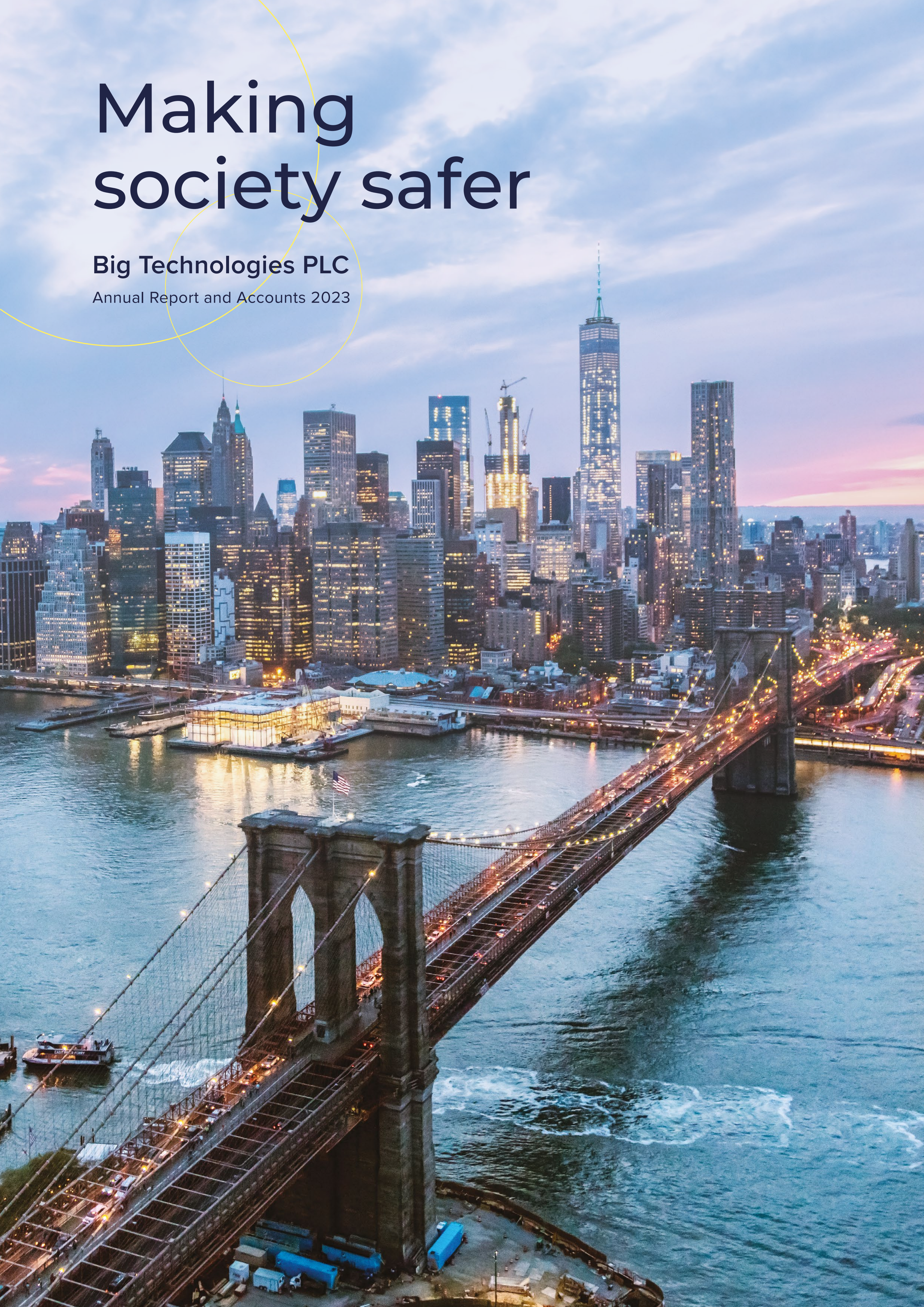
Making society safer

Big Technologies PLC

Annual Report and Accounts 2023



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.

Making society safer

Proactive

Forward thinking

Driven

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.

Find out more on:
www.bigtechnologies.co.uk

2023 financial highlights

Revenue (£m)

£55.2m +10%

2023	£55.2m
2022	£50.2m
2021	£37.6m

Adjusted Operating Profit (£m)

£28.2m +4%

2023	£28.2m
2022	£27.1m
2021	£17.9m

Adjusted EBITDA (£m)

£33.0m +8%

2023	£33.0m
2022	£30.5m
2021	£20.6m

Adjusted Operating Cash Flow (£m)

£31.7m +23%

2023	£31.7m
2022	£25.7m
2021	£18.2m

B I G

Buddi Innovation Group

"Our 2023 performance shows the strength and resilience of our cash-generative business model against a backdrop of persisting uncertainty in global macroeconomic conditions."

Sara Murray OBE
Chief Executive Officer

In this report

Strategic Report

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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.

What we do

Criminal justice

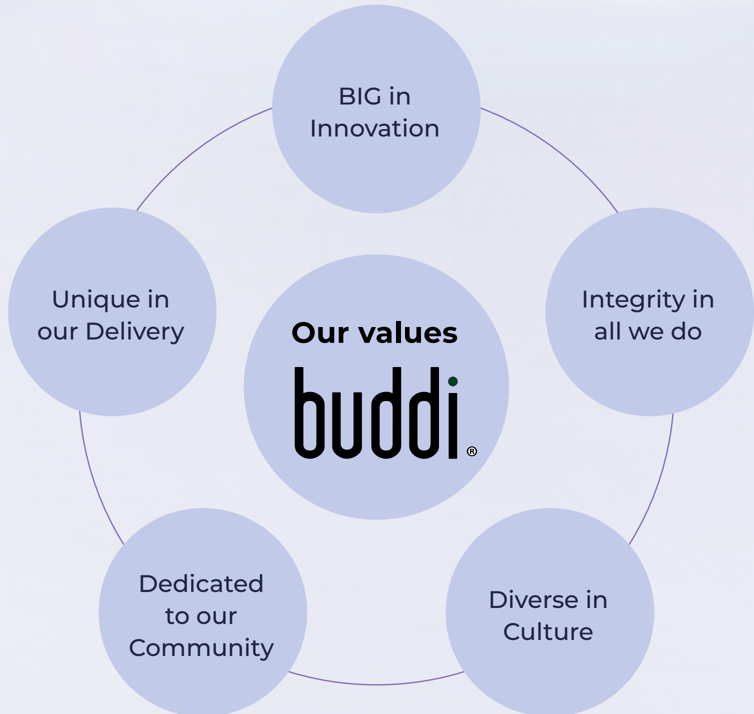
Our solution consists of a proprietary cloud-based monitoring software platform (Buddi Eagle) with modular hardware (Buddi Smart Tag family). The solution allows for the real-time monitoring of individuals with high levels of accuracy and reliability. Electronic monitoring facilitates the shift from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

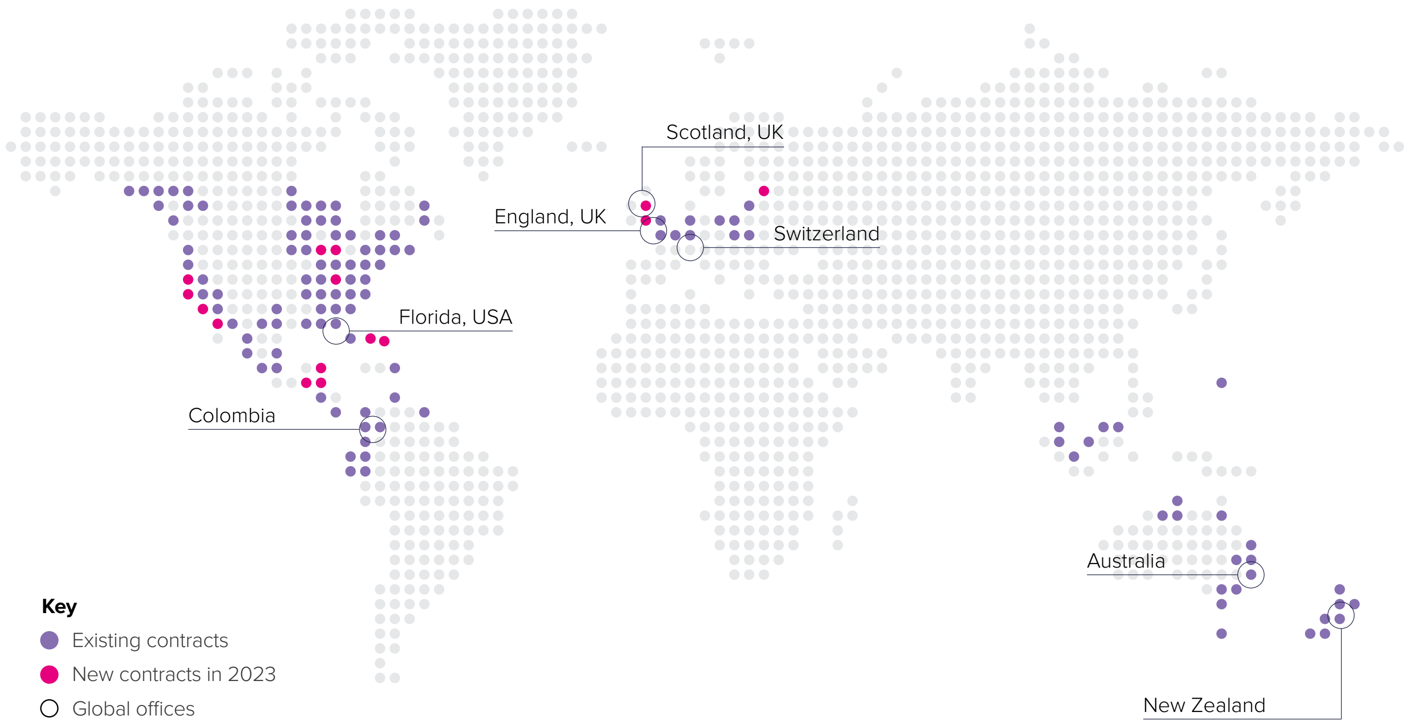
Our people

Key to what we do at Big Technologies is our people. We are incredibly proud of the diverse, dedicated and high performing global team we have built over many years. Our people are the driving force behind our success, from our cutting-edge technology development teams, to 24/7 customer facing support teams, all our people play an important role in our goal to make society safer for all.



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



100+ government contracts

18+ years of monitoring experience

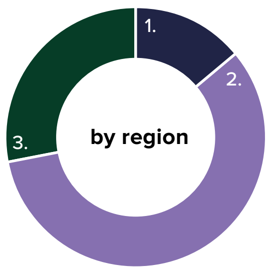
13+ countries

5 continents

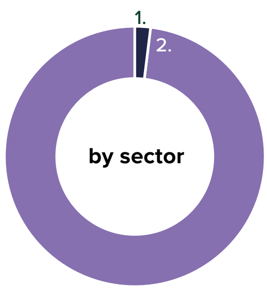
Revenue:

£55.2m

Up 86% over the last three years



1. Europe 14%
2. Asia Pacific 58%
3. Americas 28%



1. Remote care 2%
2. Security 98%

A year of **strong growth** and profitability

> On behalf of the Board, I express appreciation and thanks to our employees for their dedication and hard work through the year."

Simon Collins
Non-Executive Chair

£55.2m
Revenue
+10%

£33.0m
Adjusted EBITDA
+8%

I am pleased to announce that Big Technologies has reported **another year of strong financial results,** including **revenue growth and an increase in adjusted profits** demonstrating the success and resilience of our business model which is underpinned by high levels of recurring cash flows from long-term contracts.

In 2023 we delivered double-digit organic revenue growth of 10% to £55.2m and adjusted EBITDA growth of 8% to £33.0m, driven by growth in the criminal justice sector in European and Asia-Pacific regions. The business remains well-positioned with the financial flexibility to allow investment in new technologies, markets and geographies.

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 growing our business in target markets where we are currently under-represented.

The strength of our product offering has been a major factor in our success story so far. We have finalised the development of our first body-worn alcohol detection technology, the Buddi AlcoTag, and its supporting software. This solution is now being offered to priority customers. It combines our proven Smart Tag® location and communication technologies with real-time alcohol detection, delivering the world's first combined tag.

Alcohol misuse can sometimes be a contributing factor when criminal offences are committed; our AlcoTag solution can support wearers' sobriety and increase community safety.

The North American market is a strategic priority for the Group. The USA has the highest prison population rate in the world and overcrowding in prisons is a nationwide problem. The Group currently has a small presence in the USA, but has increased its business development efforts during the second half of 2023, recruiting additional sales and support staff to help drive expansion into more counties and states.

People

Our diverse global workforce continues to demonstrate their dedication to our strategy of delivering innovative remote people monitoring solutions to improve people's quality of life and make society safer. I continue to be impressed by their energy and professionalism as they help meet the evolving needs of our customers. On behalf of the Board, I express appreciation and thanks to our employees for their dedication and hard work through the 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 success and achievements.

