Market-leading innovation in remote monitoring solutions

Big Technologies PLC

Annual Report and Accounts 2021

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

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

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

On 28 July 2021, the shares in Big Technologies PLC were listed on the AIM market of the London Stock Exchange. In December 2021, Big Technologies qualified for inclusion in the FTSE AIM UK 50 Index, which means that Big Technologies PLC is one of the top 50 companies by value on AIM.

> This is a significant step in our growth journey and a special moment for all our staff, customers and stakeholders, to whom I am grateful for their hard work, loyalty and ongoing support. We are proud to be providing another strong example of the UK's continued inventiveness in incubating global technology success stories and excited to begin our life as a public company. We will continue in our mission to deliver the very best technologies to our customers, supporting safer and more inclusive communities around the world.

Sara Murray OBE
Founder and CEO of Big Technologies

FY2021 Highlights

Revenue
£37.6m

2021	**£37.6m**
2020	£29.6m
2019	£19.3m

Adjusted Operating Profit
£17.9m

2021	**£17.9m**
2020	£13.5m
2019	£7.4m

Adjusted Operating Cash Flow
£18.2m

2021	**£18.2m**
2020	£16.8m
2019	£5.4m

Adjusted EBITDA
£20.6m

2021	**£20.6m**
2020	£15.7m
2019	£9.5m

- 2021 represented another year of growth and expansion with new customers in new geographies
- the Group continued to experience strong demand for electronic monitoring solutions from customers all around the world. This demand resulted in revenue increasing by 27% and adjusted operating profit increasing by 33%
- the software as a service (SaaS) model that the Group operates has, once again, delivered improving margins and a high level of cash flow conversion
- we continued to enhance and upgrade our solutions during the year with the successful launch of our new 4G Smart Tag for the criminal justice market and our new Buddi wristband for the care market
- the Group has tens of thousands of devices in use in more than a dozen countries across the globe. Our solutions are trusted across the world to make a positive difference to people's lives.

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THE QUEEN'S AWARDS FOR ENTERPRISE: INTERNATIONAL TRADE 2020

Find out more
www.bigtechnologies.co.uk

At a glance

Providing state-of-the-art electronic monitoring solutions

Our technology, brand and products are well established in the criminal justice and remote care markets.

Market sectors

Criminal justice

Our solution consists of a proprietary cloud-based monitoring software platform (Buddi Eagle) with modular hardware (including Buddi Smart Tag). The solution allows for the real-time tracking of monitored 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 tracking 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.

Global customer footprint

Big Technologies holds over 100 government contracts, ranging up to 12 years in length and accumulated over a period of 10 years. We operate in more than a dozen countries spanning 4 continents.

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

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

Our story

2005
Big Technologies was founded as Buddi in 2005 by Sara Murray OBE, the current Chief Executive Officer. Sara established the Company following an initial idea to create a GPS device small enough for a child to carry.

2009
In 2009, Big Technologies was approached by a UK NHS Foundation Trust to adapt the technology to help support community leave for forensic mental health patients.

2010
The Company's entry into the criminal justice market came in 2010, following a pilot with a UK police force, which had been using the Buddi products to safely support victims of domestic violence, victim protection and witness protection.

2012
Following the success of this programme, Big Technologies began to bid for larger national contracts, such as the UK Ministry of Justice contract. Despite its small size, the Company was awarded "Preferred Bidder" status for that contract.

2014
The Company won a significant government contract for an initial five-year period to deliver its technology to a major government customer in Australia.

2019
As a result of this success, the Company won a new 12-year contract, representing the largest award in the history of the Group.

2021
Big Technologies PLC is listed on the AIM market of the London Stock Exchange. The initial public offering has raised the Group's public profile, brand visibility and industry credibility.

Investment case

Big Technologies has created a leading, integrated technology platform (including both hardware and software solutions) for remote monitoring of individuals on an SaaS-like subscription basis.

With a track-record of high revenue growth and strong margins, we aim to deliver long-term value for our stakeholders. Our strong balance sheet will enable us to invest for future growth.

4 reasons to invest

Leader in innovation and product design
Our solution has been iteratively developed over 10 years to provide a solution that offers several key advantages over our competition. Our solution is lighter, smaller, easier to install, has a longer battery life and offers a substantial reduction in false alerts when compared to competitor systems.

Significant growth opportunities
The markets in which we operate are set for expansion. In criminal justice, electronic monitoring offers a viable and lower-cost alternative to custody, where costs of incarceration are increasing and prisons becoming significantly over-crowded. In remote care, an ageing population presents the opportunity to use technology to improve the efficiency of emergency care for the elderly.

Strong financial performance
We continue to grow our revenue and operating profit while consistently adding to our cash reserves. We know the value of our solutions to our customers, and do not compete for increased volume with lower pricing. Our customers value having a strong and well-capitalised partner that has the resources to develop the best solutions and to enter into long-term partnerships.

Multi-year contracts
By entering into long-term contracts we become a partner to our customers. This allows us to truly understand our customers' challenges and to develop new technological solutions that our customers value. We are committed to sharing the latest technology with our customers over the life of our contracts which we believe allows us to maintain a strong competitive advantage.

I am so pleased to have been a shareholder and partner in what Sara Murray and her team have done at Big Technologies. She has delivered more than has been asked for by her customers and her employees and her fellow owners. I look forward to being a part of the future.

Crispin Odey
Odey Asset Management

Chair's statement

Increased scale and financial flexibility to expand our operations across the globe

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

I am delighted to introduce our first Annual Report as a public company following our successful initial public offering in July 2021.

We now have the scale and financial flexibility to enable our team to continue to expand our business organically and support our government customers across the globe. Furthermore, we have secured new institutional shareholders who share our enthusiasm for our business and will allow us to pursue acquisition opportunities, as and when they arise.

The strong results we have announced for the year are a result of the skill and experience of our leadership team and the hard work and dedication of all of our people. I would like to take this opportunity to thank each and every one of our team across the world for their commitment to our customers.

Strategy

The business has continued to grow strongly during the year. We delivered 27% growth in revenue and 31% growth in adjusted EBITDA. We will continue to pursue a growth strategy centred on the criminal justice market, expanding both the scope of activities with existing customers and entering new geographic markets.

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

The strength of our technological offering as compared to our competitors has been a major factor in our success to date. In the coming year, we plan to launch enhanced products which track alcohol consumption, and have recently started field trials.

"We are delighted to have advised Sara and Big Technologies on their landmark AIM IPO. Achieving one of the largest AIM IPOs of all time demonstrates that London is a fantastic home for founder led technology companies and that Zeus Capital has the sector and fundraising expertise to deliver great results for founders, companies and for the London equity markets as a whole. We are very much looking forward to supporting Sara and the Company on the next steps of their exciting journey and working together to build value for all stakeholders."

Benjamin Robertson
Head of Equity Capital Markets at Zeus Capital

Our business has a clear strategy and strong values which underpin everything we do. Listing the business was a major milestone in our history and we welcome our new investors.

Shareholders

Our initial public offering in July 2021 has broadened our shareholder base to include several well-known institutional investors. These new investors, as with our existing investors, understand our long-term strategy and our values, and will support us as we grow the business.

Our senior management and employees are also significant shareholders in the Company and we believe that our management is incentivised to grow the Company in a way that both creates value for our shareholders and improves society.

Governance

We are committed to doing things in the right way and ensuring high standards of governance. At the time of our initial public offering in July we committed to appointing another independent Non-Executive Director. I am pleased that Alexander Brennan agreed to join the Board in January 2022 and brings a wealth of business development experience in international markets. We now have three independent Non-Executive Directors alongside our executive team, which brings complementary skills and experience to help guide Big Technologies Plc as a publicly listed company.

Social responsibility

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

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

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

Outlook

Our business has a clear strategy and strong values which underpin everything that we do. Listing the business was a major milestone in our history and we welcome our new investors. Our systems are trusted the world over to make a tangible difference to people's lives and we look forward to the year ahead with confidence.

Simon Collins
Non-Executive Chair

23 March 2022

CEO's review

Continuing to expand our global presence in the criminal justice sector

> We remain confident about our prospects to continue to develop our company and our innovative technologies.

Overview

The Group has delivered a strong performance in 2021 against a backdrop of continued macroeconomic challenges due to the ongoing Covid-19 global pandemic. I was particularly pleased that, despite the pandemic, we have been able to secure new business and to develop existing business with customers during the year and have a healthy pipeline of opportunities as we look to the future.

Our stock market listing in July 2021 was oversubscribed and raised gross proceeds of £202 million, achieving a market capitalisation of £577 million. The listing was a key milestone for the Group and was welcomed by all our stakeholders. I believe that the listing adds credibility with our government customers, strengthens our brand and is positive for the business and its future.

Our new capital structure gives us the financial resources needed to grow the Group via acquisition while continuing to invest in our market-leading technology to grow the business organically. The listing was a significant undertaking. Its success was made possible by the commitment of our professional management team, who navigated the process expertly to meet our timetable whilst continuing to run the day-to-day operations.

Financial performance

The Group delivered significant double-digit revenue growth of 27% to £37.6m (2020: £29.6m), reflecting new contract wins and an increase in revenues earned from existing customers. Full year revenue growth in percentage terms is lower than the growth at the half year because comparator numbers in the second half of 2020 included the start of several new contracts and a one-off customer contract related to Covid-19 which was not repeated in 2021.

Gross margins increased by 300 bps to 70.8% (2020: 67.8%) as a result of the significant revenue growth and the Group's scalable operating model, which allows for increasing efficiencies.

Adjusted EBITDA increased by 31% to £20.6m (2020: £15.7m) with Adjusted EBITDA margin improving by 160 bps to 54.7% (2020: 53.1%).

The Group delivered strong adjusted operating cash flow of £18.2m with the net cash position at year end of £48.0m underpinning a very strong balance sheet.

The Group is in a strong financial position and ready to take advantage of all value-enhancing opportunities for growth that we expect to materialise in the years ahead.

Operations and product development

The Group continued to deliver our hardware and software solutions to customers and saw ongoing growth in the number of electronic monitoring devices deployed across the globe, increasing our international footprint. Careful long-term planning with suppliers ensured minimal impact of supply-side challenges caused by the global pandemic and shipping disruption from the Suez Canal blockage, with no delays in the delivery of products to customers.

The Group continued to invest in research and development to support our future product roadmap by expanding in-house expertise within the development team. During the year we have made our new wristband available in the care market and early indications show an increase in customer satisfaction with fewer returns. Our new 4G Smart Tag was also well received in the criminal justice market. We are committed to ensuring that our products maintain their competitive advantage in the market and we have exciting new products in development for our criminal justice customers, which we plan to be trialling with customers later this year.

Sector review

The Group has seen revenue growth in all geographic territories with the exception of Europe, with notable growth in the Asia-Pacific region, in particular Australia. The reduction in European revenue was due to a one-off customer contract related to Covid-19 in the comparator numbers for 2020 which has not repeated. Absent this one-off contract, the remainder of revenues from European customers increased. All key contracts, which were reaching their terms, have been extended.

Our strategic focus continues to be the criminal justice sector which accounts for the majority of our revenues. During the year we were awarded an eight-year contract with the New Zealand Department of Corrections which has started to generate revenues during the first half of 2022. We had previously worked with this customer on a small programme, starting back in 2012, and I am particularly pleased that they have now chosen to work with us on their nationwide electronic monitoring programme.

We hope to build on the success of our location solutions by integrating other new innovative technologies into our products later in the year. A number of customers have a requirement for monitoring substances, alongside location data, and we plan to be able to start trialling solutions to address these new customer requirements in the near future.

Summary and outlook

Our market drivers for continued growth in both the criminal justice and care sectors remain strong and the Board is confident of delivering further progress and growth during 2022 and beyond. I want to thank all our employees, customers and suppliers for their continuing hard work and dedication. We look forward to the future with confidence and pride as we strive to help our customers use technologies to make our societies safer.

