Registered in England and Wales number 07847321

BIG SOFA TECHNOLOGIES GROUP PLC

Group Annual Report and Financial Statements

Year Ended 31 December 2016

Contents

Big Sofa Technologies Group plc

("Big Sofa", the "Group" or the "Company")

Final Results for the Year Ended 31 December 2016

STRATEGIC REPORT

Big Sofa (AIM: BST), a fast-growing international video analytics provider to consumer brands and market research agencies, announces final results for the year ended 31 December 2016.

These results cover a period during the Company's development phase when Big Sofa was constrained by limited cash resources, prior to its admission to the AIM market on 19 December 2016 and associated fundraising of £6.1 million which has enabled the Company to accelerate growth.

2016 HIGHLIGHTS

- Successful listing on AIM on 19 December 2016
  - Raised £6.1 million by way of a placing of and subscription for new ordinary shares at 17 pence per share
  - Key benefits of the listing included:
    - Expansion of US operations to target large market opportunity
    - Accelerating near-term growth opportunities with key customers to develop a significant new business pipeline
    - Strengthening management's ability to recruit, retain and incentivise employees
    - Providing currency for selective bolt-on acquisitions
- Revenues grew to £757,000 in 2016, with average monthly revenue approximately double that in 2015
- Positioned the Company for growth, including hiring a new experienced senior management team, taking the total number of employees to 23 people as at 31 December 2016

Post year-end highlights

- Strong start to 2017, with revenues in June more than three times greater than January
- Secured several significant contracts which underpin a substantial new business pipeline, which are expected to contribute material revenues during the current year, including:
  - Formally appointed as a global partner to Procter & Gamble (P&G) to facilitate the acquisition and analysis of both new and existing video content on projects across the global business
  - A three-year Master Service Agreement signed with Ipsos which is delivering strong revenue growth
  - Secured a Supplier Service Agreement with Survey Sampling International (SSI)
- Big Sofa's software platform is now generating monthly recurring income
- Expanded the Group's operational team to 34 across UK and US offices
- Continued to focus on and invest in product development, recruiting a specialist product team to scope and specify new features that drive greater client value

Simon Lidington, Chief Executive Officer of Big Sofa, commented:

"The year culminated in our listing on AIM and the fundraising that enabled us to accelerate the commercialisation of our technology and the development of a material pipeline of business.

"With an even stronger foundation of blue-chip customers to build-upon, I am pleased to say that we are making excellent progress against our strategic objectives and signs of this are beginning to be reflected in current trading.

"I believe that the outlook for Big Sofa is extremely positive and anticipate that our existing partnerships with P&G, Unilever, Ipsos, SC Johnson and SSI will deliver material revenue during the current financial year.

"Big Sofa is exceptionally well-placed to capitalise on the vast opportunity that exists to help consumer brands and research agencies make genuine use of the large quantities of video content they are generating. We have received significant industry validation in a short space of time, as reflected in the three-year Master Service Agreement with Ipsos, a global partnership with P&G, a continuing global partnership with Unilever and the numerous relationships developing with new global clients.

"I look forward to reporting on further milestones as we work to build a profitable business of scale."

CHAIRMAN'S STATEMENT

I am pleased to present my first statement as chairman of Big Sofa.

While the period under review was itself largely irrelevant from a forward-looking perspective – in that it covers a period in which the Company was still in development mode – the year culminated in the transformational listing of Big Sofa's shares on AIM. The associated fundraising of £6.1 million would subsequently enable us to accelerate the commercialisation of our technology, open a US office, significantly increase our personnel and create a pipeline of new business opportunities which, I believe, will in due course underpin a step-change in revenues.

Subsequent to the year-end, I am delighted with the operational progress Big Sofa has made in its first six months since listing on AIM, in developing both the scope and scale of our software platform and a material new business pipeline.

Simon Lidington, our chief executive, elaborates on the commercial progress of the business in his operational review; however, notable achievements include a three-year Master Service Agreement signed with Ipsos, one of the top-five largest market research companies in the world; a global partnership with P&G; and a Supplier Service Agreement with Survey Sampling International, a leading global provider of data solutions and technology for consumer and business-to-business survey research.

Shareholders should be greatly encouraged by the third-party validation of our technology and services that the Company is receiving. The long-term strategic partnerships we have recently secured are with world-leading consumer brands and research companies, which we expect will become the backbone of the Company going forward, and a significant catalyst for growth. Our close client relationships define our business and distinguish Big Sofa from many of its peers, who continue to rely on short-term, low-value business.

Furthermore, the listing on AIM has provided the Company with an enhanced profile to attract and retain key staff alongside accelerating a number of key new business initiatives. The progress in building the teams both in the UK and the US is very promising.

I believe Big Sofa is exceptionally well-placed to capitalise on the significant demand for video analytics in the multi-billion dollar consumer insight sector and we look forward to reporting on further progress during 2017.

Nicholas Mustoe
27 June 2017

OPERATIONAL REVIEW

Introduction

Big Sofa is a B2B technology company that provides video analytics, with core customers including big brands and market research agencies who are increasingly using video as a key medium for conducting consumer insight in a multi-billion dollar a year global market.

Our scalable platform enables users to perform detailed analysis of video, images and audio content, by uploading unstructured video content to our proprietary, analytics platform, which then transcodes and, where appropriate, transcribes the data into a structured, downloadable archive of content.

Content can be uploaded from most current generation camera devices and the output translated from almost all spoken languages.

The proliferation of smartphones and tablets has transformed video into a fundamental means of communication between companies and consumers and between consumers themselves. By 2020, video is expected to account for 79 per cent. of all consumer internet traffic. As a result of this, the market for video analytics is anticipated to expand at a compound annual growth rate of 20.6 per cent to £7.19 billion between 2015 to 2023.

Over the last few months, Big Sofa has made significant progress converting customer relationships into formal agreements with a number of global clients. This recent development not only allows the Company to establish clearly defined commercial parameters, but also confirms that the market research sector perceives Big Sofa's platform as the best-in-class for capturing, organising and analysing video to understand consumer behaviour. This is fast becoming essential to clients with regards to their investment in R&D and marketing innovation.

The Company's unique technology and hybrid-Artificial Intelligence systems enable our clients to see how consumers actually behave, rather than how they say they behave, which is invaluable to brands and consumer insight agencies. The accelerating demand from clients is evidence of Big Sofa's ability to generate ground-breaking consumer insights and drive innovation faster and better.

Big Sofa's platform

The platform's core functionality enables the automatic upload of video, image and audio files. Our software then runs an automatic association of the data uploaded enabling a more accurate and detailed search of the content to be undertaken by the client. This process involves transcoding, transcribing and translating the dialogue, allowing the client to categorise their content by the key themes they require.

Investment in the technology has enabled easier ingestion of video content, faster processing and a greatly enhanced ability to load, protect and access large volumes of video content anywhere in the world with high levels of confidence. Substantial improvements have been made to the robustness, security and scalability of the Company's core analytics platform.

Access to the platform

The Big Sofa platform can be used on a SaaS basis or in conjunction with Big Sofa's insight team, enabling customers to choose to manage as much or as little of the end-to-end process as they like. In addition, Big Sofa offers a range of ancillary services that make it easier for brands, agencies and consumers to upload video into the core platform. These technologies enable:

- integration with existing survey software to enable video capture in any survey;
- extraction of video from surveys into the core platform;
- images or videos to be sent out for testing and video feedback to be received in response;
- capture of consumer behaviours using a range of camera devices and methods for detailed tagging and analysis on the platform;
- use of a broad range of analysis tools including tagging, text, tone of voice, emotional response, sentiment, object recognition, with AI playing an ever-increasing role; and
- the creation of professional video reports to tell the insight story and present the key data.

Customers

Big Sofa's core customers can be split into two main categories: major brands/international companies and market research agencies.

Current blue-chip brand customers include P&G, Unilever, SC Johnson, Pernod Ricard and AB World Foods.

Market research agencies have developed both online and mobile technology to conduct research with consumers. Big Sofa is engaging with major market research agencies and marketing consultancies including Ipsos, Morpace, GfK, Survey Sampling International, Schireson Associates, Touchstone Partners and Niche Consulting to provide visual data analytics that help them add greater value to their end clients.

Post year-end developments

Since listing the Company on AIM in December 2016, the business has enjoyed success in leveraging key relationships with existing customers, including:

- increased revenues from Unilever in Europe, Asia Pacific and the US;
- increased revenues from SC Johnson in the US and Europe; and
- projects with Pernod Ricard, Morpace, Mizzouri, The FA, Touchstone Partners, Schireson Assocs., Compass, Waterson Garner, AB World Foods and GfK

Our US office was opened in Philadelphia, PA in March 2017 - with sub-offices in Chicago and Cincinnati - to accelerate customer traction in the region. This has led to growth in our interaction with potential blue-chip clients and has brought the Company strong capabilities in sales, account management and operations.

In April 2017, the Company signed a three-year Master Service Agreement with Ipsos. The MSA is a global licence for a SaaS agreement, for an initial period of three years. It sets out the terms upon which the entire market research organisation and its affiliates may engage Big Sofa to provide video analytics technology and services through a co-branded platform in support of their rapidly increasing use of video and images to help their clients better understand consumers and markets.

Since January 2017 - including the period leading up to signing the MSA - Big Sofa and Ipsos have submitted over 120 co-branded proposals to multiple global clients in the Consumer Packaged Goods, Pharmaceutical, Automotive, Alcoholic Beverages, and Beauty sectors.

In addition, a Supplier Service Agreement was signed with Survey Sampling International ("SSI") in April 2017. SSI is a leading global provider of data solutions and technology for consumer and business-to-business survey research. Under the Agreement, Big Sofa supplies SSI with sophisticated video capture and analytics technology and services for their digital surveys.

