RNS Number : 5066F
Big Technologies PLC
25 September 2024

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

Big Technologies PLC

("the Company" or "the Group")

Unaudited interim results for the six months ended 30 June 2024

Big Technologies PLC (AIM: BIG), the leading, integrated technology platform for the remote monitoring of individuals, is pleased to announce its interim results for the six-month period to 30 June 2024 (the "period").

£m (unless otherwise stated)	H1 2024	H1 2023	FY 2023
Revenue	26.5	27.3	55.2
Gross margin (%)	70.0%	73.3%	70.7%
Statutory operating profit	2.4	8.2	16.8
Adjusted operating profit*	11.5	13.9	28.2
Adjusted EBITDA*	14.3	16.1	33.0
Adjusted EBITDA* margin (%)	54.0%	59.1%	59.8%
Cash generated from operating activities	11.2	12.4	31.7
Net cash	92.9	75.4	85.9
	Pence	**Pence**	**Pence**
Adjusted diluted earnings per share*	3.9p	4.3p	8.6p
Adjusted basic earnings per share*	4.1p	4.6p	9.2p
Statutory diluted earnings per share	1.3p	2.9p	5.7p
Statutory basic earnings per share	1.4p	3.1p	6.1p

*Before adjusting items and share-based payments.

A reconciliation to statutory measures is presented in the notes to the unaudited interim results.

Financial highlights

- A small revenue reduction of 3% in H1 2024 as a result of lower revenues in the Americas region due to the ending of a criminal justice contract in Colombia which had been subject to short-term renewals for a number of years. At constant currency, revenue would have reduced by only 1% versus H1 2023;

- High gross margin of 70.0% in H1 2024, but down by 330bps due to the revenue decline, increased depreciation as we roll-out the latest 4G technology and increased operational costs;

- Adjusted EBITDA of £14.3m in H1 2024 with adjusted EBITDA margin of 54.0%;

- Cash generated from operating activities of £11.2m in H1 2024, delivered by the robust trading performance in the period;

- Significant net cash balance of £92.9m (£94.8 million pre-lease liabilities) at 30 June 2024, underpinning a very strong balance sheet.

Operational highlights

- Early successes as a result of the Group's expanded US business development efforts starting to gain traction;

- Release of the Buddi AlcoTag, the Group's first body-worn alcohol detection technology combining proven Smart Tag technology with transdermal alcohol sensing.

- Good progress in migrating our existing installed base of electronic monitoring equipment to the latest 4G technology.

Summary and outlook

- The Group has delivered a robust financial and operational performance in the first half of the year;

- The Group remains well-positioned, with the financial flexibility to invest in new technologies, and has a clear strategy for business development and investment in target markets, where it is currently under-represented;

- Assuming no further adverse impacts caused by foreign currency fluctuations in the second half and delivering full-year revenues of circa £50 million, the Board anticipates results at the lower end of current market expectations for 2024(1);

- The electronic monitoring market remains supported by favourable tailwinds and with the Group's clear strategy and market-leading products, a return to growth is still expected in 2025 and beyond.

(1) Latest company compiled view of market expectations show adjusted EBITDA of £27.0 million to £28.3 million (stated before share-based payments and one-off legal expenses).

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

"We have continued to deliver high levels of profitability and strong cash generation despite the ending of a contract with one of our larger customers based in Colombia, which had been subject to short-term renewals for a number of years. Our expanded business development efforts in the US are starting to gain traction and will help replace the revenue from Colombia over time. We have been encouraged with the news that one of our largest US customers has entered into a new contract through until November 2030. We have also seen the return of a former customer in Latin America. We remain well-positioned, with the financial flexibility to invest in target markets where we are currently under-represented and continue to pursue value-enhancing acquisitions and partnerships. The demand for our products remains strong and we see a pipeline of attractive organic opportunities across the world which we are working hard towards securing."

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

Half Year Review

Overview

The Group has continued to deliver high levels of profitability and strong cash generation despite a small decline in revenues during the first half of 2024. The Group ended the period with a significant net cash balance of £92.9m, underpinning a very strong balance sheet.

