



# Report & Accounts 2021

# 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 Computer products (boards) based on processors from Intel
- Extensive customer base, with blue chip customers and long term relationships
- Key markets: defence, telecommunications, aerospace, transportation, scientific and industrial
- Sales and marketing channels in USA, many European Economic Area (EEA) countries, Israel, China, India, Japan, South Korea, Australia and Singapore
- Solid dividend record

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# Strategic Report

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## Business Summary

The Group is a leading specialist in the design, manufacture and supply of innovative high-end embedded computer products aimed at a wide base of customers within the defence, telecommunications, aerospace, transport, scientific and industrial markets.

The Group's core product range is central processing unit ("CPU") boards, designed using Intel® processors including the high-performance 11th generation embedded Intel® Core™ and Intel® Xeon® processors. These CPU boards, together with complementary accessory products such as switches, storage and I/O boards are designed to be compliant with the CompactPCI®, OpenVPX™, VME, AMC and XMC open architecture standards. Most product lines are available in both commercial and ruggedized variants, making them suitable for a wide range of applications, including those in harsh environments and at temperatures from -40°C to +85°C.

The Group's products also support many of today's leading operating systems including Microsoft® Windows®, Linux®, QNX® and VxWorks®, all of which are commonly used as standard in embedded applications. An increasing range of complementary software products has been developed to provide enhanced security capabilities, configuration tools and high-performance communications middleware.

The Group's sales revenue comes from selling its hardware, software and firmware products to customers who complete integration into full operational systems themselves. This systems development work is becoming increasingly important. The Group appointed its first full time systems specialist during 2021. Further recruitment in this area is ongoing and the Group expects a broader technical offering resulting in better market penetration and higher future systems revenues.

Manufacturing and production testing take place in the Group's production facility in Colchester, UK. The Group has design and engineering teams working in the UK and the USA, whilst its sales, marketing and customer support teams operate from the UK and overseas facilities including those in the USA and China.

During the year, Jane Annear and David Evans-Hughes retired from the Company and the Board of Directors. Both Jane and David had served the Group for over 30 years each and their knowledge, dedication and expertise helped the Group successfully navigate the peaks and troughs of the business cycle. Clive Thomson also stood down as a non-executive director after 17 years' service at the AGM in June 2021.

Dr Miles Adcock was appointed as Chief Executive Office in June 2021 and immediately joined the Board of Directors. Miles was previously President of Space Imaging at Teledyne Technologies Inc. and held senior roles at QinetiQ Group plc, BAE Systems and GEC Marconi.

Miles was joined on the Board of Directors by Jonathan Martin, who was promoted internally to the post of Chief Financial Officer and Nat Edington who joined the Board as a second non-executive Director in September 2021. Post year end it was announced Kim Garrod would join the Board as Chief Financial Officer in Spring 2022, replacing Jonathan Martin.

The remit of the new Board was to position the Group for growth, both organically and by acquisition and to this end a new Leadership team was formed, including an HR professional for the first time in the Group's history. The Group's headcount has increased as technical and managerial expertise has been added to the engineering and support teams.

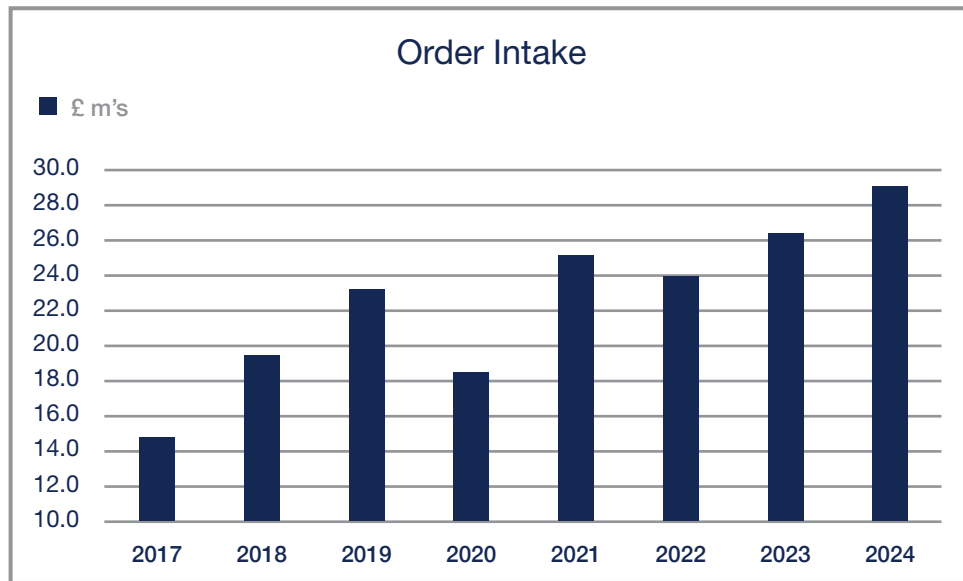
Future revenues are expected to improve as a direct result of a R&D acceleration project undertaken in the fourth quarter of 2021. This intervention absorbed both internal and external resource but will result in an improved product pipeline, targeting double the quantity of product launches each year and significantly re-aligning future launches to be in step with Intel and other market announcements.

The Group has also progressed the investment in systems capability with several key hires in 2021. Expansion into this area will continue in 2022 with the appointment of senior engineering and sales expertise in the first quarter.

Initial steps have been taken to secure manufacturing capability in the US and a business partner is currently in the process of qualification for product and process. This 'made in the USA' product stream is expected to present sales opportunities that have previously been unavailable to the US sales team and should mean that US sales grow at a steeper rate than the UK or Rest of the World sales.

While results from this increase in organisational bandwidth will not be immediate, the Group is far better positioned within existing and adjacent markets to exploit future opportunities. This is in addition to the already strong position the Group is in, evidenced by the strong order book entering 2022 and the steady improvement in market penetration as shown below:

## Strategic Report (continued)



While the outlook for the Group remains very positive, there has been no immunity from the two largest risks that have been felt worldwide: the COVID pandemic and the global supply chain issues. On the Ukraine crisis we have seen no direct impact, although the indirect longer-term implications are harder to assess.

The Group has remained fully operational throughout the pandemic in all jurisdictions and has still not participated in any government aid scheme such as the Coronavirus Business Interruption Loan Scheme (CBILS) or VAT payment deferral and no employees have been furloughed during the pandemic. Gradually, working practices have eased in line with Government guidelines to the point where now there are no restrictions in any of our offices.

While legal restrictions have been removed the sensible working practices adopted during the pandemic have remained in place where practicable and desirable. The main example of this is greater flexibility to work from home and changes to standard working hours, tailored to suit individuals where possible. These changes have been well received and strengthen employee wellbeing and satisfaction throughout the Group.

The Board would like to acknowledge the contribution of all the Group's employees during this difficult time and offers its particular thanks to those who continued to work full time at the Group's production facilities. Without their commitment, continued production and satisfaction of customer orders would not have been possible.

By far the most serious business risk facing the Group today is the restricted supply of components, due to lack of raw materials globally or impacts of COVID within supply chain countries where recovery to normalised business has not been as swift as the UK. The Group has mitigated the impact of supply chain issues, partly through its longstanding beneficial relationships with suppliers and partly through well managed use of stock levels and components.

The Board's expectation is that these difficulties may well increase during 2022 and normalised supply will only return in 2023. It should be stressed that while the supply chain issues may delay shipment to the customer, there is no evidence to date that order intake has been impacted. The Group are implementing further processes to manage these issues and feedback from customers is positive to the measures we are taking. The Group does not anticipate a material impact from rising energy prices.

The Group's 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 2022 and 2023 projections to include pessimistic outcomes from the exit of lockdown across the globe and the ongoing component shortages. Even in these circumstances, the Group's strong cash reserves of £11.8m (2020: £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).

# Strategic Report (continued)

## Financial Highlights

	2021	2020
Revenue	£20.5m	£21.1m
EBITDA	£5.1m	£5.0m
Profit before tax	£3.5m	£2.8m
Earnings per share	3.88p	3.75p
Dividend per share	2.55p	2.55p
Cash (including Deposits)	£11.8m	£11.8m
Total Assets	£30.7m	£29.0m
Shareholders' Funds	£23.7m	£22.8m

The Group generated Revenue for the year of £20.45m (2020: £21.14m). This converted into Gross Profit of £11.43m (2020: £11.36m) while the gross margin improved to 55.9% (2020: 53.7%) reflecting the change in product mix, regarding architecture and geography.

Profit before tax was £3.48m (2020: £2.85m). Earnings per share was 3.88 pence (2020: 3.75 pence) while earnings per share on normal activities, EBITDA (measured as Operating Profit plus Depreciation and Amortisation) for the Group in 2021 was £5.14m (2020: £4.99m).

The Group continued its long-term commitment to R&D by spending £3.60m in 2021 (2020: £3.89m including £0.69m relating to the closure of the development site in India), of which £2.00m was capitalised (2020: £1.88m). One project was judged by the Directors to be at serious risk of not being able to make a positive return to the Group and so has been fully impaired with a resulting charge of £478,812, with a further charge of £92,000 to partially provide against underperforming projects, a total impairment charge of £570,812 (2020: £888,579).

The tax charge of £0.64m is largely the impact on Deferred tax of the increase in the UK tax rate to 25% in 2023 of £0.51m, which is a non cash item. 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.

## Dividend

The Group continues to have no borrowings and its cash balances plus short to medium term cash deposits at the year-end were £11.8m (2020: £11.8m).

The Board has proposed a final dividend of 1.40 pence per share (second interim dividend in 2020: 1.45 pence) which, when added to the first interim dividend of 1.15 pence per share (2020: 1.10 pence), will make a total of 2.55 pence per share for the year (2020: 2.55 pence). Keeping a flat dividend reflects the ongoing concerns on the component shortage and the Group plans to engage with shareholders on the future dividend strategy. The total cost of the final dividend amounts to £1,034,600.

## Operational Highlights

During 2021, the Group introduced several new high-performance embedded computer boards and accessory modules. These included products based on the 11th generation embedded Intel® Xeon® processor for use in AMC, CompactPCI® and OpenVPX™ architectures. These products were introduced as part of the Group's policy to provide existing customers with products that can be used as upgrade paths from previous generations where additional processing power or enhanced features are required. New customers benefit from choosing products based on the latest technologies. As required by many applications, these new products offer support for enhanced security features and most are suitable for both commercial and harsh environments.

The Group were announced as an Intel Platinum Partner during the year, providing the highest level of insight and development opportunity to the Group.

As part of the Group's long-term continuous improvement strategy a further investment was made within manufacturing to introduce a new optical inspection machine.

## Future Plans and Outlook

The new financial year of 2022 started with a healthy order book 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.

