

Big Technologies plc

Unaudited interim results for the six months ended 30 June 2021

Big Technologies plc (AIM: BIG, "the Company" or "the Group"), the leading, integrated technology platform for the remote monitoring of individuals, is pleased to announce its interim results for the six-month period to 30 June 2021 (the "Period"). The Period predates the Group's admission to AIM, which occurred on 28 July 2021.

	H1 2021	H1 2020	FY 2020
	£m	£m	£m
Revenue	18.0	12.8	29.6
Gross margin (%)	71.3%	62.8%	67.8%
Statutory operating profit	8.0	4.9	12.7
Adjusted operating profit ¹	8.9	5.4	13.5
Adjusted EBITDA ²	10.2	6.7	15.7
Adjusted EBITDA ² margin (%)	56.7%	52.2%	53.1%
Cash generated from operating activities	8.5	4.9	16.8
Net cash	23.8	7.0	17.5

	Pence	Pence	Pence
Adjusted diluted earnings per share ³	2.8p	1.6p	4.3p
Statutory diluted earnings per share	2.4p	1.4p	4.0p
Statutory basic earnings per share	2.5p	1.4p	4.1p

¹Before amortisation of acquired intangibles, IPO preparation costs and share-based payments expense. A reconciliation to statutory measures is presented in the notes to the interim results. ²Before IPO preparation costs and share-based payments expense. ³Before amortisation of acquired intangibles, IPO preparation costs and share-based payments expense.

Financial performance

- Revenue increased by 41% in H1 2021 versus H1 2020 as a result of new contract wins and expansion of revenues earned from existing contracts;
- Gross margin increased to 71.3% in H1 2021 versus 62.8% in H1 2020. Additional revenue in 2021 in APAC and the Americas has more than covered the additional cost of sales taken on during 2020 to support increased monitoring and support services in those regions;
- Adjusted EBITDA margins of 56.7% in H1 2021 versus 52.2% in H1 2020;
- Cash generated from operating activities of £8.5 million. Significant net cash balance of £23.8 million as at 30 June 2021, which was further increased by around £14.7 million of net proceeds as a result of the Group's initial public offering on 28 July 2021.

Operational and strategic performance

- 25% increase in Buddi Smart Tags out with customers as compared with the end of H1 2020;

- Successful implementation with major new customers in APAC, Americas and Northern Europe despite ongoing COVID restrictions. All major customer contracts due for renewal in 2021 have been extended;
- No delays in deliveries of products to customers despite global supply-side challenges;
- Soft product launch of new wristband targeted at the care market is underway with customer testing ongoing.

Current trading and outlook

- Active engagement continues with a number of potential new customers, which is expected to contribute to revenue from 2022 onwards;
- Investment in our innovative new technologies is expected to increase over the next 18 months in order both to secure new customers and to support our existing customers' longer term growth plans;
- The Board expects the Group to deliver a full-year performance in line with market expectations and is confident about our longer term prospects underpinned by recent new business awards.

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

"I am very pleased with our continued growth in revenue during the first half of the financial year, which clearly illustrates the progress we are making with our customers across the globe. As a result of our initial public offering in July, we can now demonstrate to our customers that we have the financial resources to continue to increase our investment in our market-leading technology solutions and grow our footprint both organically and through acquisition. We remain confident about our prospects to continue to develop our company and our innovative technologies."

For further information please contact:

Big Technologies

+44 (0) 19 2360 1910

Sara Murray (Chief Executive Officer)

Daren Morris (Chief Financial Officer)

Zeus Capital (Nominated Adviser and Sole Broker)

+44 (0) 20 3829 5000

Jamie Peel (Corporate Finance)

Dan Bate (Corporate Finance)

Benjamin Robertson (Equity Capital Markets)

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

Half Year Review

Overview

Against a backdrop of disruption due to the global coronavirus pandemic, the Group continued to support our global customer base and grow revenue with both new and existing customers during the first half of the financial year.

On 28 July 2021 the shares in Big Technologies plc were listed on the AIM Market of the London Stock Exchange. The Directors believe that being a public company will raise the Group's profile and credibility with customers across the globe.

Financial Performance

Revenue in the first half of 2021 grew 41% versus the first half of 2020. The growth was driven, in particular, by increased revenue from our customer base in APAC and the Americas. In Europe, revenue reduced versus the prior period, as we benefited in the first half of 2020 from a one-off contract relating to the pandemic, which ran from April to November 2020.