Financial Performance

Revenue

Revenue in the first half of 2024 declined by 3% to £26.5m (H1 2023: £27.3m), driven by reduced revenues in the Americas region primarily attributable to the ending of a criminal justice contract in Colombia which had been subject to short-term renewals for a number of years. Revenues declined by 2% in the Asia-Pacific region due to adverse foreign currency movements which saw sterling strengthening against the Australian and New Zealand dollar compared with the same period in 2023. Revenues in Europe grew by 9%, reflecting an increase in revenues earned from new and existing customers in the criminal justice sector.

The majority of the Group's revenues continue to be derived from customers in the criminal justice sector, which accounts for 99% of reported revenue (H1 2023: 99%).

The Group has been impacted by adverse foreign currency movements in the period with sterling strengthening against the US dollar, Australian dollar and New Zealand dollar, some of the Group's main sales currencies. On a constant currency basis, revenue in the first half of 2024 would have been £0.6m higher than reported if exchange rates had remained the same as H1 2023.

Monthly Recurring Revenue (MRR), which is the exit run rate of monthly recuring revenue in the last month of the reporting period, was £3.9m (H1 2023: £4.4m), a decrease of 11%. The MRR figure gives the Group visibility over its future revenues derived from its long-term contracts.

Profitability

Gross profit decreased by 7% to £18.5m (H1 2023: £20.0m), with gross margin down by 330 bps to 70.0% (H1 2023: 73.3%) in most part due to the revenue decline and customer mix change, coupled with increases to operational labour costs and depreciation as the latest 4G technology is deployed.

Adjustments made to the interim financial results before tax were £9.1m (H1 2023: £5.7m) and are for the amortisation of acquired intangible assets, share-based payments and legal costs. See note 3 for further details.

Adjusted administrative expenses (defined as administrative expenses before share-based payments, amortisation of acquired intangible assets and one-off legal costs) increased from £6.1m in H1 2023 to £7.1m in H1 2024. This increase was primarily due to increased business development costs to support future growth and adverse foreign currency movements recorded on the revaluation of cash and cash equivalents held in non-sterling currencies.

Adjusted operating profit of £11.5m decreased by 18% against H1 2023, with a decrease in adjusted operating margin to 43.4% (H1 2023: 51.1%).

Finance income was £1.7m (H1 2023 £0.9m) and reflects the interest earned by the Group on its significant cash balances held in interest bearing deposit accounts and in money-market instruments.

Finance expenses increased slightly during the period due to interest recognised for newly capitalised lease liabilities.

EBITDA

Adjusted EBITDA, which provides a more consistent comparison of trading between financial periods, decreased by 11% to £14.3m (H1 2023: £16.1m), with adjusted EBITDA margin remaining strong but decreasing by 510 bps to 54.0% (H1 2023: 59.1%).

Taxation

The Group's total tax charge for the period (including deferred taxes) was £0.1m (H1 2023: £0.1m), an effective tax rate of 2.6% (H1 2023: 0.6%). The Group's tax and the effective tax rate is affected by a number of factors including the recognition of deferred tax assets in relation to share-based payments and the tax deductibility of exercised employee share awards. The Group also benefits from enhanced capital allowances, allowances for R&D expenditure and the UK Patent Box.

Current tax is charged at 29.8% for the period (H1 2023: 16.6%) representing the best estimate of the average annual effective current tax rate expected to apply for the full year, applied to the pre-tax income of the current period. The effective current tax rate is now higher (H1 2023: lower) than the current UK corporation tax rate, primarily due to the increase in legal costs which are not expected to be tax deductible.

Earnings per share

Adjusted diluted earnings per share (EPS), which excludes adjusting items and their associated tax effect as well as the dilutive impact of shares issuable in the future, was 3.9p (H1 2023: 4.3p), reflecting the underlying profitability of the Group. Adjusted basic EPS, which excludes adjusting items and their associated tax effect was 4.1p (H1 2023: 4.6p). Diluted EPS, which includes the dilutive impact of shares issuable in the future, was 1.3p (H1 2023: 2.9p). Basic EPS was 1.4p (H1 2023: 3.1p). The dilutive impact of shares issuable in the future relates to the expected settlement of the Group's employee share scheme obligations. Shares held by the Group's Employee Benefit Trust are excluded on a weighted basis from the calculation of EPS.

