12 July 2021

Thruvision Group plc

("Thruvision" or the "Company")

Results for the Year ended 31 March 2021

Thruvision (AIM:THRU), the leading provider of "safe distance" people-screening technology to the international security market, announces results for the financial year ended 31 March 2021.

Headlines

- Revenue of £6.7 million (2020: £8.0 million), with operating loss before tax of £2.8 million (2020: £1.7 million);
- Adjusted loss before tax* of £2.3 million (2020: £1.2 million), including £0.3 million FX loss (2020: £0.1 million FX gain);
- Gross margin increased to 48% (2020: 47%) due to prudent cost control, with overheads flat at £5.3 million;
- Increasing focus on Profit Protection sector which grew 49%, with 16 new customers covering third-party logistics providers (including FedEx, Clipper and CEVA Logistics) and retailers (including ASOS, Asda and Fanatics) and, since the period end, Boohoo;
- Sales into Customs, Aviation and Surface Transport sectors were significantly impacted by lockdowns and travel restrictions resulting from the pandemic, most notably in Asia; and
- Cash at 31 March 2021 of £7.3 million (31 March 2020: £8.4 million).

* *Adjusted loss before tax is defined as loss before tax from continuing operations after adding back share-based payments.*

Commenting on the results, Colin Evans, Chief Executive, said "As with many others, the pandemic presented us with a number of challenges but our presence in multiple markets, combined with the flexibility of colleagues and suppliers, gave us good levels of resilience. We saw demand from our Profit Protection sector strengthen as lock-down restrictions started easing in the spring and we believe this continuing shift to online retail will sustain our strong growth in this sector. The scale of opportunity in both our Customs and Aviation sectors remains undiminished but we expect each of these sectors to recover at different rates over the coming months.

With differentiated products, a very competitive market position and a strong cash balance, we expect to return to growth this year and remain confident in our strategy, market drivers and long-term opportunities."

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About Thruvision

Addressing the urgent need for "safe distance" people security screening in the COVID era, Thruvision is uniquely capable of detecting metallic and non-metallic items including weapons, explosives and contraband items that are hidden under clothing, at distances between 3 and 10m. Using patented passive terahertz technology, 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 security, retail supply chain loss prevention, customs and border control, and public area security. The company has offices near Oxford and Washington DC.

www.thruvision.com

Chairman's statement

Introduction

The past year has seen our business face significant challenges due to the COVID-19 pandemic. The flexibility and support of our people have been crucial to our ability to adapt to these challenges and I am immensely grateful to each of them for their continued commitment to Thruvision's development.

The Group had a mixed year. Despite the pandemic, we had a good first half, but further lockdowns and travel restrictions in the autumn and winter stifled any hopes for an immediate recovery in sales to our Customs, Aviation and Surface Transport sectors. This fed through into a weaker than expected second half meaning we ended with full year revenues of £6.7 million. While our average revenue per unit and gross margins strengthened slightly and overheads were managed very tightly, the Group saw widening losses for the year, exacerbated by a negative FX impact from the strengthening of Sterling against the US Dollar.

Although overall revenues were lower, the impact was most pronounced in our Asian markets, with the UK, US and Middle East regions all recording modest improvements. Improvements in the UK and, to some extent the US, reflect the rapid growth in online retail which has accelerated across many economies during the pandemic and has, in turn, led to a meaningful increase in the size, number and scale of distribution centres worldwide to support online sales models. As this fulfilment infrastructure has increased, so too has the market opportunity for our Profit Protection business.

Profit Protection

Our Profit Protection sector has been a beneficiary of this growing market opportunity and revenues grew 49% during the year, representing around one third of total revenues (2020: 20%). We added 16 new customers and continued to deepen our relationships with key existing customers. It has become apparent that Profit Protection has the potential to drive further significant growth for the Group as the market is fast-growing, comprises a broad range of customers across many countries, and has security requirements which Thruvision meets well.

Customs

Whilst one of our key customers, US Customs and Border Protection, placed a material order towards the end of the first half and we remain optimistic that those initial unit deployments will be expanded, our Customs sector has been significantly impacted by the pandemic. Asia has generated several Customs sales in recent years, but these were not repeated last year due to general travel restrictions and continued market uncertainty. However, with the progression of vaccine rollouts and the gradual lifting of various restrictions in some parts of the world, we are now seeing renewed progress with several new international Customs agency opportunities in Asia and the Middle East.

Aviation

The Aviation sector saw a near-total shutdown throughout the year as travel restrictions significantly disrupted activity. Whilst airlines and airport activity remains subdued, the formal accreditation process of Thruvision for passenger screening by the US Transportation Security Administration (TSA) started just after the period end. Although this is a key strategic objective for our business, this process is likely to take some time to come to a conclusion. This, in addition to the continued uncertainties surrounding the Aviation industry, means that the short-term outlook in Aviation remains challenging. In the medium-term, we remain confident in the strength of our product offering and in our market positioning for when more normal trading conditions resume.