In late May 2017, following an extensive procurement procedure, Big Sofa became an approved supplier to P&G on their global technology and research rosters, able to undertake projects that facilitate the acquisition and analysis of both new and existing video content for P&G. Previously, P&G had commissioned a number of projects through an approved agency, but the demand for Big Sofa's services across their global business reached a level which meant they wanted to commission multiple projects directly with Big Sofa.

This strategic partnership with P&G has already led to over £500,000 worth of proposals submitted with £190,000 already commissioned in Q2 2017. Big Sofa also expects P&G's level of engagement with our technology to grow significantly in the future.

Big Sofa has been Unilever's globally preferred video partner since January 2016, and the first six months of 2017 saw encouraging signs of a growing interest in Big Sofa's technology from Unilever Consumer Technology Insight division – especially the R&D teams in Europe, North America and the UK. Other parts of Unilever are also interested in using Big Sofa's platform to analyse the link between early innovation work and the successful launch of products and marketing communications, and for large-scale video data analytics.

The contract momentum across the business is a strong endorsement of Big Sofa's proprietary software platform's ability to appeal to the wider consumer insight market.

The Company was also pleased to retain its ISO27001 accreditation for our information security management system for the second year running.

Furthermore, following the appointment of a Chief Technical Officer in Q4 2016, significant developments have been made to Big Sofa's technology offering including increasing the ease with which the platform can be integrated into customers' own systems, which is a focal part of Big Sofa's strategy for deployment of its software.

Outlook

We have made significant operational and financial progress in the first half of the year, growing a substantial new business pipeline from just c. £100,000 at the outset of the year to over £1.35 million today. Big Sofa's business comprises a mix of enterprise level and ad hoc contracts with clients. Both involve a recurring flow of project briefs that has increased as clients re-commission Big Sofa on a continuing basis. While we naturally do not expect all of that pipeline to convert into revenues, of the proposals decided upon so far this year, Big Sofa has converted 54% by value; and the average opportunity size has increased from c. £5,000 in January to c. £15,000 in June.

Market awareness of Big Sofa is rising fast, and our strategy of targeting the biggest global clients and global agencies is proving highly successful. Global clients see Big Sofa as a long term strategic partner, able to help them ingest, curate and analyse large volumes of video. Global agencies, and in particular Ipsos, are fast realising the value that video can add to their research offering and are keen to work in partnership with Big Sofa to deliver it. In so doing, they are exposing Big Sofa to multiple major clients at a much faster rate than the Company could do on its own.

The board therefore believes that the outlook for Big Sofa is extremely positive and anticipates our existing partnerships with P&G, Unilever, Ipsos, SC Johnson and SSI will deliver material revenue during the current financial year.

Our unique platform provides our clients with real insight into consumer behaviour and, combined with the rapid adoption of the utilisation of video as a key element in good consumer research, gives the Board confidence that Big Sofa has the ability to become a genuinely disruptive force in that sector.

Our strong new business pipeline, robust technology platform and clear strategic focus leave us well placed to capitalise on this significant market opportunity.

Simon Lidington
Chief Executive Officer
27 June 2017

Financial Review

	FY 2016	FY 2015*	Change %
	£'000s	£'000s	Pro rata*
Revenues	757	172	183%
Gross Profit	379	97	163%
Gross Margin	50%	56%	
Operating expenses	4,676	443	440%
Operating Loss	(4,297)	(346)	-517%

**based on 5 months' performance in 2015*

The year under review was dominated by the Company's admission to AIM in which we raised £6.1 million through a placing and subscription. This has helped provide the funding for the Company to accelerate its operational focus by both further developing our technology and expanding our offering to an increasingly international, blue-chip client base.

During the year, revenues grew organically to £757,000, a 183% pro-rata increase in revenue, despite the injection of capital from the fundraise only happening in late December 2016. Gross profit was up 163% to £379,000 as Big Sofa continued to establish a foothold in the marketplace - a strategy which is coming into fruition in the current year, with growth in revenues from customers which are now established clients of Big Sofa.

Operating expenses include £785,000 of AIM listing costs and £705,000 of deemed reverse acquisition costs, both of which are non-recurring. The increase in underlying administrative costs relates to a rise in staff costs due to an increase in headcount in order to drive sales and develop our proprietary platform, with a particular focus on the hiring of an experienced, senior global team.

Many of the expenses associated with growing the business were incurred in the second half, which led to a number of creditors being built-up prior to Admission to AIM in late December. The funds raised at Admission were used, in part, to pay these creditors and further invest in the business. Going forward as a public company, whilst we will maintain tight control of expenses, we anticipate these will further increase as we execute on our growth strategy; but we also expect revenues and gross profit to rise exponentially.

The Company's cashflow in the year was dominated by the Admission to AIM and associated fundraising. Cash generated from financing activities was £6.7 million; cash used in operating activities, including the expenses of the AIM admission, was £3.0 million, and capex and other activities was £1.1 million. The balance sheet at the end of 2016 remained strong with cash of £2.5 million and we are already seeing significant revenue growth in the current financial year.

The position of the business at the end of the year is almost unrecognisable from the start of the 2016 – an experienced and expanded team, a further developed platform and product offering, a strong positive balance sheet and a considerable new business pipeline. The foundations have been laid for continued rapid growth for Big Sofa.

Joe MacCarthy
Chief Financial Officer
27 June 2017

PRINCIPAL RISKS AND UNCERTAINTIES

Market Risks	Impact	Mitigation
Development into the United States	The Group's plan could be affected by delays in sales or lower than expected sales growth in the United States.	A US office has been opened to establish a permanent presence in the US and deal directly with our US based clients. It is headed by an experienced US CEO and supported by a team of 5 covering sales, account management and operations.
Brexit	New regulations could add complexity and delays to operations.	Our regulatory advisers keep the Company up to date on recent developments. The main regulatory directive from the EU that may affect our business is the General Data Protection Regulation (GDPR). By adhering to the higher threshold of the GDPR and the UK data protection legislation, we anticipate that we will remain compliant across the territories we operate in.
	Currency fluctuations could increase costs and affect profitability.	Currency fluctuations will impact both sales and costs, but we are naturally hedged against currency fluctuations – particularly in relation to the USD – as many of our revenues and some of our direct costs are in USD. Our initial product offering is not particularly price-sensitive. Substantial cost increases will be passed on.
Technology	The Group's platform is currently unique. Rapid technological advances could see competitor products being launched.	The Group has product development plans in place for improved technology as well as for a wider product portfolio that includes additional innovative solutions for the targeted customer base.

Operational Risks	Impact	Mitigation
Dependence on key personnel	The Group is in its early stages of development when reliance on a few key people has an inherent vulnerability.	The Group carries out benchmark exercises to ensure a good remuneration. The Group also offers an environment for excellent personal development in an exciting segment of our industry.
Hosting and Storage	Strict rules govern Personally Identifiable Information and any failure may adversely affect the Group's prospects.	The Group uses leading suppliers of hosting and storage platforms.

Financial Risks	Impact	Mitigation
Future funding requirements	If the Group's rate of growth is insufficient to reach cash breakeven, the company may need to seek additional funding to meet the company's strategic goals.	Management regularly monitor the Company's performance against budget and its overall cash position. Since Admission to AIM the directors have been content that the company has delivered against its strategic goals.

Legal Risks	Impact	Mitigation
Intellectual Property litigation	As part of our due diligence process we carried out extensive work on our freedom to operate. Any claim brought against us would detract the Company from its business.	The Group engages with IP specialists to ensure we have a strong position. To our knowledge we do not infringe on any patents.

On behalf of the Board

Joe MacCarthy
Chief Financial Officer
27 June 2017

GOVERNANCE

BOARD OF DIRECTORS

Nicholas Mustoe, Non-Executive Chairman
Nicholas started his career in 1981 working for London advertising agencies Foote Cone and Belding (three years) followed by Lowe Howard Spink (nine years). In this time he worked across a wide range of clients including Vauxhall Cars, Heineken, Whitbread, Tesco, Reebok and Hanson Group companies. In 1993, Nicholas started his own agency, Mustoe Merriman Levy (Mustoes), which he ran for 15 years, with a brief period under the ownership of Japanese multinational Hakuhodo. During this time the agency managed client accounts including Kia Cars, Lloyds Pharmacy, Doctor Marten, Bauer Publishing, Coca Cola and Unilever. In 2008, Mustoes merged with a leading PR agency Geronimo to form Kindred, the first fully integrated PR and advertising agency. Nicholas subsequently led an MBO of Kindred in 2010 and remains Chief Executive and principal shareholder.

Aside from his media career, Nicholas has been involved in supporting many start-up companies starting with funding Hall and Partners (research) in 1992, Caravell (industrial refrigeration MBO), ABC Connection (on-line publishing and software), Sosandar (fashion label) amongst others. Currently, Nicholas has a number of non-executive roles, including acting as Chairman of Starlight Children's Foundation and as a director of Hub Capital Partners Limited and AIM-quoted Premaitha Health Plc.

Paul Clark, Non-Executive Director
Paul has more than 40 years of experience in the IT sector, beginning in the 1970s as a programmer and analyst. He then worked extensively in the technology product and services sector.

Paul specialises in start-up or recovery of underperforming/stalled operations. His most recent role involved the turnaround (and eventual sale) of a struggling software product company, Invigia Ltd, into a market dominant, highly profitable, cash generative organisation. Prior to this, he enjoyed considerable success building and re-energising both consultancy and product businesses serving a broad range of sectors in both the commercial and government arena.

He is now engaged in a portfolio of advisory roles to a range of fast growth businesses, both as non-executive director and consultant. Paul is also currently a non-executive director of Cyber Challenge Ventures Ltd, a not-for-profit organisation, whose purpose is to identify and career signpost untapped Cyber Security talent.

