Big Technologies PLC

Annual Report and Accounts 2022

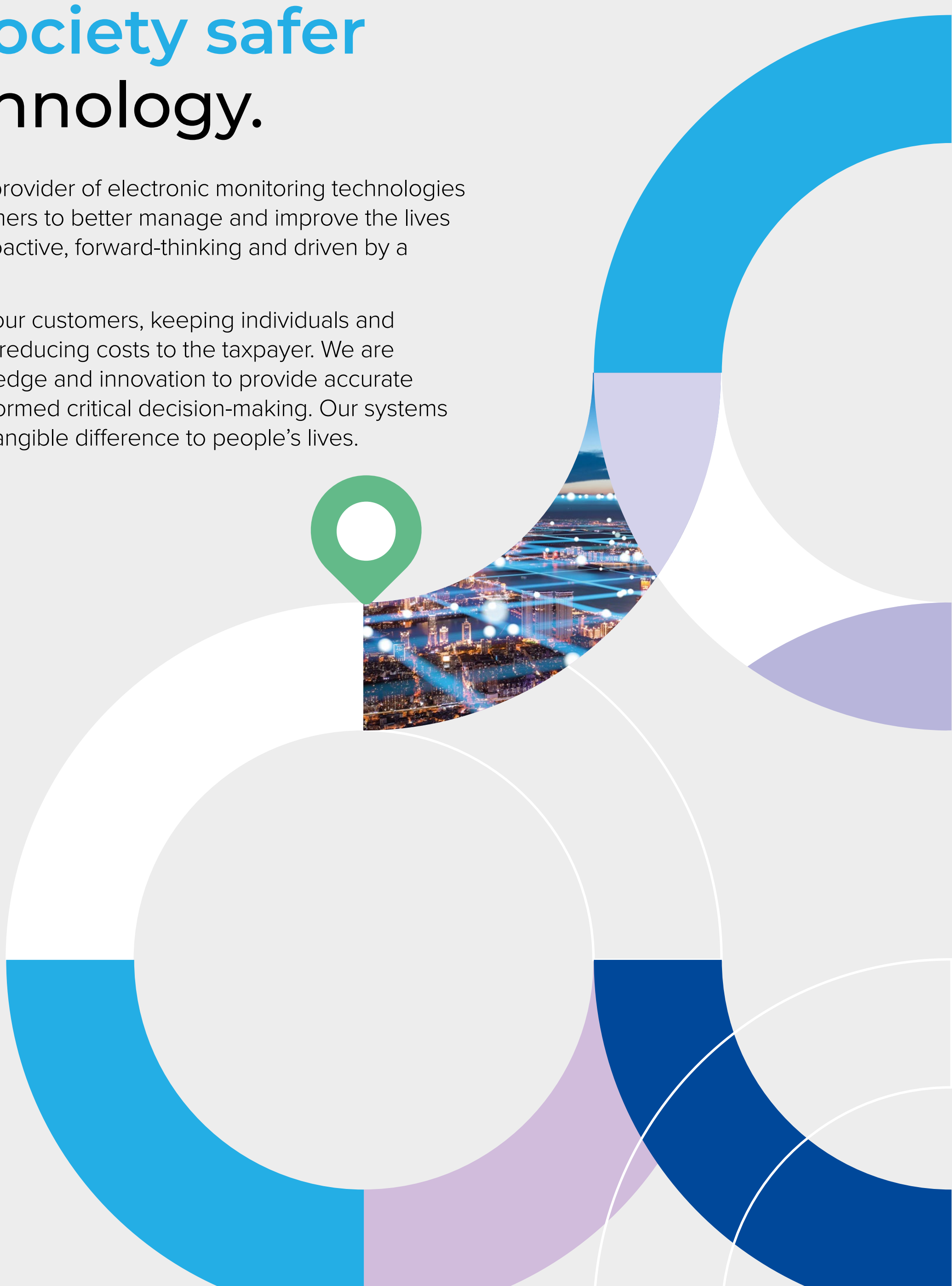
Making society safer

WELCOME

Big Technologies delivers innovative remote people monitoring solutions to improve people's quality of life. We are committed to making society safer through technology.

Our mission is to be the most trusted provider of electronic monitoring technologies and services, which enable our customers to better manage and improve the lives of the people they monitor. We are proactive, forward-thinking and driven by a desire to serve society.

We build long-term relationships with our customers, keeping individuals and communities safe, whilst considerably reducing costs to the taxpayer. We are experts in our field and use our knowledge and innovation to provide accurate and real-time information, enabling informed critical decision-making. Our systems are trusted the world over to make a tangible difference to people's lives.



buddi

We proudly design and manufacture all our products in the UK.

Financial highlights

Revenue
£50.2m

2022	£50.2m
2021	£37.6m
2020	£29.6m

Adjusted Operating Profit
£27.1m

2022	£27.1m
2021	£17.9m
2020	£13.5m

Adjusted Operating Cash Flow
£25.7m

2022	£25.7m
2021	£18.2m
2020	£16.8m

Adjusted EBITDA
£30.5m

2022	£30.5m
2021	£20.6m
2020	£15.7m

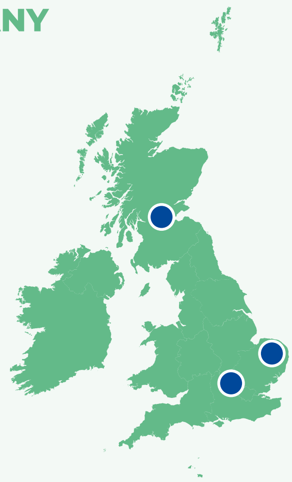
Read more on pages 22 and 23

A BRITISH TECH COMPANY

Big Technologies is a British technology company with a global customer base.

We are proud to design, develop and manufacture all of our products in the UK and we operate in more than a dozen countries spanning four continents. We employ colleagues in the UK, USA, Colombia, Australia and New Zealand.

Read more on our manufacturing on pages 14 and 15



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Find out more on our website
www.bigtechnologies.co.uk

THE QUEEN'S AWARDS FOR ENTERPRISE: INTERNATIONAL TRADE 2020

AT A GLANCE

Providing state-of-the-art electronic monitoring solutions

Who we are

Big Technologies is a proven supplier of innovative and high-quality products and services to the offender and remote personal monitoring markets. Big Technologies provides products and services under a number of brand and trading names, with 'Buddi' being the most well-known and being used in respect of activities within the core criminal justice and remote care markets.

Our main markets

Criminal justice

Our solution consists of a proprietary cloud-based monitoring software platform (Buddi Eagle) with modular hardware (Buddi Smart Tag family). The solution allows for the real-time monitoring of individuals with high levels of accuracy and reliability. Electronic monitoring facilitates the shift from incarceration to rehabilitative community-based sentencing.

Remote care

Our care solution consists of a wristband that provides automatic fall-detection, emergency alert, location monitoring and 24/7 customer support for vulnerable members of our society. Our products are used by individuals and local authorities to provide protection for vulnerable people from falls and as an enabler to independent living.

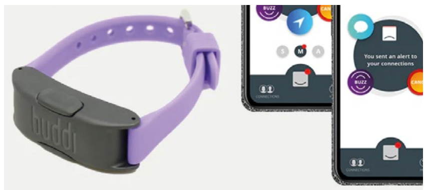
A selection of our products

Buddi Smart Tag

The Buddi Smart Tag is an intelligent, one-piece secure ankle tag that integrates multiple technologies to deliver accurate minute-by-minute location information with extended battery life. The device is smaller and lighter than competitors' products and provides a number of functional benefits.

Buddi Clip and Wristband Set

The Buddi Connect Wristband pairs with the Buddi Connect smartphone application. The Buddi Connect app allows users to add connections who will be notified of an alert and message wearers directly through the app. The Buddi Clip & Wristband is an alternative for those who do not have a smartphone.



Buddi Secure Band

The Buddi Secure Band is a wrist-worn device for home curfew applications and uses RF technology to give a long battery life of more than 24 months.

100+
government contracts

17+
years of monitoring experience

12+
countries

4
continents

> GPS tagging is an invaluable tool which uses technology to encourage offenders to comply with their restrictions, deterring them from further offending and better protecting victims. The scheme also helps us to have open and transparent conversations about an offender's lifestyle and behaviour which contributes to more effective engagement and robust risk management.

Probation Officer
for the London Mayor's Office for Policing and Crime

INNOVATION

Technology and ongoing innovation are central to our business. They underpin our strategy and the development of our products. Developing innovative technologies to make society safer is a key part of the work we do.

Since our business was founded, we have spent more than £50 million* developing our technology. We have developed a leading, integrated technology platform for the remote monitoring of individuals in the criminal justice and remote care sectors.

Read more on pages 14 and 15

* Defined as cumulative historic adjusted administrative expenses of Buddi Limited.

CHAIR'S STATEMENT

A year of strong growth and profitability

I am pleased to introduce our 2022 annual report. Following on from our strong set of results for the first half of the year, the business has continued to grow revenues and profits and has delivered a full year of excellent financial and strategic performance against a backdrop of challenging global macroeconomic conditions.

Overall results for the financial year showed revenue growth of 33% to £50.2m and adjusted EBITDA growth of 48% to £30.5m.

The business is well positioned with the scale and financial flexibility to continue investing in its growth.

Strategy

We will continue to pursue a growth strategy focused on the criminal justice sector, expanding both the scope of activities with existing customers and entering new geographic markets.

We were officially awarded an eight-year national monitoring contract with the New Zealand Department of Corrections in November 2021 and I am pleased to announce that the contract is now fully operational and is delivering revenue at its full run-rate.

We believe that by continuing to deliver high levels of service quality and customer satisfaction we will continue to increase our market share across the globe. Our approach ensures high levels of customer retention and provides us with important reference customers who serve to enhance our reputation in the criminal justice market.

The strength of our technological offering, as compared to our competitors, has been a major factor in our success to date. In the coming year we plan to launch enhanced products with substance monitoring technologies. We have recently started field trials and received positive feedback from potential customers.

"Big Technologies has continued its momentum this year with a comprehensive growth strategy and a market-leading remote monitoring solution, resulting in contract wins.

People
On behalf of the Board, I would like to take the opportunity to thank all our colleagues around the world for their continued hard work and dedication over a very busy year. At its heart, Big Technologies is a people business and it is the contribution and performance of our talented entrepreneurial workforce that underpins our continuing success and achievements.

Board composition and governance
I am delighted to report the appointment during the year of Alexander Brennan as a Non-Executive Director. He brings a wealth of business development experience in international markets and his appointment means we now have three independent Non-Executive Directors working alongside our executive team.

I am pleased to also announce that Charles Lewinton, our Chief Technology Officer and Executive Board member has been promoted to the role of Chief Operating Officer with effect from 1 January 2023. Charles has been instrumental in delivering the Group's technology strategy for many years and retains full responsibility for this whilst taking on additional operational duties. I wish him every success in his new and expanded role.

The Board is united in its view that robust corporate governance and risk management are essential to maintaining the stability and growth of the Group and its financial health. I am pleased to confirm that Big Technologies is in compliance with the Quoted Companies Alliance ('QCA') Code as required under the AIM Rules for Companies.

Social responsibility
Our products and technology deliver benefits for society across the globe. We are a market-leader in electronic monitoring solutions which are designed to improve people's quality of life. In the criminal justice sector our products facilitate a shift towards rehabilitative community-based sentencing which reduces recidivism and keeps communities safer. In the care sector our technology helps people live happier, healthier and more independent lives.

Not all governments and their criminal justice systems respect human rights. We work hard to ensure that our products and services are available only to customers that operate with appropriate legal and ethical systems. In determining this we seek guidance from a wide range of sources and analysis.

We are proud that our products make a difference to society and will ensure that we maintain the highest standards of compliance in the markets in which we operate.

Looking to the future
Despite significant global macroeconomic challenges impacting many businesses, we have started the new financial year well and the Board remains confident of continued growth and strong cash generation for the year ahead.

Simon Collins
Non-Executive Chair

28 March 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG')

The Group is a market-leader for innovation in remote monitoring solutions and our products are driving societal benefits across the globe.

Our ESG initiatives are focused on the following areas:

1) Supporting customers to make a positive ESG impact
2) Environmental sustainability
3) Taking care of our people
4) Meeting the expectations of stakeholders.

Read more on page 18

Q&A WITH OUR CEO

Sara Murray OBE founded Buddi in 2005 and is the Chief Executive Officer of Big Technologies.

Q: Where is Big Technologies based?

A: We are a British company with our headquarters, manufacturing and research and development activities based in the UK where we have facilities in Rickmansworth, Norwich and Stirling. Our products and services are provided to customers across the globe. We are very proud to have employees in the UK, USA, Colombia, Australia and New Zealand.

Q: How would you summarise the past year for Big Technologies?

A: After our successful IPO in July 2021, we have had another busy year in 2022, continuing to grow our international footprint and the number of electronic monitoring devices we deploy to customers across the globe. This growth has translated into a strong set of financial results for the year. We secured new business and completed the successful implementation of a significant national monitoring contract in New Zealand and received positive feedback from the customer. This feedback is a testament to the strength of our technology solutions and the quality and commitment of our people.

Q: What are the current priorities for the Group?

A: Our number one priority is continuing to support our customers by delivering innovative remote people monitoring solutions to improve people's quality of life. We remain committed to providing our existing customers with a market-leading solution to help make the communities they serve safer for all.

We design, develop and manufacture all of our products in the UK giving us control over manufacturing processes and output quality. It's important that we have the manufacturing capacity to support our customer base and future growth aspirations. During the year we invested in new premises in Norwich, giving us confidence that we can meet the growing demand for our products over the coming years.

Q: How has the Group dealt with supply chain challenges?

A: Global supply chains have been challenging for a while now, and it may be some time before a return to complete normality is seen. The business has an experienced procurement department, with well-established supply chains and our staff maintain close long-term relationships with our key suppliers.

In 2022 we have been proactive in our sourcing of critical electronic components and have selectively invested in certain long lead-time inventory to reduce the risk of delays and to ensure we can continue supporting both new and existing customers in 2023.

Q: How has the Group responded to the current inflationary environment?

A: We work hard to manage cost inflation so we can continue to deliver value to customers whilst protecting our profit margins. While we have seen some inflationary pressures on our supply chains and wider cost base (including salary inflation as we support our colleagues to deal with the rising cost of living), our financial strength and lean operating model mean additional profits earned on incremental revenue have been able to offset these increases and we have continued to grow our margins.

We do expect inflationary pressures to ease over the next 12 months.

Q: Why is innovation important to Big Technologies?

A: We are a disruptor and have established ourselves as a market leader for the remote monitoring of people across the globe. Our technology has been designed to address some of the legacy issues with our competitors' products due to a lack of innovation over many years. Ongoing innovation is central to our business strategy and we invest continuously in iterative research and product development to protect and enhance our market-leading position.

Q: How is Big Technologies different from its competitors?

A: The 'Big' in Big Technologies stands for Buddi Innovation Group. The key difference between us and our competitors is that we are constantly innovating. Our innovation cuts across all of our activities; the technical capability of our product; the user-friendly features in our software; our approach to data security; our early adoption of cloud-based infrastructure solutions; and how we work with our customers to provide an electronic monitoring solution that meets their needs.

Q: What is your outlook and expectations for 2023?

A: After a strong set of financial results in 2022, we have seen this momentum continue and I am pleased with the start we have made to 2023. The business remains well positioned to continue making progress in our core markets, in particular the criminal justice sector. We continue to place emphasis on R&D and have a number of products in the final stages of development which we are currently trialing with a small cohort of customers. We hope to release these new products across our wider customer base in the second half of 2023. In summary, we expect 2023 to be another year of growth with both existing and new customers.

Q: Where do you see the business in five years from now?

A: I think that there will continue to be plenty of growth opportunities in our core markets of criminal justice and remote care. We will continue to innovate our products and hope to be successful in winning new long-term contracts with government customers to help them manage complex issues such as offender rehabilitation, immigration control and domestic violence.

In five years' time we hope to be the market-leader in terms of scale and technology and to have grown our global presence significantly. We have a very small share in certain large markets for electronic monitoring (e.g. the US market) and we are confident that we can increase our share over time.

“In five years’ time we hope to be the market-leader in terms of scale and technology and to have grown our global presence significantly.

Sara Murray OBE
Chief Executive Officer

WHY INVEST?

Big Technologies has created a leading, integrated technology platform for remote monitoring of individuals on a SaaS-like subscription basis.

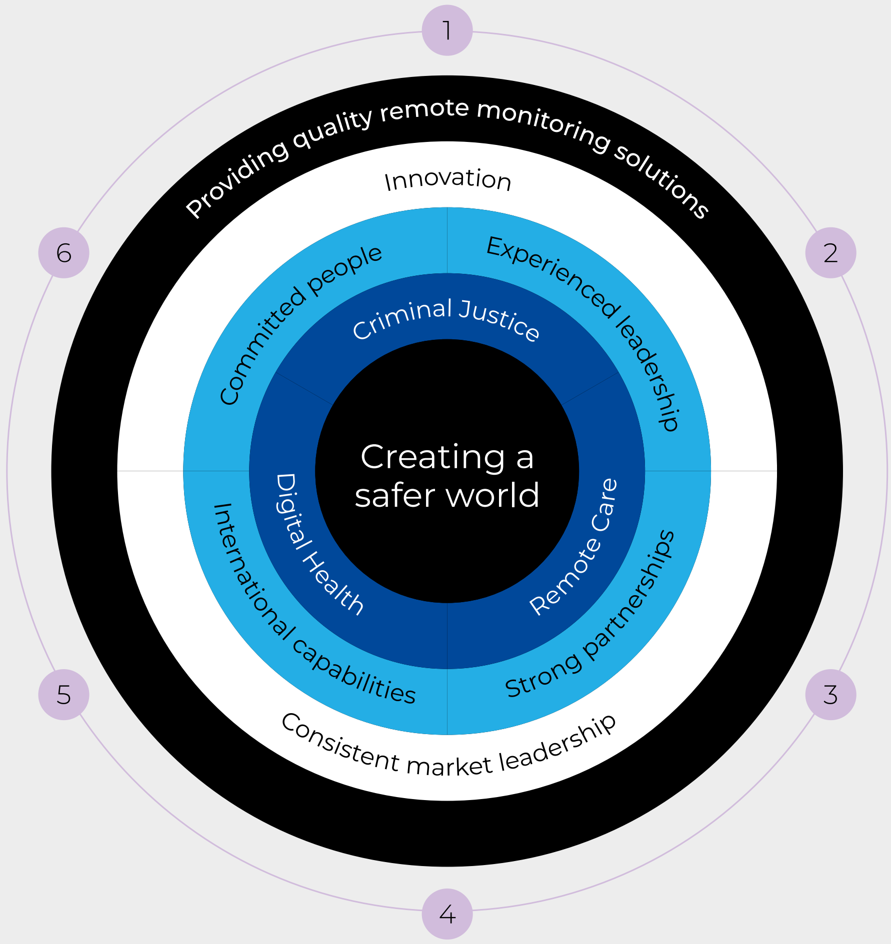
With a proven track-record of delivering revenue and profit growth, our strong balance sheet will enable us to invest for future growth and continue to deliver long-term value for our stakeholders.

- We are a leader in innovation and product design with technology that has been iteratively developed over many years to provide a solution that offers many advantages over our competitors. Our solution is lighter, smaller, easier to install, has a longer battery life and offers a substantial reduction in false alerts vs competitor systems.
- The markets in which we operate are set for expansion. In criminal justice, electronic monitoring offers a viable and lower-cost alternative to custody, where costs of incarceration are increasing and prisons becoming significantly over-crowded. In remote care, an ageing population presents the opportunity to use technology to improve the efficiency of emergency care for the elderly.
- We continue to grow revenues and profits while consistently generating cash. We know the value of our solutions to our customers, and do not compete for increased volume with lower pricing. Our customers value having a strong and well-capitalised partner that has the resources to invest in continued innovation and product development.
- Our multi-year contracts give excellent revenue visibility and allow us to become a partner to our customers. This allows us to truly understand their challenges and to develop new technological solutions that they value. We are committed to sharing new technologies with our customers, ensuring that they have our latest products throughout our partnerships with them.

BUSINESS MODEL

How we create value over the long-term

Our business offering



Markets

Income

1

Electronic monitoring – criminal justice and healthcare

The majority of our revenue originates from the criminal justice market which is a global market. We also generate revenue from the remote care market, predominately active in the UK care market with our Buddi personal fall alarm wristband.

2

Recurring income per active device

The Group leases software and electronic monitoring devices to customers on a SaaS-like basis, typically on a daily or monthly rate. We have tens of thousands of devices generating revenue every day, all over the world.

3

Tailored pricing model

Pricing depends on services offered and customer end-market. Custom services include 24/7 monitoring, field support for hardware fitting and removal and other enhancements (e.g. dedicated back-up infrastructure, initial system set-up, inventory management, expert witness services). The Eagle system records device location and usage and charges the customer for any lost and damaged equipment.

4

Diverse long-term income stream

The Group's long-term contracts provide a high level of future revenue visibility. The ten largest customers account for more than 80% of total revenues and we have more than 230 active customers as at the end of 2022. We have the opportunity to grow our number of devices with existing customers and to offer them additional services as new technology and features are introduced.

Costs

5

Highly scalable cost base to drive higher profit margins

The Group has a highly scalable business model which delivers a high level of incremental margin as new customers are added. Our largest costs relate to our people who develop the technology and provide support services to certain customers from the UK and in the local market. All of our products are capitalised and depreciated over two years, which is considered to be their useful life. Other major costs include communications costs, hosting costs and research and development activities.

Technology

6

Intelligent tags and software use multiple technologies to deliver accurate real time information

The Group has more than 30 employees active in research and development with many years of experience in the electronic monitoring field. We have focused on introducing features that provide us with a competitive advantage including alert reduction, automatic switching between communication methods, on-body wireless charging and device tamper prevention. The team continues to support existing products and has a number of exciting new technological advances under development.

Our markets

A significant market opportunity ahead. The Group has a strong position and is underpenetrated in large addressable markets.

Criminal justice

We provide a market-leading hardware and software solution for the remote monitoring of individuals across the globe. The market for remote monitoring solutions within the criminal justice sector has a number of favourable tailwinds driving uptake. Prison overcrowding, high and rising incarceration costs, tighter government budget constraints and a general shift to rehabilitative community-based sentencing for minor offences all contribute towards this trend. Most recently, the additional challenge presented by Covid-19 has led to additional demand to manage individuals safely and robustly in communities as opposed to secure establishments. There are a range of estimates as to the size of the total addressable market, but we conservatively estimate that the size of the worldwide criminal justice market is in excess of £2 billion. The electronic monitoring market for criminal justice is forecast to grow at 12% per annum to 2025, providing further opportunities for the Group to explore.

