

**Thruvision Group plc**

**(“Thruvision” or the “Group”)**

**Results for the Year ended 31 March 2019**

**Highlights**

- Strong revenue growth to £6.0 million (2018: £3.1 million) with operating loss before tax reduced to £2.1 million (2018: £2.5 million);
- Adjusted loss before tax\* of £1.7 million (2018: £2.9 million)
- Strong growth in the number of Thruvision units sold to 109 (2018: 57) with eleven new customers acquired, including US State Department’s Bureau of International Narcotics and Law Enforcement (INL);
- Further unit sales to seven existing customers in Loss Prevention and Transport who expanded the deployment of Thruvision units across a larger number of sites;
- Thruvision approved for operational use by US Government’s Transportation Security Administration (TSA) in the mass transport market;
- Orders that were delayed by the US Government shut-down in early calendar 2019 have been received since the period end and are in the process of being delivered;
- Completed formal process of separating Digital Barriers from the Group, resulting in £0.2 million of one-off costs incurred and subsequent return of £3.3 million to shareholders through a Tender Offer in August 2018;
- Cash at 31 March 2019 of £9.4 million (31 March 2018: £17.6 million).

\*Adjusted loss before tax is defined as loss before tax from continuing operations, adding back share-based payments, share buyback costs and financing set up fees.

**Commenting on the results, Colin Evans, Chief Executive, said:**

“This has been a year of important transformation – we have nearly doubled our revenues, significantly increased our manufacturing capacity, and strengthened our sales leadership. During the year we won orders from new customers and saw further sales to existing customers in the Loss Prevention and Transportation markets. While we experienced some delays following the US Government shut-down in early 2019, those orders have been received since the period end.

Looking forward, market interest continues to grow as brand awareness builds and sales momentum into the new financial year has been maintained. The Board remains confident about the company’s prospects for the future, and its ability to exploit a significant new niche in the international security market.”

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**About Thruvision**

Thruvision is the leading provider of next-generation people-screening technology. Using patented passive terahertz technology, Thruvision is uniquely capable of detecting metallic and non-metallic threats including weapons, explosives and contraband items that are hidden under clothing, at distances up to 10m.

Addressing the growing need for fast, safe and effective security, Thruvision has been vetted and approved by the US Transportation Security Administration. More than 250 units have been deployed worldwide over the last five years for applications including mass transit and aviation security, facilities and public area protection, customs and border control and supply chain loss prevention. Thruvision has offices near Oxford and in Washington DC.

## Chairman's statement

In our first full year of trading since the disposal of the Digital Barriers business, we made good progress in firmly establishing Thruvision in the international security market. Focusing all our resources on the people security screening market resulted in a near doubling of revenues and good sales traction across all our market segments. Critically, Thruvision was vetted and approved by the US Government's Transportation Security Administration (TSA) which led to growing momentum in the US in the second half of the year and provides an invaluable international reference point for future sales.

### *Markets*

The macro demand environment for Thruvision remains very strong. Terrorism continues to spread globally, and governments around the world are continuing to invest accordingly in protecting transportation, public areas and critical infrastructure. In parallel, mass migration and the smuggling of drugs and other contraband across borders remains a headline issue, especially in the US. Closer to home, the rapid growth of online sales is changing the underlying structure of retailing and creating significant opportunities for theft in retailers' distribution infrastructure. Taken together, these factors reinforced our decision to focus on the four key market segments we first identified in our 2018 Annual Report and have since refined (see below) namely, Transportation, Customs, Entrance Protection, and Loss Prevention.

Focusing on these market segments allowed us to build sales momentum, with eleven new customers placing orders for Thruvision equipment during the year. New international government customers in the second half of the year were the US State Department's Bureau of International Narcotics and Law Enforcement (INL) and the Czech Government, adding to the TSA's Innovation Task Force, Los Angeles Metro and a major Asian government which purchased units in H1. In H2, we also added Matalan to Next and Sony, as new commercial customers. Some two-thirds of our orders in the year were received from existing customers who purchased second or even third batches of equipment, giving us confidence about the likelihood of repeat orders from newly acquired customers.

We have seen good progress in the US throughout the year although the US Government shut-down in early 2019 delayed orders until after year-end, meaning revenue growth was below our initial expectations. The opening of our showcase demonstration centre in Washington DC in the spring of 2018, followed by approval for mass transit from the TSA in August, and initiating manufacturing of our screening units in Florida in the autumn has now positioned us as a key new security technology vendor with the US Government. We received two orders early in the new financial year, the first of which was from the US State Department's INL, bringing the number of national Customs agencies now using Thruvision to six. The second order came in from Los Angeles International Airport who will be using Thruvision units to screen employees. Aviation security in the US is a key opportunity for us both with employee screening and passenger screening in main airport security checkpoints. For passenger screening, we are currently working with the TSA's Innovation Task Force and are going through approval processes.

Similarly, we saw very good growth in Asia over the year with notable demand for Thruvision across our Customs, Transportation and Entrance Protection segments. As a result of this, we opened an Asia Pacific office in Sydney at the start of the current financial year and we have now appointed an experienced regional sales leader to build on this momentum.

In our Loss Prevention business, we added five new customers and had follow-on orders from two existing customers in the year. This, combined with some very positive customer publicity from Next, has given us the confidence to significantly strengthen our sales leadership and team in this area.

Through the second half of the year, we successfully scaled our manufacturing capacity to allow us to build up to 20 units per month and, in the coming year, we expect to launch several new product variants, each designed to meet specific market needs.

### *People*

Following Ian Lindsay's decision to relocate to Australia with his family, Adrian Crockett joined the company as Finance Director on 1 May 2019. Adrian brings significant AIM and technology business experience to the Board and I am delighted to welcome him to the team. Our headcount increased during the year and we now employ over 30 people. We remain a small business with a very strong culture and high morale and I would like to take this opportunity to thank all of our people for their exceptional dedication to the Company.

The Board is acutely aware that, as I cannot be regarded as independent due to my long association with Thruvision, we have only one independent director. It is the Board's intention to add another independent director to the Board in

due course, but we do not regard this as an urgent priority as we have a full-time Company Secretary and operate to very high levels of governance for a business of our size.

Finally, following the divestment of Digital Barriers to Volpi Capital in October 2017, we successfully completed the return of £3.3 million of cash to shareholders through a Tender Offer process that completed in August 2018. During the year, we also completed the formal process of separating Digital Barriers from the Group, incurring one-off costs of £0.2 million relating to warranties on the sale and a reassessment of the likely amount due in deferred consideration.

### *Outlook*

With positive market drivers, a strong technology base and proven manufacturing capability, our focus now is on driving sales growth in our key market segments. We have strengthened our sales leadership and are experiencing growing international brand recognition, based on progress in the US and an increasing number of referenceable customers. We believe that Thruvision's growing sales pipeline shows that we are capable of exploiting a significant new niche in the international security market and the Board therefore remains confident about the company's prospects for the future.