Steven Metcalfe, Non-Executive Director
Steven is a former stockbroker with more than 28 years' experience in the financial industry. In 2005, as Head of UK Equities at Hichens Harrison, he was involved in the management buyout and then subsequent sale to Religare Capital Markets. For the last seven years, he has been involved with institutions, hedge funds and HNWs within the regulated arena. Since leaving Investment Banking in mid-2016, he is now using his substantial background and history within the financial and corporate world and has set up a consultancy business that advises SMEs on finance, strategy and growth within their chosen area.

Adam Reynolds, Non-Executive Director

Mr Reynolds is a former stockbroker with over 35 years' experience within the UK financial services sector. In 2000, Mr Reynolds founded Hansard Group PLC which was admitted to trading on AIM in 2000.

Mr Reynolds is currently a director of several AIM traded companies: he is a non-executive director of EKF Diagnostics Holdings PLC, a point-of-care, central laboratory, and molecular diagnostics company; Optibiotix PLC, a life sciences business developing compounds to tackle obesity, high cholesterol and diabetes; and Premaitha Health PLC, a company involved in the development of prenatal screening devices. He is also a director of a number of private companies. Adam joined the Big Sofa Technologies Group PLC board in 2011.

Simon Lidington, Chief Executive Officer
Over the last 35 years, Simon has worked across many sectors and built enduring relationships at senior levels with many blue chip clients including Audi, Regus, QVC, Volkswagen Group, Prodrive, B.A.R, Coca Cola, Vauxhall Motors, Barclays, VW Financial Services, NatWest, Alliance & Leicester, Nokia, the Office of Government Commerce, Business in the Community, Royal Mail Wholesale, Amex and Citroen UK.

Simon worked extensively as a management consultant with CEOs, boards and management teams, as well as serving as CEO at Research International for 18 months before setting up Big Sofa with Matt Lynch.

Simon has an Honours BA in Sociology and a Masters in Inter-organisational Relations both from Exeter University, and an Honorary Doctorate from Middlesex University. He is a Fellow of the Market Research Society, a Fellow of the RSA, and sat on the Advisory Council for the Economic & Social Research Council's 'Cultures of Consumption' Programme between 2003 and 2008.

Matthew ("Matt") Lynch, Chief Strategy Officer
Matt began his career in marketing and category management after graduating from Oxford University. He went on to develop his advisory experience across a range of research and consulting roles, before completing a Masters in Organisational Behaviour.

Matt is experienced in leading engagements for blue chip organisations (Procter and Gamble, Coca Cola, Unilever, BP, Barclays); in working alongside global agencies; and in collaborating with tech partners of all sizes.

His role at Big Sofa is to lead the Company's strategic direction and to ensure that the business constantly innovates to deliver maximum client value.

Joseph ("Joe") MacCarthy ACA, Chief Financial Officer
Joe started his career with PricewaterhouseCoopers and for the past 10 years has been working in investment management, with a particular focus on start-ups and smaller company investing. He has been responsible for managing more than £100 million of investments across a variety of sectors including media and infrastructure. Joe holds a degree in Economics from Durham University, is a Chartered Accountant and also holds a Diploma in Corporate Finance from the Institute of Chartered Accountants in England and Wales. Joe joined Big Sofa as CFO in 2016.

CORPORATE GOVERNANCE REPORT

Introduction

The Company, whose shares are admitted to trading on AIM, is not required to comply with the UK Corporate Governance Code. The Directors fully support high standards of corporate governance and have chosen to make the following disclosures which are deemed to be the most relevant, given the nature, size and scope of the Companies activities. The information in this Corporate Governance Report is not subject to audit.

The Company is subject to the UK City Code on Takeovers and Mergers.

The Board and responsibilities

The Board currently consists of a non-executive Chairman, a Chief Executive Officer, three executive Directors and three non-executive Directors. There is a clear division of responsibilities between the chairman and the executive officers and the Board considers the non-executive directors to be independent of management. The composition of the Board ensures that no single individual or group of individuals is able to dominate the decision-making process. Details of the individual Directors and their biographies are set out on page 11 to 12.

The directors evaluate the balance of skills, knowledge and experience on the Board when defining the role and capabilities required for new appointments.

The Board is responsible for management of the business, setting the strategic direction and policies. The Board meets regularly to attend to any issues which require the attention of the Board and oversees the financial position of the Company monitoring the business and affairs on behalf of the Shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of Big Sofa Technologies Group PLC at all times. The Board will also address issues relating to internal control and the Company's approach to risk management.

The day-to-day management of the Company's business is delegated to the Chief Executive Officer and Chief Financial Officer of the Company.

During the period following the reverse takeover on the 19 December 2016, the Board held 4 scheduled meetings.

Audit Committee

The Audit Committee, which comprises Adam Reynolds, Steven Metcalfe and Nicholas Mustoe, will meet not less than twice a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of Big Sofa Technologies Group PLC.

The Nomination Committee

The Nomination Committee, which comprises Adam Reynolds, Steven Metcalfe and Paul Clark will meet when required. The committee is responsible for identifying and nominating members of the Board, recommending Directors to be appointed to each committee of the Board, and the chair of each such committee. The Nomination Committee will also arrange for evaluation of the Board.

The Remuneration Committee

The Remuneration Committee, which comprises Nicholas Mustoe, Adam Reynolds and Paul Clark, will meet not less than once each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of Big Sofa Technologies Group PLC.

Share dealing code

Big Sofa Technologies Group PLC has adopted and will operate a share dealing code governing the share dealings of the directors of the Company and applicable employees with a view to ensuring compliance with the AIM Rules.

Investor relations

The General Meeting is the principal forum for dialogue with shareholders. Updates on the progress of the business are regularly published on the Group's website. The Company also has a dedicated electronic communication line specifically for shareholders' enquiries.

On behalf of the Board

Joe MacCarthy
Chief Financial Officer
27 June 2017

DIRECTORS' REPORT

The directors present their report and the audited financial statements for Big Sofa Technologies Group PLC for the year ended 31 December 2016.

The preparation of financial statements is in compliance with IFRS as adopted by the European Union. The Group financial statements consolidate the financial statements of the Company and its subsidiaries under reverse accounting principles. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

Principal Activities

Big Sofa Technologies Group PLC is a group management company. It is the parent company of Big Sofa Technologies Limited, a UK-based company, which was acquired on 19th December 2016 and Big Sofa Technologies Inc. which was incorporated on 12th December 2016.

The principal activity of the Group is to provide video analytics to both brand owners and market research agencies.

A detailed review of the business activities of the Group is contained in the Strategic Report.

Business review and future developments

The review of the period's operations, future developments and key risks is contained in the Strategic Report. The Directors do not recommend a final ordinary dividend for the period (2015: £nil).

Directors and directors' interests

The directors who held office during the period and subsequently were as follows:

Adam Reynolds (appointed 14 November 2011)
Joseph MacCarthy (appointed 19 December 2016)
Paul Clark (appointed 19 December 2016)
Simon Lidington (appointed 19 December 2016)
Matthew Lynch (appointed 19 December 2016)
Steven Metcalfe (appointed 19 December 2016)
Nicholas Mustoe (appointed 19 December 2016)
Stephen Bourne (resigned 19 December 2016)

With regard to the appointment and replacement of Directors, the Company is governed by its articles of association, the Companies Act and related legislation. The articles themselves may be amended by special resolution of the shareholders.

Directors' interests

The Directors held the following beneficial interests in the shares, share options and warrants of Big Sofa Technologies Group PLC at the date of this report:

	Ordinary shares of £0.03 each	Issued share capital %
Adam Reynolds	989,203	1.74%
Joseph MacCarthy	70,588	0.12%
Paul Clark	2,342,682	4.13%
Simon Lidington	10,286,026	18.12%
Matthew Lynch	4,121,470	7.26%
Steven Metcalfe	947,537	1.67%
Nicholas Mustoe	2,090,673	3.68%
Stephen Bourne	313,724	0.55%

Directors' share options and warrants

The directors' share options and warrants who held office during the period are as follows:

	Options/ Warrants at 1 January 2016	Granted	Options at 31 December 2016	Date of Grant	Exercise Price	Earliest & latest date of exercise
Adam Reynolds	-	1,064,120	1,064,120	19/12/16	£0.17	19/12/17 -19/12/26
Joseph MacCarthy	-	1,470,588	1,470,588	19/12/16	£0.17	19/12/17 -19/12/26
Paul Clark	-	-	-	-	-	-
Simon Lidington	-	104,566	104,566	19/12/16	£0.17	19/12/17 -19/12/26
Matthew Lynch	-	104,566	104,566	19/12/16	£0.17	19/12/17 -19/12/26
Steven Metcalfe	-	1,064,120	1,064,120	19/12/16	£0.17	19/12/17 -19/12/26
Nicholas Mustoe	-	1,276,944	1,276,944	19/12/16	£0.17	19/12/17 -19/12/26
Stephen Bourne	-	-	-	-	-	-

The remuneration of the directors in Big Sofa Technologies Group PLC who held office during the period from 19th December 2016, when the reverse takeover took place to 31 December 2016 was as follows:

	Salaries/fees	IPO costs	Share-based payments	Big Sofa Technologies Group PLC 31 December 2016	Big Sofa Technologies Limited 31 December 2015
	£	£	£	£	£
Adam Reynolds	-	75,833	1,730	77,563	-
Joseph MacCarthy	35,000	-	2,391	37,391	-
Paul Clark	24,998	-	-	24,998	7,500
Simon Lidington	144,569	-	170	144,739	36,667
Matthew Lynch	132,865	-	170	133,035	36,667
Steven Metcalfe	-	33,333	1,730	35,063	-
Nicholas Mustoe	-	33,333	2,076	35,409	-
Stephen Bourne	-	35,000	-	35,000	-
	337,432	177,499	8,267	523,198	80,834

For the purpose of the basis of consolidation of a reverse takeover transaction, as disclosed in note 2 to the accounts, the comparative year ended 31 December 2015 above were remuneration for directors in Big Sofa Technologies Limited only, as it represents the continuation of the financial information of Big Sofa Technologies Limited only.

