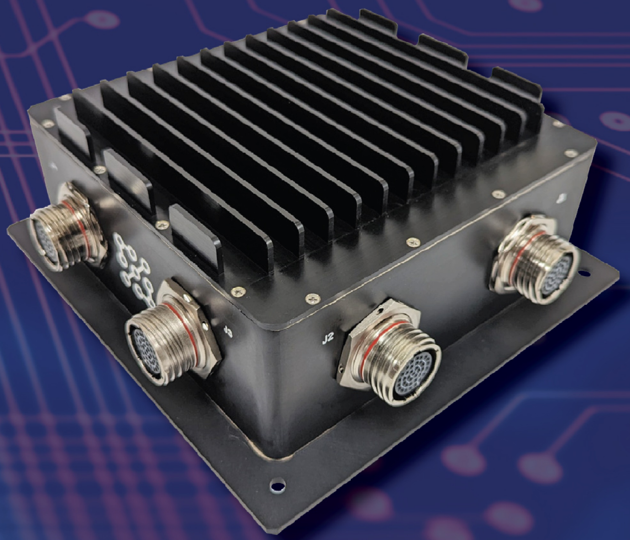
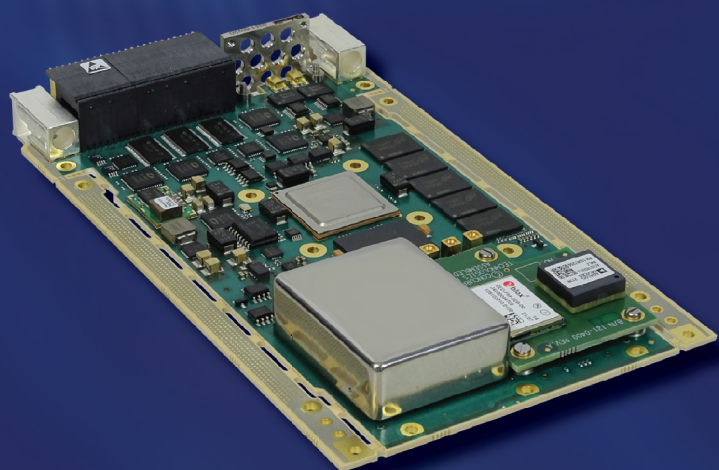
CONCURRENT TECHNOLOGIES





Report & Accounts 2022

Company Registered Number: 01919979

Corporate Overview

- Established in the UK in 1985
- Established a US subsidiary in 1986
- Listed on AIM (formerly the Alternative Investment Market) in 1996
- Designs, manufactures & sells Embedded Plug-In-Cards and Systems
- Extensive customer base, with blue chip customers and long term relationships
- Key markets: defence, telecommunications, aerospace, transportation, scientific, medical and industrial
- Sales and marketing channels in USA, many European Economic Area (EEA) countries, Israel, India, Japan, South Korea, Australia and Singapore

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CONCURRENT TECHNOLOGIES

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Business Summary

Concurrent Technologies Plc is a leading specialist in the design, manufacture and supply of innovative high-end embedded computer products for customers demanding the highest performance in challenging environments. Defence is the dominant target market, with communications, medical, scientific, and general industrial also being important domains.

The business has 38 years track record in producing a range of processor plug in cards based on chipsets from Intel's embedded product line. As a Titanium Partner to Intel the Company has early confidential access to the details of upcoming Intel products, enabling the timely launch of new products to the market. In addition to enabling customers to buy assured products that remain unmodified for many years, a key value proposition is 'hardening' these products to be suitable for the environment they are used in. Many are designed and tested to operate reliably in harsh shock and vibration environments and at temperatures from -40°C to +85°C. We increasingly sell software and firmware packages that enhance the security of the products, enables them to operate in a real-time environment, sanitizes them for re-use outside a secret area and guarantees they are operationally capable by rigorous testing.

With a refreshed Board of Directors, and a refreshed Leadership Team, there is a clear and assertive strategy to develop a broader range of products and services, in addition to processor plug in cards. These will include providing customers with cards that work with our processor boards in the same system, as well as the system itself.

This will be done by a combination of investing in organic development, through the use of partners, and by carefully considered future acquisitions. As an example of organic development in 2022, we announced our Position, Navigation and Timing plug-in card; creating a capability critical for specific and targeted use cases. Whilst not a dedicated processor plug-in card, this product does utilise ARM processor technology. An example of enhancing our offerings through partnership, we signed a reseller agreement with EIZO Rugged Solutions to embed their General Purpose Graphical Processor Units (GPGPU) within our systems offerings. Work is underway to further expand the range of products we can use in our systems offering through our own design and by using partners where appropriate.

The Company has 3 primary locations; Colchester and Theale in the UK, and Woburn MA in the USA. In-house manufacturing happens at the dedicated production facility in Colchester. All other functions and specialisms are recruited into whichever facility best suits their situation. A new and significantly upgraded premises was introduced in Theale in 2022, and recruitment of engineering, project management, finance, and commercial roles have successfully been enabled as a result. Additionally, there are a small number of remote workers in both the UK and USA.

Dr Miles Adcock who joined as Chief Executive Officer in June 2021 completed his first full year, and was joined by Kim Garrod, as Chief Financial Officer on the Board in May 2022, and he also completed the refresh of his Leadership Team with Nigel Jowitt, Engineering Director, joining the business in March 2022.

As noted above, the remit of the renewed Board is to position the business for growth, both organically and by acquisition and to this end a new Leadership Team has been formed. Headcount has increased as technical and managerial capability has been increased, and new professional functions introduced, such as HR and Commercial/Contracting. A new strategy was developed to include improved product development, progression into systems, growth in talent density, increased capacity, and a drive to increase home market (UK and USA) strategic positioning and revenues.

Product development pace and efficiency has benefitted through increased investment and improved processors and tools through 2022 in line with stated strategy, resulting in eight new product launches in 2022, vs a typical four in prior years. Pipeline and orderbook is strong, with a further exceptional year in order conversion at £31.5M, and with an improved mix whereby the majority of orders are for new or current products, vs a dominance of 'end of life' and 'last time buy' purchase orders in 2022.

The Company has also continued to progress with its move into systems capability following several key hires in 2021. We have launched three systems in 2022. Two of the systems are suitable for deployment; Hermod is a rugged switch and Helios is a rugged Vision System for applications like 360° Situational Awareness and Surveillance on a variety of defence platforms. The third system, Vulcan, allows customers to kickstart development of applications like Software Defined Radio, C5ISR and Mission Computing based on the latest generation of Concurrent Technologies rugged processor plug in cards that are designed to be deployed for many years. By speeding our customers' time to market, Vulcan also accelerates Concurrent Technologies' engagement with customers. Our systems pipeline is building with our first order being secured in FY22 (no revenue recognised in 2022 accounts), but due to the length of sales cycle, sizeable orders are not expected until beyond 2023.

Strategic Report (continued)

In 2022 qualification, of both the facility and the ability to build Concurrent products, was completed of a 3rd party build to print manufacturer in the US. This now enables marketing of product as being domestically assembled in the United States. This is important for increasing market access and revenue; and provides added capacity for growth. Additionally, in-house capacity was almost doubled by introducing a second shift at the Colchester production facility (with minimal investment), which started in October 2022.

As the strategy starts to be reflected in strengthening order intake (as below), revenue has been constrained by the challenges in securing components from the global supply chain. In 2022 this resulted in deterioration in performance compared to prior year, singularly as a result of significantly increased lead times whilst awaiting component availability. However, with a record 2022 order intake of £31.5M and a contracted backlog of £26.7M, revenue growth will certainly occur as supply chains slowly recover.

*2024 & 2025 are based on forecast projections based on current pipeline, design wins leading to future opportunities and historic performance.

The customer base continues to be well diversified with large, high quality, international businesses in multiple sectors across various geographic regions of the world.

Management have stress tested 2023 and 2024 projections to include pessimistic outcomes from the ongoing component shortages. Even in these circumstances, the Group's cash reserves of £4.5m (2021: £11.8m) are not forecast to reduce substantially, leading the Board to believe there is sufficient headroom within the Group to be confident in its future trading projections (Refer Going Concern point within Note 2).

Financial Highlights

	2022	2021 (Restated)
Revenue	£18.3m	£20.5m
Gross Profit	£8.88m	£11.43m
EBITDA	£2.1m	£4.9m
Profit before tax	£0.4m	£3.5m
Earnings per share	1.35p	3.84p
Dividend per share	0p	2.55p
Cash	£4.5m	£11.8m
Total Assets	£32.6m	£29.8m
Shareholders' Funds	£23.2m	£22.7m

The business generated Revenue for the year of £18.27m (2021: £20.45m). This converted into Gross Profit of £8.88m (2021: £11.43m) whilst the gross margin reduced to 48.6% (2021: 55.9%) reflecting the increased cost of components, created through the challenges of component supply. We issue a revised price book every 6 months (since 2022, previously once a year) to adapt our pricing accordingly. We expect prices to start to stabilise again as supply becomes more available.

Profit before tax was £0.38m (2021 restated: £3.45m). Earnings per share was 1.35 pence (2021 restated: 3.84 pence), EBITDA (measured as Operating Profit plus Depreciation and Amortisation) for the Group in 2022 was £2.11m (2021 restated: £4.94m). The performance was significantly lower than 2021 as a result of the constraint on our revenue created by the component supply challenges. We continued to invest in R&D, talented people and our strategy throughout 2022, and this, plus reduced gross profit impacted profitability. However, our backlog is at record levels with a substantial increase in 2022 order intake. Therefore, revenue will increase once supply constraints are reduced.

Long-term commitment to R&D continues, spending £4.8m in 2022 (2021: £3.5m), of which £3.7m was capitalised (2021 restated: £1.8m). Following full review of all projects, two projects totalling £0.24m have been impaired. Both were partially impaired in 2020, however on further review in 2022, a lack of future revenue stream to provide any returns to the Group became clear and full impairment was undertaken. A further £0.09m was also impaired across several small projects where future returns were not apparent**.** These products are all older products and all costs now impaired refer to historical costs.

The tax credit in 2022 of £0.6m (2021: tax charge £0.6m) is largely the result of our significant investment in R&D. The Group continues to benefit from R&D tax credits in the UK and does not anticipate being in a UK cash tax paying position whilst this incentive continues.

The Group continues to have no debt and its cash balances at the year-end were £4.5m (2021: £11.8m). The reduction in cash is a factor of reduced receipts from revenue and increased investment in line with strategy. We are confident of improvement in our cash flow in 2023 as stock unwinds (significant investment in 2022 to de-risk component challenges), and cash receipts improve from less constrained revenue. Stock grew considerably in 2022, with a closing balance of £10m (2021: £6.4m), this was as a mitigation against the component challenges, and has enabled us to be in a better position to deliver revenue in 2023. This should unwind to a normal level in 2023.

Dividend

The Board has agreed no dividend will be paid in 2022, due to the constrained performance of the business, with a low profit performance and a significantly reduced cash balance.

Operational Highlights

During 2022 the Company started shipping several new rugged plug-in card products that were based on the latest standards before competitive alternatives. This enabled the Company to capitalise on the need for next generation products in, especially, our home UK and USA markets. To augment our plug in card products, the Company introduced rugged system level products that are suitable for deployment in response to a need from key customers that are looking for application ready platforms.

Concurrent Technologies Plc continues as an Intel Titanium Partner during the year, providing the highest level of insight and product development opportunity.

Future Plans and Outlook

The new financial year of 2023 started with a healthy backlog of £26.7M reflecting in part the long-term sales pipeline the Group enjoys but also in part the willingness of our customers to order further in advance to provide the maximum opportunity to manage the supply chain to meet delivery times.

The Group will maintain its policy of investing in R&D to expand its current range of advanced technology products broadening out to include deployable systems and integration of third-party products to complement the hardware and software already developed internally.

The Board sees opportunities to grow the business organically by broadening the range of both hardware, software and systems products within its existing core markets of defence and telecommunications. In addition, the Board continues to look to recruit key individuals and skills for both succession and organic growth as well as for worldwide acquisition opportunities which would assist the Group in introducing new skills and technologies complementary and adjacent to its current product ranges. This is with the aim of increasing the Group’s potential share of the total available market.

Improved product development timescales and cadence, alongside the introduction of increased production capacity, and development of system capability, leads the Board to believe the Group is well positioned to deliver material growth in its main markets over the coming years. Short term uncertainty in supply chains will disrupt production in 2023, but the medium-term outlook is strong, with some good progress milestones achieved in 2022.

Strategic Report (continued)

Prior Year Restatement

We have made certain prior year restatements within the accounts.

1) As a result of over capitalisation in previous years an adjustment has been made to 2021 retained earnings of a £1.1m reduction, representing the reduction in capitalisation of £2.1m with a resulting reduction in accumulated amortisation of £0.7m and an overcharge to the P&L for impairment of £0.3m, resulting in a £1.1m reduction in total net book value (reduction as at 31/12/20 £1.1m, with only a minimal change in 2021).
2) An adjustment to increase the lease right of use asset and liabilities of £0.2m and depreciation of £0.1m to correct the prior position to account for the extension of the Colchester office lease and correct charges. The impact to the 2021 profit is a reduction of £23k.
3) A dilapidation provision for the Colchester office has been added, this has increased the PPE asset value and increased the provisions within the account. The P&L impact in 2021 is an additional charge of £0.02m.
4) An adjustment to the weighted average of shares for EPS has been made. This is a result of certain share options being included in the calculation incorrectly.
5) Financial instruments have been restated as the total financial liabilities at amortised cost figure was found to be erroneous, as it contained items that it should not have contained and also missed balances that should have been included.

For further detail see Note 2.

Principal Risks and Uncertainties

Like most businesses, there is a range of risks and uncertainties facing the Group and the matters described below are not intended to be an exhaustive list of all possible risks and uncertainties. These are managed accordingly, through the Companies Enterprise Risk Register.

The principal risks and uncertainties affecting the business are the following:

- The effect of legislation and other regulatory activities: The Group regularly monitors forthcoming and current legislation including Company law, environmental law, export regulations, COSSH and REACH legislation to ensure compliance with requirements. Each company within the Group is liable to pay tax in the countries in which it operates. Changes in the tax legislation in these countries could have an adverse impact on the level of tax paid on the profits generated by the Group. The technology in some of its products is sophisticated and may be subject to export control legislation, which could restrict its ability to sell in some countries. We manage this through the use of tax expert services in our home countries and have invested in specialist export control expertise to ensure we minimise our risk on export control.

- Customer risk: Revenues are largely dependent upon the ability of customers to develop and sell products that incorporate the Group's products. No assurance can be given that customers will not experience financial, technical or other difficulties that could adversely affect their operations and, in turn, the Group's results. If the customer's major programmes in developing/upgrading such end use equipment slip in time or volume, then this could cause a significant delay or reduction to our revenue.

- Commercial risk as we move into systems, is heightened for us, as the contracts will be more complex than that of SBC sales. Also, our strategic direction into partnerships and alliances also offers a different level of commercial interaction. To mitigate this we have invested in a commercial function of appropriate level to ensure we have the expertise to maximise the Company's position.

- Component shortages: the ongoing worldwide component shortages is impacting on when we can ship to customers and thereby the timing of recognising revenues. If we cannot secure 100% of components for our boards then we must delay production, delaying revenue and this results in a higher inventory holding. We are mitigating this where we can, by purchasing items as they become available, and we have invested in a professional purchasing capability to enhance our access to components. To date the Group has seen no lost/cancelled revenues as a result, just delay.

The Group has experience in managing these risks, while delivering profitability.

The Group has a strong balance sheet with good cash balances and debtor balances with major, well rated customers and as such the Board does not consider that the Group is subject to undue financial risk.

Strategic Report (continued)

Performance Monitoring

The Board monitors the Group's performance in a number of ways including key performance indicators. The key financial performance indicators together with the results for 2022 and 2021 are as follows:

	2022	2021 (restated)
Revenue	£18.3m	£20.5m
Gross Margin %	48.6%	55.9%
Profit before tax	£0.4m	£3.5m
Cash and Cash Equivalents	£4.5m	£11.8m

The Revenue indicator represents what has been delivered to customers in the year and measures sales growth or decline in value terms. Revenue for the year is 10.6% below the prior year as a result of the component shortages, which prevented some orders being shipped in the year, and therefore has constrained our revenue. We remain confident of growth once the component challenges have been removed. Our backlog is healthy at £26.7M, and orders continued strongly in year at £31.5M.

The Gross Margin percentage is calculated by dividing Gross Profit by Revenue and measures the total profitability of product sales, which has been affected by prices of components as a result of supply challenges.

Profit before tax is driven by reduced revenue and gross margin, as discussed earlier (see Financial Highlights above).

The Cash and cash equivalents indicator is the year-end balance sheet position of Cash and cash equivalents as reported in the Consolidated Balance Sheet. This indicator can be affected by the pattern of trading towards year end. The reduction is cash is in line with our strategy to continue to invest in the company during the period of constrained revenue. We have also invested heavily in stock as one mitigation against component supply, and this should unwind in 2023.

These performance indicators are measured against a budget approved by the Board.

The Board also regularly reviews the following non-financial performance indicators and is pleased to report that there were no significant matters arising during the year:

- Health and safety incidents – this is reviewed on a monthly basis. The Board review any accidents (major or minor) plus any potential risk areas. The Executive Directors report any action taken to learn from and minimise any risks, to ensure the safest environment is provided for the employees and visitors. Within the period the Group had no RIDDORS (Reporting of Injuries, Diseases & Dangerous Occurrences) and 4 minor accidents, the Group increased focus on hazard reporting and had 58 hazards reported at the end of the year, 12 of which remain open.
- Manufacturing quality – reviewing error rates and levels of warranty returns with a view to constant improvement. The Group measure against first passes at final quality audit (FQA) and during the period went from a low of 78% to a closing high of 98%. The target is 95%. For warranty the Group review returns against the warranty pool and achieved 0.08% in 2022.
- Development projects measured against project milestones and future pipeline.
- Manufacturing output measured against manufacturing plans and customer requirements including on-time delivery, performance against forecast and delivery of past due backlog to ensure maximum performance of the business. At the end of 2022 the Group is achieving acknowledged deliveries as adjusted due to component constraints and as reflected in our revenue.