Sara Murray OBE
Chief Executive Officer

23 March 2022

The Buddi Smart Tag

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

Buddi Smart Tag in numbers

Dimensions (mm)
53 x 93 x 22

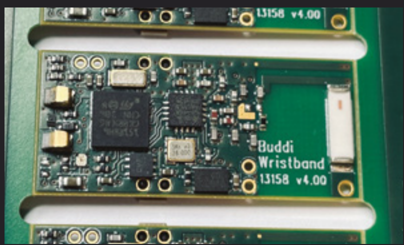
Weight (tag)
68g

Weight (with strap)
116g

Recharge time
90 minutes

Time to install
30 seconds

Datapoints reported per hour
240

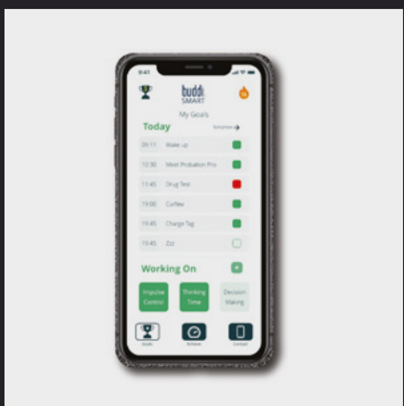


The Buddi Smart Tag is an intelligent, one-piece secure ankle tag that integrates multiple technologies to deliver accurate minute-by-minute location information with extended battery life. The device is smaller and lighter than competitors' products and provides a number of functional benefits.

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

Key features of the Buddi Smart Tag include:

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

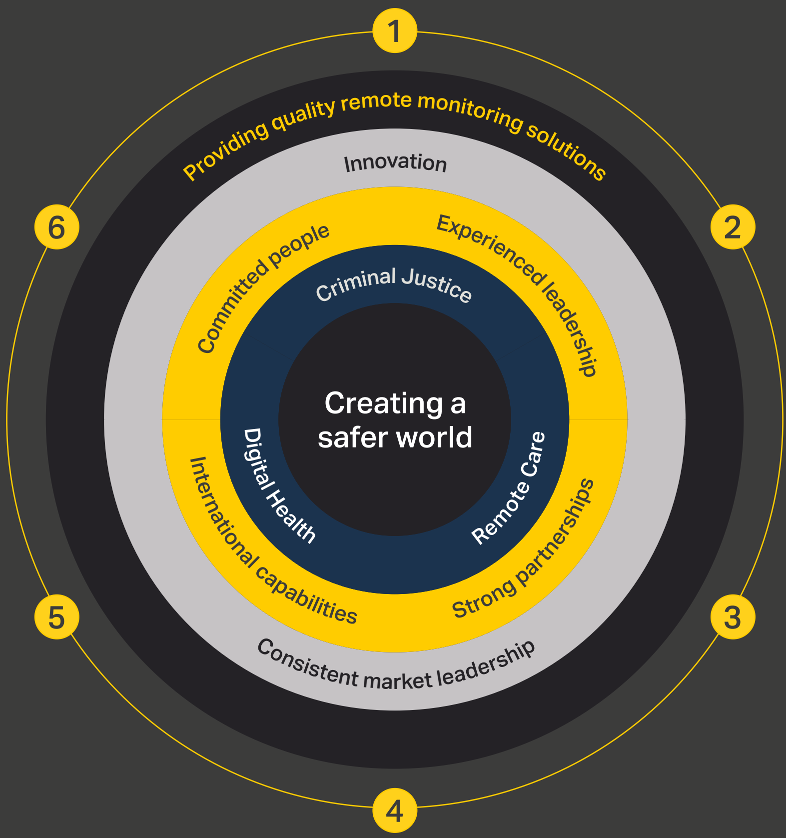


buddi

Business model and market overview

How we create value over the long term

Our business offering



16+
years of experience

100+
government contracts

230+
commercial customers

10%
forecasted annual market growth

Markets

1

Electronic monitoring – criminal justice and healthcare

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

Income

2

Recurring income per active device

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

3

Tailored pricing model

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

4

Diverse long-term income stream

The Group's long-term contracts provide a high level of future revenue visibility. The ten largest customers account for more than 80% of total revenues and we have more than 230 active customers as at the end of 2021. We have the opportunity to grow our number of devices with existing customers and to offer them additional services as new technology and features are introduced.

Costs

5

Highly scalable cost base to drive higher profit margins

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

Technology

6

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

The Group has 32 employees active in research and development with many years of experience in the electronic monitoring field. We have focused on introducing features that provide us with a competitive advantage including alert reduction, automatic switching between communication methods, on-body wireless charging and device tamper prevention. The team continues to support existing products and has a number of exciting new technological advances under development.

Our markets

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

The addressable market

Criminal justice

We provide a market-leading hardware and software solution for the remote monitoring of individuals across the globe. The market for remote monitoring solutions within the criminal justice sector has a number of favourable tailwinds driving uptake. Prison overcrowding, high and rising incarceration costs, tighter government budget constraints and a general shift to rehabilitative community-based sentencing for minor offences all contribute towards this trend. Most recently, the additional challenge presented by Covid-19 has led to additional demand to manage individuals safely and robustly in communities as opposed to secure establishments. There are a range of estimates as to the size of the total addressable market but we conservatively estimate that the size of the worldwide criminal justice market is in excess of $3bn. The electronic monitoring market is expected to grow considerably in the near future providing further opportunities for the Group to explore.

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

Healthcare

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

The care sector, in particular the personal emergency response market for vulnerable people, provides an opportunity for growth, with an estimated £13bn addressable UK and US market. Within the UK, there is an estimated £850m being spent on care calls by 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 c.25%. of all adults expected to be over 65 by 2034, has resulted in over 3 million falls recorded a year.

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

Providing benefits to society

Alternatives to incarceration

Decreased prison spend

Society reintegration

Taxpayer savings

Reduced recidivism

Decreased prison population

Fewer lifetime incarcerations

Growth strategy

Protecting and enhancing our market leading position

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.

What we do

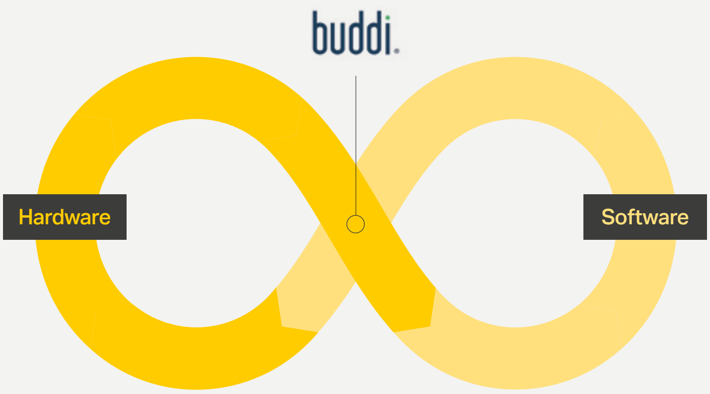
We are a proven supplier of innovative and high-quality products and services to the remote personal monitoring industry. We provide products and services under a number of brand and trading names, with 'Buddi' being the most well-known and being used in respect of activities within the core criminal justice and healthcare markets.

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 an SaaS-like, subscription basis. Our technology is highly flexible, and the core remote monitoring technologies are deployed into the large markets of criminal justice, health and care.

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.

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



Continuous iterative product R&D

delivered through a leasing model

providing multiple solutions within a single package

Industry leading software and hardware

configured remotely to suit client requirements

Location mapping
Patented mapping reports and intelligent data analytics

Inclusion zones
Automatically specify defined areas of a map to restrict activity

Exclusion zones
Specify defined areas of a map to restrict activity

Pursuit Mode
Increased GPS transmission frequency to provide live locations

Battery optimisation
Ability to extend battery life to over seven days

... providing actionable data 24/7

Route to market – criminal justice

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

3-36 months

Positive secondary references resulting in invitations to competitive tender

Bid developed and submitted

Contract win

3-12 months

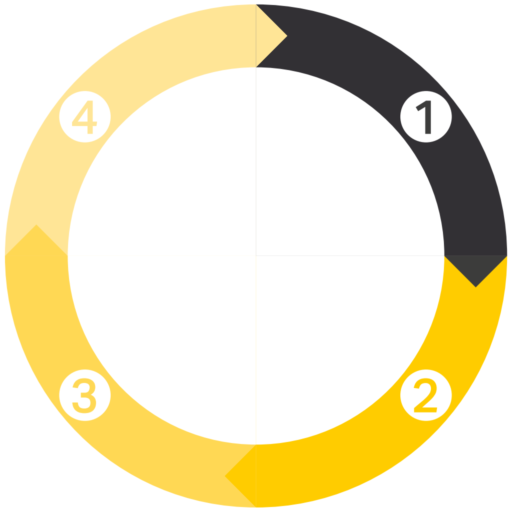
Contract implementation

3-5 years

High levels of revenue visibility and cash generation

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

Well positioned for future growth opportunities



1

Organic growth in criminal justice

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

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

2

Expand and enhance product range

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

3

Acquisitive growth

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

4

New markets for remote monitoring

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

Key performance indicators

Measuring our performance

Revenue (£m)

£37.6m +27%

2021	**£37.6m**
2020	£29.6m
2019	£19.3m

Definition

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

Reason for choice

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

Comment on results

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

Adjusted operating profit (£m)

£17.9m +33%

2021	**£17.9m**
2020	£13.5m
2019	£7.4m

Definition

Earnings before interest, tax, amortisation of acquired intangibles, share-based payments and other adjustments for one-off non-recurring items.

Reason for choice

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

Comment on results

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

Adjusted operating margin (%)

47.7% +200 bps

2021	**47.7%**
2020	45.7%
2019	38.3%

Definition

Adjusted operating profit divided by revenue.

Reason for choice

This measure brings together the combined effects of procurement costs and pricing as well as the leveraging of our operating assets.

Comment on results

Margin increased by 200 bps as a result of the significant revenue growth and the Group's scalable operating model.

Adjusted diluted EPS (pence)

5.5p +28%

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 28% as a result of the increase in adjusted profits.

Adjusted operating cash flow (£m)

£18.2m +9%

2021	**£18.2m**
2020	£16.8m
2019	£5.4m

Definition

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

Reason for choice

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

Comment on results

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

Adjusted EBITDA (£m)

£20.6m +31%

2021	**£20.6m**
2020	£15.7m
2019	£9.5m

Definition

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

Reason for choice

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

Comment on results

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

Financial review

Ahead of market expectations

> We have delivered financial results ahead of market expectations, demonstrating the strength and flexibility of our underlying business model.

Revenue

Revenue increased by 27% to £37.6m (2020: £29.6m), reflecting new contract wins and an increase in revenues earned from existing customers. The majority of revenues continue to be derived from customers in the criminal justice sector, which accounts for more than 98% of reported revenue (2020: 97%).

Revenue growth was driven by the Asia-Pacific and the Americas regions, which grew at 41%. Revenues in Europe declined by 23% because comparator figures included a one-off customer contract related to Covid-19, which has not repeated in 2021. Without this one-off effect, the remainder of the Group's European revenue increased by 56%.

Full year revenue growth is lower than the growth at the half year, because comparator numbers in the second half included the start of several new contracts and a one-off customer contract in Europe related to Covid-19, which was not repeated.

Monthly Recurring Revenue (MRR), which is the exit run rate of monthly recurring revenue in the last month of the reporting year, was £3.2m (2020: £2.6m), an increase of 23%. A strong MRR figure gives the Group visibility over its future revenues derived from its long-term contracts.

Group profitability

Gross margins increased by 300 bps to 70.8% (2020: 67.8%) as a result of the significant revenue growth and the Group's scalable operating model which allows for the deployment of additional devices to customers with increasing efficiencies.

Adjusted operating profit of £17.9m increased 33% against 2020, with an increase in adjusted operating margins to 47.7% (2020: 45.7%). The increase in adjusted operating margin was principally driven by the Group's ability to grow revenues organically without significant increases in operating expenditure.

Adjustments before tax totalled £4.2m (2020: £0.8m) of which £0.5m related to amortisation of acquired intangible assets, £1.2m to costs in relation to the IPO, £1.1m to national insurance on exercise of a share warrant and £1.4m to share-based payments expenses.

Net finance costs were £0.0m (2020: £0.6m), the reduction reflecting a repayment of the Group's borrowings in 2020 and a saving on the associated interest costs.

As a result the Group reported adjusted profit before tax of £17.9m (2020: £13.5m).

Statutory profit before tax was £13.7m (2020: £12.7m).

Taxation

The Group's total tax charge for the year (including deferred taxes) was £0.9m (2020: £1.2m), an effective tax rate of 6.8% (2020: 9.5%). The effective tax rate is lower than the current UK corporation tax rate due to the recognition of deferred tax assets, allowances claimed for research and development and patent box and the deductibility of employee share awards, offset by overseas tax at higher rates than in the UK.

EBITDA

Statutory EBITDA increased by 7% to £16.9m (2020: £15.7m) but includes a number of one-off costs in the year that will not repeat. Adjusted EBITDA provides a clear comparison of year-on-year financial performance, and increased by 31% to £20.6m (2020: £15.7m). The drivers behind the growth in Adjusted EBITDA are covered in the commentary above.

