Big Technologies plc

(“the Company” or “the Group”)

Preliminary announcement of the Group’s audited results for the year ended 31 December 2023

“Continued growth and strong cash generation”

Big Technologies plc (AIM: BIG), the leading, integrated technology platform for the remote monitoring of individuals, is pleased to announce its preliminary audited results for the year ended 31 December 2023.

£m (unless otherwise stated)	**Audited 2023**	**Audited 2022**
Revenue	55.2	50.2
Gross margin (%)	70.7%	72.5%
Statutory operating profit	16.8	20.6
Adjusted operating profit*	28.2	27.1
Adjusted EBITDA*	33.0	30.5
Adjusted EBITDA* margin (%)	59.8%	60.7%
Cash generated from operating activities	31.7	25.7
Net cash	85.9	66.8
	Pence	**Pence**
Adjusted diluted earnings per share*	8.6p	8.1p
Adjusted basic earnings per share*	9.2p	8.6p
Statutory diluted earnings per share	5.7p	6.5p
Statutory basic earnings per share	6.1p	6.9p

*Before adjusting items and share-based payments

Financial performance

- Double-digit organic revenue growth of 10% driven by both new contract wins and an increase in revenues earned from existing customers;
- Gross margin of 70.7%, a decrease of 180 bps versus prior year as a result of one-off charges for higher inventory provisioning and an impairment loss recognised against other fixed assets;
- Adjusted EBITDA of £33.0 million with adjusted EBITDA margin of 59.8%;
- Cash generated from operating activities of £31.7 million, delivered by the strong trading performance during the year. The Group has a significant net cash balance of £85.9 million at the end of the year underpinning a very strong balance sheet. Net cash is stated after deducting £1.9 million of lease liabilities.

Operational and strategic performance

- Established an additional office in Latin America to support a new customer in the region;
- Mobilised equipment and a team of people at very short notice to support a new customer in the Asia-Pacific region;
- Significantly expanded business development efforts in the United States, building a new team of sales executives and support staff to drive growth in the country;

- Launched Buddi substance detection technologies and finalised development of our first body-worn alcohol detection technology, the Buddi AlcoTag.

Current trading and outlook

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

- The Group remains 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;

- Future prospects remain supported by long-term growth drivers in criminal justice, where electronic monitoring offers a viable alternative to incarceration;

- Despite some short-term headwinds to sales and profits expected in 2024 as a result of the ending of a contract in Colombia, the Group expects to remain highly profitable and cash-generative and there is a solid pipeline of future opportunities. The Board is confident of a return to growth in 2025 and beyond.

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

"In difficult market conditions, 2023 has seen the Group deliver a strong performance with continued growth in sales, profits and our cash reserves. We continue to invest in the business and in our market-leading suite of monitoring products and expect to see growth in the coming years. We are obviously disappointed with the outcome in Colombia, with a customer that we have served well for a number of years. We see a pipeline of attractive business opportunities around the globe and will continue to work diligently to grow, and decrease concentration in, our revenue stream."

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

CEO's review

Overview

I am pleased to report that 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 180 bps 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.

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.

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.

Financial review

Revenue

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. 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 20 bps 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 90 bps 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 below:

		2023			**2022**	
	Statutory	**Adjustments**	**Adjusted**	**Statutory**	**Adjustments**	**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**

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.

Directors' Responsibility Statement on the Annual Report and Accounts

The responsibility statement below has been prepared in connection with the Group's full annual report and accounts for the year ended 31 December 2023. Certain parts thereof are not included within this preliminary announcement.

The Directors are responsible for preparing the Strategic Report, the Directors' Report, any other surrounding information and the Group and Parent Company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, they have elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that year. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

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

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

This responsibility statement was approved by the Board of Directors on 25 March 2024 and is signed on its behalf by Sara Murray and Daren Morris.

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	2	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	8	(10,968)	(6,056)
Operating profit		**16,813**	**20,590**
Finance income		2,656	449
Finance expenses		(95)	(42)
Share of loss of joint venture		-	(2)
Profit before taxation		**19,374**	**20,995**
Taxation	4	(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)		6.1p	6.9p
Diluted earnings per share (pence)		5.7p	6.5p

Consolidated statement of financial position
As at 31 December 2023

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

Consolidated statement of changes in equity
For the year ended 31 December 2023

	Share capital £'000	Share premium £'000	EBT 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 income 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		3,595	2,328
Depreciation of right-of-use assets		240	217
Amortisation of intangible assets		1,389	1,274
Impairment charges on property, plant and equipment		392	-
Share of loss of joint venture		-	2
Investment write-down		-	426
Share-based payments expense	8	10,951	6,026
Finance income		(2,656)	(449)
Finance expenses		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		(508)	(142)
Own work capitalised		(4,303)	(4,098)
Capitalised development costs		(1,057)	(1,132)
Interest received		2,569	295
Net cash used in investing activities		**(3,299)**	**(5,077)**
Cash flows from financing activities			
Proceeds from issues of shares		67	515
Purchase of own shares		(4,276)	-
Repayment of lease liabilities		(240)	(238)
Interest paid		(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	6	**87,729**	**67,474**

Notes to the consolidated financial statements
For the year ended 31 December 2023

1. General information and basis of preparation

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

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

The preliminary announcement for the year ended 31 December 2023 has been prepared in accordance with the accounting policies as disclosed in the Group's annual financial statements for the year ended 31 December 2022. Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006.

The annual financial information presented in this preliminary announcement is based on, and is consistent with, that in the Group's audited financial statements for the year ended 31 December 2023, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The financial statements of the Group are prepared in accordance with UK-adopted international accounting standards and applicable law. The independent auditors' report on those financial statements is unqualified and does not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Going concern

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

The Directors have reviewed the forecasts for the Group for the period to 31 December 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.

This preliminary announcement was approved by the Board of Directors on 25 March 2024.

2. Segment reporting

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

The income streams are all derived from the utilisation of these products 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.

3. Alternative performance measures

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

	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).

4. 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)**
Total taxation for the year	**1,792**	**1,033**

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.

5. Earnings per share

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

	2023 £'000	2022 £'000
Profit for the purpose of basic and diluted earnings per share	17,582	19,962
Adjustments for:		
Adjusting items	468	468
Share-based payments expense	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. shares	2022 No. 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.

6. 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**

7. 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.

8. Share-based payments

The Group has a number of equity-settled share-based payment arrangements in operation, the details of which are disclosed in the 2023 Annual Report. The schemes were established to reward and incentivise the senior management team and employees to deliver share price growth.

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

	2023 £'000	2022 £'000
Non-EMI Plan (Chair)	51	112
LTIP	267	145
Growth Share Plan	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**

9. Principal risks and uncertainties

The principal risks and uncertainties impacting the Group are described in the 2023 Annual Report. They include: reliance on key customers, failure to manage growth, change in government policy, failure to develop new products, competitor actions, reliance on third-party technology and communication systems, reputational risk, dependence on partners, loss of key personnel, supply chain, product liability, foreign exchange risk, credit risk, business taxation, bid pricing, cyber security/business interruption, intellectual property/patents and operating in global markets.

10. Related party transactions

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

The Group's other related party transactions were the remuneration of key management personnel. Details of Directors' remuneration for the year are provided in the Remuneration Committee Report in the 2023 Annual Report.

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.