## **Update on strategy**

Thruvision addresses the growing international need to quickly and comprehensively security screen individuals for either weapons or contraband that might be concealed in their clothing, in a safe and respectful manner. The two most widely deployed existing technologies, walk-through metal detectors and active millimeter wave body scanners, do not meet this need as they either fail to detect non-metallic threats or are very slow for high throughput requirements. In both cases, possible alarms can only be resolved by physical searches that are both slow and invasive. These shortcomings create a significant market opportunity for people-screening, which cannot be met by existing technology, but which is achievable using Thruvision people-screening units.

Given this competitive positioning, we have focused on four distinct market segments, each offering a significant level of solution repeatability across a broad range of international markets:

- **Customs** - screening for prohibited items such as cash and drugs at all types of border checkpoints including airports, land crossings, seaports, cruise-liner terminals, bridges and railway stations. Customers are national government agencies resulting in total order quantities that could be substantial although sales cycles are extended by government procurement procedures. Key customers here include Hong Kong Customs and the US State Department's INL.
- **Entrance Protection** - screening for weapons at entrances to high profile or high security buildings, sports and entertainment venues and other public areas. Covering both public and private sector sites, the aim here is to ensure sites are protected from non-metallic threat items and to speed up the process of screening visitors. A key customer here is the Farnborough International Airshow.
- **Loss Prevention** – screening for items being stolen from distribution centres or factories. The market here consists of a potentially very large number of on-line retail and other customers. With a clear financial return on investment driving purchasing, relatively short sales cycles have been demonstrated. Flagship customers include Matalan, Next, Sony, and more recently Morrisons.
- **Transportation** - screening for suicide vests and large guns at railways, subways and airport concourses, and screening of employees for smaller weapons in airport checkpoints. Following a purchase by TSA's Innovation Task Force, Thruvision is now being evaluated for use with aviation passengers, and this could lead to further TSA approval to operate in aviation checkpoints in due course. Customers in this segment include governments, airport operators and a combination of city or regional public sector organisations. In addition to the TSA, key customers here include Los Angeles Metro, Los Angeles World Airports and the Philippino Government.

With internationally recognised 'flagship' customers secured in each of these market segments, we are seeing increasing interest from a range of organisations looking for effective, higher throughput, people security screening solutions.

Moving forward, we aim to exploit this growing interest and awareness to increase sales of Thruvision units into these market segments across the world. We are confident we can grow revenues and gross margins more quickly than we need to increase costs and so deliver profitability for shareholders.

## **Business Review**

### **Sales**

We recorded strong sales growth with a total of 109 units delivered in the year. While performance was somewhat impacted by the delays in unit orders caused by the US Government shutdown early in calendar 2019, orders have been received after the period end and are in the process of being delivered. Sales into Transportation were particularly strong (accounting for a little over 50% of units delivered), with Customs and Loss Prevention showing good progress. In Entrance Protection, we secured one significant project in Asia and provided very high-profile visitor screening for the Farnborough International Airshow, which resulted in excellent feedback on convenience and speed of throughput.

We received orders from eleven new customers in the year, accounting for around a third of the units delivered. The balance was delivered to existing customers as second or even third batches of units, giving us confidence that, once organisations start using Thruvision, they are much more likely to buy again in the future. Based on this, we are shaping our sales team to ensure we are successful in both acquiring new customers and upselling existing customers through excellent post-sales support.

## Regional updates

- **Americas:** We continued to focus heavily on the Transportation and Customs segments. We secured headline orders in the year from Los Angeles Metro, TSA's Innovation Task Force, State Department's INL, and since year-end, Los Angeles International Airport and a further INL order under a new framework purchasing agreement. We expect continued uptake across these Federal Agencies and within the US aviation security market for both airport employee screening and, subject to further TSA approvals, passenger screening. More broadly, on the back of the INL initiative we are seeing growing interest across Central and South America. Separately, we are working in North America with a specialist Loss Prevention sales partner and expect progress in this segment in the coming year.
- **Asia Pacific:** As with the US, we focused mainly on the Transportation and Customs segments. We deployed a fourth batch of units with our Hong Kong customer and made further progress in China around Customs and Entrance Protection, albeit with considerable care around protecting our IP. We received a third order from our Philippines-based partner for Transportation security and expect further orders in the future. We are seeing strong, growing interest across the region and in particular in Japan, Singapore and Australia. With new sales leadership in place, we expect to be able to accelerate progress in the coming months.
- **UK and Europe:** we made excellent progress on our primary focus of building our Loss Prevention business. We secured five new customers during the year including Next, Sony, JD Sports and Matalan, and received further orders from two existing customers. Morrisons was secured post year end. With Next publicly reporting a 59% reduction in one of its proxy measures for theft reduction from its distribution centres, we are very confident about the positive return on investment that our products provide for such customers. Separately, we secured initial small Customs sales with both the UK and Czech authorities.
- **Middle East and Africa:** Given demand elsewhere, we spent little time focusing on this region through most of the year. Following TSA approval however, we have seen interest levels increasing and we have set aside dedicated sales resource in this region for the coming period.

## Routes to market

Our routes to market vary depending on region and market sector. For Loss Prevention in the UK and Europe, we sell directly to end-customers. As a company, we have built up a significant understanding of how best to use Thruvision in the context of distribution centre security, and customers value the advice we offer as well as the technology we supply. Given the niche nature of the market, we also benefit significantly from customer referrals. Our intention is to use the growing list of international retailers who use Thruvision to secure Loss Prevention customers in North America and Australasia as our next steps.

We operate directly with end customers in the US where we have built strong relationships with a number of key senior figures across TSA, CBP, State Department and the Defense Department. We install and support all our systems with our own staff to ensure the highest levels of service, and we intend on strengthening our account management in these areas to secure further sales.

Our model in Asia Pacific, Latin America and Middle East and Africa is different. We adopt a 'sell with' partner model, meaning we engage with end customers directly wherever possible alongside local partners. This means we can bring the very latest sales news and expertise to each opportunity and train the smaller number of partners we use to sell, install and then support our technology.

## Manufacturing

We made good progress through the course of the year strengthening and multi-skilling our manufacturing team. We upgraded our manufacturing facilities in Didcot to increase both capacity and resilience and brought our Florida-based manufacturing partner fully on stream during the second half of the year. Collectively, we demonstrated we can sustain production at 20 units per month, with an ability to surge production above this to meet larger orders in a timely manner.

We believe we now have a manufacturing platform which can produce around 240 units per year with little further investment.

## New product development

We launched the new Thruvision TAC product in the summer of 2018. Developed with and approved by the TSA for the mass transit market, the Thruvision TAC is now our flagship product. It has also sparked significant international interest, especially for mass transit security given the publicity generated by Los Angeles Metro.

Based on the modular design of the Thruvision TAC product, we are now planning the launch of several new TAC variants, principally based on varying software functionality. Each new product will be optimised to meet the specific needs of its target market segment. We also expect to launch a completely new military specification, outdoor screening model as a result of funding from the TSA.