Board changes

I am delighted to welcome Richard Amos to the Board as our new Independent Director who will chair the Audit, Remuneration and Nomination Committees. Richard has a wealth of public company experience gained at Wilmington and Anite amongst others and he is already making a valuable contribution to our Board discussions. Paul Taylor will step down at the AGM in September after nine years on the Board and I am hugely grateful for his enthusiasm, insight and support over that period. We wish Paul well for the future. As we expand further, we will require more diverse views around the Board table and we expect to strengthen the Board in the coming year with the addition of a further independent Director.

Outlook

Whilst the pandemic has undoubtedly provided major challenges to our business, it has reinforced the importance of operating in diversified market sectors across multiple regions. A strong performance in our Profit Protection sector partially offset weaker performance in other sectors impacted by COVID-19 disruption. With this strength in demand in Profit Protection expected to continue, we have increased our strategic focus by further investing in our sales team, and we expect good short-term growth here. With vaccination efforts now taking effect in some of our markets, we are seeing early signs of recovery in our Customs sector, but expect Aviation activity to pick up more slowly.

Focussing on the fast-growing Profit Protection sector in addition to Customs and Aviation provides us with a good mix of future opportunities. With differentiated products, a very competitive market position and a strong cash balance, we expect to return to growth this year and remain confident in our strategy, market drivers and long-term opportunities.

Strategic update

Thruvision addresses the growing international need to safely, quickly and comprehensively security-screen individuals for weapons, contraband or other illicit non-metallic 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 searches to resolve alarms, and the COVID-19 pandemic is forcing security users globally to re-evaluate the safety implications of such ‘pat down’ searches.

Thruvision comprehensively solves this problem. By allowing a security guard to see concealed items of any material, as small as 3cm by 3cm, and from a safe distance of 3 metres, Thruvision completely removes the need for physical search. This combination of safe distance, contactless operation with reliable, comprehensive detection is unique to Thruvision.

The pandemic has caused some significant shifts in the relative market opportunities across our sectors and these are influencing our strategy. These changes are summarised as follows:

- **Profit Protection** – as a result of the pandemic, we have seen strong interest and a growing uptake from a mix of large international and online, high-growth businesses in this market. This has been driven by significant growth in our customers' online businesses and a rapid expansion in their distribution centre and home delivery provision which they are increasingly outsourcing to third-party logistics providers. COVID-19 safety rules prevented standard staff security procedures using metal detecting wands, resulting in an increase in theft of largely non-metallic items by employees. Thruvision can demonstrate a clear business case based on reducing these thefts as well as reducing manned guarding costs and increasing the speed of exit for employees. Our solution is now well established across a number of verticals including fashion, healthcare, grocery, electronics and supporting third-party logistics providers.
- **Customs** – this is a well-established market for Thruvision, where we screen travellers at border checkpoints for predominantly non-metallic, prohibited items such as cash and drugs. We saw a significant slowdown as normal operation activities in Customs agencies were clearly disrupted by the pandemic. We are now seeing early signs of a gradual return to more normal activity levels as vaccination efforts take effect in certain markets.
- **Aviation** – in the pre-pandemic period, we were making good progress towards gaining accreditation of our Checkpoint Camera (CPC) product for the highly-regulated airport passenger checkpoint screening market. However, the global aviation market has seen a near-total shutdown during the pandemic and this situation is likely to recover at a slower pace compared to our other sectors. After several delays, we have now started the formal accreditation process with the US Transportation Security Administration but remain in the early stages of this process. Should we be successful, this will open the door to the international aviation security market to the Group.
- **Entrance Protection** – this involves screening for weapons at entrances to a variety of buildings. While this market remains generally subdued given the pandemic, we have seen interest from our Profit Protection customer base in the US. This is driven by the continuing levels of mass casualty firearm attacks, several of which are now occurring in the workplace. We are adding 'workplace security' to our Profit Protection offering in the US to provide solutions to these issues for our customers.
- **Surface Transport** – this involves screening for suicide vests and automatic weapons at railways, subways and airport concourses. Demand from Asia, historically our strongest region, was significantly impacted by the lockdown regulations caused by the pandemic. However, as well as the aviation accreditation process referred to above, TSA's Surface Division is now testing our recently-launched Surface Transport products, based on our latest high performance 16-channel hardware, for further use in this market. We expect to be well positioned to provide these solutions as more normal trading conditions resume.