Cash generation

The Group increased its net cash balances (defined as cash and cash equivalents less lease liabilities) to £92.9m (H1 2023: £75.4m) at 30 June 2024.

The Group delivered solid cash flow from operations (before the payment of taxes) of £11.2m (H1 2023: £12.4m) which includes an improvement in the net working capital position compared with 30 June 2023 partly offset by reduced profits for the period. Taxation payments for the period were £1.6m (H1 2023: £1.9m).

The cash conversion rate (defined as percentage of adjusted EBITDA converted to cash from operations) improved from 77.0% to 78.0% of adjusted EBITDA.

Net cash utilised in investing activities of £0.8m (H1 2023: £1.8m) reduced due to an increase in interest received by the Group on its cash balances compared with the same period last year. The Group continued to manufacture electronic monitoring devices and invest in research and development at similar levels to the same period last year.

Cash outflows from financing activities of £1.5m (H1 2023: £0.1m) includes purchases of own shares by the Big Technologies PLC Employee Benefit Trust.

Operational performance

The Group significantly expanded its business development efforts in the US market during 2023 and begins to see early successes as a result. A number of customer accounts have been added during the first half of 2024 as the Group's efforts start to gain traction. The US market is the largest market in the world for electronic monitoring and the Group has historically been under-represented locally.

The Group remains committed to ensuring that its products maintain their competitive advantage in the criminal justice sector and continues to invest in research and development to support the future product roadmap. This roadmap includes the development of a range of technologies, which meet the growing needs of current and potential customers. Recent focus has been in the area of substance detection technologies, as well as improving and extending the range of location solutions. This has enabled the Group to provide an integrated monitoring offering for customers and future customers, which meets the majority of their current needs and requirements.

The development of the Group's first real-time alcohol detection technology, the Buddi AlcoTag, is now complete and the product is generating revenue from customers. The AlcoTag is Buddi's proven Smart Tag with the addition of transdermal alcohol sensing.

Alternative performance measures

In the analysis of the Group's financial performance and position, operating results and cash flows, alternative performance measures are presented to provide readers with additional information. The principal measures presented are adjusted measures of earnings including adjusted operating profit, adjusted EBITDA and adjusted earnings per share. See notes 3 and 5 for further details.

Research and development

Research and development (R&D) activities remain a priority for the Group to ensure its products retain their competitive advantage. Development costs of £0.5m (H1 2023: £0.5m) have been capitalised. Total R&D costs (including those charged as an expense) expressed as a percentage of adjusted administrative expenses were 21% (H1 2023: 26%).

Foreign currency exposure

The Group faces currency exposure on its foreign currency transactions and translation exposure in relation to its overseas subsidiaries and foreign currency sales. The Group maintains a natural hedge whenever possible to transactional exposure by matching the cash inflows and outflows in the respective currencies.

Foreign exchange translation has provided a headwind for revenue and profit during the period (H1 2023: lesser headwind), with sterling strengthening further against the Group's main sales currencies compared with comparative periods. The Group's forward currency exposure is currently unhedged.

Management considers that the most significant short-term foreign exchange risk for the second half of the year is to US Dollars. During July 2024, the Group exchanged a significant proportion of its existing cash and cash equivalents into US Dollars. At 31 July 2024, the Group held £74.6m worth of US Dollars.

Legal costs

The Group continues to incur costs to defend a claim filed with the High Court of Justice in England and Wales in 2023. The claim, brought by a small number of former shareholders of Buddi Limited, a subsidiary of the Company, relates to the acquisition of Buddi Limited, dating back to May 2018. The Group has taken advice from its lawyers and from King's Counsel and remains of the view that the claim lacks legal and factual merit and will continue to defend its position robustly.

During the first half of the year, the Group incurred significant costs to file a detailed defence to the claim which was filed with the court on 28 June 2024. The increase in provision and the charge for legal costs shown separately in the profit and loss account represents management's estimate of additional legal costs expected to be incurred up until 31 December 2024.

