23 November 2020

Thruvision Group plc

("Thruvision" or the "Group")

Interim Results for the six months ended 30 September 2020

Thruvision (AIM: THRU) the specialist provider of 'safe distance' people-screening technology to the international security market announces its unaudited results for the six months ended 30 September 2020.

Key Highlights

- Revenues for the six months ended 30 September 2020 were £4.7 million (H1 2019: £4.8 million).
- Achieved EBITDA breakeven for the first time (H1 2019: £0.2 million loss) resulting from careful overhead management.
- Continued broad-based sales success:
  - Second substantial order from US Customs and major Gulf State becomes ninth international Customs agency customer;
  - Four new Profit Protection customers, including Superdrug's parent company AS Watson, plus three returning customers, with CEVA Logistics signing since period end;
  - For employee screening, LaGuardia becomes third airport customer along with further purchase by Seattle Airport, and Coronavirus-delayed US Transportation Security Administration testing for passenger screening now restarting;
  - First lease hire deals completed in Profit Protection;
- Cash at 30 September 2020 of £5.0 million, (31 March 2020: £8.4 million) with cash at 20 November 2020 of £7.8 million.

Commenting on the results, Colin Evans, Chief Executive of Thruvision, said:

"The Coronavirus pandemic has affected our various market sectors in markedly differing ways. While online sales and home deliveries have boomed, aviation, mass transit and hospitality sectors have been badly affected. Although these various markets seem set to recover at different rates, it is increasingly clear that they are all likely to try to reintroduce people security screening measures in a way that removes the need to physically search people. With our growing profile and customer list, we believe we are well positioned to benefit from this trend."

For further information please contact:

Thruvision Group plc Tom Black, Executive Chairman Colin Evans, Chief Executive	+44 (0)1235 425 400
Investec Bank plc Patrick Robb / James Rudd / Sebastian Lawrence	+44 (0)20 7597 5970
FTI Consulting LLP Matt Dixon / Shamma Kelly	+44 (0)20 3727 1000

About Thruvision

Thruvision is the leading provider of safe distance, people security 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 between 3m and 10m. Addressing the growing need for safe, fast and effective security, Thruvision completely removes the need for physical "pat-downs" and has been vetted and approved by the US Transportation Security Administration for surface transportation. Operationally deployed in 20 countries around the world, Thruvision is used for aviation and transportation security, retail supply chain loss prevention, facilities and public area protection and customs and border control. The company has offices near Oxford, and in Washington DC.

www.thruvision.com

Chairman's Statement

Despite the challenges presented by the Coronavirus pandemic and reduced activity from March to June, the Group had a strong second quarter and, for the first time, achieved EBITDA break-even for the half year. This was achieved by securing further new customers in both our Profit Protection and Customs markets, and a further substantial order from US Customs.

Revenues in the period held steady at £4.7 million (H1 FY20: £4.8 million), gross margins were maintained at 48% (H1 FY20: 48%) and controlled expenditure management allowed us to break-even at the EBITDA level for the first time. Cash at 30 September 2020 was £5.0 million, (31 March 2020: £8.4 million) and this has since increased to £7.8million as at 20 November 2020, following payment by the US Federal Government.

As with many businesses, the Coronavirus pandemic has had a profound impact on how we operate and has temporarily interrupted our growth trajectory. Whilst this is disappointing, it is pleasing to be able to report that we maintained our revenues on a par with last year and, through tight management of expenditure, improved the EBITDA result. This outcome was possible because the team moved swiftly to implement revised Covid-compliant working practices for both our manufacturing and customer engagement and I am greatly indebted to our entire workforce for the way they have constructively adopted the new ways of working.

The use of online video tools for both customer meetings and equipment demonstrations has meant that we managed to maintain a good level of customer engagement throughout the period and progressed many sales opportunities, bringing a number to a successful outcome. On the manufacturing side we have continued to work closely with our supply chain and are now producing units at a greater rate than before the pandemic, in anticipation of enhanced sales going forward.