The remuneration of the directors who held office in Big Sofa Technologies Group PLC during the period from 1 January 2016 to 19 December 2016 before the reverse takeover and re-admission to AIM was as follows:

	Salaries/fees	Loss of office compensation	31 December 2016
	£	£	£
Adam Reynolds	17,078	-	17,078
Stephen Bourne	31,063	-	31,063

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Post Balance Sheet Events

There are no material post balance sheet events to disclose.

Research and Development Activities

Big Sofa Technologies Group continues to invest in research and development activities. Big Sofa Technologies Group is focused on developing and enhancing the existing video platform and product portfolio that will complement and expand the product offering.

The total research and development expenditure for the year was £439,000 of which £358,000 capitalised and £81,000 (excluding amortisation charge) was expensed in the income statement. This expenditure was incurred on product development and enhancement. Further details of the research and development activities are disclosed in the Strategic Report.

Financial Risk management

Details of financial risk management are provided in note 3 to the accounts.

Political and charitable contributions

The Group made no charitable or political contributions during the period.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at 31 December 2016:

	%
Simon Lidington	18.12
Matthew Lynch	7.26
Paul Clark	4.13
Nicholas Mustoe	3.68

Statement of Disclosure to the Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditor's appointment

Jeffreys Henry LLP were appointed during the period and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Group and the parent company for that period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU or UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Each of the directors confirms that, to the best of their knowledge, the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board
Joe MacCarthy
Chief Financial Officer
27 June 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIG SOFA TECHNOLOGIES GROUP PLC

For the year ended 31 December 2016

We have audited the group financial statements of Big Sofa Technologies Group PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2016, which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity, company statement of cash flows and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 21, the directors are responsible for the preparation of the Group's and the parent's financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group's and the parent's financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, operational review, and Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report to the Members of Big Sofa Technologies Group PLC

For the year ended 31 December 2016

Opinion on financial statements

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 2016 and of the group's loss and group's and parent company's cash flows for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006; and as regards the group financial statements.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report, chairman's statement, chief financial officer's and director's report for the financial period for which the group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

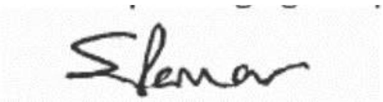
- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Other matter

The financial statements of Big Sofa Technologies Limited for the year ended 31 December 2015 were unaudited and the corresponding figures presented in these financial statements are unaudited.



Sanjay Parmar
Senior Statutory Auditor 27 June 2017
For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street, EC1V 9EE

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Revenue		757	172
Cost of sales		(378)	(75)
Gross (loss)/profit		379	97
Deemed cost of reverse takeover		(705)	-
AIM Listing costs		(785)	-
Administrative expenses		(3,186)	(443)
Operating loss	4	**(4,297)**	**(346)**
Finance expenses	6	(123)	(20)
Loss before income tax		**(4,420)**	**(366)**
Tax credit	7	142	-
Loss for the period		**(4,278)**	**(366)**
Attributable to owners of the parent:		**(4,278)**	**(366)**
Loss per ordinary share - basic and diluted (£)	8	(82.58)p	(12.39)p

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2016 £'000	31 December 2015 £'000
Non-current assets			
Property, plant and equipment	9	29	20
Intangible assets	10	483	1,007
Total non-current assets		**512**	**1,027**
Current assets			
Trade and other receivables	11	523	47
Cash and cash equivalents	12	2,538	-
Total current assets		**3,061**	**47**
Total assets		**3,573**	**1,074**
Current liabilities			
Trade and other payables	13	444	548
Loans and borrowings	14, 15	599	397
Total current liabilities		**1,043**	**945**
Total liabilities		**1,043**	**945**
Net assets		**2,530**	**129**
Share capital	16	1,703	1
Share premium account	16	5,670	494
Reverse acquisition reserve	16	(2,881)	-
Merger relief reserve	16	2,501	-
Other reserves	16	181	-
Accumulated deficit	16	(4,644)	(366)
Total equity		**2,530**	**129**

These financial statements were approved and authorised for issue by the board of directors on 27 June 2017 and were signed on its behalf by:

Joe MacCarthy
Chief Financial Officer
Company number 07847321

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share Premium	Reverse acquisition reserve	Merger relief reserve	Other reserves	Accumulated deficit	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Big Sofa Technologies Limited							
Equity as at 1 October 2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the year	-	-	-	-	-	(366)	(366)
Total comprehensive loss	**-**	**-**	-	-	-	**(366)**	**(366)**
Issue of shares	**1**	**494**	-	-	-	-	**495**
Equity as at 31 December 2015	**1**	**494**	**-**	**-**	**-**	**(366)**	**129**
Big Sofa Technologies Group PLC							
Equity as at 1 January 2016	**1**	**494**	**-**	**-**	**-**	**(366)**	**129**
Loss for the period	-	**-**	**-**	**-**	-	(4,278)	(4,278)
Issue of shares	1,614	-	-	-	-	-	1,614
Reverse acquisition	88	5,176	(2,881)	2,501	-		4,884
Issue of share options	-	-	-	-	14	-	14
Issue of warrants	-	-	-	-	67	-	67
Issue of convertible loan notes	-	-	-	-	100	-	100
Equity as at 31 December 2016	**1,703**	**5,670**	**(2,881)**	**2,501**	**181**	**(4,644)**	**2,530**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Cash flows from operating activities		
Loss before taxation	(4,420)	(366)
Adjustments for:		
Deemed cost of reverse acquisition	705	
Depreciation and amortisation	894	173
Finance expenses	123	20
Share-based payments	81	-
Operating loss before working capital changes	**(2,617)**	**(173)**
Changes in working capital		
Increase in trade and other receivables	(334)	(47)
Increase in trade and other payables	164	843
Cash (used in) / generated by operations	**(2,787)**	**623**
Tax received	-	-
Net cash (outflow) / inflow from operating activities	**(2,787)**	**623**
Investing activities		
Purchase of property, plant and equipment	(21)	(30)
Purchase of intangible assets	(358)	(1,170)
Acquisition, net of cash acquired	(1,013)	-
Net cash flows used in investing activities	**(1,392)**	**(1,200)**
Financing activities		
Issue of ordinary shares	6,109	494
Interest paid on loans and borrowings	(123)	(20)
Repayment of loans	(291)	
Net proceeds from issue of convertible loans	1,125	-
Net cash flows from financing activities	**6,820**	**474**
Net change in cash and cash equivalents	**2,641**	**(103)**
Cash and cash equivalents at the beginning of the period	(103)	-
Cash and cash equivalents at the end of the period	**2,538**	**(103)**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

1. General information

Big Sofa Technologies Group PLC (the "Company", formerly Hubco Investments PLC) is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Finsgate 5-7 Cranwood Street, London, EC1V 9EE. The registered company number is 07847321.

The Company was incorporated on 14 November 2011.

The consolidated financial statements comprised of the Company and its subsidiary (together referred to as "the Group") as at and for the period to 31 December 2016. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group is a business to business technology group that provides video analytics, currently serving both brand owners and market research agencies. The Group's's scalable platform enables users to ingest, manage, search and perform detailed analysis of video, images and audio content. The Group's business enables consumers to upload unstructured video content to its proprietary, cloud-based analytics platform. The platform then transcodes and, where appropriate, transcribes the data into a structured, downloadable archive of content.

2. Accounting policies

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

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Basis of consolidation
The consolidated financial statements include the results of the Company and its subsidiaries ("the Group") as if they formed a single entity for the full period or, in the case of acquisitions, from the date control is transferred to the Group. The Company controls an entity, when the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

On 19 December 2016 Big Sofa Technologies Group PLC ("Company") acquired the entire issued share capital of Big Sofa Technologies Limited ("legal subsidiary") for a consideration of £4,146,000, satisfied by the issue of shares of £3,037,000 and cash of £1,109,000. As the legal subsidiary is reversed into the Company (the legal parent), which originally was a publicly listed cash shell company, this transaction cannot be considered a business combination, as the Company, the accounting acquiree does not meet the definition of a business, under IFRS 3 'Business Combinations'. However, the accounting for such capital transaction should be treated as a share-based payment transaction and therefore accounted for under IFRS 2 'Share-based payment'. Any difference in the fair value of the shares deemed to have been issued by the Big Sofa Technologies Limited (accounting acquirer) and the fair value of Big Sofa Technologies Group PLC's (the accounting acquiree) identifiable net assets represents a service received by the accounting acquirer.

Although the consolidated financial information has been issued in the name of Big Sofa Technologies Group PLC, the legal parent, it represents in substance continuation of the financial information of the legal subsidiary.

The assets and liabilities of the legal subsidiary are recognised and measured in the Group financial statements at the pre-combination carrying amounts and not re-stated at fair value.

The retained earnings and other reserves balances recognised in the Group financial statements reflect the retained earnings and other reserves balances of the legal subsidiary immediately before the business combination and the results of the period from 1 January 2016 to the date of the business combination are those of the legal subsidiary only.

The equity structure (share capital and share premium) appearing in the Group financial statements reflects the equity structure of Big Sofa Technologies Group PLC, the legal parent. This includes the shares issued in order to effect the business combination.

The comparative numbers presented in the financial statements are the accounts of the legal subsidiary for the year ended 31 December 2015.

The difference between the aggregate deemed fair value of the consideration paid and the identified assets and liabilities acquired of Big Sofa Technologies Group PLC is £705,000 and this amount is charged to the income statement for the period ended 31 December 2016.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied any applicable new standards, amendments to standards and interpretations that are mandatory for the financial year beginning on or after 1 January 2016. However, none of them has a material impact on the Group's consolidated financial statements.

(b) New, amended standards, interpretations not adopted by the Group

A number of new standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 January 2016, or later periods, where the Group intends to adopt these standards, if applicable, when they become effective. The Group has disclosed below those standards that are likely to be applicable to the Group and is currently assessing the impact of these standards.

