy at the time, or if appropriate to do so for a new incumbent (who may be recruited from the US market).</p> <p>All awards are subject to the Company's clawback policy, which allows payments to be recouped under certain circumstances (see the notes to this table).</p>
Performance framework	<p>Prior to each grant, the Committee will determine one or more relevant performance measures, reflecting the Company's strategic priorities at that time. A threshold target will be set each year, bearing in mind the Company's budget, market consensus, and other internal and external factors. No awards will vest unless this threshold level of performance is achieved; 50% will vest for threshold performance; while maximum vesting will only occur for significant outperformance of the target.</p> <p>Should awards of RSUs be made, a performance underpin would apply in addition to service conditions.</p>
Shareholding requirements	
Purpose and link to strategy	Encourages Executives to hold a stake in the Company and provides ongoing alignment with shareholders' interests.
Maximum opportunity	Executive Directors must build and maintain shareholdings to the value of 200% of salary.
Operation	Executives are expected to meet the guideline within five years of appointment.
Performance framework	n/a

Remuneration policy table - Non-Executive Directors

Fees	
Purpose and link to strategy	Supports recruitment and retention of Non-Executive Directors with the required skills and experience to lead the Company.
Maximum opportunity	Aggregate fees are subject to the limit set out in the Articles of Association.
Operation	<p>Non-Executive Directors receive a base fee for performance of their duties. The Company may also pay additional fees in recognition of any additional responsibilities, such as the chairmanship of Board committees.</p> <p>In addition, to ensure that remuneration is competitive relative to the US market, where such practices are typical, Non-Executive Directors may receive awards of restricted stock on an annual basis.</p> <p>Fees are reviewed on a regular basis with reference to pay levels in our relevant talent markets, taking into account the specific roles and responsibilities, as well as expected time commitment. The Company reserves the right to pay additional fees in any given year to reflect a material, but temporary, increase in time commitment during the period.</p> <p>Any reasonable business-related expenses may be reimbursed, including any taxes payable thereon if determined to be a taxable benefit.</p>
Performance framework	n/a

Notes to the policy table**Choice of performance conditions and metrics**

Our role as the remuneration committee includes the establishment of performance goals through short- and long-term incentive plans which are challenging but achievable through superior performance within the Company's risk appetite, thereby incentivising and rewarding success.

The Committee will determine appropriate performance measures and targets for the annual bonus and EIP at the start of each year, selected such that they provide alignment with the Company's business objectives for the coming period. Performance measures and targets may therefore vary year-on-year based on the Company's objectives at that time. When setting targets, the Committee will take into account internal measures such as budget, as well as external factors including consensus forecasts and general market conditions.

Details of all the outstanding share awards granted to Executive Directors, including the applicable performance criteria, are set out in the annual remuneration report.

Clawback and malus provisions

The Company has adopted a clawback policy which covers all incentive payments (including the annual bonus plan and EIP). Under this policy, the Company may recoup amounts paid if: there is a breach of any post-termination restriction; or if there is a required restatement of accounts due to the material non-compliance with any financial reporting requirement as a result of an Executive's misconduct. In the case of a required restatement, any incentive payments made during the three financial years preceding the restatement may be subject to clawback.

Recoupments may be made either through repayment of prior incentive payments; cancellation of outstanding incentive payments; reduction of any future incentive payments; or direct repayment.

Discretions retained by the Committee

The Committee will operate the annual bonus plan and the EIP according to their respective rules and in accordance with the Listing Rules where relevant.

The Committee retains discretion, consistent with market practice, over a number of areas relating to the operation and administration of these plans. This includes, but is not limited to, the following:

- The participants in such plans;
- The timing of any awards or payments;
- The size of any awards or payments and the vehicle with which they are delivered;
- The treatment of outstanding awards on a change of control;
- The treatment of leavers based on the rules of the plan and appropriate treatments described therein;
- Adjustments required in certain circumstances (such as a rights issue, corporate restructuring or payment of a special dividend);
- The selection of performance measures and targets applying each year; and
- Any adjustments to performance measures and targets to reflect an unforeseen change in circumstances that would have a material impact on the intended difficulty of the targets.

Any use of the above discretions would, where relevant, be explained in the annual report on remuneration and may, as appropriate, be the subject of consultation with Endava's major shareholders.

Executive Directors' service agreements and payments for loss of office

Executive Directors are employed under rolling service agreements, with a notice period of twelve months from either party. A copy of these contracts may be viewed at the Company's head office or may be requested from the Company Secretary at the annual general meeting.

At its discretion, the Company may terminate employment with immediate effect and make a payment in lieu of notice, comprising base salary only, for the notice period (or remainder thereof, should notice have been given). In the event of a breach of service agreement or other summary termination of employment, no such payments will be made.

Non-Executive Directors' letters of appointments

Non-Executive Directors serve under a letter of appointment, which is subject to a three month notice period from either party. All Directors are also subject to re-election each year by shareholders at the Company's annual general meeting. A copy of these letters may be viewed at the Company's head office, or may be requested from the Company Secretary at the annual general meeting.

Policy on external appointments

Executive Directors may, subject to approval from the Company, accept appropriate external Non-Executive Director appointments, so long as this commitment is not thought to interfere with the business of the Company or the individual's ability to carry out their duties. Any fees payable for such appointments may be retained by the individual.

Treatment of leavers

The default treatment of outstanding incentive awards on termination of employment is described in the relevant plan rules and related policy documents, but the Committee retains the discretion to adopt any treatment that it determines fair and appropriate given the circumstances applicable to individual leavers.

Plan		Bad leavers (all other reasons)
Annual bonus	No bonus is payable should employment be terminated, or notice given, prior to the payment date of any bonus award.	
EIP	<p>Outstanding awards vest on their normal vesting dates, subject to pro-rating for the period of first year (the performance year) of the vesting period served, and the satisfaction of any applicable performance measures, measured over the normal performance period. All awards remain subject to the clawback provision and any other applicable conditions described within the plan rules.</p> <p>In case of death in service, awards will vest on the earlier of their normal vesting date and the first anniversary of death. If the relevant performance period has not been completed, the performance criteria will be applied on a pro rata basis.</p> <p>In the event of a participant's death following cessation but before awards have vested, vesting of outstanding awards may be accelerated such that it occurs no later than one year after death.</p>	All outstanding unvested awards lapse on cessation, unless the Committee uses its discretion to apply a different treatment.

The Company may pay reasonable outplacement and legal fees where considered appropriate.

The Company may pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Recruitment remuneration policy

Base salary levels will be set in accordance with our remuneration policy, taking into account the experience and calibre of the individual and the relevant market rates at the time. Where it is appropriate to offer a lower salary initially, progressive increases (possibly above those of the wider workforce as a percentage of salary) may be offered to achieve the desired salary positioning over the following few years subject to individual performance and continued development in the role.

Benefits will be provided in line with those offered to other employees, with relocation expenses/arrangements provided for if necessary.

Should it be appropriate to recruit a Director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence (e.g. it may be appropriate to provide benefits that are tailored to the unique circumstances of such an appointment).

Pension contributions or a cash supplement up to the maximum level indicated in the policy table may be provided, although the committee retains the discretion to structure any arrangements as necessary to comply with the relevant legislation and market practice if an overseas director is appointed.

The aggregate ongoing (i.e. after the year of appointment) incentive opportunity offered to new recruits will be no higher than that offered under the annual bonus plan and the EIP policy to the existing Executive Directors. In the year of appointment, the annual bonus opportunity will be no higher than that offered to existing Executive Directors, prorated for the period of service.

Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that they joined.

The above policy applies to both an internal promotion to the board and an external hire.

In the case of an external hire, if it is necessary to buy out any incentive arrangements (which would be forfeited on leaving the previous employer), this may be provided for, taking into account the form (cash or shares) and timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. Replacement share awards, if used, will be granted using Endava's existing share plans to the extent possible, although awards may also be granted outside of these plans if necessary and as permitted under relevant legislation. Any buyout awards made will not count towards the annual bonus and EIP maxima as described the remuneration policy.

In the case of an internal hire, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant (adjusted as relevant to take into account the board appointment).

On the appointment of a new Chairman or Non-Executive Director, the fees will be set taking into account the experience and calibre of the individual and the expected time commitments of the role.

Consideration of the views of shareholders and other stakeholders

When considering any issues relating to remuneration, the Committee takes into account typical market practice in the Company's relevant talent markets, as well as the views of its shareholders and any relevant shareholder body. The Committee welcomes any feedback on remuneration matters at the Company's annual general meeting each year and may additionally seek the views of its major shareholders prior to making any significant changes to the policy or its implementation.

The Company operates a coherent remuneration policy across the organisation. Annual bonuses for Executive Directors are subject to the same performance criteria as all other participants in the bonus scheme, and a significant number of our senior population also participate in the EIP, to encourage broad employee share ownership and alignment with the Company's success. Although the Committee does not consult with employees directly, it is apprised of any decisions relating to pay for the broader workforce and will consider pay conditions throughout the group when making decisions on Executive Directors' remuneration.

Legacy commitments

For the avoidance of doubt, any incentive awards or commitments made to any employee prior to their appointment to the Board, or the adoption of this policy, will remain in place and subject to any conditions agreed at that time. Through approval of this policy, approval is given to the Company to honour any such commitments. Details of any legacy payments made outside of this policy will be disclosed in the Annual Report on Remuneration as and when they arise.

Illustration of application of the policy

This section of the policy has been updated to reflect the intended application of the policy in the 2022 financial year.

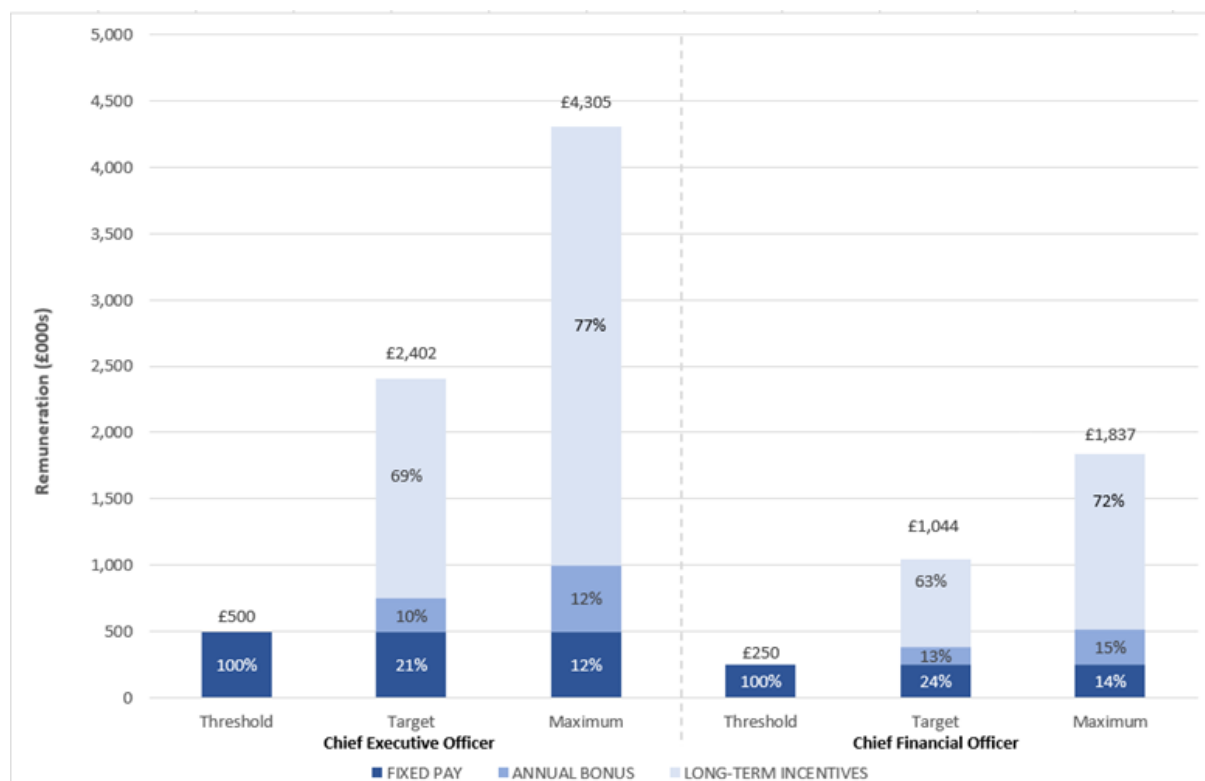
A significant proportion of remuneration at Endava is linked to performance. The charts below show how much each Executive Director could earn under different performance scenarios:

- Threshold - fixed pay only.
- Target (performance in line with expectations) - fixed pay, plus bonus and EIP payouts at Target level (50% of maximum).
- Maximum (performance meets or exceeds maximum) - fixed pay, plus the maximum bonus payout and full vesting of any EIP awards, based on grant-date face value of awards to be granted on 9 August 2021, converted to GBP using the exchange rate on the date of grant.

Fixed pay comprises:

- Salaries - salary effective at 1 July 2021.
- Benefits - an estimated value of all benefits receivable in the 2022 financial year.
- Pension - 15% and 7.5% of salary respectively for the CEO and CFO.

Values do not include the impact of any share price appreciation over the vesting period. The reporting regulations require the disclosure of maximum total pay including the impact of a 50% increase in share price over the vesting period for equity awards subject to multi-year performance measures. As performance under the EIP is measured over one financial year, the total value in this scenario is unchanged.



Part 2 - Annual Report on Remuneration

This part of the report describes how the remuneration policy has been implemented in the financial year ended 30 June 2021, and how it will be implemented for the coming financial year. Those tables that are subject to audit have been labelled as such.

Directors' remuneration for the year ended 30 June 2020 (audited)

The table below details remuneration paid or payable to the Directors during the financial years ended 30 June 2021 and 30 June 2020.

£000s		Salary and fees	Benefits ¹	Pension ²	Bonus ^{11, 12}	Multi-year variable ^{3,4,5,6,9,10}	Total	Total fixed remuneration	Total variable remuneration ¹⁰
Executive Directors									
John Cotterell	2021	350	13	45	321	3,131	3,860	408	3,452
	2020	350	13	53	331	2,186	2,933	416	2,517
Mark Thurston	2021	225	10	18	150	1,566	1,969	253	1,716
	2020	225	10	18	147	3,740	4,140	253	3,887
Non-Executive Directors									
Trevor Smith	2021	60	—	—	—	138	198	60	138
	2020	60	—	—	—	246	306	60	246
Andrew Allan	2021	55	—	—	—	138	193	55	138
	2020	55	—	—	—	254	309	55	254
Ben Druskin ^{8,9}	2021	52	—	—	—	138	190	52	138
	2020	56	—	—	—	254	310	56	254
Mike Kinton ¹³	2021	25	—	—	—	—	25	25	—
	2020	55	—	—	—	246	301	55	246
David Pattillo ^{8,9}	2021	57	—	—	—	138	195	57	138
	2020	61	—	—	—	254	315	61	254
Sulina Connal	2021	55	—	—	—	138	193	55	138
	2020	42	—	—	—	194	236	42	194

1. The CEO and CFO receive a car allowance of £10,000 and £7,500 respectively, and also receive medical insurance, life assurance and income protection.
2. The CEO receives a Pension Allowance from 1 July 2020.
3. For the Executive Directors, including the value of EIP awards granted on 26 July 2018, of which 100% vested based on performance up to 30 June 2019. These awards vest in four equal tranches from 31 October 2019 to 31 October 2022. For the purposes of the 2019 report, awards were valued using a three-month average share price up to 30 June 2019 (converted daily into GBP) of £26.89. This figure has been updated in respect of the tranche vesting on 31 October 2020 (only) using the actual price at vesting (£49.35).
4. For the Executive Directors, including the value of EIP awards granted on 31 July 2019, of which 100% vested based on performance up to 30 June 2020. These awards vest in four equal tranches from 31 October 2020 to 31 October 2023. For the purposes of the 2020 report, awards were valued using a three-month average share price up to 30 June 2020 (converted daily into GBP) of £35.80. This figure has been updated in respect of the tranche vesting on 31 October 2020 (only) using the actual price at vesting (£49.35).
5. For the Non-Executive Directors, including the value of RSU awards granted on 30 January 2020. For the purposes of the 2020 report, awards were valued using the share price at grant of £35.57. This figure has been updated in respect of the tranche vesting on 16 December 2020 (only) using the actual price at vesting (£54.41).

6. For Mark Thurston and the Non-Executive Directors, the value of LTIP awards vesting based on performance up to 30 June 2020; performance conditions were satisfied in full. For the purposes of the 2020 report, awards were valued using a three-month average share price up to 30 June 2020 of £35.80. This figure has been updated using the actual prices at vesting on 16 August 2020 (£41.67) and 4 November 2020 (£50.51) respectively.
7. For the Executive Directors, including the value of EIP awards granted on 16 September 2020, of which 100% qualifies for vesting based on performance up to 30 June 2021. Performance conditions were satisfied in full. These awards will vest in four equal tranches from 31 October 2021 to 31 October 2024. For the purpose of this table, awards have been valued using a three-month average share price up to 30 June 2021 (converted daily to GBP) of £69.03; this figure will be restated next year for the tranche vesting in the 2021 financial year based on the actual price at vesting.
8. For the two Non-Executive Directors based in the US, annual fees for 2020 have been converted to GBP using an exchange rate of 1:1.2606, being the average exchange rate over the 2020 financial year.
9. For the two Non-Executive Directors based in the US, annual fees for 2021 have been converted to GBP using an exchange rate of 1:1.3466, being the average exchange rate over the 2021 financial year.
10. Includes RSU awards granted under the EIP to the Non-Executive Directors which are subject to time-based vesting only.
11. The CEO and CFO received the maximum bonus for FY2020 in line with the remuneration policy of £300,000 and £140,000 respectively. The additional bonus amount paid and reflected in the table above is in relation to the one-off special Employee Benefit Trust cash bonus paid to all eligible employees.
12. The CEO and CFO received the maximum bonus for FY2021 in line with the remuneration policy of £321,000 and £150,750 respectively.
13. Mr. Kinton retired as a director in December 2021.

Impact of share price appreciation on value of share-based awards (audited)

Share price appreciation has been calculated as the increase between the total value of (1) an award at the date of grant (for awards granted at or prior to IPO, using the IPO offer price of £15.20 per share and converted into GBP on the date of IPO and for awards granted post-IPO, using the share price at the applicable date of grant, converted into GBP using the exchange rate on that date); and (2) that disclosed above in the single figure remuneration table (using estimated values where necessary as described in the notes above). No discretion has been applied to the outcomes in respect of share-based awards as a result of share price appreciation.

£000s		Multi-year variable	Amount attributable to share price appreciation ²
Executive Directors			
John Cotterell	2021	3,131	1,121
	2020	3,577	1,932
Mark Thurston	2021	1,566	560
	2020	3430 ¹	1,696
Non-Executive Directors			
Trevor Smith	2021	175	37
	2020	246	100
Andrew Allan	2021	175	37
	2020	254	108
Ben Druskin	2021	175	37
	2020	254	108
Mike Kinton	2021	—	—
	2020	246	100
David Pattillo	2021	175	37
	2020	254	108
Sulina Connal	2021	175	37
	2020	194	67

1. LTIP tranches vested on 27 July 2020 and 4 November 2020 at £41.04 and £49.28 respectively.

2. Any unvested awards as at 30 June 2021 have been revalued using a three-month average share price up to 30 June 2021 (converted daily into GBP) of £69.03.

Annual bonus earned for performance in the 2021 financial year (audited)

Annual bonuses for 2021 were subject to the Adjusted PBT performance measure. No bonus is payable unless a threshold (Threshold) level of performance was achieved. Payout levels are measured on a straight-line basis based on the outcome for Adjusted PBT between Threshold and Maximum.

The maximum PBT target was exceeded during the year, accordingly 100% of the bonus was payable (£321,000 and £150,000 to John Cotterell and Mark Thurston respectively).

Details of share interests granted in the year (audited)

Awards of Performance Share Units (PSUs) were made under the EIP to the Executive Directors on 16 September 2020, which were subject to a performance measure as described below. If the performance condition is satisfied, awards vest in four equal tranches commencing 31 October 2021 and each year for three years thereafter.

Participant	Number of awards	Share price on date of grant ¹	Face value ²	Date of grant	Date of vesting
John Cotterell	45,360	£44.32	£2,010,355	16 September 2020	31 Oct 2021 to 31 Oct 2024
Mark Thurston	22,680	£44.32	£1,005,178	16 September 2020	31 Oct 2021 to 31 Oct 2024

1. Based on the closing share price of \$57.18 converted to GBP on the date of grant.
2. Based on the closing share price of \$57.18 converted to GBP on the date of grant and multiplied by the number of shares under award.

Although eligible to participate, the Executive Directors did not elect to re-enrol in the Company's Sharesave plan when it was relaunched in 2020.

Awards of Restricted Share Units (RSUs) were made under the EIP to the Non-Executive Directors on 16 December 2020. Awards vest subject to the participant remaining in service to the Company for the duration of the Appointment Period (participant's appointment at the AGM to the next AGM the following year).

Participant	Number of awards	Share price on date of grant¹	Face value²	Date of grant	Date of vesting³
Trevor Smith	2,535	£54.41	£137,929	16 December 2020	7 December 2021
Andrew Allan	2,535	£54.41	£137,929	16 December 2020	7 December 2021
Ben Druskin	2,535	£54.41	£137,929	16 December 2020	7 December 2021
David Pattillo	2,535	£54.41	£137,929	16 December 2020	7 December 2021
Sulina Connal	2,535	£54.41	£137,929	16 December 2020	7 December 2021

1. Based on the closing share price of \$73.15 converted to GBP on the date of grant.
2. Based on the closing share price of \$73.15 converted to GBP on the date of grant and multiplied by the number of shares under award.
3. Awards vest on 31 October 2021 or, if later, the date of the 2021 AGM (actual date to be confirmed), and will therefore vest (provisionally) on 7 December 2021.

EIP and LTIP awards vesting based on performance to 30 June 2021 (audited)

PSU awards made on 16 September 2020 under the EIP were subject to multiple weighted performance metrics measured independently across Revenue (35% weighting), Adjusted PBT (40% weighting) and Order Book (25% weighting) over the 2021 financial year. The relevant portion of awards would vest subject to exceeding the Threshold level set at the outset. Vesting is measured on a straight-line basis between Threshold and Maximum.

All three performance metrics were achieved during the year, and accordingly 100% of these awards will vest. The first tranche of the PSU awards will vest on 31 October 2021, with the remaining three tranches vesting on 31 October in the three following years.

Performance against these targets is commercially sensitive and therefore have not been not disclosed. However, full details of the targets and performance against it will be disclosed at such time when they are no longer considered commercially sensitive.

The third tranche of LTIP awards made to Mark Thurston (relating to previously banked awards under the LTIP), accounting for 40% of the total award, vested on 27 July 2020. The remaining 20% of the award relating to FY2020 performance vested on 4 November 2020. The outstanding award for the Non-Executive Directors under the Company's legacy LTIP granted in August 2017 and September 2017 vested on 16 August 2020 and 16 November 2020.

Payments for loss of office and payments to past directors (audited)

No payments for loss of office or to past directors were made during the year.

Executive Directors' share awards outstanding at the 2021 financial year end (audited)

Award type	Held at 30 June 2020	Granted in year	Lapsed in year	Exercised in year	Held at 30 June 2021	Date of grant	Exercise price	Market price on exercise date ¹	Date from which exercisable	Date of expiry
John Cotterell										
2018 EIP PSU ²	67,500	—	—	22,500	45,000	26 July 2018	—	£49.28	3	26 July 2028
2019 EIP PSU ⁴	55,788	—	—	13,947	41,841	31 July 2019	—	£49.28	5	31 July 2029
2020 EIP PSU ⁶	—	45,360	—	—	45,360	16 September 2020	—	—	7	16 September 2030
Mark Thurston										
LTIP	60,000	—	—	60,000	—	24 July 2015	—	£41.04 & £49.28	8	26 July 2025
2018 EIP PSU ²	33,750	—	—	11,250	22,500	26 July 2018	—	£49.28	3	26 July 2028
2019 EIP PSU ⁴	27,894	—	—	6,973	20,921	31 July 2019	—	£49.28	5	31 July 2029
2020 EIP PSU ⁶	—	22,680	—	—	22,680	16 September 2020	—	—	7	16 September 2030
2019 Sharesave	377	—	—	—	377	23 October 2018	£25.87	—	1 Dec 2021	1 June 2021

1. Converted to GBP using the prevailing exchange rate on the date of exercise.

2. These awards were subject to a PBT performance condition over the 2019 financial year as described in the 2019 remuneration report. The performance condition was met in full and as such 100% of this award vested.

3. Awards vest in four equal tranches from 31 October 2019 to 31 October 2022.

4. These awards were subject to a PBT performance condition over the 2020 financial year as described earlier in this report. The performance condition was met in full and as such 100% of this award will be eligible to vest.

5. Awards vest in four equal tranches from 31 October 2020 to 31 October 2023.

6. These awards are subject to multiple weighted performance metrics over the 2021 financial year as described earlier in this report. The performance condition was met in full and as such 100% of this award will be eligible to vest.

7. Awards vest in four equal tranches from 31 October 2021 to 31 October 2024.

8. 40% of these LTIP awards were based on PBT performance up to the 2019 financial year. Performance criteria were met in full, and accordingly these awards were exercised in July 2020. The final 20% tranche of these awards vested in full on 4 November 2020 based on performance during the 2020 financial year.

Directors' current shareholdings and interests in shares (audited)

The table below provides details on the Directors' current shareholdings as well as their interests in outstanding share awards as at 30 June 2021.