Gross margins increased from 62.8% in H1 2020 to 71.3% in H1 2021 as we increased revenue from our new customers in APAC and the Americas, while keeping related monitoring and support services costs (which were largely taken on during 2020 prior to the generation of associated revenues) under control and in line with our budget.

Group adjusted EBITDA (EBITDA before IPO preparation costs and share-based payments) of £10.2 million increased by 52% versus H1 2020 with the adjusted EBITDA margin increasing to 56.7% (H1 2020 52.2%).

Included in administrative expenses in H1 2021 were £0.6 million of one-off costs in relation to the preparation for the Group's initial public offering which took place on 28 July 2021. Further information is included in notes 3 and 9.

Statutory operating profit increased by 64% to £8.0 million and statutory profit after tax increased by 81% to £6.9 million, giving statutory basic diluted earnings per share of 2.4p (H1 2020: 1.4p).

The Group delivered strong cash flow from operating activities of £8.5 million with the net cash position at period end of £23.8 million. The cash position has subsequently increased due to the receipt of proceeds from the IPO of approximately £14.7 million and as a result of ongoing cash generation.

Operational Performance and Strategy

In the first half of 2021, the Group continued to deliver our hardware and software solutions to customers and saw continued growth in the number of electronic monitoring devices deployed across the globe. Careful long-term planning with suppliers ensured minimal impact in terms of delays of products to customers as a result of supply-side challenges caused by the global pandemic and shipping disruption from the Suez canal blockage.

The Group continued to support both new and existing customers during the period and saw a number of important customer renewals and contract wins, which will support our future revenue stream. The Group plans to invest in these customers and to continue to develop our innovative new technologies in order to support longer term growth.

The Group's new 4G Smart Tag is now in full scale production and already in use with some customers. The Group has undertaken a soft launch of our new wristband with customer testing ongoing. Initial feedback has been very positive, with the main launch on schedule for the second half of the year.

The Directors believe that strategic acquisitions could provide an important route for the Group to increase its global footprint with governmental customers. The Group has an active pipeline of opportunities which we will consider progressing over the coming months.

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 EBITDA and adjusted earnings per share. See note 3 for further details.

Research and development

Development costs of £0.5 million (H1 2020 £0.4 million) have been capitalised in relation to new products, which include the 4G Smart Tag (and related accessories), the new Buddi wristband for the care market and related software to support our products. Other research and development costs, all of which have been written off to the profit and loss account as incurred totalled £0.8 million (H1 2020 £0.6 million).

Events after the balance sheet date

The Company's shares were admitted to trading on the London Stock Exchange on 28 July 2021. The Company received net proceeds of approximately £14.7 million. Further information is set out in note 9.

Summary and outlook

The Board expectations are unchanged and believes that the Group will deliver a full-year financial performance in line with market expectations.

Sara Murray
Chief Executive Officer
21 September 2021

Daren Morris
Chief Financial Officer
21 September 2021

**Unaudited condensed consolidated statement of comprehensive income
for the six months ended 30 June 2021**

		Unaudited 6 months ended 30 June 2021	Unaudited 6 months ended 30 June 2020	Year ended 31 December 2020
		£'000s	£'000s	£'000s
	Note			
Revenue	2	18,034	12,820	29,591
Cost of sales		(5,184)	(4,772)	(9,536)
Gross profit		12,850	8,048	20,055
Administrative expenses		(4,864)	(3,206)	(7,335)
Other operating income		-	24	27
Operating profit		7,986	4,866	12,747
Finance income		-	8	8
Finance expenses		(21)	(297)	(558)
Share of (loss)/profit of joint venture		(2)	(138)	464
Profit before taxation		7,963	4,439	12,661
Taxation	4	(1,076)	(634)	(1,198)
Profit for the period		6,887	3,805	11,463
Other comprehensive income:				
Exchange differences on translation of foreign operations		42	141	95
Total comprehensive income for the period		6,929	3,946	11,558
Profit for the period attributable to:				
Owners of the company		6,853	3,739	11,157
Non-controlling interest		34	66	306
		6,887	3,805	11,463
Total comprehensive income for the period attributable to:				
Owners of the company		6,895	3,880	11,252
Non-controlling interest		34	66	306
		6,929	3,946	11,558
Basic earnings per share (pence)	5	2.5p	1.4p	4.1p
Diluted earnings per share (pence)	5	2.4p	1.4p	4.0p

