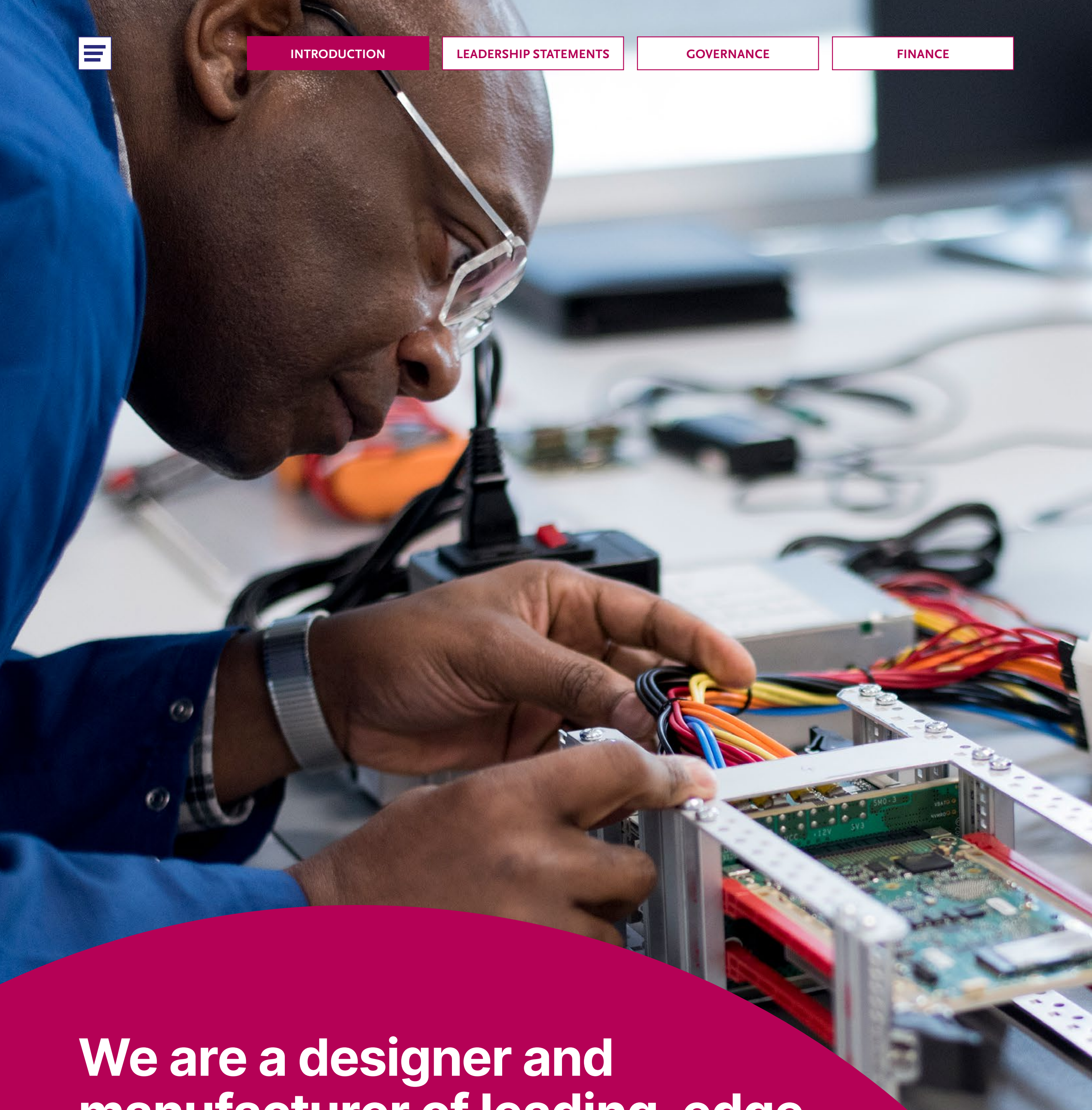
DELIVERING EMBEDDED SYSTEM SOLUTIONS

CONCURRENT TECHNOLOGIES

REPORT & ACCOUNTS 2023

Company Registered Number: 01919979



We are a designer and manufacturer of leading-edge computer products, systems and mission critical solutions used in high-performance markets by some of the world's major OEMs.

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At a glance

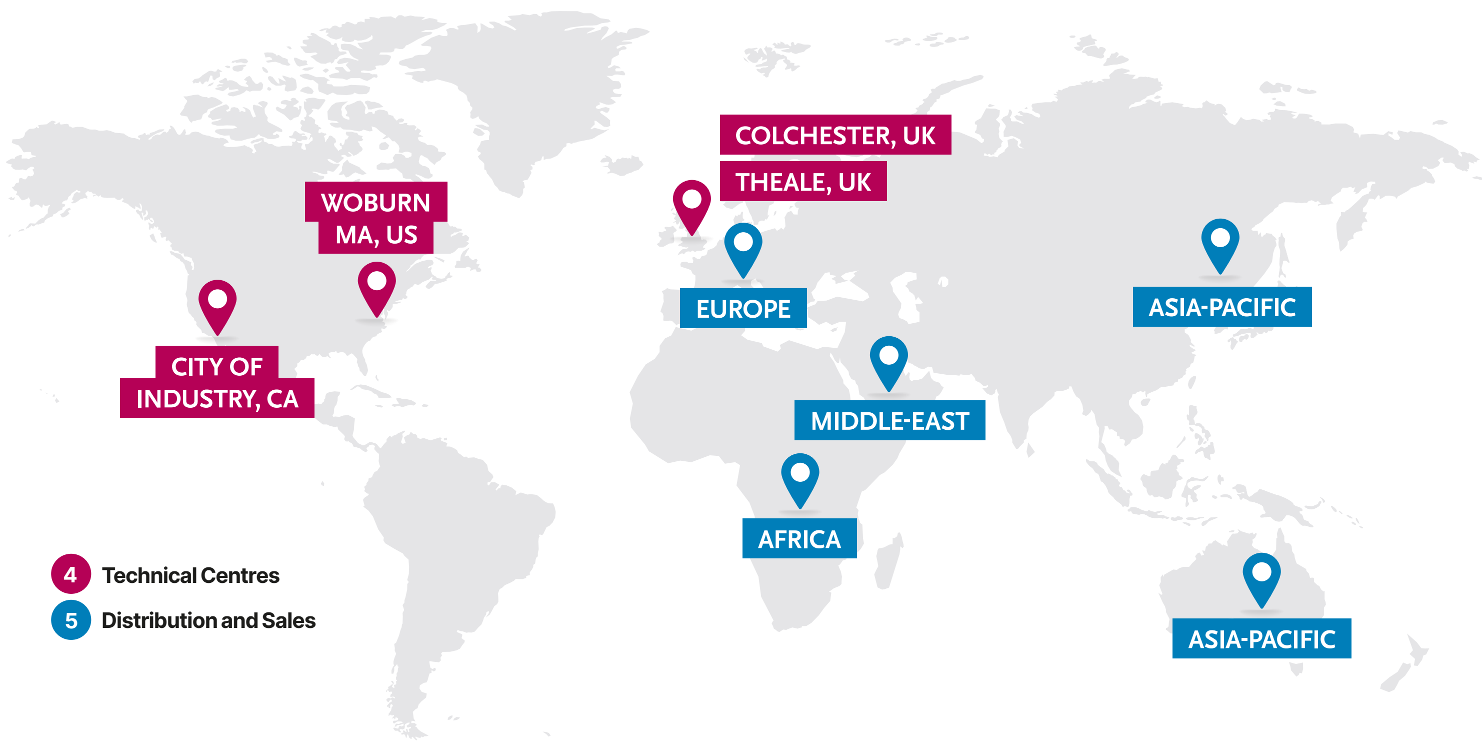
Concurrent Technologies plc (Concurrent Technologies) is an exciting, innovative company that designs, develops and manufactures high-performance embedded computing solutions. Our cutting-edge technology supports various industries, including defence, aerospace, telecommunications, transportation and industrial automation. For nearly four decades, we have perfected the development of plug-in cards, embedded CPU boards and other ruggedised computing systems designed to meet the demanding requirements of these sectors.

We specialise in providing computing systems for the most difficult of environments. Our customers in defence and critical application industries are facing life-critical situations in the protection of national security. We ensure they have access to the best computing technology at the same rate as the rest of the commercial world, but with the added resilience and quality they need.

Our purpose is to provide cutting-edge, reliable technology to our customers at an unparalleled pace. Our customers need rapid solutions that meet their tough requirements and continuous demand for updates. We can do this because of our significant understanding of computer boards and their integration with the wider system. This enables rapid technology development, but it also allows us to support and advise our customers to get the best out of the systems they use.

We are experts in choosing the right combination of technology, designed in a physically small volume to match preferences for form factor as well as size, weight and power. We can deliver the latest computer-processing power as soon as possible, enhancing the systems that make our users' lives easier and more efficient.

Our locations



AT A GLANCE (CONTINUED)

Our history

2024
We are continuing to develop several strategic partnerships to create the potential to sell a more complete integrated solution.

2023
Acquired Phillips Aerospace, which has been delivering rugged systems based on open standards boards (like ours) to defence primes.

2022
Saw the opportunity to provide vertical technologies and system integration support and began planning for a new division of business.

2021
Started offering modified off-the-shelf (MOTS) variants to give customers greater control over the end capability.

2020
By embracing the SOSA premise that 3U VPX processor boards are interchangeable and being quick to market with innovative products, we engaged with significantly larger opportunities.

2019
Tri-service memorandum of understanding published in the United States (US), calling for a modular open solutions approach (MOSA) for all future defence programmes based on standards including Sensor Open Systems Architecture™ (SOSA).

2018 – 2010
Introduced AdvancedMC products for telecoms and physics applications and VPX product ranges predominantly for defence. Started developing class-leading ruggedisation and security capabilities.

2009 – 2001
Expanded range of commercial off-the-shelf (COTS) boards based on open standards like VME and CompactPCI.

2000 – 1988
Continued to develop Multibus II boards for wider markets, including aerospace, transportation and medical applications, and commenced manufacturing in house.

1987
Became financially independent from EES after raising £2m funding.

1986
US office established as Concurrent Technologies, Inc. in California.

1985
Founded as a subsidiary of European Electronic Systems (EES) to design Multibus II boards based on Intel® processors for the industrial automation market.

Financial highlights

Revenue
+73%

£31.7m

Up from £18.3m to £31.7m

EBITDA
+181%

£6m

More than doubled (£2.1m to £6m)

Gross profit
+76%

£15.6m

Up from £8.9m

Shareholders' funds

£35m

Earnings per share

4.98p

Dividend per share

1.0p

Total assets

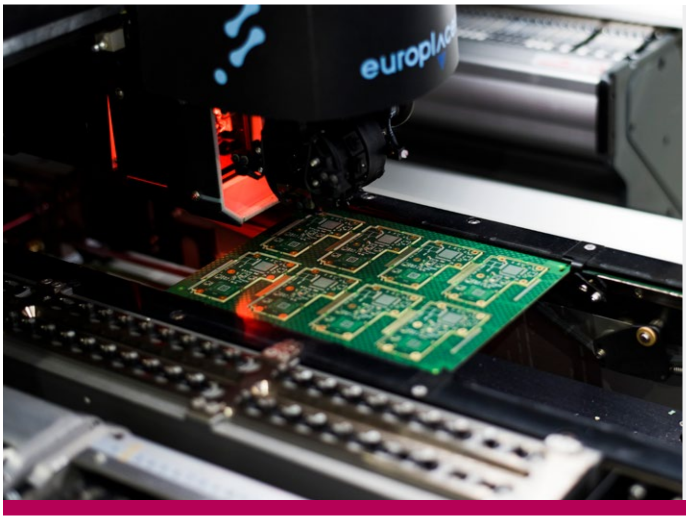
£47.8m

Operational highlights

Culture change

We have undergone an extensive internal review to establish a clear company culture, which includes a renewed focus on output, teamwork, empowerment and growth. Employees are encouraged to actively own and progress their work and openly collaborate across teams for the good of the company.

We have seen a real shift in attitudes in the workplace and this change has directly fed into a more productive style of work, which is reflected in our increased financial gains.



A systems company

For four decades, we have been known for our ability to provide individual boards, and this is something we continue to do to the highest of standards. However, we have recognised that our team has grown since our founding and we have been embracing our capability to provide vertical technologies and system integration support. This will be a key aspect of our business in the future as we go a step further to provide our users with the best offering possible.

Phillips Aerospace

This year, we completed the acquisition of Phillips Machine & Welding Company, Inc. (Phillips Aerospace). This acquisition allows us to move further into the development of systems (which sits alongside our boards business) as well as absorbing its unique manufacturing and supply capabilities for avionics systems in the US. The company has provided reliable systems, equipment and services to the defence sector for over 40 years and will play a key role as we continue to grow in that sector.

Strategic report

We operate within a dynamic market landscape; the rapid growth of the defence and security industries across the globe is undeniable and we have seen this reflected in increased demand for our products and services.

Market overview

In FY23, Concurrent Technologies demonstrated remarkable growth, with an impressive 73% increase in revenue, amounting to approximately £31.7m. Our steadfast focus on innovation, reliability and the pursuit of strategic partnerships have enhanced our position in the defence sector, where around 85% of our business is now concentrated.

In the UK, we have seen the most success in the air and sea domains, although we have been targeting efforts to increase business in the land domain, particularly for land vehicles. In the US, we are more firmly integrated into the land programmes and continue to see growth in this area.

In FY22, our sales pipeline changed as we recalibrated to focus on larger opportunities and contracts. This decision paid off in FY23 as our pipeline grew substantially and we secured eight major design wins, underscoring our commitment to long-term growth. This success offers assurance to our shareholders and internal team and provides us with a strong footing as we continue to grow in the defence sector.

Business model

Concurrent Technologies continues to provide cutting-edge solutions to defence and critical application industries. Our VPX platform remains a key product, as its compact yet powerful design supports the development of radar systems for situational awareness. While the VPX platform is the priority, we continue to see benefit in manufacturing the VME platform. As our competitors abandon this product, we have been able to gain these accounts and provide a legacy product that is still needed in the defence industry.

What is most important to note is that we are evolving beyond our traditional model of general computer-processing boards and plug-in cards. This past year has seen a significant shift towards embracing tailored boards that can be integrated as part of broader systems, and we are the company that can support that integration.

This is a strategic decision as we have observed a gap in the market: our competitors cannot, at this time, support system integration to the level we can, and embracing this aspect of our business provides a competitive advantage.

A key part of our business model is fuelled by our strategic partnerships. The acquisition of Phillips Aerospace has been a significant strategic win in the past year. The company is based in California and is close to prime defence contractors. Its team will support and enhance our ongoing efforts to build customer-ready integrable solutions, as well as our traditional COTS products.

Concurrent Technologies has recalibrated its target audience throughout this year. While previously catering primarily to engineers, the Company now targets high-profile customers such as

STRATEGIC REPORT (CONTINUED)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chief technology officers, managing directors and chief engineers. This change reflects our decision to prioritise business-orientated relationships, increasing the value our customers receive rather than solely technical exchanges.

In summary, we are expanding beyond our traditional offering while maintaining the same high-quality product delivery that our customers have come to expect. As we continue to acquire new partners and embrace a broader systems approach, we will enhance our market position and drive sustained success.

Strategy

Our purpose is to provide cutting-edge, reliable technology to our customers at an unparalleled pace. Our work is fresh and exciting yet grounded in reliability and durability from our years of experience and we aim to be the best in the business at what we do.

This year, we have made fundamental internal changes that have transformed our ability to deliver greater value to our customers and stakeholders.

We have made carefully considered organisational changes for operational efficiency and will continue to do so. FY23 saw strategic hires in our commercial, product development, supply chain and engineering teams.

Our culture has been redefined and well communicated. There is now an established emphasis on ambition, individual responsibility, accountability, passion and enthusiasm. This was a collaborative process, involving every employee at Concurrent Technologies, and the change in attitudes and work output has been noticeable since its implementation.

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These changes have been planned strategically to help us get products and services to market quicker and drive success.

With a clear vision, a culture of passion and ambition and strategic partnerships, we are poised to grow substantially in FY24.

Chairman's statement

"2023 was another step forward in the transformation of Concurrent Technologies to a high-growth business."

Mark Cubitt, Chairman

Overview

FY23 was another step in the transformation of Concurrent Technologies into a high-growth business by leveraging our design heritage and market leadership position through the continued investment in our culture, people, sales and marketing and, more broadly, driving a step change in our go-to-market strategy.

In the year, we delivered both record revenues and profit, underpinned by the successful execution of the Group's refreshed strategy. We are focused on developing a broader range of products and systems, in addition to our boards business, both organically and through acquisition. This positions the business for long-term growth, and this year has solidified our view that we now have the right strategic focus and people in place to achieve our ambitions.

The year in review

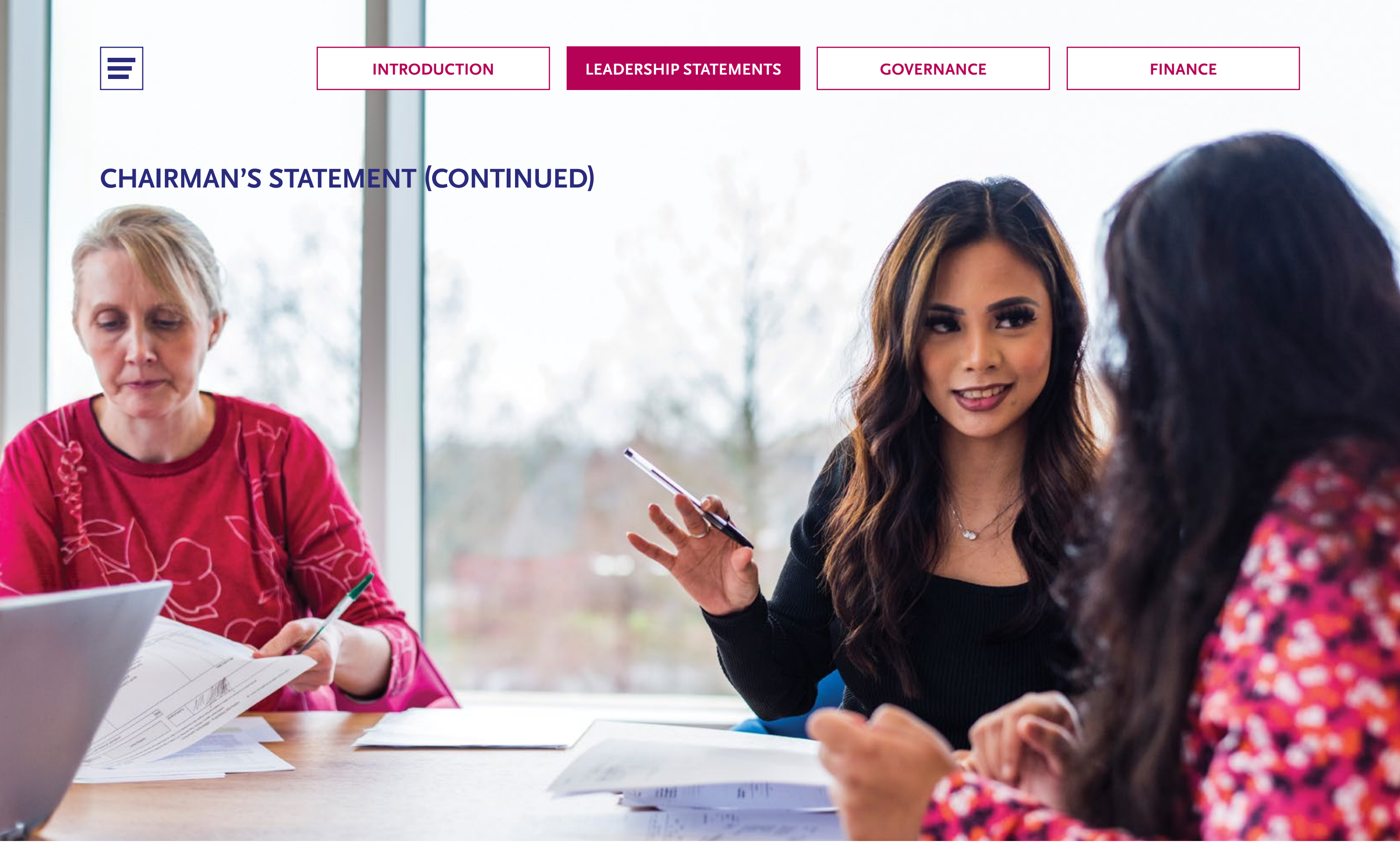
The first half of the year saw a recovery in trading thanks to the increased customer demand for the Group's products and the team's incredible effort in navigating the previous component shortage issues. This momentum continued into the second half of the year and, for FY23, the Company delivered record revenues and profitability.