As well as making significant improvements to our hardware, we also increased investment in our Artificial Intelligence-based image processing software during the year. We expect this to form the basis of further improvements in detection performance over time.

## Competition

We are seeing a number of smaller, early stage technology companies in the market, aiming also to provide high-throughput people security screening. These are largely based on active millimeter-wave technology, meaning they often require country-by-country Radio Frequency approval in order to be operated legally. None have yet entered any form of formal TSA testing and we do not believe any have yet reached volume production and sales. One has been acquired by a larger player, indicating growing corporate interest in our niche. We maintain a careful watching brief.

## IP protection

We have an ongoing programme to look at our patent portfolio and to identify the most appropriate ways to protect the new innovations resulting from our R&D work. Included in this programme is an assessment of enforceability in certain high-risk countries and how best to mitigate such risks.

## Facilities

Over the course of the year we invested in new sales facilities in the Washington DC area, upgraded our head office and main manufacturing centre in Didcot, England and early in the new financial year, opened a new sales office in Australia to cover the Asia Pacific region. No significant further investment in our facilities is planned in the coming year.

## Staff

We increased headcount from 23 to 34 staff through the year. These increases were predominantly in Sales and Sales Support (specifically the US), and Engineering. Through the financial year-end period, we also strengthened sales leadership in the Asia Pacific and Loss Prevention areas and expect to further strengthen our Loss Prevention and US sales teams in FY20. Voluntary staff attrition was nil.

## Financial Review

### Summary

For the year ended 31 March 2019, Thruvision revenues grew significantly by 93% to £6.0 million (2018: £3.1 million) which resulted in a reduced operating loss of £2.1 million (2018 loss: £2.5 million).

The Directors believe that adjusted loss before tax is currently an important measure of the performance of the business.

The Group recorded an adjusted loss of £1.7 million (2018: £2.9 million) This was arrived at as follows:

| <b>Adjusted loss:</b>   | <b>2019</b>    | <b>2018</b>    |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| <b>Loss before tax from continuing operations</b>                       | <b>(2,060)</b> | <b>(3,212)</b> |
| Share-based payment   | <b>207</b>     | 52             |
| Share buyback costs   | <b>119</b>     | -              |
| Financing set up fees   | -              | 263            |
| <b>Adjusted loss before tax for the year from continuing operations</b> | <b>(1,734)</b> | <b>(2,897)</b> |

Further details on the above are provided in note 4 below.

A significant increase in sales of Thruvision units resulted in 109 units delivered in 2019 (2018: 57). This included eleven new customers and repeat business with seven others. The introduction of the higher priced new TSA-approved Thruvision TAC unit and a planned reduction in Customer development revenues helped increase Gross Margin to 39% (2018: 35%). Unit sales were spread evenly across all regions, showing balanced growth. Average revenue per unit increased to £54k (2018: £51k) year-on-year as a result of being able to achieve higher pricing on existing models as the business became more established and starting to sell higher priced TAC models in the US.

Continued focus on the reduction of non-productive overheads generated savings that were used to partially offset our investment in the Sales and Marketing resource required to drive growth, and to expand our manufacturing capacity. The manufacturing expansion allowed us to increase production capability and resulted in an average of 20 units produced per month in Q4 and has ensured we can continue to scale production moving forward.

Eleven employees joined the company during the year. Three of these joined in sales, marketing and pre-sales roles, two in post-sales support, one in Finance and five in the engineering team to increase both manufacturing capacity and strengthen our software capability.

The cash balance at the year-end was £9.4 million (2018: £17.6 million) The US Government shutdown in early calendar 2019 delayed several opportunities, for which we had been building up stock levels of our US-manufactured TAC model, as a result the cash receipt was delayed. As orders were received post year-end we now expect to see these stock levels reduce as units are delivered. We also completed a major order to the Philippines in Q4 resulting in a debtor over the period-end of £1.6 million. It is expected that this cash will be received in H1. In August 2018, the Group returned £3.3 million cash to shareholders via a Tender Offer, reducing the number of Ordinary Shares in issue to 145,454,118.

### Key Performance Indicators (“KPIs”)

The Group consider the following to be our KPIs which track the trading performance and position of the business.

#### KPIs

|                                      | 2019    | 2018    |
|--------------------------------------|---------|---------|
|                                      | £'000   | £'000   |
| Revenue                              | 5,981   | 3,103   |
| Number of units shipped              | 109     | 57      |
| Average revenue per unit             | 54      | 51      |
| Gross Profit                         | 2,327   | 1,079   |
| Gross Margin                         | 39%     | 35%     |
| Overheads*                           | (4,204) | (3,461) |
| Operating loss                       | (2,108) | (2,524) |
| Number of employees at 31 March 2019 | 34      | 23      |

\* Overheads exclude for the period share buyback costs of £0.1 million (2018: nil), and Foreign exchange gains of £0.2 million (2018: £0.1m), Finance set-up fees of £0.2million in 2018 and Share based payment charge £0.2million (2018 : £52,000)

### Revenue

Thruvision revenues grew significantly by 93% to £6.0 million (2018: £3.1 million). Revenues from unit sales contributed £5.9 million (2018: £2.9 million), and development revenue was £0.1 million (2018: £0.2 million).

The growth in revenues over the prior year reflects strong organic unit sales in our main markets, with unit volumes increasing to 109 (2018: 57 units). We received orders from eleven new customers in the year with seven existing customers ordering for a second or third time showing increasing confidence in, and adoption of, Thruvision technology. Unit deliveries were impacted by procurement delays caused by the US Government shutdown and these orders have now been received.

In the US and Asia Pacific, our Transportation and Customs market segments grew strongly while in the UK and Europe, our primary focus was on Loss Prevention where strong progress has been made with customers including Next and Sony.

After a number of initial sales in the Middle East and Africa in 2018, high demand elsewhere resulted in a reduced focus on this region and it will continue to be a secondary priority moving forwards.

| <b>Revenue</b>    | <b>2019</b><br><b>£'000</b> | <b>2018</b><br><b>£'000</b> |
|-------------------|-----------------------------|-----------------------------|
| Units Development | <b>5,901</b><br><b>80</b>   | 2,895<br>208                |
| <b>Total</b>      | <b>5,981</b>                | 3,103                       |

| <b>Revenue by Geography</b> | <b>2019</b><br><b>£'000</b> | <b>2018</b><br><b>£'000</b> |
|-----------------------------|-----------------------------|-----------------------------|
| UK & Europe                 |                             |                             |
| Middle East and Africa      | <b>1,338</b><br><b>28</b>   | 384<br>902                  |
| Americas                    | <b>975</b>                  | 413                         |
| Asia-Pacific                | <b>3,640</b>                | 1,404                       |
|                             | <b>5,981</b>                | 3,103                       |