Adjusted EBITDA margin increased by 160 bps to 54.7% (2020: 53.1%).

Earnings per share (EPS)

Adjusted basic EPS for the year, which excludes the adjusting items outlined below, is 5.6p (2020: 4.4p). Adjusted diluted EPS, which includes the dilutive impact of shares issuable in the future, is 5.5p (2020: 4.3p).

Initial public offering (IPO)

The Group's successful placing of shares in the July 2021 IPO was oversubscribed and raised gross proceeds from new shares of £16.1m. This fundraising has provided the Group with a strong balance sheet and the financial flexibility to expand operations across the globe. The IPO also achieved its other objectives of raising the public profile of the Group and providing a valuation, listing and liquidity for the Group's shares, to allow incentivisation of the wider management team and align employees' interests with those of shareholders.

Cash flow

The Group's liquidity and net cash position increased significantly to £48.0m (2020: £17.5m) at 31 December 2021. Operating activities, underpinned by the strong trading performance, generated adjusted cash inflows of £18.2m

(2020: £16.8m) with cash conversion (defined as adjusted operating cash flow divided by adjusted EBITDA) of 89% (2020: 107%).

The Group increased its levels of long lead-time inventory in quarter four to protect against short-term disruption caused by the Covid-19 global pandemic. Increases in the Group's trade receivables are linked to the continuing revenue growth and timing of cash collection from customers at the year end.

Net cash utilised in investing activities of £2.9m (2020: £2.6m) reflects the continued growth in the number of revenue-generating devices, which are manufactured in-house and leased to the Group's customers. The Group continues to invest in research and development activities and expects to upgrade existing products and launch new products in 2022.

Net cash generated from financing activities of £19.3m (2020: £(7.1)m) represents funds raised from the Group's IPO in July 2021 and proceeds received from the exercise of employee warrants and share options in the year.

Research and development

The Group continues to invest in research and development activities in relation to new products. Development costs of £1.0m (2020: £0.9m) have been capitalised. Other research and development costs, all of which have been expensed to the income statement as incurred, totalled £1.8m (2020: £1.3m).

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 wherever possible. Foreign exchange translation has provided a minor headwind on revenue and profit, with the Australian dollar and Colombian peso weakening against the Pound Sterling.

Alternative performance measures

The Group presents some significant items separately to provide clarity on the underlying performance of the business. This includes significant one-off costs such as IPO and acquisition related costs, the non-cash amortisation of intangible assets acquired as part of business combinations and share-based payments (see table A).

Table A

The adjustments comprise:	2021 £'000	2020 £'000
Amortisation of acquired intangibles	468	771
IPO preparation costs	1,192	–
National insurance on warrant exercise	1,076	–
Total adjusting operating items	**2,736**	**771**
Share-based payments expense	1,423	–
Total adjusting items and share-based payments before tax	**4,159**	**771**
Tax effect of adjusting items and share-based payments	(1,050)	–
Total adjusting items and share-based payments after tax	**3,109**	**771**

Amortisation of acquired intangibles

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

IPO preparation costs

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

National insurance on warrant exercise

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

Share-based payments expense

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

Balance sheet

The Group has continued to strengthen its balance sheet during the year. Net assets increased from £40.5m to £74.2m. Current assets increased by £33.4m to £58.0m, mainly due to a £30.3m increase in cash and cash equivalents supported by the strong underlying trading and capital raised on the IPO in July 2021. There was a £2.1m increase in trade and other receivables, which was driven by the growth in revenue across the year and a £0.8m increase in inventory as we invested in materials to support our capital expenditure requirements for next year and also held increased levels of long lead-time inventory to protect against any supply chain disruption. Current liabilities increased by £1.3m to £7.1m, mainly due to an increase in trade payables and accruals, which was partly offset by a decrease in contract liabilities. Non-current liabilities decreased by £1.1m to £1.8m with a reduction of £0.8m in contract liabilities.

Dividends

No interim or final ordinary dividends were paid in relation to the year ended 31 December 2020 and no interim ordinary dividend has been paid in relation to the year ended 31 December 2021. The Directors are not proposing payment of a final ordinary dividend in respect of the financial year ended 31 December 2021.

Financial outlook

The Group is well positioned, with adequate financial resources in place to continue supporting our customers with more advanced technologies and solutions and to take advantage of the value-enhancing opportunities that we expect to materialise in the years ahead.

Daren Morris
Chief Financial Officer

23 March 2022

Principal risks and uncertainties

Managing our risks

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

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

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

Key

▲ Increased

▶ Stable

▼ Decreased

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

Risk	Issue	Actions to mitigate the risk	Change
Strategic risks continued			
Failure to develop new products	The Group operates in markets where technology, industry standards, product offerings and customer demand can evolve over time. The Group needs to ensure that it continues to develop new products to maintain its competitive advantage in the market. Failure to achieve this could result in reduced revenues or a loss of key customers.	The Group continues to invest in research and development activities and has a growing in-house team of developers and engineers. The Group has launched a number of products in the year and has a pipeline of new products currently in development.	▶
Competitor actions	Competitors may develop new technologies and/or products which may restrict the Group's revenue growth.	The Group continually invests in product innovation and development to ensure its market-leading position is protected. We monitor competitor's IP/patents to ensure no infringement of the Group's intellectual property. We also monitor competitor product launches and territory actions.	▶
Reliance on third-party technology and communication systems	The Group is reliant on third-party systems such as GPS (Global Positioning System) and GSM (Global Systems for Mobile Communication) to meet its service obligations to customers. Failure or downtime in these systems could result in disruption to the Group's ability to deliver its monitoring solution.	The Group's products use multiple communication technologies and built in resilience (e.g. dual-sim cards) in order to ensure protection against network outages and advanced GPS Integrated Circuits to protect against the loss of satellite signal.	▶
Reputational risk	The Group operates within the criminal justice sector and its products will, in part, be responsible for helping local authorities and governments to ensure that criminal offenders comply with the terms of the Court orders, which would include complying with curfew restrictions and ensuring that offenders remain within certain geographic locations or boundaries. Any failure of the criminal justice system to safeguard the welfare and safety of the public from serious criminal offenders is likely to be regarded as a matter likely to generate significant press and media attention and speculation.	The Group maintains the highest standards of corporate governance and the management team lead by example, demonstrating the highest standards of ethical behaviour. A well-designed internal control environment ensures the accuracy of operational data used in financial and strategic decision making. The Group has a number of experienced IT personnel that ensure the Group's electronic records and resources remain secure. We have ISO27001 accreditation and hold the UK Government-backed Cyber Essentials 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. The Group has taken a controlling position in its joint venture arrangements so that it may take action to rectify any issues with its partnerships, should they arise.	▶

Principal risks and uncertainties
continued

Risk	Issue	Actions to mitigate the risk	Change
Operational risks			
Loss of key personnel	The Group has an executive team whose skills, knowledge, experience and performance make a large contribution to the success of the Group and failure to retain such individuals could have an adverse effect on customer relations, operations and growth strategies.	The Group has increased headcount and 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 to ensure retention of key personnel.	▶
Supply chain	The availability of key components and the logistical challenges to source key components has led to increased supply chain risk.	The Group has a mature supply chain and continues to provide normal service to customers despite pressures caused by the Covid-19 global pandemic. The Group has increased levels of long lead-time inventory to protect against short-term disruption and uses dual sourcing for key components where possible.	▲
Product liability	Risk that products supplied by the Group fail in service and result in a claim under product liability.	The Group has a robust product development process ensuring products are safe and fit for purpose. There is an established quality system to ensure manufactured products meet the design standard. The Group has a product liability insurance policy in place.	▶
Financial risks			
Foreign exchange risk	The Group operates internationally and is exposed to both transactional and translational foreign exchange risk. The Group is particularly exposed to the Australian dollar, US dollar and Colombian peso. Exposure to the New Zealand dollar is expected to grow.	The Group's finance function regularly monitors currency risk to ensure net exposure is at an acceptable level. The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the respective currencies. The Group aims to maintain the majority of the cash in Sterling (as its main functional and reporting currency) and US dollars (as the global reserve currency). We are able to accurately predict future income and receipts in all local currencies and manage exposure through the sale and purchase of currencies as required.	▲
Credit risk	The Group has the potential to be exposed to bad debt risk from customers.	Many of the Group's customers are local and national government agencies so credit risk is very low. The Group monitors ageing of receivables on a monthly basis and takes actions to enforce the collection of overdue debts.	▶

Key

▲ Increased ▶ Stable ▼ Decreased

Risk	Issue	Actions to mitigate the risk	Change
Financial risks continued			
Business taxation	The Group invests in research and development as part of its ongoing commitment to product development and innovation. In the UK this expenditure attracts enhanced tax benefits. Should this tax advantage be removed in the future this could have an impact on future cash generation and profitability for the Group. In addition, the Group operates across a number of jurisdictions in the world, each with different tax regimes.	The Group works with its professional advisers to ensure that it has filed and paid all tax liabilities in the countries in which it operates. In the UK the Group invests in research and development and will continue to do so for the foreseeable future.	▶
Bid pricing/Key financial terms	Due to the long-term nature of many of the Group's contracts and relationships, we are committed to the financial terms that we negotiate for extended periods of time. In a high inflation environment this may result in reduced profit margins over time.	The Group's management team is disciplined in ensuring that customers are charged a life-time contract price that reflects the significant investment that has been made in developing its products and services. The Group undertakes a thorough review of all bids prior to submission and includes pricing adjustments for inflation, lost and damaged units and any ad-hoc or exceptional costs.	▶

Compliance risks			
Cyber security and business interruption	Cyber security risks include risks from malware, accident, statutory and legislative requirements, malicious actions and other unauthorised access by third parties. As part of the operations of its business, the Group receives and stores a large volume of personally identifiable information, most importantly location data specifically related to individual offenders.	The Group has a number of experienced IT personnel that ensure the Group's electronic records and resources remain secure. We have ISO27001 accreditation and hold the UK Government-backed Cyber Essentials 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.	▶

Section 172 statement and stakeholder engagement

Committed to engaging with our stakeholders

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

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

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

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

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

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 protected. As well as ongoing investment in our products through research and development activities, the Group provides 24/7 support to our global customers through our experienced customer services team who provide specialist help, guidance and technical support. Our largest customers also have a dedicated account manager who acts as the primary point of contract and is responsible for all aspects of service delivery.

The Group operates with a 'customer first' attitude and conducts regular customer satisfaction and feedback surveys to ensure its reputation for providing the highest standards of customer service continues.

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

Investors

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

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

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

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

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

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

The Non-Executive Chair and independent Non-Executive Directors will also attend meetings with investors and analysts as required, in addition to being available at the Group's AGM to discuss any matter that shareholders might wish to raise. Formal feedback from shareholder meetings is also provided by the Group's nominated adviser and discussion of these meetings and feedback is a standard item on the Board's agenda. AGMs can be called with 21 clear days' notice in accordance with the Company's Articles;

for general meetings, other than AGMs, the Board will continue, in ordinary circumstances, to provide as much notice as possible and certainly no less than 14 working days.

Employees

With around 250 employees spread across the globe, the engagement and commitment of our employees 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 Company is continually raised. The Directors, alongside our senior management team, work hard to provide a collaborative and empowering working environment – we invest in our employees from the outset, working with them to achieve their ambitions and to grow within the business. As a result of this, our levels of staff turnover remained extremely low during the year.