- IFRS 15 Revenue from Contracts with Customers, effective date 1 January 2018, subject to the endorsement by the EU. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This standard replaces the previous standard IAS 11 Construction Contracts, IAS18 Revenue and revenue related IFRICs. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  The impact of this standard has not yet been assessed.

- IFRS 9 Financial Instruments, effective date 1 January 2018, subject to the endorsement by the EU. IFRS 9 is a replacement for IAS 39 'Financial Instruments' and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting.

  The impact of this standard has not yet been assessed.

- IFRS 16 Lease, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related Interpretations.

  The impact of this new standard has not yet been assessed.

Going concern
The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements.

The forecast contains certain assumptions about the performance of the business including growth in future revenue, the cost model and margins; and importantly the level of cash recovery from trading. The directors are aware of the risks and uncertainties facing the business but the assumptions used are the Directors' best estimate of the future development of the business.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Foreign currency
The functional currency of the Group is Sterling Pound (£) and its subsidiary is also in £. The presentational currency of the Group is £ because a significant amount of its transactions is in £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Revenue recognition
Revenue represents income from annual licenses, processing fees and support services receivable in the normal course of business. Revenue is measured at the fair value of the consideration received or receivable net of discounts, VAT and other sales related taxes.

All revenue is credited to the profit or loss account in the period to which the revenue relates.

Operating segments
The Board considers that the Group's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Company by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company's financial information.

Employee benefits
(i) Short-term benefits
Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

Operating leases
All leases are treated as operating leases. Where the Groupis a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Share-based payment
Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period and the corresponding entry recorded in the share-based payment reserve. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Property, plant and equipment
Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.
Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, except for investment properties and freehold land, evenly over their expected useful lives, calculated at the following rates:

Furniture, fittings & equipment – 25% straight line per annum
Computer equipment – 25% straight line per annum

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired and its value reduced by recognising an impairment provision.

Intangible assets

(i) Research and development

Expenditure on research activities is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements.
- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- Big Sofa has sufficient resources to complete the project;
- Big Sofa has the ability to use or sell the product; and
- the material development will generate probable future economic benefits.

Development cost not meeting these criteria for capitalisation are expensed as incurred.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised development expenditure is recognised in profit or loss in the period in which it is incurred.

The useful life of development costs was reduced from four years to two years in this year.

Taxation

(i) Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. Big Sofa's current tax is calculated using rates that have been enacted during the reporting period

(ii) Deferred tax
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:
- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

The Group is entitled to a tax deduction on the exercise of certain employee share options. A share-based payment expense is recorded in the income statement over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases, a deferred tax asset may be recorded. The deferred tax asset arising on share option awards is calculated as the estimated amount of tax deduction to be obtained in the future (based on the Group's share price at the balance sheet date) pro-rated to the extent that the services of the employee have been rendered over the vesting period. If this amount exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity, against retained earnings. Similarly, current tax relief in excess of the cumulative amount of the Share-based payments expense at the statutory rate is also recorded in retained earnings.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Equity
Equity comprises the following:
- Share capital: the nominal value of equity shares
- Share premium
- Re-organisation reserve
- Merger relief reserve
- Other reserves and
- Accumulated deficit.

Equity instruments
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Financial assets
On initial recognition, financial assets are classified as either financial assets at fair value through income statement, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.
Loans and receivables
The Group classifies all its financial assets as Trade and receivables. The classification depends on the purpose for which the financial assets were acquired.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables financial assets comprise other receivables (excluding prepayments) and cash and cash equivalents included in the Statement of Financial Position.

Financial liabilities
Financial liabilities are recognised when, and only when, the Group becomes a party to the contracts which give rise to them and are classified as financial liabilities at fair value through the profit and loss or loans and payables as appropriate. The Group's loans and payable comprise trade and other.

When financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through income statement.

Fair value through the income statement category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. There were no financial liabilities classified under this category.

The Group determines the classification of its financial liabilities at initial recognition and re-evaluate the designation at each financial year end.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Summary of critical accounting estimates and judgements
The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- **Useful lives of depreciable assets**

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account of residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Intangible assets (including capitalised development costs)**

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets.

The decrease in the useful life of capitalised development costs from 4 to 2 years greatly increases the amortisation.

- **Share-based payments**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17 Share-based payments.

- **Taxation**

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits. The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the statement of financial position.

3. Financial Risk Management

Financial instruments by category

Financial assets	31 December 2016	31 December 2015
	£'000	£'000
Trade and other receivables	523	47
Cash and cash equivalents	2,538	-
Total current financial assets	**3,061**	**47**

Financial liabilities	31 December 2016	31 December 2015
	£'000	£'000
Trade and other payables	444	548
Bank overdraft	-	103
Loans and borrowings	599	294
Total current financial liabilities	**1,043**	**945**

Fair value hierarchy

All the financial assets and financial liabilities recognized in the financial statements which are short-term in nature are shown at the carrying value which also approximates the fair values of those financial instruments. Therefore, no separate disclosure for fair value hierarchy is required.

The Group's activities expose it to a variety of financial risks, mainly credit risk and liquidity risk.

Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Big Sofa's market risks arise from open positions in (a) interest-bearing assets and liabilities, and (b) foreign currencies; to the extent that these are exposed to general and specific market movements (see details below).

(i) *Interest rate risk*
The Group's interest-bearing assets comprise of only cash and cash equivalents. As Big Sofa's interest-bearing assets do not generate significant amounts of interest; changes in market interest rates do not have any significant direct effect on its income.

The Group's interest-bearing liabilities comprise of a bank overdraft and bank loan linked to the base rate, small business loans with a fixed rate and convertible loans with a fixed rate.

(ii) *Currency risk*
The Group is exposed to movement in foreign currency exchange rates arising from normal trading transactions that are denominated in currencies other than the respective functional currencies of the entity, primarily with respect to USD. The Group does not have a policy to hedge its exposure to foreign currency exchange risk as currently overseas revenue is only a small percentage of total revenue and fluctuations in foreign currencies are not expected to significantly affect the Group's total revenue. In future management may consider hedging the Group's exposure to foreign currency exchange risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances (including bank deposits, cash and cash equivalents) and credit exposures to trade receivables. The Group's maximum exposure to credit risk is represented by the carrying value of cash and cash equivalents and trade receivables.

Credit risk is managed by monitoring clients and performing credit checks before accepting any customers.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

Borrowings and other liabilities mature according to the following schedule:

	2016 Within 1 year £	2015 Within 1 year £'000
Trade and other payables	444	548
Loans & borrowings	599	397
	1,043	945

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. Management's overall strategy remained unchanged during the period. The capital structure of the Group consists of cash and cash equivalents, issued capital, the share premium account and retained earnings.

The Group is not subject to any externally imposed capital requirements. As part of the Group's management of capital structure, consideration is given to the cost of capital.

4. Loss from operations

	Year ended 31 December 2016 **£'000**	**Year ended 31 December 2015** **£'000**
Loss is stated after charging:		
Audit fees – current Group's auditors	20	-
Other services:		
Audit fees – subsidiary	38	-
Non-audit fees	11	-
Non-audit fees – taxation advisory and compliance services of previous auditors	2	-
Depreciation of property, plant and equipment	12	10
Amortisation of intangible assets[3]	882	163
Legal and professional fees	303	40
Staff costs	2,089	391
Capitalised R&D costs	(358)	(264)
Operating lease rentals	73	27
Foreign exchange losses	10	-
AIM admission expenses[1]	785	-
Deemed cost of reverse acquisition[2]	705	-
Other Costs	104	76
Total Administration expenses	4,676	443

[1] AIM admission expenses relate to legal, professional fees and other costs incurred during the December 2016 fundraising activity, reverse takeover transaction and share-based payments of £66,000 on the warrants issued.
[2] Deemed cost of reverse acquisition represents the excess of aggregate deemed fair value of consideration paid over the assets and liabilities acquired in relation to the reverse takeover of Big Sofa Technologies Group PLC.
[3] Amortisation is greater due to the changed useful life of capitalised development costs from 4 to 2 years.

5. Employees and directors

The average number of employees (including directors) during the period was made up as follows:

	Year ended 31 December 2016 Number	Year ended 31 December 2015 Number
Directors	4	3
Administrative	11	4
	15	7
Research and development	5	5
Total	**20**	**12**

The cost of employees (including directors) during the period was made up as follows:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Salaries	1,222	189
Social security costs	123	37
Other staff costs	422	32
Director fees	308	133
Share-based payments	14	-
Staff costs including R&D staff	**2,089**	**391**

The above remuneration (including share-based payments) of directors includes the following amounts paid to the highest paid Director:

	Group 31 December 2016 £'000	Big Sofa Technologies Limited 31 December 2015 £'000
Highest paid Director	**144**	**37**

6. Finance income and expenses

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Finance expenses		
Interest paid on loans	(43)	(20)
Interest payable on convertible loans	(20)	-
Other finance fees	(60)	-
Total finance expenses	**(123)**	**(20)**

7. Tax credit

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
The tax credit is as follows:		
UK Corporation tax		
Tax credit – current year	112	-
– previous year	30	-
Total current tax	142	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax credit	142	-

The current corporation tax credit for year ended 31 December 2016 relates to a tax receivable in respect of UK research and development activity.

Factors affecting the tax credit

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss on ordinary activities before income tax	(4,420)	(366)
Standard rate of corporation tax	20%	20%
Loss before tax multiplied by the standard rate of corporation tax	(884)	(73)
Effects of:		
Losses carried forward	265	38
Non-deductible expenses	298	-
Accelerated depreciation	2	2
Amortisation	177	33
Additional deduction for R&D expenditure	142	-
Tax credit	-	-

Changes in tax rates

UK small company's corporation tax rate has been maintained at 20% for the two periods. Accordingly, the deferred tax liability at have been calculated based on the rate of 20% at the balance sheet date. Future enacted tax rates or 19% will apply from 1 April 2017 and 18% from 1 April 2020.