### Gross Profit

Gross Profit increased to £2.3 million in the period (2018: £1.1 million). Gross margin increased to 39% in the year (2018: 35%). The Gross margin increase was due to a higher mix of the TAC unit sales, improved Average Revenue Per Unit and manufacturing cost reduction work compared to the prior year, offset by lower development revenues. Development revenues represented 1% of revenue in 2019 (2018: 7%) demonstrating a move to a scalable unit sales-driven business model. The gross margin attributable to unit revenues increased to 40% (2018: 34%).

| <b>Gross Margin</b>          | <b>2019</b><br><b>£'000</b> | <b>2018</b><br><b>£'000</b> |
|------------------------------|-----------------------------|-----------------------------|
| Unit Revenue                 | <b>5,901</b>                | 2,895                       |
| Unit Gross Profit            | <b>2,337</b>                | 991                         |
| <i>Gross margin %</i>        | <b>40%</b>                  | 34%                         |
| Development Revenue          | <b>80</b>                   | 208                         |
| Development Gross Profit     | <b>(10)</b>                 | 88                          |
| <i>Gross margin %</i>        | <b>(13)%</b>                | 42%                         |
| <b>Overall Revenue</b>       | <b>5,981</b>                | 3,103                       |
| <b>Overall Gross Profit</b>  | <b>2,327</b>                | 1,079                       |
| <b><i>Gross margin %</i></b> | <b>39%</b>                  | 35%                         |

### Overheads

Overheads increased by 21% to £4.2 million (2018: £3.5 million). Sales & Marketing expenditure increased by £0.6 million to deliver strategic investment in our US and Asia Pacific markets. This additional investment was made to capitalise on our 'flagship' customer deployments in these regions and was used to increase direct marketing and provide enhanced pre-sales capability. Manufacturing and R&D costs increased by £0.6 million which was focused on increasing production capacity and strengthening our software capability. These investments were offset by lower PLC costs following the sale of the Video Business and lower administration costs in the period.

| <b>Overheads</b>            | <b>2019</b>  | 2018  |
|-----------------------------|--------------|-------|
|                             | <b>£'000</b> | £'000 |
| Sales & Marketing           | <b>1,701</b> | 1,102 |
| Manufacturing and R&D       | <b>1,289</b> | 708   |
| Property and administration | <b>432</b>   | 658   |
| PLC costs                   | <b>782</b>   | 993   |
| <b>Total Overheads*</b>     | <b>4,204</b> | 3,461 |

\*Overheads exclude for the period share buyback costs of £0.1 million (2018 : nil), and Foreign exchange gains of £0.2 million (2018 : £0.1m), Finance set-up fees of £0.2million in 2018 and Share based payment charge £0.2million (2018 : £52 thousand)

Looking forward, we expect to see further investment, principally in Sales & Marketing, but at a rate below the headline growth rate of the business. We do not expect to materially increase management and administration or PLC costs in the near-term.

### **Operating loss**

Operating Loss from operations before tax including depreciation, share based payments, FX and Interest narrowed to £2.1 million (2018 loss: £2.5 million). Of this, £0.2 million relates to one-off, non-recurring costs associated with the sale of the Digital Barriers business in November 2017. This loss would have been further reduced had orders not been delayed by the US Government shut-down in early calendar 2019.

### **Discontinued costs**

Costs this year of £0.2m were allocated as discontinued on the basis that these costs were incurred as a result of one-off events related to the disposal of Digital Barriers. These were amounts due from warranties on the sale (£0.1 million) as well as a reassessment of the likely amount due in deferred consideration (£0.1 million).

### **Taxation**

As a result of brought-forward tax losses we do not expect to pay the full rate of UK corporation tax in the next financial year. The Income Statement tax credit for the year of £23k (2018: £90k) relates to the expected R&D tax credit reclaim, with the decrease this year primarily due to a £34k prior year adjustment in respect of 2018.

At 31 March 2019, the Group had unutilised tax losses carried forward of approximately £10.5 million (2018: £9.1 million). Given the varying degrees of uncertainty as to the timescale of utilisation of these losses, the Group has not recognised £10.8 million (2018: £9.1 million) of potential deferred tax assets associated with these losses. At 31 March 2019, the Group's net deferred tax liability stood at £nil (2018: £nil).

### **Cash**

The Group cash and cash equivalents at 31 March 2019 were £9.4 million (2018: £17.6 million).

The cash outflow as a result of operating activities was £4.4 million as increased revenues were offset by the Operating Loss, investment in inventory levels for delayed US Government orders and increased receivables driven principally by a large order delivered to the Philippines in Q4. Stock value at 31 March 2019 was £3.3 million (2018: £1.8 million)

In August 2018, the Group returned £3.3 million cash to shareholders by way of a Tender Offer process reducing the number of Ordinary Shares in issue to 145,454,118.

### **Currency Impact**

The Group generated foreign currency exchange gains during the period of £0.2 million (2018: £0.1 million), due to the depreciation of GBP versus USD.



## Consolidated income statement

for the year ended 31 March 2019

|   | Note | Year ended<br>31 March<br>2019<br>£'000 | Year ended<br>31 March<br>2018<br>£'000 |
|---|------|---|---|
| <b>Continuing operations</b>  |      |   |   |
| <b>Revenue</b>  | 2    | <b>5,981</b>                            | 3,103                                   |
| Cost of sales   |      | <b>(3,654)</b>                          | (2,024)                                 |
| <b>Gross profit</b>   |      | <b>2,327</b>                            | 1,079                                   |
| Administration costs  |      | <b>(4,440)</b>                          | (3,654)                                 |
| Other income  |      | <b>5</b>                                | 51                                      |
| <b>Operating loss</b>   | 3    | <b>(2,108)</b>                          | (2,524)                                 |
| Finance revenue   |      | <b>78</b>                               | 70                                      |
| Finance costs   |      | <b>(30)</b>                             | (758)                                   |
| <b>Loss before tax</b>  |      | <b>(2,060)</b>                          | (3,212)                                 |
| Income tax  |      | <b>23</b>                               | 90                                      |
| <b>Loss for the year from continuing operations</b>                     |      | <b>(2,037)</b>                          | (3,122)                                 |
| <b>Discontinued operations</b>  |      |   |   |
| Loss from discontinued operation after tax                              |      | <b>(233)</b>                            | (16,429)                                |
| <b>Loss for the year</b>  |      | <b>(2,270)</b>                          | (19,551)                                |
| <b>Adjusted loss:</b>   |      |   |   |
| <b>Loss before tax from continuing operations</b>                       | 4    | <b>(2,060)</b>                          | (3,212)                                 |
| Share-based payment   | 4    | <b>207</b>                              | 52                                      |
| Share buyback costs   |      | <b>119</b>                              | -                                       |
| Financing set up fees   |      | <b>-</b>                                | 263                                     |
| <b>Adjusted loss before tax for the year from continuing operations</b> |      | <b>(1,734)</b>                          | (2,897)                                 |
| <b>Loss per share – continuing operations</b>                           |      |   |   |
| Loss per share - basic  | 5    | <b>(1.33p)</b>                          | (1.89p)                                 |
| Loss per share - diluted  | 5    | <b>(1.33p)</b>                          | (1.89p)                                 |
| <b>Loss per share – continuing and discontinued operations</b>          |      |   |   |
| Loss per share – basic  | 5    | <b>(1.49p)</b>                          | (11.84p)                                |
| Loss per share - diluted  | 5    | <b>(1.49p)</b>                          | (11.84p)                                |