Cash balances remain strong, buoyed by the raising of £6.8m through the placing of new ordinary shares to new and existing shareholders in August to partly fund the acquisition of Phillips Aerospace, leaving us in a strong position to invest in the systems business further. On behalf of the Board, I would like to thank all investors who participated in the oversubscribed placing.

Execution against strategy

Throughout the year, Concurrent Technologies achieved significant milestones in line with its strategic objectives. We secured eight substantial design wins, underscoring the excellence of our products and engineering capabilities. These wins will ramp up in the coming years in line with our customers' programmes, but they provide long-term, multi-year revenue visibility, which supports the investment plans in our R&D roadmap.

CHAIRMAN'S STATEMENT (CONTINUED)



Additionally, we released several new cutting-edge products in the year that have enriched our portfolio. We remain committed to investing in our product portfolio and capabilities and we are optimistic about the opportunities in FY24 to expand into new markets and deepen our presence within our home markets.

Our end markets remain robust, and we have not only deepened several key relationships with existing customers and partners in the year but, importantly, we are now seeing the opportunity to engage with new customers, servicing a range of projects and geographies, and expect to have the opportunity to bid on larger programmes we were not historically considered for.

The acquisition of Phillips Aerospace in September 2023 marked a significant milestone for the business and has supported our strategic goal of adding both systems capability and US-based manufacturing. We welcome our new Phillips Aerospace colleagues to the Group and recognise the additional talent and skills they bring to our ever-more expert team. The early impact of the acquisition has been positive, and we believe it will significantly improve the Company's capability to design and manufacture rugged systems utilising its existing plug-in cards.

Board

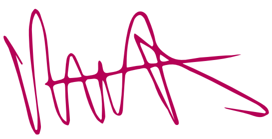
Post-period end, we further strengthened our Board with the appointment of Issy Urquhart as an independent Non-Executive Director to the Company. Issy is an experienced commercial human resources (HR) director with over 30 years' experience working with global technology and financial services businesses in both the public and private sectors. She has joined the Group at a particularly exciting time, and we are already benefiting from her guidance in driving people and change management strategies across our transatlantic operations.

Dividend

With the return to profitability, a 1.0p dividend has been proposed for shareholder approval at the annual general meeting (AGM) which, if passed, will amount to £862,000 paid in early July 2024. Going forward, the Board anticipates dividends will increase in line with profits, with an appropriate level of cover maintained to enable investment for future growth.

Outlook for FY24

In FY24 our strategic focus will remain on developing and designing boards and systems at pace for a range of applications. The year will also see us continue our investment in systems and onboarding new programmes to deliver on our short-term financial targets. Alongside this, a combination of our product leadership and a drive to expand our presence in our focus sectors should deliver a significant increase in multi-year contracts in the medium term.



Mark Cubitt
Chairman

CEO's statement

"We achieved remarkable success in FY23, marked by a record financial performance, and have put in place the building blocks to deliver long-term sustainable growth."

Miles Adcock, Chief Executive Officer

Overview

FY23 was an outstanding year both financially and operationally. As the headwinds of the global components shortages subsided during the year, the underlying progress in order intake and execution has been reflected in the Group's results, particularly in the second half. Solid progress was also made on our strategic priorities, including the acquisition of Phillips Aerospace in the US, and a material increase in our 'major design wins' that underpin a real step up in revenues in future years as our customers ramp up production and reach their own planned delivery volumes. With a significant investment in additional managerial, technical and sales professionals, we now have an excellent team in place to take the business forward for a period of growth. It is clear the revised strategy and associated transformation are coming together and, as a Board, we are extremely excited about the Group's future.

Financial performance

FY23 was a record year for the Group, achieving revenues of £31.7m (FY22 £18.3m) and profit before tax (excluding exceptional costs of £0.2m, related to the acquisition of Phillips Aerospace) of £3.7m, notwithstanding a significant investment in the cost base throughout the year to accelerate future growth. The strength of our order intake over the preceding 24 months enabled this significant investment in product development to facilitate new customers and design wins. We also worked closely with suppliers and customers to successfully manage the supply chain issues that previously impacted performance and we are pleased to report that these factors eased as the year progressed. Our gross margin has now stabilised, with a slight improvement on FY22. We do believe FY24 should be predominantly unhindered by the issues of the last two years regarding component availability and resulting price pressures.

On 6 September 2023, the Company completed the acquisition of Phillips Aerospace for $3.3m (£2.8m) through a combination of $1.1m (£0.8m) cash, the issue of equity of $1.5m (£1.3m) to the owners of Phillips Aerospace and a further $0.8m (£0.7m) cash in repayment of outstanding loans balances within Phillips Aerospace. Simultaneously, the Company

CEO'S STATEMENT (CONTINUED)

raised £6.8m through the issue of fresh equity to broaden our product offering and strengthen the balance sheet to drive further growth.

Investing for growth amid supply chain shortages inevitably impacted cash. Having started the year at £4.5m, the first half of FY23 experienced a net outflow of £1.5m to a cash balance low of £3m in June. As shipments, and hence invoicing, strengthened, the business reverted to being cash generative, with a year-end cash balance of £11.12m. Q4 was our most productive period, for which only some of the associated customer invoices were paid in 2023, with £5.4m of FY23 revenue to be collected as cash in Q1 FY24, as per our payment terms with customers.

In-year order intake of £28.2m remains strong, despite c.£8m of a small number of large orders slipping into FY24. In all cases, these are opportunities we are down-selected for (i.e. we already secured the design win), but the customers' programme of work experienced delays vs expectations. Positively, this had little detrimental impact on in-year revenue. While we expect order intake to continue to build in FY24 and FY25, it is in subsequent years that we will experience the material benefit of the design wins secured in FY23. This focus on design wins is a large investment in time and activity, since they are typically larger and more strategic business-winning campaigns. While they yield little immediate business benefit, the impact on the medium-to-long-term business is transformative in terms of scale. We intend to ever-increase the number of design wins secured each year. We expect the design wins secured in FY23 to yield a significant lifetime value of at least £100m to be realised from FY26 onwards.

Having already doubled the capacity of our Colchester, UK-based factory, we are planning to enhance both internal and external capacity to accommodate this growth, and indeed any major binary upside opportunities that will require a further capacity increase.

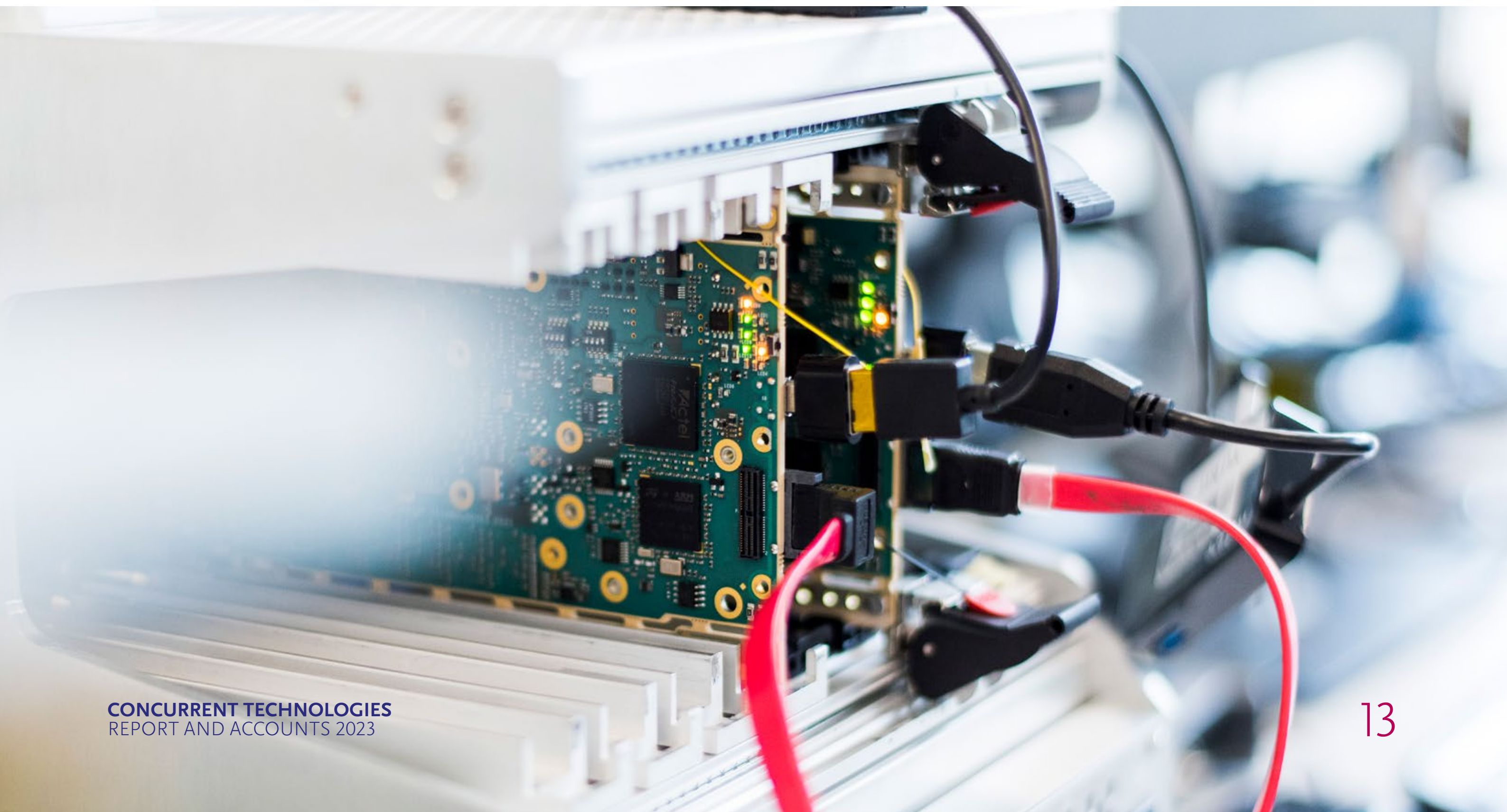
Delivery against strategy

With a year-on-year increase in revenue of over 70%, it is clear our revised strategy and focus on creating a sustainable, high-growth business is delivering the intended results. The Company now comprises two divisions: a boards division, and a nascent systems division, which we expect to represent an increasing percentage of Group sales in the coming years. The refreshed sales team is core to delivering the Company's strategy, and the level of order intake and revenue delivery in FY23 are evidence of their capability.

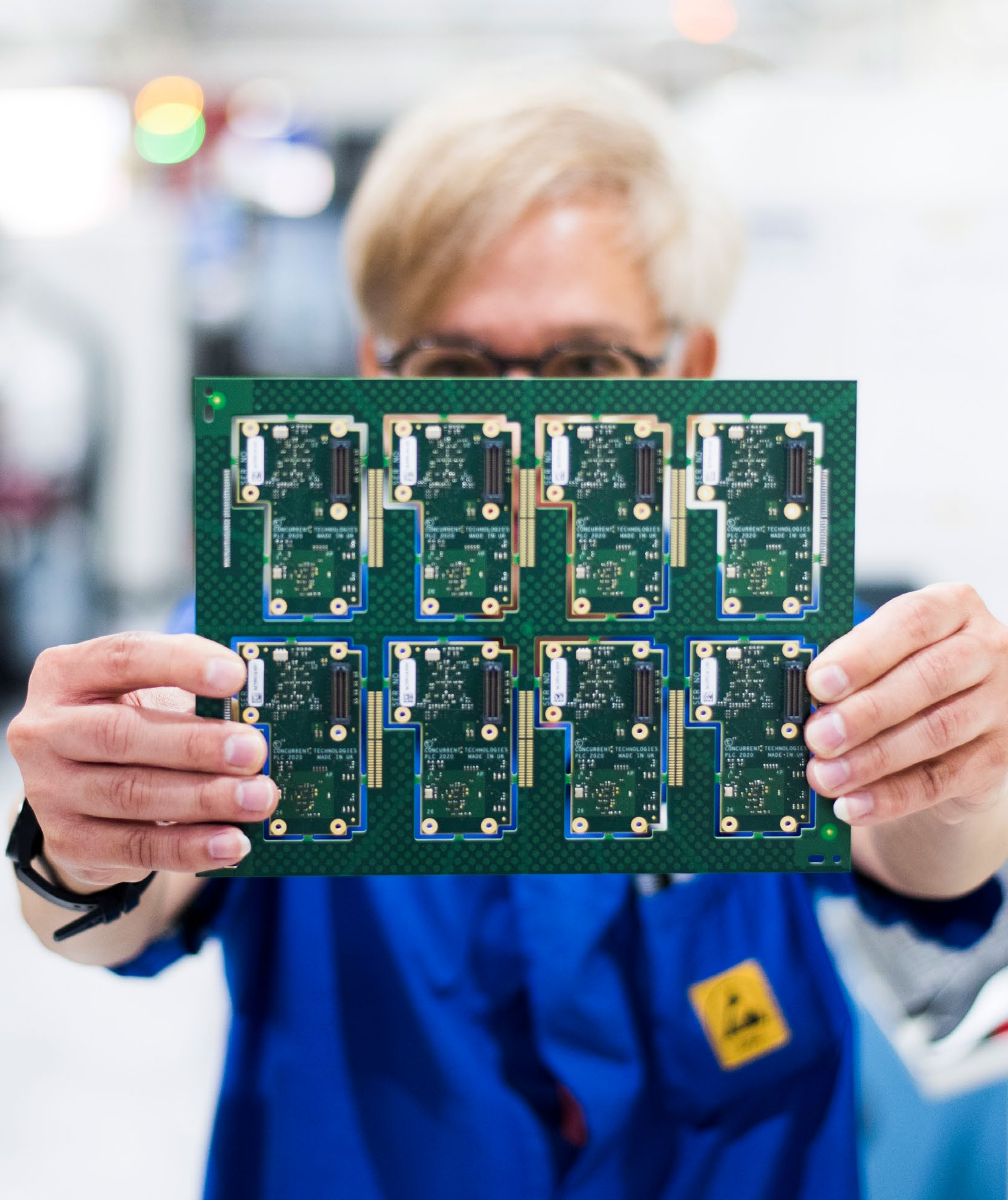
Boards division

This is our long-standing business that designs and manufactures computer boards where we have substantial expertise and a reputation for quality and collaboration. During FY23, we continued to transition the business towards having a culture and go-to-market strategy that is positioned to scale. The strategy here is simple: to provide the right product to market as quickly as possible, with a refreshed focus on customer engagement utilising talented engineers and sales professionals. We have now created a team, cost base and sales strategy capable of delivering c.£40m per annum, before any other material investment is required.

As demonstrated by the revenue performance during FY23 H2, the business has already made material progress and is now positioned to deliver much higher volumes thanks to the investment we have made in expanding the capacity in our Colchester factory. Much of our business in boards is secured via 'design wins', whereby a customer designs us into their own programme, and we can then plan for purchase orders in future years as they reach their own production volumes, typically two to three years after the initial design win. A 'major design win' is one with the potential to achieve peak volumes of >£1m per annum for several consecutive years. Historically, the Company may have



CEO'S STATEMENT (CONTINUED)



CEO'S STATEMENT (CONTINUED)

secured one or two major design wins per annum. In FY23, we secured eight major design wins, which is an extremely positive leading indicator for future growth, representing a lifetime value to the business of at least £100m. Every region is important to us, but the UK and US are our home markets in which we have a material presence operationally. I am pleased to confirm that we won over £5m of orders from the UK in FY23, a five-fold increase on typical prior volumes.

The boards division has been through significant transformation in all aspects during the year and is now fit to focus on execution in FY24 across our key markets. We are exploring options for additional internal and external capacity in line with our anticipated continued order intake growth in the medium term.

Concurrent Technologies is a Titanium member of the Intel® Partner Alliance meaning we get direct support from Intel® with allocated resources. In addition, our applications for early access to future silicon are given priority over Gold members and we've been successful in all our recent applications. We also have access to Intel®'s 'Market Development Funds' programme, which allows us to claim a percentage of our marketing costs back if we explicitly promote that we're using Intel® devices. Having our products on the Intel® Partner Showcase enables Intel® salespeople globally to search for our products easily.

Systems division

Since I joined the Company in 2021, we have explored ways to enter the systems market and move up the value chain by supplying whole systems rather than single boards, enabling us to generate substantially higher revenues and open up new market opportunities. We have made excellent progress this year; the systems line of business now includes the acquired Phillips Aerospace in the US in addition to the capability in the UK business, which will be moved out of the boards line of business going forward. This means that from FY24 we will report the top-level financials of both boards and systems individually. This is to give increased transparency and also recognises that each will have different characteristics financially. For example, average sell prices for systems are typically higher, but gross margins are less than for boards because there is more third-party content. Systems will also often include upfront funding from customers for the design of their customer solution. While we do not currently have a business unit structure (with the exception of the acquired business), this will likely be implemented as revenue from systems grows, in order to provide the necessary, dedicated focus and resources on this business. In the first half of FY23, we won a £1.27m contract for a UK-based system, providing validation of our proposition and capability. The addition of Phillips Aerospace provides a further platform for the systems division to be a core part of our future growth. Previously, Phillips Aerospace had designed and manufactured our initial standard products for systems, meaning both teams had a successful history of working together and integration post-acquisition was seamless. We have welcomed a highly capable team into the Group, who provide the credibility needed to win and deliver systems solutions that complement our existing boards business.

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The Board has been encouraged by the level of motivation and integration that the Phillips Aerospace senior management team has shown, contributing significantly to the technical and managerial community within the Group. Revenue contribution by the Phillips Aerospace business since the completion of the acquisition is approximately £0.8m, slightly stronger than we had expected based on the prior annual performance. The Board expects this to increase significantly as systems contracts are secured in the future.