# Strategic Report (continued)

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## Future Plans and Outlook (continued)

The Group expects to announce several new products during 2022, a Position, Navigation and Timing plug in card was announced in January 2022 and a 100 Gigabit Ethernet Processor Plug in Card was announced simultaneous with the new Intel chip it is based around. This accelerated time to market provides additional and incremental sales opportunities in both the US and Europe.

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.

The Board is taking a cautious approach to revenue and profit in 2022 due to the uncertainty around the speed of a return to normal trading conditions after COVID, but especially in light of the difficulties within the global supply chain impacting when we can ship product and recognise revenue. However, the improved R&D performance alongside the introduction of production capability in the USA and development of system capability leads the Board believe the Group is well positioned to deliver additional growth in its main markets over the coming years.

## Prior Year Restatement

A prior year adjustment of £0.3m has been made into the closing 2019 balance sheet to correct for an error on consolidation outside our underlying records dating back before 2019, which has under reported profit, net assets and total equity by this amount. As a result of not being able to definitively trace the cause of the issue and investigations ongoing, the auditors are required to qualify their opinion in regard to there being a limitation of scope on other creditors and opening reserves. The Group will work to resolve the issue fully for the 2022 accounts, thereby allowing the auditors to remove their qualification. Consideration was given to delaying the accounts until the issue was fully resolved, but, on balance, the Board felt as it was a historic under reporting of profit of £0.3m against an overall net assets position of £23.4m that it was appropriate to accept the qualification and not delay release of the accounts. Investigations will continue to determine the cause and periods it relates, and the closing reserves for 2019 have been increased by the £0.3m. See Note 2 for further details.

## 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.

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, COSHH 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.
- **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.
- **Epidemic illness:** the Group is exposed to its employees and those of its suppliers and customers being afflicted by significant levels of illness.
- **Component shortages:** the ongoing worldwide component shortages is impacting on when we can ship to customers and thereby the timing of recognising revenues. However, to date the Group has seen no lost revenues as a result, just delayed.

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

The Group has a strong balance sheet with significant 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 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Revenue	£20.5m	£21.1m
Gross Margin %	55.9%	53.7%
Profit before tax	£3.5m	£2.8m
Cash and Cash Equivalents	£11.8m	£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 slightly below the prior year as a result of the component shortage which prevented some orders being shipped in the year.

The Gross Margin percentage is calculated by dividing Gross Profit by Revenue and measures the total profitability of product sales.

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 but does give a general indication of the ability of the Group to generate cash.

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:

- Manufacturing quality
- Product warranty performance
- Development projects measured against project milestones
- Manufacturing output measured against manufacturing plans and customer requirements
- Stock recording accuracy
- Health and safety incidents

## 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.
- 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 moved the Group forward during 2021.
- c) The need to foster business relationships with suppliers, customer and others; the Group regularly meets with key suppliers and customers to review operations and explore mutually beneficial future actions. A feature of 2021 was the level of engagement with both suppliers and customers was at a c-suite level. The primary mechanism for engaging with shareholders is via investor meetings and these were extended in 2021 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 in to 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.
- f) The need to act fairly between members of the Group: no single set of stakeholders is prioritised over other stakeholders and all decisions are made trying to be equitable to all members.

By order of the Board

**M Cubitt**  
Chairman  
11<sup>th</sup> May 2022



**M Adcock**  
CEO  
11<sup>th</sup> May 2022



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# Report of the Directors

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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 2021.

## Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic 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 prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 with international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, 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 auditors are 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 2021 was £2.84m (year to 31 December 2020: £2.75m). An interim dividend of 1.15 pence per Ordinary Share (2020: 1.10 pence) was paid on 1 October 2021. The Board has proposed a final dividend of 1.40 pence per share (2020 second interim: 1.45 pence) which will make a total of 2.55 pence per share for the year (2020: 2.55 pence).

## 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 the Strategic Report and set out in Note 23.

## Design and Development

The Group recognises the importance of investing in design and development programmes in order to maintain technical and commercial competitiveness. Expenditure on design and development of £2.0m was capitalised in the year to 31 December 2021 (2020: £1.9m), in accordance with the Group accounting policy (see Note 2 to these Financial Statements).

## Report of the Directors (continued)

### Property, Plant and Equipment / Intangibles

Details of additions to property, plant and equipment are given in Note 11 to the Financial Statements and Intangibles in Note 12.

### Donations

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

### Substantial Shareholders

As at 31 December 2021, the following entities or persons had an interest in 3% or more of the Company's Ordinary Shares, excluding those held in Treasury.

Name	Account	N° of Ordinary Shares	Shareholding %
The Bank of New York (Nominees) Ltd		8,971,199	12.1
Nortrust Nominees Ltd		6,659,845	9.0
HALB Nominees Ltd	CLTPN1	5,199,135	7.0
Platform Securities Nominees Ltd	HURNOM	5,024,244	6.8
BNY (OCS) Nominees Ltd	UKREITS	4,342,305	5.9
HSBC Global Custody Nominee (UK) Ltd	800757	4,250,000	5.8
Interactive Investor Services Nominees Ltd	SMKTNOMS	2,451,299	3.3

### 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 Babbie 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 52.**

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 48. 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.

#### **Jonathan Martin, aged 54, CFO. (Resigned 21<sup>st</sup> February 2022.)**

Jonathan has been the Group Financial Controller of the Company since June 2017 and is a member of the Chartered Institute of Management Accountants with 23 years of experience acting in financial roles.

#### **Brent Salgat, aged 56, 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. (Commencing 9<sup>th</sup> May 2022.)**

Kim previously worked for QinetiQ Plc and all its predecessor organisations including the Royal Aircraft Establishment (RAE), Defence Research Agency and Defence Evaluation and Research Agency. She started her career as a civil servant in the finance function of the RAE and progressed through to being the International Finance Director of QinetiQ Plc.

# Report of the Directors (continued)

## Directors

The Directors set out below have held office for either the whole of the year from 1 January 2021 to 31 December 2021 or part of the year thereof. Their beneficial interests in the Ordinary Share capital of the Company on 31 December 2021 are shown below:

	1p Ordinary Shares	
	31/12/2021	01/01/2021
J B Annear	-	2,110,096
M Cubitt	20,000	-
D Evans-Hughes	-	912,951
C M Thomson	-	190,000
N Edington	-	-
J Martin	-	-
B Salgat	-	-

## Rotation of Directors

In addition to the Directors listed previously, Ms Jane Annear was also a Director of the Company up to 31<sup>st</sup> July, 2021, Mr David Evans-Hughes was a Director up to 7<sup>th</sup> September, 2021 and Mr Clive Mannering-Thomson was a Non-Executive Director up to 15<sup>th</sup> June, 2021. In accordance with the Articles of Association, Mr Mark Cubitt and Mr Brent Salgat will retire by rotation and being eligible offer themselves for re-appointment at the next Annual General Meeting. Dr Miles Adcock and Mr Nat Edington will also offer themselves for election at the Annual General Meeting being the first meeting since their appointment.

## Streamlined Energy and Carbon Reporting

As the Group does not meet the medium 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

**Philippa Keith**

**Cargil Management Services Limited**

Company Secretary  
11<sup>th</sup> May 2022

# 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 2021 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
J B Annear	6	-	-	1
C M Thomson	4	2	1	-
D Evans-Hughes	7	-	-	-
M Cubitt	9	3	2	2
M Adcock	4	-	-	1
B Salgat	9	-	-	-
J Martin	3	-	-	-
N Edington	2	1	1	-

Jane Annear resigned from the Board of Directors on 31<sup>st</sup> July 2021 and David Evans-Hughes resigned on 7<sup>th</sup> September 2021. Miles Adcock joined the Company and the Board of Directors on 21<sup>st</sup> June 2021 and was joined by Jonathan Martin on the Board of Directors on 1<sup>st</sup> August 2021. Nat Edington joined as a Non-Executive Director on 27<sup>th</sup> September 2021. Jonathan Martin resigned from the board on 21<sup>st</sup> February 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 progressive dividend policy and total shareholder return over the last five years are also indicators of long-term value for our shareholders.

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.

# Corporate Governance Statement (continued)

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## **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/](http://www.gocct.com/contact-us/)). Company contact details are also included in all announcements and these announcements are available on the Company website ([investor.cct.co.uk/company-announcements/](http://investor.cct.co.uk/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
- 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.

# Corporate Governance Statement (continued)

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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
- Stock Brokers
- 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.

# Corporate Governance Statement (continued)

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## **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.

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 Indicators) 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

The Board is not aware of any significant failings or weaknesses in the system of internal control. However, as part of the 2021 audit a historic consolidation error came to light that has required a restatement to prior years in respect of a £0.3m understatement of profit and net assets. Investigations are ongoing to determine the cause and periods impacted.

## **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, who joined the Board during the year, 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 or has any other pecuniary relationship or 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 judgment 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.

## Corporate Governance Statement (continued)

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Details of attendance at the Board meetings and the various Committees by Directors are available on page 9 of this report. This report also details the key experience of each Director on page 7. 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 [investor.cct.co.uk/board-of-directors-2/](http://investor.cct.co.uk/board-of-directors-2/) and on page 7 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.

# Corporate Governance Statement (continued)

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## **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:

To excite our Customers, Colleagues and Communities

This is supported by our Vision:

To provide powerful Processor Solutions for your Critical Applications

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 norm
- 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:

### Anti-bribery and Corruption Policy

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 is reviewed regularly and was last updated in March 2018.

# Corporate Governance Statement (continued)

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## Cyber risk

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 last updated in August 2018. 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.

## 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 2021. 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 a standing call every two weeks to discuss current issues with a wide variety of topics covered in 2021.

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 [investor.cct.co.uk/wp-content/uploads/Terms-of-Reference-for-the-Remuneration-Committee.pdf](http://investor.cct.co.uk/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 executive member of the committee is Miles Adcock (CEO). The Terms of Reference for this Committee can be seen at [investor.cct.co.uk/wp-content/uploads/Terms-of-Reference-for-Audit-Committee.pdf](http://investor.cct.co.uk/wp-content/uploads/Terms-of-Reference-for-Audit-Committee.pdf)

## Corporate Governance Statement (continued)

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- Nominations and Governance 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 [investor.cct.co.uk/wp-content/uploads/Terms-of-Reference-for-Nominations-Committee.pdf](https://investor.cct.co.uk/wp-content/uploads/Terms-of-Reference-for-Nominations-Committee.pdf)

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 17.

The results of the voting at the AGM held on 15 June 2021 can be seen on the Company's website at [investor.cct.co.uk/agm-voting-results-2/](https://investor.cct.co.uk/agm-voting-results-2/). 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 [investor.cct.co.uk/reports-and-accounts/](https://investor.cct.co.uk/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 [investor.cct.co.uk/corporate-governance/](https://investor.cct.co.uk/corporate-governance/).



**M Cubitt**  
Chairman  
11<sup>th</sup> May 2022

# Report of the Remuneration Committee

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

## Directors' Emoluments

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.