Supply chains

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

Environmental, Social and Governance ('ESG') Report

Our responsible business

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

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

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

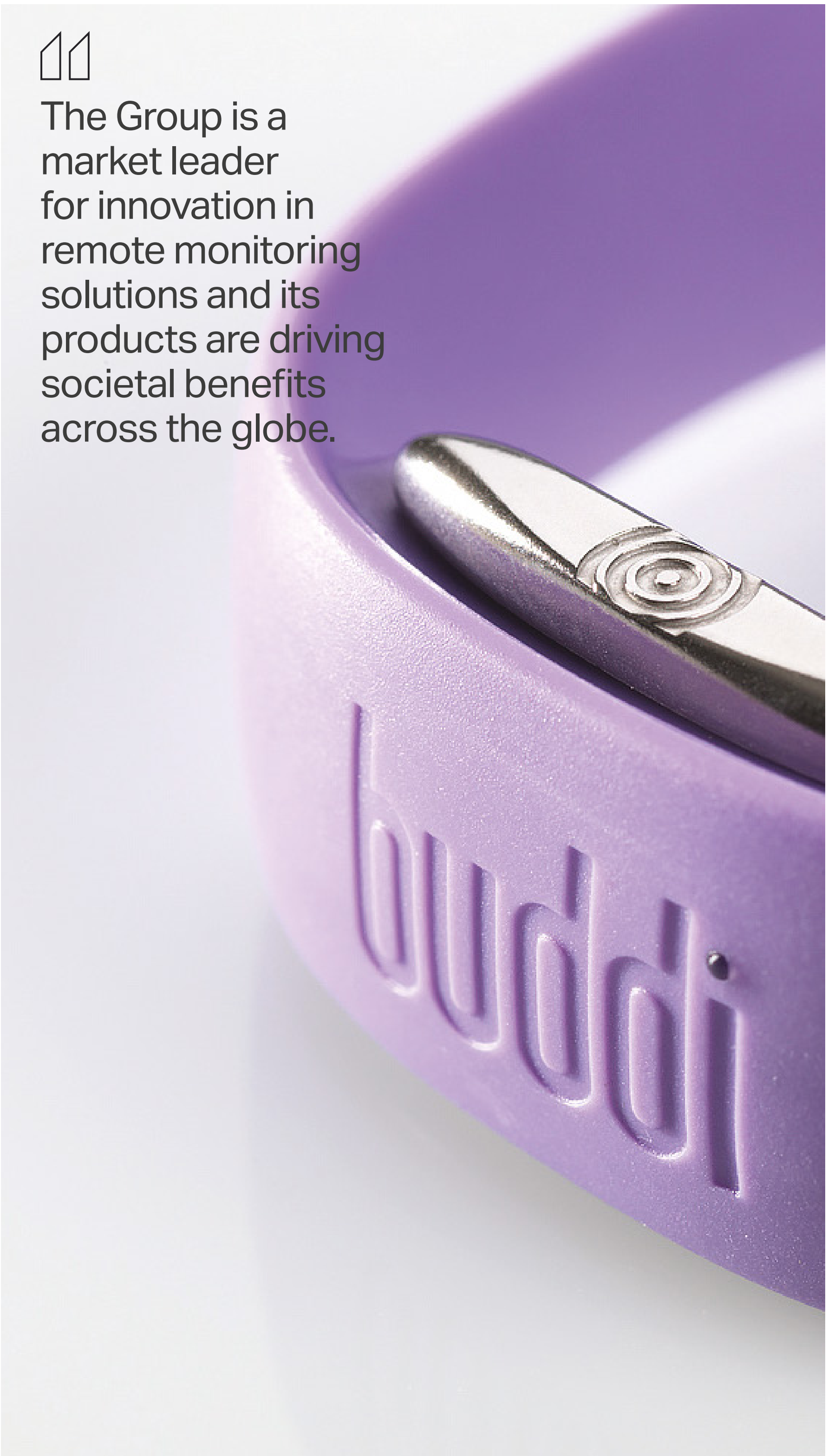
Supporting customers to make a positive ESG impact

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

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

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

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



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. 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 targets clean and renewable energy inputs where possible to reduce our energy needs and carbon footprint. We also demand high environmental standards from the suppliers that we use to ensure an ethical supply chain.

Information technology

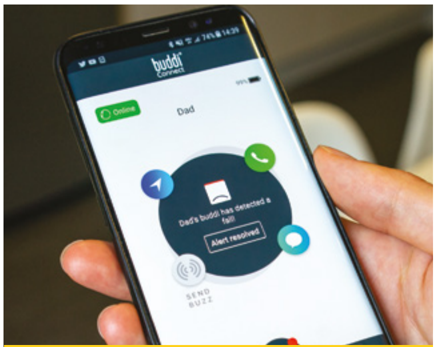
The Group operates a number of software platforms for its customers which are hosted in the cloud by third parties. The data centres underpinning this are heavy users of electricity, but we are encouraged by our providers' commitment to sustainability and renewable energy usage going forward.

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. Big Technologies does not make company cars available to its staff or offer a car allowance as part of our employee benefits package.

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.



Buddi Connect app

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.

	2021	2020
Energy consumption used to calculate emissions (kWh)		
Scope 1: Gas	35,286	33,144
Scope 2: Electricity	104,039	99,199
Total energy consumption (kWh)	**139,325**	**132,343**
Emissions (tCO_2e)		
Scope 1: Gas	6.5	6.1
Scope 2: Electricity	22.1	23.1
Total emissions (tCO_2e)	**28.6**	**29.2**
Intensity ratio in tCO_2e per UK employee (FTE)	**0.34**	**0.40**

Source data (meter readings) has been used wherever possible; where this is not available this has been supplemented by billed data and a small element of estimated data. Appropriate conversion factors have been used to calculate the underlying energy consumption figures. Scope 1 and 2 sources have been divided by the average number of UK employees to provide the intensity ratio.

Environmental, Social and Governance ('ESG') Report continued

Taking care of our people

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

Recruitment and training

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

Diversity and inclusion

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

Health and safety

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

Covid-19

The Group has continued its operations during the ongoing global Covid-19 pandemic with minimal disruption. The nature of the Group's operations mean it was not possible for all staff to work from home during the pandemic, but detailed risk assessments were carried out in line with changing government advice to ensure the health and safety of all colleagues.

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 tax charge is lower than the current UK corporation tax rate due to allowances for research and development and patent box partially offset by overseas tax at higher rates than in the UK.

Covid-19

The Group chose not to apply for any Covid-19 grants or economic support from the UK Government. During the pandemic, the Group continued its operations with minimal disruption and delivered strong revenue growth.

Board approval

The Strategic Report on pages 2 to 24 was approved by the Board and signed on its behalf by:

Sara Murray OBE
Chief Executive Officer

Daren Morris
Chief Financial Officer

Chair's introduction to Corporate Governance

Committed to the highest standards

> The Board is responsible for the Group's strategy and for its overall management.

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

In preparation for admission to AIM, the Group reviewed and improved its governance and risk frameworks. The revised structures and systems that we designed and implemented are helping us operate with greater effectiveness and efficiency.

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

Part of good governance is to have a balanced board with the right number of suitably qualified and experienced Non-Executive Directors who are independent in character and free from any relationship that could impair their judgement.

From January 2022 we have an equal number of Executive and Non-Executive Directors and, if necessary, I hold the casting vote as Non-Executive Chair.

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

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

Simon Collins
Non-Executive Chair

Board of Directors

A broad balance of skills and experience

Simon Collins
Non-Executive Chair

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 Resilience First and Chair of Decoded 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 Ltd in 2004 and was appointed to the Board of the Company on 26 May 2017 at incorporation.

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

External appointments
Sara is a director of TFM Inventions Ltd, TFM Developments Ltd and The White Ensign Association Ltd.

Daren Morris
Chief Financial Officer

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

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

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

Charles Lewinton
Chief Technology Officer

Appointed
Joined Buddi Ltd 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.

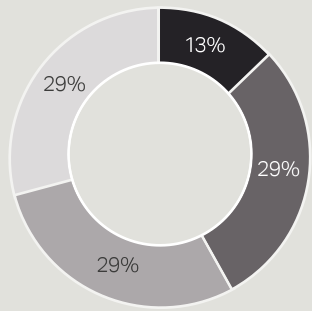
Skills and experience
Camilla is a highly experienced professional equities fund manager. In the UK she has launched and managed portfolios on behalf of many diverse types of clients, including institutional pension funds, retail funds, local authorities, private banks and smaller companies. She has 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.

Committee key

A	Audit Committee
N	Nomination Committee
R	Remuneration Committee
■	Chair
□	Member

Board skills and experience



- PLC experience
- Tech experience
- Finance and investment experience
- Operational experience

Board of Directors
continued

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

Activities of the Board

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

Board meetings

The Board has eight scheduled full Board meetings each financial year but will meet more frequently if required. During the year, the Board convened on 11 occasions.

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

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

Attendance at Board meetings

	Attended/ Eligible to attend
Chair	
Simon Collins	9 of 9
Executive Directors	
Sara Murray	11 of 11
Daren Morris	7 of 7
Charles Lewinton	11 of 11
Non-Executive Directors	
Camilla Macun	6 of 7

Board changes and Board composition

As at 31 December 2021, the Board comprised a Non-Executive Chair, three Executive Directors and one independent Non-Executive Director. A biography of each Director in office at the end of the year is set out on pages 26 and 27.

During the financial year, the following appointments have altered the composition of the Board: the appointment of Simon Collins (4 May 2021), Daren Morris (30 June 2021) and Camilla Macun (30 June 2021).

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

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

Risk management and internal controls

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

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

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

Anti-corruption and bribery

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

Matters reserved for the Board

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

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

Board of Directors' inductions and trainings

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

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

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

Board of Directors
continued

Board Committees
On admission to AIM, the following Committees were established:

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

Attendance at Committee meetings

	Nomination Committee	Audit Committee	Remuneration Committee
Simon Collins	2 of 2	2 of 2	1 of 1
Camilla Macun[1]	1 of 2	1 of 2	0 of 1
Sara Murray[2]	1 of 2	1 of 2	1 of 1
Daren Morris[2]	0 of 2	1 of 2	1 of 1
Charles Lewinton[2]	1 of 2	1 of 2	1 of 1

1. Camilla Macun joined the Board on 30 June 2021. There were no meetings of the Remuneration Committee between this date and the year end. Prior to admission the Remuneration Committee was chaired by Simon Collins.
2. Sara Murray, Daren Morris and Charles Lewinton 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 and Camilla Macun, as Non-Executive Chair and Non-Executive Director 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 three male and two female Directors. The Board remains committed to strengthening its diversity beyond gender to ethnic diversity, when appropriate opportunities arise. Diversity across a wide range of criteria is valued, including skills, knowledge and experience as well as gender, ethnicity, religion and sexual orientation. It is also committed to creating equality of opportunity where people are appointed on merit, and without any form of positive or negative discrimination. Whilst the Nomination Committee reviews the structure, size, diversity, balance and composition of the Board, the principal objective of the Nomination Committee is to ensure that all candidates are suitably qualified and experienced for the role.

Board evaluation

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

Election of Directors

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

Directors' and Officers' liability insurance

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

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

Professional advice

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

Conflicts of Interest

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

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

Governance framework

The Board

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.

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.

Chair

The Chair is responsible for the leadership and overall effectiveness of the Board and for ensuring appropriate strategic focus and direction.

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

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.

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.

Executive team

Responsible for implementing the strategy, led by the Chief Executive.

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 26 and 27). 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 36 - 43**

The QCA Corporate Governance Code Compliance

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

Governance principle	Compliant	Explanation	Further reading
Principle 1: Establish a business strategy and business model which promote long-term value for shareholders	✓	The Board is responsible for Group strategy and its implementation. This strategy is debated and tracked by the Board which monitors its progress.	See pages 8 to 11 to learn more about our strategy and business model.
Principle 2: Seek to understand and meet shareholder needs and expectations	✓	Meetings are held with investors and analysts following publication of interim and final results. The Annual General Meeting provides a forum for all shareholders to meet and hear from the Directors. All shareholder comments and suggestions are welcomed by the Board.	See pages 20 and 21 to see how we communicate. Further information is available on our website www.bigtechnologies.co.uk.
Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	✓	The Board has identified the key stakeholders in the business and regularly discusses the impact of the long-term growth strategy and how our business model may affect these stakeholders.	See pages 20 and 22 for our ESG strategy and our S172 statement to see how we communicate with our stakeholders.
Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	✓	The Audit Committee and the Board review risks to the Group, both internal and external. Health and Safety is of paramount importance and a standard Board meeting agenda item.	See pages 16 to 19 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 two experienced relevant Non-Executive Directors and the CEO, CFO and CTO. The Board has a wealth of experience on strategy, operations, technology, business acquisitions and financial matters. The Chair engages in open debate and new goals are challenged. After the financial year end, an additional Non-Executive Director was appointed with effect from 1 February 2022.	See Board of Directors information pages 26 and 27 for further guidance.
Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities	✓	The composition of the Board is monitored by the Nomination Committee. The Board is satisfied that the Directors have a blend of skills, experience, knowledge and independence suited to the Company's needs and its continuing development.	See pages 26, 27 and 37 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. The Board intends to carry out an annual review of the performance of its members.	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 22 to 24 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 page 32 for further details on the governance framework.
Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✓	Big Technologies PLC has open communication with a wide range of stakeholders. This includes regular updates with investors, yearly and half yearly reports and regulatory news service releases on key corporate matters.	See pages 20 and 21 of the Strategic Report.