	Unconditionally-owned shares ¹	Interests in share schemes ³				Percentage of salary applicable to share ownership requirement ⁶
		EIP	LTIP	SAYE	Total	
Executive Directors						
John Cotterell	9,000,000 ²	132,201 ⁴	—	—	132,201	212,103 %
Mark Thurston	17,527	66,101 ⁴	—	377	66,478	1,912 %
Non-Executive Directors						
Trevor Smith	71,293	2,535	—	—	2,535	—
Andrew Allan	253,443	2,535	3,750 ⁵	—	6,285	—
Ben Druskin	45,028	2,535	—	—	2,535	—
David Pattillo	29,528	2,535	—	—	2,535	—
Sulina Connal	—	2,535	—	—	2,535	—

1. No connected persons hold any interests.

2. Of which 2,000,000 shares are held in trust.

3. Unless otherwise stated share scheme awards are not subject to performance conditions.

4. Including a number of EIP awards granted on 26 July 2018, of which 100% vested based on performance up to 30 June 2019. Including a number of EIP awards granted on 31 July 2019, of which 100% vested based on performance up to 30 June 2020. Including a number of EIP awards granted on 16 September 2020, of which 100% qualifies for vesting based on performance up to 30 June 2021. Performance conditions were satisfied in full.

5. All LTIP awards vested in full based on performance for FY18, FY19 and FY20.

6. This value includes all unconditionally-owned shares, plus the value of outstanding tranches of prior EIP awards that are subject to service conditions only (on a net of tax basis), valued using the share price at the year end of £81.85. Executive Directors are required to build and maintain a shareholding to the value of 200% of salary within five years of appointment. There is no formal policy or guideline regarding Non-Executive Director shareholdings.

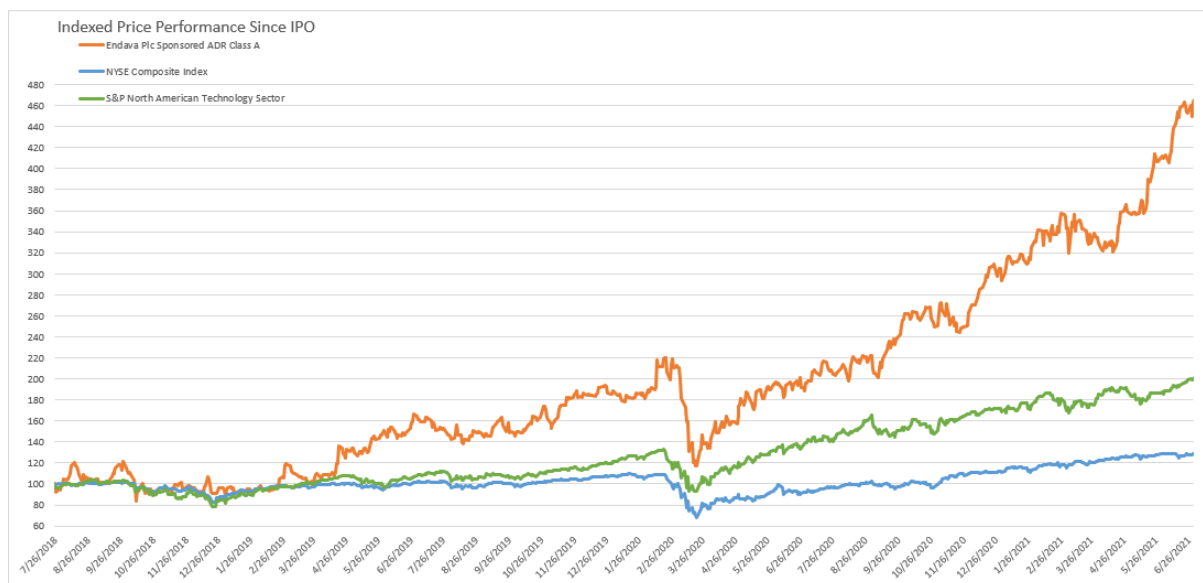
There have been no changes in Directors' shareholdings or interests in shares between 30 June 2021 and the date of this report, other than those described above.

External appointments

Neither Executive Director currently holds any external directorships at any other listed organisation.

Review of past performance

The chart below sets out the TSR performance of the Company since IPO relative to the NYSE Composite and S&P North America Technology Sector indices. These indices have been selected as they represent the broad market on which Endava is listed, and the sector in which we operate, respectively.



The chart shows the value, by 30 June 2021, of \$100 invested in Endava on IPO, compared with the value of \$100 invested in the NYSE Composite and S&P North American Technology Sector Indices on the same date.

The table below shows the total remuneration received by the Chief Executive Officer over the same period.

	FY2021	FY2020¹	FY2019
Single total figure of remuneration (£000s)	£3,860	£2,744	£3,094
Annual bonus (% of maximum)	100%	100%	100%
EIP payout (% of maximum)	100%	100%	100%
JSOP payout (% of maximum)	N/A	N/A ²	100%

1. The reduction in the single figure payable to John Cotterell between FY2019 and FY2020 is explained in part by the effect of share price appreciation on the value of his PSU awards.

2. No further interests in shares resulting from the JSOP plan were acquired in FY 2020 and no further JSOP interests are held by John Cotterell.

Percentage change in remuneration of the Directors compared to all Company employees

The table below illustrates the increase in salary, benefits and annual bonus for each Director and that of the Company's employees as a whole as between the 2019, 2020 and 2021 financial years.

Director	Percentage change FY20-FY21			Percentage change FY19-FY20		
	Salary/ fee	Benefits	Bonus	Salary/ fee	Benefits	Bonus
John Cotterell	0%	0%	-3%	0%	0%	28%
Mark Thurston	0%	0%	2%	0%	(65)% ¹	23%
Trevor Smith	0%	n/a	n/a	0%	n/a	n/a
Andrew Allan	0%	n/a	n/a	0%	n/a	n/a
Ben Druskin ²	-6%	n/a	n/a	0%	n/a	n/a
Mike Kinton ³	n/a	n/a	n/a	0%	n/a	n/a
David Pattillo ²	-6%	n/a	n/a	0%	n/a	n/a
Sulina Connal ⁴	31%	n/a	n/a	n/a	n/a	n/a
Employees as a whole ⁵	5%	4%	8%	2.8%	3.6%	2.1%

1. The reduction in the benefits payable to Mark Thurston between FY2019 and FY2020 is explained by the effect of a one-off payment made in FY2019 of £18,800 in lieu of accrued but untaken holiday in the year of the Company's IPO. Excluding this one-off payment, the percentage change in benefits for Mark Thurston would be 0%.

2. The amount of fees payable to Ben Druskin and David Pattillo have not changed between FY20 and FY21. The percentage change disclosed above is attributable to the change in the USD to GBP average exchange rate from FY20 to FY21 (which has been used to convert USD fees into GBP).

3. Mike Kinton left the Company following the 2020 AGM and is no longer a Director.

4. Sulina Connal joined the Endava Board in September 2019. Her fees for FY20 were therefore reduced on a pro-rata basis to reflect the part of the year for which she was in service. This shows an artificial increase in fees when compared against a full year of service for FY21, although the annualised fee amount did not change.

5. Endava plc does not employ any employees and therefore no comparator data is available for that population. The above information is provided in relation to the employees of Endava (UK) Limited, the subsidiary employing all UK employees, including our executive directors.

Relative importance of spend on pay

The table below shows the total pay for all of the Company's employees compared to other key financial metrics.

	FY2021		FY2020		Percentage change
Employee costs (£m)	£	298	£	255	17%
Employee costs excl discretionary EBT bonus (£m)		N/A	£	227	N/A
Dividends paid (£m)	£	—	£	—	N/A
Revenue (£m)	£	446	£	351	27%
Adjusted profit before tax (£m)	£	92	£	69	33%

Shareholder voting on remuneration matters at AGM

The table below sets out the previous votes cast at our AGM in December 2020 in respect of the Annual Remuneration Report and the Directors' Remuneration Policy.

	Votes for		Votes against		Votes withheld
	%	Number	%	Number	Number
Annual Remuneration Report	97.05	194,778,306	2.95	5,918,385	358,521
Directors' Remuneration Policy	100	201,041,183	0.00	3,013	1,016

Withheld votes are not counted when calculating voting outcomes.

Membership of the Remuneration Committee and its advisors

The Remuneration Committee currently comprises three independent members: Andrew Allan (Chair), Trevor Smith and Ben Druskin. The CEO, General Counsel, CFO, HR Director and others are invited to attend Committee meetings as required to provide advice and assistance. No member of the Committee or invitee, takes part in any discussions relating to his or her own remuneration.

The responsibilities and authority of the Remuneration Committee are described in the Remuneration Committee Charter, a copy of which can be found on the Company's website.

During the year, the Remuneration Committee received advice from Aon's Rewards Solutions practice in relation to a remuneration benchmarking exercise for the Executive and Non-Executive Directors and Executive Officers. Aon was also appointed as brokers for the Company's annual Directors & Officers insurance renewal. The Rewards Solutions practice of Aon operates independently of the Commercial Risk Insurance practice and the Committee is satisfied there is no conflict of interest. The Committee is satisfied that advice provided by Aon is independent and objective. Aon received fees of £21,000 (2019/20: £41,200) in respect of their advice to the Committee during the financial period.

Implementation of the remuneration policy in the 2022 financial year***Fixed pay***

No salary increase was offered to Executive Directors for the 2021 financial year. Salaries for the coming year are:

	FY2022	FY2021	Percentage change
John Cotterell	£500,000	£350,000	43%
Mark Thurston	£250,000	£225,000	11%

The Executive Directors' salaries have not increased since the Company listed in 2018. The Committee commissioned Aon to perform benchmarking of the Executive Director's compensation against the backdrop of the Company's performance since listing and its increase in size and complexity of the business. Aon based its review on factors such as financial size, market growth, market capitalisation and current market compensation levels in organisations similar to Endava. Following this benchmarking exercise, it was noted that the Executive Directors' total compensation fell below the desired market level of the comparator peer group presented by Aon and approved by the Committee. The Committee therefore, agreed to increase the Executive Director's salaries to a level that aligns with the

present size and complexity of Endava, and accounting for the impact that each individual director has on leading the execution of the business strategy.

The CEO and CFO will continue to receive pension contributions (or cash payments in lieu) to the value of 15% and 7.5% of salary respectively. No changes will be made to the provision of other benefits.

Annual bonus

In line with the policy described in this report, the CEO and CFO will be eligible for a maximum annual bonus of £500,000 (100% of salary) and £269,000 (108% of salary) respectively for the 2022 financial year. Performance for the 2021/2022 annual bonus scheme will be based solely on Adjusted PBT for the 2022 financial year. The specific target is commercially sensitive and therefore is not disclosed. However, full details of the target and performance against that target will be disclosed at such time when it is no longer considered commercially sensitive.

Long-term incentives

Awards of PSUs were granted to Executive Directors on 9 August 2021 and are subject to independently weighted performance metrics measured over the 2022 financial year as follows: Revenue (weighted as to 35%), Adjusted PBT (weighted as to 40%) and Sales Order Book targets (weighted as to 25%). The proportion of the awards subject to each performance metric will be assessed on a straight line basis between Threshold performance (at which payout will be 0%), Target performance (at which payout will be 50%) and Maximum performance (at and beyond which payout will be 100%). The specific targets are commercially sensitive and therefore are not disclosed. However, full details of the targets and performance against those targets will be disclosed at such time when it is no longer considered commercially sensitive. The awards will vest to the extent these performance metrics have been met in equal tranches over a four-year period from 31 October 2022 to 31 October 2025.

John Cotterell and Mark Thurston have been granted PSUs over 35,713 and 14,243 shares under the FY22 EIP respectively on 9 August 2021. The face values of these awards are based on a total award value of \$3,771,000 and \$1,504,000 respectively, at the grant price of \$105.59 set using the 10 day average Endava closing share price to 15 June 2021.

Non-Executive Director fees

Non-Executive Directors' standard fees have not increased since the Company listed in 2018. As part of the benchmarking exercise conducted by Aon (and commissioned by the Committee), the Committee reviewed the fees of the board and committee memberships and subsequently agreed to increase the Chairman of the Board's fee. The increase reflects the increase in time commitment of this role. No other changes are proposed to Non-Executive Directors' fees.

Significant changes in the implementation of the policy

The Committee commissioned Aon to undertake an independent review of the Executive and Non-Executive Directors compensation. As part of this exercise, Aon compiled a list of peer companies, being technology companies of a similar size and complexity to Endava, and following approval by the Committee, prepared a report of compensation benchmarks for this peer group. This report was used by the Committee to help inform the compensation proposals, including increases to salary, annual bonus and long term incentives for FY22, whilst also helping to prepare for the Directors' remuneration policy review which will be conducted during the course of FY22.

DIRECTORS' REPORT

Directors

The Directors of the Group who were in office during the year and up to the date of signing the financial statements were:

J Cotterell
M Thurston
T Smith
A Allan
D Pattillo
B Druskin
S Connal

M Kinton retired as a Director on 16 December 2020 at the Company's annual general meeting.

Directors' indemnities

The Company has entered into a deed of indemnity with each of its Directors under which the Company has agreed to indemnify the Directors to the extent permitted by law and the Company's articles of association. These indemnities meet the Companies Act 2006 definition of a qualifying third party indemnity provision. The Company also maintains Directors' and Officers' liability insurance policies on behalf of its Directors.

Proposed dividends

No interim dividend was declared or paid in the year. No final dividend is proposed by the Directors in respect of the current financial year.

Political donations

The Group did not make any political donations, or incur any political expenditure in the year ended 30 June 2021. The Group did not make any contributions to a non-EU political party during the year ended 30 June 2021.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Other information

A review of the business as well as important events affecting the Company, expected future developments, an indication of research and development undertaken in the period, a review of greenhouse gas emissions, energy consumption and energy efficiency action, details of the Group's overseas branches and the Group's policy in respect of disabled employees are included in the Strategic Report.

In addition, a discussion summarising how the Directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the Directors during the financial year is also included in the Strategic Report.

Finally, the statement of corporate governance arrangements for the Company for the financial year is included in the Strategic Report under the heading "Governance".

Financial risk management

Details of financial risk management and the use of financial instruments are disclosed in Note 31 of the Group financial statements.

Independent auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as statutory auditor of the Company is to be proposed at the forthcoming annual general meeting.

Liquidity and going concern

The COVID-19 outbreak in early 2020, which resulted in the implementation of travel restrictions, quarantines and extended shutdowns of certain businesses globally, brought about additional uncertainties in the Group's operating environment. The ongoing impact of COVID-19 has resulted in many countries around the world imposing lockdowns, shelter-in-place orders, quarantines, restrictions on travel and mass gatherings, including the cancellation of trade shows and other events, and the extended shutdown of non-essential businesses that cannot be conducted remotely.

The Group has been closely monitoring the impact of the developments on its businesses, mainly because the continuous worsening of global business and economic conditions may impact the stability of operations and could have an adverse impact on the earnings of the Group. While there have been disruptions to manufacturing and supply chains around the world, the impact on the Group's operations and liquidity has not been substantial. The Group continues to support our customers in keeping their supply chains running.

In accordance with IAS 1 'Presentation of financial statements', and revised FRC guidance on 'risk management, internal control and related financial and business reporting', the Directors have considered the funding and liquidity position of the Group and have assessed the Group's ability to continue as a going concern for the foreseeable future. In doing so, the Directors have reviewed the Group's budget and forecasts, and have taken into account all available information about the future for a period of at least, but not limited to, 12 months from the date of approval of these financial statements.

The Group meets its day-to-day working capital requirements and medium-term funding requirements through its trading cash flows. At 30 June 2021, the Group had net assets of £300.7 million and net current assets of £86.9 million, of which £69.9 million was cash and cash equivalents. In addition, the Group has a currently unused revolving credit facility (RCF) of £200 million, which matures in October 2023. The Directors remain satisfied with the Group's funding and liquidity position.

In response to the risks outlined above, and the potential impact on the Group's ability to continue as a going concern, the Directors have considered the business activities and the Group's principal risks and uncertainties in the context of the current operating environment. This includes possible impacts of the global COVID-19 pandemic on the Group and reviews of liquidity and covenant forecasts. The Directors have modelled cash flow projections to produce a baseline forecast scenario.

The Directors have also considered sensitivities in respect of potential downside scenarios over and above the baseline scenario, and the mitigating actions available in concluding that the Group is able to continue in operation for a period of at least 12 months from the date of approval of these financial statements. The specific scenarios modelled included a downside scenario with a COVID-19 resurgence or other softer macro-economic environment leading to stalling of sequential revenue growth for two quarters followed by a gradual recovery, and a severe but plausible downside scenario with a more significant COVID-19 resurgence or other softer macro-economic environment leading to stalling/ severe impact on sequential revenue growth for four quarters, followed by a gradual recovery.

In the downside scenario, revenue over the forecast period is 10% lower than the baseline scenario, with some short-term cost mitigation associated with slower net hiring assumed during the two quarters of stalled revenue growth compared to the baseline scenario. The closing cash balance at the end of the forecast period is £47 million lower than the baseline scenario, but remains positive throughout the forecast period, and no draw-down from the RCF would be required.

In the severe but plausible downside scenario, revenue over the forecast period is 24% lower than the baseline scenario, and cost mitigation measures in the form of reduced hiring are assumed over the four quarters of declining and stalled revenue growth. The closing cash balance at the end of the forecast period is £101 million lower than the baseline scenario, but remains positive throughout the forecast period, and no draw-down from the RCF would be required.

The Group's experience of the COVID-19 pandemic to date is that it caused a short-term slowing of revenue growth for two quarters, with Q4 of the 2020 financial year recording a 1.9% sequential decline and Q1 of the 2021 financial year recording 5.2% sequential growth - although it should be noted that Q1 includes the impact of acquiring Comtrade Digital Services mid-quarter. Following this initial short-term impact, revenues grew sequentially by 10.6% in Q2 of the 2021 financial year, 6.7% in Q3, and 19.0% in Q4 - noting that the acquisitions of Five and Levvel in March 2021 further bolstered the growth in Q4 in particular.

The Directors believe the medium-term impact of the COVID-19 pandemic has been to accelerate the need for digital transformation and stimulate customer demand, and this is reflected in the revenue growth rates recorded over the last three quarters of the 2021 financial year.

Throughout each of the scenarios considered, the Group's cash position continues to remain strong throughout the forecast period. As noted above, the Group has an unused RCF of £200 million, funded by a group of banks. On the basis of the Group's existing cash reserves and projections, the Directors do not expect to need to draw down on the RCF in the foreseeable future, even in the most stressed scenario considered.

Having considered the outcome of these assessments, the Directors consider that the Group has adequate resources to continue in operation for the foreseeable future, being at least 12 months from the date of approval of these financial statements, and accordingly continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

The Group's post balance sheet events are included in note 33 of the Group financial statements.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report, including the Strategic Report, the Directors' Report and the Directors' Remuneration Report, and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

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

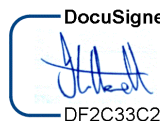
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, and a Directors' Remuneration Report that complies with that law and those regulations.

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

On behalf of the Board

DocuSigned by:

DF2C33C243BF48C...

J E COTTERELL
CHIEF EXECUTIVE OFFICER
125 Old Broad Street
London
EC2N 1AR

28 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC

1. Our opinion is unmodified

We have audited the financial statements of Endava plc ("the Company") for the year ended 30 June 2021 which comprise the Group Statement of Comprehensive Income, Group Balance Sheet, Group Statement of Cash Flows, Group Statement of Changes in Equity, Company Balance Sheet, Company Statement of Changes in Equity, Company Statement of Cash Flows and the related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

Overview		
Materiality: group financial statements as a whole	£2.45m (2020: £1.96m)	
	4.5% of profit before tax (2020: 4.5% profit before tax normalised to exclude the net gain on disposal of subsidiary and the discretionary EBT bonus)	
Coverage	90% (2020: 100%) of group profit before tax	
Key audit matters		vs 2020
Recurring matters	Evaluation of fair value of client relationship intangible assets acquired through business combinations	◀▶
	Allowance for credit losses related to trade receivables and accrued income	◀▶
	Revenue recognition	◀▶
	Parent Company: Recoverability of the Company's investments in subsidiaries	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2020):

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

	The risk	Our response
<p>Evaluation of fair value of client relationship intangible assets acquired through business combinations:</p> <p>(£18.1 million of client relationships recognised in respect of CDS; 2020: client relationship intangibles recognised for two acquisitions totalling £9.1 million)</p> <p>Refer to Note 3.A.6 (accounting policy) and Note 15 (business combinations).</p>	<p>The risk - subjective valuation</p> <p>During the year, the Group acquired ComTrade Digital Services (CDS) which resulted in the recognition of client relationship intangible assets totalling £18.1 million.</p> <p>We determined the evaluation of the fair value of client relationship intangible assets acquired through business combination involves a high degree of subjective auditor judgement related to use of certain assumptions in the valuation models. The key assumptions used within the valuation models included forecast future revenue growth, forecast customer attrition rates, and the discount rates applied.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the fair value of the CDS client relationship intangible asset has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p>	<p>Our procedures included:</p> <p>Control design</p> <ul style="list-style-type: none"> - We tested the controls over the revenue growth rate, client attrition rate and discount rate assumptions used in the valuation model, including approval and challenge of those assumptions by senior management. <p>Test of details</p> <ul style="list-style-type: none"> - Assessing the forecast future revenue growth used by the Group by comparing the assumptions used to the historical performance of the acquired entity and the Group itself, as well as to the revenue growth rates of peer companies and the industry as a whole. - Assessing the client attrition rate based on historical data of the acquired entity and the Group itself. <p>Sensitivity analysis</p> <ul style="list-style-type: none"> - Performing sensitivity analysis of the key assumptions used in the calculation of client relationship intangible assets by taking account of possible alternative scenarios that could arise individually and collectively. <p>Involvement of specialist</p> <ul style="list-style-type: none"> - We involved our own valuation professional with specialised skills and knowledge who assisted in evaluating: <ul style="list-style-type: none"> a. expected future revenue growth assumptions used by the Group to value the client relationship intangible asset as compared to industry and macro-economic trend data; and b. the discount rates applied by comparing them to our independently developed range using publicly available market data for comparable entities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

	The risk	Our response
<p>Valuation of the allowance for credit losses related to trade receivables and accrued income:</p> <p>(£3.5 million; 2020: £3.6 million)</p> <p>Refer to Note 3.A.6 (accounting policy) and Note 19 (trade receivables).</p>	<p>The risk - high risk/high value</p> <p>The Group maintains a credit loss allowance (the allowance) of £3.5 million in respect of trade receivables and accrued income totalling £106.6 million as of June 30, 2021.</p> <p>The allowance is recorded based on the Group's historical, observable default rates and is adjusted by a forward-looking estimate that includes consideration of macro-economic, customer segment and customer specific trends and conditions. In the case of specific credit impairments customer specific factors require evaluation to estimate the recoverable amount.</p> <p>We determined the evaluation of the allowance for credit losses related to trade receivables and accrued income involves a high degree of subjective auditor judgement with respect to assessing the assumptions used to determine the probability of the Group's collection of receivables and accrued income. Specifically, judgement is involved in evaluating the effect of any customer financial position that may affect the ability of customers to pay billed and unbilled fees.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the allowance for credit losses has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p>	<p>We performed the detailed tests below rather than seeking to rely on any of the group's controls because our knowledge of the design of these controls indicated that we would be unable to obtain the required evidence to support reliance on controls.</p> <p>Our procedures included:</p> <p>Personnel interview</p> <ul style="list-style-type: none"> - For certain customers, we inquired of relevant Group operational and finance personnel to evaluate the rationale for establishing specific credit impairment allowances for trade receivables and accrued income. <p>Test of details and benchmarking</p> <ul style="list-style-type: none"> - Assessing the Group's economic conditions analysis by sector compared to externally available economic outlook data to evaluate the risk factors applied by the Group in determining which customer industry sectors have a higher risk of expected credit losses. - Inspecting relevant underlying documentation, including customer correspondence, historical collection trends, age of trade receivables, and realisation analyses to assess the Group's estimated allowance for customers deemed to be credit impaired. - Inspecting the cash collected by the Group subsequent to year-end to assess the reasonableness of management's estimate of credit impaired allowances for specific customers. <p>Assessing transparency</p> <ul style="list-style-type: none"> - Assessing the adequacy of the Group's disclosures in respect of the impairment of trade receivables and accrued income.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

	The risk	Our response
Revenue recognition: (£446.3 million; 2020: £350.9 million) Refer to Note 3.A.16 (accounting policy) and Note 5 (revenue).	The risk - low risk/high value We did not determine revenue recognition to give rise to a high risk of material misstatement or to be subject to significant judgement. However, due to its materiality in the context of the financial statements and the extent of audit effort required, this is considered to be an area that has a significant impact on our overall audit of the Group.	We performed the detailed tests below rather than seeking to rely on any of the group's controls because our knowledge of the design of these controls indicated that we might be unable to obtain the required evidence to support reliance on controls. Our procedures included: Test of details - Evaluating whether the criteria for recognising the Company's revenues were in accordance with the relevant accounting requirements and standards; - Obtaining and assessing direct confirmation of key contract terms on a sample of customers and comparing them to signed customer contracts; - For a sample of revenue transactions recognised during the year (including accrued and billed revenue) we determined whether revenue had been recognised in the correct accounting period. Our procedures included inspecting relevant supporting documents, including, among others, invoices, timesheet records, customer acceptance, executed contracts and where applicable, collection documents; - Inspection of credit notes issued after the end of the financial year to determine whether the revenues from the current financial year of reporting should be adjusted.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

	The risk	Our response
Parent Company: Recoverability of the Company's investments in subsidiaries: (£114.9 million; 2020: £88.9 million) Refer to Note 1 (accounting policy) and Note 3 (investments) to the Parent Company Financial Statements.	The risk - low risk/high value The carrying amount of the Parent Company's investments in subsidiaries represents 42% (2020: 39%) of the company's total assets. Their recoverability is not at a high risk of material misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall audit of the Parent Company.	We performed the tests below rather than seeking to rely on any of the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: Test of detail - Comparing the carrying amount of the investments with the respective subsidiaries' balance sheet to identify whether their net assets (being an approximation of their minimum recoverable amount) were in excess of their carrying amount; - For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the entity calculated by the Company based on a value-in-use model. Sensitivity analysis - Performing sensitivity analysis of key assumptions (discount rates and growth rates) used in the impairment model by taking account of possible downside scenarios that could arise. Assessing transparency - Assessing the adequacy of the company's disclosures in respect of the impairment testing of investments in subsidiaries.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £2.4 million (2020: £1.96 million), determined with reference to a benchmark of group profit before tax (2020: group profit before tax, normalised to exclude the net gain on disposal of subsidiary and the discretionary EBT bonus), of which it represents 4.5% (2020: 4.5%).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

Materiality for the parent company financial statements as a whole was set at £1.89 million (2020: £1.86 million), determined with reference to a benchmark of company total assets, of which it represents 0.7% (2020: 0.8%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the group was set at 65% (2020: 75%) of materiality for the financial statements as a whole, which equates to £1.58 million (2020: £1.47 million). We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the period.