Each Executive Director receives a remuneration package comprising a basic salary and benefits in kind. For each year, commencing on 1 January, the Remuneration Committee recommends to the Board of Directors, the level of emoluments to be paid to each Executive and Non-Executive Director and the basis upon which any bonuses will be payable to each Executive Director. Bonuses are primarily related to the Group's financial performance and are calculated according to a formula recommended by the Remuneration Committee at the beginning of each year. The Non-Executive Directors are not entitled to bonuses.

UK based Executive Directors are entitled to be members of the Company's pension scheme, details of which are set out in Note 22 to the Financial Statements. Non-Executive Directors are not entitled to join the Company's pension scheme.

Each Non-Executive Director is employed by the Company under a written contract that provides for termination by either party giving three months written notice.

Jane Annear resigned from the Board of Directors on 31<sup>st</sup> July 2021 and David Evans-Hughes resigned on 7<sup>th</sup> September 2021. Miles Adcock joined the Company and the Board of Directors on 21<sup>st</sup> June 2021 and was joined by Jonathan Martin on the Board of Directors on 1<sup>st</sup> August 2021. Nat Edington joined as a Non-Executive Director on 27<sup>th</sup> September 2021. Jonathan Martin resigned 21<sup>st</sup> February 2022.

Directors' Emoluments during the year ended 31 December 2021 were:

Director	Emoluments & Compensation including benefits received (£)	Company Contributions to Pension Scheme (£)	Total Emoluments (£)
M Cubitt	51,000	-	51,000
C M Thomson	14,750	-	14,750
J B Annear	207,657	5,662	213,319
D Evans-Hughes	130,392	27,788	158,180
B Salgat	193,022	-	193,022
M Adcock	367,413	3,369	370,782
J Martin	57,720	7,565	65,285
N Edington	8,068	-	8,068

## Share Options

The Company operates a Long-Term Incentive Share Option Scheme. Details of the Scheme are set out in Note 26 to the Financial Statements. The Board of the Company administers the Scheme, delegated to the Remuneration Committee, which has authority to offer options to a limited number of employees.

## 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 31/12/20	Options Exercised	Number of Shares under option at 31/12/21	Exercise Price	Date from which Share Option is Exercisable	Expiry date of Share Option
M Adcock	-	-	267,739	93.5p	22 June 2024	21 June 2031
M Adcock	-	-	288,235	1.0p	1 January 2025	21 November 2031
J Martin	50,000	-	50,000	101.5p	14 October 2023	13 October 2030
J Martin	-	-	36,765	1.0p	1 January 2025	21 November 2031
B Salgat	10,000	-	10,000	48.5p	1 October 2015	1 October 2022
B Salgat	150,000	-	150,000	39.0p	26 March 2018	26 March 2025
B Salgat	100,000	-	100,000	101.5p	14 October 2023	14 October 2030
B Salgat	-	-	82,789	1.0p	1 January 2025	21 November 2031

The market price of the Company's shares as at the end of the financial year was 77.5p and the range of published market prices during the year was 72.5p to 112.5p.



**M Cubitt**

Chairman of the Remuneration Committee  
11<sup>th</sup> May 2022

# Report of the Audit Committee

The Audit Committee is chaired by Mark Cubitt. The other members during the year were Clive Thomson until he retired from the Board, to be replaced by Nat Edington when he joined the Board.

The Committee met three times in relation to the financial year ended 31 December 2021, two of the meetings were post year end 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 assessment 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 2021 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 2021 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 background and lack of controls around the consolidation entry outside underlying records that was added into other payables of £0.3m, which under reported profit and understated net assets by this amount. Investigations are ongoing, but felt, on balance, best not to delay accounts given the scale and nature of the issue - £0.3m on £23.4m of net assets. In the 2021 accounts an increase in the closing 2019 closing reserves has been booked. The Group will work to resolve the issue fully for the 2022 accounts, thereby allowing the auditors to remove their qualification.
Revenue recognition	The Committee considered the risk associated from revenue recognition and considered new contracts and sales awarded around the year end.

## 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 £72,100 for Group and subsidiary audit and £4,352 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)

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### 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, the provisions of the Combined Code, the requirements of the UK Listing Authority's Listing Rules, Prospectus and Disclosure and Transparency Rules 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  
11<sup>th</sup> May 2022

# 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 2021, 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 their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the possible effects of 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 2021 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 UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for qualified opinion

As explained in note 2 to the financial statements, management has determined that the Group's other creditors were overstated by £289,000 in prior years due to an entry made to correct for an error on consolidation dating back to before 2019, and has amended for this through a prior period adjustment. Management has been unable to provide sufficient appropriate audit evidence to support the write back of the Group other creditor and hence the prior period adjustment. Consequently, we were unable to determine whether any adjustment to this amount was necessary. In addition, were any adjustment to the prior period adjustment to be required, the strategic report would also need to be amended.

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 31 December 2023, including budgets and cash flow forecasts. We assessed how the budgets and forecasts were compiled, and assessed their accuracy by validating the appropriateness of underlying assumptions;
- Assessing the accuracy of management's forecasting by comparing reliability of past forecasts to actual results, and considering whether management's historic forecasting accuracy impacts upon the reliance we can place upon the forecasts;

- Critically evaluating the revenue and cost projections underlying the model with reference to market information, past performance of the Group as well as any known post balance sheet events;
- Performing sensitivity analysis on the forecasts prepared by management and evaluating the reverse stress test scenario and the likelihood of this; and
- Assessing the adequacy of the 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 Brexit and Covid-19. 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.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### Our approach to the audit

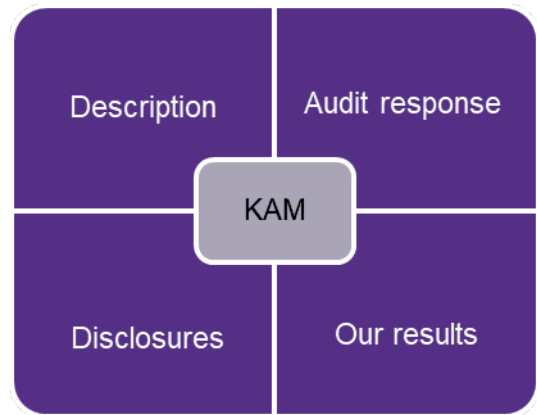
  	<p><b>Overview of our audit approach</b></p>
	<p><b>Overall materiality:</b></p> <p>Group: £173,000, which represents 5% of the Group's profit before tax.</p> <p>Parent company: £165,000, which represents approximately 5% of the parent company's profit before tax.</p>
	<p>Key audit matter was identified as impairment of intangible assets related to capitalised development costs. This is the same as the previous year and was the only key audit matter disclosed.</p> <p>We performed an audit of the financial information of the parent company, Concurrent Technologies Plc, using component materiality (full-scope audit). We performed an audit of one or more classes of transactions, account balances or disclosures (specific-scope audit) on the financial information of Concurrent Technologies Inc.</p> <p>Analytical procedures at Group level (analytical procedures) were performed on the financial information of Concurrent Tech India Private Ltd.</p> <p>In total, our audit procedures covered 99% of the Group's total assets, 100% of the Group's revenue and 97% of the Group's profit before tax.</p>

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

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



### Key Audit Matter – Group and parent company

#### Impairment of intangible assets related to capitalised development costs

We identified 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 specifically in relation to projects with indicators of impairment and significant value projects. We have checked the population for the following characteristics:

- Projects that have materially underperformed against forecasts;
- Projects with no sales in the year but forecasted revenue;
- Projects that have underperformed with £nil

### How our scope addressed the matter – Group and parent company

In responding to the key audit matter, we performed the following audit procedures:

- assessing whether the accounting policies adopted were in accordance with the requirements of IAS 36;
- examining management’s assessment of impairment indicators, including the discounted cash flow forecasts for a sample of significant projects, challenging key assumptions and testing inputs used in the model. We based our sample on projects with indicators of impairment and significant value projects;
- testing the mathematical accuracy of the model;

## Key Audit Matter – Group and parent company

- headroom in the prior year; and
- Projects with a material net book value of capitalised intangibles.

The carrying value of intangible assets related to development costs was £6,849,777 (2020: £7,187,658) at the balance sheet date.

Management have performed an assessment of impairment indicators for capitalised development costs in accordance with International Accounting Standard (IAS) 36 'Impairment of Assets'. The assessment is based on calculated recoverable amount based on the discounted cash flow model.

Management's assessment of potential impairment indicators incorporates key assumptions over the timing and extent of future revenues, gross margin and discount rate used.

An impairment review is completed for each project in order to assess whether an impairment arises. 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 involves an inherent uncertainty in forecasting and discounting future cash flows, and a degree of subjectivity in management's provision decisions.

## Relevant disclosures in the Annual Report and Accounts 2021

- Financial statements: Note 2, Accounting policy – Impairment of property, plant and equipment and intangible assets; and Note 13, Intangible assets.

## 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:

## How our scope addressed the matter – Group and parent company

- reperforming the calculations for a sample of projects, challenging the forecasted growth assumptions prepared by management;
- assessing the completeness of management's proposed impairments;
- checking the actual results versus prior year forecasts for a sample of projects and discussion of underperforming projects with management;
- evaluating the headroom calculations in order to determine whether there are any indications of impairment present in the project;
- utilising an internal valuation specialist to check management's discount rate used in the impairment calculation; and
- performing a sensitivity analysis on the discount rate applied by management using the acceptable range as advised by the valuation specialist, ensuring that the impact of a change in discount rate is immaterial.

## Our results

Our audit testing did not identify any material misstatements relating to the impairment of intangible assets related to capitalised development costs.