As a result of these changes in market dynamics, we have shifted our short-term focus to accelerating our growth in the Profit Protection sector as we believe this now presents a very sizeable market opportunity for the Group over the next five years. We will continue to react quickly to capitalise on expected increases in activity levels in our other, more Government-led sectors with particular focus on our market position with US Federal Government customers.

Business review

Sales

In terms of units shipped, our sales performance in the year was disappointing, with a total of 84 units shipped (2020: 114). The pandemic has caused material changes in the purchasing dynamics of our various markets, with interest levels and traction increasing rapidly in Profit Protection, and our other, predominantly government-based sectors, seeing material slowdowns, especially in Asia.

Profit Protection

Sales performance in our Profit Protection sector was strong, driven by the online shift in consumer behaviour, which has been accelerated by the pandemic. Our revenues here grew by 49% relative to last year, and now represent around one third of revenues (2020: 20%).

We added 16 new customers in the period, with 12 of these being in the second half. Major third-party logistics providers including CEVA Logistics, Unipart, DPD and Clipper ordered from us for the first time, as did high-growth online retailers including ASOS and, since the period end, Boohoo. We also continued to sign more traditional retailers including Asda and, since the period end, Tesco, and saw further ordering by existing customers including The Hut Group, JD Sports and Next. We secured our first major customer wins in the US with FedEx and online sports apparel retailer, Fanatics, and saw orders coming from Eire, the Netherlands and Germany. Given our traction with major retailers and their logistics providers, we have continued to build our sales force in Europe and the US, with the addition of 4 new heads.

As important as their number is the scale and growth rates of some of the new customers we have added. Organisations like FedEx and CEVA are already very large and well-established, while businesses like ASOS, Clipper, The Hut Group and Fanatics are growing very quickly. Having achieved initial sales to these organisations, we are now strengthening our account management and post-sales support capabilities to ensure that we become the *de facto* standard for employee security screening. We foresee a combination of new unit sales growth and, in due course, system upgrade sales as our customers continue to grow.

Responding to market feedback, we now offer a pre-sales business case development service which, coupled with the ability to offer both capex and opex purchasing options, has helped shorten sales cycles and overcome initial concerns about return on investment. We are also benefitting from our membership of a growing number of organisations in the Profit Protection arena including the British Retail Crime Solutions, the Loss Prevention Foundation and Loss Prevention Research Centre in the US, and the International Supply Chain Protection Organisation. A feature of all these organisations is best practice sharing and collaboration which helps us reach a much broader and highly relevant audience.

Customs

Historically, this has been our strongest performing sector. Last year, our sales performance was underpinned by a single large order from US Customs and Border Protection in H1 which was already in process prior to the first lockdowns in the spring of 2020. Separately, and through a partner, we also sold units to support a significant pilot programme in the Gulf in H1. Beyond that, a number of other opportunities, particularly in Asia, were heavily delayed through H2 and we booked no sales in this sector in that period.

We are now seeing activity levels increasing again, with deployments in the US developing well, new pilot programmes underway in the Gulf, and progress being made again in Asia. We believe we will see this sector pick up as the various restrictions still in operation around the world start to ease.

Aviation

We made sales to both Seattle and La Guardia airports at the start of the pandemic and were pleased to see that these security lanes, used for employee screening, remained operational during the crisis. However, the broader global aviation sector has seen a very substantial reduction due to the pandemic and we have seen extremely limited activity levels from the airport operators and airlines with whom we had been making good progress.

Looking forward, market conditions are expected to remain subdued and, in the short-term, we are concentrating on making progress on the formal TSA accreditation process in order to access the highly regulated passenger screening market.

Entrance Protection and Surface Transport

Entrance Protection and Surface Transport have both been significantly impacted by the pandemic, with particular disruption in Asian markets. Looking forward, with our newest high-performance products now being tested by TSA Surface Division, we expect to see renewed interest in our solutions. This is particularly the case in the US and the Gulf with our ability to detect weapons at a distance of 3 metres or more.

Routes to market

Where we have a geographic presence, we continue to sell directly to end customers. In addition to the UK and US, we added staff in the Netherlands in 2020, and in Poland in summer 2021. Both of these locations are key distribution hubs for Western and Eastern Europe respectively and are seeing very significant growth in the number of distribution centres. Our US team is now fully staffed and able to cover all of our market sectors.

To broaden our market access, we are looking to the distribution centre automation market for potential new routes to market and have redoubled our efforts to partner with a range of security integrator and security guarding companies who are looking to deliver better value for money to their end customers.

At the same time, a combination of ever-increasing market awareness and restrictions on travel over the last year have encouraged us to open up a number of promising indirect sales channels. We have a growing list of Value-Added Resellers across Europe covering the Iberian Peninsula, Germany and Benelux, as well as country partners in Saudi Arabia, UAE, Qatar, Israel, Australia, South Korea, Japan and the Philippines. From our US office, we also manage a number of partners in Canada and Latin America. We have made good use of video conferencing technology to train these partners and support them in their early interactions with end customers.