Section 172(1) Statement

The Directors consider, both individually and collectively, that they have taken decisions in a manner they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders, having regard to the matters set out in s172(1)(a-f) of the Companies Act 2006:

a) The likely consequences of any decision in the long-term: the long-term success of the Group is always a key factor when making strategic decisions. The Group has entered several long-term strategic relationships with partners in 2022. This is key to our future strategies in terms of systems and key to broadening the capability we can offer. In 2022 we also invested heavily into the Sales and Business Development capability of the Group. This included an experienced 'Systems' salesperson in the US, to enable growth and prosecution of a 'Systems' pipeline. The Group expects to see material tangible results from this in 2024 and beyond. The Group also invested in a UK Sales Manager, to grow our UK home market, which is historically low revenue. This has resulted in a significant growth in our pipeline of opportunities which should start to convert in 2023 and beyond.

Section 172(1) Statement (continued)

b) The interests of the Group's employees: our employees are the main asset of the Group, and their wellbeing and development are at the heart of strategy for success. Initiatives in career progression, training, professional development, extending benefits in kind for UK employees, flexible working and greater candidate and employee engagement have continued to move the Group forward during 2022. During 2022, the Group addressed the cost-of-living crisis, by bringing forward the pay review due in January 2023 to September 2022 (this excluded the Leadership Team). Both presenting to its employees a generous award early of 6.5% and providing the lower paid of the company with an exceptional payment of £1,000 to aid them during these difficult times. This was unprompted by the employees and was well received. We will continue to monitor the situation throughout 2023, and address again if necessary.

c) The need to foster business relationships with suppliers, customer and others; the Group regularly meets with key suppliers (including the introduction of regular planning meetings with critical suppliers) and customers to review operations and explore mutually beneficial future actions. A feature of 2022 was the level of engagement with both suppliers and customers at a c-suite level. The primary mechanism for engaging with shareholders is via investor meetings and these were extended in 2022 both virtually and in person when allowed.

d) The impact of the Group's operations on the community and the environment: the impact on both the community and the environment is factored into the Group's decision-making process.

e) The Group's reputation for high standards of business conduct: integrity, both personally and professionally, is embedded in the Group's culture and is led by example by the Directors. One of the values, which we live each day by, is 'Collaborate with Candour'. This applies to all interactions with all stakeholders, including customers, suppliers, employees.

f) The need to act fairly between stakeholders of the Group: no single set of stakeholders is prioritised over other stakeholders and all decisions are made trying to be equitable to all stakeholders. Business decisions are taken across the Group for the good of the Group.

Environmental, Social and Governance (ESG) Statement

Concurrent Technologies is in the midst of a profound transformation. One way to illustrate this is in the change in our talent base. During 2022 we grew from 106 to 129 colleagues, with 52 joining the Company and 29 leaving. We have also added new key functions such as People, Commercial and Supply chain. Transformation is in progress throughout the business, whether in relation to talent, operational excellence, products and services, or governance. As such we are developing what it is that we stand for. Not just what we do, but who we are and what we care about.

Authenticity and credibility are vital elements of any ESG statement, and so as Chief Executive I have taken a very active part in the re-formulation of our statements with full engagement and input from our leadership team and wider management community. We have not sought to cover all related topics but be clear on what matters most to us at this stage of our evolution. It will grow and develop with time.

Our Values:

- Enjoy Each Day
- Collaborate with Candour
- Improve, Evolve, and Grow

Environmental

Improving the efficiency of our energy usage and reducing the amount of energy we consume matters to us. We manufacture all our board level products in our Colchester (UK) factory where our manufacturing staff need to be onsite. For those based in Colchester and at our engineering centre of excellence in Theale (UK) we have introduced a Cycle to Work and an electric car scheme to enable more energy efficient travel. During the pandemic, we introduced remote working for those staff that did not need to be in the office and we have now formalised flexible and hybrid working options for staff that are able to work remotely. Our intent is to continue to minimise the need for daily commuting noting it also has a positive effect on staff wellbeing.

By nature of what we do, we generate relatively modest amounts of waste. However, we care about the waste that we do generate, whether from our manufacturing process, or from our food and drink facilities. The packaging we use to supply all our board products is RESY 5264 approved which is very simple to recycle along with used corrugated cartons. Our WEEE waste is recycled by a secure UK based company and we use a refining company to extract any precious metals from surplus printed circuit boards and components.

Environmental (continued)

In 2022 we:

- Purchased a new Vapour Phase Soldering machine which reduces the energy consumption by 50% compared to our previous soldering machine. Modern Vapour Phase Soldering machines are very suitable for high mix, low volume circuit board production with excellent repeatability and less profiling to speed up production and minimise waste. In addition, the Vapour Phase machine is much more effective at soldering the larger processor devices that we have implemented on some recent designs.
- Totally replaced all electrical infrastructure in our factory in Colchester UK including installation of low energy LED lighting throughout. This will enable more granular monitoring of our energy consumption and hence our ability to report and manage it.
- Moved into a new facility in Theale that has motion sensitive lighting and temperature-controlled meeting rooms for lower energy consumption.
- We auctioned off all our older surplus IT equipment to our employees and donated the proceeds to the Charity Committee for distribution to their chosen good causes.

In 2023 we will continue our journey, and will be developing meaningful targets we can work towards:

- In 2023 we are in a position to measure energy consumption in a more granular way in the Colchester factory, therefore, we will be developing targets that are meaningful and that can be used to reduce energy consumption across the site e.g. targeting reduction per product shipped.
- We will be striving to reduce extraneous environmental testing of selected products to minimise energy use in test by a significant amount.
- We are in the process of bringing a critical manufacturing process in house, having installed a new machine, developed the programming capability and trained operators on how to use it effectively. This will reduce our carbon footprint by removing the need to ship most of our rugged boards to an external contractor for this process.
- Most of the smaller components we use come mounted on plastic reels which cannot be reused and therefore, we are committed to working with a local partner on how this material and other plastic waste can be more effectively recycled.
- We will look to introduce a more sustainable way to ship system level products. Shipping will currently use cardboard outer packaging and expanded foam inside for protection. As we move forward we will be looking for more easily recyclable inner packaging or a completely reusable packaging solution.

Social

Employing talented people that enjoy each day safely is at the top of our agenda.

In 2022 we joined the 5% club which is “a dynamic movement of employers committed to earn & learn as part of building and developing the workforce they need as part of a socially mobile, prosperous and cohesive nation”. In our first year we were awarded Silver status at an event of the House of Lords, recognising that we are on a path for 5% of our colleagues engaged in earn and learn schemes such as apprenticeships. In 2023 we have set our sights on more than 5% of our expanding workforce being in earn and learn schemes, which will be Gold status in the 5% club.

Diversity matters very much to me personally, in all of its forms. I have championed Equality, Diversity, and Inclusion programmes in businesses for over 20 years. It is simply a fact that diverse teams deliver better business results.

I am severely partially sighted, and as such have some personal understanding of disability in and out of the workplace. People with different abilities have also learned novel ways in which to interact with their environment, suggesting extraordinary tenacity, innovation, and determination. These are essential qualities in business, and I personally commit to us striving not only to be as accessible as possible, but also to fully embrace the uniqueness of every single colleague and stakeholder.

Of my 9 direct reports, 3 are female, all of which I have recruited since the start of my time here. Like many engineering companies, we are male dominated with only 18% of our workforce being female. We plan to significantly increase this percentage by 2025 as we continue to transition to an organisation that is more attractive to female engineers and production staff. This is a challenge we share with the academic and industrial sectors, but we will play our part in improvement. We are nevertheless a truly diverse organisation with colleagues from multiple countries in Central and Eastern Europe, the Middle East, South Africa, Asia, India and America.

Strategic Report (continued)

Social (continued)

My commitment to colleagues is that each year should be the most developmental of their career so far. To that end in conjunction with our People Director Vicki Middleton we have:

- Instilled a dynamic culture of internal promotion and redeployment.
- Introduced LinkedIn Learning for everyone.
- Joined the 5% club as a show of our commitment to increase on the job learning.
- Joined the Institute of Engineering and Technology (IET), encouraging Continuous Professional Development, and paying the subscriptions to this and other professional bodies for our employees.
- Started bi-weekly management network meetings and dedicated management training.
- Facilitated one-to-one coaching sessions for key individuals with external consultants.

For our colleagues to be able to perform at their best, their wellbeing is paramount especially when an organisation is going through transformation and change. We have actively introduced initiatives to support mental, physical, financial and social wellbeing. This year has very much been the foundation in terms of wellbeing at work, but we will continue to build on it to incorporate people's wellbeing into our culture and DNA. Examples of initiatives include:

- Trained and installed Mental Health First Aiders at our sites.
- Employed external speakers focusing on mental wellbeing.
- Implemented walking meetings.
- Updated and revamped our benefits so they are flexible. Employees can choose the ones that suit their lifestyle.
- Private medical cover available for everyone.
- Introduced Holiday Purchase (up to 5 days).
- All Employee event – this was an opportunity to bring our global company together for two days at an offsite location to cover strategy and organisational changes. More importantly it enabled people to get to know each other better and to understand how they can work successfully together.

In 2022, our employees initiated a Charity Committee with Terms of Reference for successful governance. Several events were held including Christmas jumper day, coffee mornings and cake sales to raise money for (mainly) local charities.

Governance

Please refer to the 'Corporate Governance Statement' on page 12.

By order of the Board

	Miles Adcock
M Cubitt	M Adcock
Chairman	CEO
29 June 2023	29 June 2023

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Report of the Directors

The Directors present their Report and Financial Statements of the Group (Concurrent Technologies Plc and its wholly owned subsidiaries, Concurrent Technologies Inc, Omnibyte Corporation and Concurrent Tech India Private Ltd) for the year ended 31 December 2022.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 'Reduced Disclosure Framework'). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Results and Dividends

The profit on ordinary activities after taxation for the year ended 31 December 2022 was £0.99m (2021 restated: £2.82m). Dividends have been suspended in 2022 due to low profit performance and a significantly reduced cash balance.

Future Developments

Details about future developments are set out in the Strategic Report.

Financial Risk Management

Details about financial risk management are referred to in Note 23.

Research and Development

The Group recognises the importance of investing in research and development programmes in order to maintain technical and commercial competitiveness. Expenditure on research and development of £3.7m was capitalised in the year to 31 December 2022 (2021 restated: £1.8m), in accordance with the Group accounting policy (see Note 2 to these Financial Statements).

Donations

The Group made no political or charitable donations during the year.

Substantial Shareholders

As of 31 December 2022, the following entities or persons had an interest in 3% or more of the Company's Ordinary Shares, excluding those held in Treasury.

Designation	Investor Name	Ordinary Shares of 1p each	Percentage
	The Bank of New York (Nominees) Limited	8,716,151	11.79%
	Nortrust Nominees Limited	7,409,845	10.03%
UKREITS	BNY (OCS) Nominees Limited	4,592,305	6.21%
CLTPN1	HALB Nominees Limited	4,539,635	6.14%
HURNOM	Platform Securities Nominees Limited	4,162,244	5.63%
800757	HSBC Global Custody Nominee (UK) Limited	4,012,500	5.43%
SMKTNOMS	Interactive Investor Services Nominees Limited	3,194,263	4.32%

Non-Executive Directors

Mark Cubitt, aged 59, Chairman.
Mark is a Chartered Accountant and has been the non-executive chairman of AIM listed Beeks Financial Cloud Group Plc since 2016. Previously, Mark was the CFO of Wolfson Microelectronics Plc for eight years from 2007 to 2014 and also non-executive chairman of Superglass Holdings Plc in 2015/16. He has also served as VP of Finance at Jacobs Engineering and was Finance Director of Babtie Group Ltd until the sale of the company to Jacobs Engineering in 2004, when he then took up a wider finance role within Jacobs.

Nat Edington, aged 53, Non-Executive Director.
Nat is currently CEO at Dukosi, where he has led the transformation of the business to be a technology leader in battery systems. Prior to joining Dukosi, Nat was CEO at Cambridge CMOS Sensors and was instrumental in the sale of the company to AMS AG and has also held senior roles at Wolfson Microelectronics Plc.

Executive Directors

Miles Adcock, aged 49, CEO.
Dr Miles Adcock was previously President of Space Imaging at Teledyne Technologies Inc. and held senior roles at QinetiQ Group plc, BAE Systems and GEC Marconi; he was appointed a Director and CEO of the Company in June 2021.

Brent Salgat, aged 57, President – Concurrent Technologies Inc.
Brent previously held sales management and sales positions with SBS Technologies and GE Intelligent Platforms. He became President of Concurrent Technologies Inc, in 2008 and was appointed a Director of the Company in 2020.

Kim Garrod, aged 56, CFO.
Kim previously worked for QinetiQ Group Plc (and all its predecessor organisations), in many financial roles, with the last 5 years as Finance Director of the International business. She was appointed a Director and CFO of the Company in May 2022.

Directors' Interests

The Directors set out below have held office for either the whole of the year from 1 January 2022 to 31 December 2022 or part of the year thereof. Their beneficial interests in the Ordinary Share capital of the Company on 31 December 2022 are shown below:

	1p Ordinary Shares	
	31/12/2022	**01/01/2022**
M Cubitt	20,000	20,000
M Adcock	-	-
K Garrod	-	-
N Edington	-	-
J Martin	-	-
B Salgat	-	-

CONCURRENT TECHNOLOGIES

Report of the Directors (continued)

Rotation of Directors

Mr J Martin was a director of the Company up to 21 February 2022 and Mrs K Garrod joined the Board on 9 May 2022. At each Annual General Meeting ('AGM') one third of the Directors are subject to re-appointment by rotation under the Company's Articles of Association, as are the Directors who have been appointed during the year. However, in line with best governance practice, all Directors, being eligible, will be seeking re-appointment by shareholders at the Company's forthcoming AGM.

Streamlined Energy and Carbon Reporting

As the Group does not meet the large sized threshold, the directors are not required to disclose the reporting requirements of SECR.

Officers' Insurance

The Group has purchased and maintains insurance to cover its officers against liabilities in relation to their duties to the Group.

Post Balance Sheet Events

There were no Post Balance Sheet Events to report.

Auditors

Grant Thornton UK LLP has expressed their willingness to continue in office and a Resolution will be proposed at the next Annual General Meeting for their re-appointment as auditors.

By order of the Board

Lee Bird

Cargil Management Services Limited
Company Secretary
29 June 2023

Corporate Governance Statement

The QCA Corporate Governance Code ("QCA") corporate governance standards that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board recognises that its decisions regarding strategy and risk will affect the corporate culture of the Company as a whole and in turn the performance of the Company. An integral part of the Company's activities is centred upon open and respectful dialogue with investors, whether they be individuals or corporate. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Board reviews investor engagement, public relations and health and safety performance as a routine part of every Board meeting to ensure these cultural objectives and the principles defined in QCA code principles 2 – 4, 8 and 10 are being met.

The Board meets regularly throughout the year and during 2022 there were nine full Board meetings. The table below shows the number of meetings held and the individual Director attendance, with all Directors attending respective meetings.

	Board	**Audit Committee**	**Remuneration Committee**	**Nominations Committee**
M Cubitt	9	2	3	2
N Edington	9	2	3	2
M Adcock	9	2*	3*	2*
K Garrod	5**	1*	1*	-
B Salgat	9	-	-	1*
J Martin	-	-	-	-

*By invitation

**Out of a possible seven Board Meetings

Mark Cubitt, Nat Edington, Miles Adcock and Brent Salgat remained Board members throughout the year 2022. Jonathon Martin resigned from the Board on 21 February 2022, and Kim Garrod joined the Board on 9 May 2022.

The Board understands that good corporate governance is an important factor in creating a sustainable and efficient business and considers that it does not depart from any of the principles of the QCA.

The QCA principles

Principle 1: Establish a strategy and business model which promotes long term value for shareholders.

The Group designs, manufactures, sells and supports high-end embedded computer products for use in a wide range of high-performance, long life cycle applications within the defence, telecommunications, security, telemetry, scientific and aerospace markets, including applications within extremely harsh environments. The computer products feature Intel® processors, including Intel® Core™ processors, Intel® Xeon® and Intel® Atom™ processors. The products are designed to be compliant with industry specifications and support many of today's leading embedded operating systems. The products are sold world-wide.

The Strategic Report section of our annual Report and Accounts (page 1) explains the Group's business model and strategy, including the key risks in execution and how we address those risks.

Our business model is designed to promote long-term profitable growth and cash generation. Our dividend policy remains consistent with returns based on in-year earnings and robust cash reserves. Our dividend policy and total shareholder return over the last five years are indicators of long-term value for our shareholders and will continue into the future as we invest and grow, and post navigation of worldwide component availability issues which have constrained performance in 2022.

The Group's growth strategy incorporates organic growth and market share gains together with expansion through acquisitions.

We also believe that remaining on AIM is of long-term value to our shareholders as it offers a combination of access to capital markets, flexibility to make acquisitions, incentives and rewards to Executive Directors and employees through share option schemes, and a regulatory environment appropriate to the size of the Company.

Principle 2: Seek to understand and meet shareholder needs and expectations.

The Company places a great deal of importance on communication with all shareholders. The Company engages with its shareholders through meetings, informal communications and via stock exchange announcements. Both the CEO and CFO meet formally with institutional shareholders, usually after the interim and full year results announcements, presenting Company results, articulating strategy and updating shareholders on progress. These meetings also discuss matters pertaining to business performance and governance and are used to receive shareholder feedback on any issues or concerns. The feedback received from shareholders has been supportive and positive about the Group strategy and performance.

Trading and other statements are made via the London Stock Exchange during the year. The Company holds its Annual General Meeting (AGM), at which all shareholders can attend and speak with any member of the Board. The CEO provides a business update at the AGM. At this update, shareholders are encouraged to give their views and ask questions.