The Directors consider Big Technologies to be the major disrupter in the criminal justice market, providing a premium offering compared to competitors. The Group's platform and products have been designed to address some of the legacy issues in the market that include inaccuracies and inefficiencies largely due to the lack of innovation and out-of-date technologies being used.

£5bn

Addressable markets

+12%

Forecasted annual market growth in criminal justice

Healthcare

The Group has already invested in discretionary use of remote monitoring solutions in the remote care market, but given the traction gained in the criminal justice sector, we have not yet committed significant resources to fully exploit this market.

The remote care sector, in particular the personal emergency response market for vulnerable people, provides an opportunity for growth, with an estimated £3 billion addressable UK market for digital health. In addition, it is estimated that £850 million is being spent on care calls by UK local authorities, providing a 15 minute 'check-up' on predominantly elderly individuals living alone to ensure they have not suffered a fall or require emergency care. UK statistics show that one in three adults over the age of 65 will fall each year, which with ageing populations and around 25% of all adults expected to be over 65 by 2034, has resulted in over 3 million falls recorded each year.

The Buddi personal care wristband detects falls, locates the individual and alerts designated contacts or a 24/7 call centre.

STRATEGY

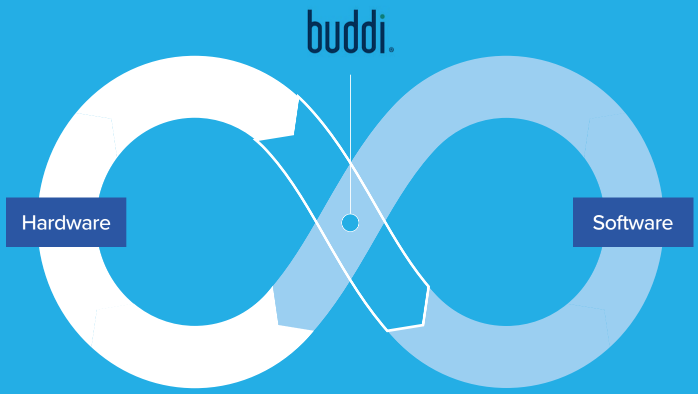
Protecting and enhancing our market-leading position

What we do

We use our expertise in electronic monitoring to provide a market-leading hardware and software solution for the remote monitoring of individuals across the globe.

We have developed a leading, integrated technology platform (including both hardware and software solutions) for remote monitoring of individuals, providing state-of-the-art electronic monitoring solutions on a SaaS-like, subscription basis. Our technology is highly flexible, and the core remote monitoring technologies are deployed into the large markets of criminal justice and remote care.

Seamless hardware & software integration resulting in a best-in-class solution



delivered through a leasing model

providing multiple solutions within a single package

configured remotely to suit customer requirements

... providing actionable data 24/7

What makes us different

We are a disruptor in the criminal justice market.

Our platform and products have been designed to address some of the legacy issues in the market that include inaccuracies and inefficiencies largely due to the lack of innovation and out-of-date technologies being used. The numbers below show comparable metrics for Big Technologies against an average of competitor products in its field:

1/3 weight of comparable products

7 day battery life

<30 seconds to install

128 bit encryption

2G/3G/4G networks

Location mapping

Patented mapping reports and intelligent data analytics

Inclusion zones

Automatically specify defined areas of a map to restrict activity

Live monitoring

Increased GPS transmission frequency to provide live locations

Exclusion zones

Specify defined areas of a map to restrict activity

Battery optimisation

Ability to extend battery life to over seven days

Read more on page 15

How we benefit society

Alternatives to incarceration

Decreased prison spend

Society reintegration

Taxpayer savings

Reduced recidivism

Decreased prison population

Fewer lifetime incarcerations

How we protect and enhance our route to market

- Government customers demand a reliable technical solution from an established supplier
- Technical requirements result in high barriers to entry
- Buddi enjoys long-term relationships with its customers as a result of our high levels of service and technological edge.

3-36 months

Positive secondary references resulting in invitations to competitive tender

Bid developed and submitted

Contract win

3-12 months

Contract implementation

3-5 years

High levels of revenue visibility and cash generation

Long-term value creation with the ability to expand offering to adjacent markets and introduce new technologies to the customer

DEVELOPING OUR PORTFOLIO OF INNOVATIVE SOLUTIONS

We are **market-leaders** in remote monitoring solutions, **creating a safer world** for people to live in and **delivering societal benefits to all**.

Research and Development

We adopt a comprehensive iterative approach to R&D through our in-house team of engineers, software developers and researchers. Our R&D team are busy developing a new pipeline of next-generation products to protect and enhance our market-leading position.

Innovation

As a disruptor in our sector, ongoing innovation is central to our business strategy and positions us well to take full advantage of future growth opportunities.

WELL-POSITIONED FOR FUTURE GROWTH OPPORTUNITIES

1. Organic growth in criminal justice

The market for remote monitoring solutions within the criminal justice sector has a number of favourable tailwinds driving uptake. Prison overcrowding, high and rising incarceration costs, tighter government budget constraints and a general shift to rehabilitative community-based sentencing for minor offences all contribute towards this trend.

We will focus on expanding the volume of active tags within existing contracts to meet the growing demands of our customers. We will continue to grow our market share by leveraging recent contract wins and positive secondary referencing to extend our geographic reach and open the door to new large national and regional contracts for which there is a continuous pipeline of opportunities.

2. Expand and enhance product range

Our intellectual property, technical expertise and the strength of our product offering differentiate us from our competitors and have underpinned our success to date. We continue to invest in research and development to protect and enhance our market-leading position and to ensure we offer our customers new and innovative solutions to meet their changing needs.

3. Acquisitive growth

Given our financial strength and lean operating model we believe that selective value-enhancing acquisitions would complement our growth strategy and generate long-term value for shareholders. Acquisitions of competitors in certain fragmented markets could help us increase our global footprint and scale significantly faster than more time-intensive individual tenders.

4. New markets for remote monitoring

We have developed a flexible platform that simplifies the entry into new markets outside of the core criminal justice sector. We have already invested in discretionary use of remote monitoring solutions in both the health and care markets but have not yet committed significant resource to fully exploit opportunities which exist.

DEVELOPING OUR PORTFOLIO OF INNOVATIVE SOLUTIONS CONTINUED

Technology and ongoing innovation are central to our business, they underpin our strategy and the development of our products. Developing innovative technologies to make society safer is a key part of the work we do.

A comprehensive approach to research and development

Since our business was founded, we have spent more than £50 million* developing our technology.

We have developed a leading, integrated technology platform for the remote monitoring of individuals in the criminal justice and care sectors. While our business focuses on meeting the needs of our customers today, our R&D team are busy planning ahead and developing a new pipeline of next-generation products for the future. We structure our R&D activities around our business and product strategy, ensuring a clear focus for our R&D colleagues and ensuring protection of our intellectual property through patents and trademarks.

The right skills

Through our own skills and those of our partners which include universities, research labs and industry-specific organisations, we're able to protect and enhance our market-leading position in the remote monitoring sector. We have a dedicated in-house UK-based R&D team, led by our COO, Charles, which includes the diverse perspective and skills of more than 30 full-time engineers, software developers and researchers. Our innovation strategy also relies on trusted partnerships across academia and industry-specific organisations. These partnerships give us unique opportunities for collaboration with other technology leaders, while fostering a continuous learning environment for our own engineers.

British precision manufacturing

We design, develop and manufacture all of our market-leading products in the UK, supporting employment in the country's important manufacturing sector and giving us control over manufacturing processes and output quality. With ISO 9001 accreditation driving our processes, state-of-the-art machinery and the latest manufacturing technologies, we ensure that all of our products are produced to the highest standards.

During the year we have invested in additional manufacturing premises in Norwich to ensure we have the capacity and manufacturing capabilities to support the growing demand for our products around the world.

Outsourced manufacturing of key elements of our products is also undertaken in the UK so that we have control over quality and to ensure a fast turnaround time for our customers.

* Defined as cumulative historic adjusted administrative expenses of Buddi Limited.

The Buddi Smart Tag

Our Buddi solution for offender management and rehabilitation provides high quality remote personal monitoring for the criminal justice sector to help control and rehabilitate offenders and offer protection to local communities.

Dimensions (mm)

53 x 93 x 22

Weight (tag)

68g

Weight (with strap)

116g

Recharge time

90 minutes

Time to install

30 seconds

Datapoints reported per hour

240

The Buddi Smart Tag is an intelligent, one-piece secure ankle tag that integrates multiple technologies to deliver accurate minute-by-minute location information with extended battery life. The device is smaller and lighter than competitors' products and provides a number of functional benefits.

One crucial functional benefit over most of the Group's competitors' products is that the Buddi Smart Tag has tamper-proof features, with a hard to cut strap containing fibre optics, where any attempt to remove the device would notify the monitoring centre. Upon alert of an attempt to remove the device, the relevant authority would then be able to dispatch an officer to the precise location. The Buddi Smart Tag is in its fourth major iteration, having been first introduced to the market in 2012.

Key features of the Buddi Smart Tag include:

- Intelligent location method switching – to deliver the most accurate location and to extend battery life
- Small, lightweight and ergonomic design – to make the device more comfortable to wear and discourage prohibited removal
- Location mapping and zone creation – to allow intelligent analysis of locations and behaviour and to specify permitted and prohibited locations which can contribute to positive changes in behaviour.

CERTIFIED ISO 9001:2015 COMPANY

CYBER ESSENTIALS CERTIFIED PLUS

MADE IN BRITAIN

Information Security Management ISO 27001 Certified

SECTION 172 STATEMENT AND STAKEHOLDER ENGAGEMENT

Committed to engaging with our stakeholders

Continued support from shareholders is crucial to our long-term success. In return for their support, we aim to create value by increasing the performance of the Group and providing sustainable returns.

Section 172 Statement

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders.

In doing so, the director must have regard, amongst other matters, to the following issues:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers/customers and others;
- impact of the company's operations on the community and environment;
- the company's reputation for high standards of business conduct; and
- need to act fairly between members of the company.

The Directors remain committed to engaging with the Group's stakeholders and considering their interests when making key strategic decisions. The Board considers its key stakeholders to be its shareholders, its employees, its customers, its suppliers and the communities in which the Group operates.

How the Group fulfilled its S172 duties

"I asked my grandfather to start wearing a Buddi two years ago – he is 95, lives alone and is fiercely independent. Last week it saved his life. Buddi doesn't just give him confidence; it gives all of us confidence.

Grandson of Buddi user

Customers

The Group has a global customer base, primarily serving authorities who control criminal justice and correctional facilities and systems at a national or localised level. The Group has established an enviable reputation for delivering an industry-leading remote people monitoring platform to our customers, and we work hard to ensure this reputation is protected. As well as ongoing investment in our products through research and development activities, the Group provides 24/7 support to our global customers through our experienced customer services team who provide specialist help, guidance and technical support. Our largest customers also have a dedicated account manager who acts as the primary point of contract and is responsible for all aspects of service delivery.

Understanding our customers underpins the success of our business. The Group operates with a 'customer first' mindset and conducts regular customer satisfaction and feedback surveys to ensure its reputation for providing the highest standards of customer service continues.

The Group strives to maintain the highest standards of ethical integrity and expects the same of its customers. We choose to partner with governments and organisations that share our core values of driving wider societal benefits and improving the lives of others.

Investors

The Company's investor relations are managed by the Chief Executive Officer and Chief Financial Officer with the support and assistance of the Company's nominated adviser, Zeus Capital Limited. The Company maintains regular contact with major shareholders to communicate the Group's objectives.

The Board is committed to communicating openly with shareholders to ensure that its strategy and performance are clearly understood; this is achieved through the Annual Report and the Interim Statement, trading and other announcements made on RNS and at the Annual General Meeting, where the Board encourages investors to participate.

Following the announcement of the Group's half year and full year results the Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders, private client brokers and investment analysts.

The Group also maintains a website (www.bigtechnologies.co.uk) which contains information on the Group's businesses, corporate information and specific disclosures required under AIM Rules and the QCA Code. It contains up-to-date information for shareholders, which includes the Annual Report and Accounts since its admission to AIM, a link to current share price information, and all announcements released via RNS. The website also contains factual data on the Group's businesses, products and services and links to press releases.

The Group discloses contact details on its website and on all announcements released via RNS. In addition, investor relations queries may be routed via the Group's nominated adviser.

The Group's Executives and Non-Executives are given regular updates as to the views of institutional shareholders and changes to significant shareholdings through research carried out by the Group's nominated adviser.

The Non-Executive Chair and independent Non-Executive Directors will also attend meetings with investors and analysts as required, in addition to being available at the Group's AGM to discuss any matter that shareholders might wish to raise. Formal feedback from shareholder meetings is also provided by the Group's nominated adviser and discussion of these meetings and feedback is a standard item on the Board's agenda. AGMs can be called with 21 clear days' notice in accordance with the Company's Articles; for general meetings, other than AGMs, the Board will continue, in ordinary circumstances, to provide as much notice as possible and certainly no less than 14 working days.

Employees

With around 300 employees and contractors across the globe, the engagement and commitment of our people is key to the Group's resilience and continuing success. A key to the Group's success has been the quality of its teams across the globe. Big Technologies aims to attract, retain and develop the very best talent, to ensure the quality bar of the business is continually raised. The Directors, alongside our senior management team, work hard to provide a collaborative and empowering working environment – we invest in our employees from the outset, working with them to achieve their ambitions and to grow within the business. As a result of this, our levels of staff turnover remained extremely low during the year.

Supply chains

Our supply chains are an integral part of our business and effective engagement with our suppliers is an essential element of our ability to perform. The Group maintains long-term relationships with key suppliers and other business partners, including its professional advisers. Our suppliers provide a range of parts and services. The smooth functioning of our business depends upon the performance of those suppliers and as such regular engagement ensures that we can maintain good relationships, and that the business, and its customers, are not exposed to unnecessary risks. The Group ensures that all suppliers are paid promptly and in accordance with agreed terms and conditions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG') REPORT

Our responsible business

At Big Technologies, the Board has overall responsibility for Corporate Social Responsibility and Environmental, Social and Governance ('ESG') matters.

The Group is a market-leader for innovation in remote monitoring solutions and its products are driving societal benefits across the globe.

Big Technologies' business is underpinned by socially responsible practices and driven by an ethos of transparency and trust. The Board recognises the importance of ESG factors when measuring the sustainability and ethical impact of the Group. The Board sees ESG as key to a successful strategy for the business.

Big Technologies' ESG initiatives can be summarised in the following key areas:

1. Supporting customers to make a positive ESG impact
2. Environmental sustainability
3. Taking care of our people
4. Meeting the expectations of stakeholders

Supporting customers to make a positive ESG impact

In addition to our efforts to ensure that Big Technologies acts as a good corporate citizen, we are empowering our customers to achieve their own ESG priorities. The Group is a market-leader for innovation in remote monitoring solutions and its products are driving societal benefits across the globe.

In the criminal justice sector, our market-leading solution has supported a shift towards rehabilitative community-based sentencing for minor offences, an approach that can materially reduce recidivism and keep communities safer. We deliver positive outcomes for offenders, deterring them from committing crime and at the same time monitoring them to protect potential victims to ensure communities are kept safe.

In the care sector, particularly the personal emergency response market for vulnerable people, our wristband and technology helps people live happier, healthier and more independent lives in their own homes for longer. The Buddi Wristband can automatically detect falls and has buttons that can be pressed if help is needed and the Buddi Clip has an in-built speaker and microphone allowing two-way communication when alerts are activated, providing peace-of-mind to wearers.

Environmental sustainability
Big Technologies operates in a low environmental impact sector, however the Group recognises the impact that greenhouse gas emissions have on the environment and is committed to reducing this impact and achieving net zero by 2035. The net zero target will see the Group reduce carbon emissions to a point where we remove as much greenhouse gas from the atmosphere as our operations create.

The Group's environmental policy is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. The Group's operations comply with legal requirements relating to the environment in areas where the Group conducts its business. During the year covered by this report, Big Technologies has not breached any environmental regulations.

Production facilities
The Group manufacturers all of its products in the UK which gives us control over the process, including energy usage and any associated waste. The Group sources clean and renewable energy from well-established utilities providers where possible, which helps to lower our carbon footprint.

The Group recognises the importance of supply change management in achieving sustainability goals so we demand high environmental standards from the suppliers that we use to ensure an ethical supply chain.

Information technology
The Group operates a number of software platforms for its customers which are hosted in the cloud by third parties. The data centres underpinning this are heavy users of energy, but we ensure that the Group's data centre usage is aligned with our needs to minimise any excess capacity. Our cloud-based hosting provider has targets to power its operations with 100% renewable energy by 2025.

Travel
Regular interactions and communications are encouraged between staff, customers, suppliers and other stakeholders and in the majority of instances this is achieved through email, video conferencing, telephone and instant messaging. Where appropriate however, staff will travel to meet stakeholders. Staff are encouraged to use public transport where possible and where the availability of public transport is limited we encourage car sharing.

Office facilities
Recycling facilities are made available in all office locations and employees are encouraged to make use of these facilities. The Group considers the simplest way to reduce its carbon emissions is to cut its energy consumption.

Streamlined Energy and Carbon Reporting ('SECR')
The Group presents its UK energy usage and carbon footprint in line with SECR regulations for Buddi Limited, a UK subsidiary of the Company. Energy usage from the Group's overseas subsidiaries is outside the scope of this report and is excluded from the figures presented below. The Group's Scope 1 and Scope 2 emission sources are from office and building energy use as the Group has no business fleet vehicles.

During the year, the Group's total Scope 1 and 2 emissions amounted to 25.9 tCO_2e, a reduction of 9% compared with 2021.

	2022	2021	Commentary
Energy consumption used to calculate emissions (kWh)			
Scope 1: Gas	34,182	35,286	
Scope 2: Electricity	101,465	104,039	
Total energy consumption (kWh)	**135,647**	**139,325**	
Emissions (tCO_2e)			
Scope 1: Gas	6.2	6.5	Scope 1 comprises the direct emissions from our operations through gas heating of our leased premises
Scope 2: Electricity	19.7	22.1	Scope 2 comprises the indirect emissions associated with our operations through electricity usage in our leased premises
Total emissions (tCO_2e)	**25.9**	**28.6**	
Intensity ratio in tCO_2e per UK employee (FTE)	**0.30**	**0.34**	

Source data (meter readings) has been used wherever possible; where this is not available this has been supplemented by billed data and a small element of estimated data. Appropriate conversion factors have been used to calculate the underlying energy consumption figures. Scope 1 and 2 sources have been divided by the average number of UK employees to provide the intensity ratio. In the near term, the Group is not expected to meet the criteria for mandatory disclosure in line with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations.

Taking care of our people

As a technology-led business, the Group recognises that our ability to attract and retain people with critical skill sets is a key driver to the Group's resilience and continuing success. To help enable this the Board is committed to ensuring that all employees can operate in a workplace that is safe, inclusive, welcomes diversity and offers everyone the opportunity to develop to their full potential.

Recruitment and training

Attracting and retaining talent is critical to maintaining our market-leading position and enables us to deliver on our strategic objectives. The Group remains committed to retaining key staff and supporting their ongoing career development. During the year we have introduced a new centralised HR application for UK staff which will transform the way we hire talent, onboard new employees and communicate with our workforce going forward.

Diversity and inclusion

We believe that the diversity of our workforce is a key point of strength, making the Group a more vibrant and dynamic place to work and hence, more successful as a business. We welcome employees from all backgrounds and take great care to ensure that our employment policies are non-discriminatory and that all appointments and promotions are made solely on the basis of merit. We believe that all our people have a fundamental right to respect and dignity in the workplace and do not tolerate harassment or discrimination in any form, whether intentional or unintentional.

Health and safety

The Group places significant emphasis on the health, safety and wellbeing of our staff. The Group actively promotes a strong safety culture, striving to instil safe working principles in every employee, every activity and every area of our business. Local management teams are accountable for ensuring compliance with local regulatory requirements, culture and specific business needs. The Group offers healthcare and pension benefits to a significant proportion of our UK employees and other benefits such as fruit in the workplace to encourage healthy eating.

Meeting the expectations of stakeholders

Big Technologies believes in the important of good governance and maintaining the highest standards across its operations whilst meeting or exceeding the expectations of all stakeholders. Our compliance with all applicable laws and regulations is of paramount importance, not just to ourselves, but also to our partner organisations, customers, and all other stakeholders. Non-compliance with applicable laws across our value-chain can lead to severe losses due to reputational damage or fines. Our customers are looking for suppliers that take the highest levels of product quality, reliability, ethics and business conduct into account, to give them assurance of their compliance with all relevant laws and regulations and the measures that they have implemented to warrant this.

Compliance

Across the UK, Big Technologies has maintained the ISO27001 Standard for Information Security and the ISO9001 Standard for Quality Management for the last several years. These accreditations reflect the continued commitment of the Group to its quality management commitments in order to ensure that our services meet the reliability and availability criteria that our customers demand.

Anti-bribery and corruption

A Group-wide policy on anti-corruption that fully addresses the requirements of the Bribery Act 2010 exists. This policy has been issued to members of staff and individuals have been asked to 'sign' to acknowledge acceptance of its terms. Online anti-bribery training has also been rolled out to key personnel across the Group to ensure and record continued and effective compliance.

Tax strategy

The tax operating principles and guidelines governing the management of our tax affairs are fully aligned with the Group's wider governance framework. Our tax strategy is to maintain the highest standards of tax compliance by managing our tax affairs in full compliance with the local laws and regulations in the territories in which we operate. The Group's current tax charge is lower than the existing UK corporation tax rate due to the tax deductibility of exercised employee share options, enhanced capital allowances, allowances for R&D expenditure, and the UK Patent Box.

Board approval

The Strategic Report on pages 2 to 33 was approved by the Board and signed on its behalf by:

Sara Murray

Sara Murray OBE
Chief Executive Officer

Daren Morris
Chief Financial Officer

KEY PERFORMANCE INDICATORS

Clear performance measures that highlight sustainable value creation

The KPIs used by the Board to monitor the financial performance of the business are set out below.

Revenue (£m)

£50.2m +33%

2022	£50.2m
2021	£37.6m
2020	£29.6m

Definition

Revenue is recognised in accordance with IFRS 15, to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Reason for choice

Quantifies the revenue generated from our operations to ensure we are growing our business.

Comment on results

The growth in revenue reflects new contract wins and an increase in revenues earned from existing customers in the criminal justice sector.

Adjusted operating profit (£m)

£27.1m +51%

2022	£27.1m
2021	£17.9m
2020	£13.5m

Definition

Operating profit excluding separately reported items, such as share-based payments, amortisation of acquired intangibles and other adjustments for one-off non-recurring items.