New product development

Building on the success of the TAC8 product we launched in summer 2018, we expanded our product range to nine during the year. Based on the same hardware platform but configured in 4-, 8- and 16-channel variants, we now offer specific products for each of our markets as follows:

- Loss Prevention Camera (LPC) for the Profit Protection market

- Tactical Awareness Camera (TAC) for the Customs market
- Checkpoint Camera (CPC) for the Aviation market
- High Throughput Camera (HTC) for the Entrance Security and Surface Transport markets

Each product family is distinguished by its software features that provide optimised performance for its specific target market. Differing channel counts provide varying detection price / performance options – for example an LPC16 provides significantly better detection performance than an LPC4 but at a much higher price point.

We continue to invest in expanding our AI-based image processing capability. This already forms part of our CPC camera range but, with the increased hardware performance we are now offering, we believe further improvements in detection performance can be made more effectively in software. We continue to improve usability of our systems by actively encouraging feedback from our users and adding features to our software. We have recruited a very experienced new VP Software to lead this effort.

Competition

There has been little change in the competitive landscape over the last year. In Profit Protection, we are mainly competing with lower cost security guards using metal detectors. As well as being ineffective, this approach is also heavily compromised by COVID-19 safety considerations. More widely, we continue to compete directly with airport body scanners, although their use has been limited by the pandemic (due to their need for close-contact alarm resolution), and in certain Profit Protection accounts, we have displaced their use. Where we have encountered some smaller, early-stage technology companies we have been successful in all of the competitive testing we have undertaken. Furthermore, none of these have yet entered any form of formal TSA testing. We maintain a watching brief.

Overall, we remain very confident that we will be able to maintain the market leading position we have established for 'safe distance' people security screening technology. The impact of the COVID-19 pandemic on social distancing and awareness has accelerated our underlying market drivers in this area.

Manufacturing and support

Our manufacturing capability and supply chain remains highly effective despite the pandemic and we are confident that, with our outsourced US facility, we are capable of meeting the order volumes we are expecting and can scale production further as needed. Our post-sales support has now matured and been extended out to partners. We remain confident about the reliability of our equipment and are starting to manage product upgrade orders for a number of our longer standing customers.

IP protection

We continue to invest in the research and development of the Thruvision product range and, where appropriate, suitable patent protection is put in place. During the year our two most recent patent applications, submitted in 2019, continued to be assessed in accordance with the normal global patent application process. In addition, the Thruvision Trademark was registered in relevant jurisdictions.

People

We increased headcount from 37 to 42 staff through the year. This increase was again predominantly in Sales and Sales Support and focused exclusively on the Profit Protection sector. We successfully complied with all necessary government guidelines in the UK and US regarding COVID-19 safety at work.

Financial review

Summary

For the year ended 31 March 2021, revenues reduced by 16% to £6.7 million (2020: £8.0 million) which resulted in an operating loss of £2.8 million (2020 loss: £1.7 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 £2.3 million (2020: £1.2 million). This was arrived at as follows:

Adjusted loss:

	2021 £'000	2020 £'000
Loss before tax from continuing operations	**(2,756)**	(1,502)
Share-based payments	**409**	297
Adjusted loss before tax for the year from continuing operations	**(2,347)**	(1,205)

Further details on the above are provided in note 4

New product sales of Thruvision units resulted in 84 units delivered in 2021 (2020: 114). Average revenue per unit increased to £77k (2020: £68k) as the sales mix shifted almost completely to our new higher specification products. This product range, which we started introducing in 2019, is now firmly established in the market, particularly in Profit Protection. Overall Gross Margin grew modestly to 48% (2020: 47%), due to more profitable customer-funded R&D contracts.

A focus on keeping overheads to a minimum generated savings that were used to partially offset our investment in the Sales & Marketing resource required to drive growth. Overall, overheads remained flat at £5.3 million (2020: £5.3 million). However, movement in the USD/GBP rate caused an adverse year on year movement of £417k (£329k FX losses in FY21 compared with £88k net gains in FY20), which is a key reason for Administration costs, and hence our overall loss before tax, increasing.

Our overall headcount increased by five to 42 as we welcomed new employees predominantly to strengthen our Sales team.

The cash balance at the year-end was £7.3 million (2020: £8.4 million), with the reduction being slightly better than our losses might suggest, largely as a result of good control over administrative costs spend and cash collections from customers.