Performance materiality for the parent company was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £1.42 million (2020: £1.39 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £105,000 (2020: £98,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 5 (2020: 3) reporting components, we subjected 1 (2020: 1) to a full scope audit for group purposes.

The Group team performed procedures on the items excluded from normalised group profit before tax and performed the audit of group and the audit of the parent company using the materiality levels set out below.

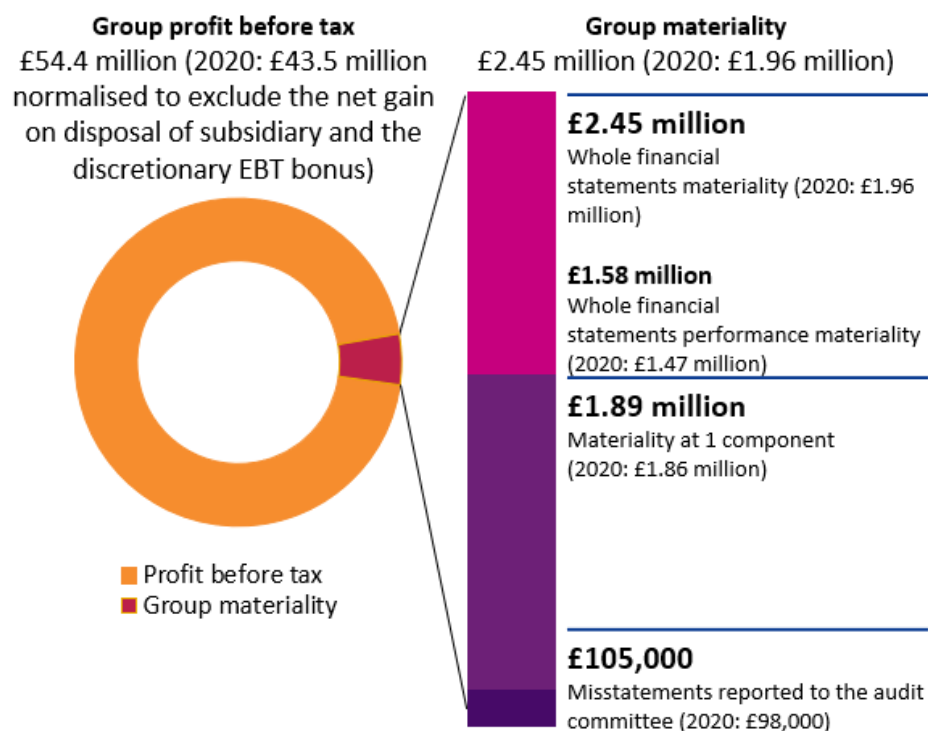
The component and consolidation adjustments within the scope of our work accounted for the percentages:

- Group revenue: 88% (2020: 96%)
- Group profit before tax: 90% (2020: 100%)
- Group total assets: 95% (2020: 96%)

The Group team set the following component materiality, having regard to the entities in scope for group audit:

- £1.89 million (2020: £1.86 million)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's available financial resources over this period were:

- The impact of Covid 19 on the economy causing a reduction in demand for the company's services

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

Our procedures also included:

- Critically assessing assumptions in the Directors' initial downside scenarios relevant to liquidity, in particular in relation to customer demand by comparing to historical trends in sales, including considering the concentration amongst large customers and assessing whether downside scenarios applied mutually consistent assumptions in aggregate, taking into account all reasonably possible downsides. We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.

We considered whether the going concern disclosure in note 3.A.7 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 3.A.7 to be acceptable

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board and audit committee minutes;
- Considering remuneration incentive schemes and performance targets for management and directors including the EPS target for management remuneration; and
- Using analytical procedures to identify any unusual or unexpected relationships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited judgement involved in revenue recognition and limited incentive for management to fraudulently manipulate revenue recognition. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and having unusual account pairings; and,
- Inspecting issues raised via the Company's whistle-blowing hotline and making inquiries of management as to how they have addressed these.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and corruption, employment law, data protection laws (such as the EU General Data Protection Regulation 'GDPR') and certain aspects of company legislation recognising the nature of the Group's activities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVAL PLC (CONTINUED)

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 101, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDAVA PLC (CONTINUED)

9. The purpose of our audit work and to whom we owe our responsibilities

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

David Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London, E14 5GL

28 September 2021

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June

		2021	2020 ¹
	Note	£'000	£'000
Revenue	5	446,298	350,950
Cost of sales			
Direct cost of sales		(271,707)	(233,352)
Allocated cost of sales		(20,758)	(17,447)
Total cost of sales		(292,465)	(250,799)
Gross profit		153,833	100,151
Selling, general and administrative expenses		(90,290)	(75,110)
Net impairment losses on financial assets	19	(4)	(3,169)
Operating profit	6	63,539	21,872
Finance expense	9	(9,305)	(1,940)
Finance income	10	121	3,109
Net finance (expense)/income		(9,184)	1,169
Gain on sale of subsidiary	6	—	2,215
Profit before tax		54,355	25,256
Tax on profit on ordinary activities	11	(10,914)	(3,846)
Profit for the year and profit attributable to the equity holders of the Company		43,441	21,410
Other comprehensive income			
Exchange differences on translating foreign operations		(9,782)	(2,240)
Total comprehensive income for the year attributable to the equity holders of the Company		33,659	19,170
Earnings per share (EPS):	13		
Basic EPS		£ 0.79	£ 0.40
Diluted EPS		£ 0.76	£ 0.38
Weighted average number of shares outstanding - basic		55,220,298	53,423,575
Weighted average number of shares outstanding - diluted		57,050,613	56,065,080

¹ The presentation of the income statement has been changed to separately disclose the net impairment losses on financial assets on the face of the Consolidated Statement of Comprehensive Income. Refer to Note 3.A.3 for details.

The accompanying notes form an integral part of these financial statements.



GROUP BALANCE SHEET

As at 30 June

Registered number 05722669

	NOTE	2021 £'000	2020 £'000
Assets - Non-current			
Goodwill	14	124,417	56,995
Intangible assets	16	69,550	38,751
Property, plant and equipment	17	13,324	12,747
Right-of-use assets	23	57,193	51,134
Deferred tax assets	12	18,674	13,340
Financial assets	23	363	639
Total		283,521	173,606
Assets - Current			
Trade and other receivables	19	118,303	82,614
Corporation tax receivable		938	2,922
Financial assets	23	563	584
Cash and cash equivalents		69,884	101,327
Total		189,688	187,447
Total assets		473,209	361,053
Liabilities - Current			
Lease liabilities	23	13,543	11,132
Trade and other payables	20	78,634	58,599
Corporation tax payable		4,294	1,449
Contingent consideration	15	5,718	1,409
Deferred consideration	15	624	3,907
Total		102,813	76,496
Liabilities - Non-current			
Lease liabilities	23	50,142	42,233
Deferred tax liabilities	12	10,010	5,861
Deferred consideration	15	9,370	—
Other liabilities		205	136
Total		69,727	48,230
Equity			
Share capital	24	1,114	1,099
Share premium	27	247	221
Merger relief reserve	27	30,003	25,527
Retained earnings	27	283,059	214,638
Other reserves	27	(13,599)	(3,817)
Investment in own shares	27	(155)	(1,341)
Total		300,669	236,327
Total liabilities and equity		473,209	361,053

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 28 September 2021 and are signed on their behalf by:

DocuSigned by:

 DF2C33C243BE48C...
JE Cotterell, Director

DocuSigned by:

 85735E12D7434A4...
MS Thurston, Director

GROUP STATEMENT OF CASH FLOWS

For the year ended 30 June

	2021 £'000	2020 £'000
Operating activities		
Profit for the year	43,441	21,410
Income tax charge	10,914	3,846
Non-cash adjustments (note 28)	55,547	28,622
Tax paid	(3,120)	(5,876)
UK research and development credit received	2,930	—
Net changes in working capital (note 28)	(21,360)	(7,759)
Net cash from operating activities	88,352	40,243
Investing activities		
Purchase of non-current assets (tangibles and intangibles)	(6,113)	(9,880)
Proceeds from disposal of non-current assets	193	195
Acquisition of business / subsidiaries, consideration in cash	(109,991)	(26,595)
Proceeds from sale of subsidiary net of cash disposed of	—	2,744
Cash and cash equivalents acquired with subsidiaries	8,733	3,289
Interest received	84	499
Net cash used in investing activities	(107,094)	(29,748)
Financing activities		
Proceeds from sublease	565	668
Repayment of borrowings	—	(956)
Repayment of lease liabilities	(11,828)	(9,903)
Grant received	228	888
Interest paid	(911)	(829)
Proceeds from sale of shares	—	30,917
Proceeds from exercise of options	26	93
Net cash (used in)/from financing activities	(11,920)	20,878
Net change in cash and cash equivalents	(30,662)	31,373
Cash and cash equivalents at the beginning of the year	101,327	70,172
Net foreign exchange differences	(781)	(218)
Cash and cash equivalents at the end of the year	69,884	101,327

The accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June

	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Investment in own shares £'000	Retained earnings £'000	Capital redemption reserve £'000	Foreign exchange translation reserve £'000	Total £'000
Balance at 30 June 2019	1,089	128	21,573	(1,847)	146,963	161	(1,738)	166,329
Equity-settled share-based payment transactions	—	—	—	—	15,966	—	—	15,966
Issue of shares related to acquisition	2	—	3,954	—	—	—	—	3,956
Sale of shares (EBT)	—	—	—	207	30,710	—	—	30,917
Exercise of options	8	93	—	299	(385)	—	—	15
Hyperinflation adjustment	—	—	—	—	(26)	—	—	(26)
Transaction with owners	10	93	3,954	506	46,265	—	—	50,828
Profit for the year	—	—	—	—	21,410	—	—	21,410
Other comprehensive income	—	—	—	—	—	—	(2,240)	(2,240)
Total comprehensive income for the year	—	—	—	—	21,410	—	(2,240)	19,170
Balance at 30 June 2020	1,099	221	25,527	(1,341)	214,638	161	(3,978)	236,327
Equity-settled share-based payment transactions	—	—	—	—	25,977	—	—	25,977
Issue of shares related to acquisition	1	—	4,476	—	—	—	—	4,477
Exercise of options	14	26	—	1,186	(1,186)	—	—	40
Hyperinflation adjustment	—	—	—	—	189	—	—	189
Transaction with owners	15	26	4,476	1,186	24,980	—	—	30,683
Profit for the year	—	—	—	—	43,441	—	—	43,441
Other comprehensive income	—	—	—	—	—	—	(9,782)	(9,782)
Total comprehensive income for the year	—	—	—	—	43,441	—	(9,782)	33,659
Balance at 30 June 2021	1,114	247	30,003	(155)	283,059	161	(13,760)	300,669

The accompanying notes form an integral part of these financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 30 June

1. GENERAL INFORMATION

REPORTING ENTITY

Endava plc (the “Company” and, together with its subsidiaries, the “Group” and each a “Group Entity”) is domiciled in London, United Kingdom. The address of the Company’s registered office is 125 Old Broad Street, London, EC2N 1AR. The Group’s expertise spans the entire ideation-to-production spectrum, creating value for our clients through creation of Product and Technology Strategies, Intelligent Digital Experiences, and World Class Engineering, delivered through our 24 capabilities, grouped into four key areas: Define, Design, Build and Run & Evolve.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2020:

- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Revised Conceptual Framework for Financial Reporting
- Amendments to IFRS 16: COVID-19 Related Rent Concessions

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

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New and amended accounting standards that have been issued but are not yet effective

The following new or amended standards and interpretations are applicable in future periods but are not expected to have a significant impact on the Group’s consolidated financial statements and related disclosures.

Effective for annual periods beginning on or after January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2
- Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9.

Effective for annual periods beginning on or after April 2021:

- Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after January 2022:

- Amendments to Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3: Business Combinations
- Amendments to IAS 16: Property, Plant and Equipment
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

Effective for annual periods beginning on or after January 2023:

- IFRS 17 - Insurance Contracts
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3. SIGNIFICANT ACCOUNTING POLICIES

A. GROUP FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except where IFRS requires or permits fair value measurement.

The principal accounting policies adopted by the Group in the preparation of the consolidated financial statements are set out below.

3. REVISED 2020 COMPARATIVE STATEMENTS***Measurement period adjustments***

During the reporting period, the acquisition accounting for Exozet was finalised. Adjustments to goodwill, and deferred and contingent considerations were determined and recognised retrospectively by adjusting the 2020 financial year comparative information. The following table describes the impact on the 2020 financial year reported financial statements:

	£
Goodwill	110,000
Deferred consideration - current	143,000
Contingent consideration - current	(33,000)

Statement of comprehensive income presentation

The presentation of the income statement has been changed to separately disclose the net impairment losses on financial assets on the face of the Consolidated Statement of Comprehensive Income. The following table describes the impact on the 2020 financial year Consolidated Statement of Comprehensive Income:

	2020 £'000
Selling, general and administrative expenses - as previously reported	(78,279)
Net impairment losses on financial assets - separate line added	3,169
Selling, general and administrative expenses - updated	(75,110)

4. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in British Pound Sterling ("Sterling"), which is the Company's functional currency. All financial information presented in Sterling has been rounded to the nearest thousand, except when otherwise indicated.

5. COST OF SALES

The Group divides cost of sales into two categories: direct cost of sales and allocated cost of sales. Direct cost of sales consists primarily of personnel costs, including salary, bonuses, share-based compensation, benefits and travel expenses for the Group's employees directly involved in delivery of the Group's services, as well as software licenses and other costs that relate directly to the delivery of services. Allocated cost of sales consists of the portion of depreciation and amortisation expense and property costs related to delivery of the Group's services.

6. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key areas involving estimates and judgments that have the most significant effect on the amounts recognised in the Consolidated Financial Statements, are as follows:

Business Combinations

Business acquisitions are accounted for using the acquisition method. The results of businesses acquired in a business combination are included in our consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognised as goodwill.

We perform valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination and allocate the purchase price to the tangible and intangible assets acquired and liabilities assumed based on our best estimate of fair value. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including future revenue growth, client attrition rates, and discount rates impacting the valuation of client relationship intangible assets. To assist us in making these fair value determinations, we may engage third party valuation specialists.

We determine the appropriate useful life of intangible assets by performing an analysis of cash flows based on historical experience of the acquired businesses. Intangible assets are amortised over their estimated useful lives based on the pattern in which the economic benefits associated with the asset are expected to be consumed, which to date has approximated the straight-line method of amortisation.

If the initial accounting for the business combination has not been completed by the end of the reporting period in which the business combination occurs, provisional amounts are reported to present information about facts and circumstances that existed as of the acquisition date. Once the measurement period ends, which in no case extends beyond one year from the acquisition date, revisions to the accounting for the business combination shall be accounted for in accordance with IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

As the acquisition accounting for both Five and Levvel are provisional as at the Balance Sheet date, the fair value of identifiable intangible assets was estimated by benchmarking against some previously acquired companies by the Group with similar profiles.

There are no assumptions made about the future and other sources of estimation uncertainty at the balance sheet date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities acquired within the next financial year.

Further detailed information in relation to business combinations is included in note 15 to the financial statements.

Recoverability of trade and other receivables

The Group initially recognises trade and other receivables at fair value, which is usually the original invoiced amount. They are subsequently carried at amortised cost using the effective interest method. The carrying amount of these balances approximates to fair value due to the short maturity of amounts receivable.

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms depending on the geographical territory in which sales are generated. The Group knows that certain debts due to the Group may not be paid through the default of a small number of our customers. Accordingly, we recognise an expected credit loss allowance, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. In estimating a loss allowance the Group considers historical experience and forward-looking informed credit assessment relating to customer specific trends and conditions, alongside other factors such as the current state of the economy and particular industry issues. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort. Due to the global financial uncertainty arising from the COVID-19 pandemic, management has considered the elevated credit risk on trade receivables. In addition, certain balances (where there was an objective evidence of credit impairment) have been provided for on an individual basis.

Further detailed information in relation to trade and other receivables is included in note 19 to the financial statements.

7. GOING CONCERN

The COVID-19 outbreak in early 2020, which resulted in the implementation of travel restrictions, quarantines and extended shutdowns of certain businesses globally, brought about additional uncertainties in the Group's operating environment. The ongoing impact of COVID-19 has resulted in many countries around the world imposing lockdowns, shelter-in-place orders, quarantines, restrictions on travel and mass gatherings, including the cancellation of trade shows and other events, and the extended shutdown of non-essential businesses that cannot be conducted remotely.

The Group has been closely monitoring the impact of the developments on its businesses, mainly because the continuous worsening of global business and economic conditions may impact the stability of operations and could have an adverse impact on the earnings of the Group. While there have been disruptions to manufacturing and supply chains around the world, the impact on the Group's operations and liquidity has not been substantial. The Group continues to support our customers in keeping their supply chains running.

In accordance with IAS 1 'Presentation of financial statements', and revised FRC guidance on 'risk management, internal control and related financial and business reporting', the Directors have considered the funding and liquidity position of the Group and have assessed the Group's ability to continue as a going concern for the foreseeable future. In doing so, the Directors have reviewed the Group's budget and forecasts, and have taken into account all available information about the future for a period of at least, but not limited to, 12 months from the date of approval of these financial statements.

The Group meets its day-to-day working capital requirements and medium-term funding requirements through its trading cash flows. At 30 June 2021, the Group had net assets of £300.7 million and net current assets of £86.9 million, of which £69.9 million was cash and cash equivalents. In addition, the Group has a currently unused revolving credit facility (RCF) of £200 million, which matures in October 2023. The Directors remain satisfied with the Group's funding and liquidity position.

In response to the risks outlined above, and the potential impact on the Group's ability to continue as a going concern, the Directors have considered the business activities and the Group's principal risks and uncertainties in the context of the current operating environment. This includes possible impacts of the global COVID-19 pandemic on the Group and reviews of liquidity and covenant forecasts. The Directors have modelled cash flow projections to produce a baseline forecast scenario.

The Directors have also considered sensitivities in respect of potential downside scenarios over and above the baseline scenario, and the mitigating actions available in concluding that the Group is able to continue in operation for a period of at least 12 months from the date of approval of these financial statements. The specific scenarios modelled included a downside scenario with a COVID-19 resurgence or other softer macro-economic environment leading to stalling of sequential revenue growth for two quarters followed by a gradual recovery, and a severe but plausible downside scenario with a more significant COVID-19 resurgence or other softer macro-economic environment leading to stalling/ severe impact on sequential revenue growth for four quarters, followed by a gradual recovery.

In the downside scenario, revenue over the forecast period is 10% lower than the baseline scenario, with some short-term cost mitigation associated with slower net hiring assumed during the two quarters of stalled revenue growth compared to the baseline scenario. The closing cash balance at the end of the forecast period is £47 million lower than the baseline scenario, but remains positive throughout the forecast period, and no draw-down from the RCF would be required.

In the severe but plausible downside scenario, revenue over the forecast period is 24% lower than the baseline scenario, and cost mitigation measures in the form of reduced hiring are assumed over the four quarters of declining and stalled revenue growth. The closing cash balance at the end of the forecast period is £101 million lower than the baseline scenario, but remains positive throughout the forecast period, and no draw-down from the RCF would be required.

The Group's experience of the COVID-19 pandemic to date is that it caused a short-term slowing of revenue growth for two quarters, with Q4 of the 2020 financial year recording a 1.9% sequential decline and Q1 of the 2021 financial year recording 5.2% sequential growth - although it should be noted that Q1 includes the impact of acquiring Comtrade Digital Services mid-quarter. Following this initial short-term impact, revenues grew sequentially by 10.6% in Q2 of the 2021 financial year, 6.7% in Q3, and 19.0% in Q4 - noting that the acquisitions of Five and Levvel in March 2021 further bolstered the growth in Q4 in particular.

The Directors believe the medium-term impact of the COVID-19 pandemic has been to accelerate the need for digital transformation and stimulate customer demand, and this is reflected in the revenue growth rates recorded over the last three quarters of the 2021 financial year.

Throughout each of the scenarios considered, the Group's cash position continues to remain strong throughout the forecast period. As noted above, the Group has an unused RCF of £200 million, funded by a group of banks. On the basis of the Group's existing cash reserves and projections, the Directors do not expect to need to draw down on the RCF in the foreseeable future, even in the most stressed scenario considered.

Having considered the outcome of these assessments, the Directors consider that the Group has adequate resources to continue in operation for the foreseeable future, being at least 12 months from the date of approval of these financial statements, and accordingly continue to adopt the going concern basis in preparing the financial statements.

8. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group made up to 30 June each year.

(i) Business combinations

Business acquisitions are accounted for using the acquisition method. The results of businesses acquired in a business combination are included in the consolidated financial statements from the date of the acquisition.

Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognised as goodwill.

The Group performs valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination and allocates the purchase price to the tangible and intangible assets acquired and liabilities assumed based on management's best estimate of fair value. The Group determines the appropriate useful life of intangible assets by performing an analysis of cash flows based on historical experience of the acquired businesses. Intangible assets are amortised over their estimated useful lives based on the pattern in which the economic benefits associated with the asset are expected to be consumed, which to date has approximated the straight-line method of amortisation.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in statement of comprehensive income.

Transaction costs associated with business combinations are expensed as incurred and are included in selling, general and administrative expenses.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Transactions eliminated on consolidation

All transactions and balances between Group Entities are eliminated on consolidation, including unrealised gains and losses on transactions between Group Entities. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

9. FOREIGN CURRENCY**(i) Foreign currency balances and transactions**

Foreign currency transactions are translated into the functional currency of the applicable Group Entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the statement of comprehensive income. Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

(ii) Foreign operations

In the consolidated financial statements, all assets, liabilities and transactions of Group Entities with a functional currency other than Sterling are translated into Sterling upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Sterling at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate. Income and expenses have been translated into Sterling at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to the statement of comprehensive income and are recognised as part of the gain or loss on disposal.

Accounting standards are applied on the assumption that the value of money (the unit of measurement) is constant over time. However, when the rate of inflation is no longer negligible, a number of issues arise impacting the true and fair nature of the accounts of entities that prepare their financial statements on a historical cost basis. To address such issues, entities apply IAS 29 Financial Reporting in Hyperinflationary Economies from the beginning of the period in which the existence of hyperinflation is identified.

Based on the statistics published in July 2018, the 3-year cumulative rate of inflation for consumer prices and wholesale prices in Argentina reached a level of about 123% and 119%, respectively. On that basis, Argentina was considered an hyperinflationary economy since 1 July 2018. At 30 June 2021 and 2020 the Group has recognised the effects of inflation in the financial statements. The Group also has a subsidiary in Venezuela that is considered a hyperinflationary economy but the functional currency of this company is the U.S. dollar.

10. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*(i) Financial Assets**Initial recognition and measurement*

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes cash and cash equivalents, trade and substantially all other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group don't hold any financial assets at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. The Group don't hold any financial assets designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of comprehensive income. The Group does not currently hold any financial assets at fair value through profit or loss.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category applies to Group's interest-bearing loans and borrowings.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) Impairment

The Group recognises an allowance for expected credit losses (ECLs) for trade receivables and contract assets. The Group applies the simplified approach available in IFRS 9. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. In estimating a loss allowance we consider historical experience and forward-looking informed credit assessment relating to customer specific trends and conditions alongside other factors such as the current state of the economy and particular industry issues. We consider reasonable and supportable information that is relevant and available without undue cost or effort. Due to the global financial uncertainty arising from the COVID-19 pandemic, management has considered the elevated credit risk on trade receivables. In addition, certain balances (where there was an objective evidence of credit impairment) have been provided for on an individual basis.

11. PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of an item of property, plant and equipment comprises:

- a. its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- b. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between net proceeds from disposal and the carrying amount of the item) is recognised in the statement of comprehensive income.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the leased term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computers and equipment	3 - 5 years
Fixtures and fittings	5 years
Leasehold improvement fittings	Over the lease term
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

12. INTANGIBLE ASSETS AND GOODWILL**(i) Goodwill**

Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net assets acquired in our business combinations. Goodwill is not amortised and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Intangible assets generated by new acquisitions are separately assessed for impairment in the year in which the acquisition occurred and are assessed on a consolidated basis with all other acquired intangible assets beginning in the year following the acquisition.

Events or changes in circumstances that could trigger an impairment review include a significant adverse change in business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of the Group's use of the acquired assets or the strategy for the Group's overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

If the fair value of the reporting unit is less than book value, the carrying amount of the goodwill is compared to its recoverable amount. The estimate of recoverable amount of goodwill may require valuations of certain internally generated and unrecognised intangible assets. If the carrying amount of goodwill exceeds the recoverable amount of that goodwill, an impairment loss is recognised in an amount equal to the excess. The Group tests for goodwill impairment on 30 June of each year.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group in a business combination and have finite useful lives are measured at fair value at acquisition date less accumulated amortisation and accumulated impairment losses.