The Group continues to pursue acquisitions and partnerships in the Americas region to help accelerate its route to market and incurred costs during the period exploring possible value-enhancing opportunities.

The total charge for legal costs was £3.1m including certain costs in relation to work on potential M&A together with additional provision for the legal costs expected to be incurred up until 31 December 2024. The majority of the charge for legal costs relates to the claim.

Summary and outlook

The Group has delivered a robust financial and operational performance in the first half of the year despite the ending of a criminal justice contract in Colombia and further headwinds to revenue and adjusted profits caused by fluctuations in currency exchange rates. As stated previously in the Group's AGM Statement in May 2024, revenue is expected to be lower in the second half of the year, versus the first half of the year. The Group remains well-positioned, with the financial flexibility to invest in new technologies, and has a clear strategy for business development and investment in target markets, where it is currently under-represented. Assuming no further adverse impacts caused by foreign currency fluctuations in the second half, the Board anticipates delivering results at the lower end of current market expectations for 2024[1]. The electronic monitoring market remains supported by favourable tailwinds and with the Group's clear strategy and market-leading products, a return to growth is still expected in 2025 and beyond.

(1) *Latest company compiled view of market expectations show adjusted EBITDA of £27.0 million to £28.3 million (stated before share-based payments and one-off legal expenses).*

Sara Murray OBE	Daren Morris
Chief Executive Officer	Chief Financial Officer
24 September 2024	24 September 2024

Unaudited condensed consolidated statement of comprehensive income for the six months ended 30 June 2024

	Note	Unaudited six months ended 30 June 2024 £'000	Unaudited six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Revenue	2	26,484	27,261	55,223
Cost of sales		(7,953)	(7,270)	(16,176)
Gross profit		**18,531**	**19,991**	**39,047**
Administrative expenses		(16,126)	(11,806)	(22,246)
Other operating income		7	7	12
Operating profit		**2,412**	**8,192**	**16,813**
Analysed as:				
Adjusted EBITDA		14,314	16,107	33,005
Amortisation of acquired intangibles		(234)	(234)	(468)
Amortisation of development costs		(617)	(450)	(921)
Depreciation		(2,216)	(1,740)	(3,835)
Legal costs		(3,097)	-	-
Share-based payments charge		(5,738)	(5,491)	(10,968)
Operating profit		**2,412**	**8,192**	**16,813**
Finance income		1,702	881	2,656
Finance expenses		(71)	(25)	(95)
Profit before taxation		**4,043**	**9,048**	**19,374**
Taxation	4	(106)	(56)	(1,792)
Profit for the period		**3,937**	**8,992**	**17,582**
Other comprehensive income / (expense):				
Exchange differences on translation of foreign operations		52	(231)	(663)
Total comprehensive income for the period		**3,989**	**8,761**	**16,919**
Basic earnings per share (pence)	5	1.4p	3.1p	6.1p
Diluted earnings per share (pence)	5	1.3p	2.9p	5.7p

Unaudited condensed consolidated statement of financial position as at 30 June 2024

	Note	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	31 December 2023 £'000
Assets				
Goodwill		13,359	13,359	13,359
Acquired and other intangible assets		5,276	5,815	5,668

Property, plant and equipment		4,828	4,498	4,993
Right-of-use assets		1,772	597	1,782
Deferred tax assets		5,884	6,576	5,310
Other receivables		969	1,574	583
Non-current assets		**32,088**	**32,419**	**31,695**
Inventories		7,987	8,856	7,206
Trade and other receivables		9,150	9,192	8,328
Cash and cash equivalents	6	94,760	75,973	87,729
Current assets		**111,897**	**94,021**	**103,263**
Total assets		**143,985**	**126,440**	**134,958**
Liabilities				
Lease liabilities		304	170	274
Trade and other payables		6,347	6,465	6,146
Provisions	7	1,877	539	664
Current liabilities		**8,528**	**7,174**	**7,084**
Lease liabilities		1,573	425	1,579
Deferred tax liabilities		260	368	302
Trade and other payables		173	280	259
Non-current liabilities		**2,006**	**1,073**	**2,140**
Total liabilities		**10,534**	**8,247**	**9,224**
Net assets		**133,451**	**118,193**	**125,734**
Equity				
Share capital	8	2,907	2,905	2,907
Share premium		39,095	39,068	39,095
Employee Benefit Trust reserve		(5,785)	-	(4,276)
Other reserves		(197)	183	(249)
Retained earnings		97,431	76,037	88,257
Total equity		**133,451**	**118,193**	**125,734**