Acquisitive growth

In the medium term, we believe there are a range of opportunities to expand our capability, customer list and market penetration through acquisition. The acquisition of Phillips Aerospace is a good example of our acquisition criteria: a business we knew well; a business that had long-standing customer relationships and an opportunity for us to add new product expertise, additional major customers, appropriate necessary accreditations and strengthening of our position in our chosen home markets. We are excited by our opportunity to significantly scale Concurrent Technologies organically over the next few years, but we have a clear target to participate in industry consolidation and add to our growth and offering by acquiring leading businesses where possible.

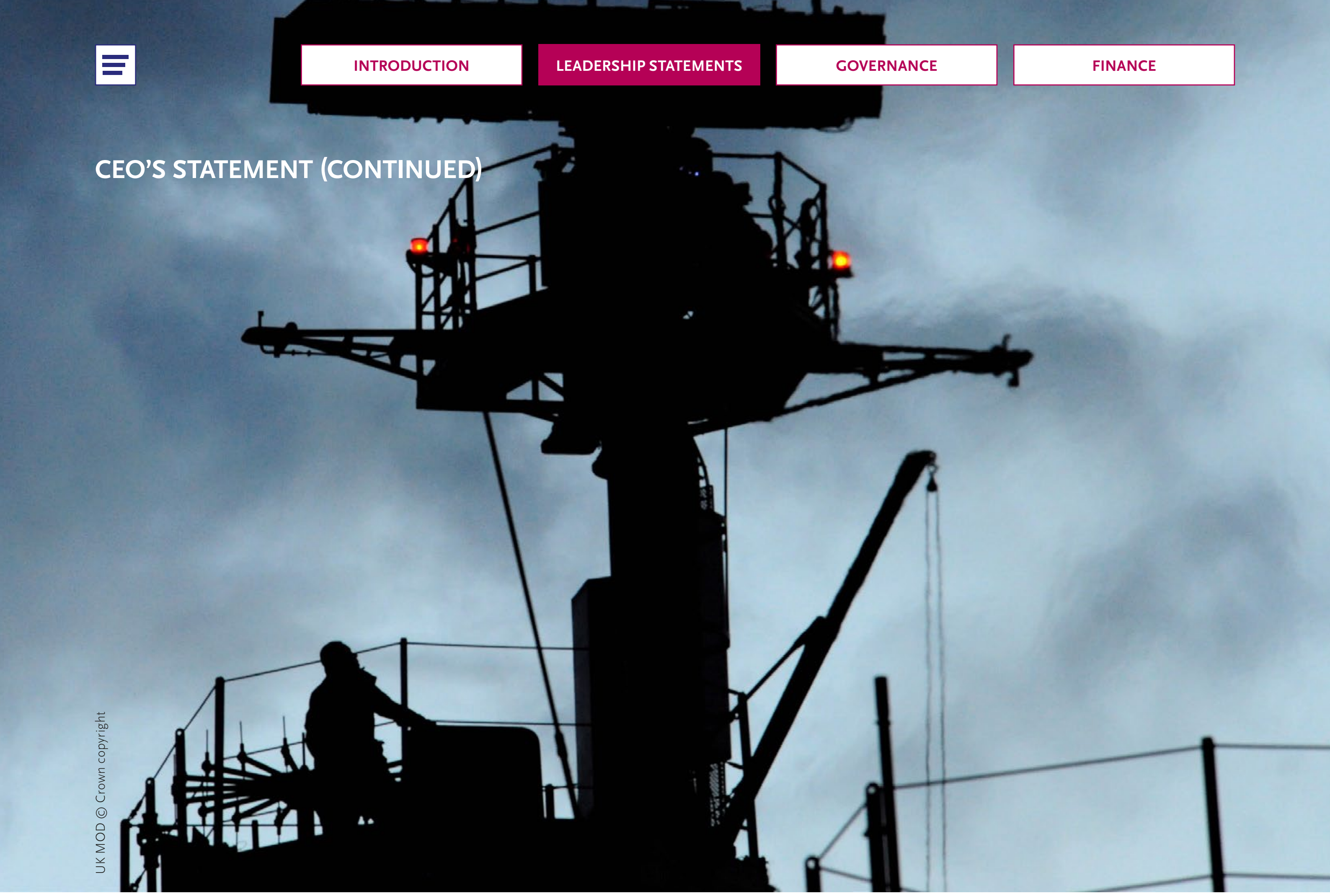
R&D

We continue to focus on investing in R&D in line with our strategy to improve the cadence and time to market of our products that offer the very latest technology.

At the same time that Intel® launched its Raptor Lake-P processor for the embedded market, we announced Hermes, our latest flagship board based on the VPX standard for critical defence applications at the edge. This was our first card based on Intel®'s hybrid architecture consisting of six performance and eight efficient cores, allowing our customers to scale their performance to fit their power and thermal envelope.

In Q3, to meet a key customer need, we shipped a new variant of one of our popular boards with double the amount of memory. We were able to react extremely quickly to secure a critical long-term design win with this variant against strong competition,

CEO'S STATEMENT (CONTINUED)



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demonstrating that our robust processes and revitalised culture are succeeding.

We also announced a rugged board to the CompactPCI standard that is still widely used for industrial and defence applications. This was deliberately backwards-compatible with legacy cards to secure design wins where programs are undergoing a technology transition extending the life span.

In Q4, we announced our highest-performance processor board, using 'Air Flow Through' technology. This and our first Air Flow Through card, a novel technology for a cooling board that was announced in FY22, are being integrated by the end customers, and, having learned a lot by designing boards, we are looking to offer integrated Air Flow Through systems in the future.

To interconnect our processor boards with systems, we introduced a high-performance dual enclave switch. This supports separate 100Gb Ethernet data and 10Gb Ethernet control connections to each board. Having physical data and control separation is critical in many defence applications to ensure security between the two enclaves.

Post-period end, we announced the launch of the Rhea VME single-board computer, which coincided with the launch of Intel ®'s latest Atom processor, to harness this very latest technology for customers looking for a simple, cost-effective upgrade.

The product portfolio strengthens with continued investment in R&D and sales, enabling a strong pipeline of opportunities, and conversion of these, to underpin future revenue growth.

Partnerships

As part of our strategy to develop a broader range of products and services, securing and maintaining partnerships is critical for expanding the size and markets available to us.

In H1 FY23, we signed a distribution agreement with SoC-e, an internationally recognised provider of advanced equipment for real-time and deterministic Ethernet networking for critical sectors, to enhance our product offering. The collaboration enables us to enhance our leading range of solutions and systems to our home and global markets with the addition of time-sensitive networking capability, which we are starting to see as a requirement for future combat platforms. We also secured a key partnership agreement with Alpha Data to act as a reseller of its field programmable gate array-(FPGA) based boards and modules.

In H2 FY23, we showcased our defence-related products at the DSEI Exhibition, Europe's largest defence and aerospace show. We worked with partners like Alpha Data and SoC-e to demonstrate our integration capability by showing products like Helios, our new rugged vision computer.

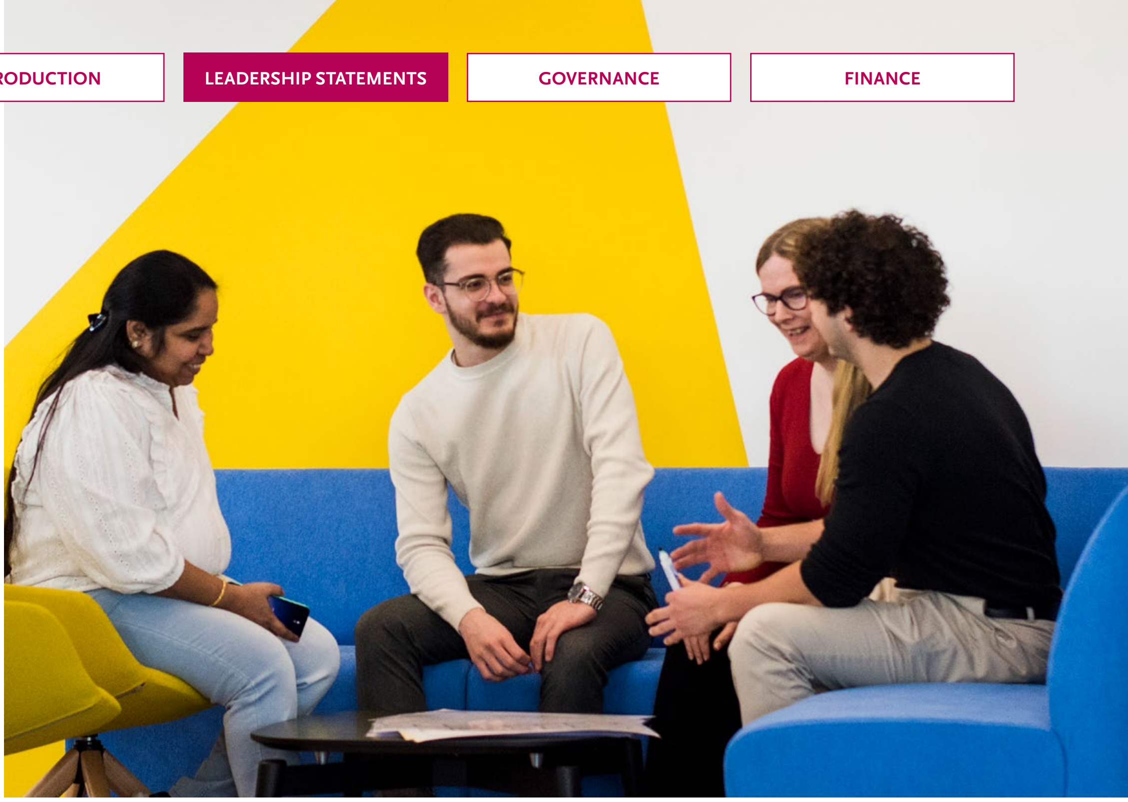
Markets

Defence is the dominant target market for the Group, now accounting for 85% of our board revenue. Industrial (6%), medical (5%) and scientific (4%) are our other important domains.

People and ESG

In recent years, we have assembled a Board and Leadership Team with experience in transforming businesses and growing sales globally, and our success in FY23 is due to the efforts of this driven, refreshed team. During the year, we increased headcount by 17.8%. Attracting and retaining talent is core to our strategy, and I am delighted that in November 2023 we were awarded

CEO'S STATEMENT (CONTINUED)



Gold status by the 5% Club, recognising that more than 5% of our workforce is engaged in 'earn & learn' learning programmes.

Culture change

We believe that culture is what you do and how you behave and that it drives business performance, so we have taken deliberate and active action partnering with Coode Associates to create the company culture that is right for us. Our target culture includes a renewed focus on output, collaboration, empowerment and growth, which in turn has positively impacted our productivity and output.

We will continue to instil this through the business, led by our Leadership Team who, on a daily basis, demonstrate and represent our culture. We have invested heavily in our leadership capability to lead our culture and will continue to do so at all levels.

ESG

We are continuing with our significant transformation to deliver more products faster to market through operational excellence and refined governance. Our key focus for ESG is our people and therefore we have largely invested our time and energy in making sure that we have an attractive reward and benefits offering and providing a developmental place to work.

Outlook

We have achieved remarkable success in FY23, marked by a record financial performance, and have put in place the building blocks that will enable us to deliver long-term, sustainable growth. This is driven by significant design-in wins and strategic investment in the systems divisions, including the acquisition of Phillips Aerospace.

During the year, there was a step change in how the Group invests in marketing, sales and partnerships to expand our market opportunities. Looking ahead, we will remain focused on leveraging the knowledge and the long-standing relationships the Leadership Team has developed to invest in a measured way to design boards and systems for a range of applications. FY24 will be about balancing our investment and mobilising to win and deliver systems to achieve our short-term financial targets.

Miles Adcock
Chief Executive Officer

CFO's statement

"The Group delivered a strong financial performance in the FY23, with a significant growth in revenue and profit before tax (adjusted for exceptional items), resulting in a solid cash position."

Kim Garrod, Chief Financial Officer

Revenue (£m)

£31.7m +73%

2023	31.7	+73%
2022	18.3	-10%
2021	20.5	-3%

Gross profit (£m)

£15.6m +49%

2023	15.6	+49%
2022	8.88	+49%
2021	11.4	+56%

Profit before tax & exceptionals (£m)

£3.7m +959%

2023	3.7	+959%
2022	0.4	-89%
2021	3.5	+25%

Earnings per share (p)

4.98p

2023	4.98
2022	1.35
2021	3.84

Proposed dividend per share (p)

1p

2023	1
2022	0
2021	2.55

CFO'S STATEMENT (CONTINUED)

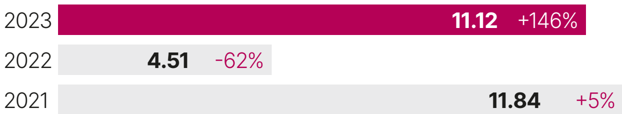
EBITDA* (£m)

£6.0m

*EBITDA is defined as operating profit excluding finance costs, taxation, depreciation and amortisation.

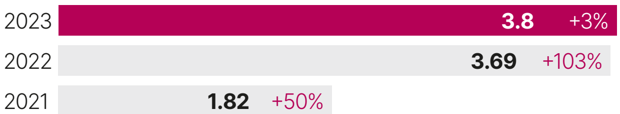
Closing cash (£m)

£11.12m +146%



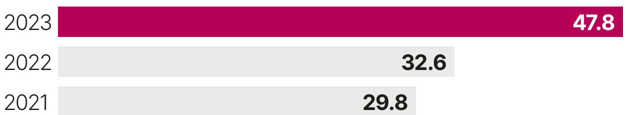
Investment in R&D (£m)

£3.8m +3%



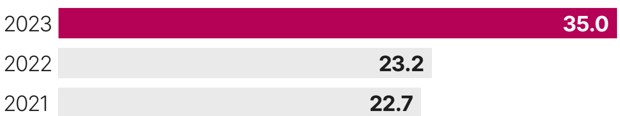
Total assets (£m)

£47.8m



Shareholders' funds (£m)

£35.0m



Revenue

The Company generates sales through products and associated services. A minimal amount of revenue (c.£1.1m) is included in FY23 for system sales (including sales for the acquisition of Phillips Aerospace from 6 September 2023). FY23 saw a record year for revenue, despite being constrained in the first half of the year due to component shortages.

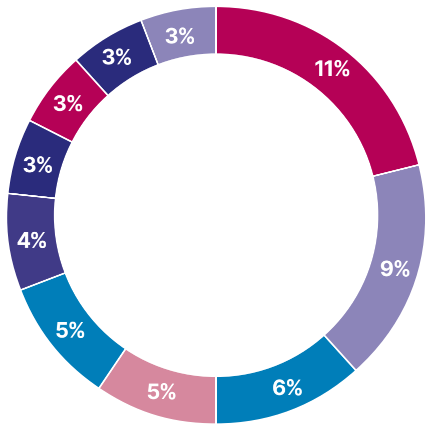
Geographical split of revenue

Revenue	**Year to 31 December 2023 £**	Year to 31 December 2022 £
United States	**13,060,691**	6,564,816
Malaysia	**392,850**	3,047,798
Germany	**6,450,372**	
United Kingdom	**2,148,568**	1,167,266
Other Europe	**4,178,401**	4,003,849
Rest of the World	**5,425,434**	3,491,042
	31,656,316	18,274,771

The geographical split of revenue is quite different in FY23 versus the prior year. FY22 was driven by component availability and, therefore, what we were able to ship to customers. FY23 still had an element of this but it was less extreme, with H2 being relatively unconstrained by component availability. We have one customer in Malaysia, and the profile is simply reflective of its schedule. Germany has represented a significant growth area due to timing of programs (orders in FY22 and FY23), with higher production and development volume creating revenue in FY23. A key point to note is the growth in the UK and US, both our home markets, where we have been concentrating our business development activities. An important element of our strategy has been to reduce our reliance on one customer, which was a feature of the past business, and this strategy is clearly working, as evidenced by the chart below.

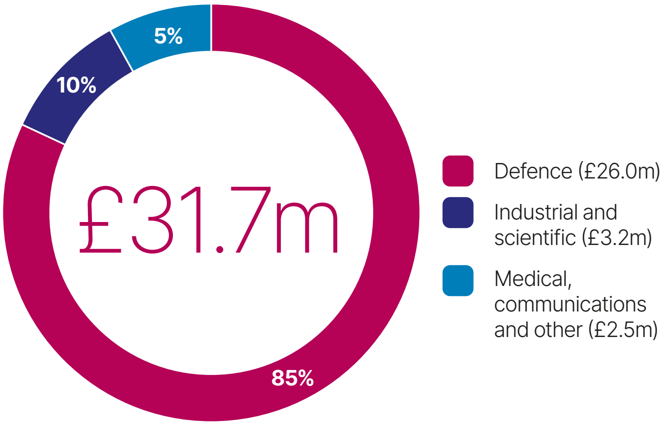
% Revenue by top customers

% of total revenue



CFO'S STATEMENT (CONTINUED)

Revenue by market



Gross profit

Gross profit increased by 76% to £15.64m (FY22: £8.88m), reflecting the significant increase in revenue. Our gross profit margin of 49.4% (FY22: 48.6%) is reflective of the improving components situation and more efficient delivery.

Profit

Profit before tax (excluding exceptionals) increased by 959% to £3.7m (FY22: £0.4m). This is a result of the record revenues achieved in FY23. EBITDA (measured as operating profit plus depreciation and amortisation) increased by 184% to £6.0m (FY22: £2.1m). Amortisation of our products was up by 23% to £1.35m, reflecting the new product portfolio starting to be released into the profit-and-loss account. Depreciation is also significantly up by 91%, of which 17% reflects the new investment in new machinery and the improved offices of Theale, Reading. The new products and the new facility are both key elements in the growth strategy of the Group and will enable the realisation of exceptional further growth; the remainder is the effect of bringing in the acquisition balances.

Earnings per share (EPS) was 4.98p (FY22: 1.35p). This reflects the increased weighted average number of ordinary shares in FY23 generated by the equity raise completed in August 2023. On the previous basis, the EPS would have been 5.0p.

Cost base

It has been necessary to improve the cost base of the business; it has significantly increased with FY23 at £12.2m (FY22: £8.3m). This reflects the investment needed in the business to prepare and be ready for growth. This will be achieved through our new ways of working (e.g. business development, systems, design wins, product development).

The Group continues to pursue the strategy, investing in R&D, developing new products and securing talented people to deliver and drive the business. Through FY23, the business has started to see the results of that investment.

Operating expenses

	FY23 £m	FY22 £m	Variance £m
Total Operating Expenses	**(12.2)**	(8.3)	(3.9)
Salaries, NI & Pension	**(9.0)**	(6.9)	(2.1)
Bonus & Commissions	**(1.9)**	(0.7)	(1.2)
Salary related costs	**(10.9)**	(7.6)	(3.3)
Other costs	**(3.4)**	(3.7)	0.3
Capitalisation	**3.8**	3.6	0.2
Amortisation	**(1.4)**	(1.1)	(0.3)
FX	**(0.3)**	0.5	(0.8)
Total	**(12.2)**	(8.3)	(3.9)
Includes Phillips costs of	**(0.3)**		

As per the table above, a major part of the cost increase has been the investment in people, with salaries increasing by £2.1m. Headcount has increased by 23, from 129 to 152 (including 12 from the acquisition of Phillips) from 31 December 2022, and has increased from 109 at the beginning of FY22.