(iii) Internally-generated intangible assets

Intangible assets arising from development are recognised if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the ability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Subsequent expenditure

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of comprehensive income as incurred.

(v) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in the statement of comprehensive income over their estimated useful lives, from the date they are available for use.

Client relationship	3 - 10 years
Trade name	5 years
Supplier relationships	5 years
Non-compete agreement	3 years
Computer software	3 – 10 years
Licences	Shorter of licence period and up to 3 years
Software - own work capitalised	3 - 5 years

13. LEASE AGREEMENTS

The Group assesses whether a contract is, or contains, a lease at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date with respect to all lease arrangements except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the lease payments are recognised as an operating expense on a straight-line basis over the term of the lease.

As the majority of the Group's lease portfolio relates to property leases of offices and delivery centres, the Group has elected not to separate non-lease components and therefore accounts for the lease and non-lease component as a single lease component.

Right-of-use assets are initially measured at cost, comprising the initial amount of the corresponding lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, right-of-use assets are adjusted for any remeasurement of lease liabilities. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable.

Lease liabilities are initially measured at the present value of the lease payments that are due over the lease term, which have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to each lease. This is the rate that the Group would have to pay for a loan of a similar term, and with a similar security, to obtain an asset of a similar value.

The Group calculates the incremental borrowing rate applicable to each lease by obtaining information from various external sources in relation to interest rates and credit risk and makes certain adjustments to reflect the terms of the lease, the type of asset leased, the country and currency of the lease.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid under residual value guarantees;
- the exercise price of any purchase options that are reasonably certain to be exercised;
- payments due over optional renewal periods that are reasonably certain to be exercised; and
- penalties for early termination of a lease where we are reasonably certain to terminate early.

Any variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. Lease liabilities are remeasured if there is a modification, a change in future lease payments due to a renegotiation or market rent review or a change of an index or rate, or the amount expected to be payable under a residual guarantee, or if we change our assessment of whether we will exercise a purchase, renewal or termination option. When a lease liability is remeasured, a corresponding adjustment is made to the related right-of-use asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group presents right-of-use assets and lease liabilities as separate line items on the face of the balance sheet.

The Group has applied Amendment to IFRS 16: COVID-19 Related Rent Concessions. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, the Group assesses whether there is a lease modification. The Group has not received any material rent concessions during the current or prior year.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, the head-lease and sub-lease are accounted for as two separate contracts. The head lease is accounted for as per the lessee policy above. The sub-lease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease. Where the lease transfers substantially all the risks and rewards of ownership to the lessee the contract is classified as a finance lease; all other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Amounts due from lessees under finance sub-leases are recognised as receivables at the amount of the Group's net investment in the leases, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the discount rate used in the head lease.

14. IMPAIRMENT

(i) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting period to determine whether there is any indication of impairment. Goodwill and indefinite-lived intangible assets are tested at least annually for impairment.

For impairment assessment purposes, non-financial assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in use.

To determine the value-in-use, management estimates expected future cash flows from each cash generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(ii) Non-derivative financial assets

A financial asset not classified as at fair value to profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

15. EMPLOYEE BENEFITS

(i) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic probability of withdrawal, to a formal detailed plan to either terminate employment before retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits of voluntary redundancies are recognised as an expense if the Group has made an offer to voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured at an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the statement of comprehensive income.

(iii) Employee benefit trust

All assets and liabilities of the Endava Limited Guernsey Employee Benefit Trust ("the EBT") have been consolidated in the consolidated financial statements as the Group has de facto control over the EBT's net assets. Any assets held by the EBT cease to be recognised on the Group balance sheet when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction against equity of the Group. The proceeds from the sale of own shares held by the EBT increases shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group's statement of comprehensive income.

(iv) Employee share schemes and share based payments

The Group issues equity settled share options to its employees. The payments are measured at fair value at date of grant. The fair value of the share options issued is expensed to the statement of comprehensive income account on a straight line basis over the vesting period, based on the Group's estimate of the number of options that will eventually vest, updated at each balance sheet date.

16. REVENUE

The Group generates revenue primarily from the provision of its services and recognise revenue in accordance with IFRS 15 – "Revenue from Contracts with Customers." Revenue is measured at fair value of the consideration received, excluding discounts, rebates, and taxes.

The Group's services are generally performed under time-and-material based contracts (where materials consist of travel and out-of-pocket expenses) and fixed-price contracts. The vast majority of our contracts are relatively short-term in nature and have a single performance obligation.

Under time-and-materials based contracts, the Group charges for services based on daily or hourly rates and bills and collects monthly in arrears. The Company applies the practical expedient and revenue from time-and-materials contracts is recognised based on the right to invoice for services performed, with the corresponding cost of providing those services reflected as cost of sales when incurred.

Under fixed-price contracts, the Group bills and collects periodically throughout the period of performance. Revenue is recognised in the accounting periods in which the associated services are rendered. In limited instances where final acceptance of a milestone deliverable is specified by the client and there is risk or uncertainty of acceptance, revenue is deferred until all acceptance criteria have been met. For multi-year contracts, any deferral of revenue recognition does not generally span more than one accounting period.

In addition to provision of IT services priced as either time-and-material or fixed-price contracts, a small portion of our revenue is generated from managed service contracts, which can include components of both time-and-material and fixed-price. Under managed service contracts, the Group typically bills and collects upon executing the applicable contract and typically recognises revenue over the service period, based on the unit pricing defined.

The Group accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Group identifies its distinct performance obligations under each contract. A performance obligation is a promise in a contract to transfer a distinct product or service to the customer. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring products or services to a customer. With respect to all types of contracts, revenue is only recognised when the performance obligations are satisfied and the control of the services is transferred to the customer, either over time or at a point in time, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group considers the majority of its contracts to have a single performance obligation. In cases in which there are other promises in the contract, a separate price allocation is done based on relative stand alone selling prices. Anticipated profit margins on contracts are reviewed monthly by the Group and, should it be deemed probable that a contract will be unprofitable, any foreseeable loss would be immediately recognised in full and provision would be made to cover the lower of the projected loss from fulfilling the contract and the cost of exiting the contract. The Group has not currently recognised any provision for loss making contracts.

17. GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. They exclude those forms of government assistance that cannot reasonably have a value placed upon them and transactions with government that cannot be distinguished from the normal trading transactions of the entity. Government grants are accounted for using the income approach under which they are recognised in the statement of comprehensive income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has been granted government grants for job creation and training in some European countries where delivery units are located. The grants received are not under complex fulfilment conditions and involve job creation and retention and provision of training services as per the agreements. During the reporting period, the Group received £0.2 million (2020: £0.9 million) from contracted government grants and there were no amounts repaid due to unfulfillment of conditions. The Group considers the risk of any material derecognition of grant income due to unfulfillment of conditions to be remote.

In connection with its acquisition of Five, the Group also acquired a loan received under the US Payroll Protection Program ("PPP") of £0.1 million. Five complied with all conditions for this amount to be forgiven and be recognised as a grant as at 30 June 2021, subject to final confirmation from the US authorities. The conditions involved employee and compensation levels to be maintained and loan proceeds to be used to cover payroll costs and other eligible expenses.

Following IAS 20 presentation options, the Group presents the grant related to income as a deduction from the related expense.

18. FINANCE INCOME AND FINANCE EXPENSE

Finance expense consists primarily of interest expense on borrowings and leases, running costs related to the Group's revolving credit facility and unwinding of the discount on acquisition holdbacks and contingent consideration. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of comprehensive income using the effective interest method.

Finance income consists of interest income on funds invested. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

Finance income and finance costs also reflect the net effect of realised and unrealised foreign currency exchange gains and losses.

19. INCOME TAXES

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Amounts receivable in respect of research and development tax credits are recognised in the financial statements in the year in which the related expenditure was incurred, provided there is sufficient evidence that these amounts are recoverable. These credits, which are credited as an offset to cost of sales, are based on a fixed percentage of the cost of work that is directed and supervised from the United Kingdom, and achieves an advance in technology that was uncertain at the outset of the work. The amounts are recognised within cost of sales in the Group statement of comprehensive income, because they relate to innovations that the Group develops for its contract customers from which the Group earns revenue.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective periods of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

21. EQUITY, RESERVES AND DIVIDEND PAYMENTS

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- Translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling;
- Capital redemption reserve is created to maintain the statutory capital maintenance requirements of the Companies Act 2006;
- Merger relief reserve balance represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in a business combination;
- Retained earnings include all current and prior period retained profits.

All transactions with equity shareholders of the Company are recorded separately within equity. Dividend distributions payable to equity shareholders of the Company are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Investment in own shares represents shares held by the EBT.

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to equity holders of the Company, adjusted by fair value movement of financial liabilities and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which include awards under share award schemes and share options granted to employees.

4. OPERATING SEGMENT ANALYSIS

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker ("CODM") in deciding on how to allocate resources and in assessing performance. The Company's CODM is considered to be the Company's chief executive officer ("CEO"). The CEO reviews financial information presented on a Group level basis for purposes of making operating decisions and assessing financial performance. Therefore, the Group has determined that it operates in a single operating and reportable segment.

Geographical Information of Group's Non-Current Assets

Geographical information about the Group's non-current assets (excluding deferred tax asset) is based on locations where the assets are accumulated:

	2021	2020
	£'000	£'000
United Kingdom	35,803	40,112
North America	67,877	29,431
Europe	146,357	75,358
RoW ¹	14,810	15,365
Total	264,847	160,266

¹ Rest of World (RoW)

5. REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers by geographical market, based on where the services are delivered to customers:

	2021	2020
	£'000	£'000
United Kingdom	187,045	155,507
North America	140,085	100,089
Europe	107,978	85,882
RoW	11,190	9,472
Total	446,298	350,950

The Group's revenue by industry sector is as follows:

	2021	2020
	£'000	£'000
Payments and Financial Services	226,391	185,175
TMT	121,045	90,255
Other	98,862	75,520
Total	446,298	350,950

The Group's revenue by contract type is as follows:

	2021 £'000	2020 £'000
Time and materials contracts	337,084	305,766
Fixed price contracts	109,214	45,184
Total	446,298	350,950

As at 30 June 2021, the undiscounted aggregate transaction value of revenue that has not been recognised relating to unsatisfied, or partially satisfied, performance obligations was £101.9 million (2020: £60.6 million). This relates to fixed price contracts with forward contractual commitments. This revenue is expected to be recognised over the following time periods:

	2021 £'000	2020 £'000
Less than 1 year	51,865	28,405
1 to 2 years	18,514	16,917
2 to 3 years	11,971	11,040
More than 3 years	19,507	4,228
Total	101,857	60,590

The Company applies a practical expedient and does not disclose the value of unsatisfied performance obligations for contracts for which it recognises revenues at the amount to which it has the right to invoice for services provided.

Revenue recognised in the 2021 financial year relating to performance obligations that were satisfied, or partially satisfied, in previous years was not material.

6. OPERATING PROFIT

	2021	2020
	£'000	£'000
OPERATING PROFIT IS STATED AFTER CHARGING/(CREDITING)		
Depreciation of owned property, plant & equipment	5,086	4,795
Depreciation of assets held under finance leases	—	21
Depreciation of right-of-use assets	10,449	9,072
Impairment of right-of-use assets	1,697	—
Amortisation of intangible assets	7,912	4,837
Net gain on disposal of property, plant and equipment	(36)	(11)
Net gain on disposal of right-of-use asset	(56)	(23)
Net gain on disposal of subsidiary	—	(2,215)
Gain on derecognition of right-of-use assets sub-leased	—	(472)
Research and development expenditure credit	(2,642)	(1,600)
Government grants	(503)	(670)
Share-based compensation	24,427	15,663
Discretionary EBT bonus	—	27,874
Expected credit loss allowance on trade receivables	(30)	3,169
Expected credit loss allowance on accrued income	34	—
Operating lease costs:		
Land and buildings	788	1,053

Prior year disposal of Endava Technology SRL (“the Captive”)

Pursuant to an agreement entered into with Worldpay in November 2016, Endava granted Worldpay an option to acquire a captive Romanian subsidiary that Endava created and staffed for Worldpay. On 1 June 2019, Endava entered into an agreement to sell the Captive to Worldpay and to terminate the option and transfer agreement then existing between the parties. On 31 August 2019 the transaction was completed and the employees of the Captive became employees of Worldpay. Endava has agreed to provide Worldpay certain transition services under a Transition Services Agreement between Endava and Worldpay, which remains in place following the closing of the sale of the Captive. The aggregate selling price of the Captive was £3.6 million and the Group recognised a gain on disposal of subsidiary of £2.2 million.

Operating lease costs

Operating lease costs include short-term lease rent (not in scope for IFRS 16), property taxes and other property related costs.

AUDITOR'S REMUNERATION:

The Group recognised the following fees from its auditors in respect of the audit of the historical financial information and for other services provided to the Group:

	2021	2020
	£'000	£'000
Audit of the financial statements	813	840
Subsidiary local statutory audits	87	103
SOX attestation fees	1,470	832
Total audit fees	2,370	1,775
Total audit related fees	—	—
Total auditor's remuneration	2,370	1,775

7. PARTICULARS OF EMPLOYEES (INCLUDING DIRECTORS)

	2021	2020
AVERAGE NUMBER OF STAFF EMPLOYED BY THE GROUP DURING THE YEAR (INCLUDING DIRECTORS)		
Number of operational staff	6,943	5,633
Number of administrative staff	744	601
Number of management staff	8	8
TOTAL	7,695	6,242

	2021	2020 ¹
AGGREGATE PAYROLL COSTS OF THE ABOVE WERE:	£'000	£'000
Wages and salaries	252,553	222,918
Social security contributions	15,810	12,289
Pension contributions - defined contribution plans	4,944	3,999
Share-based compensation	24,427	15,663
TOTAL	297,734	254,869

¹The presentation of the aggregate payroll costs for the year ended 30 June 2020 has been changed to separately disclose social security contributions of £12,289,000 and pension contributions of £3,999,000 on individual lines within the note. These amounts were previously included as a combined total of £16,288,000 social security and pension costs.

8. KEY MANAGEMENT REMUNERATION

The compensation of the members of our Board of Directors was:

	2021	2020
	£'000	£'000
Remuneration paid	1,411	1,405
Company contribution to pension scheme	63	71
Share-based compensation	2,587	1,731
TOTAL	4,061	3,207

EMOLUMENTS OF HIGHEST PAID DIRECTOR:

Remuneration paid	713	694
Company contribution to pension scheme	45	53
Share-based compensation	1,183	970
TOTAL	1,941	1,717

There was one director who was a member of a pension scheme during the year (2020: 2).

The highest paid director exercised 36,447 options during the year (2020: 22,500) and was granted 45,360 options under a long-term incentive plan (2020: 55,788).

The total gains on the exercise of share options by the Directors amounted to £7.3 million (2020: £3.3 million).

9. FINANCE EXPENSE

	2021	2020
	£'000	£'000
Running costs related to revolving credit facility	863	809
Interest charge on leases	1,178	1,066
Foreign exchange loss	6,546	—
Other interest charge	416	16
Fair value movement of financial liabilities	302	49
TOTAL	9,305	1,940

10. FINANCE INCOME

	2021	2020
	£'000	£'000
Interest income on bank deposits	84	497
Other interest income	20	58
Gain on derecognition of right-of-use assets sub-leased	—	472
Fair value movement of financial assets	17	30
Foreign exchange gain	—	2,052
TOTAL	121	3,109

11. TAX ON PROFIT ON ORDINARY ACTIVITIES

ANALYSIS OF CHARGE / (CREDIT) IN THE YEAR

	2021	2020
	£'000	£'000
UK corporation tax based on the results for the year ended 30 June 2021 at 19% (2020 :19%)	3,634	123
Overseas tax	10,290	5,130
Current Tax	13,924	5,253
Deferred Tax	(3,010)	(1,407)
Total tax	10,914	3,846

The UK corporation tax rate was 19% throughout the current and prior financial year.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax balance as of 30 June 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

RECONCILIATION OF THE TAX RATE ON GROUP PROFITS

	2021		2020	
	£'000	%	£'000	%
Profit on ordinary activities before taxation	54,355		25,256	
Profit on ordinary activities at UK statutory rate	10,327	19.0 %	4,799	19.0 %
Differences in overseas tax rates	(1,150)	(2.1)%	(912)	(3.6)%
Impact of share-based compensation	897	1.6 %	400	1.6 %
Utilisation of previously unrecognised tax losses	—	—	(97)	(0.4)%
Non-taxable gain on sale of subsidiary	—	—	(421)	(1.7)%
Other permanent differences	200	0.4 %	63	0.2 %
Adjustments related to prior periods	(300)	(0.6)%	(221)	(0.9)%
Tax on unremitted earnings/Withholding tax on dividends	852	1.6 %	399	1.6 %
Impact of rate change on deferred tax	88	0.2 %	(164)	(0.6)%
Total	10,914	20.1 %	3,846	15.2 %

The other permanent differences of £200,000 as at 30 June 2021 are mainly related to certain expenses that are not expected to be tax deductible in any jurisdiction net of tax credits.

The other permanent differences of £63,000 as at 30 June 2020 are mainly related to certain expenses that are not expected to be tax deductible in any jurisdiction net of tax credits.

TAX ON ITEMS CHARGED TO EQUITY AND STATEMENT OF COMPREHENSIVE INCOME

	2021	2020
	£'000	£'000
Deferred tax - share-based compensation	(3,270)	(1,015)
Current tax - share-based compensation	(6,639)	(2,821)
Total credit to equity and statement of comprehensive income	(9,909)	(3,836)

UNREMITTED EARNINGS

The aggregate amount of unremitted profits at 30 June 2021 was approximately £71,420,000 (2020 - £27,500,000). The movement during the year reflects profits made in various territories outside of the United Kingdom and repatriation of such profits through various dividend payments to Endava plc. UK legislation relating to company distributions provides for exemption from tax for most repatriated profits. Deferred taxation of £2,069,000 has been provided on these profits as at 30 June 2021 (2020 - £886,000).

12. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

DEFERRED TAX 2021	AT 1 JULY 2020	EXCHANGE ADJUSTMENTS	CREDIT / (CHARGE) TO PROFIT AND LOSS	CREDIT TO EQUITY	ACQUIS- ITION	AT 30 JUNE 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Accelerated capital allowances	(45)	—	(766)	—	—	(811)
Tax losses	899	(86)	2,174	—	—	2,987
Share-based compensation	8,885	—	988	3,270	—	13,143
Intangible assets	(2,920)	221	915	—	(4,926)	(6,710)
Other temporary differences	660	(43)	(301)	—	(261)	55
Total	7,479	92	3,010	3,270	(5,187)	8,664

DEFERRED TAX 2020	AT 1 JULY 2019	EXCHANGE ADJUSTMENTS	CREDIT / (CHARGE) TO PROFIT AND LOSS	CREDIT TO EQUITY	ACQUIS- ITION	AT 30 JUNE 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Accelerated capital allowances	(130)	—	85	—	—	(45)
Tax losses	867	—	32	—	—	899
Share-based compensation	6,854	—	1,016	1,015	—	8,885
Intangible assets	(440)	(167)	344	—	(2,657)	(2,920)
Other temporary	366	(24)	(70)	—	388	660
Total	7,517	(191)	1,407	1,015	(2,269)	7,479

All deferred tax movements arise from the origination and reversal of temporary differences. Deferred tax assets are recognised to the extent it is probable that taxable profits will be generated against which those assets can be utilised.

After offsetting deferred tax assets and liabilities where appropriate within territories, the net deferred tax asset comprises:

	2021 £'000	2020 £'000
Deferred tax assets	18,674	13,340
Deferred tax liabilities	(10,010)	(5,861)
Net deferred tax	8,664	7,479

13. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2021 £'000	2020 £'000
Profit for the year attributable to equity holders of the Company	43,441	21,410

	2021	2020
Weighted average number of shares outstanding	55,220,298	53,423,575

	2021 £	2020 £
Earnings per share - basic (£)	0.79	0.40

DILUTED EARNINGS PER SHARE

Diluted EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of shares that would be issued if all dilutive potential ordinary shares were converted into ordinary shares. In accordance with IAS 33, the dilutive earnings per share are without reference to adjustments in respect of outstanding shares when the impact would be anti-dilutive.

	2021 £'000	2020 £'000
Profit for the year attributable to equity holders of the Company	43,441	21,410

Fair value movement of financial liabilities

Profit for the year attributable to equity holders of the Company including impact of fair value adjustment of contingent consideration

—	—
43,441	21,410

	2021	2020
Weighted average number of shares outstanding	55,220,298	53,423,575
Diluted by: options in issue and contingent shares	1,830,315	2,641,505
Weighted average number of shares outstanding (diluted)	57,050,613	56,065,080
Earnings per share - diluted (£)	£ 0.76	£ 0.38

14. GOODWILL

2021	£'000
Cost	
At 1 July 2020	56,995
Acquired through business combinations	73,768
Effect of foreign exchange translations	(6,346)
At 30 June 2021	124,417
2020	£'000
Cost	
At 1 July 2019	36,760
Acquired through business combinations	20,463
Acquired through business combinations - measurement period adjustment	110
Effect of foreign exchange translations	(338)
At 30 June 2020	56,995
Net book value	
At 30 June 2021	124,417
At 30 June 2020	56,995

The Group has one Cash Generating Unit ("CGU") and accordingly goodwill is reported under one CGU. Goodwill acquired in a business combination is allocated, from the acquisition date, to the CGU, that is expected to benefit from synergies of the combination and represents the lowest level within the entity at which the goodwill is monitored for internal reporting purposes.

During the 2021 financial year, the Group acquired 100% of Comtrade Digital Services business ("CDS") voting rights and obtained control of CDS, which resulted in an increase in goodwill of £32,779,000. All goodwill is recorded in the local currency of the acquired companies as part of the CDS Group, split between Euro, Bosnian Convertible Marks and US Dollars, and it has been allocated to the Group CGU. The Group also completed the acquisition of Pet Minuta d.o.o. of Croatia and its US subsidiary, Five Minutes Studio, Inc. (together "Five"), acquiring 100% of the voting rights and obtaining control. The transaction resulted in an increase in goodwill of £15,932,000. The goodwill amount recognised for Five is provisional as at the end of the reporting period, is recorded in US Dollars and has been allocated to the Group CGU. During the reporting period, the Group also completed the acquisition of Levvel LLC ("Levvel"), acquiring 100% of the voting rights and obtained control. The transaction resulted in an increase in goodwill of £25,057,000. The goodwill amount recognised for Levvel is provisional as at the end of the reporting period, is recorded in US Dollars and has been allocated to the Group CGU. During the reporting period, the acquisition accounting for Exozet was finalised and resulted in an increase in goodwill of £110,000. As the adjustment was done in the measurement period, the impact was recognised retrospectively and comparative information for the 2020 financial year revised.

During the 2020 financial year, the Group acquired 100% of Intuitus Limited's ("Intuitus") voting rights and obtained control of Intuitus, which resulted in an increase in goodwill of £8,569,000. All goodwill is recorded in local currency of the acquired company, which is Sterling and has been allocated to the Group CGU. The Group also completed the acquisition of Exozet GmbH ("Exozet"), acquiring 100% of the voting rights and obtaining control. This resulted in an increase in goodwill of £11,893,000. All goodwill is recorded in the local currency of the acquired company, which is the Euro and has been allocated to the Group CGU.

Goodwill Impairment Testing

Goodwill is not amortised and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events or changes in circumstances that could trigger an impairment review include a significant adverse change in business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

For the year ended 30 June 2021, the Board reviewed the value of goodwill based on internal value in use calculations. The key assumptions for these calculations are discount rates and revenue growth rate. The growth rates for the analysed period are based on management's expectations of the medium-term performance of the acquired businesses, planned growth market shares, industry forecasts and growth in the market. These calculations used five-year cash flow projections based on financial budgets approved by management and assumed a 1.5% terminal growth rate thereafter. The discount rate used of 9.3% for the 2021 impairment test (2020: 11.4%) represents the weighted average cost of capital ("WACC") of the Group and is a post-tax rate.

The market risk is reflected in the discount rate - used through its components, cost of equity and cost of debt. The cost of equity is calculated using the Capital Asset Pricing Model ("CAPM") and its formulae includes the market return and the sensitivity of the Company to that market return. The WACC also includes the risk-free rate both in the calculation of the cost of equity and the cost of debt. If the market uncertainty increases, the risk-free rate would also increase to reflect this. Moreover, the market risk is also reflected through the determination of the cost of debt as the current market prices are included in the considered credit risk.

The key assumptions used in the assessments for the years ended 30 June 2021 and 2020 are as follows:

	2021	2020
Growth rate	20 %	20 %
Discount rate	9.3 %	11.4 %
Terminal growth rate	1.5 %	1.5 %

Management's impairment assessment for 2021 and 2020 indicates value in use substantially in excess of the carrying value of goodwill. Management therefore believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

As at 30 June 2021 and 30 June 2020, there were no indicators of impairment that suggested that the carrying amount of the Group's goodwill is not recoverable.

15. BUSINESS COMBINATIONS

Acquisition of Comtrade Digital Services

On 17 August 2020 (the “CDS Acquisition Date”), the Group entered into a Share Purchase Agreement (“the CDS Purchase Agreement”) pursuant to which the Group acquired all of the issued and outstanding equity of Comtrade CDS, digitalne storitve, d.o.o., a company registered in Slovenia, and Comtrade Digital Services d.o.o., a company registered in Serbia (together “CDS”). CDS is an award-winning innovative company. CDS enables companies across different industries (Logistics, Travel, Healthcare, Financial Services, FinTech, Government and Energy) to innovate faster and reinvent their business models digitally, by using agile development methodologies, innovative technology (such as Blockchain, Artificial Intelligence, IoT) and business acumen. The company has a highly skilled workforce with approximately 460 technical staff and delivery centres located in Slovenia, Serbia and Bosnia.