Unaudited condensed consolidated statement of changes in equity

for the six months ended 30 June 2024

	Share capital £'000	**Share premium £'000**	**EBT reserve £'000**	**Other reserves £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 January 2023	2,904	39,031	-	414	60,124	102,473
Profit for the year	-	-	-	-	17,582	17,582
Other comprehensive expense for the year	-	-	-	(663)	-	(663)
Total comprehensive income for the year	**-**	**-**	**-**	**(663)**	**17,582**	**16,919**
Share-based payments	-	-	-	-	10,951	10,951
Deferred tax on share-based payments	-	-	-	-	(400)	(400)
Issue of shares, net of share issue costs	3	64	-	-	-	67
Purchase of shares by the EBT	-	-	(4,276)	-	-	(4,276)
Balance at 31 December 2023	**2,907**	**39,095**	**(4,276)**	**(249)**	**88,257**	**125,734**
Balance at 1 January 2023	2,904	39,031	-	414	60,124	102,473
Profit for the period	-	-	-	-	8,992	8,992
Other comprehensive expense for the period	-	-	-	(231)	-	(231)
Total comprehensive income for the period	**-**	**-**	**-**	**(231)**	**8,992**	**8,761**
Share-based payments	-	-	-	-	5,467	5,467

Share-based payments					[illegible]	[illegible]
Deferred tax on share-based payments	-	-	-	-	1,454	1,454
Issue of shares, net of share issue costs	1	37	-	-	-	38
Balance at 30 June 2023	**2,905**	**39,068**	**-**	**183**	**76,037**	**118,193**
Balance at 1 January 2024	2,907	39,095	(4,276)	(249)	88,257	125,734
Profit for the period	-	-	-	-	3,937	3,937
Other comprehensive income for the period	-	-	-	52	-	52
Total comprehensive income for the period	**-**	**-**	**-**	**52**	**3,937**	**3,989**
Share-based payments	-	-	-	-	5,720	5,720
Deferred tax on share-based payments	-	-	-	-	(483)	(483)
Purchase of shares by the EBT	-	-	(1,509)	-	-	(1,509)
Balance at 30 June 2024	**2,907**	**39,095**	**(5,785)**	**(197)**	**97,431**	**133,451**

Unaudited condensed consolidated statement of cash flows

for the six months ended 30 June 2024

	Note	Unaudited six months ended 30 June 2024	Unaudited six months ended 30 June 2023	Year ended 31 December 2023
		£'000	£'000	£'000
Cash flows from operating activities				
Profit before tax		**4,043**	**9,048**	**19,374**
Adjustments for:				
Depreciation of property, plant and equipment		2,099	1,633	3,595
Depreciation of right-of-use assets		117	107	240
Amortisation of intangible assets		851	684	1,389
Impairment charges on property, plant and equipment		-	-	392
Share-based payments expense	9	5,720	5,467	10,951
Finance income		(1,703)	(881)	(2,656)
Finance expenses		71	25	95
Changes in:				
Inventories		(781)	(2,033)	(383)
Trade and other receivables		(1,264)	247	2,405
Trade and other payables		798	(1,626)	(3,518)
Provisions		1,213	(261)	(136)
Cash generated from operating activities		11,164	12,410	31,748
Taxes paid		(1,635)	(1,911)	(3,739)
Net cash flows from operating activities		**9,529**	**10,499**	**28,009**
Cash flows from investing activities				
Purchase of property, plant and equipment		(86)	(202)	(508)
Own work capitalised		(1,915)	(1,750)	(4,303)
Capitalised development costs		(458)	(499)	(1,057)
Interest received		1,703	604	2,569
Net cash used in investing activities		**(756)**	**(1,847)**	**(3,299)**