Shareholders also communicate with the Company by completing an online form, emails and by telephone; we respond to their specific questions and inputs as required. Contact information is available on our website (www.gocct.com/contact-us/). Company contact details are also included in all announcements and these announcements are available on the Company website (www.gocct.com/investors/company-announcements/).

Principle 3: Consider wider stakeholder and social responsibilities and their implications for long-term success

Stakeholders other than shareholders include our employees, customers, suppliers and advisors. These are all key to our short-term and long-term success. More details are provided in the following sections about these key resources and relationships:

Employees

We are not a capital-intensive business but depend upon the skills, capabilities and flexibility of our employees, and our business model depends upon us being agile and responsive.

The ability for the Group to continue to deliver the high-quality goods and services to its customer base is heavily reliant on the staff we employ. To this end, the Group understands the importance of hiring and retaining a highly skilled workforce and keeping employee satisfaction high through several initiatives. A few examples of these initiatives are:

- competitive remuneration package including Life Insurance and Income Protection policies
- health benefits
- paid annual leave
- regular all hands meetings with direct access to Dr Miles Adcock (CEO) and the wider Leadership Team
- a defined contribution pension scheme
- share options scheme
- long-service awards

The Company has a Public Interest Disclosure Policy in place to facilitate “whistle-blowing” by employees which protects employees who report wrongdoing within the workplace. This includes the disclosure of information that relates to danger, fraud or other unethical conduct in the workplace. The aim of this Policy is to ensure that as far as possible our employees can communicate wrongdoing at work which they believe has occurred or is likely to occur.

Customers

We are committed to continually striving to improve the quality of service we deliver to our customers. As a specialist high-technology engineering company, we add value by developing and maintaining in depth understanding of our customers’ needs. In most instances long-term relationships are an important part of our culture to establish and maintain relationships of trust.

The Company has a system of monitoring customer comments to assess our performance in satisfying their requirements. Customer feedback informs our decisions on the product portfolio. In addition, we regularly meet our key customers to identify their future requirements and to put to them our ideas on future products that would provide them, and us, with improved Returns on Investment (RoI). This has enabled us to develop the world-leading engineering products we now have, and to put in place longer-term engineering plans.

Suppliers

Given the nature of our supply chain, we must keep in regular contact with key suppliers. This is to allow the Group to be actively connected to our main suppliers' high technology trends and to ensure continued component delivery to our elevated standards of quality. Supplier relationships are managed across many levels of the Group with regular communication on both strategic matters and day-to-day engagement. The Group prides itself on the longevity of many of these relationships and the key position it holds in the commercial operation of its suppliers. On the Ukraine crisis we have seen no direct impact on the supply chain, although the indirect longer-term implications are harder to assess.

Advisors

The Board maintains a regular dialogue with the Company's:

- Nominated Advisor
- Stockbrokers
- Lawyers
- Financial Advisors

These dialogues help ensure compliance with the AIM Rules, governance requirements and other rules and regulations.

Shareholders

As a publicly listed company, we must provide transparent and easy-to-understand information to ensure that all shareholders understand the Company in which they are invested. We are mandated to adhere to regulatory requirements and including:

- Regulatory News Releases on key events
- Maintaining an up-to-date website
- Annual reports and accounts posted to all shareholders
- AGMs

We maintain close relations with investors by meetings and other general communications. As noted above in Principle 2, regular feedback is obtained from shareholders.

Legislative issues

On the legislative side we ensure that we meet relevant regulatory requirements. Given the nature of our products we have in place procedures to ensure that we are compliant with the RoHS (Restriction of Hazardous Substances), COSHH (Control of Substances Hazardous to Health), DSEAAR (Dangerous Substances and Explosive Atmospheres Regulations) and GDPR (General Data Protection Regulation). In addition, the Company has a policy to maintain a "Conflict Free Material" supply chain, (as outlined in the USA's Dodd-Frank Act 2010). Data provided by our supply chain is reviewed to ensure, as much as is reasonably practicable, that our products do not contain conflict materials from conflict regions. We buy components either direct from the manufacturer or through manufacturers' authorised distributors or recognised sourcing agents.

The Group cooperates openly and fully with Government authorities and agencies. All recommendations of such authorities and agencies are implemented as soon as reasonably possible.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board has ultimate responsibility for the Group's system of internal controls and for reviewing its effectiveness. However, any such system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls that are in place, which include various policies and ISO 9001 quality systems, are appropriate for the size, complexity and risk profile of the Group.

Corporate Governance Statement (continued)

The Audit Committee, on behalf of the Board, reviews the risk environment faced by the Group on a regular basis and how the Group manages and mitigates these risks. The Board has effective risk management embedded throughout the organisation which includes approval limits, internal policies, codes of conduct, health and safety and IT controls.

The Board receives an assessment of risks from the Executive Directors. This assessment is reviewed at Board meetings. In addition, the Audit Committee also considers the quality and effectiveness of the Group's risk management procedures.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, as compared against budget are reported to the Board monthly and discussed in detail at each meeting of the Board. The Group uses a system which includes strategic planning, annual budgets, monthly reviews, KPI (Key Performance Indictors) reporting and forecast updates. Areas covered by this system include revenue, profit, working capital, capital investment and quality. On the recommendation of the Audit Committee, the Board has determined that an internal audit function is not required due to the small size of the Company's administrative function and the high level of Director review and authorisation of transactions. The Board will keep this matter under review as the Group develops.

The principal elements of the Group's internal control system include:

- close management of the day-to-day activities of the Group by the Executive Directors
- an organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks
- a comprehensive annual budgeting process producing a detailed Group profit and loss account and associated balance sheet, which is approved by the Board
- detailed monthly reporting of performance against budget
- central control over key areas such as capital expenditure authorisation and banking facilities
- extensive ISO 9001 quality system

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.

The Board is highly experienced in the markets it addresses. Through the operation of the Board and the subsidiaries' President, the Board can monitor the business and respond in a timely manner to issues and opportunities as and when they arise.

The Board considers that Mark Cubitt (Chairman) and Nat Edington, are both independent. Apart from receiving Directors' remuneration as disclosed in the Report and Accounts, neither of them receives any performance related remuneration or is entitled to participate in any share option scheme. The Chairman does own 20,000 shares which he purchased independently. There is no further pecuniary relationship. Neither Director has had in the period under review any transaction with the Company or any of its subsidiaries or its directors or senior management or associates which might in any way affect their judgement as to what is right and proper in performing their duties and responsibilities as Directors of the Company. The Board considers that the Chairman and the other non-Executive Director have both demonstrated their independence of character and judgement over the full period of their association with the Company. Neither the Chairman nor the other non-Executive Director represents the interests of any other shareholders.

Executive Directors work full time in the business and have no other outside business commitments.

All Directors retire and submit themselves for re-election at the Company's Annual General Meeting on a rotating basis and no Director can hold office for more than three years without being re-elected.

The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

Details of attendance at the Board meetings and the various Committees by Directors are available on page 12 of this report. This report also details the key experience of each Director on page 10. Between them, the Directors have substantial experience in all aspects of the business: engineering, sales, marketing, support, manufacturing, production, finance and city relations.

Principle 6: Ensure that between them the Directors have necessary up-to-date experience, skills and capabilities.

Each Board member brings a different mix of capabilities, which blend well into a successful and effective team. The Board is satisfied that, between the Directors, it has an effective balance of skills and experience. For example, specialist embedded computing technology and broad experience in sales, operations, international expansion, finance, legal, information technology and capital markets. Board members maintain their skill sets through practice in day-to-day roles, enhanced with attending specific training where required.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary.

Board composition is kept under review and the Board is committed to ensuring diversity of skills, experience and gender balance.

Biographies for each Board member are published both on the Company's website at www.gocct.com/investors/board-of-directors/ and on page 10 of this report.

The Directors receive updates from the Company Secretary and from various external advisers (including the Auditor, "NOMAD" and legal advisors) on corporate governance, accounting and regulatory issues.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The ultimate measure of the effectiveness of the Board is the Company's progress against the long-term strategy and aims of the business. This progress is reviewed in Board meetings. The review takes into consideration various criteria such as the effectiveness of the composition of the Board, the Board's approach to its work, its culture and dynamics, its structure and processes, its accessibility to information, its success in achieving its goals and the need for succession planning.

The Board is small and focused on implementing the Company's strategy. However, given the size and nature of the Company, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in the Code. However, assessment is done on an ongoing and ad-hoc basis. Assessments of all members of the Board are ongoing to ensure that:

- they are committed to the progress and long-term success of the Group
- their contribution is meaningful and effective
- they are progressing within their role
- high standards of ethics and compliance within the regulatory framework
- if relevant, they maintain their independence

Succession planning is a matter considered by the whole Board from their various points of view (risk, experience, incentivisation etc.). Primary responsibility for developing a succession planning policy currently rests with the Board but most of the responsibility has migrated to the Nominations Committee.

Succession planning processes are under review. Where possible, the Group seeks to promote staff internally but where internal promotion is not possible, the Group uses external advisors to seek appropriately qualified candidates.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.

The Board is committed to promoting a strong ethical and values driven culture throughout the Group. During 2021 the Group agreed and promoted a new Mission statement, which has been a strong common thread throughout the company in 2022:

> To excite our Customers, Colleagues and Communities.

This is supported by our Vision:

> To provide powerful Processor Solutions for your Critical Applications.

Corporate Governance Statement (continued)

At the same time our values were restated to all employees:

Improve, Evolve and Grow
- We work to improve, evolve and grow our talent and business.
- Continuous improvement is our normal.
- Performance and development is at the heart of what we do.

Collaborate with Candour
- We collaborate with feedback, internally and externally.
- We act authentically.
- We challenge the status quo.
- We have different opinions and embrace them.

Enjoy each day
- We look after our well-being which enables us to have fun at work.
- We look out for and support each other.
- We are excited to come to work.

Our values are always communicated to new employees via induction sessions, training and our employee handbook.

We understand that people need to enjoy what they do, and so we recognise those who demonstrate our values both informally and through annual staff appraisals and recognition schemes.

We see a company as a closely knit social unit with an economic output and the success of our social unit depends on the values of honesty, trust, loyalty and working together, with a healthy balance of competition and cooperation, just as in any other unit of society. We try to run our businesses this way.

The Board takes a forward-looking, proactive approach to culture within the Group to achieve a level of discipline that aids the management and oversight of risk of the business. There are several values that are important to the Group including:

- promoting a culture of respect and tolerance: team members work well together across a broad range of projects; being a team player, “honesty” and straightforwardness in the office and among employees are values that are highly regarded
- importance of the customer: the Company recognises that the business would fail without the loyalty of our customers. Overall customer satisfaction is monitored through customer satisfaction surveys, enabling us to note areas of strength and improve areas of weakness
- innovation: there is a very strong research and development theme in the Group in order to continue to develop new products and technologies for our customers

The Group has various other ethical policy and procedures, and these include:

<u>Anti-bribery and Corruption Policy</u>

The Group is committed to the prevention, deterrence and detection of fraud, bribery and all other corrupt business practices and so has an Anti-Bribery and Corruption Policy. It is the policy of the Group to conduct all of its business activities with honesty, integrity, and the highest possible ethical standards. This Policy was last updated in March 2018.

<u>Cyber risk</u>

The Group has a Network/Computer Security Policy which covers physical and cyber security of its assets, employees and information. The Group’s Security Policy is frequently reviewed, taking account of best practice and requirements in government and industry, and was recently updated in March 2023. The Company is Cyber Essential certified which demonstrates that the Company has methods in place to provide protection against a wide variety of the most common cyber-attacks. Cyber Essential is backed by the UK Government’s National Cyber Security Centre.

The Group has undertaken a full review of its requirements under the General Data Protection Regulation (GDPR), implementing appropriate policies and procedures to ensure compliance.

Corporate Governance Statement (continued)

Group-Wide Dealing Policy

The Group has a Group-Wide Dealing Policy that imposes restrictions on transactions in the Company's securities beyond those imposed by law. Its purpose is to ensure that Directors, Employees and other restricted persons do not abuse, and do not place themselves under suspicion of that, inside information that they may be thought to have, especially in periods leading up to an announcement of the Company's results.

Disaster Recovery

The Company and its subsidiary in the US have Disaster Recovery Plans in place.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.

The Board typically meets at least seven times per annum and further meetings are held by telephone as necessary. There were nine meetings in 2022. The Company Secretary also attends, and full minutes are taken. For these meetings reports are produced in relation to finance, sales, marketing, engineering and operations.

The CEO and Chairman have regular calls to discuss current issues with a wide variety of topics covered in 2022. The Chairman also has individual sessions with other directors to discuss the business.

A formal Board programme is agreed before the start of each financial year. This is structured, as far as possible, to align with the Group's annual financial programme.

A business update is made available to all Board members in advance of scheduled meetings, covering both operational and strategic matters.

The Board is responsible for the long-term performance of the Group. Specific matters are reserved for the Board. These include Group strategy, corporate and capital structures, approval of key financial matters (annual and interim results, budgets, dividend policy) and Board membership and remuneration.

The Board is supported by the Audit, Remuneration and Nomination Committees. Each Committee has access to the resources, information, and advice that it deems necessary, at the Group's expense, to enable the Committee to discharge its duties.

The Board has established the following Committees with formally designated rules and responsibilities. The majority of the members of each committee are Non-Executive Directors, The Committees are:

- Remuneration Committee: The function of this Committee is to review and recommend compensation strategies to recruit and retain Executive Board members of a sufficient calibre to deliver the Group's plan. Members are Mark Cubitt (Chairman) and Nat Edington, both of whom are independent non-Executive Directors. The Terms of Reference for this Committee can be seen at www.gocct.com/wp-content/uploads/Terms-of-Reference-for-the-Remuneration-Committee.pdf.

- Audit Committee: The function of this Committee is to review the audited financial statements and the report of the Group's appointed auditors, and to oversee the procedures relating to risk reduction. They oversee the effectiveness of resultant corrective and/or preventative measures. Members are Mark Cubitt (Chairman) and Nat Edington, both of whom are independent non-Executive Directors. The Terms of Reference for this Committee can be seen at www.gocct.com/wp-content/uploads/Terms-of-Reference-for-Audit-Committee.pdf.

- Nominations Committee: This Committee's remit is to meet as necessary to consider appointments to the Board of Directors and to co-ordinate succession planning. Members are Mark Cubitt (Chairman) and Nat Edington, both of whom are independent non-Executive Directors. The Terms of Reference for this Committee can be seen at www.gocct.com/wp-content/uploads/Terms-of-Reference-for-Nominations-Committee.pdf.

Corporate Governance Statement (continued)

The roles of the Chairman, CEO and Company Secretary are as follows:

Chairman: The Chairman has overall responsibility for corporate governance and promoting high standards throughout the Group. Leading and chairing the Board is another key responsibility by ensuring that the Committees are properly structured, quorate and have the appropriate information and resources with which to perform their functions. The Chairman is instrumental in developing strategy and setting objectives for the Group and overseeing communication between the Group and its shareholders.

CEO: the Chief Executive Officer provides leadership and management to the Group. The CEO pushes the development of objectives, strategies and performance standards whilst also overseeing and managing key risks that may be present and also keeps the Board updated on employee and other key stakeholders on relevant matters. Investor relations are another key role to ensure that communications with the Group's existing shareholders and financial institutions is maintained.

Company Secretary: The Company Secretary is responsible for providing a clear and timely information flow to the Board and its Committees and supports the Board on matters of corporate governance and risk. This role is fulfilled by Cargil Management Services Ltd. The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. In addition, they can act as a link between the Company and shareholders on matters of governance and investor relations ensuring that the Board is kept informed of their opinions.

The Board is committed to an improvement in its governance approach and aims to enhance and develop compliance with best practice as appropriate for the size of the Company.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Group communicates with shareholders through the Annual Report and Accounts, Interim Accounts, the AGM and one-to-one meetings with certain existing or potential new shareholders. A report from the Remuneration Committee is set out within the Annual Report and Accounts on page 20.

The results of the voting at the AGM held on 29 June 2022 can be seen on the Company's website at www.gocct.com/investors/agm-voting-results/. All the resolutions proposed at the last AGM passed.

The Company's website includes historic annual accounts and AGM notices for the last five years – see www.gocct.com/investors/reports-and-accounts/.

In formally adopting the Code as its governance framework, the Board has reviewed all aspects of compliance and has acted to improve disclosures on its website at /corporate-governance/.

M Cubitt
Chairman
29 June 2023

Report of the Remuneration Committee

The Remuneration Committee consists of two Non-Executive Directors: Mr M Cubitt and Mr N Edington.

Policy
In 2021 a review was carried out by the Committee looking at market data on Executive Remuneration in AIM listed Companies. A number of sources were used with the KPMG report from April 2019 largely adopted as a base model to implement within the Company for the Executive Directors. The Board has decided that it will voluntarily (as not a requirement under AIM) share a Directors remuneration report as below, in light of full transparency:

The main components of reward were set as:

- Base Salary
- Annual Bonus
- Long Term Incentive Plan (LTIP)
- Pension
- Healthcare

Base Salary
On 1 January each year the Remuneration Committee recommends to the Board the level of base salary for each Director. Reference is made where relevant to external benchmarks, although both Mr M Adcock and Mrs K Garrod were recruited externally within the last two years, so has been market tested.

Bonus
For the CEO it was determined the annual bonus was set at a maximum of 100% of base salary, split two thirds on Pre-Tax Profit and one third on Personal Objectives. The profit element was based on a gate profit where zero would be paid, rising straight line to 50% for on target profit and 100% on achieving stretch profit. Therefore, the maximum the CEO could achieve based purely on profit was two thirds of salary – 66.7%. For the Personal Objectives element of 33.3% this was based on a number of objectives with different weightings unrelated to the profit target, where it was identified strategic actions involving step change in operations were needed. Each objective is then scored at 0.0, 0.5 or 1.0 on the allocated weighting with a 33.3% bonus available if all individual objectives scored 1.0. In 2022 six individual objectives were set for the CEO.

For the other Executive Directors an identical scheme was implemented but with a maximum of 50% of base salary, split two thirds on Pre-Tax Profit and one third on Personal objectives – so 33.4% and 16.6% respectively.