The acquisition accounting of the CDS acquisition was considered final as at 30 June 2021.

The consideration includes elements of cash, and deferred and contingent consideration. The following table summarises the acquisition date fair values of each major class of consideration transferred:

	£'000
Initial cash consideration	48,639
Fair value of deferred consideration	5,003
Fair value of contingent consideration	186
Total consideration transferred	53,828

Under the CDS Purchase Agreement, the Group paid the former equity holders of CDS a cash purchase price of £48.6 million. In addition, the Group recognised a fair value of £5.0 million of deferred consideration, attributed to a holdback amount payable within 24 months of the acquisition date, and £0.2 million of contingent consideration. The contingent consideration was settled in full during the 2021 financial year.

The Company's allocation of the total purchase consideration amongst the net assets acquired is as follows:

	Fair Value £'000
Intangible assets - Client relationships	18,108
Intangible assets - Other	54
Property, plant and equipment	461
Right-of-use asset	2,049
Deferred tax asset	76
Financial asset	201
Trade and other receivables	13,179
Corporation tax receivable	111
Cash and cash equivalents	1,603
Trade and other payables	(9,115)
Lease liabilities	(2,049)
Corporation tax payable	(62)
Deferred tax liability	(3,533)
Other liabilities	(34)
Fair value of identifiable net assets	21,049

Other than intangible assets, the fair value approximates to the carrying value of the net assets acquired.

Intangible assets subject to valuation include client relationships. The multi period excess earnings method ("MEEM") was applied to determine the fair value of the client relationship intangible asset. The fair value determined under this approach is a function of the following: (1) future revenues expected to be generated by these assets and the profitability of these assets; (2) identification of the contribution of other tangible and intangible assets to the cash flows of these assets to apply an appropriate capital charge against the cash flows; and (3) determination of the appropriate risk-adjusted discount rate to calculate the present value of the stream of anticipated cash flows. Management classified the customers into lower risk and higher risk buckets based on the exposure to different sectors and valued the buckets separately using different assumptions around attrition and discount rates. An estimate was made by the Group regarding the amount of future revenues that could be attributed to CDS's clients that existed as of the acquisition date. This revenue projection was based on recurring revenue from existing customers prior to any customer attrition. As the estimate of fair value for the customer related asset is based on MEEM, consideration was given to contributions to earnings from "contributory assets" other than customer relationships, in order to isolate the cash flows attributable to the customer related asset inclusive of other assets. The after-tax residual cash flows attributable to existing customers were adjusted for attrition and discounted to a present value.

Deferred tax

The deferred tax liability at acquisition on the client relationship was £3.4 million based on a book base of £18.1 million and a tax base of £nil at the date of acquisition.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	£'000
Consideration transferred	53,828
Fair value of identifiable net assets	(21,049)
Goodwill	32,779

The goodwill arising from the acquisition represents the knowledge and experience of the workforce, who are instrumental to securing future revenue growth the revenue and cost synergies that are achievable and the growth opportunities that are achievable by combining a company such as CDS with a typical market participant such as Endava and the growth opportunities that are available within the broader software engineering market. There is no goodwill amount that is expected to be deductible for tax purposes.

Revenue and Profit of CDS from the CDS Acquisition Date to 30 June 2021:

	£'000
Revenue	27,227
Profit	2,128

Management estimate of Revenue and Profit of CDS for the reporting period ended 30 June 2021 (had the acquisition occurred at the beginning of the reporting period):

	£'000
Revenue	30,852
Profit	2,507

Acquisition Related Costs:

	£'000
Legal and professional fees	1,550

The acquisition related costs are expensed as incurred.

Acquisition of Pet Minuta d.o.o.

On 4 March 2021 (the "Five Acquisition Date"), the Group entered into a Share Purchase Agreement ("the Five Purchase Agreement") pursuant to which the Group acquired all of the issued and outstanding equity of Pet Minuta d.o.o. of Croatia and its U.S. subsidiary, Five Minutes Studio, Inc. (together "Five"). Five is a digital agency delivering a full spectrum of services, including product strategy, the design, build and delivery of digital experiences, and ongoing growth marketing using agile methodology combined with a scientific/ metrics-driven approach to product design. Five has a team of 157 operational employees based in Brooklyn, NY and Croatia. The majority of its people are based in delivery centres in Croatia's four largest cities.

The acquisition accounting of Five was considered provisional as at 30 June 2021, pending final conclusion on the fair value of total consideration transferred, fair value of net assets acquired and resulting goodwill.

The consideration includes elements of cash, deferred and contingent consideration and equity consideration. The following table summarises the acquisition date fair values of each major class of consideration transferred:

	£'000
Initial cash consideration	16,062
Fair value of equity consideration	4,478
Fair value of deferred consideration	2,653
Fair value of contingent consideration	1,725
Total consideration transferred	24,918

Under the Five Purchase Agreement, the Group paid the former equity holders of Five a cash purchase price of £16.1 million. In addition, the Company issued 72,193 Class A ordinary shares in the form of ADSs to the sellers as part of the purchase price, with a fair value of £4.5 million. The Group also recognised a fair value of £2.7 million of deferred consideration, attributed to a holdback amount payable within 24 months of the acquisition date and a fair value of £1.7 million of consideration contingent upon the fulfilment of certain earn-out conditions related to Revenue and EBITDA of Five during the earn-out period. Management estimated 100% payout of the contingent consideration in determining its fair value. Any subsequent revaluations to contingent consideration as a result of changes in such estimations are recognised in the consolidated income statement.

Under the Purchase Agreement, there are other amounts that are payable in future periods based on the continued service of certain employees of Five. £4.7 million worth of restricted share units under the 2018 Equity Incentive Plan were granted on completion of the acquisition, which vest over either a 4-year or 3-year period and are all subject to continued employment. A portion of the overall restricted share units is also subject to achievement of specific revenue and EBITDA goals over the earn-out period. As all restricted share units are based on continued service provided to the post-combination entity, they have been excluded from consideration and will instead be accounted for as ongoing remuneration under IFRS 2.

The Company's provisional allocation of the total purchase consideration amongst the net assets acquired is as follows:

	Fair Value £'000
Intangible assets - Client relationships	8,253
Property, plant and equipment	310
Financial assets	33
Right-of-use asset	915
Trade and other receivables	2,250
Cash and cash equivalents	1,423
Trade and other payables	(1,235)
Corporation tax payable	(318)
Lease liabilities	(915)
Deferred tax liability	(1,730)
Fair value of identifiable net assets	8,986

Other than intangible assets, the fair value approximates the carrying value of the net assets acquired.

As the purchase price allocation was not finalised, management estimated the fair value of the client relationships by analysing the proportion of client relationship fair value in the enterprise value for comparable previously acquired companies. As Five's business is similar to that of previously acquired entities, management benchmarked Five against such previously acquired entities for the determination of the fair value of the client relationships, and the average proportion in enterprise value was applied in estimating the fair value of the client relationships as part of the provisional acquisition accounting.

Deferred tax

The deferred tax liability at acquisition on the client relationship was estimated at £1.5 million based on a book base of £8.3 million and a tax base of £nil at the date of acquisition. An additional deferred tax liability of £0.2 million was recognised on unremitted earnings as at the date of the acquisition.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	£'000
Consideration transferred	24,918
Fair value of identifiable net assets	(8,986)
Goodwill	15,932

The provisional goodwill arising from the acquisition represents the knowledge and experience of the workforce, who are instrumental to securing future revenue growth and in the development of know-how, the revenue and cost synergies that are achievable and the growth opportunities that are available within the broader software engineering market. There is no provisional goodwill amount that is expected to be deductible for tax purposes.

Revenue and Profit of Five from the Five Acquisition Date to 30 June 2021:

	£'000
Revenue	4,827
Profit	171

Management estimate of Revenue and Profit of Five for the reporting period ended 30 June 2021 (had the acquisition occurred at the beginning of the reporting period):

	£'000
Revenue	13,419
Profit	1,910

Acquisition Related Costs:

	£'000
Legal and professional fees	716

The acquisition related costs are expensed as incurred.

Acquisition of Levvel LLC

On 31 March 2021, the Group entered into a Membership Interest Purchase Agreement ("the Levvel Purchase Agreement") pursuant to which the Group acquired all of the issued and outstanding equity of Levvel LLC ("Levvel"). Levvel has a strong focus in the Payments and Financial Services, Logistics/ Mobility and TMT verticals. Levvel delivers from the United States and Mexico and has 172 operational employees.

As per IFRS 3, the acquisition date was considered to be 1 April 2021 (the "Levvel Acquisition Date") as the transaction closed at the end of the day on 31 March 2021 and the consideration transfer date was 1 April 2021.

The acquisition accounting of Levvel was considered provisional as at 30 June 2021, pending final conclusion on the fair value of total consideration transferred, fair value of net assets acquired and the resulting goodwill.

The consideration includes elements of cash, and deferred and contingent consideration. The following table summarises the acquisition date fair values of each major class of consideration transferred:

	£'000
Initial cash consideration	39,364
Cash in Escrow	2,219
Fair value of deferred consideration	1,744
Fair value of contingent consideration	2,902
Total consideration transferred	46,229

Under the Levvel Purchase Agreement, the Group paid the former equity holders of Levvel a cash purchase price of £39.4 million and placed £2.2 million in an Escrow account for the settlement of a U.S. Paycheck Protection Program ("PPP") loan. In addition, the Group also recognised a fair value of £1.7 million of deferred consideration attributed to a holdback amount, payable within 18 months of the acquisition date and a fair value of £2.9 million of consideration contingent upon the fulfilment of certain earn-out conditions related to revenue and EBITDA of Levvel during the earn-out period. Management estimated 100% payout of the contingent consideration in determining its fair value. Any subsequent revaluations to contingent consideration as a result of changes in such estimations are recognised in the consolidated income statement.

Under the Levvel Purchase Agreement, there are other amounts that are payable in future periods based on the continued service of certain employees of Levvel. £8.3 million worth of restricted share units under the 2018 Equity Incentive Plan were granted on completion of the acquisition, which vest over either a 4-year or 3-year period and are all subject to continued employment. A portion of the overall restricted share units is also subject to achievement of specific revenue and EBITDA goals over the earn-out period. As all restricted share units are based on continued service provided to the post-combination entity, they have been excluded from consideration and will instead be accounted for as ongoing remuneration under IFRS 2.

The Company's allocation of the total purchase consideration amongst the net assets acquired is as follows:

	Fair Value £'000
Intangible assets - Client relationships	14,710
Intangible assets - Other	157
Property, plant and equipment	798
Right-of-use asset	1,948
Trade and other receivables	5,928
Cash and cash equivalents	5,707
Trade and other payables	(5,093)
Lease liabilities	(2,983)
Fair value of identifiable net assets	21,172

Other than intangible assets, the fair value approximates the carrying value of the net assets acquired.

As the purchase price allocation was not finalised, management estimated the fair value of the client relationships by analysing the proportion of client relationship fair value in the enterprise value for comparable previously acquired companies. As Levvel's business is similar to that of previously acquired entities, management benchmarked Levvel against such previously acquired entities for the determination of the fair value of the client relationships, and the average proportion in enterprise value was applied in estimating the fair value of the client relationships as part of the provisional acquisition accounting.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	£'000
Consideration transferred	46,229
Fair value of identifiable net assets	(21,172)
Goodwill	25,057

The provisional goodwill arising from the acquisition represents the knowledge and experience of the workforce, who are instrumental to securing future revenue growth and in the development of know-how, the revenue and cost synergies that are achievable and the growth opportunities that are available within the broader software engineering market. The entire value of the provisional goodwill amount is expected to be deductible for tax purposes.

Revenue and Profit of Levvel from the Levvel Acquisition Date to 30 June 2021:

	£'000
Revenue	11,639
Profit	1,192

Management estimate of Revenue and Profit of Levvel for the reporting period ended 30 June 2021 (had the acquisition occurred at the beginning of the reporting period):

	£'000
Revenue	39,467
Profit	4,715

Acquisition Related Costs:

	£'000
Legal and professional fees	1,074

The acquisition related costs are expensed as incurred.

Acquisition of Exozet GmbH

On 17 December 2019 (the "Exozet Acquisition Date"), the Group entered into a Share Purchase Agreement ("the Exozet Purchase Agreement") pursuant to which the Group acquired all of the issued and outstanding equity of Exozet GmbH ("Exozet"). Exozet has a team of 156 employees based in Germany and Austria with end-to-end expertise from consulting to design, implementation and technical innovation.

The acquisition accounting of the Exozet GmbH acquisition was considered provisional as at 30 June 2020, pending final conclusion on the opening working capital adjustment. This was concluded in the measurement period and the adjustments from provisional to final acquisition accounting are presented below.

The consideration includes elements of cash, contingent and deferred compensation and equity consideration. The following table summarises the acquisition date fair values of each major class of consideration transferred:

	Provisional £'000	Adjustments £'000	Final £'000
Initial cash consideration	15,976	143	16,119
Fair value of deferred consideration	1,677	—	1,677
Fair value of equity consideration	847	—	847
Fair value of credit loss utilisation refund consideration	215	(33)	182
Total consideration transferred	18,715	110	18,825

Under the Exozet Purchase Agreement, the Group paid the former equity holders of Exozet a cash purchase price of £16.1 million. In addition, the Group recognised a fair value of £1.7 million of deferred consideration attributed to a holdback amount, payable within 12 months of the acquisition date. The Company issued 24,392 Class A ordinary shares in the form of ADSs to the sellers as part of the purchase price, with a fair value of £0.8 million. The credit loss refund consideration of £0.2 million represents amounts due to the former equity holders of Exozet if brought forward tax losses are successfully utilised. The adjustments from provisional to final acquisition accounting relate to the update in initial cash consideration paid as the working capital adjustment was concluded and the fair value of credit loss utilisation refund consideration adjusted to actual paid amount.

Under the Exozet Purchase Agreement, there are other amounts that are payable in future periods based on the continued service of certain employees of Exozet. £2.9 million worth of restricted share units under the 2018 Equity Incentive Plan were granted to the Sellers on completion of the acquisition, which vest over a 4-year period and are all subject to continued employment. A portion of the overall restricted share units is also subject to achievement of specific revenue and EBITDA goals over the earn-out period. As all restricted share units are based on continued service provided to the post-combination entity, they have been excluded from consideration and will instead be accounted for as ongoing remuneration under IFRS 2.

During the 2021 financial year, the refund consideration was settled in full and £1.5 million was settled from the deferred consideration payable. The remaining deferred consideration payable is due to be settled in the 2022 financial year.

The Company's allocation of the total purchase consideration amongst the net assets acquired is as follows:

	Fair Value £'000
Intangible asset - Client relationships	6,955
Intangible assets - Other	1,030
Property, plant and equipment	128
Right-of-use asset	1,136
Deferred tax asset	604
Trade and other receivables	2,611
Cash and cash equivalents	801
Borrowings	(956)
Trade and other payables	(1,501)
Corporation tax payable	(310)
Lease liability	(1,136)
Deferred tax liability	(2,540)
Fair value of identifiable net assets	6,822

There were no measurement period adjustments on the fair value of the net assets acquired.

Other than intangible assets, the fair value approximates to the carrying value of the net assets acquired.

Intangible assets subject to valuation include client relationships. Other intangible assets that exist include technology related intangibles (own work capitalised).

The multi period excess earnings method ("MEEM") was applied to determine the fair value of the client relationship intangible asset. The fair value determined under this approach is a function of the following: (1) future revenues expected to be generated by these assets and the profitability of these assets; (2) identification of the contribution of other tangible and intangible assets to the cash flows of these assets to apply an appropriate capital charge against the cash flows; and (3) determination of the appropriate risk-adjusted discount rate to calculate the present value of the stream of anticipated cash flows.

An estimate was made by the Group regarding the amount of future revenues that could be attributed to Exozet's clients that existed as of the acquisition date. This revenue projection was based on recurring revenue from existing customers prior to any customer attrition. As the estimate of fair value for the customer related asset is based on MEEM, consideration was given to contributions to earnings from "contributory assets" other than customer relationships, in order to isolate the cash flows attributable to the customer related asset inclusive of other assets. The after-tax residual cash flows attributable to existing customers were adjusted for attrition and discounted to a present value.

The technology related asset relates to internal hours for development of specific intellectual property. Such internal projects are approved by Management only if future benefits are specified and likely. Management concluded that the net book value at acquisition date represents a reasonable estimate of its fair value. The fair value of the assembled workforce acquired is included in the amount initially recorded as goodwill.

Deferred tax

The deferred tax liability at acquisition on the client relationship was £2.0 million based on a book base of £7 million and a tax base of £nil at the date of acquisition.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Provisional £'000	Adjustments £'000	Final £'000
Consideration transferred	18,715	110	18,825
Fair value of identifiable net assets	(6,822)	—	(6,822)
Goodwill	11,893	110	12,003

The goodwill arising from the acquisition represents the knowledge and experience of the workforce, who are instrumental to securing future revenue growth and in the development of new IP and know-how, the revenue and cost synergies that are achievable and the growth opportunities that are available within the broader digital agency market. There is no goodwill amount that is expected to be deductible for tax purposes.

Revenue and Loss of Exozet from the Exozet Acquisition Date to 30 June 2020:

	£'000
Revenue	8,054
Loss	100

Management estimate of Revenue and Profit of Exozet for the reporting period ended 30 June 2020 (had the acquisition occurred at the beginning of the reporting period):

	£'000
Revenue	15,623
Profit	501

Acquisition Related Costs:

	£'000
Legal and professional fees	620

The acquisition related costs are expensed as incurred.

Acquisition of Intuitus Limited

On 1 November 2019 (the "Intuitus Acquisition Date"), the Group entered into a Share Purchase Agreement ("the Intuitus Purchase Agreement") pursuant to which the Group acquired all of the issued and outstanding equity of Intuitus Limited ("Intuitus"), obtaining control. Intuitus is a leading independent provider of technology and digital due diligence, and other technology advisory services to Private Equity clients. In connection with its acquisition of Intuitus, the Group acquired over 100 active clients, most of which are Private Equity firms based in the United Kingdom and Continental Europe, as well as in the United States and Middle East.

The acquisition accounting of the Intuitus acquisition was considered final as at 30 June 2020.

The consideration includes elements of cash, deferred compensation and equity consideration. The following table summarises the acquisition date fair values of each major class of consideration transferred:

	£'000
Initial cash consideration	9,024
Fair value of deferred consideration	1,889
Fair value of equity consideration	3,110
Total consideration transferred	14,023

Under the Intuitus Purchase Agreement, the Group paid the former equity holders of Intuitus a cash purchase price of £9.0 million. In addition, the Group recognised a fair value of £1.9 million of deferred consideration attributed to a holdback amount, payable within 18 months of the acquisition date. The Company also issued 98,147 Class A ordinary shares in the form of ADSs to the sellers as part of the purchase price, with a fair value of £3.1 million.

During the 2021 financial year, the deferred consideration of £2.0 million was settled in full.

Under the Intuitus Purchase Agreement, there are other amounts that are payable in future periods based on the continued service of certain employees of Intuitus. £2.5 million worth of restricted share units under the 2018 Equity Incentive Plan were granted to the Sellers on completion of the acquisition, which vest over a 4-year period and are all subject to continued employment. A portion of the overall restricted share units is also subject to achievement of specific revenue and profit margin goals over the earn-out period. As all restricted share units are based on continued service provided to the post-combination entity, they have been excluded from consideration and will instead be accounted for as ongoing remuneration under IFRS 2.

The Company's allocation of the total purchase consideration amongst the net assets acquired is as follows:

	Fair Value £'000
Intangible asset - Client relationships	2,547
Intangible asset - Trade name	272
Intangible asset - Supplier relationships	120
Other intangible assets	9
Property, plant and equipment	82
Right-of-use asset	548
Deferred tax asset	225
Trade and other receivables	2,054
Cash and cash equivalents	2,488
Corporation tax receivable	247
Trade and other payables	(2,041)
Lease liability	(539)
Deferred tax liability	(558)
Fair value of identifiable net assets	5,454

Other than intangible assets, the fair value approximates the carrying value of the net assets acquired.

Intangible assets subject to valuation include: Intuitus trade name, network of contractors (supplier relationship), client relationships and workforce. Other intangibles considered but not valued included: software, favourable and unfavourable agreements and non-compete agreements. The income approach (relief from royalty) was used to value Intuitus trade name, the income approach (excess earnings) for client relationships and the cost approach for network of contractors and workforce.

The relief from royalty method assumes that the value of an intangible asset is equal to the present value of the amount the business would be prepared to pay to lease or rent that asset under a contract if it did not own the asset. The value of an intangible asset under this method is calculated as the difference between the business value estimated under two sets of cash flow projections: a) the value of the business with all assets in place at the valuation date, and b) the value of the business with all assets in place but the subject asset at the valuation date.

The multi period excess earnings method ("MEEM") was applied to determine the fair value of the client relationship intangible asset. The fair value determined under this approach is a function of the following: (1) future revenues expected to be generated by these assets and the profitability of these assets; (2) identification of the contribution of other tangible and intangible assets to the cash flows of these assets to apply an appropriate capital charge against the cash flows; and (3) determination of the appropriate risk-adjusted discount rate to calculate the present value of the stream of anticipated cash flows.

An estimate was made by the Group regarding the amount of future revenues that could be attributed to Intuitus' clients that existed as of the acquisition date. This revenue projection was based on recurring revenue from existing customers prior to any customer attrition. As the estimate of fair value for the customer related asset is based on MEEM, consideration was given to contributions to earnings from "contributory assets" other than customer relationships, in order to isolate the cash flows attributable to the customer related asset inclusive of other assets. The after-tax residual cash flows attributable to existing customers were adjusted for attrition and discounted to a present value.

The cost approach is based on the current cost to recreate or duplicate the asset less an appropriate allowance for a decrease in value due to the passage of time or obsolescence. Incorporated in the cost approach is the economic principle of substitution, which states that an informed purchaser would pay no more for an asset than the cost of purchasing or producing a substitute asset with the same utility as the appraised asset.

The fair value of the assembled workforce acquired is included in the amount initially recorded as goodwill.

Deferred tax

The deferred tax liability at acquisition on the client relationship and other intangibles (trade name and supplier relationship) was £0.6 million based on a book base of £2.9 million and a tax base of £nil at the date of acquisition.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	£'000
Consideration transferred	14,023
Fair value of identifiable net assets	(5,454)
Goodwill	8,569

The goodwill arising from the acquisition represents the assembled workforce and expected synergies from combining Intuitus operations into the Group's existing operations. The acquisition will enhance the Company's capability and accelerates its market penetration within the private equity sector. There is no goodwill amount that is expected to be deductible for tax purposes.

Revenue and Loss of Intuitus from Intuitus Acquisition Date to 30 June 2020:

	£'000
Revenue	3,368
Loss	267

Management estimate of Revenue and Loss of Intuitus for the reporting period ended 30 June 2020 (had the acquisition occurred at the beginning of the reporting period):

	£'000
Revenue	5,222
Loss	465

Acquisition Related Costs:

	£'000
Legal and professional fees	208
Stamp duty	70
Total	278

The acquisition related costs are expensed as incurred.

