Big Technologies plc

("the Company" or "the Group")

Preliminary announcement of the Group's audited results for the year ended 31 December 2022

"Continuing to deliver market-leading innovation"

Big Technologies plc (AIM: BIG), the leading, integrated technology platform for the remote monitoring of individuals, is pleased to announce its preliminary audited results for the year ended 31 December 2022.

£m (unless otherwise stated)	**2022**	**2021**
Revenue	50.2	37.6
Gross margin (%)	72.5%	70.8%
Statutory operating profit	20.6	13.8
Adjusted operating profit*	27.1	17.9
Adjusted EBITDA*	30.5	20.6
Adjusted EBITDA* margin (%)	60.7%	54.7%
Cash generated from operating activities	25.7	16.0
Net cash	66.8	48.0
	Pence	**Pence**
Adjusted diluted earnings per share*	8.1p	5.5p
Adjusted basic earnings per share*	8.6p	5.6p
Statutory diluted earnings per share	6.5p	4.4p
Statutory basic earnings per share	6.9p	4.5p

*Before adjusting items and share-based payments

Financial performance

- Revenue increased by 33% in 2022 versus 2021 driven by new contract wins and an increase in revenues earned from existing customers;

- Gross margins increased by 170bps to 72.5% in 2022 as a result of the significant revenue growth and the Group's scalable operating model which allows for increased efficiencies;

- Adjusted EBITDA of £30.5 million in 2022 with adjusted EBITDA margin increasing to 60.7%;

- Cash generated from operating activities of £25.7 million, generated from the strong trading performance during the year. The Group has a significant net cash balance of £66.8 million at 31 December 2022 underpinning a very strong balance sheet. Net cash is stated after deducting £0.7 million of lease liabilities.

Operational and strategic performance

- The Group manufactured a record number of new electronic monitoring devices during the year and deployed these devices to customers across the world, increasing the Group's international footprint;

- Successful implementation of new contracts has resulted in growth in the Asia-Pacific and Americas regions;

- Investment in new state-of-the-art premises, providing increased UK manufacturing capacity to meet current and future demand for the Group's market-leading hardware products;

- A range of product line extensions successfully introduced to new and existing customers.

Current trading and outlook

- The Group has started the new financial year well and trading is in line with the Board's expectations;

- The Group remains 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;

- The Board is confident of continued growth and strong cash generation for the year ahead.

Commenting on the results, Sara Murray OBE, Chief Executive Officer said:

"I am very pleased that the Group has delivered another year of significant growth against a challenging global macroeconomic backdrop, which includes the ongoing impacts of inflation and supply chain constraints. We have seen growing demand for our technology products and services, which translated into new contract wins and deployment of a record number of new electronic monitoring devices to customers in the criminal justice sector. The successful implementation of a significant national monitoring contract in New Zealand received positive feedback from the end customer and diversified our global footprint, enhancing our strong reputation. Market drivers remain strong and we are confident of maintaining momentum and delivering further growth in 2023 and beyond."

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The person responsible for arranging the release of this information is Daren Morris, Chief Financial Officer and Company Secretary.

CEO's review

Overview

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.

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.

Financial review

Revenue

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.

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.

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**

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.

Directors' Responsibility Statement on the Annual Report and Accounts

The responsibility statement below has been prepared in connection with the Group's full annual report and accounts for the year ended 31 December 2022. Certain parts thereof are not included within this preliminary announcement.

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. Under that law, they have elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that year. 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 and Daren Morris.

Consolidated statement of comprehensive income
For the year ended 31 December 2022

	Note	**2022** **£'000**	2021 £'000
Revenue	2	**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	8	**(6,056)**	(1,423)
Operating profit		**20,590**	13,774
Finance income		**449**	–
Finance expenses		**(42)**	(47)
Share of loss of joint venture		**(2)**	(5)
Profit before taxation		**20,995**	13,722
Taxation	4	**(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)		**6.9p**	4.5p
Diluted earnings per share (pence)		**6.5p**	4.4p

Consolidated statement of financial position
As at 31 December 2022

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

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		**2,328**	1,698
Depreciation of right-of-use assets		**217**	233
Amortisation of intangible assets		**1,274**	1,171
Share of loss of joint venture		**2**	5
Investment write-down		**426**	-
Share-based payments expense	8	**6,026**	1,413
Finance income		**(449)**	-
Finance expenses		**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		**(142)**	(135)
Own work capitalised		**(4,098)**	(1,833)
Capitalised development costs		**(1,132)**	(969)
Interest received		**295**	–
Dividends from joint ventures and associates		**-**	64
Net cash used in investing activities		**(5,077)**	(2,873)
Cash flows from financing activities			
Proceeds from issues of shares		**515**	19,626
Transactions with non-controlling interests		**-**	(86)
Repayment of lease liabilities		**(238)**	(239)
Interest paid		**(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	6	**67,474**	48,317

Notes to the consolidated financial statements
For the year ended 31 December 2022

1. General information and basis of preparation

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.

The preliminary announcement for the year ended 31 December 2022 has been prepared in accordance with the accounting policies as disclosed in the Group's annual financial statements for the year ended 31 December 2021.

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006.

The annual financial information presented in this preliminary announcement is based on, and is consistent with, that in the Group's audited financial statements for the year ended 31 December 2022, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The financial statements of the Group are prepared in accordance with UK-adopted international accounting standards and applicable law. The independent auditors' report on those financial statements is unqualified and does not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Going concern

The Group's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

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.

This preliminary announcement was approved by the Board of Directors on 28 March 2023.

2. 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 2 to 5 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.

3. 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.

	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.

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).

4. 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)**
Total taxation for the year	**1,033**	**934**

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.

5. Earnings per share

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

	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	468	2,736
Share-based payments expense	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. shares	2021 No. 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.

6. Cash and cash equivalents

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

	2022 £'000	2021 £'000
Pound 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**

7. 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.

8. Share-based payments

The Group has a number of equity-settled share-based payment arrangements in operation, the details of which are disclosed in the 2022 Annual Report. The schemes were established to reward and incentivise the senior management team and employees to deliver share price growth.

The charge made in respect of share-based payments is as follows:

	2022 £'000	**2021 £'000**
EMI Plan	-	181
Non-EMI Plan (Chair)	112	200
LTIP	145	37
Growth Share Plan	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**

9. Principal risks and uncertainties

The principal risks and uncertainties impacting the Group are described in the 2022 Annual Report. They include: reliance on key customers, failure to manage growth, change in government policy, failure to develop new products, competitor actions, reliance on third-party technology and communication systems, reputational risk, dependence on partners, loss of key personnel, supply chain, product liability, foreign exchange risk, credit risk, business taxation, bid pricing, cyber security/business interruption, intellectual property/patents and operating in global markets.

10. 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. Details of Directors' remuneration for the year are provided in the Remuneration Committee Report in the 2022 Annual Report.

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.