## Consolidated statement of comprehensive income

for the year ended 31 March 2019

|  | Year ended<br>31 March<br>2019<br>£'000 | Year ended<br>31 March<br>2018<br>£'000 |
|--|---|---|
| <b>Loss for the year from continuing operations</b>  | <b>(2,037)</b>                          | (3,122)                                 |
| Loss for the year from discontinued operations   | <b>(233)</b>                            | (16,429)                                |
| <b>Loss for the year attributable to owners of the parent</b>                                    | <b>(2,270)</b>                          | (19,551)                                |
| <b>Other comprehensive income / (loss) from continuing operations</b>                            |   |   |
| Other comprehensive income that may be subsequently reclassified to profit and loss:             |   |   |
| Exchange differences on retranslation of foreign operations - continuing                         | <b>6</b>                                | 3                                       |
| Exchange differences on retranslation of foreign operations - discontinued                       | -                                       | (694)                                   |
| Reclassification to profit and loss - discontinued   | -                                       | 698                                     |
| <b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b> | <b>6</b>                                | 7                                       |
| <b>Total comprehensive loss attributable to owners of the parent</b>                             | <b>(2,264)</b>                          | (19,544)                                |

## Consolidated statement of financial position

at 31 March 2019

|                                      | Note | 31 March<br>2019<br>£'000 | 31 March<br>2018<br>£'000 |
|--------------------------------------|------|---------------------------|---------------------------|
| <b>Assets</b>                        |      |                           |                           |
| <b>Non current assets</b>            |      |                           |                           |
| Property, plant and equipment        |      | 760                       | 278                       |
| Other intangible assets              |      | 7                         | 2                         |
|                                      |      |                           | 280                       |
| <b>Current assets</b>                |      |                           |                           |
| Inventories                          |      | 3,349                     | 1,813                     |
| Trade and other receivables          | 6    | 2,690                     | 1,229                     |
| Current tax recoverable              |      | 114                       | 90                        |
| Cash and cash equivalents            |      | 9,375                     | 17,587                    |
|                                      |      | 15,528                    | 20,719                    |
| <b>Total assets</b>                  |      | <b>16,295</b>             | <b>20,999</b>             |
| <b>Equity and liabilities</b>        |      |                           |                           |
| Attributable to owners of the parent |      |                           |                           |
| Equity share capital                 | 8    | 1,618                     | 1,814                     |
| Share premium                        |      | -                         | 109,078                   |
| Capital redemption reserve           |      | -                         | 4,786                     |
| Translation reserve                  |      | 14                        | 8                         |
| Retained earnings                    |      | 12,445                    | (96,207)                  |
| <b>Total equity</b>                  |      | <b>14,077</b>             | <b>19,479</b>             |
| <b>Non current liabilities</b>       |      |                           |                           |
| Provisions                           |      | 38                        | 36                        |
|                                      |      |                           | 36                        |
| <b>Current liabilities</b>           |      |                           |                           |
| Trade and other payables             | 7    | 2,180                     | 1,455                     |
| Provisions                           |      | -                         | 29                        |
|                                      |      | 2,180                     | 1,484                     |
| <b>Total liabilities</b>             |      | <b>2,218</b>              | <b>1,520</b>              |
| <b>Total equity and liabilities</b>  |      | <b>16,295</b>             | <b>20,999</b>             |

## Consolidated statement of changes in equity

for the year ended 31 March 2019

|                                 | Ordinary<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Merger<br>reserve<br>£'000 | Translation<br>reserve<br>£'000 | Other<br>reserves<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|---------------------------------|---------------------------------------|--------------------------------------|---|----------------------------|---------------------------------|----------------------------|-------------------------------|--------------------------|
| At 31 March 2017                | 1,814                                 | 109,078                              | 4,786                                     | 454                        | 1                               | (307)                      | (76,912)                      | 38,914                   |
| Share-based payment credit      | -                                     | -                                    | -   | -                          | -                               | -                          | 109                           | 109                      |
| Transactions with shareholders  | -                                     | -                                    | -   | -                          | -                               | -                          | 109                           | 109                      |
| Loss for the year               | -                                     | -                                    | -   | -                          | 701                             | -                          | (19,551)                      | (18,850)                 |
| Other comprehensive income      | -                                     | -                                    | -   | -                          | (694)                           | -                          | -                             | (694)                    |
| Total comprehensive gain/(loss) | -                                     | -                                    | -   | -                          | 7                               | -                          | (19,551)                      | (19,544)                 |
| On disposal of Video Business   | -                                     | -                                    | -   | (454)                      | -                               | 307                        | 147                           | -                        |
| At 31 March 2018                | 1,814                                 | 109,078                              | 4,786                                     | -                          | 8                               | -                          | (96,207)                      | 19,479                   |
| Capital redemption              | -                                     | (109,078)                            | (4,786)                                   | -                          | -                               | -                          | 113,864                       | -                        |
| Share buyback                   | (196)                                 | -                                    | -   | -                          | -                               | -                          | (3,149)                       | (3,345)                  |
| Share-based payment credit      | -                                     | -                                    | -   | -                          | -                               | -                          | 207                           | 207                      |
| Transactions with shareholders  | (196)                                 | (109,078)                            | (4,786)                                   | -                          | -                               | -                          | 110,922                       | (3,138)                  |
| Gain/(loss) for the year        | -                                     | -                                    | -   | -                          | -                               | -                          | (2,270)                       | (2,270)                  |
| Other comprehensive gain/(loss) | -                                     | -                                    | -   | -                          | 6                               | -                          | -                             | 6                        |
| Total comprehensive gain/(loss) | -                                     | -                                    | -   | -                          | 6                               | -                          | (2,270)                       | (2,264)                  |
| <b>At 31 March 2019</b>         | <b>1,618</b>                          | <b>-</b>                             | <b>-</b>                                  | <b>-</b>                   | <b>14</b>                       | <b>-</b>                   | <b>12,445</b>                 | <b>14,077</b>            |