Board composition and governance

There have been no changes to the Big Technologies Board in 2023. Our Board currently consists of six members, of which three are independent non-executive directors. As a Board we take our governance responsibilities seriously and remain committed to good corporate governance which will allow the Group to pursue its strategy with more pace and with less risk. The approach to our wide range of responsibilities is set out in the Corporate Governance Report on pages 34 to 57.

Social responsibility

We are committed to ensuring high standards of Environmental, Social and Governance ('ESG') practices across our business and recognise that we have social and environmental responsibilities arising from our operations. 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, safer and more independent lives.

Future focus

I believe our business model and strategy – to deliver innovative remote people monitoring solutions to improve people's quality of life, will enable us to deliver long-term value to all our stakeholders. The Group is well-positioned with the financial flexibility to invest in new technologies and markets and has a clear strategy for business development in target markets where it is currently under-represented.

We have made great progress over the last three years, investing in technology and growing our business and despite some short-term headwinds to sales and profits in 2024, we continue to see a strong pipeline of opportunities across our many geographies, so the Board expects a return to growth in 2025 and beyond.

Simon Collins
Non-Executive Chair
25 March 2024

Strategic Priorities for 2024

Based on our ambition to be the most trusted provider of electronic monitoring technologies, we have identified three key priorities that will be a focus for the year ahead. Our ability to successfully deliver on these priorities will help us create long-term value for our shareholders.

1. **Increase US market presence**
We have historically been under-represented in the United States, which is the largest market in the world for electronic monitoring and substance detection technologies. We have significantly expanded our business development efforts in the country, with additional sales executives and support staff in place and a clear strategy to educate customers in the benefits of newer technologies.

2. **Launch Buddi substance detection technologies**
We have finalised the development of our first body-worn alcohol detection technology, the Buddi AlcoTag, and its supporting software. This solution is now being offered to priority customers. It combines our proven Smart Tag® location and communication technologies with real-time alcohol detection, delivering the world's first combined tag. The subject of a number of patents, it has several advanced features, improving upon industry standard devices, which only provide location or alcohol detection. It is no longer necessary for any individual to wear a tag on each leg, when subject to both alcohol abstinence and location monitoring court orders.

3. **Pursue Acquisitions and partnerships**
We are well-positioned, with the financial resources in place, to invest in the right value-enhancing acquisitive growth opportunities. We will continue to actively seek partners in the Americas region, who can help us access these promising markets. We believe that enhancing our local presence, and routes to market, will enable us to scale the business more quickly and provide further efficiency savings to our customers.

Delivering the future product roadmap

Charles Lewinton
Chief Operating Officer

Charles Lewinton is the Group's Chief Operating Officer and **has over 20 years of experience** in the electronic monitoring industry.

Q How would you summarise the past year?

A 2023 has been another busy year for the team here at Big Technologies. We continued to support new and existing customers across the world to help them make a tangible difference to people's lives and keep societies safer for all. The US criminal justice market, which is the largest market in the world for electronic monitoring and substance detection, remains a strategic priority for the Group. During the second half of the year we have expanded our business development efforts in the US and hired a number of additional sales executives to help drive expansion in the region. During the year our R&D team finalised development of our new alcohol detection device, the Buddi AlcoTag, which has now entered production and is being offered to priority customers.

Q Are supply chain challenges over?

A Our procurement department was proactive in the sourcing of critical electronic components and we selectively invested in certain long lead-time inventory during 2022 and the first half of 2023. We are now seeing supply chain pressures ease and I'm confident that the business holds adequate levels of inventory to support our customers during 2024. However, we continue to remain vigilant given the political situation in the Middle East and will continue to hold elevated inventories of longer lead time items.

"We continued to support new and existing customers with our product offering, helping to keep societies and communities safe around the world."

>£9m

spent on R&D over the last three years

Q Why is innovation important to Big Technologies?

A Technology and ongoing innovation are central to our business, they underpin our strategy and the development of our products. I have overall responsibility for the Group's R&D and product strategy, ensuring that our technology maintains its competitive advantage over that of our competitors.

We have a UK-based R&D team that includes the diverse skills of 35 full-time engineers, software developers and researchers.

We also rely on partnerships across academia, which provide unique opportunities for collaboration with scientists and industry experts.
We have a pipeline of new products in development and continue to upgrade our existing products, ensuring our customers have access to the latest technologies.

Q What gives your products their competitive edge?

A Our platform and products have been designed to address some of the legacy issues in the market that include location inaccuracies and system inefficiencies due to the lack of innovation and out-of-date technologies being used. These issues often result in increased costs for the users of the monitoring system.

Our solution is lighter, smaller, easier to install, has a longer battery life and offers a substantial reduction in false alerts vs competitor systems.

Q Have you launched any new products recently?

A We are in the process of launching the AlcoTag, Buddi's state-of-the-art solution to monitor an individual's alcohol abstinence. The AlcoTag combines our proven Smart Tag technology with a transdermal alcohol sensor creating the world's smallest and lightest location tracker with alcohol detection. Transdermal alcohol is alcohol that comes out through sweat on a drinker's skin.

It is well documented that alcohol misuse can be a contributing factor when serious crimes and offences are committed. AlcoTag means we can now offer a new solution to our customers to support wearers' sobriety and increase community safety.

Q Where do you manufacture your products?

A We design, develop and manufacture all 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. 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.

Q Are you excited for the future?

A I am excited for the future of the Group as we remain well-positioned to take advantage of all the growth opportunities in our core markets of criminal justice and remote care. We will continue to develop new products and upgrade our existing products to ensure our technologies remain market-leading. We have a very strong balance sheet which provides opportunity for continued investment in both organic growth and potential value-enhancing acquisitions.

C. Lewinton

Charles Lewinton
Chief Operating Officer
25 March 2024

Academic partnerships

Buddi's innovation strategy relies on trusted partnerships across academia.

We have partnered with the University of Strathclyde to develop a long-life miniature wearable alcohol sensor for the remote monitoring of 'at risk' individuals. With a grant from CENSIS, Scotland's Innovation Centre for sensing, imaging and Internet of Things (IoT) technologies, Buddi set up a two-year development project under the supervision of academics from the University of Strathclyde's Department of Pure & Applied Chemistry. This project led to a Knowledge Transfer Partnership (KTP), a type of partnership that links forward thinking businesses with the UK's world class knowledge bases to deliver innovation projects led by inspired graduates. The KTP project to develop a long-life miniature wearable alcohol sensor now has a commercial application in our new AlcoTag product.

Delivering growth by **maximising opportunities**

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.

Revenue increased by 10% in 2023 driven by new contract wins and an increase in revenues earned from existing customers;

£55.2m

Significant net cash balance of £85.9m at 31 December 2023, underpinning a very strong balance sheet.

£85.9m

High gross margin

70.7%

Reasons to Invest

1. **We are a leader in innovation and product design** with patented technology that has been iteratively developed over many years to provide a solution that offers **competitive advantages over our rivals**. The Buddi solution is lighter, smaller, easier to install, has a longer battery life and offers a substantial reduction in false alerts vs rival systems.

2. **Our solutions create positive social impacts and make societies safer** through technology addressing the well-documented global challenges facing criminal justice systems.

3. The **markets in which we operate are set for continued expansion** and have **high barriers to entry**. 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 and vulnerable.**

4. We have a **strong track record of delivering revenue and profit growth** while **consistently generating cash** through our high levels of recurring revenue from long-term contracts. We are well capitalised with significant cash resources to invest in **future growth, continued innovation and new product development.**

5. Our **multi-year contracts give excellent revenue visibility** while allowing us to become a partner to our customers. This **long-term customer engagement** means we can truly understand their needs and the challenges they face, which helps us to **develop new technological solutions** that they will value. We are committed to sharing the latest technologies with our customers, ensuring that they have our newest products throughout our engagement.

Strengths and inputs | **What we do** | **Our markets**

Innovation

- Proprietary state-of-the-art market-leading hardware and software technologies for remote monitoring which are protected by patents and trademarks
- Continuous, comprehensive and iterative approach to R&D

People

- A talented, diverse and global workforce
- Founder-led business
- Underpinned by a strong culture and set of values

Reputation

- Respected and trusted provider of remote people monitoring technologies
- Positive secondary references that support contract bids

Customer relationships

- Long-term relationships with our major customers that allow us to fully understand their needs and requirements

Investment

- High margin, cash generative with excellent visibility over future revenues
- Strong financial position to support investment and growth

We are a proven supplier of **innovative and high-quality products and services** to the offender and remote personal monitoring markets. We provide 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.**

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.

Large growing markets in which the Group is under-represented

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. More 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. Berg Insight, the leading IoT market research provider, estimate that the electronic offender monitoring market in Europe and the Americas is forecast to grow at more than 10% per annum from US$ 1.2 billion in 2021 to US$ 2.1 billion by 2026.

> "The electronic offender monitoring market in Europe and the Americas to reach US$ 2.1 billion in 2026."
>
> **Berg Insight 2023**
> Press release

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.

Underpinned by our values

We are driven by a set of shared values. Our teams are encouraged to demonstrate our Company values in their day-to-day work and bring them into everything that we do.

BIG in Innovation

Technologies are ever-changing and by being forward-thinking we will continue to innovate so that our products maintain their competitive advantage.

Unique in our delivery

We truly partner with our customers to fully understand their needs and the specific challenges they face, which helps us to develop new technologies that they will value.

How we do it

The value we create

Recurring income per device

Tailored pricing model

Diverse long-term income stream

Recurring income per 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.

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 or damaged equipment.

Diverse long-term income stream
The Group's long-term contracts provide a high level of future revenue visibility. The 10 largest customers account for more than 75% of total revenues and we have more than 230 active customers as at the end of 2023. 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.

Customers
We provide innovative people monitoring solutions to more than 230 customers which are tailored to their specific needs and requirements.

Employees
We are committed to providing a safe and rewarding working environment for all our valued colleagues.

Suppliers
We work closely with all our suppliers and maintain a reputation for integrity, prompt payment and ethical behaviour.

Shareholders
Through the execution of our strategy we aim to grow the value of our shareholders' investment over time.

Communities
We support customers to make positive ESG impact and our technologies help keep societies and communities safer.

Environment
We operate in a low environmental impact sector, however, we monitor our greenhouse gas emissions and proactively look for ways to be greener.

Diverse in culture

Our customers are global and we support them through local expertise in our network of 7 global offices across four continents.

Dedicated to our community

We provide an uninterrupted service to deliver societal benefits and help keep communities safer around the world.

Integrity in all we do

We conduct ourselves in an honest and ethical way when interacting with all our stakeholders.

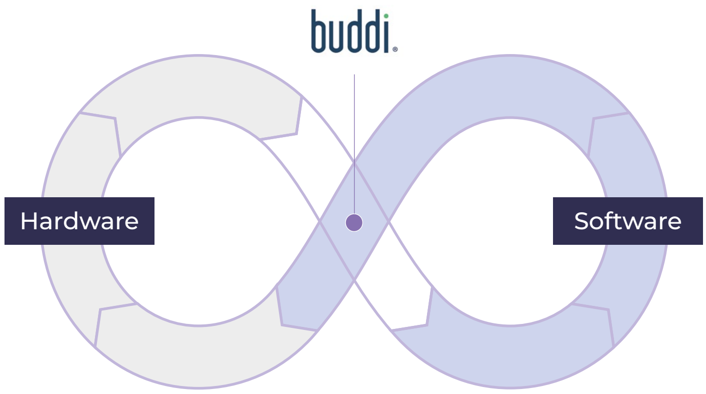
Protecting and enhancing our **market-leading position**

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 days of battery life

<30 seconds to install

128 bit encryption

3G/4G/5G 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

How we benefit society

- Alternatives to incarceration
- Decreased prison spend
- Society reintegration
- Taxpayer savings
- Reduced recidivism
- Decreased prison population
- Fewer lifetime incarcerations
- Safer communities

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.

Competitive bid

- Positive secondary references resulting in invitations to competitive tender
- Understand customer needs and requirements
- Develop bid and submit
- Contract win
- Negotiate pricing and terms
- Sign contract
- 3-36 months

Contract implementation

- Manufacture and deploy electronic monitoring devices
- Onboard the customer
- Train staff
- Go live
- 3-12 months

Long-term recurring revenues

- High levels of revenue visibility and cash generation
- Long-term partnerships and value creation with up-sell opportunities
- 3-5 years (or more)

Developing our portfolio of **innovative solutions**

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. Our products incorporate a number of patented technologies.

Research & 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.