Bonuses and commission have also risen in FY23, due to excellent performance and a change to the commission scheme (to simplify and pay on order performance), which generated a one-off catch up in FY23 of c.£0.3m.

Foreign exchange rates also had a significant impact on the FY23 accounts, with a swing in rates causing a negative effect against FY22. All other costs were relatively flat.

Tax

The Group has undertaken a full tax review and computation, in accordance with UK tax regulations. Due to having significant R&D investment, we remain in a tax credit position for FY23.

Cash flow

The business has a healthy cash balance of £11.1m, with £5.6m generated from normal operations (a strong increase from FY22 at -£0.9m). Revenue was strong in Q4, meaning trade debtors going out of FY23 were high at £5.4m. The business was cash generative in FY23; this is a reversal of the difficult position in FY22 (due to components availability), which saw a decrease of £7.3m.

CFO'S STATEMENT (CONTINUED)

Statement of financial position

Inventory at the close of FY23 was £11.96m (FY22: £10.09m). This was driven by the management of parts throughout the challenging period due to the components crisis, where the business chose to invest cash in increasing inventory based on market availability to enable the delivery of products. This is now followed by a period of growth and, therefore, inventory holding will revert to 'normal' levels based on a higher-revenue business. These two drivers will continue to play out throughout FY24. The business reviews inventory regularly and provides for obsolescence and slow-moving inventory accordingly, which totalled £1.26m in FY23 (FY22: £0.7m).

Inventory is a key factor in enabling the business to deliver most efficiently and effectively, with careful management contributing to the reduction in lead times in getting products to customers.

Trade payables have increased to £5.7m (FY22: £2.98m). This is predominantly due to the purchase of an end-of-life component that is used across many of the products. This component was delivered in FY23; however, payment terms were agreed that enable payment in April FY24.

Acquisition

On 5 September 2023, Concurrent Technologies Group completed the acquisition of Phillips Aerospace in California, USA.

The acquisition aims to underpin and execute the systems strategy of the business. It provides a footprint, capability, accreditations and credibility that will support the drive for systems revenue going forward.

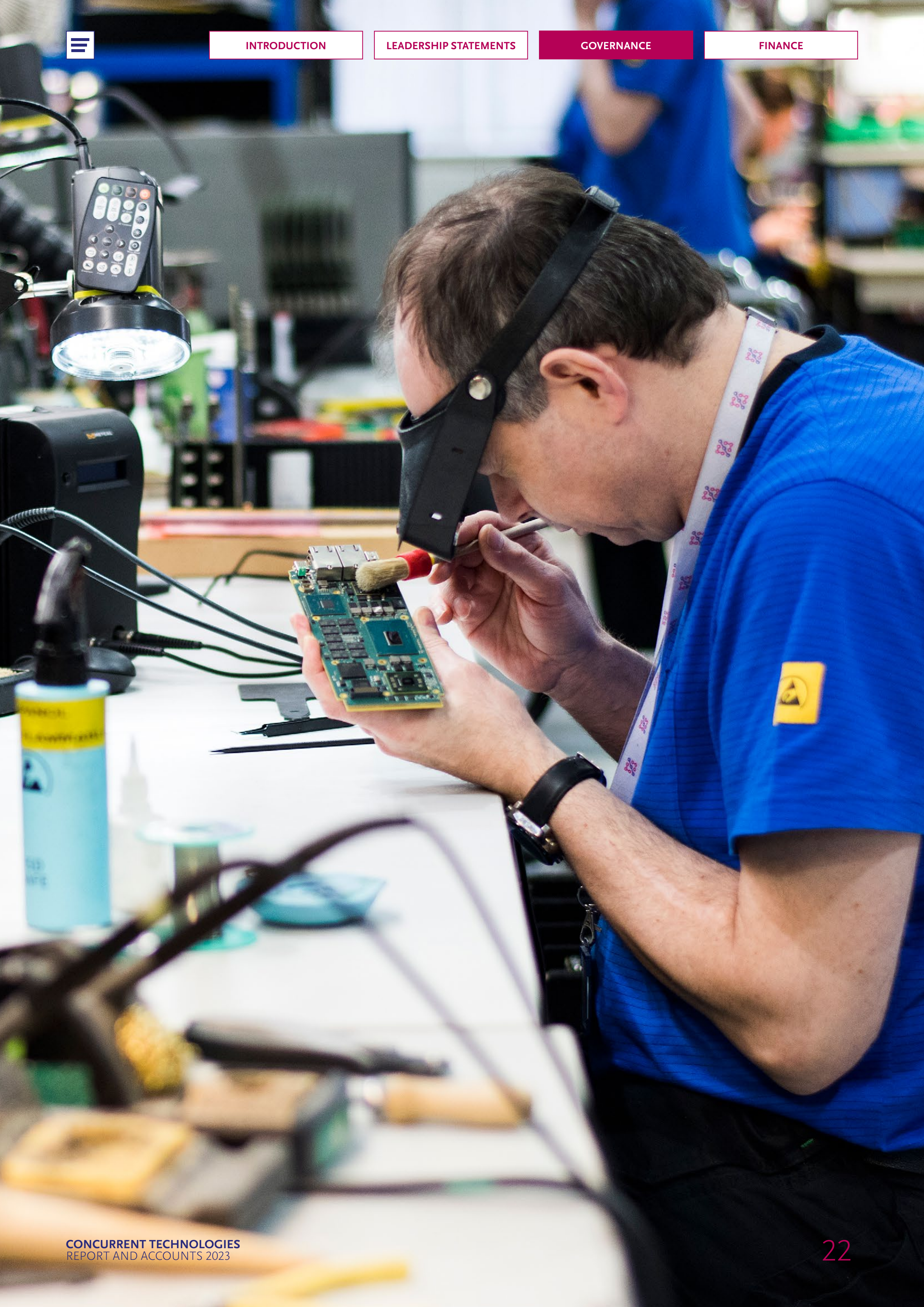
Phillips Aerospace was purchased for $3.3m (£2.8m), split between cash at $1.1m (£0.8m), equity of $1.5m (£1.3m), and repayment of outstanding loan balances within Phillips Aerospace of $0.8m (£0.7m). A detailed summary of the transaction is set out in Note 27 to the financial statements.

Two of the owners (the third was a silent partner) remain with the business and are fully committed to driving the systems strategy forward with the business.

The fair value of the assets acquired has been considered under IFRS 3 and a purchase price allocation exercise has been undertaken and reflected in note 27 of the accounts.

In the period since the business has been owned by Concurrent Technologies, it delivered £0.8m revenue and contributed £0.2m profit to the Group.

Kim Garrod
Chief Financial Officer



Governance

Principal risks and uncertainties

Directors' report

Report on remuneration

ESG report

Corporate governance

Report of the Audit Committee

Independent Auditor's Report to the Members of Concurrent Technologies plc

Principal risks and uncertainties

There is an inherent range of risks and uncertainties facing any company throughout a given year and Concurrent Technologies is no exception.

Our business philosophy is centred around managing risk while proactively seeking new opportunities.
The risks outlined below are not intended to be an exhaustive list.
The principal risks and uncertainties affecting the business are the following:

Legislation and regulatory activities

We regularly monitor current and future legislation including company law, environmental law, export regulations and COSHH and REACH legislation to ensure compliance with listed requirements. Each company within the Group is required to pay tax in the country in which it operates. Any changes in tax legislation within these countries could negatively impact the level of tax paid on generated profits.

Our advanced technology may be subject to export control legislation, which could limit sales opportunities in various countries. These risks are managed by consulting tax expert services and investing in specialist export control expertise.

Customer risk

Our revenue is highly dependent upon the ability of customers to develop, manufacture and sell commodities that incorporate our products. There will always be an inherent risk of multiple customers' financial, technical or other difficulties negatively and simultaneously impacting our sales and results. A significant delay or reduction in our revenue could occur if our customers’ key programmes for developing or upgrading such end-use equipment experience delays or reductions in volume.

Customer concentration is relatively strong, with our top ten customers accounting for 52% of our revenue, and a significant amount of our revenue is in the defence sector (85%). The defence sector is very strong, and especially in our home markets. We are a relatively small business in this sector, although growing, and believe there is little risk of being affected by macroeconomic changes. Our customer concentration has improved, with less reliance on one major customer, although the nature of the defence market will often only have a limited number of large defence primes. We continue to invest in strong business development to expand our customer base, which has been evident in the recent results, and will continue as we strengthen the business through execution of our strategy.

Commercial risk

We are continuing to pursue the development of systems, which brings a heightened commercial risk due to the complexity of contracts. Our pursuit of strategic partnerships, alliances and acquisitions adds complexity to our commercial interactions and must be managed. We have invested in a commercial function at an appropriate level to ensure we have the expertise to maximise our position.

Component shortages

We rely on the availability of components, and any regional or global shortages will impact our production and shipping timelines, thus delaying revenue. We have recovered well from the global shortages in FY22 and FY23 and continue to mitigate this risk by purchasing items as they become available and investing in professional purchasing capability to enhance our access to the required components.

The most recent component issues were due to the global Covid-19 pandemic whereby semiconductor foundries globally shut down in line with national lockdown rules, and consumer demand soared as people purchased computing and entertainment products during this period. This created an extraordinary and long-term mismatch between supply and demand. Issues such as traumatised shipping routes or delays due to a specific supplier have very minor impacts in comparison to what was experienced in FY22 and FY23 and are part of business as usual for running a professional supply chain management function.

We have significant experience in managing risks, now made easier by the decision to grant full business visibility to the entire Leadership Team. This ensures a joint and holistic approach to risk management, ensuring that we are wellpositioned to navigate challenges and capitalise on emerging opportunities.

Foreign exchange rates

Much of our revenue and business is subject to exchange-rate variation. However, a large amount of our purchases is also in the corresponding currency (USD), so we do have in place an element of a natural hedge. Our US entities trade in their home currency, creating some exposure to foreign exchange fluctuation on translation. We will continue to review this on a regular basis and minimise risk where we can.

Attracting Talent

Attracting talent is exceptionally important to us as a business, and as such will always represent a risk. We have improved our employee proposition significantly over the last few years, and we continue to listen to our employees to further enhance the journey (culture surveys, management networks etc.). Our employee proposition is strong, with excellent conditions, exceptional opportunities in a growing business and modern ways of working.

Directors' report

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 2023.

The Directors are responsible for the preparation of the annual report and financial statements in compliance with relevant laws and regulations. Financial statements must be compiled for each fiscal year, adhering to UK-adopted international accounting standards. Our Parent Company financial statements are prepared following United Kingdom Generally Accepted Accounting Practice (UK accounting standards and applicable law, including FRS 101 'Reduced Disclosure Framework').

Our Directors present a true and fair view of our financial position and performance in FY23.

In the preparation of financial statements, the Directors are required to:

- Consistently apply appropriate accounting policies.
- Exercise reasonable judgement and make fair accounting estimates.
- Confirm compliance with relevant accounting standards, unless there are notable differences that are disclosed and clarified.
- Compile the financial statements on a going concern basis, unless there are compelling reasons to suggest otherwise.

The Directors maintain accounting records to accurately reflect our transactions, disclose our financial position and ensure compliance with the Companies Act 2006. They safeguard our assets and ensure fraud prevention and detection.

The Directors confirm that:

To the best of their knowledge, there is no audit information unknown to the Company's auditor.

They have undertaken all reasonable measures to familiarise themselves with any relevant audit information and ensured that the Company's auditor is sufficiently informed.

The Directors uphold the accuracy and reliability of the corporate and financial data presented on our website. Legislative requirements governing the preparation and dissemination of financial statements in the UK may vary from those in other jurisdictions.

Results and dividends

The profit on ordinary activities after taxation for the year ended 31 December 2023 was £3.9m (FY2022: £1m). The proposed dividend per share is 1.0p (FY2022: 0p).

Research and development

We understand the vital role of investing in R&D to maintain the edge in both technical innovation and commercial competitiveness. Expenditure on R&D was £3.8m (FY22: £3.69m).

Donations

The Group made no donations this year.

Substantial shareholders

As of 31 December 2023, the following entities or persons held an interest in 3% or more of our ordinary shares, excluding those held in the treasury.

Shareholder	Quantity*	Percentage
Premier Miton Group plc	11,752,150	16.02%
Diverse Income Trust	4,390,747	5.98%
M Collins	4,343,287	5.90%
Lombard Odier Asset Management (Europe) Ltd	4,310,846	5.03%
Canaccord Genuity Group Inc.	3.571,850	4.86%

*derived from the most recent TR1 notification

Board of Directors

Executive Directors:

Miles Adcock
CEO
Aged 50

Dr Miles Adcock was most recently President of Space Imaging at Teledyne Technologies, Inc. before joining Concurrent Technologies as CEO in June 2021. Previously, Miles was Managing Director at QinetiQ as part of the Group Executive Committee. He joined QinetiQ as Group Engineering Director following senior roles in BAE Systems and GEC-Marconi.

Brent Salgat
President of Concurrent Technologies, Inc.
Aged 58

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 Concurrent Technologies, Inc. in 2020. He is now President of Phillips Aerospace.

Kim Garrod
Chief Financial Officer
Aged 55

Kim previously worked for QinetiQ Group plc (and all its predecessor organisations) in many financial roles, with five years as Finance Director of the international business. She was appointed a Director and CFO of Concurrent Technologies in May 2022.

DIRECTORS' REPORT (CONTINUED)

Key

- A member of the Audit Committee.
- A member of the Remuneration Committee.
- A member of the Nominations Committee.

Non Executive Directors:

Mark Cubitt
Chairman
Aged 60

Mark has been Chairman of Concurrent Technologies since 2020. He 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 from 2007 to 2014 and also Non-Executive Chairman of Superglass Holdings plc in 2015—16. He has also served as Vice President of Finance at Jacobs Engineering and was Finance Director of Babtie Group Ltd until the sale of the company to Jacobs Engineering in 2004, when he then took up a wider finance role within Jacobs.

Nat Edington
Non-Executive Director
Aged 54

Nat is the former CEO of Dukosi, where he 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. He also held senior roles at Wolfson Microelectronics plc.

Issy Urquhart
Non-Executive Director
Aged 55

Issy joined Concurrent Technologies at the start of 2024. She is a highly experienced international business leader with in-depth expertise in HR and change management. Currently Chief People Officer and Director at global AIM-listed SaaS business Craneware plc, she has over 30 years of strategic and operational global HR experience including senior roles at CommScope, Wolfson Microelectronics plc and Convergys. Her sector knowledge ranges across technology, business process outsourcing, financial services and mature fast-moving consumer goods.

DIRECTORS' REPORT (CONTINUED)

Directors' interests

The Directors set out below have held office for the whole of the year from 1 January 2022 to 31 December 2023. Their beneficial interests in the ordinary share capital of the Company on 31 December 2023 are shown below:

1p Ordinary Shares

	01/01/2023	31/12/2023
Mark Cubitt	50,000	70,000
Nat Edington	0	30,000
Miles Adcock	0	61,538
Brent Salgat	0	0
Kim Garrod	0	15,000

Streamlined energy and carbon reporting (SECR)

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

Officers' insurance

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

Post balance sheet events

There were no post balance sheet events to report.

Haysmacintyre LLP has expressed its willingness to continue in office and a resolution will be proposed at the next AGM for its re-appointment as auditor.

Report on remuneration

Policy

In 2021 a market review of executive remuneration in AIM-listed companies was carried out by the Committee. A number of sources were used, with a KPMG report from April 2019 largely adopted as a model for the remuneration structures for the Executive Directors.

The main components of reward were established as:

- Base salary
- Annual bonus
- Long-term incentive plan (LTIP)
- Retirement benefits
- Healthcare

Base salary

At the beginning of each fiscal year, the Remuneration Committee makes its recommendations on base salaries for each Director with reference to external benchmark data where relevant, individual performance and affordability. The same principles are used during the annual salary review for the wider employee base.

Bonus

For the CEO, the annual bonus target was established at 100% of base salary, with two-thirds of the bonus target based on a pre-tax profit measure and one-third based on personal objectives. The pre-tax profit measure was on a straight-line basis, with 50% of the target being achieved for meeting on-target profit and 100% of the target being achieved for meeting stretch profit. The maximum the CEO could achieve based on profit was 66.7% of target. The personal objectives target of 33.3% included objectives with different weightings where it was identified that strategic actions involving a step change in operations and opportunities were needed. Each objective was then scored at 0.0, 0.5 or 1.0 based on contribution, with 33.3% target available if all the individual objectives scored 1.0. In 2023, five individual objectives were established for the CEO.

For the other Executive Directors, an identical bonus plan was implemented with a maximum target of 50% of base salary, with two-thirds of the bonus target based on a pre-tax profit measure and one-third based on personal objectives at 33.4% and 16.6%, respectively.

For FY23, the bonus plan was expanded to the Leadership Team, which consisted of five direct reports to the CEO in addition to the two Executive Directors and was based on a similar model, with a maximum bonus target of 25% of annual base salary, with two-thirds of the bonus target based on a pre-tax profit measure and one-third based on personal objectives at 16.7% and 8.3%, respectively.

An all-employee bonus plan operated during the year based on pre-tax profit with identical gates for on-target and stretch performance. Therefore, all employees (Executives, Leadership Team and other employees) are rewarded under a bonus plan designed against the same measures.

Brent Salgat participated in the US sales bonus plan in FY22 and switched to the above arrangements in FY23. The wider sales team have sales bonus plans in place with regional targets and are excluded from the all-employee bonus plan.

For FY24, the bonus plan will operate under the same principles; however, the target for the pre-tax profit measure will increase to 75%, and the personal objectives target will decrease to 25%, creating better alignment to in-year financial performance and affordability. The CEO maximum bonus target remains at 100% of base salary, with other Executive Directors' bonus targets increasing to 66.7% of base salary from 50% and the Leadership Team's bonus targets to 33.3% of base salary from 25% which better reflects the market for these types of roles.

LTIP

In 2021 an LTIP was established to replace the previous enterprise management incentive (EMI) scheme, which was no longer available for future awards due to the Company gross assets exceeding the limit for EMI awards. Annual awards have been made under the LTIP and are disclosed in the table later in this report. The awards made to date are based on a three-year vesting period with one performance condition which is growth in EPS, with 25% of the award vesting at 5% pa compound growth (gate), and 100% vesting at 10% pa compound growth (target), with vesting on a straight-line basis between gate and target. If performance is below gate, then the awards lapse, subject to Remuneration Committee discretion.

Due to the issues caused by the component shortage that impacted FY22 performance, the Remuneration Committee agreed that FY21 EPS would be used as the starting point for measuring the EPS performance condition. The EPS growth targets will be reviewed annually for future awards.

The annual LTIP awards are based on a % of base salary as follows:

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

A one-off award of over 1,363,319 shares was made to two key employees in the Phillips Aerospace business as a result of the acquisition in September 2023, with a three-year vesting period and the same performance condition as the annual awards outlined above.