Outlook

Given the ongoing uncertainty and particularly with regard to travel restrictions both nationally and internationally, and the resulting impact on our ability to prosecute sales, it remains difficult to provide detailed guidance for the Group’s prospects for the financial year ending 31 March 2021. However, recent announcements on Covid testing and potential vaccines do give some cause for wider optimism that we may return to more normal sales activity in 2021. This, combined with our healthy cash balance, zero debt and strengthening sales pipeline mean that we remain confident about our medium-term prospects.

Strategic Update

Thruvision addresses the growing international need to safely, quickly and comprehensively security screen individuals for weapons, contraband or other illicit items that might be concealed in their clothing. The two most widely deployed existing technologies, walk-through metal detectors and airport body scanners do not meet this need. Critically, both these technologies require close proximity, physical search (‘pat-downs’) to resolve alarms. Pre-pandemic, such pat-downs were very unpopular but now almost all organisations have in any case banned their use on the basis that they risk virus transmission. By operating at a physically distant range of several metres, Thruvision cameras completely remove the need for physical searches, while providing enhanced security effectiveness by detecting non-metallic as well as metallic items.

The Coronavirus pandemic has affected our various market sectors in markedly differing ways. Whilst online sales and home deliveries have boomed, aviation, mass transit and hospitality sectors have been badly affected. Although these various markets seem set to recover at different rates, it is increasingly clear that they are all likely to try to reintroduce people security screening measures in a way that removes the need to physically search people. With our growing profile and customer list, we believe we are well positioned to benefit from this trend.

Business Review

United States

The US is our most important market in terms of scale and key customer opportunities and, to date, we have been least impacted here by the travel restrictions that have affected us elsewhere. We secured a second major order from US Customs and Border Protection (CBP), and despite the challenges faced by the Aviation market, LaGuardia became our third major US airport customer. Seattle Tacoma International added to its Thruvision fleet, and both airports reported that Thruvision has allowed them to maintain effective employee screening despite Coronavirus restrictions that have required other people-screening equipment to be turned off. Starting the TSA accreditation process for passenger screening has been delayed by the pandemic but given the broader progress we have made with both airports and US airlines, we have strengthened our team with experts drawn from competitors who serve the aviation market.

Given Coronavirus-generated interest from retail and logistics organisations in the US, we also added Profit Protection sales expertise to the team and believe this extra resource and focus will enable us to capitalise on this interest in the future.

Profit Protection

Our Profit Protection market has seen a significant and rapid expansion due to the pandemic and comprises retailers with a growing online presence and their home delivery partners. With items stolen from distribution centres almost always being non-metallic, our unique 'safe distance' detection capability allowed us to add four new UK-based customers in the period, including Superdrug's parent company AS Watson. We also received further orders from Next and JD Sports which are existing customers. While national retailers are potentially large customers in their own right, we continue to focus on global logistics businesses too, given their very significant scale. In line with this approach, we added CEVA Logistics as a further new customer since the end of the half. Given many of the organisations we are targeting operate on a pan-European basis, we have added an experienced sales resource, based in Holland, to start addressing EU-based organisations more directly.

Potential customers have repeatedly asked about financing options for our products and, for the first time, two customers bought units on a lease basis. Since period end we have put in place full equipment financing facilities for the UK market. Based on a pool of major capital goods lenders, this will allow us to offer a wide range of financing options to potential customers. We believe that, given current market conditions, this makes the return on investment on our equipment even more attractive and we are encouraged by the early positive interest this has generated.

Customs

This is a well-established Thruvision market, where our ability to detect predominantly non-metallic, prohibited items such as cash and drugs at all types of border checkpoint, has been least impacted by the pandemic. This is because we are selling to national agencies on much longer sales cycles. As well as receiving a second major order from US Customs, we signed up a major Gulf State as our ninth international customs agency in the period and looking forward, we expect to see steady, sustainable progress in this market as we win new international customers and receive follow-on orders as organisations expand their operational fleets over time.

Aviation

Given the very significant impact of Coronavirus on the global aviation sector, we have focused solely on the US market and the TSA. Finding a way to safely screen both airport employees and passengers without pat-downs is becoming an essential pre-requisite to the eventual re-commencement of volume air travel, and successfully obtaining formal TSA accreditation will open the US and broader international aviation security market to us at that point.

Venue Security and Mass Transport

Coronavirus restrictions have had a significantly detrimental impact on these markets. Given they were already of secondary importance to us, we have further reduced our focus on them.