## Consolidated statement of cash flows

for the year ended 31 March 2019

|  | Note | Year ended<br>31 March<br>2019<br>£'000 | Year ended<br>31 March<br>2018<br>£'000 |
|--|------|---|---|
| <b>Operating activities</b>  |      |   |   |
| Loss before tax from continuing operations                                     |      | (2,060)                                 | (3,212)                                 |
| Loss before tax from discontinued operations                                   |      | (233)                                   | (16,337)                                |
| Loss before tax  |      | (2,293)                                 | (19,549)                                |
| Non-cash adjustment to reconcile loss before tax to net cash flows             |      |   |   |
| Depreciation of property, plant and equipment                                  |      | 179                                     | 400                                     |
| Amortisation of intangible assets  |      | 2                                       | 716                                     |
| Impairment of goodwill   |      | -                                       | 4,291                                   |
| Share-based payment transaction expense  |      | 207                                     | 109                                     |
| Unrealised gains on foreign exchange   |      | (25)                                    | 62                                      |
| Realisation of foreign exchange losses on disposal of Video Business           |      | -                                       | 708                                     |
| Disposal of fixed assets   |      | 28                                      | (5)                                     |
| Loss on disposal of Video Business   |      | -                                       | 2,085                                   |
| Recovery of purchase consideration   |      | -                                       | (1,126)                                 |
| Finance income   |      | (78)                                    | (70)                                    |
| Finance costs  |      | 30                                      | 1,227                                   |
| Non-cash consideration   |      | -                                       | 7,635                                   |
| Non-cash settlement of borrowings – repayment of loan out of disposal proceeds |      | -                                       | (7,635)                                 |
| Working capital adjustments:   |      |   |   |
| Increase in trade and other receivables  |      | (1,724)                                 | (109)                                   |
| Increase in inventories  |      | (1,536)                                 | (108)                                   |
| Increase in trade and other payables   |      | 545                                     | 370                                     |
| Increase in deferred revenue   |      | 156                                     | 762                                     |
| Decrease in provisions   |      | (27)                                    | (54)                                    |
| Cash utilised in operations  |      | (4,536)                                 | (10,291)                                |
| Interest paid  |      | -                                       | -                                       |
| Tax received   |      | -                                       | 762                                     |
| <b>Net cash flow from operating activities</b>                                 |      | <b>(4,536)</b>                          | <b>(9,529)</b>                          |
| <b>Investing activities</b>  |      |   |   |
| Purchase of property, plant & equipment  |      | (579)                                   | (196)                                   |
| Expenditure on intangible assets   |      | (7)                                     | (2)                                     |
| Interest received  |      | 78                                      | 70                                      |
| Deferred consideration from disposal of Video Business                         |      | 182                                     | -                                       |
| Cash proceeds from disposal of Video Business                                  |      | -                                       | 19,187                                  |
| Cash balance in Video Business at disposal                                     |      | -                                       | (928)                                   |
| Recovery of purchase consideration   |      | -                                       | 1,126                                   |
| <b>Net cash flow from investing activities</b>                                 |      | <b>(326)</b>                            | <b>19,257</b>                           |
| <b>Financing activities</b>  |      |   |   |
| Share buyback - reduction in share capital                                     | 8    | (3,345)                                 | -                                       |
| Proceeds from borrowings   |      | -                                       | 7,635                                   |
| Finance costs  |      | -                                       | (741)                                   |
| <b>Net cash flow from financing activities</b>                                 |      | <b>(3,345)</b>                          | <b>6,894</b>                            |
| Net (decrease) / increase in cash and cash equivalents                         |      | (8,207)                                 | 16,622                                  |
| Cash and cash equivalents at the beginning of the year                         |      | 17,587                                  | 1,002                                   |
| Effect of foreign exchange rate changes on cash and cash equivalents           |      | (5)                                     | (37)                                    |
| <b>Cash and cash equivalents at end of year</b>                                |      | <b>9,375</b>                            | <b>17,587</b>                           |

## Notes to the financial information

### 1. Accounting Policies

#### Basis of preparation

The principal accounting policies of the Group are set out in the Group's 2018 annual report and financial statements. A number of new or amended standards became effective from the 1 April 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'

Full disclosure of the transition will be included in the 2019 Financial Statements, but the Company has not identified any changes to its accounting policies that require retrospective adjustment.

### 2. Segmental information

The directors do not split the business into segments in order to internally analyse the business performance and as a result the results of the business are only presented below as continuing and discontinuing. The directors believe that allocating overheads by department provides a suitable level of business insight. The overhead department cost centers comprise of sales and marketing, manufacturing and R&D, property and administration, and Plc costs, with the split of costs as shown on page 7.

#### Year ended 31 March 2019

|   | Video Business<br>Discontinued<br>£'000 | Thruvision<br>Continuing<br>£'000 | Total<br>£'000 |
|---|---|-----------------------------------|----------------|
| <b>Revenue</b>                                      | -                                       | 5,981                             | 5,981          |
| <b>Depreciation and amortisation</b>                | -                                       | 181                               | 181            |
| <b>Segment adjusted operating (loss)</b>            | (233)                                   | (1,901)                           | (2,134)        |
| Share based payment charge                          | -                                       | (207)                             | (207)          |
| <b>Segment operating (loss)</b>                     | (233)                                   | (2,108)                           | (2,341)        |
| Finance income                                      | -                                       | 78                                | 78             |
| Finance costs                                       | -                                       | (30)                              | (30)           |
| <b>Segment (loss) before tax</b>                    | (233)                                   | (2,060)                           | (2,293)        |
| Income tax (charge) / credit                        | -                                       | 23                                | 23             |
| <b>Loss for the year from continuing operations</b> | (233)                                   | (2,037)                           | (2,270)        |

#### Year Ended 31 March 2018

|   | Video Business<br>Discontinued<br>£'000 | Thruvision<br>Continuing<br>£'000 | Total<br>£'000 |
|---|---|-----------------------------------|----------------|
| Total segment revenue   | 13,129                                  | 3,103                             | 16,232         |
| Depreciation and amortisation                                   | 218                                     | 182                               | 400            |
| <b>Segmented adjusted operating (loss)</b>                      | (7,472)                                 | (2,472)                           | (9,944)        |
| Amortisation of intangibles initially recognised on acquisition | (716)                                   | -                                 | (716)          |
| Share based payment charge                                      | (57)                                    | (52)                              | (109)          |
| Acquisition related income                                      | 1,126                                   | -                                 | 1,126          |
| Loss on disposal and related costs                              | (4,458)                                 | -                                 | (4,458)        |
| Impairment of goodwill and intangibles                          | (4,291)                                 | -                                 | (4,291)        |
| <b>Segment operating (loss)</b>                                 | (15,868)                                | (2,524)                           | (18,392)       |
| Finance income  | -                                       | 70                                | 70             |

|                                  |                 |                |                 |
|----------------------------------|-----------------|----------------|-----------------|
| Finance costs                    | (469)           | (758)          | (1,227)         |
| <b>Segment (loss) before tax</b> | <b>(16,337)</b> | <b>(3,212)</b> | <b>(19,549)</b> |
| Income tax (charge) / credit     | (92)            | 90             | (2)             |
| <b>Loss for the year</b>         | <b>(16,429)</b> | <b>(3,122)</b> | <b>(19,551)</b> |

Following its disposal on 31 October 2017 the Video Business is now reported as a discontinued operation. The costs incurred this year within discontinued operations include amounts due under warranty provisions with regards to the sale of the Video Business, as well as a reassessment of the recoverable amount due on deferred consideration due as a result of the sale of the Video Business.