Reason for choice

Adjusted operating profit provides a consistent year-on-year measure of the trading performance of the Group's operations.

Comment on results

The profit increase was principally driven by the Group's ability to grow the business organically without significant increases in operating expenditures as compared to revenue.

Adjusted operating margin (%)

54.1% +640bps

2022	54.1%
2021	47.7%
2020	45.7%

Definition

Adjusted operating profit divided by revenue.

Reason for choice

Monitors our operating cost levels to ensure we are benefitting from operational leverage as our business grows.

Comment on results

Margin increased by 640bps as a result of the significant revenue growth and the Group's scalable operating model.

Adjusted diluted EPS (pence)

8.1p +47%

2022	8.1p
2021	5.5p
2020	4.3p

Definition

Profit after tax excluding amortisation of acquired intangibles, share-based payments and other adjustments for one-off non-recurring items, divided by the fully diluted weighted average number of shares.

Reason for choice

This measure illustrates the profitability of the Group in relation to the number of shares in issue and potential future shares yet to be issued and is therefore an important metric in demonstrating the delivery of value for our shareholders.

Comment on results

Adjusted diluted EPS increased by 47% as a result of the increase in adjusted profits.

Adjusted operating cash flow (£m)

£25.7m +41%

2022	£25.7m
2021	£18.2m
2020	£16.8m

Definition

Cash generated from operating activities adjusted for one-off non-recurring payments or receipts.

Reason for choice

This provides a measure of the cash generated by the Group's trading. It represents the cash that is generated to fund capital expenditure and support the growth of the business.

Comment on results

Adjusted operating cash flow increased due to the strong trading performance, partly offset by an increased investment in working capital.

Adjusted EBITDA (£m)

£30.5m +48%

2022	£30.5m
2021	£20.6m
2020	£15.7m

Definition

EBITDA excluding share-based payments and adjustments for one-off non-recurring items.

Reason for choice

Adjusted EBITDA provides a consistent year-on-year measure of the underlying trading performance of the Group's operations.

Comment on results

The adjusted EBITDA increase was principally driven by the Group's ability to grow the business organically without significant increases in operating expenditures.

CEO'S REVIEW

Continuing to deliver market-leading innovation

I am pleased to report that the business has delivered another year of significant growth, continuing to build on momentum from the first half of the year, with full year results above market expectations for 2022. The performance for the year was very positive across both halves with a stronger second half reflecting the now fully operational national monitoring contract with the New Zealand Department of Corrections.

Despite a backdrop of challenging global macroeconomic conditions, we have seen growing demand for our technology products and services, with new contract wins and increases in the number of electronic monitoring devices deployed with existing customers.

We were able to manage supply chain disruptions through careful long-term planning and by making additional investments in long lead-time inventory to ensure we can continue to support both new and existing customers in 2023.

Financial performance

The Group delivered significant double-digit organic revenue growth in the year of 33%, to £50.2m (2021: £37.6m). The second half of the year was particularly strong with revenue of £27.3m (H1 2022: £22.9m), reflecting the contribution of new customer wins, including the significant national monitoring contract in New Zealand, which is now fully operational and delivering revenue at its full run-rate. The growth in overall revenue was delivered by revenue growth from customers in the criminal justice sector, in particular the Asia-Pacific and Americas regions, whereas revenues in the remote care sector were broadly flat in the year.

Despite some inflationary pressures in the second half of the year, gross margins increased by 170 bps to 72.5% (2021: 70.8%) as a result of the significant revenue growth and our scalable business model, which allows for the deployment of additional electronic monitoring devices to customers with increased efficiency.

Adjusted EBITDA increased by 48% to £30.5m (2021: £20.6m) with Adjusted EBITDA margin improving by 600bps to 60.7% (2021: 54.7%).

The Group generated £25.7m in cash from operations, with the net cash position at year end of £66.8m underpinning a very strong balance sheet.

The Group is well capitalised and set to take advantage of all value-enhancing opportunities for growth that we expect to materialise in the years ahead. We continue to look for value-enhancing opportunities to expand our access to new customers and markets.

> During 2022, we continued to increase our international footprint and global presence in the criminal justice sector through new contract wins and an increase in revenues earned from existing customers.

Operations and product development

During 2022, we continued to increase our international footprint and global presence in the criminal justice sector through new contract wins and an increase in revenues earned from existing customers. To support this growth, we manufactured a record number of new electronic monitoring devices in the year and deployed these devices to customers across the world.

With significant growth opportunities ahead, it is important that we invest now to ensure we have sufficient manufacturing capacity in place to meet increasing demands for our products. During the year we invested in new state-of-the-art premises in Norwich, which provides us with the facilities we need to meet current and future global demands for our market-leading technologies.

We are committed to ensuring that our products maintain their competitive advantage in the criminal justice sector and continue to invest in research and development to support our future product roadmap. This roadmap includes the development of substance detection technologies, as well as further location solutions, to provide an integrated monitoring offering for our customers and future customers. Initial feedback from customers on these new solutions is positive.

Sector review

The Group has seen revenue growth in all geographic territories, with notable growth in the Asia-Pacific region, in particular New Zealand. Our strategic focus continues to be the criminal justice sector, which accounts for the majority of our revenues. During the year, we secured new customers and completed the successful implementation of a significant national monitoring contract in New Zealand. We received positive feedback from the customer in New Zealand on our partnership approach, and the customer is on track to generate significant cost savings as a result of the introduction of the Group's technology in the country.

Summary and outlook

Our market drivers for continued growth in both the criminal justice and remote care sectors remain strong and the Group has started the new financial year well. The Board is confident of continued growth and strong cash generation during 2023 and beyond. I want to thank all our employees, customers and suppliers for their continuing support. We are excited about the opportunities lying ahead and look forward to the future with confidence and pride, as we continue to develop our technologies to make societies safer.

Sara Murray

Sara Murray OBE

Chief Executive Officer

28 March 2023

FINANCIAL REVIEW

Continued delivery of sustainable, profitable growth

Revenue increased by 33% to £50.2m (2021: £37.6m) on an organic basis, driven by new contract wins and an increase in revenues earned from existing customers.

The second half of the year was particularly strong with revenue of £27.3m (H1 2022: £22.9m). The majority of revenues continue to be derived from customers in the criminal justice sector, which accounts for more than 98% of reported revenue (2021: 98%).

Revenue growth was driven by the Asia-Pacific and the Americas regions, which grew at 60% and 11% respectively. The Group's eight-year national monitoring contract with the New Zealand Department of Corrections, signed in 2021, started to deliver revenue in the first quarter of the year and is now achieving its full run-rate. The Group has received positive feedback from the customer on its partnership approach and the customer is on track to generate significant cost savings as a result of the introduction of the Group's technology in the country. There were also new contract wins in the Americas region.

The Group benefitted from favourable foreign currency movements in the year with the US dollar and Australian dollar strengthening against sterling compared with the prior year. On a constant currency basis, revenue increased by 30% versus last year.

Monthly Recurring Revenue (MRR), which is the exit run rate of monthly recurring revenue in the last month of the financial year, was £4.6m (2021: £3.2m), an increase of 44%. The MRR figure gives the Group visibility over its future revenues derived from its long-term contracts.

Profitability

Gross profit increased by 36% to £36.4m (2021: £26.7m), with gross margins increasing by 170 bps to 72.5% (2021: 70.8%) as a result of the significant revenue growth and the Group's scalable operating model, which allows for the deployment of additional electronic monitoring devices to customers with increased efficiency. Profits earned on incremental revenues were able to offset increases in labour, freight and manufacturing costs caused by the high inflationary environment.

EBITDA

Adjusted EBITDA, which provides a more consistent comparison of trading, year-on-year, increased by 48% to £30.5m (2021: £20.6m), with adjusted EBITDA margins increasing by 600 bps to 60.7% (2021: 54.7%). The increase in adjusted EBITDA margin was principally driven by the Group's ability to grow revenues organically without significant increases to adjusted administrative expenses. The Group also benefitted from favourable foreign currency movements in the year and recorded a one-off gain from the conversion of US dollar denominated cash balances to sterling in the first half of the year.

Statutory EBITDA increased at a slower rate of 44% to £24.4m (2021: £16.9m) mainly as a result of the increased share-based payments expense in the year, partly offset by a reduction to exceptional costs related to the 2021 IPO which did not repeat in 2022.

Operational and pre-tax profits

Adjusted operating profit of £27.1m increased 51% against 2021, with an increase in adjusted operating margin to 54.1% (2021: 47.7%). Statutory operating profit and statutory administrative expenses were £20.6m and £15.8m respectively (2021: £13.8m and £12.9m respectively). Statutory measures include adjusting operating items and share-based payments.

Finance income was £0.4m (2021: £nil) and reflects the interest earned by the Group on its significant cash balances held in interest bearing deposit accounts. Finance expenses were broadly flat in the year.

Taxation

The Group's total tax charge for the year (including deferred taxes) was £1.0m (2021: £0.9m), an effective tax rate of 4.9% (2021: 6.8%). The Group's tax and the effective tax rate is affected by a number of factors including the recognition of deferred tax assets in relation to share-based payments and the tax deductibility of exercised employee share awards. The Group also benefits from temporarily enhanced capital allowances, allowances for R&D expenditure and the UK Patent Box. The effective tax rate is lower than the current UK corporation tax rate, but is expected to increase in future years. Deferred taxes credited directly in equity totalled £1.6m (2021: £nil).

Earnings per share

Adjusted diluted earnings per share (EPS), which excludes adjusting items and their associated tax effect as well as the dilutive impact of shares issuable in the future, was 8.1p (2021: 5.5p), reflecting the underlying profitability of the Group. Adjusted basic EPS, which excludes adjusting items and their associated tax effect was 8.6p (2021: 5.6p). Diluted EPS, which includes the dilutive impact of shares issuable in the future, was 6.5p (2021: 4.4p). Basic EPS was 6.9p (2021: 4.5p). The dilutive impact of shares issuable in the future relates to the expected settlement of the Group's employee share scheme obligations.

Cash generation

The Group increased its net cash balances (defined as cash and cash equivalents less lease liabilities) to £66.8m (2021: £48.0m) at 31 December 2022. The Group generated £25.7m (2021: £16.0m) in cash from operations (before paying tax) including a £5.1m (2021: £2.3m) net working capital outflow; the cash conversion rate (defined as percentage of adjusted EBITDA converted to cash from operations) increased from 77.6% to 84.4% of adjusted EBITDA. Taxation payments for the year totalled £1.8m (2021: £1.9m).

Net cash utilised in investing activities of £5.1m (2021: £2.9m) reflects the continued increase in the number of electronic monitoring devices, which are manufactured in-house and leased to the Group's customers. The Group continued to invest in research and development activities and also benefitted from increased interest income, reflecting interest earned on its cash balances.

Net cash generated from financing activities of £0.3m (2021: £19.3m) reflects the proceeds received from the exercise of employee share options in the year, offset by the repayment of lease liabilities. In 2021, the cash generated from financing activities included funds raised from the Group's IPO in the year.

Research and development

Research and development activities remain a priority for the Group to ensure continued innovation and product development. Development costs of £1.1m (2021: £1.0m) have been capitalised. Other research and development costs, all of which have been expensed to the income statement as incurred, totalled £1.8m (2021: £1.8m).

Foreign currency exposure

The Group faces currency exposure on its foreign currency transactions and translation exposure in relation to its overseas subsidiaries and foreign currency sales. The Group maintains a natural hedge whenever possible to transactional exposure by matching the cash inflows and outflows in the respective currencies.

Foreign exchange translation has provided a tailwind for revenue and profit during the year, with the US dollar and Australian dollar strengthening against sterling compared with the comparative year. The Group also held a significant cash balance in US dollars at 31 December 2021, which has subsequently been exchanged to sterling at favourable exchange rates during the year.

The Group's most material exposures are to US dollars, Australian dollars and New Zealand dollars.

The sensitivity to a 10% weakening/strengthening of sterling against these currencies in aggregate (excluding amounts held on the balance sheet) equates to an annualised profit increase (or decrease) of approximately £2.4m. The Group's forward currency exposure is currently unhedged.

FINANCIAL REVIEW CONTINUED

Alternative performance measures

In the analysis of the Group's financial performance and position, operating results and cash flows, alternative performance measures are presented to provide readers with additional information. The principal measures presented are adjusted measures of earnings including adjusted operating profit, adjusted operating margin, adjusted profit before tax, adjusted EBITDA and adjusted earnings per share.

The Annual Report includes both statutory and adjusted non-GAAP financial measures, the latter of which the Directors believe better reflect the underlying performance of the business and provide a more meaningful comparison of how the business is managed and measured on a day-to-day basis. The Group's alternative performance measures and KPIs are aligned to the Group's strategy and together are used to measure the performance of the business and form the basis of the performance measures for remuneration. Adjusted results exclude certain items because, if included, these items could distort the understanding of the performance for the year and the comparability between periods.

We provide comparatives alongside all current year figures. The term 'adjusted' is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. All profit and earnings per share figures in this Annual Report relate to underlying business performance (as defined above) unless otherwise stated.

Amortisation of acquired intangibles

These costs are excluded from the adjusted results of the Group since the costs are non-cash charges arising from investment activities. As such, they are not considered reflective of the core trading performance of the Group.

IPO preparation costs

Attributable costs relating to the IPO in 2021 have been recognised within the consolidated statement of comprehensive income as an exceptional cost. These costs are excluded from the adjusted results of the Group since the costs are one-off in nature and will not repeat in future years.

National insurance on warrant exercise

Warrants were exercised in respect of 5,858,500 shares by the Chief Executive Officer immediately prior to the IPO in 2021. The acquisition of shares under the warrant was deemed to be within the Employment Related Securities rules and, therefore, a charge has been recognised in respect of employer's national insurance.

Share-based payments expense

These costs are excluded from the adjusted results of the Group since the costs are non-cash charges arising from recognition of the fair value of share options and other share-based incentives granted to employees of the Group. As such, they are not considered reflective of the core trading performance of the Group.

Tax effect of adjusting items and share-based payments

The tax impact of these adjustments was as follows: amortisation of acquired intangibles of £0.1m (2021: £0.1m) and share-based payments expense of £1.6m (2021: £1.0m).

Balance sheet highlights

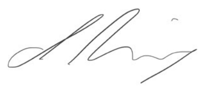
The Group has continued to strengthen its balance sheet during the year with net assets increasing from £74.2m to £102.5m at the 31 December 2022. Current assets increased by £25.5m to £83.5m, mainly due to a £19.2m increase in cash and cash equivalents driven by the strong underlying trading performance in the year. Trade and other receivables increased by £2.6m, which was linked to revenue growth during the year, with debtor days remaining stable at circa 50 days (calculated using annualised December revenue). Inventories increased by £3.7m as the Group invested in certain long lead-time inventory and components to protect against supply chain disruption and to support capital expenditure requirements for 2023.

Non-current assets increased by £4.5m to £29.7m, mainly due to increases in property, plant and equipment and deferred tax assets. Property, plant and equipment increased by £1.9m, which was due to an increase in electronic monitoring devices with customers to support revenue growth in the year, offset by depreciation. Deferred tax assets increased by £2.7m, due to the recognition of balances related to the share-based payment arrangements through the income statement and directly in equity.

Current liabilities increased by £2.1m to £9.2m, mainly due to an increase in other payables, other taxation and provisions. Non-current liabilities decreased by £0.3m to £1.5m, mainly due to a decrease in contract liabilities.

Financial outlook

The Group is well positioned with the financial resources in place to provide the financial flexibility required to continue to invest in the business and to take advantage of the value-enhancing opportunities that are expected to materialise in the coming years.



Daren Morris

Chief Financial Officer

28 March 2023

A reconciliation of adjusted measures to statutory measures is provided below:

	2022			2021		
	Statutory	**Adjustments**	**Adjusted**	Statutory	Adjustments	Adjusted
Operating profit (£'000)	**20,590**	**6,524**	**27,114**	13,774	4,159	17,933
Operating margin (%)	**41.0**	**13.1**	**54.1**	36.6	11.1	47.7
Administrative expenses (£'000)	**15,800**	**(6,524)**	**9,276**	12,884	(4,159)	8,725
Profit before tax (£'000)	**20,995**	**6,524**	**27,519**	13,722	4,159	17,881
Taxation (£'000)	**1,033**	**1,641**	**2,674**	934	1,050	1,984
Profit after tax (£'000)	**19,962**	**4,883**	**24,845**	12,788	3,109	15,897
EBITDA (£'000)	**24,409**	**6,056**	**30,465**	16,876	3,691	20,567
EBITDA margin (%)	**48.6**	**12.1**	**60.7**	44.8	9.9	54.7
Cash generated from operating activities (£'000)	**25,725**	**–**	**25,725**	15,964	2,268	18,232
Basic earnings per share (pence)	**6.9**	**1.7**	**8.6**	4.5	1.1	5.6
Diluted earnings per share (pence)	**6.5**	**1.6**	**8.1**	4.4	1.1	5.5

The adjustments comprise:

	2022 £'000	2021 £'000
Amortisation of acquired intangibles	**468**	468
IPO preparation costs	**–**	1,192
National insurance on warrant exercise	**–**	1,076
Total adjusting operating items	**468**	2,736
Share-based payments expense	**6,056**	1,423
Total adjusting items and share-based payments before tax	**6,524**	4,159
Tax effect of adjusting items and share-based payments	**(1,641)**	(1,050)
Total adjusting items and share-based payments after tax	**4,883**	3,109

PRINCIPAL RISKS AND UNCERTAINTIES

Managing our risks

Under the QCA Code, the Board is expected "to ensure that the company's risk management framework identifies and assesses all relevant risks in order to execute and deliver strategy", including the need to determine "the extent of exposure to the identified risks that the company is able to bear and willing to take."

The Board has overall responsibility for the management of risk within the Group. Principal risks are those that the Board believes may materially affect the future prospects or reputation of the Group, including those that could threaten its business model, future performance, solvency or liquidity.

Identifying these potential risks assists in ensuring risk management procedures and internal controls exist to prevent them from occurring, or to at least mitigate their impact should they occur. Principal risks are categorised into four broad areas:

Risk	Issue	Actions to mitigate the risk	Change
Strategic risks			
Reliance on key customers	A proportion of the Group's revenue continues to be derived from a small number of large customers. The loss of any of these key customer relationships could have a material adverse effect on the Group's business, financial condition and results of operations.	The Group's historic rate of customer retention is very high. The Group continues to innovate and provides high levels of customer service to ensure key customer contracts are retained. As we continue to grow we expect the level of reliance on key customers to reduce naturally over time.	▶
Failure to manage growth	Rapid growth places demand on the Group's management and resources. Suitable facilities are required to support the current personnel and forecast demand of the market. Failure to ensure adequate capability, skills and capacity could result in reduced revenues and/or growth.	The Group has a comprehensive bottom-up annual budgeting process which allows the Board to review the resources needed to support the short and medium-term strategic priorities of the business.	▶
Change in government policy	A significant proportion of the Group's revenue is derived from government contracts in the criminal justice sector. The policies of national governments can be difficult to predict and may change over time. A significant change in a government's appetite for electronic monitoring could have an adverse effect on the Group's business, financial condition and results of operations.	The Group strongly believes that electronic monitoring delivers positive outcomes for offenders and communities. There are significant social and economic drivers and favourable tailwinds in the criminal justice sector that support a move towards community-based sentencing.	▶

Key

▲ Increased ▶ Stable ▼ Decreased

Risk	Issue	Actions to mitigate the risk	Change
Strategic risks continued			
Failure to develop new products	The Group operates in markets where technology, industry standards, product offerings and customer demand can evolve over time. The Group needs to ensure that it continues to develop new products to maintain its competitive advantage in the market. Failure to achieve this could result in reduced revenues or a loss of key customers.	The Group continues to invest in research and development activities and has a growing in-house team of developers and engineers. The Group has launched a number of products in the year and has a pipeline of new products currently in development.	▶
Competitor actions	Competitors may develop new technologies and/or products which may restrict the Group's revenue growth.	The Group continually invests in product innovation and development to ensure its market-leading position is protected. We monitor the market to ensure no infringement of the Group's intellectual property. We also monitor competitor product launches and territory actions.	▶
Reliance on third-party technology and communication systems	The Group is reliant on third-party systems such as GPS (Global Positioning System) and GSM (Global Systems for Mobile Communication) to meet its service obligations to customers. Failure or downtime in these systems could result in disruption to the Group's ability to deliver its monitoring solution.	The Group's products use multiple communication technologies and built in resilience (e.g. dual-sim cards) in order to ensure protection against network outages and advanced GPS integrated circuits to protect against the loss of satellite signal.	▶
Reputational risk	The Group operates within the criminal justice sector and its products will, in part, be responsible for helping local authorities and governments to ensure that criminal offenders comply with the terms of the Court orders, which would include complying with curfew restrictions and ensuring that offenders remain within certain geographic locations or boundaries. Any failure of the criminal justice system to safeguard the welfare and safety of the public from serious criminal offenders is likely to be regarded as a matter likely to generate significant press and media attention and speculation.	The Group maintains the highest standards of corporate governance and the management team lead by example, demonstrating the highest standards of ethical behaviour. A well-designed internal control environment ensures the accuracy of operational data used in financial and strategic decision making. The Group has a number of experienced IT personnel that ensure the Group's electronic records and resources remain secure. We have ISO27001 accreditation and hold the UK Government-backed Cyber Essentials Plus certification.	▶
Dependence on partners	The Group collaborates with partners in a number of new and developing markets. Some of these partnerships are relatively new business relationships. There is a risk that the Group mismanages these relationships or that partners decide not to devote significant resources to support the Group's activities.	When the Group enters into a market it ensures that it works with trusted local partners who are approved by the end customer as part of the tender process.	▶

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Issue	Actions to mitigate the risk	Change
Operational risks			
Loss of key personnel	The Group has an executive team whose skills, knowledge, experience and performance make a large contribution to the success of the Group and failure to retain such individuals could have an adverse effect on customer relations, operations and growth strategies.	The Group has broadened the senior management team, ensuring appropriate succession plans are in place for key personnel. New long-term incentive plans were put in place following the IPO in 2021 to ensure retention of key personnel.	▶
Supply chain	The availability of key components and the logistical challenges to source key components has led to increased supply chain risk.	The Group has a mature supply chain and continues to provide normal service to customers despite pressures caused by the Covid-19 global pandemic. The Group has increased levels of long lead-time inventory to protect against short-term disruption and uses dual sourcing for key components where possible.	▶
Product liability	Risk that products supplied by the Group fail in service and result in a claim under product liability. As the Group develops and launches new products this risk may increase.	The Group has a robust product development process ensuring products are safe and fit for purpose. There is an established quality system to ensure manufactured products meet the design standard. The Group has a product liability insurance policy in place.	▶
Financial risks			
Foreign exchange risk	The Group operates internationally and is exposed to both transactional and translational foreign exchange risk. The Group is particularly exposed to the Australian dollar, New Zealand dollar, US dollar and Colombian peso. The risk is enhanced by macroeconomic factors including the Ukraine Russian conflict, inflationary cost pressures and a recessionary environment.	The Group's finance function regularly monitors currency risk to ensure net exposure is at an acceptable level. The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the respective currencies. The Group aims to maintain the majority of the cash in sterling (as its main functional and reporting currency) and US dollars (as the global reserve currency). We are able to accurately predict future income and receipts in all local currencies and manage exposure through the sale and purchase of currencies as required.	▲
Credit risk	The Group has the potential to be exposed to bad debt risk from customers, however, there is no recent history of material bad debts in the business.	Many of the Group's customers are local and national government agencies so credit risk is very low. The Group monitors ageing of receivables on a monthly basis and takes actions to enforce the collection of overdue debts.	▶