16. INTANGIBLE ASSETS

GROUP 2021	CLIENT RELATIONSHIP	SOFTWARE AND LICENCES	NON- COMPETE AGREEMENT	TRADE NAME	SUPPLIER RELATION SHIPS	SOFTWARE OWN WORK - COMPLETED PROJECTS	SOFTWARE OWN WORK - PROJECTS IN PROGRESS	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 July 2020	45,489	7,288	144	272	120	1,089	122	54,524
Additions	—	634	—	—	—	—	92	726
On acquisition of subsidiary / business	41,071	54	—	—	—	—	157	41,282
Reclassification	—	—	—	—	—	138	(138)	—
Disposals	—	(19)	—	—	—	—	—	(19)
Effect of foreign exchange translations	(4,425)	(48)	(16)	—	—	(68)	(4)	(4,561)
At 30 June 2021	82,135	7,909	128	272	120	1,159	229	91,952
Amortisation								
At 1 July 2020	13,800	1,556	144	36	16	221	—	15,773
Charge for the year	6,656	744	—	54	24	434	—	7,912
Disposals	—	(2)	—	—	—	—	—	(2)
Effect of foreign exchange translations	(1,205)	(35)	(16)	—	—	(25)	—	(1,281)
At 30 June 2021	19,251	2,263	128	90	40	630	—	22,402
Net book value								
At 30 June 2021	62,884	5,646	—	182	80	529	229	69,550



GROUP FINANCIAL STATEMENTS - NOTES

GROUP 2020	CLIENT RELATIONSHIP	SOFTWARE AND LICENCES	NON- COMPETE AGREEMENT	TRADE NAME	SUPPLIER RELATION SHIPS	SOFTWARE OWN WORK - COMPLETED PROJECTS	SOFTWARE OWN WORK - PROJECTS IN PROGRESS	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 July 2019	34,440	4,885	139	—	—	—	—	39,464
Additions	—	2,427	—	—	—	—	88	2,515
On acquisition of subsidiary / business	9,502	9	—	272	120	818	212	10,933
Reclassification	—	—	—	—	—	187	(187)	—
Disposals	—	(37)	—	—	—	—	—	(37)
Effect of foreign exchange translations	1,547	4	5	—	—	84	9	1,649
At 30 June 2020	45,489	7,288	144	272	120	1,089	122	54,524
Amortisation								
At 1 July 2019	9,414	1,001	139	—	—	—	—	10,554
Charge for the year	4,019	572	—	36	16	194	—	4,837
Disposals	—	(23)	—	—	—	—	—	(23)
Effect of foreign exchange translations	367	6	5	—	—	27	—	405
At 30 June 2020	13,800	1,556	144	36	16	221	—	15,773
Net book value								
At 30 June 2020	31,689	5,732	—	236	104	868	122	38,751

Endava plc

17. PROPERTY, PLANT AND EQUIPMENT

GROUP 2021	COMPUTERS & EQUIPMENT	FIXTURES& FITTINGS	MOTOR VEHICLES	FIXED ASSETS IN PROGRESS	TOTAL
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2020	17,498	13,182	9	323	31,012
Additions	3,611	1,279	—	497	5,387
On acquisition of subsidiary/ business	618	951	—	—	1,569
Inflation adjustment	24	—	—	—	24
Disposals	(991)	(646)	(2)	—	(1,639)
Transfers	—	323	—	(323)	—
Effect of foreign exchange translations	(1,392)	(1,243)	(1)	—	(2,636)
At 30 June 2021	19,368	13,846	6	497	33,717
Depreciation					
At 1 July 2020	11,901	6,355	9	—	18,265
Charge for the year	3,153	1,933	—	—	5,086
Disposals	(901)	(596)	(2)	—	(1,499)
Effect of foreign exchange translations	(870)	(588)	(1)	—	(1,459)
At 30 June 2021	13,283	7,104	6	—	20,393
Net book value					
At 30 June 2021	6,085	6,742	—	497	13,324

GROUP 2020	COMPUTERS & EQUIPMENT £'000	FIXTURES & FITTINGS £'000	MOTOR VEHICLES £'000	FIXED ASSETS IN PROGRESS £'000	TOTAL £'000
Cost					
At 1 July 2019	14,679	10,158	9	1,157	26,003
Additions	4,203	2,803	—	359	7,365
On acquisition of subsidiary/ business	143	67	—	—	210
Inflation adjustment	16	—	—	—	16
Disposals	(1,230)	(709)	—	—	(1,939)
Disposal costs from subsidiary disposal	(74)	(269)	—	—	(343)
Transfers	—	1,193	—	(1,193)	—
Effect of foreign exchange translations	(239)	(61)	—	—	(300)
At 30 June 2020	17,498	13,182	9	323	31,012
Depreciation					
At 1 July 2019	10,387	5,028	9	—	15,424
Charge for the year	2,800	2,016	—	—	4,816
Disposals	(1,174)	(614)	—	—	(1,788)
Disposals depreciation from subsidiary disposal	(15)	(15)	—	—	(30)
Effect of foreign exchange translations	(97)	(60)	—	—	(157)
At 30 June 2020	11,901	6,355	9	—	18,265
Net book value					
At 30 June 2020	5,597	6,827	—	323	12,747

18. SIGNIFICANT SHAREHOLDINGS AND RELATED PARTY TRANSACTIONS

Significant shareholdings

At 30 June 2021, the Group held 100% of the share capital of the following entities:

Subsidiary	Country of incorporation	Key	Class of shares held	Percentage of shares held	Principal activity
Endava Argentina SRL	Argentina	AR1	Ordinary	100%	Provision of IT Services
Endava Australia Pty Ltd	Australia	AU1	Ordinary	100%	Provision of IT Services
Comtrade GmbH	Austria	AU2	Ordinary	100%	Provision of IT Services
Endava Austria GmbH	Austria	AU3	Ordinary	100%	Provision of IT Services
Endava D.O.O. Banja Luka	Bosnia and Herzegovina	BO1	Ordinary	100%	Provision of IT Services
Endava D.O.O. Sarajevo	Bosnia and Herzegovina	BO2	Ordinary	100%	Provision of IT Services
Endava EOOD	Bulgaria	BU1	Ordinary	100%	Provision of IT Services
Endava Colombia S.A.S.	Colombia	CO1	Ordinary	100%	Provision of IT Services
Endava S.A.S.	Colombia	CO2	Ordinary	100%	Provision of IT Services
Pet Minuta d.o.o.	Croatia	CR1	Ordinary	100%	Provision of IT Services
Endava ApS	Denmark	DE1	Ordinary	100%	Provision of IT Services
Endava Berlin GmbH	Germany	GE1	Ordinary	100%	Provision of IT Services
Endava GmbH	Germany	GE2	Ordinary	100%	Provision of IT Services
Endava Munchen GmbH	Germany	GE3	Ordinary	100%	Provision of IT Services
Endava (Ireland) Limited	Ireland	IR1	Ordinary	100%	Provision of IT Services
Endava Digital Services Limited	Ireland	IR2	Ordinary	100%	Provision of IT Services
Lvvl Mexico S. de R.L. de C.V.	Mexico	ME1	Ordinary	100%	Provision of IT Services
ICS Endava SRL	Moldova	MO1	Ordinary	100%	Provision of IT Services
Endava B.V.	The Netherlands	NE1	Ordinary	100%	Provision of IT Services
Endava Holding B.V.	The Netherlands	NE1	Ordinary	100%	Holding Company
Endava DOOEL Skopje	North Macedonia	NO1	Ordinary	100%	Provision of IT Services
Endava Romania SRL	Romania	RO1	Ordinary	100%	Provision of IT Services
Endava d.o.o. Beograd	Serbia	SE1	Ordinary	100%	Provision of IT Services
Endava Digital Services d.o.o.	Serbia	SE2	Ordinary	100%	Provision of IT Services
Endava Singapore Pte. Ltd	Singapore	SI1	Ordinary	100%	Provision of IT Services
Endava Digitalne Resitve d.o.o.	Slovenia	SL1	Ordinary	100%	Provision of IT Services
Endava Switzerland GmbH	Switzerland	SW1	Ordinary	100%	Provision of IT Services
Endava (Managed Services) Limited	UK	UK1	Ordinary	100%	Provision of IT Services
Endava (UK) Limited	UK	UK1	Ordinary	100%	Provision of IT Services
Endava Limited Guernsey Employee Benefit Trust	UK	UK2	Ordinary	100%	Employee Benefit Trust
Intuitus Limited	UK	UK3	Ordinary	99%	Provision of IT Services
Endava Holdings Inc	United States	US1	Ordinary	100%	Provision of IT Services
Endava Inc.	United States	US2	Ordinary	100%	Provision of IT Services
Endava LLC	United States	US1	Ordinary	100%	Provision of IT Services
Endava Nearshore Ventures LLC	United States	US1	Ordinary	100%	Provision of IT Services
Endava USA West	United States	US3	Ordinary	100%	Provision of IT Services
Five Minutes Studio, Inc	United States	US4	Ordinary	100%	Provision of IT Services
Levvel Digital LLC	United States	US5	Ordinary	100%	Provision of IT Services
Levvel LLC	United States	US5	Ordinary	100%	Provision of IT Services
Endava Uruguay SRL	Uruguay	UR1	Ordinary	100%	Provision of IT Services
Endava Vnz S.C.A.	Venezuela	VE1	Ordinary	100%	Provision of IT Services

Key	Address
AR1	Urquiza 2284, Ground Floor, Rosario, Santa Fe, Argentina
AU1	C/- TMF Corporate Services (AUST) PTY Limited, Level 16 201 Elizabeth Street St, Sydney, NSW 2000, Australia
AU2	Millenium Tower, 23rd floor, Handelskai 94-96, AT-1200 Vienna, Austria
AU3	Hasnerstraße 123, 1160 Wien, Austria
BO1	Ulica I Krajiškog korpusa broj 39, 78000 BANJA LUKA, Bosnia and Herzegovin
BO2	Džemala Bijedića 179, Sarajevo, 71000 Sarajevo, Bosnia and Herzegovina
BU1	8 Racho Dimchev str., Sofia, 1000, Bulgaria
CO1	Carrera 48 A No 15 Sur -84, Medellin, Colombia
CO2	Calle 96 No. 10-38, Edificio BOX, Floors 7-8, 110221, Bogota D.C. Colombia
CR1	Heinzelova ulica 33, 10000 Zagreb, Croatia
DE1	Bredgade 30, Copenhagen, 1260, Denmark
GE1	Platz der Luftbrücke 4-6, 12101 Berlin, Germany
GE2	Eschersheimer Landstraße 14, Frankfurt, 60322, Germany
GE3	c/o Steuerkanzlei Andreas Heckler, Oberföhringer Str. 24 b, 81925 München, Germany
IR1	13-18 City Quay, Dublin 2, Dublin, Ireland
IR2	10 Earlsfort Terrace, Dublin 2, D02T380, Ireland
ME1	Jose Clemente Orozco 335, int. 304, Valle Ote., San Pedro Garza García, Nuevo León, Mexico
MO1	21A Arborilor Street, Chisinau, MD2025, Republic of Moldova
NE1	Stadsplateau 7, 3521 AZ Utrecht, Netherlands
NO1	Kale Building, Ul. 11 Mart Br. 2, Skopje, 1000, Macedonia
RO1	Strada Alexandru Vaida Voevod nr. 51 Etaj 9, Cluj-Napoca, Romania
SE1	9đ, Milutina Milankovića St., Belgrade, 11 070, Serbia
SE2	Savski Nasip 7, 11 070 Novi Beograd, Serbia
SI1	38 Beach Road #29 - 11, South Beach Tower, Singapore 189767
SL1	Letališka cesta 29B, Ljubljana, 1000 Ljubljana, Slovenia
SW1	c/o DD Immo Service Puls GmbH, Baarerstrasse 75 Postfach 2155 Zug, Switzerland
UK1	125 Old Broad Street, London, EC2N 1AR, United Kingdom
UK2	Frances House, Sir William Place, St Peter Port GY1 4HQ, Guernsey
UK3	1a Glenfinlas St, Edinburgh EH3 6AQ, Scotland
US1	11714 North Creek Parkway, Suite 175 Bothell, WA 98011 8260, United States
US2	757 Third Avenue Suite 1900, New York, NY 10017, United States
US3	42840 Christy St, STE 226, Fremont, CA 94538 - California, United States
US4	251 Little Falls Drive, Wilmington, Delaware 19808, United States
US5	101 N. Tryon Street, 15th Floor, Charlotte, NC 28202, United States
UR1	Rio Negro 1338, apto 301, Montevideo, Uruguay
VE1	Torre Parque Avila, Piso 18, Av. Francisco de Miranda, entre la Av. Andrés Bello y Av. 2, Los Palos Grandes, Municipio Chacao, Caracas, Venezuela

DORMANT ENTITIES

Subsidiary	Country of incorporation	Class of Shares Held	Percentage of Shares Held
Endava (Romania) Limited	United Kingdom	Ordinary	100%
Green Mango Software Services Ltd	United Kingdom	Ordinary	100%
Testing 4 Finance Ltd	United Kingdom	Ordinary	100%
Alpheus Limited	United Kingdom	Ordinary	100%

Related Party Transactions

At 30 June 2021, the executive officers and directors owned 11,985,752 ordinary shares, nominal value £0.02 per share (2020: 13,168,074 ordinary shares, nominal value £0.02 per share) and held awards over a further 345,682 ordinary shares, nominal value £0.02 per share (2020: 403,114 ordinary shares, nominal value £0.02 per share).

Since April 2020, one of our directors, Sulina Connal, has been employed by Google as Director of Product Partnerships for News, Web and Publishing for EMEA. In the ordinary course of its business, from time to time Endava enters into agreements for cloud service or other solutions provided by Google in connection with services provided by Endava to its clients. All transactions with Google were entered into on an arms-length basis. For the year ended 30 June 2021, the aggregate cost incurred by Endava to Google for such services was £0.4 million (year ended 30 June 2020: £0.2 million).

We have entered into a customer relationship with PaperRound HND Service Ltd., a company in which Mike Kinton, who served as a member of our board of Directors until December 2020, holds a controlling interest and serves as a Director. All transactions with PaperRound were entered into on an arms-length basis and in the ordinary course of business. We generated £0.2 million in revenue from PaperRound in the financial year ended 30 June 2021 (year ended 30 June 2020: £nil).

Other than the transactions with executive officers and directors disclosed above, no other related party transactions have been identified.

Ultimate Parent

Endava plc is the ultimate parent entity of the Group and it is considered that there is no ultimate controlling party.

19. TRADE AND OTHER RECEIVABLES

	2021	2020
	£'000	£'000
Trade receivables	88,086	60,474
Prepayments	6,150	6,779
Accrued income	15,790	8,694
Research and development tax credit	3,400	3,688
Other receivables	4,877	2,979
Total trade and other receivables	118,303	82,614

Trade receivables are non-interest-bearing and are generally on 30 to 90 day terms depending on the geographical territory in which sales are generated. The carrying value of trade and other receivables also represents their fair value.

Trade receivables are disclosed net of expected credit loss allowance for doubtful debts, as shown below. Due to the global financial uncertainty arising from the COVID-19 pandemic, management has considered the elevated credit risk on trade receivables. Credit loss rates have been established for trade receivables and accrued income linked to industry sectors that we consider are most heavily affected by the COVID-19 pandemic. In addition, certain balances (where there was an objective evidence of credit impairment linked to the ageing of the debtor balance and an analysis of the debtors' current financial position) have been provided for on an individual basis. This has resulted in no additional charge for expected credit loss provisions on trade receivables and accrued income recognised in the Group Statement of Comprehensive Income.

Trade receivables and accrued income represent client contract assets. Other than the expected credit loss allowance discussed above, and business-as-usual movements there were no significant changes in contract assets during the year. From the £15.8 million accrued income balance as at 30 June 2021, £2.4 million comes from acquired companies during the reporting period (£0.6 million as at 30 June 2020).

The following table present the trade receivables and accrued income ageing intervals and the allocation of the expected credit loss allowance as at 30 June 2021 and 30 June 2020.

	2021 £'000		2020 £'000	
	Trade receivables and accrued income - gross	Expected credit loss allowance	Trade receivables and accrued income - gross	Expected credit loss allowance
Current	84,088	(1,212)	61,521	(248)
1 - 30 days overdue	6,106	(15)	3,900	(666)
31 - 60 days overdue	5,330	(225)	2,034	(743)
61 - 90 days overdue	2,919	(105)	1,915	(792)
Over 90 days overdue	8,971	(1,980)	3,382	(1,135)
Total	107,414	(3,537)	72,752	(3,584)

The gross and net amounts of trade receivables and accrued income were as follows:

	2021	2020
	£'000	£'000
Trade receivables - gross	91,589	64,058
Expected credit loss allowance	(3,503)	(3,584)
Trade receivables - net	88,086	60,474

	2021	2020
	£'000	£'000
Accrued income - gross	£ 15,824	£ 8,694
Expected credit loss allowance	(34)	—
Accrued income - net	£ 15,790	£ 8,694

Movements in the expected credit loss allowance were as follows:

	2021	2020
	£'000	£'000
As at 1 July	3,584	437
Provided in the year	5,866	4,274
Released in the year	(5,851)	(1,077)
Utilised in the year	(11)	(28)
Effect of foreign exchange translations	(51)	(22)
As at 30 June	3,537	3,584

20. TRADE AND OTHER PAYABLES

	2021	2020
	£'000	£'000
Trade payables	6,998	2,159
Other taxation and social security	10,104	8,293
Other liabilities	3,703	2,810
Accruals	53,938	42,134
Deferred income	3,891	3,203
Total trade and other payables	78,634	58,599

Deferred income represents client contract liabilities at year end where cash was received from clients but Endava is yet to perform the work. £2.8 million of the deferred income recognised at 1 July 2020 was recognised as revenue during the year (2020: £2.1 million). Other than business-as-usual movements there were no significant changes in the deferred income balance during the year. From the £3.9 million deferred income balance as at 30 June 2021, £0.3 million comes from acquired companies during the reporting period (£nil as at 30 June 2020).

21. FINANCIAL ASSETS AND LIABILITIES

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

The Group has the following financial assets, all of which are classified and measured at amortised cost:

	2021 £'000	2020 £'000
Financial assets at amortised cost		
Trade and other receivables (note 19)	118,303	82,614
Finance lease receivable (note 23)	744	1,223
Total financial assets*	119,047	83,837

* Financial assets, other than cash and cash equivalents

The accounting policies provide a description of the initial recognition and measurement, and also the subsequent measurement of financial assets.

Financial liabilities

The Group has the following financial liabilities:

	2021 £'000	2020 £'000
Lease liabilities:		
Current lease liabilities (note 23)	13,543	11,132
Non-current lease liabilities (note 23)	50,142	42,233
	63,685	53,365
Other financial liabilities at amortised cost		
Trade and other payables (note 20)	78,634	58,599
Other liabilities	205	136
	78,839	58,735
Financial liabilities at fair value through profit or loss		
Contingent consideration (note 15)	5,718	1,409
Deferred consideration (note 15)	9,994	3,907
	15,712	5,316
Total financial liabilities	158,236	117,416

The accounting policies provide a description of the initial recognition and measurement, and also the subsequent measurement of financial liabilities.

Where financial assets and financial liabilities are measured at fair value, their measurement should be classified into the following hierarchy:

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

Contingent consideration and deferred consideration have been classified within level 3. Refer to Note 15 for further information.

22. BORROWINGS

Terms and conditions of outstanding borrowings as of 30 June 2021 and 2020 are as follows:

TYPE	NOMINAL INTEREST P.A.	YEAR OF MATURITY	AMOUNT 2021 £'000	AMOUNT 2020 £'000
Revolving credit facility	LIBOR/ EURIBOR + variable margin (0.80% -1.50%)	2023	—	—

The Group has an unsecured, multi-currency bank revolving credit facility with a carrying amount of £nil at 30 June 2021 (2020: £nil). Commitment fees are charged on the undrawn balance of the facility. The available borrowing capacity under the Group's revolving credit facility is £200 million less utilised ancillary facilities (HSBC bank guarantees: £18.4 million at 30 June 2021 and £8.7 million at 30 June 2020).

The facility contains interest cover and net leverage financial covenants. The covenants are tested on a bi-annual basis based on trailing twelve months results. At 30 June 2021 and 30 June 2020, the Group complied with these financial covenants.

Guarantees

The Group has provided the following guarantees at 30 June 2021:

Parent Company Guarantees

A parent company guarantee was provided as part of the acquisition of Exozet Berlin GmbH which guarantees Endava GmbH's obligations and liabilities under the share purchase agreement.

A parent company guarantee was provided as part of the acquisition of Comtrade CDS, digitalne storitve, d.o.o. and Comtrade Digital Services d.o.o. which guarantees Endava (UK) Limited's payment obligations under the share purchase agreement and the payment obligations of Endava (UK) Limited and Comtrade CDS, digitalne storitve, d.o.o. under the transitional services agreement.

The parent company provided guarantees relating to certain leases entered into by Endava Romania SRL. A corporate guarantee with the government of the Republic of North Macedonia was also provided guaranteeing the fulfillment of the obligations of Endava DOOEL Skopje under the contract for granting state aid. In addition, the parent company provided unlimited multilateral guarantee under the revolving credit facility.

No claims are expected to arise from the above guarantees.

Bank Guarantees

Endava Romania SRL provided a bank guarantee of €9,000,000 in favour of Romanian Ministry of Finance under the contract for granting state aid.

Endava (UK) Ltd provided a holdback guarantee of €6,000,000 in favour of Comtrade Group B.V. as part of the acquisition of CDS.

Endava Berlin GmbH provided a performance guarantee of €5,929,906 in favour of DB Fernverkehr AG in relation to a contract with Deutsche Bahn to provide their Video On Demand experience for passengers.

Additionally, various other subsidiaries provided bank guarantees in relation to their leases of office space together with a small number of tender and performance guarantees.

No claims are expected to arise from the above guarantees.

23. LEASE AGREEMENTS

The Group's lease portfolio consists of property leases of offices and delivery centres.

As a lessee:

Right-of-use assets

Set out below are the carrying amounts of the Group's right-of-use assets and the movements during the year ended 30 June 2021:

	Leasehold Buildings £'000	Vehicles £'000	Total £'000
As at 1 July 2020	51,134	—	51,134
Additions	27,503	243	27,746
Disposals	(1,751)	(6)	(1,757)
Derecognition as a result of subleases	(122)	—	(122)
Modifications ¹	(2,553)	—	(2,553)
Depreciation charge	(10,390)	(59)	(10,449)
Impairment charge	(1,697)	—	(1,697)
Effect of foreign exchange revaluation and translations	(5,105)	(4)	(5,109)
As at 30 June 2021	57,019	174	57,193

¹ Lease liabilities are remeasured when a change to future contractual cash flows is identified. Remeasurements were made in the year based upon changes in indexation and changes resulting from additional space rented. The carrying value of the corresponding right-of-use asset is also remeasured to reflect this change.

Set out below are the carrying amounts of the Group's right-of-use assets and the movements during the year ended 30 June 2020:

	Leasehold Buildings £'000
As at 1 July 2019	—
Adjustment on initial application of IFRS 16	40,222
Additions	20,827
Disposals	(220)
Derecognition as a result of subleases	(1,336)
Modifications ¹	335
Depreciation charge	(9,072)
Effect of foreign exchange revaluation and translations	378
As at 30 June 2020	51,134

¹ Lease liabilities are remeasured when a change to future contractual cash flows is identified. Remeasurements were made in the year based upon changes in indexation and changes resulting from additional space rented. The carrying value of the corresponding right-of-use asset is also remeasured to reflect this change.

Lease liabilities

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the year ended 30 June 2021:

	Leasehold Buildings £'000	Office Equipment £'000	Total £'000
As at 1 July 2020	53,365	—	53,365
Additions	28,408	243	28,651
Disposals	(1,841)	(6)	(1,847)
Modifications ¹	(2,500)	—	(2,500)
Interest	1,176	2	1,178
Payments	(11,768)	(60)	(11,828)
Effect of foreign exchange revaluation and translations	(3,330)	(4)	(3,334)
As at 30 June 2021	63,510	175	63,685

¹ Lease liabilities are remeasured when a change to future contractual cash flows is identified. Remeasurements were made in the year based upon changes in indexation and changes resulting from additional space rented.

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the year ended 30 June 2020:

	Leasehold Buildings £'000	Office equipment £'000	Total £'000
As at 1 July 2019	—	21	21
Adjustment on initial application of IFRS 16	40,173	—	40,173
Additions	20,818	—	20,818
Disposals	(242)	—	(242)
Modifications ¹	353	—	353
Interest	1,066	—	1,066
Payments	(9,882)	(21)	(9,903)
Effect of foreign exchange revaluation and translations	1,079	—	1,079
As at 30 June 2020	53,365	—	53,365

¹ Lease liabilities are remeasured when a change to future contractual cash flows is identified. Remeasurements were made in the year based upon changes in indexation and changes resulting from additional space rented.

The potential impact of lease covenants is considered to be immaterial.

The maturities of the Group's lease liabilities for the year ended 30 June 2021 are as follows:

	Leasehold Buildings £'000	Vehicles £'000	Total £'000
Less than 1 year	13,446	97	13,543
1 to 5 years	35,869	78	35,947
More than 5 years	18,653	—	18,653
Total undiscounted lease liabilities	67,968	175	68,143
Lease liabilities included in the balance sheet	63,510	175	63,685
Analysed as:			
Current	13,446	97	13,543
Non-current	50,064	78	50,142

The maturities of the Group's lease liabilities for the year ended 30 June 2020 are as follows:

	Leasehold Buildings £'000
Less than 1 year	11,132
1 to 5 years	30,643
More than 5 years	16,168
Total undiscounted lease liabilities	57,943
Lease liabilities included in the balance sheet	53,365
Analysed as:	
Current	11,132
Non-current	42,233

Income Statement Impact

The following items have been recognised in the Group statement of comprehensive income for the current and prior year:

2021:

	Leasehold Buildings £'000	Vehicles £'000	Total £'000
Depreciation expense on right-of-use assets	10,390	59	10,449
Impairment of right-of-use assets	1,697	—	1,697
Interest expense on lease liabilities	1,176	2	1,178
Expense relating to short-term leases	530	85	615
Gain on disposal of leases	(56)	—	(56)
Fair value movement of financial assets	(17)	—	(17)
	13,720	146	13,866

2020:

	Leasehold Buildings £'000
Depreciation expense on right-of-use assets	9,072
Interest expense on lease liabilities	1,066
Expense relating to short-term leases	437
Gain on sublease recognition	(472)
Gain on disposal of leases	(23)
Fair value movement of financial assets	(30)
	10,050

The total Group cash outflow for leases as a lessee in the year was £11.83 million (2020: £9.90 million).

Contractual obligations and commitments:

The following table summarises our commitments to settle contractual obligations as at 30 June 2021, and the effect such obligations are expected to have on our liquidity and cash flows:

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Lease liabilities	13,543	20,005	15,942	18,653	68,143
Short-term leases	525	—	—	—	525
Leases contracted but not yet commenced	161	1,771	1,924	4,746	8,602
Total	14,229	21,776	17,866	23,399	77,270

As at 30 June 2021 the Group has property leases that expire at various date through to October 2031.

As a lessor:

During 2020, the Group entered into an arrangement to sub-lease a building that had been presented as part of a right-of-use asset. This has been classified as a finance sub-lease.

As a result of the above, the Group recognised a gain of £0.47 million in the prior year on derecognition of the right-of-use asset pertaining to the building, which was presented within Finance Income. There was no such gain or loss in the current year.

During 2021, the Group recognised interest income on lease receivables of £0.02 million (2020: £0.3 million).

The total Group cash inflow for leases as a lessor in the year was £0.57 million (2020: £0.67 million).

During the year the investment in finance lease receivable decreased by £0.55 million (2020: £0.64 million) due to payments received, net off by interest income.

The following table sets out the maturity analysis of lease payments receivable for sub-leases classified as finance leases showing the undiscounted lease payments to be received after the reporting date and the net investment in the finance lease receivable.