The Group has not recognised deferred tax assets arising from the accumulated tax losses and timing differences due to uncertainty of their future recovery. An amount of £13,000 at 31 December 2016 (2015: nil) has arisen due to timing differences relating to share options and warrants. Deferred tax on this amount has not been recognised due to the uncertainty surrounding the timing of the options/warrants being exercised.

8. Earnings per share

	Year ended 31 December 2016	Year ended 31 December 2015
Basic and diluted		
Loss for the period and earnings used in basic & diluted EPS (£)	(4,278,403)	(365,738)
Weighted average number of shares used in basic and diluted EPS	5,180,697	2,951,666
Loss per share (£)	(82.58)	(12.39)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares for the current and prior years included shares issued by Big Sofa Technologies Group PLC.
Due to the loss in the periods the effect of the share options was considered anti-dilutive and hence no diluted loss per share information has been provided.

9. Property, plant and equipment

	Plant & Equipment £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 October 2014	**-**	**-**	**-**
Additions	27	3	30
At 31 December 2015	**27**	**3**	**30**
Additions	21	-	21
At 31 December 2016	**48**	**3**	**51**
Depreciation			
At 1 October 2014	**-**	**-**	**-**
Charge for the year	9	1	10
At 31 December 2015	**9**	**1**	**10**
Charge for the period	12	-	12
At 31 December 2016	**21**	**1**	**22**
Net book value			
At 31 January 2015	**18**	**2**	**20**
At 31 December 2016	**27**	**2**	**29**

10. Intangible assets

	Development costs £	Total £'000
Cost		
At 1 October 2014	**659**	**659**
Additions	1,104	1,104
At 31 December 2015	**1,763**	**1,763**
Additions	358	358
At 31 December 2016	**2,121**	**2,121**
Amortisation		
At 1 October 2014	**593**	**593**
Charge for the year	163	163
At 31 December 2015	**756**	**756**
Charge for the year	882	882
At 31 December 2016	**1,638**	**1,638**
Net book value		
At 31 December 2015	**1,007**	**1,007**
At 31 December 2016	**483**	**483**

In August 2015, Big Sofa Technologies Limited acquired the net assets of The Insight Exchange Partnership LLP. Included within this was capitalised development costs which related to the period from 2012 – August 2015. These are shown as additions in 2015. During 2016, the useful life of capitalised development costs was reduced from 4 to 2 years.

11. Trade and other receivables

	31 December 2016 £'000	31 December 2015 £'000
Trade receivables	115	35
Prepayments	84	-
Other receivables	154	12
VAT receivable	170	-
Total trade and other receivables	**523**	**47**

12. Cash and cash equivalents

	31 December 2016 £'000	31 December 2015 £'000
Cash at bank and in hand	2,538	-

13. Trade and other payables

	31 December 2016 £'000	31 December 2015 £'000
Trade payables	196	155
Accruals and deferred income	229	55
Social security & other taxes payable	-	101
Other payables	19	237
Total trade and other payables	**444**	**548**

14. Loans and borrowings

	31 December 2016 £'000	31 December 2015 £'000
Current		
Bank overdraft	-	103
Bank loan		209
Small business loans (unsecured)	4	85
Convertible loans	595	-
Total loans and borrowings	599	397

The bank loan has an annual interest rate of 4.00% above the bank's base rate, and has remained at 4.50% from commencement until 30 April 2016. The bank loan is fully repayable on 31 January 2017 and is secured by the assets of the Group and a personal guarantee by M Lynch, a director.

The bank overdraft is secured by a personal guarantee by S Lidington, a director, and his wife L Lidington for the sum of £246,500, supported by a First Legal Mortgage over a freehold property under their joint ownership.

15. Convertible loans and warrants

During the period, Big Sofa Technologies Limited issued convertible loan notes totalling £1,175,000. Of these, £450,000 were converted into shares immediately prior to the Admission of the enlarged share capital of the Group. The remaining loan notes totalling £675,000 plus accrued rolled-up interest remain outstanding at the year end.

In addition to this, Big Sofa Technologies Limited also issued convertible loan notes of £675,000. These notes are convertible at the discretion of the lender or repayable by 31 December 2018.

Value of liability component and equity conversion component
The values of liability component and equity conversion component were determined at issuance of the respective convertible loan notes. The liability component of the 2016 Notes was calculated using a market interest rate for an equivalent non-convertible note with effective interest rates of eight per cent at initial recognition. The residual amount, representing the value of the equity conversion component, is included and presented in equity under the heading of "other reserves".

The Convertible Loan of £675,000 (plus accumulated interest at a coupon of six per cent up to the date of Admission and five per cent thereafter) is convertible, at the election of the holder, into ordinary shares at the lower of a) the issue price of 17p or b) the lowest price at which ordinary shares may be issued by the Company as part of any fundraising conducted between the date of Admission and 31 December 2018.

The movement of the liability portion of 2016 Notes is as follows:

	2016 £
Carrying amount at beginning the period	–
Face value of the convertible loan notes issued during the period	675,000
Less: equity component	(100,000)
Liability component on initial recognition	575,000
Interest charged calculated at an effective interest rate	20,000
Liability component at the end of the period	595,000

16. Share capital and reserves

	Authorised Ordinary shares of		Share premium	Merger relief reserve	Reverse acquisition reserve	Accumulated deficit	Other reserves	Total
	Number	Nominal value £’000	£’000	£’000	£’000	£’000	£’000	£’000
Big Sofa Technologies Limited								
At 1 Oct 2015	1	-	-	-	-	-	-	-
Issue of shares	95,999	1	494	-				495
Loss for the year	-	-	-	-	-	(366)	-	(366)
At 31 Dec 2015	**96,000**	**1**	**494**	**-**		**(366)**		**129**
Big Sofa Technologies Group PLC								
At 1 Jan 2016 of 0.01	8,855,001	1	494	-	-	(366)	-	129
Shares consolidation	(5,903,334)	-	-	-	-	-	-	-
Issue of shares	53,801,437	1,614	-	-	-	-	-	1,614
Reverse acquisition	-	88	5,176	2,501	(2,881)	-	-	4,884
Loss for the period	-	-	-	-	-	(4,278)	-	(4,278)
Issue of share options	-	-	-	-	-	-	14	14
Issue of warrants	-	-	-	-	-	-	67	67
Issue of convertible loan notes	-	-	-	-	-	-	100	100
At 31 Dec 2016	**56,753,104**	**1,703**	**5,670**	**2,501**	**(2,881)**	**(4,644)**	**181**	**2,530**

On 16 December 2016, 1 existing ordinary share was issued at £0.01 per share in a subscription.

On 16 December 2016, every 3 existing ordinary shares of £0.01 was consolidated into 1 new ordinary share of £0.03 ("new ordinary shares"), and this resulted in 8,855,001 of existing ordinary shares of £0.01 being consolidated into 2,951,667 new ordinary shares.

On 16 December 2016, 53,801,437 ordinary shares were issued at £0.17 per share in a subscription.

All shares of the Company rank pari passu in all respects.

Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserve	Cumulative fair value of share options and warrants granted and recognised as an expense in the Income Statement and equity portion of convertible loan.
Merger relief reserve	Merger relief reserve arises from the 100% acquisition of Big Sofa Technologies Limited in December 2016 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.
Reverse acquisition reserve	Effect on equity of the reverse acquisition of Big Sofa Technologies Limited
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.

17. Share-based payments

The Company operates an Enterprise Management Incentive (EMI) scheme for employees and directors.

Share and warrant based payment charged to the Group's profit or loss for the period were as follows:

	Group Year ended 31 December 2016	**Big Sofa Technologies Limited Year ended 31 December 2015**	**Big Sofa Technologies Group PLC(Company) Year ended 31 December 2015**
	£'000	**£**	**£**
Options issued to employees and directors of parent	8	-	-
Options issued to employees of subsidiary	6	-	-
Included in share-based payments	**14**	**-**	**-**
Warrants issued for services received	67	-	-
Included in AIM admission expenses	**67**	**-**	**-**
Total share-based payments	**81**	**-**	**-**

The table below set outs the number and weighted average exercise price (WAEP) of, and movements in, the Company's share options scheme in the period:

Share options

	31 December 2016		**31 December 2015**	
	Number	WAEP (£)	Number	WAEP (£)
At 1 January	-	-	-	-
Granted during the year	8,849,365	0.17	-	-
Forfeited/lapsed during the year	-	-	-	-
At 31 December	8,849,365	0.17	-	-

The EMI options vests provided the employees remain in the service of the Company or subsidiary for a period of 3 years from the grant date or vest equally over 3 years from grant date.

There were no options exercised during the period.

The following share options of the Company were outstanding in respect of Ordinary shares at 31 December:

	Big Sofa Technologies Group PLC options scheme 31 December 2016	Big Sofa Technologies Group PLC options scheme 31 December 2015
EMI scheme		
Number of options	8,849,365	-
Exercise price range	0.17	-
Exercise period	December 2016 - December 2026	-

The weighted average remaining contractual life for the EMI share options outstanding at 31 December 2016 was 9.9 years.

The fair value of equity settled share options granted under the Group's share option schemes is estimated as at the date of grant using the Black Scholes model. The following table lists the inputs and key output to the model:

There is no comparative disclosed below as Big Sofa Technologies Limited has not granted any share options in 2015.