Key

▲ Increased ▶ Stable ▼ Decreased

Risk	Issue	Actions to mitigate the risk	Change
Financial risks continued			
Business taxation	The Group invests in research and development as part of its ongoing commitment to product development and innovation. In the UK this expenditure attracts enhanced tax benefits. Should this tax advantage be removed in the future this could have an impact on future cash generation and profitability for the Group. In addition, the Group operates across a number of jurisdictions in the world, each with different tax regimes.	The Group works with its professional advisers to ensure that it has filed and paid all tax liabilities in the countries in which it operates. In the UK the Group invests in research and development and will continue to do so for the foreseeable future.	▶
Bid pricing/Key financial terms	Due to the long-term nature of many of the Group's contracts and relationships, we are committed to the financial terms that we negotiate for extended periods of time. In a high inflation environment this may result in reduced profit margins over time.	The Group's management team is disciplined in ensuring that customers are charged a life-time contract price that reflects the significant investment that has been made in developing its products and services. The Group undertakes a thorough review of all bids prior to submission and includes pricing adjustments for inflation, lost and damaged units and any ad-hoc or exceptional costs.	▶
Compliance risks			
Cyber security and business interruption	Cyber security risks include risks from malware, accident, statutory and legislative requirements, malicious actions and other unauthorised access by third parties. As part of the operations of its business, the Group receives and stores a large volume of personally identifiable information, most importantly location data specifically related to individual offenders.	The Group has a number of experienced IT personnel that ensure the Group's electronic records and resources remain secure. We have ISO27001 accreditation and hold the UK Government-backed Cyber Essentials Plus certification.	▶
Intellectual Property/ Patents	The Group utilises its intellectual property to generate customer revenue. Intellectual property theft and/or infringement could adversely affect the Group's future performance.	The Group pursues a worldwide patent, trademark, and copyright registration programme to secure registered rights to enforce its intellectual property. The market is monitored for potential infringements and legal enforcement action is taken in appropriate cases. The Group maintains and monitors internal policies on product development to ensure that internally developed products are produced in a way that does not infringe third-party intellectual property rights.	▶
Operating in global markets brings legal and technical regulatory complexity	In order to fulfil its customers' contractual requirements and comply with the local laws in the various jurisdictions in which the Group operates, it must ensure that it understands and complies with legal and technical requirements.	The Group manages this risk with a robust auditing process to both ISO9001 and ISO27001. The Group works with local professional advisers to ensure that it has complied with all local laws and regulations in the territories in which it operates.	▶

Governance and Financial Statements

CHAIR'S INTRODUCTION TO CORPORATE GOVERNANCE

Creating a culture of strong corporate governance

"The Board recognises the value of good corporate governance and can confirm that it has complied with the QCA Code during the year.

Dear shareholders
On behalf of the Board, I am pleased to introduce our Governance Report for the year ended 31 December 2022. This report sets out our approach to effective corporate governance and outlines the key areas of focus of the Board and its activities during the year.

As the Non-Executive Chair of Big Technologies PLC I lead the Board, with overall responsibility for corporate governance and for promoting the values of the Group both to employees and to wider stakeholders.

We recognise that good governance is fundamental to the success of the Group and forms the foundation of our strategy and decision-making processes throughout the business. Part of good governance is to have a balanced board with the right number of suitably qualified and experienced Non-Executive Directors who are independent in character and free from any relationship that could impair their judgement. I am delighted to welcome Alexander Brennan to the Board as a Non-Executive Director. With Alexander's appointment we now have an equal number of Executive and Non-Executive Directors, and as independent Chair I hold the casting vote.

The Board complies with all the principles of the QCA Corporate Governance Code. We recognise our accountability to a wide variety of stakeholders including employees, shareholders, customers, suppliers and the wider communities in which we operate.

Driving our success should not be at the expense, or to the detriment, of others with whom we engage or the environment in which we operate. We are committed to achieving long-term success for all our stakeholders with as little as possible adverse impact on the environment.

The Board believes that our corporate governance framework is appropriate for the current size and complexity of the Group, and we will keep it under review as we continue to grow.

Simon Collins
Non-Executive Chair

BOARD OF DIRECTORS

A broad balance of skills and experience

Simon Collins

Non-Executive Chair

Appointed

Joined the Company and was appointed to the Board on 4 May 2021.

Skills and experience

Simon co-founded strategic advisory firm Gold Collins in 2018 and holds board positions at Decoded (Chair), Signal AI, Quantexa and the RAF. Simon was Chair and Senior Partner of KPMG UK from 2012 to 2017 and Global Head of Transactions & Restructuring and European Head of Corporate Finance during his 19-year tenure at the firm. He also spent 12 years in investment banking at SG Warburg & Co. and then NatWest Markets, leaving as MD & Global Head of Debt Structuring & Private Placements. He qualified as a Chartered Accountant with Price Waterhouse in 1986.

External appointments

Simon is a non-executive director of the Royal Air Force, Chair of the University of Manchester's Global Leadership Board, Chair of the Catalyst Board for Cancer Research UK, Chair of Resilience First, Chair of Decoded Ltd and Chair of Kubrick Group Limited. Simon is also a director of Gold Collins Associates Ltd and of Simon J Collins & Associates Ltd.

Sara Murray OBE

Chief Executive Officer

Appointed

Founded Buddi Limited in 2004 and was appointed to the Board of the Company on 26 May 2017 at incorporation.

Skills and experience

Sara has founded and grown several successful technology companies. She founded Ninah Consulting, a proprietary software to advise clients, including GSK and Coca-Cola, and sold it to Publicis Group (via ZenithOptimedia) in 2003. She founded Inspop (Confused.com) and sold the company to Admiral Insurance in 2002. Sara has been named Entrepreneur of the Year and was appointed Officer of the Order of the British Empire (OBE) in the 2012 Queen's Birthday Honours for services to Entrepreneurship and Innovation. She was a board member of the British Government's Innovate UK and a founder of Seedcamp, an organisation to jump-start the entrepreneurial community in the UK and Europe. She was previously on the board of Schering Health Care (now Bayer Schering Pharma) and was a Senior Independent Director of Boohoo Group PLC. Sara read Physiology, Psychology and Philosophy at St Hilda's College, Oxford

External appointments

Sara is a director of TFM Inventions Ltd, TFM Developments Ltd and The White Ensign Association Ltd. Sara is a member of the Council of Imperial College.

Daren Morris

Chief Financial Officer

Appointed

Joined the Company and was appointed to the Board on 30 June 2021.

Skills and experience

Daren was previously CFO of Volex PLC from 2015 to 2020. He was part of the executive management team that led a turnaround of Volex and drove a quadrupling of the share price over the period. Daren spent the first 18 years of his career in investment banking and accountancy and was a Managing Director at both UBS Investment Bank and Morgan Stanley, advising manufacturing and technology companies on their expansion and financing strategies. Daren's public company board experience includes Manchester and London Investment Trust plc, Volex plc, Easynet plc and Nexen Tech Corporation. Daren is a qualified chartered accountant (ICAEW ACA 1996) and read Physics at Trinity College, Oxford.

External appointments

Daren is a non-executive director of Manchester and London Investment Trust Plc.

Charles Lewinton

Chief Operating Officer

Appointed

Joined Buddi Limited in 2012 and was appointed to the Board of the Company on 26 May 2017 at incorporation.

Skills and experience

Charles has been working in the Electronic Monitoring industry for the last 20 years, focused on developing new technology in both software and hardware. He has a background in large scale secure software development, delivering innovative combinations of software and smart hardware to reduce operational costs. He has led on the roll-out of multiple international electronic monitoring projects for central and local governments. Charles joined Buddi in 2012 after serving as Technical Delivery Manager at Serco and as a Software Developer at Geologix. Charles has a BSc Hons in Computing from University of East Anglia

External appointments

None.

Camilla Macun

Non-Executive Director

Appointed

Joined the Company and was appointed to the Board on 30 June 2021.

Skills and experience

Camilla is a highly experienced professional equities fund manager. In the UK she has launched and managed portfolios on behalf of many diverse types of clients, including institutional pension funds, retail funds, local authorities, private banks and smaller companies. She has successfully raised and grown new funds and won new mandates. She is a UK citizen based in Abu Dhabi with a resident's visa, until recently working as a product manager in the investment product group at ADCB Abu Dhabi. She is a director of Cranmore Partners, a boutique advisory firm specialising in project finance in the energy sector.

External appointments:

Camilla is a director at Cranmore Partners.

Alexander Brennan

Non-Executive Director

Appointed

Joined the Company and was appointed to the Board on 1 February 2022.

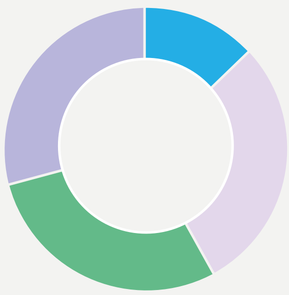
Skills and experience

Alexander has nearly two decades' experience of delivering growth for businesses in the UK and internationally, both as principal and as an advisor. He founded UK-headquartered Brennan & Partners in 2016, providing business development advisory services for UK and international clients. In addition to his roles at Brennan & Partners and Big Technologies PLC, Alexander is also an Executive Director at Symphony Environmental Technologies PLC. Prior to founding Brennan & Partners, he worked at De La Rue PLC, focusing on B2G and B2B sales across Europe and the Americas. Alexander began his career at Slaughter and May where he practised as a corporate and M&A lawyer.

External appointments:

Alexander is a director at Symphony Environmental Technologies PLC and Brennan & Partners Limited.

Board skills and experience



- PLC experience 19%
- Tech experience 27%
- Finance and investment experience 27%
- Operational experience 27%

Committee key

Chair	**A** Audit Committee	**R** Remuneration Committee
Member	**N** Nomination Committee	

BOARD OF DIRECTORS CONTINUED

The Board is satisfied that each Director has the necessary time to devote to the effective discharge of their responsibilities and that, between them, the Directors have a blend of skills, experience, knowledge and independence suited to the Company's needs and its continuing development. The powers of the Directors are set out in the Company's Articles of Association (the 'Articles'), which may be amended by way of a Special Resolution of the members of the Company. The Board may exercise all powers conferred on it by the Articles, in accordance with the Companies Act 2006 and other applicable legislation. The Articles are available for inspection online at www.bigtechnologies.co.uk and can also be seen at the Company's registered office. The Board recognises the value of good corporate governance and can confirm that it has complied with the Quoted Companies Alliance Corporate Governance Code 2018 (the 'QCA Code') for the year under review, as required by the AIM Rules, as well as other corporate governance standards that are appropriate and relevant to our culture, status, profile, size and circumstances.

Activities of the Board

The Company's governance framework is set out herein. The core activities and calendar of the Board and its Committees are planned on an annual basis and this framework forms the basic structure within which the Board operates.

Board meetings

During the year, the Board convened on six occasions.

Wherever possible and practicable, the Board and its Committees receive appropriate and timely information including relevant Board Committee papers prior to each meeting, and a formal agenda is notified. Any Director can challenge proposals with decisions being taken after discussion. Any Director can ask for a concern to be noted in the minutes of the meeting which are circulated to all Directors. Specific actions arising from meetings are agreed by the Board or relevant Committee and then followed up by management. The Board is supported by the Audit, Remuneration and Nomination Committees, each of which has access to information, resources and advice that it deems necessary, at the Group's cost, to enable each Committee to discharge its duties.

The Chair also meets separately with Non-Executive Directors without Executive Directors or other managers present. Debate and discussion at Board and Committee meetings is encouraged to be open, challenging and constructive.

Attendance at Board meetings

	Attended/ Eligible to attend
Chair	
Simon Collins	6 of 6
Executive Directors	
Sara Murray	6 of 6
Daren Morris	6 of 6
Charles Lewinton	6 of 6
Non-Executive Directors	
Camilla Macun	6 of 6
Alexander Brennan	6 of 6

Board changes and Board composition

As at 31 December 2022, the Board comprised a Non-Executive Chair, three Executive Directors and two independent Non-Executive Director. A biography of each Director in office at the end of the year is set out on pages 36 and 37.

During the financial year, Alexander Brennan was appointed as a Non-Executive Director on 1 February 2022. Alexander has nearly two decades' experience of delivering growth for businesses in the UK and internationally, both as principal and as an adviser. His appointment confirms the Group's commitment to the governance principles set out in the QCA Code and ensures the Board is maintained as a well-functioning and balanced team going forward.

The composition of the Board is monitored by the Nomination Committee and the Board is satisfied that it has an effective and appropriate balance of skills and experience. The Board is also satisfied that it has a suitable balance between independence and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and constructively challenge other Directors where appropriate.

Risk management and internal controls

The Board is responsible for the Group's system of internal controls and for reviewing the effectiveness of that system. It is designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic objectives and can only provide reasonable but not absolute assurance against material damage, deficiency or loss.

The Board monitors financial controls through the setting and approval of an annual budget and the regular review of monthly management accounts. Management accounts contain several indicators that are designed to reduce the possibility of error in the financial statements. The Group has in place defined authorisation levels for expenditure, the placing of orders and signing authorities.

Each year on behalf of the Board, the Audit Committee reviews the effectiveness of these systems. This is achieved primarily by a comprehensive review of the risks within a business risk assessment matrix which covers both financial and non-financial issues potentially affecting the Group, and from discussions with the external auditor.

Anti-corruption and bribery

A Group-wide policy on anti-corruption that fully addresses the requirements of the Bribery Act 2010 exists. This policy has been issued to members of staff and individuals have been asked to 'sign' to acknowledge acceptance of its terms. Online anti-bribery training has also been rolled out to key personnel across the Group to ensure and record continued and effective compliance.

Matters reserved for the Board

Matters reserved for the Board include, but are not limited to:

- strategy and management, including responsibility for the overall leadership of the Group, setting the Group's values and standards, and overview of the Group's operational management;
- structure and capital, including changes relating to the Group's capital structure and major changes to the Group's corporate structure, including acquisitions and disposals, and changes to the Group's management and control structure;
- financial reporting, including the approval of the Annual Report and Accounts, half-yearly report, trading statements, preliminary announcement for the final results and dividend, treasury, and accounting policies;
- internal controls, ensuring that the Group manages risk effectively by approving its risk appetite and monitoring aggregate risk exposures;
- contracts, including approval of all major capital projects and major investments;
- ensuring satisfactory communication with shareholders; and
- Board membership and other appointments, including changes to the structure, size and composition of the Board, and succession planning for the Board and senior management.

Board of Directors' inductions and trainings

Following appointment to the Board, all new Directors receive an induction tailored to their individual requirements. They are encouraged to meet and be briefed on the roles of key people across the Group and have open access to all business areas and employees to build up an appropriate level of knowledge of the business that extends beyond formal papers and presentations to the Board. These inductions cover some or all of the following (depending on the individual Director's experience and what is appropriate for their role):

- the nature of the Group, its business, markets and relationships;
- meetings with the Company's official appointed advisers including: registrar, solicitor, auditor, broker and nominated adviser ('NOMAD');
- meetings with the relevant operational and functional senior management;
- Board calendar, procedures, including meeting protocols, Committee activities and terms of reference, and matters reserved for the Board;
- overviews of the business via monthly reports; and
- the Group approach to risk management.

Ongoing training and briefings are also given to all Directors, including external courses as required.

BOARD OF DIRECTORS CONTINUED

Board Committees

The Board delegates authority to three Committees:

Nomination Committee	Audit Committee	Remuneration Committee
Chaired by Simon Collins	Chaired by Simon Collins	Chaired by Camilla Macun
Number of meetings in the year: 0	Number of meetings in the year: 2	Number of meetings in the year: 1
Role of the Committee The Nomination Committee is responsible for recommendations to the Board for the appointment of additional Directors or replacement of current Directors and for succession planning for the Company.	**Role of the Committee** The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and monitored, and for meeting the auditor and reviewing the reports from the auditor relating to accounts and internal control systems. The Audit Committee will have discussions with the external auditor at least once a year without any Executive Directors being present. The Committee is also responsible for the review and management of the Company's risk management framework.	**Role of the Committee** The Remuneration Committee reviews the performance of the Executive Directors and sets and reviews the scale and structure of their remuneration and the terms of their service agreements with due regard to the interests of the shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee seeks to enable the Company to attract and retain Executives of high calibre. No Director is permitted to participate in discussions or decisions concerning his or her own remuneration. The Remuneration Committee meets as and when necessary.

Attendance at Committee meetings

	Audit Committee	Remuneration Committee
Simon Collins	2 of 2	1 of 1
Camilla Macun	2 of 2	1 of 1
Alexander Brennan	2 of 2	1 of 1
Sara Murray[1]	–	–
Daren Morris[1]	2 of 2	1 of 1
Charles Lewinton[1]	–	–

1. The Executive Directors attended certain Committee meetings by invitation from the Chair to advise on specific questions raised by the Committee.

Board effectiveness

Independence of Non-Executive Directors
Simon Collins, Camilla Macun and Alexander Brennan, as Non-Executive Chair and Non-Executive Directors respectively, are independent of the Executive and are free to exercise independence of judgement. The Board does not believe any of our Non-Executives have formed associations with management or others that may compromise their ability to exercise independent judgement or act in the best interests of the Group. The Board is satisfied that no conflict of interest exists for any Director.

All Non-Executives have been advised of the time required to fulfil the role prior to appointment and this requirement is included in their letters of appointment. The Board is satisfied that the Chair and each of the independent Non-Executive Directors can devote sufficient time to the Group's business.

In determining that Simon Collins is independent, the Board has taken into account that whilst he does have an interest in shares via share options, it does not consider that the value of the award is of sufficient size to impact upon his independence.

Diversity and equality
The Board consists of four male and two female Directors. The Board remains committed to strengthening its diversity beyond gender to ethnic diversity, when appropriate opportunities arise. Diversity across a wide range of criteria is valued, including skills, knowledge and experience as well as gender, ethnicity, religion and sexual orientation. It is also committed to creating equality of opportunity where people are appointed on merit, and without any form of positive or negative discrimination. Whilst the Nomination Committee reviews the structure, size, diversity, balance and composition of the Board, the principal objective of the Nomination Committee is to ensure that all candidates are suitably qualified and experienced for the role.

Board evaluation
The Board and its Committees review their skills, experience, independence and knowledge to enable the discharge of their duties and responsibilities effectively. To date, the Board has undertaken informal and ad hoc evaluations of its performance during the course of each financial year. It was intended that this process should become more formalised; however, with a significant number of Director changes planned and undertaken during the course of the year it was decided that a formal review would add more value in the next financial year.

Election of Directors
All Directors will offer themselves for election at the forthcoming Annual General Meeting.

Directors' and Officers' liability insurance
The Group has purchased Directors' and Officers' (D&O) insurance during the year and holds insurance to the benefit of the Executive team.

The D&O insurance covers the Directors and Officers against the costs of defending themselves in legal proceedings taken against them in that capacity and in respect of any damages resulting from those proceedings. The insurance does not provide cover where the Director or Officer has committed a deliberate fraudulent or deliberate criminal act.

Professional advice
Each Director is entitled to obtain independent professional advice at the Company's expense in furtherance of their duties as a Director of Big Technologies PLC. In addition, each Committee is authorised, through its terms of reference, to seek advice at the Company's expense.

Conflicts of Interest
The Board ensures that each member of the Board declares any interest in matters to be discussed and regularly reminds Board members of their duty to disclose any potential conflicts of interest.

All Directors are also subject to a statutory duty under the Companies Act 2006 (the 'Companies Act') to avoid a situation where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. Directors of public companies may authorise conflicts and potential conflicts in accordance with the Companies Act where it is appropriate to do so and where the Articles of Association (the 'Articles') contain a provision to this effect. It is the Board's contention that all authorisation powers are being exercised properly in accordance with the Company's Articles.

GOVERNANCE FRAMEWORK

The Board	Chair
The Board of Directors (the 'Board') is collectively responsible to the Company's shareholders for the long-term success of the Company. This responsibility includes matters of strategy, performance, resources, standards of conduct and accountability as well as having regard for our employees, customers, suppliers, and the impact of our activities on both the environment and the communities in which we operate. The Board also has ultimate responsibility for corporate governance, which it discharges either directly or through its Committees, as well as the structures described in this Statement of Corporate Governance.	The Chair is responsible for the leadership and overall effectiveness of the Board and for ensuring appropriate strategic focus and direction.
Its role is to: • determine the Group's overall strategy and direction • establish and maintain controls, audit processes and risk management policies to ensure they counter identified risks and that the Group operates efficiently • approve budgets and review performance relative to those budgets and approve the financial statements • approve material agreements and non-recurring projects • approve Board appointments • review and approve Group-wide remuneration policies and executive remuneration • ensure effective communication with shareholders and other key stakeholders and make the Board aware of their views • promote a corporate culture based on sound ethical values and behaviours.	His role is to: • with the Chief Executive, demonstrate ethical leadership and promote the highest standards of integrity throughout the business • ensure effective operation of the Board and its Committees • set the agenda, style and tone of Board discussions to promote constructive debate and effective decision making • foster effective working relationships between the Executive and Non-Executive Directors, and support and advise the Chief Executive.

Chief Executive	Executive team
The Chief Executive is responsible for defining and proposing the strategic focus to the Board and for the day-to-day leadership of the business.	Responsible for implementing the strategy, led by the Chief Executive.
Her role is to: • develop strategic proposals for recommendation to the Board and implement the agreed strategies • develop an organisational structure, establishing processes and systems to ensure that the Group has the capabilities and resources required to achieve its plans • be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies • oversee the application of Group policies and governance procedures • develop and promote effective communication with shareholders and other key stakeholders.	Its role is to: • oversee the delivery of the Group's strategy • monitor the operational and financial performance of the businesses • allocate resources across the Group • manage risk.