Audit Committee report

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

The Committee confirms that for the year ended 31 December 2021, the Group fulfilled its Audit Committee responsibilities, as set out in this report, and fulfilled its mandatory audit processes.

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

Audit Committee membership

The Audit Committee terms of reference were approved by the Board, effective from the date of admission to AIM, and formerly adopted by the Committee at its inaugural meeting.

Simon Collins and Camilla Macun served as members of the Committee through the year ended 31 December 2021.

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

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

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

The role of the Committee

The role of the Audit Committee is set out in a 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.

Significant issues considered in relation to the financial statements

At the request of the Board, the Audit Committee considered whether the 2021 Annual Report and Accounts were fair, balanced and understandable and whether they provided the necessary information for shareholders to assess the Group's performance, business model and strategy. The Committee was satisfied that this is the case.

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

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

Simon Collins
Chair of the Audit Committee

Nomination Committee report

Previously the main Board undertook the activities relating to Board appointments and succession planning, with a view to ensuring that the Board is composed of individuals with the necessary skills and is keen to foster diversity where there is opportunity to do so. With effect from 28 July 2021, the date of admission to AIM, the Board has delegated certain responsibilities to a Nomination Committee.

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;
- the Board's policy on diversity as it relates to appointments to the Board;
- succession planning for the Board and the Executive Committee roles;
- the Committees' effectiveness; and
- the Committees' terms of reference.

Nomination Committee membership

The members of the Nomination Committee, all of whom held office from the date of admission to AIM to the date of this report, are:

- Simon Collins (Chair)
- Camilla Macun

The Nomination Committee met once during the year. The purpose of the meeting was to 1) approve the appointment of Camilla Macun as a Non-Executive Director and to appoint her to the Remuneration, Nomination and Audit Committees; and 2) approve the appointment of Daren Morris as an Executive Director.

Simon Collins
Chair of the Nomination Committee

Remuneration Committee report

Remuneration Committee membership

Previously the main Board undertook the activities relating to Board remuneration. With effect from 28 July 2021, the date of admission to AIM, the Board has delegated certain responsibilities to a Remuneration Committee. The Remuneration Committee terms of reference were approved by the Board, effective from the date of admission to AIM, and formally adopted by the Committee at its inaugural meeting.

The Remuneration Committee is chaired by Camilla Macun and its other member was Simon Collins, both of whom are Non-Executive Directors in line with the QCA Code.

Role of the Committee

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

Prior to Admission, the Remuneration Committee reviewed the Group's remuneration policy for the Executive Directors and senior management, to ensure that it remained appropriate for Big Technologies as a listed company. In undertaking this review, we sought to benchmark packages at companies of a similar size, complexity and market capitalisation to the Group.

Our objective 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

The remuneration policy set out in this report is consistent with the details disclosed in our Admission Document. 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 2021 following Admission

2021 was a transitional year for Big Technologies. The Committee's focus during the year was on putting in place appropriate remuneration arrangements to apply following Admission.

The basic salaries of the CEO, CFO and CTO were set at £357,000, £230,000 and £150,000 respectively. Other elements of fixed pay, principally benefits and pension arrangements, were determined based on a review of standard practice for listed companies of a similar size to Big Technologies.

Following Admission, the Executive Directors participated in an annual bonus scheme based on the achievement of challenging EBITDA and sales targets. Following the assessment of performance over the period following Admission, the Executive Directors received a bonus equivalent to 75% of the maximum possible payout. We believe that this outcome demonstrates a strong link between performance and reward.

We 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 in July 2021 to the CEO, CFO and CTO in the form of 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. These one-off awards were specifically designed to encourage and reward delivery of the Group's long-term strategic objectives, to assist with talent retention and establish an immediate alignment of interests of the senior management with those of shareholders.

Share incentives for other senior employees

We also established a Long-Term Incentive Plan ('LTIP') for the Group's senior employees at Admission. In line with the intentions set out in the Admission Document, the first grants under the LTIP were made in July 2021 to senior employees. These awards were specifically designed to provide a focus on EBITDA and share price performance over each of the first three years following Admission and, subject to achieving the stretching performance targets, promote a significant interest in Big Technologies shares and establish an immediate alignment of interests of senior employees with those of shareholders. The Committee considers this to be appropriate for the first LTIP award so that there is a focus on sustained performance over each of Big Technologies' first three years as a listed company.

Proposed application of the remuneration policy for 2022

For 2022, the first full financial year as a listed company, we plan to make minimal changes to the remuneration policy. We will continue with the current mix of fixed pay and the annual bonus scheme for Executive Directors, but with no further grants under the GSP.

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

Full details of how we intend to operate the policy for 2022 are set out on page 42.

Engagement with shareholders

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

Camilla Macun
Chair of the Remuneration Committee

Remuneration Committee report
continued

Directors' remuneration policy

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

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

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

Element	Purpose and link to strategy	Operation	Maximum opportunity
Base salary	To recruit and reward high-calibre executives for the role required.	Reviewed annually by the Committee, taking account of Group performance, individual performance, changes in responsibility and levels of increase for the workforce generally. Reference is also made to comparator benchmarks from time to time. The Committee considers the impact of any basic salary increase on the total remuneration package.	There is no prescribed maximum annual increase. The Committee is guided by movements in market rates, the performance of the business and the general salary increase for the broader employee population, but on occasions may need to take into account factors such as development in role, change in responsibility, and/or specific retention issues.
Benefits	To provide market-competitive benefits and to help ensure the overall wellbeing of employees.	The Group typically provides: medical insurance, health and critical illness cover. Executive Directors are also entitled to between 25 and 30 days' leave per annum.	Benefits provision is set at a level considered appropriate taking into account a variety of factors, including market practice elsewhere.
Pension	To provide market-competitive benefits and to assist post-retirement financial planning.	A Group contribution to a defined contribution pension scheme or provision of cash allowance in lieu of pension.	Up to 10% 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.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Growth Share Plan ('GSP')	To encourage and reward delivery of the Group's long-term strategic objectives and provide alignment with shareholders through the use of share-based remuneration.	The Group made an award of 100 A shares in Buddi Limited (a wholly owned subsidiary of the Company) to Executive Directors in July 2021. The holders of the A Shares have the right to exchange their A Shares for shares in the Company upon satisfaction of certain share price criteria.	The award was a one-off grant to encourage and reward delivery of the Group's long-term strategic objectives and establish an immediate alignment of interests with shareholders.
Non-Executive Director fees	To attract and retain a high-calibre Non-Executive Chair and Non-Executive Directors.	Fee levels are set as appropriate for the role and responsibility for each Non-Executive Director position and with reference to market levels in comparably sized public companies. Fees are paid in cash. The Non-Executive Chair is paid a single fee for all his responsibilities. Other Non-Executive Directors are also paid a single fee.	There is no prescribed maximum annual increase. Any increases to fee levels are guided by movements in market rates and the general salary increase for the broader employee population. On occasion, however, fee increases may need to recognise, for example, change in responsibility, and/or time commitments.

Service contracts

The 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 Technology 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 2021

The table below sets out the remuneration payable to the Directors for the year ended to 31 December 2021:

	Salary and fees £	Benefits £	Pensions £	Bonus £	Gain on exercise of share options and warrants[5] £	**Total £**
Executive Directors						
Sara Murray	357,000	3,816	41,315	144,703	7,797,664	**8,344,498**
Daren Morris[1]	111,756	732	11,052	71,177	–	**194,717**
Charles Lewinton[2]	138,577	386	14,250	81,094	647,311	**881,618**
Non-Executive Directors						
Simon Collins[3]	46,667	–	–	–	–	**46,667**
Camilla Macun[4]	25,000	–	–	–	–	**25,000**

1. Daren Morris commenced as Chief Financial Officer on 30 June 2021, which equates to a full year equivalent salary of £230,000.
2. Charles Lewinton's annual salary was increased from £128,000 to £150,000 with effect from 28 July 2021.
3. Simon Collins was appointed to the Board on 4 May 2021, which equates to a full year equivalent fee of £70,000.
4. Camilla Macun was appointed to the Board on 30 June 2021, which equates to a full year equivalent fee of £50,000.
5. During the year Sara Murray exercised awards in respect of 5,858,500 shares that had vested under a warrant deed with a valuation (net of exercise price and fees) of £7,797,664. During the year Charles Lewinton exercised awards in respect of 373,650 shares under the EMI option scheme with a valuation (net of exercise price and fees) of £647,311.

Remuneration Committee report
continued

Annual bonus scheme outcome for 2021

Executive Directors had an entitlement to an annual bonus up to a maximum opportunity of 100% of basic salary (pro-rated) for the period from Admission to 31 December 2021. Achievement of the bonus was based on performance conditions linked to achievement of challenging EBITDA and sales targets.

The bonus payable to the Executive Directors for the year under review was equivalent to 75% of their pro-rated salaries for the period since Admission plus an additional amount with respect to the period from 1 January 2021 until Admission, and is set out in the table above.

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

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 CTO 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 2021, subject to successful admission of the Company's shares to AIM with a market capitalisation in excess of £300m. As at 31 December 2021 awards totalling 666,667 had vested but were not yet exercised.

Application of the remuneration policy for 2022

Basic salaries

The Remuneration Committee has reviewed the basic salaries of the Executive Directors and has determined that a 1% increase will apply to the basic salaries of Sara Murray and Charles Lewinton from 1 January 2022. The new salary levels are set out in the table below:

	Salary with effect from Admission £'000	Salary with effect from 1 January 2022 £'000	% increase
Sara Murray	357,000	360,570	1%
Daren Morris	230,000	230,000	–
Charles Lewinton	150,000	151,500	1%

A salary increase averaging 3.1% across the UK employee population was awarded at the annual pay review.

Annual bonus scheme

The annual bonus scheme will continue to operate in a broadly similar fashion to the scheme in place for 2021, although the Remuneration Committee has decided to include the achievement of personal objectives as well as adjusted EBITDA and sales targets as performance conditions for the Executive Directors. The specific bonus targets will be disclosed in the 2022 Directors' remuneration report, alongside details of performance against the targets.

The maximum annual bonus opportunity for 2022 will be 100% of basic salary, payable in cash.

Directors' interests in shares

The interests held as at 31 December 2021 by each Director who served during the financial year were as follows:

	Shares beneficially owned	Share options	GSP	Total
Sara Murray	73,000,000	747,300	17,064,668	90,811,968
Daren Morris	308,755	–	3,656,715	3,965,470
Charles Lewinton	–	373,650	3,656,715	4,030,365
Simon Collins	–	2,000,000	–	2,000,000
Camilla Macun	10,000	–	–	10,000

All Executive Directors are expected to build up a shareholding equivalent to 1x gross salary, over time. As at 31 December 2021 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 2021 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 2021. The Corporate Governance Statement on pages 25 to 45 also forms part of this Director's Report.

Principal activities of the Group

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

Review of the business

The Chair's statement on page 4 and the Strategic Report on pages 2 to 24 provide a review of the business, the Group's trading for the year ended 31 December 2021, key performance indicators and an indication of future developments.

Results and dividends

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

The profit for the financial year attributable to shareholders was £12,788,000 (2020: £11,157,000). 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 52 to 81 and summarised in the Financial review on pages 14 and 15.

Annual General Meeting

The Annual General Meeting ('AGM') will be held at 11am on 27 May 2022 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 2021 financial year:

- Sara Murray
- Daren Morris (appointed on 30 June 2021)
- Charles Lewinton
- Simon Collins (appointed on 4 May 2021)
- Camilla Macun (appointed on 30 June 2021)

The Directors who held office during the year and as at 31 December 2021 had the following interests in ordinary shares of the Company:

	2021	2020
Sara Murray	**73,000,000**	73,000,000
Daren Morris	**308,755**	–
Charles Lewinton	**–**	–
Simon Collins	**–**	–
Camilla Macun	**10,000**	–

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

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

Furthermore, a grant of options to acquire shares in the Company was made on 1 January 2021 to the Non-Executive Chair. The maximum number of ordinary shares which could be issued to the Non-Executive Chair in the future under such awards at 31 December 2021 is 2,000,000 (2020: nil).

Restrictions on the sale of Directors' shares

The authorised and issued share capital of the Company and details of shares issued during the year are shown in note 20 of the financial statements. Each of the Directors holding an interest in shares at Admission have agreed pursuant to the Placing Agreement not to dispose of any of their shares in the Company within 12 months of Admission on 28 July 2021.

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 2021 financial year (2020: nil).

Disclosure to external auditor

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

Directors' indemnities

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

Share capital

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

At 28 February 2022, the Company's issued share capital was £2,894,721 divided into 289,472,082 ordinary shares of 0.01p each. The holders of ordinary shares are entitled to one vote per share at the general meetings of the Company.