	Big Sofa Technologies Group PLC options scheme 31 December 2016
	EMI
Weighted average fair value at grant date (£)	0.0946
Weighted average share price (£)	0.21
Exercise price (£)	0.17
Expected volatility	60%
Expected options life (years)	10
Expected dividends	0%
Risk-free interest rate	1.46%

Warrants

On 19 December 2016, the company issued 567,531 share warrants at exercise price of £0.17 to the Group's advisers. These warrants are exercisable at any time during the period of 5 years from date of grant

	31 December 2016		31 December 2015	
	Number	WAEP (£)	Number	WAEP (£)
At 1 January	-	-	-	-
Granted during the year	567,531	0.17	-	-
Forfeited/lapsed during the year			-	-
At 31 December	567,531	0.17	-	-

The fair value of the warrants is estimated as at the date of grant using the Black Scholes model. The following table lists the inputs and key output to the model:

As Big Sofa Technologies Group PLC was admitted to the AIM market on 19 December 2016, the company has insufficient historical data to calculate and hence the volatility of 60% is based on the implied volatility of a group of listed entities that have similar characteristics and are in the same industry sector.

No comparative has been disclosed as Big Sofa Technologies Group PLC has not granted any share warrants in 2015.

	31 December 2016
Weighted average share price £	0.21
Weighted average fair value at grant date £	0.17
Expected volatility	60%
Expected options life – years	5
Expected dividends	-
Risk-free interest rate	1.46%

18. Operating lease commitments

The Group leases certain land and buildings on a short term basis. The total future value of minimum lease payments is due as follows:

	Land and building 31 December 2016 £'000	Land and building 31 December 15 £'000
Within one year	58	13
Between one and five years	-	-
After more than five years	-	-
	58	13

19. Related Party Transactions

During the period the Company entered into the following transactions with related parties:

Related party	Transaction	Note	31 December 2016 £	31 December 2015 £
Reyco Limited	Non-executive director fees, IPO costs and expenses	1	92,911	-
Kindred Agency Limited	Non-executive director fees, IPO costs and expenses	2	33,333	-
Metcalfe Consultancy Limited	Non-executive director fees, IPO costs and expenses	3	33,333	-
Tranby Limited	Non-executive director fees,	4	24,998	-

No amounts were outstanding at year end.		
Reyco Limited	-	-

1. Mr. Adam Reynolds, a non-executive director of Big Sofa Technologies Group PLC is a director of and has an interest in Reyco Limited.
2. Mr. Nicholas Mustoe, a non-executive director of Big Sofa Technologies Group PLC is a director of and has an interest in Kindred Agency Limited.
3. Mr. Steven Metcalfe, a non-executive director of Big Sofa Technologies Group PLC is a director of and has an interest in Metcalfe Consultancy Limited.
4. Mr. Paul Clark, a non-executive director of Big Sofa Technologies Group PLC is a director of and has an interest in Tranby Limited.

20. Events subsequent to the reporting date

Big Sofa Technologies Group PLC opened its first US office in March 2017. Its base will be Philadelphia, PA. The Company's US hub is strategically located within easy reach of key existing and potential customers in the region including several large consumer insight agencies and consumer packaged goods companies.

Big Sofa Technologies Group Plc has signed a Master Service Agreement with one of the top-five largest market research companies in the world (the "MSA"). The MSA is a global licence for a SaaS and services agreement, for an initial period of three years, which sets out the terms upon which the entire market research organisation and its affiliates may engage Big Sofa to provide video analytics technology and services through a co-branded platform in support of their rapidly increasing use of video and images to help clients better understand consumers and markets.

Big Sofa Technologies Group Plc announced that it has signed a Supplier Service Agreement with Survey Sampling International ("SSI") (the "Agreement"), a leading global provider of data solutions and technology for consumer and business-to-business survey research. Under the Agreement, Big Sofa will supply SSI with sophisticated video capture and analytics technology and services for their digital surveys.

Big Sofa Technologies Group Plc announced that it has been approved as a 'Global Systems Partner' to provide video research and technology services to one of the world's largest consumer goods corporations, headquartered in the USA (the "Client").

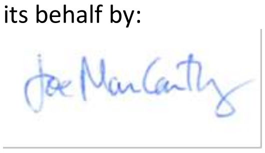
21. Ultimate controlling party

There is no ultimate controlling party of the Company.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2016 £'000	31 December 2015 £'000
Non-current assets			
Investments in subsidiaries	4	4,170	-
Long-term loans owing from subsidiaries		1,923	-
Total non-current assets		**6,093**	**-**
Current assets			
Trade and other receivables	5	136	17
Cash and cash equivalents	7	2,439	353
Total current assets		**2,575**	**370**
Total assets		**8,668**	**370**
Current liabilities			
Trade and other payables	8	132	101
Total current liabilities		**132**	**101**
Non-current liabilities			
Long-term loans owing to subsidiaries		68	**-**
Total non-current liabilities		**68**	**-**
Total liabilities		**200**	**101**
Net assets		**8,468**	**269**
Share capital	9	1,703	89
Share premium		5,670	639
Merger Relief Reserve		2,501	-
Share-based payment reserve		81	-
Retained losses		(1,487)	(459)
Total equity		**8,468**	**269**

These financial statements were approved and authorised for issue by the board of directors on 27 June 2017 and were signed on its behalf by:



Joe MacCarthy
Chief Financial Officer
Company Registration Number: 07847321

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger Relief reserve	Share-based Payment Reserve	Retained losses	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Equity as at 30 November 2014	**89**	**639**	**-**	**-**	**(163)**	**565**
Loss for the year	-	-	-	-	(295)	(295)
Total comprehensive loss	-	-	-	-	**(295)**	**(295)**
Equity as at 31 December 2015	**89**	**639**	**-**	**-**	**(458)**	**270**
Loss for the year	-	-	-	-	(1,029)	(1,029)
Total comprehensive loss	-	-	-	-	**(1,029)**	**(1,029)**
Issue of shares	1,614	-	-	-	-	1,614
Merger relief reserve	-	5,031	2,501	-	-	7,532
Issue of share options	-	-	-	14	-	14
Issue of warrants	-	-	-	67	-	67
Equity as at 31 December 2016	**1,703**	**5,670**	**2,501**	**81**	**(1,487)**	**8,468**

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Cash flows from operating activities		
Operating loss before taxation	(1,029)	(296)
Adjustments for:		
Finance expenses		
Share-based payments	81	-
Operating loss before working capital changes	**(948)**	
Changes in working capital		
Increase in trade and other receivables	(2,057)	(14)
Increase /(decrease) in trade and other payables	91	96
Cash used in operations	**(2,914)**	**(214)**
Net cash outflow from operating activities	**(2,914)**	**(214)**
Investing activities		
Investment in subsidiary undertakings	(1,109)	-
Net cash flows used in investing activities	**(1,109)**	**-**
Financing activities		
Proceeds from issue of share capital	6,109	-
Net cash flows from financing activities	**6,109**	**-**
Net change in cash and cash equivalents	**2,086**	**(214)**
Cash and cash equivalents at the beginning of the year	353	567
Cash and cash equivalents at the end of the year	**2,439**	**353**

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

The accounting policies that are applicable, as set out in note 2 to the consolidated financial statements have been applied together with the following accounting policies below that have been consistently in the preparation of these Big Sofa Technologies Group PLC ("the Company") financial statements.

Basis of preparation

The financial statements of Big Sofa Technologies Group PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). There were no material amendments for all periods presented on the adoption of FRS 10, following the transition from IFRS to FRS 101. The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:
a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(IV) of IAS 1 – a reconciliation of the share capital at beginning and end of the period;
b) the requirements of paragraphs 134 – 136 of IAS 1 'Presentation of Financial Statements' to disclose the management of the capital of the Company;
c) the requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the new or revised standards that have not been adopted and information about their likely impact;
d) all of the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures';
e) the requirements of paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel; and
f) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiaries which is a party to the transaction is wholly owned by such a member.

Investments in subsidiaries
The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. The Board review the subsidiary forecasts to determine whether any provision impairment is required and where the forecasts indicate future profitability, no impairment provision is made.

Share-based payments
The accounting policy for share-based payments is disclosed in note 2 to the consolidated financial statements.

Taxation
The accounting policy for taxation is disclosed in note 2 to the consolidated financial statements.

Critical accounting estimates and judgments
The preparation of financial information in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a
material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

1. Measurements of the share-based payment and taxation. These are detailed in the Group accounts under note2. Accounting Policies – Summary of critical accounting estimates and judgements.

2. Impairment of investment impairment. This is detailed in the accounting policy Investment in subsidiaries above.

2. Company income statement

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own income statement. The Company's loss for the year was £1,029,000 (2015: £296,000) and is included within the consolidated statement of comprehensive income.

3. Staff costs

The cost of employees (including directors) during the period was made up as follows:

	31 December 2016	31 December 2015
	£'000	£'000
Salaries (including directors)	-	-
Directors fees	226	51
Share-based payments (relating to employees)	14	-
Total staff costs	**240**	**51**

4. Investments in subsidiary undertakings

	Investment in subsidiary £
COST	
At 1 January 2015	**-**
Additions	-
At 31 December 2015	**-**
Additions	4,170
At 31 December 2016	**4,170**
IMPAIRMENT	
At 1 January 2015	-
Impairment of investment in subsidiary	-
At 31 December 2015	**-**
Impairment of investment in subsidiary	-
At 31 December 2016	**-**
Net book value	
At 31 December 2015	**-**
At 31 December 2016	**4,170**

The principal undertakings in which the company's interest at the year-end is as follows:

Name	**Country of incorporation**	**Proportion of ownership interest at 31 December 2016**	**Nature of business**
Big Sofa Technologies Ltd	United Kingdom	100.0%	Video and image analytics
Big Sofa Technologies Inc	United States	100.0%	Video and image analytics

5. Trade and other receivables

	31 December 2016 £'000	31 December 2015 £'000
Prepayments	-	10
VAT receivables	136	7
Total	**136**	**17**

All amounts are due within three months. No amounts are past due.

6. Net amounts due from subsidiaries

The directors consider that the carrying amount of amounts owed by and to group undertakings approximates their fair value. The amounts reported under current assets have no fixed repayment terms.