Non-Executive Directors

The Non-Executive Directors bring external perspectives and insight to the deliberations of the Board and its Committees, providing a range of knowledge and business or other experience from different sectors and undertakings (see their biographies on pages 36 and 37). They play an important role in the formulation and progression of the Board's agreed strategy and monitor the performance of the executive management in the implementation of this strategy.

Where appropriate, matters are delegated to the three Committees (Nomination, Audit and Remuneration), which will consider them in accordance with their terms of reference.

Nomination Committee	Audit Committee	Remuneration Committee
• Board and Committee composition • succession planning • Board diversity • Executive and Non-Executive Board appointments and strategy.	• external audit • financial reporting • risk management and internal controls.	• remuneration policy • remuneration principles • incentive scheme design and setting of targets • Executive and senior management remuneration.
		Read more on pages 46 to 52

THE QCA CORPORATE GOVERNANCE CODE COMPLIANCE

The Board recognises the value and importance of good corporate governance and in July 2021, formally approved the adoption of the Quoted Companies' Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies ('QCA Code'), with effect from the date of admission to AIM.

Governance principle	Compliant	Explanation	Further reading
Principle 1: Establish a business strategy and business model which promote long-term value for shareholders	✓	The Board is responsible for Group strategy and its implementation. This strategy is debated and tracked by the Board which monitors its progress.	See pages 8 to 15 to learn more about our strategy and business model.
Principle 2: Seek to understand and meet shareholder needs and expectations	✓	Meetings are held with investors and analysts following publication of interim and final results. The Annual General Meeting provides a forum for all shareholders to meet and hear from the Directors. All shareholder comments and suggestions are welcomed by the Board.	See pages 16 and 17 to see how we communicate. Further information is available on our website www.bigtechnologies.co.uk.
Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	✓	The Board has identified the key stakeholders in the business and regularly discusses the impact of the long-term growth strategy and how our business model may affect these stakeholders.	See pages 16 to 21 for our ESG strategy and our S172 statement to see how we communicate with our stakeholders.
Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	✓	The Audit Committee and the Board review risks to the Group, both internal and external. Health and Safety is of paramount importance and a standard Board meeting agenda item.	See pages 30 to 33 for further detailed information on risk management.
Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair	✓	The Board consists of three experienced relevant Non-Executive Directors and the CEO, CFO and COO. The Board has a wealth of experience on strategy, operations, technology, business acquisitions and financial matters. The Chair engages in open debate and new goals are challenged.	See Board of Directors information pages 36 and 37 for further guidance.
Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities	✓	The composition of the Board is monitored by the Nomination Committee. The Board is satisfied that the Directors have a blend of skills, experience, knowledge and independence suited to the Company's needs and its continuing development.	See pages 36, 37 and 47 of our Corporate Governance Report.
Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓	The Board and its Committees review their skills, experience, independence and knowledge to enable the discharge of their duties and responsibilities effectively. The Board intends to carry out an annual review of the performance of its members.	N/a.

Governance principle	Compliant	Explanation	Further reading
Principle 8: Promote a corporate culture that is based on ethical values and behaviours	✓	The Board promotes and encourages, across the Group, the core values of the Group. The aim is to deliver continual improvement in both the economic performance of the Group but also its social responsibility to the wider community.	See pages 18 to 21 of the Corporate Governance Report.
Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	✓	The Group operates under a centralised, head office-controlled framework but devolves responsibility for compliance within this framework to local management, with the aim of global harmonisation around local legislation.	See pages 42 to 43 for further details on the governance framework.
Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✓	Big Technologies PLC has open communication with a wide range of stakeholders. This includes regular updates with investors, yearly and half yearly reports and regulatory news service releases on key corporate matters.	See pages 16 and 17 of the Strategic Report.

AUDIT COMMITTEE REPORT

“I am confident that the Committee has upheld its high standards and effectively carried out its duties throughout the year.

The Committee confirms that for the year ended 31 December 2022, the Group fulfilled its Audit Committee responsibilities, as set out in this report, and fulfilled its mandatory audit processes.

The Committee has an open and constructive relationship with management and I thank the management team on behalf of the Committee for their assistance during the year. I am confident that the Committee has upheld its high standards and effectively carried out its duties throughout the year.

Audit Committee membership

The Audit Committee comprises three independent Non-Executive Directors with diverse skills and experiences; Simon Collins (Chair), Camilla Macun and Alexander Brennan served as members of the Committee through the year ended 31 December 2022. Alexander Brennan was appointed to the Audit Committee on 1 February 2022.

The Committee met formally on two occasions during the year with all members attending scheduled meetings. In addition to the formal meetings, Committee members also attended additional ad hoc meetings as required. All Committee members are independent Non-Executive Directors and the Board is satisfied that Simon Collins, Camilla Macun and Alexander Brennan have significant, recent and relevant financial experience.

The CFO and other senior finance staff will attend meetings of the Audit Committee by invitation. The external auditors attend the meetings to discuss the planning and conclusions of their work and have the option to meet with the members of the Committee without any members of the executive team present after each meeting.

The Committee is able to call for information from management and consults with the external auditors directly if required. The objectivity and independence of the external auditors is safeguarded by reviewing the auditors’ formal declarations of independence, assessing the level of non-audit fees payable to the auditors, and monitoring relationships between key audit staff and the Group.

The role of the Committee

The role of the Audit Committee is set out in its terms of reference document and is to:

- monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company’s financial performance, reviewing significant financial reporting judgements contained in them;
- review the Company’s internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent Directors, or by the Board itself, to review the Company’s internal control and risk management systems;
- monitor and review the effectiveness of the Group’s internal controls and evaluate the need to establish a dedicated internal audit function;
- make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and
- report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Activities during the year

During the year, a letter was received from the Financial Reporting Council (“FRC”) in relation to the Group’s Annual Report & Accounts for the year ended 31 December 2021. The FRC conducts periodic reviews into the reports produced by listed companies and the reviews are designed to stimulate improvements in the quality of corporate reporting.

The Committee had oversight of the responses provided by management to the FRC’s enquiries.

The Group’s Annual Report & Accounts were selected for a limited scope thematic review of earnings per share (IAS 33), carried out in accordance with Part 2 of the FRC Corporate Reporting Operating Procedures. Management responded to the FRC, providing explanations and clarity around the matters raised in their review. This allowed the review to be closed well in advance of the publication of the Group’s Annual Report & Accounts for the year ended 31 December 2022. The Committee welcomed the comments received by the FRC, has incorporated matters raised into the Annual Report where appropriate and is supportive of the FRC’s goal of increasing transparency in corporate reporting.

Significant issues considered in relation to the financial statements

At the request of the Board, the Audit Committee considered whether the 2022 Annual Report and Accounts were fair, balanced and understandable and whether they provided the necessary information for shareholders to assess the Group’s performance, business model and strategy. The Committee was satisfied that this is the case.

The Audit Committee assesses whether suitable accounting policies have been adopted and whether appropriate estimates and judgements have been made by management. The Committee also reviews accounting papers prepared by management, and reviews reports by the external auditors. The specific areas reviewed by the Committee during the year were:

- accounting for share-based payments;
- consideration of the going concern basis of preparation adopted in the financial statements; and
- monitoring and reviewing the effectiveness of the Group’s internal controls and evaluating the need to establish a dedicated internal audit function.

Simon Collins
Chair of the Audit Committee

NOMINATION COMMITTEE REPORT

“The Board operates in an open and transparent manner providing an environment of constructive challenge and support.

Nomination Committee membership

The Nomination Committee comprises three independent Non-Executive Directors with diverse skills and experiences. Simon Collins (Chair), Camilla Macun and Alexander Brennan served as members of the Committee through the year ended 31 December 2022. Alexander Brennan was appointed to the Nomination Committee on 1 February 2022.

The role of the Committee

The role of the Committee includes reviewing the composition of the Board, succession planning for the Board and, together with the CEO, succession planning for senior leadership positions throughout the Group. It also considers:

- the structure, size and composition of the Board and its Committees including evaluating the balance of skills, experience, independence and knowledge of its members;
- the independence and time commitments of Non-Executive Directors and, where necessary, assessing fulfilment of their duties;
- the Board’s policy on diversity as it relates to appointments to the Board;
- succession planning for the Board and senior leadership;
- the Committees’ effectiveness; and
- the Committees’ terms of reference.

The Nomination Committee did not meet during the year. The appointment of Alexander Brennan as a Non-Executive Director was approved by the Nomination Committee in 2021.

Simon Collins
Chair of the Nomination Committee

REMUNERATION COMMITTEE REPORT

Remuneration Committee membership

The Remuneration Committee comprises three independent Non-Executive Directors. Camilla Macun (Chair), Simon Collins and Alexander Brennan served as members of the Committee through the year ended 31 December 2022. Alexander Brennan was appointed to the Remuneration Committee on 1 February 2022.

Role of the Committee

The Remuneration Committee monitors the remuneration policies of Big Technologies to ensure that they are aligned with Big Technologies' business objectives and strategy. The main duties of the Remuneration Committee are set out in its terms of reference and include:

- determining the remuneration policy for all Directors, having regard to the risk appetite of the Group and alignment to the Group's long-term strategic goals;
- reviewing the ongoing appropriateness and relevance of the remuneration policy, having regard to pay and employment conditions across the wider Group;
- approving the design of, and determining targets for any performance-related pay schemes operated by the Company and approving the total annual payments made under such schemes;
- reviewing the design of all share incentive plans for approval by the Board and shareholders;
- determining the policy for, and scope of, pension arrangements for each Executive Director and other senior management;
- approving the terms of the service contracts for Executive Directors and other senior management, and determining the policy for and scope of termination payments;
- determining the total individual remuneration package of each Executive Director and other designated senior executives including bonuses, incentive payments and share awards; and
- establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

Remuneration policy

The objective of the remuneration policy is to ensure that remuneration incentivises and rewards the growth of shareholder value through full alignment with the Group's strategy and with the interests of shareholders. We have been guided by a number of fundamental principles:

- remuneration should be set by taking into account pay levels in the various jurisdictions in which the Company operates, whilst complying with UK PLC structural norms and good practice;
- the policy should attract, retain and motivate high calibre Executive Directors and senior management through a significant weighting on performance-related pay;
- incentive plans should be robust and include metrics and targets which are directly relevant to Big Technologies strategic goals;
- pay should be simple and understandable, both externally and to colleagues;
- good practice features such as clawback and malus arrangements should be included;
- share ownership should be encouraged across the executive team to ensure a long-term focus and alignment of interest with shareholders; and
- pay structures should not reward behaviour that inappropriately increases the Group's exposure to risks outside of the Group's risk appetite.

We will keep the remuneration policy under review and will make changes as required to ensure continued alignment with the principles set out above. In doing so, we will consult with our major shareholders where necessary.

Application of the remuneration policy in 2022

As disclosed in last year's report, the Remuneration Committee agreed to implement salary increases of 1% for the Chief Executive Officer and Chief Operating Officer in January 2022. As a result of the Group's performance against its financial objectives and the successful fulfilment of Executive Directors' own personal objectives, the annual bonus paid out at 100% of the maximum for each of the Executive Directors. The bonus will be payable in cash in March 2023. No further grants under the Growth Share Plan ('GSP') were made to the Executive Directors during the year.

The financial targets for 2022 in order for the Executive Directors to achieve the annual bonus were:

- Sales of £44 million to £47 million (40% weighting)
- Adjusted EBITDA of £25 million to £28 million (40% weighting)
- Personal objectives (20% weighting).

The Group's other senior employees were awarded further grants under the Long-Term Incentive Plan ('LTIP') established in July 2021. The performance conditions continue to be based on challenging targets linked to total shareholder return and cumulative adjusted profit targets over a three-year period.

Proposed application of the remuneration policy for 2023

For 2023, we plan to make minimal changes to the remuneration policy. We will continue with the current mix of fixed pay and the annual bonus scheme for Executive Directors, but with no further grants under the GSP.

The LTIP will continue to be used to incentivise senior employees with the intention to make awards on an annual basis. The performance conditions will continue to be based on a combination of total shareholder return and cumulative adjusted profit targets over a three-year period.

Full details of how we intend to operate the policy for 2023 are set out on page 52.

Engagement with shareholders

The Remuneration Committee would welcome any feedback from shareholders on any matter to do with Directors' remuneration; please contact me if you have any comments. I will also be available at the AGM to answer any questions you may have.

Camilla Macun
Chair of the Remuneration Committee

REMUNERATION COMMITTEE REPORT CONTINUED

Directors' remuneration policy

The objective of the remuneration policy for Executive Directors is to ensure remuneration incentivises and rewards the growth of shareholder value through full alignment with the Group's strategy and with the interests of shareholders.

The total remuneration package is structured so that a significant proportion is linked to performance conditions measured over both the short- and long-term. A high proportion of the potential remuneration is paid in shares, thereby ensuring that executives have a strong ongoing alignment with shareholders through the Company's share price performance.

When setting the levels of short-term and long-term variable remuneration and the balance of cash and share-based elements, consideration is given to obtaining the appropriate balance so as not to encourage unnecessary risk-taking, whilst ensuring that performance hurdles are suitably challenging.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Base salary	To recruit and reward high-calibre executives for the role required.	Reviewed annually by the Committee, taking account of Group performance, individual performance, changes in responsibility and levels of increase for the workforce generally. Reference is also made to comparator benchmarks from time-to-time. The Committee considers the impact of any basic salary increase on the total remuneration package.	There is no prescribed maximum annual increase. The Committee is guided by movements in market rates, the performance of the business and the general salary increase for the broader employee population, but on occasions may need to take into account factors such as development in role, change in responsibility, and/or specific retention issues.
Benefits	To provide market-competitive benefits and to help ensure the overall wellbeing of employees.	The Group typically provides: medical insurance, health and critical illness cover. Executive Directors are also entitled to between 25 and 30 days' leave per annum.	Benefits provision is set at a level considered appropriate taking into account a variety of factors, including market practice elsewhere.
Pension	To provide market-competitive benefits and to assist post-retirement financial planning.	A Group contribution to a defined contribution pension scheme or provision of cash allowance in lieu of pension.	Up to 12% of basic salary.
Annual bonus scheme	To encourage and reward excellent performance over the course of the financial year.	Annual bonus payments are based on performance against challenging targets linked to the Group's strategic objectives. Bonuses are currently paid in cash. The Remuneration Committee will review on an ongoing basis whether a proportion of the bonuses should be deferred into shares.	Maximum annual opportunity of 100% of basic salary.
Growth Share Plan ('GSP')	To encourage and reward delivery of the Group's long-term strategic objectives and provide alignment with shareholders through the use of share-based remuneration.	The Group made an award of 100 A shares in Buddi Limited (a wholly owned subsidiary of the Company) to Executive Directors in July 2021. The holders of the A Shares have the right to exchange their A Shares for shares in the Company upon satisfaction of certain share price criteria.	The award was a one-off grant to encourage and reward delivery of the Group's long-term strategic objectives and establish an immediate alignment of interests with shareholders.
Non-Executive Director fees	To attract and retain a high-calibre Non-Executive Chair and Non-Executive Directors.	Fee levels are set as appropriate for the role and responsibility for each Non-Executive Director position and with reference to market levels in comparably sized public companies. Fees are paid in cash. The Non-Executive Chair is paid a single fee for all his responsibilities. Other Non-Executive Directors are also paid a single fee.	There is no prescribed maximum annual increase. Any increases to fee levels are guided by movements in market rates and the general salary increase for the broader employee population. On occasion, however, fee increases may need to recognise, for example, change in responsibility, and/or time commitments.

Service contracts

The Remuneration Committee is responsible for approving the terms of the service contracts for Executive Directors. The Executive Directors signed new service contracts on 7 July 2021. They have no fixed duration. These service contracts are terminable with 12 months' notice for the Chief Executive Officer and Chief Operating Officer and six months' notice for the Chief Financial Officer.

The Non-Executive Directors have entered into letters of appointment with the Company which shall continue indefinitely unless terminated earlier by either party providing three months' prior written notice.

Directors' remuneration for 2022

The table below sets out the remuneration payable to the Directors for the year ended to 31 December 2022:

	Salary and fees £	Benefits £	Pensions £	Bonus £	Gain on exercise of share options and warrants[2] £	**Total £**
Executive Directors						
Sara Murray	360,570	–	41,316	360,570	–	**762,456**
Daren Morris	230,000	819	21,163	230,000	–	**481,982**
Charles Lewinton	151,500	380	15,000	151,500	262,240	**580,620**
Non-Executive Directors						
Simon Collins	70,000	–	–	–	–	**70,000**
Camilla Macun	50,000	–	–	–	–	**50,000**
Alexander Brennan[1]	36,667	–	–	–	–	**36,667**

1. Alexander Brennan was appointed to the Board on 1 February 2022, which equates to a full year equivalent fee of £40,000.
2. During the year Charles Lewinton exercised awards in respect of 100,000 shares under the EMI option scheme with a valuation (net of exercise price) of £262,240.

Annual bonus scheme outcome for 2022

Executive Directors had an entitlement to an annual bonus up to a maximum opportunity of 100% of basic salary for the year ended to 31 December 2022. Achievement of the bonus was based on performance conditions linked to achievement of challenging profit (40% of the total bonus) and revenue (40% of the total bonus) targets and the successful fulfilment of Executive Directors' own personal objectives (20% of the total bonus).

The bonus payable to the Executive Directors for the year under review was equivalent to 100% of their basic salary, and is set out in the table above.

The bonuses are payable in cash following the release of the Company's preliminary 2022 results in March 2023.

GSP awards granted in 2021

The Group established a Growth Share Plan ('GSP') for Executive Directors prior to Admission. In line with the intentions set out in the Admission Document, the grants under the GSP were made on 21 July 2021 to the CEO, CFO and COO in the form of 100 A Shares in Buddi Limited (a wholly owned subsidiary of the Company). The holders of the A Shares have the right to exchange their A Shares for shares in the Company upon satisfaction of certain share price criteria as outlined below. These one-off awards were specifically designed to encourage and reward delivery of the Group's long-term strategic objectives, to act as a retention mechanism and to establish an immediate alignment of management's interests with those of shareholders.

The maximum award available under the GSP is 32,904,312 shares subject to the Company's share price meeting certain performance conditions over any 30 day period on or before the third anniversary of Admission. If and to the extent the above criteria has not been achieved to the maximum possible thresholds, then the holders of the A Shares will, subject to the crystallisation of their entitlement on the third anniversary of Admission, be given a further year to achieve their entitlement to the maximum possible thresholds with revised targets.

Share price performance condition (on or before the third anniversary of Admission)	Share price performance condition (between the third and fourth anniversary of Admission)	Award (on a straight-line basis)
£3.10 to £3.64	£3.58 to £4.45	6,855,065 to 27,420,260 shares in the Company
£3.65 to £4.38 (or more)	£4.45 to £5.68 (or more)	27,420,260 to 32,904,312 shares in the Company

REMUNERATION COMMITTEE REPORT CONTINUED

Non-EMI Plan (in respect of the Non-Executive Chair)

A grant of 2,000,000 options to acquire shares at an exercise price of £1.10 in the Company was made on 1 January 2021 to the Non-Executive Chair. The options vest annually over three years in equal tranches with the first vesting date being 31 December 2022, subject to successful admission of the Company's shares to AIM with a market capitalisation in excess of £300 million. As at 31 December 2022 awards totalling 1,333,333 had vested but were not yet exercised.

Application of the remuneration policy for 2023

Basic salaries

The Remuneration Committee has reviewed the basic salaries of the CEO and the CFO and has determined that a 3% increase will apply to the basic salaries from 1 January 2023. The CTO's salary has been increased to £175,000 as a result of his promotion to COO and the additional responsibilities undertaken in the new role. The new salary levels are set out in the table below:

	Current salary £	Salary with effect from 1 January 2023 £	% increase
Sara Murray	360,570	371,387	3%
Daren Morris	230,000	236,900	3%
Charles Lewinton	151,500	175,000	16%

A salary increase averaging 7.4% across the UK employee population was awarded at the annual pay review.

Annual bonus scheme

The annual bonus scheme will continue to operate in a broadly similar fashion to the scheme in place for 2022. The specific bonus targets will be disclosed in the 2023 Directors' remuneration report, alongside details of performance against the targets.

The maximum annual bonus opportunity for Executive Directors in 2023 will be 100% of basic salary, payable in cash.

Directors' interests in shares and long-term incentive awards

The interests held as at 31 December 2022 by each Director who served during the financial year were as follows:

	Shares beneficially owned	Share options	GSP	**Total**
Sara Murray	73,000,000	747,300	17,064,668	**90,811,968**
Daren Morris	410,000	–	3,656,715	**4,066,715**
Charles Lewinton	81,200	273,650	3,656,715	**4,011,565**
Simon Collins	–	2,000,000	–	**2,000,000**
Camilla Macun	10,000	–	–	**10,000**
Alexander Brennan	–	–	–	**–**

All Executive Directors are expected to build-up a shareholding equivalent to 1x gross salary, over time. As at 31 December 2022 Sara Murray, Daren Morris and Charles Lewinton had all met this requirement.

Interests in the GSP represent an estimate of the number of awards expected to vest based on share price performance criteria achieved between the grant date and 31 December 2022 and assume the continuing employment of the participants at the vesting date.

Camilla Macun
Chair of the Remuneration Committee

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2022. The Corporate Governance Statement on pages 34 to 52 also forms part of this Director's Report.

Principal activities of the Group

The principal activities of Big Technologies Plc and its subsidiaries (together 'the Group') are the development and delivery of remote monitoring technologies to a range of domestic and international customers.

Review of the business

The Chair's statement on page 4 and the Strategic Report on pages 2 to 33 provide a review of the business, the Group's trading for the year ended 31 December 2022, key performance indicators and an indication of future developments.

Results and dividends

The Group has reported its consolidated financial statements in accordance with UK adopted International Accounting Standards.

The profit for the financial year attributable to shareholders was £19,962,000 (2021: £12,788,000). No dividends have been recommended by Directors or paid to shareholders in this financial year. The results are shown more fully in the consolidated financial statements on pages 61 to 90 and summarised in the Financial review on pages 26 to 29.

Annual General Meeting

The Annual General Meeting ('AGM') will be held at 11am on 23 May 2023 at the offices of Hill Dickinson, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW. The Notice of the AGM, which is a separate document, will be sent to all shareholders and will be published on the Big Technologies PLC website.