Materiality measure	Group	Parent company
<b>Materiality for financial statements as a whole</b>	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	£173,000, which is 5% of the Group's profit before tax.	£165,000, which is approximately 5% of the parent company's profit before tax.
Significant judgements made by auditor in determining the materiality	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>Profit before tax is considered the most appropriate benchmark because the Group is a commercially focused organisation and profit before tax is a key financial measure for shareholders; and</li> <li>We determined 5% as an appropriate measurement percentage as the Group has no debt and the business is relatively stable and not complex.</li> </ul> <p>Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 to reflect the increase in the Group's profit before tax.</p>	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>Profit before tax is considered the most appropriate benchmark because the parent company is a commercially focused organisation and profit before tax is a key financial measure for shareholders. Although this is the holding company, it is also the main UK trading entity of the Group; and</li> <li>We determined 5% as an appropriate measurement percentage as the parent company has no debt and the business is relatively stable and not complex.</li> </ul> <p>Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 to reflect the increase in the parent company's profit before tax.</p>
<b>Significant revision of materiality threshold that was made as the audit progressed</b>	<p>Our preliminary assessment of materiality at the planning stage of our work was based on the draft management information prior to finalisation for audit.</p> <p>We re-assessed materiality based on Group's profit before tax for the year ended 31 December 2021 and adjusted our audit procedures accordingly.</p>	<p>Our preliminary assessment of materiality at the planning stage of our work was based on the draft management information prior to finalisation for audit.</p> <p>We re-assessed materiality based on parent company's profit before tax for the year ended 31 December 2021 and adjusted our audit procedures accordingly.</p>

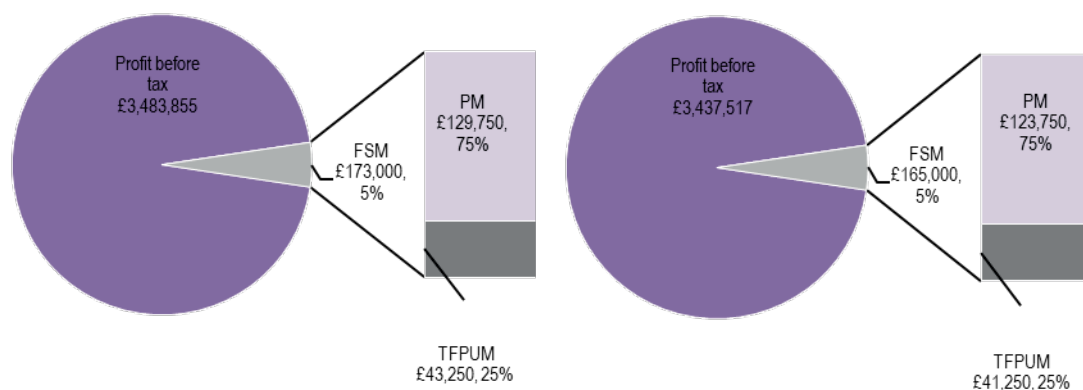
Materiality measure	Group	Parent company
<b>Performance materiality used to drive the extent of our testing</b>	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£129,750, which is 75% of financial statement materiality.	£123,750, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	<p>In determining performance materiality, we considered:</p> <ul style="list-style-type: none"> <li>• Our risk assessment procedures - there have been no changes to business activities, systems and controls nor an increase in fraud risk indicators during the year.</li> <li>• the strength of the control environment and our experience auditing the financial statements of the Group, including the effect of misstatements identified in previous audits.</li> </ul> <p>The measurement percentage of 75% is consistent with that applied in the prior year.</p>	<p>In determining performance materiality, we considered:</p> <ul style="list-style-type: none"> <li>• Our risk assessment procedures - here have been no changes to business activities, systems and controls nor an increase in fraud risk indicators during the year.</li> <li>• the strength of the control environment and our experience auditing the financial statements of the parent company, including the effect of misstatements identified in previous audits.</li> </ul> <p>The measurement percentage of 75% is consistent with that applied in the prior year.</p>
<b>Significant revision of performance materiality threshold that was made as the audit progressed</b>	We have revised performance materiality for the Group following the revision to the materiality for financial statements as a whole. The measurement percentage was retained at 75%.	We have revised performance materiality for the parent company following the revision to the materiality for financial statements as a whole. The measurement percentage was retained at 75%.
<b>Specific materiality</b>	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:	We determined a lower level of specific materiality for the following areas:

Materiality measure	Group	Parent company
	<ul style="list-style-type: none"> <li>Auditor's remuneration;</li> <li>Directors' emoluments; and</li> <li>Related party transactions.</li> </ul>	<ul style="list-style-type: none"> <li>Auditor's remuneration;</li> <li>Directors' emoluments; and</li> <li>Related party transactions.</li> </ul>
<b>Communication of misstatements to the Audit Committee</b>	We determine a threshold for reporting unadjusted differences to the Audit Committee.	
Threshold for communication	£8,700 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,300 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;
- 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;
- We tailored our audit response accordingly with all audit work undertaken by the Group engagement team, including the observation of physical stock counts.

#### 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 assets, revenue and profit before tax.

## 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'), was performed on the financial information of the parent company, Concurrent Technologies Plc;
- An audit of one or more account balances, classes of transactions or disclosures ('specific-scope audit') was performed on the financial information of the component, Concurrent Technologies Inc.;
- At Group level, we also carried out analytical procedures on the financial information of Concurrent Tech India Private Ltd; and
- We identified impairment of intangible assets related to development costs as a key audit matter and the procedures performed in respect of this has been included in the key audit matters section of our report.

## 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 99% of the Group's total assets, 100% of the Group's revenue and 97% of the Group's profit before tax; and
- The audit was performed by a combination of on site and remote procedures.

## Changes in approach from previous period

- There have been no changes in our assessment of scoping the Group audit from the prior year.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report and accounts 2021, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the prior period adjustment of £289,000. We have concluded that where the other information refers to the prior period adjustment or related balances, it may be materially misstated for the same reason.

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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**

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the parent company and its 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**

Arising solely from the limitation of the scope of our work relating to the prior period adjustment, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit: and
- in our opinion, adequate accounting records have not been kept by the parent company.

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:

- 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.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- 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. 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 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, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board meeting minutes and minutes of Audit Committee meetings;
- 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;
- 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;

- utilising a valuation specialist to check management’s discount rate used in the impairment calculation;
  - identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
  - confirming compliance with certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements.
- 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;
  - We checked the Group’s press releases and performed a search of any related information in the public domain.
  - We completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements.
  - 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.
  - We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## 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 Chadwick  
 Senior Statutory Auditor  
 for and on behalf of Grant Thornton UK LLP  
 Statutory Auditor, Chartered Accountants  
 Glasgow  
 11 May 2022

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021			
	Note	Year to 31 December 2021	Year to 31 December 2020
		£	£
<b>CONTINUING OPERATIONS</b>			
Revenue		20,450,453	21,141,294
Cost of sales		9,016,878	9,780,750
<b>Gross profit</b>		<u>11,433,575</u>	<u>11,360,544</u>
Operating expenses		7,889,921	8,444,962
<b>Group operating profit</b>	<u>4</u>	<u>3,543,654</u>	<u>2,915,582</u>
Finance costs		61,679	83,985
Finance income	<u>5</u>	1,880	16,480
<b>Profit before tax</b>		<u>3,483,855</u>	<u>2,848,077</u>
Tax	<u>6</u>	638,421	98,167
<b>Profit for the year</b>		<u><u>2,845,434</u></u>	<u><u>2,749,910</u></u>
<b>Other Comprehensive Income</b>			
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		23,894	(283,681)
<b>Other Comprehensive Income for the year, net of tax</b>		<u>23,894</u>	<u>(283,681)</u>
<b>Total Comprehensive Income for the year</b>		<u><u>2,869,328</u></u>	<u><u>2,466,229</u></u>
<b>Earnings per share</b>			
Basic earnings per share	<u>8</u>	3.88p	3.75p
Diluted earnings per share	<u>8</u>	3.84p	3.74p

# Consolidated Balance Sheet

At 31 December 2021

	Note	As at 31 December 2021 £	As at 31 December 2020 Restated £	As at 31 December 2019 Restated £
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<a href="#">11</a>	1,436,009	1,734,965	1,638,429
Intangible assets	<a href="#">12</a>	7,692,528	7,205,581	7,991,119
Deferred tax assets	<a href="#">13</a>	31,042	134,775	142,894
Other financial assets	<a href="#">18</a>	-	-	-
		9,159,579	9,075,321	9,772,442
<b>Current assets</b>				
Inventories	<a href="#">15</a>	6,425,436	5,533,574	5,097,907
Trade and other receivables	<a href="#">16</a>	2,988,633	2,356,157	2,703,960
Current tax assets		330,748	305,113	274,221
Other financial assets		-	-	-
Cash and cash equivalents		11,839,758	11,765,974	10,487,902
		21,584,575	19,960,818	18,563,990
<b>Total assets</b>		<b>30,744,154</b>	<b>29,036,139</b>	<b>28,336,432</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	<a href="#">13</a>	2,193,418	1,571,830	1,453,331
Trade and other payables	<a href="#">17</a>	570,576	704,800	838,001
Long term provisions	<a href="#">19</a>	19,172	16,162	16,731
		2,783,166	2,292,792	2,308,063
<b>Current liabilities</b>				
Trade and other payables	<a href="#">17</a>	4,196,272	3,854,882	3,838,183
Short term provisions	<a href="#">19</a>	19,300	16,354	16,832
Current Tax Liabilities		4,817	26,504	-
		4,220,389	3,897,740	3,855,015
<b>Total liabilities</b>		<b>7,003,555</b>	<b>6,190,532</b>	<b>6,163,078</b>
<b>Net assets</b>		<b>23,740,599</b>	<b>22,845,607</b>	<b>22,173,354</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Share capital	<a href="#">21</a>	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		(97,399)	(121,293)	162,388
Profit and loss account		19,142,917	18,271,819	17,315,885
<b>Equity attributable to equity holders of the parent</b>		<b>23,740,599</b>	<b>22,845,607</b>	<b>22,173,354</b>
<b>Total equity</b>		<b>23,740,599</b>	<b>22,845,607</b>	<b>22,173,354</b>

## Consolidated Balance Sheet (continued)

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The restatement in the 2019 and 2020 figures represents an adjustment of £288,640 on the elimination of consolidation errors as explained in Note 2.

Company Registered Number: 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 11<sup>th</sup> May 2022 and signed on its behalf by:



**M Cubitt**  
Chairman



**M Adcock**  
CEO

# Company Balance Sheet

		At 31 December 2021		
	Note	As at 31 December 2021 £	As at 31 December 2020 £ Restated	As at 31 December 2019 £ Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<u>11</u>	1,363,060	1,608,103	1,576,234
Intangible assets	<u>12</u>	7,692,500	7,205,057	7,989,589
Deferred tax assets	<u>13</u>	24,139	112,532	94,709
Investments	<u>14</u>	1,395,302	1,390,516	1,389,481
Other financial assets		-	-	-
		10,475,001	10,316,208	11,050,013
<b>Current assets</b>				
Inventories	<u>15</u>	6,425,436	5,533,574	5,097,907
Trade and other receivables	<u>16</u>	3,237,758	2,398,318	2,796,349
Current tax assets		295,636	274,153	143,799
Other financial assets		-	-	-
Cash and cash equivalents		9,418,188	9,271,606	6,817,338
		19,377,018	17,477,651	14,855,393
<b>Total assets</b>		29,852,019	27,793,859	25,905,406
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	<u>13</u>	2,128,981	1,511,742	1,454,850
Trade and other payables	<u>17</u>	509,547	625,944	838,001
Long term provisions	<u>19</u>	19,172	16,162	16,731
		2,657,700	2,153,848	2,309,582
<b>Current liabilities</b>				
Trade and other payables	<u>17</u>	3,925,694	3,236,026	3,057,527
Short term provisions	<u>19</u>	19,300	16,354	16,832
Current tax liabilities		-	-	-
		3,944,994	3,252,380	3,074,359
<b>Total liabilities</b>		6,602,694	5,406,228	5,383,941
<b>Net assets</b>		23,249,325	22,387,631	20,521,465
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Share capital	<u>21</u>	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		18,554,244	17,692,550	15,826,384
<b>Equity attributable to equity holders of the parent</b>		23,249,325	22,387,631	20,521,465
<b>Total equity</b>		23,249,325	22,387,631	20,521,465

## Company Balance Sheet (continued)

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The restatement in the 2019 and 2020 figures represents an adjustment of £288,640 on the elimination of consolidation errors as explained in Note 2.