Our markets

Criminal justice

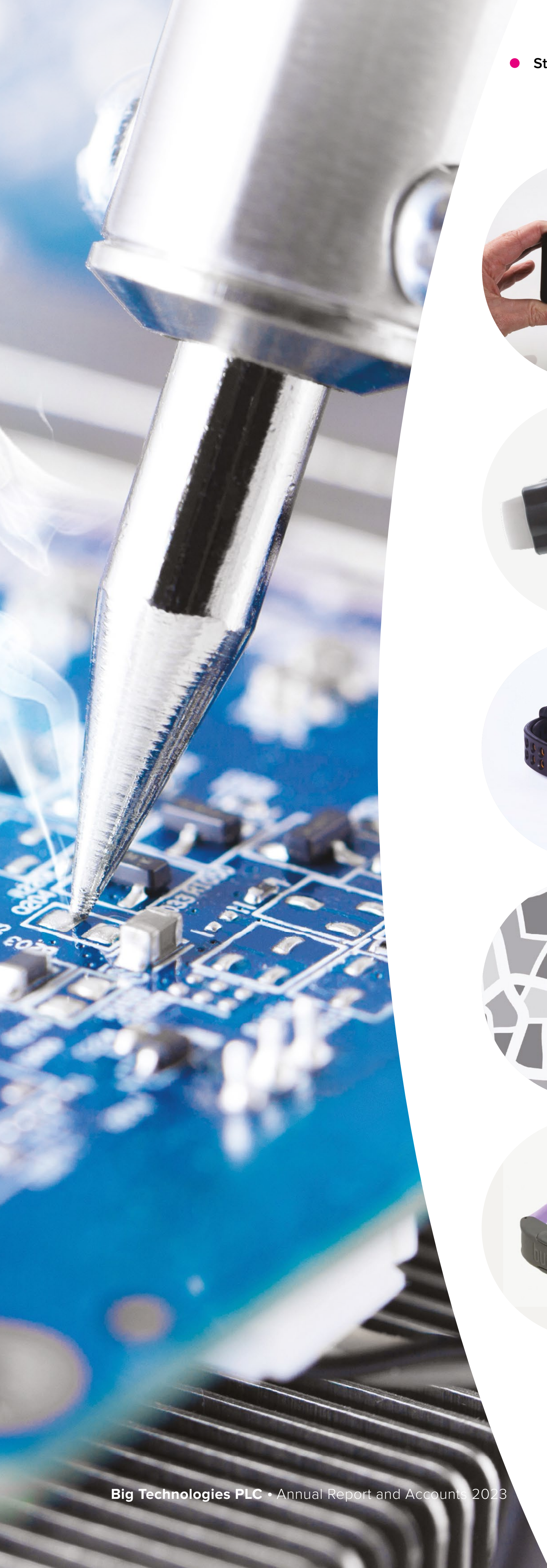
Remote healthcare

Focused on delivering continued societal benefits

In-house local expertise

Accelerated new product development

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



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 AlcoTag
AlcoTag is Buddi's proven Smart Tag with the addition of transdermal alcohol sensing to create the world's smallest and lightest location tracker with alcohol detection. It provides a solution to monitor an individual's alcohol abstinence, with location monitoring, in a single worn device. AlcoTag provides all the same flexibility in device configurations as the Smart Tag, with the addition of ingested and atmospheric alcohol detection.

Buddi Secure Band
The Buddi Secure Band is a lightweight, waterproof, wrist-worn device for home curfew applications that uses RF technology to give a long battery life of more than 24 months. At only 35 grams, it is a fraction of the weight of other devices on the market.

Eagle software platform
Buddi's proprietary monitoring platform, Eagle, offers a web-based software platform accessed directly by the customer, capable of delivering real-time tracking, auto-monitoring compliance measures, and providing intelligence data. It is a customer friendly web-based application that gives users fast and simple access to a comprehensive data set that is presented in a manner complementing the requirements for the management and setup of tag wearers.

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.

Creating value for all our stakeholders

"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

Our approach

Under S172(1) **of the Companies Act 2006 ('S172')**, the Directors of Big Technologies PLC are obligated to act in the way they consider would be most likely to **promote the success of the Company for the benefit of its members as a whole** (its stakeholders including shareholders).

In doing so, the Directors must have regard (among other matters) to:

- 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 customers, its investors, its employees, its suppliers and the communities in which the Group operates.

How the Group fulfilled its S172 duties

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 maintained. As well as ongoing investment in our products through research and development activities, the Group provides 24-hour daily 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 contact 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 it can continue to provide the highest standards of customer service.

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 matters 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.

Suppliers

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 goods 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.

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 work 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.

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.

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 people 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 significantly reduce recidivism and keep communities safer. We deliver positive outcomes for offenders, deterring them from committing further crime and at the same time monitoring them to protect potential victims to ensure communities are kept safe.

In the remote 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 and their families.

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 has an ambition to reach net zero by 2035. The net zero target will see the Group reduce its carbon emissions to a point where it removes as much greenhouse gas from the atmosphere as its operations create.

The Group's technology reduces its environmental impact compared with legacy electronic monitoring systems due to enhanced levels of accuracy, reliability and automation, which reduces the number of false alerts and the need for in-person field visits to wearers.

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 manufactures 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.

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

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 Scope 2 emissions amounted to 31.8 tCO_2e, an increase of 7% compared with 2022.

	2023	2022	Commentary
Energy consumption used to calculate emissions (kWh)			
Scope 1: Gas	64,133	55,943	
Scope 2: Electricity	96,856	101,465	
Total energy consumption (kWh)	**160,989**	**157,408**	
Emissions (tCO_2e)			
Scope 1: Gas	11.7	10.2	Scope 1 comprises the direct emissions from our operations through gas heating of our leased premises
Scope 2: Electricity	20.1	19.6	Scope 2 comprises the indirect emissions associated with our operations through electricity usage in our leased premises
Total emissions (tCO_2e)	**31.8**	**29.8**	
Intensity ratio in tCO_2e per UK employee (FTE)	**0.33**	**0.35**	

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 Scope 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. 2022 emissions and energy data has been restated to reflect improved data availability.

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. We have a centralised HR application for UK-based staff which has transformed the way we hire talent, onboard new employees and communicate with our workforce.

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.

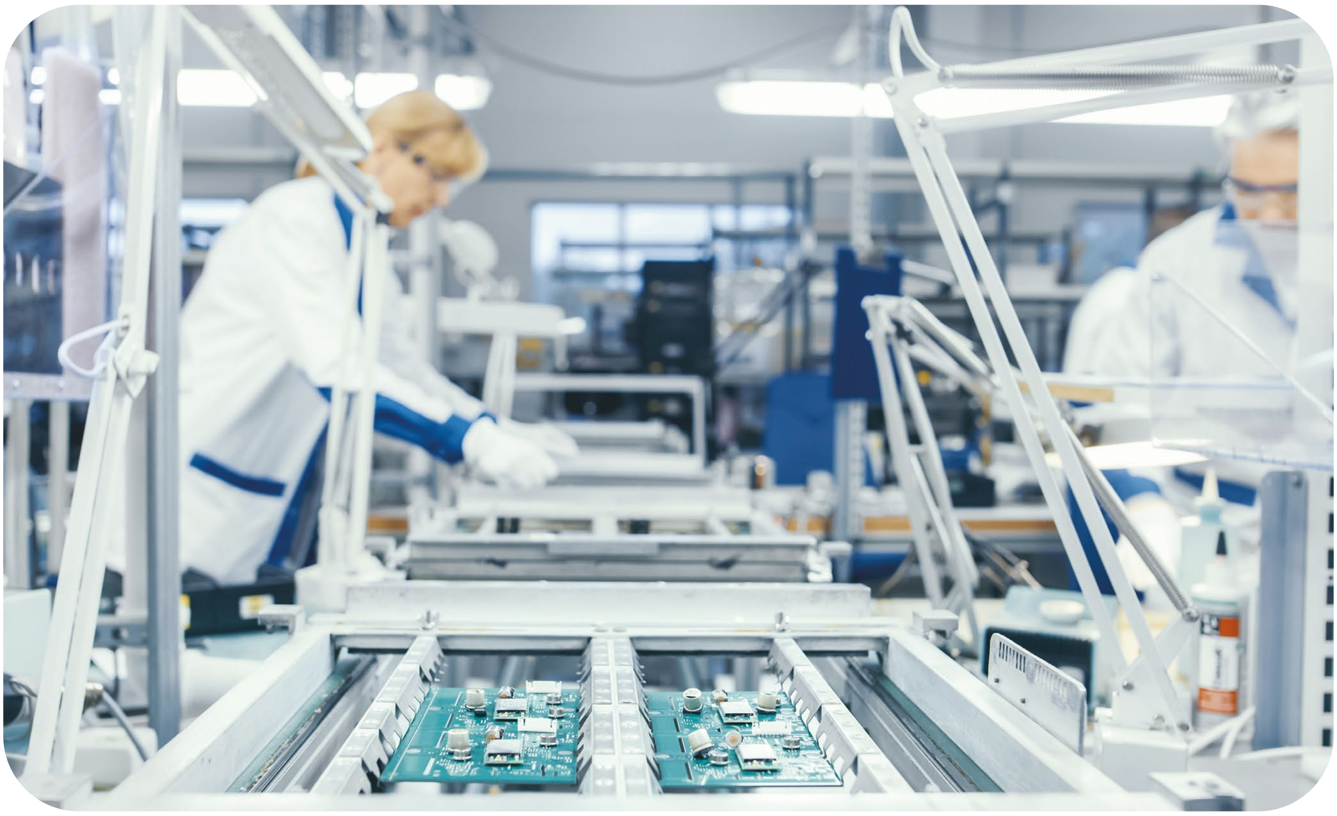
Tax strategy
The tax operating principles and guidelines governing the management of our tax affairs are fully aligned with the Group's wider governance framework. Our tax strategy is to maintain the highest standards of tax compliance by managing our tax affairs in full compliance with the local laws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



Our key performance indicators allow us to measure the financial value we create for our shareholders

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

Revenue (£m)

£55.2m +10%

2023	£55.2m
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 organic 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)

£28.2m +4%

2023	£28.2m
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 certain 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 increase in revenue dropped through to operating profit but there was a less favourable foreign currency position and increases in labour costs during the year.

Adjusted operating margin (%)

51.2% (290)bps

2023	51.2%
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

Adjusted operating margin remains high, but reduced by 290bps due to a less favourable foreign currency position and increases in labour costs during the year.

Adjusted diluted EPS (pence)

8.6p +6%

2023	8.6p
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 6% as a result of the increase in adjusted profits.

Adjusted operating cash flow (£m)

£31.7m +23%

2023	£31.7m
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 and a betterment to net working capital movements during the year.

Adjusted EBITDA (£m)

£33.0m +8%

2023	£33.0m
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 revenue growth, partly offset by a less favourable foreign currency position and increases in labour costs during the year.

Well placed for the future

"This performance shows the strength and resilience of our cash-generative business model against a backdrop of persisting uncertainty in global macroeconomic conditions."

Sara Murray OBE
Chief Executive Officer

£85.9m
Net cash

I am pleased to report that we have delivered another **strong set of results, in line with market expectations** for 2023.

There was continued growth in revenues, adjusted profits and net cash. This performance shows the strength and resilience of our cash-generative business model against a backdrop of persisting uncertainty in global macroeconomic conditions. I would like to thank our teams across the globe for their contribution to these results and their continued commitment to our strategy of delivering innovative remote people monitoring solutions to improve people's quality of life and make societies safer.

Financial performance

The Group continued to deliver double-digit organic revenue growth in the year of 10%, to £55.2m (2022: £50.2m). The second half of the year saw revenues increase to £27.9m for the most recent six-month period (H1 2023: £27.3m), reflecting the contribution of new contract wins and an increase in revenues earned from existing customers. The growth in full year revenue was delivered by growth from customers in the criminal justice sector, in particular those in the European and Asia-Pacific regions.

The 2023 year saw the Group maintain consistently strong levels of profitability from the revenue growth demonstrating our scalable operating model. Gross margins fell by 180bps to 70.7% (2022: 72.5%) as a result of one-off charges in cost of sales for higher inventory provisioning for previous generation components and an impairment loss recognised against other fixed assets held by Buddi Colombia, linked to the ending of a customer contract.

Adjusted EBITDA increased by 8% to £33.0m (2022: £30.5m) with Adjusted EBITDA margin falling slightly by 90bps to 59.8% (2022: 60.7%).

The Group generated £31.7m in cash from operations, with the net cash position at the end of the year being £85.9m, underpinning a very strong balance sheet.

Operations and product development

We continued to increase our international footprint and global presence in the criminal justice sector, with new contract wins and more feet on the ground in new countries, whilst delivering more for existing customers, resulting in increased revenues.

We established an additional office in Latin America to support a new customer, which was won and onboarded during the second half of the year and is now contributing revenue.

We mobilised equipment and a team of people, at very short notice, to support a new customer in the Asia-Pacific region with a critical new programme.

We significantly expanded our business development resources in the United States, building a new team of sales executives and support staff, to enable engagement with new customers in the country. The US market is the largest market in the world for electronic monitoring and we have historically been under-represented locally.

We were disappointed not to be selected by the UK Ministry of Justice for the national contract to supply electronic monitoring services in England and Wales. In this instance, the customer chose to remain with their existing long-term supplier primarily due to up-front cost considerations, despite their admission of over-charging in a previous contract and fine following investigation by the Serious Fraud Office. We will continue to work hard to educate potential customers on the benefits that our leading-edge technology brings.