Directors and their interests

The following individuals served as Directors within the 2022 financial year:

- Sara Murray
- Daren Morris
- Charles Lewinton
- Simon Collins
- Camilla Macun
- Alexander Brennan (appointed on 1 February 2022)

The Directors who held office during the year and as at 31 December 2022 had the following interests in ordinary shares of the Company:

	2022	2021
Sara Murray	**73,000,000**	73,000,000
Daren Morris	**410,000**	308,755
Charles Lewinton	**81,200**	–
Simon Collins	**–**	–
Camilla Macun	**10,000**	10,000
Alexander Brennan	**–**	–

In addition to the interests in ordinary shares shown above, the Group operates a Growth Share Plan ('the GSP') for the Board, under which Executive Directors have been issued a total of 100 A shares in Buddi Limited (a wholly owned subsidiary of the Company). Subject to Big Technologies PLC achieving certain share price criteria, the holders of the A Shares have the right to exchange their A Shares for shares in the Company. The maximum number of ordinary shares which could be issued to Directors in the future under such awards at 31 December 2021 is shown below:

	2022	2021
Sara Murray	**23,033,018**	23,033,018
Daren Morris	**4,935,647**	4,935,647
Charles Lewinton	**4,935,647**	4,935,647

Furthermore, a grant of options to acquire shares in the Company was made on 1 January 2021 to the Non-Executive Chair. The maximum number of ordinary shares which could be issued to the Non-Executive Chair in the future under such awards at 31 December 2022 is 2,000,000 (2021: 2,000,000).

DIRECTORS' REPORT CONTINUED

Relationship Agreement with Sara Murray

The Company, Zeus Capital and Sara Murray have entered into the Relationship Agreement which regulates the ongoing relationship between Sara Murray and the Company with a view to ensuring that, amongst other things, transactions and relationships between the Company and Sara Murray are entered into on an arm's length basis. The Relationship Agreement also provides Sara Murray with the right to appoint and maintain one Director for so long as she (together with her associates) maintains an interest in 15% or more of the issued share capital of the Company. Further information on the Relationship Agreement is available in our Admission Document.

Political donations

The Group made no political donations in the 2022 financial year (2021: £nil).

Disclosure to external auditor

In accordance with section 418 of the Companies Act 2006, the Directors of the Company confirm that the external auditor has been provided with all relevant information within the Directors' knowledge. The Directors have taken all reasonable steps to ascertain relevant information and ensure the auditor was made aware of such information.

Directors' indemnities

The Group maintains appropriate Directors' and Officers' insurance and has done so throughout the financial year. This policy is still in place as at the date of this report.

Share capital

The rights attaching to the Company's ordinary shares, as well as the powers of the Company's Directors, are set out in the Company's Articles of Association, copies of which can be obtained from the Group Company Secretary and are available on the Company's website. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfers of securities and/or voting rights. No person holds securities in the Company carrying special rights with regard to control of the Company. The Company's Articles of Association may be amended by special resolution of the Company's shareholders.

At 28 February 2023, the Company's issued share capital was £2,904,000 divided into 290,400,082 ordinary shares of 0.01p each. The holders of ordinary shares are entitled to one vote per share at the general meetings of the Company.

Substantial shareholdings

At 28 February 2023, the Company had been notified of the following interests amounting to 3% or more of the voting rights in its ordinary share capital:

	Percentage of ordinary share capital
Sara Murray	25.1%
Liontrust Investment Partners LLP	11.2%
Romelle Ltd	9.4%
Ernström Kapital AB	8.3%
Abrdn plc	6.0%
Iville Limited	3.1%
JP Morgan Asset Management UK	3.1%

As far as the Directors are aware, there were no other interests above 3% of the issued ordinary share capital.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of issue of these consolidated financial statements. As a result the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Further details are provided in note 2 to the financial statements.

Independent auditor

The auditor, Crowe U.K. LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

The report was approved by the Board on 28 March 2023 and signed on its behalf by:

Sara Murray

Sara Murray OBE
Chief Executive Officer

Daren Morris
Chief Financial Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report, any other surrounding information 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. The Group has reported its consolidated financial statements in accordance with UK adopted International Accounting Standards and has elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Accounts is prepared in accordance with applicable law in the United Kingdom. The maintenance and integrity of the Big Technologies PLC website is the responsibility of the Directors; the work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in Annual Reports may differ from legislation in other jurisdictions.

This responsibility statement was approved by the Board of Directors on 28 March 2023 and is signed on its behalf by:

Sara Murray

Sara Murray OBE
Chief Executive Officer

Daren Morris
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIG TECHNOLOGIES PLC

Opinion

We have audited the financial statements of Big Technologies Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2022, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 31 December 2022;
- the Group and parent company statements of financial position as at 31 December 2022;
- the Group statement of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- Reviewing management's financial projections for the Group for a period of more than 12 months from the date of approval of the financial statements;
- Checking the numerical accuracy of management's financial projections;
- Challenging management on the assumptions underlying those projections and considering the impact of reductions in anticipated net cash inflows;
- Obtaining the latest management results post year end to assess how the Group is performing compared to the projections;
- Performing sensitivity analysis on key inputs into the projections by calculating the impact of various scenarios and considering the impact on the Group's ability to continue as a going concern in the event that a downward scenario occurs; and
- Assessing the completeness and accuracy of the matters described in the going concern disclosures within the significant accounting policies as set out in Note 2.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £1,040,000 (2021: £800,000), based on approximately 5% of Group profit before tax (2021: 5% of Group profit before tax after adjusting for IPO costs and the exercise of warrants).

Materiality for the Parent Company financial statements was set at £1,000,000 (2021: £485,000) based on approximately 2% of net assets, which we consider to be appropriate as the Parent Company is an investment holding company.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £728,000 (2021: 525,000) for the group and £700,000 (2021: £339,500) for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £52,000 (2021: £40,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We identified two significant components, being the Parent Company and its principal operating subsidiary Buddi Limited. Our group audit strategy focused on these and all significant components were subject to a full scope audit. Entities which were assessed as material but not significant were subject to audit procedures over material balances. The remaining components of the Group were considered non-significant. Material balances to the Group were audited and the remaining balances subject to analytical procedures by the Group audit team.

The main trading Group and its principal subsidiary are accounted for from one central location, the Group's registered office. The audits of the parent Company and Buddi Limited were performed by the Group audit team in the UK. The consolidation was also subject to a full scope audit performed by the Group audit team in the UK.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIG TECHNOLOGIES PLC CONTINUED

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition Revenue is recognised in accordance with the accounting policy set out in the financial statements. Revenue in relation to the provision of electronic monitoring is based, inter alia, on contractual terms, including usage, which can be complex. The accounting policy contains a number of judgements, particularly in recognising when performance obligations are satisfied by reference to the underlying contract with customers. We considered the risk that revenue may be materially mis-stated. Refer to notes 2 and 3	**Our audit procedures included:** • Our IT team performed procedures around the tracking system to ensure that the platform is secure, reliable and information is accurately and correctly recorded in the systems; • For a sample of larger contracts, the revenue was agreed to underlying contracts, invoices, bank statements and client correspondence where required; • For the smaller contracts the transactions were agreed to invoices, bank statements and client correspondence where required; • A sample of deferred income transactions were selected and agreed to invoices and the revenue recognition and year end deferral were recalculated; and • The disclosures in the financial statements were reviewed and considered against the requirements of IFRS 15.
Carrying value of intangible assets and goodwill The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and brand assets. When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired. Notes 2, 10 and 11	Our audit procedures included: • We obtained managements' impairment workings and performed the below procedures: • Verifying that the forecasts used were the latest forecasts approved by the board; • Reperforming the impairment assessment workings and testing the mathematical accuracy of the model; • Performing a retrospective review, by comparing the 2022 actual result versus the 2022 forecast used in the prior year to ensure the reasonability of managements forecasts; • Considering how management had incorporated micro and macro-economic risks into the forecasts; • Considering and challenging the key assumptions in the model; and • We reviewed the disclosures within the financial statements to ensure they were compliant with IAS 36.
Share based payments The Group operates a number of share-based compensation schemes to reward and incentivise senior management, including long term incentive schemes with incorporate market facing performance conditions. We considered the risk that share based payments are not accounted for in accordance with IFRS 2. Notes 2 and 24	Our audit procedures included: • We reviewed managements' assessment of share-based payments, particularly the growth shares, and confirmed and challenged that no changes to the recognition of the share-based expense is required in the period • We recalculated the expense in the period; and • The disclosures in the financial statements were reviewed and considered against the requirements of IFRS 2.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of the directors for the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIG TECHNOLOGIES PLC CONTINUED

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the Parent Company.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. The most significant identified were the Companies Act 2006 and the QCA Corporate Governance Code. Our work included direct enquiry of the Company who oversees all legal proceedings, reviewed Board and relevant committee minutes and inspection of correspondence.
- As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas that involve significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.
- We used data analytic techniques to identify any unusual transactions or unexpected relationships.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

Use of our report

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

Stephen Bullock
(Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 28 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	3	**50,164**	37,628
Cost of sales		**(13,781)**	(10,971)
Gross profit		**36,383**	26,657
Administrative expenses		**(15,800)**	(12,884)
Other operating income		**7**	1
Operating profit		**20,590**	13,774
Analysed as:			
Adjusted EBITDA		**30,465**	20,567
Amortisation of acquired intangibles		**(468)**	(468)
Amortisation of development costs		**(806)**	(703)
Depreciation		**(2,545)**	(1,931)
IPO preparation costs		**–**	(1,192)
National insurance on warrant exercise		**–**	(1,076)
Share-based payments expense		**(6,056)**	(1,423)
Operating profit		**20,590**	13,774
Finance income	7	**449**	–
Finance expenses	7	**(42)**	(47)
Share of loss of joint venture	14	**(2)**	(5)
Profit before taxation		**20,995**	13,722
Taxation	8	**(1,033)**	(934)
Profit for the year		**19,962**	12,788
Other comprehensive income:			
Exchange differences on translation of foreign operations		**139**	27
Total comprehensive income for the year		**20,101**	12,815
Basic earnings per share (pence)	9	**6.9p**	4.5p
Diluted earnings per share (pence)	9	**6.5p**	4.4p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Goodwill	10	**13,359**	13,359
Acquired and other intangible assets	11	**6,000**	6,142
Property, plant and equipment	12	**4,178**	2,265
Right-of-use assets	13	**705**	345
Interests in joint ventures	14	**–**	363
Deferred tax assets	20	**3,725**	1,039
Other receivables	16	**1,684**	1,612
Non-current assets		**29,651**	25,125
Inventories	15	**6,823**	3,079
Trade and other receivables	16	**9,222**	6,620
Cash and cash equivalents	17	**67,474**	48,317
Current assets		**83,519**	58,016
Total assets		**113,170**	83,141
Liabilities			
Lease liabilities	13	**247**	195
Trade and other payables	18	**8,153**	6,875
Provisions	19	**800**	–
Current liabilities		**9,200**	7,070
Lease liabilities	13	**460**	154
Deferred tax liabilities	20	**412**	501
Trade and other payables	18	**625**	1,185
Non-current liabilities		**1,497**	1,840
Total liabilities		**10,697**	8,910
Net assets		**102,473**	74,231
Equity			
Share capital	21	**2,904**	2,885
Share premium	21	**39,031**	38,535
Other reserves	22	**414**	275
Retained earnings		**60,124**	32,536
Total equity		**102,473**	74,231

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2023 and are signed on its behalf by:

Sara Murray

Sara Murray OBE
Executive Officer

Daren Morris
Chief Financial Officer

Company registration number: 10791781

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total owners' equity £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2021	27	21,767	28	18,335	40,157	306	40,463
Profit for the year	–	–	–	12,788	12,788	–	12,788
Other comprehensive income for the year	–	–	27	–	27	–	27
Total comprehensive income for the year	–	–	27	12,788	12,815	–	12,815
Share-based payments	–	–	–	1,413	1,413	–	1,413
Transactions with non-controlling interests	–	–	220	–	220	(306)	(86)
Issue of shares, net of share issue costs	143	19,483	–	–	19,626	–	19,626
Bonus issue of shares	2,715	(2,715)	–	–	–	–	–
Balance at 31 December 2021	2,885	38,535	275	32,536	74,231	–	74,231
Balance at 1 January 2022	2,885	38,535	275	32,536	74,231	–	74,231
Profit for the year	–	–	–	19,962	19,962	–	19,962
Other comprehensive income for the year	–	–	139	–	139	–	139
Total comprehensive income for the year	–	–	139	19,962	20,101	–	20,101
Share-based payments	–	–	–	6,026	6,026	–	6,026
Deferred tax on share-based payments	–	–	–	1,600	1,600	–	1,600
Issue of shares, net of share issue costs	19	496	–	–	515	–	515
Balance at 31 December 2022	**2,904**	**39,031**	**414**	**60,124**	**102,473**	**–**	**102,473**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	**2022 £'000**	2021 £'000
Cash flows from operating activities			
Profit before tax		**20,995**	13,722
Adjustments for:			
Depreciation of property, plant and equipment	12	**2,328**	1,698
Depreciation of right-of-use assets	13	**217**	233
Amortisation of intangible assets	11	**1,274**	1,171
Share of loss of joint venture	14	**2**	5
Investment write-down	14	**426**	–
Share-based payments expense	24	**6,026**	1,413
Finance income	7	**(449)**	–
Finance expenses	7	**42**	47
Changes in:			
Inventories		**(3,744)**	(859)
Trade and other receivables		**(2,986)**	(2,867)
Trade and other payables		**1,594**	1,401
Cash generated from operating activities		**25,725**	15,964
Taxes paid		**(1,801)**	(1,926)
Net cash generated from operating activities		**23,924**	14,038
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(142)**	(135)
Own work capitalised	12	**(4,098)**	(1,833)
Capitalised development costs	11	**(1,132)**	(969)
Interest received	7	**295**	–
Dividends from joint ventures and associates	14	**–**	64
Net cash used in investing activities		**(5,077)**	(2,873)
Cash flows from financing activities			
Proceeds from issues of shares	21	**515**	19,626
Transactions with non-controlling interests		**–**	(86)
Repayment of lease liabilities		**(238)**	(239)
Interest paid	7	**(25)**	(32)
Net cash generated from financing activities		**252**	19,269
Net increase in cash and cash equivalents		**19,099**	30,434
Cash and cash equivalents at the beginning of the year		**48,317**	17,999
Effects of exchange rate changes on cash and cash equivalents		**58**	(116)
Cash and cash equivalents at the end of the year		**67,474**	48,317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. General information

Big Technologies PLC is a public limited company incorporated in the United Kingdom, listed on the Alternative Investment Market ('AIM') of the London Stock Exchange. The Company is domiciled in the United Kingdom and its registered office is Talbot House, 17 Church Street, Rickmansworth, WD3 1DE. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The principal activity of the Group is the development and delivery of remote monitoring technologies and services to a range of domestic and international customers.

Basis of preparation

The consolidated financial statements are measured and presented in pounds sterling which is the currency of the primary economic environment in which the Group operates. They have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value through profit or loss.

The consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards. These statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

All figures presented are rounded to the nearest £'000, unless stated otherwise.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. The possible continuing and future impact of Covid-19 on the Group has been considered in the preparation of the financial statements.

The Directors have reviewed the forecasts for the Group for the period to 31 December 2025 and have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Further details for adopting the going concern basis are set out in the Directors' Report on page 54.

Adoption of new and revised International Financial Reporting Standards ('IFRSs')

No new standards and interpretations issued by the IASB had a significant impact on the consolidated financial statements.

Standards, amendments and interpretations to published standards not yet effective

The Directors have considered those standards and interpretations, which have not been applied in the financial statements but are relevant to the Group's operations, that are in issue but not yet effective and do not consider that they will have a material impact on the future results of the Group.

Alternative performance measures

The Group has identified certain alternative performance measures ('APMs') that it believes will assist the understanding of the performance of the business. The Group believes that Adjusted EBITDA, adjusting items, shareholders' funds and net cash/debt provide useful information to users of the financial statements. The terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures.

Adjusting items

The Group has chosen to present an adjusted measure of profit and earnings per share, which excludes certain items which are separately disclosed due to their size, nature or incidence. It is the Group's view that excluding them gives a better representation of the underlying performance of the business in the year. These costs include 2021 IPO preparation costs, national insurance on 2021 warrant exercise, share-based payments and amortisation of acquired intangibles. The Group believes adjusting for these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. The classification of items as adjusting requires significant management judgement. The definition of adjusting items has been applied consistently year-on-year. Further details of adjusting items are provided in note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

2. Principal accounting policies continued

Basis of consolidation

The consolidated financial statements of Big Technologies PLC incorporate the financial statements of the Company and entities which it controls (its subsidiaries) (together the 'Group'), and are drawn up to the relevant year end date. Control is achieved where the Company has the power to govern the financial and operating policies so as to be able to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Joint arrangements and associates

The Group's share of the results of joint ventures and associates is included in the consolidated income statement using the equity method of accounting. Investments in joint ventures and associates are held on the consolidated balance sheet at cost, plus post-acquisition changes in the Group's share of the net assets of the entities, less any impairment in value and dividends received.

If the Group's share of losses in a joint venture or associate equals or exceeds its initial investment in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture or associate. Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity.

Revenue and long-term contracts

Revenue represents the value, net of sales taxes, of goods sold and services provided to customers. Revenue is disaggregated into the following categories:

- Device sales – revenue from sales of electronic monitoring hardware is recognised when the goods are delivered, and under IFRS 15 revenue is recognised as a single point, on delivery, despatch or pick-up depending on agreed terms with the customer. Where the hardware is sold as part of a long-term contract that includes usage services, then revenue is recognised over the period of the contract as the Group fulfils its performance obligation.
- Installation services – revenue in relation to services and hardware for the design and construction of an electronic monitoring system, which are generally provided at the start of a long-term contract with a customer. As these services are an integral part of a long-term contract for the provision of electronic monitoring services, revenue is recognised over the period of the contract as the Group fulfils its performance obligation.
- Usage services – revenue in relation to services for the provision of electronic monitoring software (including licence fees), hardware, related support services (which may include the fitting of devices to the offender, 24/7 monitoring services, help-desk and technical support services, installation, maintenance and upgrades to systems and telecoms infrastructure and data management and reporting) are recognised over time as the Group fulfils its performance obligation.
- Reimbursement for loss and damage to devices and other ad hoc services – revenue is recognised when the customer declares the loss of or damage to the equipment, or at the end of a contract when the monitoring equipment is returned by the customer. The amounts billed for the lost or damaged equipment are defined in the contract with the customer. Revenue from ad hoc services is recognised when the performance obligations under the relevant service contract have been fulfilled and the right to receive the consideration under the contract is probable.

Contract assets (accrued revenue) and contract liabilities (amounts received in advance of performance delivery) are recognised separately. Business development and other pre-contract costs are expensed as incurred.

Foreign currencies

Reporting foreign currency transactions in functional currency

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent reporting date:

(a) Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the consolidated income statement.

(b) Non-monetary items measured at historical cost in a foreign currency are not retranslated.

(c) Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date the fair value was determined. Where a gain or loss on non-monetary items is recognised directly in equity, any exchange component of that gain or loss is also recognised directly in equity and conversely, where a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement.

2. Principal accounting policies continued

Foreign currencies continued

Translation from functional currency to presentational currency

When the functional currency of a Group entity is different from the Group's presentational currency, its results and financial position are translated into the presentational currency as follows:

(a) Assets and liabilities are translated using exchange rates prevailing at the reporting date.

(b) Income and expense items are translated at average exchange rates for the year, except where the use of such an average rate does not approximate the exchange rate at the date of the transaction, in which case the transaction rate is used.

(c) All resulting exchange differences are recognised in other comprehensive income; these cumulative exchange differences are recognised in the consolidated income statement in the year in which the foreign operation is disposed of.

Intangible assets

All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill

Goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of the net assets acquired. Goodwill is not amortised and is stated at cost less any accumulated impairment losses.

The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognised immediately in the income statement. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units ('CGUs') expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

Acquisition-related intangible assets

Net assets acquired as part of a business combination include an assessment of the fair value of separately identifiable acquisition-related intangible assets, in addition to other assets, liabilities and contingent liabilities purchased. These are amortised on a straight-line basis over their useful lives which are individually assessed.

Customer relationships	7 – 10 years
Brand	7 years
Technology	2 years

Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised only if it meets the criteria for capitalisation under IAS 38. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in subsequent years.

Capitalised development expenditure is amortised on a straight-line method over a period of between four and eight years when the products or services are ready for sale or use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount. The amortisation charge is recognised within administrative expenses.

Impairment of tangible and intangible assets

An impairment loss is recognised to the extent that the carrying amount of an asset or cash generating unit ('CGU') exceeds its recoverable amount. The recoverable amount of an asset or CGU is the higher of: (i) its fair value less costs to sell; and (ii) its value in use. Its value in use is the present value of the future cash flows expected to be derived from the asset or CGU, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. Impairment losses are recognised immediately in the consolidated income statement.

Impairment of goodwill

Goodwill acquired in a business combination is allocated to a CGU; CGUs for this purpose are the Group's two sectors which represent the lowest level within the Group at which the goodwill is monitored by the Group's Board of Directors for internal and management purposes. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the goodwill attributable to the CGU. Impairment losses cannot be subsequently reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

2. Principal accounting policies continued

Impairment of tangible and intangible assets continued

Impairment of other tangible and intangible assets

Other tangible and intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses and any subsequent reversals are recognised in the consolidated income statement.

Financial instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously. A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss or loans and receivables financial assets. The Group does not hold any financial assets at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

As at the end of the reporting year, there were no foreign currency forward contracts classified under this category.

Loans and receivables financial assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are recognised under an expected credit loss approach, in accordance with IFRS 9. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

All financial liabilities are initially recorded at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss. The fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Interim dividends are recognised when paid and final dividends on ordinary shares are recognised as liabilities when approved for appropriation.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is 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. Subsequent costs are included in the asset's carrying amount only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

The principal annual rates used for this purpose are:

Long-term leasehold property	5 years
Plant and machinery	3 years
Fixtures and fittings	3 years
Office equipment	3 years
Other fixed assets	2 years

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting year to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Other fixed assets represent electronic monitoring equipment that has been manufactured by the Group and is being used to provide services to customers.

2. Principal accounting policies continued

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the remainder of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The Group's lease liabilities are included in interest-bearing loans and borrowings.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Extension and termination options

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 applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

2. Principal accounting policies continued

Inventories

Inventories are valued on a first-in, first-out basis at the lower of cost and net realisable value. Cost includes all expenditure incurred during the normal course of business in bringing in inventories to their present location and condition. Net realisable value is based on the estimated useful selling price less further costs expected to be incurred to completion and subsequent disposal.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Employee benefits

Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. The Group's contributions to defined contribution plans are recognised in profit or loss in the year to which they relate.

Share-based payments

Employees (including Directors and staff) of the Group receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments ('equity-settled transactions'). These individuals are granted share option rights approved by the Board which can only be settled in shares of the respective companies that award the equity-settled transactions. Share option rights are also granted to these individuals by majority shareholders over their shares held. No cash-settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ('vesting point'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that year.