Substantial shareholdings

At 28 February 2022, 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	25.22%
Liontrust Investment Partners LLP	10.44%
Romelle Ltd	9.46%
Ernström Kapital AB	8.32%
Abrdn plc	5.05%
JP Morgan Asset Management UK	3.27%
Chelverton Asset Management Ltd	3.20%
Iville Limited	3.16%
Schroder Investment Management Limited	3.10%

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

Going concern

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

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

Independent auditor

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

The report was approved by the Board on 23 March 2022 and signed on its behalf by:

Sara Murray OBE
Chief Executive Officer

Daren Morris
Chief Financial Officer

Statement of Director's 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 23 March 2022 and is signed on its behalf by:

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 2021, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2021;
- the Group and Parent Company statements of financial position as at 31 December 2021;
- the Group and Parent Company statements of changes in equity for the year ended 31 December 2021;
- the Group statement of cash flows for the year ended 31 December 2021; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and in accordance with UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Reduced Disclosure Framework (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 2021 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 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, 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 and 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 31 December 2021 to assess how the Group and Parent Company are 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 and Parent Company's ability to continue as a going concern in the event that a downward scenario occurs.
- 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.

Independent Auditor's report to the members of Big Technologies PLC
continued

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 £800,000, based on 5% of normalised Group profit before tax after adjusting for IPO costs and NI costs on the exercise of warrants. Materiality for the Parent Company financial statements was set at £485,000 based on a percentage 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. We determined performance materiality for the Group financial statements as a whole to be £525,000. Performance materiality for the Parent Company financial statements was set at £339,500.

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 £40,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

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

We identified three significant components, being the Parent Company and its principal operating subsidiaries Buddi Limited and Union Temporal Vigilancia Electronica (UTVELEC). Our Group audit strategy focused on these and all significant components were subject to a full scope audit. The remaining entities were subject to audit procedures over material balances.

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

The other significant component, UTVELEC, is based in Colombia and a local audit firm, not a member of the Crowe Global network, was engaged as component auditor (see below).

The remaining components of the Group were considered non-significant. All balances material to the Group were audited and the remaining balances subject to analytical procedures by the Crowe audit team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Detailed reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed below), the level of component materiality, and set out the information required to be reported to the Crowe audit team.
- The Crowe audit team reviewed the component auditor's work remotely, as a result of Covid-19 travel restrictions, and held regular calls with the component audit team during the audit.
- We held calls and meetings with members of Group and component management to discuss accounting and audit matters arising.
- The Crowe audit team was actively involved in the direction of the audits performed by the component auditor for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn. We performed our own additional procedures in respect of certain of the significant risk areas that represented key audit matters in addition to the procedures performed by the component auditor.

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 matters	How the scope of our audit addressed the key audit matter
Revenue recognition The Group generated revenues of £37,628,000 as detailed in note 3 based on the Group's revenue recognition policy as detailed in note 2. In particular, in applying IFRS 15 "Revenue from Customers" to the Group's contracts consideration was required regarding accounting for consideration related to usage. Revenue in relation to the provision of electronic monitoring is based, inter alia, on contractual terms, with the calculation including a number of inputs that are either contractual or based on observable inputs. Given the complexity around variable consideration in contract revenue we determined this area to represent a significant audit risk and key audit matter. Notes 2 and 3	We assessed the revenue recognition policy for all revenue streams against the 5 step model of IFRS 15 to determine whether the policy remains compliant with the applicable accounting standards. We obtained and reviewed sales contracts and terms for the largest value customers to assess the appropriateness and application of the revenue recognition policy, with specific consideration of the relevant performance obligations and calculation of variable consideration. For a sample of contract revenue amounts we obtained management's calculations of the revenue amounts and agreed all inputs to contract terms. Where required we agreed inputs to external sources. For a sample of sales around the year end we reviewed evidence to check that revenue was recorded in the correct period. For sale of goods we obtained shipping documentation, and for contracted rental income we obtained the underlying revenue calculations to check accuracy of revenue recognised. We engaged our IT Audit team to gain a greater understanding of the proprietary software which tracks the usage of the rental units.
Carrying value of intangible assets and goodwill The Group's intangible assets comprise goodwill arising on acquisition of subsidiaries, customer relationships, brand and technology assets. When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired. Notes 2, 10 and 11	We formed an understanding of management's impairment models and estimates and the process for making such estimates for each cash generating unit (CGU). We obtained management's discounted cash flow models supporting value in use calculation, and challenged the appropriateness of the allocated CGU's key assumptions including forecast revenue and gross margin, discount rates and growth rates and comparing cash flow forecasts to historical performance. We benchmarked discount rates and terminal growth rates to externally derived data and our knowledge of sector performances. We performed appropriate sensitivity analysis on the key assumptions in the model.

Independent Auditor's report to the members of Big Technologies PLC continued

Share-based payments, specifically in relation to the Growth Share Plan (GSP) The Group introduced the GSP in the period to reward and incentivise senior management. The GSP is a long-term incentive scheme which incorporates both market facing performance conditions and service conditions. By its nature that involves a number of management judgements and estimates. We considered the risk that share-based payments are not accounted for in accordance with IFRS 2. Notes 2 and 23	We obtained management's valuations, particularly the external valuation model in relation to the GSP prepared by management's expert. We confirmed the appropriateness of the methodology applied and benchmarked the inputs to management's valuation models to externally derived data and sources. We commissioned an auditors' expert to reperform the valuation model for the GSP, perform comparative valuations using alternative methodologies and carry out sensitivity analysis on management's assumptions in relation to volatility and the probability of exercise. We reperformed management's calculations of the potential dilution of earnings consequent on the plan and of deferred tax implications. We ensured disclosures in the financial statements are in accordance with IFRS 2.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 46, 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.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. The most significant identified were the Companies Act 2006 and the QCA Corporate Governance Code. Our work included direct enquiry of the director who oversees all legal proceedings, reviewing 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, including considering the risk of undisclosed related party transactions.

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 for the audit of the financial statements is located 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 Parent 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 Parent 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
23 March 2022

Consolidated statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	3	**37,628**	29,591
Cost of sales		**(10,971)**	(9,536)
Gross profit		**26,657**	20,055
Administrative expenses		**(12,884)**	(7,335)
Other operating income		**1**	27
Operating profit		**13,774**	12,747
Analysed as:			
Adjusted EBITDA		**20,567**	15,707
Amortisation of acquired intangibles		**(468)**	(771)
Amortisation of development costs		**(703)**	(487)
Depreciation		**(1,931)**	(1,702)
IPO preparation costs		**(1,192)**	–
National insurance on warrant exercise		**(1,076)**	–
Share-based payments charge		**(1,423)**	–
Operating profit		**13,774**	12,747
Finance income	7	**–**	8
Finance expenses	7	**(47)**	(558)
Share of (loss)/profit of joint venture	14	**(5)**	464
Profit before taxation		**13,722**	12,661
Taxation	8	**(934)**	(1,198)
Profit for the year		**12,788**	11,463
Other comprehensive income:			
Exchange differences on translation of foreign operations		**27**	95
Total comprehensive income for the year		**12,815**	11,558
Profit for the year attributable to:			
Owners of the Company		**12,788**	11,157
Non-controlling interest		**–**	306
		12,788	11,463
Total comprehensive income for the year attributable to:			
Owners of the Company		**12,815**	11,252
Non-controlling interest		**–**	306
		12,815	11,558
Basic earnings per share (pence)	9	**4.5p**	4.1p
Diluted earnings per share (pence)	9	**4.4p**	4.0p

Consolidated statement of financial position
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Goodwill	10	**13,359**	13,359
Acquired and other intangible assets	11	**6,142**	6,344
Property, plant and equipment	12	**2,265**	2,062
Right-of-use assets	13	**345**	543
Interests in joint ventures	14	**363**	497
Deferred tax assets	19	**1,039**	–
Other receivables	16	**1,612**	1,762
Non-current assets		**25,125**	24,567
Inventories	15	**3,079**	2,230
Trade and other receivables	16	**6,620**	4,358
Cash and cash equivalents	17	**48,317**	17,999
Current assets		**58,016**	24,587
Total assets		**83,141**	49,154
Liabilities			
Lease liabilities	13	**195**	226
Trade and other payables	18	**6,875**	5,545
Current liabilities		**7,070**	5,771
Lease liabilities	13	**154**	312
Deferred tax liabilities	19	**501**	633
Trade and other payables	18	**1,185**	1,975
Non-current liabilities		**1,840**	2,920
Total liabilities		**8,910**	8,691
Net assets		**74,231**	40,463
Equity			
Share capital	20	**2,885**	27
Share premium	20	**38,535**	21,767
Other reserves	21	**275**	28
Retained earnings		**32,536**	18,335
Equity attributable to owners of the Company		**74,231**	40,157
Non-controlling interest		**–**	306
Total equity		**74,231**	40,463

The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2022 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 2021

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total owners' equity £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 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
Balance at 1 January 2021	27	21,767	28	18,335	40,157	306	40,463
Profit for the year	–	–	–	12,788	12,788	–	12,788
Other comprehensive income for the year	–	–	27	–	27	–	27
Total comprehensive income for the year	–	–	27	12,788	12,815	–	12,815
Share-based payments	–	–	–	1,413	1,413	–	1,413
Transactions with non-controlling interests	–	–	220	–	220	(306)	(86)
Issue of shares, net of share issue costs	143	19,483	–	–	19,626	–	19,626
Bonus issue of shares	2,715	(2,715)	–	–	–	–	–
Balance at 31 December 2021	**2,885**	**38,535**	**275**	**32,536**	**74,231**	**–**	**74,231**

Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit before tax		**13,722**	12,661
Adjustments for:			
Depreciation of property, plant and equipment	12	**1,698**	1,354
Depreciation of right-of-use assets	13	**233**	348
Amortisation of intangible assets	11	**1,171**	1,258
Share of loss/(profit) of joint venture	14	**5**	(464)
Share-based payments charge	23	**1,413**	–
Finance income	7	**–**	(8)
Finance costs	7	**15**	51
Interest expense	7	**32**	527
Changes in:			
Inventories		**(859)**	(167)
Trade and other receivables		**(2,867)**	(1,998)
Trade and other payables		**1,401**	3,240
Cash generated from operating activities		**15,964**	16,802
Taxes paid		**(1,926)**	(676)
Net cash flows from operating activities		**14,038**	16,126
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(135)**	(79)
Own work capitalised	12	**(1,833)**	(2,168)
Capitalised development costs	11	**(969)**	(893)
Finance income	7	**–**	8
Dividends from joint ventures and associates	14	**64**	549
Net cash used in investing activities		**(2,873)**	(2,583)
Cash flows from financing activities			
Proceeds from issues of shares	20	**19,626**	–
Transactions with non-controlling interests		**(86)**	–
Repayment of loans and borrowings		**–**	(6,250)
Repayment of lease liabilities		**(239)**	(364)
Interest paid	7	**(32)**	(527)
Cash flows from financing activities		**19,269**	(7,141)
Net increase in cash and cash equivalents		**30,434**	6,402
Cash and cash equivalents at the beginning of the year		**17,999**	11,612
Effects of exchange rate changes on cash and cash equivalents		**(116)**	(15)
Cash and cash equivalents at the end of the year		**48,317**	17,999

Notes to the consolidated financial statements
For the year ended 31 December 2021

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, Hertfordshire, 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 Sterling which is the currency of the primary economic environment in which the Group operates. They have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value through profit or loss.

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

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

2. Principal accounting policies

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

Going concern

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

The Directors have reviewed the forecasts for the Group for the period to 31 December 2024 and have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Further details for adopting the going concern basis are set out in the Directors' Report on page 45.

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

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

Standards, amendments and interpretations to published standards not yet effective

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

Alternative performance measures

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

Adjusting items

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

2. Principal accounting policies continued

Basis of consolidation

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

Joint arrangements and associates

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures and they are, along with the Group's associates, accounted for using the equity method.

Interests in joint ventures and associates are recognised at cost adjusted by the Group's share of the post-acquisition profits or losses and any impairments, where appropriate. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures and associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures and associates.