We remain 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 a range of technologies, which meet the growing needs of our current and potential customers. Our recent focus has been in the area of substance detection technologies, as well as improving and extending our range of location solutions. This has enabled us to provide an integrated monitoring offering for our customers and future customers, which meets the majority of their current needs and requirements. We finalised the development of our first real-time alcohol detection technology, the Buddi AlcoTag, which has now entered production and is being offered to priority customers.

Summary and outlook

A contract in Colombia, which has been subject to short-term renewals for a number of years, is expected to end during the first half of 2024. Although we are disappointed with this outcome, we continue to see a strong pipeline of opportunities across our many geographies, which will help to replace this revenue stream in due course. The electronic monitoring market remains supported by favourable tailwinds and a continued global shift towards community-based sentencing.

The Group is well-positioned, with the financial flexibility to invest in new technologies, and has a clear strategy for business development and investment in target markets, where it is currently under-represented. Despite some short-term headwinds to sales and profits in 2024, as a result of the ending of the contract in Colombia, the Group expects to remain highly profitable and cash-generative and we are excited about the pipeline of future opportunities. The Board is confident of a return to growth in 2025 and beyond.

Sara Murray

Sara Murray OBE
Chief Executive Officer
25 March 2024

Strategic Priorities

Big Technologies remains focused on its robust and stable business model, with the Board and senior management team prioritising three key strategic imperatives for the year ahead. These priorities will enable us to deliver long-term value for all our stakeholders.

1. **Increase US market presence**
We have historically been under-represented in the United States, which is the largest market in the world for electronic monitoring and substance detection technologies. We have significantly expanded our business development efforts in the country, with additional sales executives and support staff in place and a clear strategy to educate customers in the benefits of newer technologies.

2. **Launch Buddi substance detection technologies**
We have finalised the development of our first body-worn alcohol detection technology, the Buddi AlcoTag, and its supporting software. This solution is now being offered to priority customers. It combines our proven Smart Tag® location and communication technologies with real-time alcohol detection, delivering the world's first combined tag. The subject of a number of patents, it has several advanced features, improving upon industry standard devices, which only provide location or alcohol detection. It is no longer necessary for any individual to wear a tag on each leg, when subject to both alcohol abstinence and location monitoring court orders.

3. **Pursue acquisitions and partnerships**
We are well-positioned, with the financial resources in place, to invest in the right value-enhancing acquisitive growth opportunities. We will continue to actively seek partners in the Americas region, who can help us access these promising markets. We believe that enhancing our local presence, and routes to market, will enable us to scale the business more quickly and provide further efficiency savings to our customers.

Continued growth and strong cash generation

> Revenue increased by 10% to £55.2m (2022: £50.2m) on an organic basis, driven by both new contract wins and an increase in revenues earned from existing customers."

Daren Morris
Chief Financial Officer

£55.2m
Revenue
+10%

The second half of the year saw revenues increase to £27.9m for the most recent six-month period (H1 2023: £27.3m) with the majority of revenues continuing to be derived from customers in the criminal justice sector, which accounts for more than 98% of reported revenue (2022: 98%).

Revenue growth was driven by the European and Asia-Pacific regions, which grew at 50% and 11% respectively. Growth in Europe was primarily delivered by a new government contract in the UK criminal justice sector awarded in 2022 which increased in volume during the year. The Group's eight-year national monitoring contract with the New Zealand Department of Corrections has now achieved its full run-rate and was a key growth driver in Asia-Pacific. Revenue in the Americas region declined by 4%.

The Group has been impacted by adverse foreign currency movements in the year with sterling strengthening against the US dollar, Australian dollar and New Zealand dollar, the Group's main sales currencies. On a constant currency basis, revenue would have been £1.6m higher than reported if exchange rates had remained the same as the 2022 average. On a constant currency basis, revenue increased by 13% 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 £4.1m (2022: £4.6m), a decrease of 11% due to the anticipated ending of a contract in South America during the first half of 2024 which has been excluded from the MRR figure. The MRR figure gives the Group visibility over its future revenues derived from its long-term contracts.

Profitability

Gross profit increased by 7% to £39.0m (2022: £36.4m), with gross margin decreasing by 180bps to 70.7% (2022: 72.5%) as a result of one-off charges in cost of sales for higher inventory provisioning for previous generation components (£0.7m) and an impairment loss recognised against other fixed assets held by Buddi Colombia linked to the ending of a customer contract in the country (£0.4m). Gross margin excluding these one-off charges for higher inventory provisioning and impairment of other fixed assets was 72.7%, up 20bps on 2022.

The Group continues to report high levels of gross profitability due to its scalable operating model, which allows for the deployment of additional electronic monitoring devices to customers with increased efficiency. Gross profits earned on incremental revenues were able to offset increases in labour, freight and manufacturing costs caused by the current inflationary environment.

Adjusted operating profit of £28.2m increased by 4% against 2022, with a decrease in adjusted operating margin to 51.2% (2022: 54.1%). The largest driver for the decrease was a less favourable foreign currency position compared with last year when the Group benefitted from a one-off gain on the revaluation of US Dollar denominated cash deposits. There were also increases in labour costs during the year. Statutory operating profit (which includes adjusting operating items and share-based payments) decreased by 18% to £16.8m (2022: £20.6m).

Adjusted administrative expenses (defined as administrative expenses before share-based payments and amortisation of acquired intangible assets) increased by 17% from £9.3m in 2022 to £10.8m in 2023. The largest driver for the increase was a less favourable foreign currency position compared with last year when the Group benefitted from a one-off gain on the revaluation of US Dollar denominated cash deposits. The benefit from foreign currency movements in 2023 was £0.4m (2022: £1.0m). There were also increases in labour costs during the year. Statutory administrative expenses (which includes adjusting operating items and share-based payments) increased by 41% to £22.2m (2022: £15.8m).

Finance income was £2.7m (2022: £0.4m) and reflects the interest earned by the Group on its significant cash balances held in interest bearing deposit accounts and in money-market instruments. Finance expenses increased slightly during the year due to interest recognised on newly capitalised lease liabilities.

EBITDA

Adjusted EBITDA, which provides a more consistent comparison of trading, year-on-year, increased by 8% to £33.0m (2022: £30.5m), with adjusted EBITDA margins falling slightly by 90bps to 59.8% (2022: 60.7%). Statutory EBITDA (which includes share-based payments) decreased by 10% to £22.0m (2022: £24.4m).

Taxation

The Group's total tax charge for the year (including deferred taxes) was £1.8m (2022: £1.0m), an effective tax rate of 9.2% (2022: 4.9%). 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 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 debited directly in equity totalled £0.4m (2022: £1.6m credit).

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 8.6p (2022: 8.1p), reflecting the increase in underlying profitability of the Group. Adjusted basic EPS, which excludes adjusting items and their associated tax effect was 9.2p (2022: 8.6p). Diluted EPS, which includes the dilutive impact of shares issuable in the future, was 5.7p (2022: 6.5p). Basic EPS was 6.1p (2022: 6.9p). The dilutive impact of shares issuable in the future relates to the expected settlement of the Group's employee share scheme obligations. Shares held by the Group's Employee Benefit Trust are excluded on a weighted basis from the calculation of EPS.

Cash generation

The Group increased its net cash balances (defined as cash and cash equivalents less lease liabilities) to £85.9m (2022: £66.8m) at 31 December 2023.

The Group delivered strong cash flow from operations (before the payment of taxes) of £31.7m (2022: £25.7m) including a £1.6m (2022: £5.1m) net working capital outflow. The cash conversion rate (defined as percentage of adjusted EBITDA converted to cash from operations) increased from 84.4% to 96.2% of adjusted EBITDA. Taxation payments for the year totalled £3.7m (2022: £1.8m).

Net cash utilised in investing activities of £3.2m (2022: £5.1m) reflects the continued expenditure on 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 at improving interest rates.

Net cash used / (generated) from financing activities of £4.5m (2022: £0.3m) reflects the purchase of shares by the Employee Benefit Trust during the year and the repayment of lease liabilities, offset by proceeds received from the exercise of employee share options.

Research and development

Research and development (R&D) activities remain a priority for the Group to ensure its products retain their competitive advantage. Development costs of £1.1m (2022: £1.1m) have been capitalised. Total R&D costs (including those charged as an expense) expressed as a percentage of adjusted administrative expenses stood at 31% (2022: 31%).

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 slight headwind for revenue and profit during the year (2022: tailwind), with sterling strengthening against the Group's main sales currencies compared with last 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 in a table at the end of this Financial review.

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.

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 (2022: £0.1m) and share-based payments expense of £2.3m (2022: £1.6m).

Balance sheet highlights

The Group has continued to strengthen its balance sheet during the year with net assets increasing from £102.5m to £125.7m at the 31 December 2023.

Current assets increased by £19.7m to £103.3m, mainly due to a £20.3m increase in cash and cash equivalents driven by the strong underlying trading performance in the year and more favourable working capital movement. Trade and other receivables decreased by £0.9m, driven by a reduction in trade receivables due to quicker cash collection, with debtor days (calculated using annualised December revenue) now at 44 days (2022: 50 days). Inventories increased by £0.4m with the Group holding adequate levels of inventory to support customers during 2024. Some previous generation components in inventory were provided for during the year.

Non-current assets increased by £2.0m to £31.7m, mainly due to increases in property, plant and equipment and deferred tax assets, offset by a reduction in other receivables. Property, plant and equipment increased by £0.8m, due to continued expenditure on electronic monitoring devices to support revenue growth in the year, offset by depreciation and a one-off impairment charge. Deferred tax assets increased by £1.6m, due to the continued recognition of balances related to the share-based payment arrangements through the income statement with a partial reversal in equity. Other receivables decreased by £1.1m.

Current liabilities decreased by £2.1m to £7.1m, mainly due to a decrease in trade payables and contract liabilities. Non-current liabilities increased by £0.6m to £2.1m, mainly due to an increase in lease liabilities as a result of new leases entered into during the year.

Litigation

During the year, legal proceedings have commenced against the Group, with an amended claim being filed with the High Court of Justice in England and Wales in November 2023. As set out within the admission document in July 2021 (the "Admission Document"), a letter of potential claim had been received from a small number of former shareholders of Buddi Limited, one of the subsidiaries of the Group, in respect of the acquisition of Buddi Limited, dating back to May 2018. The Group has taken advice from its lawyers and from King's Counsel and remains of the view that the claim lacks legal and factual merit and intends to defend its position robustly.

Financial outlook

The Group is well-positioned with the financial flexibility to invest in new technologies and has a clear strategy for business development and investment in target markets, where it is currently under-represented. Despite some short-term headwinds to sales and profits in 2024 as a result of the ending of the contract in Colombia, the Group expects to remain highly profitable and cash-generative and we are excited about the pipeline of future opportunities. The Board is confident of a return to growth in 2025 and beyond.

Daren Morris
Chief Financial Officer
25 March 2024

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

	2023 Statutory	2023 Adjustments	2023 Adjusted	2022 Statutory	2022 Adjustments	2022 Adjusted
Operating profit (£'000)	**16,813**	**11,436**	**28,249**	20,590	6,524	27,114
Operating margin (%)	**30.4**	**20.8**	**51.2**	41.0	13.1	54.1
Administrative expenses (£'000)	**22,246**	**(11,436)**	**10,810**	15,800	(6,524)	9,276
Profit before tax (£'000)	**19,374**	**11,436**	**30,810**	20,995	6,524	27,519
Taxation (£'000)	**1,792**	**2,392**	**4,184**	1,033	1,641	2,674
Profit after tax (£'000)	**17,582**	**9,044**	**26,626**	19,962	4,883	24,845
EBITDA (£'000)	**22,037**	**10,968**	**33,005**	24,409	6,056	30,465
EBITDA margin (%)	**39.9**	**19.9**	**59.8**	48.6	12.1	60.7
Cash generated from operating activities (£'000)	**31,748**	**–**	**31,748**	25,725	–	25,725
Basic earnings per share (pence)	**6.1**	**3.1**	**9.2**	6.9	1.7	8.6
Diluted earnings per share (pence)	**5.7**	**2.9**	**8.6**	6.5	1.6	8.1

The adjustments comprise:

	2023 £'000	2022 £'000
Amortisation of acquired intangibles	**468**	468
Total adjusting operating items	**468**	468
Share-based payments expense	**10,968**	6,056
Total adjusting items and share-based payments before tax	**11,436**	6,524
Tax effect of adjusting items and share-based payments	**(2,392)**	(1,641)
Total adjusting items and share-based payments after tax	**9,044**	4,883

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.	Historic rates of key customer retention are high and the Group's continuing focus on technology and innovation, together with a 'customer first' approach to its commercial relationships means that long-term engagement is more likely. The Group has renewed its focus on business development efforts, particularly in the US market, which is the largest market in the world for electronic monitoring and substance detection.	▲
Failure to manage growth	High levels of growth places demands 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 forecasting approach that continuously monitors the pipeline of global business opportunities which helps the Board determine the requirements for people, facilities and equipment. This ensure that the resources needed to support the short and medium-term strategic priorities of the Group are in place.	▶
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 while offering a lower cost alternative to incarceration. There are significant social and economic drivers and favourable tailwinds in the criminal justice sector that support a move towards community-based sentencing and rehabilitation.	▶

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 innovation and technology through its UK-based research and development team of 35 engineers, software developers and researchers. The Group's innovation strategy also relies on trusted partnerships across academia which give unique opportunities for collaboration and learning. 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 innovation, technology and product development to ensure its state-of-the-art remote monitoring solutions maintain their market-leading reputation. The Group monitors the actions and product launches of competitors to ensure there are no infringements of its intellectual property.	▶
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 law enforcement agencies and governments ensure that criminal offenders comply with the terms of Court orders, which could 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.	▶

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 global supply chain that uses dual-sourcing for key products where possible to provide mitigation against possible supply disruption. The Group maintains minimum stock levels of key components to protect against short-term disruption and support future capital expenditure requirements.	▶
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 management 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 such as the Ukraine-Russia conflict, uncertainty in the Middle East, 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). The Group can 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 or law enforcement agencies so credit risk is very low. The Group monitors the ageing of receivables on a monthly basis and takes actions to enforce the collection of all 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

Maintaining good **corporate governance**

"The Board is committed to high standards of corporate governance, which it considers are critical to business integrity."