For 2023 the bonus scheme has been expanded down to the Leadership Team (Direct reports of the CEO, consisting of seven members) on a similar model with a maximum bonus available of 25%, so 16.7% and 8.3% respectively on profit and personal objectives. An all staff (excluding sales team) bonus scheme based on purely profit also operates with the same gate, on target and stretch triggers, so in respect of profit performance all staff (Executives, Leadership Team and staff other than sales) are rewarded against the same targets and win or lose together.

Mr B Salgat in 2021 and 2022 participated in the US sales bonus scheme but from 2023 joins the executive scheme above. The wider Sales team has bonus targets based on regional revenue targets.

LTIP (Long Term Incentive Plan)
Also, in 2021 a new LTIP was established with the support of external legal advice where annual awards of share options are made with stretching performance conditions on EPS growth over a three year period with a gate, on target and stretch growth in EPS. The first test under these awards will be on the 2024 results. The annual awards as a % of base salary available under this scheme are:

- CEO 100%
- Other Executive Directors 50%
- Leadership Team 25%

Pension
UK based Executive Directors are entitled to be members of the Company defined contribution pension scheme, details of which are set out in Note 22 to the Financial Statements.

2022 Actual Bonus Performance
With the fall in profitability as a result of the component shortages the gate level of profitability was not achieved and therefore no payments were made in respect of this element. Bonuses were paid for Personal Objectives for the Executives and Sales for Mr B Salgat as outlined in the Remuneration Table below.

2023 Bonus Target
The scheme will operate in 2023 as outlined above with the one off addition of a Super Stretch element whereby if the component shortage reverses to such an extent all the deferred sales in 2022 are achieved in 2023, with a resultant Super Profit, then the lost bonus from 2022 can be recovered for all staff – Executives, Leadership Team and Staff. For this to trigger record revenue and profits in 2023 will require to be delivered, a challenging objective, but possible.

Directors' Emoluments

Contracts
Each Executive Director is employed by the Company under a written contract of employment which provides for termination by either party giving twelve months' written notice. For Non-Executive Directors the notice period is three months by either party. Non-executive contracts receive a base fee and do not receive any other benefits or participate in any of the Company Incentive Schemes.

Directors' Emoluments during the year ended 31 December 2022 were:

	Fees/Basic Salary	Bonus	Pension	Benefits in Kind	2022 Total	2021 Total
	£	£	£	£	£	£
Executive						
M Adcock	251,125	83,325	13,812	511	**348,773**	370,782
K Garrod *	96,774	24,998	5,323	409	**127,504**	-
B Salgat	165,132	43,403			**208,535**	193,022
J Martin **	20,833		1,563	115	**22,511**	65,285
J B Annear	-	-	-	-	**-**	213,319
D Evans-Hughes	-	-	-	-	**-**	158,180
Non-executive						
M Cubitt	52,275	-	-	-	**52,275**	51,000
N Edington	30,750	-	-	-	**30,750**	8,068
C M Thomson	-	-	-	-	**-**	14,750
Total	616,889	151,726	20,697	1,035	**790,347**	1,074,406

* K Garrod joined the Board on 9 May 2022

** J Martin resigned from the Board on 21 February 2022

Share Options

The company operates both a historic EMI and new LTIP option schemes. Details of the Schemes are set out in Note 26 to the Financial Statements. The Board of the Company administers the Scheme, delegates to the Remuneration Committee, which has the authority to offer options to a limited number of employees. Detailed below are all outstanding share awards to Executive Directors.

Report of the Remuneration Committee (continued)

Interests of the Directors in the Share Option Scheme

The interests of the Directors in the Share Option Scheme and Long Term Incentive Scheme during the year were as follows:

Director	Number of Shares under option at 31/12/21	New Awards	Options Exercised	Lapsed	Number of Shares under option at 31/12/22	Exercise Price	Date from which Share Option is Exercisable	Expiry date of Share Option
M Adcock	267,739	-	-	-	267,739	93.5p	02-Jun-24	21-Jun-31
M Adcock	288,235	-	-	-	288,235	1.0p	01-Jan-25	23-Nov-31
M Adcock	-	326,136	-	-	326,136	1.0p	01-Jan-26	27-Oct-36
B Salgat	150,000	-	-	-	150,000	48.5p	26-Mar-18	26-Mar-25
B Salgat	10,000	-		10,000	-	39.0p	01-Oct-15	01-Oct-22
B Salgat	100,000	-	-	-	100,000	101.5p	14-Oct-23	14-Oct-30
B Salgat	82,789	-	-	-	82,789	1.0p	01-Jan-25	21-Nov-31
B Salgat	-	114,377	-	-	114,377	1.0p	01-Jan-26	27-Oct-36
K Garrod	-	153,061	-	-	153,061	1.0p	01-Jan-25	09-May-35
K Garrod	-	97,403	-	-	97,403	1.0p	01-Jan-26	27-Oct-36

The market price of the Company's shares as at the end of the financial year was 72.0p and the range of published market prices during the year was 66.5p to 96.0p.

M Cubitt
Chairman of the Remuneration Committee
29 June 2023

Report of the Audit Committee

The Audit Committee is chaired by Mark Cubitt and includes Nat Edington from the Board.

The Committee met twice in relation to the financial year ended 31 December 2022 to review progress on the audit and approve the annual accounts. In addition to standing items on the agenda, the Committee:

- received and considered, as part of the review of the annual financial statements, reports from the Auditor in respect of the audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach to be adopted by the Auditor to address and conclude upon key estimates and other key audit areas, the basis on which the Auditor assesses materiality, the terms of engagement for the Auditor and an on-going review of the impact of future accounting developments for the Group;

- considered the Annual Report and Accounts in the context of being fair, balanced and understandable.

- considered the effectiveness and independence of the external audit.

- reviewed the enhanced audit report.

Significant areas considered by the Audit Committee in relation to the 2022 financial statements are set out below:

Areas of estimates	**Matter Considered and Role of the Committee**
Impairment of Intangible R&D	During the year ended 31 December 2022 the Committee considered the impairment assessment prepared by management and critically assessed the inputs such as a consideration of the reasonableness of discount rates applied and reviewing forecasts through into individual R&D product projections.
Prior Year Restatement	The Committee reviewed the adjustment for over capitalisation and all its impacts, which has over recorded profit for several years resulting in a £1.1m adjustment to prior year retained earnings at 31 December 2021. The policy and process for capitalisation has been in place for many years, however, it has been accepted that the process is incorrect, and this has now been rectified in 2022 and going forward. An additional prior year restatement has been made in relation to the extension of the Colchester lease (2018) by 2 years which had not been accounted for previously. Dilapidations have now been included in prior period for Colchester which previously had not been accounted for. EPS has been restated in 2021 due to a number of share options being included in the calculation incorrectly. Financial instruments have been restated as the total financial liabilities at amortised cost figure was found to be erroneous, as it contained items that it should not have contained and also missed balances which should have been included.

Independence and Objectivity of the Auditor

The Committee continues to monitor the work of the Auditor to ensure that the Auditor's objectivity and independence is not compromised by it undertaking inappropriate non-audit work.

Non-Audit Fees

The Committee approves all non-audit work commissioned from the external auditors. During the year the fees paid to the Auditor were £232,443 for Group and subsidiary audit and £6,026 for tax compliance services.

Other Matters

The Committee is authorised to seek any information it requires from any Group employee in order to perform its duties. The Committee can obtain, at the Group's expense, outside legal or other professional advice on any matters within its terms of reference. The Committee may call any member of staff to be questioned at a meeting of the Committee as and when required.

Report of the Audit Committee (continued)

Reporting Responsibilities

The Committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required. The Committee ensures that it gives due consideration to laws and regulations, AIM rules, the QCA Corporate Governance Code and any other applicable rules as appropriate. The Committee also oversees any investigation of activities which are within its terms of reference. The Audit Committee operates within agreed terms of reference in accordance with the Group's Financial Position and Prospects.

M Cubitt
Chairman of the Audit Committee
29 June 2023

Independent auditor’s report to the members of Concurrent Technologies plc

Qualified Opinion

Our opinion on the financial statements is qualified

We have audited the financial statements of Concurrent Technologies plc (the ‘parent company’) and its subsidiaries (the ‘Group’) for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and 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 UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the matter described in the basis for qualified opinion section of our report, 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 2022 and of the Group’s profit for the year 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 qualified opinion

In the prior period, management determined that the Group’s other payables were overstated by £289,000 due to an entry made to correct for an error on consolidation dating back to before 2019. Management amended this by means of a prior period adjustment to opening balances as at 1 January 2021. Management was unable to provide sufficient appropriate audit evidence to support the write back of the Group other payable and the correct period this adjustment related to. Consequently, we were unable to determine whether any adjustment to this amount at 1 January 2021 was necessary or whether there was any consequential effect on the balance as at 1 January 2022.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the parent company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

Our evaluation of the directors’ assessment of the Group’s and the parent company’s ability to continue to adopt the going concern basis of accounting included:

- Obtaining management’s assessment of going concern and supporting information which covers the going concern period to 30 June 2024, including budgets and cash flow forecasts. We evaluated how the budget and forecasts were compiled, and assessed their accuracy by validating the appropriateness of underlying assumptions including seeking external data to support the assumptions made, and determining the mathematical accuracy of the model used;

- We sought support for key assumptions used by management and any external data that either supported or contradicted the assumptions made. This included reviewing the order backlog, agreeing a sample of this to relevant support, as well as inspecting external industry reports which discussed factors such as the easing of the global components shortage;

- Assessing the accuracy of management's forecasting process by comparing past forecasts to actual results, and comparing post year end actual results to budget to determine whether forecasts are in line with those results or if there were any indicators of forecasts being unreliable;

- Reviewing the funding arrangements in place to assess whether there is sufficient headroom in place to cover the cash flow requirements during the period to 30 June 2024;

- Reviewing the sensitivity analysis and reverse stress test on the forecasts prepared by management to determine how those scenarios could impact the Group and parent company, their likelihood, and what mitigations are available to management should they occur; and

- Assessing the adequacy of going concern disclosures included within the financial statements.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the parent company's business model including effects arising from macro-economic uncertainties such as rising inflation and challenges within the global supply chain, particularly in relation to certain components utilised in the Group's operations. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the parent company's financial resources or ability to continue operations over the going concern period.

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.

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 the 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.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £165,000, which represents 0.9% of the Group's revenue.

Parent company: £121,000, which represents 0.7% of the parent company's revenue, which was capped to ensure sufficient testing was performed to support the Group opinion.

Key audit matters were identified as:

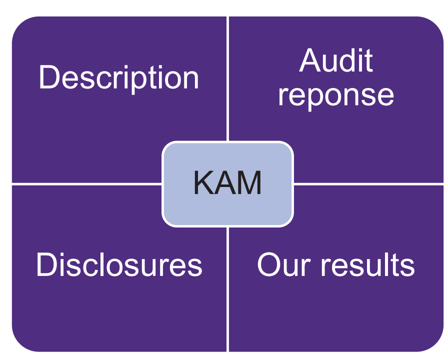
- Impairment of intangible assets related to capitalised development costs (same as previous year). This year we have pinpointed this risk to key assumptions included within management's assessments for projects with impairment indicators, whereas last year the risk covered impairment of capitalised development costs more generally.
- Capitalisation of intangible development costs (new). This was included in the current year after the identification of a change in risk factor which resulted in a prior period restatement.

We performed an audit of the financial information using component materiality (full-scope audit procedures) of the parent company Concurrent Technologies plc, and its subsidiary Concurrent Technologies Inc, which were both identified as significant components. We also performed an audit of one or more classes of transactions, account balances or disclosures (specific-scope audit procedures) on the financial information of Concurrent Tech India Private Ltd. We determined that audit procedures should be performed on a material cash balance within this component to ensure sufficient testing coverage of the Group's cash balance. Therefore, specific procedures have been performed on this component in the current year as opposed to analytical procedures only in prior year.

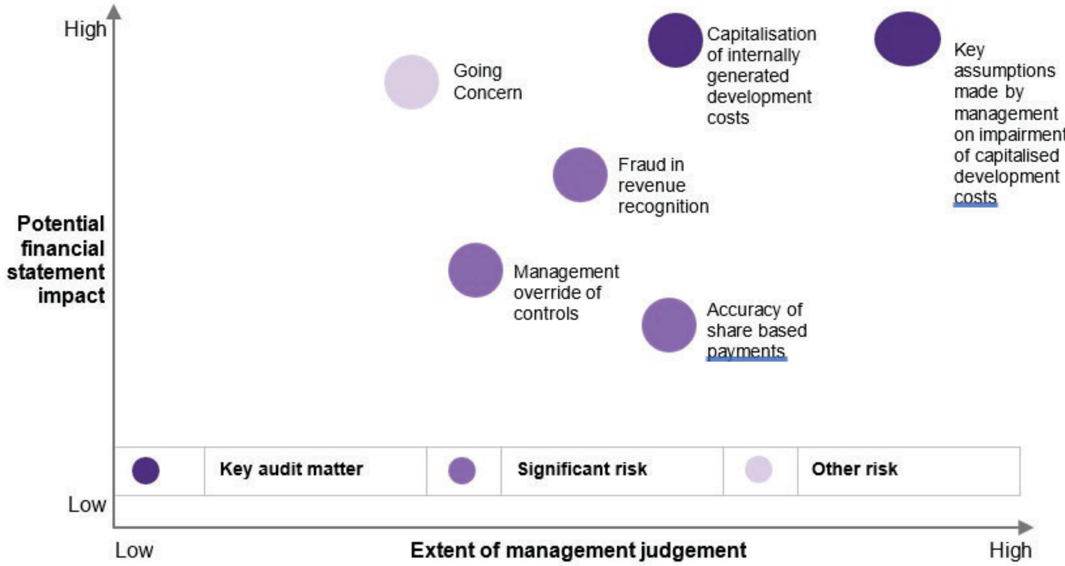
In aggregate, our audit procedures covered 100% of the Group's revenue, 99% of the Group's total assets and 100% of the Group's profit before tax.

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 that 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.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



In addition to the matter described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter – Group and parent company	How our scope addressed the matter – Group and parent company
Impairment of intangible assets related to the capitalised development costs We identified the impairment of intangible assets related to capitalised development costs as one of the most significant assessed risks of material misstatement due to error. Our risk is in relation to projects with impairment indicators and specifically those key assumptions within management's impairment calculations. Capitalised development project costs amount to a significant balance at £8,583,605 (2021 restated: £6,317,600), and there is a risk that the carrying value exceeds the recoverable value. Management have performed an assessment of whether impairment indicators exist for capitalised development costs in accordance with International Accounting Standard ('IAS') 36 'Impairment of Assets'. An impairment review, including a discounted cash flow model containing management's assumptions, is prepared by management for each project where these indicators exist in order to assess whether an impairment should be recorded. Management apply judgement in respect of this impairment review and the calculation of any resultant impairment provision at the balance sheet date. The impairment review and calculation comprises an inherent uncertainty in forecasting and discounting future cash flows, which increases the opportunity for error and management bias.	**In responding to the key audit matter, we performed the following audit procedures:** • performed procedures over the design and effectiveness of controls in relation to the intangibles capitalisation and impairment assessment processes; • assessed whether the accounting policies adopted were in accordance with the requirements of IAS 36; • tested the mathematical accuracy of the model; • for projects identified by management as having indicators of impairment, we obtained management's impairment assessment and critically assessed the key inputs included with reference to supporting data such as confirmed orders and the unconfirmed sales pipeline; • challenged management and corroborated explanations provided by management with non-finance personnel where appropriate as well as considering the appropriateness of discount rates applied (which will include consulting with our own internal specialists), and sensitivity analyses performed by both management and by the audit team; and • challenged management around historical sales cycles to assess whether the proportion

Key Audit Matter – Group and parent company	How our scope addressed the matter – Group and parent company
	of sales of products was typically spread throughout their useful lives, to assess whether confirmed initial sales provided sufficient evidence that the carrying values would be recovered through future sales.

Relevant disclosures in the Annual Report and Accounts 2022
• Financial statements:
  ○ Note 2, Accounting policy – Impairment of property, plant and equipment and intangible assets
  ○ Note 2, Key judgements and estimates – Development costs
  ○ Note 12, Intangible assets; and
  ○ Audit committee report: Significant areas considered by the Audit Committee
	Our results
	Our audit testing did not identify material misstatements relating to the impairment of intangible assets arising from capitalised development costs.

Capitalisation of internally generated development costs We identified capitalisation of internally generated development costs as one of the most significant assessed risks of material misstatement due to fraud and error. The carrying value of capitalised development costs is £8,583,605 (2021 restated: £6,317,600) with additions in the period of £3,687,351 (2021 restated: £1,815,963). Management capitalise significant amounts of cost in relation to the development of new products. The process for capitalising these costs under IAS 38 'Intangible Assets' can involve complexity and management judgement. The assessment around which costs are eligible for capitalisation and meet the criteria allowable under the standard can result in error. We identified an increased risk factor around this area while performing our work related to the appropriateness of costs to be capitalised in line with the standard, which resulted in a material prior period adjustment being identified. This risk factor was determined by the engagement team to require a change to our initial risk assessment, resulting in this being considered a significant risk and a key audit matter.	**In responding to the key audit matter**, we performed the following audit procedures: • performed procedures over the design and effectiveness of controls in relation to the intangibles capitalisation process; • assessed whether the accounting policies adopted were in accordance with the requirements of IAS 38; • tested the mathematical accuracy of the workings; • challenged the appropriateness of a sample of projects and whether these met the criteria to be capitalised under IAS 38; • agreed a sample of costs capitalised into supporting documentation to ensure these costs were directly attributable and had been accurately capitalised; • challenged and assessed management's workings related to the prior period restatement, including the logic, accuracy and completeness of those calculations; • assessed whether the disclosures of the prior year restatement were in line with IAS 8.