Key Performance Indicators ('KPIs')

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

KPIs

	2021 £'000	2020 £'000
Revenue	**6,700**	8,002

	2021 £'000	2020 £'000
Number of units shipped	**84**	114
Average revenue per unit	**77**	68
Gross Profit	**3,214**	3,760
Gross Margin	**48%**	47%
Overheads*	**(5,280)**	(5,280)
Adjusted operating loss before tax	**(2,347)**	(1,205)
Number of employees at 31 March 2021	**42**	37
**Excludes Share Option charges & FX*		

Revenue

Within revenues of £6.7 million (2020: £8.0 million), unit sales contributed £6.5 million (2020: £7.8 million) and development revenue was £0.2 million (2020: £0.2 million).

As explained in the Business review, the reduction in revenues against the prior year was due to weakness in our Asian business across Customs and Surface Transport, although this was partially offset by strong growth in Profit Protection in the second half of the year.

Revenue	**2021 £'000**	2020 £'000
Units	**6,502**	7,765
Development	**198**	237
Total	**6,700**	8,002
Revenue by Geography	**2021 £'000**	2020 £'000
UK and Europe	**1,473**	1,234
Americas	**4,501**	4,311
Asia-Pacific	**140**	2,430
Middle East and Africa	**586**	27
Total	**6,700**	8,002
Revenue by Sector	**2021 £'000**	2020 £'000
Profit Protection	**2,047**	1,371
Customs	**3,316**	4,098
Aviation	**193**	170
Entrances & Surface Transport	**128**	1,560
Support & Development	**1,016**	803
Total	**6,700**	8,002

Gross Profit

Gross Profit generated in the period was £3.2 million (2020: £3.8 million), with Gross Margin increasing to 48% (2020: 47%), a modest increase as a result of more profitable customer-funded R&D.

Gross Margin	**2021 £'000**	2020 £'000
Unit Revenue	**6,502**	7,765
Unit Gross Profit	**3,137**	3,755
Gross Margin %	***48%***	*48%*
Development Revenue	**198**	237
Development Gross Profit	**77**	6
Gross Margin %	***39%***	*2%*
Overall Revenue	**6,700**	8,002
Overall Gross Profit	**3,214**	3,761
Gross Margin %	***48%***	*47%*

Overheads

Overheads were flat at £5.3 million (2020: £5.3 million) primarily due to reducing discretionary spend such as travel and subsistence, offset by a focus on sales and targeted marketing investment as well as higher depreciation costs. Overall, we continue to focus on closely managing our overhead base and foresee a limited increase in travel costs over the next year given the new ways of working we have successfully established.

Engineering (manufacturing and R&D) costs decreased by £0.1 million. Although we recruited another R&D head into the business to maintain our mid-term programme, we were able to reduce the third-party R&D spend necessary to complete the launch of our new product range. With the addition of our own VP Software to drive in-house AI-based image processing work, we expect R&D spend to increase modestly in the coming year.

Sales & Marketing expenditure increased by £0.2 million to invest in our strategically important US and Profit Protection markets. We added sales and pre-sales heads in the US and Netherlands in order to capitalise on our 'flagship' customer deployments in these regions.

Property and administration costs reduced in the year due to closing our Guildford office and closely managing our overhead base. Depreciation increased as we added more demonstration units to support our growing sales team as well as an increase in IFRS 16 lease costs. Management costs fell given no international travel was possible and PLC costs stayed constant.

Overheads	**2021 £'000**	2020 £'000
Engineering	**1,403**	1,510
Sales & Marketing	**1,718**	1,557
Property and administration	**469**	492

Overheads	2021 £'000	2020 £'000
Management	**642**	738
PLC costs	**532**	533
Depreciation and amortisation	**518**	450
Total Overheads	**5,282**	5,280
Share-based payments	**409**	297
Foreign exchange losses/(gains)	**329**	(88)
Total Administration costs	**6,020**	5,489

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

Adjusted Operating Loss before tax

Adjusted operating loss from operations before tax and share-based payments but including depreciation, Foreign exchange ('FX') and interest amounted to £2.3 million (2020 loss: £1.2 million).

Discontinued profit/loss

Additional deferred consideration, in excess of expectations last year, was received in the year totalling £63k (2020: £265k). Other discontinued costs relate to the closure of our Guildford office as well as professional advisor costs in relation to the discontinued part of the business.

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 few financial years. The Income Statement tax credit for the year of £266k (2020: £223k) relates to the expected R&D tax credit reclaim.

At 31 March 2021, the Group had unutilised tax losses carried forward of approximately £13.0 million (2020: £11.5 million). Given the varying degrees of uncertainty as to the timescale of utilisation of these losses, the Group has not recognised £13.0 million (2020: £11.5 million) of potential deferred tax assets associated with these losses. At 31 March 2021, the Group's net deferred tax liability stood at £nil (2020: £nil).