Cash flows from financing activities

Proceeds from issues of shares	8	-	39	67
Purchase of own shares		(1,509)	-	(4,276)
Repayment of lease liabilities		(142)	(125)	(240)
Interest paid		(11)	(13)	(35)
Cash flows from financing activities		**(1,662)**	**(99)**	**(4,484)**
Net increase in cash and cash equivalents		7,111	8,553	20,226
Cash and cash equivalents at the beginning of the period		87,729	67,474	67,474
Effects of exchange rate changes on cash and cash equivalents		(80)	(54)	29
Cash and cash equivalents at the end of the period	6	**94,760**	**75,973**	**87,729**

Notes to the unaudited condensed interim consolidated financial statements
For the six months ended 30 June 2024

1. General information and basis of preparation

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

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

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

The condensed interim financial statements should be read in conjunction with the Group's latest annual consolidated financial statements, for the year ended 31 December 2023.

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

The financial information provided for the six-month period ended 30 June 2024 is unaudited, however, the same accounting policies, presentation and methods of computation have been followed in these interim financial statements as those which were applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

These interim financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the most recent statutory accounts for the year ended 31 December 2023 has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

These interim financial statements were authorised for issue by the Company's board of directors on 24 September 2024.

1.1 Going concern

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

2. Segment 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:

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Europe	3,950	3,576	7,555
Asia-Pacific	15,960	16,272	32,289
Americas	6,574	7,413	15,379
	26,484	**27,261**	**55,223**

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

Revenues are disaggregated as follows:

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Sales of goods	67	38	97
Delivery of services	26,417	27,223	55,126
	26,484	**27,261**	**55,223**

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

3. Alternative performance measures

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 period.

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Amortisation of acquired intangibles	234	234	468
Legal costs	3,097	-	-
Total adjusting operating items	**3,331**	**234**	**468**
Share-based payments expense	5,738	5,491	10,968
Total adjusting items and share-based payments before tax	**9,069**	**5,725**	**11,436**
Tax effect of adjusting items and share-based payments	(1,099)	(1,446)	(2,392)
Total adjusting items and share-based payments after tax	**7,970**	**4,279**	**9,044**

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.

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.

Legal costs

These costs are excluded from the adjusted results of the Group since the costs are not considered reflective of the core trading performance of the Group. Further details on the nature of legal costs are given in the half year review commentary.

4. Taxation

Current tax is charged at 29.8% for the period (H1 2023: 16.6%) representing the best estimate of the average annual effective current tax rate expected to apply for the full year, applied to the pre-tax income of the current period.

Deferred tax recognised in the period relates to share-based payments, acquired intangible assets and fixed asset timing differences.

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Current tax			
For the financial period	1,205	1,502	3,673
Adjustments in respect of prior periods	-	-	217
	1,205	**1,502**	**3,890**
Deferred tax			
Origination and reversal of temporary timing differences	(44)	(44)	184
Related to share-based payments	(1,055)	(1,402)	(2,282)
	(1,099)	**(1,446)**	**(2,098)**
Total taxation	**106**	**56**	**1,792**

In addition to taxation recognised in the consolidated income statement, the following amounts relating to tax have been recognised directly in equity:

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Deferred tax			
Related to share-based payments	483	(1,454)	400
Total taxation recognised directly in equity	**483**	**(1,454)**	**400**

5. Earnings per share

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

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Profit for the purpose of basic and diluted earnings per share being net profit attributable to equity holders of the parent	3,937	8,992	17,582
Adjustments for:			
Adjusting items	3,331	234	468
Share-based payments expense	5,738	5,491	10,968
Tax effect of adjusting items and share-based payments	(1,099)	(1,446)	(2,392)
Adjusted earnings	**11,907**	**13,271**	**26,626**

	H1 2024 No. shares	H1 2023 No. shares	FY 2023 No. shares
Weighted average number of ordinary shares	290,650,082	290,430,303	290,531,356
Less shares held by the Employee Benefit Trust (weighted average)	(3,462,221)	-	(416,300)

Weighted average number of Ordinary shares for the purpose of basic earnings per share	287,187,861	290,430,303	290,115,056
Effect of dilutive potential Ordinary shares/share options	18,465,044	18,447,204	19,840,468
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**305,652,905**	**308,877,507**	**309,955,524**