Relevant disclosures in the Annual Report and Accounts 2022
• Financial statements:
  ○ Note 2, Accounting policy – Intangible assets – Development costs;
  ○ Note 2, Key judgements and estimates – Development costs;
  ○ Note 2, Prior year restatement;
  ○ Note 12, Intangible assets; and
• Audit committee report: Significant areas considered by the Audit Committee
	Our results
	Based on our audit work, we are satisfied that the amounts capitalised in the current year and the restated carrying value of development costs are appropriate and in line with IAS 38.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

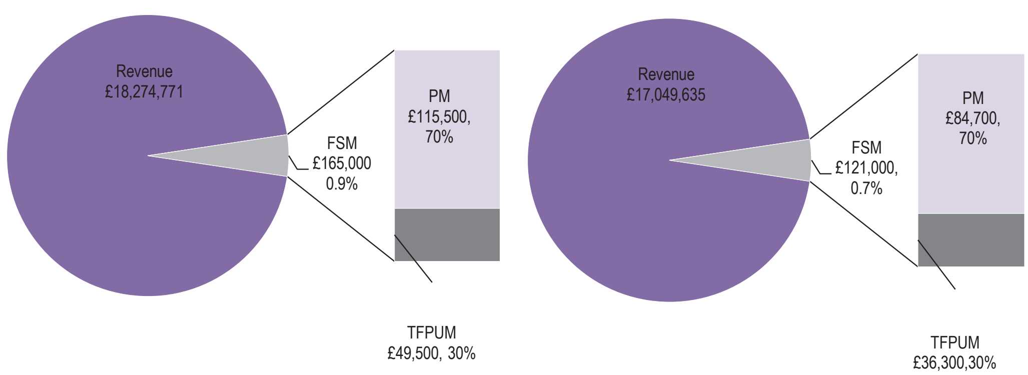
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£165,000, which is 0.9% of the Group's revenue.	£121,000, which represents 0.7% of the parent company's revenue, which was capped to ensure sufficient testing was performed to support the Group opinion.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • This benchmark is considered to the be the most appropriate due to the reduced profitability observed in the current year, meaning a profit-based measure would have resulted in a materiality level that was lower than would reasonably be expected by users of the financial statements. Revenue is a key performance measure for users of the financial statements and provides a better indication of the performance of the Group during the year. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2021 to reflect the Group's expected break-even position and lower revenue generated in the current year.	In determining materiality, we made the following significant judgements: • This benchmark is considered to the be the most appropriate due to the reduced profitability observed in the current year, meaning a profit-based measure would have resulted in a materiality level that was lower than would reasonably be expected by users of the financial statements. Revenue is a key performance measure for users of the financial statements and provides a better indication of the performance of the parent company during the year. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2021 to reflect the parent's company's reduced profitability and lower revenue generated in the current year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£115,500, which is 70% of financial statement materiality.	£84,700, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements which resulted in performance materiality set at 70%:	In determining performance materiality, we made the following significant judgements which resulted in performance materiality set at 70%:

Materiality measure	Group	Parent company
	• Significant deficiencies noted and the individual value of audit adjustments in the prior year The measurement percentage of 70% is lower than that applied in the prior year, reflecting our assessment of risk regarding the internal control environment of the Group and based on our knowledge from prior audits.	• Significant deficiencies noted and the individual value of audit adjustments in the prior year The measurement percentage of 70% is lower than that applied in the prior year, reflecting our assessment of risk regarding the internal control environment of the parent company and based on our knowledge from prior audits.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' Emoluments and transactions with directors	We determined a lower level of specific materiality for the following areas: • Directors' Emoluments and transactions with directors
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£8,250 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£6,100 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group

Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- We obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level;
- The centralised finance function is based in the UK, however the Group has subsidiaries in the US and India. We performed a risk assessment on the overseas subsidiaries, obtained an understanding of the operations of each component and tailored our risk assessment accordingly;
- All of the procedures were performed from the group's headquarters in Colchester, United Kingdom as that is where the majority of the Group's accounting records are kept; and
- In assessing the risk of material misstatement of the Group financial statements, we considered the transactions undertaken by each component and therefore where the focus of our work was required.

Identifying significant components

- We considered the size and risk profile of each component, any changes in the business and other factors when determining the level of work to be performed on the financial information of each component. The significance of each component was determined based on a percentage of the Group's total revenue and profit before tax; and
- We determined components to be considered as significant where the percentage of that balance was above 15% of the Group's total balance excluding any balances eliminated on consolidation.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- An audit of the financial information using component materiality ("full scope audit procedures") was performed on the financial information of the parent company, Concurrent Technologies Plc and its subsidiary Concurrent Technologies Inc;
- An audit of one or more account balances, classes of transactions or disclosures ("specific-scope audit procedures") was performed on the financial information of the subsidiary, Concurrent Tech India Private Ltd, specifically to ensure that all material cash at bank balances had been sufficiently tested; and
- We identified impairment of intangible assets related to development costs and capitalisation of internally generated development costs as key audit matters and the procedures performed in respect of these have been included in the key audit matters section of our report. These key audit matters related to both the Group and the parent company.

Performance of our audit

- All audit procedures were performed by the Group engagement team, and we did not engage with any component auditors;
- In total our full scope and specific-scope audit procedures covered 100% of the Group's revenue, 99% of the Group's total assets and 100% of the Group's profit before tax; and
- The audit was performed by a combination of onsite and remote audit procedures.

Changes in approach from previous period

- The subsidiary in India has been subject to specific-scope audit procedures as opposed to analytical procedures in the prior year due to its material cash balance.

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage PBT
Full-scope audit	2	99%	100%	100%
Specific-scope audit	1	1%	0%	0%

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the 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 report of the directors.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and the Group and the industry in which they operate through our general commercial and sector experience. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards, the Companies Act 2006, the AIM Rules for Companies, the Quoted Companies Alliance (QCA) Corporate Governance Code and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters, data security and protection and the use of substances in the development of products;

- We obtained an understanding of how the parent company and the Group are complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board meeting minutes and minutes of Audit Committee meetings;

- We also obtained an understanding of the Group's and parent company's control environment, including the policies and procedures implemented to comply with regulatory requirements, including the adequacy of the training to inform staff of changes in legislation, internal review procedures and resources available to ensure that potential breaches of requirements are appropriately investigated and reported;

- We inquired of management and the Audit Committee as to whether they had knowledge of actual, suspected or alleged fraud. We corroborated this through our audit testing relating to the risk of management override of controls and significant estimates and judgements. We also inquired of management and the Audit Committee as to whether they were aware of any instances of non-compliance with laws and regulations. We corroborated this through our review of professional fees incurred during the year;

- In assessing the risk of material misstatement, we obtained an understanding of the operations of the Group and the parent company, including the different revenue streams in order to understand the classes of transactions, account balances, expected disclosures and risk areas.

- We assessed the susceptibility of the parent company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:

  - identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;

  - challenging assumptions and judgements made by management in making its significant accounting estimates including consulting with our internal specialists where appropriate;

  - identifying and testing journal entries, in particular journals with an impact on revenue outside of our expectations; and

  - assessing the extent of compliance with certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements.

- We also completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements;

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;

  - knowledge of the industry in which the Group and the parent company operate; and

  - Understanding the legal and regulatory requirements specific to the Group and the parent company.

- Our communications with management and the Audit committee in respect of non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition;

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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

James Andersen
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
30/6/2023

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	**Year to 31 December 2022**	**Year to 31 December 2021 (restated)**
		£	**£**
Revenue	*3*	18,274,771	20,450,453
Cost of sales		(9,397,449)	(9,016,878)
Gross profit		8,877,322	11,433,575
Administrative expenses		(8,390,682)	(7,896,155)
Operating profit	*4*	486,640	3,537,420
Finance costs		(104,505)	(84,746)
Finance income	*5*	546	1,880
Profit before tax		382,681	3,454,554
Tax	*6*	604,344	(638,421)
Profit for the year		987,025	2,816,133
Other Comprehensive Income			
Amounts which may be reclassified to profit or loss			
Exchange differences on translating foreign operations		69,463	23,894
Other Comprehensive Income for the year, net of tax		69,463	23,894
Total Comprehensive Income for the year		1,056,488	2,840,027
Profit for the period attributable to:			
Equity holders of the parent		987,025	2,816,133
Total Comprehensive Income attributable to:			
Equity holders of the parent		1,056,488	2,840,027
Earnings per share			
Basic earnings per share	*8*	1.35p	3.84p
Diluted earnings per share	*8*	1.35p	3.84p

All operations were continuing within the year.

This statement should be read in conjunction with accompanying notes.

Consolidated Balance Sheet

For the year ended 31 December 2022

		31 December 2022	31 December 2021 Restated	31 December 2020 Restated
		£	£	£
ASSETS				
Non-current assets				
Intangible assets	*12*	8,807,290	6,621,166	6,124,291
Property, plant and equipment	*11*	2,685,107	1,618,463	1,922,991
Deferred tax assets	*13*	350,753	24,139	112,532
		11,843,150	8,263,768	8,159,814
Current assets				
Inventories	*15*	10,090,437	6,425,436	5,533,574
Trade and other receivables	*16*	5,439,912	2,988,633	2,356,157
Current tax assets		762,545	258,622	232,988
Cash and cash equivalents		4,512,720	11,839,758	11,765,974
		20,805,614	21,512,449	19,888,693
Total assets		32,648,764	29,776,217	28,048,507
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	*13*	2,126,588	1,873,249	1,236,321
Trade and other payables	*17*	1,257,820	805,481	909,101
Long term provisions	*19*	304,336	223,940	213,792
		3,688,744	2,902,670	2,359,214
Current liabilities				
Trade and other payables	*17*	5,765,262	4,169,672	3,832,367
Short term provisions	*19*	18,256	19,300	16,354
Current tax liabilities		-	4,817	26,504
		5,783,518	4,193,789	3,875,225
Total liabilities		**9,472,262**	**7,096,459**	**6,234,439**
Net assets		23,176,502	22,679,758	21,814,068
EQUITY				
Capital and reserves				
Share capital	*21*	739,000	739,000	739,000
Share premium account		3,699,105	3,699,105	3,699,105
Capital redemption reserve		256,976	256,976	256,976
Cumulative translation reserve		(27,936)	(97,399)	(121,293)
Profit and loss account		18,509,357	18,082,076	17,240,280
Equity attributable to equity holders of the parent		**23,176,502**	**22,679,758**	**21,814,068**
Total equity		**23,176,502**	**22,679,758**	**21,814,068**

This statement should be read in conjunction with accompanying notes.

Consolidated Balance Sheet (continued)

Company Registered Number: 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 June 2023 and signed on its behalf by:

M Cubitt	**M Adcock**
Chairman	CEO

Company Balance Sheet

For the year ended 31 December 2022

	Note	31 December 2022 £	31 December 2021 Restated £	31 December 2020 Restated £
ASSETS				
Non-current assets				
Intangible assets	*12*	8,807,290	6,621,166	6,124,291
Property, plant and equipment	*11*	2,628,501	1,545,513	1,796,129
Deferred tax assets	*13*	350,753	24,139	112,532
Investments		1,446,952	1,395,302	1,390,516
		13,233,496	9,586,120	9,423,468
Current assets				
Inventories	*15*	10,090,437	6,425,436	5,533,574
Trade and other receivables	*16*	5,870,077	3,237,758	2,398,318
Current tax assets		703,087	223,511	202,028
Cash and cash equivalents		1,704,517	9,418,188	9,271,606
		18,368,118	19,304,893	17,405,526
Total assets		31,601,614	28,891,013	26,828,994
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	*13*	2,178,634	1,815,715	1,198,476
Trade and other payables	*17*	1,211,405	744,452	834,274
Long term provisions	*19*	304,336	223,940	213,792
		3,694,375	2,784,107	2,246,542
Current liabilities				
Trade and other payables	*17*	5,171,306	3,899,122	3,210,006
Short term provisions	*19*	18,256	19,300	16,354
Current tax liabilities		-	-	
		5,189,562	3,918,422	3,226,360
Total liabilities		**8,883,937**	**6,702,529**	**5,472,902**
Net assets		22,717,677	22,188,484	21,356,092
EQUITY				
Capital and reserves				
Share capital	*21*	739,000	739,000	739,000
Share premium account		3,699,105	3,699,105	3,699,105
Capital redemption reserve		256,976	256,976	256,976
Profit and loss account		18,022,596	17,493,403	16,661,011
Equity attributable to equity holders of the parent		**22,717,677**	**22,188,484**	**21,356,092**
Total equity		**22,717,677**	**22,188,484**	**21,356,092**

This statement should be read in conjunction with accompanying notes.

Company Balance Sheet (continued)

The Company has taken advantage of section 408 to not include its own profit and loss.

The Parent Company profit for the year was £1,086,850 (2021 restated: £3,660,142).

Company Registered Number: 01919979.

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 June 2023 and signed on its behalf by:

Miles Adcock

M Cubitt
Chairman

M Adcock
CEO

Consolidated Cash Flow Statement

	Year to 31 December 2022 £	Year to 31 December 2021 (restated) £
Cash flows from operating activities		
Profit before tax for the period	382,681	3,454,554
Adjustments for:		
Finance income	(546)	(1,880)
Finance costs	104,505	84,746
Depreciation	422,047	294,132
Amortisation	1,197,972	1,111,300
Impairment loss	327,526	509,955
Loss on disposal of property, plant and equipment (PPE)	-	27,401
Share-based payment	219,363	12,963
Exchange differences	82,384	46,623
(Increase) in inventories	(3,665,001)	(891,862)
(Increase) in trade and other receivables	(2,451,279)	(632,476)
Increase in trade and other payables	2,222,123	354,297
Cash generated from operations	(1,158,225)	4,369,753
Tax received / (paid)	267,884	(40,274)
Net cash generated from operating activities	(890,341)	4,329,479
Cash flows from investing activities		
Interest received	546	1,880
Purchases of property, plant and equipment (PPE)	(1,480,394)	(185,878)
Sale of property, plant and equipment (PPE)	-	1,500
Capitalisation of development costs and purchases of intangible assets	(3,711,617)	(1,950,245)
Net cash used in investing activities	(5,191,465)	(2,132,743)
Cash flows from financing activities		
Equity dividends paid	(1,027,088)	(1,907,447)
Repayment of leasing liabilities	(94,842)	(107,519)
Interest paid	(104,505)	(84,746)
Sale of treasury shares	2,425	-
Net cash used in financing activities	(1,224,010)	(2,099,712)
Effects of exchange rate changes on cash and cash equivalents	(21,222)	(23,240)
Net (decrease)/increase in cash	(7,327,038)	73,784
Cash at beginning of period	11,839,758	11,765,974
Cash at the end of the period	4,512,720	11,839,758

This statement should be read in conjunction with accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital	Share premium	Capital Redemption reserve	Cumulative Translation reserve	Profit and loss account (restated)	Total Equity (restated)
	£	£	£	£	£	£
Balance at 1 January 2021 (as previously stated)	739,000	3,699,105	256,976	(121,293)	18,271,819	22,845,607
Impact of prior period adjustments	-	-	-	-	(1,031,539)	(1,031,539)
Balance at 1 January 2021 (restated)	739,000	3,699,105	256,976	(121,293)	17,240,280	21,814,068
Profit for the period (restated)	-	-	-	-	2,816,133	2,816,133
Exchange differences on translating foreign operations	-	-	-	23,894	-	23,894
Total comprehensive income for the period (restated)	-	-	-	23,894	2,816,133	2,840,027
Share-based payment	-	-	-	-	12,963	12,963
Deferred tax on share based payment	-	-	-	-	(79,852)	(79,852)
Dividends paid	-	-	-	-	(1,907,447)	(1,907,447)
Balance at 31 December 2021 (restated)	739,000	3,699,105	256,976	(97,399)	18,082,077	22,679,759
As at 31 December 2021 (reported)	739,000	3,699,105	256,976	(97,399)	19,142,917	23,740,599
Prior year adjustment	-	-	-	-	(1,060,841)	(1,060,841)
Balance at 31 December 2021 (restated)	739,000	3,699,105	256,976	(97,399)	18,082,076	22,679,758
Profit for the period	-	-	-	-	987,025	987,025
Exchange differences on translating foreign operations	-	-	-	69,463	-	69,463
Total comprehensive income for the period	-	-	-	69,463	987,025	1,056,488
Share-based payment	-	-	-	-	219,363	219,363
Deferred tax on share based payment	-	-	-	-	245,555	245,555
Dividends paid	-	-	-	-	(1,027,088)	(1,027,088)
Sale/Purchase of treasury shares	-	-	-	-	2,425	2,425
Balance at 31 December 2022	739,000	3,699,105	256,976	(27,936)	18,509,357	23,176,502

This statement should be read in conjunction with accompanying notes.

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital	Share premium	Capital redemption reserve	Profit and loss account (restated)	Total Equity (restated)
	£	£	£	£	£
Balance at 1 January 2021 (as previously stated)	739,000	3,699,105	256,976	17,692,550	22,387,631
Impact of prior period adjustments	-	-	-	1,031,539	1,031,539
Balance at 1 January 2021 (restated)	739,000	3,699,105	256,976	16,661,011	21,356,092
Total profit and comprehensive income for the period (restated)	-	-	-	2,808,875	2,808,875
Share-based payment	-	-	-	10,816	10,816
Deferred tax on share based payment	-	-	-	(79,852)	(79,852)
Dividends paid	-	-	-	(1,907,447)	(1,907,447)
Adjusted Balance at 31 December 2021 (restated)	739,000	3,699,105	256,976	17,493,403	22,188,484
As at 31 December 2021 (reported)	739,000	3,699,105	256,976	18,554,244	23,249,325
Prior year adjustment	-	-	-	(1,060,841)	(1,060,841)
Balance as at 31 December 2021 (restated)	739,000	3,699,105	256,976	17,493,403	22,188,484
Total profit and comprehensive income for the period	-	-	-	1,086,851	1,086,851
Share-based payment	-	-	-	221,450	221,450
Deferred tax on share based payment	-	-	-	245,555	245,555
Dividends paid	-	-	-	(1,027,088)	(1,027,088)
Sale/Purchase of treasury shares	-	-	-	2,425	2,425
Balance at 31 December 2022	739,000	3,699,105	256,976	18,022,596	22,717,677

This statement should be read in conjunction with accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2022

Note 1 GENERAL INFORMATION

The principal activity of Concurrent Technologies Plc ('the Company') and its subsidiaries (together 'the Group') is the design, development, manufacture and marketing of single board computers for system integrators and original equipment manufacturers.