	Finance Leases 2021 £'000	Finance Leases 2020 £'000
Less than 1 year	563	584
1 to 2 years	172	534
2 to 3 years	—	78
Total undiscounted lease payments receivable	735	1,196
Unearned finance income	9	27
Net investment in finance lease receivable	744	1,223

24. SHARE CAPITAL

AUTHORISED SHARE CAPITAL	2021	2020
	£'000	£'000
60,000,000 Ordinary shares of £0.02 each	1,200	1,200

ALLOTTED, CALLED UP AND FULLY PAID:	2021	£'000	2020	£'000
	No.		No.	
Class A ordinary shares	37,841,734	756	28,823,893	577
Class B ordinary shares	17,876,722	358	20,455,733	409
Class C ordinary shares	—	—	5,648,543	113
ORDINARY SHARES OF £0.02 EACH	55,718,456	1,114	54,928,169	1,099

The Company issued 790,287 new shares for the year ended 30 June 2021 (30 June 2020: 502,842) in relation to exercise of options and equity consideration related to acquisitions.

Voting rights, dividends and return of capital

Our Class B ordinary shares have ten votes per share, and our Class A ordinary shares, which are the shares underlying the ADSs, and Class C ordinary shares, prior to their automatic conversion into Class A ordinary shares, each had one vote per share. Any dividend declared by the Company shall be paid on Class A ordinary shares, and the class B ordinary shares (and, prior to the automatic conversion of the Class C ordinary shares, the Class C ordinary shares) *pari passu* as if they were all shares of the same class.

In the event of the liquidation, dissolution or winding up of the Company, the assets of the Company available for distribution to members shall be distributed amongst all holders of Class A ordinary shares and Class B ordinary shares (and, prior to the automatic conversion of the Class C ordinary shares, any Class C ordinary shares) in proportion to the number of shares held irrespective of the amount paid or credited as paid on any share.

Restrictions**Class B ordinary shares**

During the period of one hundred and eighty (180) days commencing on the IPO, no transfers of Class B ordinary shares were permitted other than to a person who is a permitted Class B ordinary transferee or pursuant to the IPO (which for the avoidance of doubt includes sales pursuant to any secondary offering or exercise of any over-allotment option in connection with the IPO).

No transfers of Class B ordinary shares shall be permitted (other than to a person who is a permitted Class B ordinary transferee):

(a) in excess of 25% of the Class B ordinary shareholders holding of Class B ordinary shares (determined as at the IPO) in the period commencing 180 days after the IPO and ending on the date falling 18 months after the IPO;

(b) in excess of 40% of the Class B ordinary shareholders holding of Class B ordinary shares (determined as at the IPO) in the period commencing 180 days after the IPO and ending on the date falling on the third anniversary of the IPO; and

(c) in excess of 60% of the Class B ordinary shareholders holding of Class B ordinary shares (determined as at the IPO) in the period commencing 180 days after the IPO and ending on the fifth anniversary of the IPO.

A Class B ordinary shareholder may, at any time after the fifth (5th) anniversary of the IPO, elect at any time to convert any of its Class B ordinary shares into Class A ordinary shares on a one-for-one basis by notice in writing to the Directors.

25. DISTRIBUTIONS MADE

During the year ended 30 June 2021, the Company did not declare and pay any cash dividends (2020: £nil).

26. SHARE-BASED PAYMENTS

Description of share-based payment arrangements

The Group had the following share-based payment arrangements.

Company Share Option Plan

A Company Share Option Plan ("CSOP") was adopted on 7 May 2014 and share options over ordinary shares have been issued under the CSOP plan to certain employees of the Group. Options can be exercised on the fifth anniversary of the date of grant, upon an acquisition of the Company, and upon certain conditions of ceasing employment. In addition, our Board has discretion to permit the exercise of options upon the admission of shares to a recognised stock exchange or at an earlier time and under such conditions as determined by the Board. The options expire on the tenth anniversary of the date of grant.

Joint Share Ownership Plan

Certain of the Group's employees have entered into a Joint Share Ownership Plan ("JSOP") with the EBT, through which the participants have a right to receive any increase in the value of shares above a threshold amount (i) upon a sale of the Company, (ii) following a listing on a recognised stock exchange, when the participant gives a specific notice to the EBT trustee and the Company in respect of the JSOP Shares; (iii) upon the expiry of 25 years from the date of the applicable trust deed; or (iv) upon the participant leaving employment with the Group when the market value of the JSOP Shares is less than the threshold amount. The events referenced in clauses (i)-(iv) above are collectively referred as "Trigger Events."

On the date of a Trigger Event, the EBT trustee has an option to acquire the beneficial interest belonging to the participant. If the EBT trustee exercises this option, the EBT trustee will then either transfer shares of a value equal to, or pay cash to the participant in an amount equal to, the value of the option, calculated according to the terms of the JSOP. If the applicable employee leaves employment with the Group prior to the occurrence of a Trigger Event, the value of the shares is capped at such shares' fair market value on the employee's last day of employment and no payment is made until a Trigger Event occurs.

The Group does not have a present obligation to settle in cash and has no history of cash settling options. Therefore, the settlement of the transactions will be accounted for in accordance with the requirements applying to equity-settled share-based compensation transactions, as set forth in IFRS 2. On and from the date of any Trigger Event, and if and for so long as the EBT trustee has not exercised the option referred to above, the EBT trustee will use reasonable endeavours to sell the JSOP Shares and distribute the net proceeds of sale between the EBT trustee and the participant in the proportions calculated according to the terms of the JSOP.

The Trigger event - the listing on the New York Stock Exchange - happened on 27 July 2018. At 30 June 2021, the EBT held 74,610 shares (30 June 2020: 551,723), out of which 34,075 (30 June 2020: 167,611) are allocated to employee JSOPs. For the year ended 30 June 2021, 133,536 awards under the JSOP were exercised (2020: 67,937) settled by shares of the EBT, no JSOPs were cancelled (2020: 480,000) and 343,577 options under LTIP were exercised (2020: 306,802) and settled by shares of the EBT.

The JSOPs expire 25 years following the applicable date of issue.

Long term Incentive Plan

A Company Long Term Incentive Plan ("LTIP") was adopted on 30 June 2015 under which options or conditional shares are intended to be awarded to certain employees of the Group. Under the LTIP, options or conditional shares can generally be banked over a five-year period subject to the achievement of annual Group performance targets. Once banked, the options become eligible to vest, with vesting occurring over a three-year period following a triggering event, which includes listing on a recognised stock exchange, a sale of the outstanding share capital of the Company or a sale of the assets of the business. The options and conditional shares expire on the earliest of the tenth anniversary of award or five years from the date of vesting.

2018 Equity Incentive Plan

On 16 April 2018, the Board adopted the 2018 Equity Incentive Plan ("EIP") and approved by the Company shareholders on 3 May 2018. The EIP allows for the grant of equity-based incentive awards to our employees and Directors, who are also our employees.

The EIP provides for the grant of options, share appreciation rights, or SARs, restricted shares, restricted share units, or RSUs, performance restricted share units, or PSUs, and other share-based awards. All awards under the EIP are set forth in award agreements, which detail the terms and conditions of awards, including any applicable vesting and payment terms, change of control provisions and post-termination exercise limitations.

The EIP is administered by the board, which may delegate its duties and responsibilities to one or more committees of our Directors and/or officers (referred to as the plan administrator below), subject to certain limitations imposed under the EIP, and other applicable laws and stock exchange rules. The plan administrator has the authority to take all actions and make all determinations under the EIP, to interpret the EIP and award agreements and to adopt, amend and repeal rules for the administration of the EIP as it deems advisable. The plan administrator also has the authority to determine which eligible service providers receive awards, grant awards, set the terms and conditions of all awards under the EIP, including any vesting and vesting acceleration provisions, subject to the conditions and limitations in the EIP.

The plan administrator may select performance criteria for an award to establish performance goals for a performance period. In connection with certain corporate transactions and events affecting our ordinary shares, including a change of control, another similar corporate transaction or event, another unusual or nonrecurring transaction or event affecting us or our financial statements or a change in any applicable laws or accounting principles, the plan administrator has broad discretion to take action under the EIP to prevent the dilution or enlargement of intended benefits, facilitate the transaction or event or give effect to the change in applicable laws or accounting principles. In the event of a change of control where the successor or acquirer entity does not agree to assume, continue or rollover the awards, the awards will vest in full effective immediately prior to the change of control.

During the financial year ended 30 June 2021, the Company granted RSUs and PSUs only. RSUs and PSUs are contractual promises to deliver our Class A ordinary shares in the future, which may also remain forfeitable unless and until specified conditions are met. The plan administrator may provide that the delivery of the shares underlying RSUs will be deferred on a mandatory basis or at the election of the participant. The terms and conditions applicable to restricted shares, RSUs and PSUs will be determined by the plan administrator, subject to the conditions and limitations contained in the EIP.

2018 Sharesave Plan

On 16 April 2018, the Board adopted the 2018 Sharesave Plan ("Sharesave") and approved by the Company shareholders on 3 May 2018. The Sharesave is a U.K. tax advantaged share option plan and is intended to comply with the requirements of Schedule 3 of the Income Tax (Earnings and Provisions) Act 2003. The Sharesave was extended to award similar benefits to employees outside the United Kingdom.

The Sharesave provides that the board may require employees to have completed a qualifying period of employment (of up to five years) before they may apply for the grant of an option to purchase Class A ordinary shares. Participation in the Sharesave requires employees to agree to make regular monthly contributions to an approved savings contract of three or five years (or such other period permitted by the governing legislation).

No options to purchase Class A ordinary shares may be granted under the Sharesave more than 10 years after the Sharesave has been approved by shareholders.

Options granted under the Sharesave will normally be exercisable for a six-month period from the end of the relevant three or five year savings contract. Any options not exercised within the relevant exercise period will be forfeited.

Bonus Equity Payments

The acquisition of Velocity Partners in December 2017 also included bonus equity payments ("bonus payments") that are payable in future periods based on the continued service of certain employees of Velocity Partners. The bonus payments were accounted for outside of the business combination because the entitlement to bonus payments is automatically forfeited if employment terminates. They were fair valued as compensation for post business combination services under IFRS 2 and the compensation expense is recognised over a three-year vesting period.

In addition to the above share option schemes, 10,000 other options were granted on 7 September 2017 to a non-employee as compensation for services rendered with an average exercise price of £4.58 per option. All 10,000 options were exercised in the period ended 30 June 2019.

Movements during the year

The number and the weighted-average exercise prices of the share options under the above arrangements were as follows:

	CSOP	JSOP	LTIP	EIP	SAYE	Bonus Payments
Options outstanding at 1 July 2020	20,845	167,611	781,022	1,104,267	759,207	117,116
Options granted during the year	—	—	—	726,094	423,272	—
Options exercised during the year	15,000	133,536	568,196	359,815	1,550	117,110
Options forfeited during the year	—	—	9,500	63,669	60,976	6
Options outstanding at 30 June 2021	5,845	34,075	203,326	1,406,877	1,119,953	—
Options outstanding at 1 July 2019	31,505	715,548	1,128,699	784,844	560,169	243,235
Options granted during the year	—	—	—	710,673	267,834	—
Options exercised during the year	10,660	67,937	309,952	236,046	4,421	123,426
Options forfeited during the year	—	480,000	37,725	155,204	64,375	2,693
Options outstanding at 30 June 2020	20,845	167,611	781,022	1,104,267	759,207	117,116
Weighted average exercise price 30 June 2021 - £	0.9	—	—	—	25.59	—
Weighted average exercise price 30 June 2020 - £	0.43	—	—	—	22.12	—
Weighted average contractual life 2021 - years	3	15	4	3	1	—
Weighted average contractual life 2020 - years	5	17	5	3	2	1

Options granted in the period have been valued using a Black Scholes option pricing model using the following inputs:

	2021	2020
Exercise price	£0.00 - £36.24	£0.00 - £25.84
Risk free rate	0.19%-1.0%	1.0%-1.6%
Expected volatility	30.0%-35.0%	30.0%-36.0%
Expected dividends	—	—
Fair value of option	£16.21-£64.35	£12.96-£43.10

For the year ended 30 June 2021, the Group recognised £24,427,000 (2020: £15,663,000) of share-based payment charge in respect of the above share option schemes.

27. MOVEMENTS IN EQUITY

Share capital, share premium and merger relief reserve

New ordinary shares were issued as part of the equity consideration for the Five acquisition. The Company issued 72,193 Class A ordinary shares represented by ADSs to former equity holders of Five, which resulted in an increase in share capital and merger relief reserve of £1,000 and £4,476,000, respectively.

New ordinary shares were also issued for the exercise of options which resulted in an increase in share capital of £14,000 and share premium of £26,000.

Investment in own shares

133,536 JSOPs and 343,577 LTIPs were exercised and settled by shares owned by the EBT. This resulted in a decrease in investment in own shares of £1,186,000.

28. CASH FLOW ADJUSTMENTS AND CHANGES IN WORKING CAPITAL

ADJUSTMENTS	2021 £'000	2020 £'000
Depreciation, amortisation and impairment of non-financial assets	25,144	18,725
Foreign exchange loss/(gain)	6,742	(2,162)
Interest income	(84)	(499)
Fair value movement of financial liabilities	302	49
Interest expense	2,081	1,893
Gain on disposal of non-current assets	(36)	(11)
Share-based compensation expense	24,427	15,663
Hyperinflation effect loss/(gain)	189	(26)
Research and development tax credit	(2,642)	(1,600)
Gain on sale of subsidiary	—	(2,215)
Gain on sublease recognition	—	(472)
Gain on right-of-use asset disposals	(56)	(23)
Fair value movement of financial assets	(17)	(30)
Grant income	(503)	(670)
Total adjustments	55,547	28,622

NET CHANGES IN WORKING CAPITAL	2021 £'000	2020 £'000
Increase in trade and other receivables	(19,083)	(14,120)
(Decrease)/increase in trade and other payables	(2,277)	6,361
Net changes in working capital	(21,360)	(7,759)

NON-CASH CHANGES ARISING FROM FINANCING ACTIVITIES

BORROWINGS	BEGINNING OF THE YEAR	PROCEEDS FROM BORROWINGS	REPAYMENT OF BORROWINGS	NON-CASH FOREIGN EXCHANGE	NON CASH OTHER	END OF THE YEAR
	£'000	£'000	£'000	£'000	£'000	£'000
2019	19,764	3,500	(23,547)	304	—	21
2020	21	—	(21)	—	—	—
2021	—	—	—	—	—	—

GRANT RECEIVED	BEGINNING OF THE YEAR	CASH RECEIVED	GRANT INCOME	NON-CASH FOREIGN EXCHANGE	NON CASH OTHER	END OF THE YEAR
	£'000	£'000	£'000	£'000	£'000	£'000
2019	(816)	1,786	(819)	(24)	—	127
2020	127	888	(670)	(14)	—	331
2021	331	228	(503)	3	106	165

The grant payable in 2020 and 2021 was presented in trade and other payables.

The movement in lease liabilities for the current and prior financial years are disclosed in Note 23.

29. CAPITAL COMMITMENTS

Amounts contracted but not provided for in the financial statements amounted to £nil in the year ended 30 June 2021 (2020 - £nil).

30. CONTINGENT LIABILITIES

The Group and Company had no contingent liabilities at 30 June 2021 or 30 June 2020.

31. FINANCIAL INSTRUMENT RISK

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 21. The main types of risks are foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

FOREIGN CURRENCY SENSITIVITY

The Group is exposed to translation and transaction foreign currency exchange risk. Several other currencies in addition to the presentation currency of Sterling are used, including Romanian Lei (RON), Euro (EUR) and US Dollars (USD).

The Group experiences currency exchange differences arising upon retranslation of monetary items (primarily short-term inter-company balances and borrowings), which are recognised as an expense in the period the difference occurs. The Group endeavours to match the cash inflows and outflows in the various currencies; the Group typically invoices its clients in their local currency, and pays its local expenses in local currency as a means to mitigate this risk.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are translated into GBP at the closing rate:

30 JUNE 2021	GBP	EUR	USD	RON	OTHERS	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets	101,136	26,177	38,375	5,093	17,406	188,187
Financial liabilities	(41,448)	(9,641)	(15,666)	(53,533)	(37,948)	(158,236)
TOTAL	59,688	16,536	22,709	(48,440)	(20,542)	29,951

30 JUNE 2020	GBP	EUR	USD	RON	OTHERS	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets	133,613	14,802	21,060	5,324	9,142	183,941
Financial liabilities	(30,012)	(7,703)	(5,885)	(37,733)	(36,083)	(117,416)
TOTAL	103,601	7,099	15,175	(32,409)	(26,941)	66,525

The Group is also exposed to exchange differences arising from the translation of its subsidiaries' financial statements into the Group's presentation currency of Sterling with the corresponding exchange differences taken directly to equity.

The following tables illustrate the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the RON/Sterling exchange rate. The RON exposure impacts the majority of the Group's cost base. Therefore as the Sterling strengthens, subject to any prevailing hedge arrangements, the Group benefits from a cost improvement and vice versa.

During the year ended 30 June 2021, the Sterling/RON volatility ranged from the RON strengthening against Sterling by 5% to weakening by 5%.

	GBP/RON:	Profit impact	Equity impact
		£'000	£'000
30 JUNE 2021	5 %	(820)	(510)
30 JUNE 2021	(5)%	766	476

During the year ended 30 June 2020, the Sterling/RON volatility ranged from the RON strengthening against Sterling by 6% to weakening by 7%.

	GBP/RON:	Profit impact £'000	Equity impact £'000
30 JUNE 2020	6 %	(587)	(522)
30 JUNE 2020	(7)%	722	641

INTEREST RATE SENSITIVITY

At 30 June 2021, the Group is not exposed to changes in market interest rates through bank borrowings on its Revolving Credit Facility at variable interest rates, as the facility is not drawn.

CREDIT RISK ANALYSIS

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, including trade receivables. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 30 June, as summarised below:

	2021 £'000	2020 £'000
Cash and cash equivalents	69,884	101,327
Trade and other receivables	118,303	82,614
TOTAL	188,187	183,941

The Group monitors defaults of clients and other counterparties, identified either individually, or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on clients and other counterparties are obtained and used.

Management considers that all financial assets that are not impaired or past due at the end of the applicable reporting period are of good credit quality. Some of the unimpaired trade receivables are generally past due as of the end of the applicable reporting period. Information on trade receivables past due but not impaired are as follows:

	2021 £'000	2020 £'000
Not more than 3 months	10,671	2,347
More than 3 months but not more than 6 months	4,883	1,329
More than 6 months but not more than 1 year	—	—
More than 1 year	—	—
Total	15,554	3,676

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group's trade receivables are from a large number of clients in various industries and geographical areas. Based on historical information about client default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

LIQUIDITY RISK ANALYSIS

The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a longer-term basis. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for all of the reporting periods presented.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

As at 30 June 2021, the Group's non-derivative financial liabilities had contractual maturities (including interest payments where applicable) as summarised below:

30 JUNE 2021	CURRENT 0 – 6 MONTHS	CURRENT 6 - 12 MONTHS	NON- CURRENT 1 – 5 years	NON- CURRENT +5 years
	£'000	£'000	£'000	£'000
Lease liabilities	7,173	6,324	35,947	14,241
Trade and other payables	78,634	—	—	—
Deferred consideration	624	—	9,370	—
Contingent consideration	—	5,718	—	—
Other liabilities	—	—	205	—
TOTAL	86,431	12,042	45,522	14,241

There were no forward foreign currency options in place at 30 June 2021.

As at 30 June 2020, the Group's non-derivative financial liabilities had contractual maturities (including interest payments where applicable) as summarised below:

30 JUNE 2020	CURRENT 0 – 6 MONTHS £'000	CURRENT 6 - 12 MONTHS £'000	NON- CURRENT 1 – 5 years £'000	NON- CURRENT +5 years £'000
Lease liabilities	5,652	5,480	30,643	11,590
Trade and other payables	58,599	—	—	—
Deferred consideration	1,970	1,937	—	—
Contingent consideration	—	1,409	—	—
Other liabilities	—	—	136	—
TOTAL	66,221	8,826	30,779	11,590

There were no forward foreign currency options in place at 30 June 2020.

32. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus loan, less cash and cash equivalents as presented on the consolidated balance sheet. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	2021 £'000	2020 £'000
Equity	300,669	236,327
Loans and borrowings	—	—
Less: Cash and cash equivalents	(69,884)	(101,327)
TOTAL CAPITAL	230,785	135,000

33. SUBSEQUENT EVENTS

There were no significant subsequent events from the end of the financial year to the date of signing of this report that would require an adjustment to or disclosure in the financial statements.



COMPANY BALANCE SHEET

Registered number 05722669

As at 30 June

	NOTE	2021 £'000	2020 £'000
ASSETS – NON CURRENT			
Investments	3	114,188	85,012
Deferred tax assets	4	815	689
Other assets	12	79,864	46,444
TOTAL		194,867	132,145
ASSETS - CURRENT			
Trade and other receivables	5	69,125	53,156
Corporation tax receivable	11	2,071	300
Cash and cash equivalents		9,790	37,997
TOTAL		80,986	91,453
TOTAL ASSETS		275,853	223,598
LIABILITIES – CURRENT			
Trade and other payables	6	40,235	23,851
Deferred consideration		—	1,937
TOTAL		40,235	25,788
EQUITY			
Share capital	8	1,114	1,099
Share premium		247	221
Merger relief reserve		30,003	25,527
Retained earnings		204,093	170,802
Capital redemption reserve		161	161
TOTAL EQUITY		235,618	197,810
TOTAL LIABILITIES AND EQUITY		275,853	223,598

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 28 September 2021 and are signed on their behalf by:

DocuSigned by:

 DF2C33C243BF48C...
JE Cotterell, Director

DocuSigned by:

 85735E12D7434A4...
MS Thurston, Director



COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	MERGER RELIEF RESERVE £'000	RETAINED EARNINGS £'000	CAPITAL REDEMPTION RESERVE £'000	TOTAL £'000
BALANCE AT 30 JUNE 2019	1,089	128	21,573	101,390	161	124,341
Equity-settled share-based payment transactions	—	—	—	11,600	—	11,600
Issue of shares related to acquisition	2	—	3,954	—	—	3,956
Exercise of options	8	93	—	—	—	101
TRANSACTION WITH OWNERS	10	93	3,954	11,600	—	15,657
Profit for the year	—	—	—	57,812	—	57,812
Total comprehensive income for the year	—	—	—	57,812	—	57,812
BALANCE AT 30 JUNE 2020	1,099	221	25,527	170,802	161	197,810
Issuance of new shares	14	26	—	—	—	40
Issue of shares related to acquisition	1	—	4,476	—	—	4,477
Equity-settled share based payment transactions	—	—	—	16,307	—	16,307
TRANSACTION WITH OWNERS	15	26	4,476	16,307	—	20,824
Profit for the year	—	—	—	16,984	—	16,984
Total comprehensive income for the year	—	—	—	16,984	—	16,984
BALANCE AT 30 JUNE 2021	1,114	247	30,003	204,093	161	235,618

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 June

	2021 £'000	2020 £'000
Operating activities		
Profit before tax	15,113	56,968
Adjustments (note 10)	(21,274)	(67,140)
Tax received	—	871
Net changes in working capital (note 10)	(3,869)	(23,678)
Net cash used in operating activities	(10,030)	(32,979)
Investing activities		
Dividends received	27,683	61,187
Investments in subsidiaries	(12,425)	(12,122)
Proceeds from sale of subsidiary	—	3,506
Interest received	1,421	575
Loans to group companies	(33,420)	(13,200)
Net cash from investing activities	(16,741)	39,946
Financing activities		
Interest paid	(863)	(1,008)
Proceeds from sale of shares	—	3,045
Proceeds from exercise of options	26	93
Net cash from investing activities	(837)	2,130
Net change in cash and cash equivalents	(27,608)	9,097
Cash and cash equivalents at the beginning of the year	37,997	28,461
Net foreign exchange differences	(599)	439
Cash and cash equivalents at the end of the year	9,790	37,997

The accompanying notes form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 30 June

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRS").

The Company financial statements are presented in British Pound Sterling ("Sterling"), which is the Company's functional currency.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. There have been no new or amended accounting standards or interpretations adopted during the year that have a significant impact on the Company financial statements.

GOING CONCERN BASIS

The Company operates as an investment company for the Endava Group, holding investments in subsidiaries financed by Group companies. As the Company is an intrinsic part of the Group's structure, the Directors have a reasonable expectation that Group companies will continue to support the Company through trading and cash generated from operations for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. Further information in relation to the Group's going concern assessment has been included in the Directors' Report in the consolidated financial statements.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key areas involving estimates and judgements that have the most significant effect on the amounts recognised in the Company financial statements, are as follows:


Assessment of the recoverable amount of the investment in subsidiaries

Impairment reviews are carried out to ensure that the value of the investment in subsidiaries is not carried at above their recoverable amounts. The tests are dependent on management's estimates in respect of the forecasting of future cash flows, the discount rates applicable to the future cash flows and expected growth rates. Such estimates and judgements are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts. Additional estimates have been applied by management regarding the potential financial impact of the COVID-19 pandemic in respect of the anticipated future cash flows. Further detail is set out in note 3.

INVESTMENTS

Investments in subsidiary undertakings are stated at historical cost, less any provision for impairment. The carrying amounts of the Company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the statement of comprehensive income and reflected in an allowance against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods.

EMPLOYEE BENEFIT TRUST ("EBT")

On June 28, 2011, the Company established the Employee Benefit Trust to operate in conjunction with our JSOP and other incentive arrangements. The beneficiaries of the Employee Benefit Trust are our employees, including former employees, and directors. The Trustee is an independent trustee.

The EBT is accounted for as a legal entity separate from the Company but as a subsidiary of the entity. Any loan from the reporting entity to the trust is accounted for as a loan in accordance with its terms. If the EBT is funded by the Company making an investment in the EBT, then the Company recognises the investment in the subsidiary as an asset.