The Parent Company retained profit for the year was £2,838,177 (2020: £3,660,142)

Company Registered Number: 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 11<sup>th</sup> May 2022 and signed on its behalf by:



**M Cubitt**  
Chairman



**M Adcock**  
CEO

# Consolidated Cash Flow Statement

	<i>Note</i>	<b>Year to 31 December 2021 £</b>	<b>Year to 31 December 2020 £</b>
<b>Cash flows from operating activities</b>			
Profit before tax for the period		3,483,855	2,848,077
Adjustments for:			
Finance income		(1,880)	(16,480)
Finance costs		61,679	83,985
Depreciation		288,560	282,563
Amortisation		1,234,655	1,793,628
Impairment loss		570,812	888,579
Loss on disposal of property, plant and equipment (PPE)		27,401	-
Share-based payment		12,963	6,991
Exchange differences		46,623	(300,569)
Decrease/(increase) in inventories		(891,862)	(435,667)
(Increase)/decrease in trade and other receivables		(632,476)	347,803
Increase/(decrease) in trade and other payables		330,735	(9,354)
Cash generated from operations		4,531,065	5,489,556
Tax (paid) / received		(40,274)	40,536
Net cash generated from operating activities		4,490,791	5,530,092
<b>Cash flows from investing activities</b>			
Interest received		1,880	16,480
Purchases of property, plant and equipment (PPE)		(185,878)	(385,964)
Sale of property, plant and equipment (PPE)		1,500	-
Capitalisation of development costs and purchases of intangible assets		(2,124,529)	(1,896,659)
Net cash used in investing activities		(2,307,027)	(2,266,143)
<b>Cash flows from financing activities</b>			
Equity dividends paid		(1,907,448)	(1,864,968)
Repayment of leasing liabilities		(117,613)	(108,195)
Interest paid		(61,679)	(83,985)
Sale of treasury shares		-	47,529
Net cash used in financing activities		(2,086,740)	(2,009,619)
Effects of exchange rate changes on cash and cash equivalents		(23,240)	23,742
<b>Net increase/(decrease) in cash</b>		73,784	1,278,072
Cash at beginning of period		11,765,974	10,487,902
Cash at the end of the period		11,839,758	11,765,974

# Company Cash Flow Statement

	<i>Note</i>	<b>Year to 31 December 2021 £</b>	<b>Year to 31 December 2020 £</b>
<b>Cash flows from operating activities</b>			
Profit before tax for the period		3,437,516	2,624,577
Adjustments for:			
Finance income		(866)	(7,053)
Finance costs		42,039	58,706
Depreciation		260,264	222,878
Amortisation		1,234,160	1,792,612
Impairment loss		570,812	888,579
Loss/(profit) on disposal of property, plant and equipment (PPE)		(1,500)	-
Share-based payment		6,030	5,956
Decrease/(increase) in inventories		(891,862)	(435,667)
(Increase)/decrease in trade and other receivables		(839,440)	398,031
Increase/(decrease) in trade and other payables		687,419	73,587
Cash generated from operations		4,504,572	5,622,206
Tax received/(paid)		4,960	-
Net cash generated from operating activities		4,509,532	5,622,206
<b>Cash flows from investing activities</b>			
Interest received		866	7,053
Dividends received		-	960,755
Purchases of property, plant and equipment (PPE)		(183,106)	(254,747)
Proceeds from sale of PPE		1,500	-
Capitalisation of development costs and purchases of intangible assets		(2,124,529)	(1,896,659)
Net cash used in investing activities		(2,305,269)	(1,183,598)
<b>Cash flows from financing activities</b>			
Equity dividends paid		(1,907,447)	(1,864,968)
Repayment of leasing liabilities		(108,195)	(108,195)
Interest paid		(42,039)	(58,706)
Sale of treasury shares		-	47,529
Net cash used in financing activities		(2,057,681)	(1,984,340)
<b>Net increase/(decrease) in cash</b>		146,582	2,454,268
Cash at beginning of period		9,271,606	6,817,338
Cash at the end of the period		9,418,188	9,271,606

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital £	Share premium £	Capital redemption reserve £	Cumulative translation reserve £	Profit and loss account £	Total Equity £
<b>As at 31 December 2019 (reported)</b>	739,000	3,699,105	256,976	162,388	17,027,245	21,884,714
Prior Year adjustment (note 2)					288,640	288,640
<b>Balance at 1 January 2020 (restated)</b>	739,000	3,699,105	256,976	162,388	17,315,885	22,173,354
Profit for the period	-	-	-	-	2,749,910	2,749,910
Exchange differences on translating foreign operations	-	-	-	(283,681)	-	(283,681)
Total comprehensive income for the period	-	-	-	(283,681)	2,749,910	2,466,229
<b>Transactions with owners:</b>						
Share-based payment	-	-	-	-	6,991	6,991
Deferred tax on share-based payment	-	-	-	-	16,472	16,472
Dividends paid	-	-	-	-	(1,864,968)	(1,864,968)
Transfer of treasury shares	-	-	-	-	47,529	47,529
<b>Balance at 31 December 2020 (restated)</b>	<u>739,000</u>	<u>3,699,105</u>	<u>256,976</u>	<u>(121,293)</u>	<u>18,271,819</u>	<u>22,845,607</u>
<b>As at 31 December 2020 (reported)</b>	739,000	3,699,105	256,976	(121,293)	17,983,179	22,556,967
Prior Year adjustment (note 2)					288,640	288,640
<b>Balance at 1 January 2021 (restated)</b>	739,000	3,699,105	256,976	(121,293)	18,271,819	22,845,607
Profit for the period	-	-	-	-	2,845,434	2,845,434
Exchange differences on translating foreign operations	-	-	-	23,894	-	23,894
Total comprehensive income for the period	-	-	-	23,894	2,845,434	2,869,328
<b>Transactions with owners:</b>						
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)
Sale of treasury shares	-	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<u>739,000</u>	<u>3,699,105</u>	<u>256,976</u>	<u>(97,399)</u>	<u>19,142,917</u>	<u>23,740,599</u>

# Company Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total Equity £
<b>As at 31 December 2019 (reported)</b>	739,000	3,699,105	256,976	15,537,744	20,232,825
Prior Year adjustment (note 2)				288,640	288,640
<b>Balance at 1 January 2020 (restated)</b>	739,000	3,699,105	256,976	15,826,384	20,521,465
Total profit and comprehensive income for the period	-	-	-	3,660,142	3,660,142
<b>Transactions with owners:</b>					
Share-based payment	-	-	-	6,991	6,991
Deferred tax on share-based payment	-	-	-	16,472	16,472
Dividends paid	-	-	-	(1,864,968)	(1,864,968)
Transfer of treasury shares	-	-	-	47,529	47,529
<b>Balance at 31 December 2020 (restated)</b>	<u>739,000</u>	<u>3,699,105</u>	<u>256,976</u>	<u>17,692,550</u>	<u>22,387,631</u>
<b>As at 31 December 2020 (reported)</b>	739,000	3,699,105	256,976	17,403,910	22,098,991
Prior Year adjustment (note 2)				288,640	288,640
<b>Balance at 1 January 2021 (restated)</b>	<u>739,000</u>	<u>3,699,105</u>	<u>256,976</u>	<u>17,692,550</u>	<u>22,387,631</u>
Total profit and comprehensive income for the period	-	-	-	2,838,177	2,838,177
<b>Transactions with owners:</b>					
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)
Sale of treasury shares	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<u>739,000</u>	<u>3,699,105</u>	<u>256,976</u>	<u>18,554,244</u>	<u>23,249,325</u>

# Notes to the Financial Statements

For the year ended 31 December 2021

## 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 11<sup>th</sup> May 2022.

## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

These financial statements are for the year ended 31 December 2021. They have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

### Changes in significant accounting policies

There have been no changes in the year to significant accounting policies during 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 £2,838,177.

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.

### Going Concern

The Directors have reviewed the approved budget and projections sensitised for different scenarios through to December 2023 together with extended medium-term forecasts, 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 exit from the COVID-19 pandemic the global supply chain issues, the rising energy prices and the Ukraine crisis. 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 large increase in stock levels. 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, although reduced, cash balances remain within the Group and there is no borrowing requirement leaving the Directors confident that reporting can be completed on a going concern basis.

### 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 consolidation method used is the acquisition method.

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 intra-Group transactions, balances, income and expenses are eliminated on consolidation.

# Notes to the Financial Statements (continued)

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## 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. Revenue from the sale of products 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 which depends on the terms and conditions of sale with the customer but will generally be on delivery to the customer unless subject to Free on Board shipping terms when the goods are transported to a particular location and then they become the customer's responsibility. 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. Deferred revenue on these extended warranties is recognised and released to income over the contract period until the performance obligation is satisfied. During the 12 months to 31<sup>st</sup> December 2021, £45,544 was released to Profit and Loss. Other services provided are invoiced and accounted for on provision of the service.

## 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.

# Notes to the Financial Statements (continued)

## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Leases** 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 practical expedients 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.

**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 leasehold 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, 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 impairment or whenever indicators suggest that the carrying amount may not be recovered throughout the period in which it is being used.

All other development costs are recorded under operating expense in the statement of comprehensive income in the period they are incurred.

### 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

# Notes to the Financial Statements (continued)

## 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 are discounted 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 income 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 company taxation scheme in respect of R&D tax credits. These are included in the taxation line and are accounted for on a receivable basis.

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 fair value being the amount of consideration that is unconditional, receivable balances are measured at amortised cost using the effective interest method, less provision for impairment. 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.

#### (ii) 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.

#### (iii) 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.

# Notes to the Financial Statements (continued)

## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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.

### 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 Customers that purchase an additional warranty. The obligation under IFRS15 is for the Group to repair or replace faulty boards at no additional charge to the customer

### 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.

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 38 'Intangible Assets' and have projected the future economic benefits 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.

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. In assessing impairment of capitalised development costs management consider each project to be a separate cash generating unit, and expected future cash flows attributable to these projects, discounted at the applied rate of 7%, are evaluated for indications that impairment should be considered. A 1% increase in the discount rate would not lead to a material increase in impairment. 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.

### Prior Year restatement

A prior year adjustment of £0.3m has been made into the closing 2019 balance sheet to correct for an error on consolidation outside our underlying records dating back before 2019, which has under reported profit, net assets and total equity by this amount. As a result of not being able to definitively trace the cause of the issue and investigations ongoing, the auditors are required to qualify their opinion in regard to there being a limitation of scope on eliminations and creditors. The Group will work to resolve the issue fully for the 2022 accounts, thereby allowing the auditors to remove their qualification. Investigations will continue to determine the cause and periods it relates, and the closing reserves for 2019 have been increased by the £0.3m.

