

24 March 2017

Digital Barriers plc

("Digital Barriers")

Trading Update

Digital Barriers plc (AIM: DGB, the "Group"), the specialist provider of visually intelligent solutions to the global surveillance, security and safety markets, provides an update on trading for the current financial year ending 31 March 2017.

As the Group has previously communicated, momentum in our business is strong and the contracts that constitute our new business pipeline are increasingly high in value and large in scope. Whilst the strength and superiority of Digital Barriers' technology is allowing the Group to gain access to opportunities of this scale, these increasingly large contracts present a significant challenge in terms of the timing of their award and delivery and, hence, revenue recognition relative to the Group's financial period-ends.

The Group has focused over the last 12 months on trying to address this challenge. However, although sales cycles have been shortened, the Group is currently in the latter stages of securing a number of material solutions sales and framework contracts, all of which it had expected would be secured prior to 31 March. Whilst the Group currently expects to secure all of these awards, it has now become clear that some or all of them may now be secured in the next financial year. If none of the awards are signed before the end of March, there is expected to be a shortfall of approximately £10m on revenue for the year ending 31 March 2017 compared to current market forecasts.

The contracts in question include what would be the Group's largest ever sales in to the USA, Asia and the Middle East in addition to the Group's most material potential OEM contracts. In aggregate, and at an absolute level, these contracts represent revenue of approximately £14.5m, with recognition of that revenue, once signed, spread over the coming and future financial years.

At a detailed level, these contracts include:

- A £4.3m (U\$5.25m) contract in Asia Pacific, part of a military platform surveillance programme leveraging the Group's video technologies to provide an advanced capability. The contract is currently in final negotiation ahead of award and most of this revenue will now be delivered in the next financial year.
- A £2.2m (U\$2.75m) contract in the Middle East providing a vehicle-based surveillance system for law enforcement. This contract is currently in final negotiation ahead of award and is now likely to be delivered next financial year, with significant follow-on potential for a broader fleet deployment.
- A £2.4m (U\$3m) contract in Asia Pacific for our body worn EdgeVis Mobile application, now in contract negotiation ahead of a procurement award and likely to be delivered in full in the next financial year.
- A £5.6m (U\$7m) contract award for Brimtek partner technologies from a US federal agency, which will be for delivery in full next financial year. This is now in procurement ahead of contract award. This award will take Brimtek legacy contracted revenues for delivery next financial year to around £12m (U\$15m).

In addition, we are close to concluding a number of framework contracts which, whilst they do not have specific contract values, would also have led to revenues in the current financial year and are expected to lead to material revenues in future financial periods. These include:

- An OEM framework contract with a specialist provider of communication services to the resources sector;
- A framework contract with a major European transportation organisation for the provision of asset protection and transportation security technologies; and
- A framework contract with a major European security services provider for the provision of ThruVis technology.
- Our first license sale for facial recognition as embedded software in the mobility sector. This follows a benchmarking exercise of our technology against others in the market and is expected to lead to monthly revenues from next financial year. This is now in the final stages of contract negotiation.

Whilst the quality of these contracts is of course encouraging, the delay in their signature has an inevitable impact on the Group's performance in the current financial year.

Commenting, Chairman Tom Black said:

"This is a disappointing outturn to the year – a year in which we have achieved some very positive progress across our technologies and in our international markets. We are securing larger, more complex sales opportunities, but which carry much longer sales cycles and make it difficult for us to determine the timing of their closure. In light of this disappointment, I will lead a review of our sales and engagement model to ensure that meaningful and sustainable improvements can be made to this critical aspect of how we do business."

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About Digital Barriers

Digital Barriers provides visually intelligent solutions to the global surveillance, security and safety markets. We deliver zero-latency streaming and analysis of secure video and related intelligence over wireless networks, including cellular, satellite, IP mesh and cloud, utilising significantly less bandwidth than standard technologies. Our rapidly-installed fixed and mobile solutions for covert, remote and wide-area deployments, as well as vehicle and body-worn applications, have been sold into more than fifty countries, and have been proven in some of the world's most demanding operational environments. We also provide advanced video content analysis and body scanning to identify safety concerns and threats in real-time.

www.digitalbarriers.com