Manufacturing and R&D

While we closed our facilities for a brief period during the first lockdown, we were able to continue manufacturing with little disruption given the robustness of our supply chain partnerships. Work to expand our product range based on our new, modular hardware architecture and the use of different interface software to offer different user functionality has progressed well. We expect to enter 2021 with a seven camera range, designed to meet the specific needs and price points of our three key markets. Ongoing development and testing of our new AI-based detection algorithm is progressing well.

People

Overall headcount increased from 37 to 39 during the period as the Group invested in further US sales and pre-sales resource to support increased demand.

Financial review

Financial results

During the six months ended 30 September 2020, revenues held broadly steady at £4.7 million (H1 2020: £4.8 million, FY 2020 £8.0 million). Gross margin was in line with the prior period at 48% (H1 2020: 48%, FY 2020: 47%), where the mix of units sold and unit pricing were similar.

The Group achieved break-even EBITDA (H1 2019: £(0.2 million) loss), largely as a result of careful overhead management which was implemented due to the uncertainties of Coronavirus. Operating loss in the period was (£0.5 million) (H1 2020: (£0.4 million) loss), FY 2020: (£1.7 million) loss) and is stated after a foreign exchange loss in the period of (£0.1 million) (H1 2020 £0.1 million gain, FY 2020 £0.1 million gain).

Cash at 30 September 2020 was £5.0 million, (31 March 2020: £8.4 million) with cash at 20 November 2020 of £7.8 million.

Financial summary

	6 months ended 30 September 2020 Unaudited £'000	6 months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
Revenue	**4,653**	4,835	8,002
Cost of sales	**(2,397)**	(2,521)	(4,242)
Gross Profit	**2,256**	2,314	3,760
EBITDA	**12**	(183)	(1,070)
Depreciation and amortisation	**(245)**	(227)	(450)
LTIP	**(177)**	(154)	(297)
FX (losses) /gains	**(92)**	138	88
Operating loss	**(502)**	(426)	(1,729)
Finance revenue	**11**	27	253
Finance costs	**(11)**	(14)	(26)
Loss before tax	**(502)**	(413)	(1,502)
Income tax credit	**108**	29	223
Loss from continuing operations	**(394)**	(384)	(1,279)
Discontinued operations			
Profit from discontinued operation (net of tax)	**41**	213	189
Loss for the period / year	**(353)**	(171)	(1,090)

Key Performance Indicators ("KPIs")

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

Financial KPIs	**30-Sep-20**	30-Sep-19	FY 2020
	£'000	£'000	£'000
Revenue	**4,653**	4,835	8,002
Average revenue per unit	**78**	73	68
Gross Profit	**2,256**	2,314	3,760
Gross Margin	**48%**	48%	47%
Overheads *	**(2,538)**	(2,724)	(5,280)
EBITDA profit / (loss)	**12**	(183)	(1,070)

** Overheads exclude the share-based payment charge as well as foreign exchange gains and losses. See Overheads table on page 6 for further detail.*

Key Performance Indicators ("KPIs") (continued)

Non-financial KPIs	**30-Sep-20**	30-Sep-19	FY 2020
No of units sold	**58**	64	114
Number of staff at end of period	**39**	37	37

Revenue

Thruvision revenues decreased slightly to £4.7 million in the six months to 30 September 2020 (H1 2020: £4.8 million, FY 2020 £8.0 million). Revenues from unit sales contributed £4.5 million (H1 2020: £4.7 million, FY 2020 £7.8 million), and development revenues of £155k (H1 2020: £140k, FY 2020 £237k).

Unit volumes of 58 (H1 2020: 64 units, FY 2020: 114 units) were achieved in the period despite challenges presented by Coronavirus and the UK lockdown resulting in limited activity from early March to mid June.

Revenue	**6 months**	6 months	12 months
	30-Sep-20	30-Sep-19	FY 2020
	£'000	£'000	£'000
Units	**4,498**	4,695	7,765
Development	**155**	140	237
Total	**4,653**	4,835	8,002

The principal growth driver for the business is unit sales and, while we expect to continue to be awarded customer funded development contracts, we do not expect this to form a material proportion of revenues in the future.