Cash

The Group cash and cash equivalents at 31 March 2021 were £7.3 million (2020: £8.4 million).

The overall cash outflow of £1.1 million for the year ended 31 March 2021 was as a result of the operating loss of the business, offset by careful working capital management. Movements in working capital included a reduction in trade and other receivables of £1.0 million, as well as an increase in deferred revenue of £0.8 million which were offset by an increase in stock of £0.7 million and a decrease in creditors of £0.1 million to give an overall release of working capital of £0.9 million into cash in the year.

Deferred Revenue

Deferred revenue increased from £0.4 million as at 31 March 2020 to £1.3 million at 31 March 2021. This was as a result of two large US governmental support contracts invoiced in the year where we are providing a new enhanced level of support offering.

Currency impact

The Group incurred foreign currency exchange losses included within administration costs during the period of £0.3 million (2020: £0.1 million gain), principally due to the USD weakening against GBP during the current year. The Group recorded no other FX gains or losses in 2021 (2020: £0.2 million gain recognised within Finance Income).

Consolidated income statement

for the year ended 31 March 2021

	Notes	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
Continuing operations			
Revenue	2	**6,700**	8,002
Cost of sales		**(3,486)**	(4,242)
Gross profit		**3,214**	3,760
Administration costs		**(6,020)**	(5,489)
Other income		**49**	-
Operating loss	3	**(2,757)**	(1,729)
Finance income	5	**22**	253
Finance costs		**(21)**	(26)
Loss before tax		**(2,756)**	(1,502)
Income tax		**266**	223
Loss for the year from continuing operations		**(2,490)**	(1,279)
Discontinued operations			
Profit from discontinued operations after tax	9	**2**	189
Loss for the year		**(2,488)**	(1,090)

Adjusted loss:	4		
Loss before tax from continuing operations		**(2,756)**	(1,502)
Share-based payment	4	**409**	297
Adjusted loss before tax for the year from continuing operations		**(2,347)**	(1,205)

Loss per share – continuing operations			
Loss per share – basic	6	**(1.71p)**	(0.88p)
Loss per share – diluted	6	**(1.71p)**	(0.88p)

Loss per share – continuing and discontinued operations			
Loss per share – basic	6	**(1.71p)**	(0.75p)
Loss per share – diluted	6	**(1.71p)**	(0.75p)

Consolidated statement of comprehensive income

for the year ended 31 March 2021

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Loss for the year from continuing operations	**(2,490)**	(1,279)
Profit for the year from discontinued operations	**2**	189
Loss for the year attributable to owners of the parent	**(2,488)**	(1,090)
Other comprehensive income/(loss) from continuing operations		
Exchange differences on retranslation of foreign operations – continuing	**(48)**	101
Net other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods	**(48)**	101
Total comprehensive loss attributable to owners of the parent	**(2,536)**	(989)

Consolidated statement of financial position

at 31 March 2021

	Notes	**31 March 2021 £'000**	31 March 2020 £'000
Assets			
Non current assets			
Property, plant and equipment		**1,103**	1,238
Intangible assets		**48**	62
		1,151	1,300
Current assets			
Inventories		**4,419**	3,671
Trade and other receivables		**1,442**	2,221
Derivative financial instrument		**-**	203
Current tax recoverable		**378**	296
Cash and cash equivalents		**7,268**	8,431
		13,507	14,822
Total assets		**14,658**	16,122

Equity and liabilities		
Attributable to owners of the parent		
Equity share capital	**1,458**	1,455
Share premium	**47**	–
Capital redemption reserve	**163**	163
Translation reserve	**67**	115
Retained earnings	**9,578**	11,652
Total equity	**11,313**	13,385
Non current liabilities		
Other payables	**643**	305
Provisions	**38**	38
	681	343
Current liabilities		
Trade and other payables	**2,489**	2,394
Provisions	**175**	–
	2,664	2,394
Total liabilities	**3,345**	2,737
Total equity and liabilities	**14,658**	16,122

Consolidated statement of changes in equity

for the year ended 31 March 2021

	Ordinary share capital £'000	Share premium account £'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	–	–	–	–	297	297
Transactions with Shareholders	(163)	–	163	–	297	297
Loss for the year	–	–	–	–	(1,090)	(1,090)
Other comprehensive gain	–	–	–	101	–	101
Total comprehensive gain/(loss)	–	–	–	101	(1,090)	(989)
At 31 March 2020	1,455	–	163	115	11,652	13,385
Shares issued	3	47	–	–	–	50
Share-based payment credit	–	–	–	–	414	414
Transactions with Shareholders	3	47	–	–	414	464