Retirement benefits

UK Executive Directors are eligible for the Company's defined contribution pension plan, details of which are set out in Note 22 to the financial statements. On 20 September 2023, Miles Adcock opted out of the pension plan and receives an additional

REPORT ON REMUNERATION (CONTINUED)

payment at no net additional cost to the Company; this payment is excluded from base salary for the purposes of bonus and share award calculations.

US Executive Directors are eligible for the Company's 401(k).

2023 actual bonus performance

As outlined in last year's annual report, a one-year super stretch target was introduced for FY23 to allow for the recovery of the lost bonus opportunity in FY22 following the component shortage.

Despite record order intake and backlog during FY22, the Company was unable to ship products and recognise revenues, which meant the pre-tax profit measure was not achieved in FY22. The table below details the construct of the actual bonus payments for the Executive Directors where maximum bonuses were achieved for FY23 as a result of the record profit performance and exceeding the stretch target. A partial payment was made in respect of the lost FY22 bonus, representing a third of the amount achievable under the super stretch target.

	Personal objectives	Pre-tax profit	2023	2023 as % of base	Super stretch 2022 recovery	Total
	£	£	£	%	£	£
M Adcock	89,149	178,299	267,448	100	42,149	309,597
K Garrod	26,625	53,250	79,875	50	12,588	92,463
B Salgat	30,465	60,929	91,394	50	14,403	105,797
Total	**146,239**	**292,478**	**438,717**		**69,140**	**507,857**

The total bonus column is included in the Directors' emoluments table below.

2024 bonus target

For FY24 the plan is as outlined in the policy above and with the targets changed to three-quarters of the bonus target being based on a pre-tax profit measure and one-quarter based on personal objectives. While there is no super stretch target included in the plan design for FY24, the pre-tax profit on target is some 15% ahead of the FY23 pre-tax profit at gate, and close to a 30% increase at the stretch target. The CEO maximum bonus target remains at 100%, with the other Executive Directors' bonus plan targets increasing to 66.7% from 50%. The bonus plan is designed to align to shareholders' interests.

Directors' emoluments

Each Executive Director is employed under an employment contract. The CEO's contract has a nine-month notice period provision, with the other Executive Directors employed under a six-months' notice period. The Non-Executive Directors' service contracts operate under a three-month notice period and provide for a base fee structure, which does not include additional benefits or participation in Company bonus plans.

Directors' emoluments during the year ended 31 December 2023 were:

	Fees/Basic salary £	Objectives bonus £	Performance bonus	Pension £	Benefits in kind £	**2023 Total £**	2022 Total £
Executive							
M Adcock	260,151	89,149	220,448	9,847	1,281	**580,876**	348,773
K Garrod	156,853	26,625	65,838	8,785	1,436	**259,537**	127,504
B Salgat	166,172	30,465	75,332			**271,969**	208,535
J Martin*							22,511
Non-executive							
M Cubitt	55,673	-	-	-	-	**55,673**	52,275
N Edington	32,749	-	-	-	-	**32,749**	30,750
Total	671,598	146,239	361,618	18,632	2,717	**1,200,804**	790,348

*Left the business in 2022

REPORT ON REMUNERATION (CONTINUED)

Share options

The Company manages a historic EMI and a newer LTIP. Overview of these plans lies with the Company's Board, which delegates responsibility to the Remuneration Committee. This Committee extends option offers to a select group of employees. Details of the Executive Directors' outstanding share awards are below.

Director	Number of shares under option at 31/12/22	New awards	Options exercised	Lapsed	Number of shares under option at 31/12/23	Exercise price	Date from which share option is exercisable	Expiry date of share option
M Adcock	267,739				267,739	93.5p	02-June-24	21-Jun-31
M Adcock	288, 235				288,235	1.0p	01-Jan-25	23-Nov-31
M Adcock	326, 136				326,136	1.0p	01-Jan-26	27-Oct-36
M Adcock		393,306			393,306	1.0p	31-Dec-26	22-Oct-37
B Salgat	150,000				150,000	48.5p	26-Mar-18	26-Mar-25
B Salgat	100,000				100,000	101.5p	14-Oct-23	14-Oct-30
B Salgat	82,789				82,789	1.0p	01-Jan-26	21-Nov-31
B Salgat	114,377				114,377	1.0p	01-Jan-26	27-Oct-36
B Salgat		127,858			127,858	1.0p	31-Dec-26	22-Oct-37
K Garrod	153,061				153,061	1.0p	01-Jan-25	09-May-35
K Garrod	97,403				97,403	1.0p	01-Jan-26	27-Oct-36
K Garrod		117,463			117,463	1.0p	31-Dec-26	22-Oct-37

The market price of the Company's shares at the end of the financial year was 81.0p, and the range of published market prices during the year was 55.5p to 81.5p.

ESG report

Environmental, social and governance statement

We are continuing with our significant transformation to deliver more products faster to market through operational excellence and refined governance. We are committed to our people. We aim to create further jobs through growth and encourage personal and professional development.

This ethos underpins our environmental, social and governance (ESG) statements.

Environmental

Enhancing energy efficiency and minimising consumption are top priorities for us.

In FY23, we have:

- Seen 8% of employees partake in the cycle to work and electric car schemes for energy-efficient commuting.
- Continued to upgrade the electrical infrastructure at the Colchester site, which hosts around 65% of our employees.
- Invested further in energy-efficient manufacturing equipment, including selective solders and X-rays.
- Moved to zero-carbon electricity.

In 2023 we will continue our journey to be more environmentally friendly and develop meaningful targets to work towards.

Social

Employing talented people who enjoy each day safely is at the top of our agenda. We are on an ambitious growth journey and our team has increased by 17.8% in the last year, including the acquisition of Phillips Aerospace.

In FY23, we have:

- Increased salaries in line with the 'real living wage' scheme.
- Improved our retirement benefits.
- Surpassed the industry standard with 22.5% of our new hires being female.
- Been awarded with a Gold Status as a member of the 5% Club, committing to 'earn & learn' schemes.
- Put 29 employees through intensive leadership training.
- Continued working with the Institute of Engineering and Technology (IET) to ensure our technical team pursue continuous professional development.
- Facilitated one-to-one sessions through professional executive coaches for ten key individuals to support future internal promotions.
- Launched YuLife, a benefits and wellbeing platform that encourages healthy actions.

YuLife highlights:

- In six months, our team walked 56 million steps and completed 603 hours of meditation. They earned £1,898 and spent £699 encouraging mental, physical, financial and social wellbeing. They also donated 56 meals and 15,000 litres of drinking water.
- Environmentally, they planted 46 trees and removed 1,700kg of ocean rubbish through YuLife

Governance

As a listed company, our corporate governance is summarised in the following principles.

We seek to:

- Deliver a strategy and business model that promotes long-term value for shareholders.
- Understand and meet shareholder needs and expectations to the best of our capabilities.
- Take into account wider stakeholder and social responsibilities and their implications for long-term success.
- Embed effective risk management, considering both opportunities and threats, throughout the organisation.
- Ensure the Board is a well-functioning, balanced team led by the Chair.
- Provide Directors with the latest experience, skills and capabilities.
- Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
- Promote a culture that is based on ethical values and behaviours.

Since the beginning of FY24, we have recruited a new female Non-Executive Director with ideal knowledge of transatlantic integration, business change and culture. Her appointment means one-third of our Board comprises women.

Corporate governance

As Chair of the Board, it is my responsibility to ensure the highest standard of corporate governance is upheld across the Group, as this is essential to delivering long-term shareholder value. Following the London Stock Exchange (LSE) AIM listing rules, the Board has chosen to apply the QCA Corporate Governance Code on the basis that it is the most appropriate for the Group, in terms of size and structure.

The QCA Code is constructed around ten broad principles and a set of disclosures. It states what it considers to be appropriate arrangements for small and mid-size companies and asks companies to explain how they meet the principles through the prescribed disclosures.

Recognising the significant impact of its strategic and risk decisions on the Company's culture and performance, the Board emphasises transparent engagement with both individual and corporate investors. Ethical values and behaviours are fundamental to achieving corporate objectives, a commitment the Board maintains across all Company activities.

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

We are confident our approach to corporate governance will underpin the development of Concurrent Technologies and successfully position the business for its next stage of growth.

A summary of how we comply with the QCA Code is set out below. There is also a summary on the Group's corporate governance web page.

The QCA principles

Principle 1: Establish a strategy and business model that promotes long-term value for shareholders

The Group designs and manufactures, sells and supports cutting-edge computer products, systems and mission-critical solutions used in high-performance markets by some of the world's major original equipment manufacturers.

The strategic report section of our annual report and accounts explains our business model and strategy, including the key risks in execution and how we address those risks. Our business model is designed to promote long-term profitable growth and cash generation. Our dividend policy remains consistent, with returns based on in-year earnings and robust cash reserves. Our dividend policy and total shareholder return over the last five years are indicators of long-term value for our shareholders and will continue as we invest and grow.

Our growth strategy incorporates organic growth and market share gains together with expansion through acquisitions.

We 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 through share option schemes and a regulatory environment appropriate to the size of the Company.

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

Open communication with shareholders is of paramount importance. We engage with our shareholders through meetings, informal communications and stock exchange announcements. Both the CEO and CFO meet formally with institutional shareholders and equity research analysts, usually after the interim and full-year results announcements. These meetings include progress updates, results presentations, governance discussions and shareholder feedback. Understanding what analysts and investors think about the business is critical for driving our business forward.

Trading and other statements are made via the LSE during the year. The Company holds its AGM, at which all shareholders can attend and speak with any member of the Board. The CEO provides a business update at the AGM and shareholders are encouraged to give their views and ask questions.

Additional communication with private shareholders is done via Investor Meet Company as well as other ad hoc investor-facing events, where the CEO and CFO are available to speak on a one-to-one basis.

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

In addition to shareholders, we believe our main stakeholders are our employees, customers, suppliers and advisors.

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. To deliver high-quality goods and services to our customers, we must rely on our staff. Therefore, hiring and retaining a highly skilled workforce is notably important. We have specific initiatives to attract and retain desirable employees, as outlined in Section 172 of the Companies Act 2006.

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 an in-depth understanding of our customers' needs.

We monitor customer comments to assess our performance in satisfying their requirements and this feedback informs our decisions on the product portfolio.

CORPORATE GOVERNANCE (CONTINUED)

Suppliers
Given the nature of our supply chain, we must keep in regular contact with key suppliers. This allows us to be actively connected to our main suppliers' high-technology trends and to ensure continued component delivery to our elevated standards of quality. The strength of these relationships was critical in the first half of the FY23 as the supply chain issues eased.

Advisors
The Board maintains a regular dialogue with our:
- Nominated advisor
- Stockbrokers
- Lawyers
- Financial advisors

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

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 are appropriate for the size, complexity and risk profile of the Group.

The Audit Committee, on behalf of the Board, regularly reviews the risk environment faced by the Group and how these risks are mitigated and managed. 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 monthly and discussed in detail at each meeting of the Board. The Group uses a system that includes strategic planning, annual budgets, monthly reviews, KPI 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 our 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.
- An extensive ISO 9001 quality system.

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

The Company is controlled by the Board of Directors. The members of the Board have a collective responsibility and legal obligation to promote the interests of the Group.

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 promptly to issues and opportunities as and when they arise.

The Board considers that Mark Cubitt (Chairman) and Nat Edington are both independent. Apart from receiving Directors' remuneration as disclosed in the report and accounts, neither receives any performance-related remuneration or is entitled to participate in any share option scheme.

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 AGM 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.

Throughout FY23, the Board held 19 full meetings, with attendance records provided below.

	Board	Audit Committee	Remuneration Committee	Nominations Committee
M Cubitt	9	5	4	1
N Edington	9	5	4	1
M Adcock	9	5*	3*	1*
K Garrod	8	5*	2*	NA
B Salgat	9	1*	NA	NA
Total possible meetings	9	5	4	1

*By invitation.

The Board is supported by the Audit, Remuneration and Nominations 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

CORPORATE GOVERNANCE (CONTINUED)

the Group's plan. Members are Mark Cubitt (Chairman) and Nat Edington, both of whom are independent Non-Executive Directors.

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.

Nominations Committee: This Committee's remit is to meet as necessary to consider appointments to the Board of Directors and to co-ordinate succession planning. Members are Mark Cubitt (Chairman) and Nat Edington, both of whom are independent Non-Executive Directors.

The 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 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, 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, oversees and manages key risks that may be present and keeps the Board and key stakeholders updated on relevant matters. Investor relations are another key role in ensuring that communications with the Group's existing shareholders and financial institutions are 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, it 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.

Principle 6: Ensure the Directors have the 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.

All Directors can 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. Where vacancies arise, the Board (via the Nominations Committee) follows a rigorous selection process.

The Directors receive updates from the Company Secretary and various external advisors on corporate governance, accounting and regulatory issues.

Biographies for each Board member are available on page 28.

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 approach to its work, the culture and dynamics, the structure and processes, the 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. Assessment is done on a continuous 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.
- There are high standards of ethics and compliance within the regulatory framework.
- They maintain independence, where relevant.

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. The Group seeks to promote staff internally but where internal promotion is not possible, the Group uses external advisors to seek appropriately qualified candidates.

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

The Board is committed to promoting a strong ethical and values-driven culture throughout the Group. During FY23, the Group maintained its mission statement:

To excite our customers, colleagues and communities

This is supported by our current vision:

To provide powerful processor solutions for your critical applications

Our values were restated to our employees this year along with our target culture. We have regular sessions to openly speak about how we can enhance and embrace our company culture and this information is always communicated to new employees via induction sessions, training and our 'Culture Code' handbook.

We use Culture 15 to measure how near or far we are from our target culture through surveys and action tracking. We also work with Coode Associates, a consultancy linked with Culture 15

Our Target Culture is what we want our culture to be, and we use Culture 15 to measure how near or far we are from that. Culture 15 is the platform where we do the surveys, it tells us how we have moved towards the target culture, and we use action tracking to make sure that managers are owning and driving the right culture changes.

Coode Associates is a consultancy that is linked with Culture 15 and we work with them on leadership training linked with our culture.

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.

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

The Board has overall responsibility for promoting the success of the Group. Further detail on Board and Committee roles and responsibilities are described above under 'Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair'.

The Board regularly reviews its governance framework to ensure it is fit for purpose and carries out a review of the Committees' terms of reference during each financial year. The CEO and Chairman have regular calls to discuss current issues, with a wide variety of topics covered in 2022. The Chairman also has individual sessions with other Directors to discuss the business.

A formal Board programme is agreed before the start of each financial year. This is structured to align with the Group's annual financial programme. 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 typically meets at least seven times per annum and further meetings are held as necessary. The Company Secretary also attends, and full minutes are taken. For these meetings, reports are produced concerning finance, sales, marketing, engineering and operations.

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 places a strong emphasis on the standards of good corporate governance and maintaining an effective engagement with its shareholders and key stakeholders. This is considered to be integral to longer-term growth and success, and it aims to ensure that all communications concerning the Group's activities are fair, balanced and understandable.

Communications with shareholders and relevant stakeholders are described in detail above under 'Principle 2: Seek to understand and meet shareholder needs and expectations' and 'Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success', respectively.

The results of the voting at the AGM held on 24 August 2023 can be seen on the Company's website at www.gocct.com/investors/agm-voting-results. All the resolutions proposed at the last AGM were passed.

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

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

Report of the Audit Committee

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

The Committee met three out of four times in relation to the financial year, which ended 31 December 2023, 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 concerning the audit plan for the year and the results of the annual edit. These reports included the scope of the annual audit, the approach to address and conclude key areas, how the auditor assesses materiality, the terms of engagement for the auditor and an ongoing review of the impact of future accounting developments for the Group.
- Considered the annual report and accounts in the context of being fair, balanced and understandable.
- Considered the effectiveness and independence of the external audit.
- Considered the proposals received on the appointment of new auditors.
- Reviewed the enhanced audit report.

Significant areas considered by the Audit Committee concerning the FY23 financial statements are set out below:

Areas of estimates	Matter considered and the role of the Committee
Capitalisation and the impairment of intangible R&D	During 2023, the Committee considered the capitalisation of R&D and the impairment assessment prepared by management. It critically assessed the inputs, such as a consideration of the reasonableness of discount rates applied and of reviewing forecasts into individual R&D product projections.
Review of stock provisioning	The Committee reviewed the levels of stock, ageing and projected usage to determine the level of provisioning required.
Purchase price allocation	External accountants were engaged to fairly assess the purchase price allocation of the Phillips Aerospace acquisition. The purpose of this was to allocate the price paid between tangible assets, intangible assets and goodwill. The Committee reviewed the recommendations made during this exercise.

Independence and objectivity of the auditor

The Committee continues to monitor the work of the auditor to ensure objectivity and independence are not compromised by the auditor undertaking inappropriate non-audit work.

Non-audit fees

The Committee approved all non-audit work commissioned by the external auditors. In FY23, the fees paid to the auditor were £150,000 for Group and subsidiary audit.

Other matters

The Committee is authorised to seek any information it requires from any Group employee 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 members of staff to be questioned at a meeting of the Committee as and when required.

Reporting responsibilities

The Committee makes appropriate recommendations to the Board on any area within its remit where action or improvement is required. The Committee ensures that it gives due consideration to laws and regulations, AIM rules, the QCA Corporate Governance Code and any other applicable rules as appropriate. The Committee also oversees any investigation of activities that 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
30 April 2024

Independent Auditor's Report to the Members of Concurrent Technologies plc

Opinion

We have audited the financial statements of Concurrent Technologies plc (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2023, which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, the Consolidated Cash Flow Statement, 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.

The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- 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 2023 and of the Group's profit for the year then ended.
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards.
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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 opinion.

An overview of the scope of our audit

Our audit scope covered all the Group's components, with varying levels of testing based on the significance of each component. We performed a scoping assessment of the Group at the planning stage of the audit and subsequently updated this assessment for the year-end figures. We assessed the risk of material misstatement for each of these components and determined their significance based on the overall impact to the Group financial statements. This was performed as a result of there being no statutory audit for the overseas subsidiaries, by taking into account the balances in each component which related to significant risks as determined in our audit assessment, as well as any other balances that are deemed to be significant when compared to the Group financial statements. Subsidiaries with >10% of the Group balance for a significant risk were selected for testing, as well as balances with >35% impact on a line within the financial statements. We also assessed each entity in relation to the risk of management override of controls.

At December 2023, the Parent Company and Concurrent Technologies, Inc. were deemed to be significant components of the Group. The audits of the Group and Parent, as well as the reviews of the overseas subsidiaries were carried out by the Group audit team for the purposes of this opinion.

The remaining entities were deemed insignificant to the audit of the Group financial statements based on the above metrics and, therefore, the audit work on these components has been limited to analytical review, specific cut-off testing, substantive testing of specific balances as well as verification of bank balances to third-party confirmation. This work has been performed by the Group audit team.

We communicated with both the Directors and the Audit Committee our planned audit work via our audit planning report and relevant discussion.

We communicated audit progress with the Audit Committee through interim audit progress meetings. We have communicated any issues to the Audit Committee and the Directors in our final audit findings report.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting

INDEPENDENT AUDITORS REPORT (CONTINUED)

included consideration of the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the 12-month period from the date of the signing of the financial statements.