Concurrent Technologies Plc is the Group's ultimate Parent Company. It is incorporated and domiciled in the United Kingdom. Concurrent Technologies Plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The Group's financial statements are presented in pounds sterling (£), which is also the functional currency of the Parent Company. They have been approved for issue by the Board of Directors on 29 June 2023.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are for the year ended 31 December 2022. They have been prepared in accordance with UK-Adopted International Accounting Standards and with the requirements of the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

International Financial Reporting Standards issued but not yet effective

New and revised IFRSs in issue but not yet effective and have not been adopted by the Group. At the date of authorisation of these financial statements, the following standards and amendments have been issued but are not yet effective and have no material impact on the Group's financial statements:

- Narrow Scope Amendments to IAS 1 and IAS 8
- Amendment to IAS 12 – Deferred Tax
- Amendment to IAS 1 – Non-current liabilities
- Amendment to IFRS 16 – Leases in sale and leaseback
- IFRS 17 (including the June 2020 Amendments to IFRS 17) – Insurance Contracts

Changes in significant accounting policies

There have been no changes in the year to significant accounting policies in the period.

The Parent Company has relied on the exemption conferred by s408 of the Companies Act 2006 in not publishing its own profit and loss account. The Parent Company retained profit for the year was £1,086,850 (2021 restated: £3,660,142).

The policies set out below have been consistently applied to all the years presented, except where stated.

Basis of presentation

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements. The Group has elected to present the 'Income Statement' and 'Statement of Other Comprehensive Income' in one statement.

There has been a change in the basis of presentation from UK-adopted International Accounting Standards to FRS 101 for the parent company information. This has been done using the Adapted format of the Balance sheet. Disclosure exemptions taken include; no cashflow statement for the company, reduced disclosures for financial instruments, financial risk management, related party transactions, share based payment, key management personnel and other relevant IFRS 15 disclosures.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern

The Directors have reviewed the approved budget and projections sensitised for different scenarios through to June 2024, considering general and specific market conditions, status of suppliers, liquidity and funding requirements and the needs of subsidiary companies.

Particular attention has been paid to the impact of the global supply chain issues. The rising energy prices and the Ukraine crisis has had minimal impact on the Company, and as such has been considered but is not seen as material. The Directors have assessed the viability of the Group using extreme assumptions to reverse stress test the cash forecast. Assumptions include extreme reduction in sales; decrease in gross margin and reduced reduction in stock levels (as anticipated in 2023). Additionally, within these scenarios we have excluded any potential beneficial impacts such as tighter management of working capital and cost reduction measures. These have been excluded to retain headroom in the forecast and to provide a worst expected case scenario. The forecast is that significant cash balances remain within the Group and there is no borrowing requirement leaving the Directors confident that the Group will be able to meet its obligations and as such, there is no material uncertainty over the going concern assumption.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns.

The acquisition method views a business combination from the perspective of the combining entity that is identified as the acquirer. The acquirer recognises the assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised by the acquiree, where recognition criteria are met. Measurement of these items is generally at fair value at acquisition date. The measurement of the acquirer's assets and liabilities is not affected by the transaction, nor are any additional assets or liabilities of the acquirer recognised as a result of the transaction, because they are not the subjects of the transaction. All subsidiaries are 100% wholly owned and are fully controlled by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is recognised by the Group using the 5 step process outlined in IFRS 15:

- Identifying a contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when the performance obligations are satisfied

The Group's principal source of revenue is from the sale of single board computers and associated products (which could include software products which are required by the customer to be added to the boards sold, for example security software). Revenue from the sale of products, including any added software (this is so interlinked with the SBC that they are considered one performance obligation under IFRS 15), is recognised when the Group satisfies its performance obligations by transferring the promised goods to its customers. Control is considered to transfer, at the point in time, the customer takes undisputed responsibility for the goods at a point in time. This depends on the terms and conditions of sale with the customer. There are three main terms for delivery; 1) On delivery terms being the Group are responsible for the goods until delivered at the stated delivery address under the contract. 2) Free on Board contract terms means the goods remain the Group's responsibility until they are placed on board the vehicle for shipping with export duty being the Group's responsibility as well. The customer is responsible post this point. 3) Ex-works contract terms, where the customer is responsible from the point the goods leave the factory, often, under control of the customer's defined shipping arrangement.

The Group provides a basic warranty on its products but does offer customers the opportunity to purchase an extended warranty of one, two or three years for their boards. As the customer has the option of purchasing the additional warranty separately, this is accounted for as a separate performance obligation under IFRS15 where the Group will repair or replace faulty boards at no additional charge to the customer. Contract liabilities on these extended warranties is recognised and released to income over the warranty period until the performance obligation is satisfied. During the 12 months to 31 December 2022, £73,779 was released to Profit and Loss.

Revenue for Systems contracts was nil for 2022 accounts. Systems revenue will be an element of 2023 accounts, as first order received in 2022. Revenue will be recognised over time based on the stage of completion of the relevant performance obligations, and will be dependent on the conditions of each specific contract.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued) For our single board business, invoices are raised on despatch and payment terms are usually 30 days from date of invoice. For the systems business, payment terms will be based on negotiations and will include pro-forma and 30 day payment terms but will be subject to negotiated positions.

Cost of Sales Cost of Sales consists of external purchases and stock used on delivering specific contracts, plus the direct manpower (predominantly manufacturing) related to the fulfilment of the specific contracts and direct ancillary costs such as shipping.

Administrative expenses This includes all non-direct costs (e.g. general overheads such as rent, rates, sales and indirect functions.) This also includes non-direct engineering expenses.

Foreign currencies The functional and presentational currency of the Company is pounds sterling (GBP). Transactions in currencies other than the functional currency of the individual entities within the Group are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into pounds sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Foreign Exchange differences arising for intercompany transactions are charged within profit and loss. Income and expenses have been translated into GBP at the rates of exchange prevailing on the dates of the transactions over the reporting period. In line with IAS 21, an average rate is used for the period unless exchange rates fluctuate significantly and then the weighted average rate is used. Exchange differences are charged/credited to other comprehensive income and recognised in the cumulative translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate.

Inventories Inventories are stated at the lower of cost and net realisable value on a first in first out basis. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value represents the estimated selling price after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state into a finished condition. Provision is made where necessary for obsolete, slow moving or defective inventories.

Leases A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group; the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and the Group has the right to direct the use of the identified asset throughout the period of use.

At lease commencement the Group recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost and initial direct costs incurred by the Group. The right of use asset is then depreciated on a straight-line basis over the term of the lease or the estimated useful life of the asset if shorter. At commencement date the Group measures the lease liability at the present value of the future lease payments, discounted using the Group’s incremental borrowing rate.

The Group has elected to account for short-term leases and leases of low value assets using the recognition exemptions and payments in relation to these are recognised as an expense in the appropriate period.

Right of use assets have been included in property, plant and equipment and the corresponding lease liability included in trade and other payables. Detailed lease liability information is included in Notes 17 and 20.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant, and equipment is stated at original historical cost, net of depreciation and any provision for impairment. Depreciation is charged so as to write off the cost of assets together with any cost directly attributable with bringing the asset into use, less estimated residual value, on a straight-line basis over their estimated useful lives in accordance with the table below:

Plant and machinery	5 - 15 years on a straight-line basis
Fixtures, fittings, and equipment	3 - 7 years on a straight-line basis
Computer equipment	3 - 5 years on a straight-line basis
Improvements to short leasehold property	5 - 10 years on a straight-line basis

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

The residual values and useful economic lives of property, plant and equipment are reviewed annually.

Intangible assets

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

Research costs

Research costs are charged directly to operating expense in the statement of comprehensive income as incurred.

Development costs

Development costs are capitalised as intangible assets if the asset can be separately identified; it is in the control of the Group; future economic benefits will accrue to Group; it is technically feasible, the Group has adequate resources to complete the development of the asset and the costs can be reliably determined.

Capitalised development costs comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management, including development-related overheads. Amortisation commences upon completion of the development or when the asset becomes available for commercial production. Capitalised development costs are amortised on a straight-line basis, over the estimated product life which is generally five to seven years. The asset will be reviewed annually for indicators of impairment and whenever indicators suggest that the carrying amount may not be recovered throughout the period in which it is being used, the asset will be subject to a full impairment review. All intangible assets, including those not yet available for use, will be reviewed for indicators of impairment.

All other development costs are recorded under operating expense in the statement of comprehensive income in the period they are incurred. The table below shows products with a NBV of £500k or more:

Product	NBV	Remaining Amortisation Period
Board A	925,239	82 months
Board B	813,049	84 months
Board C	540,570	84 months

Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of hardware, are capitalised at cost and amortised over their useful lives of three to seven years.

The carrying values of intangible assets with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

The recoverable amount of the asset will be used as for all other intangible assets (e.g. backlog and pipeline opportunities), except where the asset does not generate independent cashflows i.e. additional software packages sold as an add on to a board.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of property, plant and equipment, and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows (using both backlog and weighted pipeline) are discounted (8.4% rate used) to their present value. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as a credit to expenses immediately.

Taxation

Current tax is the tax currently payable based on taxable profit for the year. Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

The tax expense for the period 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 also recognised in other comprehensive income or directly in equity, respectively.

The Group takes advantage of the Small & Medium Enterprise tax scheme in respect of R&D tax credits. These are included in the taxation line and are accounted for on a receivable basis. This means that the Group applies certain assumptions based on previous R&D claims and any changes to the business and applicable legislation to record a credit through profit or loss and an associated receivable on the balance sheet in the accounting period in question.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year-end date.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Financial Assets

Financial assets are held at amortised cost if the assets are held with the objective to collect contractual cash flows and where the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition at transaction price being the amount of consideration that is unconditional, receivable balances are measured at amortised cost using the effective interest method, less loss allowance for expected credit losses. The Group's cash and cash equivalents, other financial assets (fixed term deposits), trade and most other receivables fall into this category of financial instruments.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

(i) Financial liabilities
Trade and other payables are not interest bearing and are initially recognised at fair value plus transaction costs directly attributable to their acquisition and then subsequently measured at amortised cost.

(ii) Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value plus transaction costs directly attributable to their acquisition and subsequently measured at amortised cost using the effective interest method. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Investments in subsidiaries Investments in subsidiaries, as reported in the Parent Company financial statements, are included at cost less provision for impairment.

Finance Income Finance income comprises interest income accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable.

Dividends Dividends to the Company’s shareholders are recognised as a liability and deducted from shareholders’ equity in the period in which the shareholders’ right to receive payment is established.

Employee benefits

Retirement benefits
The Company operates a defined contribution retirement benefit plan. The cost of the defined contribution plan is charged to operating expenses in the statement of comprehensive income on the basis of contributions payable by the Company during the year.

Share-based payments
The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. In the consolidated Financial Statements, the fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares which will eventually vest, together with a corresponding increase in equity. In the Financial Statements of the Company, equity-settled share-based payments issued to employees of the Company are treated in the same manner as in the consolidated Financial Statements. Equity settled share-based payments issued to employees of subsidiary undertakings are treated in the Financial Statements of the Company as an increase in investment in subsidiary companies, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest.

Fair value is measured by use of a binomial option pricing model and has been adjusted for the estimated effect of non-transferability, exercise restrictions and behavioural considerations.

For options that have non-market vesting conditions such as EPS growth, the award has been valued using a Black-Scholes Model. This type of model is typically used where no market conditions are associated with the awards.

Options granted from November 2021 have been valued using the Black-Scholes Model. Option pre-November 2021 used the binomial option pricing model.

Treasury shares The Company’s shares which have been purchased and not cancelled are held as treasury shares and deducted from shareholders’ equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the shares.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves

Share premium account represents the difference between the price received on the sale of shares and their par value.

Capital redemption reserve arose from the purchase of shares and represents their nominal value.

Cumulative translation reserve arises from the consolidation of foreign subsidiaries.

Share Capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and share-based payments less treasury shares held at the balance sheet date.

Provisions

Provisions are recognised when present obligations resulting from a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Provisions reported are for non-purchased warranties (all additional purchased warranties are accounted for under contract liabilities. The obligation under IFRS15 is for the Group to repair or replace faulty boards at no additional charge to the customer.

EPS

Basic earnings per share is calculated by dividing the profit attributable to the owners of Concurrent Technologies Plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Key judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Estimates
The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of creating a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Development costs
To substantiate the carrying value of the capitalised development costs, management have applied the criteria of IAS 36 'Impairment of Assets' and have projected the future economic benefits. Reviewing against current backlog and estimated weighted, (based on probability factors, predominantly driven by stage of the opportunity), future pipeline opportunities, which will be achieved from this investment using an estimated useful life of 7 years. Management considers the review to be sufficiently robust regarding reasonable movements in discount rates (current rate used 8.4%).

A 1% increase in the discount rate would not lead to a material increase in impairment, so therefore, the discount rate is not considered to be the key source of estimation uncertainty, but it is the assumptions made around conversion of future sales that is key to the estimate. Where indicators exist, management then record judgement-based impairment charges which consider project specific technical issues, customer feedback, opportunity for product substitution and other market factors. Estimation uncertainty relates to assumptions about future results.

Inventory
A change to the estimate of the stock provision was made by management within the current year. Inventory with no movement in 3 or more years is now provided for rather than the previous estimate of no movement in 7 or more years.

R&D Tax Credits
The Group takes advantage of the Small & Medium Enterprise tax scheme in respect of R&D tax credits. These are included in the taxation line and are accounted for on a receivable basis. This means that the Group applies certain assumptions based on previous R&D claims and any changes to the business and applicable legislation to record a credit through profit or loss and an associated receivable on the balance sheet in the accounting period in question.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key judgements and estimates (continued)

Judgements

Judgement is required when distinguishing the research and development phases of new projects and determining whether the recognition requirements for capitalisation of the development costs are met. Research covers pre solution options often through feasibility studies of various technologies. Development is the application of research findings or other knowledge to plan or design for the production of new or substantially improved products before the start of commercial production. Development costs are capitalised as an intangible asset if all the following criteria are met; the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; the asset will generate future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally; the availability of adequate technical, financial and other resources to complete the development and to use or sell it; and the ability to measure reliably the expenditure attributable to the intangible asset.

Prior Year Restatement

Capitalisation

It was identified that the capitalised development costs policy has included elements of indirect development expenditure that should have been expensed in year rather than capitalised and amortised over five to seven years. A review of this policy has been carried out to assess the impact on both retained earnings at the beginning of the comparative period, and on the balances in that comparative period. All adjustments affect Group and Company to the same level.

The closing 2020 Balance Sheet has been restated by an amount of £1,081,290 to reduce capitalised development costs by this amount. This comprises:

	£
Development costs over capitalised	(1,898,495)
Amortisation avoided	584,093
Impairment avoided	233,112
Net impact on shareholders' fund	(1,081,290)

The closing 2020 balance sheet has been restated and included with the above figures.

The impact in the 2021 accounts would be an increase in profits of £9,928 as the avoided amortisation and impairment costs exceed the amount of development costs as follows:

	£
Development costs over capitalised	(174,284)
Amortisation avoided	123,355
Impairment avoided	60,857
Net impact on shareholders' fund	(9,928)

The impact therefore on the closing 2021 Balance Sheet is a cumulative reduction in capitalised development costs of £1,071,362 and retained earnings of £1,071,362. The 2021 Balance Sheet has been restated by these amounts.

Leases

It was also identified that the Colchester office lease extension had not been accounted for correctly in prior years. This has now been rectified in these accounts. The prior year impact of this is an increase in liability of £208,330, with an asset increase of £126,448 and an impact on the retained earnings of a reduction of £81,882.

EPS Restatement

In prior year share options were incorrectly included in the calculation of the diluted EPS understating its value. This was incorrect, as it was identified that the options were not dilutive and therefore should not have been taken into account in the calculation. See below for detail of recalculated shared used for EPS.

Intangibles

A prior year restatement has been included to move £539,185 within intangibles from other (software) to development costs. This has occurred due to incorrect classification in 2021.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Restatement (continued)

Dilapidations

A prior year restatement has been included to include a provision for the Colchester office for dilapidation which previously hadn't been accounted for. This had an impact on retained earnings for 2021 of (£15,754), for 2022 of (£15,506) and an impact of (£117,503) for pre-2020.

Financial instruments

A prior year restatement has been made as the total financial liabilities at amortised cost figure was found to be erroneous, as it contained items that it should not have contained and also missed balances that should have been included.

Cashflow

The prior year cashflow has been restated to account for the prior year adjustments. The overall cash position has remained the same but within the cashflow statement the following lines have been restated; profit before tax, finance costs, depreciation, amortisation, impairment, payables, capitalisation of development costs, repayment of lease liabilities and interest paid.