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in profit or loss over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of the Black Scholes model and Monte Carlo option pricing simulation.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measuring the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Critical accounting judgements and key sources of estimation uncertainty

The Group makes certain estimates and judgements regarding the future which are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting judgements

In applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the consolidated financial statements.

Recognition of revenue

Management judgement is required to identify the performance obligations in the customer contracts which the Group enters into. Once the performance obligations have been determined and revenue has been appropriately allocated, management judgement is also required in determining the progress towards completion of performance obligations for each contract. The methodology and key judgements applied are outlined in the accounting policy section for revenue recognition.

2. Principal accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

Adjusting items

The Group has chosen to present an adjusted measure of profit and earnings per share, which excludes certain items which are separately disclosed due to their size, nature or incidence, and are not considered to be part of the normal operating costs of the Group. These costs include IPO preparation costs, national insurance on warrant exercise, share-based payments and amortisation of acquired intangibles. The Group believes adjusting for these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. The classification of items as adjusting requires significant management judgement. The definition of adjusting items has been applied consistently year-on-year. Further details of adjusting items are provided in note 4.

Capitalisation of development expenditure

Management judgement is required to determine whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is only capitalised after its reliable measurement, technical feasibility and commercial viability can be demonstrated.

Treatment of costs incurred in relation to the IPO in 2021

The decision of how to split the costs incurred on an equity raise via IPO requires judgement given that, whilst costs incurred on an equity raise should be recognised against equity in share premium, costs that relate to a stock market listing should be recognised as an expense in the consolidated statement of comprehensive income.

Key sources of estimation uncertainty

The key areas where estimates and assumptions are significant to the financial statements are described below.

Inventory provisions

Inventories are carried at the lower of cost and net realisable value, which is calculated as the estimated sales proceeds less costs of sale. Factors considered in the determination of net realisable value are the ageing, category and condition of inventories, as well as recent inventory utilisation. Reviews of provisions held against damaged, obsolete and slow-moving inventory are carried out quarterly by management and these reviews require the application of judgement and estimates. Changes to these estimates could result in changes to the net valuation of inventory. At 31 December 2022, the Group had net inventories of £6,823,000 (2021: £3,079,000).

Measurement, useful lives and impairment of development costs

Development costs are considered to have a finite economic life. These costs are recorded by project and then amortised over their useful economic lives that are reviewed at each reporting date. The useful economic life is determined based on historic experience for the life of other similar products. The value of development costs are reviewed at each reporting date, or more frequently if internal or external impairment indicators exist.

Useful lives of property, plant and equipment – other fixed assets

Other fixed assets comprise electronic monitoring equipment that is considered to have a finite economic life. The useful economic life is determined based on historic evidence and the fact that new versions of the Group's products are introduced from time to time. When new products are introduced, this is considered an indication of impairment.

Goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use. The key assumptions for the value in use calculations are those regarding the discount rates (being the cost of capital), growth rates (based on Board approved forecasts) and future profit margins (which are based on past experience). The Directors are satisfied that recoverable amounts are in excess of the value of the goodwill held. Further information on the assumptions used for the impairment test is outlined in note 10. At 31 December 2022, the carrying amount of goodwill was £13,359,000 (2021: £13,359,000).

Share-based payments

The Group operates equity-settled share-based payments arrangements. The calculation of the fair value of share-based payments at the grant date impacts the profit or loss over the vesting period. The magnitude of the fair value is primarily determined by the estimated volatility. The volatility has been based on historical comparative benchmarks, but this is not necessarily representative of future volatility. Inputs and sensitivities are disclosed in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

3. Segment reporting

The Group derives revenue from the delivery of remote monitoring technologies and services to a range of domestic and international customers.

The income streams are all derived from the utilisation of these products which, in all aspects except details of revenue, are reviewed and managed together within the Group and as such are considered to be the only segment. The Group operates across three regions: Europe, Asia-Pacific and the Americas, and the Board of Directors monitors revenue on this basis.

Revenue for each of the geographical areas is as follows:

	2022 £'000	2021 £'000
Europe	**5,048**	4,988
Asia-Pacific	**29,165**	18,230
Americas	**15,951**	14,410
	50,164	37,628

Assets and liabilities by segment are not regularly reviewed by the Board of Directors on a monthly basis and are not used as key decision-making tools and are therefore not disclosed here.

Revenues are disaggregated as follows:

	2022 £'000	2021 £'000
Sales of goods	**97**	165
Delivery of services	**50,067**	37,463
	50,164	37,628

Information about major customers

Three (2021: two) of the Group's customers individually account for more than 10% of total Group revenue.

These customers operate in the criminal justice sector and account for 51% (2021: 44%) of total Group revenue.

Future performance obligations

The amount of a customer contract's transaction price that is allocated to the remaining performance obligations represents contracted revenue that has not yet been recognised. Including amounts recognised as contract liabilities and amounts that are contracted but not yet delivered. The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of 31 December 2022 is £14,791,000 (2021: £15,245,000 This amount mostly comprises obligations to provide electronic monitoring software, hardware and related support services, as the respective contracts typically have durations of multiple years.

Management expects that £6,125,000 in 2022 (2021: £6,449,000) of the amount allocated to the future performance obligations as of 31 December 2022 will be recognised during 2023. £8,666,000 (2021: £8,796,000) is expected to be recognised as revenue within two to five years. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

4. Alternative performance measures

These items are included in normal operating costs of the business, but are significant cash and non-cash expenses that are separately disclosed because of their size, nature or incidence. It is the Group's view that excluding them from operating profit gives a better representation of the underlying performance of the business in the year. Further details of the adjusting items are included in note 2.

	2022 £'000	2021 £'000
Amortisation of acquired intangibles	**468**	468
IPO preparation costs	**–**	1,192
National insurance on warrant exercise	**–**	1,076
Total adjusting operating items	**468**	2,736
Share-based payments expense	**6,056**	1,423
Total adjusting items and share-based payments before tax	**6,524**	4,159
Tax effect of adjusting items and share-based payments	**(1,641)**	(1,050)
Total adjusting items and share-based payments after tax	**4,883**	3,109

Amortisation of acquired intangibles

These costs are excluded from the adjusted results of the Group since the costs are non-cash charges arising from investment activities. As such, they are not considered reflective of the core trading performance of the Group.

4. Alternative performance measures continued

IPO preparation costs

Attributable costs relating to the IPO in 2021 have been recognised within the consolidated statement of comprehensive income as an exceptional cost. These costs are excluded from the adjusted results of the Group since the costs are one-off in nature and will not repeat in future years.

National insurance on warrant exercise

Warrants were exercised in respect of 5,858,500 shares by the Chief Executive Officer immediately prior to the IPO in 2021. The acquisition of shares under the warrant was deemed to be within the Employment Related Securities rules and, therefore a charge has been recognised in respect of employer's national insurance.

Share-based payments expense

These costs are excluded from the adjusted results of the Group since the costs are non-cash charges arising from recognition of the fair value of share options and other share-based incentives granted to employees of the Group. As such, they are not considered reflective of the core trading performance of the Group.

Tax effect of adjusting items and share-based payments

The tax impact of these adjustments was as follows: amortisation of acquired intangibles of £89,000 (2021: £89,000) and share-based payments expense of £1,552,000 (2021: £961,000).

5. Profit before taxation

Profit before taxation for the year has been arrived at after charging/(crediting):

	2022 £'000	2021 £'000
Research and development costs charged as an expense	**1,751**	1,843
Depreciation of property, plant and equipment	**2,328**	1,698
Depreciation of right-of-use assets	**217**	233
Amortisation of intangible assets	**1,274**	1,171
IPO preparation costs	**–**	1,192
National insurance on warrant exercise	**–**	1,076
Realised (gain)/loss on foreign exchange	**(1,056)**	335

Auditor's remuneration:

	2022 £'000	2021 £'000
Fees payable to the Group's auditor during the year for:		
– the audit of the Company's financial statements	**48**	44
– the audit of the Company's subsidiaries	**97**	88
– other services	**–**	174
	145	306

Other services provided in 2021 by the Group's auditor relate to professional services in connection with the Group's IPO in July 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

6. Employees and Directors

The average monthly number of employees, including Directors, during the year was as follows:

	2022 No.	2021 No.
Management	**10**	8
Development	**34**	33
Administration	**9**	18
Sales	**15**	16
Operations	**136**	176
	204	251

The number of employees decreased during the year, due to contractual changes in the Americas region.

Staff costs, including Directors' remuneration, were as follows:

	2022 £'000	2021 £'000
Wages and salaries	**8,825**	8,235
Social security costs	**1,141**	1,706
Pension contributions	**186**	195
Share-based payments expense (IFRS 2 charge)	**6,026**	1,413
	16,178	11,549

Key management personnel comprise the Directors and details of their remuneration is given in the Remuneration Committee Report on pages 48 to 52.

7. Finance expenses and finance income

	2022 £'000	2021 £'000
Finance expenses		
Other interest	**25**	32
Interest on lease liabilities	**17**	15
	42	47
Finance income		
Interest receivable	**449**	–

8. Taxation

	2022 £'000	2021 £'000
Current tax		
For the financial year	**2,218**	1,457
Adjustments in respect of prior years	**(13)**	648
	2,205	2,105
Deferred tax		
Origination and reversal of temporary timing differences	**389**	(127)
Adjustments in respect of prior years	**(9)**	(83)
Related to share-based payments	**(1,552)**	(961)
	(1,172)	(1,171)
	1,033	934

8. Taxation continued

UK corporation tax is calculated at 19% (2021: 19%) of the assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The statutory effective rate of tax for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%) as set out below.

The tax charge can be reconciled to the consolidated income statement as follows:

	2022 £'000	2021 £'000
Profit before taxation	**20,995**	13,722
Tax at the attributable statutory rate of 19% (2021: 19%):	**3,989**	2,607
Tax effects of:		
Expenses not deductible for tax purposes	**1,125**	754
Income not allowable for tax purposes	**(105)**	(3)
Research and development tax credit	**(323)**	(312)
Patent Box relief*	**(1,476)**	–
Change in tax rates	**(241)**	(57)
Deferred tax not recognised	**53**	93
Double taxation relief	**31**	–
Overseas tax rates	**–**	472
Adjustment in respect of prior year	**(22)**	648
Share options exercised in the year	**(863)**	(1,655)
Deferred tax related to share-based payments	**(1,552)**	(961)
Other temporary differences	**104**	(409)
Other permanent differences	**313**	(243)
Total taxation for the year	**1,033**	934

* Patent box relief represents the tax effect of the reduced amount payable on taxable profits that fall within the UK Patent Box scheme.

In addition to the amount charged to the consolidated income statement, the following amounts relating to tax have been recognised directly in equity:

	2022 £'000	2021 £'000
Deferred tax		
Related to share-based payments	**(1,600)**	–
Total income tax recognised directly in equity	**(1,600)**	–

Factors affecting the tax charge in future years

The Group's future tax charge could be affected by several factors including: tax reform in the UK and overseas jurisdictions, any future acquisitions and the availability of R&D allowances and UK Patent Box reliefs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

9. Earnings per share

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

	Notes	2022 £'000	2021 £'000
Profit for the purpose of basic and diluted earnings per share being net profit attributable to equity holders of the parent		**19,962**	12,788
Adjustments for:			
Adjusting items	4	**468**	2,736
Share-based payments expense	24	**6,056**	1,423
Tax effect of adjusting items and share-based payments		**(1,641)**	(1,050)
Adjusted earnings		**24,845**	15,897

	2022 No. of shares	2021 No. of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**289,950,953**	282,853,610
Effect of dilutive potential ordinary shares/share options	**16,800,389**	6,373,277
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**306,751,342**	289,226,887

Basic earnings per share	2022 Pence	2021 Pence
Basic earnings per share	**6.9**	4.5
Adjustments for:		
Adjusting items	**0.2**	1.0
Share-based payments expense	**2.1**	0.5
Tax effect of adjusting items and share-based payments	**(0.6)**	(0.4)
Adjusted basic earnings per share	**8.6**	5.6

Diluted earnings per share	2022 Pence	2021 Pence
Diluted earnings per share	**6.5**	4.4
Adjustments for:		
Adjusting items	**0.2**	1.0
Share-based payments expense	**2.0**	0.5
Tax effect of adjusting items and share-based payments	**(0.6)**	(0.4)
Adjusted diluted earnings per share	**8.1**	5.5

The adjusted earnings per share have been calculated on the basis of profit before adjusting items and share-based payments, net of tax. The tax effect of adjusting items and share-based payments is equal to the deferred tax charge (or credit) recognised in the consolidated income statement for these items. The Directors consider that this calculation gives a better understanding of the Group's earnings per share in the current and prior year.

10. Goodwill

	2022 £'000	2021 £'000
Goodwill as at 1 January	**13,359**	13,359
Movement during the year	**–**	–
Goodwill as at 31 December	**13,359**	13,359

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. The carrying amount of the goodwill has been allocated between two CGUs – the US operations under Buddi US LLC (acquired in September 2018) and the Rest of World operations under Buddi Limited (acquired in May 2018).

The Group tests goodwill at least annually for impairment. Tests are conducted more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations have been individually estimated for each CGU and include the discount rates and expected changes to cash flows during the period for which management has detailed plans.

The Board approved the Big Technologies budget in December 2022 for the year ending 31 December 2023 and these projections have been used as the basis for the future cash flow projections. Management also prepared bottom-up projections for a further two years to 31 December 2025. Beyond the plan period the projections are extrapolated using a terminal value with an estimated conservative long-term growth rate of 2.0% (2021: 2.0%).

The Group uses a discount rate based on the weighted average cost of capital ('WACC'). The pre-tax WACC applied to the Buddi US LLC CGU was 20.7% (2021: 17.9%) and to the Buddi Limited CGU was 18.3% (2021: 15.7%). The WACC is derived using beta values of a comparator group of companies adjusted for funding structures as appropriate.

Following a detailed review, no impairment losses were recognised in the year ended 31 December 2022 or in the year ended 31 December 2021. A sensitivity analysis was performed on the forecasts to consider the impact of reasonably possible worst-case scenarios. Given the high level of visibility in the Group's revenue as a result of its long-term contracts with customers, the Group considered a scenario with an 15% and 27% fall in forecast cumulative cash flows across the forecast period for the Buddi US LLC and Buddi Limited CGU respectively. The application of these scenarios did not result in either of the CGUs requiring impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

11. Acquired and other intangible assets

	Customer relationships £'000	Brand £'000	Development costs £'000	Total £'000
Cost				
At 1 January 2022	3,854	427	5,404	9,685
Additions	–	–	1,132	1,132
Disposals	–	–	–	–
At 31 December 2022	**3,854**	**427**	**6,536**	**10,817**
Accumulated amortisation				
At 1 January 2022	1,434	209	1,900	3,543
Charge for the year	407	61	806	1,274
Disposals	–	–	–	–
At 31 December 2022	**1,841**	**270**	**2,706**	**4,817**
Carrying amount				
At 31 December 2021	2,420	218	3,504	6,142
At 31 December 2022	**2,013**	**157**	**3,830**	**6,000**

Customer relationships and brand relate to intangible assets acquired as part of business combinations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives. More details on amortisation rates are included in note 2.

Development costs relate to capitalised development expenditure which has met the criteria for capitalisation under IAS 38. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

	Customer relationships £'000	Brand £'000	Technology £'000	Development costs £'000	Total £'000
Cost					
At 1 January 2021	3,854	427	1,211	4,435	9,927
Additions	–	–	–	969	969
Disposals	–	–	(1,211)	–	(1,211)
At 31 December 2021	3,854	427	–	5,404	9,685
Accumulated amortisation					
At 1 January 2021	1,027	148	1,211	1,197	3,583
Charge for the year	407	61	–	703	1,171
Disposals	–	–	(1,211)	–	(1,211)
At 31 December 2021	1,434	209	–	1,900	3,543
Carrying amount					
At 31 December 2020	2,827	279	–	3,238	6,344
At 31 December 2021	2,420	218	–	3,504	6,142

12. Property, plant and equipment

	Long-term leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Office equipment £'000	Other fixed assets £'000	Total £'000
Cost						
At 1 January 2022	142	390	12	214	6,424	7,182
Additions	13	80	10	39	4,098	4,240
Disposals	–	–	–	–	–	–
Exchange differences	–	–	–	2	(43)	(41)
At 31 December 2022	**155**	**470**	**22**	**255**	**10,479**	**11,381**
Accumulated depreciation						
At 1 January 2022	138	279	10	172	4,318	4,917
Charge for the year	4	53	2	32	2,237	2,328
Disposals	–	–	–	–	–	–
Exchange differences	–	–	–	1	(43)	(42)
At 31 December 2022	**142**	**332**	**12**	**205**	**6,512**	**7,203**
Net book value						
At 31 December 2021	4	111	2	42	2,106	2,265
At 31 December 2022	**13**	**138**	**10**	**50**	**3,967**	**4,178**

Other fixed assets relate to electronic monitoring equipment that has been manufactured by the Group and is used to supply monitoring services to customers.

	Long-term leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Office equipment £'000	Other fixed assets £'000	Total £'000
Cost						
At 1 January 2021	142	275	12	197	6,718	7,344
Additions	–	115	–	20	1,833	1,968
Disposals	–	–	–	–	(2,000)	(2,000)
Exchange differences	–	–	–	(3)	(127)	(130)
At 31 December 2021	142	390	12	214	6,424	7,182
Accumulated depreciation						
At 1 January 2021	132	229	9	146	4,766	5,282
Charge for the year	6	50	1	27	1,614	1,698
Disposals	–	–	–	–	(2,000)	(2,000)
Exchange differences	–	–	–	(1)	(62)	(63)
At 31 December 2021	138	279	10	172	4,318	4,917
Net book value						
At 31 December 2020	10	46	3	51	1,952	2,062
At 31 December 2021	4	111	2	42	2,106	2,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

13. Right-of-use assets

	£'000
Cost	
At 1 January 2022	886
Additions	586
Disposals	(104)
At 31 December 2022	**1,368**
Accumulated depreciation	
At 1 January 2022	541
Charge for the year	217
Disposals	(95)
At 31 December 2022	**663**
Net book value	
At 31 December 2021	345
At 31 December 2022	**705**

	£'000
Cost	
At 1 January 2021	1,066
Additions	35
Disposals	(215)
At 31 December 2021	886
Accumulated depreciation	
At 1 January 2021	523
Charge for the year	233
Disposals	(215)
At 31 December 2021	541
Net book value	
At 31 December 2020	543
At 31 December 2021	345

13. Right-of-use assets continued

	2022 £'000	2021 £'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**248**	218
Between one and five years	**282**	165
More than five years	**283**	–
Total undiscounted cash flows	**813**	383
Discount	**(106)**	(34)
Total lease liabilities	**707**	349
Analysed as:		
Non-current	**460**	154
Current	**247**	195
	707	349

	2022 £'000	2021 £'000
Amounts recognised in the consolidated income statement		
Depreciation of right-of-use assets	**217**	233
Interest on lease liabilities	**17**	15

14. Interests in joint ventures

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate or joint venture. The Group uses the equity method, where the Group's share of post-acquisition profits and losses, less any impairments in value are recognised in the consolidated statement of comprehensive income.

The Group has the following investments in joint ventures:

Name	Country of incorporation	Principal activity	Registered address
Union Temporal Sistemas Electronicos De Seguridad	Colombia	Electronic monitoring services	Calle 130 A, 58 A-29, Bogota, Colombia

The Group has a 50% interest in Union Temporal Sistemas Electronicos De Seguridad (UTSES) which was established in 2017 to provide electronic monitoring services to the Colombia prison service. UTSES meets the criteria to be defined as a joint venture and is accounted for under the equity method of accounting.

The carrying value of the Group's joint venture is reviewed for impairment in accordance with the Group's accounting policies. During the year, an impairment charge of £426,000 (2021: £nil) was recognised in respect of UTSES as a result of management's assessment that the recoverable amount of the investment was less than its carrying value. The impairment charge has been recognised in administrative expenses in the consolidated statement of comprehensive income.

Movements in the investment were as follows:

	£'000
Carrying value of joint venture investment at 1 January 2022	363
Group's share of loss for the year	(2)
Foreign exchange difference recognised in other comprehensive income	65
Impairment charge	(426)
Carrying value of joint venture investment at 31 December 2022	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

14. Interests in joint ventures continued

Financial performance of UTSES

The following table illustrates the summarised financial performance of the Group's investment in UTSES:

	2022 £'000	2021 £'000
Revenue	–	–
Cost of sales	–	–
Administrative expenses	(4)	(10)
Loss before taxation	(4)	(10)
Taxation	–	–
Loss after taxation	(4)	(10)
Total comprehensive expense for the year	(4)	(10)
Proportion of ownership interests held by the Group	50%	50%
Group's share of loss for the year	**(2)**	(5)
Assets	916	918
Liabilities	(192)	(192)
Net assets	724	726
Proportion of ownership interests held by the Group	50%	50%
Group's share of net assets	362	363
Impairment losses	(426)	–
Carrying value of joint venture investment	**–**	363

15. Inventories

	2022 £'000	2021 £'000
Raw materials	4,106	2,381
Finished goods	2,717	698
	6,823	3,079

The value of inventories recognised as an expense during the year was £360,000 (2021: £202,000). During the year the amount charged as a provision against slow moving and obsolete stock was £942,000 (2021: £490,000).

16. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	5,324	3,649
Trade receivables past due	2,435	1,534
Less: impairment and credit loss provision	(18)	(40)
Trade receivables – net	7,741	5,143
Prepayments	329	277
Other receivables	2,836	2,812
	10,906	8,232
Due for settlement within 12 months	9,222	6,620
Due for settlement after 12 months	1,684	1,612
	10,906	8,232

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') using a lifetime ECL provision for trade receivables. To measure ECLs on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

16. Trade and other receivables continued

Due to the profile and type of the Group's customers and recurrent nature of its business with established customers, the Group considers all trade receivables to have low credit risk upon initial recognition. The Group determines whether the credit risk of financial instruments has increased significantly since initial recognition by reviewing aged receivables exceeding 60 days and contracts where customers are known to be in financial difficulty. The Group writes off the trade receivable when in its view there is no reasonable expectation of recovery.

There have been no changes in the estimation techniques in this respect during the year. The Group applies the general impairment model within IFRS 9 to trade receivables. An ECL of £18,000 has been recognised in the year (2021: £40,000).

The expected loss rates applied to trade receivables are based on the Group's historical credit losses experienced over the last financial year prior to the year end. Forward looking information, including macroeconomic information, is applied only where it is reliably available.