Simon Collins
Non-Executive Chair

Dear shareholders

On behalf of the Board, I am pleased to report on the governance arrangements of Big Technologies during the year ended 31 December 2023. 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 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.

The Board is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining investors' trust in the Group. For the year ended 31 December 2023, and up to the date of this report, the Group has applied the principles of the Quoted Companies Alliance (QCA) Code and complied with its detailed provisions throughout the year under review. The Board believes the QCA Code provides the most appropriate framework of governance arrangements for the Group, considering the size and stage of development of the Group's business.

Full details of our approach to governance are set out below and, as a Board, we continue to be committed to good standards in governance practices and will continue to review the governance structures in place, to ensure that the current practices are appropriate for our current shareholder base and that, where necessary, changes are made. The key governance principles and practices are described in the statement below, together with the Audit, Remuneration and Nomination Committees' reports and the Directors' Report.

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 evolve and grow.

Simon Collins
Non-Executive Chair

A broad balance of **skills and experience**

Simon Collins

Non-Executive Chair

A N R

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 Gallos Technologies Ltd, Chair of Decoded Ltd, Chair of Kubrick Group Limited and a non-executive director of 25x25 Ltd. 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 2001. 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 and TFM Developments 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.

Committee key

Chair
Member

A Audit Committee
N Nomination Committee
R Remuneration Committee

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

A N R

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

A N R

Appointed

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

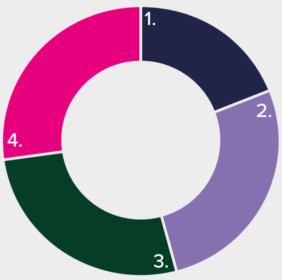
Skills and experience

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

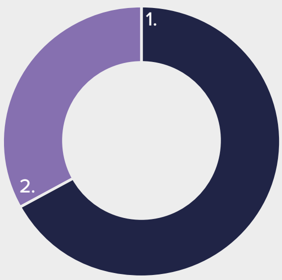
Alexander is a director at Brennan & Partners Limited and Proyectos ONDDI, S.A.

Board skills and experience



1. PLC experience 19%
2. Tech experience 27%
3. Finance and investment experience 27%
4. Operational experience 27%

Gender diversity



1. Male 67%
2. Female 33%

Activities of the Board

The Group'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 formally on six occasions.

Wherever possible and practicable, the Board and its Committees receive appropriate and timely information including relevant Board Committee papers three days 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 leadership present. Debate and discussion at Board and Committee meetings is encouraged to be open, challenging and constructive.

Board attendance record

	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 composition

As at 31 December 2023, the Board comprised a Non-Executive Chair, three Executive Directors and two independent Non-Executive Directors. A biography of each Director in office at the end of the year is set out on pages 36 and 37.

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.

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.

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 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: 3	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	3 of 3	1 of 1
Camilla Macun	3 of 3	1 of 1
Alexander Brennan	3 of 3	1 of 1
Sara Murray	–	–
Daren Morris[1]	3 of 3	1 of 1
Charles Lewinton	–	–

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. The Board has selected a supplier to conduct an independent. Board Effectiveness Review. This is expected to be undertaken by the end of August 2024.

Re-election

All Directors are subject to annual re-election by shareholders at the first Annual General Meeting following their appointment and annually thereafter.

Directors' insurance

Each Director and Officer of the Group is covered by appropriate Directors' and Officers' liability insurance (D&O insurance) at the Group's expense in line with market practice. The D&O insurance provides coverage for the Directors and Officers for the costs of defending themselves in legal proceedings taken against them in their capacity as a director and in respect of damages that may result from those proceedings. The insurance does not provide coverage where the Director or Officer has committed a deliberately fraudulent or deliberately 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 Group has policies and procedures to appropriately manage or resolve potential or actual conflicts of interest that may arise in the business.

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. At each scheduled Board meeting, the Chair queries if the Directors are aware of any potential or actual conflicts of interest. It is the Board's contention that all authorisation powers are being exercised in accordance with the Companies Act and the Group'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 53

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 Group's core strategy is focused on the delivery of innovative remote people monitoring solutions to increase market share in the criminal justice sector.	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	✓	The Group maintains regular contact with its major shareholders and is committed to communicating openly with shareholders through announcements made on RNS and presentations to institutional shareholders and investment analysts. Meetings are regularly held with existing and prospective investors. 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 with our stakeholders. 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 main stakeholders in the business and regularly discusses how employees, suppliers, customers, others in the community and the environment might be affected by decisions and developments in the business. The Directors take the Group's social responsibilities seriously and constantly strive to enhance its environmental and social credentials.	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	✓	Both the Board and Audit Committee regularly review risks, including new threats, and the processes to mitigate and contain them. Whilst the Board is responsible for risk, the Group's entrepreneurial culture seeks to empower all employees to manage risk effectively.	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. Board meetings are characterised by lively debate with active idea generation and management are rigorously challenged and held to account.	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. They consider its overall size and composition to be suitable and that it has an appropriate balance of sector, financial and public market skills and experience as well as an appropriate balance of personal qualities and capabilities.	See pages 36 and 48 of our Corporate Governance Report.

Governance principle	Compliant	Explanation	Further reading
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. Executive Board members set personal objectives annually, the successful fulfilment of which contributes in part to their bonus potential.	N/a.
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 and 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	✓	The Group is committed to open communications with its shareholders and stakeholders. Communication is primarily through the website and AGM. All shareholders will receive a copy of the Annual Report and an interim report at the half-year is available on the website. Copies of historical Annual Reports and notices of general meetings covering the period since the shares of the Company were admitted to trading on AIM are also available on the website. The Company reports on the responsibilities and activities of each of the committees in the Annual Report.	See pages 16 and 17 of the Strategic Report. Further information is available on our website www.bigtechnologies.co.uk.

Governing with a **strong** financial control framework

No. of meetings: 3

Audit Committee members:

- Simon Collins (Chair)
- Camilla Macun
- Alexander Brennan

Dear Shareholders

I am pleased to present my report as Chair of the Audit Committee.

The Audit Committee continues to play an important role in the governance of the Group's financial affairs, both through monitoring the integrity of the Group's financial reporting and reviewing financial reporting judgements. During the early part of the financial year, the Committee was focused on matters relating to the 2022 financial statements, which were covered in detail in last year's Audit Committee report. This report therefore focuses on the Committee's activities in relation to the 2023 interim and full year results, and the external audit activity supporting the latter.

The Committee continues to have 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 has been established by the Board and is responsible for monitoring the integrity of the Group's financial statements and the effectiveness of the external audit process. All members of the Committee are independent Non-Executive Directors, and each brings a broad range of financial, business and commercial expertise from various disciplines. I have previously served as the Chair and Senior Partner of KPMG UK, bringing relevant financial experience to my role as Chair of the Audit Committee at Big Technologies. The qualifications and experience of the members of the Audit Committee can be found in the Board biographies on pages 36 to 37.

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.

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

Activities during the year

The Audit Committee met three times in the year under review, with the meetings and agendas linked to events in the Group's financial calendar. The Audit Committee invites Executive Board members, senior representatives of the external auditors and other members of senior management to attend its meetings as required. It reserves the right to request any of these individuals to withdraw for specific items of discussion.

During 2023 and up until the date of this report, the Audit Committee undertook the following activities to ensure the integrity of the Group's financial statements and formal announcements:

- Reviewed and discussed with management and the CFO each financial reporting announcement made by the Group, including the annual and interim results
- Reviewed the independence and objectivity of the external auditor
- Reviewed and agreed upon the reappointment and remuneration of the external auditor
- Reviewed and agreed upon the external auditor's strategy in advance of the audit for the year
- Discussed the report received from the external auditor regarding its audit in respect of the prior year, which included comments on significant financial reporting judgements and its findings on internal controls
- Reviewed compliance with International Financial Reporting Standards ('IFRS')
- Met with management and the CFO to discuss the ongoing results and performance of the business.

Review of financial statements

The Committee monitors the integrity of the Group's financial statements and has reviewed the presentation and content of the Group's interim and preliminary results announcements and the Annual Report. It considered whether the Annual Report was fair, balanced and understandable, as well as the appropriateness and disclosure of accounting policies, key judgements and key estimates.

The significant accounting judgements considered for the year ended 31 December 2023 were:

- Review of the accounting for share-based payments: the Committee considered the methodology adopted for the valuation of equity settled share-based remuneration schemes and the timing of their recognition in the financial statements. The Committee was satisfied that the approach adopted remains appropriate
- Review of the valuation and recoverability of goodwill and acquired intangible assets: the Committee considered the carrying value of goodwill and acquired intangible assets in relation to the acquisition of Buddi Limited and Buddi US LLC against the latest forecasts for the business units concerned and future financial plans. The Committee was satisfied that the valuation is appropriate and that no impairment is required
- Review of the carrying value of property, plant and equipment specifically in relation to non-current assets held in Buddi Colombia: the Committee considered whether the ending of a customer contract in Colombia (in early 2024) was an indicator of impairment. The Committee concluded that the change in circumstances indicated that the carrying value of other fixed assets, relating to electronic monitoring equipment in Buddi Colombia was not fully recoverable and that an impairment charge should be recognised in the year
- Review of the going concern assumption: the Group has substantial cash resources at year end. In the current environment, emphasis was placed on the review of the going concern assessment and viability statement, particularly with regard to the impact of the inflationary cost pressures, the ending of a customer contract in Colombia and the wider macroeconomic environment. The Committee reviewed the adequacy of the Group's financial resources to ensure there is sufficient headroom to enable the Group to continue trading for the foreseeable future. Based on its review of the internal forecasts and discussions with the external auditor, the Committee recommended to the Board the adoption of the going concern basis for the preparation of the interim and full year results.

Conclusion

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditors. We welcome feedback from shareholders on our report and there will be an opportunity to ask me questions about the activities of the Committee at our 2024 AGM.

Simon Collins

Chair of the Audit Committee

Ensuring a broad balance of **skills and experience**

No. of meetings: none

Nomination Committee members:

- Simon Collins (Chair)
- Camilla Macun
- Alexander Brennan

Dear Shareholders

I am pleased to present the Nomination Committee's report for the year ended 31 December 2023.

Nomination Committee membership

The Nomination Committee's key role is to ensure that the Board has the appropriate skills, knowledge and experience to operate effectively and deliver the Group's strategy. There were no changes in the membership of the Committee during the year and all members are independent Non-Executive Directors. I chair the Committee but will not do so where the Committee is dealing with my own re-appointment or my replacement as Chair of the Board.

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 time commitment of Non-Executive Directors and external appointments of Board members;
- the Board's policy on diversity as it relates to appointments to the Board;
- succession planning for the Board and senior leadership positions taking into account the challenges and opportunities facing the Group;
- the Committees' effectiveness; and
- the Committees' terms of reference.

The Nominations Committee did not meet formally during the year as there was no change in the composition of the board. The Non-Executive Directors meet informally on a regular basis and include discussions on committee effectiveness. We also meet, as required, with Executive Directors to discuss committee effectiveness and succession matters.

Simon Collins

Chair of the Nomination Committee

Remuneration Committee report

A remuneration policy aligned to our **shareholder's interests**

No. of meetings: 1

Remuneration Committee members:

- Camilla Macun (Chair)
- Simon Collins
- Alexander Brennan

Dear Shareholders

I am pleased to present the Directors' remuneration report for the year ended 31 December 2023 which sets out the remuneration policy and the remuneration paid to the Directors for the year.