Please see below summary details of all prior period adjustments. Please note that these adjustments reflect both Parent and Group, the impact for both is identical, the restatement for the Group is shown below, with the restated Parent company figures shown in the relevant note references.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Note 12 - Capitalisation – restated due to costs being incorrectly capitalised in prior periods

	2021	2020	Pre 2020
Original Opening Development Costs NBV	7,187,658	7,982,896	
Restated Opening Development Costs NBV	6,106,368	6,688,041	
Original Additions to Development Costs	1,451,062	1,879,476	9,107,477
Restated Additions to Development Costs	1,815,963	1,689,691	7,398,767
Impact	(364,901)	189,785	1,708,710
Original Amortisation of Development Costs in the Period	(1,218,131)	(1,786,135)	(5,807,466)
Restated Amortisation of Development Costs in the Period	(1,094,776)	(1,530,959)	(5,478,549)
Impact	(123,355)	(255,176)	(328,917)
Original Impairment of Development Costs in the Period	(570,812)	(888,579)	(1,573,057)
Restated Impairment of Development Costs in the Period	(509,955)	(740,415)	(1,488,109)
Impact	(60,857)	(148,164)	(84,948)
Original Closing Development Costs NBV	6,849,777	7,187,658	
Restated Closing Development Costs NBV	6,317,600	6,106,368	
Original Other Intangibles Additions	673,467		
Restated Other Intangibles Additions	134,282		
Impact	(539,185)		
Original Closing Other Intangibles NBV	842,751		
Restated Closing Other Intangibles NBV	303,566		
Impact	(539,185)		
P&L Impact	**9,928**	**213,555**	**(1,294,845)**
Cumulative Retained Earnings Impact	**(1,071,362)**	**(1,081,290)**	**(1,294,845)**

Note 20 - Leases – restated due to the Colchester lease being extended by 2 years not accounted for in prior periods

	2021	2020	Pre 2020
Original ROU Asset NBV	454,425	366,009	
Restated ROU Asset NBV	580,873	489,413	
Impact	126,448	123,404	
Original ROU Liability	706,584	910,062	
Restated ROU Liability	914,914	1,092,368	
Impact	208,330	182,386	
P&L Impact	**(22,980)**	**(22,429)**	**(36,473)**
Cumulative Retained Earnings Impact	**(81,882)**	**(58,902)**	**(36,473)**

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Note 11 PPE and Note 19 Provisions – Restated to include a dilapidation provision for the Colchester office not included in prior periods

	2021	2020	Pre 2020
Original Improvement to Short Leasehold Property NBV	27,179	31,545	
Revised Improvement to Short Leasehold Property NBV	83,185	96,167	
Impact	56,006	64,622	
Original Long Term Provision	19,172	16,162	16,731
Revised Long Term Provision	223,940	213,792	207,471
Impact	204,768	197,630	190,740
P&L Impact	**(15,754)**	**(15,506)**	**(117,503)**
Cumulative Retained Earnings Impact	**(148,763)**	**(133,009)**	**(117,503)**

Note 14 - Tax – restated due to capitalisation and dilapidations restatement in prior periods

	2021	2020	Pre 2020
Original Corporation Tax (Cumulative)	(325,931)	(278,610)	
Restated Corporation Tax (Cumulative)	(253,805)	(206,484)	
Retained Earnings Effect (Cumulative)	(72,126)	(72,126)	
Original Deferred Tax Liability (Cumulative)	2,162,376	1,437,055	
Restated Deferred Tax Liability (Cumulative)	1,849,110	1,123,789	
Retained Earnings Effect (Cumulative)	**313,266**	**313,266**	

Note 17 - Payables - restated due to lease restatement which impacted current and non-current payables

	2021	2020	Pre 2020
	£	£	£
Original Current Payables	4,196,272	3,854,882	
Restated Current Payables	4,169,697	3,832,367	
Impact	(26,575)	(22,515)	
Original Non Current Payables	570,576	704,800	
Restated Non Current Payables	805,481	909,101	
Impact	234,905	204,301	

Note 18 – Trade & Other Payables within Financial Instruments Disclosures - restated to include trade payables, other payables, accruals and lease liabilities

	2021	2020	Pre 2020
	£	£	£
Original Trade and Other Payables	4,350,017		
Restated Trade and Other Payables	3,374,912		

Note 8 - EPS - restated due to share options being included incorrectly in prior period

	2021	2020	Pre 2020
Original Weighted Average	74,113,316		
Revised Weighted Average	73,363,490		
Impact	(749,826)		

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EBITDA - restated due to capitalisation and lease restatements which affected depreciation and amortisation

	2021 £	2020 £	Pre 2020 £
Original	5.14m		
Restated	4.94m		

Note 24 - restated due to above restatements

	2021 £	2020 £	Pre 2020 £
Original Total Equity	23,740,599		
Restated Total Equity	22,679,759		
Impact	1,060,840		
Original Capital	11,900,841		
Restated Capital	10,840,001		
Impact	1,060,840		
Original Total Equity & Overall Financing	23,740,599		
Restated Total Equity & Overall Financing	22,679,759		
Impact	1,060,840		
Original Capital to Overall Financing Ratio	0.50		
Restated Capital to Overall Financing Ratio	0.48		

Restatement to impact on the above restatements

	2021 £	2020 £	Pre 2020 £
Original Profit After Tax	2,845,434		
Restated Profit After Tax	2,816,133		
Original Retained Earnings	19,142,917	18,271,819	
Restated Retained Earnings	18,082,076	17,240,280	
Original Basic EPS	3.88p		
Restated Basic EPS	3.84p		
Original Diluted EPS	3.84p		
Restated Diluted EPS	3.84p		

Note 3 SEGMENT REPORTING

The Directors consider that there is only one operating segment being design, manufacture and supply of high-end embedded computer products. The disclosures for this operating segment have already been provided in these financial statements. The Company's products can be supplied to more than one business sector and are sold on a global basis. All manufacturing is undertaken in the UK.

Whilst looking at sales by business sectors the Executive Board members of the Company as the Chief Operating Decision Maker does not make decisions regarding allocation of Group resources on such a basis. The Board in its entirety i.e. including Non-Executive members is not involved in making operational decisions. Further, Group profits are not categorised for internal reporting purposes by sectors or geography. The historical and anticipated performance of the Group is therefore reported to the Board of Concurrent Technologies Plc as a single entity. Thus, the Directors consider that there are no additional segments required to be disclosed under IFRS 8 - Operating Segments but have provided the following geographic sales analysis. No geographical analysis of non-current assets is provided as non-current assets outside of the UK are immaterial.

During 2022, £3.17m or 17.3% of Group Revenue depended on a single customer. In 2021, £3.10m or 15.2% of Group Revenue depended on a single customer.

All revenue is recognised at a point in time, other than warranty revenues which are immaterial.

Revenue

	Year to 31 December 2022 £	Year to 31 December 2021 £
United States	6,564,816	8,497,022
Malaysia	3,047,798	3,019,181
United Kingdom	1,167,266	1,144,496
Other Europe	4,003,849	4,322,267
Rest of the World	3,491,042	3,467,487
	18,274,771	20,450,453

During 2022, £3.17m or 17.3% of Group Revenue depended on a single customer. In 2021, £3.10m or 15.2% of Group Revenue depended on a single customer.

All revenue is recognised at a point in time, other than warranty revenues which are immaterial.

Revenue

	Year to 31 December 2022 £	Year to 31 December 2021 £
United States	6,564,816	8,497,022
Malaysia	3,047,798	3,019,181
United Kingdom	1,167,266	1,144,496
Other Europe	4,003,849	4,322,267
Rest of the World	3,491,042	3,467,487
	18,274,771	20,450,453

Note 4 GROUP OPERATING PROFIT

	Year to 31 December 2022 £	Year to 31 December 2021 Restated £
Group operating profit is stated after charging to cost of sales:		
Cost of inventories recognised as expense	8,229,285	8,162,461
Staff costs (see Note 10)	815,915	780,744
Group operating profit is stated after charging/(crediting) to operating expenses:		
Net foreign exchange (gains)/losses	(462,900)	(43,013)
Total expensed research and development costs	1,096,657	1,719,184
Amortisation of intangible assets	1,197,972	1,111,300
Impairment of intangible assets	327,526	509,955
Depreciation of owned property, plant and equipment	244,648	196,949
Depreciation of ROU Asset	177,399	97,183
Staff costs (see Note 10)	6,712,098	5,582,965
Group principal auditor's remuneration:		
Audit of Group financial statements pursuant to legislation	232,443	72,100
Other services relating to taxation compliance	6,026	4,352

Note 5 FINANCE INCOME

	Year to 31 December 2022 £	Year to 31 December 2021 £
Interest earned on bank deposits	546	1,880

Note 6 TAX

	Year to 31 December 2022 £	Year to 31 December 2021 £
Current Tax Expense	(723,737)	(26,440)
Current Deferred Tax	393,695	645,469
Prior Year Tax Expense	(41,142)	
Prior Year Deferred Tax	(111,835)	
Current Overseas Tax Charge	121,325	19,392
	(604,344)	638,421

The tax assessed on the Group's profit before tax for the year is less than the standard rate of corporation tax in the UK. The applicable rate of corporation tax for the year to 31 December 2022 was 19.00% (2021: 19.00%). Within the Deferred tax charge for the year is an amount of £75,995 to reflect the effect of change in the UK tax rate. The differences are explained below:

Note 6 TAX (CONTINUED)

	Year to 31 December 2022 £	Year to 31 December 2021 £
Profit before tax	382,681	3,454,554
Corporation tax on profit before tax at standard rate	72,710	661,932
Expenses not deductible for tax purposes	22,632	89,945
UK tax credits	(502,248)	(648,016)
Effect of change in UK tax rate	87,757	511,893
Share Options	(5,746)	-
Effects of other reliefs	(25,062)	-
Difference in overseas effective tax rates	(38,264)	22,667
Adjustment in respect of previous years	(216,123)	-
Tax (credit)/charge	(604,344)	638,421

Factors that may affect future tax charges are as follows:

UK tax rates, and any changes to R&D tax credits would have an impact on the tax position of the Group and Parent company.

Note 7 DIVIDEND

	2022 £	2021 £	2022 pence per share	2021 pence per share
Second Interim (for the previous year)	1,027,088	1,063,769	1.40	1.45
Interim	-	843,678	-	1.15
	1,027,088	1,907,447	1.40	2.60

Interim dividends are recognised in the Financial Statements in the period they are paid. The Directors have proposed a nil dividend for the year ended 31 December 2022 due to the low profitability, driven by constrained revenue, and reduced cash reserves, as a resolution for the Annual General Meeting (total dividend for 2021 was £1,907,447).

Note 8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders for the period by the weighted average number of Ordinary Shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all contracted dilutive potential Ordinary Shares. The Company only has one category of dilutive potential Ordinary Share namely the share options.

The inputs to the earnings per share calculation are shown below:

Note 8 EARNINGS PER SHARE (CONTINUED)

	Year to 31 December 2022 £	Year to 31 December 2021 £
Profit after tax	987,025	2,816,133

	Year to 31 December 2022 N°	Year to 31 December 2021 N°
Weighted average number of Ordinary Shares for basic earnings per share	73,363,490	73,363,490
Adjustment for share options	-	749,826
		74,113,316
Restatement (see Prior Period Adjustment Note above)		(749,826)
Weighted average number of Ordinary Shares for diluted earnings per share	73,363,490	73,363,490

Note 9 DIRECTORS' EMOLUMENTS

	Year to 31 December 2022 £	Year to 31 December 2021 £
Fees and emoluments	769,650	1,004,229
Pension contributions	20,697	44,384
	790,347	1,048,613
The emoluments of Directors disclosed above include in respect of the highest paid Director:		
Fees and emoluments	334,961	350,424
Pension contributions	13,812	3,369
The number of Directors to whom retirement benefits are accruing under a defined contribution scheme is:	2	2

Detailed information concerning Directors' emoluments, shareholdings and options is provided in the Report of the Remuneration Committee.

Note 10 STAFF COSTS

	Group Year to 31 December 2022 £	Company Year to 31 December 2022 £	Group Year to 31 December 2021 £	Company Year to 31 December 2021 £
Wages and salaries	6,218,053	5,190,752	5,419,099	4,725,110
Social security costs	704,416	637,174	574,864	520,450
Defined contribution pension costs	386,181	370,846	334,265	325,587
Staff Cost Expense pre SBP	7,308,650	6,198,772	6,328,228	5,571,147
Share-based payment	219,363	169,859	35,481	34,446
Staff Cost Expense post SBP	7,528,013	6,368,631	6,363,709	5,605,593
Average number of employees:	Nº	Nº	Nº	Nº
Production	34	34	29	29
Other	87	78	74	66
	121	112	103	95

Direct employment costs capitalised for the year to 31 December 2022 £1,959,447 (2021 restated: £1,238,648).

Note 11 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Improvements to Short Leasehold Property £	Right of Use Asset (restated) £	Plant, Fixtures & Computer Equipment £	Total (restated) £
COST				
At 1 January 2021 (as previously stated)	213,312	749,835	4,533,616	5,496,763
Impact of prior period adjustments	143,603	100,681		378,508
At 1 January 2021 (restated)	356,915	850,516	4,533,616	5,875,271
Foreign exchange movement	-	191	(7,066)	(6,875)
Transfer to Intangibles	-	-	(167,886)	(167,886)
Additions	-	-	185,879	185,879
Disposals	(63,359)	-	(509,588)	(572,947)
At 31 December 2021 (restated)	293,556	850,707	4,034,955	5,313,442
Foreign exchange movement		11,202	16,102	27,304
Additions	490,613	635,248	354,533	1,480,394
At 31 December 2022	784,169	1,497,157	4,405,590	6,821,140
ACCUMULATED DEPRECIATION				
At 1 January 2021 (as previously stated)	181,767	195,996	3,384,035	3,761,798
Impact of prior period adjustments	78,981	(22,723)		190,482
At 1 January 2021 (restated)	260,748	173,273	3,384,035	3,952,280
Foreign exchange movement	-	(622)	(6,765)	(7,387)
Charge for the year (restated)	12,982	97,183	183,967	294,132
Disposals	(63,359)	-	(480,687)	(544,046)
At 31 December 2021 (restated)	210,371	269,834	3,080,550	3,694,979
Foreign exchange movement		4,595	14,412	19,007
Charge for the year	49,657	177,399	194,991	422,047
At 31 December 2022	260,028	451,828	3,289,953	4,136,033
NET BOOK VALUE				
At 31 December 2021 (restated)	83,185	580,873	954,405	1,618,463
At 31 December 2022	524,141	1,045,329	1,115,637	2,685,107

Note 11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

	Improvements to Short Leasehold Property £	Right of Use Asset (restated) £	Plant, Fixtures & Computer Equipment £	Total (restated) £
COST				
At 1 January 2021 (as previously stated)	146,135	664,236	3,896,121	4,706,492
Impact of prior period adjustments	143,603	100,681	-	378,508
At 1 January 2021 (restated)	289,738	764,917	3,896,121	5,085,000
Transfer to Intangibles	-	-	(167,886)	(167,886)
Additions	-	-	183,107	183,107
Disposals	-	-	(3,361)	(3,361)
At 31 December 2021 (restated)	289,738	764,917	3,907,981	5,096,860
Additions	490,613	635,248	347,607	1,473,468
At 31 December 2022	780,351	1,400,165	4,255,588	6,570,328
ACCUMULATED DEPRECIATION				
At 1 January 2021 (as previously stated)	113,711	183,759	2,800,919	3,098,389
Impact of prior period adjustments	78,981	(22,723)	-	190,482
At 1 January 2021 (restated)	192,692	161,036	2,800,919	3,288,871
Charge for the year (restated)	13,860	80,518	171,459	265,837
Disposals	-	-	(3,361)	(3,361)
At 31 December 2021 (restated)	206,552	241,554	2,969,017	3,551,347
Charge for the year	49,657	159,924	180,900	390,481
At 31 December 2022	256,209	401,478	3,149,917	3,941,828
NET BOOK VALUE				
At 31 December 2021 (restated)	83,186	523,363	938,964	1,545,513
At 31 December 2022	524,142	998,687	1,105,671	2,628,500

Note 12 INTANGIBLE ASSETS

GROUP & COMPANY

	Development Costs £	Other £	Total £
COST			
At 1 January 2021 (as previously stated)	27,456,624	866,193	28,322,817
Impact of prior period adjustments	(1,898,495)		(1,898,465)
At 1 January 2021 (Restated)	25,558,129	866,193	26,424,322
Foreign exchange movement	-	(917)	(917)
Additions (Restated)	1,815,963	134,282	1,950,245
Transfer from Tangibles		167,886	167,886
Disposals	-	(87,627)	(87,627)
At 31 December 2021 (Restated)	27,374,092	1,079,817	28,453,909
Foreign exchange movement	-	5,378	5,378
Additions	3,687,351	24,266	3,711,617
At 31 December 2022	31,061,443	1,109,461	32,170,904
AMORTISATION			
At 1 January 2021 (as previously stated)	20,268,966	848,270	21,117,236
Impact of prior period adjustments	(817,205)		(817,205)
At 1 January 2021 (Restated)	19,451,761	848,270	20,300,031
Foreign exchange movement	-	(916)	(916)
Charge for the year (Restated)	1,094,776	16,524	1,111,300
Disposals	-	(87,627)	(87,627)
Impairment loss (Restated)	509,955	-	509,955
At 31 December 2021	21,056,492	776,251	21,832,743
Foreign exchange movement	-	5,373	5,373
Charge for the year	1,093,820	104,152	1,197,972
Impairment loss	327,526	-	327,526
At 31 December 2022	22,477,838	885,776	23,363,614
31st December 2021 (Restated)	6,317,600	303,566	6,621,166
At 31 December 2022	8,583,605	223,685	8,807,290

Development costs can be broken down as assets under development £4,652,822 (2021: £3,575,132) and assets available for use £26,343,643 (2021: £23,734,545). Transferred in available for use was £2,609,098 (2021: £159,396).

Other Intangible Assets comprise of purchased software used within the business and software licences.
All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'.

Note 12 INTANGIBLE ASSETS (CONTINUED)

Impairment Loss

At the end of the year the Directors reviewed the development projects. Each project is treated as a separate cash generating unit. Expected future cash flows ('value in use' calculation, the discount rate and cash flows were calculated on a pre-tax basis) attributable to these projects, are calculated over the lower of 7 years or the remaining life of the project, discounted at the applied rate of 8.4%. Where indicators for impairment exist, management consider pipeline sales volume and the relevant margin of the product along with project specific technical issues, customer feedback, opportunity for product substitution and other market factors.

Following full review of all projects, two projects totalling £236,154 have been impaired. Both were partially impaired in 2020, however on further review in 2022, a lack of future revenue stream to provide any returns to the Group became clear and full impairment was undertaken. A further £91,371 was also impaired across several small projects where future returns were not apparent. These products are all older products and all costs now impaired refer to are historical costs. Recoverable amount was nil (2021: £401,905) for all these projects.