**Unaudited condensed consolidated statement of financial position
as at 30 June 2021**

	Unaudited 30 June 2021	Unaudited 30 June 2020	31 December 2020
	£'000s	£'000s	£'000s
Assets			
Goodwill	13,359	13,359	13,359
Intangible assets	6,229	6,376	6,344
Property, plant and equipment	1,928	1,313	2,062
Right-of-use assets	443	717	543
Investments	389	464	497
Deferred tax assets	790	-	-
Other receivables	1,629	1,037	1,762
Non-current assets	24,767	23,266	24,567
Inventories	2,324	2,138	2,230
Trade and other receivables	5,161	6,804	4,358
Cash and cash equivalents	24,233	13,994	17,999
Current assets	31,718	22,936	24,587
Total assets	56,485	46,202	49,154
Liabilities			
Lease liabilities	197	310	226
Borrowings	-	6,250	-
Trade and other payables	5,463	4,285	5,545
Current liabilities	5,660	10,845	5,771
Lease liabilities	244	395	312
Deferred tax liabilities	-	741	633
Trade and other payables	1,635	1,370	1,975
Non-current liabilities	1,879	2,506	2,920
Total liabilities	7,539	13,351	8,691
Net assets	48,946	32,851	40,463
Equity			
Share capital	2,742	27	27
Share premium	19,052	21,767	21,767
Translation reserve	70	74	28
Retained earnings	26,742	10,917	18,335
Equity attributable to owners of the company	48,606	32,785	40,157
Non-controlling interest	340	66	306
Total equity	48,946	32,851	40,463

**Unaudited condensed consolidated statement of changes of equity
as at 30 June 2021**

	Share capital	Share premium	Translation reserve	Retained earnings	Total owners' equity	Non- controlling interest	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2021	27	21,767	28	18,335	40,157	306	40,463
Profit for the period	-	-	-	6,853	6,853	34	6,887
Other comprehensive income for the period	-	-	42	-	42	-	42
Total comprehensive income for the period	-	-	42	6,853	6,895	34	6,929
Share-based payments	-	-	-	99	99	-	99
Tax on share-based payments	-	-	-	1,455	1,455	-	1,455
Bonus issue of shares	2,715	(2,715)	-	-	-	-	-
Balance at 30 June 2021	2,742	19,052	70	26,742	48,606	340	48,946
Balance at 1 January 2020	27	21,767	(67)	7,178	28,905	-	28,905
Profit for the period	-	-	-	3,739	3,739	66	3,805
Other comprehensive income for the period	-	-	141	-	141	-	141
Total comprehensive income for the period	-	-	141	3,739	3,880	66	3,946
Balance at 30 June 2020	27	21,767	74	10,917	32,785	66	32,851
Balance at 1 January 2020	27	21,767	(67)	7,178	28,905	-	28,905
Profit for the year	-	-	-	11,157	11,157	306	11,463
Other comprehensive income for the year	-	-	95	-	95	-	95
Total comprehensive income for the year	-	-	95	11,157	11,252	306	11,558
Balance at 31 December 2020	27	21,767	28	18,335	40,157	306	40,463

**Unaudited condensed consolidated statement of cash flows
for the six months ended 30 June 2021**

	Unaudited 6 months ended 30 June 2021	Unaudited 6 months ended 30 June 2020	Year ended 31 December 2020
	£'000s	£'000s	£'000s
Cash flows from operating activities			
Profit before tax	7,963	4,439	12,661
Adjustments for:			
Depreciation of property, plant and equipment	838	872	1,354
Depreciation of right-of-use assets	135	174	348
Amortisation of intangible assets	586	780	1,258
Share of loss/(profit) of joint venture	2	138	(464)
Share-based payments	99	-	-
Finance income	-	(8)	(8)
Finance costs	9	20	51
Interest expense	12	277	527
Changes in:			
Inventories	(103)	(75)	(167)
Trade and other receivables	(835)	(3,342)	(1,998)
Trade and other payables	(188)	1,583	3,240
Cash generated from operating activities	8,518	4,858	16,802
Taxes paid	(932)	(500)	(676)
Net cash flows from operating activities	7,586	4,358	16,126
Cash flows from investing activities			
Purchase of property, plant and equipment	(36)	(46)	(79)
Own work capitalised	(705)	(998)	(2,168)
Research and development capitalised	(472)	(446)	(893)
Finance income	-	8	8
Dividend income from joint venture	64	-	549
Net cash used in investing activities	(1,149)	(1,482)	(2,583)
Cash flows from financing activities			
Repayment of loans and borrowings	-	-	(6,250)
Repayment of lease liabilities	(141)	(187)	(364)
Interest paid	(12)	(277)	(527)
Cash flows from financing activities	(153)	(464)	(7,141)
Net increase in cash and cash equivalents	6,284	2,412	6,402
Cash and cash equivalents at start of period	17,999	11,612	11,612
Effects of exchange rate changes on cash and cash equivalents	(50)	(30)	(15)
Cash and cash equivalents at end of period	24,233	13,994	17,999