The risks that we considered most likely to affect the Group's financial resources or ability to continue operations over this period were adverse circumstances impacting timely conversion of trade receivables to cash, growth in revenues, adverse changes in working capital trends and conversion of stock to cash.

We considered these risks through a review of the application of reasonably foreseeable downside scenarios that could arise with reference to the level of available financial resources indicated by the Group's financial forecasts and management's assessment of these risks, including potential mitigations available. This has been aligned with our review of the development of future products and the assessments performed by management in determining the market opportunities they look to exploit.

Our audit procedures to evaluate the Directors' assessment of the Group and the Company's ability to continue to adopt the going concern basis of accounting included:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern.
- Evaluating the methodology used by the Directors to assess the Group and the Company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment and evaluating the key assumptions used and judgements applied.
- Reviewing the liquidity headroom and applying a number of sensitivities to the base trading and cash flow forecast assessments of the Directors to ensure there was sufficient headroom to adopt the going concern basis of accounting.
- Reviewing the appropriateness of the Directors' disclosures regarding going concern in the financial statements.

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 and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our scope addressed this matter</th></tr>
<tr><td>Revenue recognition
The Group's revenue recognition policy is included within the accounting policies in Note 2 and the components of revenue are set out in Note 2.
The Group recognises revenue in line with the delivery terms agreed with each customer and at the point in which the Group's obligations are satisfied in transferring control of the product over to its customer.
The vast majority of revenue is related to product sales, meaning there is a risk that revenue has been materially misstated as a result of fraud or error through the recognition of revenue related to sales that occurred around year end and the incorrect application of delivery terms in relation to the revenue being recognised.</td><td>In response to this risk, our work consisted of, but was not limited to, the following audit procedures:
• Assessed the Group's accounting policy for each material revenue stream and performed walkthrough procedures to assess the design and implementation of controls.
• Evaluated management review controls in respect of revenue recognition.
• Substantive analytical review procedures have been performed to gain sufficient coverage of revenue recognised in the year, to ensure that this has been recorded appropriately.
• We performed substantive tests of detail for a sample of revenue items recorded during the year to ensure that revenue has not been materially overstated.
• We obtained details of all the relevant delivery terms applicable to the Group and performed walkthrough tests of each, determining whether these had been appropriately applied in recognising revenue in the financial statements.
• We performed specific targeted testing around year end, with sales in December 2023 and January 2024 selected for testing to supporting documentation to ensure that revenue has been included within the correct period.</td></tr>
</table>

INDEPENDENT AUDITORS REPORT (CONTINUED)

Key audit matter	How our scope addressed this matter
Recoverability of capitalised development costs and application of IAS 38 ***Application of IAS 38*** The capitalisation of development costs has been identified as a significant risk area regarding misstatement as a result of fraud or error. Development costs have a carrying value as at December 23 of £11,002,925 (2022: £8,583,605) and in the period, additions of £3,939,539 (2022: £3,687,351) have been recorded. Management capitalises development costs where a project is deemed to meet the criteria of IAS 38, and this process consists of both management estimation and judgement. The costs capitalised in the period are a combination of directly attributable costs relating to the ongoing development projects as well as an allocation of appropriate attributable overhead costs. The Group has a specific policy in relation to research and development, which has been prepared in accordance with IAS 38 requirements. ***Impairment of intangible assets, capitalised development costs*** The impairment of intangible assets, namely those relating to capitalised development costs, has been identified as an area of significant risk, with overstatement due to fraud or error considered to be high. The carrying value of capitalised development costs as at 31 December 2023 is £11,002,925 (2022: £8,583,605) and there is a risk that this balance is materially overstated. Management has performed impairment assessments for capitalised development costs in accordance with IAS 36 'Impairment of Assets'. Where an impairment review was considered to be appropriate, management has assessed impairment using a 'Value in Use' calculation. The calculation consists of a discounted cash flow model on a project-by-project basis (where there are indicators of impairment) to assess whether any impairment of these assets should be recorded in the financial statements. Management impairment reviews are areas that carry risks of error or fraud due to the degree of estimation uncertainty included in forecasting and discounting future cash flows, due to the assumptions made in relation to future market demand, applicable discount rates and various other macroeconomic inputs included in the impairment model. The impact of this is that the recoverable amount of capitalised development costs carries a high degree of estimation uncertainty and a potential range of reasonable outcomes greater than materiality for the financial statements.	In response to this risk, our work consisted of, but was not limited to, the following audit procedures: ***Application of IAS 38*** • We obtained and reviewed the Group research and development policy and critically assessed the application of the policy in line with the IAS 38 requirements. • We obtained the intangibles fixed-asset register and verified the brought-forward figures to the prior year's signed financial statements. • For the development projects ongoing in the year, we obtained management's assessment in line with IAS 38 criteria and obtained supporting evidence where possible to ensure that the treatment of these costs as development costs were appropriate. • We performed a test of a sample of capitalised additions to supporting documentation to assess whether it satisfied the development costs criteria. Consideration of the overall projects to which these costs related were also included in our assessment as to whether the additional capitalised elements were appropriate. • We discussed projects that were ongoing with members outside of the finance department to ensure we understood the commercial background to the project and how this determines the project to be capital in nature. ***Impairment of intangible assets, capitalised development costs*** • We obtained management's impairment assessment and critically analysed the inputs in the model and the forecasts for future revenues of the projects in development. • We challenged assumptions made by management in relation to the forecasts. This included comparing historic forecasts against actuals to determine the accuracy of forecasts as well as performing stress tests on future forecasts to determine the impact. • We reviewed the amortisation policy as disclosed in the notes and performed our own recalculation to ensure it was correctly calculated. • We reviewed the historic sales lifecycles of previously capitalised development projects to ensure that the timing of sales per management's forecasts for projects early in the lifecycle, or those still in the process of being completed, were appropriate and in line with the sales of previously capitalised internal projects. • We reviewed a sample of pipeline opportunities to supporting documentation, as well as a sample of backlog sales that management has included in the individual impairment assessments performed. • We reviewed the calculation of management estimates and inputs in the cash flow forecasts, such as the discount rate to ensure the method and calculation was appropriate, including verifying components of these calculations to observable third-party information. • We have performed sensitivity analysis for the impairment reviews undertaken by management to assess the level of headroom in the impairment calculations prepared.

INDEPENDENT AUDITORS REPORT (CONTINUED)

Key audit matter	How our scope addressed this matter
Business combinations occurring within the year During the year, the Group acquired Phillips Machine & Welding Company, Inc. (Phillips Aerospace), a 100%-owned US subsidiary. There is a risk that the application of IFRS 3 'Business Combinations' has been incorrectly applied, resulting in a material error arising as a result of the acquisition accounting. There is a risk that the difference between the consideration paid and the net assets acquired have not been accounted for appropriately and that any identifiable intangible assets have been incorrectly recorded as goodwill. There is also a risk that the net assets acquired have been materially misstated and that the consideration paid for this acquisition has not been accounted for at its fair value.	In response to this risk, our work consisted of, but was not limited to, the following audit procedures: • We reviewed management's interpretation of IFRS 3 in order to determine the appropriate treatment for the acquisition made in the year. • We obtained and reviewed the share purchase agreement (SPA) to assess whether the consideration paid had been accounted for correctly. • We obtained management's assessment of the purchase price allocation (PPA) related to the acquisition, which has been prepared with the assistance of management's expert, and reviewed this to ensure that the techniques, assessments and methodologies used to account for separate intangibles and goodwill were appropriate. • We engaged our internal expert as part of our review of the PPA in determining whether the approach was in line with expectations. • We performed testing of the net assets acquired to supporting documentation to ensure that there were no material variances that would impact the acquisition accounting. • We reviewed the disclosures included in the financial statements regarding the business combination to ensure these were appropriate.

INDEPENDENT AUDITORS REPORT (CONTINUED)

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We determined overall materiality for the Group financial statements as a whole to be £317,000 being 1% of revenue for the year. We considered it appropriate to determine our materiality based on revenue as we consider this to be the key metric in assessing the financial performance and position of the Group. For each of the significant components as documented above, we applied a specific materiality for the review based on revenue metrics. For those components that were considered non-significant, we performed analytical reviews and specific testing to Group materiality. We apply a different level of materiality, performance materiality, to determine the extent of our testing and this was set at 65% of the overall financial statements' materiality.

We agreed with the Audit Committee that we would report to it all audit differences in excess of £15,800, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the Group financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 26, 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 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

INDEPENDENT AUDITORS REPORT (CONTINUED)

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

Based on our understanding of the Group and industry, we considered the extent to which non-compliance with laws and regulations could have a material effect on the financial statements. We also identified and considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, AIM listing rules, corporation tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the AIM Rules, Companies Act 2006, corporation tax, payroll tax and sales tax.
- We obtained an understanding of how the Group complies with these frameworks through discussions with the Directors.
- We inspected relevant tax filings and considered these and other relevant correspondence for indications of non-compliance.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements.
- We carried out a review of manual entries recorded in management's accounting records and assessed the appropriateness of such entries.
- We challenged assumptions and judgements made by management and their critical accounting estimates.
- We assessed whether the Group's control environment is adequate for the size and operating model of such a Group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with 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.

haysmacintyre llp

Jonathan Maddison
(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Finance

Financial statements

Notes to the financial statements

Financial statements

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	Year to 31 December 2023 £	Year to 31 December 2022 £
Revenue	3	**31,656,316**	18,274,771
Cost of sales		**(16,018,368)**	(9,397,449)
Gross profit		**15,637,948**	8,877,322
Administrative expenses		**(11,951,314)**	(8,390,682)
Group operating profit	4	**3,686,634**	486,640
Finance expense		**(86,010)**	(104,505)
Finance income	5	**68,145**	546
Exceptional acquisition expenses	27	**(195,881)**	-
Profit before tax		**3,472,888**	382,681
Tax credit	6	**400,248**	604,344
Profit for the year		**3,873,136**	987,025
Other comprehensive income			
Exchange (losses)/gains on translating foreign operations		**(101,340)**	69,463
Other comprehensive income for the year, net of tax		**(101,340)**	69,463
Total comprehensive income for the year		**3,771,796**	1,056,488
Profit for the period attributable to:			
Equity holders of the Parent		**3,771,796**	987,025
Total comprehensive income attributable to:			
Equity holders of the Parent		**3,771,796**	1,056,488
Earnings per share			
Basic earnings per share	8	**4.98p**	1.35p
Diluted earnings per share	8	**4.85p**	1.35p

All operations were continuing within the year.
This statement should be read in conjunction with accompanying notes.

FINANCIAL STATEMENTS (CONTINUED)

Consolidated balance sheet

For the year ended 31 December 2023

	Note	31 December 2023 £	31 December 2022 £
ASSETS			
Non-current assets			
Property, plant and equipment	11	**2,465,883**	2,685,107
Intangible assets	12	**13,914,398**	8,807,290
Deferred tax assets	13	**432,642**	350,753
		16,812,923	11,843,150
Current assets			
Inventories	15	**11,958,500**	10,090,437
Trade and other receivables	16	**6,442,827**	5,439,912
Current tax assets		**1,492,621**	762,545
Cash and cash equivalents		**11,118,728**	4,512,720
		31,012,676	20,805,614
Total assets		**47,825,599**	32,648,764
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	13	**2,094,095**	2,126,588
Trade and other payables	17	**695,273**	1,257,820
Provisions	19	**315,135**	304,336
		3,104,503	3,688,744
Current liabilities			
Trade and other payables	17	**9,666,412**	5,765,262
Provisions	19	**18,256**	18,256
		9,684,668	5,783,518
Total liabilities		**12,789,171**	9,472,262
Net assets		**35,036,428**	23,176,502
EQUITY			
Capital and reserves			
Share capital	21	**861,692**	739,000
Share premium account	21	**9,950,231**	3,699,105
Merger reserve	21	**1,283,457**	-
Capital redemption reserve	21	**256,976**	256,976
Cumulative translation reserve	21	**(129,276)**	(27,936)
Profit-and-loss account		**22,813,348**	18,509,357
Equity attributable to equity holders of the Parent		**35,036,428**	23,176,502
Total equity		**35,036,428**	23,176,502

This statement should be read in conjunction with accompanying notes.

Company Registered Number: 01919979

The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2024 and signed on its behalf by:

M Adcock
CEO

K Garrod
CFO

Company balance sheet

For the year ended 31 December 2023

	Note	31 December 2023 £	31 December 2022 £
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**2,374,209**	2,628,501
Intangible assets	*12*	**11,217,904**	8,807,290
Deferred tax assets	*13*	**432,642**	350,753
Investments	*14*	**1,572,640**	1,446,952
		15,597,395	13,233,496
Current assets			
Inventories	*15*	**11,754,564**	10,090,437
Trade and other receivables	*16*	**8,534,995**	5,870,077
Current tax assets		**1,434,921**	703,087
Cash and cash equivalents		**9,111,243**	1,704,517
		30,835,723	18,368,118
Total assets		**46,433,118**	31,601,614
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	*13*	**1,834,823**	2,178,634
Trade and other payables	*17*	**677,607**	1,211,405
Provisions	*19*	**315,135**	304,336
		2,827,565	3,694,375
Current liabilities			
Trade and other payables	*17*	**8,890,046**	5,171,306
Provisions	*19*	**18,256**	18,256
		8,908,302	5,189,562
Total liabilities		**11,735,867**	8,883,937
Net assets		**34,697,251**	22,717,677
EQUITY			
Capital and reserves			
Share capital	*21*	**861,692**	739,000
Share premium account	*21*	**9,950,231**	3,699,105
Merger reserve	*21*	**1,283,457**	-
Capital redemption reserve	*21*	**256,976**	256,976
Profit-and-loss account	*21*	**22,344,895**	18,022,596
Equity attributable to equity holders of the Parent		**34,697,251**	22,717,677
Total equity		**34,697,251**	22,717,677

This statement should be read in conjunction with accompanying notes.
The Company has taken advantage of Section 408 to not include its own profit and loss.
The Parent Company profit after tax for the year was £3,632,774 (2022: £1,086,850).
Company Registered Number: 01919979.
The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2024 and signed on its behalf by:

M Adcock
CEO

K Garrod
CFO

FINANCIAL STATEMENTS (CONTINUED)

Consolidated cash flow statement

For the year ended 31 December 2023

	Year to 31 December 2023 £	Year to 31 December 2022 £
Cash flows from operating activities		
Profit before tax for the period	**3,472,888**	382,681
Adjustments for:		
Finance income	**(68,145)**	(546)
Finance expense	**86,010**	104,505
Depreciation	**806,236**	422,047
Amortisation	**1,509,167**	1,197,972
Impairment loss	**31,557**	327,526
Share-based payment	**430,854**	219,363
Exchange differences	**(145,706)**	82,384
Increase in inventories	**(1,868,063)**	(3,665,001)
Increase in trade and other receivables	**(1,029,033)**	(2,451,279)
Increase in trade and other payables	**2,853,322**	2,222,123
Cash generated/(used in) from operations	**6,079,087**	(1,158,225)
Tax received/(paid)	**(444,210)**	267,884
Net cash generated/(used in) from operating activities	**5,634,877**	(890,341)
Cash flows from investing activities		
Interest received	**68,145**	546
Purchases of property, plant and equipment (PPE)	**(495,973)**	(1,480,394)
Payment of acquisition of subsidiary net of cash acquired	**(685,767)**	-
Capitalisation of development costs and purchases of intangible assets	**(3,977,839)**	(3,711,617)
Net cash used in investing activities	**(5,091,434)**	(5,191,465)
Cash flows from financing activities		
Equity dividends paid	**-**	(1,027,088)
Repayment of leasing liabilities	**(215,209)**	(94,842)
Interest paid	**(86,010)**	(104,505)
Issue of ordinary shares net of issue costs	**6,355,741**	-
Sale of treasury shares	**-**	2,425
Net cash generated/(used) in financing activities	**6,054,522**	(1,224,010)
Effects of exchange rate changes on cash and cash equivalents	**8,043**	(21,222)
Net increase/(decrease) in cash	**6,606,008**	(7,327,038)
Cash at beginning of period	**4,512,720**	11,839,758
Cash at the end of the period	**11,118,728**	4,512,720

This statement should be read in conjunction with accompanying notes.

FINANCIAL STATEMENTS (CONTINUED)

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital £	Share premium £	Merger reserve £	Capital redemption reserve £	Cumulative translation reserve £	Profit-and-loss account £	Total equity £
Balance at 1 January 2022	739,000	3,699,105	-	256,976	(97,399)	18,082,077	22,679,759
Profit for the period	-	-	-	-	-	987,025	987,025
Exchange differences on translating foreign operations	-	-	-	-	69,463	-	69,463
Total comprehensive income for the period (restated)	-	-	-	-	69,463	987,025	1,056,488
Share-based payment	-	-	-	-	-	219,363	219,363
Deferred tax on share based payment	-	-	-	-	-	245,555	245,555
Dividends paid	-	-	-	-	-	(1,027,088)	(1,027,088)
Sale/purchase of treasury shares	-	-	-	-	-	2,425	2,425
Issue of ordinary shares	-	-	-	-	-	-	-
Balance at 31 December 2022	739,000	3,699,105	-	256,976	(27,936)	18,509,357	23,176,502
Profit for the period	-	-	-	-	-	3,873,136	3,873,136
Exchange differences on translating foreign operations	-	-	-	-	(101,340)	-	(101,340)
Total comprehensive income for the period	-	-	-	-	(101,340)	3,873,136	3,771,796
Share-based payment	-	-	-	-	-	430,854	430,854
Deferred tax on share based payment	-	-	-	-	-	-	-
Dividends paid	-	-		-	-	-	-
Sale/purchase of treasury shares	-	-	-	-	-	-	-
Merger reserve	18,077	-	1,283,457	-	-	-	1,301,534
Shares issued during the year	104,615	6,251,126	-	-	-	-	6,355,741
Balance at 31 December 2023	861,692	9,950,231	1,283,457	256,976	(129,276)	22,813,347	35,036,427

This statement should be read in conjunction with accompanying notes.

Company statement of changes in equity

For the year ended 31 December 2023

	Share capital £	Share premium £	Merger reserve £	Capital redemption reserve £	Profit-and-loss account £	Total equity £
Balance at 1 January 2022	739,000	3,699,105	-	256,976	17,493,403	22,188,484
Total profit and comprehensive income for the period	-	-	-	-	1,086,851	1,086,851
Share-based payment	-	-	-	-	221,450	221,450
Deferred tax on share based payment	-	-	-	-	245,555	245,555
Dividends paid	-	-	-	-	(1,027,088)	(1,027,088)
Sale/purchase of treasury shares	-	-	-	-	2,425	2,425
Issue of ordinary shares	-	-	-	-	-	-
Balance at 31 December 2022	739,000	3,699,105	-	256,976	18,022,596	22,717,677
Total profit and comprehensive income for the period	-	-	-	-	3,632,774	3,632,774
Share-based payment	-	-	-	-	430,854	430,854
Deferred tax on share based payment			-		-	-
Dividends received	-	-	-	-	258,670	258,670
Sale/purchase of treasury shares			-		-	-
Merger reserve	18,077		1,283,457		-	1,301,534
Shares issued during the year	104,615	6,251,126	-	-	-	6,355,741
Balance at 31 December 2023	861,692	9,950,231	1,283,457	256,976	22,344,894	34,697,250

This statement should be read in conjunction with accompanying notes.