17. Cash and cash equivalents

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2022 £'000	2021 £'000
Pounds Sterling	**58,386**	30,587
US Dollar	**3,389**	11,186
Australian Dollar	**2,480**	3,942
New Zealand Dollar	**2,674**	27
Colombian Peso	**318**	1,280
Euro	**20**	579
Canadian Dollar	**126**	635
Other	**81**	81
	67,474	48,317

Net cash

	2022 £'000	2021 £'000
Cash and cash equivalents	**67,474**	48,317
Lease liabilities	**(707)**	(349)
	66,767	47,968

18. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	**1,981**	1,856
Accruals	**1,827**	1,632
Other payables	**1,281**	1,054
Other taxation and social security	**692**	197
Contract liabilities	**2,537**	2,785
Corporation tax payable	**460**	536
	8,778	8,060
Due for settlement within 12 months	**8,153**	6,875
Due for settlement after 12 months	**625**	1,185
	8,778	8,060

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

18. Trade and other payables continued

Contract liabilities relate to payments received in advance which are deferred until the performance obligation has been satisfied. A reconciliation of the movement in contract liabilities is as follows:

	2022 £'000	2021 £'000
Short-term	1,600	1,796
Long-term	1,185	1,975
At beginning of year	**2,785**	3,771
Additions	2,631	1,284
Amounts included in contract liabilities that were recognised as revenue during the year	(1,796)	(682)
Amounts not included in contract liabilities that were recognised as revenue during the year	(1,083)	(1,588)
Reclassified to/(from) contract assets	–	–
Short-term	1,912	1,600
Long-term	625	1,185
At end of year	**2,537**	2,785

19. Provisions

The movements were as follows:

	2022 £'000	2021 £'000
At 1 January	–	–
Charged to profit or loss	800	–
Utilised	–	–
At 31 December	**800**	–

The Company and its subsidiaries are, from time-to-time, parties to legal proceedings and claims which arise in the ordinary course of business. The Directors do not anticipate that the outcome of these proceedings and claims will have a material adverse effect on the Group's financial position or on the results of its operations.

20. Deferred tax

The net movement on the deferred tax account is as follows:

	2022 £'000	2021 £'000
At 1 January	538	(633)
Recognised in profit or loss:		
– In respect of timing differences	(380)	210
– In respect of deferred tax on share options	1,552	961
Recognised in other comprehensive income:		
– Foreign exchange differences	3	–
Recognised in equity:		
– In respect of deferred tax on share options	1,600	–
At 31 December	**3,313**	538

20. Deferred tax continued

The deferred tax balance is analysed as follows:

	2022 £'000	2021 £'000
Deferred tax asset	**3,725**	1,039
Deferred tax liability	**(412)**	(501)
	3,313	538

The deferred tax assets are attributable to share options. The deferred tax liabilities are attributable to acquired intangible assets and fixed asset timing differences.

In the Spring Budget 2021, the UK Government announced that the main UK corporation tax rate will increase to 25% from 1 April 2023. At 31 December 2022, as the proposal to increase the rate to 25% had been substantively enacted on 24 May 2021, the effects have been included in the financial statements.

21. Share capital

The allotted, called up and fully paid share capital is made up of 290,400,082 ordinary shares of £0.01 each.

	Note	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2021		2,742,026	27	21,767	21,794
Bonus issue of shares	(i)	271,460,574	2,715	(2,715)	–
Issue of shares	(ii) – (iv)	14,302,482	143	19,483	19,626
At 31 December 2021		288,505,082	2,885	38,535	41,420
Issue of shares	(v)	1,895,000	19	496	515
At 31 December 2022		**290,400,082**	**2,904**	**39,031**	**41,935**

(i) On 24 May 2021, a resolution was passed such that the number of shares in issue was increased to 274,202,600 shares, with a nominal value of £0.01 each, through a bonus allotment to existing shareholders of 99 shares for each share held.

(ii) On 28 July 2021 the following movements occurred:
- A total of 373,650 EMI share options were exercised into shares with a nominal value of £0.01 each for £0.27 prior to the listing on AIM
- A total of 5,858,500 warrants were exercised into shares with a nominal value of £0.01 each for £0.67 prior to the listing on AIM
- A total of 8,040,332 new ordinary shares with a nominal value of £0.01 each were placed in connection with the Company's initial public offering and admission to AIM for £2.00. Transaction costs of £482,000 directly associated with the equity raise have been netted against the cash proceeds recognised in share premium.

(iii) On 30 September 2021, a total of 10,000 EMI share options were exercised into shares with a nominal value of £0.01 each for £0.27.

(iv) On 16 December 2021, a total of 20,000 EMI share options were exercised into shares with a nominal value of £0.01 each for £0.27.

(v) During 2022, 1,795,000 EMI share options and 100,000 non-EMI share options were exercised into shares with a nominal value of £0.01 each for £0.27 and £0.34 respectively.

22. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserves	Description and purpose
Share capital	Represents the nominal value of shares that have been issued
Share premium	Amount subscribed for share capital in excess of nominal value
Translation reserve	Gains or losses arising on retranslation of the net assets/liabilities of the overseas operations into pounds sterling
Other reserve	(i) Transactions with non-controlling interests – this reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a change of control (ii) Foreign currency translation – exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of
Retained earnings	Represents accumulated profits and losses to date
Non-controlling interest	The equity in a subsidiary not attributable directly or indirectly to a parent

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

23. Financial instruments

The Group's activities are exposed to market risk (foreign currency risk), credit risk and liquidity risk. The overall financial risk management policy focuses on mitigating the potential adverse effects on the Group's financial performance.

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than pounds sterling. The currencies giving rise to this risk are primarily the US Dollar, Australian Dollar, New Zealand Dollar and Colombian Peso. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital expenditure and operational expenditure in the respective currencies.

The Group's sensitivity to a 10% strengthening/weakening in sterling against each of these currencies (with other variables held constant) is as follows:

Effect on profit after taxation/equity:	**2022 increase/ (decrease) £'000**	2021 increase/ (decrease) £'000
US Dollar:		
Strengthened by 10%	**(417)**	(1,165)
Weakened by 10%	**458**	1,282
Australian Dollar:		
Strengthened by 10%	**(541)**	(659)
Weakened by 10%	**595**	725
New Zealand Dollar:		
Strengthened by 10%	**(353)**	–
Weakened by 10%	**388**	–
Colombian Peso:		
Strengthened by 10%	**(178)**	(167)
Weakened by 10%	**196**	184

The sensitivity analysis presented above is calculated on balances outstanding at the year end, with other variables held constant.

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group seeks to minimise credit risk by dealing exclusively with high credit rating counterparties. An analysis of the ageing and currency of trade receivables is set out in note 16. An analysis of cash and cash equivalents is set out in note 17.

The Group establishes an allowance for impairment that represents its expected credit loss in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting year. The exposure of credit risk for trade receivables by geographical region is as follows:

	2022 £'000	2021 £'000
Europe	**1,310**	1,147
Asia-Pacific	**3,287**	2,067
Americas	**3,144**	1,929
	7,741	5,143

23. Financial instruments continued

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	2022 £'000	2021 £'000
Trade payables	**1,981**	1,856
Other payables	**1,281**	1,054
Lease liabilities	**813**	383
	4,075	3,293

(iv) Capital risk management

The Group manages its capital to ensure that all Group entities will be able to continue on a going concern basis while maximising its long-term return to shareholders. The capital structure of the Group consists of Company equity only, comprising issued capital and share premium. The Group is not exposed to any externally imposed capital requirements and has no borrowings.

(v) Classification of financial instruments

All financial instruments are categorised as follows:

	2022 £'000	2021 £'000
Financial assets		
Trade and other receivables	**10,906**	8,232
Cash and cash equivalents	**67,474**	48,317
	78,380	56,549
Financial liabilities		
Trade and other payables	**7,626**	7,327
Lease liabilities	**707**	349
	8,333	7,676

General objectives, policies and processes

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

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Details regarding these policies are set out in the Principal risks and uncertainties section of the Strategic Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

24. Share-based payments

The Group has five equity-settled share-based payment arrangements in operation. The schemes were established to reward and incentivise the Directors and other employees to deliver share price growth. The schemes are administered by the Remuneration Committee. The calculation of the fair value of share-based payments at the grant date impacts the profit or loss over the vesting period. The calculation of fair value is sensitive to management's estimate of share price volatility and judgements in relation to the probability of vesting conditionality being met.

EMI Plan

The EMI Plan was adopted by the Group on 14 January 2020. Awards made under the EMI Plan to Directors and employees take the form of an option to acquire shares at an exercise price of £0.27 in the Company. The options vested on admission of the Company's shares to AIM on 28 July 2021 and are exercisable from the date of vesting until 14 January 2030, subject to the continued employment of the participant.

Non-EMI Plan

A grant of 200,000 options to acquire shares at an exercise price of £0.34 in the Company was made on 30 June 2018. The options vested immediately and are exercisable from the date of vesting until 30 June 2028.

Non-EMI Plan (in respect of the Non-Executive Chair)

A grant of 2,000,000 options to acquire shares at an exercise price of £1.10 in the Company was made on 1 January 2021 to the Non-Executive Chair. The options vest annually over three years in equal tranches with the first vesting date being 31 December 2021, subject to successful admission of the Company's shares to AIM with a market capitalisation in excess of £300 million.

Long-Term Incentive Plan ('LTIP')

The LTIP is a discretionary long-term incentive scheme for senior employees introduced on admission of the Company's shares to AIM. It provides for the award of nominal value options which vest after at least three years, subject to performance conditions. Options issued under the LTIP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of challenging performance targets. Awards under the LTIP are made annually and are at nil cost.

The LTIP scheme includes conditionality in relation to both total shareholder return (TSR) and cumulative EBITDA. At the time of the issue of both the 2021 and 2022 LTIP option schemes, it was assumed that both TSR and cumulative EBITDA criteria will be met. The total estimated IFRS 2 charge for the LTIP, adjusting for leavers is £477,000 and is expensed over the vesting period.

Summary of movements in share options

Details of the share awards outstanding (excluding awards under the Growth Share Plan which are not considered to be share options) and the weighted average exercise price of those awards are as follows:

	EMI Plan Number	Non-EMI Plan Number	Non-EMI Plan (Chair) Number	LTIP Number	Total Number	Weighted average exercise price Pence
Outstanding at 1 January 2021	3,519,600	200,000	–	–	3,719,600	27.2
Options and awards granted	–	–	2,000,000	143,000	2,143,000	102.7
Options and awards exercised	(403,650)	–	–	–	(403,650)	26.8
Options and awards lapsed	(150,000)	–	–	(10,000)	(160,000)	25.1
Outstanding at 31 December 2021	2,965,950	200,000	2,000,000	133,000	5,298,950	57.8
Exercisable at 31 December 2021	–	200,000	666,667	–	866,667	92.5
Outstanding at 1 January 2022	2,965,950	200,000	2,000,000	133,000	5,298,950	57.8
Options and awards granted	–	–	–	110,500	110,500	–
Options and awards exercised	(1,795,000)	(100,000)	–	–	(1,895,000)	27.2
Options and awards lapsed	–	–	–	(17,500)	(17,500)	–
Outstanding at 31 December 2022	**1,170,950**	**100,000**	**2,000,000**	**226,000**	**3,496,950**	**72.9**
Exercisable at 31 December 2022	**1,170,950**	**100,000**	**1,333,333**	**–**	**2,604,283**	**69.7**

The awards outstanding at 31 December 2022 had a weighted average remaining contractual life of 4.2 years (2021: 6.1 years).

Of the 3,496,950 awards outstanding at 31 December 2022, 1,170,950 had an exercise price of £0.27, 100,000 had an exercise price of £0.34, 2,000,000 had an exercise price of £1.10 and 226,000 had an exercise price of £nil. Of the 5,298,950 awards outstanding at 31 December 2021, 2,965,950 had an exercise price of £0.27, 200,000 had an exercise price of £0.34, 2,000,000 had an exercise price of £1.10 and 133,000 had an exercise price of £nil.

24. Share-based payments continued

The fair values of the share option awards granted (excluding the Growth Share Plan) were calculated using the Black Scholes option pricing model. The inputs into the model for awards granted were as follows:

	EMI Plan	Non-EMI Plan	Non-EMI Plan (Chair)	LTIP (2021)	LTIP (2022)
Grant date	14 January 2020	30 June 2018	1 January 2021	28 July 2021	1 March 2022
Expiry date	14 January 2030	30 June 2028	31 December 2024	28 July 2031	1 March 2032
Vesting period	On admission	Immediately	1-3 years	3 years	3 years
Share price (pence)	33p	–	110p	200p	225p
Exercise price (pence)	27p	34p	110p	Nil	Nil
Expected volatility	30%	30%	30%	30%	30%
Interest rate	0.75%	0.75%	0.10%	0.10%	1.10%

In the absence of historic volatility data available at the grant date, expected volatility of 30% has been estimated with reference to the volatility of comparable companies listed on AIM.

If a volatility assumption of 40% had been used in the estimation of fair value rather than 30%, the total estimated IFRS 2 charge for the LTIP options of £477,000 would remain the same, as would the amount expensed in the year ended 31 December 2022 of £145,000.

Growth Share Plan ('GSP')

The GSP was adopted by the Group on 21 July 2021 pursuant to which a total of 100 A Shares in Buddi Limited (a wholly owned subsidiary of the Company) were issued to Directors. The plan is intended to align the interests of the Board with those of shareholders and to incentivise delivery of growth in equity value of the Group on a long-term basis. The holders of the A Shares have the right to exchange their A Shares into shares in the Company should certain share price criteria be met, subject to the continued employment of the holders. Specific share price criteria relating to the GSP is presented in the Remuneration Committee report on page 51.

The fair values of the awards granted under the GSP were calculated using a Monte Carlo option pricing simulation with the application of probability assumptions to establish a charging profile over the life of the scheme.

The inputs into the model were as follows:

Grant date	19 July 2021
Exchange vesting date	One-third on the share price satisfaction date One-third on the first anniversary of the satisfaction date One-third on the second anniversary of the satisfaction date
Share price (pence)	250p
Exercise price (pence)	Nil
Expected volatility	30%
Interest rate	0.21%

The total estimated IFRS 2 charge for the GSP of £33.7m over the life of the scheme will be adjusted by the estimate of Directors expected to remain in service and spread over the performance period of five years. £5,769,000 of the total charge has been expensed in the year ended 31 December 2022 (2021: £995,000).

In the absence of historic volatility data available at the grant date, expected volatility of 30% has been estimated with reference to the volatility of comparable companies listed on AIM.

If a volatility assumption of 40% had been used in the estimation of fair value rather than 30%, without the application of a deferral discount, the total estimated IFRS 2 charge for the GSP over the life of the scheme would increase from £33.7m to £43.4m and the amount expensed in the year ended 31 December 2022 would increase from £5,769,000 to £7,510,000. If a deferral discount was applied at a volatility assumption of 40%, the total estimated IFRS 2 charge for the GSP over the life of the scheme would increase from £33.7m to £37.8m and the amount expensed in the year ended 31 December 2022 would increase from £5,769,000 to £6,540,000.

If the probability of the three tranches of the GSP ultimately vesting at the conclusion of the scheme was increased from 66%, 50% and 40% respectively in 2022 to 66% for all three tranches at a volatility assumption of 30%, the amount expensed in the year ended 31 December 2022 would increase from £5,769,000 to £7,320,000. If the probability of the three tranches of the GSP ultimately vesting at the conclusion of the scheme was increased from 66%, 50% and 40% respectively in 2022 to 75% for all three tranches at a volatility assumption of 30%, the amount expensed in the year ended 31 December 2022 would increase from £5,769,000 to £8,460,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

24. Share-based payments continued

During the year, the total expense recognised for share-based payment arrangements was as follows:

	2022 £'000	2021 £'000
EMI Plan	**–**	181
Non-EMI Plan (Chair)	**112**	200
LTIP	**145**	37
GSP	**5,769**	995
Share-based payments expense (IFRS 2 charge)	**6,026**	1,413
Employers' tax charge in relation to share awards	**30**	10
Total charge in respect of share-based payments	**6,056**	1,423

25. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this section of the notes.

The Group's other related party transactions were the remuneration of key management personnel (refer to note 6). Details of Directors' remuneration for the year are provided in the Remuneration Committee Report on page 51.

Prior to their appointments to the Board, Simon Collins and a company that is a related party to Daren Morris provided consultancy services to the Company in relation to the July 2021 IPO. During the year, no payments to Simon J Collins & Associates Ltd, a company controlled by Simon Collins were made (2021: £29,000). During the year, no payments to Rockmount Financial Ltd, a company controlled by the wife of Daren Morris were made (2021: £160,000).

In addition to these transactions, £100,000 (2021: £92,000) was paid to TFM Developments Ltd, a company of which Sara Murray is a director. The transaction relates to a licence fee paid in respect of a patent owned by the company used by the Group as part of its continuing research and development activities.

26. Ultimate controlling party

There is no ultimate controlling party.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Investments	3	**30,217**	24,191
Non-current assets		**30,217**	24,191
Trade and other receivables	4	**78**	6
Cash and cash equivalents		**22,423**	21,030
Current assets		**22,501**	21,036
Total assets		**52,718**	45,227
Liabilities			
Trade and other payables	5	**56**	201
Current liabilities		**56**	201
Total liabilities		**56**	201
Net assets		**52,662**	45,026
Equity			
Share capital		**2,904**	2,885
Share premium		**39,031**	38,535
Retained earnings		**10,727**	3,606
Total equity		**52,662**	45,026

The profit for the financial year dealt with in the financial statements of the Parent Company was £1,095,000 (2021: £752,000).

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2023 and are signed on its behalf by:

Sara Murray

Sara Murray OBE
Chief Executive Officer

Daren Morris
Chief Financial Officer

Company registration number: 10791781

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	27	21,767	1,441	23,235
Profit for the year	–	–	752	752
Share-based payments	–	–	1,413	1,413
Issue of shares, net of share issue costs	143	19,483	–	19,626
Bonus issue of shares	2,715	(2,715)	–	–
Balance at 31 December 2021	2,885	38,535	3,606	45,026
Profit for the year	–	–	1,095	1,095
Share-based payments	–	–	6,026	6,026
Issue of shares, net of share issue costs	19	496	–	515
Balance at 31 December 2022	**2,904**	**39,031**	**10,727**	**52,662**

The share premium account is a non-distributable reserve representing the difference between the nominal value of shares in issue and the amounts subscribed for those shares.

Retained profits represent the cumulative value of the profits not distributed to shareholders but retained to finance the future capital requirements of the Company and wider Group.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. General information

Big Technologies PLC (the 'Company') is the UK holding company of a group of companies which are engaged in the development and delivery of remote monitoring technologies and services to a range of domestic and international customers. The Company is domiciled in the United Kingdom and its registered office is Talbot House, 17 Church Street, Rickmansworth, WD3 1DE.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101) and the Companies Act 2006. The financial statements present information about the Company as an individual entity and the principal accounting policies are described below. They have all been applied consistently throughout the year.

Reduced disclosure exemptions

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by international accounting standards;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with wholly owned fellow Group companies.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Big Technologies PLC Group financial statements. These financial statements do not include certain disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- the disclosure requirements of IFRS 15.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Going concern

At 31 December 2022 the Company had net assets of £52,662,000 (2021: £45,026,000) with the main current asset being cash and cash equivalents. The Company has assessed its ongoing costs with cash generated by its subsidiaries to ensure that it can continue to settle its debts as they fall due. The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Share-based payments

The fair value of share-based remuneration is determined at the date of grant and recognised as a capital contribution to its subsidiary over the vesting period, taking account of the estimated number of shares that are expected to vest. The fair value is determined by use of option pricing models.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

3. Investments

	2022 £'000	2021 £'000
Subsidiary undertakings		
Brought forward	**24,191**	22,778
Additions	**6,026**	1,413
Carried forward	**30,217**	24,191

Additions in the year relates to the recognition of share-based payment transactions between the Company and its UK subsidiary, Buddi Limited.

The following are direct subsidiary undertakings of the Company which are 100% ordinary share owned:

Name	**Country of incorporation**	**Principal activity**	**Registered office**
Buddi Limited	UK	Electronic monitoring services	Talbot House, 17 Church Street, Rickmansworth, WD3 1DE, UK
Buddi US LLC	USA	Electronic monitoring services	1964 Bayshore Blvd Ste B Dunedin, FL 34698-2576, USA

The following were indirect subsidiary undertakings of the Company which are 100% ordinary share owned, unless stated otherwise:

Name	**Country of incorporation**	**Principal activity**	**Registered office**
Buddi Colombia Sucursal Limited	Colombia	Electronic monitoring services	Calle 93B, 12-48 Oficina 308, Bogota, Colombia
Buddi New Zealand Limited	New Zealand	Electronic monitoring services	Level 3 Fraser House, 160 Willis Street, Te Aro, Wellington 6011, New Zealand
Buddi Australia Pty Limited	Australia	Electronic monitoring services	Level 1, 5 George Street North Strathfield NSW 2137, Australia
Electronic Medical Solutions Limited	UK	Electronic monitoring services	Talbot House, 17 Church Street, Rickmansworth, WD3 1DE, UK
Union Temporal Vigilancia Electronica	Colombia	Electronic monitoring services	Avenida Calle 80, 55A-13, Bogota, Colombia

4. Trade and other receivables

	2022 £'000	2021 £'000
Amounts owed by Group undertakings	**–**	–
Trade and other receivables	**78**	6
	78	6

5. Trade and other payables

	2022 £'000	2021 £'000
Corporation tax	**56**	201
Accruals and deferred income	**–**	–
	56	201

6. Share capital and share premium

The movements on these items are disclosed in note 21 to the consolidated financial statements.

7. Share-based payments

The share-based compensation schemes were established to reward and incentivise the Board and senior management team for delivering share price growth. The schemes are administered by the Remuneration Committee. The schemes adopted by the Company are equity-settled and a charge of £6,026,000 (2021: £1,413,000), excluding employers' tax has been recognised in the Group consolidated statement of comprehensive income relating to these awards.

Further information and disclosures for share-based payments are outlined in note 24 to the consolidated financial statements.

8. Related party transactions

The Company has taken advantage of the exemption not to disclose transactions entered into with other wholly owned members of the Group.

9. Ultimate controlling party

There is no ultimate controlling party.

COMPANY INFORMATION

Registered number	10791781 (registered in England and Wales)
Registered office	Talbot House 17 Church Street Rickmansworth WD3 1DE
Company Secretary	Daren Morris
Independent auditors	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Bankers	HSBC UK Bank plc. 71 Queen Victoria Street London EC4V 4AY C.Hoare & Co. 37 Fleet Street London EC4P 4DQ
Nominated adviser and broker	Zeus Capital 82 King Street Manchester M2 4WQ
Legal advisers	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Registrar	Link Market Services Limited 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL

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Big Technologies PLC

Talbot House
17 Church Street
Rickmansworth
WD3 1DE

+44 (0) 800 978 800

www.bigtechnologies.co.uk