Revenue and long-term contracts

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

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

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

Foreign currencies

Reporting foreign currency transactions in functional currency

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

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

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

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

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

2. Principal accounting policies continued

Foreign currencies continued

Translation from functional currency to presentational currency

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

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

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

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

Intangible assets

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

Goodwill

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

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

Acquisition-related intangible assets

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

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

Research and development expenditure

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

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

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

Impairment of tangible and intangible assets

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

Impairment of goodwill

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

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

2. Principal accounting policies continued

Impairment of tangible and intangible assets continued

Impairment of other tangible and intangible assets

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

Financial instruments

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

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

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

Financial assets

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

Financial assets at fair value through profit or loss

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

Loans and receivables financial assets

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

Financial liabilities

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

Equity instruments

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

Property, plant and equipment

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

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The principal annual rates used for this purpose are:

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

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

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

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

2. Principal accounting policies continued

Taxation

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

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

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

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

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

Leases

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

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

Right-of-use assets

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

Lease liabilities

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

Short-term leases and leases of low-value assets

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

Extension and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

2. Principal accounting policies continued

Inventories

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

Cash and cash equivalents

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

Employee benefits

Short-term benefits

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

Defined contribution plans

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

Share-based payments

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

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

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

Provisions

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

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

Recognition of revenue

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

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

2. Principal accounting policies continued
Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgments continued

Adjusting items

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

Capitalisation of development expenditure

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

Treatment of costs incurred in relation to the IPO

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

Key sources of estimation uncertainty

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

Inventory provisions

Inventories are carried at the lower of cost and net realisable value, which is calculated as the estimated sales proceeds less costs of sale. Factors considered in the determination of net realisable value are the ageing, category and condition of inventories, as well as recent inventory utilisation. Reviews of provisions held against damaged, obsolete and slow-moving inventory are carried out quarterly by management and these reviews require the application of judgement and estimates. Changes to these estimates could result in changes to the net valuation of inventory. At 31 December 2021, the Group had net inventories of £3,079,000 (2020: £2,230,000).

Measurement, useful lives and impairment of development costs

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

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

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

Goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use. The key assumptions for the value in use calculations are those regarding the discount rates (being the cost of capital), growth rates (based on Board approved forecasts) and future profit margins (which are based on past experience). The Directors are satisfied that recoverable amounts are in excess of the value of the goodwill held. Further information on the assumptions used for the impairment test is outlined in note 10. At 31 December 2021, the carrying amount of goodwill was £13,359,000 (2020: £13,359,000).

Share-based payments

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

3. Segment reporting

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

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

Revenue for each of the geographical areas is as follows:

	2021 £'000	2020 £'000
Europe	4,988	6,463
Asia-Pacific	18,230	12,173
Americas	14,410	10,955
	37,628	29,591

Revenues in Europe declined because comparator figures included a one-off customer contract related to Covid-19 which has not repeated in 2021 and is not fully covered by new business in the region.

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

Revenues are disaggregated as follows:

	2021 £'000	2020 £'000
Sales of goods	165	194
Delivery of services	37,463	29,397
	37,628	29,591

Information about major customers

Two (2020: three) of the Group's customers individually account for more than 10% of total Group revenue.

These customers operate in the criminal justice sectors and account for 44% (2020: 55%) of total Group revenue.

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.

	2021 £'000	2020 £'000
Amortisation of acquired intangibles	468	771
IPO preparation costs	1,192	
National insurance on warrant exercise	1,076	–
Total adjusting operating items	2,736	771
Share-based payments expense	1,423	–
Total adjusting items and share-based payments before tax	4,159	771
Tax effect of adjusting items and share-based payments	(1,050)	–
Total adjusting items and share-based payments after tax	3,109	771

Amortisation of acquired intangibles

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

IPO preparation costs

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

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

4. Alternative performance measures continued

National insurance on warrant exercise

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

Share-based payments expense

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

5. Profit before taxation

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

	2021 £'000	2020 £'000
Research costs	1,843	1,281
Depreciation of property, plant and equipment	1,698	1,354
Depreciation of right-of-use assets	233	348
Amortisation of intangible assets	1,171	1,258
IPO preparation costs	1,192	–
National insurance on warrant exercise	1,076	–
Foreign exchange loss/(gain)	335	(213)

Auditor's remuneration:

	2021 £'000	2020 £'000
Fees payable to the Group's auditor during the year for:		
- the audit of the Company's financial statements	44	5
- the audit of the Company's subsidiaries	88	37
- other services	174	22
	306	64

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

6. Employees and Directors

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

	2021 No.	2020 No.
Management	**8**	6
Development	**33**	27
Administration	**18**	17
Sales	**16**	17
Operations	**176**	173
	251	240

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

	2021 £'000	2020 £'000
Wages and salaries	**8,235**	6,186
Social security costs	**1,706**	714
Pension contributions	**195**	162
Share-based payments expense	**1,413**	–
	11,549	7,062

Key management personnel comprise the Directors and details of their remuneration is given in the Remuneration Committee Report on pages 38 - 43.

7. Finance expenses and finance income

	2021 £'000	2020 £'000
Finance expenses		
Interest on borrowings	**32**	527
Interest on lease liabilities	**15**	31
	47	558
Finance income		
Interest receivable	**–**	8

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

8. Taxation

	2021 £'000	2020 £'000
Current tax		
For the financial year	1,457	1,721
Adjustments in respect of prior years	648	(415)
	2,105	1,306
Deferred tax		
Origination and reversal of temporary timing differences	(127)	(147)
Adjustments in respect of prior years	(83)	39
Related to share-based payments	(961)	–
	(1,171)	(108)
	934	1,198

UK corporation tax is calculated at 19% (2020: 19%) of the assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The statutory effective rate of tax for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%) as set out below.

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

	2021 £'000	2020 £'000
Profit before taxation	13,722	12,661
Tax at the attributable statutory rate of 19% (2020: 19%):	2,607	2,406
Tax effects of:		
Expenses not deductible for tax purposes	754	606
Income not allowable for tax purposes	(3)	(173)
Research and development tax credit	(312)	(315)
Patent box relief*	–	(1,067)
Change in deferred tax	(57)	3
Deferred tax not recognised	93	(150)
Double taxation relief	–	326
Overseas tax rates	472	–
Adjustment in respect of prior year	648	(415)
Share options exercised in the year	(1,655)	–
Other temporary differences	(1,370)	–
Other permanent differences	(243)	(23)
Total taxation for the year	934	1,198

* Patent box relief represents the tax effect of the reduced amount payable on profits that fall within the patent box regime.

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 and patent box reliefs.

9. Earnings per share

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

	Notes	2021 £'000	2020 £'000
Profit for the purpose of basic and diluted earnings per share being net profit attributable to equity holders of the parent		**12,788**	11,157
Adjustments for:			
Adjusting items	4	**2,736**	771
Share-based payments expense	23	**1,423**	–
Tax effect of adjusting items and share-based payments		**(1,050)**	–
Adjusted earnings		**15,897**	11,928

	2021 No. of shares	2020 No. of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**282,853,610**	274,202,600
Effect of dilutive potential ordinary shares/share options	**6,373,277**	2,428,362
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**289,226,887**	276,630,962

Basic earnings per share	2021 Pence	2020 Pence
Basic earnings per share	**4.5**	4.1
Adjustments for:		
Adjusting items	**1.0**	0.3
Share-based payments expense	**0.5**	–
Tax effect of adjusting items and share-based payments	**(0.4)**	–
Adjusted basic earnings per share	**5.6**	4.4

Diluted earnings per share	2021 Pence	2020 Pence
Diluted earnings per share	**4.4**	4.0
Adjustments for:		
Adjusting items	**1.0**	0.3
Share-based payments expense	**0.5**	–
Tax effect of adjusting items and share-based payments	**(0.4)**	–
Adjusted diluted earnings per share	**5.5**	4.3

The adjusted earnings per share has been calculated on the basis of profit before adjusting items and share-based payments, net of tax. The Directors consider that this calculation gives a better understanding of the Group's earnings per share in the current and prior year.

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

10. Goodwill

	2021 £'000	2020 £'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 LLC (acquired in September 2018) and the Rest of World operations under Buddi Limited (acquired in May 2018).

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

The Board approved the Big Technologies budget in December 2021 for the year ending 31 December 2022 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 2024. Beyond the plan period the projections are extrapolated using a terminal value with an estimated conservative long-term growth rate of 2%.

The Group uses a discount rate based on the weighted average cost of capital ('WACC'). The pre-tax WACC applied to the Buddi LLC CGU was 17.9% (2020: 20.2%) and to the Buddi Limited CGU was 15.7% (2020: 17.2%). 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 2021 or in the year ended 31 December 2020. 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 25% fall in forecast cumulative cash flows across the forecast period for each CGU. 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	Technology £'000	Development costs £'000	Total intangibles £'000
Cost					
At 1 January 2021	3,854	427	1,211	4,435	9,927
Additions	–	–	–	969	969
Disposals	–	–	(1,211)	–	(1,211)
At 31 December 2021	**3,854**	**427**	**–**	**5,404**	**9,685**
Accumulated amortisation					
At 1 January 2021	1,027	148	1,211	1,197	3,583
Charge for the year	407	61	–	703	1,171
Disposals	–	–	(1,211)	–	(1,211)
At 31 December 2021	**1,434**	**209**	**–**	**1,900**	**3,543**
Carrying amount					
At 31 December 2020	2,827	279	–	3,238	6,344
At 31 December 2021	**2,420**	**218**	**–**	**3,504**	**6,142**

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

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

	Customer relationships £'000	Brand £'000	Technology £'000	Development costs £'000	Total Intangibles £'000
Cost					
At 1 January 2020	3,854	427	1,211	3,542	9,034
Additions	–	–	–	893	893
Disposals	–	–	–	–	–
At 31 December 2020	3,854	427	1,211	4,435	9,927
Accumulated amortisation					
At 1 January 2020	620	87	908	710	2,325
Charge for the year	407	61	303	487	1,258
Disposals	–	–	–	–	–
At 31 December 2020	1,027	148	1,211	1,197	3,583
Carrying amount					
At 31 December 2019	3,234	340	303	2,832	6,709
At 31 December 2020	2,827	279	–	3,238	6,344

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

12. Property, plant and equipment

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

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

	Long-term leasehold property £'000	Plant and machinery £'000	Fixture and fittings £'000	Office equipment £'000	Other fixed assets £'000	Total £'000
Cost						
At 1 January 2020	142	251	9	146	4,510	5,058
Additions	–	24	3	52	2,168	2,247
Exchange differences	–	–	–	(1)	40	39
At 31 December 2020	142	275	12	197	6,718	7,344
Accumulated depreciation						
At 1 January 2020	124	161	7	114	3,493	3,899
Charge for the year	8	67	2	33	1,244	1,354
Exchange differences	–	1	–	(1)	29	29
At 31 December 2020	132	229	9	146	4,766	5,282
Net book value						
At 31 December 2019	18	90	2	32	1,017	1,159
At 31 December 2020	10	46	3	51	1,952	2,062

13. Right-of-use assets

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

	£'000
Cost	
As at 1 January 2020	862
Additions	204
Disposals	–
At 31 December 2020	**1,066**
Accumulated depreciation	
As at 1 January 2020	175
Charge for the year	348
Disposals	–
At 31 December 2020	**523**
Net book value	
At 31 December 2019	687
At 31 December 2020	**543**

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

13. Right-of-use assets continued

	2021 £'000	2020 £'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	218	236
One to five years	165	325
Total undiscounted cash flows	383	561
Discount	(34)	(23)
Total lease liabilities	349	538
Analysed as:		
Non-current	154	226
Current	195	312
	349	538

	2021 £'000	2020 £'000
Amounts recognised in the consolidated income statement		
Depreciation of right-of-use assets	233	348
Interest on lease liabilities	15	31

14. Interests in joint ventures

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

The Group has the following in investments in joint ventures:

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

The Group has a 50% interest in Union Temporal Sistemas Electronicos De Seguridad (UTSES) which was established in 2017 to provide electronic monitoring services to the Colombia prison service. Under IFRS 11, UTSES meets the criteria to be defined as a joint venture and is therefore accounted for under the equity method.

	£'000
As at 31 December 2020	497
Share of the loss	(5)
Distribution	(64)
Exchange movements	(65)
Exchange rate movements	363

14. Interests in joint ventures continued

Financial performance of UTSES

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

	2021 £'000	2020 £'000
Revenue	–	1,275
Cost of sales	–	(261)
Admin expenses	(10)	(87)
Loss/(profit) before tax	(10)	927
Income tax	–	–
Loss/(profit) after tax	(10)	927
Total comprehensive (expense)/income for the year	(10)	927
Group's share of (loss)/profit for the year	(5)	464
Assets	918	1,216
Liabilities	(192)	(222)
Net assets	726	994
Group's carrying value of the investment	363	497

15. Inventories

	2021 £'000	2020 £'000
Raw materials	2,381	1,452
Finished goods	698	778
	3,079	2,230

The value of inventories recognised as an expense during the year was £202,000 (2020: £787,000). During the year the amount charged as a provision against slow moving and obsolete stock was £490,000 (2020: £364,000).

16. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	3,649	2,408
Trade receivables past due	1,534	871
Less: impairment and credit loss provision	(40)	(33)
Trade receivables – net	5,143	3,246
Prepayments	277	168
Other receivables	2,812	2,706
	8,232	6,120
Due for settlement within 12 months	6,620	4,358
Due for settlement after 12 months	1,612	1,762
	8,232	6,120

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.

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

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

16. Trade and other receivables continued
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 other receivables. An ECL of £40,000 has been recognised in the year (2020: £33,000).

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

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

	2021 £'000	2020 £'000
Pound Sterling	30,587	10,651
US Dollar	11,186	5,620
Australian Dollar	3,942	1,179
Colombian Peso	1,280	341
Euro	579	165
Canadian Dollar	635	43
Other	108	–
	48,317	17,999

Net cash

	2021 £'000	2020 £'000
Cash and cash equivalents	48,317	17,999
Lease liabilities	(349)	(538)
	47,968	17,461

18. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	1,856	597
Accruals	1,632	575
Other payables	1,054	1,257
Other taxation and social security	197	316
Contract liabilities	2,785	3,771
Corporation tax payable	536	1,004
	8,060	7,520
Due for settlement within 12 months	6,875	5,545
Due for settlement after 12 months	1,185	1,975
	8,060	7,520

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.

18. Trade and other payables continued

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

	2021 £'000	2020 £'000
Short term	1,796	682
Long term	1,975	948
At beginning of year	3,771	1,630
Additions	1,284	2,580
Recognised as revenue during the year	(2,270)	(233)
Reclassified to/(from) contract assets	–	(206)
Short term	1,600	1,796
Long term	1,185	1,975
At end of year	2,785	3,771

19. Deferred tax

	2021 £'000	2020 £'000
At 1 January	(633)	(741)
Recognised in profit or loss:		
– In respect of timing differences	210	108
– In respect of deferred tax on share options	961	–
At 31 December	538	(633)

The deferred tax balance is analysed as follows:

	2021 £'000	2020 £'000
Deferred tax asset	1,039	–
Deferred tax liability	(501)	(633)
	538	(633)

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

On 3 March 2021 the Chancellor of the Exchequer announced the intention to increase the corporation tax rate from 19% to 25% effective from 1 April 2023. This has now been substantively enacted and as a result a rate change adjustment has arisen in respect of deferred tax which is expected to unwind at the higher rate of 25%.

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

20. Share capital
The allotted, called up and fully paid share capital is made up of 288,505,082 ordinary shares of £0.01 each.

	Note	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2020		2,742,026	27	21,767	21,794
At 31 December 2020		2,742,026	27	21,767	21,794
24 May 2021	(i)	271,460,574	2,715	(2,715)	–
28 July 2021	(ii)	14,272,482	143	19,475	19,618
30 September 2021	(iii)	10,000	–	3	3
16 December 2021	(iv)	20,000	–	5	5
At 31 December 2021		**288,505,082**	**2,885**	**38,535**	**41,420**

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

(ii) On 28 July 2021 the following movements occurred:

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

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

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

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
Translation reserve	Gains or losses arising on retranslation of the net assets/liabilities of the overseas operations into Sterling
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
Non-controlling interest	The equity in a subsidiary not attributable directly or indirectly to a parent

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 Sterling. The currencies giving rise to this risk are primarily the US Dollar, Australian 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 in UK Sterling against each of these currencies (with other variables held constant) is as follows:

Effect on profit after taxation/equity:	2021 increase/ (decrease) £'000	2020 increase/ (decrease) £'000
US Dollar:		
Strengthened by 10%	**(1,165)**	(990)
Weakened by 10%	**1,282**	1,210
Australian Dollar:		
Strengthened by 10%	**(659)**	(335)
Weakened by 10%	**725**	409
Colombian Peso:		
Strengthened by 10%	**(167)**	(96)
Weakened by 10%	**184**	118

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

(ii) Credit risk

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

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

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

	2021 £'000	2020 £'000
Europe	**1,147**	871
Asia-Pacific	**2,067**	1,110
Americas	**1,929**	1,265
	5,143	3,246

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

22. Financial instruments continued

(iii) Liquidity risk

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

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

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

	2021 £'000	2020 £'000
Trade payables	1,856	597
Other payables	1,054	1,257
Lease liabilities	383	561
	3,293	2,415

(iv) Capital risk management

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

(v) Classification of financial instruments

All financial instruments are categorised as follows:

	2021 £'000	2020 £'000
Financial assets		
Trade and other receivables	6,620	4,358
Cash and cash equivalents	48,317	17,999
	54,937	22,357
Financial liabilities		
Trade and other payables	6,789	5,545
Lease liabilities	349	538
	7,138	6,083

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 senior management team and staff 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. As at 31 December 2021 awards totalling 666,667 had vested but were not yet exercised.

Long Term Incentive Plan ('LTIP')

The LTIP is a discretionary long-term incentive scheme for senior managers 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 performance targets. All awards under the LTIP are nil cost.

The LTIP scheme includes conditionality in relation to both total shareholder return (TSR) and cumulative EBITDA. At the time of the issue of 2021 LTIP options we assumed that both TSR and cumulative EBITDA criteria will be met. The total estimated IFRS 2 charge for the 2021 options of £266,000 will be adjusted by the estimate of employees expected to remain in service and spread over the performance period. £37,000 of the total charge has been expensed in the year ended 31 December 2021.

Summary of movements in share options

Details of the share awards outstanding (excluding the Growth Share Plan) 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 2020	–	200,000	–	–	200,000	34.2
Options and awards granted	3,689,600	–	–	–	3,689,600	26.8
Options and awards exercised	–	–	–	–	–	–
Options and awards lapsed	(170,000)	–	–	–	(170,000)	26.8
Outstanding at 31 December 2020	3,519,600	200,000	–	–	3,719,600	27.2
Exercisable at 31 December 2020	–	200,000	–	–	200,000	34.2
Outstanding at 1 January 2021	3,519,600	200,000	–	–	3,719,600	27.2
Options and awards granted	–	–	2,000,000	143,000	2,143,000	102.7
Options and awards exercised	(403,650)	–	–	–	(403,650)	26.8
Options and awards lapsed	(150,000)	–	–	(10,000)	(160,000)	25.1
Outstanding at 31 December 2021	**2,965,950**	**200,000**	**2,000,000**	**133,000**	**5,298,950**	**57.8**
Exercisable at 31 December 2021	**–**	**200,000**	**666,667**	**–**	**866,667**	**92.5**

The awards outstanding at 31 December 2021 had a weighted average remaining contractual life of 6.1 years (2020: 9.0 years).

Of the 5,298,950 awards outstanding at 31 December 2021, 2,965,950 had an exercise price of £0.27, 200,000 had an exercise price of £0.34 and 2,000,000 had an exercise price of £1.10. Of the 3,719,600 awards outstanding at 31 December 2020, 3,519,600 had an exercise price of £0.27 and 200,000 had an exercise price of £0.34.

Notes to the consolidated financial statements continued
For the year ended 31 December 2021

23. Share-based payments continued

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

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

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

If a volatility assumption of 40% had been used in the estimation of fair value rather than 30% the total estimated IFRS 2 charge for the 2021 LTIP options of £266,000 would remain the same as would the amount expensed in the year ended 31 December 2021 of £37,000.

Growth Share Plan ('GSP')

The GSP was adopted by the Group on 21 July 2021 pursuant to which a total of 100 A Shares in Buddi Limited (a wholly owned subsidiary of the Company) were issued to Directors. The plan is intended to align the interests of the Board with those of shareholders and to incentivise delivery of growth in equity value of the Group on a long-term basis. The holders of the A Shares have the right to exchange their A Shares into shares in the Company should certain share price criteria be met, subject to the continued employment of the holders. Specific share price criteria relating to the GSP is presented in the Remuneration Committee report on page 42.

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. £995,000 of the total charge has been expensed in the year ended 31 December 2021.

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 2021 would increase from £995,000 to £1,360,000. 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 2021 would increase from £995,000 to £1,180,000.

If the probability of the three tranches of the GSP ultimately vesting at the conclusion of the scheme was increased from 33%, 25% and 20% respectively in 2021 to 33% for all three tranches the amount expensed in the year ended 31 December 2021 would increase from £995,000 to £1,280,000. If the probability of the three tranches of the GSP ultimately vesting at the conclusion of the scheme was increased from 33%, 25% and 20% respectively in 2021 to 50% for all three tranches the amount expensed in the year ended 31 December 2021 would increase from £995,000 to £1,980,000.

23. Share-based payments continued

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

	2021 £'000	2020 £'000
EMI Plan	181	–
Non-EMI Plan (Chair)	200	–
LTIP	37	–
GSP	995	–
Share-based payments charge (IFRS 2)	1,413	–
Employers' tax charge in relation to share awards	9	–
Total charge in respect of share-based payments	1,422	–

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 41.

Prior to their appointments to the Board, Simon Collins and a company that is a related party to Daren Morris provided consultancy services to the Company in relation to the July 2021 IPO. £29,000 (2020: £6,000) was paid to Simon J Collins & Associates Ltd, a company controlled by Simon Collins. £160,000 (2020: £9,000) was paid to Rockmount Financial Ltd, a company controlled by the wife of Daren Morris.

In addition to these transactions, £92,000 (2020: £84,000) 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.

As explained in note 14, the Group has a 50% interest in Union Temporal Sistemas Electronicos De Seguridad (UTSES) which was established in late 2017 to provide electronic monitoring services to the Colombia prison service and is accounted for as a joint venture using the equity method of accounting. During the year the Group made no sales to or purchases from UTSES (2020: £3,063,000 sales).

25. Ultimate controlling party

There is no ultimate controlling party.

Company statement of financial position
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Investments	3	**24,191**	22,778
Non-current assets		**24,191**	22,778
Trade and other receivables	4	**6**	185
Cash and cash equivalents		**21,030**	374
Current assets		**21,036**	559
Total assets		**45,227**	23,337
Liabilities			
Trade and other payables	5	**201**	102
Current liabilities		**201**	102
Total liabilities		**201**	102
Net assets		**45,026**	23,235
Equity			
Share capital		**2,885**	27
Share premium		**38,535**	21,767
Retained earnings		**3,606**	1,441
Total equity		**45,026**	23,235

The profit for the financial year dealt with in the financial statements of the Parent Company was £752,000 (2020: £1,429,000).

The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2022 and are signed on its behalf by:

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 2021

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	27	21,767	12	21,806
Profit for the year	–	–	1,429	1,429
Balance at 31 December 2020	27	21,767	1,441	23,235
Profit for the year	–	–	752	752
Share-based payments	–	–	1,413	1,413
Issue of shares, net of share issue costs	143	19,483	–	19,626
Bonus issue of shares	2,715	(2,715)	–	–
Balance at 31 December 2021	**2,885**	**38,535**	**3,606**	**45,026**

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 2021

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, Hertfordshire, 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 2021 the Company had net assets of £45,026,000 (2020: £23,235,000) with the main current asset being cash and cash equivalents. The Company has assessed its ongoing costs with cash generated by its subsidiaries to ensure that it can continue to settle its debts as they fall due. The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

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

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

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

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

3. Investments

	2021 £'000	2020 £'000
Subsidiary undertakings		
Brought forward	**22,778**	22,778
Additions	**1,413**	–
Carried forward	**24,191**	22,778

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

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

Name	Country of incorporation	Principal activity	Registered office
Buddi Limited	UK	Electronic monitoring services	Talbot House, 17 Church Street, Rickmansworth, Hertfordshire, WD3 1DE, UK
Buddi LLC	US	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, Hertfordshire, WD3 1DE, UK
Union Temporal Vigilancia Electronica	Colombia	Electronic monitoring services	Avenida Calle 80, 55A-13, Bogota, Colombia

4. Trade and other receivables

	2021 £'000	2020 £'000
Amounts owed by Group undertakings	**–**	185
Trade and other receivables	**6**	–
	6	185

5. Trade and other payables

	2021 £'000	2020 £'000
Corporation tax	**201**	101
Accruals and deferred income	**–**	1
	201	102

Notes to the Company financial statements continued
For the year ended 31 December 2021

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 £1,413,000 (2020: £nil) 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
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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