Notes to the financial statements

For the year ended 31 December 2023

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.

On 6 September 2023, the Group acquired 100% of the voting shares of Phillips Aerospace Limited. Please refer to Note 27 for further details.

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 30 April 2024.

Note 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are for the year ended 31 December 2023. They have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

New and amended IFRS accounting standards that are effective for the current year

In the current year, the Company has early applied a number of amendments to IFRS accounting standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IAS 1: Classifications of Liabilities as Current or Non-Current (effective for periods commencing on or after 1 January 2023)
- IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective for periods commencing on or after 1 January 2023)
- IAS 8: Definition of Accounting Estimates (effective for periods commencing on or after 1 January 2023)
- IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective for periods commencing on or after 1 January 2023)

New and revised IFRS accounting standards in issue but not yet effective

Certain standards, amendments to and interpretations of published standards have been published that are mandatory for the Group's accounting years beginning on or after 1 January 2024, or later years, and which the Group has decided not to adopt early:

- IFRS 7 and IAS 7: Supplier Finance Arrangements (effective for periods commencing on or after 1 January 2024)
- IAS 1: Non-Current Liabilities with Covenants (effective for periods commencing on or after 1 January 2024)

None of the above listed changes are anticipated to have a material impact on the Group's financial statements.

Changes in significant accounting policies

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

The Parent Company has relied on the exemption conferred by Section 408 of the Companies Act 2006 in not publishing its own profit and loss account. The Parent Company retained profit for the year was £3,362,774 (2022 £1,086,850).

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.

The basis of presentation is the UK-adopted international accounting standards to FRS 101 for the Parent Company information. This has been done using the adapted format of the balance sheet. Disclosure exemptions taken include; no cashflow statement for the Company, reduced disclosures for financial instruments, financial risk management, related party transactions, share based payment, key management personnel and other relevant exemptions.

Going Concern

The Directors have reviewed the approved budget and projections sensitised for different scenarios through to December 2025, considering general and specific market conditions, status of suppliers, liquidity and funding requirements and the needs of subsidiary companies.

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 a reduction in stock levels (as anticipated in 2024 to reduce working capital). Additionally, within these scenarios we have excluded any potential beneficial impacts such as tighter management of working capital and cost reduction

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

measures. These have been excluded to retain headroom in the forecast and to provide a worst expected case scenario. The forecast cash balances within the Group show that there is no borrowing requirement or going concern issues, enabling the Directors to be confident the Group will be able to meet its obligations.

Basis of consolidation

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

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

Revenue recognition

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

- Identification of a contract with a customer
- Identification of the performance obligations
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognise revenue when the performance obligations are satisfied

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

The Group provides a basic warranty on its products but does offer customers the opportunity to purchase an extended warranty of one, two or three years for their boards. As the customer has the option of purchasing the additional warranty separately, this is accounted for as a separate performance obligation under IFRS15 where the Group will repair or replace faulty boards at no additional charge to the customer. Contract liabilities on these extended warranties are recognised and released to income over the warranty period until the performance obligation is satisfied. During the 12 months to 31 December 2023, £28,235 was released to profit and loss.

Revenue recognised for systems contracts, under IFRS 15, was £1.1M (including Phillips Aerospace) for 2023 financial statements. Systems revenue will continue into 2024 and beyond. Revenue will normally be recognised over time, in accordance with IFRS 15, based on the stage of completion of the relevant performance obligations, and will be dependent on the conditions of each specific contract.

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

Cost of sales

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

Administrative expenses

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

Exceptional items

This is made up of costs incurred as a result of the acquisition of Phillips Aerospace. The Company considers these to be outside of the normal course of business so have treated these as exceptional expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

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

Inventories

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

Leases

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

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

The Group has elected to account for short-term leases and leases of low value assets using the recognition exemptions of IFRS 16, 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 property, plant and equipment are reviewed annually.

Intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill has arisen upon the acquisition of Phillips Aerospace made on 6 September 2023, which is defined as a single cash generating unit (CGU). The assets acquired are not capable of individually generating revenue on their own, so they are deemed combined within the business as a whole to generate revenue, and therefore the business (Phillips Aerospace) is defined as a single CGU.

The goodwill is the amount attributable to the excess of consideration over the fair value of the net assets acquired, including expected synergies, future growth, critical accreditations and technical knowledge of the employee, and is recorded in accordance with IFRS 3, 'Business Combinations'.

Goodwill is reviewed and tested annually for impairment.

Research costs

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

Development costs

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

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

All other development costs are recorded under administrative expense in the statement of comprehensive income in the period they are incurred. The table below shows products with an NBV of £500,000 or more:

Product	NBV	Remaining amortisation period
Board A	2,128,699	84 months
Board B	1,393,825	84 months
Board C	1,085,150	70 months
Board D	806,608	84 months
Board E	576,782	84 months

Customer relationships

Customer relationships were acquired as part of the acquisition of Phillips Aerospace on 6 September 2023 and have applied an income approach valuation using the multi period excess earning method with a useful economic life of ten years.

Other intangible assets

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

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

The recoverable amount of the asset will be used as for all other intangible assets (e.g. backlog and pipeline opportunities), except where the asset does not generate independent cash flows, i.e. additional software packages sold as an add on to a board This also contains the AS9110C licence obtained as part of the acquisition of Phillips Aerospace. This has been valued using an income approach based upon the 'relief from royalty' method with a useful economic life of ten years.

Impairment of property, plant and equipment, and intangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows (using both backlog and weighted pipeline) are discounted (8.1% rate used) to their present value. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the statement of comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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

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

Financial instruments

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

(i) *Financial assets*
Financial assets are held at amortised cost if the assets are held with the objective to collect contractual cash flows and where the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition at transaction price being the amount of consideration that is unconditional, receivable balances are measured at amortised cost using the effective interest method, less loss allowance for expected credit losses. The Group's cash and cash equivalents, other financial assets (fixed term deposits), trade and most other receivables fall into this category of financial instruments. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

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

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

Investments in subsidiaries

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

Finance income

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends

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

Employee benefits

Retirement benefits

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

Share-based payments

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

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

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

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

Treasury shares

The Company's shares that 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.

Merger reserve represents the difference between the price of the shares issued on acquisition of Phillips Aerospace and their par value.

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

Provisions

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

EPS

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

DEPS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key judgements and estimates

In applying the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated.

Estimates

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

Development costs

To substantiate the carrying value of the capitalised development costs, management have applied the criteria of IAS 36 'Impairment of Assets' and have projected the future economic benefits. They are reviewed against current backlog and estimated weighted, (based on probability factors, predominantly driven by stage of the opportunity), future pipeline opportunities, which will be achieved from this investment, using an estimated useful life of seven years and a value in use calculation. Management considers the review to be sufficiently robust regarding reasonable movements in discount rates (current rate used: 8.1%).

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

The Group has reviewed revenue sensitivity against our top five boards in terms of NBV. Revenue forecast would need to reduce by between 75% and 90% for the discounted cashflow to reach a breakeven position. This provides the Directors with comfort in respect of headroom in the impairment calculations.

Inventory

A slow moving stock provision has been made, where necessary, where inventory has had no movement in three years or more as per our accounting policy. Items that are provided for, should they start being used again, will have the provision removed/reversed.

R&D tax credits

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

Goodwill and intangible assets on acquisition

Application of IFRS 3

During the year, the Group acquired Phillips Aerospace and accordingly reviewed the acquisition of the entity in accordance with IFRS 3 'Business Combinations'. Any assets that were identified as being separately identifiable assets have been valued using appropriate valuation techniques in order to determine the fair value of intangible assets acquired as part of the business combination aside from any goodwill arising as a result of the transaction.

These are accordingly recorded as separate intangible assets in Note 12 and have been reviewed for impairment as noted in Note 12.

CGU

The classification of Phillips Aerospace as a single CGU is a key judgement based on the understanding of the elements that have been purchased. The assets purchased (e.g., accreditation, customer relationships, working capital etc) are not capable of generating revenue in their own right, individually, and therefore, they are judged to be intrinsically linked as one to define the business of Phillips Aerospace to be one single CGU. Accordingly, any goodwill arising as a result of this acquisition has been allocated to the CGU identified.

The subsequent impairment and amortisation of the goodwill and assets are based on key estimates and judgements, reviewing the capability of the business from key forecasts of revenue and orders. These are tested for impairment in the same way as development costs (i.e. the use of a discounted cashflow forecast to determine the value in use of the CGU, which has been prepared in accordance with IAS 36).

Capitalisation of development costs IAS 38 – Intangible Assets

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 under IAS 38. Research covers pre solution options often through feasibility studies of various technologies. Development is the application of research findings or other knowledge to plan or design for the production of new or substantially improved products before the start of commercial production. Development costs are capitalised as an intangible asset if all the following criteria are met: there is technical feasibility of completing the asset so that it will be available for use or sale; the intention is to complete the asset and use or sell it; there is an ability to use or sell the asset; the asset will generate future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally; the availability of adequate technical, financial and other resources to complete the development and to use or sell it; and the ability to measure reliably the expenditure attributable to the intangible asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3
SEGMENT REPORTING

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

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

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

During 2023, £3.49m or 11.0% of Group revenue depended on a single customer. In 2022, £3.17m or 17.3% of Group revenue depended on a single customer.

All board revenue is recognised at a point in time, with systems and warranty (immaterial) revenue recognised over time.

Revenue

	Year to 31 December 2023 £	Year to 31 December 2022 £
United States	**13,060,691**	6,564,816
Malaysia	**392,850**	3,047,798
Germany	**6,450,372**	-
United Kingdom	**2,148,568**	1,167,266
Other Europe	**4,178,401**	4,003,849
Rest of the World	**5,425,434**	3,491,042
	31,656,316	18,274,771

Note 4
GROUP OPERATING PROFIT

	Year to 31 December 2023 £	Year to 31 December 2022 £
Group operating profit is stated after charging to cost of sales:		
Cost of inventories recognised as expense	**14,884,586**	8,229,285
Staff costs (see Note 10)	**1,133,781**	815,915
Group operating profit is stated after charging/(crediting) to operating expenses:		
Net foreign exchange gains/(losses)	**279,491**	(462,900)
Total expensed research and development costs	**1,930,389**	1,096,657
Amortisation of intangible assets	**1,509,167**	1,197,972
Impairment of intangible assets	**31,557**	327,526
Depreciation of owned property, plant and equipment	**686,403**	244,648
Depreciation of ROU Asset	**203,870**	177,399
Staff costs (see Note 10)	**9,002,640**	6,712,098
Group principal auditor's remuneration:		
Audit of Group financial statements pursuant to legislation	**150,000**	232,443
Other non-auditor remuneration relating to taxation compliance	**25,000**	6,026

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 5
FINANCE INCOME

	Year to 31 December 2023 £	Year to 31 December 2022 £
Interest earned on bank deposits	**68,145**	546

Note 6
TAX

	Year to 31 December 2023 £	Year to 31 December 2022 £
Current tax expense	**-**	(723,737)
Current deferred tax	**401,271**	393,695
Prior year tax expense	**(4,970)**	(41,142)
Prior year deferred tax	**(826,969)**	(111,835)
Current overseas tax charge	**30,420**	(121,325)
	(400,248)	(604,344)

The tax assessed on the Group's profit before tax for the year is less than the standard rate of corporation tax in the UK. The applicable rate of corporation tax for the year to 31 December 2023 was 23.52% (2022: 19.00%). Within the deferred tax charge for the year is an amount of £23,747 to reflect the effect of change in the UK tax rate. The differences are explained below:

	Year to 31 December 2023 £	Year to 31 December 2022 £
Profit before tax	**3,472,888**	382,681
Corporation tax on profit before tax at standard rate	**816,823**	72,710
Expenses not deductible for tax purposes	**282,141**	22,632
UK tax credits	**(486,705)**	(502,248)
Effect of change in UK tax rate	**23,747**	87,757
Share options	**-**	(5,746)
Effects of other reliefs	**-**	(25,062)
Difference in overseas effective tax rates	**(24,150)**	(38,264)
Adjustment in respect of previous years	**(1,012,104)**	(216,123)
Tax (credit)/charge	**(400,248)**	(604,344)

Factors that may affect future tax charges are as follows:
UK tax rates and any changes to R&D tax credits would have an impact on the tax position of the Group and Parent Company.

The current tax asset balance on the statement of financial position is made up of £708,057 current year and £784,564 historic repayment due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 7
DIVIDEND

	2023 £	2022 £	**2023 pence per share**	2022 pence per share
Second interim (for the previous year)	**-**	1,027,088	**-**	1.40
Interim	**-**	-	**-**	-
	-	1,027,088	**-**	1.40

Interim dividends are recognised in the financial statements in the period they are paid. The Directors have proposed a 1p dividend for the year ended 31 December 2023 as a resolution for the AGM. (Total dividend for 2022 was nil.)

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 shares, namely the share options.

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

	2023			2022		
	Earnings	**Weighted average number of shares**	**Per share amount**	Earnings	Weighted average number of shares	Per share amount
Earnings attributable to ordinary shareholders on continuing operations after tax	**3,873,136**	**77,833,759**	**4.98**	987,025	73,363,490	1.35
Dilutive effect of share options	**-**	**2,069,974**	**-**	-	-	-
Diluted earnings per share	**3,873,136**	**79,903,733**	**4.85**	987,025	73,363,490	1.35

The diluted EPS figure reflects the impact of historic grants of share options and is calculated by reference to the number of options granted for which the average share price for the year was in excess of the option exercise price.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 9
DIRECTORS' EMOLUMENTS

	Year to 31 December 2023	Year to 31 December 2022
	£	£
Fees and emoluments	**1,182,172**	769,650
Pension contributions	**18,632**	20,697
	1,200,804	790,347
The emoluments of Directors disclosed above include in respect of the highest paid Director:		
Fees and emoluments	**571,029**	334,961
Pension contributions	**9,847**	13,812
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

STAFF COSTS	**Group Year to 31 December 2023**	**Company Year to 31 December 2023**	Group Year to 31 December 2022	Company Year to 31 December 2022
	£	**£**	£	£
Wages and salaries	**8,501,442**	**7,055,210**	6,218,053	5,190,752
Social security costs	**958,837**	**867,527**	704,416	637,174
Defined contribution pension costs	**438,431**	**418,231**	386,181	370,846
Share-based payment	**430,854**	**283,761**	219,363	169,859
	10,329,564	**8,624,729**	7,528,013	6,368,631
Average number of employees:	**N°**	**N°**	No	No
Production	**39**	**38**	34	34
Other	**103**	**88**	87	78
	142	**126**	121	112

Direct employment costs capitalised for the year to 31 December 2023: £2,389,672 (2022: £1,959,447).

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 £
COST				
At 1 January 2022	293,556	850,707	4,034,955	5,179,218
Foreign exchange movement		11,202	16,102	27,304
Additions	490,613	635,248	354,533	1,480,394
At 31 December 2022	784,169	1,497,157	4,405,590	6,686,916
Foreign exchange movement	(6,251)		(8,624)	(14,875)
Additions	227,733		523,184	750,917
Modification and amendment		(234,905)		(234,905)
Transfer from intangibles			75,045	75,045
At 31 December 2023	1,005,651	1,262,252	4,995,195	7,263,098
ACCUMULATED DEPRECIATION				
At 1 January 2022	210,371	269,834	3,080,550	3,560,755
Foreign exchange movement		4,595	14,412	19,007
Charge for the year	49,657	177,399	194,991	422,047
At 31 December 2022	260,028	451,828	3,289,953	4,001,809
Foreign exchange movement	(5,193)	1,651	(7,288)	(10,830)
Charge for the year	252,370	203,870	434,033	890,273
Modification and amendment		(84,037)		(84,037)
At 31 December 2023	507,205	573,312	3,716,698	4,797,215
NET BOOK VALUE				
At 31 December 2022	524,141	1,045,329	1,115,637	2,685,107
At 31 December 2023	498,446	688,940	1,278,497	2,465,883

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

	Improvements to short leasehold property £	Right of use Asset £	Plant, fixtures, & computer equipment £	Total £
COST				
At 1 January 2022	289,738	764,917	3,907,981	4,962,636
Transfer to intangibles				-
Additions	490,613	635,248	347,607	1,473,468
At 31 December 2022	780,351	1,400,165	4,255,588	6,436,104
Additions	60,672	-	303,337	364,009
Modification and amendment		(234,905)		(234,905)
Transfer from intangibles			75,045	75,045
At 31 December 2023	841,023	1,165,260	4,633,970	6,640,253
ACCUMULATED DEPRECIATION				
At 1 January 2022	206,552	241,554	2,969,017	3,417,123
Charge for the year	49,657	159,924	180,900	390,481
At 31 December 2022	256,209	401,478	3,149,917	3,807,604
Charge for the year	94,546	186,393	261,538	542,477
Modification and amendment		(84,037)		(84,037)
At 31 December 2023	350,755	503,834	3,411,455	4,266,044
NET BOOK VALUE				
At 31 December 2022	524,142	998,687	1,105,671	2,628,500
At 31 December 2023	490,268	661,426	1,222,515	2,374,209

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 12
INTANGIBLE ASSETS
GROUP

	Development costs £	Goodwill £	Customer relationships £	Other £	Total £
COST					
At 1 January 2022	27,374,092			1,079,817	28,453,909
Foreign exchange movement	-			5,378	5,378
Additions	3,687,351			24,266	3,711,617
At 31 December 2022	31,061,443	-	-	1,109,461	32,170,904
Foreign exchange movement				(1,106)	(1,106)
Additions	3,939,539			38,300	3,977,839
Additions on acquisition		1,230,594	1,130,851	383,593	2,745,038
Transfer between classes	(64,413)			64,413	-
Transfer to tangibles	(75,046)				(75,046)
At 31 December 2023	34,861,523	1,230,594	1,130,851	1,594,661	38,817,629
AMORTISATION					
At 1 January 2022	21,056,492			776,251	21,832,743
Foreign exchange movement	-			5,373	5,373
Charge for the year	1,093,820			104,152	1,197,972
Impairment loss	327,526				327,526
At 31 December 2022	22,477,838	-	-	885,776	23,363,614
Foreign exchange movement				(1,106)	(1,106)
Charge for the year	1,349,203		36,248	123,716	1,509,167
Impairment loss	31,557				31,557
At 31 December 2023	23,858,598	-	36,248	1,008,386	24,903,232
At 31 December 2022	8,583,605	-	-	223,685	8,807,290
31st December 2023	11,002,925	1,230,594	1,094,603	586,275	13,914,397

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 INTANGIBLE ASSETS (CONTINUED)

COMPANY

	Development costs £	Other £	Total £
COST			
At 1 January 2022	27,374,092	1,079,817	28,453,909
Foreign exchange movement	-	5,378	5,378
Additions	3,687,351	24,266	3,711,617
Disposals			-
At 31 December 2022	31,061,443	1,109,461	32,170,904
Additions	3,939,539	38,300	3,977,839
Transfer between classes	(64,413)	64,413	-
Transfer to tangibles	(75,046)	-	(75,046)
At 31 December 2023	34,861,523	1,212,174	36,073,697
AMORTISATION			
At 1 January 2022	21,056,492	776,251	21,832,743
Foreign exchange movement	-	5,373	5,373
Charge for the year	1,093,820	104,152	1,197,972
Disposals			-
Impairment loss	327,526		327,526
At 31 December 2022	22,477,838	885,776	23,363,614
Charge for the year	1,349,203	111,420	1,460,623
Disposals			-
Impairment loss	31,557		31,557
At 31 December 2023	23,858,598	997,196	24,855,794
31 December 2022	8,583,605	223,685	8,807,290
At 31 December 2023	11,002,925	214,978	11,217,903

Development costs can be broken down as assets under development (based on original cost): £7,428,960 (2022: £4,652,822) and assets available for use (based on original cost): £27,432,563 (2022: £26,343,643). The cost of assets transferred from assets under development to available for use in the year was£1,088,920 (2022: £2,609,098).