Gross Profit Margin

Gross margin increased marginally to 48% in the year (H1 2020: 48%, FY 2020: 47%). The gross margin attributable to unit revenues remained at 50% (H1 2020: 50%)

Gross Margin	**6 months**	6 months	12 months
	30-Sep-20	30-Sep-19	FY 2020
	£'000	£'000	£'000
Unit Revenue	**4,498**	4,695	7,765
Unit Gross Profit	**2,235**	2,343	3,754
Gross margin %	**50%**	50%	48%
Development Revenue	**155**	140	237
Development Gross Profit	**21**	(29)	6
Gross margin %	**14%**	(21%)	3%
Overall Revenue	**4,653**	4,835	8,002
Overall Gross Profit	**2,256**	2,314	3,760
Overall Gross margin %	**48%**	48%	47%

Administrative expenses

Overheads decreased by 6.8% to £2.5 million compared to the corresponding period in FY20. This was due to careful overhead management in the period. Investment to accommodate growth was offset by reduced international travel as a result of the lockdown in the Spring.

Sales and marketing expenditure increased by £56k to deliver strategic investment in our US market, with this additional investment made to leverage our “flagship” customer deployments in this key market, and was used to increase direct marketing and provide enhanced pre and post-sales capability.

Engineering costs include Manufacturing and R&D costs which have decreased as a result of increased efficiencies in our manufacturing process focusing on increased cost reduction in material procurement, volume efficiencies as well as production capability.

Administrative expenses	**6 months**	6 months	12 months
	30-Sep-20	30-Sep-19	FY 2020
	£’000	£’000	£’000
Engineering	**688**	794	1,510
Sales and marketing	**820**	764	1,557
Property and administration	**220**	251	492
Management	**321**	349	738
PLC costs	**244**	339	533
Depreciation and amortisation	**245**	227	450
Overheads	**2,538**	2,724	5,280
LTIP	**177**	154	297
Foreign exchange losses/(gains)	**92**	(138)	(88)
Total administration costs	**2,807**	2,740	5,489

Loss from continuing operations

Losses from continuing operations in the period were (£0.5 million) (H1 2020: (£0.4 million), FY 2020: (£1.7 million)) including share-based payments.

Thruvision continues to invest in sales and marketing activities, developing new markets and segments, whilst further investing in our engineering and manufacturing capacity including R&D. Thruvision recorded a net foreign exchange loss of £(0.1) million during the period (H1 2020: £0.1 million gain, FY 2020 £0.1 million gain), as a result of the movement in the GBP:USD exchange rate.

Cash Flows

Cash and cash equivalents at 30 September 2020 were £5.0 million (H1 2020: £8.7 million, FY 2020: £8.4 million), with the principal movements in the period being the net £3.7 million working capital movements (accounting for the majority of the decrease in cash over the six month period ended 30 September 2020), as per the cashflow statement on page 12.

Trade receivables owing at 30 September 2020 received after the period end, specifically a payment by the US Federal Government, has resulted in an increase in cash and cash equivalents to £7.8million as at 20 November 2020.

THRUVISION GROUP PLC
Consolidated income statement
for the six months ended 30 September 2020

	Note	**6 months ended 30 September 2020 Unaudited £'000**	6 months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
Revenue	2	**4,653**	4,835	8,002
Cost of sales		**(2,397)**	(2,521)	(4,242)
Gross profit		**2,256**	2,314	3,760
Administration costs		**(2,807)**	(2,740)	(5,489)
Other income		**49**	-	-
Operating loss		**(502)**	(426)	(1,729)
Finance revenue		**11**	27	253
Finance costs		**(11)**	(14)	(26)
Loss before tax		**(502)**	(413)	(1,502)
Income tax		**108**	29	223
Loss for the period / year from continuing operations		**(394)**	(384)	(1,279)
Discontinued operations				
Profit from discontinued operation (net of tax)		**41**	213	189
Loss for the period / year		**(353)**	(171)	(1,090)

Adjusted loss:	3			
Loss before tax from continuing operations		**(502)**	(413)	(1,502)
Share-based payment		**177**	154	297
Adjusted loss before tax for the period / year from continuing operations		**(325)**	(259)	(1,205)