In accordance with IFRS 8, the Group has derived the information for its operating segments using the information used by the Chief Operating Decision Maker and supplemented this with additional analysis to assist readers of the Annual Report to better understand the impact of the proposed divestment. The Group has identified the Board of Directors as the Chief Operating Decision Maker as it is responsible for the allocation of resources to operating segments and assessing their performance.

### Analysis of revenue by customer

There have been two (2018: three) individually material customers (comprising over 10% of total revenue) in the year. These customers individually represented £2,310,000 and £808,000 of revenue for the year (2018: £779,000, £639,000 and £576,000).

### Other segment information

The following tables provides disclosure of the Group's continuing and discontinued revenue analysed by geographical market based on the location of the customer.

#### Continuing revenue

|                        | 2019<br>£'000 | 2018<br>£'000 |
|------------------------|---------------|---------------|
| UK and Europe          | 1,338         | 384           |
| Middle East and Africa | 28            | 902           |
| Americas               | 975           | 413           |
| Asia-Pacific           | 3,640         | 1,404         |
|                        | <b>5,981</b>  | <b>3,103</b>  |

The Group's non-current assets by geography are detailed below:

|                          | 2019<br>£'000 | 2018<br>£'000 |
|--------------------------|---------------|---------------|
| United Kingdom           | 737           | 258           |
| United States of America | 30            | 22            |
|                          | <b>767</b>    | <b>280</b>    |

### 3. Group operating loss

The Group operating loss attributable to continuing operations is stated after charging/(crediting):

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Operating lease rentals – land and buildings                          | 152           | 106           |
| Research and development costs  | 429           | 505           |
| Bad debt expense  | 12            | 17            |
| Depreciation of property, plant and equipment                         | 179           | 189           |
| Amortisation of intangible assets initially recognised on acquisition | 2             | -             |
| Exchange differences  | (163)         | (92)          |

Note: as the above table is continuing operations only, depreciation and intangibles won't reconcile to their respective notes for the comparative period.

### 3. Group operating loss (continued)

#### Auditors' remuneration

The following table shows an analysis of all fees payable to Grant Thornton UK LLP, the Group's auditors:

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| <b>Audit services</b>   |               |               |
| Fees payable to the Company's auditor for the audit of the financial statements | 42            | 50            |
| The audit of the Company's subsidiaries   | 17            | 20            |
|   | <b>59</b>     | <b>70</b>     |
| <b>Non-audit services</b>   |               |               |
| Tax advisory services   | 61            | -             |
| Other non-audit services  | 9             | 23            |
|   | <b>70</b>     | <b>23</b>     |

Fees relate to all activities undertaken by Grant Thornton UK LLP (2018: Grant Thornton UK LLP) in the period, covering continuing and discontinued operations.

#### 4. Adjusted loss before tax

An adjusted loss before tax measure has been presented as the Directors believe that this is a better measure of the Group's underlying performance. Adjusted loss is not defined under IFRS and has been shown as the Directors consider this to be helpful for a better understanding of the performance of the Group's underlying business. It may not be comparable with similarly titled measurements reported by other companies and is not intended to be a substitute for, or superior to, IFRS measures of profit. The net adjustments to loss before tax from continuing operations are summarised below:

|                              | 2019<br>£'000 | 2018<br>£'000 |
|------------------------------|---------------|---------------|
| Share based payment (i)      | 207           | 52            |
| Share buyback costs (ii)     | 119           | -             |
| Financing set up costs (iii) | -             | 263           |
| <b>Total adjustments</b>     | <b>326</b>    | <b>315</b>    |

- (i) The performance condition associated with LTIP awards made in July 2015 and January 2019 are subject to a non-market based performance measure. Accordingly, should these LTIP awards fail to vest, the share based payment charge will be added back to the income statement. Prior to July 2015 LTIP awards were made with a market based performance measure which in the event that LTIPs fail to vest the share based payment charge is not added back to the income statement. To date the majority of historic LTIP awards have failed to vest. The inclusion provides consistency over time allowing a better understanding of the financial position of the Group.
- (ii) Share buyback costs incurred represent additional legal and professional fees incurred as a result of the share buyback carried out in August 2018.
- (iii) During the year end 31 March 2018 the Group obtained a new facility, incurring legal and set up fees.



## 5. Loss per share

### Unadjusted loss per share

|   | Year ended<br>31 March<br>2019<br>£'000 | Year ended<br>31 March<br>2018<br>£'000 |
|---|---|---|
| <b>Loss from continuing operations attributable to ordinary shareholders</b>                  | <b>(2,037)</b>                          | (3,122)                                 |
| <b>Loss from continuing and discontinued operations attributable to ordinary shareholders</b> | <b>(2,270)</b>                          | (19,551)                                |
| Weighted average number of shares   | <b>152,839,321</b>                      | 165,130,024                             |
| <b>Basic and diluted loss per share – continuing operations</b>                               | <b>(1.33p)</b>                          | (1.89p)                                 |
| <b>Basic and diluted loss per share – continuing and discontinued operations</b>              | <b>(1.49p)</b>                          | (11.84p)                                |

### Adjusted loss per share

|  | Year ended<br>31 March<br>2019<br>£'000 | Year ended<br>31 March<br>2018<br>£'000 |
|--|---|---|
| <b>Loss from continuing operations attributable to ordinary shareholders</b> | <b>(2,037)</b>                          | (3,122)                                 |
| Amortisation of intangibles  | -                                       | -                                       |
| Share-based payment  | <b>207</b>                              | 52                                      |
| Share buyback costs  | <b>119</b>                              | -                                       |
| Financing set up fees  | -                                       | 263                                     |
| <b>Adjusted loss after tax</b>   | <b>(1,711)</b>                          | (2,807)                                 |
| Weighted average number of shares  | <b>152,839,321</b>                      | 165,130,024                             |
| <b>Basic and diluted loss per share</b>                                      | <b>(1.33p)</b>                          | (1.89p)                                 |
| <b>Basic and diluted adjusted loss per share</b>                             | <b>(1.12p)</b>                          | (1.70p)                                 |

The inclusion of potential Ordinary Shares arising from LTIPs, EMI Options and Incentive Shares would be anti-dilutive. Basic and diluted loss per share has therefore been calculated using the same weighted number of shares.