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 2023

As disclosed in last year's report, the Remuneration Committee agreed to implement salary increases of 3% for the Chief Executive Officer and Chief Financial Officer in January 2023. The Chief Operating Officer was awarded a salary increase of 16% in January 2023 as a result of his promotion to the new role and the additional responsibilities associated with it.

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 20% of the maximum for each of the Executive Directors. The bonus will be payable in cash in March 2024. No further grants under the Growth Share Plan ('GSP') were made to the Executive Directors during the year.

The financial targets for 2023 in order for the Executive Directors to achieve the annual bonus were:

- Revenue of £55.0 million to £59.0 million (40% weighting);
- Adjusted EBITDA of £34.0 million to £36.5 million (40% weighting); and
- Personal objectives (20% weighting).

The Group's other senior employees were awarded further grants in February 2023 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.

Establishment of an Employee Benefit Trust ('EBT')

To manage future dilution from the issue of new shares, the Group established the Big Technologies PLC Employee Benefit Trust during the year to facilitate the acquisition of Ordinary shares in the Company for the purpose of satisfying awards granted under certain employee share option schemes. The EBT is funded by the Company and makes market purchases of the Company's Ordinary shares and holds these shares in trust to satisfy the future vesting of share option schemes. The trust is administered by Daren Morris, CFO and the Group's Financial Controller, who act as joint trustees.

Approval was given by the Board to the trustees of the EBT to acquire shares in the market. During the year the EBT purchased 2,137,304 (2022: nil) shares in the market, with a total of 2,137,304 shares held in trust at 31 December 2023 (2022: nil).

Proposed application of the remuneration policy for 2024

For 2024, 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. Full details of how we intend to operate the policy for 2024 are set out on page 53.

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.

Approval was given by the Board to the trustees of the EBT to continue to acquire shares in the market during 2024.

Conclusion

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 our 2024 AGM to answer any questions you may have.

Camilla Macun

Chair of the Remuneration Committee

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 Ordinary A shares in Buddi Limited (a wholly-owned subsidiary of the Company) to Executive Directors in July 2021. The holders of the Ordinary A Shares have the right to exchange their Ordinary 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 2023

The table below sets out the remuneration payable to the Directors for the year ended 31 December 2023:

	Salary and fees £	Benefits £	Pensions £	Bonus £	Gain on exercise of share options[1] £	**Total £**
Executive Directors						
Sara Murray	371,387	–	41,317	74,276	–	**486,980**
Daren Morris	236,900	1,681	23,688	47,380	–	**309,649**
Charles Lewinton	175,000	1,409	18,000	35,000	292,712	**522,121**
Non-Executive Directors						
Simon Collins	70,000	–	–	–	–	**70,000**
Camilla Macun	50,000	–	–	–	–	**50,000**
Alexander Brennan	40,000	–	–	–	–	**40,000**

1. During the year Charles Lewinton exercised awards in respect of 130,000 shares under the EMI option scheme with a valuation (net of exercise price) of £292,712.

Annual bonus scheme outcome for 2023

Executive Directors had an entitlement to an annual bonus up to a maximum opportunity of 100% of basic salary for the year ended 31 December 2023. 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 Remuneration Committee determined that the revenue target and personal objectives target had been partially met during the year. The bonus payable to the Executive Directors for the year under review was equivalent to 20% 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 2023 results in March 2024.

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

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 2023 awards totalling 2,000,000 had vested but were not yet exercised.

Application of the remuneration policy for 2024

Basic salaries

The Remuneration Committee has reviewed the basic salaries of the Executive Board and has determined that there will be no change to base salaries. The salary levels are set out in the table below:

	Current salary £	Salary with effect from 1 January 2024 £	% change
Sara Murray	371,387	371,387	– %
Daren Morris	236,900	236,900	– %
Charles Lewinton	175,000	175,000	– %

Annual bonus scheme

The annual bonus scheme will continue to operate in a broadly similar fashion to the scheme in place for 2023. The specific bonus targets will be disclosed in the 2024 Directors' remuneration report, alongside details of performance against the targets.

The maximum annual bonus opportunity for Executive Directors in 2024 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 2023 by each Director who served during the financial year were as follows:

	Shares beneficially owned	Share options	GSP	**Total**
Sara Murray	73,100,000	747,300	17,064,668	**90,911,968**
Daren Morris	370,000	–	3,656,715	**4,026,715**
Charles Lewinton	81,200	143,650	3,656,715	**3,881,565**
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 2023 Sara Murray and Daren Morris had 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 2023 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 2023. The Corporate Governance Statement on pages 34 to 53 also forms part of this Director's Report.

Principal activities and legal form

The principal activities of Big Technologies PLC and its subsidiaries (together 'the Group') are the development and delivery of remote people monitoring technologies to a range of domestic and international customers. Big Technologies PLC is a public limited company listed on the London Stock Exchange's AIM market.

Strategic Report

The Companies Act 2006 requires the Directors to present a review of the business during the year 31 December 2023 and of the position of the Group at the end of the financial year, together with a description of the principal risks and uncertainties faced. The Strategic Report can be found on pages 2 to 33 and is incorporated by reference into this Directors' Report.

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 £17,582,000 (2022: £19,962,000). 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 63 to 91 and summarised in the Financial review on pages 26 to 29.

Annual General Meeting

The Annual General Meeting ('AGM') will be held at 4pm on 28th May 2024 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 2023 financial year:

- Sara Murray
- Daren Morris
- Charles Lewinton
- Simon Collins
- Camilla Macun
- Alexander Brennan

The Directors who held office during the year and as at 31 December 2023 had the following interests in ordinary shares of the Company:

	2023	2022
Sara Murray	**73,100,000**	73,000,000
Daren Morris	**370,000**	410,000
Charles Lewinton	**81,200**	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 Ordinary 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 Ordinary 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 2023 is shown below:

	2023	2022
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, Simon Collins. The maximum number of ordinary shares which could be issued to the Non-Executive Chair in the future under such awards at 31 December 2023 is 2,000,000 (2022: 2,000,000).

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 2023 financial year (2022: £nil).

Auditors and disclosure of information to auditors

Each person who is a Director at the date of approval of this Directors' report confirms that:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- That Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of the information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Crowe U.K. LLP have expressed their willingness to continue in office as auditors and a resolution seeking to reappoint them will be proposed at the forthcoming Annual General Meeting.

Directors' insurance

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.

Authority to purchase the Company's shares

At the 2023 Annual General Meeting, shareholders approved a special resolution authorising the Company to purchase a maximum of 29,044,008 shares, representing not greater than 10% of the Company's issued share capital at 24 April 2023, such authority expiring at the conclusion of the Annual General Meeting to be held in 2024 or, if earlier, on 1 July 2024. No purchases were made during the year except for purchases made by the Employee Benefit Trust. The Directors propose to renew this authority at the 2024 AGM.

Employee Benefit Trust

The trustees of the Big Technologies PLC Employee Benefit Trust were tasked with a programme of share purchases in the year. The purpose of these purchases is to facilitate the settlement of awards under the Company's employee share option schemes. At 31 December 2023, the Big Technologies PLC Employee Benefit Trust held 2,137,304 Ordinary Shares (2022: nil). Ordinary Shares held by the EBT are not considered treasury shares under company law.

Substantial shareholdings

At 29 February 2024, 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	25.3%
Liontrust Investment Partners LLP	11.0%
Romelle Ltd	9.5%
Ernström Kapital AB	9.2%
Schroder Investment Management	3.6%
Abrdn plc	3.4%
Iville Limited	3.1%

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

Going concern statement

Having taken into account the financial condition of the Company and Group, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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

The report was approved by the Board on 25 March 2024 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 25 March 2024 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 2023, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2023;
- the Group and Parent Company statements of financial position as at 31 December 2023;
- the Group and Parent Company statements of changes in equity for the year then ended;
- the Group statement of cash flows 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 Reduced Disclosure Framework 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 2023 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 (which includes the Parent Company) 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 £968,000 (2022 £1,040,000), based on approximately 5% of Group profit before tax. Materiality for the Parent Company financial statements as a whole was set at £2,069,000 (2022: £1,000,000) 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 was set at £677,600 (2022: £728,000) for the Group and £1,440,000 (2022: £700,000) for the Parent Company.

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 £48,400 (2022: £52,000). 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.

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, revenue amounts were agreed to underlying contract, invoice and the cash receipt to bank statements and the calculation of revenue amount was reperformed by reference to relevant input factors specified in the contract and to client correspondence where required; • For a sample of smaller contracts, revenue amounts were agreed to invoice and the cash receipt to bank statements and to 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 • We reviewed the disclosures in the financial statements to ensure they were compliant with the requirements of IFRS 15.
Carrying value of intangible assets and goodwill The Group's intangible assets include 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 strategy, future trading and profitability of the GGU 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 budget and management projections approved by the board; • Reperforming the impairment assessment workings and testing the mathematical accuracy of the model; • Performing a retrospective review, by comparing the 2023 actual result of the CGU versus the 2023 forecast used in the prior year, to assess the reasonableness of management projections; • Considering and challenging the key assumptions in the model; and • We reviewed the disclosures in the financial statements to ensure they were compliant with the requirements of IAS 36.
Share-based payments (Growth Shares) In prior periods the Group issued Growth Shares to certain directors which incorporate market facing performance conditions. We considered the risk that the resulting share-based payments are not accounted for in accordance with IFRS 2. Notes 2 and 23	Our audit procedures included: • We reviewed managements' assessment of the scheme at inception, reconfirmed managements accounting for the operation of the scheme in the current period and challenged management on whether changes to the recognition of the profile of share-based expense was required in the period; • We recalculated the share-based payment expense in the period; and • We reviewed the disclosures in the financial statements to ensure they were compliant with 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 strategic report and directors' 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 57, 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.

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:

- 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 relevant tax legislation. 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: 25 March 2024

Consolidated statement of comprehensive income

For the year ended 31 December 2023

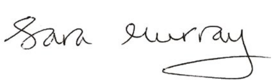
	Note	2023 £'000	2022 £'000
Revenue	3	**55,223**	50,164
Cost of sales		**(16,176)**	(13,781)
Gross profit		**39,047**	36,383
Administrative expenses		**(22,246)**	(15,800)
Other operating income		**12**	7
Operating profit		**16,813**	20,590
Analysed as:			
Adjusted EBITDA		**33,005**	30,465
Amortisation of acquired intangibles		**(468)**	(468)
Amortisation of development costs		**(921)**	(806)
Depreciation		**(3,835)**	(2,545)
Share-based payments expense		**(10,968)**	(6,056)
Operating profit		**16,813**	20,590
Finance income	7	**2,656**	449
Finance expenses	7	**(95)**	(42)
Share of loss of joint venture		**–**	(2)
Profit before taxation		**19,374**	20,995
Taxation	8	**(1,792)**	(1,033)
Profit for the year		**17,582**	19,962
Other comprehensive (expense)/income:			
Exchange differences on translation of foreign operations		**(663)**	139
Total comprehensive income for the year		**16,919**	20,101
Basic earnings per share (pence)	9	**6.1p**	6.9p
Diluted earnings per share (pence)	9	**5.7p**	6.5p

Consolidated statement of financial position

As at 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Goodwill	10	**13,359**	13,359
Acquired and other intangible assets	11	**5,668**	6,000
Property, plant and equipment	12	**4,993**	4,178
Right-of-use assets	13	**1,782**	705
Deferred tax assets	19	**5,310**	3,725
Other receivables	15	**583**	1,684
Non-current assets		**31,695**	29,651
Inventories	14	**7,206**	6,823
Trade and other receivables	15	**8,328**	9,222
Cash and cash equivalents	16	**87,729**	67,474
Current assets		**103,263**	83,519
Total assets		**134,958**	113,170
Liabilities			
Lease liabilities	13	**274**	247
Trade and other payables	17	**6,146**	8,153
Provisions	18	**664**	800
Current liabilities		**7,084**	9,200
Lease liabilities	13	**1,579**	460
Deferred tax liabilities	19	**302**	412
Trade and other payables	17	**259**	625
Non-current liabilities		**2,140**	1,497
Total liabilities		**9,224**	10,697
Net assets		**125,734**	102,473
Equity			
Share capital	20	**2,907**	2,904
Share premium	20	**39,095**	39,031
Employee Benefit Trust reserve	21	**(4,276)**	–
Other reserves	21	**(249)**	414
Retained earnings		**88,257**	60,124
Total equity		**125,734**	102,473

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2024 and are signed on its behalf by:



Sara Murray OBE
Chief Executive Officer

Daren Morris
Chief Financial Officer

Company registration number: 10791781

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Employee Benefit Trust reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	2,885	38,535	–	275	32,536	74,231
Profit for the year	–	–	–	–	19,962	19,962
Other comprehensive income for the year	–	–	–	139	–	139
Total comprehensive income for the year	–	–	–	139	19,962	20,101
Share-based payments	–	–	–	–	6,026	6,026
Deferred tax on share-based payments	–	–	–	–	1,600	1,600
Issue of shares, net of share issue costs	19	496	–	–	–	515
Balance at 31 December 2022	2,904	39,031	–	414	60,124	102,473
Balance at 1 January 2023	2,904	39,031	–	414	60,124	102,473
Profit for the year	–	–	–	–	17,582	17,582
Other comprehensive expense for the year	–	–	–	(663)	–	(663)
Total comprehensive income for the year	–	–	–	(663)	17,582	16,919
Share-based payments	–	–	–	–	10,951	10,951
Deferred tax on share-based payments	–	–	–	–	(400)	(400)
Issue of shares, net of share issue costs	3	64	–	–	–	67
Purchase of shares by the EBT	–	–	(4,276)	–	–	(4,276)
Balance at 31 December 2023	**2,907**	**39,095**	**(4,276)**	**(249)**	**88,257**	**125,734**