Loss for the year	–	–	–	–	(2,488)	(2,488)
Other comprehensive (loss)	–	–	–	(48)	–	(48)
Total comprehensive (loss)	–	–	–	(48)	(2,488)	(2,536)
At 31 March 2021	**1,458**	**47**	**163**	**67**	**9,578**	**11,313**

Consolidated statement of cash flows

for the year ended 31 March 2021

	Note	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
Operating activities			
Loss before tax from continuing operations		**(2,756)**	(1,502)
Profit before tax from discontinued operations		**2**	189
Loss before tax		**(2,754)**	(1,313)
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment		**504**	444
Amortisation of intangible assets		**14**	7
Share-based payment transaction expense		**409**	297
Unrealised gains on foreign exchange		**5**	48
Disposal of fixed assets		**103**	–
Finance income	5	**(22)**	(50)
Finance costs		**21**	26
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		**956**	(21)
Increase in inventories		**(748)**	(322)
Increase/(decrease) in trade and other payables		**24**	(123)
Increase in provisions		**(175)**	–
Increase in deferred revenue		**891**	185
Cash utilised in operations		**(772)**	(780)
Net tax receipts		**179**	56
Net cash flow from operating activities		**(593)**	(724)
Investing activities			
Purchase of property, plant & equipment		**(491)**	(340)
Expenditure on intangible assets		**–**	(62)
Disposal of fixed assets		**20**	–
Interest received		**22**	50
Deferred consideration from disposal of Video Business	8	**63**	265
Net cash flow from investing activities		**(386)**	(87)
Financing activities			
Proceeds from issue of shares		**50**	–
Leasing obligation repayments		**(186)**	(186)

Net cash flow from financing activities	**(136)**	(186)
Net decrease in cash and cash equivalents	**(1,115)**	(997)
Cash and cash equivalents at the beginning of the year	**8,431**	9,375
Effect of foreign exchange rate changes on cash and cash equivalents	**(48)**	53
Cash and cash equivalents at end of year	**7,268**	8,431

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial information of the Group set out above does not constitute statutory accounts for the purposes of Section 435 of the Companies Act 2006. The financial information for the year ended 31 March 2021 has been extracted from the Group's audited financial statements which were approved by the Board of Directors on 9 July 2021. The accounts will be posted to shareholders on or before 30 July 2021 and subsequently filed at Companies House.

The financial information for the year ended 31 March 2021 has been extracted from the Group's financial statements for that period. The report of the auditor on the 2021 financial statements was unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Accounting Standards (“IASs”) in conformity with the requirements of the Companies Act 2006, the International Financial Reporting Interpretations Committee (“IFRIC”), interpretations issued by the International Accounting Standards Boards (“IASB”) that are effective or issued and adopted as at the time of preparing these financial statements, and in accordance with the provisions of the Companies Act 2006 that are relevant to companies that report under IFRSs, this announcement does not itself contain sufficient information to comply with those IFRSs. This financial information has been prepared in accordance with the accounting policies set out in the 2021 Report and Accounts and updated for new standards adopted in the current year.

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in UK sterling (GBP) rounded to the nearest thousands (£’000), unless otherwise stated, which is the Group's presentational currency.

Thruvision Group plc (‘The Company’) is a public limited company incorporated and domiciled in England and Wales and whose shares are quoted on AIM, a market operated by the London Stock Exchange.

Going concern

The Group’s loss before tax from continuing operations for the period was £2.8 million (2020: £1.5 million). As at 31 March 2021 the Group had net current assets of £10.8 million (31 March 2020: £12.3 million) and net cash reserves of £7.3 million (31 March 2020: £8.4 million).

The Board has reviewed various cash flow forecast scenarios from 1 June 2021 to 31 July 2022 all of which show a positive cash position and no need for the Group to take on any debt. In addition to this a forecast was produced in which the Group made:

- sales being materially lower than for the past 3 financial years,
- stock purchases and operating expenditure reduced to an extent.

This forecast showed the Group would have over £2m of cash at the end of July 2022.

Further forecasts were also produced which showed a materially higher level of cash as shown in the above scenario.

The forecasts and projections prepared take into account the potential impact that the Covid-19 pandemic may continue to impact the Group over the next twelve months and beyond and show that the Group will be able to operate within the level of current funding resources. 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. 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 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 business is run as one division although we sell our products into a number of sectors with differing needs as disclosed in the Finance Review. 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 discontinued. As the discontinued results are not material to the business results this year this is not shown below and note 8 includes the detail of discontinued activities.

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
- Plc costs

with the split of costs as shown in the Strategic report.

Following its disposal on 31 October 2017 the Video Business has been reported as a discontinued operation. The profit disclosed this year within discontinued operations includes further amounts due on deferred consideration as part of the Share Purchase Agreement on the sale of the Video Business. Further details are provided in note 8.