THRUVISION GROUP PLC
Consolidated statement of comprehensive income
for the six months ended 30 September 2020

	6 months ended 30 September 2020 Unaudited £'000	6 months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
Loss for the period / year from continuing operations	**(394)**	(384)	(1,279)
Profit for the period / year from discontinued operations	**41**	213	189
Loss for the period / year attributable to owners of the parent	**(353)**	(171)	(1,090)
Other comprehensive (loss)/income from continuing operations			
Other comprehensive income that may be subsequently reclassified to profit and loss:			
Exchange differences on retranslation of foreign operations	**-**	4	101
Total comprehensive loss attributable to owners of the parent	**(353)**	(167)	(989)

THRUVISION GROUP PLC
Consolidated statement of financial position
at 30 September 2020

	Note	**30 September 2020 Unaudited £'000**	30 September 2019 Unaudited £'000	31 March 2020 Audited £'000
Assets				
Non-current assets				
Property, plant and equipment		**1,069**	1,212	1,238
Other intangible assets		**55**	6	62
		1,124	1,218	1,300
Current assets				
Inventories		**3,513**	3,262	3,671
Trade and other receivables		**7,479**	3,311	2,221
Derivative financial instrument		**-**	-	203
Current tax recoverable		**219**	91	296
Cash and cash equivalents		**5,016**	8,657	8,431
		16,227	15,321	14,822
Total assets		**17,351**	16,539	16,122
Equity and liabilities				
Attributable to owners of the parent				
Equity share capital	5	**1,455**	1,455	1,455
Capital redemption reserve		**163**	163	163
Translation reserve		**115**	18	115
Retained earnings		**11,476**	12,428	11,652
Total equity		**13,209**	14,064	13,385
Non-current liabilities				
Other payables		**202**	373	305
Provisions		**38**	38	38
		240	411	343
Current liabilities				
Other payables		**169**	149	152
Trade and other payables		**3,733**	1,915	2,242
		3,902	2,064	2,394
Total liabilities		**4,142**	2,475	2,737
Total equity and liabilities		**17,351**	16,539	16,122

THRUVISION GROUP PLC
Consolidated statement of changes in equity
for the six months ended 30 September 2020

	Ordinary share capital £'000	Capital redemption reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 31 March 2019	1,618	-	14	12,445	14,077
Cancellation of deferred shares	(163)	163	-	-	-
Share-based payment credit	-	-	-	154	154
Transactions with shareholders	(163)	163	-	154	154
Loss for the period	-	-	-	(171)	(171)
Other comprehensive income	-	-	4	-	4
Total comprehensive loss	-	-	4	(171)	(167)
At 30 September 2019	1,455	163	18	12,428	14,064
Share-based payment credit	-	-	-	143	143
Transactions with shareholders	-	-	-	143	143
Loss for the period	-	-	-	(919)	(919)
Other comprehensive income	-	-	97	-	97
Total comprehensive loss	-	-	97	(919)	(822)
At 31 March 2020	1,455	163	115	11,652	13,385
Share-based payment credit	-	-	-	177	177
Transactions with shareholders	-	-	-	177	177
Loss for the period	-	-	-	(353)	(353)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(353)	(353)
At 30 September 2020	**1,455**	**163**	**115**	**11,476**	**13,209**

THRUVISION GROUP PLC
Consolidated statement of cash flows
for the six months ended 30 September 2020