Transactions with the EBT

During the year ended 30 June 2020, the Company declared and paid a non-recurring, discretionary employee bonus. The EBT, whose beneficiaries are the Company's employees, was holding certain Class A ordinary shares for sale in the event it decided to fund a discretionary cash bonus to the Company's employees. The EBT funded the bonus through sales of the Company's Class A ordinary shares in two tranches: 500,000 shares sold at \$38 in November 2019 and 480,000 shares sold at \$41.75 in May 2020.

From the proceeds, the EBT settled the intercompany balance between Endava plc and the EBT of £2,860,000, paid transaction fees of £24,000 and distributed dividends of £27,872,000 in cash to Endava plc to fund the bonus payment to our employees.



2. STATEMENT OF COMPREHENSIVE INCOME

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own statement of comprehensive income. Endava plc reported a profit for the year ended 30 June 2021 of £17.0 million (2020: £57.8 million).

3. INVESTMENTS

COST AND NET BOOK VALUE	£'000
At 1 July 2020	85,012
Additions	29,916
Impairment	(740)
AT 30 JUNE 2021	114,188

Additions during the year of £29,916,000 comprises £12,425,000 in relation to a capital contribution to Endava Inc. and £17,491,000 in relation to share-based compensation for equity awards granted to participants employed by its subsidiaries.

The carrying amounts of the Company's investments in subsidiaries are reviewed at each reporting date to determine whether there is an indication of impairment. For the Company's investments in subsidiaries, the main indicator of impairment is considered to be when the carrying amount of the investment is higher than the carrying amount of the subsidiary's net assets.

For the year ended 30 June 2021, where indications of impairment were identified, the relevant investments' recoverable amount was calculated, by calculating the value in use of the relevant subsidiary, in accordance with IAS 36 Impairment of Assets. The key assumptions for these calculations are revenue growth rate and discount rates. The growth rates used in the calculations are based on management's expectations of the medium-term performance of the relevant businesses, planned growth market shares, industry forecasts and growth in the market. These calculations used five-year cash flow projections based on financial budgets approved by management and assumed a terminal growth rate thereafter.

The key assumptions used in the assessments for the year ended 30 June 2021 were as follows:

- Growth rate – 10% to 20%
- Discount rate – 12% to 20%

With the exception of the Company's investment in Intuitus Limited, management's calculations indicate value in use substantially in excess of the carrying value of the investments reviewed. Further sensitivity analysis was also performed on the assumptions used, and management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the investments to materially exceed their recoverable amount.



COMPANY FINANCIAL STATEMENTS - NOTES

As a result of the above review, the Company recognised an impairment loss of £740,000 (2020: £2,373,000) related to the investment held in Intuitus, as a result of the negative impact of the COVID-19 pandemic that affected the private-equity space in which Intuitus operates. The private-equity space has shown to gradually recover in 2021 but performance is not yet back to the pre-pandemic levels.

Sensitivity analysis was also performed on the impairment calculations for Intuitus Limited. A reduction in the growth rate of 5% would result in an impairment loss related to the investment held in Intuitus of £2,194,000, and an increase in the discount rate of 1% would result in an impairment loss of £1,672,000.

At 30 June 2021, the Company held interest in the share capital of the following entities:

Subsidiary	Country of incorporation	Key	Class of shares held	Percentage of shares held	Principal activity
Endava Argentina SRL ¹	Argentina	AR1	Ordinary	100%	Provision of IT Services
Endava Australia Pty Ltd ²	Australia	AU1	Ordinary	100%	Provision of IT Services
Comtrade GmbH ³	Austria	AU2	Ordinary	100%	Provision of IT Services
Endava Austria GmbH ²	Austria	AU3	Ordinary	100%	Provision of IT Services
Endava D.O.O. Banja Luka ³	Bosnia and Herzegovina	BO1	Ordinary	100%	Provision of IT Services
Endava D.O.O. Sarajevo ³	Bosnia and Herzegovina	BO2	Ordinary	100%	Provision of IT Services
Endava EOOD ⁴	Bulgaria	BU1	Ordinary	100%	Provision of IT Services
Endava Colombia S.A.S. ⁵	Colombia	CO1	Ordinary	100%	Provision of IT Services
Endava S.A.S.	Colombia	CO2	Ordinary	100%	Provision of IT Services
Pet Minuta d.o.o.	Croatia	CR1	Ordinary	100%	Provision of IT Services
Endava ApS	Denmark	DE1	Ordinary	100%	Provision of IT Services
Endava Berlin GmbH ⁶	Germany	GE1	Ordinary	100%	Provision of IT Services
Endava GmbH	Germany	GE2	Ordinary	100%	Provision of IT Services
Endava Munchen GmbH ³	Germany	GE3	Ordinary	100%	Provision of IT Services
Endava (Ireland) Limited	Ireland	IR1	Ordinary	100%	Provision of IT Services
Endava Digital Services Limited ³	Ireland	IR2	Ordinary	100%	Provision of IT Services
Lvvi Mexico S. de R.L. de C.V. ⁷	Mexico	ME1	Ordinary	100%	Provision of IT Services
ICS Endava SRL	Moldova	MO1	Ordinary	100%	Provision of IT Services
Endava B.V. ⁴	The Netherlands	NE1	Ordinary	100%	Provision of IT Services
Endava Holding B.V. ⁸	The Netherlands	NE1	Ordinary	100%	Holding Company
Endava DOOEL Skopje	North Macedonia	NO1	Ordinary	100%	Provision of IT Services
Endava Romania SRL	Romania	RO1	Ordinary	100%	Provision of IT Services
Endava d.o.o. Beograd	Serbia	SE1	Ordinary	100%	Provision of IT Services
Endava Digital Services d.o.o. ²	Serbia	SE2	Ordinary	100%	Provision of IT Services
Endava Singapore Pte. Ltd ²	Singapore	SI1	Ordinary	100%	Provision of IT Services
Endava Digitalne Resitve d.o.o. ²	Slovenia	SL1	Ordinary	100%	Provision of IT Services
Endava Switzerland GmbH ²	Switzerland	SW1	Ordinary	100%	Provision of IT Services
Endava (Managed Services) Limited ²	UK	UK1	Ordinary	100%	Provision of IT Services
Endava (UK) Limited	UK	UK1	Ordinary	100%	Provision of IT Services



COMPANY FINANCIAL STATEMENTS - NOTES

Endava Limited Guernsey Employee Benefit Trust	UK	UK2	Ordinary	100%	Employee Benefit Trust
Intuitus Limited	UK	UK3	Ordinary	100%	Provision of IT Services
Endava Holdings Inc ⁹	United States	US1	Ordinary	100%	Provision of IT Services
Endava Inc.	United States	US2	Ordinary	100%	Provision of IT Services
Endava LLC ¹⁰	United States	US1	Ordinary	100%	Provision of IT Services
Endava Nearshore Ventures LLC ⁹	United States	US1	Ordinary	100%	Provision of IT Services
Endava USA West ³	United States	US3	Ordinary	100%	Provision of IT Services
Five Minutes Studio, Inc ¹¹	United States	US4	Ordinary	100%	Provision of IT Services
Levvel Digital LLC ¹²	United States	US5	Ordinary	100%	Provision of IT Services
Levvel LLC ¹⁰	United States	US5	Ordinary	100%	Provision of IT Services
Endava Uruguay SRL ¹³	Uruguay	UR1	Ordinary	100%	Provision of IT Services
Endava Vnz S.C.A. ¹⁴	Venezuela	VE1	Ordinary	100%	Provision of IT Services

1. Held by Endava Inc (92.25%) and Endava Holdings Inc (7.75%)
2. Held by Endava (UK) Limited (100%)
3. Held by Endava Digitalne Resitve d.o.o. (100%)
4. Held by Endava Holding B.V. (100%)
5. Held by Endava Holdings Inc (100%)
6. Held by Endava GmbH (100%)
7. Held by Endava (UK) Limited (99.99%) and Endava plc (0.01%)
8. Held by Endava plc (99.8%) and Endava (UK) Limited (0.2%)
9. Held by Endava LLC (100%)
10. Held by Endava Inc (100%)
11. Held by Pet Minuta d.o.o. (100%)
12. Held by Levvel LLC (100%)
13. Held by Endava plc (99%) and Endava Inc (1%)
14. Held by Endava LLC (99.9996%) and Endava Nearshore Ventures LLC (0.0004%)



COMPANY FINANCIAL STATEMENTS - NOTES

Key	Address
AR1	Urquiza 2284, Ground Floor, Rosario, Santa Fe, Argentina
AU1	C/- TMF Corporate Services (AUST) PTY Limited, Level 16 201 Elizabeth Street St, Sydney, NSW 2000, Australia
AU2	Millenium Tower, 23rd floor, Handelskai 94-96, AT-1200 Vienna, Austria
AU3	Hasnerstraße 123, 1160 Wien, Austria
BO1	Ulica I Krajiškog korpusa broj 39, 78000 BANJA LUKA, Bosnia and Herzegovin
BO2	Džemala Bijedića 179, Sarajevo, 71000 Sarajevo, Bosnia and Herzegovina
BU1	8 Racho Dimchev str., Sofia, 1000, Bulgaria
CO1	Carrera 48 A No 15 Sur -84, Medellin, Colombia
CO2	Calle 96 No. 10-38, Edificio BOX, Floors 7-8, 110221, Bogota D.C. Colombia
CR1	Heinzelova ulica 33, 10000 Zagreb, Croatia
DE1	Bredgade 30, Copenhagen, 1260, Denmark
GE1	Platz der Luftbrücke 4-6, 12101 Berlin, Germany
GE2	Eschersheimer Landstraße 14, Frankfurt, 60322, Germany
GE3	c/o Steuerkanzlei Andreas Heckler, Oberföhringer Str. 24 b, 81925 München, Germany
IR1	13-18 City Quay, Dublin 2, Dublin, Ireland
IR2	10 Earlsfort Terrace, Dublin 2, D02T380, Ireland
ME1	Jose Clemente Orozco 335, int. 304, Valle Ote., San Pedro Garza García, Nuevo León, Mexico
MO1	21A Arborilor Street, Chisinau, MD2025, Republic of Moldova
NE1	Stadsplateau 7, 3521 AZ Utrecht, Netherlands
NO1	Kale Building, Ul. 11 Mart Br. 2, Skopje, 1000, Macedonia
RO1	Strada Alexandru Vaida Voievod nr. 51 Etaj 9, Cluj-Napoca, Romania
SE1	9đ, Milutina Milankovića St., Belgrade, 11 070, Serbia
SE2	Savski Nasip 7, 11 070 Novi Beograd, Serbia
SI1	38 Beach Road #29 - 11, South Beach Tower, Singapore 189767
SL1	Letališka cesta 29B, Ljubljana, 1000 Ljubljana, Slovenia
SW1	c/o DD Immo Service Puls GmbH, Baarerstrasse 75 Postfach 2155 Zug, Switzerland
UK1	125 Old Broad Street, London, EC2N 1AR, United Kingdom
UK2	Frances House, Sir William Place, St Peter Port GY1 4HQ, Guernsey
UK3	1a Glenfinlas St, Edinburgh EH3 6AQ, Scotland
US1	11714 North Creek Parkway, Suite 175 Bothell, WA 98011 8260, United States
US2	757 Third Avenue Suite 1900, New York, NY 10017, United States
US3	42840 Christy St, STE 226, Fremont, CA 94538 - California, United States
US4	251 Little Falls Drive, Wilmington, Delaware 19808, United States
US5	101 N. Tryon Street, 15th Floor, Charlotte, NC 28202, United States
UR1	Rio Negro 1338, apto 301, Montevideo, Uruguay
VE1	Torre Parque Avila, Piso 18, Av. Francisco de Miranda, entre la Av. Andrés Bello y Av. 2, Los Palos Grandes, Municipio Chacao, Caracas, Venezuela

DORMANT ENTITIES

Endava (Romania) Limited	UK	Ordinary	100%
Green Mango Software Services Ltd	UK	Ordinary	100%
Testing 4 Finance Ltd	UK	Ordinary	100%
Alpheus Limited	UK	Ordinary	100%



4. DEFERRED TAX ASSETS

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

DEFERRED TAX ASSET 2021	AT 1 JULY 2020	CREDIT / (CHARGE) TO PROFIT AND LOSS	AT 30 JUNE 2021
	£'000	£'000	£'000
Accelerated capital allowances	2	—	2
Tax losses	654	112	766
Other temporary differences	33	14	47
TOTAL	689	126	815

DEFERRED TAX ASSET 2020	AT 1 JULY 2019	CREDIT / (CHARGE) TO PROFIT AND LOSS	AT 30 JUNE 2020
	£'000	£'000	£'000
Accelerated capital allowances	2	—	2
Tax losses	—	654	654
Other temporary differences	26	7	33
TOTAL	28	661	689

All deferred tax movements arise from the origination and reversal of temporary differences. Deferred tax assets are recognised to the extent it is probable that taxable profits will be generated against which those assets can be utilised.

5. TRADE AND OTHER RECEIVABLES

	2021	2020
	£'000	£'000
Amounts owed by group undertakings	67,106	51,726
Prepayments	1,442	1,327
Other debtors	577	103
TOTAL TRADE AND OTHER RECEIVABLES	69,125	53,156

6. TRADE AND OTHER PAYABLES

	2021	2020
	£'000	£'000
Trade payables	284	112
Amounts owed to group undertakings	29,358	11,992
Other taxation and social security	7,599	6,155
Other liabilities	—	2,391
Accruals	2,994	3,201
TOTAL TRADE AND OTHER PAYABLES	40,235	23,851

7. FINANCIAL ASSETS AND LIABILITIES

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

The Company has the following financial assets, all of which are classified and measured at amortised cost:

FINANCIAL ASSETS	2021	2020
	£'000	£'000
Trade and other receivables	69,125	53,156
Cash and cash equivalents	9,790	37,997
TOTAL FINANCIAL ASSETS	78,915	91,153

The accounting policies provide a description of the initial recognition and measurement, and also the subsequent measurement of financial assets.

Financial liabilities

The Group has the following financial liabilities:

FINANCIAL LIABILITIES	2021	2020
	£'000	£'000
Financial liabilities at amortised cost:		
Trade and other payables	40,235	23,851
Financial liabilities at fair value through profit or loss		
Deferred consideration	—	1,937
TOTAL FINANCIAL LIABILITIES	40,235	25,788

The accounting policies provide a description of the initial recognition and measurement, and also the subsequent measurement of financial liabilities.



COMPANY FINANCIAL STATEMENTS - NOTES

Where financial assets and financial liabilities are measured at fair value, their measurement should be classified into the following hierarchy:

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

Deferred consideration has been classified within level 3.

8. SHARE CAPITAL & OTHER RESERVES

SHARE CAPITAL

	2021	2020
	£'000	£'000
AUTHORISED SHARE CAPITAL:		
60,000,000 Ordinary shares of £0.02 each	1,200	1,200

ALLOCATED, CALLED UP AND FULLY PAID:	2021	£'000	2020	£'000
	No.		No.	
Class A ordinary shares	37,841,734	756	28,823,893	577
Class B ordinary shares	17,876,722	358	20,455,733	409
Class C ordinary shares	—	—	5,648,543	113
TOTAL	55,718,456	1,114	54,928,169	1,099

Share capital represents the nominal value of shares that have been issued.

The Company issued 790,287 new shares for the year ended 30 June 2021 (30 June 2020: 502,842) in relation to exercise of options and equity consideration related to acquisitions.

Voting rights, dividends and return of capital

Our Class B ordinary shares have ten votes per share, and our Class A ordinary shares, which are the shares underlying the American Depositary Shares (ADSs), and Class C ordinary shares, prior to their automatic conversion into Class A ordinary shares, each had one vote per share. Any dividend declared by the Company shall be paid on Class A ordinary shares, and the class B ordinary shares (and, prior to the automatic conversion of the Class C ordinary shares, the Class C ordinary shares) pari passu as if they were all shares of the same class.

In the event of the liquidation, dissolution or winding up of the Company, the assets of the Company available for distribution to members shall be distributed amongst all holders of Class A ordinary shares and Class B ordinary shares (and, prior to the automatic conversion of the Class C ordinary shares, any Class C ordinary shares) in proportion to the number of shares held irrespective of the amount paid or credited as paid on any share.

Endava plc



Restrictions

Class B ordinary shares

During the period of one hundred and eighty days commencing on the IPO, no transfers of Class B ordinary shares were permitted other than to a person who is a permitted Class B ordinary transferee or pursuant to the IPO (which for the avoidance of doubt includes sales pursuant to any secondary offering or exercise of any over-allotment option in connection with the IPO).

No transfers of Class B ordinary shares shall be permitted (other than to a person who is a permitted Class B ordinary transferee):

- a. in excess of 25% of the Class B ordinary shareholders holding of Class B ordinary shares (determined as at the IPO) in the period commencing 180 days after the IPO and ending on the date falling 18 months after the IPO;
- b. in excess of 40% of the Class B ordinary shareholders holding of Class B ordinary shares (determined as at the IPO) in the period commencing 180 days after the IPO and ending on the date falling on the third anniversary of the IPO; and
- c. in excess of 60% of the Class B ordinary shareholders holding of Class B ordinary shares (determined as at the IPO) in the period commencing 180 days after the IPO and ending on the fifth anniversary of the IPO.

A Class B ordinary shareholder may, at any time after the fifth anniversary of the IPO, elect at any time to convert any of its Class B ordinary shares into Class A ordinary shares on a one-for-one basis by notice in writing to the Directors.

Class C ordinary shares

During the period of one hundred and eighty days commencing on the IPO, no transfers of Class C ordinary shares were permitted.

The Company and the managing underwriter acting in connection with the IPO executed prior to the IPO, no transfers of Class C ordinary shares shall be permitted (other than in accordance with Article 35.2) in excess of 25% of the Class C ordinary shareholders holding of Class C ordinary shares (determined as at the IPO) in the period commencing 180 days after the IPO and ending on the date falling 18 months after the IPO.

SHARE PREMIUM

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.



OTHER RESERVES

Other components of equity include the following:

- The Merger relief reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in a business combination;
- The Capital redemption reserve was created to maintain the statutory capital maintenance requirements of the Companies Act 2006; and
- Retained earnings include all current and prior period retained profits.

9. RELATED PARTY TRANSACTIONS

The following tables show the transactions between the Parent company and other entities within the Group.

2021 ENDAVA PLC	SALES TO GROUP COMPANIES	PURCHASES FROM GROUP COMPANIES
	£'000	£'000
Endava (UK) Limited	21,944	11,028
Endava (Managed Services) Limited	—	67
ICS Endava SRL	—	393
Endava Romania SRL	(66)	8,441
Endava DOOEL Skopje	—	34
Endava INC	1,125	22
Endava D.O.O. Beograd	1,205	363
Endava B.V.	—	173
Endava S.A.S.	—	1,200
Endava EOOD	—	69
Endava LLC	1,927	—
Endava Argentina	—	755
Endava Colombia Med	—	16
Endava Uruguay	—	23
TOTAL	26,135	22,584



COMPANY FINANCIAL STATEMENTS - NOTES

2020 ENDAVA PLC	SALES TO GROUP COMPANIES	PURCHASES FROM GROUP COMPANIES
	£'000	£'000
Endava (UK) Ltd	17,681	10,522
ICS Endava SRL	88	4,228
Endava Romania SRL	1,944	9,751
Endava GmbH	2	—
Endava DOOEL Skopje	25	(500)
Endava Inc	7	—
Endava d.o.o. Beograd	1,236	142
Endava B.V.	1	225
Endava S.A.S.	17	153
Endava EOOD	21	61
Endava Technology SRL	11	(183)
Endava LLC	955	—
Endava Argentina	—	111
Endava Colombia Med	—	15
Endava Uruguay	—	7
TOTAL	21,988	24,532

The following table shows the interest received/paid by the parent company from/to other entities within the Group.

2021 Endava PLC	INTEREST RECEIVED FROM GROUP COMPANIES	INTEREST PAID TO GROUP COMPANIES
	£'000	£'000
Endava (UK) Limited	796	—
Endava Romania SRL	52	—
Endava Inc	1,098	—
Endava GmbH	937	—
Endava LLC	—	32
TOTAL	2,883	32

2020 Endava PLC	INTEREST RECEIVED FROM GROUP COMPANIES	INTEREST PAID TO GROUP COMPANIES
	£'000	£'000
Endava Inc	932	—
Endava Romania SRL	155	—
Endava GmbH	520	—
Endava LLC	—	130
TOTAL	1,607	130

Endava plc



COMPANY FINANCIAL STATEMENTS - NOTES

The following table shows the dividends received/paid by the parent company from/to other entities within the Group.

2021 ENDAVA PLC	DIVIDENDS RECEIVED FROM GROUP COMPANIES	DIVIDENDS PAID TO GROUP COMPANIES
	£'000	£'000
Endava Romania SRL	15,829	—
ICS Endava SRL	3,577	—
Endava d.o.o. Beograd	2,112	—
Endava (Ireland) Limited	833	—
Intuitus Limited	3,000	—
Endava Holding B.V.	2,358	—
TOTAL	27,709	—

2020 ENDAVA PLC	DIVIDENDS RECEIVED FROM GROUP COMPANIES	DIVIDENDS PAID TO GROUP COMPANIES
	£'000	£'000
Endava Romania SRL	11,171	—
Endava Technology SRL	810	—
Endava (UK) Limited	19,564	—
Endava Holding B.V.	1,770	—
Endava Limited Guernsey Employee Benefit Trust	27,872	—
TOTAL	61,187	—



COMPANY FINANCIAL STATEMENTS - NOTES

The following tables show the balances between the Parent company and other entities within the Group.

2021 ENDAVA PLC	RECEIVABLES FROM GROUP COMPANIES	PAYABLES TO GROUP COMPANIES
	£'000	£'000
Endava (UK) Limited	56,693	21,594
Endava (Managed Services) Limited	1,597	701
ICS Endava SRL	—	170
Endava Romania SRL	1,567	2,175
Endava GmbH	1,080	—
Endava DOOEL Skopje	—	4
Endava INC	2,264	—
Endava D.O.O. Beograd	1,503	53
EBT	—	1,774
Endava B.V.	—	40
Intuitus Limited	245	176
Endava EOOD	—	12
Endava S.A.S.	—	242
Endava LLC	2,157	2,253
Endava Argentina	—	159
Endava Uruguay	—	5
TOTAL	67,106	29,358



COMPANY FINANCIAL STATEMENTS - NOTES

2020 ENDAVA PLC	RECEIVABLES FROM GROUP COMPANIES £'000	PAYABLES TO GROUP COMPANIES £'000
Endava (UK) Ltd	30,741	4,159
Endava (Managed Services) Ltd	1,171	—
ICS Endava SRL	—	679
Endava Romania SRL	1,632	2,029
Endava GmbH	1,004	—
Endava DOOEL Skopje	—	14
Endava Inc.	13,968	—
Endava d.o.o. Beograd	2,208	18
Endava Limited Guernsey Employee Benefit Trust	47	278
Endava B.V.	—	53
Endava Holding B.V.	—	914
Endava EOOD	—	7
Endava S.A.S.	—	153
Endava LLC	955	3,558
Endava Argentina	—	112
Endava Colombia Med	—	11
Endava Uruguay	—	7
TOTAL	51,726	11,992

10. CASH FLOW ADJUSTMENTS AND CHANGES IN WORKING CAPITAL

	2021 £'000	2020 £'000
ADJUSTMENTS		
Interest expense	895	939
Interest income	(2,884)	(1,986)
Disposal of subsidiary	—	(3,506)
Dividend income	(27,709)	(61,187)
Discount unwind for deferred consideration	—	49
Foreign exchange loss/(gain)	7,684	(3,822)
Impairment of investment in subsidiaries	740	2,373
TOTAL ADJUSTMENTS	(21,274)	(67,140)



COMPANY FINANCIAL STATEMENTS - NOTES

	2021	2020
	£'000	£'000
NET CHANGES IN WORKING CAPITAL		
Increase in trade and other receivables	(18,284)	(19,199)
(Decrease)/increase in trade and other payables	14,415	(4,479)
TOTAL CHANGES IN WORKING CAPITAL	(3,869)	(23,678)

NON-CASH CHANGES ARISING FROM FINANCING ACTIVITIES

BORROWINGS	BEGINNING OF THE YEAR	PROCEEDS FROM BORROWINGS	REPAYMENT OF BORROWINGS	NON-CASH FOREIGN EXCHANGE	NON CASH OTHER	END OF THE YEAR
	£'000	£'000	£'000	£'000	£'000	£'000
2020	—	—	—	—	—	—
2021	—	—	—	—	—	—

11. CORPORATION TAX RECEIVABLE

The corporation tax receivable of £2,071,000 (2020: £300,000) relates predominantly to payments due from other UK companies in the group for losses surrendered for group relief.

12. OTHER ASSETS

Other assets relate to intercompany loans to various subsidiaries, as detailed below.

	2021	2020
	£'000	£'000
Endava Inc	51,254	25,323
Endava GmbH	18,130	21,009
Endava (UK) Limited	8,381	—
Endava S.A.S	2,099	112
TOTAL	79,864	46,444

Amounts owed by Endava Inc relate to an interest bearing intercompany loan of £51,254,000 (2020: £25,323,000). This is a 10-year loan which matures in December 2027 and bears interest at a rate of 12 month USD LIBOR plus variable margin (0.8% - 1.4%).

Amounts owed by Endava GmbH relate to an interest bearing intercompany loan of £18,130,000 (2020: £21,009,000). This is a 5-year loan which matures in December 2024 and bears interest at a fixed rate of 4.64%.

Amounts owed by Endava (UK) Limited relate to an interest bearing intercompany loan of £8,381,000 (2020: £nil). This is a 5-year loan which matures in July 2025 and bears interest at a fixed rate of 3.75% per annum.

Amounts owed by Endava S.A.S. relate to a non-interest bearing intercompany loan of £2,099,000 (2020: £112,000). This is a 1-year loan which matures in January 2022, with rollover of the loan permissible at the discretion of Endava plc.