Basic earnings per share	**H1 2024 Pence**	**H1 2023 Pence**	**FY 2023 Pence**
Basic earnings per share	1.4	3.1	6.1
Adjustments for:			
Adjusting items	1.1	0.1	0.2
Share-based payments expense	2.0	1.9	3.8
Tax effect of adjusting items and share-based payments	(0.4)	(0.5)	(0.9)
Adjusted basic earnings per share	**4.1**	**4.6**	**9.2**

Diluted earnings per share	**H1 2024 Pence**	**H1 2023 Pence**	**FY 2023 Pence**
Diluted earnings per share	1.3	2.9	5.7
Adjustments for:			
Adjusting items	1.1	0.1	0.2
Share-based payments expense	1.9	1.8	3.5
Tax effect of adjusting items and share-based payments	(0.4)	(0.5)	(0.8)
Adjusted diluted earnings per share	**3.9**	**4.3**	**8.6**

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 periods.

6. Cash and cash equivalents

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

	H1 2024 £'000	**H1 2023 £'000**	**FY 2023 £'000**
Pounds Sterling	47,705	58,353	53,831
US Dollar	9,736	4,321	6,105
Australian Dollar	21,097	6,780	13,760
New Zealand Dollar	14,113	5,250	11,420
Colombian Peso	1,017	879	1,627
Euro	252	195	438
Canadian Dollar	604	55	342
Other	236	140	206
	94,760	**75,973**	**87,729**

Management considers that the most significant short-term foreign exchange risk for the second half of the year is to US Dollars. During July 2024, the Group exchanged a significant proportion of its existing cash and cash equivalents into US Dollars. At 31 July 2024, the Group held £74,600,000 worth of US Dollars.

Net cash

Net cash comprises cash and cash equivalents and lease liabilities.

	H1 2024 £'000	**H1 2023 £'000**	**FY 2023 £'000**
Cash and cash equivalents	94,760	75,973	87,729
Lease liabilities	(1,877)	(595)	(1,853)

Lease liabilities	(1,877)	(595)	(1,853)
	92,883	**75,378**	**85,876**

7. Provisions

The movements were as follows:

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
At the start of the period	664	800	800
Charged/(credited) to profit or loss	1,600	-	278
Utilised	(387)	(261)	(414)
At the end of the period	**1,877**	**539**	**664**

8. Share capital

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

Investment in own shares

At 30 June 2024, the Company held in the Employee Benefit Trust 3,478,654 (H1 2023: nil) of its own shares with a nominal value of £34,787 (H1 2023: £nil). The Employee Benefit Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 30 June 2024 was £5,409,307 (H1 2023: £nil). In the current period, 1,500,000 (H1 2023: nil) were repurchased and transferred into the Employee Benefit Trust, with 158,650 (H1 2023: nil) reissued on exercise of share options.

9. Share-based payments

The Group has a number of equity-settled share-based payment arrangements in operation, the details of which are disclosed in note 23 on pages 89-91 of the 2023 Annual Report and Accounts. The schemes were established to reward and incentivise the senior management team and employees to deliver share price growth. The charge made in respect of share-based payments is as follows:

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Non-EMI Plan (Chair)	-	25	51
LTIP	154	125	267
Growth Share Plan	5,566	5,317	10,633
Share-based payments charge (IFRS 2)	**5,720**	**5,467**	**10,951**
Employers' tax charge in relation to share awards	18	24	17
Total charge in respect of share-based payments	**5,738**	**5,491**	**10,968**

10. Principal risks and uncertainties

The principal risks and uncertainties impacting the Group are described on pages 30-33 of the 2023 Annual Report and Accounts and remain unchanged at 30 June 2024.

They include: reliance on key customers, failure to manage growth, change in government policy, failure to develop new products, competitor actions, reliance on third-party technology and communication systems, reputational risk, dependence on partners, loss of key personnel, supply chain, product liability, foreign exchange risk, credit risk, business taxation, bid pricing\key financial terms, cyber security/business interruption, intellectual property/patents and operating in global markets.

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