Notes to the unaudited interim consolidated financial statements

1. Basis of preparation

1.1. General information

Big Technologies plc (the "Company") and its subsidiaries' (together, the "Group") principal activities are the development and delivery of remote monitoring technologies and services to a range of domestic and international customers.

The Company is a public limited company, which is listed on the AIM Market of the London Stock Exchange and incorporated in England and Wales and domiciled in the United Kingdom. The address of the registered office is Talbot House, 17 Church Street, Rickmansworth, Hertfordshire, WD3 1DE and the company number is 10791781.

1.2. Basis of preparation

The Directors confirm that, to the best of their knowledge, the interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom and the AIM Rules for Companies, and that the interim report includes a fair review of the information required.

The condensed interim financial statements should be read in conjunction with the Group's latest annual consolidated financial statements, for the year ended 31 December 2020 as disclosed in the historical financial information section of the Company's Admission Document dated 26 July 2021.

These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

The financial information provided for the six-month period ended 30 June 2021 is unaudited, however, the same accounting policies, presentation and methods of computation have been followed in these interim financial statements as those which were applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

These interim financial statements were authorised for issue by the Company's board of directors on 21 September 2021.

1.3. Basis of consolidation

These interim financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 30 June 2021.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The acquisition method of accounting has been adopted. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Furthermore, the Group's share of the results and equity of joint ventures and associated undertakings are accounted for using the equity method in the Group's financial statements.

1.4. Going concern

The Directors have, at the time of approving these interim financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Group has sufficient financial resources, together with assets that are expected to generate cash flow in the normal course of business. Accordingly, the Directors have adopted the going concern basis in preparing these interim financial statements.

2. Segment information

Revenues attributable to geographical regions are as follows:

	H1 2021	H1 2020	Year ended 2020
	£'000s	£'000s	£'000s
Europe	2,379	2,760	6,463
Asia Pacific	8,924	5,415	12,173
Americas	6,731	4,645	10,955
	18,034	12,820	29,591

Revenues are disaggregated as follows:

Sales of goods	83	95	194
Delivery of services	17,951	12,725	29,397
	18,034	12,820	29,591

The nature of the Group's operations mean that recorded financial performance is not seasonal or cyclical in nature. The majority of revenues are derived from delivery of services to customers over time under long-term contracts.

3. 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 EBITDA and adjusted earnings per share.

The interim 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 provides 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 period and the comparability between the 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. A reconciliation of adjusted measures to statutory measures is provided below.

	H1 2021	H1 2020	Year ended
	£'000s	£'000s	2020
			£'000s
Statutory operating profit	7,986	4,866	12,747
<i>Adjustments</i>			
Amortisation of acquired intangibles	234	537	771
IPO preparation costs	578	-	-
Share-based payments expense	99	-	-
Adjusted operating profit	8,897	5,403	13,518
Depreciation	973	1,046	1,702
Amortisation of development costs	352	243	487
Adjusted EBITDA	10,222	6,692	15,707

4. Taxation

The tax charge for the period was £1,076k (H1 2020: £634k, 2020: £1,198k) representing an effective tax rate of 13.5% (H1 2020: 14.3%, 2020: 9.5%) which reflects the continued availability of Research and Development tax credits and patent box deductions for eligible profits.