Consolidated statement of cash flows

For the year ended 31 December 2023

	Note	**2023 £'000**	2022 £'000
Cash flows from operating activities			
Profit before tax		**19,374**	20,995
Adjustments for:			
Depreciation of property, plant and equipment	12	**3,595**	2,328
Depreciation of right-of-use assets	13	**240**	217
Amortisation of intangible assets	11	**1,389**	1,274
Impairment charges on property, plant and equipment	12	**392**	–
Share of loss of joint venture		**–**	2
Investment write-down		**–**	426
Share-based payments expense	23	**10,951**	6,026
Finance income	7	**(2,656)**	(449)
Finance expenses	7	**95**	42
Changes in:			
Inventories		**(383)**	(3,744)
Trade and other receivables		**2,405**	(2,986)
Trade and other payables		**(3,518)**	794
Provisions		**(136)**	800
Cash generated from operating activities		**31,748**	25,725
Taxes paid		**(3,739)**	(1,801)
Net cash generated from operating activities		**28,009**	23,924
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(508)**	(142)
Own work capitalised	12	**(4,303)**	(4,098)
Capitalised development costs	11	**(1,057)**	(1,132)
Interest received	7	**2,569**	295
Net cash used in investing activities		**(3,299)**	(5,077)
Cash flows from financing activities			
Proceeds from issues of shares	20	**67**	515
Purchase of own shares		**(4,276)**	–
Repayment of lease liabilities		**(240)**	(238)
Interest paid	7	**(35)**	(25)
Net cash (used)/generated from financing activities		**(4,484)**	252
Net increase in cash and cash equivalents		**20,226**	19,099
Cash and cash equivalents at the beginning of the year		**67,474**	48,317
Effects of exchange rate changes on cash and cash equivalents		**29**	58
Cash and cash equivalents at the end of the year	16	**87,729**	67,474

Notes to the consolidated financial statements

For the year ended 31 December 2023

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 Directors have reviewed the forecasts for the Group for the period to 31 December 2026 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 pages 54 to 56.

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

No new standards and interpretations adopted by the UK endorsement board 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 relate to 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.

2. Principal accounting policies cont.

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 and the Employee Benefit Trust) (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.

The Employee Benefit Trust ("EBT") is considered to be a special purpose entity in which the substance of the relationship is that of control by the Group in order that the Group may benefit from its control. The assets held by the EBT are consolidated into the Group and any shares held by the EBT in the Company are presented as a deduction from equity.

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:

- 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.
- 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.

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.

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.

2. Principal accounting policies cont.

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

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.

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.

2. Principal accounting policies cont.

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	Over the term of the lease
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 (or own work capitalised) represent electronic monitoring equipment that has been manufactured by the Group and is being used to provide services to customers.

2. Principal accounting policies cont.

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 at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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 leases office space, warehouses and factory space. Rental contracts are typically made for periods of 3 –10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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.

2. Principal accounting policies cont.

Leases cont.

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.

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).

2. Principal accounting policies cont.

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.

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 relate to 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.

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

Other fixed assets (or own work capitalised) 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.

Capitalisation of development expenditure

Management will need to apply judgement and evaluate the technical and commercial feasibility of each product, and the ability to yield future economic benefits, and assess likelihood of success, and ability of the Group to complete each product. Judgements are used in determining what costs meet the requirement for capitalisation under IAS 38. Development expenditure is only capitalised after its reliable measurement, technical feasibility and commercial viability can be demonstrated.

Inventory provisions

Factors considered in the determination of net realisable value of inventory 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 2023, the Group had net inventories of £7,206,000 (2022: £6,823,000).

Key sources of estimation uncertainty

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

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. The sensitivity to a one-year shortening/lengthening of the useful economic lives of capitalised development expenditure at 31 December 2023 is a decrease/increase to the carry amount of £417,000 (2022: £350,000).

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 2023, the carrying amount of goodwill was £13,359,000 (2022: £13,359,000).

Other estimates

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 23.

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 and services 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:

	2023 £'000	2022 £'000
Europe	**7,555**	5,048
Asia-Pacific	**32,289**	29,165
Americas	**15,379**	15,951
	55,223	50,164

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:

	2023 £'000	2022 £'000
Sales of goods	**97**	97
Delivery of services	**55,126**	50,067
	55,223	50,164

Information about major customers

Three (2022: three) 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 55% (2022: 51%) of total Group revenue.

Future performance obligations

The amount of a customer contract's transaction price that is allocated to the remaining performance obligations to provide electronic monitoring software, hardware and related support services which 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 these performance obligations that are unsatisfied or partially unsatisfied as of 31 December 2023 is £12,166,000 (2022: £14,791,000).

Management expects that £7,791,000 in 2023 (2022: £6,125,000) of the amount allocated to the future performance obligations as of 31 December 2023 will be recognised during 2024. £4,375,000 (2022: £8,666,000) 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.

	2023 £'000	2022 £'000
Amortisation of acquired intangibles	**468**	468
Total adjusting operating items	**468**	468
Share-based payments expense	**10,968**	6,056
Total adjusting items and share-based payments before tax	**11,436**	6,524
Tax effect of adjusting items and share-based payments	**(2,392)**	(1,641)
Total adjusting items and share-based payments after tax	**9,044**	4,883

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.

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 £110,000 (2022: £89,000) and share-based payments expense of £2,282,000 (2022: £1,552,000).

5. Profit before taxation

Profit before taxation for the year is stated after charging/(crediting):

	2023 £'000	2022 £'000
Research and development costs charged as an expense	**2,326**	1,751
Depreciation of property, plant and equipment	**3,595**	2,328
Impairment of property, plant and equipment	**392**	–
Depreciation of right-of-use assets	**240**	217
Amortisation of intangible assets	**1,389**	1,274
Net foreign exchange gains	**(407)**	(1,056)

Auditor's remuneration:

	2023 £'000	2022 £'000
Fees payable to the Group's auditor during the year for:		
– the audit of the Company's financial statements	**50**	48
– the audit of the Company's subsidiaries	**100**	97
	150	145

6. Employees and Directors

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

	2023 No.	2022 No.
Management	**10**	10
Development	**39**	34
Administration	**10**	9
Sales	**18**	15
Operations	**153**	136
	230	204

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

	2023 £'000	2022 £'000
Short-term employee benefits	**9,760**	8,825
Social security costs	**1,106**	1,141
Post-employment benefits	**237**	186
Share-based payments expense (IFRS 2 charge)	**10,951**	6,026
	22,054	16,178

Key management personnel comprise the Directors and details of their remuneration is given in the Remuneration Committee Report on pages 49 to 53.

7. Finance expenses and finance income

	2023 £'000	2022 £'000
Finance expenses		
Other interest	**35**	25
Interest on lease liabilities	**60**	17
	95	42
Finance income		
Interest receivable	**2,656**	449

8. Taxation

	2023 £'000	2022 £'000
Current tax		
For the financial year	**3,673**	2,218
Adjustments in respect of prior years	**217**	(13)
	3,890	2,205
Deferred tax		
Origination and reversal of temporary timing differences	**184**	389
Adjustments in respect of prior years	**–**	(9)
Related to share-based payments	**(2,282)**	(1,552)
	(2,098)	(1,172)
	1,792	1,033

8. Taxation cont.

UK corporation tax is calculated at 23.5% (2022: 19.0%) 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 (2022: lower than) the standard rate of corporation tax in the UK of 23.5% (2022: 19%) as set out below.

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

	2023 £'000	2022 £'000
Profit before taxation	**19,374**	20,995
Tax at the attributable statutory rate of 23.5% (2022: 19.0%):	**4,553**	3,989
Tax effects of:		
Expenses not deductible for tax purposes	**2,623**	1,125
Income not allowable for tax purposes	**(86)**	(105)
Research and development tax credit	**(297)**	(323)
Patent Box relief*	**(3,099)**	(1,476)
Change in tax rates	**(144)**	(241)
Deferred tax not recognised	**(318)**	53
Double taxation relief	**–**	31
Adjustment in respect of prior year	**217**	(22)
Share options exercised in the year	**(142)**	(863)
Deferred tax related to share-based payments	**(2,282)**	(1,552)
Other temporary differences	**598**	104
Other permanent differences	**169**	313
Total taxation for the year	**1,792**	1,033

* 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:

	2023 £'000	2022 £'000
Deferred tax		
Related to share-based payments	**400**	(1,600)
Total income tax recognised directly in equity	**400**	(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.

9. Earnings per share

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

	Notes	**2023 £'000**	2022 £'000
Profit for the purpose of basic and diluted earnings per share			
being net profit attributable to equity holders of the parent		**17,582**	19,962
Adjustments for:			
Adjusting items	4	**468**	468
Share-based payments expense	23	**10,968**	6,056
Tax effect of adjusting items and share-based payments		**(2,392)**	(1,641)
Adjusted earnings		**26,626**	24,845

	2023 No. of shares	2022 No. of shares
Weighted average number of ordinary shares	**290,531,356**	289,950,953
Less shares held by the Employee Benefit Trust (weighted average)	**(416,300)**	–
Weighted average number of ordinary shares for the purpose of basic earnings per share	**290,115,056**	289,950,953
Effect of dilutive potential ordinary shares/share options	**19,840,468**	16,800,389
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**309,955,524**	306,751,342

Basic earnings per share	**2023 Pence**	2022 Pence
Basic earnings per share	**6.1**	6.9
Adjustments for:		
Adjusting items	**0.2**	0.2
Share-based payments expense	**3.8**	2.1
Tax effect of adjusting items and share-based payments	**(0.9)**	(0.6)
Adjusted basic earnings per share	**9.2**	8.6

Diluted earnings per share	**2023 Pence**	2022 Pence
Diluted earnings per share	**5.7**	6.5
Adjustments for:		
Adjusting items	**0.2**	0.2
Share-based payments expense	**3.5**	2.0
Tax effect of adjusting items and share-based payments	**(0.8)**	(0.6)
Adjusted diluted earnings per share	**8.6**	8.1

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

	2023 £'000	2022 £'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 January 2024 for the year ending 31 December 2024 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 2026. Beyond the plan period the projections are extrapolated using a terminal value with an estimated conservative long-term growth rate of 10.0% for Buddi US LLC and 2.0% for Buddi Limited (2022: 2.0% for both CGUs).

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 21.5% (2022: 20.7%) and to the Buddi Limited CGU was 20.4% (2022: 18.3%). 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 2023 or in the year ended 31 December 2022. 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 a 13% and 5% 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.

11. Acquired and other intangible assets

	Customer relationships £'000	Brand £'000	Development costs £'000	Total £'000
Cost				
At 1 January 2023	3,854	427	6,536	10,817
Additions	–	–	1,057	1,057
Disposals	–	–	–	–
At 31 December 2023	**3,854**	**427**	**7,593**	**11,874**
Accumulated amortisation				
At 1 January 2023	1,841	270	2,706	4,817
Charge for the year	407	61	921	1,389
Disposals	–	–	–	–
At 31 December 2023	**2,248**	**331**	**3,627**	**6,206**
Carrying amount				
At 31 December 2022	2,013	157	3,830	6,000
At 31 December 2023	**1,606**	**96**	**3,966**	**5,668**

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	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

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 2023	155	470	22	255	10,479	11,381
Additions	327	106	21	54	4,303	4,811
Disposals	–	–	–	(8)	(961)	(969)
Exchange differences	–	–	(1)	–	(3)	(4)
At 31 December 2023	**482**	**576**	**42**	**301**	**13,818**	**15,219**
Accumulated depreciation						
At 1 January 2023	142	332	12	205	6,512	7,203
Charge for the year	23	86	7	27	3,452	3,595
Impairment losses	–	–	–	–	392	392
Disposals	–	–	–	(8)	(952)	(960)
Exchange differences	–	–	–	(2)	(2)	(4)
At 31 December 2023	**165**	**418**	**19**	**222**	**9,402**	**10,226**
Net book value						
At 31 December 2022	13	138	10	50	3,967	4,178
At 31 December 2023	**317**	**158**	**23**	**79**	**4,416**	**4,993**

Other fixed assets (or own work capitalised) 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 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

13. Right-of-use assets

	£'000
Cost	
At 1 January 2023	1,368
Additions	1,369
Disposals	(710)
At 31 December 2023	**2,027**
Accumulated depreciation	
At 1 January 2023	663
Charge for the year	240
Disposals	(658)
At 31 December 2023	**245**
Net book value	
At 31 December 2022	705
At 31 December 2023	**1,782**

	£'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

Right-of-use assets relate to office space, warehouses and factory space leased by the Group and used in its operations.