## 6. Trade and other receivables

|                        | <b>Gross carrying amounts</b> | <b>Provision for impairment</b> | <b>Net carrying amounts</b> | Gross carrying amounts | Provision for impairment | Net carrying amounts |
|------------------------|-------------------------------|---------------------------------|-----------------------------|------------------------|--------------------------|----------------------|
|                        | <b>2019</b>                   | <b>2019</b>                     | <b>2019</b>                 | 2018                   | 2018                     | 2018                 |
|                        | <b>£'000</b>                  | <b>£'000</b>                    | <b>£'000</b>                | £'000                  | £'000                    | £'000                |
| Trade receivables      | <b>2,262</b>                  | -                               | <b>2,262</b>                | 620                    | (17)                     | 603                  |
| Prepayments            | <b>158</b>                    | -                               | <b>158</b>                  | 132                    | -                        | 132                  |
| Accrued income         | <b>1</b>                      | -                               | <b>1</b>                    | 10                     | -                        | 10                   |
| VAT recoverable        | <b>87</b>                     | -                               | <b>87</b>                   | 41                     | -                        | 41                   |
| Deferred consideration | <b>123</b>                    | -                               | <b>123</b>                  | 405                    | -                        | 405                  |
| Other receivables      | <b>59</b>                     | -                               | <b>182</b>                  | 38                     | -                        | 38                   |
|                        | <b>2,690</b>                  | -                               | <b>2,690</b>                | 1,246                  | (17)                     | 1,229                |

The Group's credit risk on trade and other receivables is primarily attributable to one receivable. One customer represents £1,608,000 of the Group's trade receivables at 31 March 2019 (2018: two customers £513,000). There is no other significant concentration of credit risk.

The Group believes that the carrying amounts of the Group's trade receivables by the type of customer gives a fair presentation of the credit quality of the assets:

|                      | <b>2019</b>  | 2018  |
|----------------------|--------------|-------|
|                      | <b>£'000</b> | £'000 |
| Government customers | <b>200</b>   | 57    |
| Commercial customers | <b>2,062</b> | 546   |
|                      | <b>2,262</b> | 603   |

Trade receivables of £181,000 (2018: £46,000) were past due but not impaired; trade receivables of £nil (2018: £36,000) are past due and stated after reflecting a partial impairment.

The movement in the provision for doubtful debts is as follows:

|  | £'000    |
|--|----------|
| At 31 March 2017                             | 376      |
| Provided in period – continuing operations   | 17       |
| Provided in period – discontinued operations | 648      |
| Released – discontinued operations           | (1,024)  |
| At 31 March 2018                             | 17       |
| Released                                     | (17)     |
| <b>At 31 March 2019</b>                      | <b>-</b> |

Trade receivables, net of an allowance of £nil (2018: £17,000) for doubtful debts, are aged as follows:

|  | <b>2019</b>  | 2018  |
|--|--------------|-------|
|  | <b>£'000</b> | £'000 |
| Within credit terms  | <b>2,081</b> | 539   |
| Not more than three months past due                          | <b>32</b>    | 35    |
| More than three months but not more than six months past due | <b>147</b>   | 11    |
| More than six months past due                                | <b>2</b>     | 18    |
|  | <b>2,262</b> | 603   |

## 7. Trade and other payables

|                                 | 2019<br>£'000 | 2018<br>£'000 |
|---------------------------------|---------------|---------------|
| <b>Current</b>                  |               |               |
| Trade payables                  | 1,240         | 732           |
| Accruals                        | 586           | 549           |
| Deferred income                 | 262           | 106           |
| Social security and other taxes | 72            | 64            |
| Other payables                  | 20            | 4             |
|                                 | <b>2,180</b>  | <b>1,455</b>  |

## 8. Share capital

|   | Number             | £'000        |
|---|--------------------|--------------|
| <b>Authorised, allotted, called-up and fully paid<br/>Ordinary Shares of 1 pence each</b> |                    |              |
| At 1 April 2017   | 165,130,024        | 1,651        |
| Shares issued in the year   | -                  | -            |
| At 31 March 2018  | 165,130,024        | 1,651        |
| Share buyback   | (19,675,906)       | (196)        |
| <b>At 31 March 2019</b>   | <b>145,454,118</b> | <b>1,455</b> |
|   |                    |              |
|   | Number             | £'000        |
| <b>Authorised, allotted, called-up and fully paid<br/>Deferred Shares of £1 each</b>      |                    |              |
| At 31 March 2018  | 163,124            | 163          |
| <b>At 31 March 2019</b>   | <b>163,124</b>     | <b>163</b>   |
|   |                    |              |
|   |                    | £'000        |
| <b>Total share capital</b>  |                    |              |
| At 31 March 2018  |                    | 1,814        |
| <b>At 31 March 2019</b>   |                    | <b>1,618</b> |

The Board announced on 12 March 2018 to return up to £8 million to shareholders. £3.3m was subsequently returned to shareholders in August 2018 at 17p per share, with 196,675,906 shares being cancelled.

A resolution is included in the notice of Annual General Meeting to be held in September 2019 to buy back and subsequently cancel all Deferred Shares later in 2019.

## 9. Related party transactions

### Remuneration

The remuneration of Directors and other members of key management, recognised in the income statement, is set out below in aggregate. Key management are defined as the Board of Thruvision Group plc and other persons classified as 'persons discharging managerial responsibility' under the rules of the Financial Conduct Authority. Currently no employees outside of the Directors are classified as 'persons discharging managerial responsibility'.

|                         | <b>2019</b>  | 2018  |
|-------------------------|--------------|-------|
|                         | <b>£'000</b> | £'000 |
| Directors' remuneration | <b>480</b>   | 889   |
| Pension contributions   | <b>3</b>     | 3     |
|                         | <b>483</b>   | 892   |

The highest paid Director received £235,000 (2018: £284,000) in the year, with £nil in pensions contributions (2018: £1,000). Key management compensation comprises short-term employee benefits (including national insurance) of £545,000 (2018: £1,012,000), pension contributions of £3,000 (2018: £3,000) and share-based payments of £84,000 (2018: £66,000).

The Directors shareholding at the year-end are detailed below (based on the year end share price of £0.2865 per share (2018: £0.1125 per share):

|             | <b>2019</b>         | 2018         | <b>2019</b>      | 2018      |
|-------------|---------------------|--------------|------------------|-----------|
|             | <b>No of shares</b> | No of shares | <b>£'000</b>     | £'000     |
| Tom Black   | <b>11,349,444</b>   | 11,349,444   | <b>3,251,616</b> | 1,276,812 |
| Colin Evans | <b>2,423,900</b>    | 2,423,900    | <b>694,447</b>   | 272,689   |
| Paul Taylor | <b>272,489</b>      | 272,489      | <b>78,068</b>    | 30,655    |

### 10. Post balance sheet event

The Group has no post balance sheet events.

### 11. Publication of non-statutory accounts

The above does not constitute statutory accounts within the meaning of the Companies Act 2006. It is an extract from the full accounts for the year ended 31 March 2019 on which the auditor has expressed an unmodified opinion and does not include any statement under section 498 of the Companies Act 2006. The accounts will be posted to shareholders on or before 10 July 2019 and subsequently filed at Companies House.