Note 13 DEFERRED TAX

	Share based payments £	Fixed Asset timing differences £	Tax Other £	Other £	Total £
GROUP					
At 1 January 2021 (as previously stated)	112,532	(1,571,830)	-	22,243	(1,437,055)
Impact of prior period adjustments		(313,266)			(313,266)
At 1 January 2021 (restated)	112,532	(1,258,564)	-	22,243	(1,123,789)
Credited/(charged) to statement of comprehensive income	(8,541)	(567,562)	(54,026)	(15,340)	(645,469)
Credited/(charged) to equity	(79,852)	-	-	-	(79,852)
At 31 December 2021 (restated)	24,139	(1,826,126)	(54,026)	6,903	(1,849,110)
Credited/(charged) to statement of comprehensive income	81,059	(345,221)	91,825	57	(172,280)
Credited/(charged) to equity	245,555	-	-	-	245,555
At 31 December 2022	350,753	(2,171,347)	37,799	6,960	(1,775,835)
COMPANY					
At 1 January 2021 (as previously stated)	112,532	(1,511,742)	-	-	(1,399,210)
Impact of prior period adjustments		(313,266)			(313,266)
At 1 January 2021 (restated)	112,532	(1,198,476)	-	-	(1,085,944)
Credited/(charged) to statement of comprehensive income	(8,541)	(617,239)	-	-	(625,780)
(Charged) to equity	(79,852)	-	-	-	(79,852)
At 31 December 2021 (restated)	24,139	(1,815,715)	-	-	(1,791,576)
Credited/(charged) to statement of comprehensive income	81,059	(362,918)	-	-	(281,859)
Credited/(charged) to equity	245,555	-	-	-	245,555
At 31 December 2022	350,753	(2,178,633)	-	-	(1,827,880)

Note 14 INVESTMENTS

COMPANY	31 December 2022 £	31 December 2021 £
Investment in subsidiary companies		
Shares at cost	19,705	19,705
Capital contribution	1,361,656	1,361,656
Equity-settled share-based payment	65,591	13,941
Total investment in subsidiary companies	1,446,952	1,395,302

The Group have closed the Research and Development facility located in India. The investment in the subsidiary company has not been impaired during 2022. This will be impaired in 2023 upon formal dissolution. The investment carried in the accounts is £12,994.

Subsidiary undertakings included in these accounts, which are all wholly owned, at 31 December 2022 are:

Name		Place of Incorporation	Class of Share	Percentage Held	Nature of Business
By Company:					
Concurrent Tech India Private Ltd	Jp Nagar Industrial Area Road, 3rd Phase, J.P. Nagar, Bengaluru 560078	Bangalore, India	Ordinary	100%	Non-trading
Concurrent Technologies Inc	400 West Cummings Park, Suite 1300, Woburn, MA 01801 USA	California, USA	Ordinary	100%	Sale & Service of Company products and R&D Services for Company
By Concurrent Technologies Inc:					
Omnibyte Corporation	1854 Ndsu Research Cir N, Fargo, ND 58102	Illinois, USA	Ordinary	100%	Dormant

Note 15 INVENTORIES

	Group 31 Dec 2022 £	Company 31 Dec 2022 £	Group 31 Dec 2021 £	Company 31 Dec 2021 £
Raw materials	6,637,883	6,637,883	3,703,893	3,703,893
Work in progress	3,193,400	3,193,400	2,375,401	2,375,401
Finished goods	259,154	259,154	346,142	346,142
	10,090,437	10,090,437	6,425,436	6,425,436

During 2022 the provision for obsolete and slow-moving inventories has been decreased by £241,310 (2021: decreased by £426,723). In accordance with IAS2 Inventories are measured at the lower of cost and net realisable value.

The inventory balance movement includes a write off of £448,995 which comprised of obsolete stock following an in-depth analysis of the Group's inventory.

In 2022, a total of £8.2m (2021: £8.2m) of inventories was included in the Consolidated Statement of Comprehensive Income as an expense.

Note 16 TRADE AND OTHER RECEIVABLES

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Trade receivables	4,755,594	3,056,417	2,406,025	1,776,755
Prepayments	684,318	606,061	582,608	550,411
Amounts due from subsidiary undertakings	-	2,207,599	-	910,592
	5,439,912	5,870,077	2,988,633	3,237,758

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on historic performance, as well as current macroeconomic conditions and experience. The Company has assessed the recoverability of Intercompany balances, and deem no issues in terms of credit losses, with all amounts being repayable on demand. There have been no previous write-offs of intercompany balances and there are sufficient cash and other current assets to cover the amount.

ECL Provision Matrix

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	0.001%	
Gross carrying amount	4,605,417	76,881	73,086	210	4,755,594
Lifetime expected credit loss	-	-	-	210	210

As a group we don't have a significant amount of bad debt, and historically bad debts have been very close to nil, due to the recurring nature of orders our customers pay what is owed so it is not necessary for us to provide for any balances as bad debt.

	Group 2022 £	Group 2021 £
At 1 January	1,188	16,070
Charged/(credited) to statement of comprehensive income	(978)	(14,882)
At 31 December	210	1,188

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
More than 30 days	76,881	76,881	1,355,608	1,355,543
More than 60 days	73,086	49,336	7,238	6,925
More than 90 days	8,150	5,934	-	-
	158,117	132,151	1,362,846	1,362,468

Note 17 TRADE AND OTHER PAYABLES

Current	Group 2022 £	Company 2022 £	Group 2021 (restated) £	Company 2021 (restated) £
Trade payables	2,977,750	2,880,305	1,982,951	1,963,123
Contract liabilities	681,044	681,044	659,889	659,889
Other payables	233,990	55,159	7,181	
Current Right of Use lease liability	202,287	180,044	104,729	89,823
Other taxes and social security costs	188,986	185,557	134,895	132,988
Accruals	1,500,205	1,189,197	1,280,051	1,053,296
	5,765,262	5,171,306	4,169,697	3,899,199

Non-Current	Group 2022 £	Company 2022 £	Group 2021 (restated) £	Company 2021 (restated) £
Lease Payments Non-current	1,257,820	1,211,405	805,481	744,451
	1,257,820	1,211,405	805,481	744,451

Contract liabilities have been disaggregated from Other payables in the current and prior years to provide more detailed information to the reader of the accounts as to the nature of Other payables.

Contract Liabilities (Group and Company)	Warranty	End of Life	End of Life Service Charge	Non-Recurring Engineering	Total
B/fwd as 1 January	98,976	538,540	22,373	-	659,889
Addition	23,815	-	-	133,955	157,770
Release	(28,235)	(92,948)	(15,432)	-	(136,615)
Closing at 31 December	94,556	445,592	6,941	133,955	681,044

Note 18 FINANCIAL INSTRUMENTS

Financial Instruments by category

			Financial Assets measured at amortised cost £
GROUP			
2021	**Non-Current:**		
2021	**Current:**		
		Trade and other receivables	2,406,025
		Cash and cash equivalents	11,839,758
		Total for category	14,245,783
2022	**Non-Current:**		
2022	**Current:**		
		Trade and other receivables	4,755,594
		Cash and cash equivalents	4,512,720
		Total for category	9,268,314

			Financial Liabilities measured at amortised cost £
GROUP			
2021	**Current (restated):**		
		Trade and other payables	3,374,912
2022	**Current:**		
		Trade and other payables	4,895,232

Included in the above is trade payables, other payables, accruals and lease liabilities. All non-current liabilities as displayed in Note 17 relate to lease liabilities which are financial liabilities measured at amortised cost.

Note 19 PROVISIONS

GROUP AND COMPANY	Dilapidation (restated)	Product Warranty £
Carrying amount at 1 January 2022	204,769	38,472
Increase in provisions	81,311	13,474
Amount utilised	-	(15,434)
Carrying amount at 31 December 2022	286,080	36,512
Provisions have been analysed between current and non-current as follows:		
Current		18,256
Non-current		304,336

Warranties are provided for on the basis of management's best estimate of the Group's liability under 24 month warranties granted on its hardware products, based on past experience.

Dilapidations are provided for on the basis of management’s best estimate for both the Colchester and Theale office. This is recognised over the life of each lease.

Note 20 LEASES AND COMMITMENTS

The Group leases properties for its operations in the UK and US and the information is presented below, all leases relate to property.

Changes in Liabilities Arising from Financing Activities	Group 2022 £	Company 2022 £	Group 2021 (restated) £	Company 2021 (restated) £
Opening Balance	1,119,683	1,009,140	1,289,999	1,149,280
Additions	807,276	807,276	-	-
Payments	(199,347)	(165,927)	(169,198)	(140,140)
Foreign Exchange	9,212		(1,118)	
Closing Balance	1,736,824	1,650,489	1,119,683	1,009,140

Right of Use Assets

	Group 2022 £	Company 2022 £
Opening Balance (restated)	580,873	523,363
Additions	635,248	635,248
Depreciation	(177,399)	(159,924)
Foreign Exchange	6,606	
Closing Balance	1,045,328	998,687

The right of use in relation to leasehold property are disclosed as PPE (Note 11).

Leases are made up of three properties with the terms as follows; UK office (Colchester) has no remaining break clauses; UK office (Theale) has a break clause of 1st April 2028; US office has an annual automatic one year extension unless notice is given.

	Group 2022 £	Company 2022 £	Group 2021 (restated) £	Company 2021 (restated) £
Within One Year	(303,061)	(269,641)	(170,416)	(140,140)
Within Two to Six Years	(1,433,763)	(1,380,848)	(946,347)	(869,000)
Add unearned interest	276,717	259,040	206,553	174,866
	(1,460,107)	(1,391,449)	(910,210)	(834,274)
Non-Current Note 17	(1,257,820)	(1,211,405)	(805,481)	(744,451)
Current Note 17	(202,287)	(180,044)	(104,729)	(89,823)
	(1,460,107)	(1,391,449)	(910,210)	(834,274)

At 31 December 2022 the Group were not committed to any short-term leases (2021: None).

The Group has elected not to recognise a lease liability for short-term leases or for leases of low value assets. Payments made on these leases are expensed on a straight line basis and the value of these expenses in the year was £Nil.

Amounts recognised in the consolidated statement of comprehensive income.

Note 20 LEASES AND COMMITMENTS (CONTINUED)

	Group 2022 £	Group 2021 (restated) £
Short-term and low value lease expense	-	90,026
Depreciation Charge	195,254	105,799
Interest Expense	111,941	84,746

Amounts recognised in the consolidated statement of cash flows.

	Group 2022 £	Group 2021 (restated) £
Short-term and low value lease expense	-	90,026
Payment of lease liabilities	94,842	91,590

Capital commitments

At the end of the year there were no capital expenditure commitments £nil (2021: £nil).

Note 21 SHARE CAPITAL

	31 Dec 2022 £	31 Dec 2021 £
Allotted, issued and fully paid share capital:		
Ordinary shares (73,900,012 of 1p each)	739,000	739,000

At 31 December 2022 the Company held 531,522 Ordinary Shares (2021: 536,522) with an aggregate nominal value of £5,315 (2020: £5,365) in Treasury.

	Treasury Shares
Balance as at 1 January 2022	536,522
Shares sold	(5,000)
Balance as at 31 December 2022	531,522

Note 22 PENSION SCHEME

The Company operates a Group Personal Pension Scheme, which all permanent employees may join. The Scheme, which is a defined contribution scheme, is independent of the Company's finances. The Company's contributions are based on between 5.5% and 13.5% of members' gross salaries, dependent upon the length of service of the individual. The Company has also chosen NEST (National Employment Savings Trust) as its workplace pension scheme to meet its employer duties under the Auto Enrolment rules. Contributions to the NEST scheme are at the minimum rates. The total charge to operating expenses in the statement of comprehensive income is disclosed in Note 10 Staff Costs. Pension contributions payable to the Schemes at the end of the year were £55,160 (2021: £nil).

Note 23 FINANCIAL RISK MANAGEMENT

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 18. The main types of risks are market risk, credit risk and liquidity risk. The Group's policy in respect of financial risk management is referred to in the report on Corporate Governance.

The Group does not actively engage in the trading or holding of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Market Risk analysis
The Group is exposed to market risk through its use of financial instruments and specifically to currency risk which results from its operating activities.

Foreign currency sensitivity
A number of transactions are conducted by companies in the Group in currencies other than their functional currency which give rise to monetary assets and liabilities denominated in other currencies. The Group's exposure to foreign currency exchange risk is mitigated to a large extent by natural hedging, as assets in currency are matched by liabilities in the same currency. The value of monetary assets and liabilities of the Group and Company not held in functional currencies at the balance sheet date were as follows:

Net foreign currency monetary assets/(liabilities)

	2022 US Dollar £	2021 US Dollar £
Group	(175,103)	(205,225)

	2022 US Dollar £	2021 US Dollar £
If sterling had strengthened by 5% against US Dollar:		
Impact on net Group result and equity for the year	8,338	9,773
If sterling had weakened by 5% against US Dollar:		
Impact on net Group result and equity for the year	(9,216)	(10,801)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the exposure to currency risk.

Credit Risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk via from cash and cash equivalents and outstanding receivables.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows:

Note 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Group

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	0.001%	
Gross carrying amount	4,605,417	76,881	73,086	210	4,755,594
Lifetime expected credit loss	-	-	-	210	210

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	100%	
Gross carrying amount	2,294,145	2,187	91,985	1,188	2,389,505
Lifetime expected credit loss	-	-	-	1,188	1,188

The Group loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	2022 £	2021 £
Opening loss allowance at 1 January	1,188	16,070
Loss allowance recognised during the year	(978)	(14,882)
Closing loss allowance at 31 December	210	1,188

The credit risk for cash and cash equivalents and fixed term cash deposits is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis

2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Trade Payables	1,446,455	1,331,839	120,802	78,654	2,977,750
Accruals	1,500,205				1,500,205

2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Trade Payables	1,509,947	320,107	146,654	6,243	1,982,951
Accruals	1,280,051				1,280,051

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a week-to-week basis and by monthly forecasting.

The Group's objective is to maintain cash to meet its liquidity requirements for the foreseeable future. This objective was met for the reporting periods. Funding for long-term liquidity needs is assessed by the Board on a regular basis.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Note 16) exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 3 months.

Note 24 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) to ensure the Group's ability to continue as a going concern
(ii) to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Consolidated Balance Sheet.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, purchase its own shares to hold in treasury, issue new shares or sell assets. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital for the reporting periods under review is summarised as follows:

	Group 2022 £	**Group 2021 £ Restated**
Total Equity	23,176,502	22,679,759
Cash and cash equivalents	(4,512,720)	(11,839,758)
Capital	18,663,782	10,840,001
Total Equity & Overall financing	23,176,502	22,679,759
Capital to Overall financing ratio	0.81	0.48

Note 25 RELATED PARTY TRANSACTIONS

The Group have taken the FRS101 exemption given that transactions are only with other wholly owned group companies.

Dividends paid to Directors during the year amounted to:	280	52,357

Transactions with Key Management Personnel during the period:

Key Management Personnel are the Company's Board. Key Management Personnel remuneration includes the following expenses:

	Group 2022 £	**Group 2021 £**
Short term employee benefits	869,717	1,103,515
Post-employment benefits	20,697	44,384
Share-based payment (IFRS 2)	161,114	25,794
	1,051,528	1,173,693

Note 26 SHARE BASED PAYMENT

At the beginning of 2021 the Company operated an Enterprise Management Incentive Share Option Scheme. During 2021 a Long Term Incentive Plan (LTIP) was introduced.

The new Scheme provides for a grant price equal to the nominal value of the Company's shares on the date of grant. Options cannot be vested until three years after grant date and vesting is conditional upon the Group achieving a compound percentage growth of the Group average basic earnings per Ordinary Share, for the complete years commencing 1 January of the year of grant and ending with the year most immediately prior to the vesting of the option. The latest date for exercising options is ten years after grant date and vesting of options is subject to continued employment with the Group.

	2022 Options N°	2022 Weighted Average price pence	2021 Options N°	2021 Weighted Average price pence
Outstanding at 1 January	1,467,205	47.29	1,252,000	63.92
Granted	991,357	1.00	780,205	32.70
Exercised	(5,000)	48.50	-	-
Forfeited / Lapsed	(163,765)	70.20	(565,000)	63.99
Outstanding at 31 December	2,289,797	31.14	1,467,205	47.29
Weighted average share price at date of exercise	5,000	48.50	-	-
Exercisable at 31 December 2022	Nil	-	Nil	-

Options outstanding at 31 December 2022 had exercise prices ranging from 1.0 pence to 101.50 pence and a weighted average remaining contractual life of 3.97 years (2021: 1.78 years).

The inputs to the Black-Scholes model for options granted over the period were as follows:

Grant Date	20 May 2022	28 Oct 2022	22 Nov 2021
Share Price at Grant Date	£0.75	£0.76	£0.80
Exercise Price	£0.01	£0.01	£0.01
Dividend Yield	3.08%	3.08%	3.08%
Risk Free Interest Rate	1.52%	3.26%	0.54%
Volatility	48.71%	47.60%	42.82%

Note 27 ULTIMATE CONTROLLING PARTY

The Directors have assessed that there is no ultimate controlling party.

Note 28 TRANSITION TO UK GAAP

The parent company has decided to move to FRS 101. This first time adoption has been actioned and there has been no impact on previous numbers.

Notes

Company Information

Company Registered Number:	01919979
Registered Office:	4 Gilberd Court Newcomen Way Colchester, Essex CO4 9WN
Directors:	M Cubitt (Non-exec, Chairman) N Edington (Non-exec) M J Adcock CEng, CPhys FIET (Chief Executive Officer) Kim Garrod (Chief Financial Officer) B Salgat (President, Concurrent Technologies Inc)
Company Secretary:	Cargil Management Services Ltd
Brokers & Nominated Advisor:	Cenkos Securities plc 6th Floor 125 Princes Street Edinburgh EH2 4AD
Registrars:	Share Registrars Ltd 3 The Millennium Centre Crosby way Farnham, Surrey GU9 7XX
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