## Notes to the Financial Statements (continued)

### Restatement of consolidated statement of financial position As at 31 December 2019

	Group 2019 Reported	Group Consolidation Correction £	Group 2019 Restated £	Company 2019 Reported £	Company Consolidation Correction £	Company 2019 Restated £
<b>Total assets</b>	28,336,432	-	28,336,432	25,905,406	-	25,905,406
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Deferred tax liabilities	1,453,331		1,453,331	1,454,850		1,454,850
Trade and other payables	838,001		838,001	838,001		838,001
Long term provisions	16,731		16,731	16,731		16,731
	2,308,063	-	2,308,063	2,309,582	-	2,309,582
<b>Current liabilities</b>						
Trade and other payables	4,126,823	(288,640)	3,838,183	3,346,167	(288,640)	3,057,527
Short term provisions	16,832		16,832	16,832		16,832
Current tax liabilities	-	0	-	-	0	-
	4,143,655	(288,640)	3,855,015	3,362,999	(288,640)	3,074,359
<b>Total liabilities</b>	6,451,718	(288,640)	6,163,078	5,672,581	(288,640)	5,383,941
<b>Net assets</b>	21,884,714	288,640	22,173,354	20,232,825	288,640	20,521,465
<b>EQUITY</b>						
<b>Capital and reserves</b>						
Share capital	739,000		739,000	739,000		739,000
Share premium account	3,699,105		3,699,105	3,699,105		3,699,105
Capital redemption reserve	256,976		256,976	256,976		256,976
Cumulative translation reserve	162,388		162,388	-		-
Profit and loss account	17,027,245	288,640	17,315,885	15,537,744	288,640	15,826,384
<b>Equity attributable to equity holders of the parent</b>	21,884,714	288,640	22,173,354	20,232,825	288,640	20,521,465
<b>Total equity</b>	21,884,714	288,640	22,173,354	20,232,825	288,640	20,521,465

### 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, and the Group does not have specific resources that are allocated to specific business sectors. All manufacturing is undertaken in the UK.

## Notes to the Financial Statements (continued)

Whilst looking at sales by business sectors the Board of the Company as the Chief Operating Decision Maker does not make decisions regarding allocation of Group resources on such a basis. 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.

Revenue	Year to 31 December 2021 £	Year to 31 December 2020 £ <b>Restated</b>
United States	8,497,022	9,481,403
Malaysia	3,019,181	1,839,150
United Kingdom	1,144,496	1,909,358
Other Europe	4,322,267	4,100,840
Rest of the World	3,467,487	3,810,543
	<u>20,450,453</u>	<u>21,141,294</u>

During 2021, £3.10m or 15.2% of Group Revenue depended on a single customer. In 2020, £2.12m or 10.0% of Group Revenue depended on a single customer. The 2020 figures have been restated to pull out separately all material countries.

### Note 4 GROUP OPERATING PROFIT

	Year to 31 December 2021 £	Year to 31 December 2020 £
<b>Group operating profit is stated after charging to cost of sales:</b>		
Cost of inventories recognised as expense	8,162,461	8,053,576
Staff costs (see Note 10)	780,744	753,018
<b>Group operating profit is stated after charging to operating expenses:</b>		
Net foreign exchange (gains)/losses	(43,013)	118,413
Total research and development costs	3,535,147	3,885,484
Capitalisation of research and development costs	(2,124,529)	(1,879,476)
Amortisation of intangible assets	1,234,655	1,793,628
Impairment of intangible assets	570,812	888,579
Depreciation of property, plant and equipment	183,332	177,336
Depreciation of ROU Asset	188,950	105,227
Staff costs (see Note 11)	5,582,965	5,277,298
<b>Group principal auditor's remuneration:</b>		
Audit of financial statements pursuant to legislation	72,100	64,000
Other services relating to taxation compliance	4,352	19,465

### Note 5 FINANCE INCOME

	Year to 31 December 2021 £	Year to 31 December 2020 £
Interest earned on bank deposits	1,880	16,480

## Notes to the Financial Statements (continued)

### Note 6 Tax

	Year to 31 December 2021 £	Year to 31 December 2020 £
Current UK tax credit	(26,440)	(191,958)
Current overseas tax charge	19,392	147,035
Deferred tax charge (see Note 13)	<u>645,469</u>	<u>143,090</u>
	<u>638,421</u>	<u>98,167</u>

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 effective rate of corporation tax for the year to 31 December 2021 was 19.00% (2020: 19.00%). The lowest rate of corporation tax substantively enacted at the end of the reporting period at which deferred tax liabilities are expected to be realised is 25%. Within the Deferred tax charge for the year is an amount of £511,390 to reflect the increase in UK corporation tax to 25% from April 2023. The differences are explained below:

	Year to 31 December 2021 £	Year to 31 December 2020 £
Profit before tax	<u>3,483,855</u>	<u>2,848,077</u>
Corporation tax on profit before tax at standard rate	661,932	541,135
Expenses not deductible for tax purposes	89,945	(41,626)
UK tax credits	(648,016)	(744,328)
Effect of Capitalised R&D	-	(250,123)
Effect of change in UK tax rate	511,893	358,685
Effect of tax credit on exercise of share options	-	96,795
Difference in overseas effective tax rates	<u>22,667</u>	<u>137,629</u>
Tax charge	<u>638,421</u>	<u>98,167</u>

Factors that may affect future tax charges are as follows:

The Directors have reviewed the recoverability of ACT and the Group has surplus ACT available for potential relief in future periods under current taxation legislation of £273,075 (2020: £273,075). In accordance with IAS 12 such ACT recoverable has not been recognised in these Financial Statements.

### Note 7 DIVIDENDS

	2021 £	2020 £	2021 pence per share	2020 pence per share
Second Interim (for the previous year)	1,063,769	1,054,561	1.45	1.45
Interim	<u>843,678</u>	<u>810,407</u>	<u>1.15</u>	<u>1.10</u>
	<u>1,907,447</u>	<u>1,864,968</u>	<u>2.60</u>	<u>2.55</u>

Dividends are recognised in the Financial Statements in the period they are declared. The Directors have proposed a final dividend of 1.40 pence per share for the year ended 31 December 2021 as a resolution for the Annual General Meeting. (2020 further interim dividend: 1.45 pence) at a total cost of £1,034,600 (2020: £1,063,771).

## Notes to the Financial Statements (continued)

### 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:

	Year to 31 December 2021 £	Year to 31 December 2020 £
Profit after tax	<u>2,845,434</u>	<u>2,749,910</u>
	Year to 31 December 2021 N°	Year to 31 December 2020 N°
Weighted average number of Ordinary Shares for basic earnings per share	73,363,490	73,253,120
Adjustment for share options	<u>749,826</u>	<u>311,651</u>
Weighted average number of Ordinary Shares for diluted earnings per share	<u>74,113,316</u>	<u>73,564,771</u>

### Note 9 DIRECTORS' EMOLUMENTS

	Year to 31 December 2021 £	Year to 31 December 2020 £
Fees and emoluments	1,004,229	657,087
Gain on exercise of share options	-	360,125
Pension contributions	<u>44,384</u>	<u>28,730</u>
	<u>1,048,613</u>	<u>1,045,942</u>
The emoluments of Directors disclosed above include in respect of the highest paid Director:		
Fees and emoluments	350,424	270,296
Gain on exercise of share options	-	308,000
Pension contributions	3,369	28,730
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 2021 £	Company Year to 31 December 2021 £	Group Year to 31 December 2020 £	Company Year to 31 December 2020 £
Wages and salaries	5,419,099	4,725,110	5,218,525	4,009,920
Social security costs	574,864	520,450	488,959	434,493
Defined contribution pension costs	334,265	325,587	315,842	280,449
Share-based payment	<u>35,481</u>	<u>34,446</u>	<u>6,990</u>	<u>5,955</u>
	<u>6,363,709</u>	<u>5,605,593</u>	<u>6,030,316</u>	<u>4,730,817</u>
Average number of employees:	N°	N°	N°	N°
Production	29	29	26	26
Other	<u>74</u>	<u>66</u>	<u>78</u>	<u>57</u>
	<u>103</u>	<u>95</u>	<u>104</u>	<u>83</u>

Direct employment costs capitalised for the year to 31<sup>st</sup> Dec 2021 £1,238,648 (2020: £1,138,230).

## Notes to the Financial Statements (continued)

### Note 11 PROPERTY, PLANT AND EQUIPMENT

#### GROUP

	Improvements to Short Leasehold Property & Right of Use Asset £	Plant, Fixtures & Computer Equipment £	Total £
<b>COST</b>			
At 1 January 2020	973,739	4,177,757	5,151,496
Foreign exchange movement	(8,603)	(32,094)	(40,697)
Right of use Leasehold Asset adjustment	(19,245)	-	(19,245)
Additions	17,256	387,953	405,209
Disposals	-	-	-
At 31 December 2020	963,147	4,533,616	5,496,763
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	<u>899,979</u>	<u>4,034,955</u>	<u>4,934,934</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2020	276,049	3,237,018	3,513,067
Foreign exchange movement	(4,429)	(29,403)	(33,832)
Charge for the year	106,143	176,420	282,563
Disposals	-	-	-
At 31 December 2020	377,763	3,384,035	3,761,798
Foreign exchange movement	(622)	(6,765)	(7,387)
Charge for the year	104,593	183,967	288,560
Disposals	(63,359)	(480,687)	(544,046)
At 31 December 2021	<u>418,375</u>	<u>3,080,550</u>	<u>3,498,925</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>585,384</u>	<u>1,149,581</u>	<u>1,734,965</u>
At 31 December 2021	<u>481,604</u>	<u>954,405</u>	<u>1,436,009</u>

The net book value of the right of use assets held under lease at 31 December 2021 was £454,425 (2020: £556,864).

The depreciation charged on right of use assets was £99,610 (2020: £100,227).

## Notes to the Financial Statements (continued)

Note 11  
(continued)

### PROPERTY, PLANT AND EQUIPMENT

#### COMPANY

	Improvements to Short Leasehold Property & Right of Use Asset £	Plant, Fixtures & Computer Equipment £	Total £
<b>COST</b>			
At 1 January 2020	905,743	3,546,002	4,451,745
Right of Use Leasehold Asset adjustment	(112,296)	-	(112,296)
Additions	16,924	350,119	367,043
Disposals	-	-	-
At 31 December 2020	810,371	3,896,121	4,706,492
Transfer to Intangibles	-	(167,886)	(167,886)
Additions	-	183,107	183,107
Disposals	-	(3,361)	(3,361)
At 31 December 2021	<u>810,371</u>	<u>3,907,981</u>	<u>4,718,352</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2020	208,053	2,667,458	2,875,511
Charge for the year	89,417	133,461	222,878
Disposals	-	-	-
At 31 December 2020	297,470	2,800,919	3,098,389
Charge for the year	88,805	171,459	260,264
Disposals	-	(3,361)	(3,361)
At 31 December 2021	<u>386,275</u>	<u>2,969,017</u>	<u>3,355,292</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>512,901</u>	<u>1,095,202</u>	<u>1,608,103</u>
At 31 December 2021	<u>424,096</u>	<u>938,964</u>	<u>1,363,060</u>

The net book value of assets held under lease at 31 December 2021 was £396,916 (2020: £480,477).