Other intangible assets comprise purchased software used within the business and software licences.
All amortisation and impairment charges (or reversals if any) are included within 'Administrative Expenses'

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Impairment Loss

At the end of the year the Directors reviewed the development projects. Each project is treated as a separate CGU. Expected future cash flows ('value in use' calculation, the discount rate and cash flows were calculated on a pre-tax basis) attributable to these projects are calculated over the lower of seven years or the remaining life of the project, discounted at the applied rate of 8.1%. Where indicators for impairment exist, management considers pipeline sales volume and the relevant margin of the product along with project specific technical issues, customer feedback, opportunity for product substitution and other market factors.

Following full review of all projects, the Company impaired a number of projects totalling £112,028. These products are all older products and all costs now impaired refer to historical costs. One previously impaired project had an impairment reversal upon further review in 2023; future revenue streams have become apparent and the impairment of £80,471 was reversed.

Goodwill has arisen in FY23 due to the acquisition of Phillips Aerospace on 6 September 2023, which is a single CGU. The Group has undertaken an impairment review of the carrying value of the goodwill, using detailed forecasts of revenue (based on forecast orders and contracted backlog), costs of delivery and resulting profitability. The Group has reviewed using a discounted cash flow, with a discount rate of 8.1%. A number of sensitivities have been performed against the performance, especially against revenue (which drives the profitability) and the Directors are comfortable that there is sufficient headroom to strongly support the goodwill carried on the balance and, therefore, no impairment is necessary. Revenue would need to reduce by 67% for the headroom to be nil.

Note 13
DEFERRED TAX

	Share-based payments £	Accelerated capital allowances £	Tax losses £	Other £	Total £
GROUP					
At 1 January 2022	24,139	(1,826,126)	(54,026)	6,903	(1,849,110)
Credited/(charged) to statement of comprehensive income	81,059	(345,221)	91,825	57	(172,280)
Credited/(charged) to equity	245,555	-	-	-	245,555
At 31 December 2022	350,753	(2,171,347)	37,799	6,960	(1,775,835)
Credited/(charged) to statement of comprehensive income	81,889	529,429	(185,619)	-	425,699
Deferred tax acquired and arising from acquisition				(311,317)	(311,317)
At 31 December 2023	432,642	(1,641,918)	(147,820)	(304,357)	(1,661,453)
COMPANY					
At 1 January 2022	24,139	(1,815,715)	-	-	(1,791,576)
Credited/(charged) to statement of comprehensive income	81,059	(362,918)	-	-	(281,859)
(Charged) to equity	245,555	-	-	-	245,555
At 31 December 2022	350,753	(2,178,633)	-	-	(1,827,880)
Credited/(charged) to statement of comprehensive income	81,889	529,429	(185,619)	-	425,699
At 31 December 2023	432,642	(1,649,204)	(185,619)	-	(1,402,181)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 14
INVESTMENTS

COMPANY	31 December 2023 £	31 December 2022 £
Investment in subsidiary companies		
Shares at cost	**19,705**	19,705
Capital contribution	**1,361,656**	1,361,656
Equity-settled share-based payment	**191,278**	65,591
Total investment in subsidiary companies	**1,572,639**	1,446,952

The Group has closed the R&D facility located in India. The investment in the subsidiary company has not been impaired during 2023. This will be impaired in 2024 upon formal dissolution. The investment carried in the accounts is £12,994.

Subsidiary undertakings included in these accounts, which are all wholly owned, at 31 December 2023 are:

Name	Place of incorporation	Class of share	Percentage held	Nature of business
By Company:				
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	100%	Non-trading Company
Concurrent Technologies Inc	California, USA	Ordinary	100%	Sale and service of Company products and R&D services for the Company
By Concurrent Technologies Inc:				
Omnibyte Corporation	Illinois, USA	Ordinary	100%	Dormant
Phillips Machine & Welding Co Inc	California, USA	Ordinary	100%	Developer and manufacturer of industrial products and associated services

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 15
INVENTORIES

	Group 31 Dec 2023 £	Company 31 Dec 2023 £	Group 31 Dec 2022 £	Company 31 Dec 2022 £
Raw materials	**8,357,855**	**8,153,919**	6,637,883	6,637,883
Work in progress	**3,407,901**	**3,407,901**	3,193,400	3,193,400
Finished goods	**192,744**	**192,744**	259,154	259,154
	11,958,500	**11,754,564**	10,090,437	10,090,437

During 2023 the provision for obsolete and slow-moving inventories has been increased by £543,686 (2022: decreased by £241,310). In accordance with IAS2 Inventories are measured at the lower of cost and net realisable value.

The inventory balance movement includes a obsolescence provision which has decreased by £80,509 in the period. £236,767 has been reversed due to these items of inventory not being considered obsolete any longer and £156,257 added to the provision. This comprises obsolete stock following an in-depth analysis of the Group's inventory.

In 2023, a total of £14.8m (2022: £7.4m) of inventories was included in the Consolidated Statement of Comprehensive Income as an expense.

Note 16
TRADE AND OTHER RECEIVABLES

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
Trade receivables	**5,430,181**	**2,667,667**	4,755,594	3,056,417
Prepayments and accrued income	**687,535**	**577,182**	684,318	606,061
Other debtors	**325,111**	**325,111**	-	-
Loan to subsidiary	**-**	**2,786,644**	-	-
Amounts due from subsidiary undertakings	**-**	**2,178,391**	-	2,207,599
	6,442,827	**8,534,995**	5,439,912	5,870,077

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 TRADE AND OTHER RECEIVABLES (CONTINUED)

ECL provision matrix

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	0.001%	
Gross carrying amount	5,282,708	18,712	128,551	210	5,430,181
Lifetime expected credit loss	-	-	-	210	210

As a Group we don't have a significant amount of bad debt, and historically bad debts have been very close to nil; due to the recurring nature of orders, our customers pay what is owed so it is not necessary for us to provide for any balances as bad debt, and when considering current and future macroeconomic conditions the anticipated loss rate is expected to remain close to nil.

	Group 2023 £	Group 2022 £
At 1 January	**210**	1,188
Charged/(credited) to statement of comprehensive income	**-**	(978)
At 31 December	**210**	210

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
More than 30 days	**18,712**	**17,998**	76,881	76,881
More than 60 days	**128,551**	**128,448**	73,086	49,336
More than 90 days	**125,876**	**125,096**	8,150	5,934
	273,139	**271,542**	158,117	132,151

Note 17
TRADE AND OTHER PAYABLES

Current	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
Trade payables	**5,707,674**	**5,608,259**	2,977,750	2,880,305
Contract liabilities	**1,030,449**	**1,030,449**	681,044	681,044
Other payables	**355,549**	**46,329**	233,990	55,159
Current right of use lease liability	**294,662**	**268,472**	202,287	180,044
Other taxes and social security costs	**207,385**	**202,605**	188,986	185,557
Accruals	**2,070,693**	**1,733,933**	1,500,205	1,189,197
	9,666,412	**8,890,047**	5,784,262	5,171,306

Non-Current	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
Right of use lease liability	**695,272**	**677,607**	1,257,820	1,211,405
	695,272	**677,607**	1,257,820	1,211,405

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 17 TRADE AND OTHER PAYABLES (CONTINUED)

Contract liabilities (Group and Company)	Warranty	End of life	End of life service charge	Non-recurring engineering	Total
B/fwd as 1 January 2022	94,556	445,592	6,941	133,955	681,044
Addition	42,174	266,676	-	389,685	698,535
Release	(87,486)	(121,332)	(6,357)	(133,955)	(349,130)
Closing at 31 December 2023	49,244	590,936	584	389,685	1,030,449

Note 18
FINANCIAL INSTRUMENTS

Financial Instruments by category

			Financial assets measured at amortised cost £
GROUP			
2022	**Non-current:**		
2022	**Current:**		
		Trade and other receivables	4,755,594
		Cash and cash equivalents	4,512,720
		Total for category	9,268,314
2023	**Non-current:**		
2023	**Current:**		
		Trade and other receivables	5,430,181
		Cash and cash equivalents	11,118,728
		Total for category	16,548,909

			Financial liabilities measured at amortised cost £
GROUP			
2022	**Current:**		
		Trade and other payables	4,895,232
2023	**Current:**		
		Trade and other payables	8,428,578

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 19
PROVISIONS

GROUP AND COMPANY	Dilapidation £	Product warranty £
Carrying amount at 1 January 2023	286,080	36,512
Increase in provisions	10,799	-
Amount utilised	-	-
Carrying amount at 31 December 2023	296,879	36,512

Provisions have been analysed between current and non-current as follows:	
Current	18,256
Non-current	315,135

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

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

Note 20
LEASES AND COMMITMENTS

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

Reconciliation of lease liabilities	**Group 2023 £**	**Company 2023 £**	Group 2022 £	Company 2022 £
Opening	**1,460,107**	**1,391,449**	910,210	834,274
Additions	**-**	**-**	635,248	635,248
Modification and amendment	**(265,325)**	**(265,325)**	-	-
Payments	**(301,219)**	**(269,641)**	(199,347)	(165,927)
Interest	**103,008**	**89,596**	104,469	87,854
FX	**(6,636)**	**-**	9,527	-
Closing	**989,935**	**946,079**	1,460,107	1,391,449
Non Current (Note 17)	**(695,273)**	**(677,607)**	(1,257,820)	(1,211,405)
Current (Note 17)	**(294,662)**	**(268,472)**	(202,287)	(180,044)
	(989,935)	**(946,079)**	(1,460,107)	(1,391,449)

Right of Use Assets	Group 2023 £	Company 2023 £
Opening balance	1,045,328	998,687
Modification and amendment	(150,868)	(150,868)
Depreciation	(203,870)	(186,393)
Foreign exchange	(1,651)	
Closing balance	688,939	661,426

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 20 LEASES AND COMMITMENTS (CONTINUED)

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

Amounts payable under lease arrangements	**Group 2023 £**	**Company 2023 £**	Group 2022 £	Company 2022 £
Within one year	**(357,040)**	**(325,462)**	(303,061)	(269,641)
Within two to six years	**(757,806)**	**(739,386)**	(1,433,763)	(1,380,848)
Add unearned interest	**124,911**	**118,769**	276,717	259,040
	(989,935)	**(946,079)**	(1,460,107)	(1,391,449)

At 31 December 2023, the Group was committed to a short term lease for the Phillips Aerospace office lease (2022: None).

The Group has elected not to recognise a lease liability for short-term leases or for leases of low value assets. Payments made on these leases are expensed on a straight line basis and the value of these expenses in the year was £49,606.

Amounts recognised in the Consolidated Statement of Comprehensive Income.

	Group 2023 £	Group 2022 £
Short-term and low-value lease expense	**49,606**	-
Depreciation charge	**203,870**	195,254
Interest expense	**103,008**	111,941

Amounts recognised in the Consolidated Statement of Cash Flows.

	Group 2023 £	Group 2022 £
Short-term and low-value lease expense	**-**	-
Payment of lease liabilities	**301,219**	94,842

Capital commitments

At the end of the year, the capital expenditure commitment (for a machine for the factory) was £142,008 (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 21
SHARE CAPITAL, SHARE PREMIUM, MERGER RESERVE AND CAPITAL REDEMPTION RESERVE

	31 Dec 2023 £	31 Dec 2022 £
Allotted, issued and fully paid share capital:		
Ordinary shares (86,169,236 of 1p each)	**861,692**	739,000

Share capital	
Balance as at 1 January 2023	739,000
Shares issued for equity raise	104,615
Shares issued for acquisition	18,077
Balance as at 31 December 2023	861,692

Share premium	
Balance as at 1 January 2023	3,699,105
Shares issued for equity raise less issue costs	6,251,126
Balance as at 31 December 2023	9,950,231

Merger reserve	
Balance as at 1 January 2023	-
Shares issued for acquisition	1,283,457
Balance as at 31 December 2023	1,283,457

Capital redemption reserve	
Balance as at 1 January 2023	256976
	-
Balance as at 31 December 2023	256,976

During the year 10,461,538 shares were issued as part of an equity raise for the Company. A further 1,807,686 were issued as part of the acquisition of Phillips Aerospace.

At 31 December 2023, the Company held 531,522 ordinary shares (2022: 531,522) with an aggregate nominal value of £5,315 (2022: £5,315) in treasury.

	Treasury shares
Balance as at 1 January 2023	531,522
Shares sold	-
Balance as at 31 December 2023	531,522

Note 22
PENSION SCHEME

The Company operates a group personal pension scheme, which all permanent employees may join. The scheme, which is a defined contribution scheme, is independent of the Company's finances. The Company's contributions are based on between 5.5% and 13.5% of members' gross salaries, dependent upon the length of service of the individual. The Company has also chosen NEST (National Employment Savings Trust) as its workplace pension scheme to meet its employer duties under the auto-enrolment rules. Contributions to the NEST scheme are at the minimum rates. The total charge to administrative expenses in the statement of comprehensive income is disclosed in Note 10 'Staff Costs'. Pension contributions payable to the schemes at the end of the year were £63,681 (2022: £55,160).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 23
FINANCIAL RISK MANAGEMENT

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

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

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk that 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)	2023 US dollar £	2022 US dollar £
Group	(447,522)	(175,103)

	2023 US dollar £	2022 US dollar £
If sterling had strengthened by 5% against US dollar:		
Impact on net Group result and equity for the year	21,312	8,338
If sterling had weakened by 5% against US dollar:		
Impact on net Group result and equity for the year	(23,555)	(9,216)

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 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 2023 and 31 December 2022 was determined as follows:

Group

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	100%	
Gross carrying amount	5,282,708	18,712	128,551	210	5,430,181
Lifetime expected credit loss	-	-	-	210	210

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	100%	
Gross carrying amount	4,605,417	76,881	73,086	210	4,755,594
Lifetime expected credit loss	-	-	-	210	210

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2023 **£**	2022 £
Opening loss allowance at 1 January	**210**	1,188
Loss allowance recognised during the year	**-**	(978)
Closing loss allowance at 31 December	**210**	210

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

2023	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Trade payables	4,747,497	673,864	154,861	131,452	5,707,674
Accruals	2,070,693				2,070,693

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

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

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

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Note 16) exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within three 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, and
(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 number of dividends paid to shareholders, return capital to shareholders, purchase its own shares to hold in treasury, issue new shares or sell assets. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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

	Group 2023 £	Group 2022 £
Total equity	**35,036,427**	23,176,502
Cash and cash equivalents	**(11,118,728)**	(4,512,720)
Capital	**23,917,699**	18,663,782
Total equity and overall financing	**35,036,427**	23,176,502
Capital to overall financing ratio	**0.68**	0.81

Note 25
RELATED PARTY TRANSACTIONS

The Company has taken the FRS101 exemption given that transactions are only with other wholly owned Group companies. The are no transactions for the Group to report on under IAS 24. All intra-Group transactions are removed on consolidation.

Dividends paid to Directors during the year amounted to:	280

Transactions with key management personnel during the period:
Key management personnel are the Company's Board. Key management personnel remuneration includes the following expenses:

	Group 2023 £	Group 2022 £
Short term employee benefits	**1,305,205**	869,717
Post-employment benefits	**18,632**	20,697
Share-based payment (IFRS 2)	**287,773**	161,114
	1,611,610	1,051,528

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 2021, an LTIP was introduced.

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

	2023 Options N°	**2023 Weighted average price pence**	2022 Options N°	2022 Weighted average price pence
Outstanding at 1 January	**2,289,797**	**31.14**	1,467,205	47.29
Granted	**2,300,209**	**1.00**	991,357	1.00
Exercised	**-**	**-**	(5,000)	48.50
Forfeited/Lapsed	**(35,804)**	**1.00**	(163,765)	70.20
Outstanding at 31 December	**4,554,202**	**16.15**	2,289,797	31.14
Weighted average share price at date of exercise	**-**	**-**	5,000	48.50
Exercisable at 31 December 2023	**Nil**	**-**	Nil	-

Options outstanding at 31 December 2023 had exercise prices ranging from 1.0 pence to 101.50 pence and a weighted average remaining contractual life of 2.49 years (2022: 3.97 years).

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

Grant date	**23 Oct 2023**	**20 Nov 2023**
Share price at grant date	£0.67	£0.71
Exercise price	£0.01	£0.01
Dividend yield	2.85%	2.85%
Risk free interest rate	4.50%	4.17%
Volatility	36.00%	36.10%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 27
BUSINESS COMBINATIONS

Acquisition in 2023
Acquisition of Phillips Aerospace

During the year, on 6 September 2023, the Group acquired 100% of the voting shares of Phillips Aerospace Limited, a non-listed company based in the US and specialising in the development and manufacture of industrial products and associated services, in exchange for the Company's shares and cash. The Group acquired Phillips Aerospace Limited because its strategy was to use the Phillips business and diversify it into actual systems, offering it additionally to the Group's customer base, as well as gaining Phillips' customer relationships. These expansion, growth and export opportunities provide an established presence in North America.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of Phillips Aerospace Limited as at the date of acquisition were:

	At acquisition £
Tangible fixed assets	20,039
Trade and other receivables	251,984
Cash acquired	146,660
Current liabilities	(111,377)
Long-term liabilities	(1,007,336)
Net assets on acquisition	(700,030)
Separately identifiable intangible assets on acquisition	1,538,429
Goodwill on acquisition	1,269,443
Total investment in subsidiary	2,107,843
Initial consideration - cash	832,427
Share consideration	1,301,534
Escrow	(26,118)
Total investment in subsidiary	2,107,843

The deferred tax liability comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets. There was additional cash transferred as part of the acquisition of £667,347 to pay off outstanding loan balances within Phillips Aerospace.

Separately identifiable intangible assets comprise customer relationships (£1,148,761) and licences (£389,668).

The goodwill of £1,294,255 comprises the value of expected synergies arising from the acquisition, the assembled workforce and technological know-how, which is not separately recognised.

From the date of acquisition, Phillips Aerospace Limited contributed £819,500 of revenue and £201,000 to profit before tax from continuing operations of the Group.

Phillips Aerospace revenue for the year was £1,584,587 and £36,680 profit before tax.

£195,881 of exceptional acquisition expenses were incurred as a direct result of the Group acquiring Phillips Aerospace.

The creation of a merger reserve of £1,283,457 is a result of acquiring Phillips Aerospace in accordance with s612 CA06. In total 1,807,686 shares were issued in relation to the acquisition.

Note 28
ULTIMATE CONTROLLING PARTY

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

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CONCURRENT TECHNOLOGIES

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