13. Right-of-use assets cont.

	2023 £'000	2022 £'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**276**	248
Between one and five years	**1,024**	282
More than five years	**1,191**	283
Total undiscounted cash flows	**2,491**	813
Discount	**(638)**	(106)
Total lease liabilities	**1,853**	707
Analysed as:		
Non-current	**1,579**	460
Current	**274**	247
	1,853	707

	2023 £'000	2022 £'000
Amounts recognised in the consolidated income statement		
Depreciation of right-of-use assets	**240**	217
Interest on lease liabilities	**60**	17

14. Inventories

	2023 £'000	2022 £'000
Raw materials	**4,043**	4,106
Finished goods	**3,163**	2,717
	7,206	6,823

The Group's inventories are used to manufacture electronic monitoring equipment which is capitalised to other fixed assets when associated with the delivery of services to customers. The value of inventories recognised as an expense during the year was £112,000 (2022: £360,000). During the year the amount charged as a provision against slow moving and obsolete stock was £771,000 (2022: £52,000).

15. Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	**5,809**	5,324
Trade receivables past due	**1,651**	2,435
Less: credit loss provision	**(576)**	(18)
Trade receivables – net	**6,884**	7,741
Prepayments	**366**	329
Other receivables	**1,661**	2,836
	8,911	10,906
Due for settlement within 12 months	**8,328**	9,222
Due for settlement after 12 months	**583**	1,684
	8,911	10,906

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.

15. Trade and other receivables cont.

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 £576,000 has been recognised in the year (2022: £18,000).

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 for reasonable and supportable information available without undue cost or effort.

16. Cash and cash equivalents

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

	2023 £'000	2022 £'000
Pounds Sterling	**53,831**	58,386
US Dollar	**6,105**	3,389
Australian Dollar	**13,760**	2,480
New Zealand Dollar	**11,420**	2,674
Colombian Peso	**1,627**	318
Euro	**438**	20
Canadian Dollar	**342**	126
Other	**206**	81
	87,729	67,474

£203,000 (2022: £nil) of the Group's cash and cash equivalents are held by the trustees of the Big Technologies PLC Employee Benefit Trust in Pounds Sterling.

Net cash

	2023 £'000	2022 £'000
Cash and cash equivalents	**87,729**	67,474
Lease liabilities	**(1,853)**	(707)
	85,876	66,767

17. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	**1,130**	1,981
Accruals	**1,209**	1,827
Other payables	**1,435**	1,281
Other taxation and social security	**554**	692
Contract liabilities	**1,471**	2,537
Corporation tax payable	**606**	460
	6,405	8,778
Due for settlement within 12 months	**6,146**	8,153
Due for settlement after 12 months	**259**	625
	6,405	8,778

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.

17. Trade and other payables cont.

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:

	2023 £'000	2022 £'000
Short-term	**1,912**	1,600
Long-term	**625**	1,185
At beginning of year	**2,537**	2,785
Additions	**1,335**	2,631
Amounts included in contract liabilities at the beginning of the year that were recognised as revenue during the year	**(1,817)**	(1,796)
Amounts not included in contract liabilities at the beginning of the year that were recognised as revenue during the year	**(584)**	(1,083)
Short-term	**1,212**	1,912
Long-term	**259**	625
At end of year	**1,471**	2,537

18. Provisions

The movements were as follows:

	2023 £'000	2022 £'000
At 1 January	**800**	–
Charged/(credited) to profit or loss	**278**	800
Utilised	**(414)**	–
At 31 December	**664**	**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.

During the year, legal proceedings have commenced against the Group, with an amended claim being filed with the High Court of Justice in England and Wales in November 2023. As set out within the admission document in July 2021 (the "Admission Document"), a letter of potential claim had been received from a small number of former shareholders of Buddi Limited, one of the subsidiaries of the Group, in respect of the acquisition of Buddi Limited, dating back to May 2018. The Group has taken advice from its lawyers and from King's Counsel and remains of the view that the claim lacks legal and factual merit and intends to defend its position robustly.

19. Deferred tax

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

	2023 £'000	2022 £'000
At 1 January	**3,313**	538
Recognised in profit or loss:		
– In respect of timing differences	**(184)**	(380)
– In respect of deferred tax on share options	**2,282**	1,552
Recognised in other comprehensive income:		
– Foreign exchange differences	**(3)**	3
Recognised in equity:		
– In respect of deferred tax on share options	**(400)**	1,600
At 31 December	**5,008**	3,313

19. Deferred tax cont.

The deferred tax balance is analysed as follows:

	2023 £'000	2022 £'000
Deferred tax asset	**5,310**	3,725
Deferred tax liability	**(302)**	(412)
	5,008	3,313

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

The March 2021 Budget announced that the main rate of corporation tax would change from 19% to 25% with effect from 1 April 2023. As such the Group's UK taxable profits for the current period have been taxed at an effective rate of 23.5%. This has increased the Group's current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2023 have been calculated at 25% (2022: 25%).

20. Share capital

The allotted, called up and fully paid share capital is made up of 290,650,082 ordinary shares of £0.01 each.

	Note	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2022		288,505,082	2,885	38,535	41,420
Issue of shares	(i)	1,895,000	19	496	515
At 31 December 2022		290,400,082	2,904	39,031	41,935
Issue of shares	(ii)	250,000	3	64	67
At 31 December 2023		**290,650,082**	**2,907**	**39,095**	**42,002**

(i) 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.
(ii) During 2023, 250,000 EMI share options were exercised into shares with a nominal value of £0.01 each for £0.27.

Investment in own shares

At 31 December 2023, the Company held in the Employee Benefit Trust 2,137,304 (2022: nil) of its own shares with a nominal value of £21,373 (2022: £nil). The Employee Benefit Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 31 December 2023 was £3,783,028 (2022: £nil). In the current year, 2,137,304 (2022: nil) were repurchased and transferred into the Employee Benefit Trust.

21. 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
Employee Benefit Trust reserve	The cost of shares repurchased and still held by the Big Technologies PLC Employee Benefit Trust
Other reserves	(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

22. 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:	**2023 increase/ (decrease) £'000**	2022 increase/ (decrease) £'000
US Dollar:		
Strengthened by 10%	**(632)**	(417)
Weakened by 10%	**695**	458
Australian Dollar:		
Strengthened by 10%	**(1,493)**	(541)
Weakened by 10%	**1,643**	595
New Zealand Dollar:		
Strengthened by 10%	**(1,157)**	(353)
Weakened by 10%	**1,273**	388
Colombian Peso:		
Strengthened by 10%	**(221)**	(178)
Weakened by 10%	**243**	196

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 15. An analysis of cash and cash equivalents is set out in note 16.

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:

	2023 £'000	2022 £'000
Europe	**1,172**	1,310
Asia-Pacific	**3,857**	3,287
Americas	**1,855**	3,144
	6,884	7,741

22. Financial instruments cont.

(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.

	2023 £'000	2022 £'000
Trade payables	**1,130**	1,981
Other payables	**1,435**	1,281
Lease liabilities	**2,491**	813
	5,056	4,075
Due for settlement within 12 months	**2,840**	3,510
Due for settlement after 12 months	**2,216**	565
	5,056	4,075

(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 Group defines capital as being share capital plus all reserves. 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:

	2023 £'000	2022 £'000
Financial assets		
Trade and other receivables	**8,911**	10,906
Cash and cash equivalents	**87,729**	67,474
	96,640	78,380
Financial liabilities		
Trade and other payables	**5,245**	7,626
Lease liabilities	**1,853**	707
	7,098	8,333

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.

23. 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, it was assumed that both TSR and cumulative EBITDA criteria will be met for each grant of LTIPs. The total estimated IFRS 2 charge for the LTIP, adjusting for leavers is £873,000 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 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
Outstanding at 1 January 2023	1,170,950	100,000	2,000,000	226,000	3,496,950	72.9
Options and awards granted	–	–	–	177,000	177,000	–
Options and awards exercised	(250,000)	–	–	–	(250,000)	26.8
Options and awards lapsed	–	–	–	(5,500)	(5,500)	–
Outstanding at 31 December 2023	**920,950**	**100,000**	**2,000,000**	**397,500**	**3,418,450**	**72.6**
Exercisable at 31 December 2023	**920,950**	**100,000**	**2,000,000**	**–**	**3,020,950**	**82.1**

The awards outstanding at 31 December 2023 had a weighted average remaining contractual life of 3.3 years (2022: 4.2 years).

Of the 3,418,450 awards outstanding at 31 December 2023, 920,950 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 397,500 had an exercise price of £nil. 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.

23. Share-based payments cont.

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)	LTIP (2023)
Grant date	14 January 2020	30 June 2018	1 January 2021	28 July 2021	1 March 2022	15 February 2023
Expiry date	14 January 2030	30 June 2028	31 December 2024	28 July 2031	1 March 2032	15 February 2033
Vesting period	On admission	Immediately	1-3 years	3 years	3 years	3 years
Share price (pence)	33p	–	110p	200p	225p	231p
Exercise price (pence)	27p	34p	110p	Nil	Nil	Nil
Volatility	30%	30%	30%	30%	30%	54%
Interest rate	0.75%	0.75%	0.10%	0.10%	1.10%	4.00%

The expected volatility for the 2023 LTIP options was determined with reference to the published share price. For schemes established in prior periods where there was an absence of historic volatility data, an 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 percentages stated, the total estimated IFRS 2 charge for the LTIP options of £873,000 would remain the same, as would the amount expensed in the year ended 31 December 2023 of £267,000. The fair value of LTIP options is considered to be equivalent to the share price at the grant date.

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 52.

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. £10,633,000 of the total charge has been expensed in the year ended 31 December 2023 (2022: £5,769,000).

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 2023 would increase from £10,633,000 to £13,770,000. 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 2023 would increase from £10,633,000 to £12,000,000.

If the probability of the three tranches of the GSP ultimately vesting at the conclusion of the scheme was increased from 100%, 75% and 60% respectively in 2023 to 100% for all three tranches at a volatility assumption of 30%, the amount expensed in the year ended 31 December 2023 would increase from £10,633,000 to £14,610,000.

23. Share-based payments cont.

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

	2023 £'000	2022 £'000
Non-EMI Plan (Chair)	**51**	112
LTIP	**267**	145
GSP	**10,633**	5,769
Share-based payments expense (IFRS 2 charge)	**10,951**	6,026
Employers' tax charge in relation to share awards	**17**	30
Total charge in respect of share-based payments	**10,968**	6,056

24. 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 52.

In addition to these transactions, £100,000 (2022: £100,000) 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.

25. Ultimate controlling party

There is no ultimate controlling party.

Company statement of financial position

As at 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Investments	3	**41,168**	30,217
Non-current assets		**41,168**	30,217
Trade and other receivables	4	**8,076**	78
Cash and cash equivalents		**54,228**	22,423
Current assets		**62,304**	22,501
Total assets		**103,472**	52,718
Liabilities			
Trade and other payables	5	**–**	56
Current liabilities		**–**	56
Total liabilities		**–**	56
Net assets		**103,472**	52,662
Equity			
Share capital		**2,907**	2,904
Share premium		**39,095**	39,031
Retained earnings		**61,470**	10,727
Total equity		**103,472**	52,662

The profit for the financial year dealt with in the financial statements of the Parent Company was £39,792,000 (2022: £1,095,000).

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2024 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 2023

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	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
Profit for the year	–	–	39,792	39,792
Share-based payments	–	–	10,951	10,951
Issue of shares, net of share issue costs	3	64	–	67
Balance at 31 December 2023	**2,907**	**39,095**	**61,470**	**103,472**

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 2023

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 2023 the Company had net assets of £103,472,000 (2022: £52,662,000) 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 the use of option pricing models.

3. Investments

	2023 £'000	2022 £'000
Subsidiary undertakings		
Brought forward	**30,217**	24,191
Additions	**10,951**	6,026
Carried forward	**41,168**	30,217

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, unless stated otherwise:

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
Buddi Guatemala Sucursal Limited	Guatemala	Electronic monitoring services	Av. Reforma 6-39 zona 10, Centro Corporativo Guayacan nivel 8 oficina 802, Guatemala
Union Temporal Vigilancia Electronica	Colombia	Electronic monitoring services	Avenida Calle 80, 55A-13, Bogota, Colombia

4. Trade and other receivables

	2023 £'000	2022 £'000
Amounts owed by Group undertakings	**8,012**	–
Corporation tax	**5**	–
Trade and other receivables	**59**	78
	8,076	78

5. Trade and other payables

	2023 £'000	2022 £'000
Corporation tax	**–**	56
	–	56

6. Share capital and share premium

The movements on these items are disclosed in note 20 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 £10,951,000 (2022: £6,026,000), 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 23 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 Citibank 33 Canada Square Canary Wharf London E14 5LB
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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