The depreciation charged on right of use assets was £83,561 (2020: £83,561)

# Notes to the Financial Statements (continued)

## Note 12 INTANGIBLE ASSETS

GROUP	Development Costs £	Other £	Total £
<b>COST</b>			
At 1 January 2020	25,577,148	855,149	26,432,297
Foreign exchange movement	-	(6,139)	(6,139)
Additions	1,879,476	17,183	1,896,659
Disposals	-	-	-
At 31 December 2020	27,456,624	866,193	28,322,817
Foreign exchange movement	-	(917)	(917)
Additions	1,451,062	673,467	2,124,529
Transfer from Tangibles	-	167,886	167,886
Disposals	-	(87,627)	(87,627)
At 31 December 2021	<u>28,907,686</u>	<u>1,619,002</u>	<u>30,526,688</u>
<b>AMORTISATION</b>			
At 1 January 2020	17,594,252	846,926	18,441,178
Foreign exchange movement	-	(6,149)	(6,149)
Charge for the year	1,786,135	7,493	1,793,628
Disposals	-	-	-
Impairment loss	888,579	-	888,579
At 31 December 2020	20,268,966	848,270	21,117,236
Foreign exchange movement	-	(916)	(916)
Charge for the year	1,218,131	16,524	1,234,655
Disposals	-	(87,627)	(87,627)
Impairment loss	570,812	-	570,812
At 31 December 2021	<u>22,057,909</u>	<u>776,251</u>	<u>22,834,160</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>7,187,658</u>	<u>17,923</u>	<u>7,205,581</u>
At 31 December 2021	<u>6,849,777</u>	<u>842,751</u>	<u>7,692,528</u>

Other Intangible Assets comprise internally generated software used in products and software licences.

All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'.

### 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 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 7%. Where indicators for impairment exist, management then record judgement-based impairment charges considering project specific technical issues, customer feedback, opportunity for product substitution and other market factors.

One project was fully impaired where, currently, our partner has been unable to obtain regulatory approval in 2021. The charge of £478,812 included £413,604 of costs incurred in 2020. A partial impairment of £92,000 represents projects, early in their life cycle, with sales in 2022 below expectations. The total impairment charge was £570,812 (£888,579).

## Notes to the Financial Statements (continued)

### Note 12 INTANGIBLE ASSETS (CONTINUED)

COMPANY	Development Costs £	Other £	Total £
<b>COST</b>			
At 1 January 2020	25,577,148	717,451	26,294,599
Additions	1,879,476	17,183	1,896,659
At 31 December 2020	27,456,624	734,634	28,191,258
Transfer from Intangibles		167,886	167,886
Additions	1,451,062	673,467	2,124,529
At 31 December 2021	28,907,686	1,575,987	30,483,673
<b>AMORTISATION</b>			
At 1 January 2020	17,594,252	710,758	18,305,010
Charge for the year	1,786,135	6,477	1,792,612
Impairment loss	888,579	-	888,579
At 31 December 2020	20,268,966	717,235	20,986,201
Charge for the year	1,218,131	16,029	1,234,160
Impairment loss	570,812	-	570,812
At 31 December 2021	22,057,909	733,264	22,791,173
<b>NET BOOK VALUE</b>			
At 31 December 2020	7,187,658	17,399	7,205,057
At 31 December 2021	6,849,777	842,723	7,692,500

Other Intangible Assets comprise software licences.

All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'.

#### 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 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 7%. Where indicators for impairment exist, management then record judgement-based impairment charges considering project specific technical issues, customer feedback, opportunity for product substitution and other market factors.

One project was fully impaired where, currently, our partner has been unable to obtain regulatory approval in 2021. The charge of £478,812 included £413,604 of costs incurred in 2020. A partial impairment of £92,000 represents projects, early in their life cycle, with sales in 2022 below expectations. The total impairment charge was £570,812 (£888,579).

## Notes to the Financial Statements (continued)

### Note 13 DEFERRED TAX

	Share-based payments £	Accelerated capital allowances £	Tax Losses £	Other £	Total £
<b>GROUP</b>					
At 1 January 2020	94,709	(1,453,331)	-	48,185	(1,310,437)
Credited/(charged) to statement of comprehensive income	1,351	(118,499)	-	(25,942)	(143,090)
Credited to equity	<u>16,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,472</u>
At 31 December 2020	112,532	(1,571,830)	-	22,243	(1,437,055)
Charged to statement of comprehensive income	(8,541)	(567,562)	(54,026)	(15,340)	(645,469)
Charged to equity	<u>(79,852)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,852)</u>
At 31 December 2021	<u>24,139</u>	<u>(2,139,392)</u>	<u>(54,026)</u>	<u>6,903</u>	<u>(2,162,376)</u>
<b>COMPANY</b>					
At 1 January 2020	94,709	(1,454,850)	-	-	(1,360,141)
Credited/(charged) to statement of comprehensive income	1,351	(56,892)	-	-	(55,541)
Credited to equity	<u>16,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,472</u>
At 31 December 2020	112,532	(1,511,742)	-	-	(1,399,210)
Charged to statement of comprehensive income	(8,541)	(617,239)	-	-	(625,780)
Charged to equity	<u>(79,852)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,852)</u>
At 31 December 2021	<u>24,139</u>	<u>(2,128,981)</u>	<u>-</u>	<u>-</u>	<u>(2,104,842)</u>

## Notes to the Financial Statements (continued)

Note 14	INVESTMENTS	31 December 2021	31 December 2020
COMPANY		£	£
	Investment in subsidiary companies:		
	Shares at cost	19,705	19,705
	Capital contribution	1,361,656	1,361,656
	Equity-settled share-based payment	13,941	9,155
	Total investment in subsidiary companies	<u>1,395,302</u>	<u>1,390,516</u>

The Group have closed the Research and Development facility located in India. The investment in the subsidiary company has not been impaired during 2021 as it is expected that future returns in the form of dividends paid to Group companies will exceed the carrying value of the investment.

Subsidiary undertakings included in these accounts, which are all wholly owned, at 31 December 2021 are:

Name	Place of Incorporation	Class of Share	Percentage Held	Nature of Business
<b>By Company:</b>				
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	99.999 %	R&D Services for Company
Concurrent Technologies Inc	California, USA	Ordinary	100 %	Sale & Service of Company products and R&D Services for Company
<b>By Concurrent Technologies Inc:</b>				
Omnibyte Corporation	Illinois, USA	Ordinary	100 %	Dormant
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	0.001 %	R&D Services for Company

Note 15	INVENTORIES	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
		£	£	£	£
	Raw materials	3,703,893	3,703,893	2,709,262	2,709,262
	Work in progress	2,375,401	2,375,401	2,426,553	2,426,553
	Finished goods	346,142	346,142	397,759	397,759
		<u>6,425,436</u>	<u>6,425,436</u>	<u>5,533,574</u>	<u>5,533,574</u>

During 2021 the provision for obsolete and slow moving inventories has been decreased by £426,723 (2020: increased by £393,426). The fair value of inventories less selling costs is expected to exceed balance sheet value.

In 2021, a total of £8.9m (2020: £9.6m) of inventories was included in the Consolidated Statement of Comprehensive Income as an expense.

## Notes to the Financial Statements (continued)

### Note 16 TRADE AND OTHER RECEIVABLES

	Group 31 December 2021 £	Company 31 December 2021 £	Group 31 December 2020 £	Company 31 December 2020 £
Trade receivables	2,406,025	1,776,755	1,819,347	1,289,103
Prepayments and accrued income	582,608	550,411	536,810	447,743
Amounts due from subsidiary undertakings	-	910,592	-	661,472
	<u>2,988,633</u>	<u>3,237,758</u>	<u>2,356,157</u>	<u>2,398,318</u>

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 and experience.

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
At 1 January	16,070	210	19,179	210
Charged/(credited) to statement of comprehensive income	(14,882)	-	(3,109)	-
At 31 December	<u>1,188</u>	<u>210</u>	<u>16,070</u>	<u>210</u>

In addition, some of the trade receivables are past due as at the reporting date. The age of the trade receivables past due but not impaired is as follows:

	Group 31 December 2021 £	Company 31 December 2021 £	Group 31 December 2020 £	Company 31 December 2020 £
Less than 60 days	1,355,608	1,355,543	252,444	220,968
More than 60 days	7,238	6,925	22,975	15,859
	<u>1,362,846</u>	<u>1,362,468</u>	<u>275,419</u>	<u>236,827</u>

### Note 17 TRADE AND OTHER PAYABLES

	Group 31 December 2021 £	Company 31 December 2021 £	Group 31 December 2020 £	Company 31 December 2020 £
<b>Current</b>				
Trade payables	1,982,951	1,963,123	1,975,751	1,684,384
Amounts owed to subsidiary undertakings	-	-	-	26,051
Other payables	667,071	659,889	716,139	659,437
Current Right of Use lease liability	131,304	116,398	117,976	108,195
Other taxes and social security costs	134,895	132,988	120,934	118,197
Accruals deferred income	1,280,051	1,053,296	924,082	639,762
	<u>4,196,272</u>	<u>3,925,694</u>	<u>3,854,882</u>	<u>3,236,026</u>
<b>Non-current</b>				
Non-current Right of Use lease liability	570,576	509,547	704,800	625,944
Deferred Tax Liabilities (note 14)	2,193,418	2,128,981	1,571,830	1,511,742
Long term provisions (note 20)	19,172	19,172	16,162	16,162
	<u>2,783,166</u>	<u>2,657,700</u>	<u>2,292,792</u>	<u>2,153,848</u>

The Directors consider that the carrying amount of trade and other payables is approximate to their fair value.