	H1 2021	H1 2020	Year ended
	£'000s	£'000s	2020
			£'000s
<i>Current tax</i>			
Current tax on profit for the period	1,047	634	1,721
Adjustments in respect of prior year	-	-	(415)
	1,047	634	1,306
<i>Deferred tax</i>			
Origination and reversal of temporary timing differences	128	-	(108)
Related to share-based payments	(99)	-	-
	29	-	(108)
Total taxation	1,076	634	1,198

A number of changes to the UK corporation tax system were announced in the March 2021 Budget Statement which will increase the main rate of corporation tax to 25% by 1 April 2023. These changes are substantively enacted at the balance sheet date therefore the increased rate has been reflected in calculating the Group's deferred tax liabilities at 30 June 2021 with a charge of £128k included in the total tax charge for the period. A deferred tax credit of £99k for estimated tax deductions related to share-based payments has been included in the total tax charge for the period.

In addition to the deferred tax credit in the total tax charge for the period, a credit of £1,455k for estimated excess tax deductions related to share-based payments has also been recognised directly in equity.

5. Earnings per share

The Group presents statutory and adjusted basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS takes into consideration the Company's dilutive contingently issuable shares. The weighted average number of ordinary shares used in the diluted EPS calculation is inclusive of the number of share options and warrants that are expected to vest.

In order to give a better understanding of the underlying operating performance of the Group, an adjusted EPS comparative has been included. Adjusted EPS is stated after adjusting the profit for the period attributable to ordinary shareholders for certain charges as set out in note 3.

The profits and weighted average number of shares used in the calculations are set out below:

	H1 2021	H1 2020	Year ended 2020
Profit attributable to owners of the company (£'000)	6,853	3,739	11,157
Adjusted profit attributable to owners of the company (£'000)	7,764	4,276	11,928
Weighted average number of shares			
Basic	274,202,600	274,202,600	274,202,600
Diluted	280,869,885	275,645,068	276,635,877
Earnings per share (pence)			
Basic	2.5p	1.4p	4.1p
Diluted	2.4p	1.4p	4.0p
Adjusted basic	2.8p	1.6p	4.4p
Adjusted diluted	2.8p	1.6p	4.3p

On 24 May 2021 a resolution was passed such that the number of ordinary shares in issue was increased to 274,202,600 shares, with a nominal value of £0.01 each, through a bonus allotment to existing shareholders of 99 shares for each share held. In line with IAS 33, the number of shares in issue in the comparative periods have been retrospectively adjusted when calculating basic and diluted EPS.

6. Share-based payments

During the period, 2,000,000 options to subscribe for shares in the Company were granted to the non-executive chairman with an exercise price of £1.10 per share. The options vest annually over 3 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. A share-based payments charge is recognised as an expense in the profit or loss on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest.

The fair value of awards granted in the period was calculated at the date of grant using a Black-Scholes option pricing model. A share-based payments charge of £99k has been expensed in the period based on a fair value of £0.13 per option, as at the date of grant.

7. Net cash

Net cash comprises cash and cash equivalents, borrowings and lease liabilities.

	H1 2021	H1 2020	Year ended 2020
	£'000s	£'000s	£'000s
Cash and cash equivalents	24,233	13,994	17,999
Lease liabilities	(441)	(705)	(538)
Borrowings	-	(6,250)	-
	23,792	7,039	17,461

8. Principal risks and uncertainties

The principal risk and uncertainties impacting the Group are described on pages 47-59 of the Admission Document in relation to the Company's initial public offering (IPO) and on pages 2-5 of the Group's annual consolidated financial statements for the year ended 31 December 2020. Principal risks and uncertainties remain unchanged at 30 June 2021.

9. Events after the reporting date

The Admission Document in relation to the Company's initial public offering (IPO) and admission to the AIM Market of the London Stock Exchange was published on 26 July 2021.

The number of ordinary shares in issue at 30 June 2021 was 274,202,600. Prior to admission, 6,232,150 ordinary shares were issued to option and warrant holders, taking the total number of ordinary shares in issue prior to admission to 280,434,750.

The Company placed 8,040,332 new ordinary shares (the "Placing") and selling shareholders placed 92,800,030 existing ordinary shares at 200 pence per share. The Company received net proceeds of approximately £14.7 million (after deduction of commissions, fees and expenses payable by the Company).

The Company's ordinary shares were admitted to trading on AIM on 28 July 2021, under the ticker "BIG" and the ISIN GB00BN2TR932.