7. Cash and cash equivalents

	31 December 2016 £'000	31 December 2015 £'000
Cash at bank and in hand	2,439	353

8. Trade and other payables

	31 December 2016 £'000	31 December 2015 £'000
Trade payables	87	94
Accruals and deferred income	-	7
Other payables	45	-
Total trade and other payables	132	101

9. Share capital

For details of share capital see note 16 of the consolidated financial statements.

10. Share-based payments

For details of share-based payments see note 17 of the consolidated financial statements.

11. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with Big Sofa Technologies Limited that is wholly owned subsidiary of Big Sofa Technologies Group PLC.
There are no other related party transactions other than those relating to Directors that have been disclosed in note 22 to the consolidated statements.

12. Commitments

The Company has no lease or capital commitments at the end of the reporting period.

13. Contingent liabilities

The Company has no contingent liabilities.

14. Ultimate controlling party

The Company does not have an ultimate controlling party.

15. Events after reporting date

For details of events after reporting date see note 20 of the consolidated financial statements.

OFFICERS AND ADVISORS

Directors:	Nicholas Mustoe Non-Executive Chairman Simon Lidington Chief Executive Officer Joseph MacCarthy ACA Chief Financial Officer Matthew Lynch Chief Strategy Officer Adam Reynolds Non-Executive Director Steven Metcalfe Non-Executive Director Paul Clark Non-Executive Director
Company secretary and registered office:	Joseph MacCarthy ACA (from the date of the GM) Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated advisor:	SPARK Advisory Partners Limited 5 St John's Lane London EC1M 4BH
Broker:	Hobart Capital Markets LLP 8-10 Grosvenor Gardens London SW1W 0DH
Bankers:	Coutts 440 Strand London WC2R 0QS
Auditors:	Jeffreys Henry LLP 5-7 Cranwood Street Finsgate London EC1V 9EE
Solicitors:	BPE Solicitors LLP St. James House St. James Square Cheltenham GL50 3PR
Registrars:	Capita Asset Services PXS1 34 Beckenham Road Beckenham Kent BR3 4ZF
Company Number:	07847321
Website:	www.bigsofatech.com

BIG SOFA TECHNOLOGIES GROUP PLC

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("**AGM**") of Big Sofa Technologies Group Plc ("**Company**") will be held at the offices of the Company at 5 Martin Lane, London EC4R 0DP on Tuesday 25 July 2017 at 9.30 a.m.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 4 will be proposed as ordinary resolutions and Resolutions 5 to 6 will be proposed as special resolutions.

RESOLUTIONS

<u>Ordinary Business</u>

Resolution 1

THAT the Company's annual accounts for the period ended 31 December 2016, together with the directors’ report and auditors’ report thereon, be received and adopted.

Resolution 2

THAT Jeffreys Henry LLP be re-appointed as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting at which accounts are laid before the Company.

Resolution 3

THAT the directors of the Company be authorised to determine the auditor's remuneration.

Resolution 4

THAT Adam Reynolds, who retires in accordance with the Company’s articles of association be re-elected as a director.

Special Business

Resolution 5

THAT, in accordance with section 551 of the Companies Act 2006 ("**CA 2006**"), the board of directors of the Company ("**Directors**") be generally and unconditionally authorised to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "**Relevant Securities**"):

1. comprising equity securities (as defined by section 560 of the CA 2006) up to an aggregate nominal amount of £1,135,062 (such amount to be reduced by the nominal amount of any Relevant Securities allotted pursuant to the authority in paragraph 2 below) in connection with an offer by way of a rights issue:

    (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

    (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

2. in any other case, up to an aggregate nominal amount of £567,531 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph 1 above in excess of £567,531),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date falling 18 months after the date of the passing of this resolution or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Resolution 6

THAT, subject to the passing of Resolution 5, the Directors be authorised to allot equity securities (as defined in section 560 of the CA 2006) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under paragraph 1 of Resolution 5, by way of a rights issue only):

   (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

   (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

   but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to paragraph (a) of this Resolution 6) to any person up to an aggregate nominal amount of £85,129.

The authority granted by this resolution will expire at the conclusion of the Company's next annual general meeting after the passing of this resolution or, if earlier, at the close of business on the date falling 18 months after the date of the passing of this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities or sell treasury shares as if section 561 of the CA 2006 did not apply but without prejudice to any allotment of equity securities or sale of treasury shares already made or agreed to be made pursuant to such authorities.

By order of the Board

Joe MacCarthy

Joe MacCarthy

Company Secretary

29 June 2017

Registered office:-

Finsgate
5-7 Cranwood Street
London EC1V 9EE

Registered number:- 07847321

Explanatory Notes

Resolution 1 – Receiving the accounts and reports

All companies are required by law to lay their annual accounts before a general meeting of the Company, together with the directors' reports and auditors' report on the accounts. At the AGM, the directors will present these documents to the shareholders for the financial period ended 31 December 2016.

Resolution 2 – Re-appointment of auditors

The auditors are required to be re-appointed at each annual general meeting at which accounts are laid. The directors, on the recommendation of the Audit Committee (which has evaluated the effectiveness and independence of the external auditors), are proposing the re-appointment of Jeffreys Henry LLP as auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next annual general meeting.

Resolution 3 – Auditors' remuneration

This resolution authorises the directors to fix the auditors' remuneration.

Resolutions 4 – Re-election of director

This resolution concerns the re-election of Adam Reynolds who is retiring at the AGM in accordance with the Company's articles of association.

Biographies of each of the directors are set out on pages 11-12 of the report and accounts for the period ended 31 December 2016.

Resolution 5 – Directors' power to allot shares

This resolution grants the directors authority to allot (i) in relation to a pre-emptive rights issue only, equity securities (as defined by section 560 of the CA 2006) up to a maximum nominal amount of £1,135,062 which represents approximately two thirds of the Company's issued ordinary shares (excluding treasury shares) as at 27 June 2017. This maximum is reduced by the nominal amount of any Relevant Securities allotted under the authority set out in paragraph 2; and (ii) in any other case, Relevant Securities up to a maximum nominal amount of £567,531 which represents approximately one third of the Company's issued ordinary shares (excluding treasury shares) as at 27 June 2017. This maximum is reduced by the nominal amount of any equity securities allotted under the authority set out paragraph 1 in excess of £567,531. The maximum nominal amount of Relevant Securities (including equity securities) which may be allotted under this resolution is £1,135,062. Unless revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company or the date falling 18 months from the passing of the resolution, whichever is the earlier.

Resolution 6 – Directors' power to issue shares for cash

This resolution authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or other pre-emptive offer or the allotment is limited to a maximum nominal amount of £85,129, representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 27 June 2017 being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company or 18 months after the passing of the resolution, whichever is the earlier.

Big Sofa Technologies Group PLC

(Incorporated and registered in England and Wales with registered number 07847321*)*

FORM OF PROXY – ANNUAL GENERAL MEETING

Before completing this form, please read the explanatory notes below.

I/We the undersigned, being a member/members of Big Sofa Technologies Group PLC ("**Company**"), appoint

Name:………………………………………………………………………………………………… Number of shares:…………………………………….... or,

failing him, the Chairman of the meeting, as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held at the offices of the Company at 5 Martin Lane, London, EC4R 0DP on Tuesday 25 July 2017 at 09.30 a.m. and any adjournment thereof. The proxy will vote on the under mentioned resolutions, as indicated.

If you wish to appoint multiple proxies, please see note 4 below.

Please tick here if you are appointing more than one proxy: [ ]

(PLEASE INDICATE WITH AN 'X' IN THE BOXES BELOW)

RESOLUTIONS	For	Against	Vote Withheld
ORDINARY BUSINESS:			
Resolution 1: To receive and adopt the Company's annual accounts for the 12 months ended 31 December 2016, together with the directors' report and auditors' report thereon.			
Resolution 2: To re-appoint Jeffreys Henry LLP as auditors of the Company.			
Resolution 3: To authorise the directors of the Company to determine the auditor's remuneration.			
Resolution 4: To re-elect Adam Reynolds as a director of the Company.			
Resolution 5: To authorise the directors of the Company to allot shares in the capital of the Company in accordance with section 551 of the Companies Act 2006.			
Resolution 6: To authorise the directors of the Company to allot equity securities other than in accordance with statutory pre-emption rights that would otherwise apply pursuant to section 561 of the Companies Act 2006.			

If this form is signed and returned without any indication as to how the proxy shall vote, your proxy will vote or abstain from voting at his or her discretion.

PRINT NAME: ....

SIGNATURE: ....

DATE: 2017

Big Sofa Technologies Group PLC

(Incorporated and registered in England and Wales with registered number 07847321*)*

FORM OF PROXY – ANNUAL GENERAL MEETING (continued)

1. As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes. If the proxy is being appointed in relation to part of your holding only, please enter in the space next to the proxy's name the number of shares in relation to which they are authorised to act as your proxy. If this space is left blank they will be authorised in respect of your full voting entitlement.

2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the Annual General Meeting, insert their full name in the space provided. If you sign and return this Form of Proxy with no name inserted in the space, the Chairman of the Annual General Meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this Form of Proxy or request additional copies of the Form of Proxy from Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, tel 0871 664 0300. If you are appointing more than one proxy, please indicate in the space next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy and indicate by ticking the relevant box that the proxy appointment is one of multiple appointments being made. Multiple proxy appointments should be returned together in the same envelope.

5. For details of how to change your proxy instructions or revoke your proxy appointment, see the notes to the Notice of Annual General Meeting.

6. To direct your proxy how to vote on the resolutions, mark the appropriate box with an ‘X’. To abstain from voting on the resolution, select the “Vote Withheld” box. A vote withheld is not a vote in law which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting, including a motion to adjourn.

7. To appoint a proxy using this form, the form must be (i) completed and signed (ii) sent or delivered to the Registrars of the Company, Capita Registrars Limited at Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF and (iii) received by the Registrars of the Company by not less than 48 hours before the AGM.

8. In the case of a member which is a company, this Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

9. Any power of attorney or any other authority under which this Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first named being the most senior).

11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.