	6 months ended 30 September 2020 Unaudited £'000	6 months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
Operating activities			
Loss before tax from continuing operations	**(502)**	(413)	(1,502)
Profit/(loss) before tax from discontinued operations	**41**	213	189
Loss before tax	**(461)**	(200)	(1,313)
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment	**238**	227	444
Amortisation of intangible assets	**7**	1	7
Lease obligation repayments	**(86)**	(86)	(186)
Share-based payment transaction expense	**177**	154	297
Unrealised (losses) / gains on foreign exchange	**11**	(8)	48
Disposals of property, plant & equipment	**8**	37	42
Finance income	**(11)**	(27)	(50)
Finance costs	**11**	14	26
Working capital adjustments:			
(Increase) in trade and other receivables	**(5,316)**	(779)	(21)
Decrease / (increase) in inventories	**158**	87	(322)
Increase / (decrease) in trade and other payables	**110**	(153)	(123)
Increase / (decrease) in deferred revenue	**1,380**	(20)	185
Decrease in provisions	**-**	-	-
Cash utilised in operations	**(3,774)**	(667)	(966)
Tax received	**179**	23	56
Net cash flow from operating activities	**(3,595)**	(644)	(910)
Investing activities			
Purchase of property, plant & equipment	**(78)**	(230)	(340)
Expenditure on intangible assets	**-**	-	(62)
Interest received	**11**	27	50
Deferred consideration from disposal of Video Business	**63**	209	265
Net cash flow from investing activities	**(4)**	6	(87)
Financing activities			
Net cash flow from financing activities	**-**	-	-
Net (decrease) in cash and cash equivalents	**(3,599)**	(724)	(997)
Cash and cash equivalents at beginning of period / year	**8,431**	9,375	9,375
Effect of foreign exchange rate changes on cash and cash equivalents	**184**	6	53
Cash and cash equivalents at end of period / year	**5,016**	8,657	8,431

1. Accounting policies

Basis of preparation

The consolidated interim financial statements include those of Thruvision Group plc and all of its subsidiary undertakings (together "the Group") drawn up at 30 September 2020, and have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as adopted for use in the European Union ("EU"). The consolidated interim financial statements have been prepared using accounting policies and methods of computation consistent with those applied in the consolidated financial statements for the period ended 31 March 2020.

The Group is a public limited company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange.

All values are rounded to £'000 except where otherwise stated.

Accounting policies

The annual consolidated financial statements of the Group are prepared on the basis of International Financial Reporting Standards ("IFRS"). The consolidated interim financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all the disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the most recent Annual Report and Accounts which were approved by the Board of Directors on 5 June 2020 and have been filed with Companies House. The condensed interim financial statements do not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and are unaudited for all periods presented. The financial information for the 12-month period ended 31 March 2020 is extracted from the financial statements for that period. The auditors' report on those financial statements was unqualified and did not contain an emphasis of matter reference and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The half year results for the current period to 30 September 2020 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance of Review of Interim Financial Information.

Adoption of new and revised International Financial Reporting Standards

The Group's accounting policies have been prepared in accordance with IFRS effective as at its reporting date of 30 September 2020.

Standards Issued

The standards and interpretations that are issued up to the date of issuance of the Group's interim financial statements are disclosed below. The Group has adopted these standards, if applicable, when these became effective. Further details are disclosed in the 31 March 2020 Annual Report available on the Group's website: thruvision.com

Accounting developments - new standards, amendments and interpretations issued and adopted

There were no new accounting standards or amendments requiring disclosure in the period.

Going concern

The Group's loss before tax from continuing operations for the period was £0.5 million (H1 2020: £0.4 million, FY 2020 £1.5 million). As at 30 September 2020 the Group had net current assets of £12.5 million (H1 2020: £13.4 million, FY 2020: £12.6 million) and net cash reserves of £5.0 million (H1 2020: £8.7 million, FY 2020: £8.4 million). Additionally net cash reserves were £7.8million as at 20 November 2020.

The Board has reviewed cash flow forecasts for the period up to and including 31 March 2022. These forecasts and projections take into account reasonably possible changes in trading performance and show that the Group will be able to react as required in order to operate within the level of current funding resources, and no need for the Group to take on any debt. The Directors therefore believe there is sufficient cash available to the Group to manage through these requirements.

As with all businesses, there are particular times of the year where the Group's working capital requirements are at their peak. However, the Group is well placed to manage business risk effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed.

The Directors therefore are satisfied that the Group has adequate resources, despite the challenges presented by the Coronavirus pandemic and limited activity from March to June, to continue operating for a period of at least 12 months from the approval of these accounts. For this reason, they have adopted the going concern basis in preparing the financial statements.

2. Segmental information

The directors do not split the business into segments in order to internally analyse the business performance. The directors believe that allocating overheads by department provides a suitable level of business insight. The overhead department cost centres comprise of Engineering (manufacturing and R&D), sales and marketing, property and administration, Management and PLC costs, with the split of costs as shown in the Half Year Report on page 6.