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 Group's current trading performance. 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 has been one (2020: five) individually material customers (comprising over 10% of total revenue) in the year. These customers individually represented £3,094k of revenue for the year (2020: £2,227k, £1,397k, £1,359k, £965k and £897k).

Other segment information

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

The Group's Revenue by geographical area is detailed below:

	2021 £'000	2020 £'000
UK	**1,045**	1,165
Americas	**4,501**	4,311
Asia-Pacific	**140**	2,430
Europe	**428**	69
Middle East & Africa	**586**	27
	6,700	8,002

The Group's Revenue by type is detailed below:

	2021 £'000	2020 £'000
Revenue recognised at point of delivery	**5,864**	7,412
Revenue recognised over time - Extended warranty and support revenue	**836**	590
	6,700	8,002

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

	2021 £'000	2020 £'000
United Kingdom	**1,001**	1,127
United States of America	**150**	173
	1,151	1,300

3. Group operating loss

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

	2021 £'000	2020 £'000
Research and development costs	**577**	549

Expected credit loss expense	**–**	–
Depreciation of property, plant and equipment	**504**	444
Amortisation of intangible assets initially recognised on acquisition	**14**	7
Exchange losses/(gains)	**329**	(88)

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

	2021 £'000	2020 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the financial statements	**38**	37
The audit of the Company's subsidiaries	**20**	20
	58	57
Non-audit services		
Tax advisory services	**13**	19
Other non-audit services	**-**	7
	13	26

Fees relate to all activities undertaken by Grant Thornton UK LLP (2020: 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:

	2021 £'000	2020 £'000
Share based payment (i)	**409**	297
Total adjustments	**409**	297

(i) The performance condition associated with certain LTIP awards 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. 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.

5. Finance income

	2021 **£'000**	2020 £'000
Gain on forward contract measured at fair value through income statement	**-**	203
Bank interest receivable	**19**	50
Finance income from lease sales	**3**	-
	22	253

6. Loss per share

Unadjusted loss per share

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Loss from continuing operations attributable to ordinary Shareholders	**(2,490)**	(1,279)
Loss from continuing and discontinued operations attributable to ordinary Shareholders	**(2,488)**	(1,090)
Weighted average number of shares	**145,515,022**	145,454,118
Basic and diluted loss per share – continuing operations	**(1.71p)**	(0.88p)
Basic and diluted loss per share – continuing and discontinued operations	**(1.71p)**	(0.75p)

Adjusted loss per share

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Loss from continuing operations attributable to ordinary Shareholders	**(2,490)**	(1,279)
Share-based payment	**409**	297
Adjusted loss after tax	**(2,081)**	(982)
Weighted average number of shares	**145,515,022**	145,454,118
Basic and diluted loss per share	**(1.71p)**	(0.88p)
Basic and diluted adjusted loss per share	**(1.43p)**	(0.68p)

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. Ordinary Shares would have been issued in respect of the Incentive Share conversion. Full details of the basis of calculation is given in the Admission Document available on the Company's website. The Incentive Shares will immediately vest on change of control of the Company.

7. Post balance sheet event

The Group has no post balance sheet events.

8. Profit from discontinued operations

Video Business

On 7 October 2017 the Board signed an agreement for the disposal of the Video Business segment to Volpi Capital LLP for a maximum consideration payable of £27.5 million in cash, of which £25.5 million was payable on completion (on a cash free/debt free basis) and the remaining £2.0 million payable subject to the Video Business securing a specific trading contract within 12 months following completion. The sale completed on 31 October 2017.

Further amounts were also payable in the years ended 31 March 2020 and 2021 as a result of sales of a specific category of inventory. As more than twelve months have passed since the deferred consideration balance was reduced to £nil, further assessments are no longer considered necessary. No further deferred consideration is expected.

Income and costs incurred from discontinued operations are as follows:

Discontinued Operations – Income statement

	2021 £'000	2020 £'000
Contingent consideration received (sale of inventory)	**63**	265
Discontinued costs	**(28)**	(31)
Profit before tax attributable to Digital Barriers discontinued operation	**35**	234
Income tax credit/(expense)	**–**	–
Profit after tax attributable to Digital Barriers discontinued operation	**35**	234
Closure of Australasia Office	**3**	(45)
Dilapidation and closure costs on discontinued operations	**(36)**	–
Profit after tax attributable to discontinued operations	**2**	189

No tax arises on disposal income or expenditure.

Cash flows

Cash flows attributable to the disposal group include:

	2021 £'000	2020 £'000
Net cash outflows attributable to operating activities	**(61)**	(31)
Net cash inflows attributable to investing activities	**63**	265
Net cash flows attributable to financing activities	**–**	–
Cash flows from discontinued operations	**2**	234