# Notes to the Financial Statements (continued)

## Note 18 FINANCIAL INSTRUMENTS

### Financial Instruments by category

The carrying amount of financial assets presented in the balance sheets relate to the following measurement categories as defined in IFRS 9:

	Financial Assets measured at amortised cost £	Other £	Total for line item £
<b>GROUP</b>			
<b>2020 Current:</b>			
Trade and other receivables	1,819,347	536,810	2,356,157
Cash and cash equivalents	11,765,974	-	11,765,974
Total for category	<u>13,585,321</u>	<u>536,810</u>	<u>14,122,131</u>
<b>2021 Current:</b>			
Trade and other receivables	2,406,025	582,608	2,988,633
Cash and cash equivalents	11,839,758	-	11,839,758
Total for category	<u>14,245,783</u>	<u>582,608</u>	<u>14,828,391</u>
<b>COMPANY</b>			
<b>2020 Current:</b>			
Trade and other receivables	1,950,575	447,743	2,398,318
Cash and cash equivalents	9,271,606	-	9,271,606
Total for category	<u>11,222,181</u>	<u>447,743</u>	<u>11,669,924</u>
<b>2021 Current:</b>			
Trade and other receivables	2,687,347	550,411	3,237,758
Cash and cash equivalents	9,418,188	-	9,418,188
Total for category	<u>12,105,535</u>	<u>550,411</u>	<u>12,655,946</u>

The carrying amount of financial liabilities presented in the balance sheets relate to the following measurement categories as defined in IFRS 9:

	Financial Liabilities measured at amortised cost £	Other £	Total for line item £
<b>GROUP</b>			
<b>2020 Current:</b>			
Trade and other payables	4,022,588	120,934	4,143,522
<b>2021 Current:</b>			
Trade and other payables	4,350,017	134,895	4,484,912
<b>COMPANY</b>			
<b>2020 Current:</b>			
Trade and other payables	3,406,469	118,197	3,524,666
<b>2021 Current:</b>			
Trade and other payables	4,081,346	132,988	4,214,334

# Notes to the Financial Statements (continued)

## Note 19 PROVISIONS

### GROUP AND COMPANY

	<b>Product Warranty £</b>
Carrying amount at 1 January 2021	32,516
Increase in provisions	21,390
Amount utilised	<u>(15,434)</u>
Carrying amount at 31 December 2021	<u>38,472</u>

Provisions have been analysed between current and non-current as follows:

Current	19,300
Non-current	19,172

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.

## Note 20 LEASES AND COMMITMENTS

The Group leases properties for its operations in the UK and US and the information is presented below:

<b>Changes in Liabilities Arising from Financing Activities</b>	<b>Group 2021 £</b>	<b>Company 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2020 £</b>
Opening Balance	822,776	734,139	956,349	946,427
Additions	-	-	93,053	-
Payments	(117,613)	(108,195)	(117,613)	(99,992)
Adjustments	-	-	(112,296)	(112,296)
FX	(3,283)	-	3,283	-
Closing Balance	<u>701,880</u>	<u>625,944</u>	<u>822,776</u>	<u>734,139</u>

### Right of Use Assets

	<b>Group 31 December 2021 £</b>	<b>Company December 2021 £</b>
Opening Balance	554,035	480,477
Additions	-	-
Depreciation	(99,610)	(83,561)
Closing Balance	<u>454,425</u>	<u>396,916</u>

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

## Notes to the Financial Statements (continued)

	Group 31 December 2021 £	Company 31 December 2021 £	Group 31 December 2020 £	Company 31 December 2020 £
<b>Maturity Analysis</b>				
Within One Year	(179,941)	(150,234)	(180,133)	(150,234)
Within Two To Five Years	(640,120)	(563,378)	(824,155)	(713,612)
Add unearned interest	118,181	87,667	181,512	129,707
<b>Total Lease Liabilities</b>	<b>(701,880)</b>	<b>(625,945)</b>	<b>(822,776)</b>	<b>(734,139)</b>
Non-current Note 17	(570,576)	(509,547)	(704,800)	(625,945)
Current Note 17	(131,304)	(116,398)	(117,976)	(108,195)
	<b>(701,880)</b>	<b>(625,945)</b>	<b>(822,776)</b>	<b>(734,140)</b>

At 31 December 2021 the Group was committed to short-term leases and the total commitment at that date was £22,912.

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 £90,026.

Amounts recognised in the consolidated and company statement of comprehensive income

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Short-term and low value lease expense	90,026	90,026	83,794	83,794
Depreciation Charge	99,610	83,561	99,610	83,561
Interest Expense	61,679	42,039	83,985	58,706

Amounts recognised in the consolidated and company statement of cash flows.

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Short term and low value lease expense	90,026	90,026	83,794	83,794
Repayment of lease liabilities within cash flows from financing activities	117,613	108,195	117,613	99,992

### Capital commitments

At the end of the year there were no capital expenditure commitments £nil (2020: £79,400).

Note 21	SHARE CAPITAL	31 Dec 2021 £	31 Dec 2020 £	31 Dec 2019 £
	Allotted, issued and fully paid share capital:			
	Ordinary shares (73,900,012 of 1p each)	739,000	739,000	739,000

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

		Treasury Shares
	Balance as at 1 January 2021	536,522
	Shares sold	-
	Shares Purchased	-
	<b>Balance as at 31 December 2021</b>	<b>536,522</b>

# Notes to the Financial Statements (continued)

## 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 11 Staff Costs. Pension contributions payable to the Schemes at the end of the year were £nil (2020: £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 19. 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)**

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>US Dollar</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Euro</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Company	697,522	-	(380,407)	227,965
Group	(205,225)	-	(1,041,879)	227,965
			<b>2021</b>	<b>2021</b>
			<b>US Dollar</b>	<b>Euro</b>
			<b>£</b>	<b>£</b>
<b>If sterling had strengthened by 5% against both currencies:</b>				
Impact on net Company result for the year			(33,215)	-
Impact on net Group result for the year			9,773	-
<b>If sterling had weakened by 5% against both currencies:</b>				
Impact on net Company result for the year			36,712	-
Impact on net Group result for the year			(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.

# Notes to the Financial Statements (continued)

## Note 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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 2021 and 31 December 2020 was determined as follows:

#### Group

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>31 December 2021</b>					
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
<b>31 December 2020</b>					
Expected loss rate	-	-	-	100%	
Gross carrying amount	1,764,773	1,854	36,650	16,070	1,819,347
Lifetime expected credit loss	-	-	-	16,070	16,070

#### Company

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>31 December 2021</b>					
Expected loss rate	-	-	-	100%	
Gross carrying amount	1,691,870	2,187	65,968	210	1,760,235
Lifetime expected credit loss	-	-	-	210	210
<b>31 December 2020</b>					
Expected loss rate	-	-	-	100%	
Gross carrying amount	1,234,529	1,854	52,510	210	1,289,103
Lifetime expected credit loss	-	-	-	210	210

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

	2021 £	2020 £
Opening loss allowance at 1 January	16,070	19,179
Loss allowance recognised during the year	(14,882)	(3,109)
Closing loss allowance at 31 December	1,188	16,070

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

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. Long-term liquidity needs for a 12 month lookout period are identified monthly.

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.

# Notes to the Financial Statements (continued)

## 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:

	<b>Group 2021</b>	<b>Group 2020</b>
	£	£
		<b>Restated</b>
Total Equity	23,740,599	22,845,607
Cash and cash equivalents	<u>(11,839,758)</u>	<u>(11,765,974)</u>
<b>Capital</b>	<u>11,900,841</u>	<u>11,079,633</u>
Total Equity & Overall financing	<u>23,740,599</u>	<u>22,845,607</u>
<b>Capital to Overall financing ratio</b>	<u>0.50</u>	<u>0.48</u>

## Note 25 RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with its subsidiaries during the period:

	<b>Company 2021</b>	<b>Company 2020</b>
	£	£
Sales to subsidiaries	7,256,989	9,416,124
Purchases from subsidiaries	398,077	1,359,011
Equity-settled share-based payment to employees of subsidiaries	4,786	1,035
Amounts owed by subsidiaries as at 31 December (Note 16)	910,592	661,472
Amounts owed to subsidiaries as at 31 December (Note 17)	-	(26,051)

Related party invoices are payable on standard terms of 30 days. Intra Group balances have no fixed repayment date and are not interest bearing.

Dividends paid to Directors during the year amounted to:	52,357	217,370
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### Transactions with Key Management Personnel during the period:

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

	<b>Group &amp; Company 2021</b>	<b>Group &amp; Company 2020</b>
	£	£
Short term employee benefits	1,103,515	678,883
Post-employment benefits	44,384	11,324
Share-based payment (IFRS 2)	<u>25,794</u>	<u>2,589</u>
	<u>1,173,693</u>	<u>692,796</u>

## Notes to the Financial Statements (continued)

### Note 26 SHARE-BASED PAYMENT

At the beginning of 2021 the Company operated an Enterprise Management Incentive Share Option Scheme. During the year this changed to a Long Term Incentive Plan.

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 exercised until three years after grant date and exercise is conditional upon 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 exercise of the option. The latest date for exercise of options is ten years after grant date and exercise of options is subject to continued employment with the Group.

	2021 Options N°	2021 Weighted average price pence	2020 Options N°	2020 Weighted average price pence
Outstanding at 1 January	1,252,000	63.92	1,757,000	39.38
Granted	780,205	32.70	675,000	101.50
Exercised	-	-	(950,000)	39.00
Forfeited / Lapsed	(565,000)	63.99	(230,000)	36.31
Outstanding at 31 December	1,467,205	47.29	1,252,000	63.92
Weighted average share price at date of exercise		-		109.27
Exercisable at 31 December 2021	Nil	-	530,000	41.50

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

The inputs to the binomial option pricing model for options granted over the period were as follows:

	2021	2020
Weighted average share price (pence)	84.3	101.50
Weighted average exercise price (pence)	32.7	101.50
Range of expected volatility (%)	32.15-32.16	32.15-32.16
Expected life (years)	10	10
Range of risk-free rate (%)	0.03	0.03
Range of expected dividend yield (%)	2.5-2.8	2.5-2.8
Range of expected forfeitures (%)	8-10	8-10
Range of early exercise factors (multiple)	1.1	1.1
Weighted average fair value (pence)	56.52	14.37

The expected volatility is based on historical volatility of the Group's share price over the previous ten years. The risk free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the expected option life. The effect of blackout periods, where shares cannot be traded by employees due to regulatory restrictions, has been factored into the model. The periods are the two months following the Group's year end date of 31 December and interim results date of 30 June each year.

# Notes

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# Notes

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# Company Information

Company Registered Number: 01919979

Registered Office: 4 Gilberd Court  
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Directors: M Cubitt - Non-exec, Chairman  
N Edington - Non-exec (Appointed 27<sup>th</sup> September 2021)  
C Thomson - Non-exec (Retired 15<sup>th</sup> June 2021)  
M J Adcock CEng, CPhys FIET - Chief Executive Officer (Appointed 21<sup>st</sup> June 2021)  
J Martin - Chief Financial Officer (Resigned 21<sup>st</sup> February 2022)  
K Garrod - Chief Financial Officer (Appointed 9<sup>th</sup> May 2022)  
J B Annear - Managing Director (Retired 31<sup>st</sup> July 2021)  
D Evans-Hughes BSc, MIET - Engineering Director (Resigned 7<sup>th</sup> September 2021)  
B Salgat - President, Concurrent Technologies Inc

Company Secretary: Cargil Management Services Ltd

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