Analysis of revenue by customer

There has been one (H1 2020: three, FY 2020: five) individually material customer/s (each comprising in excess of 10% of revenue) during the period. These customers individually represented £2,917kof revenue (H1 2020: £1,018k and £808k, FY 2020: £2,227k, £1,397k, £1,359k, £965k and £897k).

	30 September 2020 Unaudited £'000	30 September 2019 Unaudited £'000	31 March 2020 Audited £'000
UK and Europe	**504**	190	1,234
Americas	**3,599**	3,692	4,311
Asia Pacific	**100**	934	2,430
Middle East and Africa	**450**	19	27
	4,653	4,835	8,002

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

	30 September 2020 Unaudited £'000	30 September 2019 Unaudited £'000	31 March 2020 Audited £'000
United Kingdom	**977**	1,014	1,127
United States of America	**147**	204	173
	1,124	1,218	1,300

3. Adjusted loss before tax

An adjusted loss before tax measure has been presented as the Directors believe that this is a more relevant 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:

	6 months ended 30 September 2020 Unaudited £'000	6 months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
Share-based payment (i)	**177**	154	297
Total adjustments	**177**	154	297

(i) The LTIP awards made in June 2020 will be subject to Performance Conditions. However, and in light of trading uncertainty due to the Coronavirus pandemic, the Remuneration Committee did not set these Performance Conditions at the date of award but instead will agree the relevant Performance Conditions prior to 31 December 2020.
The Performance Condition associated with LTIP awards made in the prior period 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.

4. Loss per share

The following reflects the loss and share data used in the basic and diluted loss per share calculations:

Unadjusted loss per share	**6 months ended 30 September 2020 Unaudited £'000**	6 months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
Loss from continuing operations attributable to ordinary shareholders	**(394)**	(384)	(1,279)
Loss from continuing and discontinued operations attributable to ordinary shareholders	**(353)**	(171)	(1,090)
Weighted average number of shares	**145,454,118**	145,454,118	145,454,118
Basic and diluted loss per share – continuing operations	**(0.27p)**	(0.26p)	(0.88p)
Basic and diluted loss per share – continuing and discontinued operations	**(0.24p)**	(0.12p)	(0.75p)

Adjusted loss per share	**6 months ended 30 September 2020 Unaudited £'000**	6 months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
Loss from continuing operations attributable to ordinary shareholders	**(394)**	(384)	(1,279)
Share-based payment	**177**	154	297
Adjusted (loss)/profit after tax	**(217)**	(230)	(982)
Weighted average number of shares	**145,454,118**	145,454,118	145,454,118
Basic and diluted loss per share	**(0.27p)**	(0.26p)	(0.88p)
Basic and diluted adjusted (loss)/profit per share	**(0.15p)**	(0.16p)	(0.68p)

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

5. Issued share capital

As at 30 September 2020, there were 145,454,118 Ordinary Shares in issue (H1 2020 and FY 2020: 145,454,118).

6. Share options

The following share awards were granted in the six month period ended 30 September 2020:

	Unapproved and Overseas Options	EMI Approved Options	Sharesave options
Grant date	15 June 2020	15 June 2020	23 July 2020
Number granted	1,575,000	735,000	173.072
Exercise price	20.00p	20.00p	20.80p
Vesting period (years)	3.0	3.0	3.0

The vesting and exercise of Sharesave option awards are not subject to performance conditions.

The vesting and exercise of EMI and Unapproved share awards will be subject to performance conditions. However, and in light of trading uncertainty due to the Coronavirus pandemic, the Remuneration Committee did not set these

Performance Conditions at the date of award but instead will agree the relevant Performance Conditions prior to 31 December 2020.

The share-based payment charge in the period amounts to £177k (H1 2020: £154k, FY20: £297k), with the fair value charge attributable to new awards in the period determined using a Black Scholes calculation.

7. Financial instruments

Fair value hierarchy
he Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has no level 2 or level 3 financial instruments (H1 2020: £nil, FY 2020 £nil). The fair values of other financial assets and liabilities, which are short term, are not disclosed as the Directors estimate that the carrying amount of the financial assets and liabilities are not significantly different to their fair value. These financial assets and liabilities are carried at amortised cost.